annual report 2018

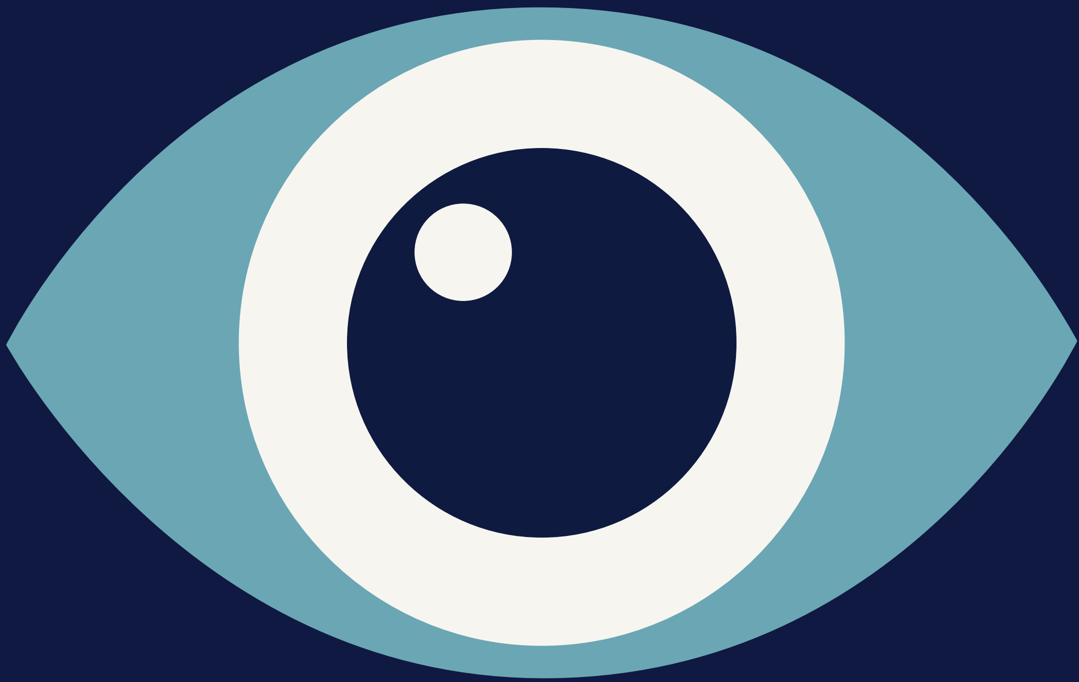
passion

for people.

randstad

contents.

randstad



at a glance.

key figures 2018.

revenue in millions	€ 23,812	› 74
underlying EBITA margin	4.7%	› 74
adjusted net income in millions	€ 833	› 74
free cash flow in millions	€ 627	› 74
leverage ratio	0.8	› 74
number of candidates working (on a daily basis)	670,900	› 72
number of permanent placements	262,500	› 72
proposed dividend per ordinary share	€ 3.38	› 46
employee engagement score	7.7	› 45
women in senior leadership positions	48%	› 42
number of candidates trained	306,000	› 51
number of employees trained	29,200	› 60

key financials.

in millions of €, unless otherwise indicated	2018	2017	Δ
Underlying[1]			
Revenue	23,812	23,273	2%
Gross profit	4,703	4,708	0%
EBITA[2]	1,108	1,065	4%
Actual			
Revenue	23,812	23,273	2%
Gross profit	4,701	4,706	0%
EBITA[2]	1,032	994	4%
Net income	704	631	12%
Free cash flow[3]	627	586	7%
Net debt[4]	985	1,026	(4%)
Leverage ratio (net debt/12-month EBITDA)	0.8	0.9	
Total equity	4,479	4,251	5%
Ratios (in % of revenue)			
Underlying[1]			
Gross margin	19.8%	20.2%	
EBITA margin	4.7%	4.6%	
Actual			
Gross margin	19.7%	20.2%	
EBITA margin	4.3%	4.3%	
Net income margin	3.0%	2.7%	
Share data			
Basic earnings per ordinary share (in €)	3.78	3.38	12%
Basic earnings per ordinary share, underlying (in €)[5]	4.55	4.13	10%
Diluted earnings per ordinary share, underlying (in €)[5]	4.54	4.11	10%
Dividend per ordinary share (in €)	3.38	2.76	22%
Payout per ordinary share (in %)[6]	74	67	11%
Closing price, year-end (in €)	40.09	51.24	(22%)
Market capitalization, year-end	7,349	9,390	(22%)
Enterprise value, year-end[7]	8,334	10,416	(20%)
Employees/outlets			
Average number of candidates working	670,900	668,800	0%
Average number of corporate employees	38,820	37,930	2%
Number of branches, year-end[8]	2,827	2,900	(3%)
Number of Inhouse locations, year-end[8]	1,999	1,958	2%

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

message from the CEO.

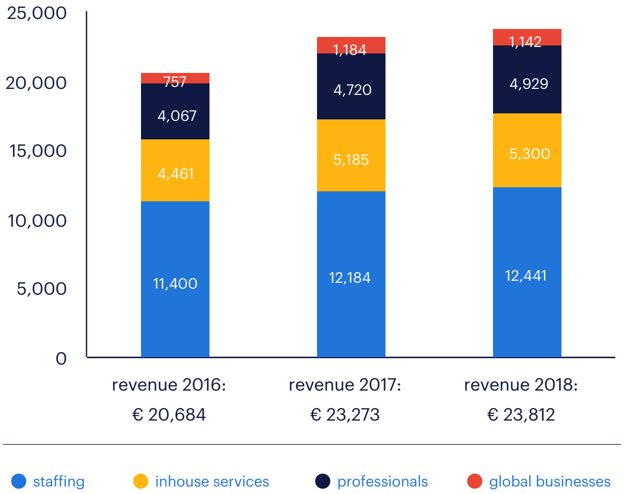
‘In the ideal future of work, everyone should be able to participate in the labor market, whatever their background or circumstances.’

Dear Stakeholder,

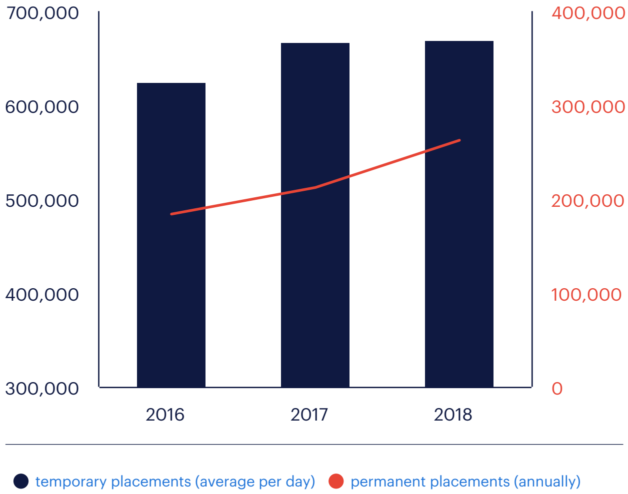
We live in exciting times. Technological, economic, and geopolitical changes are keeping us on our toes. The flip side of these developments is a sense of insecurity. I would like to reassure people. In the ideal future of work, everyone should be able to participate in the labor market, whatever their background or circumstances. In such a labor market, people will be valued for their talents and skills, and they will be empowered to take ownership of their careers. At the same time, there should be an adequate support and care safety net for those who need it. That is the future of work that we at Randstad believe in, and it is a future of work that I am also personally committed to.

In recent years, we have been transforming our business into a data-driven organization with a powerful human touch. We are doing this to make sure that we can continue to improve the way we serve all our stakeholders. We are excited about the fact that data is increasingly enabling us to add value for everyone, including society as a whole. In-depth and relevant data will help companies find the scarce talent they need and show candidates exciting new job opportunities. And data-driven insights will make it a lot easier for our consultants to spot emerging market trends, enabling them to have high-level interactions with candidates and clients.

In 2018, I was in the fortunate position to be able to coach seven Randstad employees in their volunteering work in India for Voluntary Service Overseas (VSO), helping people with disabilities. It was fantastic to see what these enthusiastic colleagues managed to achieve with very limited means. We are celebrating the 15th anniversary of our partnership with VSO in 2019, and I am looking forward to many more years of fruitful collaboration. Volunteering is in fact highly valued at Randstad. In October 2018, we launched Randstad With revenue in millions of €



candidates placed in jobs



Heart, a global program that enables our employees worldwide to do some voluntary activities during working hours. The Randstad With Heart platform also connects colleagues around the world in their volunteering activities.

Over the years, Randstad has increasingly become a truly global company, with countries and regions throughout the world making significant contributions to our growth and profitability. In 2018, for example, countries such as Japan, Australia, Singapore, and also the Latin America region, were particularly strong performers. At Group level, our revenue grew organically by 4% in 2018, despite increasing macro uncertainties in the second half of the year, primarily in Europe. We are pleased with our continued outperformance in several geographies, which are clearly benefiting from our highly diversified portfolio. Our EBITA margin further increased to 4.7%, driven by a strong incremental conversion ratio of 56%. Our free cash flow increased by 7% year-on-year to € 627 million, resulting in a sound leverage ratio of 0.8 at year-end 2018. For 2018, we propose a cash dividend of € 3.38 per ordinary share, consisting of a regular dividend of € 2.27 (2017: € 2.07), representing a payout of 50% and a special dividend of € 1.11 (2017: € 0.69).

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 us.

who

Randstad is a global leader in the HR services industry. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands.

randstad in numbers

38
countries

4,826
outlets

38,820
corporate employees

€ 23.8
billion revenue

why

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

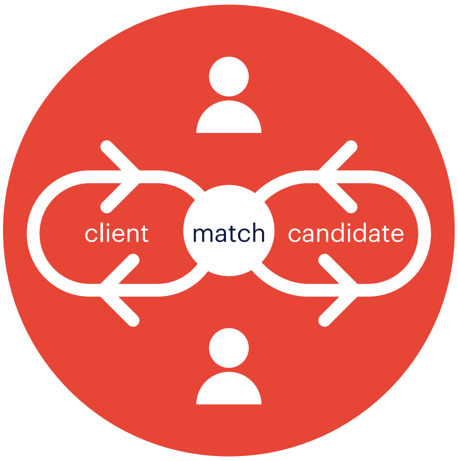
our mission
Shaping the world of work

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

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

what

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



staffing

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

inhouse services

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

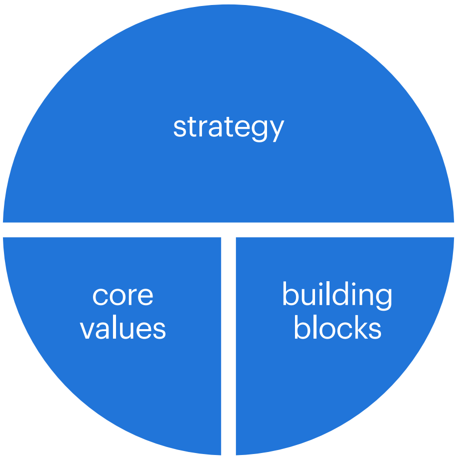
professionals

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

global businesses

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

how



Our strategy focuses on delivering long-term value to all our stakeholders: candidates, clients, employees, society, and shareholders. Building on our Tech & Touch strategic focus combined with operational excellence, Randstad is in a good position to accelerate growth.

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

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

core values

to know

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

to serve

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

to trust

We are respectful. We value our relationships and treat people well.

striving for perfection

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

simultaneous promotion of all interests

We see the bigger picture, and take our social responsibility seriously. Our business must always benefit society as a whole.

value creation model.

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

input
our key assets

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

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

technological
We allocate resources to local pilots and we scale up proven innovations quickly around the world. We acquire external knowledge and expertise through acquisitions, partnerships and minority stakes in startups and scale-ups.

external relationships
Randstad proactively interacts with local and talent communities, schools and universities, as well as with industry and employer bodies and other influential organizations. As a thought leader in our industry, we contribute to a clear, fair and workable regulatory environment in our global markets.

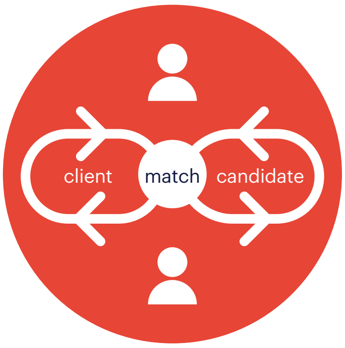
financial
We aim to have a balanced mix of debt and equity investments (including institutional investors) and a sound financial position.

trends and growth drivers

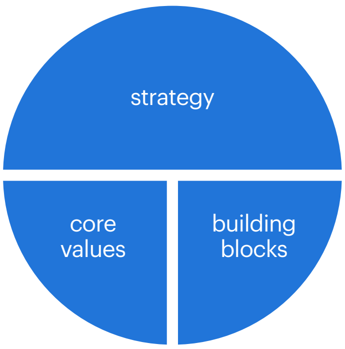
- globalization
- technology
- demographics
- variety of work forms
- governance of work

why

what



how



output
value created

- € 23,812 million revenue
- 249,000 clients

- 2,547,000 candidates placed in 2018
- 262,500 permanent placements
- 306,000 candidates trained

- 7.7 engagement score
- 48% women in senior leadership positions
- 29,200 employees trained

- 4% organic revenue growth
- € 1,108 million EBITA
- € 627 million free cash flow

- 26% of candidates working < 25 years
- 12% of candidates working > 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. Our technological expertise, combined with our human touch, enables us to focus on our clients' business needs by providing tailor-made solutions and the best personal advice.

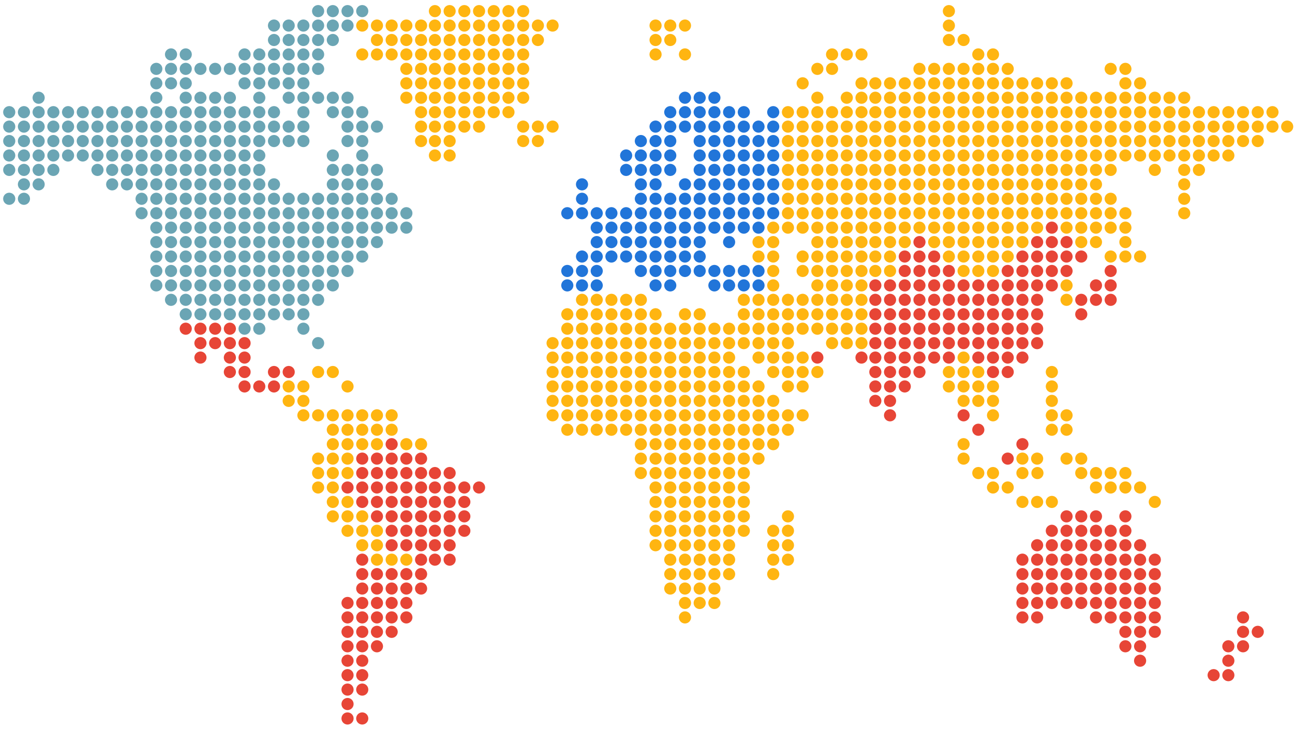
candidates
We help candidates in finding jobs and developing their skills so they can have a meaningful career. Our data-driven insights enable us to quickly identify smart career opportunities and make the perfect match. Candidates are personally guided to short- and long-term career success.

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

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

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

our global presence.



north america
- revenue € 4,159 million
- 5,760 corporate staff
- 100,300 candidates (avg. weekly)
- 1,142 outlets, incl. 474 inhouse

europe

france
- revenue € 3,731 million
- 4,510 corporate staff
- 87,200 candidates (avg. weekly)
- 625 outlets, incl. 242 inhouse

netherlands
- revenue € 3,460 million
- 4,370 corporate staff
- 83,800 candidates (avg. weekly)
- 658 outlets, incl. 407 inhouse

germany
- revenue € 2,383 million
- 3,100 corporate staff
- 46,800 candidates (avg. weekly)
- 601 outlets, incl. 312 inhouse

belgium & luxembourg
- revenue € 1,654 million
- 2,150 corporate staff
- 48,100 candidates (avg. weekly)
- 326 outlets, incl. 176 inhouse

italy
- revenue € 1,645 million
- 2,230 corporate staff
- 50,600 candidates (avg. weekly)
- 298 outlets, incl. 33 inhouse

iberia
- revenue € 1,476 million
- 2,210 corporate staff
- 68,600 candidates (avg. weekly)
- 371 outlets, incl. 138 inhouse

other european countries
- revenue € 2,218 million
- 3,820 corporate staff
- 64,600 candidates (avg. weekly)
- 430 outlets, incl. 179 inhouse

rest of the world
- revenue € 1,944 million
- 5,190 corporate staff
- 110,300 candidates (avg. weekly)
- 241 outlets, incl. 38 inhouse

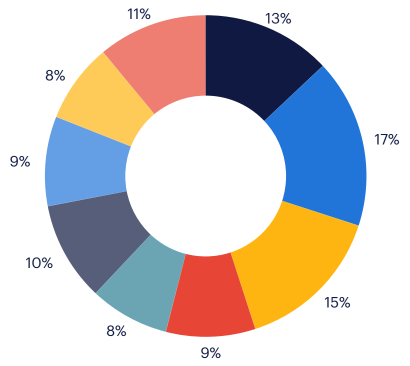
global businesses
- revenue € 1,142 million
- 5,230 corporate staff
- 10,600 candidates (avg. weekly)
- 134 outlets

We have the following alliances to expand our reach: Ancor (Russia and Commonwealth of Independent States), Dayalima (Indonesia), Staffpoint (Finland), Lavoro Peru S.A.C. (Peru), Q2 HR Solutions (Philippines), Connect Resources (Dubai), P.R. Recruitment and Business Management Co. Ltd (Thailand), and Talent Recrutiment JSC (HRTB) (Vietnam).

geographic spread.

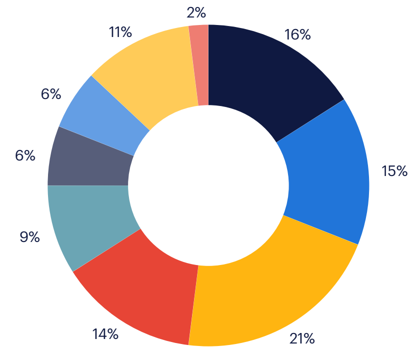
geographic spread of staffing revenue

staffing revenue € 12,441 million



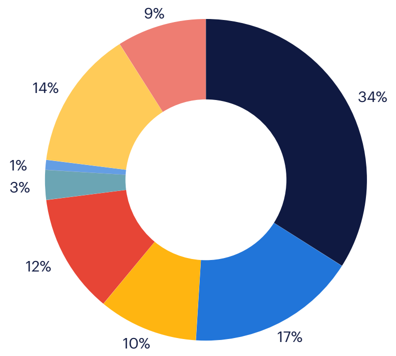
geographic spread of inhouse services revenue

inhouse services revenue € 5,300 million



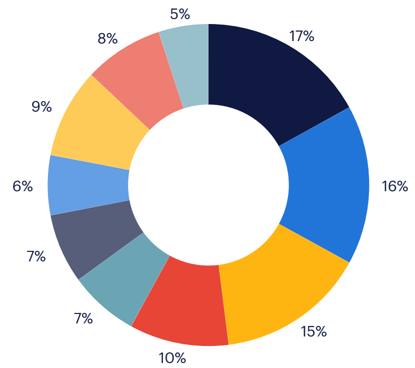
geographic spread of professionals revenue

professionals revenue € 4,929 million



split by geography

total revenue € 23,812 million



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

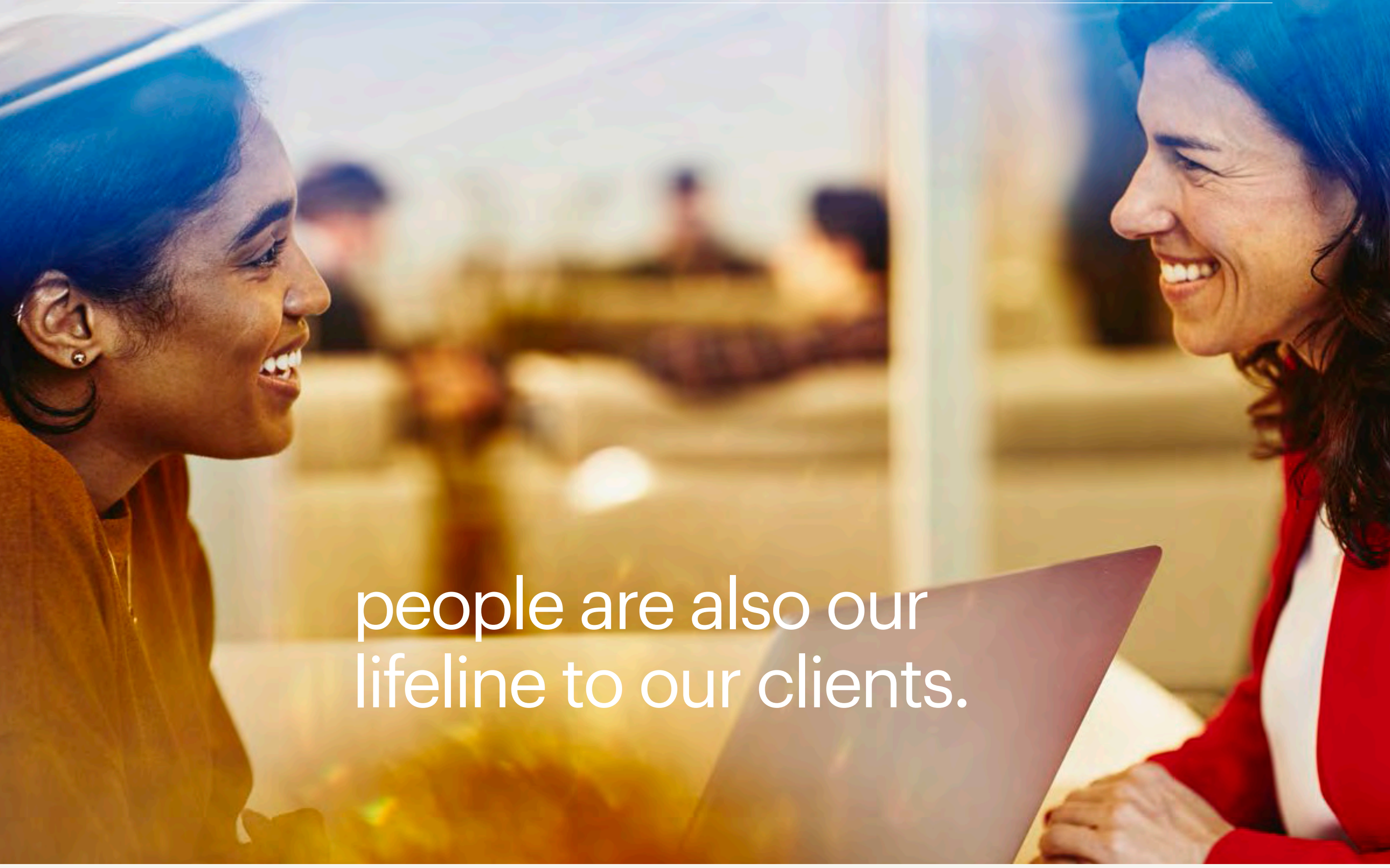
passion

for people.

People are – and have always been – at the heart of our business. We know from our heritage that real connections heavily rely on human involvement. Real connections between people depend on empathy, intuition, and trust. A passion for people has defined Randstad from the very beginning. It is also reflected in the strong core values that represent the foundation of our culture: to know, to serve and to trust, striving for perfection and the simultaneous promotion of all interests.

a meaningful career for our candidates

We know how important a job is in people's lives. That's why we actively help our candidates in finding jobs and developing their skills so they can have a meaningful career. We identify smart career opportunities for them and make the perfect match. Seeing each candidate as an individual with specific talents, we aim to be involved in all stages of a candidate's career, staying in touch with candidates we have placed, and helping them again in the next steps they will take.



people are also our lifeline to our clients.

tailor-made solutions for our clients

People are also our lifeline to our clients. We help our clients to find the best talent with the most relevant skills for their business, both now and in the future. We do this by combining our human touch with technological expertise and data-driven insights. In this way, we are able to provide our clients with tailor-made solutions and the best personal advice, building strategic relationships for the long term. At the same time, our data-driven approach makes the matching process simple and efficient, while creating the best possible user experience.

empowering our employees

Of course, our passion for people starts with our own employees. We understand how important it is for them to have a meaningful job that enables them to create value for clients, candidates, and society as a whole. We do this by offering our employees continuous development and career opportunities, while equipping them with state-of-the-art technology and data-driven insights that help them to focus on what really matters in their job: serving clients and candidates even better.

At Randstad, we have a long tradition of supporting social and volunteer programs all over the world, in which our employees play an active role. Through our social and volunteer programs, we help people and communities around the world, particularly with respect to skills and career development.

our promise to the world

Technology is all around us, and we cannot do without it. But from our long history, we know that the human connection is still the most important part of our business. With our passion for people and in-depth understanding of the world of work, we help people and businesses to move forward. It is our personal approach, supported by technology, that truly sets us apart in the global world of work. We express that with our brand promise: Human Forward. It is our promise to the world that we will always put people first.

our ultimate goal.

To underpin our commitment to maximizing future employment 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.

We have identified four drivers of our ultimate goal. 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 candidates and clients 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, 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 a person's career, 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: 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, whether it is because of gender, age, ethnicity, disability, or something else. 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.

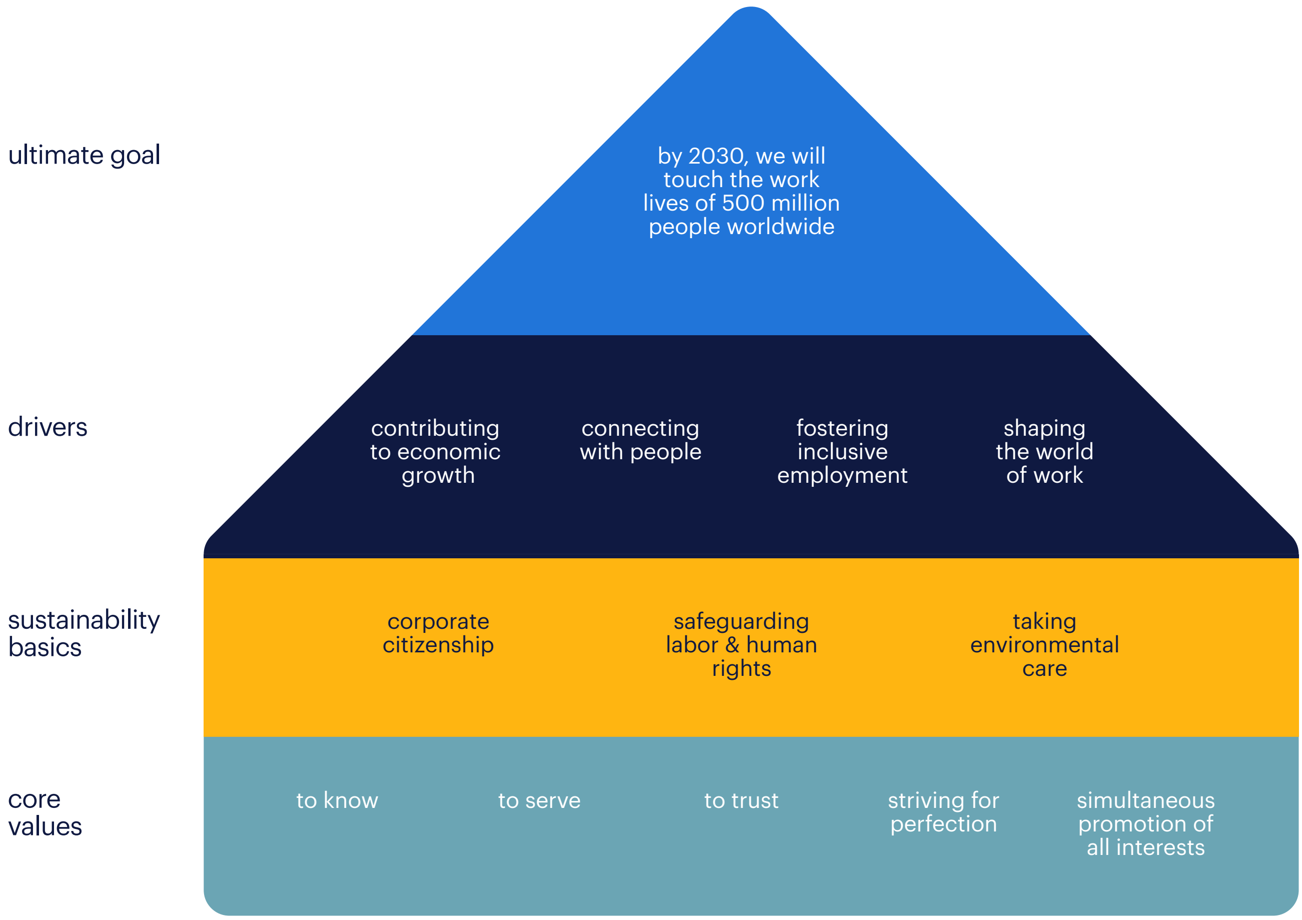
driver 4: shaping the world of work

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 candidates, 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.

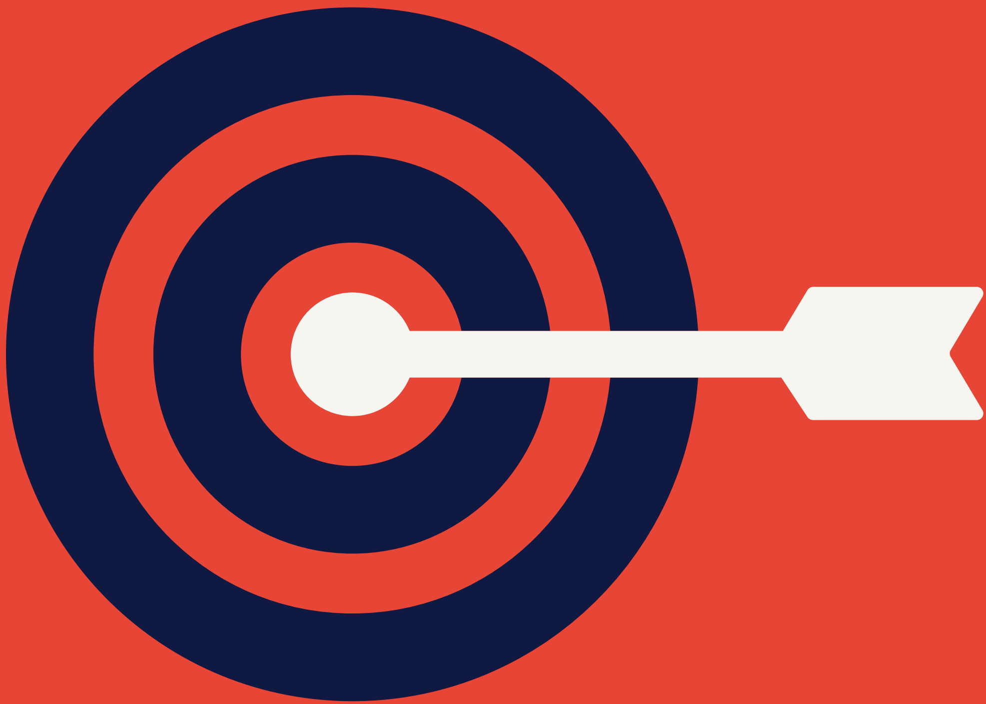
Related measured KPIs: staffing penetration rates, research and publications, thought leadership events, volunteering hours, number of people impacted by volunteering.

In 2018, we updated our non-financial reporting process in order to be able to track our progress. All related KPIs are mentioned in our integrated reporting framework. Where appropriate, we report on the KPI results throughout this annual report.

our ultimate goal.



management report.



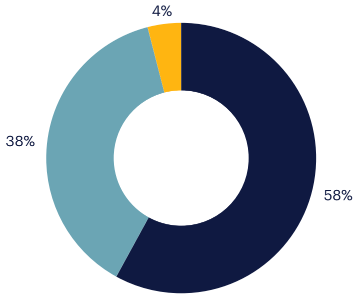
the world around us.

global HR market

According to estimates by Staffing Industry Analysts (SIA), in 2018, the HR services industry had a global market size of about € 413 billion, implying single-digit growth in constant currency compared to 2017. As one of the global leaders in HR services, we see it as our responsibility to play an active role in developing the industry in the long term.

global HR services market 2018

in billions of €



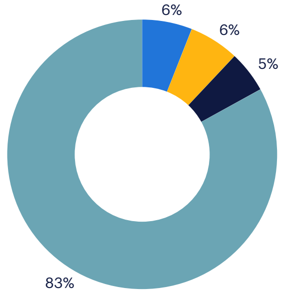
- staffing: € 239 billion
- professionals: € 157 billion
- executive search: € 17 billion

Source: Randstad estimates and 2018 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 € 239 billion, comprising Randstad's service concepts of Staffing (including permanent placement), Inhouse Services, Recruitment

global market share 2018

Total HR services market: € 413 billion



- Randstad
- Adecco
- Manpower
- Rest of the market

Source: Randstad estimates, 2018 Bloomberg consensus and 2018 SIA reports

Process Outsourcing (RPO), Managed Services Programs (MSP), Payrolling, Outsourcing, Outplacement, and Project-based Solutions, and accounts 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.

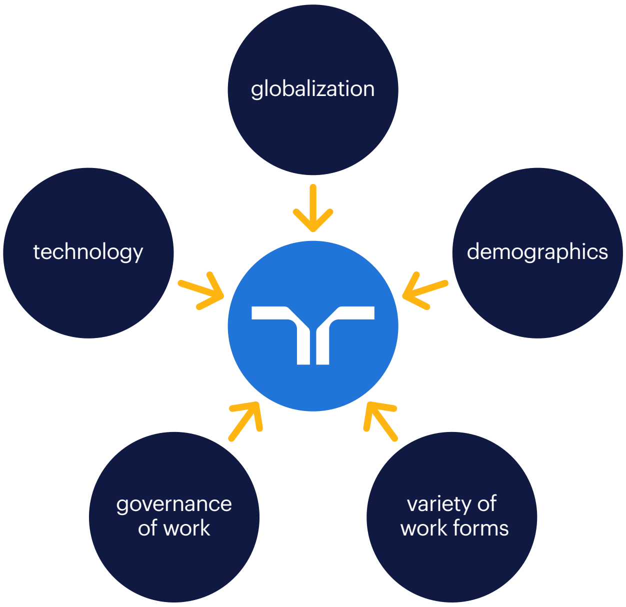
trends and structural growth drivers in the world of work

Geographically, Randstad is active in countries representing over 90% of the global HR services market, and our strategy has been designed to capitalize on the structural growth drivers in these markets. Throughout our markets, we see that global developments are affecting labor markets, which is leading to an intense discussion about the future of work. This will culminate in 2019 with the International Labour Organization (ILO) celebrating its centenary anniversary and publishing the results of its centenary initiative on the Future of Work. Seizing the momentum, Randstad strategically feeds into this debate through our memberships of the WBCSD and WEC, through our partnership with the OECD Engagement Group and its business and industry advisory committee (BIAC), and through participating in relevant events throughout the year, such as the International Labour Conference.

Randstad identifies five global trends that affect our business and which provide opportunities for growth: globalization, technology, demographics, the increasing variety of work forms, and governance of work.

globalization

Over the past few decades, the world economy has been characterized by the growing internationalization of production, finance, trade, and services. Companies are increasingly operating across the globe, and people tend to move to countries where they can find the best jobs to match their skills. Facilitated by the reduction in trade and transport costs, as well as technological innovation and the internet, globalization is a driver of structural growth drivers



changes in global production patterns. This has a significant impact on employment, for instance as a result of the fragmentation of production, tasks and activities due to global supply chains.

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

technology

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

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

demographics

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

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

variety of work forms

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

As we strive to improve global employment participation, Randstad has long been an advocate of enabling a flexible workforce while adequately protecting workers' rights in terms of remuneration, social security, and opportunities for growth and development. Many countries still maintain unjustified restrictions on flexible work arrangements. As a result, 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 'World Employment and Social Outlook 2017', published by the International Labour Office, 60% of workers globally work without a formal employment contract and have no form of security in their career, and of the 40% who do have a formal contract, only 42% have an open-ended contract. In other words, the 'standard' jobs that are currently best regulated are by no means the standard. This underscores the need for appropriate regulation of a diversity of work forms. To promote open, inclusive and future-proof labor markets and to influence policy-making and legislation at an international level, Randstad participates in several platforms and organizations, including the B20 taskforce on employment and education, the annual International Labour Conference (ILC), and the World Employment Confederation (WEC). Importantly, in 2018, the joint G20 Ministers of Labor and Employment acknowledged in a declaration that 'certain forms of employment, such as agency work, present opportunities for job creation, labor mobility, access to the labor market, and the inclusion of vulnerable and underrepresented groups'. In addition, the OECD Jobs Strategy emphasized the importance of labor market policies fostering diverse forms of work, including agency work.

governance of work

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

The increasing variety of work forms will need 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. 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 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.

regulatory environment in our markets

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

In 2018, the most relevant developments with regard to regulation in our markets took place in Norway and Italy. We see proposals tabled for adverse regulation in countries like Australia, Canada, New Zealand, and the Netherlands.

ILO convention 181

The global HR services industry is regulated by the International Labour Organization (ILO) Convention 181 and Recommendation 188 on Private Employment Agencies. This Convention defines minimum standards for staffing and recruitment, especially recognizing the importance of flexibility in the functioning of labor markets. Since the Convention was adopted in 1997, it has so far been ratified by 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 2018

In 2018, the most relevant developments with regard to regulation in our markets took place in Norway, the Netherlands, Italy, and Poland.

norway

In June 2018, the Norwegian parliament passed a bill amending the Working Environment Act, which will come into force in January 2019. The main changes include a new definition of 'permanent employment', providing employees with more certainty on work and income, as well as new employment contract requirements with regard to clarifying when the work is to be performed. In addition, the new Act means that companies can only enter into local union agreements for temporary workers if they have a collective labor agreement with a trade union with at least 10,000 members. Finally, the Norwegian Labor Inspection Authority requires staffing companies to document that the temporary hiring they undertake is lawful.

state of play on staffing regulation and trends, 2018

country[1]	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	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	unchanged
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

1 Main market

italy

The new staffing regulation called the ‘Dignity Decree’ (Law 96/2018) reintroduces rules with regard to reasons for use, maximum duration, contract renewal, and extensions. In addition, the social security contribution of 1.4% under the Legge Fornero is increased by 0.5% for each contract renewal. A percentage limit was also introduced: the number of workers hired with a fixed-term and/or staffing contract may not exceed a total of 30% (20% for fixed-term contracts) of the number of open-ended contracts in force at the company in question. A final part of this new legislation regards fraudulent staffing: when staffing is carried out with the specific purpose of bypassing mandatory provisions of law or a collective agreement applying to the worker, the agency and the user are fined € 20 for each worker involved and for each day of staffing.

the netherlands

On November 9, 2018, a legislative proposal called 'Wet arbeidsmarkt in balans' (Wab) was initiated by the Dutch government. This legislative proposal aims to make open-ended contracts more attractive and flexible contracts less attractive to employers by making the latter more expensive. The legislative proposal has yet to be voted on by the Dutch Parliament. The suspension of the enforcement of the Employment Deregulation Assessment Act (DBA) has been extended to January 1, 2020. This means that clients and contractors will not receive any penalties or additional assessments until such time as it has been established that the employment relationship should be considered to be an employment contract. However, in the case of malicious intent, the possibilities for the enforcement of the Act have been expanded.

poland

The changes in the Temporary Employment Act adopted by the Polish Government on June 1, 2017 included a stricter definition of the time limit of 18 months for temporary contracts, including temporary agency work. The Act came into force at once, resulting in the discontinuation of temporary (agency) work assignments in November 2018. Other changes concerned stricter rules on equal treatment in terms of remuneration for temporary employees (including temporary agency workers), the protection of pregnant women on a temporary contract (including temporary agency work), and new rules regarding holiday pay.

“Randstad is a key contributor to the OECD on a wide range of topics, from providing inclusive employment opportunities to key labor market trends. Randstad’s ongoing program of research into future skills needs and its support in ensuring that legal, institutional, and social protection frameworks are adapted to a rapidly changing labor market, illustrates Randstad’s ability to help bridge the gap between worthy policies and making a positive impact on people’s lives.”

Anthony Gooch, Director of Public Affairs & Communications at the Organisation for Economic Co-operation and Development (OECD)

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 UN's Sustainable Development Goals (SDG), in particular with regard to promoting sustainable economic growth, decent work for all, and reducing inequalities.

The UN's 17 Sustainable Development Goals were launched in September 2015. Countries have adopted these goals to end poverty, protect the planet, and ensure prosperity for all by 2030. As an HR services provider, Randstad specifically contributes to four goals and their relevant subtargets.

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

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

key material matters

To identify key material matters in the dynamic world of work, we take input from both inside and outside Randstad. In the first half of 2018, we re-assessed our most recent materiality analysis (dating back to 2016). This assessment was conducted by independent consultants in order to validate our current material matters 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 matters in the social, economic, and environmental domains. These matters are captured in a materiality matrix, 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 below shows the distribution of the top 10 (red dots), which are considered our key material matters, 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

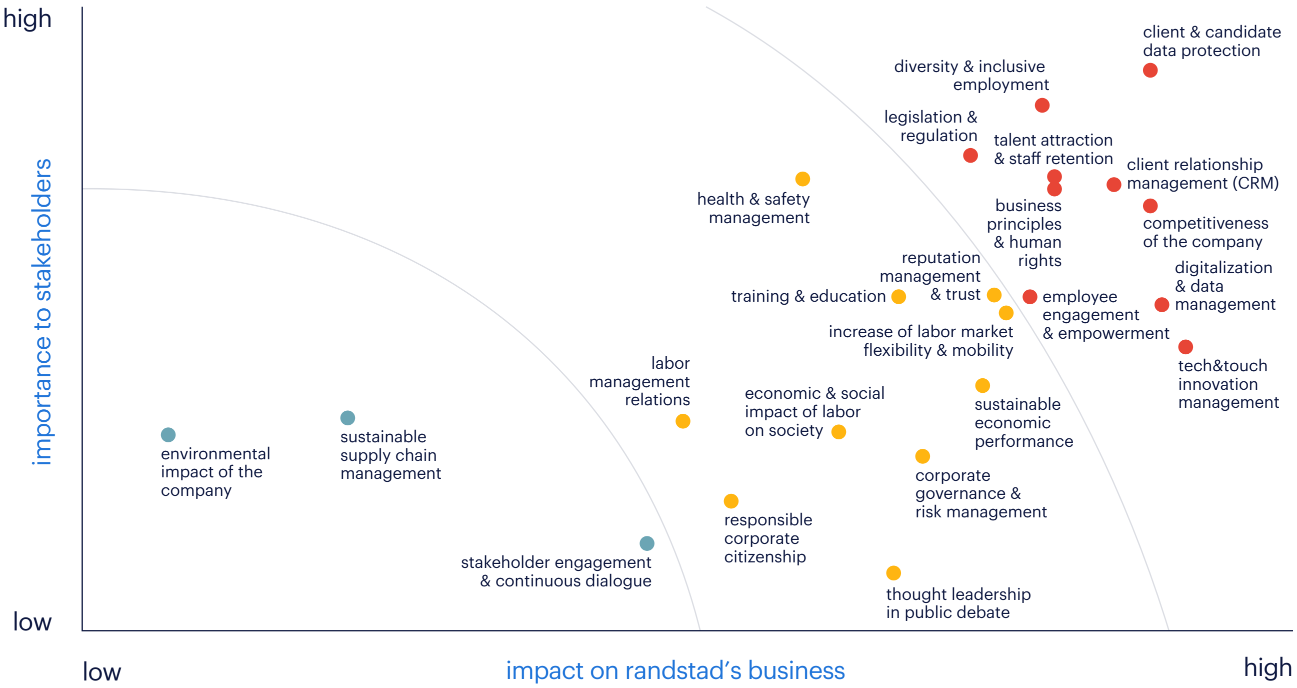
The results show that there are some new topics to be taken into account, while certain existing topics have become more relevant, especially data protection. These key material matters are in line with the trend of digitalization and data management, as well as an increased focus on innovation, thought 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.

change in ranking [1]

↑ High increase in ranking	+ New topic included in 2018
↗ Moderate increase in ranking	↘ Moderate decrease in ranking
↔ No change in ranking	↓ High decrease in ranking

1 Compared to previous materiality assessment.

materiality matrix



Top 10 material matters and their location in this report:	Δ in ranking	Remaining 11-23 material matters and their location in this report:	Δ in ranking
1 Client and candidate data protection - page 61/99	↑	11 Reputation management & trust - page 39	↗
2 Competitiveness of the company - page 20	↗	12 Increase of labor market flexibility & mobility - page 53	↔
3 Client relationship management (CRM) - page 32/37	↑	13 Sustainable economic performance - page 12/13/46	↘
4 Diversity & inclusive employment - page 42/51/52	+	14 Training & education - page 34/43/51	↘
5 Digitalization & data management - page 28/37	+	15 Health & safety management - page 62-64	↔
6 Talent attraction & staff retention - page 41/45/97	↑	16 Corporate governance & risk management - page 89/121	↔
7 Tech&Touch innovation management - page 28	+	17 Economic & social impact of labor on society - page 51/58	↓
8 Business principles & human rights - page 60/62	↔	18 Thought leadership in public debate - page 52	+
9 Employee engagement & empowerment - page 15/45	↑	19 Responsible corporate citizenship - page 58	↔
10 Legislation & regulation - page 22/99	↔	20 Labor management relations - page 22/55/63	↘
		21 Stakeholder engagement & continuous dialogue	↓
		22 Sustainable supply chain management	↘
		23 Environmental impact of the company	↘

our strategy and progress.

our strategy

At Randstad, we aim to be the trusted advisor for our candidates in all steps of their working lives and the trusted HR partner for our clients in all their talent needs. Through our strategy, which is based on our core values and the four building blocks of strong concepts, excellent execution, best people and superior brands, we create long-term value for all our stakeholders. Given the trends and structural growth drivers described in the previous section, the world of work is changing rapidly. In this fast-changing environment, we combine our passion for people with the power of today's digital technology, supporting people and organizations in realizing their true potential.

Our strategy is based on three pillars: Tech & Touch, operational excellence, and accelerating growth.

tech & touch

Over the past few years, Randstad has been transforming itself from a traditional staffing company to a data-driven HR services provider. Our Tech & Touch strategy, which we first introduced in 2016, focuses on a solid technological and data-driven foundation, combined with our human touch. This strategy sets Randstad apart. We take an integrated approach, claiming 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. In this way, we deliver a truly human experience that is relevant to our candidates, clients, and employees.

We recognize our candidates as individuals and use our technology, expertise, and personal touch to guide them through smart career opportunities, providing tailored advice, reskilling, and training where necessary. We aim to make every interaction with Randstad relevant to our candidates and be the advisor they turn to for all their work-related needs. Candidates can reach us 24/7 through online and offline platforms that offer a customized experience.

Our clients need the best talent with the most relevant skills, while also keeping their workforce agile and efficient. This includes flexible relationships with some of their workers. With the power of technology, we can offer a wide variety of tailor-made solutions and the best personal advice, adding value in unprecedented new ways and forms.

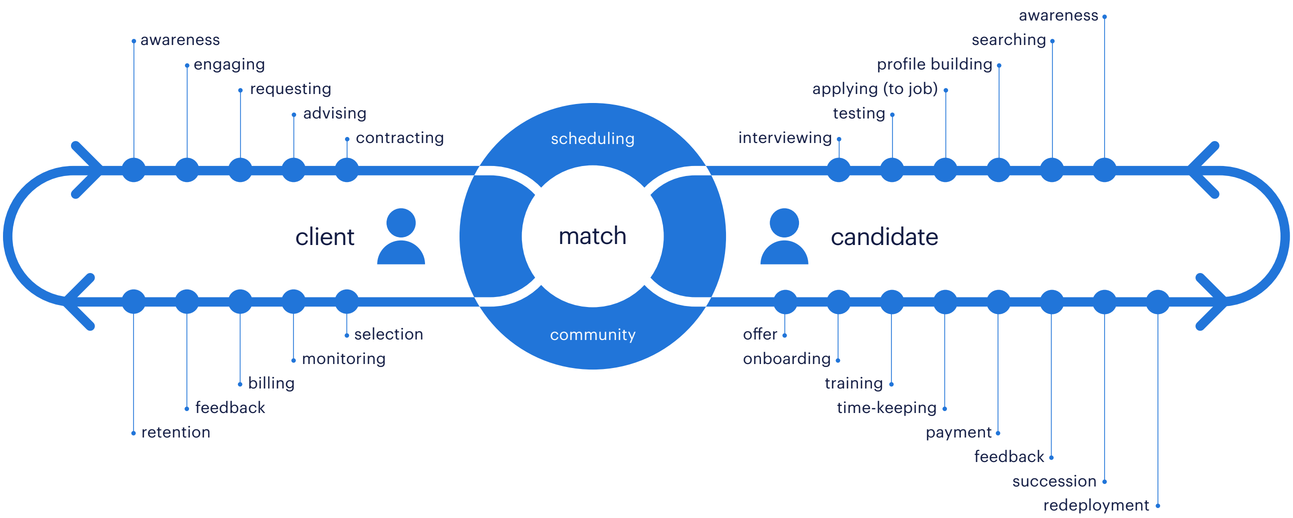
Our employees are freed up by technology, which enables them to focus on the human side of our business. Data-driven insights make them more efficient and proactive, while their interactions with clients and candidates can be more personal, intimate, and meaningful. We pride ourselves in nurturing the best HR professionals in our industry, and will continue to attract promising talent.

In the coming years, it will be crucial to strengthen our digital foundation and integrated approach further, playing a leading role in the 'employability ecosystem'. By combining the power of digital with the knowledge of our consultants, by piloting new models, by creating more holistic interactions, and by partnering with different parties and platforms, we are supporting our employees, clients, and candidates in adopting and embracing digital where this works best, without compromising on human interaction whenever this adds value. This is our Human Forward brand promise to all our stakeholders.

We embrace a digitalized world of work that will continue to change rapidly in the decades to come. The core of our digital approach is to leverage the best HR technologies available to give our clients, candidates, and employees access to tools and solutions that will make their lives easier, enabling them to focus on realizing their true potential.

Our efforts in the digital space make our Human Forward brand promise come to life. All our innovations are based on deep customer insights. We research the needs of our clients and candidates by means of a standardized global program called Customer Delight. This program provides the input for all process improvements, both online and offline, aimed at making every interaction with Randstad relevant and distinguishable in the industry.

Through our Randstad Innovation Fund, we invest in external digital expertise where this makes sense. Our Digital Factory focuses on scaling up the best technologies from both inside and outside the company as quickly and efficiently as possible. Our rollout method is based on an agile and lean startup approach with short development cycles (sprints). In 2018, we successfully our matching process



rolled out several digital concepts to other countries. One of the most successful tools is our WorkForce Scheduling platform. This mobile app enables our candidates and clients to connect and engage, plan shifts, and make real-time work decisions. The app enhances the interaction, personalizes it, and enables proactivity, resulting in higher satisfaction, and lower turnover and absenteeism. For our clients and employees, this state-of-the-art planning tool increases flexibility and predictability. A second successful tool is Data Driven Sales, which enhances commercial activities based on advanced data analytics. This tool improves workflows and allows us to predict and identify clients' talent needs at an early stage, enabling us to proactively engage with them. And third, our Video & Digital Assessment (VIDA) solution enables our employees and candidates to interact and process applications by video. Candidates can be interviewed and assessed from anywhere and at anytime, promoting inclusivity and flexibility.

operational excellence

The 'operational excellence' pillar of our strategy requires us to continuously bear in mind how we aim to compete and add value for our candidates and clients. This means that, as an industry leader, we are always looking for ways to improve existing processes and models (see also the section on excellent execution). We therefore commit significant resources to piloting new business models and new forms of providing relevant interactions with candidates and clients that will enable us to provide the best customer experience. In improving our way of working, standardization, consolidation, re-engineering, and automation are always important drivers of change, while we also invest in the training of our people.

The results we achieve for our shareholders will depend partially on developments in the global economy in the coming years. However, our ability to adjust our investments when necessary will position us to weather any type of cycle pattern.

accelerating growth

Randstad is currently 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 future growth opportunities. In this way, we seek to continuously optimize and diversify our portfolio, ensuring long-term value creation.

Given our superior market position, global footprint, and commitment to candidate relevance, we aim to pursue a dedicated strategy to large multinational accounts, building long-term strategic relationships with these clients. This will include a customer-centric sales approach and decision-making process, as well as intensive and continuous use of our Tech & Touch innovations to further differentiate our offering from the competition.

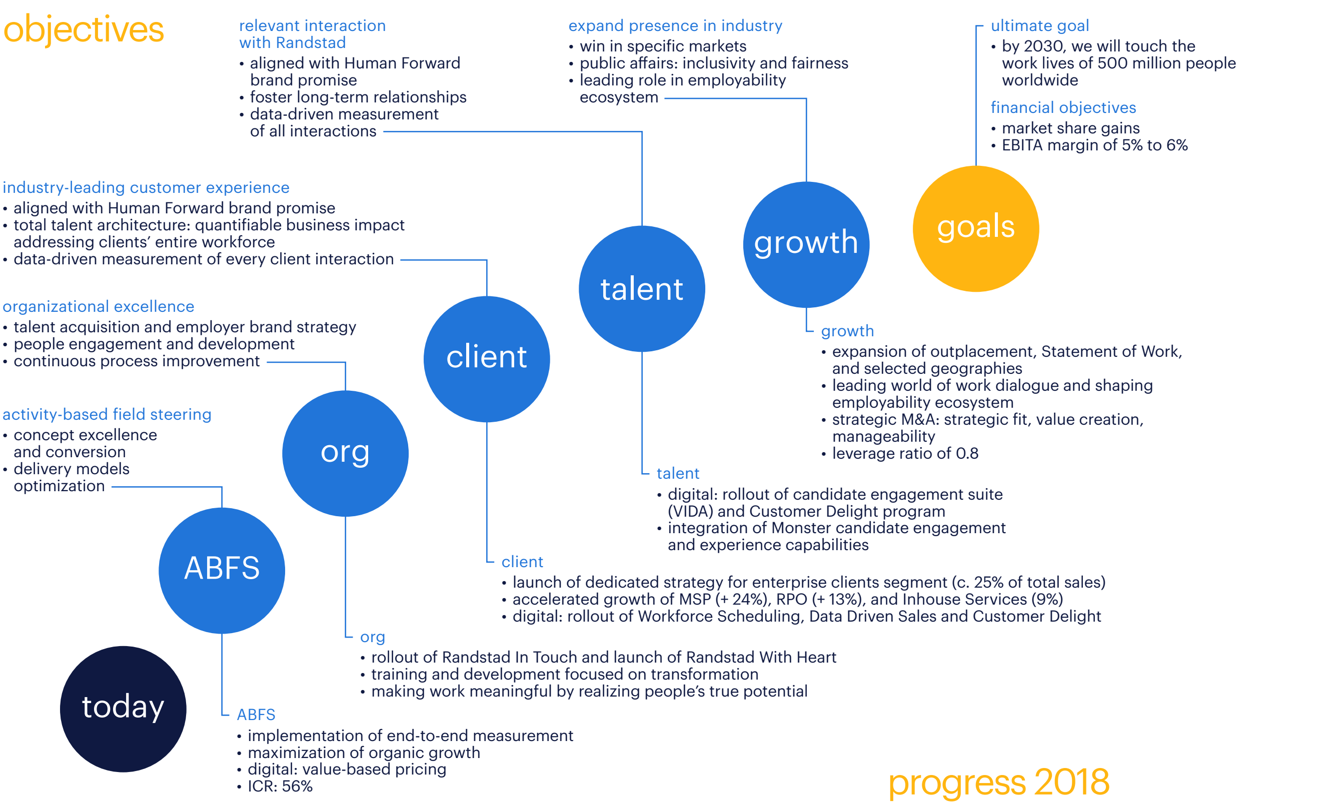
We will also continue to focus on expanding our proven strong concepts, particularly Inhouse Services, Professionals, RPO and MSP. In particular, we aim to accelerate the growth of our offerings in Statement of Work (SOW) and outplacement. The SOW market offers a lot of growth potential for Randstad's 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.

Given today's rapidly changing world of work, there will be an increasing demand for high-quality and highly personalized career transition services, easing workforce changes as people move into, within, and out of organizations. Through the rollout of our RiseSmart concept worldwide, we will be able to provide outplacement and career development services with a unique leading value proposition blending people and technology.

strategic roadmap

With the aim of fulfilling our mission of shaping the world of work and achieving our ultimate goal by 2030, we track our portfolio of strategic initiatives across multiple horizons and update our strategy based on progress.

strategic roadmap



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:

- capture profitable growth opportunities;
- continue to use activity-based field steering to drive operational excellence;
- use dedicated delivery models to target different client groups;
- accelerate the rollout of our digital strategy in order to support long-term value creation;
- further improve our business mix by a strong focus on SMEs, professionals and permanent placements;
- focus consistently on an efficient cost structure to optimize conversion of gross profit into EBITA.

financial objectives for the longer term

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

- apply our differentiating Tech & Touch strategy to drive continuous and profitable market share gains in expanding markets;
- achieve an EBITA margin of 5% to 6% over time, through revenue growth, mix improvement, and efficiency gains;
- 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 2018

objective	progress
Continuous profitable market share gains	In 2018, we continued our track record of profitable market share gains in core markets such as Germany, Belgium, and Iberia. 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 2018, our EBITA margin was 4.7% versus 4.6% last year. In the longer term, we still believe that a 5%-6% EBITA margin is feasible, depending on (1) organic revenue trends, (2) pricing climate and mix effects, and (3) productivity gains, including the effect of digitalization on our traditional business models.
Optimize EVA	Randstad has a long-term track record of creating economic value, disrupted only by the severe macroeconomic crisis in 2009/2010. This underpins our vulnerability to the economic cycle. Since then, our ROIC has improved to 14.8% in 2018. Our focus going forward remains on further improving our economic returns on the basis of our current footprint. Being an important driver for optimizing EVA, capital discipline remains a strategic priority.
Sound balance sheet	Our leverage ratio further improved to 0.8 in 2018 (2017: 0.9), despite our significant dividend payout in 2018. 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 Tech & Touch strategy, our strong balance sheet, and a favorable free cash flow outlook in various economic scenarios, we adjusted our capital allocation strategy in February 2018. We have implemented a conditional cash floor dividend of € 1.62 per share, with optional additional cash returns when the leverage ratio is < 1.0.

our value for clients and candidates.

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

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

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

strong concepts

We offer a range of strong concepts: staffing, inhouse services, professionals, payrolling services, MSP & RPO, outsourcing, outplacement, consultancy, and project-based solutions. Our strong concepts are well-known for the consistency and quality of their delivery, can be rapidly replicated and leveraged in other markets, and are relatively easy to adapt to meet specific needs.

"Over the past four years, Randstad has grown into a trusted and valued partner to Novartis, providing staffing solutions in more than 40 sites across 16 countries. In a challenging labor market, Randstad has stepped up where others have faltered. When I think of Randstad, I think of a company that is confident, forward looking, and innovative – and most importantly, a company that delivers every day."

David Swift, Global Head of Corporate Procurement, Novartis

staffing

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

inhouse services

Randstad's inhouse services concept specifically meets the needs of companies requiring large-volume workforces with client-specific skill sets. Our dedicated consultants work on-site, using processes tailored to our clients' needs. By providing flexible work solutions designed exclusively for each client 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. We also offer permanent placements at our inhouse locations.

professionals

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

interim management

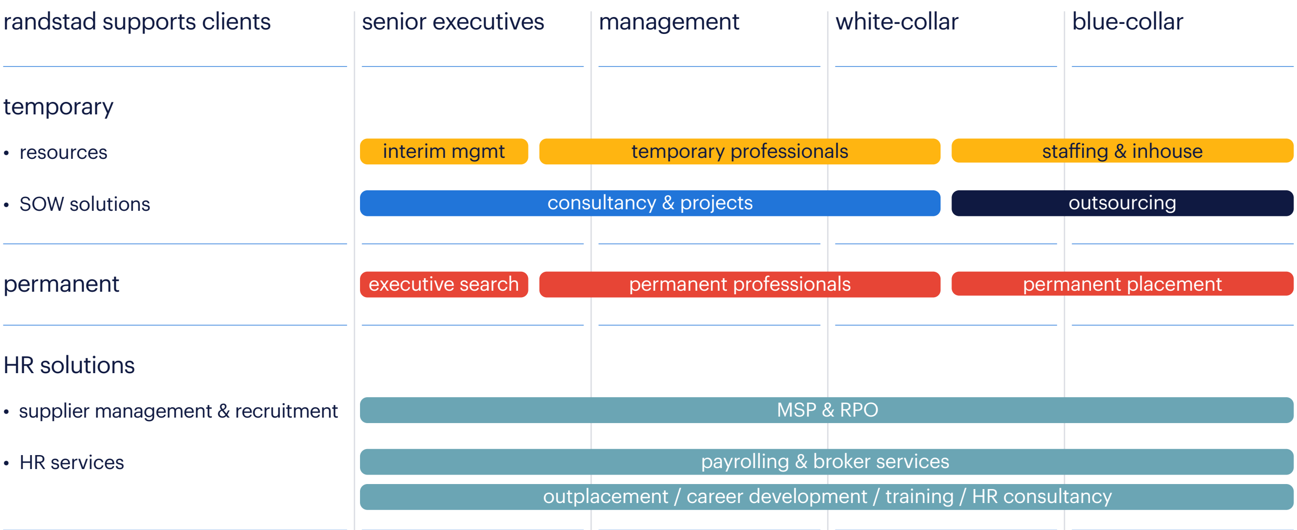
Interim management involves the temporary provision of management resources and skills. Randstad's interim management services mainly concern the short-term assignment of proven heavyweight interim executive managers to manage a period of transition or change within an organization. In such a situation, a permanent role may be unnecessary or difficult to fill at short notice.

executive search

Executive search within Randstad, sometimes referred to as headhunting, is a specialized recruitment service that involves the recruitment of highly qualified candidates for executive jobs, such as Presidents, Vice Presidents and C-suite level roles. Our method involves researching the availability of suitable qualified candidates employed by competitors or related

our client offering

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



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

businesses or organizations, and liaising with them to see if they are interested in a career move.

MSP & RPO

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

payrolling and broker services

Our payrolling services take over the administrative payroll burden of our clients, so that they can focus on their core business. Broker services focus on independent contractor services in line with local legislation around these types of workers. Payrolling and broker services include personnel administration, payroll accounting, contract management, independent contractor verification services, monitoring and addressing absenteeism, and a 24/7 portal that enables clients to register new employees, make changes, or find specific management information.

outplacement, career development, training, and HR consultancy

We partner with companies across the globe as they flex, adapt, and transform their businesses. Our innovative approach to talent mobility moves talent into, through, and to adjust an organization's workforce to changing circumstances. Our outplacement and HR consultancy services are mainly provided by our global business RiseSmart. We advise and support organizations in situations in which employment contracts need to be terminated for strategic or other reasons. We help employees to find suitable new employment, facilitate training and provide career development guidance where necessary, and try to make the transition as smooth as possible. 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.

consultancy and project-based solutions

Due to the increased complexity of roles in the IT and engineering space, Randstad offers advanced technology consultancy and innovative project-based services. We offer these services under a statement of work (SOW) in the higher-level professionals segment, where we take on responsibility for achieving project milestones and deadlines. In Europe, these services are mainly provided by Ausy. Besides IT and engineering, we also deliver some local specific consultancy and projects; for example, BMC (Netherlands) and Randstad Technologies (US and APAC) provide consultancy for the public sector.

outsourcing

We manage several outsourcing activities for our clients, with output responsibility. This may include running IT help desks, customer call centers, and production or logistics services.

our promise to candidates

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

"I use the MyRandstad app every day and it works without any problems. It has become self-evidence for me, actually. For example, I will check my time account for my assignments at the warehouse of a major sporting goods supplier and submit holiday requests. The good thing is that I can see relatively quickly if my application has been approved."

Hamzah El Nashawati, candidate Randstad Germany

our brands and service offering

Randstad is our main brand in most of our markets. Only in cases where the market situation makes this beneficial do we make use of other brand names. An overview of the services we offer under each brand name, is given below.

brand	service offering	geography
randstad	Staffing, professionals, permanent placements and inhouse services	Global
randstad sourceright	MSP & RPO, collaboration with local Randstad partners for all other service offerings	Global
RiseSmart a Randstad company	Outplacement & career development	Global
MONSTER	Talent acquisition, talent management and analytics solutions	Global
AUSY	IT & engineering consultancy & projects, professionals, permanent placements, outsourcing, and statement of work	France, Belgium, Germany, United States, Italy, Portugal, Romania, India
expectra groupe randstad	Permanent placements (staffing and professionals), professionals recruitment	France
appel medical groupe randstad	Permanent placements (staffing and professionals), professionals recruitment, focus on healthcare	France
tempo team	Staffing, permanent placements and inhouse services	Netherlands, Belgium, Germany
YACHT a Randstad company	Professionals (temporary and permanent), inhouse solutions, payrolling & broker services, trainee programs	Netherlands
BMC YACHT GROUP	Consultancy and project-based solutions, focus on public sector	Netherlands
GULP experts united	Professionals (permanent placements and recruitment), MSP, contractor compliance & broker services, and outsourcing, focus on IT & finance and IT solutions	Germany
twago	MSP connected to freelance marketplace, broker services	Europe, United States
spherion STAFFING SERVICES	Staffing, permanent placements and inhouse services (franchise)	United States

excellent execution

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

digital tools and platforms

To support the continuous improvement of our concepts and to create new delivery models, we integrate innovative HR technology, such as big data analytics, social sourcing, talent networks, and cloud platforms, into our services. The ultimate aim is to maximize our technological capabilities, so technology can take over certain basic tasks in our service delivery to clients, freeing up time for relevant personal contact. What is more, our data-driven insights enable us to identify interesting career opportunities for candidates which they may not even have considered themselves. Our consultants have access to an increasing number of digital tools and platforms, including Data-Driven Sales, Workforce Scheduling, video interviewing, and digital assessment. To facilitate and standardize the local implementation of digital tools and platforms, the Digital Factory has created 'bluebooks'. These bluebooks guide operating companies in adopting the tools in the most effective way for their business lines, including the change management process and guidance with respect to optimizing the Tech & Touch aspects of the matching process.

activity-based field steering (ABFS) and end-to-end measurement (E2E)

Our 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, which is complemented by end-to-end measurement, including data and leads from all channels and digital tools, from candidate 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.

total talent architecture (TTA)

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

integrated talent solutions

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

best practices for front- and back-office activities

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

"Randstad has been a strong partner in developing our unique value proposition, supporting Goodwall's professional network both financially and strategically, through advice, industry insights, and key introductions to partners and clients. This support has been an important catalyst in helping us grow with our Goodwall talents as they embark on the first steps of their careers and navigate educational and work opportunities."

Taha Bawa, Co-Founder and CEO, Goodwall

superior 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. He ensured that the Randstad brand was built on a foundation of trust, so that people would believe in our brand, choose to work with us, and experience the quality of our services.

Having a commitment to superior brands provides benefits across all of Randstad's key stakeholders.

- Clients: Our superior brands provide clients with confidence and an assurance that they are doing business with a company that understands the importance of sound business ethics and that values long-term relationships.
- Candidates: For candidates, choosing one of Randstad's superior brands means access to top opportunities and the ability to work with world-leading companies.
- Employees: For employees, superior brands create higher levels of engagement and pride, helping us to attract and retain top talent.
- Shareholders: Our shareholders benefit from our strong brand awareness and perception, as top brands are able to drive customer selection and loyalty in the market.
- Society: Randstad's brand reputation also helps us fulfill our mission of shaping the world of work, as it gives us access to and provides credibility in our interactions with regulators, influencers and decision makers.

our brand strategy

Randstad is our corporate brand and the primary commercial brand that we do business as in most markets. It is only in cases where it is commercially beneficial that we take other brands to market. This master brand strategy provides several benefits, such as:

- harnessing the energy of our Human Forward brand promise to create greater global cohesiveness and a shared sense of ambition across our organization;
- creating a better customer experience by clarifying our breadth and depth of offerings and making it easy for multinational clients to do business with us across borders;
- optimizing marketing budgets for greater return on investment at the local and global level.

our brand reputation

As a Fortune Global 500 Brand, it is critically important for Randstad to effectively manage and measure our brand reputation. In an era of constant technological change, which is transforming rapidly the way we live, work, and relate to each other, we have positioned ourselves at the unique intersection of tech and touch, as a trusted human partner in the technology-driven world of talent. This means that we not only serve as a human partner to clients and candidates, but also as a trusted expert. We have grounded Randstad's brand positioning in three pillars of trustworthiness: reputation, competence, and care.

We undertake an annual Randstad Brand Guidance Survey to measure how effectively we have positioned ourselves in the minds of clients and candidates and the level to which they are engaged with our brand. Since 2004, this independent survey (formerly the Randstad Brand Tracker Survey) has been conducted by Kantar TNS and is now executed in over 30 countries worldwide. In 2018, 67% of our key markets achieved over 56% of prompted recognition, Randstad's global average. For spontaneous awareness, 50% of our key markets achieved higher than the global average (20%).

The study's primary purpose is to monitor the positions of Randstad's brands in local markets, compared to our competitors and selected other benchmarks, by measuring awareness, consideration, preference, recommendation, and the image of our brands. The study provides valuable insights into our brand reputation and positioning.

net promoter score

The Net Promoter Score (NPS) represents the relationship between Randstad as a company and our potential and actual candidates and clients. This indicator compares the number of respondents who would recommend us to others with the number who would not. Within our industry, our goal is to have a Top 3 NPS score and to improve our NPS year-over-year. In 2018, 25% of our markets achieved a Top 3 position, while 38% achieved a Top 5 position. Several of our operating companies also monitor client and candidate satisfaction through bespoke surveys, ISO and other certification systems, and review meetings.

This enables them to not only measure NPS, but also the drivers behind the scores. In this way, we can continuously improve satisfaction levels of both clients and candidates.

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 almost 5,500 companies and 178,000 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 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 candidate attraction efforts.

In 2018, in its 18th year of existence, the survey captured the opinions of working age people across thirty countries, including newcomers Greece, Austria, and the Czech Republic. 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 value for employees.

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

The true value of our business lies in our passion for 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 seize opportunities to develop their career within Randstad, both nationally and internationally.

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

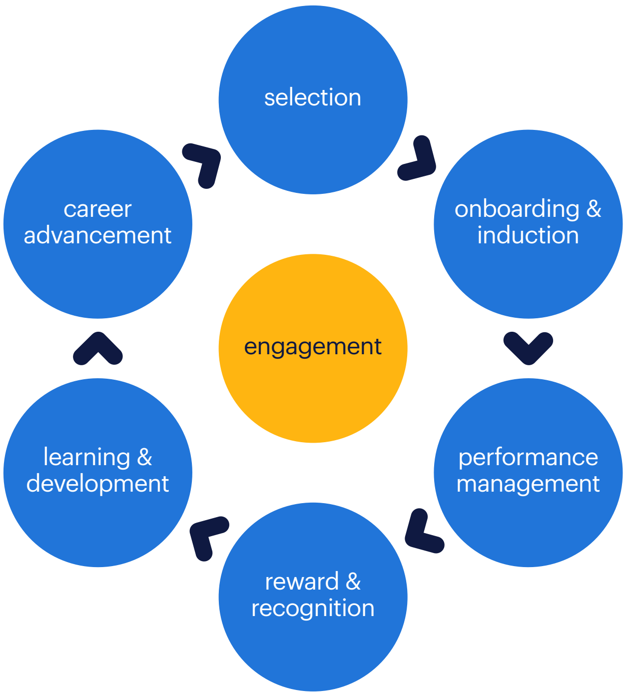
The Human Resources (HR) function at Randstad focuses on enabling our business performance. Over the past few years, this has also meant acting as a change agent in the Tech & Touch transformation of our organization, equipping our people with new digital skills and competencies and embedding these in our people's way of working, empowering them to continuously adapt to the changing demand from clients and candidates.

Our human forward brand promise not only applies to our candidates and clients, but also to our own employees. Through relevant digital tools and solutions, combined with human support and HR expertise, we enable our people to improve the way they connect with clients and candidates and make a truly personal and meaningful difference in their work.

HR cycle

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

HR cycle



selection

At Randstad, we do not hire people to fill a vacancy, but we hire people for a career. Randstad employees have the unique opportunity to make work meaningful and impact people's lives, helping them 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 2018, we provided internships to 3,020 people throughout 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.

gender equality, inclusion and diversity

Randstad is strongly committed to gender equality, inclusion and diversity. We believe this helps us build a more agile, productive, and innovative workforce that reflects our candidate and client base, and the society in which we work. We actively support women in climbing the career ladder at all levels of our organization. In 2018, Staffing Industry Analysts (SIA) named nine Randstad executives in their 'Global Power 150 – Women in Staffing' list. Locally, many initiatives have been launched to support diversity and inclusion in the broadest sense. For example, Randstad is a partner of Workplace Pride, a non-profit foundation promoting greater acceptance of LGBTI people in the workplace.

proportion of women in senior leadership positions[1]

	2018[2]	2017	2016
North America	53%	46%	46%
France	36%	48%	48%
Netherlands	42%	38%	36%
Germany	42%	45%	42%
Belgium & Luxembourg	60%	50%	50%
Italy	47%	53%	52%
Iberia	37%	42%	41%
Other European countries	55%	55%	53%
Rest of the world	46%	44%	42%
Global Businesses	57%	n.a.	n.a.
Corporate	40%	49%	36%
Total	48%	47%	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 2018: Randstad in Touch engagement survey
Source 2017 and 2016: Great People Survey

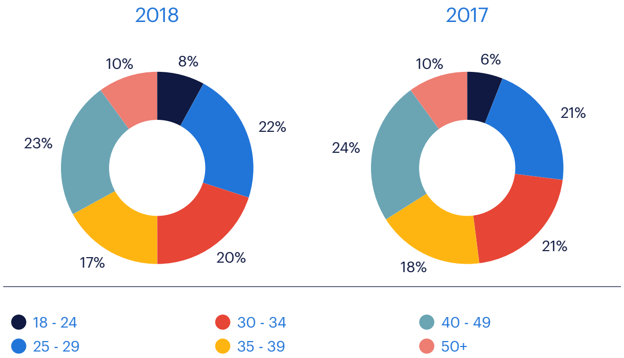
composition of our workforce by gender and contract type

	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	5,760	60%	100.0%	100.0%	0.0%	0.0%	99.7%	99.4%	0.3%	0.6%
France	4,510	77%	96.7%	91.1%	3.3%	8.9%	99.4%	93.0%	0.6%	7.0%
Netherlands	4,370	69%	78.7%	81.3%	21.3%	18.7%	86.1%	44.0%	13.9%	56.0%
Germany	3,100	62%	96.9%	94.3%	3.1%	5.7%	92.9%	66.5%	7.1%	33.5%
Belgium & Luxembourg	2,150	86%	98.6%	99.8%	1.4%	0.2%	91.2%	61.4%	8.8%	38.6%
Italy	2,230	78%	88.8%	87.4%	11.2%	12.6%	97.4%	89.7%	2.6%	10.3%
Iberia	2,210	78%	92.8%	92.4%	7.2%	7.6%	98.3%	81.6%	1.7%	18.4%
Other European countries	3,820	79%	92.1%	85.1%	7.9%	14.9%	95.7%	89.6%	4.3%	10.4%
Rest of the world	5,190	57%	87.8%	80.1%	12.2%	19.9%	96.8%	93.6%	3.2%	6.4%
Global Businesses	5,230	76%	98.3%	92.5%	1.7%	7.5%	98.5%	91.6%	1.5%	8.4%
Corporate	250	39%	81.1%	86.7%	18.9%	13.3%	94.1%	66.3%	5.9%	33.7%
Group	38,820	70%	93.6%	90.0%	6.4%	10.0%	96.5%	82.1%	3.5%	17.9%

Source: Randstad in Touch engagement survey and quarterly non-financial reporting by operating companies

In 2018, 93.6% of our employees had a permanent contract, and 87.4% worked on a full-time basis.

composition of our workforce by age group



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

onboarding & induction

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

performance management

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

reward & recognition

At Randstad, we aim to provide our employees with meaningful rewards and fair remuneration in order to strengthen their ties with the company, while encouraging outperformance. Remuneration is based on real outcomes, which are assessed regularly. This includes behavior and development. In addition, our annual remuneration process also takes external market developments into account. To encourage our 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 14,000 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 2018, 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 2018, the Frits Goldschmeding Academy trained 569 senior leaders in 34 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 countries have access to top leadership programs.

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

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

career advancement

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

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

"I'm very proud to be part of Randstad. Our pursuit of Tech & Touch, including the implementation of Salesforce in 2018, has helped us gain momentum and market share within Kyushu. We now have a strong communication flow, using technology to share valuable client information. I'm looking forward to going from strength to strength throughout Japan and beyond!"

Atsushi Okamoto, Assistant Manager, Staffing Division, Miyazaki Office, Kyushu, Randstad Japan

engagement

By continuously engaging our people, we encourage innovation, accountability, retention, and business outperformance. To measure and monitor engagement, in 2018, we introduced the global online Randstad in Touch platform, which replaces the annual Great People Survey. The new 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 countries can add open questions related to the local situation, and employees can share comments or have conversations with colleagues 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 now also used to measure our overall engagement score in comparison with that of similar companies. In 2018, Randstad's engagement score was 7.72, which is slightly above the benchmark. The participation rate in the survey was 83%, which is also a relatively high score.

In the table below, the figures for 2016 and 2017 have also been included. Please note that these percentages cannot be compared one-on-one with the new scores on a scale of 1 to 10.

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 2018, 49% of our employees were covered by collective bargaining agreements (2017: 46%).

randstad engagement scores by geography [1]

as % of total number of respondents

	engagement score			benchmark		
	2018	2017	2016	2018	2017	2016
North America	8.3	77%	76%	7.7	70%	70%
France	7.4	64%	61%	7.5	58%	58%
Netherlands	7.8	69%	65%	7.7	70%	70%
Germany	7.6	66%	66%	7.5	63%	63%
Belgium & Luxembourg	8.0	72%	64%	7.4	61%	61%
Italy	8.1	60%	58%	7.4	59%	59%
Iberia	7.6	75%	73%	7.4	66%	66%
Other European countries	7.7	69%	68%	7.4	n.a.	n.a.
Rest of the world	7.1	61%	61%	7.5	n.a.	n.a.
Corporate	8.1	77%	76%	7.7	n.a.	n.a.
	7.7	68%	67%	7.7	68%	68%

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

Source 2018: Randstad in Touch engagement survey
Source 2017 and 2016: Great People Survey

employee retention rate

as % of total number of employees

	2018	2017	2016
Employees staying with their operating company	77.8%	76.6%	75.7%
Employees transferred within the Group	1.3%	0.3%	0.4%
	79.1%	76.9%	76.1%

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 Tech & Touch strategy will be primarily focused on organic growth, complemented by selective M&A activity. Our sustained focus on Days Sales Outstanding (DSO) ensures an optimal conversion of EBITA into free cash flow (FCF).

capital allocation strategy

Given our primarily organically focused Tech & Touch strategy going forward, our strong balance sheet, and favorable FCF outlook in various economic scenarios, we adjusted our capital allocation strategy in February 2018. This amendment is twofold. First, we changed our dividend policy by implementing a conditional cash floor dividend of € 1.62 per share (based on the average dividend per share (DPS) of 2014, 2015, and 2016). This baseline dividend level will be maintained even when the general 40-50% payout ratio is temporarily exceeded, barring (i) seriously adverse economic conditions, (ii) material strategic changes to the sector, and (iii) a material deterioration in our solvency and liquidity ratios. Second, we introduced optional additional cash returns in the event of a leverage ratio below 1.0 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 candidates recognize the Randstad brand for its reliability and service quality, investors and analysts should recognize our brand for its open and transparent communication. Our aim is to be best in class in terms of disclosure and to provide insight into the strategic direction of the business. These efforts should enable an accurate valuation of the Randstad share over time.

investor relations policy

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

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

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 2018, we organized several specialized events to further showcase the progress of our digital strategy. This included field trips in the Netherlands and France, as well as an analyst breakfast in London with our CEO and CFO.

In 2018, we hosted around 50 roadshows and equity investor conferences, spending in total more than 60 days on investor communications. We met with investors in Australia, Belgium, Canada, France, Germany, Hong Kong, Italy, Ireland, Japan, the Nordics, Singapore, Spain, Switzerland, the Netherlands, the UK, and the US. In addition, a large and increasing number of investor meetings were held at our head office in the Netherlands.

On March 27, 2018, 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 € 5.5 billion, and we achieved return on invested capital of 14.8%, down from 16.7% last year. More information on and an analysis of invested capital can be found in the section 'financial performance'.

invested capital

	2018	2017
Net debt	985	1,026
Total equity	4,479	4,251
	5,464	5,277
Return on invested capital	14.8%	16.7%

debt

Our financing policy aims to secure financing that matches the mid- to long-term financing requirements of the Group. The increase in working capital requirements in 2018 was primarily related to funding our organic sales growth, while our DSO was adversely impacted by mix effects. Our leverage ratio (net debt/12-month EBITDA) ended at 0.8, slightly below last year (2017: 0.9), despite significant cash outflow in 2018 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 2018.

debt

	2018	2017
Total debt facility	2,350	1,850
Net debt	985	1,026
Leverage ratio	0.8	0.9

total equity

In 2018, the number of issued and outstanding ordinary shares remained stable compared to 2017 at 183 million.

We offset the dilutive effect from our annual performance share plans for senior management through share buy backs. The next allocation of shares will take place on February 12, 2019. We do not have to buy back shares for this allocation, as only a limited number of shares will be allocated, which we still have available from an earlier buy back.

total equity

	numbers year-end (in millions)		nominal value per share
	2018	2017	
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, 2018, there were 50.1 million preference shares C in issue. The dividend yield on these shares is 5.8%. For preference shares B, there were 25.2 million shares in issue, with a dividend yield of 2.7%. We consider preference shares to be an attractive part of equity. It provides fully committed long-term capital at relatively low cost.

voting rights on shares

The ordinary shares have equal voting rights (one share, one vote). The voting rights on the preference shares B and C are aligned with the historical capital contribution, 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.

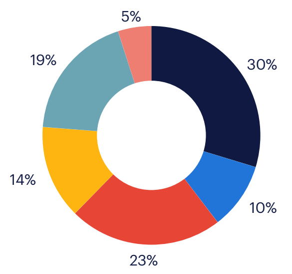
listing and indices

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 Euronext 100, Dow Jones Stoxx Europe Sustainability, Dow Jones Sustainability World Index, Euronext Vigeo Eiris - Europe 120, and Ethibel Sustainability Index Excellence Europe. 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 53% of shares held by Anglo-Saxon investors (2017: 50%). We estimate that in total approximately 83% 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	
	2018	2017	2018	2017
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	3%	-	3%	-

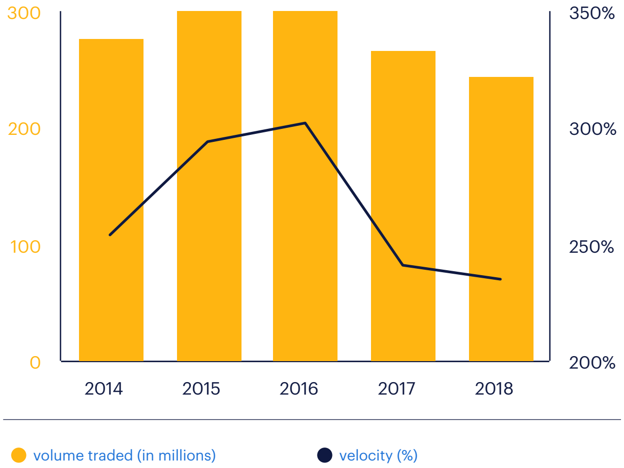
1 As last reported to the Dutch Authority for the Financial Markets.
2 Mainly based on preference shares (Stichting Administratiekantoor Preferente Aandelen Randstad Holding) or depositary receipts of such shares (NN Group, ASR, Richmond), which explains the difference in nominal stake and voting rights.

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

liquidity

The number of shares traded has risen substantially over the years, from 86 million in 2005 (mainly on Euronext) to about 245 million in 2018 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 broadly in line with 2017. Our velocity level implies that the average holding period is around nine months for the total number of outstanding shares, or approximately five months for the free float.

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 implemented a conditional cash floor dividend of € 1.62 per share. This baseline dividend level will be maintained even when the general 40-50% payout ratio is temporarily exceeded, barring (i) seriously adverse economic conditions, (ii) material strategic changes to the sector and (iii) a material deterioration in our solvency and liquidity ratios.

In 2018, we further enhanced our financial position. Our business showed sustained growth throughout the year, and we improved our underlying earnings. As a result, we will propose to our shareholders an all-time-high cash dividend of € 3.38 per ordinary share for 2018, up 22% year-on-year. This consists of a regular dividend of € 2.27 (2017: € 2.07), representing a payout of 50% of the basic underlying EPS. In addition, we propose a special cash dividend of € 1.11 per ordinary share, given our year-end 2018 leverage ratio of 0.8.

The ex-dividend date for the regular dividend will be March 28, 2019. The number of shares entitled to the regular dividend will be determined on March 29, 2019 (record date). The payment of the regular cash dividend will take place on April 2, 2019. The payment of the special cash dividend will take place in Q4 2019, on a specific date to be determined by the Executive Board and to be announced on the Randstad website.

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

per share data

	2018	2017	2016	2015	2014
Dividend (€)	3.38	2.76	1.89	1.68	1.29
Dividend yield (%)	8.4	5.4	3.7	2.9	3.2
Payout (%)	74	67	50	50	50
Basic EPS (€)[1]	4.55	4.13	3.77	3.35	2.57
Diluted EPS (€)[1]	4.54	4.11	3.75	3.32	2.54
EBITA (€)[2]	6.05	5.82	5.18	4.74	3.92
Free cash flow (€)	3.42	3.20	2.54	2.75	2.66
Total equity (€)	24.46	23.22	22.66	21.25	18.28

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 2018 at € 40.09, which was below the closing price of € 51.24 in 2017. In April, a dividend of € 2.07 per ordinary share was paid out, and in September a special cash dividend of € 0.69 was paid out. The total shareholder return (TSR) for 2018 was -18%. In the last week of December, the share price reached a low point of € 38.46, ultimately ending the year at € 40.09.

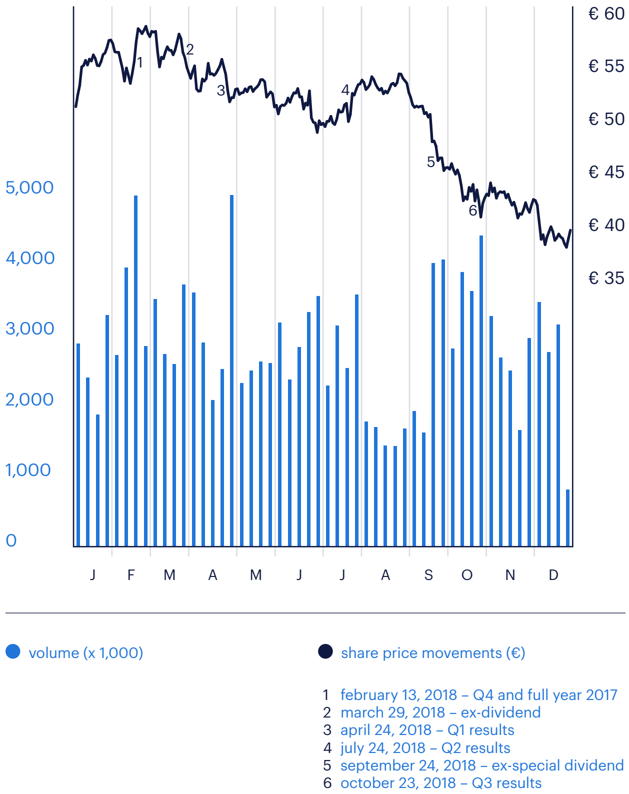
share price development

in millions of €, unless otherwise indicated

	2018	2017	2016	2015	2014
Closing price (€)	40.09	51.24	51.53	57.53	40.06
TSR (%)	(18)	3	(8)	47	(12)
High (€)	59.34	57.51	57.53	64.92	49.54
Low (€)	38.46	48.38	32.58	38.37	31.40
P/E ratio	8.8	12.4	13.7	17.3	15.8
EV/Sales	0.35	0.45	0.49	0.56	0.44
Market capitalization	7,349	9,390	9,431	10,529	7,215
Enterprise value	8,334	10,416	10,225	10,702	7,637

share price development 2018 of randstad ordinary shares compared to euronext AEX index and peers

share price development 2018 of randstad ordinary shares



analyst recommendations

Approximately 15 financial analysts regularly publish reports on Randstad. At the end of 2018, around 50% had a 'buy' rating, while 30% of analysts recommended holding on to our shares; 20% of the analysts had a 'sell' rating. On December 31, 2018, the average target share price – according to analyst consensus – was around € 51. The highest target price was € 67, and the lowest was € 35.

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]

	2018	2017	2016	2015	2014
Q1	€ 0.85	€ 0.81	€ 0.67	€ 0.50	€ 0.45
Q2	€ 1.21	€ 0.98	€ 0.93	€ 0.83	€ 0.64
Q3	€ 1.20	€ 1.10	€ 1.05	€ 0.93	€ 0.77
Q4	€ 1.27	€ 1.22	€ 1.10	€ 1.05	€ 0.68
Full year	€ 4.54	€ 4.11	€ 3.75	€ 3.32	€ 2.54

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

our value for society.

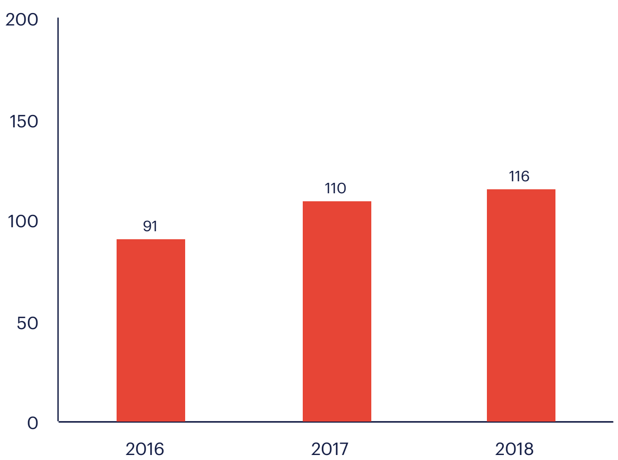
Having a meaningful job impacts people's lives. Through our core business, sustainability activities, and our dialogue with governmental authorities and other relevant bodies and institutions, we help shape the world of work, maximizing future employment and sustainable economic growth.

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

candidate training costs
in millions of €



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 2018, over 650,000 (26%) of the candidates working in our main markets were younger than 25. More information about our initiatives on youth employment can be found on our website.

social innovation programs

Since 2016, we have been tracking all social labor market projects our various operating companies are running at a local level. In 2018, we saw a total of over 100 social innovation programs around the world. An overview of these local initiatives is available on our website.

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 2018, over 305,000 (12%) of the candidates working in our main markets were older than 50. In addition, in several of our main (mostly European) markets, we placed almost 75,000 candidates who had been unemployed for more than one year, and almost 50,000 candidates with no educational degree.

In line with our aim to promote diversity in our workforce, we also welcome candidates with a disability. We have found that registration of disabled candidates varies in the different countries in which we operate. This may be related to local legislation, but also to the personal wishes of the people concerned. In 2018, we placed almost 13,000 candidates with a disability in several of our main (mostly European) markets.

In addition, we are running a variety of local programs to advance employment participation of minority groups. More information about our local initiatives regarding diversified workforces can be found on our website.

thought leadership

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

With the aim of further strengthening our reputation as a thought leader by actively participating in debates around future policies, Randstad became a member of the World Business Council for Sustainable Development (WBCSD) in 2018. As a CEO-led organization of more than 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. Through this program, the organization aims to bring the collective voice of leading sustainable business into the global dialogue on the Future of Work, and build partnerships with governments, experts, educational institutions, and civil society to shape solutions that create value for people, companies, and the global economy.

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.

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 country. In its fifteenth year, the survey now covers 34 countries 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 2018 include flexible working, the multi-generational workforce, social responsibility and voluntary work, and the impact of digitalization in the workplace.

flexibility@work

Since 2013, Randstad has published Flexibility@Work, a yearly report on flexible labor and employment, consisting of a database on flexible and an academic research topic. In the 2018 report 'Sustainable growth in the age of cities', research carried out by Utrecht University shows how every new highly skilled job in technology can be a catalyst for up to five new unrelated jobs, both low- and medium-skilled. This publication also demonstrates how most of these new jobs are created in cities where there is a large low-skilled workforce present that can be upskilled. In the future of work, a competitive city offers opportunities to all residents, seeks to reduce inequalities, and protects the vulnerable. By investing in education, labor mobility, and targeted public-private partnerships, cities can create the skilled workforce and agile, inclusive labor market that will be key to sustainable urban development.

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 technology, and talent development.

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 countries), 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 and methodologically sound analysis of labor market and HR trends. 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. At present, the output of the Randstad Research Institute in Spain consists of a monthly analysis of public labor market figures on the day of their release through a press release and a short report, 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, and non-recurrent

"We were delighted to welcome Randstad as a new member of WBCSD this year. Randstad has been a leading voice in shaping the WBCSD vision of a future of work in which people, businesses, and societies thrive. Their thought leadership and convening power in the HR space is helping to drive transformative business innovation to tackle an issue that is rapidly rising to the forefront of sustainability."

Peter Bakker, President and CEO, World Business Council for Sustainable Development (WBCSD)

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. We have worked to transform this best practice in Spain into a global approach. In 2019, we intend to implement a Randstad Research Institute in Belgium, Germany, and Italy.

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 sponsor of the OECD Forum since 2014, which has become a global showcase for thoughtful and revealing discussions on economic trends, especially on the topic of human capital. At the OECD Forum in May 2018, Randstad CEO Jacques van den Broek spoke with leaders from governments, civil society, and business on 'What brings us together'. The OECD Forum 2018 also saw the launch of the OECD Forum Engagement Group. In this group, leading corporate members (including Randstad), academic members, and the OECD will seek practical solutions to imminent questions with regard to the future of work.

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. In 2018, the annual B20 and G20 summits took place in Buenos Aires under Argentinian presidency. Randstad again played an influential role in the B20 Taskforce on Employment & Education, identifying policy recommendations and an underlying action plan to provide to G20 leaders. In 2018, the taskforce was co-chaired by Randstad, delivering very concrete recommendations with a focus on the promotion of open, dynamic, and inclusive labor markets, and on strengthening skills development and lifelong learning. The B20 recommendations were clearly taken to heart by the joint G20 Ministers of Labor and Employment. In their G20 declaration, they stated that 'certain forms of employment, such as agency work,

“My relationship with Randstad is very strong, dating back to the time when I was President of the IOE. The relationship was strengthened again in 2018, with Randstad as co-chair of the B20 Employment & Education Taskforce. During the entire B20 process, I have appreciated Randstad’s contribution to the discussions, providing an expert opinion in the debate on the future of work.”

Daniel Funes de Rioja, B20 Chair (Argentina 2018)

present opportunities for job creation, labor mobility, access to the labor market, and the inclusion of vulnerable and underrepresented groups'. This is a clear confirmation that Randstad's work contributes to a better functioning labor market and that we serve a social and economic purpose. To turn these words into concrete national policies, Randstad is working closely with local and international industry federations to set up an intensive advocacy program.

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 2018, the key insights from the discussion focused on the human side of this transformation: transformation in the post-digital era, customer centricity, and empowering people across the organization through enhanced personal connections.

industry involvement

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

sectoral social dialogue

Randstad actively engages in the national and international dialogue with labor unions. At EU level, UNI-Europa and the World Employment Confederation Europe (in which Randstad is represented) meet regularly in the Sectoral Social Dialogue Committee on Temporary Agency Work to discuss issues of mutual importance, and to further professionalize and gain more societal acceptance for the industry. Moderated by the European Commission's Directorate-General for Employment, Social Affairs and Equal Opportunities, the committee met three times in 2018. The 2018/2019 work program included issues such as promoting national social dialogue by inviting representatives of the national bipartite funds. It also included a presentation from the European Commission on the upcoming Directive on transparent and predictable working conditions, and the EU Agenda for the Collaborative Economy.

In 2018, within the framework of the Sectoral Social Dialogue, the World Employment Confederation and UNI-Europa carried out a joint project on labor market intermediaries, online talent platforms, and the changing world of work, making a comparison with the characteristics and regulation of temporary agency work. The project led to a set of joint conclusions and recommendations, which will be fed into the activities of the EU Sectoral Social Dialogue Committee on Temporary Agency Work.

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 countries 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 €

	2018	2017	2016
WEC	80,657	80,657	77,293
BusinessEurope	30,000	30,000	25,000
IOE	14,196	4,342	4,609

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

tax transparency

Randstad is a sizable tax payer and therefore, from a financial perspective, makes an effective contribution to society. 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 there 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 senior leadership 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 insurance. The breakdown is as follows:

corporate income taxes paid

in millions of €

	2018	2017	2016
North America	4	3	(2)
France	56	43	39
Netherlands/Corporate	101	55	55
Germany	19	15	(4)
Belgium & Luxembourg	39	28	3
Italy	21	13	21
Iberia	6	8	6
Other European countries	11	7	13
Rest of the world	39	13	24
Global Businesses	6	1	5
Total	302	186	160

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, corporate income tax paid partly related to 2017 to an amount of € 28 million.

In the segment Rest of the world, prepayments of corporate income tax took place in Japan.

other taxes paid in 2018

in millions of €

	VAT[1]	wage tax and social insurance	total 2018	total 2017
North America	55	1,140	1,195	1,285
France	718	1,508	2,226	1,987
Netherlands	657	932	1,589	1,509
Germany	388	767	1,155	1,092
Belgium & Luxembourg	283	538	821	757
Italy	44	547	591	690
Iberia	316	442	758	508
Other European countries	377	575	952	905
Rest of the world	206	363	569	574
Corporate	(11)	19	8	16
Total	3,033	6,831	9,864	9,323

1 Value added tax/sales tax.

In 2017, other taxes paid amounted to € 9,323 million (€ 2,794 million for VAT and € 6,529 million for wage tax and social insurance).

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

randstad with heart

On October 30, 2018 we saw the global launch of Randstad With Heart, a global program that enables our more than 37,000 employees worldwide to do eight hours of voluntary activities annually during working hours for a charity of their choice. This program was first piloted successfully in the US.

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 our hearts. By combining the engagement and activities of all our employees, we are able to create great social impact. By giving our employees the chance to spend one working day on volunteering every year, we create the combined power of 37,000 volunteering days, or a total of 296,000 hours. This is the equivalent of 146 full-time employees working one full year on social projects. In 2018, our employees already contributed almost 15,000 hours of volunteering. Our CEO, Jacques van den Broek, will spend his eight volunteer hours on Ocean Youth Sailing in Switzerland, a boat-building project that offers practical work experience to young people with a distance to the labor market and refugees.

voluntary service overseas (VSO)

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 align with our employees’ core skills and competencies and with Randstad’s own strategic focus (i.e., employability). In 2018, most of Randstad's VSO volunteers supported either the Randstad Youth Employment Project (RYEP) in Tanzania or the Sahyog project in India. Two Randstad volunteers supported projects in Cambodia and Bangladesh.

In Tanzania, Randstad volunteers work primarily with vocational and technical training institutes to build their capacity in preparing and supporting students to enter the labor market or set up their own businesses. In 2018, under the RYEP umbrella project, 11 Randstad volunteers supported several VSO Livelihoods projects, which aim to enhance youth employability through skills development. They organized 16 career events and registered more than 1, 000 students in their database, creating more than 250 job opportunities at companies. In addition, they supported more than 500 students in getting internships.

For the Sahyog (meaning ‘collaboration’ in Hindi) project in India, Randstad volunteers support people with disabilities in taking vocational and technical training, finding employment, or starting their own businesses. They also provide coaching and mentoring. In this project, Randstad and VSO work closely with a local partner organization. So far, eight international and

randstad vso volunteers overseas 2017–2018

	2018	2017	2016
Total VSO volunteer hours	21,232	15,277	10,978
- of which national	160	981	-
- of which international	20,676	14,296	10,978
- of which support at distance	396	-	-
Total VSO volunteers	53	19	20
- of which national	3	2	-
- of which international	30	17	20
- of which support at distance	20	-	-

three national Randstad volunteers have supported the project, which has already helped 534 people with disabilities to take their first steps into the labor market. The international volunteers were mentored by our CEO, Jacques van den Broek, who gave them valuable strategic advice. The Sahyog project has enabled us to build strong relationships with training institutes in India. Several of these now offer training opportunities for people with disabilities and 278 people have enrolled for skills development training.

In total, we touched 4,147 people's work lives through these projects in Tanzania and India.

In addition to directly supporting VSO's projects, eight Randstad volunteers also used their skills and knowledge to support VSO at their headquarters, building capacity in recruitment, HR expertise and communications.

In November 2018, a senior leader of the Randstad Innovation Fund went on a two-week placement to Tanzania to support the Tanzania Local Enterprise Development (TLED) project, which helps more than 1,500 small businesses to achieve their growth ambitions, which will eventually create more job opportunities. Thanks to efficient collaboration and the commitment of everyone involved, a sustainable implementation plan was drawn up for the entrepreneurship hubs in just two weeks.

pro bono distance support

In order to offer more diverse volunteering opportunities and to reach a bigger crowd within Randstad, in 2018, we also made it possible for people to support VSO without having to go abroad. For example, Randstad volunteers can support VSO in its recruitment process. A total of 20 colleagues already contributed 396 hours in this way in 2018.

fundraising and other initiatives

Another great way to support VSO is through fundraising. A good occasion for fundraising activities was the International Day of Sports for Peace and Development on April 6, 2018. Eight countries joined and organized various sports activities, such as a walkathon or bootcamp, to raise money for the Sahyog project in India. A total of 1,280 Randstad colleagues joined the activities, and together they raised € 5,200. This amount was used to support 87 disabled entrepreneurs in India to set up their own business.

2019 will be a milestone in the partnership between Randstad and VSO, as we will be celebrating our 15th anniversary. Many great activities will be organized, such as fundraising challenges and field visits.

other volunteer projects

In addition to the VSO projects, Randstad participated in many other volunteer projects in 2018, including socially involved and philanthropic initiatives. The total amount spent on corporate philanthropy (excluding VSO) in 2018 was € 2,068,000 (2017: € 1,888,787).

other volunteer projects on behalf of randstad

	2018	2017	2016
Volunteer hours	17,590	9,200	5,900
Volunteers	2,150	1,560	980

For example, in Australia, a construction worker is six times more likely to die from suicide than from a workplace fatality. This is why the charity 'Mates in Construction' was formed, with the specific goal of reducing the high level of suicide among Australian construction workers and to improve mental health. Randstad Australia is proud to partner with Mates in Construction in the hope that, over time, we can help to reduce the prevalence of suicide in the industry. 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.

Randstad Portugal has a partnership with Semear, which helps young adults with minor disabilities to find a job. For the past three years, all Christmas gifts for Randstad Portugal employees have been purchased from Semear to give the organization financial support. Randstad Portugal's order means that Semear can employ two additional young adults with learning difficulties.

Initiated over five 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 $191,000 in 2018. 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.

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

"For 11 years, Randstad has helped to ensure that families do not have to live in poverty because their child is sick. In 2018, you helped Jasper, who was born with a brain tumor. Thanks to speech therapy and physiotherapy, he was finally able to say "I love you" to his mom and dad. Thank you, Randstad."

Mary-Anne Herrema, Development Manager, Jennifer Ashleigh Children's Charity 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 2018, 16,900 employees (both new and existing) received business principles training, either online or in a classroom setting. This is 41% of the total number of employees. Our business principles training covers human rights relevant to our business activities, such as data protection and non-discrimination, intimidation and harassment. To set a minimum standard, we developed a compliance induction training program format, both in PowerPoint and as an e-learning tool. In addition, we developed a set of six cartoons that support training and communication on our business principles and corporate policies. These cartoons 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

	2018	2017	2016
North America	8.8	86%	86%
France	7.9	77%	78%
Netherlands	8.2	92%	92%
Germany	7.8	95%	96%
Belgium & Luxembourg	8.3	94%	94%
Italy	8.2	83%	85%
Iberia	8.5	84%	84%
Other European countries	8.2	81%	74%
Rest of the world	7.6	72%	73%
Global Businesses[1]	8.3		
Corporate	8.5	93%	96%
Group	8.2	84%	83%

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

Source 2018: Randstad in Touch engagement survey
Source 2017 and 2016: 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.

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

Promoting best practices and raising awareness of relevant laws and policies is an ongoing process worldwide. In 2015, we developed a tailor-made compliance refresher training program: Randstad Rules! This e-learning program can be easily adapted to other languages and local rules. In 2018, Randstad Rules! was used for compliance induction and/or refresher training by 21 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 global health & safety policy, a global corporate citizenship & philanthropy policy, and a diversity policy.

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 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 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 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 has committed to adhere 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 will serve as input for Randstad's Human Rights Policy, to be issued in 2019.

health and safety

a healthy and safe work environment for candidates

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

Health and safety is also an ongoing topic at 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 our candidates, employees, clients, and visitors from foreseeable work hazards.

All workers across the labor market have a right to a healthy and safe work environment. Our health and safety management is organized locally at operating company level, designed to safeguard business continuity and deal with risks. Our operating companies adhere to all applicable local standards and regulations, and are expected to have a sophisticated health and safety structure in place. We track sickness rates, work-related accidents or incidents resulting in 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 candidates globally amounted to 27,704 (2017: 25,995), while the number of working days lost due to these injuries added up to 433,616 (2017: 377,873). Based on these data, our 'injury rate' slightly increased from 0.23% to 0.26% of overall days worked. This increase is largely due to the fact that, as of 2018, all our operating companies, including those acquired in 2017 and 2016, have been included in the reported data.

Much to our regret, in 2018, we were also confronted with 10 (2017: 8) fatal incidents among candidates:

number of fatal incidents among candidates

	2018[1]	2017[1]	2016
USA	0	0	1
France	1	2	3
Netherlands	0	3	1
Germany	0	1	0
Belgium & Luxembourg	0	1	0
Portugal	1	0	0
Spain	1	0	0
Argentina	1	0	0
India	6	1	3
Japan	0	0	2
	10	8	10

1 Excluding natural causes.

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

a healthy and safe work environment for our employees

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

In 2018, the overall sickness absenteeism rate was 2.1% of overall days worked (2017: 1.7%). The total number of working days lost due to sickness was 202,899 (2017: 166,963).

Despite our high safety standards, we unfortunately faced several incidents in 2018, causing 227 injuries among our employees (2017: 162). The number of working days lost due to these injuries amounted to 1,307 (2017: 1,249). This results in an overall injury rate of 0.01% of overall days worked, which is stable 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 channels. If, for any reason, these reporting lines are considered inappropriate or are likely to be ineffective, or if a complainant fears retaliation, use can be made of our special reporting facility, which consists of a telephone hotline (accessible 24 hours a day via free local access numbers) and a secure web page. The reporting facility is open to all of Randstad's stakeholders: employees, candidates, and third parties. 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. This greatly facilitates the investigation of the issue. Reports can always be made in the local language. The reporting facility is operated by an independent external provider and allows communication between the parties, even if the misconduct was reported anonymously. This way of communicating with an anonymous complainant has proven to be successful in several instances.

Consistent with Randstad's decentralized organization, reports are received by local integrity officers, who are responsible for handling complaints, supported, where appropriate, by other functions, either locally or within Randstad N.V. Actions resulting from this procedure vary from apologizing to the complainant and correcting mistakes to termination of employment, be it of a candidate or an employee, including in senior positions. These actions must make clear to all involved or impacted that breaches are not tolerated by Randstad.

Taking into consideration the implications of the UN's 'Protect, Respect and Remedy' framework, we continue to work on raising and maintaining awareness of our grievance mechanism, including among our employees and candidates. In 2018, we again focused on raising awareness within our operating companies. This resulted in an overall awareness score of 7.9. Our e-learning tool Randstad Rules! has proven to be effective here. We also saw a substantial increase in the total number of complaints and concerns raised in 2018 (+48%) compared to 2017. However, these again included a substantial number of complaints that bypassed the normal appropriate local reporting channels, such as the branch manager or local complaint or help desks. This is fairly consistent at approximately two-thirds of all complaints. Through local communication efforts, we aim to maintain and increase awareness of the correct routing.

Of the total of 327 reports made in 2018, 127 were accepted as admissible. After thorough investigation of these 127 reports, 85 were found to be not proven, and 40 were (partially) proven. The proven complaints (40) related to non-compliance with internal policies and procedures (10), intimidation and harassment (7), sexual harassment (6), improper management practices (4), data protection/privacy (3), breach of business principles (2), discrimination (2), fraud (2), misuse of

misconduct reporting

	2018	2017	2016
New complaints	327	221	174
Of which anonymous	98	86	47
Concerns referred to other channels/not legitimate	200	150	119
Proven or partially proven	40	22	14
Not proven	85	49	41
Under investigation[1]	2	0	0
Total	327	221	174

1 The 2 complaints reported as 'Under investigation' in 2017 were investigated and appeared to be 'Not proven'.

Randstad property for personal purposes (2), theft (1), and non-compliance with Randstad policies by a supplier (1).

The vast majority of the reports (202) were made by candidates or former candidates; most of these were referred to local management or the local complaint or help desks. A total of 30 reports were made by clients, suppliers, or other external parties, and in 24 cases (due to insufficient information being provided by anonymous reporters), it was not clear who made the report. The remaining 71 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 on relevant policies and procedures; this was especially relevant in cases of non-compliance with internal policies and procedures, and improper management practices. In the cases of intimidation and harassment and sexual harassment, the corrective action varied from a written warning and further coaching to other disciplinary action and termination of employment. A total of 10 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'.

awareness of misconduct reporting procedure

	2018	2017	2016
North America	8.7	79%	76%
France	6.9	86%	85%
Netherlands	8.4	66%	70%
Germany	7.9	89%	87%
Belgium & Luxembourg	7.7	78%	58%
Italy	8.1	74%	75%
Iberia	8.1	72%	70%
Other European countries	8.0	74%	62%
Rest of the world	7.7	68%	70%
Global Businesses[1]	8.4	n.a.	n.a.
Corporate	8.4	90%	85%
Group	7.9	76%	73%

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

Source 2018: Randstad in Touch engagement survey
Source 2017 and 2016: Great People Survey

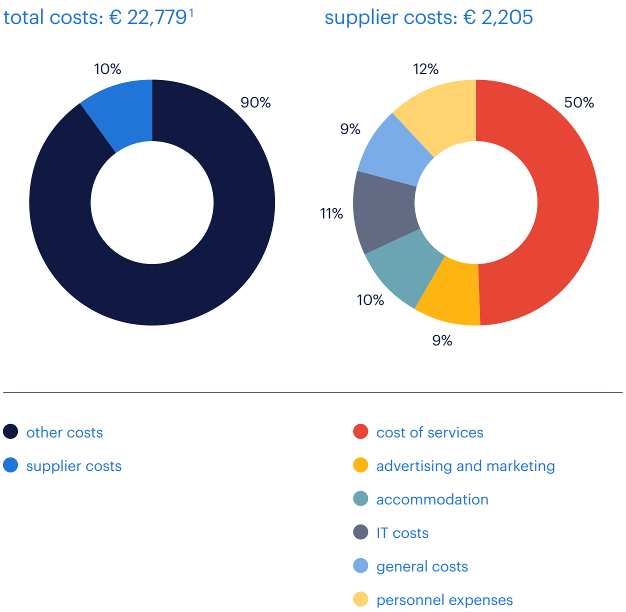
taking environmental care

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.

composition of the supply chain

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



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

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 2018, around 39% (2017: 32%) of our procurement expenditure worldwide was covered by our Supplier Code.

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

On a global scale, around 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 candidates, greatly reducing travel and the resulting CO_2 emissions. Despite this inherently minimal impact, we do what we can to limit our ecological footprint by conserving energy, using sustainable energy sources, and reducing water and paper usage, while re-using or recycling wherever possible. We have set the target to use at least 50% electricity from sustainable sources in 2018, and to reduce our CO_2 emissions by 8% in 2018. Due to our growth in business and number of employees, we did not achieve the CO_2 emission reductions. Additionally, our impact on the electricity procurement is limited, such as for branches where we do not rent the entire building but share it with other tenants. Therefore, our current share of electricity from sustainable sources 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.

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

In 2016, we participated in the Global Climate report of the Carbon Disclosure Project (CDP), where we scored a B (management level), which is above industry average. Our operating companies are taking further steps at management level to effectively reduce emissions, indicating more advanced environmental stewardship.

co_2 footprint

As a part of our framework, we continue to improve the completeness and accuracy of our Group environmental data, using a step-by-step approach. In 2012, we concentrated on measuring our impact due to travel, in particular journeys made using company cars. In 2013, we added to this the distances traveled by air. In 2015, we performed an internal review on the environmental data reported in 2013 and 2014. The main operating companies (constituting 90% of the total) were asked to check their data and make adjustments where necessary. This gave us better insight into the challenges related to collecting and reporting environmental data, which led to improvements and more extensive coverage. In 2016, a consulting company completed an audit in order to gain even more insight into the possible improvements regarding data collection and reporting, and the feasibility of external assurance. In 2018, we were able to enhance the 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 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 2018 was 314,000 m³ (2017: 325,000 m³) and our waste 1,700 metric tons (2016: 1,600 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 by LED lighting in our buildings). We transferred most of our computing capacity to the cloud and are in the process of rolling this out to all operations on a global level. Thereby we expect to further reduce our energy consumption of servers by only making them available when we need them. The Randstad corporate head office is the only major building we actually own; almost all other buildings worldwide are rented. Our head office uses 100% certified green electricity and the Randstad Belgium head office is certified for BREEAM (Building Research Establishment Environmental Assessment Method).

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

travel and company cars

We are limiting our business travel impact on the environment by increasing the use of video and phone conferencing and VoIP. However, due to the growth of

our CO_2 footprint

	2018 (extended scope)[1]		2018[2]		2017[2]	
	usage	CO_2 emission	usage	CO_2 emission	usage	CO_2 emission
Scope 1 (direct emissions)						
Gas for heating (m3)	3,134,630	5,924	2,587,940	4,891	324,011	6,036
Fuel for heating (ltr)	0	0	0	0	59,000	188
District heating (Gj)	22,656	600	20,256	537	13,207	264
Business cars petrol (ltr)	7,093,000	19,860	6,416,000	17,965	5,381,000	15,067
Business cars diesel (ltr)	13,490,000	43,168	12,688,000	40,602	11,003,000	35,210
CO_2 metric ton scope 1		69,552		63,995		56,765
Scope 2 (indirect emissions)						
Electricity (Gj)	209,569	26,840	142,054	15,881	190,531	20,588
Sustainable electricity (Gj)	58,144	0	49,673	0	76,429	0
CO_2 metric ton scope 2		26,840		15,881		20,588
Scope 3 (remaining emissions)						
Airplane (km)	80,647,871	15,383	50,767,623	10,154	48,072,640	9,615
CO_2 metric ton scope 3		15,383		10,154		9,615
Total CO_2 metric ton		111,775		90,030		86,968

1 Data 2018 extended scope: based on all operating companies (>99% coverage).
2 Data 2018 and 2017: based on our largest operating companies (~90% coverage).

travel and company cars

	average number of company cars				kilometers driven (x 1,000)			business flights (total distance traveled x 1,000 km)		
	2018[1]	of which sustainable	2017	2016	2018	2017	2016	2018	2017	2016
North America	-		-	-	-	-	-	29,297	27,548	22,681
France	2,019	80	1,854	1,735	43,547	32,988	34,129	3,184	3,614	3,482
Netherlands	4,470	2	3,361	3,382	109,227	97,088	98,376	546	615	364
Germany	1,799	26	1,801	1,732	49,552	55,026	50,820	3,306	2,452	2,370
Belgium & Luxembourg	2,574	30	1,848	1,657	44,218	47,213	41,812	26	484	134
Italy	468	1	456	393	10,252	9,265	7,452	1,094	1,006	5,110
Iberia	909	-	759	748	20,112	18,824	17,634	5,555	5,514	849
Other European countries	839	-	796	548	13,963	11,283	11,719	5,154	3,931	2,120
Rest of the world	555	115	554	571	8,335	12,327	10,595	12,936	13,750	14,038
Global Businesses[2]	243	1	192	17	7,141	2,354	211	12,594	12,383	1,810
Corporate	80	1	139	125	1,637	3,053	3,302	6,956	9,458	9,945
Group	13,956	256	11,760	10,908	307,984	289,421	276,050	80,648	80,755	62,903

1 The 2018 data include more than 99% of our operating companies.
2 Global Businesses (Monster, Risesmart, Sourceright and twago) are included and reported separately since 2017, except for Sourceright, which used to be included in the country reporting in 2016.

our organization and the fact that a number of recent acquisitions are now included and reported for the first time, we saw an increase in the number of business flights in 2018. Increasingly, we are digitalizing time sheets and staffing contracts, including signatures, which reduces paper use and travel by both candidates and our own consultants. In addition, job interviews are held increasingly by video, 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 2% 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 countries is supported by strict policies. In the Netherlands, we participate in a CO_2 compensation program for business flight emissions with our national airline.

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

benchmarks

In 2018, for the fourth 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, risk & crisis management and materiality (tangible results).

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.

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 candidates: the best jobs	our value for employees: employer of choice
material matters	• client data protection • client relationship management • digitalization & data management • tech & touch innovation management	• candidate 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 • health & safety management • labor management relations
risks	• changing economic and geopolitical conditions • contract liability and delivery • workplace health and safety	• technological disruption • information technology and cyber security • workplace health and safety	• 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; training costs • # of candidates • # 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; training costs • employee retention rate • outperformance 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 • 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 candidates with disabilities • increasing # of initiatives to guide people from unemployment to employment • permanent placements growth above market	• proportion of females in senior leadership positions: 50% in 2017 • outperformance score higher than benchmark (with a participation rate of 80% or higher in the Great People Survey)
SDGs	• targets: 8.2 and 8.3	• target: 4.4 • targets: 5.1 and 5.5 • targets: 8.2; 8.5 and 8.6 • target: 10.2	• target: 4.4 • targets: 5.1 and 5.5 • targets: 8.2; 8.5 and 8.6 • target: 10.2

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

integrated reporting framework.

our mission: shaping the world of work

pillars	our value for investors: creating EVA	our value for society: shaping the world of work	sustainability basics
material matters	• 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 • stakeholder engagement & continuous dialogue • sustainable supply chain management • environmental impact
risks	• credit risk • other financial reporting risks • changing economic and geopolitical conditions	• competition law compliance • tax and labor law compliance	• data protection laws and regulations
500 million people plan	• enabling clients to improve • 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 initiatives to guide people from unemployment to employment • # of candidates placed with disabilities • # of candidates placed who were unemployed more than 1 year • # candidates placed with no educational degree • # candidates placed younger than 25 or older than 50	• # of hours and employees involved in VSO • other community engagements • sustainable procurement • injuries and fatalities during work • sickness absence • corporate employees covered by a CLA • # of employees trained in business principles • # of business principles incidents (misconduct reporting procedure) • measures to decrease our 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 the Dow Jones Sustainability Index • zero fatalities and relative reduction of injuries • % of electricity from sustainable sources: 50% in 2018 • reduction of CO_2 emissions of 8% in 2018 • business cars: 10% decrease of the weighted average CO_2 per km by the end of 2022
SDGs	• targets: 8.2 and 8.3	• targets: 5.1 and 5.5 • targets: 8.5 and 8.8 • target: 10.2; 10.3 and 10.4	

performance.

performance management

Randstad has an extensive performance management system in place. Performance management at Randstad starts at the lowest level in our organization in the context of what we call 'activity-based field steering' (ABFS). Our ABFS model requires our units and teams to translate commercial goals (active clients, 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 spring, and an operational planning cycle takes place in the fall. The planning and control cycle is embedded in our Risk & Control framework.

key performance indicators

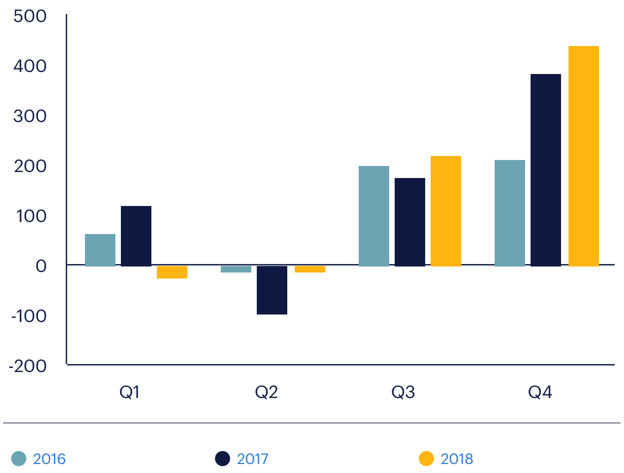
Our day-to-day performance overview includes key performance indicators (KPIs) showing our growth, productivity, profitability, working capital, and cash flow. We use a variety of tools within our planning and control cycle to assess our performance and align future strategic and investment decisions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

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

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

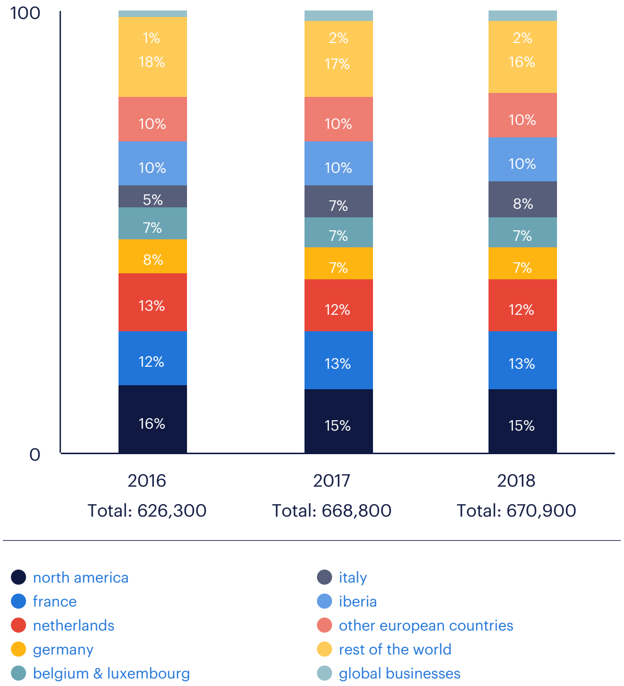
free cash flow development

in millions of €



candidates working split by geography

as a % of total number of candidates working per day



number of permanent placements[1]

	2018	2017
North America	25,300	23,100
France	79,100	57,300
Netherlands	5,900	6,000
Germany	5,400	5,000
Belgium & Luxembourg	5,500	4,200
Italy	14,100	7,800
Iberia	23,900	22,200
Other European countries	18,800	18,200
Rest of the world	40,500	27,000
Global Businesses	44,000	41,400
Group	262,500	212,200

1 Numbers include RPO.

financial performance

income statement

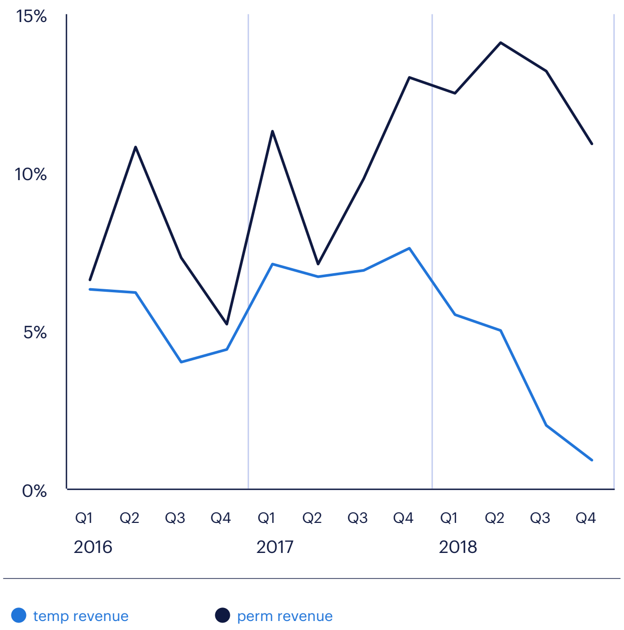
For a meaningful analysis of our results, we need to look at the underlying results, which excludes the impact of foreign exchange movements, mergers and acquisitions, and one-off items such as restructuring costs and integration costs.

income statement, underlying

	2018	2017	organic Δ
Revenue	23,812	23,273	4%
Cost of services	19,109	18,565	
Gross profit	4,703	4,708	2%
Personnel expenses	2,684	2,677	
Other expenses	911	966	
Operating expenses	3,595	3,643	1%
EBITA, underlying	1,108	1,065	5%
Gross margin	19.8%	20.2%	
Operating expenses margin	15.1%	15.7%	
EBITA margin	4.7%	4.6%	

year-on-year organic growth

in %



revenue

At Group level, organic revenue increased 3.7% in 2018 (2017: 8.3%). Currency effects had a negative impact of 1.9%, and working days had a positive impact of 0.5%. Overall reported revenue for the year increased 2.3% to € 23,812 million. Our European operations grew 3% in 2018 (2017: up 10%), North America grew 2% (2017: up 1%), Asia grew 8% (2017: up 7%), and Latin America grew 30% (2017: up 20%). More detailed information is included in the section 'country performance'. More information about the four main revenue categories (Staffing, Inhouse Services, Professionals, and Global Businesses) can be found in this section under 'performance by revenue category'.

Permanent placements were up 13% (2017: up 10%) and made up 2.1% of revenue (2017: 2.0%). Revenue from temporary billing increased by 3% organically (2017: up 7%).

Annually, we employ more than two million people, and we made around 262,500 permanent placements in 2018.

organic revenue growth per working day

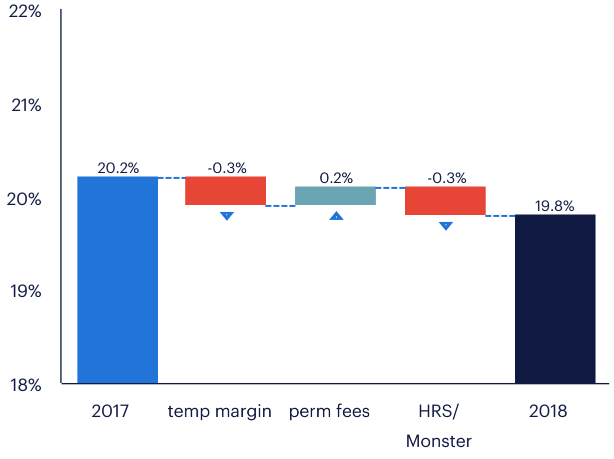
in %

	Q1	Q2	Q3	Q4	full year
Geographic areas					
North America	1	2	3	3	2
France	10	3	(1)	(4)	2
Netherlands	5	4	4	3	4
Germany	7	6	(2)	(7)	1
Belgium & Luxembourg	9	7	3	0	5
Italy	19	10	7	(1)	8
Iberia	11	3	1	(4)	2
Other European countries	11	6	3	1	5
Rest of the world	11	11	12	12	12
Revenue categories					
Staffing	6	2	1	(2)	1
Inhouse Services	17	12	5	2	9
Professionals	4	5	6	6	5
Global Businesses	0	3	0	0	1
Group	7	5	3	0	4

gross profit

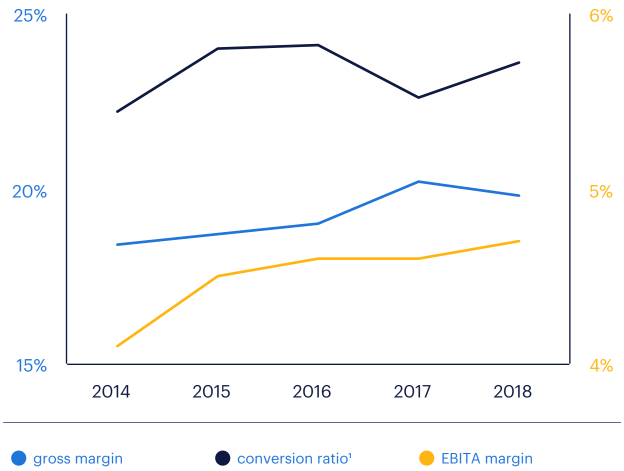
Gross profit reflects our effectiveness in pricing, cost of employee benefits, and idle-time management. In 2018, gross profit amounted to € 4,703 million, an organic increase of 2% compared to the previous year (2017: up 7%). Gross margin decreased 40bp to 19.8%, driven by lower temp margin and HR Solutions/Monster. Note 5 to the financial statements includes an overview of the actual reported gross profit per geography.

change in gross margin



Temp margin had a negative impact of 30bp compared to last year due to adverse mix effects and pricing. Permanent placements had a 20bp positive impact, while HR Solutions had a negative impact of 30bp,

gross margin, conversion ratio and EBITA margin



1 EBITA as percentage of gross profit.

mainly driven by a decline in Monster's contribution. At Group level, the contribution from permanent placements ('perm fees') made up 10.5% (2017: 9.6%) of gross profit.

In order to realize our EBITA margin targets, we aim to maximize conversion of gross profit into EBITA. In 2018, we converted 24% of gross profit into EBITA (2017: 23%).

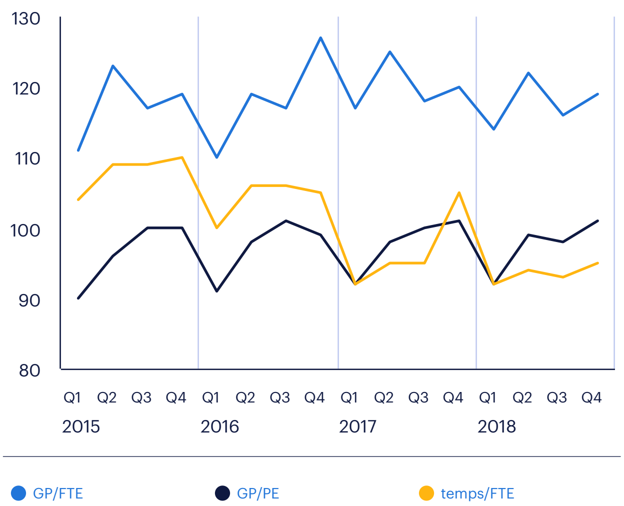
productivity

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

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

productivity, indexed

2007 = 100



Productivity (GP/FTE) was organically down 2% in 2018 (2017: up 3%). 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

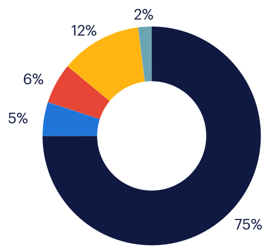
	2018	2017
Personnel expenses	2,684	2,677
Advertising and marketing	188	228
Accommodation costs	216	227
Other operating expenses	424	429
Depreciation and amortization of PPE and software	83	82
Operating expenses, underlying	3,595	3,643
Average number of corporate employees	38,820	37,930
Number of branches, year-end	2,827	2,900
Number of inhouse locations, year-end	1,999	1,958

In 2018, underlying operating expenses amounted to € 3,595 million, up 1% organically. Foreign exchange effects decreased our cost base by € 82 million. Actual operating expenses in 2018 included € 76 million related to restructuring, integration and acquisition-related expenses (2017: € 71 million).

Personnel expenses increased by 3% organically. We invested in areas where growth continued, such as the United States (Staffing), Italy and our Rest of the World region. Personnel expenses per FTE were slightly down compared to 2017. An overview of corporate staff by region is given in the section 'country performance'.

operating expenses

operating expenses: € 3,595



Further details on actual personnel expenses can be found in note 9 to the financial statements.

Marketing costs were 0.8% of revenue (2017: 1.0%). Further information about our marketing strategy is included in the section 'our value for clients and candidates'.

Accommodation costs were flat compared to 2017. Across the board, we continued to consolidate branches. As we continued to see demand for Inhouse Services, we opened 41 new Inhouse locations in 2018 (2017: 180), most notably in North America and the Netherlands. At the end of 2018, we were operating a network of 2,827 branches, down 3% year-on-year (mainly related to the Netherlands and France) and 1,999 Inhouse locations (up 2%).

Other operating expenses – mainly IT and general costs – increased organically by 6%. This is primarily related to our digital investments.

Depreciation and amortization charges were higher than in 2017. On average, we depreciate assets over three to five years.

branches and inhouse locations, year-end

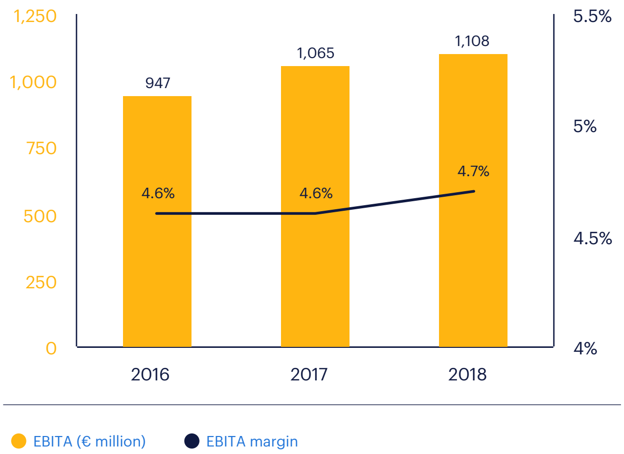
	2018		2017	
	branches	inhouse locations	branches	inhouse locations
North America	668	474	671	440
France	383	242	435	234
Netherlands	251	407	267	383
Germany	289	312	275	307
Belgium & Luxembourg	150	176	148	169
Italy	265	33	247	28
Iberia	233	138	230	124
Other European countries	251	179	277	186
Rest of the world	203	38	216	86
Global Businesses	134	0	134	1
	2,827	1,999	2,900	1,958

EBITA

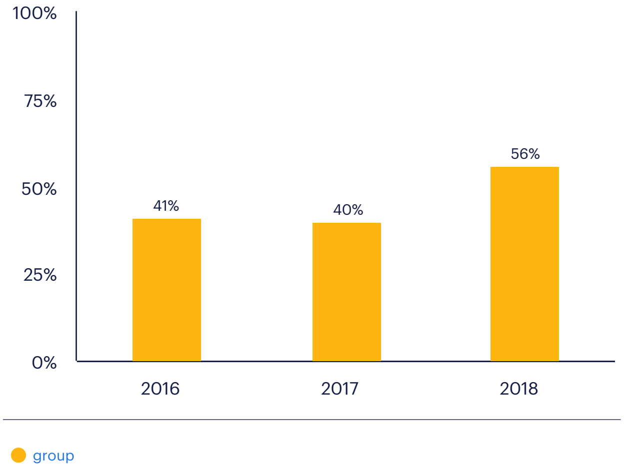
Underlying EBITA increased to € 1,108 million, compared to € 1,065 million in 2017. EBITA margin increased 10bp to 4.7% for the Group. Currency effects had a negative impact on EBITA of € 18 million.

EBITA development, underlying

in millions of €



incremental conversion ratio



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

EBITA

in millions of €

	2018	2017	Δ%
EBITA, underlying	1,108	1,065	4%
Integration costs & one-offs	(76)	(71)	
EBITA, actual	1,032	994	4%
Amortization and impairment of acquisition-related intangible assets and goodwill	(219)	(134)	
Operating profit	813	860	(5%)
Net finance costs	(5)	(23)	
Share in profit/(loss) of associates	3	1	
Income before taxes	811	838	
Taxes on income	(107)	(207)	
Net income	704	631	12%

As explained in the section 'performance management', we measure the conversion of gross profit into EBITA. If we grow, our target is to convert 40%-50% of incremental gross profit into EBITA (incremental conversion ratio). If our gross profit declines, our target is to achieve cost savings of at least 50% of lost gross profit (recovery ratio). For the Group as a whole, the incremental conversion ratio was 56% for full-year 2018 (2017: 40%).

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, customer relationships, and candidate profiles. These intangibles are amortized over a period of one to ten years. The amortization charge in 2018 of € 120 million was lower than the charge of € 134 million in 2017. In Q4, 2018 the yearly goodwill impairment test was performed, resulting in an impairment of € 103 million, being € 78 million on goodwill, € 21 million on acquisition-related intangibles, and € 4 million on software. For more information, see note 4.1 and note 15 to the financial statements.

operating profit

Operating profit is EBITA minus the non-cash amortization and impairment charges of acquisition-related intangible assets and goodwill. Operating profit was € 813 million, impacted by impairments, representing a 5% decrease.

net finance costs

Net finance costs amounted to € 5 million, compared to € 23 million in 2017. Net finance costs include net interest expenses on our net debt position, as well as foreign currency effects and adjustments in the valuation of certain assets and liabilities. Interest expenses on our net debt position amounted to € 18 million (2017: € 20 million) and decreased due to a lower average net debt position during the year compared to the prior year. Foreign currency effects and other effects had a positive impact of € 13 million (2017: € 3 million negative impact). The difference was mainly caused by foreign currency gains of € 7 million in 2018 versus foreign currency losses of € 6 million in the prior year. For further information, see note 10 to the financial statements.

taxes on income

The effective tax rate before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs was 15.7% in 2018 (2017: 26.4%). The actual effective tax rate in 2018 was 13.2% (2017: 24.7%). Both effective tax rates were mainly influenced by an exceptional tax benefit in Q4, 2018 (€ 86 million), as well as tax effects on the impairments. More information on the actual effective tax rate is given in note 4.3 to the financial statements.

net income, earnings per share and dividend

Adjusted net income for holders of ordinary shares amounted to € 833 million (2017: € 756 million).

Underlying basic EPS increased by 10% to € 4.55 (2017: € 4.13). The average number of (diluted) outstanding ordinary shares remained virtually stable.

In line with the proposed adjustment of our dividend policy, we will propose the payment of an all-cash dividend of € 3.38 per ordinary share (2017: € 2.76). This consists of a regular dividend of € 2.27 based on a payout ratio of 50%, and a special dividend of € 1.11. Our dividend proposal is further elaborated on in the section 'our value for investors'.

net income, earnings per share and dividend

	2018	2017
Net income	704	631
Net income for non-controlling interests	-	-
Net income for holders of preference shares	13	12
Net income for holders of ordinary shares	691	619
Amortization of acquisition-related intangible assets and impairment of goodwill	219	134
Integration costs and one-offs	76	72
Tax effect on amortization, integration costs, one-offs, and tax benefit	(153)	(68)
Net income for holders of ordinary shares, adjusted	833	756
Basic EPS (€)	3.78	3.38
Underlying basic EPS (€)	4.55	4.13
Underlying diluted EPS (€)	4.54	4.11
Proposed dividend (€)	3.38	2.76
Payout ratio (% of underlying basic EPS)	74	67

invested capital

As at December 31, 2018, our invested capital amounted to € 5.5 billion (2017: € 5.3 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 was 14.8% (2017: 16.7%), impacted by significantly higher taxes paid in 2018, mainly related to timing differences.

invested capital

	2018	2017
Goodwill and intangible assets	3,280	3,475
Operating working capital assets[1]	4,764	4,578
Operating working capital liabilities[2]	3,770	3,688
Operating working capital	994	890
Net tax assets[3]	567	357
Other assets/(liabilities)[4]	623	555
Invested capital	5,464	5,277
Financed by		
Total equity	4,479	4,251
Net debt	985	1,026
Invested capital	5,464	5,277
Ratios		
DSO (Days Sales Outstanding, moving average)	53.9	53.2
Operating working capital as % of revenue	4.2%	3.8%
Leverage ratio (net debt/EBITDA)	0.8	0.9
Return on invested capital[5]	14.8%	16.7%

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

operating working capital

During the year, we continued our focus on working capital management, paying special attention to the collection of trade receivables and the reduction of overdues. Trade receivables grew along with revenue growth. As a percentage of revenue, working capital was 4.2% (2017: 3.8%). Within working capital, the component we most need to be able to influence is trade receivables. Our DSO increased to 53.9 days (2017: 53.2), primarily due to adverse mix effects (faster sales growth in countries with above-average DSO). We aim to realize further improvements by focusing on the aging of trade receivables, including payment terms and overdues.

Our exposure to bad debt remained limited, amounting to only 0.2% of revenue (2017: 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 4 of the invested capital table for a description of the composing elements. The increase in this group of invested capital year-on-year (€ 623 million, compared to € 555 million in 2017) is partly explained by the increase of the CICE receivable, which arises from tax credits for our French subsidiaries under the French Competitive Employment Act. The increase of € 20 million (€ 493 million 2018 versus € 473 million 2017) is the combined effect of credits for the year 2018 (€ 120 million), minus the refunded credits (€ 100 million). These tax credits can be offset against the income tax liability with respect to the calendar year to which the wages (based on which the tax credit is calculated) relate. Any excess credit can be carried forward and offset against the tax liability in the next three years. Any excess after three years will be refunded. In the second half of 2019, a further refund is expected to the amount of € 107 million.

net debt

Our net debt position decreased by € 41 million to € 985 million. Free cash flow of € 627 million (up € 41 million compared to 2017) outweighed our cash outflow, mainly with regard to dividends paid (€ 518 million). The leverage ratio (net debt divided by 12-month EBITDA) was 0.8 at year-end. The section 'performance management' contains an overview of the development of net debt and the leverage ratio.

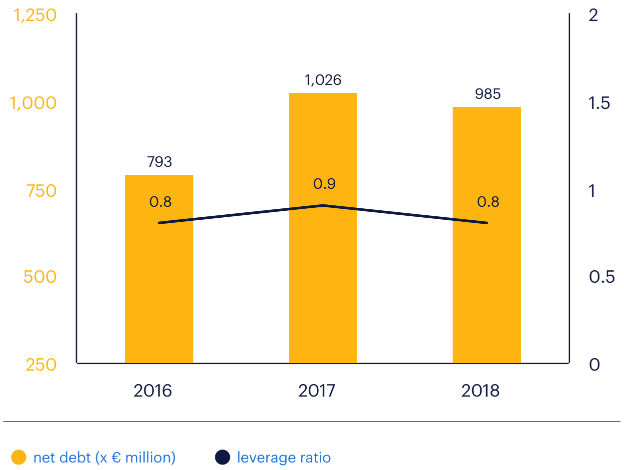
net debt

	2018	2017
Cash and cash equivalents	273	326
Less: Non-current borrowings	494	640
Less: Current borrowings	764	712
Net debt	985	1,026
Leverage ratio	0.8	0.9

As at December 31, 2018, the Group had a € 1,850 million committed multi-currency syndicated revolving credit facility at its disposal (2017: € 1,850 million), which matures in July 2023 (2017: July 2022). The facility agreement contains a covenant with respect to the net debt to EBITDA ratio (leverage ratio), as well as a paragraph on material adverse changes; the net debt to EBITDA ratio has a limit of 3.5, and is calculated based on the results of the Group on a 12-month basis. In certain cases, Randstad is allowed to report a net debt to EBITDA ratio of 4.25x EBITDA for a limited period of time. 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, in 2018, the Group secured 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.

net debt and leverage ratio development

in millions of €



cash flow analysis

free cash flow

Free cash flow amounted to € 627 million (2017: € 586 million). The increase in free cash flow is mainly caused by an increase in EBITA and the CICE cash-in related to 2014. Operating working capital requirements resulted in an outflow of € 95 million (2017: € 175 million), which is lower than last year. Capital expenditures in 2018 amounted to € 113 million, compared to € 95 million in 2017. In 2018 and 2017, 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 €

	2018	2017
EBITA, actual	1,032	994
Depreciation, amortization and impairment of property, plant and equipment and software	89	87
EBITDA	1,121	1,081
Working capital	(95)	(175)
Provisions and all other items	23	(32)
Income taxes paid	(302)	(186)
Net cash flow from operating activities	747	688
Net capital expenditures[1]	(113)	(95)
Loans	(7)	(7)
Free cash flow	627	586
Net acquisitions and disposals[2]	(13)	(356)
Non-current borrowings in acquired companies	-	(107)
Issue of ordinary shares	1	1
Dividend from associates	3	1
Purchase of own shares	(15)	(38)
Dividend paid on ordinary and preference shares	(518)	(359)
Net finance costs paid	(18)	(18)
Translation and other effects	(26)	57
Net decrease/(increase) of net debt	41	(233)

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 2018. More detailed information on our service concepts can be found in the section 'our value for clients and candidates'. In our financial reporting, we have merged these service concepts into four revenue categories: Staffing, Inhouse Services, Professionals, and Global Businesses.

split by revenue category

in millions of €	2018	2017	organic Δ%
Staffing	12,441	12,184	1%
Inhouse services	5,300	5,185	9%
Professionals	4,929	4,720	5%
Global Businesses	1,142	1,184	1%
Total	23,812	23,273	4%

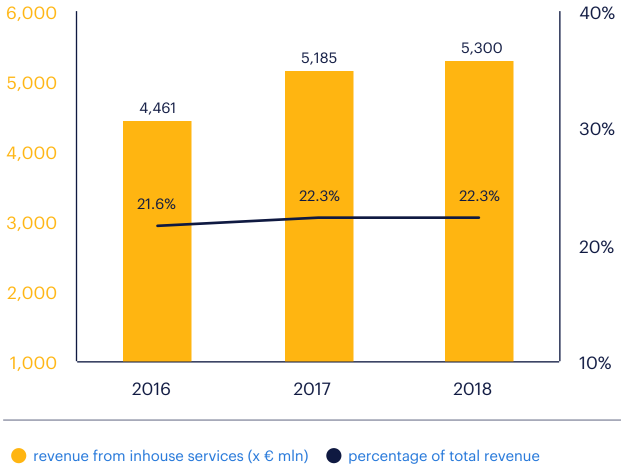
staffing

Within Staffing, we serve clients in the industrial segment (blue-collar) and administrative segment (white-collar). In our revenue mix, this is about 50:50. One of our priorities has been to achieve a greater share of permanent placements in our Staffing businesses. In 2018, we continued our progress in this regard, with permanent placements increasing proportionately, with growth of 16% in the year (excluding RPO).

inhouse services

Inhouse Services continued to see sound growth in 2018. Revenue grew by 9% organically to € 5.3 billion, as we continued to align clients to the most appropriate delivery model.

revenue from inhouse services



professionals

Revenue in Professionals was organically 5% higher year-on-year. Perm fees were 10% ahead of last year.

Our Professionals business strengthened its operations based on industry sectors (verticals). The use of verticals strengthens our position in the Professionals segment, with strong verticals apparent in IT, finance, healthcare, and construction/engineering.

global businesses

Global Businesses consists of Monster, Randstad Sourceright (RSR), RiseSmart, and twago. Revenue was up by 1% year-on-year, mainly driven by Randstad Sourceright. Monster sales were down by 16%. Overall EBITA margin was 1.2% compared to -0.2% last year, reflecting improved profitability in RSR and Monster.

country performance

introduction

Randstad operates in 38 countries, representing more than 90% of the global HR services market. This is not likely to change much, as we believe our current network covers the most attractive geographies. In this section, we provide an overview of our underlying performance in our largest countries in 2018.

main market positions, 2018[1]

markets	market growth	market share	market position
United States	4%	3%	2
France	5%	15%	3
Netherlands	7%	18%	1
Germany	0%	7%	1
Belgium & Luxembourg	3%	26%	1
Spain	7%	21%	1
Italy	12%	13%	2

1 Based on 2018 SIA and Randstad estimates.

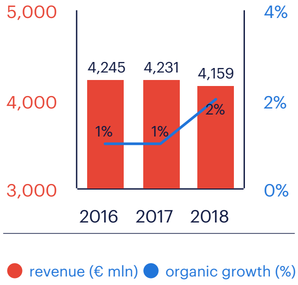
development in the main geographic markets

in millions of €, unless otherwise indicated

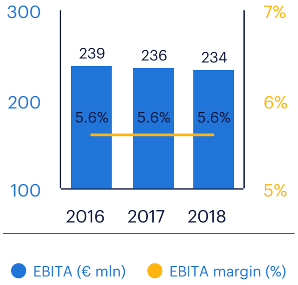
	revenue		organic growth	average candidates		average corporate staff	
	2018	2017		2018	2017	2018	2017
North America	4,159	4,231	2%	100,300	100,900	5,760	5,720
France	3,731	3,627	2%	87,200	86,600	4,510	4,140
Netherlands	3,460	3,334	4%	83,800	81,800	4,370	4,230
Germany	2,383	2,335	1%	46,800	49,500	3,100	2,740
Belgium & Luxembourg	1,654	1,569	5%	48,100	45,600	2,150	2,070
Italy	1,645	1,504	8%	50,600	47,400	2,230	2,090
Iberia	1,476	1,427	2%	68,600	68,400	2,210	2,030
Other European countries	2,218	2,151	5%	64,600	66,600	3,820	3,810
Rest of the world	1,944	1,911	12%	110,300	111,300	5,190	5,000
Global Businesses	1,142	1,184	1%	10,600	10,700	5,230	5,880
Corporate	n.a.	n.a.	n.a.	n.a.	n.a.	250	220
Group	23,812	23,273	4%	670,900	668,800	38,820	37,930

north america

revenue



EBITA



In 2018, sales in North America continued to grow and increased by 2%. A focus on profitability and the implementation of digital solutions led to a stable EBITA margin at 5.6% in 2018.

united states

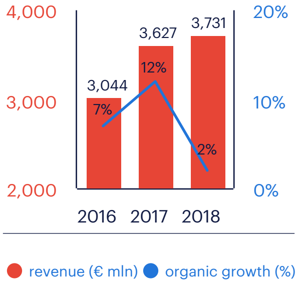
US revenue increased 2%. US Staffing and Inhouse Services recognized full-year growth of 4% in revenue, while perm within our Staffing and Inhouse Services business grew 11%. Revenue growth in US Professionals was down 1%, while IT revenues saw an improving trend during the year, growing by 2%. This was offset by declines in F&A and other professional lines of business. The US staffing market continues to suffer from scarcity of labor supply, while temporary staffing penetration rose to a record high of 2.1%. Randstad US digital investments in data-driven sales and talent acquisition remain a strong focus.

canada

Randstad Canada grew 2% in sales, while perm rose by an excellent 20%, leading to a significant increase in profitability.

france

revenue



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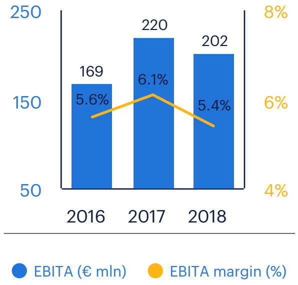
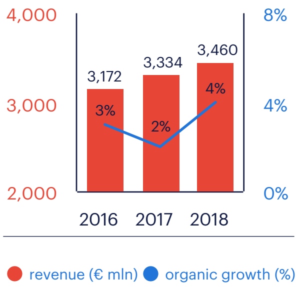


Our revenue grew by 2% in France, slightly behind the market. Our EBITA margin decreased by 70bp to 5.4%, mainly due to the changes to the CICE tax credit. Our combined Staffing and Inhouse Services revenues were broadly stable, and we achieved 10% growth in Professionals. The growth in Professionals was driven by a very strong performance from Ausy, together with our Expectra brand (6% growth) and the healthcare segment (up 13%).

Overall revenue from permanent placements grew by 24% in 2018 across all business lines. Our focus on applying our Tech & Touch strategy to better serve our SME clients also paid off, with our retail accounts significantly outgrowing our large accounts in 2018.

the netherlands

revenue



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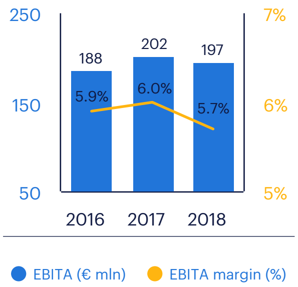
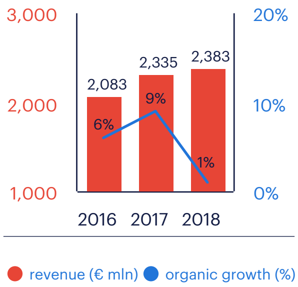


In the Netherlands, where Randstad is market leader, revenue grew 4% organically. Our combined Staffing and Inhouse Services revenues (represented by the Randstad and Tempo-Team brands) increased 3%. Our Professionals business (primarily Yacht) grew organically by 13%. Perm fees decreased by 1%. Our EBITA margin decreased 30bp to 5.7%. The market remained competitive, but by the end of the year, we broadly closed the gap with the market.

germany

revenue



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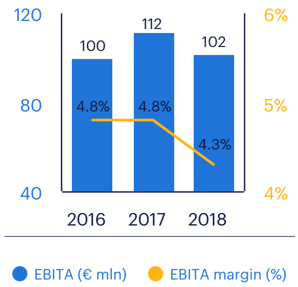


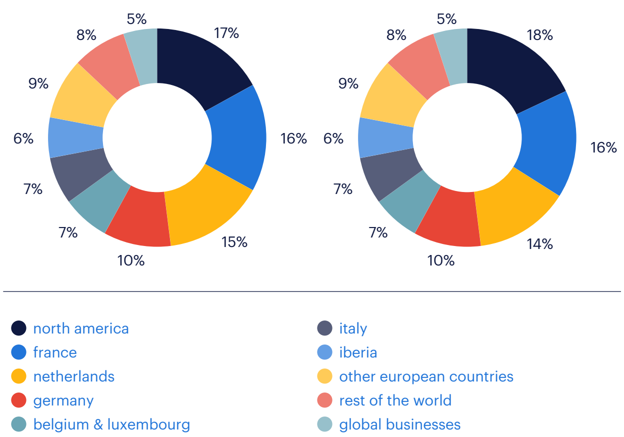
In Germany, our overall revenue increased 1% compared to the previous year, ahead of the market. Underlying EBITA margin reached 4.3%, down 50bp compared to 2017, impacted by a change in legislation, slowing topline growth, and higher sickness rates.

In Staffing and Inhouse Services (where we operate as Randstad and Tempo-Team), revenue decreased by 1%, while Inhouse Services grew 2%. Our continued efforts to improve our business mix paid off, and we managed to grow our permanent placement business by 17%. Revenue of the combined Professionals businesses increased by 8%.

revenue split by geography

2018: revenue € 23,812 million

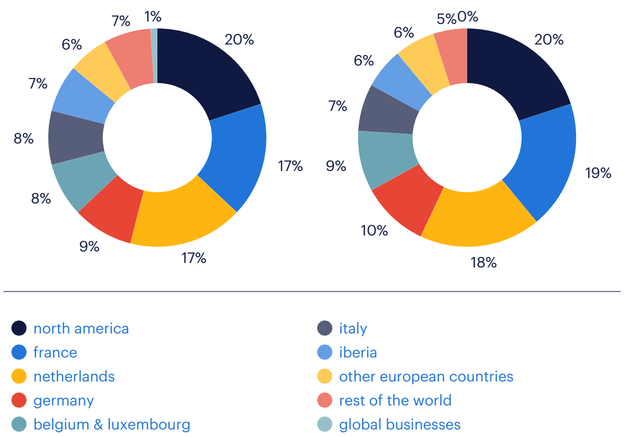
2017: revenue € 23,273 million



EBITA split by geography

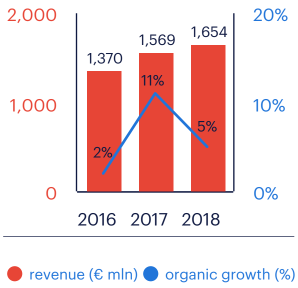
2018: EBITA € 1,108 million

2017: EBITA € 1,065 million



belgium & luxembourg

revenue



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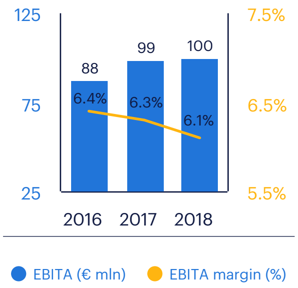
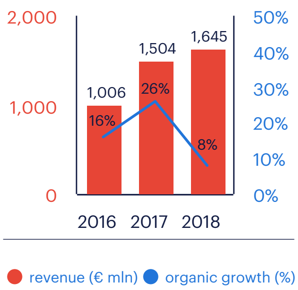


In Belgium and Luxembourg, Randstad reinforced its market leadership in Staffing, Professionals, and outplacement services in 2018. The market recorded 3% growth in the year, while our revenue grew by 5%. EBITA margin eased slightly to 6.1% due to changes in social security charges and higher sickness rates.

italy

revenue



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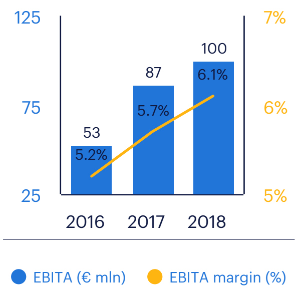
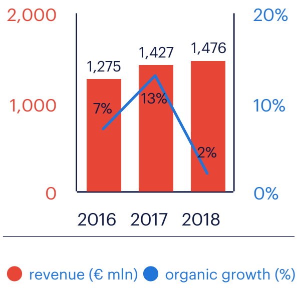


Italy had another record year. We were able to keep growing and further improve our profitability. Overall revenue increased by 8% (compared to 26% in 2017), with growth slowing in the course of the year, reflecting macro trends. Permanent placements were up by 42%, and our Professionals business more than doubled. EBITA margin improved from 5.7% to 6.1%.

iberia

revenue



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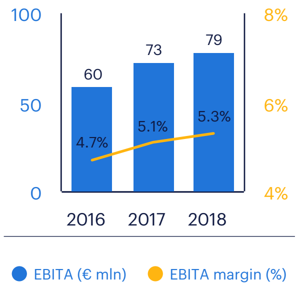


Revenue growth in our Iberian business was 2%, with EBITA margin reaching 5.3%, compared to 5.1% in 2017. We are market leader in both Spain and Portugal.

spain

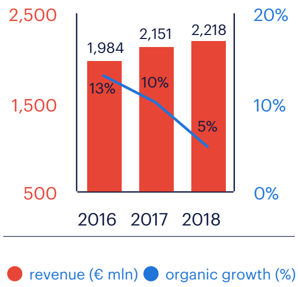
Spain enjoyed a solid year in 2018, with revenue up 4% in a softening market. This was thanks to our relentless focus on client profitability, internal productivity, and risk control. Our Staffing business grew by 2%, and Inhouse Services by 8%. Our decision to continue to invest in the Professionals business has paid off, as we are now one of the top 3 Professionals players in Spain, with revenues increasing 21% in 2018.

portugal

Overall revenue decreased by 2% compared to 2017, which was partly due to volatility in the telecom outsourcing market. Strong growth was achieved in our Professionals business, following the full rollout of our RPO business. In addition, we continued to develop permanent placements, with 3% growth in 2018. The combined Staffing and Inhouse Services revenues continued to grow, but at a lower rate than the previous year.

other european countries

revenue



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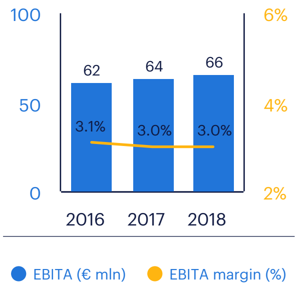


Revenue growth for 'other European countries' was 5% in 2018, while EBITA margin remained broadly stable at 3.0%.

united kingdom

In the United Kingdom, revenue was up by 5% in 2018. Growth was fueled by our temp businesses (up 9%), whereas perm was down 6%, also reflecting a strategic decision to close our Middle East branch.

poland

In Poland, market conditions were tough. The market measured in terms of candidates working was in double-digit decline throughout the year, caused by the scarcity of candidates and adverse legislation. Our revenue declined by 3%.

nordics

In the Nordics, we saw 3% revenue growth in our combined businesses. In Sweden, overall revenue increased by 3%, with an all-time-high level of profitability. In both Norway and Denmark, we grew 1%.

switzerland

With 11% sales growth, we outperformed the Swiss market for the eighth consecutive year, with a significant further improvement of our profitability.

austria

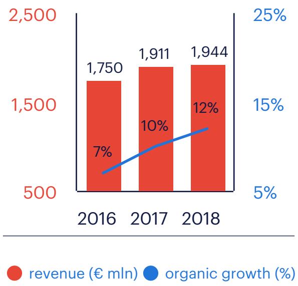
In Austria, we grew by 11%, well ahead of the market.

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 17%. In the Czech Republic, where we had a transition year with new leadership, the business decreased by 30% organically. In Turkey, we had an excellent year, given the turbulent political situation in the country. Our revenue grew 27%, while profitability was further improved. Randstad also had a strong year in Greece, where we grew 43%, which was well ahead of the market. In Romania, Randstad became profitable and doubled its revenue.

rest of the world

revenue



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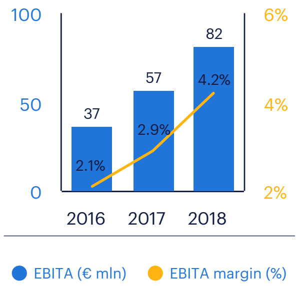


Revenue in the 'rest of the world' region grew by 12% organically. EBITA margin improved markedly from 2.9% in 2017 to 4.2% in 2018.

japan

The accelerating trend set in 2017 continued throughout 2018. Overall, revenue grew by 8% year-on-year, carried by practically all business lines, especially in our Professionals segments. Careo, which was acquired in July 2016, continued its strong top- and bottom-line trends ahead of the market. Strong top-line growth and solid cost control led to substantial profitability improvements in 2018.

australia and new zealand

Operations in Australia continued to show solid growth. Revenue was up 11%, while profitability improved on the back of growth acceleration in both our temp and especially our perm businesses. New Zealand operations went through a transition. Overall revenue growth was down 9% year-on-year as a consequence of lower temp levels, partly offset by strong growth in perm. These positive business mix effects, combined with solid cost control, have led to substantially better profitability.

india

Our business in India showed strong acceleration in all divisions throughout 2018, with revenues growing 6%. In our Staffing business, we further increased efficiency in delivery by merging mid- and back-office activities. Our permanent placement business performed well after a slow start in the first quarter. Due to a strong focus on cost effectiveness and process efficiency, Randstad India further improved its profitability.

china and other asian countries

Our Chinese business showed double-digit growth in 2018 (up 11%). 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.

We saw further improvement in our profitability on the back of strong growth in both our temporary and permanent placement business in Hong Kong. In Malaysia, our perm growth and lower operating expenses led to substantial profitability improvement. The performance of our operations in Singapore accelerated further, with double-digit growth and increased profitability. In this highly competitive market, we continue to gain market share in the majority of the segments we operate in.

latin america

In Latin America, all our businesses continued to show good progress and delivered profitable growth, while introducing new concepts and focusing on improved business processes. Our Brazilian operations were growing at a strong double-digit rate (up 39%), showing significant improvement in profitability year-on-year. Argentina had an excellent year, notwithstanding the challenging macroeconomic environment, delivering positive organic growth and solid profitability thanks to good cash management. Chile and Mexico also reported very good performance, growing primarily in the staffing business and consistently improving profitability year-on-year.

global businesses

Randstad Sourceright, comprising our global MSP and RPO business, grew its revenue organically by 10%, with a significant profitability increase across North America, EMEA and APAC. RiseSmart, our leading outplacement innovator, continued to demonstrate double-digit revenue growth and increased profitability. Monster, our online recruitment platform, saw a 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 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 (for example the effect of the Brexit, if any, may pose a risk on our UK business and opportunities). 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 Tech & Touch strategy.

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

risk & control management approach

We manage our risks and opportunities through the boundaries defined by our risk appetite. 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 and our human forward brand promise. 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,and competition law.

sensitivity analysis

	change	impact	on	assumption FY 2018
Revenue	+/-1%	+/- € 47 million	EBITA	Flat gross margin and no change to cost base
Revenue	+1%	+ € 24 million	EBITA	Flat gross margin and target 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 50% conversion (ICR)
Gross margin	-0.1%	- € 12 million	EBITA	Flat revenue and target 50% recovery (RR)
Operating expenses	+/-1%	+/- € 37 million	EBITA	
USD	+/-10%	+/- € 19 million	EBITA	Stable revenue and margin in US
GBP	+/-10%	+/- € 0 million	EBITA	Stable revenue and margin in UK
JPY	+/-10%	+/- € 5 million	EBITA	Stable revenue and margin in Japan
Interest rate	+100 bp	+ € 13 million	Financial charges	Average net debt 2018
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 management and control models. Factors that we consider in our Risk & Control framework include the size, service offering, and local regulatory and market environment of each operating company.

Operating companies and 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 department, and the Executive Board member responsible for that country or business line. Internal audits are executed to evaluate these self-assessments. Every six months, the Global Business Risk & Audit department reports to the Executive Board and the Audit Committee on the state of the Group's in-control situation. The Executive Board and Audit Committee set priorities and provide guidance to further enhance control throughout the Group.

tone at the top and culture

The tone at the top is derived from our core values, which are embedded in our leadership style and determine our culture. Randstad benefits from strong leadership, built up over 58 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 suspicion they have of wrongdoing via our Integrity Line (a secure phone line) and website. 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 department. 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.

At least every quarter, employee surveys are conducted. This allows us to monitor employee engagement on 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 immediately initiated at department 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 talents. 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. The two-year plans and forecasts of our operating companies are set in accordance with strategic priorities and market trends. Operating companies also describe their main risks and opportunities in their two-year plans.

Our operating companies report on various performance indicators with regard to financial results, underlying process activities and people. By setting reporting dates, performance indicators, and formats, as well as including risks and opportunities in our quarterly management reporting pack, we provide clarity that enables us to plan ahead, without disrupting our focus on day-to-day activities. By 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 2018, 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.

concepts and best practices

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

Blueprints describe our operational best practices with regard to key processes and are used to govern these processes at local operational level. Blueprints covering key processes such as contract-to-cash 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 Competition Compliance Policy, our Discrimination, Intimidation & Harassment Policy, our Bribery, Gifts & Hospitality Policy, our Data Protection Policy, our Information Security Policy, our IT General Control Framework, and our Health & Safety Policy.

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. In 2019, an online risk assessment tool will be introduced for continuous risk assessment, monitoring and reporting at local and global level.

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 candidates. Every six months, operating companies perform self-assessments for the relevant controls in accordance with the size of their business. The results are subsequently challenged by the global Business Risk & Audit department and evaluated during the audit of the related process.

The key control framework is updated annually. In 2018, new controls covering our Statement of Work concept were included.

Key risks are 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 help 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 2018, the Executive Board identified several focus areas, such as IT general controls, data protection and information security, client contract delivery, payroll processes, digital transformation, and workplace health & safety.

Through our global tax control framework, the use of advanced technology, tax control, data management, and the 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 department 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 by the Executive Board.

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

The 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 department. Where needed, experts are involved in audits. For additional reassurance, BDO has been engaged to perform financial audits in multiple countries.

putting the framework into practice

framework component	practical applications to our business			
tone at the top	Core values and business principles	Onboarding 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
concepts and best practices	Strong concepts (commercial best practices)	Corporate policies and procedures	Blueprints (operational best practices)	Authorization levels
risk & control activities	Risk register	Key control framework	Risk & Control 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

In 2018, we detected a few cases of fraud, involving, for example, the recording of non-existent permanent placements, and the payment of fictitious flexworkers. These fraud cases were investigated and, in cooperation with local management, corrective action was taken. These cases involved small amounts of money and had no material impact on the results of the Group. Cases have been widely communicated internally and were used to create awareness and improve fraud prevention.

Operating companies submit their in-control statement semi-annually. This statement certifies that the corporate policies have been complied with and 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 implicitly reconfirms compliance with rules and regulations that govern taxes, on a semi-annual basis. Compliance with all applicable tax laws and regulations is an essential part of our operations. A large part of those applicable laws and regulations are guided by international standards, such as OECD Guidelines. We aim to comply with the spirit, as well as the letter of the law. 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.

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

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

our main risks

Our main risks are those that threaten the achievement of the Group's objectives as well as the in-control position of the Group over the next three years. The general risk profile has not changed significantly since last year, 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 road map.

The following pages provide a more detailed description of the main risks in 2018, 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]					
	ABFS	org	client	talent	growth	tech
strategic						
Changing economic and geopolitical conditions[2]	●	●			●	●
Technological disruption	●	●			●	●
operational						
Contract liability and delivery[2]	●	●	●			●
Information technology and cyber security[2]	●	●				●
Talent attraction and retention[2]	●	●		●		
finance & reporting						
Credit risk[2]		●			●	
compliance						
Data protection laws and regulations[2]	●	●				●
Tax & labor law compliance[2]	●	●	●			
Workplace health & safety compliance		●				
Competition law compliance		●				

1 Activity-based field steering, organizational, (enterprise) clients, talent management, and accelerating growth.
2 Main risks in both 2018 and 2017.

strategic

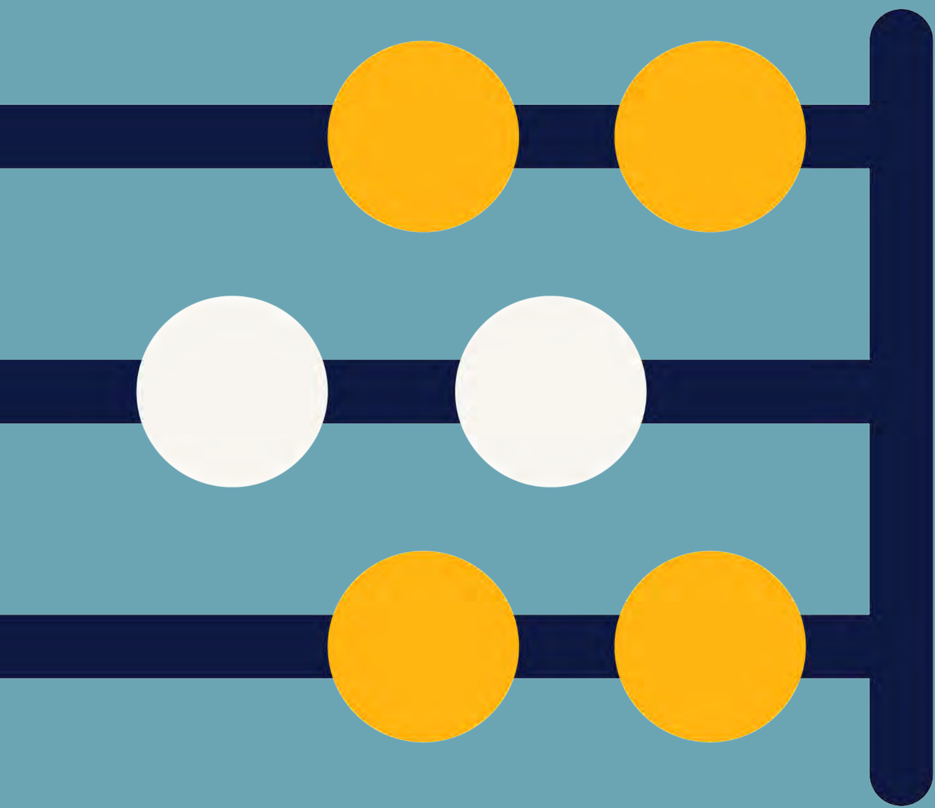
risks	current risk-mitigating actions	opportunities
changing economic and geopolitical conditions Macroeconomic volatility and geopolitical uncertainty continue to affect employment regulations, talent mobility, and consumers' views on temporary employment, as well as recruitment outsourcing. These could 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 (recovery ratio >50%) and maintaining agility, as well as providing Randstad's unique experience to clients and candidates. Global policies and key reportings ensure that boundaries are defined at local level and that performance is monitored on a timely basis.	The ongoing digital transformation creates opportunities for innovative HR solutions 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 threatening to displace the traditional recruitment and staffing business model. New delivery platforms and even non-traditional competitors are quickly entrenching and their presence is felt in the market.	Our Tech & Touch strategy enables us to transform our business models in order to stay ahead of the competition. We are making relevant investments in technology through the Randstad Innovation Fund, and digital programs like Data Driven Sales and Workforce Scheduling that are accelerated by our Digital Factory. no target-node	By embracing technology, we have set the new industry standard on service delivery. Technology can strengthen the human connection in delivering perfect matches and this will make us stand out from the competition.

operational

risks	current risk-mitigating actions	opportunities
contract liability and delivery For contract liability, especially in Anglo-Saxon countries, clients continue to request that we take a greater share of the liability for our flexworkers while on their premises and under their supervision. Requirements from clients may vary, resulting in unique contract clauses. Accepting inappropriately high contractual liability could result in a client making a claim that would materially affect the Group's results.	We encourage the use of standard contracts. Non-standard contracts are always reviewed by the local legal department, with guidance provided by the global contract approval policy. Contract liability is addressed by means of delivery monitoring carried out by local businesses, while insurance is arranged at global level. We continue to improve the contract delivery process and have introduced a candidate screening and filing blueprint to strengthen delivery standards. In addition, compliance reviews are conducted on a regular basis, especially for contracts with significant liability exposure. The blueprint for payroll process will be rolled out in 2019 to support timely and complete timesheet and payroll processing.	Optimizing contract liability 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.	With the introduction of the IT General Control Framework in 2017, we have standardized and strengthened our IT governance. Related controls have been included in our key control framework and self-assessment process to ensure their implementation. Internal information security benchmarks are performed to learn and improve across multiple countries. Future enhancements consist of further maturing our cyber security capabilities on a global scale. We perform numerous audits to ensure that our key IT components are properly protected. Future audits include program management of digital transformation initiatives, business IT controls, and robotics.	Enhanced security capabilities protect our information assets, including candidate data, and ensure undisrupted service delivery to our clients. Consequently, this increases clients' trust and confidence in us. Optimizing IT risk assessments 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 employees' quality and increases employees' loyalty. This will ensure an adequate pipeline of talent, with the aim of delivering results to our clients, candidates, and shareholders.

finance & reporting

risks	current risk-mitigating actions	opportunities
credit risk Delay in client payments or insolvency of major clients will lead to greater usage of operating working capital and increased interest costs.	We have blueprints to promote best practices with regard to invoicing and credit control. On a regular basis, the collection status is monitored and reported, with 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 General Data Protection Regulations of the EU 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 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. In 2018, ongoing quarterly local data protection self assessments and reviews helped our local businesses further prepare for the legislation on data protection that has come into effect in multiple regions and countries. The impact of upcoming changes in legislation, such as the California Privacy Act and the EU ePrivacy Regulation, 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 our candidates 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, 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 employees working at clients' premises, where safety conditions may vary. As we do not have control over these working conditions, our flexworkers may be exposed to a hazardous work environment. This may result in increased medical claims, absenteeism, and worker strikes.	We have implemented a global Health & Safety Policy. This policy sets out the Group's goal to promote health and safety, aiming for a continuous decline in harm done to people thanks to a risk-based and structured Health & Safety approach. In adopting this policy, operating companies need to assess their local environment. Some operating companies have dedicated specialists who look after the health and safety aspects relating to their workers.	Heightened awareness and sharing of good practices among operating companies help to boost workplace satisfaction and our reputation as a trusted HR partner.
competition law compliance 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 program. Management needs to ensure that written acknowledgement is obtained that such training has been understood and compliance is observed. We encourage our employees to report any (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. For example, emerging technological developments pose risks we have sought to address with our Tech & Touch strategy. In addition, heightened political uncertainty could impact our fiscal and monetary policies, which we need to anticipate. Our local-for-local approach allows for timely adoption of new business models if necessary.

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 2018, 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 two-year business plans and budgets, which are subject to amendment and approval by the Executive Board. Subsequently, the actual performance of the operating companies is measured against these business plans and budgets, and the results are discussed in regular review meetings between the operating company's management and the responsible Executive Board member.

In accordance with the Dutch Corporate Governance Code, we have assessed the design and operational effectiveness of our Risk & Control framework. Based on the activities performed during 2018, 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 2018 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, 2018, and of the 2018 consolidated income statement of Randstad N.V.;
- the annual report provides a true and fair view of the situation as at December 31, 2018, and the state of affairs during the financial year 2018, together with a description of the principal risks faced by the Group.

Diemen, the Netherlands, February 11, 2019
The Executive Board,

Jacques van den Broek
Henry Schirmer
François Béharel

Linda Galipeau
Chris Heutink

governance.

executive board.

jacques van den broek (1960, dutch)

CEO and Chair of the Executive Board

- Joined Randstad in 1988
- Appointed to the Executive Board in 2004
- Appointed as CEO and Chair of the Executive Board in 2014
- Current term of appointment 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, Ireland, Australia, New Zealand, India, Japan, China, Hong Kong, Singapore & Malaysia. 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 & Accounting, Business Control, M&A, Tax, Treasury, Business Risk & Audit, Legal, and Investor Relations.

linda galipeau (1963, canadian)

- Joined Randstad in 1995
- Appointed to the Executive Board in 2012
- Current term of appointment 2016 - 2020
- Will step down as member of the Executive Board on 26 March 2019

background

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

She is a member of the Board of Directors of WSP.

responsibilities

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

françois béharel (1970, french)

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

background

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

responsibilities

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

chris heutink (1962, dutch)

- Joined Randstad in 1991
- Appointed to the Executive Board in 2014
- Current term of appointment 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, Italy, Switzerland, Poland, Turkey, Greece, Czech Republic, Hungary and Romania, as well as for Global Client Solutions.

supervisory board.

wout dekker (1956, dutch)

Chair of the Supervisory Board

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

background
Wout Dekker is the former Chairman of the Executive Board and CEO of Nutreco N.V. and the former Chairman of the Supervisory Board of Rabobank. Until December 31, 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 FrieslandCampina 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 2015–2019
- Nominated for a third term, this time for 2 years

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

responsibilities
Jaap Winter is 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 to 2003, she was a partner with McKinsey & Company in Germany, and from 2003 to 2018, she was Adjunct Professor of Strategy at INSEAD. She is a member of the Supervisory Boards of ASML N.V., a.s.r., Rabobank Group, 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. He is currently also a member of the Board of Directors of Groupe Casino Guichard-Perrachon SA and the Fosun Tourism Group (Hong Kong).

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 2015–2019
- Nominated for a second 4-year term

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 2015–2019
- Nominated for a second 4-year term

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

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

report of the supervisory board.

introduction

Randstad delivered a solid performance in 2018 despite more challenging trading conditions in the course of the year. Good progress was made towards realizing the strategic priorities set for the year. The Supervisory Board much appreciates the extensive dialogue with the Executive Board about the strategic direction and the resulting transformation of the business. Much time was spent on discussing and aligning the leadership structure with the global strategy. The intended appointments to the Executive Board of Rebecca Henderson, in charge of Global Businesses (Sourceright, Monster, RiseSmart) and Global Client Solutions, and Karen Fichuk, succeeding Linda Galipeau and in charge of Randstad North America, are part of the leadership planning necessary for a company going through a transformation.

In this report, the Supervisory Board explains how it fulfilled its duties and responsibilities in 2018.

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. A key factor in diversity is providing equal opportunities for women. The percentage of women in senior management positions amounted to 48% in 2018 (2017: 47%). The Supervisory Board aims for at least one-third of the Supervisory Board and the Executive Board to be female. Diversity will continue to be an important consideration for all future nominations to the Boards.

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	5 (1 expires May 2019)
Barbara Borra	2015	2019	2027	2
Frank Dorjee	2014	2022	2026	5
Henri Giscard d'Estaing	2008	-	2020	2
Rudy Provoost	2015	2019	2027	3
Jaap Winter	2011	2019	2023	2 (1 Chair)

At the next Annual General Meeting of Shareholders, to be held on March 26, 2019, the first term of Barbara Borra and Rudy Provoost will expire. Both have played an excellent role during their first term, notably Barbara Borra as a member of the Remuneration Committee, and Rudy Provoost initially as a member of the Strategy Committee (until 2017), and subsequently as a member of the Governance & Nomination Committee. The Supervisory Board proposes that they be reappointed for a second term of four years. The second term of Jaap Winter, who was appointed upon nomination by Randstad Beheer (the private shareholding company of Frits Goldschmeding, Randstad's founder and leading shareholder), will also expire. Jaap Winter has made a significant contribution to Randstad and to the Supervisory Board, notably given his legal and corporate governance expertise as well as in his role as liaison with Randstad Beheer. 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 2018, 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 2018, 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. In 2018, Annet Aris, who was appointed to the Supervisory Board at the Annual General Meeting of Shareholders held on March 27, 2018, spent much time familiarizing herself with Randstad, meeting with various senior operational and functional leaders, as well as visiting operations.

At a separate meeting held in December 2018, the Supervisory Board discussed at length its composition, its own performance, and that of its committees. This self-assessment was facilitated for the third consecutive time 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 self-assessment report, she included anonymously the various individual observations with regard to the functioning of the Supervisory Board and its relationship with the Executive Board. Specific items assessed and subsequently discussed by the Supervisory Board included (1) structure at the top and succession planning, (2) long-term value creation, (3) the role of the committees, (4) performance evaluation of the Executive Board, and (5) its own succession planning.

Most of the topics discussed in the 2017 self-assessment were addressed in the course of 2018, with positive outcomes. The structure at the top was extensively discussed, and it was agreed that the current structure best facilitates Randstad's global strategy. The dynamics between the Supervisory Board and the Executive Board have improved further. The dynamics within the Supervisory Board have also matured, and all members are committed to further improve the functioning of the 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 Chair of the Supervisory Board and the Chair of the Remuneration Committee are taking the lead in this process and will hold formal half-yearly evaluation conversations with each Executive Board member.
- The Supervisory Board needs to become more aware of the shift that is required on both sides of the table to explore open-ended, transformational strategic issues related to long-term value creation. This requires an open dialogue between the Boards to allow the Supervisory Board to add value.

supervisory and advisory activities in 2018

meetings of the supervisory board and attendance

The Supervisory Board met fourteen times during 2018 (2017: thirteen times). One of these meetings was held by conference call. Nine meetings were held jointly with the full Executive Board. The other five 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 2018, Jaap Winter was absent at five meetings, mostly due to his 3-month sabbatical. Henri Giscard d'Estaing was absent at two meetings, and Barbara Borra at one meeting. Their attendance rate was therefore 71%, 86%, and 93% 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 2017 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 2018:

- 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;
- the company's value creation, adjusted 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 relevant to Randstad, including the reporting framework and related key drivers and key performance indicators;
- the views of analysts and investors, as well as changes in the shareholder structure and base;
- the structure and strategic priorities of the global HR function, with a focus on leadership development and learning;
- senior leadership performance review, organizational changes and senior management appointments; and

• the budget for 2019.

culture and brand positioning

During the year, the Supervisory Board was again 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, foundation, and core values. 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 challenge the Executive Board on related topics. Randstad is known for its strong purpose, mission, and core values. The culture within the company is important to attract and retain top talent. 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.

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 joint strategic offsite, the members of the Supervisory Board and Executive Board informally shared their own personal experiences in the context of Human Forward.

leadership structure

During the year, much time and a number of meetings were spent on discussion of and alignment on the leadership structure needed for Randstad, which is going through a transformation. The company's operational and hands-on leadership model fits with the strategic direction and executive focus on operational execution, but needs to be amended to reflect and empower the increased global tasks, responsibilities, and size.

The CEO and CFO have no or only limited direct responsibility for countries. This responsibility is embedded with the other members of the Executive Board. To empower the responsibility for Global Businesses and large international clients, the Supervisory Board has decided to nominate Rebecca Henderson, CEO of Randstad Sourceright, as member of the Executive Board in charge of Randstad Sourceright, Monster, RiseSmart, and Global Client Solutions. Rebecca Henderson, who joined Randstad in 2012, when Randstad acquired SFN Group, brings more than 25 years of strategic client experience, both in technology and HR services. She has spent much of her time at Randstad developing market leading solutions in RPO and MSP globally, delivering added value to Randstad's enterprise clients.

In 2018, Linda Galipeau, member of the Executive Board, decided to step down from the Executive Board, effective the upcoming Annual General Meeting of Shareholders. She will pursue her career outside Randstad. The Supervisory Board commissioned Egon Zehnder to search for a successor. During the search, priority was given to diversity of gender, but background, skills, and expertise were also taken into account. Candidates were interviewed by five members of the Supervisory Board, the CEO, and the CFO.

The Supervisory Board is extremely pleased that Karen Fichuk has been nominated as member of the Executive Board and will become CEO of Randstad's North American business. Karin Fichuk has 25 years' 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.

The Supervisory Board is extremely grateful to Linda Galipeau for her excellent contribution to Randstad during the 23 years she worked for the Company, of which the last seven years as member of the Executive Board in charge of North America, currently Randstad's largest region with above-group-level average returns. Linda Galipeau has played an instrumental role in our innovation journey and digital strategy.

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.

development in our markets

The Supervisory Board is frequently updated on developments in operating companies and markets by the member of the Executive Board responsible for this. In 2018, senior management of the Sourceright operations joined a Supervisory Board meeting to give an update on the business.

Every year, the Supervisory Board, jointly with the Executive Board, pays a two-day visit to the operations in a different country. Their joint visit to clients, branches, and Randstad's head office in Spain in June 2018 provided additional insight into the quality of local operations and management. Particular attention was paid to the various digital initiatives implemented in Spain in recent years. Individual members of the Supervisory Board also paid visits to various businesses within Randstad on an ad-hoc basis.

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 reappointments of Barbara Borra and Rudy Provoost), 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.

strategy discussion and strategic offsite meeting

One of the Supervisory Board's main priorities is strategy. Accordingly, time was spent on in-depth discussions with the Executive Board about the overall strategy and the realization of the strategic targets.

At several meetings in 2018, extensive discussions were held on the digital strategy, the development of related digital concepts and workstreams, the cross-functional and cross-country setup, as well as the synergies of the Monster Worldwide acquisition for Randstad's digital strategy.

At the annual strategic two-day offsite meeting in October 2018, the Supervisory Board and the Executive Board also discussed the above topics relating to the digital strategy, as well as a significant number of other relevant strategic topics, including:

- the governance and leadership structure, including the allocation of global responsibilities among the members of the Executive Board;
- the role of global functions, some of which are organized more globally than centrally at the head office, using strong local leadership;
- the outcome of the 2-year growth plan, which is based on the input from the operating companies;
- the performance of a number of key competitors;
- Randstad's ambition for the coming 5 years; and
- specific strategic focus areas: profit pools, large client delivery, and business excellence.

supervisory board committee activities in 2018

The Supervisory Board has three Committees: the Audit Committee, the Remuneration Committee, and the new 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 as of March 27, 2018), 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 business controls, risk management and audit.

Five meetings were held in 2018 (2017: five). Four of the Committee meetings took place prior to the publication of the quarterly results. Prior to these meetings, the Chair of the Committee had 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. Also, when considered necessary, the Chair meets with the external auditor in advance.

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

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

- the proposal to update the capital allocation strategy and dividend policy;
- new developments with respect to IFRS, in particular the new standard that will be 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;
- an update on global tax issues, including an assessment of Randstad's tax strategy and the bi-annual assessment by EY of the maturity and effectiveness of the tax function;
- a report from the managing director Group 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 (where potential liability exceeds € 1 million); any cases with a liability potentially exceeding € 2.5 million are promptly reported to the Audit Committee;
- the procedure for reporting misconduct, including the report of the central integrity officer summarizing the cases reported under this procedure;
- 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 2018, time was spent on the implementation of new regulations on data protection, as well as on information security. Being active in the HR services industry, personal data is key to Randstad, which makes data protection highly relevant. Related programs are rolled out in all operating countries. Implementation is closely monitored and reported to the Audit Committee.

Randstad's aims to continuously improve internal control 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.

Further digitalization of business models and business processes is 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. 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 area of finance and reporting, compliance, operations, and some strategic risks.

The Global Business Risk & Audit department closely monitors the effectiveness and quality of internal control progress. 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 (89% 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 the Group audit scope by Deloitte. 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 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 fully satisfactory and their overall rating improved compared to the prior year. Improvements were visible in the quality of the audit teams, in planning and reporting, and in the quality of reporting. The informal sharing of information at corporate level is an improvement point going forward.

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.

The Committee met twice in the course of 2018 (2017: three times). The CEO participated in part of these meetings. On an ad-hoc basis, the Committee makes use of external advice, notably from Korn Ferry Hay Group and Towers Watson.

The Committee discussed and made proposals regarding the remuneration of the Executive Board, notably the setting and realization of the related performance targets. More information can be found in the remuneration 2018 section 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.

The Committee was created at the start of 2018 and met twice in the last four months of the year to discuss executive leadership and organization as well as the (re)appointments to the Executive Board and Supervisory Board as mentioned above.

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 €

	2018	2017
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.

report of the annual general meeting of shareholders

At the Annual General Meeting of Shareholders, held on March 27, 2018, the CEO and the CFO gave an account of the general state of affairs at Randstad and its financial performance in 2017. The meeting adopted the 2017 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. Jacques van den Broek, Chris Heutink, and Henry Schirmer were (re)appointed to the Executive Board while Frank Dorjee and Annet Aris were (re)appointed 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 2019.

Similar to previous years, the Chair of the Audit Committee proactively elaborated on the work of the Audit Committee in 2017, 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 2017. 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 2018

The financial statements for 2018 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 2019. 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 2018 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 26, 2019, 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 € 2.27 for 2018 (€ 2.07 for 2017), a special dividend of € 1.11 (€ 0.69 for 2017) per ordinary share, and a cash dividend on preference shares B and C of € 12.6 million (€ 12.6 million for 2017).

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 2018.

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 2018.

Diemen, the Netherlands, February 11, 2019

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

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.

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

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

executive board remuneration 2018

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

The variable portion of the total remuneration package is performance-related. It consists of short- and long-term components. For on-target performance, more than 60% of the total compensation of a member of the Executive Board is performance-related. The Supervisory Board, on the recommendation of its Remuneration Committee, sets the targets prior to each performance period. Performance targets and conditions are derived from Randstad's strategy, annual budget plan, and market analysis. An overview of the 2018 and comparable 2017 remuneration amounts is included in note 24 to the financial statements.

short-term compensation

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.

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

annual cash bonus opportunity

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

The 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, leverage ratio, and Days Sales Outstanding).

For 2018, the financial targets and their relative weighting have been set as follows:

- revenue growth per working day, with market share validation: the bonus opportunity ranges from 12.5% of base salary for minimum performance to 20% for on-target performance and 30% for maximum performance.
- EBITA margin: the bonus opportunity ranges from 12.5% of base salary for minimum performance to 20% for on-target performance and 30% for maximum performance.
- Days Sales Outstanding: the bonus opportunity ranges from 5% of base salary for minimum performance to 10% for on-target performance and 15% for maximum performance.

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

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

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

If a variable remuneration component conditionally awarded in a previous year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the performance period, the Supervisory Board has the power to adjust the value upward or downward. The Supervisory Board may also recover from the Executive Board any variable remuneration awarded on the basis of incorrect financial or other data. These provisions are included in

Until 2017, the related payout range was as follows:

TSR payout range

Position 1	250%
Position 2	200%
Position 3	150%
Position 4	100%
Position 5	50%
Position 6	0%
Position 7	0%
Position 8	0%
Position 9	0%
Position 10	0%

the annual bonus and grant letter. This power was not used in 2018, nor was any remuneration recovered from present or former Executive Board members.

Based on the achievement of the targets for 2018, the bonus entitlement with regard to performance in 2018 as a percentage of annual base salary can be specified as follows:

annual bonus payout, 2018

2018 performance target	possible maximum	payout as % of annual base salary
Financial targets	75%	20%
Team targets	25%	17%
	100%	37%

long-term compensation

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

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

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

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

As of 2017, Synergie and TrueBlue have been excluded, as they operate primarily locally, and the peer group has been extended from 10 to 19 companies, adding cyclical, asset-light business services companies (Capita, On Assignment, G4S, ISS, Compass Group, Rexel, Securitas, Office Depot, WW Grainger, Sodexo, and Staples. As Staples delisted in 2017, it was replaced by FedEx in 2018). The related payout range has been changed as follows:

payout per ranking position for the TSR performance incentive zone

Ranking	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
% 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

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

Performance shares are granted in the open period following the publication of the Group's fourth-quarter financial results in February. The number of shares will be calculated based on the fair value of the Randstad share as at 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 vesting, 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.

On February 13, 2018 (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, 2018, and on the fair value of the performance shares as at grant date of € 49.70 per share (TSR-dependent grant) and € 43.23 per share (non-financial/ sustainability-related grant).

The conditional on-target awards for 2018 are as follows:

conditional on-target awards, 2018

	number of shares
Jacques van den Broek	21,174
Henry Schirmer	15,352
François Béharel	13,947
Linda Galipeau	13,947
Chris Heutink	13,947

The non-financial targets for the 2018 grant are the following five targets from Randstad's strategic business plans and reporting framework:

- Net Promoter Score (NPS): a Top 3 position or at least position improvement in the Top 12 markets over the performance period;
- diversity: at least 50% females in senior management positions by the end of 2020;
- employee retention: a decrease of employee turnover;
- employer value proposition/employer branding: an increase of engagement scores;
- Randstad–VSO partnership: 10,000 marginalized people made employable through the partnership by the end of 2020.

At the end of the performance period 2018–2020, the Supervisory Board will have the discretion to determine the actual vesting based on progress made over the performance period as reported by the Executive Board in relation to each of these targets. Each target accounts for a maximum of 50% vesting. The total minimum vesting equals 0%, and the maximum vesting equals 250%.

At the beginning of 2018, the performance shares that had been conditionally granted in February 2015 vested based on the relative TSR performance (80% of the allocation) over the period January 1, 2015, to December 31, 2017. TSR performance resulted in 100% vesting. The performance on the non-financial targets (20% of the allocation) over this period resulted in 145% vesting.

pension, other benefits, and internal pay ratio

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

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

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

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

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

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

internal pay ratio 2018
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 2018 remuneration (including variable pay and long-term incentives) of a reference group (our 14 largest countries and the corporate functions encompassing 92% of Group revenue and 81% of total headcount) vis-à-vis the 2018 base salary, annual bonus and LTI costs of the Executive Board members. The pay ratio is 45:1 (2017: 52:1) for the CEO and on average 32:1 (2017: 38:1) for the Executive Board members.

executive board remuneration 2019

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 differentials within the company, and specifically within senior management, were taken into account when taking this decision.

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

- revenue growth per working day, with market share validation: 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 range: 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 2019, these targets cannot yet be further specified.

The conditional grant of performance shares 2019 is dependent on TSR (65%) and the following non-financial targets (35%) from Randstad's strategic business plans and reporting framework:

- ultimate goal: introduce a solid methodology to measure including quantifiable KPIs;
- customer delight: implemented in the top 8 markets and significant improvement of scores;
- employee engagement: at least 80% participation and outperformance of the benchmark annually;
- as well as two targets which we cannot disclose as they are share price or competition sensitive.

supervisory board remuneration 2018 and 2019

Information with regard to the remuneration of the Supervisory Board in 2018 is included in the section report of the supervisory board. An overview of the 2018 and comparable 2017 remuneration amounts is included in note 24 to the financial statements.

The remuneration of the Supervisory Board, including its Committees, will remain unchanged in 2019.

corporate governance.

principles

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

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

Randstad has always sought to enhance its governance in line with the Dutch Corporate Governance Code ('the Code') and international best practices. At the Annual General Meeting of Shareholders held on March 26, 2019, compliance with the Code was tabled as a separate agenda item for discussion. As of January 1, 2019, 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 its general development, including the financial policies and corporate structure. The Supervisory Board has the employer role for the members of the Executive Board. In performing their duties, the members of the Supervisory Board are guided by the interests of Randstad and all its stakeholders. The role of the Supervisory Board has grown in recent years, and now requires Board members to play a more prominent and active role, thinking along with and advising the Executive Board on key matters, such as strategic processes, important operational decisions, organizational structure, and senior management development.

corporate governance declaration

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

executive board

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

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

supervisory board

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

The Supervisory Board is empowered to recommend to the 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 his or her duties, and may not hold more than five Supervisory Board memberships in Dutch companies or other large organizations, whereby a Chair counts as two memberships. Supervisory Board remuneration is determined by the General Meeting of Shareholders and not linked to the company's results.

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

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

supervisory board committees

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

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

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

Annually, the Supervisory Board assesses the size and composition of the Supervisory Board and of the Executive Board, and agrees to measurable objectives for achieving diversity on the Boards.

The Supervisory Board aims to at least comply with the Dutch Civil Code, which requires 30% of its membership to be female, a criterion that is taken into consideration for each vacancy. As a result, in the current Supervisory Board, two of the seven members are female.

In respect of the Executive Board, currently one of the five members is female. Randstad aims for 30% of the members of the Executive Board to be female. The proposed appointments of Rebecca Henderson and Karen Fichuk to the Executive Board will increase the percentage to more than 30%.

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 three months for comments. The definitive minutes are published on our website.

voting rights

The issued share capital of Randstad currently consists of 183.3 million ordinary shares, 25.2 million preference shares B, 14.6 million preference shares C1, and 35.6 million preference shares C2. The ordinary shares have equal voting rights ('one share, one vote'). The voting rights on the preference shares are aligned with the capital contribution upon issuance. Effective at a 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, 2018 the holders of approximately 95.8% of ordinary shares have been able to make unrestricted use of their voting rights. The other 4.2% of ordinary shares have been converted into depository receipts. A foundation, Stichting Administratiekantoor Randstad Optiefonds, holds those shares, in which the attached voting rights are vested. The depository receipts issued by Stichting Administratiekantoor Randstad Optiefonds are fully exchangeable into ordinary shares, and are held by Stichting Randstad Optiefonds. Frits Goldschmeding, the company's founder, is the sole Board member of Stichting Administratiekantoor Randstad Optiefonds.

internal risk management and control systems

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

legal transparency obligations

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

a. capital structure and attached rights and duties

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

b. statutory or contractual restrictions on share transfers

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

c. major shareholders

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

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 new agreement relates to the creation of a future-proof structure, independent of the life and involvement of individuals. This means Randstad Beheer is committed to Randstad for the long term, safeguarding the heritage and spirit of Frits Goldschmeding and the values bestowed on the company, now and in the future.

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

As the 2007 agreement included a notice period for possible changes, the new continuity agreement also includes an arrangement that ensures a careful consultation process if Randstad Beheer at some point considers to amend the purpose of its Articles of Association and if Randstad Beheer's voting rights in Randstad N.V. are at that point at least 25%. In the event Randstad Beheer decides to amend its purpose at the end of that process, Randstad Beheer and Randstad 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 new agreement ensures that, if Randstad Beheer's voting rights fall below 25% or it has the intention to do so, 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 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 thereto 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 pre-emptive rights for holders of ordinary shares until September 27, 2019, 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 27, 2019, 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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The notes on pages 133 to 183 are an integral part of these consolidated financial statements.

In millions of € unless otherwise indicated	note	page	2018	2017
Revenue	4.4	149	23,812	23,273
Cost of services	8.1	155	19,111	18,567
Gross profit	5.1	150	4,701	4,706
Selling expenses	8.2	155	2,547	2,592
Amortization and impairment of acquisition-related intangible assets and goodwill	8.4	156	219	134
Other general and administrative expenses	8.2	155	1,122	1,120
General and administrative expenses			1,341	1,254
Total operating expenses	8.2	155	3,888	3,846
Operating profit	**5.1**	**150**	**813**	**860**
Finance income	10	157	24	11
Finance expenses	10	157	(29)	(34)
Net finance costs	10	157	(5)	(23)
Share in profit of associates	17	164	3	1
Income before taxes			811	838
Taxes on income	4.3	146	(107)	(207)
Net income	**11**	**158**	**704**	**631**
Items that subsequently may be reclassified to the income statement	12	158	23	(183)
Items that will never be reclassified to the income statement	12	158	(1)	18
Total other comprehensive income, net of taxes	12	158	22	(165)
Total comprehensive income			**726**	**466**
Net income attributable to:				
Holders of ordinary shares of Randstad N.V.			691	619
Holders of preference shares of Randstad N.V.			13	12
Equity holders			704	631
Non-controlling interests			-	-
Net income			**704**	**631**
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (expressed in € per ordinary share)				
Basic earnings per ordinary share (€)	7	154	3.78	3.38
Diluted earnings per ordinary share (€)	7	154	3.77	3.36

Total comprehensive income attributable to:		
Holders of ordinary shares of Randstad N.V.	713	454
Holders of preference shares of Randstad N.V.	13	12
Equity holders	726	466
Non-controlling interests	-	-
Total comprehensive income	**726**	**466**

consolidated statement of financial position at december 31.

The notes on pages 133 to 183 are an integral part of these consolidated financial statements.

In millions of €	note	page	2018	2017
assets				
Property, plant and equipment	13	159	159	154
Software	14	160	101	80
Goodwill	4.1	140	3,018	3,077
Acquisition-related intangible assets	15	161	262	398
Intangible assets			3,381	3,555
Deferred income tax assets	4.3	146	581	438
Financial assets	16	162	540	508
Associates	17	164	23	22
Non-current assets			4,684	4,677
Trade and other receivables	3.2	135	4,875	4,680
Income tax receivables	4.3	146	106	79
Cash and cash equivalents	3.2	135	273	326
Current assets			5,254	5,085
Total assets	**5.2**	**151**	**9,938**	**9,762**
equity and liabilities				
Issued capital			26	26
Share premium			2,286	2,284
Reserves			1,462	1,309
Net income for the year			704	631
Shareholders' equity	19.1	165	4,478	4,250
Non-controlling interests	19.3	166	1	1
Total equity			4,479	4,251
Borrowings	3.2	135	494	640
Deferred income tax liabilities	4.3	146	47	44
Provisions	4.2	144	70	71
Employee benefit obligations	4.2	144	119	115
Other liabilities	20	167	9	11
Non-current liabilities			739	881
Borrowings	3.2	135	764	712
Trade and other payables	18	164	3,776	3,694
Income tax liabilities	4.3	146	73	116
Provisions	4.2	144	85	73
Employee benefit obligations	4.2	144	20	13
Other liabilities	20	167	2	22
Current liabilities			4,720	4,630
Total liabilities			5,459	5,511
Total equity and liabilities			**9,938**	**9,762**

consolidated statement of cash flows.

The notes on pages 133 to 183 are an integral part of these consolidated financial statements.

In millions of €	note	page	2018	2017
Operating profit			813	860
Amortization and impairment of acquisition-related intangible assets and goodwill	8.4	156	219	134
Operating profit before amortization and impairment of acquisition-related intangible assets and goodwill (EBITA)	5.1	150	1,032	994
Depreciation/amortization and impairment of property, plant and equipment, and software	8.3	156	89	87
Operating profit before depreciation, amortization and impairment (EBITDA)	5.1	150	1,121	1,081
Provisions	4.2	144	7	(12)
Employee benefit obligations	25	179	1	20
Share-based compensations	23.5	175	35	32
Gain on disposal of subsidiaries	6.2	154	(2)	-
Other items	21.4	169	(18)	(72)
Cash flow from operations before operating working capital and income taxes			1,144	1,049
Trade and other receivables	21.2	169	(179)	(448)
Trade and other payables	21.3	169	84	273
Operating working capital			(95)	(175)
Corporate income taxes	21.5	169	(302)	(186)
Net cash flow from operating activities			**747**	**688**
Net additions to property, plant and equipment, and software	14	160	(113)	(95)
Acquisition of subsidiaries	6.1	153	(15)	(348)
Acquisition of equity investments and associates	16.2, 17	164, 164	(8)	(8)
Loans and receivables	16.1	162	(7)	(7)
Disposal of subsidiaries/activities	6.2	154	10	-
Dividends from associates	17	164	3	1
Net cash flow from investing activities			**(130)**	**(457)**
Issue of new ordinary shares	19.1	165	1	1
Purchase of own ordinary shares	19.1	165	(15)	(38)
Repayments of syndicated loan	3.2	135	(514)	(145)
Repayments of other non-current borrowings	3.2	135	-	(148)
Issuance of other non-current borrowings	3.2	135	351	150
Net financing			(177)	(180)
Net finance costs paid	10	157	(18)	(18)
Dividend on ordinary and preference shares	19.2	166	(518)	(359)
Net reimbursement to financiers			(536)	(377)
Net cash flow from financing activities			**(713)**	**(557)**
Net decrease in cash, cash equivalents and current borrowings			(96)	(326)
Cash, cash equivalents and current borrowings at January 1	21.1	168	(386)	(53)
Net movement in cash, cash equivalents and current borrowings			(96)	(326)
Translation and currency gains			(9)	(7)
Cash, cash equivalents and current borrowings at December 31	21.1	168	(491)	(386)
Free cash flow	21.6	170	627	586

consolidated statement of changes in equity.

The notes on pages 133 to 183 are an integral part of these consolidated financial statements.

			reserves[1]								
in millions of €	issued capital	share premium	treasury shares	translation and other	share-based payments	employee benefits	retained earnings	net income	share-holders' equity	non-controlling interests	total equity
Balance as at January 1, 2018	26	2,284	(22)	40	57	(30)	1,264	631	4,250	1	4,251
Net income	-	-	-	-	-	-	-	704	704	-	704
Total other comprehensive income	-	-	-	28	-	(6)	-	-	22	-	22
Total comprehensive income	-	-	-	28	-	(6)	-	704	726	-	726
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	**26**	**2,286**	**(11)**	**68**	**55**	**(36)**	**1,386**	**704**	**4,478**	**1**	**4,479**
Balance as at January 1, 2017	26	2,270	(29)	222	54	(47)	1,056	588	4,140	1	4,141
Net income	-	-	-	-	-	-	-	631	631	-	631
Total other comprehensive income	-	-	-	(182)	-	17	-	-	(165)	-	(165)
Total comprehensive income	-	-	-	(182)	-	17	-	631	466	-	466
Transactions with owners:											
Dividend 2016 on ordinary and preference shares	-	-	-	-	-	-	229	(588)	(359)	-	(359)
Purchase of own ordinary shares	-	-	(38)	-	-	-	-	-	(38)	-	(38)
Share-based compensations:											
• fair value of vesting rights	-	-	-	-	32	-	-	-	32	-	32
• stock options exercised (on newly issued shares)	-	2	-	-	(1)	-	-	-	1	-	1
• performance shares issued	-	12	45	-	(28)	-	(29)	-	-	-	-
• taxes on share-based compensations	-	-	-	-	-	-	8	-	8	-	8
Total transactions with owners	-	14	7	-	3	-	208	(588)	(356)	-	(356)
										-	
Balance as at December 31, 2017	**26**	**2,284**	**(22)**	**40**	**57**	**(30)**	**1,264**	**631**	**4,250**	**1**	**4,251**

1 The total of the various items included under 'reserves' within shareholders' equity as at December 31, 2018 is € 1,462 million (December 31, 2017: € 1,309 million). Additional information with respect to equity is given in note 19.

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 22 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 staffing and permanent placements. We also offer on-site workforce management, as well as other HR services, such as recruitment process outsourcing (RPO), managed services programs (MSP), payroll services, outplacement, and job posting and résumé services on digital platforms.

1.2 date of authorization of issue

The financial statements were signed and authorized for issue by the Executive Board and Supervisory Board on February 11, 2019. 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 26, 2019.

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 2018, a number of new standards as well as amendments to and interpretations of existing IFRS standards became effective. These new standards, amendments, and interpretations, as far as they are relevant to the Group, have no impact on the valuation and classification of assets and liabilities of the Group, nor on its income statement or cash flows.

Of these new standards, amendments, and interpretations, IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers' have been applied as from January 1, 2018. Both have no material impact on the valuation and classification of the assets and liabilities of the Group, nor on its income statement or statement of cash flows. Accordingly, the opening balance of retained earnings and comparative figures have not been adjusted.

In 2018 and before, various other new standards, as well as amendments to and interpretations of existing IFRS standards were published and/or enacted for application in accounting periods beginning on or after January 1, 2019. As far as these standards, amendments, and interpretations are applicable to the Group, the Group has decided not to opt for early adoption.

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

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

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

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

Randstad will apply IFRS 16 as of January 1, 2019 and will apply the full retrospective approach to each prior year, applying IAS 8 'Accounting Policies, Changes in Accounting estimates and Errors'. Preliminary calculations indicate that as of January 1, 2018 and December 31, 2018, IFRS 16 will lead to the recognition of 'Right of use' assets and other lease related assets of € 590 million and of financial lease liabilities and other lease related liabilities of € 630 million and € 620 million respectively. The net downward impact on equity, taking into account deferred taxes to the amount of € 10 million at both dates, is expected to amount to € 30 million and € 20 million respectively. The impact on profit before tax 2018 is in the range of € 0 million and € 20 million positive .

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

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

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

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

2.2 fair value estimation

Fair value estimations are mainly used with respect to financial assets and financial liabilities.

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

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

3 capital and financial risk management

3.1 capital management

Randstad 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 candidate, client, creditor, and investor confidence, and to sustain the future development of our business.

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

3.1.1 dividend policy

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

We have implemented 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 also implemented optional additional cash returns in the event of a leverage ratio below 1.0 through (i) a special dividend (preferred) or (ii) share buybacks.

3.2 financial risk management

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

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

3.2.1 credit risk

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

Credit control policies are included in a blueprint, which is a global document including prescribed work procedures and guidelines; to manage credit risk, credit checks are, 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

	2018	2017
Trade receivables	4,070	4,015
Less: allowance for expected credit losses	50	50
Trade receivables, net of allowance for expected credit losses	4,020	3,965
Other receivables	605	488
Prepayments	139	125
CICE receivable	107	99
Loans	4	3
	4,875	4,680

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 experience on the trade receivable portfolio experience of subsidiaries, and various other (external) sources of actual and forecasted economic information. 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

	2018	2017
Balance at January 1	50	59
Acquisition of subsidiaries	-	4
Charged to selling expenses	11	13
Receivables written off as uncollectable	(10)	(25)
Translation differences	(1)	(1)
Balance at December 31	50	50

In the allowance for expected credit losses of trade receivables, an amount of € 30 million (2017: € 33 million) is included for individually impaired trade receivables. The remainder is related to other expected credit losses, which are measured at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience on the portfolio of accounts receivables in relation to revenue streams. No changes in estimation techniques were made during the current period.

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

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

The following table shows the expected credit loss rate 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, 2018						
Expected credit loss 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 expected credit loss	2	2	5	15	26	50
December 31, 2017						
Expected credit loss rate	0.1%	0.5%	1.7% - 8.3%	17.2% - 45%	100%	
Estimated total gross carrying amount at default	2,893	403	143	32	30	3,501
Lifetime expected credit loss	2	2	5	11	30	50

aging of trade receivables, based on invoice date

	2018		2017	
	amount	%	amount	%
0-4 weeks	2,217	54.4	2,306	57.5
5-16 weeks	1,732	42.6	1,595	39.7
17-26 weeks	61	1.5	59	1.4
Not impaired	4,010	98.5	3,960	98.6
Impaired	60	1.5	55	1.4
	4,070	100.0	4,015	100.0

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

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

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

3.2.2 liquidity risk

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

credit facilities

As at December 31, 2018, the Group has a € 1,850 million (2017: € 1,850 million) committed multi-currency syndicated revolving credit facility at its disposal, which matures in July 2023 (2017: July 2022). In 2018, the maturity term of this multi-currency syndicated revolving credit facility has been extended with one year to July 2023. 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 Group holds a privately placed German promissory note ('Schuldschein') to the amount of € 150 million. This promissory note ultimately matures in December 2020, and bears an interest that is based on 6-month Euribor (with a floor of zero) increased by a fixed margin of 0.45% per annum, payable in June and December of each year. Covenants are fully aligned with the committed multi-currency syndicated revolving credit facility.

The Group recently secured two loans of USD 200 million each. Both loans have a term of two years, ultimately 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 as at December 31, 2018 is 0.8 which is well below the limit.

The facility agreement stipulates that the calculation of this ratio is based on the accounting policies as included in the annual report 2011, being the initial starting date of the current facility.

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

	2018	2017
Non-current borrowings	494	640
Non-current borrowings	494	640
Current borrowings	764	712
Borrowings	764	712
Total borrowings	1,258	1,352

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.

At year-ends 2018 and 2017, the Group had no outstanding interest rate or currency derivatives.

movements in non-current borrowings

	2018	2017
Balance as at January 1	640	740
Repayments of syndicated loan	(514)	(145)
Acquisition of subsidiaries	-	107
Repayments of other non-current borrowings	-	(148)
Loans (2018) and issuance of promissory note (2017)	351	150
Amortization of transaction costs	1	2
Translation differences	16	(66)
Balance as at December 31	494	640

The balance of non-current borrowings as at December 31, 2018 consists of the promissory note (€ 150 million), and the 400 million USD loans (€ 349 million). Transaction costs included in non-current borrowings as at December 31, 2018 amount to € 5 million (2017: € 4 million).

All amounts denominated in currencies other than the euro are designated as hedges of the net investment in subsidiaries in the US (for US dollars). These net-investment hedges are all considered effective.

movements in current borrowings

	2018	2017
Balance as at January 1	712	439
Net increase	55	280
Translation and currency differences	(3)	(7)
Balance as at December 31	764	712

Current borrowings are denominated in various currencies. As at December 31, 2018, the major amounts denominated in foreign currencies are for an amount of € 70 million in US dollars, €22 million in UK pounds sterling, and € 5 million in Indian rupees.

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, 2018					
Non-current borrowings[1]	494	3	9	508	-
Current borrowings[2]	764	764	-	-	-
Trade and other payables[3]	3,681	3,148	533	-	-
Other liabilities[4]	11	2	-	10	-
	4,950	3,917	542	518	-
December 31, 2017					
Non-current borrowings[5]	640	495	151	-	-
Current borrowings[2]	712	712	-	-	-
Trade and other payables[3]	3,597	3,073	523	-	-
Other liabilities[4]	33	1	21	13	-
	4,982	4,281	695	13	-

1 Other non-current borrowings at maturity date. All amounts are undiscounted.
2 No interest is included, since current borrowings are repayable upon demand. All amounts are undiscounted and include short-term part of long-term debt.
3 Excluding deferred income. All amounts are undiscounted.
4 Other liabilities based upon the estimated maturities, due to the nature of put options. Carrying amount is discounted, whereas other amounts are undiscounted.
5 Drawings on the syndicated loan contractually mature in January of the subsequent year (see note 21.2); to be extended by new drawings. All amounts are undiscounted.

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

	2018	2017
Time deposits	23	11
Cash on hand and at bank	250	315
	273	326

Time deposits fall due, on average, within a month. The average interest rate for time deposits is 2.5% (2017: 4.9%).

An amount of € 253 million out of € 273 million (2017: € 321 million out of € 326 million) is available upon demand.

net debt

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

net debt

	2018	2017
Non-current borrowings	(494)	(640)
Current borrowings	(764)	(712)
Total borrowings	(1,258)	(1,352)
Cash and cash equivalents	273	326
Net debt	(985)	(1,026)

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

	2018		2017	
	average	at year-end	average	at year-end
Australian dollar	0.63	0.62	0.68	0.65
Canadian dollar	0.65	0.64	0.68	0.67
Japanese yen	0.00767	0.00795	0.00790	0.00742
UK pound sterling	1.13	1.11	1.14	1.13
US dollar	0.85	0.87	0.89	0.83

The foreign currency exchange risk of the Group with respect to transactions is limited, because subsidiaries usually generate both revenues and expenses in the same local currency.

All other foreign exchange transactions, which mostly consist of intercompany financing (equity increases, dividends, intercompany loans, and interests), are executed, in principle, on a spot basis. The Group has a policy to match, within certain preset boundaries, the currencies in the net debt positions with the currencies in the cash flow generation. The currency mix of the debt can easily be adjusted, as the € 1,850 million syndicated revolving credit facility is a multi-currency facility. In principle, the use of derivatives is therefore unnecessary.

Currency fluctuations can, however, affect the consolidated results, due to the translation of local results into the Group's reporting currency.

Translation effects from consolidation may also impact shareholders' equity. The Group has a number of net investments in foreign subsidiaries whose assets and liabilities are exposed to currency translation risk that is accounted for, through total other comprehensive income, in equity. Currency exposures arising from the net assets of the Group's foreign operations are monitored and, when considered necessary, hedged against borrowings in the relevant currencies through a net investment hedge; translation differences on borrowings classified as such are included, through comprehensive income, in equity.

sensitivity

If the euro had weakened or strengthened 10% on average during 2018 against the currencies mentioned above, with all other variables held constant, EBITA for the year 2018 would have been higher or lower respectively in the range of € 0 million – € 19 million per currency. The effect on shareholders' equity would have been the same (before tax effects) (2017: range of € 2 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 2018, with all other variables held constant, net interest expenses for the year would have been € 13 million higher (2017: € 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:
- Impairment of non-financial assets in general and impairment of goodwill specifically;
- Provisions;
- Corporate taxes;
- Revenue recognition.

4.1 impairments

4.1.1 impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, with the exception of deferred tax assets and the plan assets in relation to defined benefit pension plans, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For goodwill, testing for impairment is performed at least annually.

If there are such indications, the recoverable amount of the asset is estimated. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. For purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to groups of cash-generating units, being operating segments, for purposes of impairment testing.

If the recoverable amount of an asset or a cash-generating unit (or operating segment) is estimated to be lower than its carrying amount, the related carrying amount is reduced to its recoverable amount.

The resulting impairment loss is immediately recognized in total operating expenses.

The recoverable amount is the higher of an asset's fair value less costs to dispose and its value in use.

The value in use is determined by using the present value of estimated cash flow projections. The discount rates are based on interest rates that align with the terms of the projections and the specific risks of the asset or business respectively.

In determining the fair value less costs to dispose, information such as recent market transactions is taken into account; if no such transactions (or comparable transactions) can be identified, an appropriate valuation model is used. This valuation model is supplemented by valuation multiples, quoted share prices, or other available fair-value indicators.

Impairment losses relating to a cash-generating unit (or operating segment) are first allocated to reduce the carrying amount of the goodwill of the related cash-generating unit (or operating segment) and then to reduce the carrying amount of the other assets of that cash-generating unit (or operating segment) on a pro rata basis.

An impairment loss with respect to goodwill is not reversed.

With respect to other assets, an impairment loss recognized in a prior period is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

For the impairment testing method of property, plant and equipment, software, and acquisition-related intangible assets, see notes 13, 14 and 15 respectively.

4.1.2 goodwill and impairment of goodwill

goodwill

	2018	2017
Cost	3,861	3,750
Accumulated impairment	784	817
Balance as at January 1	3,077	2,933
Acquisition of subsidiaries	(1)	256
Disposal of subsidiaries	(4)	-
Impairment	(78)	-
Translation differences	24	(112)
Balance as at December 31	3,018	3,077
Cost	3,894	3,861
Accumulated impairment	876	784
Balance as at December 31	3,018	3,077

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 6.1 for further information.

In 2017, the Group finalized the purchase price allocation of acquisitions made in 2016, being O(biettivo) L(avoro) Group Srl, Careo Holding KK, twago, and Monster Worldwide Inc. This resulted in a downward adjustment to goodwill of € 5 million, which is included in the amount of goodwill of € 256 million in respect of the acquisition of subsidiaries. The adjustments in the finalization of purchase price allocations mainly arose from changes in estimates of contingent liabilities identified.

For all acquisitions during 2017, except for the acquisition of eSolve AG, the purchase price allocation was finalized before December 31, 2017. These finalizations resulted in a downward adjustment to (provisional) goodwill, calculated at the moment of acquisition, to the amount of € 4 million. The adjustments were mainly the result of changes in the consideration and further alignment with the Group's accounting policies.

The amounts involved are neither considered material in relation to the consideration of the acquired companies nor to the total goodwill in respect of these acquisitions.

In 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 6.1.

Goodwill on acquisitions represents payments made by the Group in anticipation of future economic benefits from assets that cannot be identified individually and cannot be recognized separately. These relate, for example, to synergies expected from integrating the acquired companies and the workforces of the acquired companies.

Goodwill is stated at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity that is sold. Where goodwill has been allocated to an operating segment and part of the operation within that operating segment is disposed of, the goodwill related to that part is included in the carrying amount of the disposed operation when determining the gain or loss on disposal. Goodwill disposed is calculated based on the relative value of the disposed operation of the total value of the operating segment to which the disposed operation belongs. If disposal of an entity results in a loss, the goodwill part in the loss is presented in the statement of comprehensive income as an impairment of goodwill, up to a maximum amount of the loss on disposal.

Goodwill is allocated to operating segments for the purpose of impairment testing. The allocation is made to those operating segments that are expected to benefit from the business combination in which the goodwill arose.

impairment testing

In the case of triggering events and at least annually, the Group tests whether intangible assets, being goodwill and acquisition-related intangible assets, have suffered any impairment. The recoverable amounts of cash-generating units have been determined using, among other instruments, value-in-use calculations. These calculations require the use of estimates. Based on these impairment tests, impairment losses, if any, are identified.

determination of recoverable amount

The recoverable amount for all operating segments is based on the higher of the value in use and the fair value less cost to dispose. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation and amortization) and the expected future performance, which in turn is based on historical performance, management's estimates and assumptions of revenue growth, and on developments of operating margins, assessed using external data, covering a period of, in principle, nine years (2017: nine years). Cash flow projections after this period are extrapolated by means of a growth percentage of 0.25% (2017: 0.25%) throughout the Group. The nine-year period of the projections reflects an estimated full business cycle of the industry.

annual impairment test

Key assumptions in the cash flow projections are:

- Annual revenue growth of the Group: on average between 1.4% and 4.6% for the first three years and 1.4% to 1.6% for the following six years (Netherlands: 0.1% to 4.8% and 0.1% respectively; USA: 2.1% to 2.6% and 2.2% respectively; France: 1.0% to 3.0% and 1.0% respectively);
- EBITA of the Group in the range of 4.3% to 4.6% of revenue (Netherlands: 4.8% to 5.7%; USA: 4.8% to 5.5%; France: 3.9% to 4.4%);
- Growth rate in revenue and EBITA percentages vary between segments in relatively limited terms and are dependent on the mix in revenue.

The cash flow projections are prepared in local currencies, and discounted with pre-tax discount rates for each currency involved. The pre-tax discount rates vary from 7.7% to 23.3% (2017: 8.4% to 20.2%). The weighted average is 11.2% (2017: average 12.3%). Netherlands: 9.4% (2017: 10.0%); USA: 11.6% (2017: 14.0%); France: 14.1% (2017: 15.0%).

results of annual impairment test

The annual impairment test carried out by the Group for 2018 resulted in an impairment of the operating segment 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 (2017: no impairments).

sensitivity relating to annual impairment test

The outcome of impairment testing is sensitive to variations in estimates and assumptions. Variations in estimates and assumptions have the following effect on the recoverable amount calculations:

- Revenue growth: a 1.0%-point lower growth rate would not result in an impairment charge;
- A 1.0%-point lower EBITA in percentage of revenue would result in an impairment charge of € 43 million for the operating segment UK and € 4 million for Sourceright EMEA; a 1.5%-point lower EBITA in percentage of revenue would imply a € 124 million impairment charge for the operating segments UK (€ 94 million), Poland (€ 6 million), Eastern Europe (€ 2 million), and Sourceright EMEA (€ 22 million) (2017: € 201 million; UK € 100 million, France (€ 80 million), Monster (€ 8 million), Australia € 9 million), and Sourceright EMEA (€ 4 million));
- Discount rate: a 1.0%-point higher discount rate would not result in an impairment charge.

For the carrying amount of goodwill by reporting segment, see note 5.2. Also after impairment, the operating segment Monster (included in reporting segment Global Businesses) remains sensitive to variations in assumptions. The carrying amount after impairment of Monster amounts to € 104 million. The recoverable amount is based on value in use, using a discount rate of 8% (2017: 8.5%).

In 2018, the operating segments UK, Poland, Eastern Europe, and Sourceright EMEA are most sensitive to variations in assumptions (2017: UK, Australia, France, Monster and Sourceright EMEA). The recoverable amount of these operating segments of € 504 million exceeds the carrying amount (including € 172 million of goodwill) by € 161 million. The impact of 'Brexit', if any, on our businesses in the UK is hard to predict and is therefore not included in our projections.

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

4.2 provisions and employee benefit obligations

4.2.1 provisions

movements in provisions

	restructuring	workers' compensation	other	total
Balance as at January 1, 2018	32	37	75	144
Movements in 2018				
Charged to income statement	69	32	17	118
Released to income statement	(5)	-	(21)	(26)
Withdrawals	(40)	(29)	(16)	(85)
Total amount in statement of cash flows	24	3	(20)	7
Interest due to passage of time	1	1	-	2
Translation differences	-	2	-	2
Balance as at December 31, 2018	57	43	55	155
Non-current	11	25	34	70
Current	46	18	21	85
Balance as at December 31, 2018	**57**	**43**	**55**	**155**
Balance as at January 1, 2017				
Non-current	8	30	37	75
Current	18	17	34	69
	26	47	71	144
Movements in 2017				
Acquisition of subsidiaries	-	-	20	20
Charged to income statement	50	23	28	101
Released to income statement	(2)	-	(16)	(18)
Withdrawals	(41)	(29)	(25)	(95)
Total amount in statement of cash flows	7	(6)	(13)	(12)
Interest due to passage of time	-	1	1	2
Translation differences	(1)	(5)	(4)	(10)
Balance as at December 31, 2017	32	37	75	144
Non-current	4	23	44	71
Current	28	14	31	73
Balance as at December 31, 2017	**32**	**37**	**75**	**144**

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

Provisions for workers' compensation are based on claims for compensation and medical expenses (of both candidates and employees) in relation to accidents during working hours, for which the Group is liable under applicable local laws. These provisions relate to our activities in North America and in part of Australia, where we are responsible for payment of workers' compensation claims up to a maximum amount per claim, beyond which the costs are insured. Independent actuaries calculate the amount of the provision.

The effective interest rate used in the calculation of the provision for workers' compensation is 3% (2017: 3%).

Other provisions mainly relate to:

- Onerous contracts, where the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract; and
- Claims from third parties. In the ordinary course of business, the company is involved in various legal proceedings, in which claims are asserted by clients, candidates and vendors, and involved in investigations by local tax and regulatory authorities that have led or might lead to claims. These claims are provided for at the lowest amount at which the Group expects the claim to be reasonably settled. Due to the highly uncertain timing of the expected future cash outflow, amounts provided for claims from third parties are categorized to be settled within one year of the balance sheet date, unless these are explicitly expected to be settled later.

The majority of the non-current part of these provisions is expected to be settled within three years of the balance sheet date.

sensitivity

The provision for workers' compensation is sensitive to interest rate changes. Should the interest rate deviate by 1%- point, with all other variables held constant, the provision would deviate in the range of € 1 million to € 2 million (2017: range of € 1 million to € 2 million).

accounting policy

Provisions are recognized for legally enforceable or constructive obligations as a result of a past event for which the settlement is likely to require an outflow of resources and to the extent these can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an interest rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

4.2.2 employee benefit obligations

Employee benefit obligations comprise obligations from defined benefit pension plans, other post-employment benefits, and other long-term employee benefits.

employee benefit obligations

	2018	2017
Defined benefit pension plans	69	91
Other post-employment benefits	9	10
Other long-term employee benefits	50	31
Balance as at January 1	128	132
Movements during the year		
Acquisition of subsidiaries	-	3
Charged to comprehensive income	37	34
Withdrawals/benefits paid	(14)	(27)
Contributions, employers	(13)	(12)
Translation differences	1	(2)
Total movements	11	(4)
Defined benefit pension plans	80	69
Other post-employment benefits	9	9
Other long-term employee benefits	50	50
Balance as at December 31	139	128
Non-current	119	115
Current	20	13
Balance as at December 31	139	128

employee benefit obligations charged to comprehensive income

	2018	2017
Current service cost, total	37	68
Contributions, employees	(9)	(9)
Current service cost net, charged to operating profit	28	59
Interest expense due to passage of time	5	5
Interest income due to passage of time	(4)	(4)
Charged to net finance costs	1	1
Remeasurement losses/(gains), net	8	(26)
Charged to comprehensive income	37	34

For more information on employee benefit obligations, see note 25.

4.3 corporate taxes

The Group is subject to corporate income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide deferred tax 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 also identified a number of uncertain tax positions, which could lead to positive and/or negative differences. Provisions are recognized for those matters for which the tax determination is uncertain, but for which it is considered probable there will be a future outflow of funds to tax authorities. The provisions are based on best estimates of the amounts expected to become payable. Our assessments are based on judgments of tax professionals within the Group, supplemented by external tax advice from case to case.

4.3.1 deferred and current income taxes

Using the balance sheet liability method, deferred tax assets and liabilities are recognized to provide for temporary differences between the value of the assets and liabilities for financial reporting purposes and for tax purposes. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to the same tax jurisdiction.

Deferred tax assets, including those resulting from tax losses carried forward, are recognized to the extent that it is probable that future taxable profits will be available 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 substantially enacted at year-end and which are expected to apply in the coming years when the assets and liabilities are expected to be realized or settled.

Deferred tax is 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

	2018	2017
Assets/(liabilities)		
Deferred income tax assets	438	520
Current income tax receivables	79	72
Deferred income tax liabilities	(44)	(42)
Current income tax liabilities	(116)	(70)
Balance as at January 1	357	480
Movements during the year		
Charged to income statement	(107)	(207)
Net payments	302	186
Acquisition of subsidiaries' deferred taxes	-	(44)
Acquisition of subsidiaries' current taxes	-	2
Disposal of subsidiaries' current taxes	(4)	-
Recognized in other comprehensive income	11	(24)
Recognized in equity on share-based compensations	-	8
Translation differences	8	(44)
Total movements	210	(123)
Assets/(liabilities)		
Deferred income tax assets	581	438
Current income tax receivables	106	79
Deferred income tax liabilities	(47)	(44)
Current income tax liabilities	(73)	(116)
Balance as at December 31	567	357

deferred income tax assets

Deferred income tax assets in relation to tax losses carried forward comprise an amount of € 182 million (2017: € 105 million), originating from subsidiaries that generated tax losses in the current or preceding year.

Certain deferred income tax assets, whose recoverability is considered not probable, are valued at nil. These concern deferred tax assets in relation to tax losses carried forward of € 262 million (2017: € 322 million), as well as deferred tax assets relating to other temporary differences of € 15 million (2017: € 1 million).

The part of deferred tax assets that is expected to be realized within one year is estimated at € 85 million (2017: € 51 million).

composition of deferred income tax assets

	2018	2017
Tax losses carry-forward	427	328
Unused tax credits	134	115
Temporary differences:		
Property, plant, equipment, and intangible assets	89	57
Other receivables/other payables	86	76
Provisions	59	54
Deferred income tax assets (before netting)	795	630
Amount netted with deferred income tax liabilities	(214)	(192)
Deferred income tax assets (after netting)	581	438

sensitivity

Deferred tax assets are only recognized to the extent 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 4.1.2). The various scenarios yield potential outcomes that do not materially deviate from the carrying amount.

Unused tax credits mainly relate to tax credits in the US, which will be realized after all tax losses carried forward have been recovered.

deferred income tax liabilities

The part of deferred income tax liabilities that is expected to be settled within one year is estimated at € 15 million (2017: € 17 million).

composition of deferred income tax liabilities

	2018	2017
Acquisition-related intangible assets	37	60
Temporary differences subsidiaries	123	86
Other temporary differences	101	90
Deferred income tax liabilities (before netting)	261	236
Amount netted with deferred income tax assets	(214)	(192)
Deferred income tax liabilities (after netting)	47	44

movements in deferred income taxes

In the table below, the balances of deferred income tax assets and deferred income tax liabilities have been included gross at the beginning and end of the year. The netting of deferred income tax assets and liabilities is shown in the tables for 'composition of deferred income tax assets and liabilities'.

movements in deferred income taxes

	Tax losses carry-forward	Unused tax credits	Temporary differences	total 2018	total 2017
Deferred income tax assets	328	115	187	630	690
Deferred income tax liabilities	-	-	(236)	(236)	(212)
Balance as at January 1	328	115	(49)	394	478
Movements during the year					
Acquisition of subsidiaries	-	-	-	-	(44)
Income statement	92	18	14	124	10
Other movements	4	(5)	7	6	(9)
Translation differences	3	6	1	10	(41)
Total movements	99	19	22	140	(84)
Deferred income tax assets	427	134	234	795	630
Deferred income tax liabilities	-	-	(261)	(261)	(236)
Balance as at December 31	427	134	(27)	534	394

4.3.2 corporate taxes on income

Corporate taxes on income for the year comprise current taxes and deferred taxes. Income taxes are recognized in the income statement, except for taxes that relate to items recognized in other comprehensive income; these taxes are 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

	2018	2017
Current tax expense	231	217
Deferred tax (income) / expense	(124)	(10)
Tax expense	107	207

In 2018, the effective tax rate on income before taxes was 13.2% (2017: 24.7%). 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

	2018	2017
Income tax rate of the company's country of domicile	25.0%	25.0%
Effect of income tax rates in other (non-domestic) jurisdictions	-0.1%	0.1%
Weighted average applicable tax rate	24.9%	25.1%
Tax-exempt income/non-tax-deductible items	(5.3%)	(5.8%)
Changes in statutory applicable tax rates and effect of prior years	2.3%	10.1%
Change in valuation of deferred tax assets and other	(8.7%)	(4.7%)
Effective tax rate	13.2%	24.7%

The tax-exempt income related to French CICE tax credits has an impact of 4.9%-points on the effective tax rate (2017: 5.8%), whereas the net effect of the French business tax (CVAE) was 4.1%-points in 2018 (2017: 3.8%-points). The combined effect is 0.8% (2017: 2.0%) and is lower than in 2017 due to a decrease in CICE in 2018. The other tax-exempt income and non-tax deductible expenses had an effect of 4.5%-points (2017: 3.8%-points).

'Changes in statutory applicable tax rates and effects of prior years', had an effect of 2.3%-points on the effective tax rate, which is a decrease of 7.8%-points compared to 2017. The main drivers for this decrease are the significant effects of tax rate decreases in the US, France, and Belgium, which lowered the value of deferred taxes in 2017.

'Change in valuation of deferred tax assets and other' is the result of the assessment of the future recoverability of tax assets in various countries. In 2018, the assessment of the valuation of carried forward losses in Luxembourg as a consequence of expected future taxable profits led to a lower effective tax rate by 10.7%. In 2017, these assessments resulted in a decrease in the valuation allowances recorded, mainly related to France. The replacement of the French CICE by other measures to reduce the cost of labor as of 2019 has led to the expectation that taxable profits will be generated as of that year.

4.4 revenue recognition

Revenue comprises the expected consideration for services rendered during the year to third parties. Revenue from services rendered is recognized in the income statement in proportion to the progress in execution of the contract as of the balance sheet date. Progress in execution of the contract is measured by reference to costs (mainly hours) incurred to date as a percentage of total estimated costs for each contract. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

Revenue from temporary placements includes the amounts received or receivable for the services of candidates, including the salary and salary-related employment costs of these candidates (gross basis). These revenues are recognized over time and are generally based on the number of hours worked by these candidates.

Revenue from permanent placements includes the fee received or receivable for the services provided. This fee is generally a percentage of the candidate's remuneration package (net basis). The revenue of these permanent placements is recognized on completion of the service when the performance obligations are fulfilled, being, in principle, the start date of the candidate. For 'retained assignments', revenue is recognized on the completion of certain pre-agreed stages of the service, for which the fee is non-refundable. Allowances are established to estimate losses due to placed candidates not remaining employed during the agreed guarantee period.

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

In situations where the Group is the principal in a transaction and thus controls a promised service before transferring that service to clients, the transactions are recorded gross in the statement of comprehensive income. When the Group acts as an agent and thus only arranges for another party to provide the services to clients, revenues are reported on a net basis; such as in cases where the Group acts as a managed services provider.

4.4.1 revenue categories

Revenue categories are our service concepts plus Global Businesses. Three different service concepts are reported: 'Staffing', 'Inhouse Services', and 'Professionals'. All service concepts have activities in all parts of the world. For a more detailed description of these service concepts, see the section 'our value for clients and candidates'.

revenue by revenue category

	2018	2017
Staffing	12,454	12,197
Inhouse Services	5,300	5,185
Professionals	4,929	4,720
Global Businesses	1,153	1,195
Elimination of intersegment revenue	(24)	(24)
	23,812	23,273

5 segment reporting

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

As a result of acquisitions and changes in the governance and managerial reporting structure of the Group, the external (primary) segmentation changed in 2017. The main change concerned the creation of a segment called Global Businesses, which consists of Monster, Randstad Sourceright, RiseSmart, and twago.

External (secondary) segmentation on revenue categories now also shows Global Businesses besides Staffing, Inhouse Services, and Professionals. As a result of this new external segmentation, intersegment revenues are included in our tables.

'Corporate' is also included in the disclosures on segments, and represents the unallocated part of assets and liabilities of holding activities, as well as the income and expenses of holding activities; the latter net after management and other charges to geographical areas and Global Businesses.

5.1 income statement

segmentation income statement

	revenue 2018			revenue 2017			gross profit		operating profit	
	total	intersegment	third party	total	intersegment	third party	2018	2017	2018	2017
North America	4,159	-	4,159	4,231	-	4,231	950	964	232	221
France	3,731	-	3,731	3,628	(1)	3,627	630	629	161	180
Netherlands	3,464	(4)	3,460	3,337	(3)	3,334	607	604	175	186
Germany	2,383	-	2,383	2,335	-	2,335	405	396	80	111
Belgium & Luxembourg	1,656	(2)	1,654	1,570	(1)	1,569	322	317	98	99
Italy	1,645	-	1,645	1,504	-	1,504	250	226	97	78
Iberia	1,476	-	1,476	1,427	-	1,427	204	191	79	73
Other European countries	2,224	(6)	2,218	2,158	(7)	2,151	371	369	50	46
Rest of the world	1,945	(1)	1,944	1,912	(1)	1,911	372	344	78	43
Global Businesses	1,153	(11)	1,142	1,195	(11)	1,184	597	672	(169)	(95)
Corporate	-	-	-	-	-	-	-	-	(68)	(82)
Elimination	(24)	24	-	(24)	24	-	(7)	(6)	-	-
Total	23,812	-	23,812	23,273	-	23,273	4,701	4,706	813	860

segmentation income statement

	amortization and impairment of acquisition-related intangibles and goodwill		EBITA		depreciation/amortization and impairment of property, plant, equipment, and software		EBITDA	
	2018	2017	2018	2017	2018	2017	2018	2017
North America	-	10	232	231	14	13	246	244
France	37	34	198	214	13	13	211	227
Netherlands	6	5	181	191	11	12	192	203
Germany	6	1	86	112	4	4	90	116
Belgium & Luxembourg	-	-	98	99	5	6	103	105
Italy	3	5	100	83	5	4	105	87
Iberia	-	-	79	73	3	2	82	75
Other European countries	12	15	62	61	6	6	68	67
Rest of the world	3	10	81	53	8	11	89	64
Global Businesses	152	54	(17)	(41)	20	15	3	(26)
Corporate	-	-	(68)	(82)	-	1	(68)	(81)
Elimination	-	-	-	-		-		-
Total	219	134	1,032	994	89	87	1,121	1,081

5.2 statement of financial position

segmentation statement of financial position

	property, plant, equipment and software		goodwill		acquisition-related intangible assets		loans and receivables		operating working capital assets		total assets	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
North America	37	41	575	555	-	-	-	-	726	637	1,338	1,233
France	40	31	513	513	102	139	611	582	788	834	2,054	2,099
Netherlands	43	45	855	855	14	20	-	-	538	530	1,450	1,450
Germany	13	10	290	291	6	12	-	-	388	407	697	720
Belgium & Luxembourg	8	9	156	156	-	-	-	-	338	293	502	458
Italy	22	14	59	59	4	7	-	-	365	348	450	428
Iberia	8	7	1	1	-	-	-	-	332	350	341	358
Other European countries	13	16	300	305	25	39	-	-	465	461	803	821
Rest of the world	20	18	146	143	10	12	-	-	328	318	504	491
Global Businesses	40	41	123	199	101	169	-	-	544	446	808	855
Corporate	16	2	-	-	-	-	-	-	48	54	64	56
Eliminations	-	-	-	-	-	-	-	-	(96)	(100)	(96)	(100)
Total	260	234	3,018	3,077	262	398	611	582	4,764	4,578	8,915	8,869

5.2.1 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

	2018	2017
Total assets	9,938	9,762
Less:		
Deferred income tax assets	581	438
Associates	23	22
Equity investments	40	28
Current income tax receivables	106	79
Cash and cash equivalents	273	326
Assets by segment	8,915	8,869

5.2.2 operating working capital

Operating working capital includes current assets, excluding cash and cash equivalents, current income tax receivables, and the current part of loans and receivables, minus current liabilities, excluding current borrowings, current income tax liabilities, and the current part of provisions, of employee benefit obligations, and of other liabilities. Deferred receipts from disposal of subsidiaries, as well as the net interest payable, are also excluded in order to align the presentation of the movements in these latter two items, which are presented under net cash flow from investing activities and financing activities respectively.

operating working capital

	2018	2017
Current assets	5,254	5,085
Current liabilities	(4,720)	(4,630)
Working capital	534	455
Current assets	5,254	5,085
Adjusted for:		
Cash and cash equivalents	(273)	(326)
Current income tax receivables	(106)	(79)
Current part of loans and receivables	(111)	(102)
Interest receivable	-	-
Operating working capital assets	4,764	4,578
Current liabilities	(4,720)	(4,630)
Adjusted for:		
Current borrowings	764	712
Current income tax liabilities	73	116
Current provisions	85	73
Current employee benefit obligations	20	13
Current other liabilities	2	22
Interest payable	6	6
Operating working capital liabilities	(3,770)	(3,688)
Operating working capital assets	4,764	4,578
Operating working capital liabilities	(3,770)	(3,688)
Operating working capital	994	890

6 business combinations

6.1 information about acquisitions

In 2018, the Group did not make any acquisitions. In 2017, the following companies were acquired:

business combinations

company	acquired % of shares	acquisition date
2017		
Ausy SA (France)	100%	January 30
BMC Groep bv (Netherlands)	100%	January 12
SageCo Pty Ltd (Australia)	100%	January 12
eSolve AG (Germany)	100%	December 31

The main activities of the 2017 acquisitions Ausy, BMC, and eSolve are in the Professionals segment (professional specialist staffing), while SageCo is mainly active in the outplacement business.

Ausy offers its services mainly in France, Germany, Belgium, and the US. Ausy was acquired following a public offer.

BMC offers its services in the public sector in the Netherlands. eSolve offers its services mainly in Germany.

The acquisitions made in 2017 are in line with Randstad's mid- to long-term strategy to grow in (specialist) professionals activities and to strengthen our market position in certain markets and/or countries, and with our Tech & Touch growth strategy, which includes complementing Randstad's activities with technology platforms and easy-to-use digital, social, and mobile solutions.

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.

In 2017, in the statement of cash flows, an amount of € 348 million relates to the sum of net payments made in respect of acquisitions made in 2017 (€ 347 million), and in respect of acquisitions made in preceding years (€ 1 million); in 2017, goodwill amounted to € 256 million, and the fair value of net assets amounted to € 179 million. Goodwill in 2017 related to the acquisitions made in 2017, as well as the adjustments for finalizations of purchase price allocations in 2017 for acquisitions made in 2016. See note 4.1.2 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.

6.2 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 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 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.

In 2017, the Group did not dispose of any subsidiaries.

accounting policy

Upon disposal of a subsidiary, the gain or loss upon disposal is included in other general and administrative expenses. See note 4.1.2 for further information.

7 earnings per ordinary share

	2018	2017
Net income	704	631
Net income attributable to holders of ordinary shares	691	619
Numbers of ordinary shares (in millions)		
Weighted average number of ordinary shares outstanding	183.1	183.1
Dilutive effect of share-based compensation arrangements	0.4	0.9
Weighted average number of diluted ordinary shares outstanding	183.5	184.0
Earnings per ordinary share (in €)		
Basic earnings per ordinary share	3.78	3.38
Diluted earnings per ordinary share	3.77	3.36

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.

8 cost of services and total operating expenses

8.1 cost of services

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

cost of services

	2018	2017
Wages and salaries	15,214	14,758
Social security charges	3,006	2,872
Pension charges - defined contribution plans	132	128
Pension charges - defined benefit plans	9	8
Wages, salaries, social security and pension charges	18,361	17,766
Depreciation of property, plant and equipment	1	2
Other cost of services	749	799
	19,111	18,567

8.2 operating expenses

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

8.2.1 selling expenses

Selling expenses comprise personnel and accommodation expenses in relation to operational activities at the outlets, advertising and marketing, and other selling expenses.

Selling expenses include an amount of € 14 million (2017: € 14 million) related to impairment losses on trade receivables, as well as debt collection costs.

8.2.2 general and administrative expenses

General and administrative expenses comprise personnel and accommodation expenses of head offices, IT expenses, other general and administrative expenses, as well as the amortization and impairment of acquisition-related intangible assets and goodwill.

Other general and administrative expenses include:
- Foreign exchange losses of € 1 million (2017: gains of € 2 million);
- A gain on the sale of property, plant and equipment of € 1 million (2017: loss of € 1 million);
- A gain on the disposal of subsidiaries of € 2 million (2017: zero).

The acquisition-related expenses for the acquired companies/activities amount to zero (2017: € 4 million).

8.2.3 total operating expenses by nature

total operating expenses by nature

	2018	2017
Wages and salaries	2,039	2,033
Social security charges	360	359
Pension charges - defined contribution plans	40	41
Pension charges - defined benefit plans	8	8
Share-based compensations	35	32
Wages, salaries, social security and pension charges	2,482	2,473
Other personnel expenses	248	244
Personnel expenses	2,730	2,717
Depreciation and impairment of property, plant and equipment	50	53
Amortization and impairment of software	38	32
Advertising and marketing	189	229
Accommodation	238	241
Other	424	440
Operating expenses	3,669	3,712
Amortization and impairment of acquisition-related intangible assets and goodwill	219	134
Total operating expenses	3,888	3,846

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

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

	2018	2017
Depreciation of buildings	1	1
Depreciation of computer hardware	18	23
Depreciation of leasehold improvements and furniture and fixtures	32	31
Impairment	-	-
Depreciation and impairment of property, plant and equipment	51	55
Amortization of software	33	29
Impairment of software	5	3
Amortization and impairment of software	38	32
Depreciation and impairment of property, plant, equipment and software	89	87
Included in:		
Cost of services	1	2
Selling expenses	24	20
General and administrative expenses	64	65
	89	87

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

amortization and impairment of acquisition-related intangible assets and goodwill

	2018	2017
Amortization of acquisition-related intangible assets	120	134
Impairment of goodwill and acquisition-related intangible assets	99	-
	219	134

For impairment of goodwill, see note 4.1.2.

8.5 operating leases

For operating leases, an amount of € 275 million expenses (2017: € 274 million) is included in operating profit.

Lease contracts of which the majority of risks and rewards inherent to ownership do not lie with the Group are classified as operating leases. Expenses related to operating leases are included in operating expenses and/or cost of services on a straight-line basis over the term of the lease.

8.6 grants

Grants are recognized when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them.

Grants that compensate for expenses incurred are credited to operating expenses and/or cost of services on a systematic basis in the same period in which the expenses are incurred.

Grants included in operating profit amount to € 37 million (2017: € 34 million), of which € 30 million (2017: € 29 million) is reported under cost of services. Grants mainly relate to the compensation (in whole or in part) of the costs of education of candidates and of the costs to employ selected categories of employees.

9 total wages and salaries, social security and pension charges

Wages, salaries, social security charges and pension charges are included in cost of services for candidates and in personnel expenses for corporate employees.

total amounts of wages and salaries, social security and pension charges

	2018	2017
Wages and salaries	17,253	16,791
Social security charges	3,366	3,231
Pension charges - defined contribution plans	172	169
Pension charges - defined benefit plans	17	16
Share-based compensations	35	32
	20,843	20,239

10 net finance costs

net finance costs

	2018	2017
Finance income		
Interest and similar income	6	4
Changes in value of other liabilities[1]	7	3
Interest due to passage of time[1]	4	4
Foreign exchange gains, net[1]	7	-
	24	11
Finance expenses		
Interest and similar expenses	10	7
Interest and commitment fees on non-current borrowings	14	14
Dividend on non-controlling interests classified as other liabilities	-	1
Amortization of transaction cost non-current borrowings[1]	1	2
Interest due to passage of time[1]	4	4
Foreign exchange losses, net[1]	-	6
	29	34
Net finance costs	5	23

1 Items considered non-cash.

Net finance costs comprise interest expenses and interest income, as well as items similar to interest and exchange differences on cash, cash equivalents, and borrowings. Interest expenses and income are recognized in the income statement on a time-proportion basis, using the effective interest method. Interest due to the passage of time of loans and receivables, and deferred considerations, as well as in relation to the valuation of certain provisions and employee benefit obligations, are also included in net finance costs. Changes in the value of deferred considerations and differences upon settlement of these deferred considerations (see note 20), as well as dividend paid to non-controlling interests classified as other liabilities, are also reported under net finance costs.

net finance costs, statement of cash flows

	2018	2017
Finance income	24	11
Deduct: non-cash items	18	7
Cash items	6	4
Change in interest receivable	-	-
Finance income, cash	6	4
Finance expenses	29	34
Deduct: non-cash items	5	12
Cash items	24	22
Acquisition of subsidiaries	-	1
Change in interest payable	-	(1)
Finance expenses, cash	24	22
Net finance costs paid, statement of cash flows	18	18

11 net income

Net income includes foreign exchange gains of € 6 million (2017: losses of € 4 million). For other items included in net income, see note 8.2.

12 total other comprehensive income

	2018	2017
Translation differences	14	(168)
Tax on translation differences	9	(15)
Translation differences, net of taxes	23	(183)
Items that subsequently may be reclassified to the income statement	23	(183)
Remeasurements of post-employment benefits	(8)	26
Tax on remeasurements of post-employment benefits	2	(9)
Fair value adjustments of equity investments	5	1
Items that will never be reclassified to the income statement	(1)	18
Total comprehensive income, net of taxes	**22**	**(165)**

notes to the

consolidated statement of financial position.

13 property, plant and equipment

	buildings and land	computer hardware	leasehold improvements, furniture and fixtures	total
Balance as at January 1, 2018	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**
Balance as at January 1, 2017				
Cost	63	278	444	785
Accumulated depreciation and impairment	37	234	349	620
	26	44	95	165
Movements in 2017				
Acquisition of subsidiaries	-	2	2	4
Additions	-	22	37	59
Disposals	-	(3)	(10)	(13)
Depreciation/impairment	(1)	(23)	(31)	(55)
Translation differences	(1)	(3)	(2)	(6)
Balance as at December 31, 2017	24	39	91	154
Cost	61	259	402	722
Accumulated depreciation and impairment	37	220	311	568
Balance as at December 31, 2017	**24**	**39**	**91**	**154**

Based on appraisals made by independent and expert appraisers, the estimated fair value of buildings and land is approximately € 15 million higher than the carrying amount. The fair value represents the market value, taking into account that the property is in a rented status.

accounting policy

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the assets.

Land is not depreciated. Depreciation on other property, plant and equipment is charged to operating expenses and/or cost of services on a straight-line basis over their estimated useful lives, from the date they are available for use.

The residual values and useful lives are reviewed as at each balance sheet date and adjusted, if appropriate.

Gains and losses arising on disposal are included in the income statement under other general and administrative expenses.

estimated useful lives of property, plant and equipment

on average

	term
Buildings	33 years
Computer hardware	4 years
Leasehold improvements	5 years
Furniture and fixtures	4-5 years

Leasehold improvements are depreciated over the term of the initial lease, in the event that this term is shorter than five years.

Impairments, if any, are mainly caused by the discontinuation of outlets. The net book value of leasehold improvements and other furniture and fixtures is impaired to the recoverable amount, based on each individual case. The recoverable amount tends to be zero.

14 software

software

	2018	2017
Cost	374	400
Accumulated amortization and impairment	294	333
Balance as at January 1	80	67
Acquisition of subsidiaries	-	1
Additions	58	49
Amortization and impairment	(38)	(32)
Translation differences	1	(5)
Balance as at December 31	101	80
Cost	421	374
Accumulated amortization and impairment	320	294
Balance as at December 31	101	80

accounting policy

Acquired software (licenses) and developed software are stated at cost less accumulated amortization and impairment losses.

Expenditures in relation to the development of identifiable and unique software (or significant enhancements to existing software) used by the Group, and which will probably generate economic benefits exceeding costs beyond one year, are recognized as software and amortized over their estimated useful lives. Capitalized costs include employee costs of software development and third party expenses.

Expenditures associated with small enhancements or maintenance of software are recognized as an expense when incurred.

Amortization of software applications is charged to operating expenses and/or cost of services on a straight-line basis over the estimated useful lives, from the date they are available for use. In 2018 we have impaired software for € 4 million, refer to note 4.1.2 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 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

	2018	2017
Additions		
Property, plant and equipment	(67)	(59)
Software	(58)	(49)
	(125)	(108)
Disposals		
Proceeds property, plant and equipment	13	12
(Profit) / Loss	(1)	1
	12	13
Statement of cash flows	(113)	(95)

15 acquisition-related intangible assets

	customer relationships	brand names	candidate profiles	technology	total
Balance as at January 1, 2018	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**
Balance as at January 1, 2017					
Cost	280	93	96	71	540
Accumulated amortization and impairment	163	11	8	5	187
	117	82	88	66	353
Movements in 2017					
Acquisition of subsidiaries	177	30	2	-	209
Amortization	(70)	(18)	(33)	(13)	(134)
Translation differences	(6)	(9)	(8)	(7)	(30)
Balance as at December 31, 2017	218	85	49	46	398
Cost	290	113	88	63	554
Accumulated amortization and impairment	72	28	39	17	156
Balance as at December 31, 2017	**218**	**85**	**49**	**46**	**398**

accounting policy

Acquisition-related intangible assets (customer relationships (including franchise agreements), brand names, candidate profiles, and developed technology) that are acquired by the Group are stated at cost less accumulated amortization and impairment losses.

When an intangible asset is acquired in a business combination, its cost is the fair value at the date of its acquisition. This cost is determined on a basis that reflects an amount that the entity would have paid for the asset in an arm's length transaction between knowledgeable and willing parties, based on the best information available. If the fair value cannot be measured reliably, the asset is not recognized as a separate intangible asset, but is included in goodwill.

Amortization of acquisition-related intangible assets is charged to total operating expenses on a straight-line basis over their estimated useful lives, from the date they are available for use. If the asset is fully amortized, the at cost value is reversed against accumulated amortization.

The residual values and useful lives are reviewed as at each balance sheet date and adjusted, if appropriate.

The estimated useful life of customer relationships is 4 to 8 years, of brand names 1 to 10 years, of candidate profiles 2 to 3 years, and of technology 5 to 6 years.

Technology relates to the software platforms acquired in acquisitions and in use as an integral part of our business activities.

Impairments, if any, can be the result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit (or operating segment) to which the acquisition-related intangible assets are related. In 2018 we have impaired acquisition related intangibles for € 21 million, refer to note 4.1.2 for more information.

16 financial assets

Investments in financial assets are divided into various categories. Classification of these investments depends on the purposes for which the investments have been acquired. Management determines the classification at the time of the purchase and re-evaluates such designation at each subsequent balance sheet date.

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

	2018	2017
Loans and receivables	500	480
Equity investments	40	28
Financial assets	540	508

16.1 loans and receivables

Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

Loans and receivables are neither past due nor impaired. These financial assets have counterparties such as governmental or semi-governmental bodies. Loans and receivables comprise financial assets relating to our French subsidiaries.

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), the Group has taken into account factors such as historical default experiences, the counterparties involved, and various other (external) sources of actual and forecasted economic information, in estimating the probability of default of these loans and receivables over a 12-month ECL period. 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.

loans and receivables

	2018	2017
Loans	114	106
CICE receivable	386	374
Loans and receivables	500	480

16.1.1 loans

loans

	2018	2017
Balance as at January 1	109	100
Acquisition of subsidiaries	-	1
Additions at fair value	9	7
Redemptions	(4)	(3)
Interest due to passage of time	4	4
Balance as at December 31	118	109
Non-current part	114	106
Current part	4	3
Balance as at December 31	118	109

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 (2017: 11 years) and an effective interest rate of 3.5% (2017: 3.7%). The nominal value of these loans amounts to € 159 million (2017: € 152 million) and best represents the maximum exposure to credit risk. As at December 31, 2018, the fair value was approximately € 29 million higher than the carrying amount (2017: € 28 million).

The difference between additions at nominal value (€ 11 million) and at fair value is recognized in cost of services, and amounts to € 2 million (2017: € 10 million and € 3 million respectively).

16.1.2 CICE receivable

CICE receivable

	2018	2017
Balance as at January 1	473	383
Acquisition of subsidiaries	-	15
Additions at fair value	120	145
Redemptions	(100)	(70)
Interest due to passage of time		-
Balance as at December 31	493	473
Non-current part	386	374
Current part	107	99
Balance as at December 31	493	473

This financial asset arises from tax credits under the French Competitive Employment Act (CICE). This act is aimed at improving the competitiveness of the French economy and at reducing unemployment. The tax credit is calculated as a percentage of wages and salaries paid to employees with a salary that is less than 2.5 times the French minimum wage. The tax credit can be offset against the income tax liability payable with respect to the calendar year to which the wages relate. Any excess credit on an annual basis can be carried forward and offset against the tax liability during the next three years. Any excess after three years will 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, 2019, which is presented under current receivables. In the statement of cash flows, the yearly additions at fair value of the CICE receivable are presented in 'other items' under cash flow from operating activities, since the CICE arrangements are considered to be related to the operating activities. Redemptions on the CICE receivable are presented in these 'other items' as well. The nominal value of the receivable amounts to € 493 million (2017: € 473 million), which best represents the maximum exposure to credit risk. As at December 31, 2018, the carrying amount equals the fair value.

16.2 equity investments

equity investments

	2018	2017
Balance as at January 1	28	22
Fair value adjustments	5	1
Net additions	7	5
Balance as at December 31	40	28

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 € 5 million (2017: € 1 million). This was based on share transactions and other market information.

16.3 impairment of financial assets

The carrying amounts of all financial assets in this note are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount is impaired. If objective evidence exists that a financial asset or group of financial assets is impaired, the amount of the impairment loss is calculated as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). The resulting impairment loss is immediately recognized in net finance costs.

An impairment loss on financial assets is reversed if, in a subsequent period, the amount of the impairment loss decreases and this decrease can be related objectively to an event occurring after the impairment loss was recognized. Such reversal is immediately recognized in net finance costs.

17 associates

As at December 31, 2018, the Group has investments in associates of € 23 million (2017: € 22 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 € 134 million and € 32 million respectively as at December 31, 2018 (2017 € 128 million and € 35 million respectively). Total revenue in 2018 amounted to € 98 million (2017: € 79 million). Our share in profit was € 3 million (2017: € 1 million).

associates

	2018	2017
Balance as at January 1	22	19
Share in profit	3	1
Additions	1	3
Dividend	(3)	(1)
Balance as at December 31	23	22

accounting policy

Associates are companies over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group's investment in associates includes goodwill on acquisition, net of any accumulated impairment losses.

The Group's share of the post-acquisition profits and losses of the associates is recognized as share in results of associates, and its share of post-acquisition movements in other comprehensive income of the associates, is recognized in other comprehensive income, with a corresponding effect to the carrying amount of the associate.

18 trade and other payables

Trade and other payables are initially stated at fair value. Subsequent measurement is at amortized cost, using the effective interest method.

trade and other payables

	2018	2017
Trade payables	598	472
Other taxes and social insurance charges	1,102	1,190
Pension contributions	17	14
Wages, salaries and other personnel costs	1,442	1,451
Other accruals	522	470
Deferred income	95	97
	3,776	3,694

19 total equity and dividends per share

19.1 shareholders' equity

19.1.1 authorized and issued capital

Authorized capital is € 106 million (2017: € 106 million) and consists of 350,000,000 (2017: 350,000,000) ordinary shares with a nominal value of € 0.10, a further 106,000 (2017: 106,000) type-A preference shares with a nominal value of € 500, 30,000,000 (2017: 30,000,000) type-B preference shares with a nominal value of € 0.10, and 150,000,000 (2017: 150,000,000) type-C preference shares with a nominal value of € 0.10.

At year-end, issued share capital consists of 183.301.821 ordinary shares (2017: 183,264,045), 25,200.000 type-B preference shares (2017: 25,200,000), and 50,130,352 (2017: 50,130,352) type-C preference shares.

For information regarding the rights, preferences and restrictions on each type of share, see 'Voting rights', in the corporate governance section.

The current conditions of the preference shares are such that the holders of these shares receive a dividend at the company's discretion, that dividend is preferred and cumulative, and that the voting rights are one vote per 7 type-B preference shares, and one vote for each € 25 capital payment for type-C preference shares, resulting in 0.1117 vote per share on average.

The dividend on preference shares is reviewed every seven years. The last review on type-B preference shares took place in November 2012, and the dividend was set at € 0.177 per preference share. The dividend on type-C preference shares was set at 5.8% of the capital contribution. The next review of the dividend will take place in November 2019. Only the Executive Board can propose to the Annual General Meeting of Shareholders to decide that preference shares be repaid.

number of outstanding ordinary and preference shares

(x 1,000)

	2018		2017	
	ordinary shares	preference shares	ordinary shares	preference shares
January 1	183,264	75,330	183,023	75,330
From share-based compensation arrangements	38	-	241	-
December 31	183,302	75,330	183,264	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, 2018, the company holds 197.616 treasury shares (2017: 424.598).

19.1.2 share premium

At year-end, share premium consists of € 1,988 million share premium on ordinary shares (2017: € 1,986 million) and € 298 million share premium on preference shares (2017: € 298 million).

19.1.3 translation reserve

The translation reserve comprises all translation differences arising from the translation of the net investment in activities in currencies other than the euro, as well as translation differences of financial liabilities designated as hedges of such investments, to the extent that the hedge is effective. Such translation differences are recognized initially in other comprehensive income and presented in this separate component of shareholders' equity. If the net investment is disposed, these translation differences are recognized in the statement of comprehensive income. The translation reserve also includes the tax effect on translation differences.

19.1.4 share-based compensations reserve

The share-based compensations reserve comprises the value of vested rights in respect of share-based compensation arrangements as far as stock options have not been exercised or performance shares have not been allocated.

The company has various share-based compensation arrangements. Additional information about these arrangements is given in note 23. The income statement includes an amount of € 35 million (2017: € 32 million) for share-based compensations.

At year-end 2018, 2 million performance options and performance shares (2017: 2 million) are outstanding. Upon exercise of stock options or allocation of performance shares, this will lead to the issuance of the same number of new ordinary shares or re-issue of treasury shares.

19.1.5 employee benefits reserve

The employee benefits reserve comprises the cumulative remeasurements of post-employment benefit obligations as from January 1, 2013 (implementation of amended IFRS standard IAS 19 'Employee benefits'). The amounts are net of corporate taxes.

19.1.6 other information

See note 7 to the company financial statements for the restrictions on the distribution of dividends and the repayment of capital.

Additional information about shareholders' equity is included in the consolidated statement of changes in equity.

19.2 dividends on ordinary and preference shares

dividends on ordinary and preference shares

	dividend related to		
	2018	2017	2016
Ordinary shares			
Dividend paid during 2017			346
Dividend paid during 2018		505	
Dividend 2018 proposed	619		
Preference shares			
Dividend paid during 2017			13
Dividend paid during 2018		13	
Dividend 2018 proposed	13		
Statement of cash flows	632	518	359

19.2.1 proposed profit appropriation

At the Annual General Meeting of Shareholders, to be held on March 26, 2019, the Executive Board, with the approval of the Supervisory Board, will propose that a dividend of € 3.38 per ordinary share be paid for the year 2018; the dividend of € 3.38 per ordinary share consists of a regular dividend of € 2.27, representing a payout of 50% of basic underlying earnings per share and an additional special cash dividend of € 1.11, in line with our dividend policy (see note 3.1.1 for further information). For preference shares B and C it will be proposed by the Executive Board, with the approval of the Supervisory Board, that a dividend of € 4.5 million and € 8.1 million be paid respectively. It is further proposed that € 72 million be added to retained earnings.

19.3 non-controlling interests

In 2018 en 2017, transactions took place with non-controlling interests without a change of control, which resulted in an amount of € 1 million charged to equity in

2018 (2017: € 0); the cash consideration amounted to € 1 million in 2018 (2017 (€ 0).

accounting policy

Non-controlling interests represent the net assets not held by the Group and are presented within total equity in the consolidated balance sheet as a separate category. Profit or loss and each component of other comprehensive income are attributed to the equity holders and to the non-controlling interests.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity as long as control of the subsidiary is maintained.

Additional information about non-controlling interests is included in the consolidated statement of changes in equity.

20 other liabilities

other liabilities

	2018	2017
Balance as at January 1	33	19
Deferred considerations in acquired subsidiaries	-	1
Changes in value	(7)	(3)
Deferred compensations from acquired subsidiaries	(2)	17
Considerations paid in respect of acquisitions in preceding years	(14)	(1)
Interest due to passage of time	1	1
Translation differences	-	(1)
Balance as at December 31	11	33
Non-current part	9	11
Current part	2	22
Balance as at December 31	11	33

The effective interest rate amounts to 5 % (2017: 5 %).

accounting policy

Other liabilities mainly include liabilities arising from arrangements with the previous owners of acquired companies who still hold a non-controlling interest ('deferred considerations') and deferred payments from other business combinations.

With respect to these arrangements, the Group has entered into put and call options with the holders of these non-controlling interests. The put option gives the minority shareholder the right to sell its non-controlling interest to the Group. The call option gives the Group the right to purchase the non-controlling interest. The option exercise price is determined by a contractually agreed formula that is based mainly on the future results of the company involved.

The liability is initially stated at fair value. Subsequent measurement is at amortized cost, using the effective interest method. The value is determined by means of the present value of the expected cash outflows to settle the liability, based on projected results. The discount rate used in discounting the expected cash outflows is based on an interest rate that reflects the current market assessment of the time value of money, taking into account the expected settlement of these liabilities.

In line with the nature of the put option, the liability is classified as short term, except for the part that can only be exercised after one year. Changes in the value of these liabilities (also including interest due to passage of time), as well as differences upon settlement between the actual cash outflow and the expected cash outflow, are accounted for in net finance costs. The companies acquired under these arrangements are fully consolidated, with no recognition of a non-controlling interest.

notes to the

consolidated statement of cash flows.

21 statement of cash flows

The statement of cash flows has been prepared applying the indirect method. Cash in the statement of cash flows comprises cash and cash equivalents, as well as current borrowings, because current borrowings form an integral part of the Group's cash management.

Cash flows in foreign currencies have been translated, in principle, at average exchange rates; certain material (mainly financing) transactions are translated at the exchange rate at the day of translation. Exchange differences concerning cash items are shown separately in the statement of cash flows. Income taxes paid/ received are included in the cash flow from operating activities. Finance income received, finance expenses paid, and dividends paid are included in the cash flow from financing activities.

The purchase price of acquisitions paid, as well as the selling price of disposed subsidiaries received, is included in cash flow from investing activities. This purchase price paid, as well as the selling price received, is included in the statement of cash flows net of net cash acquired or disposed of respectively. Changes in assets and liabilities resulting from the acquisition and disposal of subsidiaries are taken into account in the calculation of the consolidated cash flows.

The majority of the items in the consolidated statement of cash flows are individually cross-referenced to the relevant notes to the consolidated statement of comprehensive income and the balance sheet. For the remainder of the material items, the reconciliation between amounts as included in the consolidated statement of cash flows and related amounts in the statement of comprehensive income and the balance sheet is shown in this note.

Currency differences on cash items are presented in the line 'translation and currency gains'.

21.1 cash

cash

	2018	2017
Cash and cash equivalents	273	326
Current borrowings	(764)	(712)
	(491)	(386)

21.2 trade and other receivables

trade and other receivables

	2018	2017
Trade and other receivables as at January 1	4,680	4,174
Adjusted for:		
Current part of loans and receivables	(102)	(70)
Operating working capital assets as at January 1	4,578	4,104
Acquisition of subsidiaries	-	173
Disposal of subsidiaries	(8)	-
Translation gains	15	(147)
Statement of cash flows	179	448
Operating working capital assets as at December 31	4,764	4,578
Adjusted for:		
Current part of CICE receivable	107	99
Current part of other loans and receivables	4	3
Balance as at December 31	4,875	4,680

21.3 trade and other payables

trade and other payables

	2018	2017
Trade and other payables as at January 1	3,694	3,397
Adjusted for:		
Interest payable	(6)	(5)
Operating working capital liabilities as at January 1	3,688	3,392
Acquisition of subsidiaries	-	122
Disposal of subsidiaries	(7)	-
Translation losses	5	(99)
Statement of cash flows	84	273
Operating working capital liabilities as at December 31	3,770	3,688
Adjusted for:		
Interest payable	6	6
Trade and other payables as at December 31	3,776	3,694

21.4 other items

other items

	2018	2017
CICE receivable	(120)	(145)
Loans	2	3
Non-cash	(118)	(142)
Redemptions of CICE receivable	100	70
Statement of cash flows	(18)	(72)

For the CICE receivable, see note 16.1.2.

21.5 corporate income taxes paid

corporate income taxes paid

	2018	2017
North America	4	3
France	56	43
Netherlands/Corporate	101	55
Germany	19	15
Belgium & Luxembourg	39	28
Italy	21	13
Iberia	6	8
Other European countries	11	7
Rest of the world	39	13
Global businesses	6	1
Total	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. 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.

21.6 free cash flow

Free cash flow comprises net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries/activities, of equity investments, and of associates:

free cash flow

	2018	2017
Net cash flow from operating activities	747	688
Net cash flow from investing activities	(130)	(457)
	617	231
Acquisition of subsidiaries, equity investments and associates	23	356
Disposal of subsidiaries	(10)	-
Dividends from associates	(3)	(1)
Free cash flow	627	586

other notes to the consolidated financial statements.

22 subsidiaries

22.1 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.

22.2 financial statements of group companies

Upon translation of foreign activities, the assets and liabilities of operations in currencies other than the euro, including goodwill and fair-value adjustments arising on consolidation, are translated into euros at the foreign exchange rates at the balance sheet date. The income statements of these operations in currencies other than the euro are translated into euros at average exchange rates.

Upon the acquisition of a subsidiary that has a currency other than the euro, balance sheet items are translated into euros at the foreign exchange rates at the acquisition date.

22.3 net investment in subsidiaries that have a currency other than the euro

The net investment in subsidiaries that have a currency other than the euro includes the participation in the net assets of these subsidiaries, and, if applicable, loans to these subsidiaries, settlement of which is neither planned nor expected to occur in the foreseeable future.

Translation differences that occur upon consolidation, relating to the translation of the net investment in subsidiaries that have a currency other than the euro, are recognized in other comprehensive income and presented in the (foreign currency) translation reserve, a separate component within equity, as are translation differences of financial liabilities designated as hedges of such investments (net investment hedge), to the extent that the hedge is effective. The gain or loss relating to the ineffective 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.

22.4 overview of selected subsidiaries, as at december 31, 2018[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
- Elan-Ausy GmbH
- Monster Worldwide Deutschland GmbH
- eSolve AG

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 IT AB, Sweden
- Dfind (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
- Monster Worldwide Limited, United Kingdom

rest of the world
- Sesa Internacional S.A., Argentina
- Randstad Pty Ltd, Australia
- Randstad Brasil Recursos Humanos Ltda, Brazil
- Randstad Chile S.A., Chile
- Talent Shanghai Co. Ltd, China
- Randstad Hong Kong Limited, Hong Kong
- Randstad India Private Ltd, India
- Randstad KK, Japan
- 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').

23 share-based compensations

The company has various share-based compensation arrangements that are settled in ordinary shares. The fair value of these share-based compensations, calculated on grant date, is based on valuation models, taking into account relevant market conditions and non-vesting conditions. The fair value is included in personnel expenses in the vesting period during which the expected employee services are received. The same amount is credited to shareholders’ equity.

At each balance sheet date, the company reassesses its estimates of the non-market vesting conditions under these share-based compensation arrangements. The impact of the revision on original estimates with respect to the past vesting period, if any, is recognized in personnel expenses immediately, with a corresponding adjustment to shareholders' equity.

Within the Group, a number of share-based compensation arrangements are in effect: performance share plans for Executive Board members 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.

23.1 performance share plans

23.1.1 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 (2017: 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 sustainability performance targets.

All performance share plans are equity-settled. The fair value is determined as at the date of each grant, based on a Monte Carlo simulation model.

Volatility of the shares of the peer companies, as well as the pair-wise correlation between all peer shares, is estimated on the basis of historical daily prices over three years. Estimated dividends of the peer companies are based on historical dividends.

The fair value is charged to the income statement during the vesting period, based on the on-target awards of the TSR part of each plan and on the expected outcome of the sustainability performance targets.

At each balance sheet date, the non-market conditions (attrition and sustainability performance) are reassessed; any adjustment is charged to the income statement. As of 2013, the company uses treasury shares to allocate vested shares.

The shares yet to be vested of a Board member who resigns from the Group within the three-year vesting period will, in principle, be forfeited.

23.1.2 senior management performance share plan

Since 2007, conditional performance shares have also been granted to a limited group of senior management. Since 2015, terms and conditions have been identical to those of the Executive Board.

The performance shares 2015 of the Executive Board and senior management vested in early 2018, based on relative TSR performance and reaching certain sustainability targets of the company, resulting in 476,814 shares being vested (share price at allocation date of € 56.90), compared to an on-target award of 433,507 shares.

The expenses charged to the 2018 income statement amount to € 27 million (2017: € 25 million).

23.1.3 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 2018 income statement amount to € 1 million (2017: € 1 million).

23.1.4 advisory board share plan

Until 2016, members of the Advisory Board were granted conditional shares on an annual basis. The plan has a term of three years, and vesting of shares only depends on rendering of employee services during the vesting period. The fair value is charged to the income statement during the vesting period.

The Advisory Board share plan 2015 vested in early 2018, resulting in 9,088 shares being vested (share price at allocation date of € 56,90).

parameters used for fair-value determination

	2018	2017	2016
Average share price at grant date	€ 56.77	€ 55.89	€ 47.20
Expected volatility, based on historical prices over the three-year period to the valuation date	28.0%	30.0%	28.0%
Expected dividends	3.5%	3.4%	2.3%
Risk-free interest rate (yield on Dutch government bonds)	0.0%	0.0%	(0.2%)

The expenses charged to the 2018 income statement amount to € 0 million (2017: € 0 million).

details of all (performance) share plans

	number of shares (x 1,000) on target					
year of grant	january 1, 2018	granted	forfeitures	vested in 2018	december 31, 2018	average fair value at grant date per share (in €)
2015	444	-	(1)	(443)	-	61.07
2016	525	-	(23)	-	502	43.26
2017	586	-	(48)	-	538	50.44
2018	-	533	(40)	-	493	53.87
Total	1,555	533	(112)	(443)	1,533	

23.2 performance stock option plans

From 2007 to 2012, Executive Board members were granted stock options annually conditional on performance; as of 2008 up to 2012, the options had an exercise price equal to the average trading price of the Randstad shares during three business days before grant date. The options have a term of seven years, and are only exercisable after a period of three years from the date of grant.

On exercise of options, the company issues new shares. Since December 31, 2014, all stock options under these plans have been vested. For an overview of performance stock option plans, see note 24.2.

23.3 share purchase plan for corporate employees

Under the share purchase plan, participating corporate employees may purchase shares through Stichting Randstad Optiefonds twice a year. The maximum amount to be spent within the plan is set annually at 5% of the participant's annual salary. Employees receive a number of bonus shares equal to 50% of the number of shares purchased; these bonus shares vest over a period of six months, only if employees hold on to the purchased shares for the same period of six months (on condition that they are still employed by the Group). The bonus is expensed by the company over the vesting period (2018: € 7 million; 2017: € 6 million). In 2018, a total of 128,316 (2017: 118,990) bonus shares were allocated to employees.

23.4 executive board share matching plan

As of 2017, 25% of the net annual bonus of the Executive Board 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 million in 2018 and 2017.

23.5 total share-based compensations

	2018	2017
Performance share plan	27	25
Retention performance share plan	1	1
Advisory Board share plan	-	-
Share purchase plan	7	6
Share matching plan	-	-
	35	32

24 related-party transactions

24.1 key management

The members of the Executive Board and Supervisory Board are considered the key management of the Group.

24.2 remuneration of the members of the executive board

The totals of the remuneration of the members of the Executive Board are included in the income statement.

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. The 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 compensations.

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 2018 amounted to € 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 (2017: € 57,000).

Linda Galipeau will resign from the Board on March 26, 2019. It was agreed that her performance shares related to the 2017 and 2018 plans will lapse.

The expenses for performance shares refer to the fair value of share-based payments charged to the income statement for the years 2018 and 2017 respectively.

In the column 'Other benefits/expenses', special wage taxes of € 206,000 (2017: € 157,000) and social contributions of € 434,000 (2017: € 0) related to vested performance shares are included, relating to the salary of François Béharel.

The company has not issued any loans, commitments to provide loans, or guarantees to Executive Board members. Pension changes related to Dutch-based Board members include compensation for the limitation of accrual of pension rights in 2018 and 2017.

executive board remuneration

x € 1,000

	fixed compensation				variable compensation							
	base salary		pension charge		short-term bonus		share-based payments		other benefits/ expenses		total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
J.W. van den Broek	1,000	1,000	270	270	370	670	1,134	1,270	38	37	2,812	3,247
R.J. van de Kraats	187	724	51	196	131	485	817	939	9	36	1,195	2,380
H.R. Schirmer	544	-	147	-	201	-	464	-	27	-	1,383	-
F. Béharel	659	636	178	172	244	426	719	825	807	301	2,607	2,360
L. Galipeau	709	717	192	194	262	480	(91)	825	65	104	1,137	2,320
C. Heutink	659	636	178	172	244	426	727	825	30	29	1,838	2,088
Total	3,758	3,713	1,016	1,004	1,452	2,487	3,770	4,684	976	507	10,972	12,395

number of performance stock options outstanding in 2018

	year of granting	january 1, 2018	exercised in 2018	share price at exercise	december 31, 2018	exercise price	end of exercise period	average fair value at grant date
J.W. van den Broek	2011	12,614	(12,614)	€ 56.54	-	€ 39.16	February 2018	€ 21.00
	2012	15,382	(15,382)	€ 59.09	-	€ 28.11	February 2019	€ 11.31
Total		27,996	(27,996)		-			
Performance stock options of former Board members								
R.J. van de Kraats	2012	11,511	(9,780)	€ 54.92	1,731	€ 28.11	February 2019	€ 11.31

number of performance shares outstanding in 2018

	year of award	january 1, 2018	number of shares on target 2018[1]	Forfeitures	performance adjustment at vesting 2018	vested in february 2018	december 31, 2018
Performance shares							
J.W. van den Broek	2015	30,099			2,164	(32,263)	-
	2016	21,486					21,486
	2017	22,066					22,066
	2018		23,437				23,437
H.R. Schirmer	2018		15,352				15,352
F. Béharel	2015	20,258			1,457	(21,715)	-
	2016	13,405					13,405
	2017	14,043					14,043
	2018		14,844				14,844
L. Galipeau	2015	20,258			1,457	(21,715)	-
	2016	13,405					13,405
	2017	14,043		(14,043)			-
	2018		15,118	(15,118)			-
C. Heutink	2015	20,258			1,457	(21,715)	-
	2016	13,405					13,405
	2017	14,043					14,043
	2018		15,387				15,387
Total		216,769	84,138	(29,161)	6,535	(97,408)	180,873
Performance shares of former Board members							
R.J. van de Kraats	2015	23,060			1,658	(24,718)	-
	2016	15,260					15,260
	2017	15,986					15,986
	2018	-	11,353				11,353
Total performance shares		54,306	11,353		1,658	(24,718)	42,599

1 The number of shares on target 2018 refer to the granted shares according the executive performance plan (23.1) and the share matching plan (23.4)

The performance shares 2015 vested in early 2018, based on relative TSR performance of the company and reaching certain sustainability targets over the period January 1, 2015 – December 31, 2017, resulting in an overall vesting of 107% of the on-target award (share price at allocation date of € 56.90).

Final allocation after vesting of conditional shares awarded in 2016, 2017, and 2018 will take place in February 2019, 2020, and 2021 respectively.

For the conditions and criteria governing the granting and exercise of stock options and performance shares, see note 23.1.

number of ordinary shares in randstad nv held by executive board members

as at december 31, 2018

			locked up	
	total	unrestricted shares	number	until
J.W. van den Broek	102,545	61,394	19,011	February 2019
			16,352	February 2020
			2,263	February 2021
			3,525	October 2023
H. Schirmer	13,871		13,686	April 2023
			185	October 2023
F. Béharel[1]	100,927	61,259	22,089	February 2019
			16,682	February 2020
			897	February 2021
L. Galipeau	25,751	-	12,375	February 2019
			12,205	February 2020
			1,171	February 2021
C. Heutink	26,490	-	14,044	February 2019
			11,006	February 2020
			1,440	February 2021

1 Due to French tax regulations, the number of shares locked up for François Béharel are relatively high.

24.3 remuneration of the members of the supervisory board

Remuneration of the members of the Supervisory Board is included in the income statement. The remuneration includes gross expense allowances.

supervisory board remuneration

	2018	2017
Current board members		
W. Dekker, Chair	132,000	128,500
J. Winter, Vice-Chair	105,000	107,500
A. Aris	64,500	-
B. Borra	92,500	89,500
F. Dorjee	88,500	88,500
H.M.E.V. Giscard d'Estaing	90,500	88,500
G. Kampouri Monnas	22,500	91,500
R. Provoost	92,000	90,000
Total	687,500	684,000

As members of the Supervisory Board of the Dutch sub-holding Randstad Holding Nederland bv, Jan Hovers and Willem Vermeend, both former members of the Supervisory Board, received an annual allowance of € 12,000 in 2018 and 2017. Henri Giscard d'Estaing holds 450 ordinary shares in Randstad N.V. as at December 31, 2018 and 2017.

The company has not issued any loans, commitments to provide loans, or guarantees to members of the Supervisory Board.

24.4 other related-party transactions

The founder of the Randstad Group has an interest in a legal entity, which, based on the ‘Wet financieel toezicht’ (Act on Financial Supervision), is registered as a shareholder in Randstad 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 (2017: € 2 million).

See note 25.2 'Employee benefit obligations' for transactions with company pension funds through which certain pension schemes are operated.

25 employee benefit obligations

	defined benefit pension plans					
	obligation	plan assets	net	other post-employment benefits	other long-term employee benefits	total
Balance as at January 1, 2018	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**
Balance as at January 1, 2017						
Non-current	211	(120)	91	10	18	119
Current	-	-	-	-	13	13
	211	(120)	91	10	31	132
Movements in 2017						
Acquisition of subsidiaries	116	(114)	2	-	1	3
Current service costs, total	24	-	24	1	43	68
Contributions, employees	-	(9)	(9)	-	-	(9)
Contributions, employers	-	(12)	(12)	-	-	(12)
Withdrawals/benefits paid	(10)	9	(1)	(2)	(24)	(27)
Total amount in statement of cash flows	14	(12)	2	(1)	19	20
Remeasurement results	(23)	(3)	(26)	-	-	(26)
Interest due to passage of time, net	5	(4)	1	0	-	1
Translation differences	(6)	5	(1)	-	(1)	(2)
Balance as at December 31, 2017	317	(248)	69	9	50	128
Non-current	317	(248)	69	9	37	115
Current	-	-	-	-	13	13
Balance as at December 31, 2017	**317**	**(248)**	**69**	**9**	**50**	**128**

25.1 employee benefit obligations

The discount rates used to calculate employee benefit obligations are in the following ranges:

discount rates (employee benefit obligations)

	2018	2017
Defined benefit pension plans	0.7%-2%	0.5%-1.9%
Other post-employment benefits	0.85%-4.5%	0.8%-3.7%
Other long-term employee benefits	(0.3)%-3.0%	(0.3)%-3.0%

The obligations regarding other post-employment benefits and other long-term employee benefits are unfunded.

25.2 pensions

defined benefit pension plan schemes

	2018	2017
Defined benefit plan, corporate employees in Belgium	32	24
Defined benefit plan, corporate employees in France	24	23
Defined benefit plan, corporate employees in Germany	8	9
Defined benefit plan, staffing and corporate employees in Switzerland	6	5
Defined benefit plan, corporate employees in Japan	4	4
Defined benefit plan, corporate employees in the Netherlands	6	4
	80	69

The Group has various pension schemes, in accordance with local conditions and practices in the countries in which it operates. In some countries, such pension schemes are operated through a company pension fund. Most of the pension schemes are defined contribution plans, which are funded through payments to independent entities. For these schemes, the Group's obligation is limited to the payment of these annual contributions. The contributions constitute net periodic costs for the year in which they are due and are included in personnel expenses and/or costs of services.

A few pension schemes are defined benefit plans. The liability recognized in the balance sheet is the present value of the defined benefit obligation less the fair value of plan assets. Independent actuaries calculate the defined benefit obligations based on factors such as age, years of service, and compensation (projected unit credit method).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and with terms to maturity that approximate the term when the related pension liability is due.

Current service costs are recognized in personnel expenses and/or cost of services and reflect the increase in the defined benefit obligation resulting from employee service in the current year.

Past service costs are recognized immediately in personnel expenses and/or cost of services.

Withdrawals/benefits paid 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 2018 and 2017, no transactions occurred and balances as at December 31, 2018 and 2017 were zero. In 2018, the transactions with 'Stichting Pensioenfonds Flexsecurity' amounted to € 57 million (2017: € 53 million); the balance as at December 31, 2018 amounted to

€ 4 million (2017: € 4 million) payable. For Belgium, the pension fund is 'Pensioenfonds Belgische werkmaatschappijen van Randstad OFP' for corporate employees employed by Belgian Group companies. The fund operates a defined benefit pension plan. In 2018, transactions with this fund amounted to € 4 million (2017: € 5 million). The balance as at December 31, 2018 amounted to € 1 million (2017: € 1 million) payable.

The defined benefit pension plans in France and Belgium are final-salary pension plans, which provide benefits to (prior) employees in the form of a guaranteed level of pension payable for life or lump sums upon retirement.

In Belgium, the pension entitlement of corporate employees is based on the average pensionable salary in the last three years before retirement and is a pension payable for life upon retirement. The employer's contribution is capped at a maximum of 5% of salaries. The plan is organized through a fund that is legally separated from the company. The board of this pension fund is required to act in the interest of the fund and of all relevant stakeholders in the scheme; the investment policy with regard to the assets of the fund is also the responsibility of the board.

In France, the plan is in addition to state plans. The company is legally required to pay lump sums to employees upon retirement. The amounts are based on the number of years of service in the company and on the base salary according to the collective bargaining agreement in force. The scheme covers all corporate employees within the company. In 2017, a change in the definition of turnover rate resulted in a remeasurement result of € 25 million.

In the Netherlands, the defined benefit pension plan is a closed pension plan (operated through an insurance company) and the net liability is basically the difference between the expected future surplus interest sharing that will flow to the Group and a yearly guaranteed payment based on the pension obligation towards employees.

breakdown of obligations for defined benefit pension plans

	2018	2017
Present value of funded obligations	331.0	317
Present value of unfunded obligations	-	-
Total present value of obligations	331.0	317
Fair value of plan assets	(251.0)	-248
Liability in the balance sheet	80.0	69

major categories of plan assets

as a % of fair value of total plan assets

	2018	2017
Cash	2.9%	0.8%
Bonds	31.3%	33.5%
Equity instruments	44.3%	42.4%
Real estate	8.5%	7.9%
Other	13.0%	15.4%
	100.0%	100.0%

The actual return on plan assets was € 2 million negative (2017: € 6 million positive).

principal actuarial assumptions used for defined benefit pension plans

	2018	2017
Discount rate	0.7%-2%	0.5%-1.9%
Expected salary increases	0.0%-3.3%	0.0%-3.3%
Expected pension increases	0%-2%	0.0%-1.8%

average life expectancy[1]

in years

	2018	2017
Male	19.6-22.5	19.8 - 22.5
Female	23.8-26.3	23.7 - 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 2019 contributions to be paid for defined benefit plans to be approximately € 15 million (expectation 2018: € 14 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 € 5 to € 6 million (2017: € 5 to € 6 million).

25.3 other post-employment benefits

Other post-employment benefit plans are defined benefit plans and follow the same accounting treatment as defined benefit pension plans. Independent actuaries calculate the defined benefit obligations based on factors such as age, years of service, and compensation (projected unit credit method). These plans mainly consist of state-driven plans in Italy and India, and post-employment health benefits in the US.

Remeasurements of the obligation – comprising gains and losses arising from experience adjustments and changes in actuarial assumptions – are recognized in other comprehensive income.

25.4 other long-term employee benefits

In accordance with applicable legal requirements, the Group recognizes liabilities for several other long-term employee benefit plans, such as sickness- and long-term disability- related schemes and long-service leave plans. These liabilities are based on calculations made by independent actuaries based on factors such as age, years of service, expected sickness duration, and compensation (the 'projected unit credit method').

Remeasurement gains and losses related to these plans are recognized in personnel expenses and/or cost of services in the year in which they occur.

26 number of employees (average)

	2018	2017
Candidates working	670,900	668,800
Corporate employees	38,820	37,930
	709,720	706,730

number of employees by segment

	Candidates working		Corporate employees	
	2018	2017	2018	2017
North America	100,300	100,900	5,760	5,720
France	87,200	86,600	4,510	4,140
Netherlands	83,800	81,800	4,370	4,230
Germany	46,800	49,500	3,100	2,740
Belgium & Luxembourg	48,100	45,600	2,150	2,070
Italy	50,600	47,400	2,230	2,090
Iberia	68,600	68,400	2,210	2,030
Other European countries	64,600	66,600	3,820	3,810
Rest of the world	110,300	111,300	5,190	5,000
Global businesses	10,600	10,700	5,230	5,880
Corporate	-	-	250	220
	670,900	668,800	38,820	37,930

27 commitments

	2018	2017
Commitments less than 1 year	268	256
Commitments more than 1 year, less than 5 years	416	400
Commitments more than 5 years	53	63
	737	719

Commitments comprise, almost exclusively, lease contracts for branches and lease contracts for IT equipment and automobiles, as well as 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.

28 auditors' fees

The following auditors' fees were expensed in the income statement in the reporting period:

auditors' fees

	2018	2017
Audit of the financial statements[1]	4.0	3.2
Audit of the financial statements of subsidiaries by other audit firms	1.4	1.6
Subtotal for audit of the financial statements[2]	5.4	4.8
Other audit procedures[3]	0.2	0.2
Total	5.6	5.0

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 (€ 0,9 million and € 3,1 million respectively (2017: € 0.8 million and € 2.4 million)).
2 Including the audit fees with respect to the local statutory financial statements.
3 The fees listed above for 2018 and 2017 relate to the procedures applied to the company and its consolidated Group entities by Deloitte Accountants B.V. as the external auditor referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Wta) (€ 0.1 million), as well as by the Deloitte network.

29 events after balance sheet date

Subsequent to the date of the balance sheet, no events material to the Group as a whole occured that requires disclosure in this note.

company

financial statements.

(before profit appropriation for ordinary shares)

income statement

in millions of €	note	2018	2017
Revenue	2	309	289
Gross profit		309	289
Selling expenses		2	12
General and administrative expenses		81	74
Total operating expenses		83	86
Operating profit		226	203
Finance income		37	54
Finance expenses		(147)	(152)
Net finance costs		(110)	(98)
Income / (loss) before taxes		116	105
Taxes on income		(36)	(36)
Income from subsidiaries after taxes	4	624	562
Net income		**704**	**631**

statement of financial position as at december 31

in millions of €	note	2018	2017
assets			
Software	3	4	-
Intangible assets		4	-
Subsidiaries	4	8,369	7,712
Long-term loans receivable from subsidiaries	5	882	519
Financial assets		9,251	8,231
Non-current assets		9,255	8,231
Receivables	6	477	732
Income tax receivable		44	-
Cash and cash equivalents		18	-
Current assets		539	732
Total assets		**9,794**	**8,963**
equity and liabilities			
Issued capital		26	26
Share premium		2,286	2,284
Legal reserves		160	101
Other reserves		1,302	1,208
Net income for the year		704	631
Shareholders' equity	7	4,478	4,250
Non-current liabilities/borrowings	8	3,157	2,009
Borrowings	8	672	1,111
Trade and other payables	9	1,487	1,576
Income tax payable		-	17
Current liabilities		2,159	2,704
Total liabilities		5,316	4,713
Total equity and liabilities		**9,794**	**8,963**

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.

A summary of the significant accounting policies and a summary of the critical accounting estimates, assumptions and judgments are given in note 2 and note 4 respectively of the notes to the consolidated financial statements.

2 revenue

Revenue comprises charges to subsidiary companies with regard to corporate expenses as well as royalty charges.

These (royalty) charges are based on a percentage of revenues of subsidiary companies.

3 software

software

	2018	2017
Balance as at January 1	-	1
Additions	4	-
Amortization	-	(1)
Balance as at December 31	4	-
Cost	4	2
Accumulated amortization and impairment	-	(2)
Balance as at December 31	4	-

Additional information with respect to software is given in note 14 of the notes to the consolidated balance sheet.

4 subsidiaries

subsidiaries

	2018	2017
Balance as at January 1	7,712	7,466
Capital (repayments)/contributions	(8)	5
Dividend	-	(90)
Net income	624	562
Share-based compensations, subsidiaries	2	(20)
IAS 19 effects, subsidiaries	(6)	17
Fair value adjustment on equity investment	5	1
Disposal of non-controlling interest	(1)	-
Translation differences	41	(229)
Balance as at December 31	8,369	7,712

See note 22.4 of the notes to the consolidated financial statements for an overview of the selected subsidiaries.

5 long-term loans receivable from subsidiaries

This mainly relates to various loans to subsidiaries that are issued with maturity dates from March 2019 to July 2023. The average interest on all loans is 3.4% (2017: 4.4%). The current part of loans to subsidiaries is included in receivables, if applicable.

6 receivables

receivables

	2018	2017
Receivables from subsidiaries	309	128
Current part of loans receivable from subsidiary	164	600
Other receivables	4	4
	477	732

7 shareholders' equity

Additional information is given in the consolidated statement of changes in equity and in note 19 of the notes to the consolidated financial statements.

7.1 legal reserves

Based on Dutch law, a legal reserve needs to be established for currency translations, fair-value adjustments, and capitalized costs of development of software. The legal reserve cannot be used for dividend distribution and is therefore restricted in usage.

legal reserves

	2018	2017
Translation reserve	61	38
Developed software	92	61
Fair value reserve	7	2
	160	101

Movements during 2018 relate to translation losses and to the net balance of capitalization and amortization of software developed in-house.

7.2 other reserves

'Other reserves' includes a reserve with respect to share-based compensations to the amount of € 55 million (2017: € 57 million).

8 borrowings

borrowings

	2018	2017
Drawings on the multi-currency syndicated revolving credit facility	-	490
Promissory note	150	150
Loans	344	-
Non-current borrowings, payable to subsidiaries	2,663	1,369
Non-current borrowings	3,157	2,009
Current borrowings	672	521
Current borrowings, payable to subsidiaries	-	590
Current borrowings	672	1,111
Total borrowings	3,829	3,120

Total borrowings payable to subsidiaries consist of various loans amounting to € 2,663 million (2017: € 1,959 million), maturing from September 2021 to September 2028. The average interest rate on all loans is 3.8% (2017: 5.3%).

movements in non-current borrowings third parties

	2018	2017
Balance as at January 1	640	699
Repayments of syndicated loan	(514)	(145)
Loans (2018) and issuance of promissory note (2017)	351	150
Amortization of transaction costs	1	2
Translation differences	16	(66)
Balance as at December 31	494	640

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

	2018	2017
Trade payables	4	2
Payables to subsidiaries	1,465	1,558
Other taxes and social insurance charges	2	2
Wages, salaries and other personnel costs	7	6
Accruals and deferred income	9	8
Balance as at December 31	1,487	1,576

10 number of employees (average)

In 2018, the company employed an average of 200 employees (2017: 170), of which 40 have their place of residence outside the Netherlands.

11 remuneration

See note 24 of the notes to the consolidated financial statements.

12 related parties

All companies within the Group are considered to be related parties. Also see notes 22, 23 and 24 of the notes to the consolidated financial statements.

13 guarantees and commitments

The company bears joint and several liability for drawings by subsidiaries under the multi-currency syndicated revolving credit facility and under bank overdraft and guarantee facilities, to the amount of € 681 million (2017: € 648 million).

As at December 31, 2018, guarantees issued on behalf of subsidiaries amounted to € 4 million (2017: € 5 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 €1 million (2017: € 1 million) and for the period between one and five years to € 1 million (2017: € 1 million) with respect to lease contracts for automobiles.

The company is part of fiscal unities for corporate income taxes, as well as for value-added taxes. As a consequence, the company bears joint and several liability for the debts with respect to corporate income taxes and value-added taxes of the fiscal unities. The company settles corporate income taxes, in principle, based on the results before taxes of the subsidiaries belonging to the fiscal unity.

The company has issued joint and several liability statements in accordance with Section 403, Part 9, Book 2 of the Dutch Civil Code for a limited number of its Dutch subsidiary companies, mainly serving as sub-holding companies.

14 auditors' fees

Information with respect to auditors' fees is given in note 28 of the notes to the consolidated financial statements.

Diemen, the Netherlands, February 11, 2019

The Executive Board

Jacques van den Broek, Chair
Henry Schirmer
François Béharel
Linda Galipeau
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 Supervisory Board of Randstad N.V.

report on the audit of the financial statements 2018 included in the annual report

our opinion

We have audited the accompanying financial statements 2018 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 31 December 2018, and of its result and its cash flows for 2018 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 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2018.
2. The following statements for 2018: the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The statement of financial position as at 31 December 2018.
2. The income statement for 2018.
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 judgment we determined the materiality for the financial statements as a whole at € 50 million. The materiality is based on 6% of Income before taxes. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Audits of the Group entities (components) were performed using materiality levels determined by the judgment of the group engagement team, taken into account the materiality of the financial statements as a whole and the reporting structure within the Group. Component materiality did not exceed € 30 million.

We agreed with the Supervisory Board that misstatements in excess of € 2.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

scope of the group audit

Randstad N.V. is at 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 group entities by the group engagement team and by component auditors from other Deloitte firms. The companies Monster and Ausy France were included in the audit scope and were audited by other (non-Deloitte) audit firms. 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 Group entities so as to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as whole. For each Group entity we determined whether we required an audit of their complete financial information or whether other procedures would be sufficient. The following Group entities were subject to a full scope audit: the United States, France, The Netherlands, Germany, Belgium, Italy, Spain, United Kingdom, Sweden, Japan, Australia, India, Monster and parts of the Ausy Group. In most cases, these Group entities were selected because of their financial significance to the Group’s revenue or assets. In line with prior years, the group engagement team visited components in several key locations.

In addition, we performed review procedures or specific audit procedures at other Group entities.

audit coverage

Audit coverage of consolidated revenues	89%
Audit coverage of consolidated assets	87%

The Group consolidation, financial statement disclosures and certain centrally coordinated subjects were audited by the group engagement team at the head office. These subjects include amongst others the annual goodwill impairment test and the valuation of deferred tax assets.

By performing the procedures mentioned above at Group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the Group's financial information to provide an opinion about the consolidated financial statements.

our key audit matters

Key audit matters are those matters that, in our professional judgment, 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 2018 amounts to € 23,812 million (2017: € 23,273 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 have different revenue recognition policies than the other revenue streams.

In 2018 the company implemented IFRS 15 'revenue from contracts with customers'. As disclosed in note 2.1 management's assessment showed that the new standard has no material impact on the statement of financial position, the income statement or statement of cash flows.

Revenue is considered a key audit matter due to the pervasive impact on the company's financial statements and as a result of the new revenue accounting standard that became effective in 2018.

Randstad's revenue is characterised by a large volume of transactions that have a low individual value. As a result, the risk of material misstatements in revenue have been pinpointed to manual adjustments to revenue and elements of revenue that are based on estimates.

The company's disclosures concerning revenue are included in note 4.4 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.

The company implemented IFRS 15 'revenue from contracts with customers' as of 2018. We obtained management's evaluation of the effect of the implementation. 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 details and substantive analytical procedures on revenue transactions. We analyzed differences between hours written, billed and paid of temporary workers to address completeness of revenue. Furthermore, we tested manual journal entries posted to revenue.

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.

taxation

description

The company's effective tax rate for the year ended December 31, 2018 is 13.3% which is lower than the weighted average tax rate of 24.9%. The effective tax rate is impacted by permanent differences between accounting and tax records resulting from legislation and tax optimizing measures. The main impact of 10.7% relates to changes in valuation of net operating losses.

In response to the developments in the effective tax rate we have identified a key audit matter in relation to taxation.

The company's disclosures concerning income taxes are included in note 4.3 to the consolidated financial statements.

Our audit procedures included obtaining an understanding of management's process for recognizing taxes and testing relevant controls. Our audit procedures mainly comprised of substantive audit procedures and focused on assessing the recoverability of deferred tax assets. We assessed the consistency of management's profitability forecasts with those included in the annual goodwill impairment test and assessed key assumptions underlying the valuation of the deferred tax assets such as changes in the statutory income tax rates and changes in statutes of limitation. We involved tax specialists at the local and group level to assist us in evaluating the effects of tax laws and regulations and the reasonableness of important assumptions used and estimates developed by the company in the determination of the income tax position.

We also assessed the adequacy of the company's disclosures.

observation

Our audit procedures are deemed appropriate and sufficient to address the risks of material misstatement. Our procedures did not result in any reportable matters with respect to the taxation recorded in the year.

key audit matter	how the key audit matter was addressed in the audit
goodwill	
description On December 31, 2018 the company's goodwill carrying balance is € 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 judgment and is based on assumptions that are affected by expected future market and economic conditions. The annual impairment test carried out by the company for 2018 resulted in an impairment of the operating segment Monster for a total amount of € 103 million, of which € 78 million was recorded as a goodwill impairment. Due to the significance of the goodwill balance and the significant management judgment in the impairment test, we considered goodwill a key audit matter. We have pinpointed the risk to those operating segments that have been subject to an impairment adjustment or those that are particularly sensitive to changes in assumptions. The key assumptions and sensitivities are disclosed in note 4.1 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, EBITA margin and discount rate. In performing these procedures we focused on those operating segments that were most sensitive to changes. Our procedures included corroborating management's judgments and estimates by comparing the assumptions to historic performance, 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. Specifically for the Monster operating segment we recalculated the impairment charge, including the proportionate allocation over several asset classes. Furthermore, we challenged the scenarios assessed by management in the impairment review. 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 4.1 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.

report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- Management Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information as included in the annual report.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

report on other legal and regulatory requirements

engagement
We were appointed by the general meeting as auditor of Randstad N.V. on April 3, 2014 as of the audit for year 2015 and have operated as statutory auditor ever since that date.

no prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

description of responsibilities regarding the financial statements

responsibilities of management and the supervisory board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company’s financial reporting process.

our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for Group entities. Decisive were the size and/or the risk profile of the Group entities or operations. On this basis, we selected Group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Executive and 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 11, 2019

Deloitte Accountants B.V.

B.E. Savert

supplementary information.

ten years of randstad (1).

amounts in millions of €, unless stated otherwise	2018	2017	2016	2015	2014
Revenue	23,812	23,273	20,684	19,219	17,250
Growth %	2.3%	12.5%	7.6%	11.4%	4.1%
Gross profit[1]	4,701	4,706	3,935	3,595	3,178
EBITDA[1]	1,121	1,081	966	897	726
EBITA[1]	1,032	994	892	832	661
Operating profit[1]	813	860	791	705	515
Net income	704	631	588	519	340
Growth %	11.6%	7.3%	13.4%	52.5%	47.4%
Net cash flow from operations	747	688	560	566	558
Free cash flow	627	586	465	499	488
Shareholders' equity	4,478	4,250	4,140	3,862	3,313
Net debt	985	1,026	793	173	422
Operating working capital[2]	994	890	712	621	488
Market capitalization, year-end	7,349	9,390	9,431	10,529	7,215
Number of ordinary shares outstanding (average in millions)	183.1	183.1	182.7	181.7	178.9
Closing price (in €)	40.09	51.24	51.53	57.53	40.06
Ratios in % of revenue					
Gross profit[1]	19.7%	20.2%	19.0%	18.7%	18.4%
EBITDA[1]	4.7%	4.6%	4.7%	4.7%	4.2%
EBITA[1]	4.3%	4.3%	4.3%	4.3%	3.8%
Operating profit[1]	3.4%	3.7%	3.8%	3.7%	3.0%
Net income	3.0%	2.7%	2.8%	2.7%	2.0%
Basic earnings per ordinary share (€)	3.78	3.38	3.15	2.79	1.83
Diluted earnings per ordinary share (€)	3.77	3.36	3.13	2.76	1.81
Basic earnings per ordinary share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs (€)[3]	4.55	4.13	3.77	3.35	2.57
Dividend per ordinary share (€)	3.38	2.76	1.89	1.68	1.29
Payout per ordinary share in %	74%	67%	50%	50%	50%
Non-financials[4]					
Number of branches, year-end	2,827	2,900	2,974	2,750	2,816
Number of inhouse locations, year-end	1,999	1,958	1,778	1,723	1,595
Average number of corporate employees	38,820	37,930	32,280	29,750	28,720
Average number of candidates working	670,900	668,800	626,300	597,400	580,300
Number of permanent placements	262,500	212,200	183,900	120,300	105,400
Percentage of women in senior leadership positions	48%	47%	45%	46%	45%
Number of candidates trained	306,000	-	-	-	-
Number of employees trained	29,200	-	-	-	-

1 The results as presented in this overview are actual results. As such, they have not been adjusted for one-offs, integration costs or acquisition-related costs.
2 Operating working capital (as from 2014): trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies, and interest receivable minus trade and other payables, excluding interest payable. Comparative figure for 2013 is adjusted; all other years are not adjusted.
3 Basis for dividend, except for 2009, 2010 and 2011, in which dividend had another basis.
4 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	2013	2012	2011	2010	2009
Revenue	16,568	17,087	16,225	14,179	12,400
Growth %	(3.0)%	5.3%	14.4%	14.4%	(11.7)%
Gross profit[1]	3,010	3,107	2,954	2,669	2,421
EBITDA[1]	598	548	634	599	346
EBITA[1]	530	464	553	514	252
Operating profit[1]	366	128	250	341	94
Net income	231	37	179	289	68
Growth %	528.6%	(79.5)%	(38.0)%	326.8%	267.4%
Net cash flow from operations	341	529	520	369	743
Free cash flow	293	467	435	309	698
Shareholders' equity	2,908	2,725	2,898	2,851	2,491
Net debt	761	1,096	1,303	899	1,015
Operating working capital[2]	460	528	632	526	395
Market capitalization, year-end	8,366	4,785	3,908	6,717	5,918
Number of ordinary shares outstanding (average in millions)	175.5	171.9	170.8	169.9	169.6
Closing price (in €)	47.15	27.81	22.86	39.50	34.90
Ratios in % of revenue					
Gross profit[1]	18.2%	18.2%	18.2%	18.8%	19.5%
EBITDA[1]	3.6%	3.2%	3.9%	4.2%	2.8%
EBITA[1]	3.2%	2.7%	3.4%	3.6%	2.0%
Operating profit[1]	2.2%	0.7%	1.5%	2.4%	0.8%
Net income	1.4%	0.2%	1.1%	2.0%	0.5%
Basic earnings per ordinary share (€)	1.25	0.17	1.00	1.65	0.36
Diluted earnings per ordinary share (€)	1.23	0.17	1.00	1.63	0.36
Basic earnings per ordinary share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs (€)[3]	2.09	2.13	2.42	1.98	0.99
Dividend per ordinary share (€)	0.95	1.25	1.25	1.18	-
Payout per ordinary share in %	45%	59%	53%	60%	-
Non-financials[4]					
Number of branches, year-end	3,161	3,191	3,566	3,085	3,182
Number of inhouse locations, year-end	1,426	1,305	1,145	1,110	947
Average number of corporate employees	28,030	29,320	28,700	25,680	27,640
Average number of candidates working	567,700	581,700	576,800	521,300	465,600
Number of permanent placements	85,650	70,000	-	-	-
Percentage of women in senior leadership positions	43%	44%	-	-	-
Number of candidates trained	-	-	-	-	-
Number of employees trained	-	-	-	-	-

1 The results as presented in this overview are actual results. As such, they have not been adjusted for one-offs, integration costs or acquisition-related costs.
2 Operating working capital (as from 2014): trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies, and interest receivable minus trade and other payables, excluding interest payable. Comparative figure for 2013 is adjusted; all other years are not adjusted.
3 Basis for dividend, except for 2009, 2010 and 2011, in which dividend had another basis.
4 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, 2018, 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.

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.

In 2017 and 2018, 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 2018, 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.

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 133)
102-2	Activities, brands, products and services	About us (see page 8) Our brands and service offering (see page 32)
102-3	Location of headquarters	Main notes to the financial statements - general information (see page 133)
102-4	Number of locations	About us (see page 8) Our global presence (see page 12)
102-5	Ownership and legal form	Our value for investors - listing and indices (see page 48)
102-6	Markets served	Our global presence (see page 12) Our value for clients and candidates - strong concepts (see page 32)
102-7	Scale of the organization	Key financials (see page 5) Our value for investors - capital structure (see page 47) Consolidated statement of financial position (see page 130) Our value for clients and candidates - strong concepts (see page 32)
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 65)
102-10	Significant changes to the organization and its supply chain	Sustainability basics - supply chain responsibility (see page 65)
102-11	Precautionary principle or approach	Risk & control framework (see page 90)
102-12	External initiatives	Our value for society - industry involvement (see page 55) Sustainability and industry memberships and partnerships (see page 209)
102-13	Membership of associations	Our value for society - memberships (see page 55) Sustainability and industry memberships and partnerships (see page 209)
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 us - core values (see page 10) Sustainability basics - business principles (see page 60) Sustainability basics - human rights (see page 62)
governance		
102-18	Governance structure	Corporate governance - principles (see page 121) 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 11) The world around us - key material matters (see page 26)
102-41	Collective bargaining agreements	Our value for employees - reward & recognition (see page 43)
102-42	Identifying and selecting stakeholders	The world around us - key material matters (see page 26)
102-43	Approach to stakeholder engagement	The world around us - key material matters (see page 26) Our value for clients and candidates - superior brands (see page 39) Our value for employees - engagement (see page 45) Our value for investors - dialogue with investors, analysts and other stakeholders (see page 46) Our value for society - industry involvement (see page 55)

ref.	description	reference
102-44	Key topics and concerns raised	Our value for clients and candidates - superior brands (see page 39) Our value for society - thought leadership (see page 52) Our value for society - industry involvement (see page 55)

reporting practice

ref.	description	reference
102-45	Entities included in the consolidated financial statements	Main notes to the financial statements - general information (see page 133) Other notes to the consolidated financial statements - subsidiaries (see page 171)
102-46	Defining report content and topic boundaries	About this report (see page 202)
102-47	List of material topics	The world around us - key material matters (see page 26)
102-48	Restatements of information	No restatements in the 2018 annual report
102-49	Changes in reporting	About this report (see page 202) The world around us - key material matters (see page 26)
102-50	Reporting period	About this report (see page 202)
102-51	Date of most recent report	13 February 2018
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 202)
102-55	GRI content index	Supplementary information (see page 204)
102-56	External assurance	About this report (see page 202)

management approach

ref.	description	reference
103-1	Explanation of the material topic and its boundary	Key material matters (see page 26) About us (see page 8) Value creation model (see page 11) Our strategy and progress (see page 28) Integrated reporting framework (see page 70) About this report (see page 202)
103-2	The management approach and its components	Key material matters (see page 26) Key figures (see page 4) Value creation model (see page 11) Sustainable development goals (see page 25) Sustainability basics (see page 58) Integrity and grievance mechanism (see page 64) Integrated reporting framework (see page 70)
103-3	Evaluation of the management approach	Key material matters (see page 26) Strong concepts (see page 32) Excellent execution (see page 37) Integrated reporting framework (see page 70) Corporate governance - supervisory board (see page 122)

topic-specific disclosures

ref.	description	reference
client and candidate 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)

ref.	description	reference
diversity & inclusive employment		Definition: Ensure fairness, equality and diversity in attracting, hiring, compensating, motivating and promoting a top performing workforce, including employees and candidates. 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, candidates 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, candidates, employees, etc.).
own	Global market share	The world around us - global HR market (see page 20)
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 11) Superior brands (see page 39) Our value for clients and candidates: quote by David Swift, Novartis (see page 32) Our value for clients and candidates: quote by Taha Bawa, Goodwall (see page 37)
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 (candidates, 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 20) Our strategy and progress (see page 28) Excellent execution (see page 37)

ref.	description	reference
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 16) Integrated reporting framework (see page 70)
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 26) Corporate social responsibility - human rights (see page 62) Our ultimate goal - 500 million people plan (see page 16) Sustainability and industry memberships and partnerships (see page 209)
2. Randstad makes sure that it does not complicit in human rights abuses	The world around us - materiality matrix (see page 26) Corporate social responsibility - human rights (see page 62) Our ultimate goal - 500 million people plan (see page 16) Sustainability and industry memberships and partnerships (see page 209)
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 22) Our value for society - industry involvement (see page 55) Sustainability basics - human rights (see page 62) Rankings and awards (see page 211) Highest randstad positions in industry associations (see page 212)
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 16) The world around us - sustainable development goals (see page 25) 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 92)
environment	
7. Randstad supports a precautionary approach to environmental challenges	The world around us - materiality matrix (see page 26) Sustainability basics - corporate policies (see page 61) Sustainability basics - benchmarks (see page 68) Sustainability basics - taking environmental care (see page 65) Sustainability and industry memberships and partnerships (see page 209)
8. Randstad undertakes initiatives to promote greater environmental responsibility	The world around us - materiality matrix (see page 26) Sustainability basics - corporate policies (see page 61) Sustainability basics - benchmarks (see page 68) Sustainability basics - our impact on the environment (see page 66) Sustainability and industry memberships and partnerships (see page 209)
9. Randstad encourages the development and diffusion of environmentally friendly technologies	The world around us - materiality matrix (see page 26) Sustainability basics - corporate policies (see page 61) Sustainability basics - benchmarks (see page 68) Sustainability basics - our impact on the environment (see page 66) Sustainability and industry memberships and partnerships (see page 209)
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 92) Sustainability and industry memberships and partnerships (see page 209)

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.

CSR Europe is a leading European business network for corporate social responsibility, with more than 60 leading multinational corporations as members. Randstad is involved in CSR Europe projects in the areas of skills for employability, mainstreaming diversity, and well-being in the workplace.

BusinessEurope is the leading advocate for growth and competitiveness at European level, standing up for companies across 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 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.

The Business and Industry Advisory Committee to the OECD (BIAC) speaks for business at the OECD. Established in 1962, it stands for policies that enable businesses of all sizes to contribute to growth, economic development, and prosperity. Through BIAC, national business and employers' federations and their members provide expertise to the OECD and governments for competitive economies, better business, and better lives.

The United Nations Global Compact is a voluntary business initiative for companies committed to aligning their activities with ten universally accepted principles in the areas of human rights, labor, the environment, and anticorruption. As signatories of the Compact since 2004, Randstad firmly believes that responsible business promotes the development of markets, commerce, technology, and finance for the benefit of economies and societies everywhere.

certifications, rankings, and awards.

certifications

- Randstad Italy holds the Social Accountability SA 8000 accreditation.
- Randstad Group Netherlands, Diemermere Beheer BV, Randstad Italy, Randstad Sweden, Randstad Norway, Randstad Brazil, GULP Solution Services Germany hold the ISO 14001 environmental management certification.
- Randstad Belgium and Randstad Construct Belgium are certified VCU. Ausy and RiseSmart Belgium are certified Qfor, where VCU stands for 'Health and Safety' and Qfor for 'Quality training and consulting organizations'.
- Randstad France, Germany including GULP Solution Services 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, Poland, UK, Sweden, Norway, New Zealand, Randstad Interim Luxembourg, Chile and the companies in the Netherlands are certified under the ISO 9001 label for quality management.
- Randstad Group was certified TOP Employers Belgium in 2018.
- Randstad Italy holds the certification for credit management process according to CRMS - FP 07/2015 standard.
- Randstad Norway is a certified employer with the certificate 'Revidert Arbeidsgiver' and is qualified in the Achilles Joint Qualification system for suppliers.
- Randstad Belgium, Randstad France, Randstad Italy and Randstad N.V. continue to be certified with the Gender Equality European & International Standard (GEEIS) for their professional gender diversity practices.
- Randstad, Tempo-Team and Yacht in the Netherlands have been certified by FIRA Rating System for sustainability assurance based on ISO 26000, consulted by purchasing organizations.
- Randstad Germany has been certified by the German Sustainability Code (Deutscher Nachhaltigkeitskodex DNK) in 2018.
- Selected locations of Randstad Germany have been certified under the law of employment promotion (§5 AZAV) by TüV Rheinland Cert GmbH for the scope of application "performance-related remunerated employment agency" (certificate 01 600 102506).
- Randstad Germany has been awarded with the "TÜV.com geprüfter Datenschutz (certified data protection)" by TÜV Rheinland.
- Randstad Switzerland holds the Swissstaffing SQS label, which stands for ethical working and for high professional standards in the industry.
- The labor management system 'AMS' of Randstad Germany was certified for systematic and effective industrial protection of the employer's liability. This certification includes the standards NFL/ILO-OSH 2001 and OHSAS 18001:2007.
- Randstad Brazil and Spain hold the OHSAS 18001 certificate (Occupation Health and Safety Assessment Series for 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 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 US certified as a 2019 Military, Military Spouse, Military Supplier Friendly employer .
- GULP Solution Services in Germany and Randstad Italy have been certified ISO 27001, the best-known standard providing requirements for an information security management system.

rankings and awards

- Randstad Holding is the only HR services provider included as a member in the Professional Services industry of the DJSI world and DJSI Europe indices 2018 and was part of the silver class.
- Randstad Holding received confirmation of its continued membership of the FTSE4Good Index Series.
- According to the Euronext Vigeo index Randstad Holding is one of the 20 most advanced companies in the Benelux region and one of the 120 most advanced companies in the Eurozone region rated on environmental, social and governance performances.
- Randstad Holding is included in the Dutch Transparency Benchmark, an annual research on the content and quality of CSR or integrated reports of Dutch companies.
- Randstad takes part in the CDP rating to disclose information on Climate Change.
- Randstad Holding has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe.
- 9 executives were included in the Global Power 100 – Women in Staffing List 2018. The list is compiled by Staffing Industry Analysts, highlighting women's contributions to the staffing industry.
- Randstad Switzerland was awarded best staffing agency 2018 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. We won Gold in the HR Recruiter Category.
- Randstad Hungary was listed in the Top 25 Most Likeable Employer of the Country .
- Randstad Spain was a finalist in the Corresponsables Awards and in the Supercuidadores Awards.
- RiseSmart, a Randstad Group company, won the prize "best career transition company" for the HR Excellence Awards in 2018.
- Randstad US was named Georgia Women's Business Council (GWBC) 2018 Top Corporation.
- Randstad US was awarded 2018 American Staffing Association (ASA) Care Award .
- Randstad US was recognized as a 2018 DiversityInc Noteworthy Company .
- Randstad US won Georgia Minority Supplier Development Council (GMSDC)'s Local Corporation of the Year .
- Randstad Canada was awarded one of the best workplaces in Canada by the Great Place to Work Institute Canada.
- Randstad Canada was recognized in 2018 as one of the Best Workplaces™ for Millennials for 2018 by the Great Place to Work® Institute.
- Randstad Sourceright was named a "Leader" in the Everest Group MSP Peak Matrix Report.
- Randstad Sourceright was named a "Leader and Star Performer" in the Everest Group RPO Peak Matrix Report.
- Randstad Portugal was considered the best HR company in the HR Portugal awards.
- Randstad Portugal was awarded with the 1st place as best supervisor in the Fortius awards promoted by APCC.
- Randstad Portugal received 7 medals (5 gold, one silver and one bronze) at the Contact Center World.
- 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.
- In September 2018, 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 utilised by 5,000+ schools across the country for purchasing goods and services such as facilities equipment, technology deals and utilities.
- Randstad Education UK was awarded a contract by the Department for Education (DfE) in 2018 to run the Spanish Visiting Teacher Program which is a collaboration between the DfE and the Ministry of Spain Education Department.
- Randstad UK business support Cardiff branch was nominated at the annual external recruiter awards in Q1 2018 in Cardiff.
- In 2018, Randstad UK won the Global Recruiter magazine's Industry Award for 'Best Marketing Campaign'.
- In 2018, Randstad CPE was awarded a place on the Sunday Times Great Place to Work (2-star rating).
- In 2018, Randstad Argentina was chosen among the best 100 consultancy firms.
- In 2018, Randstad Argentina was chosen by Randstad Awards as most attractive company from the HHRR consultancy sector.

highest randstad positions in industry associations.

		position			
country	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
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 services
Inhouse Services is a unique solution for managing a workforce with specific skill sets for which there is a fluctuating level of demand. It is aimed at improving clients' labor flexibility, retention, productivity and efficiency. We work on-site 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 candidate.

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 204).

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.

training costs
Total expenditure on training of candidates or employees. In addition to external costs of training, an estimate is made of the salary costs of internal trainers.

training hours
Number of hours spent on training of candidates or employees. Training of employees excludes attendance at the Frits Goldschmeding Academy, which is reported separately.

volunteer hours
The number of hours actually worked by the volunteer(s) or: number of months of placement x 4 weeks x 36 hours; for short-term volunteers: number of weeks x 36 hours.

VSO volunteers
Number of employees (headcount) working on an indefinite contract with an operating entity, who have provided support to VSO (e.g., HR/finance/marketing/ legal or strategic advice, fundraisers) either in their home country or at a VSO office (e.g., in the UK or the Netherlands), or on an assignment in Africa or Asia.

work-related injuries
Accidents during working hours, whether on work premises or while traveling as part of work duties, causing candidates or employees to be injured on a scheduled workday or normal work shift, resulting in days off work.

world employment confederation (europe)
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 2023. 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.

financial calendar.

march 26, 2019
Annual General Meeting of Shareholders

march 28, 2019
Ex-dividend

march 29, 2019
Record date

april 2, 2019
Dividend available for payment

april 24, 2019
Publication of Q1 2019 results (pre-market)
Analyst conference call Q1 2019 results

july 23, 2019
Publication of Q2 2019 results (pre-market)
Analyst conference call Q2 2019 results

october 22, 2019
Publication of Q3 2019 results (pre-market)
Analyst conference call Q3 2019 results

february 11, 2020
Publication of Q4 and annual results 2019 (pre-market)
Analyst conference call Q4 and annual results 2019

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 and infographics
Smidswater

photography
Valéry Kloubert
Randstad photo database

text and editing
Baxter Communications BV
Randstad N.V.

project management
Report Company

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