how I became...

annual report 2014

randstad

Staffing | Professionals | Search & Selection | HR Solutions | Inhouse Services

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how I became

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The following sections are considered to be part of the Executive Board report: overview, value proposition & strategy, performance, Executive Board, remuneration report and corporate governance.

overview

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2014 at a glance

January
Revenue of Randstad China in January grew by 100% year-on-year.

February
With an outstanding track record, Ben Noteboom hands over leadership to Randstad veteran Jacques van den Broek.

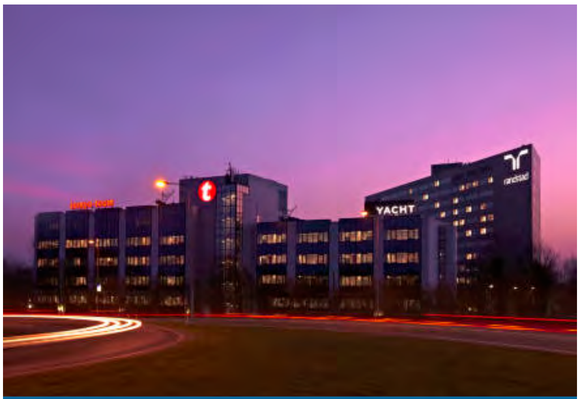
March
Set up to explore innovative HR technologies, Randstad Innovation Fund makes its first investment in Gigwalk.

April
At the AGM, Chris Heutink is appointed to the Executive Board, responsible for all operations in the Netherlands.

May
BMW wins the first Global Randstad Award as the most attractive employer worldwide.

June
72% of employees see temp work as a stepping stone to a permanent job (Randstad Workmonitor).

July
Randstad & VSO celebrate their 10-year partnership by featuring the VSO logo on the Williams Martini Racing car.



August
Following an international benchmark, a more efficient head office is set up in the Netherlands.

September
In 5 weeks, Randstad Netherlands helps over 10,000 youngsters on their way to work.

October
Randstad kicks off its 55th anniversary, building up engagement towards several events in September 2015.

November
Senior management shares strategic updates with our investor and analyst community in London City.

December
Perm fee growth is 14% in 2014, which is the highest level since 2008.

key figures

Revenue in € million 17,249.8 › 66	Underlying EBITA margin (%) 4.1 › 69	Adjusted net income in € million 459.9 › 70
Free cash flow in € million 487.7 › 72	Leverage ratio 0.5 › 71	Proposed dividend per ordinary share (€) 1.29 › 85
Net Promotor Score (no. of countries with Top-3 positions) 10 › 38	Average number of candidates 580,300 › 73	Employee engagement (on a 10-point scale) 7.6 › 48
% women in senior management 45.2 › 49	Number of VSO volunteer hours 10,300 › 54	Number of employees trained in business principles 8,500 › 56

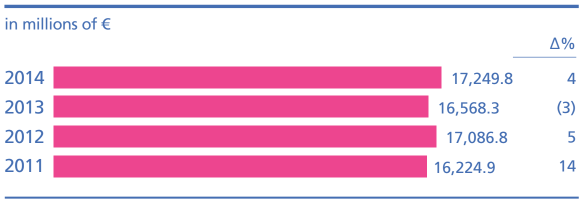
core data

in millions of €, unless otherwise indicated	2014	2013	Δ%
Key financials			
Underlying [1]			
Revenue	17,249.8	16,568.3	4
Gross profit	3,180.0	3,011.6	6
EBITA [2]	706.0	578.8	22
Actual			
Revenue	17,249.8	16,568.3	4
Gross profit	3,177.6	3,010.0	6
EBITA [2]	660.7	529.7	25
Net income	340.1	230.7	47
Free cash flow [3]	487.7	292.9	67
Net debt [4]	422.0	761.0	(45)
Shareholders' equity	3,313.1	2,907.8	14
Ratios (in % of revenue)			
Underlying [1]			
Gross margin	18.4	18.2	
EBITA margin	4.1	3.5	
Actual			
Gross margin	18.4	18.2	
EBITA margin	3.8	3.2	
Net income margin	2.0	1.4	
Share data			
Basic earnings per ordinary share (in €)	1.83	1.25	46
Diluted earnings per ordinary share (in €) [5]	2.54	2.07	23
Dividend per ordinary share (in €)	1.29	0.95	36
Payout per ordinary share (in %) [6]	50	45	11
Closing price, year-end (in €)	40.06	47.15	(15)
Market capitalization, year-end	7,215.2	8,366.0	(14)
Enterprise value, year-end [7]	7,637.2	9,127.0	(16)
Employees/outlets			
Average number of candidates	580,300	567,700	2
Average number of corporate employees	28,720	28,030	2
Number of branches, year-end [8]	2,816	3,161	(11)
Number of Inhouse locations, year-end [8]	1,595	1,426	12

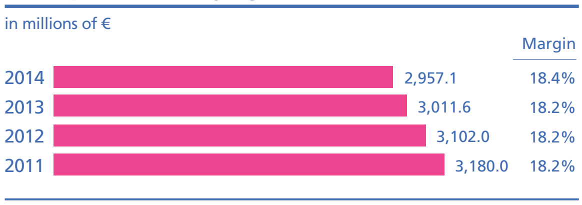
1 Underlying: actual gross profit and EBITA adjusted for one-offs, such as restructuring, integration costs, and acquisition-related expenses.
2 EBITA: operating profit before amortization and impairment of acquisition-related intangible assets and goodwill, and badwill.
3 Free cash flow is the sum of net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries and associates.
4 Net debt: cash and cash equivalents minus borrowings.
5 Before amortization and impairment of acquisition-related intangible assets and goodwill, badwill, integration 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, badwill, integration 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 a various number 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

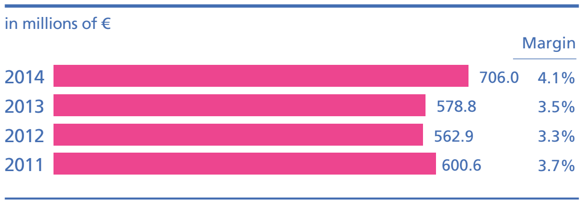
Revenue



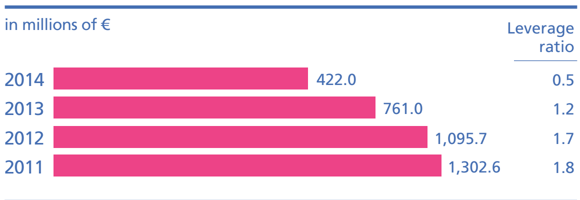
Gross profit, underlying



EBITA, underlying



Net debt



Dear Stakeholder,

Since I joined Randstad as a branch manager in 1988, the scale at which we operate has increased dramatically, and the world has become a much faster-paced place. Today, we find jobs for 2 million people annually, in 39 countries across the globe.

However, in essence, the activities of a Randstad consultant are not all that different than they were 27 years ago, when I started. Technology had then – and still has now – a major impact on our service offering, as well as on the way we work and engage with our stakeholders. But still, helping clients find the best people to enable them to reach company goals, and propelling the careers of candidates, is just as rewarding now as it was in 1988, when I made my first placement.

Despite divergent trends in 2014, our revenue increased 4%, and EBITA was up 23% organically, with an EBITA margin improvement to 4.1%. We reported accelerated growth in the US, where Staffing in particular saw good take-up throughout the year. In Europe, our business improved, though the picture was mixed, with many of our major markets impacted by a lack of economic growth. At the same time, we saw exponential growth in our emerging markets. A good example is China, where we grew 60%, improved our productivity, and now employ a workforce of more than 500 employees.

Our global focus in 2014 was on improving the productivity and sales effectiveness of our existing operations, by using what we call activity-based field steering (ABFS). The results so far look satisfactory, but we can still see plenty of room for improvement, especially in the service we provide to SME clients.

We also see many opportunities for growth. Our MSP and RPO offering, for instance, delivered double-digit growth in 2014. And permanent placements, which is one of our strategic priorities, showed an increase of 14% in the number of placements. These business lines, together with our Professionals offering, provide solid structural growth alongside our Staffing business. With Total Talent Architecture (TTA), which is our consultative approach towards large clients, we aim to increase our presence in higher-value-added services (such as Professionals and permanent placements).

We continue to adapt our organization to changing market circumstances. Having aligned our head and back offices in Belgium, Spain, and Italy in 2013, this year we presented the results of a global back offices/support staff benchmarking study. The aim is to bring our cost levels down by € 60–70 million in 2015/16. Our Dutch operations will be a key contributor to this target (€ 20–23 million). Here we created a new organization at the end of 2014, with one integrated management team for all business lines, and a streamlined support and back office structure. These developments have had a major impact on our Dutch head office staff, and I want to thank everyone for their patience and dedication during this time.

One of the company's highlights this year was the launch of the Randstad Innovation Fund (RIF). RIF invests in innovative companies that will support Randstad in shaping the world of work. The mission of the Fund is to contribute to corporate technology innovation in order to deliver client value and accelerate corporate growth.

As one of the pioneers in HR services, we believe we have the obligation to influence and improve the world of work. We know better than anyone the challenges one can face when dealing with HR-related issues. We are in the best position to bring solutions to the table that will make the world of work better regulated, more efficient, and more sustainable, with more opportunities for everyone involved – not only in the markets in which we operate, but also by extending our knowledge to partners such as VSO, who place professionals in developing countries. We are proud to mention that, in 2014, we celebrated the 10th anniversary of our partnership with VSO. The celebrations culminated in a field trip to Nepal in November. Several Randstad employees learned first-hand what we can contribute to and learn from communities in various stages of development.

Our financial position was further enhanced, as witnessed by a drop in the leverage ratio from 1.2 to 0.5. For 2014, we propose a dividend of € 1.29 per ordinary share (2013: € 0.95), representing a payout of 50% (2013: 45%). Shareholders will again be able to choose to be paid in shares or cash.

Looking back on 2014, I want to thank all our clients, candidates, and other stakeholders, as well as our shareholders, for the continued trust they placed in us in 2014, and for the often longstanding relationships we have with them. I want to express my thanks and gratitude in particular to all our corporate staff worldwide, as they are what makes Randstad such a unique and great company. Lastly, I would like to thank my predecessor Ben Noteboom for his outstanding contribution to Randstad, especially in his 11 years as CEO, handing over a company that is in excellent shape to face any future challenges with confidence. I am looking forward to 2015, which will mark our 55th anniversary. I trust we will be able to further improve as a company, finding more jobs for more candidates, and helping our clients to become even more successful.

Good to know you,

Jacques van den Broek

how I became

'We present four views on how we help people and companies to become the best they can be.'

When we look at the world around us, one question that often comes to mind is how someone or something got to where they are today. This annual report will tell you how we got to where we are today as a company. But there is more to our story than that. We have grown into one of the most influential global firms in the world of work. And work is a defining element in society as a whole. It touches everything. So in four brief sketches, we would like to invite you to reflect for a moment on how we help people and companies to become the best they can be.

These views come from the perspectives of our own employees, our clients, our candidates, and finally, society and our investors.

We hope you will be as inspired as we are!

profile

As one of the global leaders in HR services, Randstad provides jobs for about 2 million people annually

Who we are

Randstad specializes in solutions in the field of flexible work and HR services. We are a sparring partner on total workforce management. Our services include regular temporary staffing and permanent placement of candidates. Through our unique Inhouse Services concept, we also offer dedicated on-site workforce management. In addition, we provide many other HR solutions, such as Recruitment Process Outsourcing (RPO), Managed Services Programs (MSP), payroll services and outplacement. We take the lead in shaping the world of work, by matching people with companies that will help them develop their potential, and matching companies with people who will work to develop their business.

Founded in 1960 in the Netherlands, Randstad is a global leader in HR services. In 2014, Randstad generated revenue of € 17.2 billion, employing 28,720 corporate employees working in over 4,400 branches and Inhouse locations in 39 countries. On average, we employed almost 600,000 candidates per day in temporary jobs, while we placed over 100,000 candidates in permanent positions. This means that we find jobs for about 2 million people annually.

Our core values and culture

We continue to adhere to and live by five core values, established in the company's early days: to know, to serve, to trust, striving for perfection, and simultaneous promotion of all interests. Our values shape our culture, and help us to better serve our stakeholders.

We can only promote the interests of all our stakeholders if we *know* them well. Our thorough knowledge of them and our business experience enables us to *serve* them better. Our engagement with our stakeholders and the service we provide them builds mutual *trust*. This trust is enhanced by continuously *striving for perfection* and *simultaneously promoting the interests* of all our stakeholders and society as a whole. We believe that this creates an essential foundation for our business.

The values we share serve as a compass for everyone at Randstad, guiding our behavior and representing the foundation of our culture. Our continuing success, and our reputation for integrity, service and professionalism, are based on these values.

'Good to know you'

Our shared culture, expressed through our behavior, is a clear indicator of the way we live our values. At Randstad, we believe that creating the best solutions in HR services means always doing more, going further. This starts with continuously deepening our understanding of the environment and marketplace in which we operate. We need to understand the present and future needs of our clients, candidates, shareholders and other stakeholders. Many companies say that their people are their most important asset. As we are in the people business and one of the world's biggest employers, we could not agree more. As success depends largely on the people you employ, it also depends on the people you employ to find them. The better we know our clients and candidates and the better our rapport with them, the better we are at matching their needs and exceeding their expectations. They should experience us as friendly and open, as well as professional and driven. After 54 years, 'Good to know you' continues to represent the Randstad culture – what we stand for, and how we behave. It invokes our core values of to know, serve and trust.

Our 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.

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 the 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.

What we do

By helping candidates find suitable careers, and by finding employers the people who best fit into their organization, we create value for society as a whole. It is our ambition to be an employer of choice, and attract, retain and develop the best people, who will in turn provide our clients with excellent service. We ensure first-class service delivery by using best practices and proven standardized business models across our international network. We contribute to a better society by leveraging the experience and expertise in the labor market we have gained over 54 years. As such, we help to maximize future employment and economic growth.

Our service concepts

Staffing

In Staffing, our largest business, we focus on recruiting candidates with a secondary education or equivalent. The concept covers temporary staffing and permanent placements.

Professionals

For middle and senior management positions, we recruit supervisors, managers, professionals, interim specialists and consultants with an academic or equivalent qualification from a wide range of disciplines. These include engineering, IT, finance, healthcare and other disciplines, such as HR, education, legal affairs, and marketing & communications. This concept covers both temporary and permanent placements.

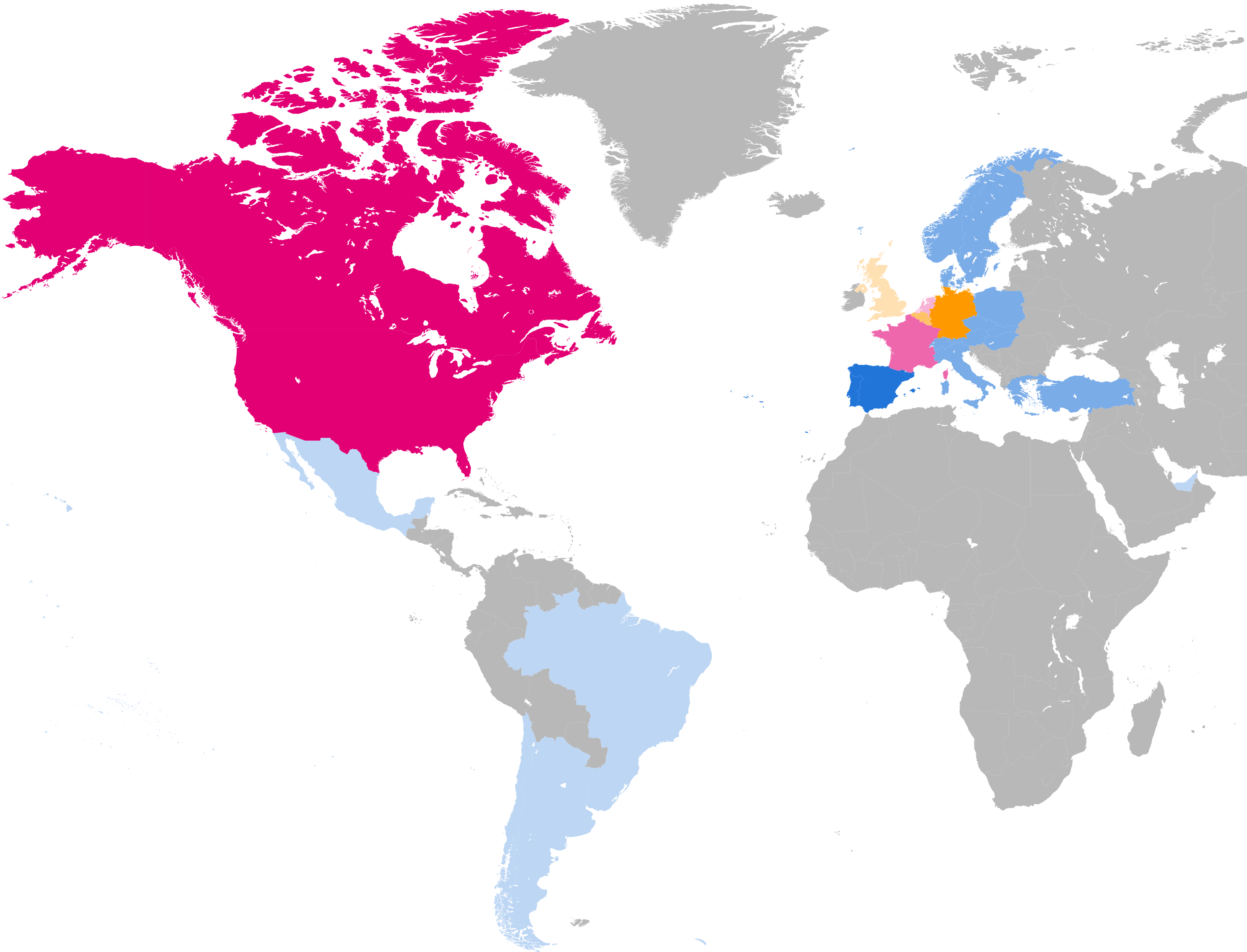
Inhouse Services

Inhouse Services is a unique solution for managing a highly efficient 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. For Inhouse Services clients, we work on-site, exclusively for them, providing a large number of candidates. We frequently work with the client to determine specific performance criteria, and provide total HR management, including recruitment and selection, training, planning, retention, and management reporting.

HR Solutions

Through HR Solutions, we provide clients with a range of services, including Recruitment Process Outsourcing (RPO), Managed Services Programs (MSP), payroll services, and various other services, such as outplacement, outsourcing, and consultancy. As a part of RPO, we take on primary responsibility for the recruitment and selection of a client's workforce. MSP is one of our key offerings, whereby we take on primary responsibility for the organization and management of a client's contingent workforce. Our payroll services take over clients' administrative burden, so that they can focus on their core business.

our global presence



■ North America
- Revenue € 3,765.9 million
- 6,220 corporate staff
- 106,400 candidates
- 1,084 outlets, of which 380 Inhouse locations

■ France
- Revenue € 2,726.2 million
- 3,390 corporate staff
- 70,400 candidates
- 741 outlets, of which 177 Inhouse locations

■ Netherlands
- Revenue € 2,794.7 million
- 4,350 corporate staff
- 75,600 candidates
- 689 outlets, of which 368 Inhouse locations

■ Germany
- Revenue € 1,949.3 million
- 2,610 corporate staff
- 46,600 candidates
- 555 outlets, of which 270 Inhouse locations

■ Belgium & Luxembourg
- Revenue € 1,283.3 million
- 1,750 corporate staff
- 40,000 candidates
- 310 outlets, of which 138 Inhouse locations

■ United Kingdom
- Revenue € 821.7 million
- 1,530 corporate staff
- 17,200 candidates
- 140 outlets, of which 51 Inhouse locations

We have the following alliances to expand our reach: Adcorp (several African countries), Ancor (Russia and Commonwealth of Independent States) and Barona (Finland).

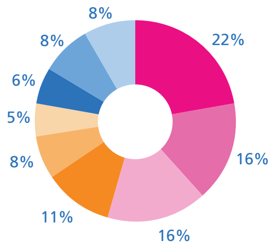
■ Iberia
- Revenue € 1,086.1 million
- 1,560 corporate staff
- 58,100 candidates
- 292 outlets, of which 76 Inhouse locationss

■ Other European countries
- Revenue € 1,371.3 million
- 2,450 corporate staff
- 55,800 candidates
- 391 outlets, of which 113 Inhouse locations

■ Rest of the world
- Revenue € 1,451.3 million
- 4,660 corporate staff
- 110,200 candidates
- 209 outlets, of which 22 Inhouse locations

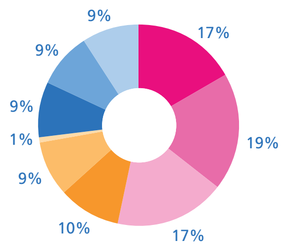
Split by geography

2014: Total revenue € 17,249.8 million



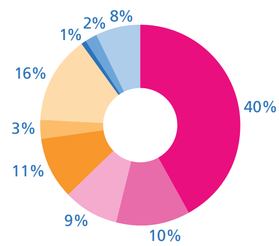
Geographic spread of Staffing revenue (incl. HR Solutions)

Staffing revenue: € 10,202.8 million



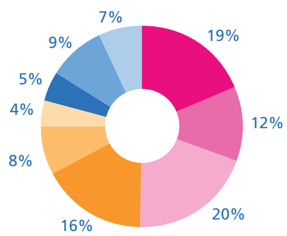
Geographic spread of Professionals revenue

Professionals revenue: € 3,424.5 million



Geographic spread of Inhouse Services revenue

Inhouse Services revenue: € 3,622.5 million



North America	Germany	Iberia
France	Belgium & Luxembourg	Other European countries
Netherlands	United Kingdom	Rest of the world

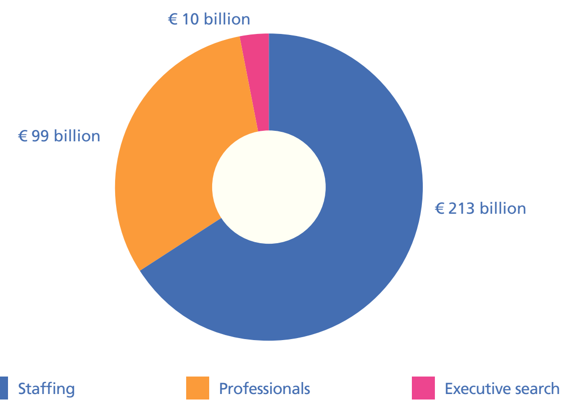
our business environment

Introduction

Randstad operates in an industry with structural growth potential. In this section, we explain the structural growth drivers and legislative differences in our markets. In combination, these form the foundations of our strategy through which we create value for our stakeholders.

The world of work is constantly changing. HR services represent one of the world's fastest-growing industries, with a global market size of about € 322 billion (up by an estimated 4% compared to last year). In many major economies, staffing and other HR services are still in development. As one of the global leaders in HR services, we see it as our responsibility to take an active role in developing the industry in the long term. Changing labor market trends and client needs, including an aging population, shifting surpluses and shortages, and increased flexibility, require the development of new solutions. By finding the right balance between the changing needs of employers and employees, we will bring supply and demand together.

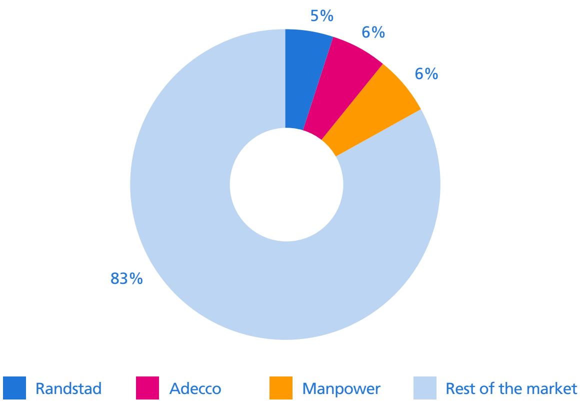
Global HR services market 2014



Source: Randstad estimates

The 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 € 213 billion, and accounts for around 53% of our revenue. Staffing focuses predominantly on recruiting white-collar and blue-collar workers with at least secondary education or equivalent for temporary or permanent placements. This segment also includes **Inhouse Services** (21% of our revenue), which provides on-site workforce solutions, and **HR Solutions** (around 6% of our revenue). Through the latter, we offer other HR services, such as Recruitment Process Outsourcing (RPO), Managed Services Programs (MSP), payroll services, career transition services, and outplacement. The global **professionals** market is worth around € 99 billion, and accounts for around 20% of our revenue. This segment includes permanent and temporary placement of qualified professionals and candidates with a

Global market share 2014



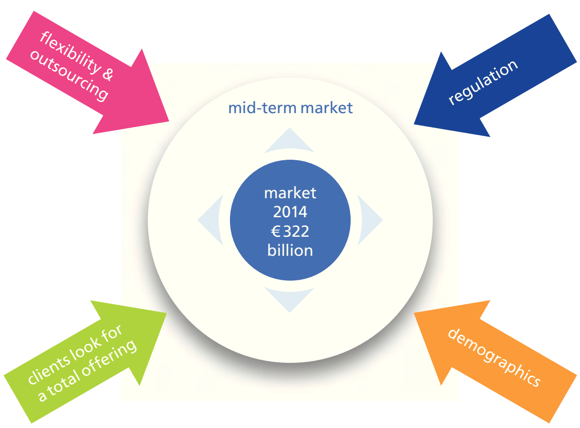
Source: Randstad estimates

university or equivalent education. Many candidates have previous work experience.

Structural growth drivers

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 in these markets. Randstad has defined four structural growth drivers for our industry. These are a need for greater flexibility and outsourcing, changing demographics, regulation, and an increased demand among our clients for a total offering. We believe these structural growth drivers will define the HR services market for decades to come. We have designed our strategy to anticipate and respond to these drivers, throughout economic cycles, as effectively and agilely as possible.

Structural growth drivers



Flexibility and outsourcing

One of the most important drivers of long-term structural growth in our industry is the need for increased flexibility among our clients and our candidates. A more flexible workforce helps our clients improve their productivity and competitiveness. Moreover, outsourcing is a key driver for our industry, as clients increasingly focus on core activities and they realize that outsourcing certain HR functions results in efficiency gains. We see that flexibility and outsourcing continue to rise on our clients' strategic agenda for the years ahead. Clients need to take care of their long-term planning, while they are also required to adjust their workforce even during the course of a day. As a result, they are actively managing the flexible component of their workforce, also depending on the macroeconomic circumstances. There is also a growing demand for more flexibility among candidates, in line with a growing interest in working from home, self-employment, part-time work, and working alternative hours.

Some countries still maintain unjustified restrictions on flexible work arrangements, and these will need to be reviewed and lifted. The recent economic crisis has shown that countries with unreformed labor markets that do not allow for enough flexibility tend to have higher unemployment, lower participation rates, and fewer new jobs, leading to a lower rating on the World Economic Forum/WEF competitiveness index. This in itself provides a strong case for reform, as there is a clear correlation between labor market effectiveness and competitiveness.

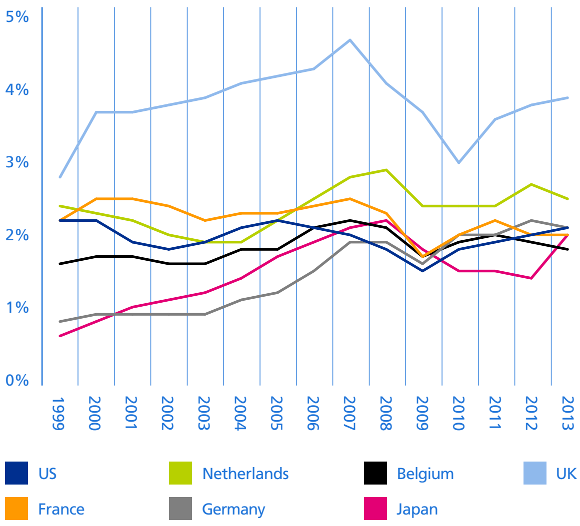
The penetration rate, i.e., the number of temporary workers as a percentage of a total labor force, is an important indicator of the structural growth of our industry. The graph 'Staffing penetration rates' shows the growth trend for the largest markets. As we strive to improve global employment participation, we use the development of penetration rates to report on our performance in this area. Penetration rate is a metric that we have identified as an employment-market KPI in our sustainability framework.

Penetration rates are usually higher in mature markets, where staffing has long been a reputable solution for flexibility in the workplace. Growth in such markets is achieved in different ways, because they are ready for differentiated propositions in staffing and professionals, as well as additional added-value services, such as outplacement, RPO, and MSP.

Demographics

A number of academic studies commissioned by Randstad and carried out by SEO Economic Research ('The Gap' series 2007-2012) reveal that aging and declining population growth is set to lead to an enormous potential shortage of people with vital skills in most developed countries. In addition, there is a growing mismatch between the qualifications and skills of workers and the rapidly evolving demands of the labor market. The study 'Into the Gap' suggests that in 2020, both in the EU and the US, there will be a surplus of medium-skilled workers, a substantial shortage of highly skilled workers, and

Staffing penetration rates



Source: Ciett - World of Work

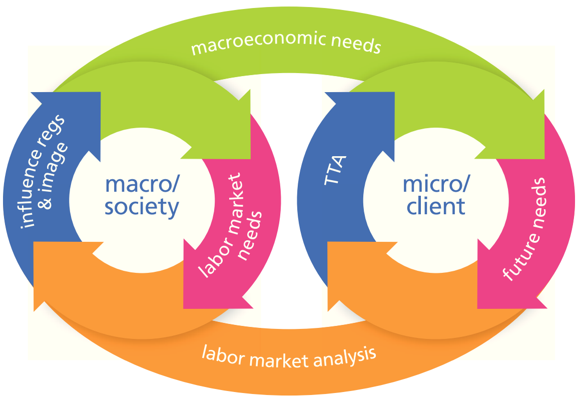
a steady demand for those with elementary skills. This development is often characterized as the 'squeezed middle'. At the same time, labor market demands are also changing, driven by the continuous development of technology. This is creating new jobs, while making others obsolete.

These studies predict that unless we can improve labor participation rates, education and training, productivity, and employee mobility, the potential employment gap is set to grow beyond 35 million people by 2050 in the EU alone. The current economic environment in Europe and the consequent slowdown in the creation of new jobs will lead to fewer job vacancies in the next decade. The long-term shortfall is still set to be dramatic, unless governments take action.

Clients are looking for a total offering

Clients are not only looking for fewer suppliers of HR services; they are also looking for a broader range of HR services from the suppliers they use, ranging from temporary staffing and permanent placements to outsourcing and managed services. We have noticed that an increasing number of our clients are looking for a long-term customized talent strategy that covers their total workforce. This offers us a unique opportunity to engage our clients in a strategic discussion about their HR strategy and how they may be able to further optimize their entire workforce. We call this Total Talent Architecture. Randstad is well-positioned to provide total talent solutions based on our broad service offering and international coverage, as well as on our labor market knowledge on global and national level. In many cases, we can build on long-standing relationships with clients to whom we already provide part of our service offering.

Applying our knowledge



We analyze future needs and developments from both the macro and the micro perspective. This is necessary to play an influential role in the regulating process. By applying our public affairs and labor market knowledge, we translate general economic trends into labor market needs and issues. Following these analyses, we provide guidance to society on a macro level and to our clients on a micro level.

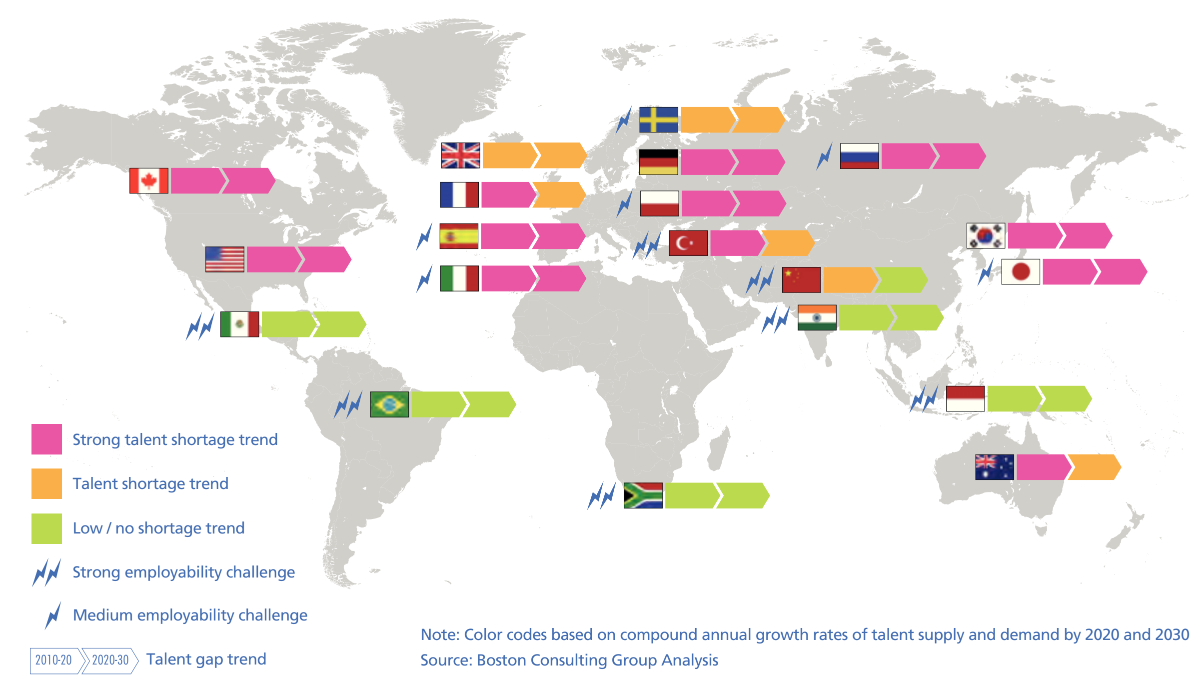
Many international clients are looking for global or multi-country solutions, and Randstad's Global Client Solutions team leverages the Group's knowledge and capabilities across local markets to successfully meet this demand. We have dedicated teams of specialists focusing on specific industries to provide a full range of service concepts in both established and emerging markets. Today, international clients generate around 25% of our revenue.

Regulation

Another important driver of market growth is regulation. It has been proven that well-regulated markets that encourage temporary employment recover more quickly from economic downturns, and also have lower unemployment rates. We support this move towards more balanced legislation, and try to influence it in positive ways. It is important to stress that Randstad is not looking for a system without rules, but rather that we would like to see the lifting of unjustified restrictions in over-regulated markets. Obviously, we would also like to see a fair and effective regulatory environment in markets where this has yet to be introduced. New opportunities are arising as an increasing number of governments are recognizing the need for flexibility in their labor markets.

We believe the best way of finding the most appropriate balance of regulations for our services is through constructive social dialogue. This is in line with our core value of 'simultaneous promotion of all interests', which lies at the heart of our labor market relationships and stakeholder dialogue. Through proactive collaboration with governmental authorities, industry associations, unions, and others, we can help influence legislation and regulations in positive ways that

Talent gaps by 2020 and beyond



Note: Color codes based on compound annual growth rates of talent supply and demand by 2020 and 2030
Source: Boston Consulting Group Analysis

stimulate sustainable growth, employment, flexibility, and equal opportunities. We strongly believe that our business must always benefit society as a whole.

Randstad believes government authorities will have to take measures to encourage the creation of jobs and participation in the labor market. Key to this will be the stimulation of life-long learning and flexible labor contracts. Randstad could play a vital role as transition manager here, as we move to the next stage in the evolution of labor markets. As an example, the 'Flexibility@work 2014' study reported on the drivers of undeclared (informal) work. It shows that in advanced economies, the size of the undeclared economy varies widely – from less than 10% in countries such as the US, the UK, Japan, and the Netherlands, to more than 25% in parts of Southern and Eastern Europe. Countries with a smaller undeclared economy are typically those in which it is easier for companies to resort to temporary employment to meet labor demands. At the same time, these countries also provide a social safety net in the form of labor market policies that protect and support vulnerable groups of workers. Apparently, by creating the right environment – in which temporary work plays a significant role – these relatively successful economies reduce the supply and demand of undeclared work by providing both employers and workers with better alternatives.

Agency Work Directive

In a labor market where flexibility and security are combined, it will be much easier to create more and better jobs, with a focus on the well-being and protection of workers, who contribute to the best of their ability. This will lead to greater worker commitment, which will, in turn, enhance productivity and economic growth. In order for businesses, and indeed economies, to remain innovative and competitive in today’s environment, flexibility – and therefore flexible labor – will be imperative.

There is clearly a need for labor market policy to be approached much more actively, with unjustified restrictions on temporary work being lifted and relevant interventions stepped up. Governments, therefore, should be encouraged to create a mature system of social protection that not only supports workers who are ill or temporarily out of work, but also encourages an accessible, well-regulated market for temporary employment and temporary employment agencies.

The EU Agency Work Directive (AWD) recognizes the positive role of agency work and allows for greater flexibility, which we believe provides greater scope for further evolution. The aim of the AWD is twofold: to identify and lift all unjustified and/or disporportionate restrictions on temporary agency work, while also protecting the rights of temporary agency workers, including the right to equal treatment and equal pay.

The deadline for implementing the AWD was December 5, 2011. In March 2014, the European Commission issued an application review on the transposition of the AWD, stating that it had been correctly done by all Member States, and that there was no need for the Directive to be revised. However, the process of lifting unjustified restrictions in regulations and collective labor agreements (CLAs) has by no means been completed. Eurociett has developed an action plan to address the remaining unjustified restrictions. Meanwhile, jurisprudence is in the making: a ruling of the European Court of Justice is expected before summer 2015 regarding a Finnish case dealing with the kinds of restrictions that could be justified within the limits of the AWD. We are confident that more restrictions will be removed in the coming years.

One of the reasons for this confidence is that, over the past decade, governments, and notably European trade unions, have consistently shown greater awareness and acceptance of the benefits and added value of temporary agency work for the labor market. They increasingly recognize the positive contribution that the staffing industry makes to the labor market – managing transitions, creating a stepping-stone function, contributing to job creation, and decreasing long-term unemployment and undeclared work.

An increasing number of countries are also accepting that a well-regulated market for agency work actually offers temporary workers a great deal of protection, and reduces the amount of undeclared work. In addition, they recognize that HR service providers, such as Randstad, can play a positive role in job creation, the protection of workers' rights, and overall economic growth.

Legislative differences

We believe that regulation should aim at the right balance between labor market flexibility and employment security. More balanced regulation facilitates helping more people to find work.

The global HR services industry is regulated by the International Labour Organization (ILO) Convention 181 and Recommendation 188. 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 28 countries worldwide, of which 14 countries are in Europe. One new ratification took place in 2014, and Ciett and ILO are promoting further ratifications.

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 the 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.

From a legal and socio-economic perspective, our markets can be clustered into four types with different characteristics (see table 'Legislative differences'):

1. Market-driven;
2. Social-dialogue-based;
3. Legislator-driven;
4. Emerging markets.

Market-driven countries such as the US, the UK and Australia, as well as some of the social-dialogue-based countries, such as the Netherlands and Japan, have the world's most liberal recruitment and staffing markets in terms of legal environment.

We have drawn up an overview ('State of play on staffing regulation and trends') with the status of regulation and the regulatory trends in the main countries where Randstad is active. Given our strong involvement in national and international employment institutions, we use this overview to show our performance with regard to the employment-market KPI: contribution to the regulation/deregulation of labor markets. For this year's overview, we used a neutral and objective source: the OECD Employment Protection Legislation (EPL) for temporary agency work. The EPL for temporary agency work shows the stringency of regulation for temporary agency work in OECD and G20 countries. In the remainder of this section, we share more detailed information on the recent developments and trends around regulation in the different countries in which we operate.

Market-driven markets

During 2014, no major changes were noted in the Anglo-Saxon market-driven markets. However, it is worth noting that in the **US** the 'Affordable Care Act' (ACA) came into force at the start of 2015, mandating that everyone in the US maintains health insurance coverage. While this does add to the regulatory burden, we see this as a positive amendment that should lead to further acceptance of temporary agency work.

Social-dialogue-based markets

Following the December 2014 elections in **Japan**, further positive amendments to the 2012 Labor Dispatch Law will be discussed by a new government. These amendments are likely to lift restrictions on assignment length and could open up the market for more job profiles. Randstad is closely involved in the legislative process, which may lead to a more liberal operating environment for staffing as from 2015-2016.

The 2012-2017 CLA for the staffing industry in **the Netherlands** stipulates that, as from April 2015, the equal-pay principle will be introduced for temporary staff from the start of their assignment. However, derogation from the equal-pay principle will apply to certain groups of people, primarily those who are particularly difficult to place, as well as temporary staff with a permanent employment contract. The current Work and Security Act will be amended as from 2015. In combination with the current CLA, this new legislation will lead to an extended flexibility period from 3.5 years to 5.5 years. Furthermore, the unions have clearly stated that temporary agency work is their preferred form of external flexibility.

Legislative differences

Market type		Countries	Cluster characteristics
Market-driven	Europe	UK	- Rapid agency work (AW) development with appreciable drop-off in the crisis - Open regulatory environment with limited restrictions - Liberal economies favoring flexibility over security
	Non-Europe	US, Australia, New Zealand	
Social-dialogue-based	Western Europe	Netherlands, Switzerland, Austria, Germany	- Above-average AW penetration in relatively mature markets - Moderately regulated, varying balances of flexibility and security - Labor market organized and regulated by collective agreements between social partners
	Nordics	Sweden, Norway, Denmark, Finland	- Historically low AW penetration and slow industry development - Unique Nordic social and economic system
	Asia	Japan	- Generally liberal economies but high value placed on security and social acceptance challenges
Legislator-driven	Western Europe	France, Belgium, Luxembourg	- Penetration depending on level of industry development, ranging from below to above average - Highly regulated, weighted towards job security rather than flexibility - Historically labor markets with high unemployment relative to social-dialogue peers
	Mediterranean	Italy, Greece Spain, Portugal	
Emerging markets	Europe	Eastern Europe	- Developing industries with AW legally recognized only recently - Regulatory policies still in development - Economic policies and market dynamics still evolving
	Latin America	Latin America	
	Asia	India, China	

State of play on staffing regulation and trends, 2014

Market type	Country	Regulation	Regulatory trend
Market-driven	Australia	Appropriate/liberal regulation	↔
	Canada	Appropriate/liberal regulation	↔
	New Zealand	Appropriate/liberal regulation	↔
	UK	Appropriate/liberal regulation	↔
	US	Appropriate/liberal regulation	↔
Social-dialogue-based	Austria	Restrictive/ no specific regulation	↔
	Denmark	Appropriate/liberal regulation	↔
	Germany	Restrictive/ no specific regulation	←
	Japan	Restrictive/ no specific regulation	→
	Netherlands	Appropriate/liberal regulation	↔
	Sweden	Restrictive/ no specific regulation	↔
	Switzerland	Appropriate/liberal regulation	↔
Legislator-driven	Belgium	Restrictive/ no specific regulation	→
	France	Restrictive/ no specific regulation	↔
	Greece	Restrictive/ no specific regulation	→
	Italy	Restrictive/ no specific regulation	→
	Luxembourg	Workable regulation/to be improved	↔
	Portugal	Restrictive/ no specific regulation	↔
	Spain	Workable regulation/to be improved	↔
Emerging markets	Argentina	Workable regulation/to be improved	↔
	Brazil	Workable regulation/to be improved	→
	China	Restrictive/ no specific regulation	↔
	Czech Republic	Workable regulation/to be improved	↔
	Hungary	Restrictive/ no specific regulation	↔
	India	Workable regulation/to be improved	↔
	Mexico	Restrictive/ no specific regulation	↔
	Poland	Workable regulation/to be improved	↔
	Turkey	Workable regulation/to be improved	↔

- Appropriate/liberal regulation
- Workable regulation/to be improved
- Restrictive/ no specific regulation

- → Trend has improved
- ↔ Trend has not changed
- ← Trend has reversed

In **Germany**, CLA salaries were increased in January 2014 in both Western and Eastern Germany, in line with the 2013 staffing industry CLA. The framework conditions of the CLA form the basis of the rates of surcharges for agency workers in different sectors. Further agreements on surcharges were signed for different industry sectors. The current CDU-SPD government has decided on a general minimum wage of € 8.50 per hour as from January 1, 2015. New legislation is planned that includes equal pay after nine months and a maximum contract duration of 18 months. Moreover, CDU-SPD is planning changes in contracts for services, which may affect temporary staffing contracts.

Legislator-driven markets

Labor market reforms in **Spain**, **Italy**, **Portugal** and **Greece** have been high on the EU agenda for some time. In 2014, **Italy** adopted a labor market reform lifting the reasons for use of temporary agency work and the maximum length of assignments. Quota restrictions remain applicable, but while these are included in the law for fixed-term contracts, they are only covered in CLAs in the case of temporary agency work. Furthermore, several derogations apply to these quota restrictions.

Emerging markets

In **China**, the Labor Contract Law was amended in July 2013. Most of the changes were of an administrative character, with the exception of the introduction of a cap of 10% on outsourced workers per entity/company, the introduction of the principle of 'equal pay for equal work', and the prohibition of cross-border dispatching. Although application guidelines are still to be introduced, we feel that, on the whole, the changes could be beneficial for the professionalization of the staffing industry in China, while also creating some unfavorable constraints on the payrolling business (known in China as traditional staffing).

Many **Latin-American** countries have long-established staffing markets. However, the regulation is quite restrictive. In **Brazil**, the maximum length of an assignment recently increased from six to nine months. Here, as in the less mature Southern European markets, the social partners (i.e., unions and employers) play an active role in regulating the labor market. Social acceptance of temporary staffing by all stakeholders will be key to the removal of unjustified legal restrictions.

Although agency work is legally allowed in the **Nordic** countries, it is not yet socially accepted as a normal part of the labor market.

Meanwhile, emerging markets such as **Turkey**, **India** and **Malaysia** still lack the effective legal framework required to develop the staffing business. Proper regulation will help develop the industry in emerging markets, prevent unfair competition and distinguish high-quality, well-regulated agency work from other irregular and often illegal forms of flexible labor. In Turkey, the discussion on a draft law on agency work has been stagnant for years. However, following the upcoming elections, the discussion may be opened again.

safe harbor statement

This annual report contains forward-looking statements on Randstad Holding nv's future financial performance, results from operations, and goals and strategy. By definition, forward-looking statements generate risk and uncertainty because they refer to events in the future and depend on circumstances that cannot be foreseen in advance. Numerous factors can contribute to material deviation from results and developments indicated in forward-looking statements.

Such factors can include general economic circumstances, scarcity on the labor market and the ensuing demand for (flexible) personnel, changes in labor legislation, personnel costs, future exchange and interest rates, changes in tax rates, future corporate mergers, acquisitions and divestments, and the speed of technical developments. You should 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.

value proposition & strategy

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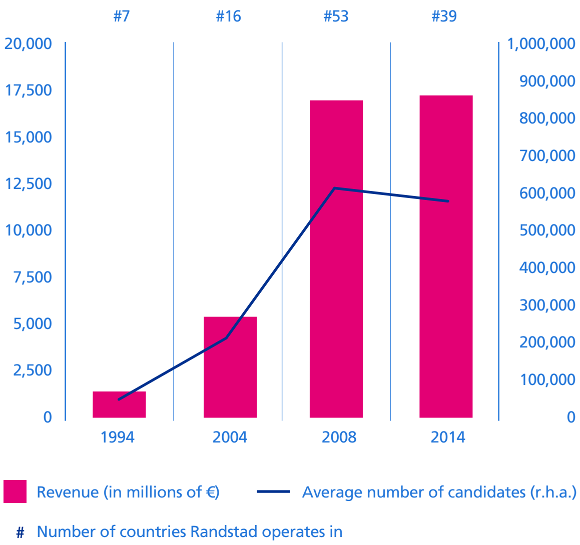
how we create value

Introduction

Having as many people as possible in jobs is a good thing for society as a whole. It makes companies productive and it provides people with a fulfilling life. It is our ambition to be an employer of choice ourselves, so that we can continue to attract the best people, who in turn will provide our clients with the excellent execution they need. In this way, we can contribute to a better society, leveraging the experience and expertise we have gained over more than 50 years. As such, we help to maximize future employment and economic growth. On a daily basis, Randstad helps some 600,000 people to find work, with over 100,000 people placed into permanent positions each year.

Since the introduction of our core values, we have aspired to grow sustainably, our aim being to safeguard the business and its long-term viability, while taking the interests of all stakeholders into account, and making our business increasingly relevant to all parties involved. This aspiration is clearly reflected in our core value of 'simultaneous promotion of all interests'. As a result, we adhere to the integrated reporting guidelines for the structure of this annual report.

Helping more people to find work



Creating value through our strategy

Geographically, Randstad is active in countries representing over 90% of the global HR services market. As described in the section 'Our business environment', in these geographies, we aim to capitalize on the structural growth drivers of our industry:

- Flexibility and outsourcing;
- Demographics;
- Clients are looking for a total offering;
- Regulation.

We believe that these structural growth drivers will define the HR services industry for decades to come. We have designed our strategy to anticipate and respond to these drivers, throughout economic cycles, as effectively and agilely as possible. Our strategy to capture these growth opportunities consists of four strategic building blocks, which correlate with the structural growth drivers:

- Strong concepts;
- Best people;
- Excellent execution;
- Superior brands.

These strategic building blocks will be explained in more detail in the following sections, where we describe how we create value for our stakeholders. The combination of our strategic building blocks will enable us to serve the interests of our stakeholders and to create real and lasting value for all of them. Our four stakeholder groups are:

- Clients;
- Candidates;
- Employees;
- Society (including shareholders).

As helping people to find work is the key driver, it supports the role of Randstad towards society. The same objective also directly translates into the company's financial ambitions. This connection is a huge inspiration for our corporate employees.

The diagram 'Creating value through our strategy' shows how our strategic building blocks and our stakeholders relate to each other.

In this annual report, we describe how Randstad adds value to each of its stakeholders. We outline the strategy we have put in place to achieve our goals, and report relevant KPIs that reflect our performance.

Our strategy

Randstad core values: to know, serve and trust, striving for perfection and the simultaneous promotion of all interests

structural growth drivers

- flexibility & outsourcing
- demographics
- clients look for a total offering
- regulation

strategic building blocks

- strong concepts
- best people
- excellent execution
- superior brands

value for our stakeholders

- optimal workforces for clients
- the best jobs for candidates
- expertise for a better society and shareholder return
- the employer of choice for our employees

sustainability basics

financial targets

- EBITA margin of 5% to 6% over time, through revenue growth and mix improvement
- continuous profitable market share gains
- sound financial position with a leverage ratio between 0 and 2

Creating value through our strategy

stakeholders	strategic building blocks: strong concepts	best people	excellent execution	superior brands
clients	we create and manage a balanced workforce by connecting candidates with suitable employment opportunities	we attract bright, agile and adaptable employees and challenge them to outperform towards clients and candidates	we use best practices and proven procedures to ensure candidate engagement and first-class service delivery	we guarantee to our clients that they will receive the highest quality service and get access to the best candidates
candidates				we are well-known for making the best jobs available and giving people the opportunity to develop their talents
employees	our strong concepts drive excellent development opportunities for our employees	we aim to be the most attractive employer for our employees	our high-performance culture helps us to recruit, retain and develop the best people	superior brands help us to attract, recruit and retain the best people
society including shareholders	simultaneous promotion of all interests: we help to maximize future employment and economic growth and we create shareholder value			

strategic priorities and targets

Strategic priorities 2015-2016

In this section, we describe our strategic priorities and the roadmap that will enable us to capitalize on the structural growth drivers in our markets. We have set the following strategic priorities, which will support us in realizing our targets:

- Capture profitable growth opportunities;
- Apply activity-based field steering to drive commercial excellence and productivity to ensure adaptability;
- Focus on segment-specific delivery, where necessary modifying our delivery models for clients;
- Further improve our business mix: Focus on SMEs, Professionals and permanent placements;
- Achieve an efficient cost structure and drive conversion of gross profit into EBITA;
- Maintain capital discipline: through a simplified EVA method, operating companies are charged for their use of operating working capital.

To further guide this process, we have formulated the following financial targets:

- EBITA margin of 5% to 6% over time, through revenue growth and mix improvement;
- Continuous profitable market share gains;
- A sound financial position with a leverage ratio between 0 and 2.

Our dividend policy remains unchanged from the one introduced in 2013: a payout ratio of 40%-50% of adjusted earnings per share. We aim at a payout ratio of 40%, unless our financial position allows for a higher payout. We offer shareholders a choice between shares and cash. For a further elaboration on this topic please refer to the Investor relations section.

We have defined five components that will enable us to achieve our financial strategic targets:

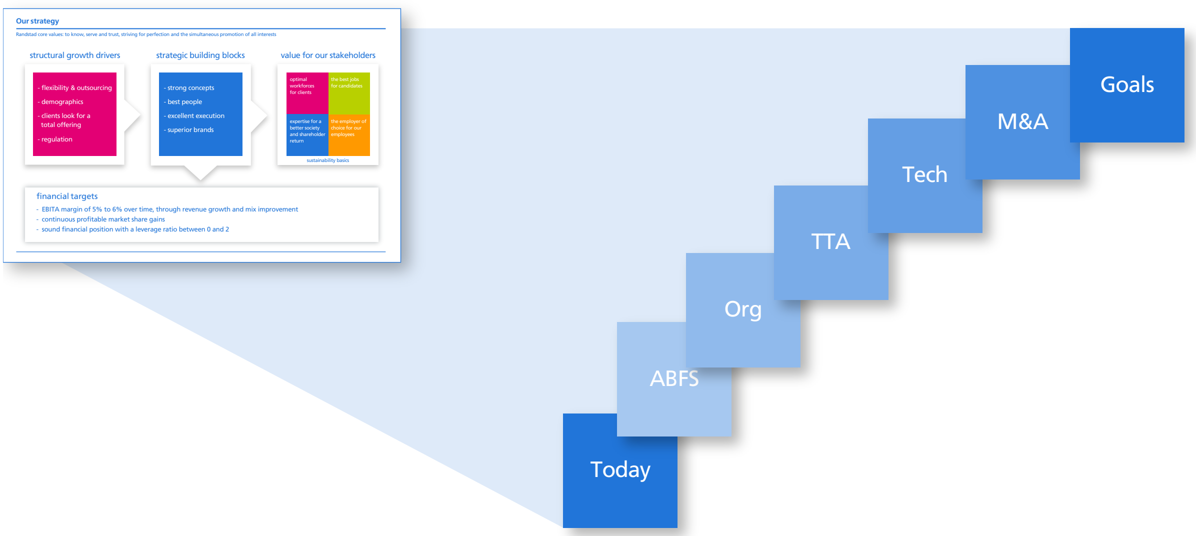
At the heart of our operations, we apply **activity-based field steering (ABFS)** to drive commercial excellence. The ABFS model also enables us to easily adapt our organization to changing market circumstances. We have been applying our ABFS model across all countries to guarantee the quality of our execution. This is a continuous process, ensuring agility in our organization and driving productivity across the Group. The changing environment also requires us to take a more dedicated client approach. By monitoring and analyzing the needs of our clients, we ensure that we use the right delivery model. The solid progress we have booked with ABFS this year is evidenced by the fact that activity levels are up some 30% compared to last year. See the section 'Our strategy: excellent execution' for a more detailed explanation.

Our aim is to have an optimized **organizational (Org)** structure in place, with 'world league' people that drive a high performance culture. This requires continued evaluation. See the section 'Value for our employees' for a further elaboration on our HR policy, which is a key ingredient of our organizational development.

With **Total Talent Architecture (TTA)**, we aim to create quantifiable business impact by addressing the entire workforce of our clients. TTA is our new consultative approach towards our big clients (roughly 1,000 accounts). As a global HR services provider, we are well-positioned, and we have all delivery models in place to support our clients in their HR

Strategic roadmap

driven by strategic building blocks



needs and challenges across all layers of their organization. Internally, TTA connects all our business lines, where we see ample opportunities to increase our presence in higher-value-added services (such as Professionals and permanent placements). See the section 'Our value for clients' for a further elaboration on TTA.

Technology (Tech) has played, and will continue to play, an important role in the development of our industry. We aim to be the most agile integrator of technology in our industry. The Randstad Innovation Fund ensures that we are on top of potential (disruptive) developments in the HR space. See the section 'Randstad Innovation Fund' for further details.

Mergers & acquisitions (M&A) have enabled us to complement our offering and mix. Our last three deals were EVA positive within two years (FujiStaff, SFN and parts of USG People), in line with our target. We aim to continue this approach in the future in the form of bolt-on acquisitions, as we believe there is room for further consolidation.

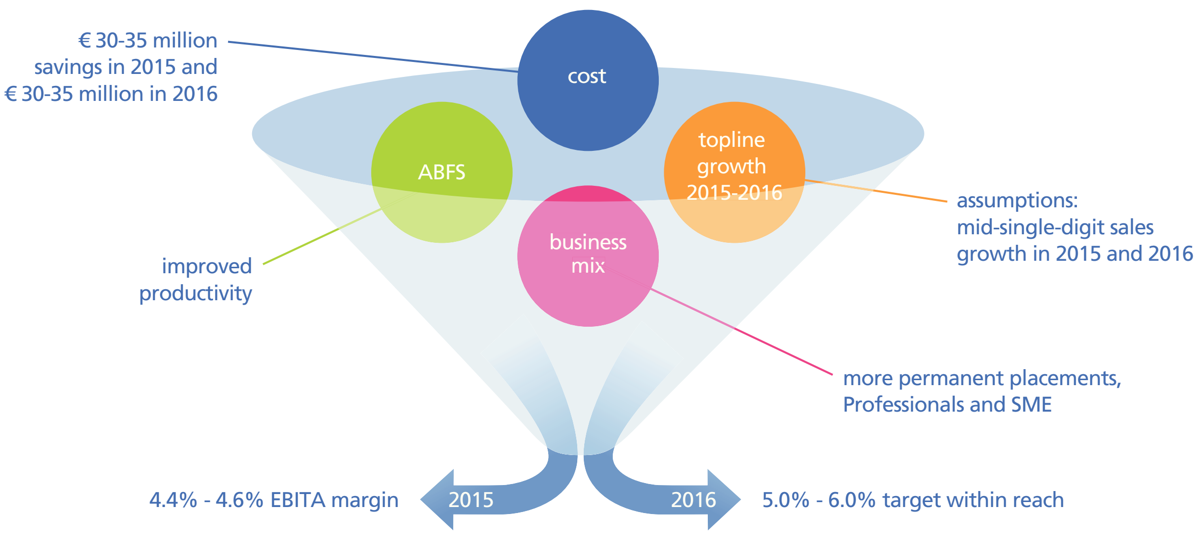
Targets within reach

As the Group sustained growth throughout 2014 (see the section 'Performance'), our focus is on leveraging our strategic initiatives and improving our profitability. These initiatives should help us to improve our business mix by accelerating growth in the Professionals segment, permanent placements and small and medium-sized enterprises (SMEs). Given the trends in our industry, these segments will play a greater role in our markets, and we are ready to capture growth in these segments. In Staffing, we aim to grow in the SME segment of the market by focusing on specialties and permanent placements. For Professionals, we have modified our approach to accelerate profitable growth. In mature markets, we will apply a verticals approach, allowing us to better align our delivery models to the dynamics of the core segments of IT, finance and engineering. We will 'copy and paste' these best practices globally to ensure our consultants reach the desired productivity levels faster. In new and emerging markets, we will focus on accelerating growth by providing our companies with standardized toolkits to ensure strong growth in the start-up phase. At the same time, we aim to broaden our service offering by stepping up growth in other HR services, such as MSP, RPO, and outsourcing.

On our Capital Markets Day (held on November 20, 2014), we indicated that our 5-6% EBITA margin target could come within reach assuming:

- we will have two years of mid-single-digit sales growth;
- increased productivity through ABFS;
- € 60-70 million cost savings which are the result of our global headquarters and back-office benchmark study;
- continued mix changes towards permanent placements, Professionals, and SME.

Targets within reach



how I became
clients

'The added value provided by Randstad has been an important factor in how many client organizations have become the successes they are today.'

When you ask leaders what they do to create successful organizations, the vast majority of them first mention how they have always scouted for the right people in the right places. Yet, this is easier said than done. Shaping your organization for success requires a good grasp of what we, at Randstad, call 'Total Talent Architecture'. This involves establishing a balance between core talent with long tenures on the one hand, and optimal flexibility to match market changes on the other. Our services are designed to help organizations achieve exactly that.

At the most basic level, a consultant in a branch personally interviews and places more people per year than most managers do in their whole career. They can do it faster and more efficiently, and they are also likely to do it better. This is one way we add massive value for our clients. But it does not stop there. We constantly analyze the labor markets and the evolution of HR science. From this, new services are emerging all the time. Take our very successful Randstad Inhouse Services. This concept is a good example of how we form true partnerships with our clients to make them more efficient. Another example is our leadership position with Randstad Sourceright, where we provide a full suite of services in Recruitment Process Outsourcing and Managed Services Programs. The added value thus provided by Randstad has been an important factor in how many client organizations, small or large, have become the successes they are today.

sustainability at Randstad

This is an integrated annual report. Randstad Holding has been participating in the pilot of the International Integrated Reporting Council (IIRC), which released a global reporting framework at the end of 2013. This global framework aims to bring greater cohesion and efficiency to the reporting process, and to improve the quality of information available to investors, with a clear focus on value creation. Following a review of annual reports and external communications of IIRC pilot participants, Randstad Holding was nominated for the Building Public Trust Awards 2014, in the category International Award for Excellence in Integrated Reporting.

With regard to sustainability, until 2011, we reported on a number of sector-specific topics, based on indicators proposed by GRI (Global Reporting Initiative) and the United Nations Global Compact. In 2012, we published our Randstad-specific sustainability framework, which still sets the direction for our ambitions. It is based on a series of dialogues with multiple stakeholders, as a result of which we identify our key stakeholders (pillars). The Executive Board and Supervisory Board were closely involved in developing the framework, which forms the heart of our value proposition and therefore reflects our activities from the perspective of our clients, candidates, employees, shareholders, society, and employment markets.

We have been communicating and promoting our sustainability framework across all layers of the organization. Several of our larger operating companies publish their own detailed sustainability report (in addition to the Randstad annual report) to facilitate their local stakeholder dialogue.

Our Executive Board bears ultimate responsibility for the Group's sustainability policy, while sustainability-related topics are discussed regularly by the Supervisory Board and its Committees. Our operating companies have their own dedicated Sustainability Managers or a coordinator for sustainability matters, depending on their size. At Group level, a Sustainability Manager is responsible for the aggregated reporting process.

Given the relevance of sustainability for Randstad's business, its ambition, and long-term viability, the Supervisory Board has added KPIs from the sustainability framework – one from each pillar – to the Executive Board's long-term incentive performance targets, in a ratio of 80% Total Shareholder Return (TSR) and 20% sustainability. For the performance period 2014-2016, the performance targets are (1) our Net Promoter Score; (2) candidate engagement; (3) internal management appointments; (4) the number of employees involved in VSO; and (5) the full rollout of the sustainable supplier code throughout the company worldwide.

2014 was the third full year for which our operating companies reported on sustainability through the reporting system, and on a quarterly basis. Our non-financial reporting is now embedded in the planning and control cycle of the organization, and CFOs of operating companies bear final responsibility for its quality and completeness. Elements related to sustainability reporting are explicitly included in our key control framework. In the course of 2014, this key control framework was extended to cover risks related to sustainability principles and health and safety management.

Our sustainability framework contains key performance indicators (KPIs). Several of these KPIs have already been in place for years; other KPIs are under development. New KPIs will be added, while others may be relinquished if they turn out to have become obsolete. Assessing KPIs for feasibility, and validating them in light of developments in the company and society, has become a continuous process. In principle, all our main operating companies report on these KPIs that are assessed on reasonability at Group level.

In the area of sustainability in the workforce, Randstad focuses on several key topics in dialogue with a number of highly influential global companies, to identify the principal global dilemmas facing the world of work in 2015 and possible solutions. These dilemmas include:

- Knowledge transfer: With an aging skilled workforce, in which a generation is currently retiring at 10,000 workers per day, how can companies retain the knowledge and experience of those retirees?
- Leadership skills: How can we build the necessary bridges to the younger generations of future workers in order to understand their desires, the expectations of their future employers, and their career tracks?

we strive for the simultaneous promotion of all interests

shaping the world of work

pillar	vision 2020	measures of success
optimal workforces for clients	We are the leading HR solutions partner and support our clients in creating a balanced workforce, and in becoming more attractive employers and effective organizations, now and in the coming years.	Through their behavior, clients indicate that our core values and innovative concepts are a differentiator, and that they prefer us over others.
the best jobs for candidates	We give as many people as possible access to jobs, providing them with options to develop themselves, with equal opportunities for all, with respect for health and safety, and with unyielding integrity. We also play a crucial role in guiding people from unemployment to employment.	Through their behavior and through survey results, candidates show that we are preferred because of our ability to provide them with the right jobs.
the employer of choice for our employees	We want to be an attractive employer with equal opportunities for everyone in an environment in which knowledge, trust and diversity are highly valued. We are aware that we can only achieve this through serving others.	Potential and current employee survey scores show that we offer a working environment that is highly rated in terms of safety, health and personal development, with equal opportunities for all.
expertise for a better society and value for our shareholders	We aim to shape a better society by activating our knowledge and expertise. This is focused on (but not limited to) our knowledge of employment markets. We advocate developments which benefit individuals as well as society at large.	We are recognized as a key contributor to public debates relating to employment markets.
sustainability basics	We aim to have a set of management tools, business principles and policies in place that are in line with or exceed the standard for our industry and that enable accountability for all elements of our sustainability framework.	We are recognized as a leader in sustainability management in our industry.

key drivers 2012 - 2020	KPIs
Clients program - We provide innovative concepts for flexibility, based on our core values - We support diversified workforces at our clients - We have a continuous dialogue with and advise clients on the simultaneous promotion of all interests - We provide clients with the best candidates - We measure our success through surveys	**Clients KPIs** - # of matches - % of orders filled - # of successful placements in our permanent placement business - Net Promoter Score - Client consideration, preference; client retention - Market share - % of flexible workforce in our markets
Candidates program - We advance the employability of candidates - We provide candidates with the right jobs - We make sure that our candidates work in a safe and healthy environment - We guide people from unemployment to employment - We measure our success through surveys	**Candidates KPIs** - # of matches and placements - Candidate consideration, preference; candidate engagement - Injuries and fatalities during work - Sickness as % of total hours worked - # of candidates with disabilities placed; candidates from minority groups placed - # of people we guide from unemployment to employment - # of training hours; training costs
Employees program - We attract, recruit, develop and retain the best people - The composition of our workforce is such that employees are able to understand and work with the diverse groups that make up our markets - We insist on ethical behavior and further embed business principles in our global organization (e.g., health and safety, human rights and environment) - We measure our success through surveys	**Employees KPIs** - Internal management appointments as % of total - Management development participation - Proportion of male and female employees - Proportion of male and female in middle and senior management - Proportion of full-time and part-time employees - # of training hours; training costs - Injuries and fatalities during work - Sickness as % of total hours worked - Employee retention rate - Engagement score
Employment-market program - We contribute to the removal of barriers for global mobility - We strive to improve global employment participation - We strive to increase our role in the regulation/deregulation of employment markets - We contribute to the social dialogue at key forums - We engage in a proactive and continuous stakeholder dialogue - We create partnerships that enable us to use our knowledge to benefit society	**Employment-market KPIs** - Staffing penetration rates in our markets - Contribution to the regulation/deregulation of labor markets - # of employees active in national and international employment institutions - Involvement within other key forums - # of hours and employees involved in VSO - Other community engagements
We create value for our shareholders	**Shareholder KPIs** - EBITA margin of 5% to 6% over time - Payout ratio of 40% to 50% of net profit
Basics program - We create mechanisms to safeguard our core values, business principles and good governance - We strive for a responsible supply chain - We strive to limit our environmental footprint by using sustainable energy sources, reducing use of water and paper	**Basics KPIs** - # of employees trained in business principles - # of business principles incidents (misconduct reporting procedure) - % of vendors who have agreed to our sustainable vendor policy, % of purchase value - Environmental footprint measures on consumption of energy, % of use of green energy sources, water and paper

value for our clients and candidates

Introduction

In this section, we explain our value proposition for clients and candidates. We will analyze a number of non-financial KPIs as presented in our sustainability framework. This section also includes an overview of our strategic building blocks, which ensure value creation for our clients and candidates.

Our value for clients

We help our clients to create and manage a balanced workforce, with employees who have the right skills, competencies and cultural fit. And we help our clients to be more attractive as employers and more effective as organizations. In short, we play a key role in managing our clients' key assets: their people. Companies continue to compete for the best talent to drive organizational strategy, workforce productivity, and business performance. To compete, they increasingly look for a strategic talent partner with the expertise and scope to provide holistic HR solutions.

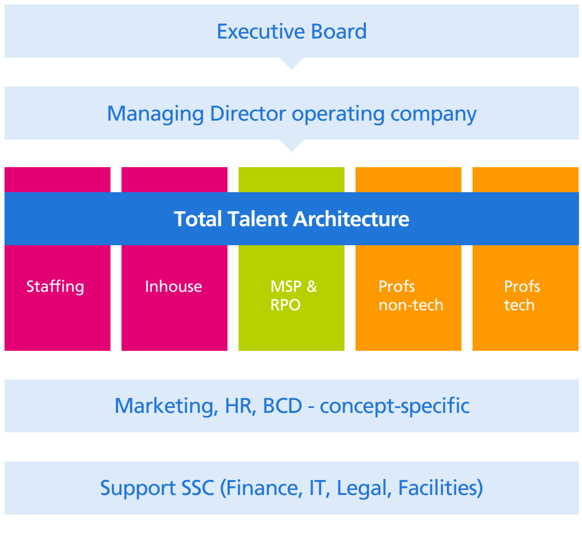
By finding the candidates with the talents and skills our clients need, when they need them, we give our clients the necessary flexibility and agility to improve their productivity and competitiveness. We provide our clients with a large range of services, partnering with them throughout economic cycles and structural changes in their organization. Our clients are required to adjust capacity during a day, week, month or year. We help them to address these challenges. Moreover, our clients are increasingly outsourcing their HR processes to us. In addition, we provide value by putting our knowledge of local employment markets at our clients' disposal. In short, our people's knowledge and services shape our clients' businesses for the better.

Our range of services includes regular temporary staffing and the permanent placement of candidates. We also offer dedicated on-site workforce management with Inhouse Services – an offering unique in our industry – as well as other HR solutions, such as Recruitment Process Outsourcing (RPO), managed services programs (MSP), payroll services, and outplacement. We deliver our services in multiple ways, using multiple service concepts. Our service concepts, which are explained in the section 'Our strategy: strong concepts', offer a wide range of solutions and are always based on standardized best practices and proven procedures.

Total Talent Architecture (our large-client approach)

Total Talent Architecture (TTA) is a large-client approach (roughly 1,000 accounts), by which a company builds a holistic talent strategy with the optimal balance and supply of permanent, contingent, and freelance talent, making a measurable impact on business goals and growth. Achieving this requires a rigorous approach and deeply unified organizational behavior.

Total Talent Architecture

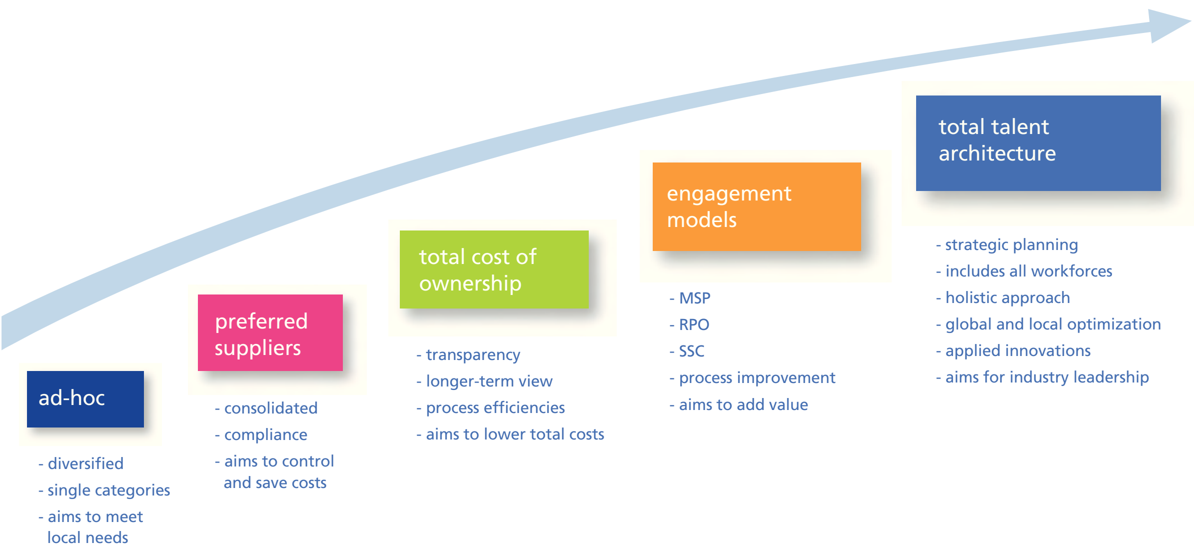


Traditional talent acquisition is typically executed in silos by many stakeholders concerned only with filling their particular talent needs at a certain moment. Hiring managers may utilize insourced, outsourced, or a mix of such services to acquire talent. As a result, process overhead is unavoidable, and the lack of transparency and internal communication can lead to cost, quality and compliance issues.

TTA encompasses much more than a set of services. It starts by examining an organization's business objectives and requires an in-depth analysis of the workforce planning and forecasting to deliver a talent strategy aligned to growth ambitions and profitability targets. This strategy may comprise various and flexible talent supply models based on differences in business needs, geography, and workforce demographics. Employers may adopt these models in local business operations, across multiple geographies, or even globally.

Randstad is well-positioned to provide these total talent solutions based on our broad service offering and international coverage. TTA connects all our business lines, where we see ample opportunities to increase our presence in higher-value-added services (such as Professionals and permanent placements). In most cases, we build on existing, long-standing relationships with clients. Through a comprehensive customer and market intelligence exercise, we review all internal and external data sources available in order to compare their results with those of other companies in the same industry. We review with clients their organizational performance and current HR/talent state with their desired future position. Drawing up a roadmap, we proactively show them their future talent strategy, demonstrating opportunities and barriers to success and potential business impact in terms of growth, financials, and competitive position.

Total talent roadmap



Our total talent roadmap engages our clients in a strategic conversation. It serves to demonstrate our capabilities in helping them shape their optimal workforce and serves as a guideline to help them gradually implement our broader range of solutions across all layers of their organization.

Through expert consultation, the TTA framework is built to meet a set of business goals common to all organizations. It aims to improve the alignment of organizational strategy and workforce planning, impacting:

- Quality of talent;
- Workforce productivity;
- Internal mobility (local, regional and global);
- Process efficiency;
- Organizational agility;
- Risk mitigation;
- Social responsibility;
- Profitability and growth.

This approach keeps us agile, as we continuously adjust our delivery models to serve our clients in the most suitable way. As these models evolve, we share insights and drive strategic conversations with clients so that they can benefit from our depth of service offering, from Staffing and Professionals recruitment through to highly customized RPOs and MSPs. Through TTA, we build long-term, sustainable relationships that are focused on value creation. In this way, we proactively shape the world of work.

Our value for candidates

Our mission is to make the best jobs available to as many people as possible, giving people the opportunity to develop themselves. We strive to do this while providing equal opportunities for all, respecting health and safety, and with unyielding integrity. We advocate equal opportunities and unbiased competence management, irrespective of gender, race, religion, age, or background. In addition, we play a crucial role in helping people make the transition from unemployment to employment, for example, with a number of programs to help unemployed youth.

By connecting our candidates with suitable employment opportunities, we provide them and their families with independence, as well as job satisfaction, dignity, and respect. Through both temporary and permanent placements, we offer candidates opportunities to gain experience and improve their skills, while achieving personal growth and developing their career. Furthermore by developing long-term relationships with our candidates, we are able to understand and help them formulate the best career path and help them achieve their long-term career ambitions. We enable freelancers to share their knowledge and experience with organizations, ensuring a good cultural and creative fit.

For many candidates, temporary work either represents their first step on the way to a permanent job, or liberates them from unemployment. It is the best possible training for a permanent job, as it gives candidates an opportunity to enhance and broaden their experience, which makes them more highly valued by organizations. On average, only 32% of workers were employed before agency work, but 68% are employed after agency work (source: Ciett, Economic Report 2014). For other candidates, the services we provide enable them to build a career, to earn additional income, or to adjust their work/life balance to their own circumstances, needs and wishes.

By finding work for people, we contribute to the optimization of talent allocation. By helping candidates manage their initial expectations and ambitions in terms of sector, client and job profiles, and by providing training where necessary, we help them adapt to changing requirements. We recognize that various groups of people in society are distanced from work. We run a variety of local job- and skills-oriented training programs designed to help these people integrate or reintegrate into the employment market.

Our strategy: strong concepts

Creating value through our strategy

stakeholders	strategic building blocks			
	strong concepts	best people	excellent execution	superior brands
clients	we create and manage a balanced workforce by connecting candidates with suitable employment opportunities	we attract bright, agile and adaptable employees and challenge them to outperform towards clients and candidates	we use best practices and proven procedures to ensure candidate engagement and first-class service delivery	we guarantee to our clients that they will receive the highest quality service and get access to the best candidates
candidates				we are well-known for making the best jobs available and giving people the opportunity to develop their talents
employees	our strong concepts drive excellent development opportunities for our employees	we aim to be the most attractive employer for our employees	our high-performance culture helps us to recruit, retain and develop the best people	superior brands help us to attract, recruit and retain the best people
society including shareholders	simultaneous promotion of all interests: we help to maximize future employment and economic growth and we create shareholder value			

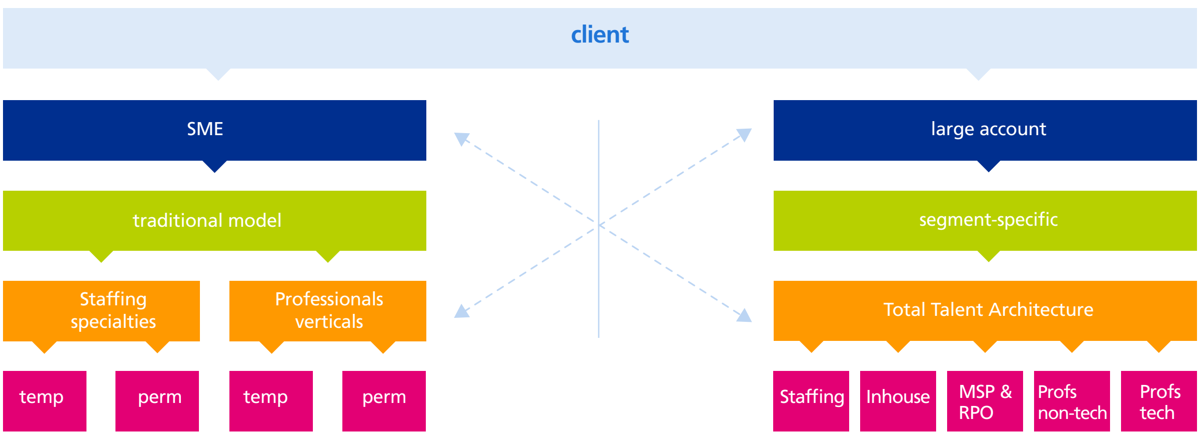
To ensure value creation for clients and candidates, we offer them our strong concepts:
- Staffing;
- Inhouse Services;
- Professionals;
- HR Solutions.

These concepts are based on best practices and proven procedures. This ensures efficient working methods and first-class service delivery. The concepts can be rapidly replicated and leveraged in other markets, and are relatively easy to adapt to meet specific needs. Our service concepts are well-known for the consistency and quality of their delivery. As a result, all of our clients know they can trust Randstad to meet their needs throughout the world. Our concepts offer clients in-depth knowledge of their business and provide them with the right talent at the right time. Addressing the need of our clients for increased flexibility is something we do every day.

In 2014, we continued to focus on implementing the right delivery models for clients and on client profitability. For small and medium-sized clients, we offer Staffing and Professionals services through our branch network. Our units or teams in these businesses each focus on a specific market segment and/or job profile, offering temporary staffing and/or permanent placements. For larger clients requiring higher volumes, we have developed segment-specific delivery models. As the profiles of our clients continue to change, we adapt our service offering accordingly. Two good examples are Randstad Inhouse Services and Randstad Sourceright. The latter focuses on Recruitment Process Outsourcing (RPO) and Managed Services Programs (MSP).

Across the Randstad Group, we periodically analyze our clients' needs. During these analyses, we assess whether the existing delivery model is the most effective and efficient one to meet our clients' needs. In addition, we analyze whether the existing contract and delivery models generate the desired profitability. Based on this assessment, clients may be transferred to a new delivery model to ensure we continue to tailor our services to their specific needs and challenges. For example, we may transfer a large Professionals client, serviced through our office network, to RPO, so that we can handle recruitment at the client's premises. Other examples involve launching an MSP for a large client to manage its supplier

Client strategy



Adaptability of the client-delivery model

base, transferring Staffing from the branch network to Inhouse Services, or centralizing the recruitment of candidates.

Such a dedicated delivery model increases the fill rate of the orders and hence leads to greater efficiency and client satisfaction. What is more, by transferring a larger client from the branch network to a segment-specific delivery model, we also ensure that the units and teams at the branches are better able to focus on their SME market segments and related job profiles.

To support the continuous improvement of our concepts and to create new delivery models, we innovate by being the most agile integrator of HR technology. Some of the HR technology trends we see are big data analytics, social sourcing, talent networks, and human cloud platforms. We are running several projects to embrace these new trends, which allows us to use these technologies in our service delivery to clients. In this context, the Randstad Innovation Fund (RIF) plays an important role.

We offer four distinct service concepts: Staffing, Inhouse Services, Professionals and HR Solutions. Within each service concept, we have multiple ways of delivering our services to our clients. A detailed explanation of our service offering and the structure we deploy to render these services is given in the following sections. An overview of our performance by revenue category in 2014 is given in the section 'Performance'.

Staffing
In Staffing, our largest business, we focus on recruiting candidates whose highest level of schooling is secondary education or equivalent. The concept covers both temporary staffing, where we charge our clients based on the hours worked, and permanent placements, where we charge our client a fee based on the candidate's salary. In 2014, we successfully increased our focus on permanent placements. In a growing number of countries, we now have blended units that offer both temporary staffing and permanent placements.

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 (e.g., logistics, airports, and call centers).

In the majority of our markets, we operate a unit structure in the Staffing segment. Each unit typically consists of two consultants who work within a given geographical area or industry and are jointly responsible for client service, candidate selection, and the matching of clients and candidates. The consultants work as a team, ensuring that, at all times, at least one of them is available to assist our clients and candidates. All consultants are experts in their local labor market, and become experts in their clients' businesses, understanding client needs and the candidate profiles that will best meet their requirements. Because consultants are dedicated to clients and know what to expect – which enables them to predict what clients will need and when they will need it – they achieve maximum fill rates for vacancies. By having in-depth knowledge of the indicators and our clients, we can anticipate our clients' needs. This is one of Randstad's greatest differentiators, and provides a major boost to team performance and directly impacts productivity. The structure enables our consultants to dynamically address changing client demands as they arise. This sets us apart from many competitors who operate separate sales and recruitment forces. As clients' needs change, we may implement different ways of delivering services, such as centralizing the recruitment of candidates and digitizing parts of our services.

Inhouse Services
Randstad has developed Inhouse Services to meet the structural needs of companies requiring large-volume workforces with client-specific skill sets.

We provide dedicated consultants and process managers who work on-site, tailoring our processes to our clients' specific needs, and improving workforce flexibility, productivity, and efficiency. We focus mainly on the following segments: fast-moving consumer goods (FMCG), call centers, manufacturing, and logistics. By providing a flexible work solution designed exclusively for each client, we optimize the workforce and drive cost effectiveness. This results in a number of notable client benefits, including improved labor flexibility and productivity, increased employee retention, and stronger employee engagement.

Being on-site is as close to a client as we can get, and it provides us with a unique opportunity to obtain a thorough understanding of how their business operates and what they

Key figures by revenue category

in millions of €

	revenue		growth%	
	2014	2013	total	organic
Staffing (incl. HR Solutions)	10,202.8	10,037.9	2	1
Professionals	3,424.5	3,306.9	4	4
Inhouse Services	3,622.5	3,223.5	12	12
Total	**17,249.8**	**16,568.3**	**4**	**4**

need to do in order to become more agile, efficient and successful. As a result, hidden needs are easier to discover, and relationships often become long-lasting, providing a high level of trust, enabling clients to focus on core strategic issues, confident in the knowledge that their staffing needs are being met.

Over the years, we have gained valuable experience in providing Inhouse solutions across the industrial segments of our markets. We are now also focusing on implementing our Inhouse Services concept in the administrative segments and in Professionals. In addition, we are seeing an increasing demand for permanent placements through the Inhouse concept.

Professionals

Finding and retaining talent is an ongoing challenge for many of our clients. Even in volatile times with increased unemployment, there are many scarce profiles (especially IT and engineering professionals with at least a university degree). We know where to find the talent with the right skills and competencies, and are able to support our professionals in gaining additional skills through training if required. Our professionals, both those placed on temporary projects and those added as permanent staff, will add value from the moment they start the job and help achieve our clients' business goals.

Within Professionals, we use units of at least two consultants, who concentrate on a specific segment or a number of job profiles. Our experienced consultants are experts in their own specific fields, and have well-developed networks of contacts. We source professionals and executives across a range of sectors, including engineering, IT, finance and accounting, healthcare, and other disciplines, such as HR, education, legal affairs, and marketing. We place candidates on a temporary or interim basis, as well as on permanent placements.

In 2014, we took a closer look at our strategic approach for Professionals. We see a big opportunity to leverage the strong relationships with our existing client base, where we already have a solid exposure to their staffing spend. Going forward, we will focus on verticals in mature markets, while aiming at accelerating growth in emerging markets based on a more generic approach.

Our verticals approach to mature markets is initially focused on the larger Professionals markets: IT, finance and engineering. The emphasis is to further tailor our Professionals concept to the dynamics of these markets and making use of the in-depth knowledge and experience in the most mature operating companies. On that basis, we 'copy and paste' these best-practice concepts. Special attention is paid to on-boarding programs for new consultants and helping them to get to desired productivity levels faster. Our field steering model further supports our growth in these markets. In the Netherlands, as part of the restructuring, all Professionals activities will be combined under the Yacht brand.

In emerging markets, we apply a more generic approach, and we have standardized toolkits available for accelerating growth across these markets. These toolkits include blueprints for processes, databases, and dashboards. Special attention is paid to people, training, and development, including senior management appointments, to ensure we have the right level of expertise on board. By making use of the standardized toolkit, we ensure that best practices and proven procedures are used. Once these businesses grow in maturity, the activities will be aligned with the verticals approach, as explained above.

HR Solutions

HR Solutions frees up the time of our clients' HR managers by taking over several of their tasks, enabling them to concentrate more on their company's strategic HR issues. These services, which have been developed on the basis of our extensive experience in this field, are typically complementary to Staffing and Professionals, especially with long-standing client relationships. In addition, our HR Solutions offering provides an ideal opportunity to establish and deepen new client relationships. Sometimes we start a client relationship by providing payroll services, and we also have many examples where we first provided outsourcing or other HR services. Sharing our expertise and added value enables us to expand our service offering to Staffing and Professionals. We provide clients with a number of key HR Solutions, which are described below.

In 2014, Randstad Sourceright continued to build on its success in addressing client demand for strategic talent solutions. Through ongoing consultation and extensive partnerships, we helped organizations navigate constant market changes with the critical skills required to compete and succeed. Our insight, deep expertise, and services help clients fulfill their strategic business vision through a commitment to shaping an organization's 'talent readiness'. By delivering the right talent at the right time in the right modes of employment and at the right cost, we drive quantifiable and lasting business impact for our clients.

As clients seek new ways to stay ahead of the competition and secure the best talent faster, we are seeing growth in market opportunities in Recruitment Process Outsourcing (RPO) and Managed Services Programs (MSPs).

Within the solutions sector, the global RPO market continues to see strong demand at 15-20% growth annually. The largest market is North America, followed by EMEA, Asia Pacific, and Latin America. As the market matures, RPO buyers are looking beyond traditional drivers, such as flexibility, scalability, and cost. In addition, they are attaching greater importance to business impact – including improving quality of hire, reducing time-to-hire of business-critical talent, measurable process improvement, and greater visibility and insights.

Recruitment Process Outsourcing (RPO)
RPO is designed to increase the quality of a client's process of hiring permanent employees, and to reduce their administrative burden and costs. Our RPO services take control of a client's entire recruitment and talent acquisition process. We provide tailor-made, own-branded, and on-site HR services to deal with:
- Management of all vacancies;
- Response screening and assessment;
- Selection and management of external agencies;
- Cross-border services.

RPO is used by large, multinational organizations seeking strategic, operational and financial benefits. RPO was a well-established service offering provided by SFN Group, a US-based company we acquired in 2011. In line with our 'copy and paste' strategy, we are implementing this concept in other countries outside the US.

Today, clients need an RPO provider that can align organizational strategy with the workforce plan, adding value through innovative services around strategic sourcing, employer branding, diversity, talent community management, workforce planning, and talent analytics. Randstad Sourceright is well-positioned to capitalize on these developments through our global capabilities, our network of renowned thought leaders, and expert communities, as well as the innovation demonstrated by our centralized recruitment centers in the US, UK, Hungary, India, China and Malaysia.

Managed Services Programs (MSP)
In our Managed Services Programs, we take primary responsibility for the organization and management of a client's contingent workforce.

We manage the entire supply chain of all staffing providers on behalf of the client. This gives clients greater control of their recruitment activities and greater transparency regarding their spending. These services are particularly useful for companies wanting a single point of contact in order to ensure greater transparency and compliance in managing large volumes of professional skills from many different suppliers. We regularly operate in more than one country. We have experience with most Vendor Management System technologies that are used to automate the hiring process and to provide clients with statistical management information.

The MSP market continues to evolve rapidly, showing global growth of 15–20% in 2014. The largest MSP market is in North America, followed by EMEA, Asia Pacific, and Latin America. Besides the traditional MSP adoption drivers (such as cost reduction, improved compliance, and greater spend and workforce visibility), new drivers focusing on optimizing the blend of permanent and temporary workers and talent quality are also emerging. This development is driving change in MSP solutions, such as roles and functions in scope, delivery models, pricing approaches, geographic coverage, and the service provider landscape. Organizations are starting to look at talent holistically, with talent acquisition encompassing the temporary, contracting, freelance, and permanent workforce, as well as statement of work consultants. As organizations continue to recognize the value contributed by contingent workers, they are paying more and more attention to the quality of hires and the satisfaction levels of hiring managers.

Both RPO and MSP are offered under the global Randstad Sourceright brand. Randstad Sourceright has seen rapid adaptation and expansion in Anglo-Saxon markets over the last few years, as clients become increasingly aware of the benefits. The long-term growth potential in Europe and the increasing proportion of multi-country deals has recently led us to realign our EMEA organization to capture this growth.

Payroll Services
Our Payroll Services take over our clients' administrative burden so that they can focus on their core business needs. We provide a broad range of services, including:
- Taking care of the entire personnel administration, payroll accounting, and contract management;
- Monitoring and addressing absenteeism;
- Providing a 24/7 service portal, which enables clients to register new employees, make changes, or find specific management information.

Outplacement
Within Outplacement, we advise and support organizations in situations in which employment contracts need to be ended due to a strategic decision or for other reasons. We help employees to find suitable new employment, and try to make the transition as smooth as possible. In this segment, we are market leader in the Netherlands and Belgium.

Outsourcing
In Outsourcing, we take over several client activities with output responsibility in both production/logistics and administrative environments, while we also have a large outsourcing business in IT.

Consultancy
Through our Consultancy services, we support clients by providing expert advice on organizational development and personal improvement, which includes:
- Personal employee development and coaching;
- Optimization of HR processes and policies;
- Strategic workforce planning.

Our strategy: excellent execution

Creating value through our strategy

stakeholders	strategic building blocks: strong concepts	best people	excellent execution	superior brands
clients	we create and manage a balanced workforce by connecting candidates with suitable employment opportunities	we attract bright, agile and adaptable employees and challenge them to outperform towards clients and candidates	we use best practices and proven procedures to ensure candidate engagement and first-class service delivery	we guarantee to our clients that they will receive the highest quality service and get access to the best candidates
candidates				we are well-known for making the best jobs available and giving people the opportunity to develop their talents
employees	our strong concepts drive excellent development opportunities for our employees	we aim to be the most attractive employer for our employees	our high-performance culture helps us to recruit, retain and develop the best people	superior brands help us to attract, recruit and retain the best people
society including shareholders	simultaneous promotion of all interests: we help to maximize future employment and economic growth and we create shareholder value			

Our building block 'excellent execution' is based on best practices, which we have made the cornerstone of all our activities. We take best practices that have either been developed centrally at Group level or in any one of our operating companies, and translate them into standardized work processes that we can use right across our business. This means we can spend more time with clients and candidates, increasing client and candidate engagement and enabling us to gain market share. By standardizing, we can rapidly 'copy and paste' our concepts across markets around the world, because the required processes and execution are fully developed, and we can replicate them with only minor adjustments to take account of local business practices or labor market culture.

Activity-based field steering (ABFS)

Our activity-based field steering model (ABFS) is designed to optimize adaptability and to drive productivity, which is essential in generating a strong conversion of gross profit into EBITA. ABFS is an enhanced, input-driven (calls, visits) version of our existing field steering model. As such, it drives our daily operational activities, and enables us to improve our organizational readiness.

One of our core strengths is being able to adjust to changing market circumstances quickly and adeptly, enabling us to provide clients with the services they need, when and where they need them. Building on the foundation of our strong concepts, we use our ABFS model to manage and direct performance across our businesses.

Our ABFS model drives decisions to exploit profitable growth potential or to reduce costs when needed. Both may apply in parallel – even in a growing operating company – which is why we align those decisions with local operational developments and local market trends at the lowest level in our organization. This means that we do not manage on the basis of averages or predictions, but on actual real-time, bottom-up figures. Furthermore, by embedding operational performance tools at every level of our organization, the ABFS model also 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. The consolidated data enables them to manage their units and teams in the field by adapting to changing client and market demands as they occur. The field steering model also helps us identify best practices, which can then be rolled out globally as part of our strong concepts.

By ensuring the adaptability of the field organization, our field steering model helps us to achieve an efficient front-staff cost structure. In addition, we closely monitor the productivity and efficiency of the whole organization, including overhead and head-office costs. As we return to growth, our focus will be on the conversion of this additional gross profit into EBITA. Overall, we aim to achieve an incremental conversion ratio of 50%. However, in the first phase of a recovery this should be higher, as growth will be realized using the existing capacity. This will be supported by limited investments in marketing and bonus costs. In the second phase of a recovery, we will need to hire consultants to achieve profitable growth. In that phase, our incremental conversion ratio will be around 50%.

Best practices for field and back-office activities

We standardize both front-office and back-office processes and, where possible, marketing processes. This improves the consistency and quality of our business and our execution. We have created and implemented a 'contract-to-cash' blueprint across our companies. This blueprint, which is derived from best practices used by our operating companies around the world, includes guidance for contract terms and describes best practices for invoicing and collection processes. By using this blueprint, we ensure efficient use of working capital across the Group. Our average Days Sales Outstanding (DSO) was 51.7 days in 2014 (2013: 51.8).

IT strategy

By integrating services and technology, Randstad aims to continuously increase the value it creates for its clients, candidates, and employees. Given the fast pace of technological developments, Randstad strives for maximum agility to ensure that new technologies are integrated quickly, both locally and globally.

To increase agility and to reduce time-to-market for new developments, Randstad is moving its current physical infrastructure into 'the cloud'. This follows the successful rollout of Google for Work as our email and collaboration platform.

Randstad's application landscape is a balanced mix of global and local (per country) elements. Given the vast variety in regulatory environments, we choose to select one core staffing and compliance platform per country. In addition to enabling compliance with local regulations, these local core systems are selected and configured to support Randstad's business concepts and other standards (e.g., our Blue2 web portal standard).

Local IT directors have significant discretion to optimize and extend these local platforms (e.g., by integrating components newly available on the market). Randstad aims to have a repository of (mostly external) components that operating companies can integrate locally with relatively little effort. We are continuously scanning the HR technology market for promising new components and ideas. The Randstad Innovation Fund plays an important role in identifying new technologies and inspiring ideas. Given this focus, local Randstad IT staff are selected for and trained in business acumen and integration skills.

Randstad's Group-wide systems are geared, among other things, to consolidate financial and operational data and provide relevant management information to our international clients. Randstad aims to keep this international layer of systems relatively light and flexible, and non-intrusive to local operating company developments.

Randstad recognizes that the traditional way of doing business through our branch network is evolving. While our branch network remains an important way of connecting to both our clients and candidates, our visibility and presence is enhanced through the use of other sales and delivery channels. These include our online presence and the use of mobile (location-based) devices.

Randstad Innovation Fund (RIF)

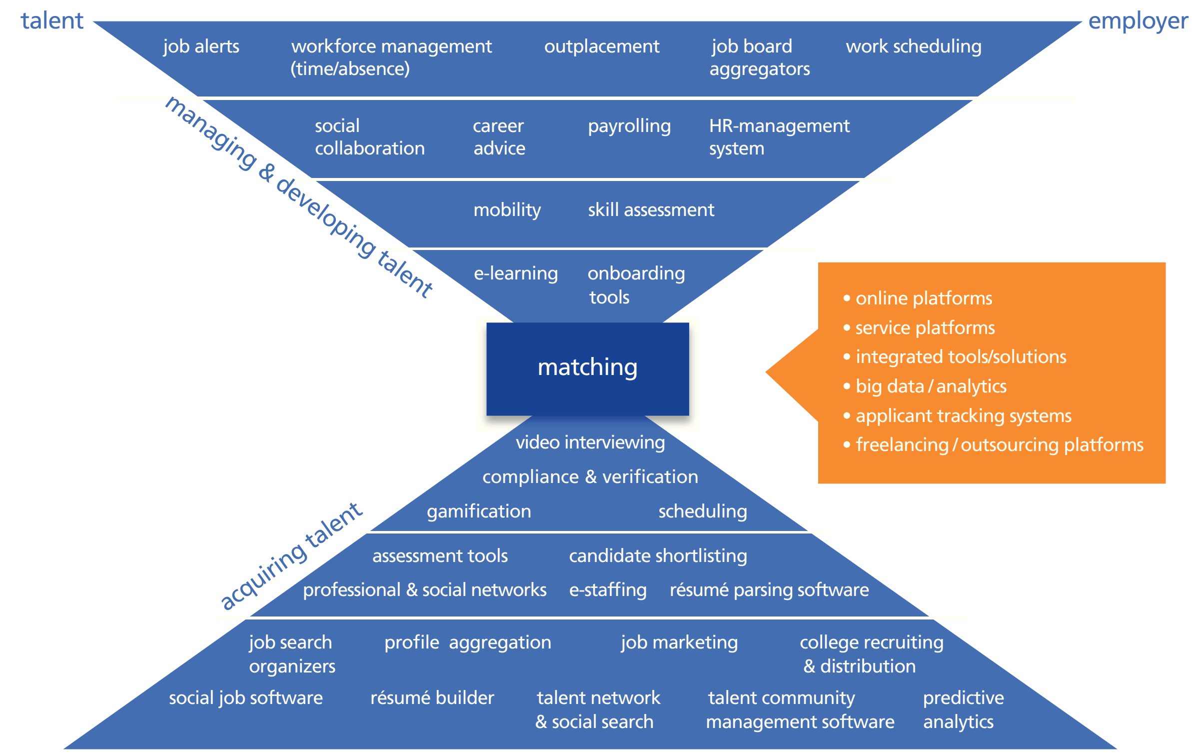
As a strategic corporate venture fund dedicated to HR, RIF aims to find early-stage to expansion-stage companies that are strategically relevant to Randstad. The Fund explores targeted areas, such as social sourcing, online platforms, and mobile and virtual solutions. Our goal is to take minority participations, preferably together with venture capital firms or other investors. A typical investment is between € 0.5 and € 5 million. Since its launch in March 2014, RIF has reviewed over 300 opportunities across the HR technology landscape and made four minority investments: Gigwalk (March), twago (July), RolePoint (September), and VONQ/Qandidate.com (October).

San Francisco-based Gigwalk provides a mobile platform for automatically managing on-demand workforces according to configurable parameters and geolocalization. Berlin-based twago is Europe's largest marketplace for freelancers, with over 230,000 experts in 200 countries. RolePoint, headquartered in San Francisco, provides an employee referral software suite to SMEs and Fortune 100 companies to maximize engagement and leverage communities and networks.

VONQ is Europe's largest provider of online recruitment marketing services. Qandidate.com, launched by VONQ,

HR technology landscape

enables innovative offerings in multiple strategic fields



provides a free platform for easily setting up a career site, reflecting the client's own identity and market. It enables them to track vacancies on thousands of job sites and social media.

Randstad continuously incorporates into its business strategy the learnings and expertise acquired by RIF.

RIF is investing in and/or cooperating with innovative companies that can support Randstad in shaping the world of work. RIF's mission is to fuel corporate technology innovation in order to enhance client value and accelerate corporate growth. The extent to which we understand the HR industry, combined with our global brand and customer base, provides unique value to our stakeholders. As an integral part of our innovation strategy, RIF looks for developments externally. A key pillar of our innovation strategy internally is to 'copy and paste' successful concepts in a standardized way. An innovation board focuses on identifying promising units and practices that have the potential of being rolled out.

Our strategy: superior brands

Creating value through our strategy

<table>
<tr><th></th><th></th><th colspan="4">strategic building blocks</th></tr>
<tr><th></th><th></th><th>strong concepts</th><th>best people</th><th>excellent execution</th><th>superior brands</th></tr>
<tr><td rowspan="4">stakeholders</td><td>clients</td><td rowspan="2">we create and manage a balanced workforce by connecting candidates with suitable employment opportunities</td><td rowspan="2">we attract bright, agile and adaptable employees and challenge them to outperform towards clients and candidates</td><td rowspan="2">we use best practices and proven procedures to ensure candidate engagement and first-class service delivery</td><td>we guarantee to our clients that they will receive the highest quality service and get access to the best candidates</td></tr>
<tr><td>candidates</td><td>we are well-known for making the best jobs available and giving people the opportunity to develop their talents</td></tr>
<tr><td>employees</td><td>our strong concepts drive excellent development opportunities for our employees</td><td>we aim to be the most attractive employer for our employees</td><td>our high-performance culture helps us to recruit, retain and develop the best people</td><td>superior brands help us to attract, recruit and retain the best people</td></tr>
<tr><td>society including shareholders</td><td colspan="4">simultaneous promotion of all interests: we help to maximize future employment and economic growth and we create shareholder value</td></tr>
</table>

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

Randstad is our main brand in most of our markets. However, in a few markets where the market structure makes this beneficial, we use Tempo-Team as our second brand. This focused, centralized brand strategy enables us to leverage brand recognition, generate efficiency benefits for our online strategy, and share experiences across the Group. It also generates momentum behind our joint sponsorship initiatives, and we achieve significant cost reductions by sharing campaign materials, photo databases and know-how.

International brand awareness rose slightly in 2014 (+1%), despite lower expenditures. This was attributable to a number of marketing actions and a very good performance by the Williams F1 team, resulting in much higher brand visibility.

In the Brand Finance Global 500 rating, compiled in the first half of the year, Randstad remained the most valuable brand in our sector and was ranked #254 (2013: #218).

Global traffic to our websites continued to rise, partly in response to a larger percentage of our advertising budget being spent online. The relative share of job board and recruitment network spending decreased slightly.

Our international reports on the world of work continue their rapid rise in visibility and popularity. The quarterly Randstad Workmonitor is now used in 33 countries, and the Randstad Award, our independent employer branding assessment of major employers in specific markets, has been extended to 23 countries. In addition, we introduced the Global Randstad Award ranking (see the section 'Employment market expertise: Randstad Award').

According to Dow Jones Insight metrics, our global share of voice in press increased from 20% to 24%, strengthening our strong No. 2 position.

Engaging with our clients and candidates

The level to which our clients are engaged with our activities is systematically measured and benchmarked in all major markets and in comparison with all major competitors.

Brand image

TNS Nipo has conducted the Randstad Brand Tracker survey since 2004. This international study covers all countries in which Randstad is active. Its main purpose is to monitor the positions of the Randstad brands twice a year, compared to our competitors and selected other benchmarks, by measuring awareness, consideration, preference, recommendation, and the image of our brands.

We also measure our brand image using an international methodology for rating brands in different product categories. We ask our target groups to what extent they associate 48 attributes – such as innovation, integrity, social responsibility, and best brand – with Randstad and competing HR services companies.

Net Promotor Score (NPS)

The Net Promoter Score represents the relationship between temporary employment agencies and their potential and actual candidates/clients. This indicator compares the number of respondents who would not recommend the company in question with the number who would. Our goal is to always have a Top 3 NPS score in our Top 15 markets (approx. 95% of our total sales). In 2014, Randstad scored a Top 3 position in 10 countries (Belgium, Canada, India, Luxembourg, the Netherlands, Poland, Portugal, Spain, the UK, and the US), compared to six countries in 2013.

RepTrak

In addition, we use RepTrak, a standardized scorecard, to analyze the company's reputation annually. This instrument provides us with detailed feedback on how our various stakeholders perceive our company: how investors and clients rate our performance, whether they are willing to support us, whether Randstad is a good place to work for employees and candidates, and how Randstad is perceived in society in terms of governance, citizenship, and leadership. We have been among the Top 15 corporate brands in in the Netherlands for many years. The Reputation Institute's Global Pulse study measures 600 companies globally. Companies are rated in their home country only. The graph below shows Randstad's reputation within the global services industry (on a scale of 0 to 100). Although scores have decreased somewhat compared to 2013, Randstad still has the highest ranking in the international peer group.

Candidate engagement

The level of candidate engagement with our activities is systematically measured and benchmarked in all major markets and against all major competitors, by measuring candidate awareness, consideration, and preference, as well as recommendation through the Net Promoter Score. In principle, the tools described for clients are also used with regard to candidates.

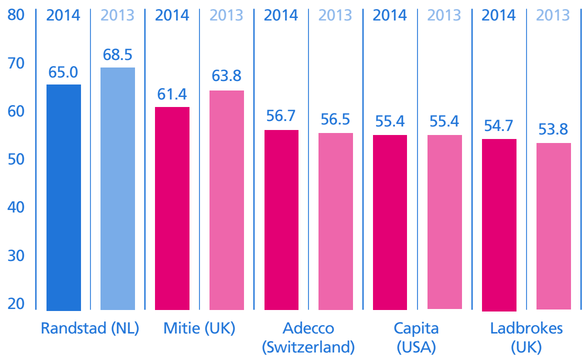
Several of our operating companies also monitor client and candidate satisfaction through bespoke surveys, ISO and other certification systems, and review meetings. If we do our job well, candidate engagement should be reflected in our candidate job satisfaction surveys. Candidates should value Randstad for its reliability and the quality of its service, and recognize it as an authority on the global employment market.

Randstad Workmonitor

One of our key measuring tools is the Randstad Workmonitor survey. This survey includes the Mobility Index, tracking employee confidence and capturing expectations with regard to the likelihood that people will change employers within the next six months. The Randstad Workmonitor provides 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.

First introduced in the Netherlands in 2003, the survey now covers 33 countries around the world, encompassing Europe, Asia Pacific, and the Americas. The Randstad Workmonitor is

Randstad's reputation within the global services industry



Source: Reputation Institute's Global Pulse study 2014

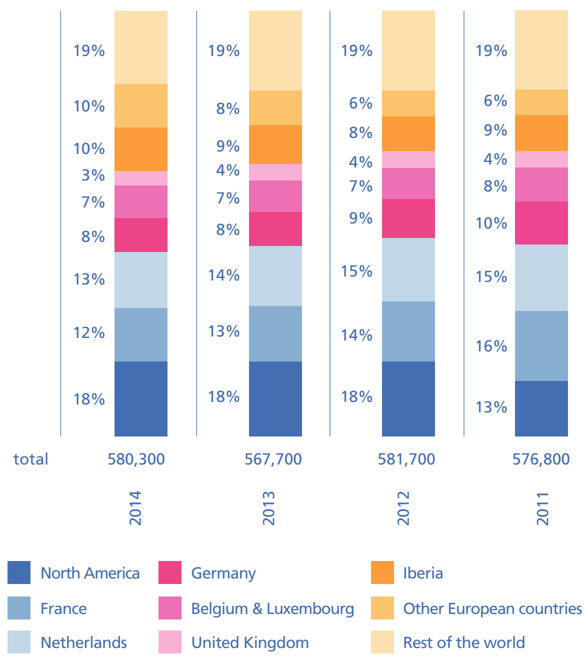
published four times a year, making both local and global trends in mobility regularly visible over time. The results are published on our corporate website. Topics surveyed by the Randstad Workmonitor in 2014 include the impact of a healthy lifestyle on performance at work, teamwork and collaboration, drivers for switching jobs, and the rise of technology.

Number of candidates working

In order to determine our success across the various markets in which we operate, we also regularly monitor the number of

Average number of candidates working per geography

as % of total number of candidates working per day



candidates we place with our clients, as well as our market share across countries. See the graph 'Average number of candidates working per geography' for more details on the development per region. Performance relating to market share can be found in the section 'Country performance'.

Number of permanent placements

Matching candidates with clients for temporary assignments has always been the biggest part of our business. However, over the past few years, permanent placements have become a growing proportion of our daily work. The table 'Number of permanent placements' reflects the 2014 numbers compared to 2013, broken down by geography.

Number of permanent placements

	2014	2013
North America	19,900	18,400
France	21,000	15,300
Netherlands	6,800	4,000
Germany	3,100	2,400
Belgium & Luxembourg	2,700	2,900
United Kingdom	9,100	8,200
Iberia	9,100	6,800
Other European countries	9,800	6,700
Rest of the world	23,900	21,000
Group	**105,400**	**85,700**

Diversified workforces

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

In line with our aim to promote diversity in our workforce, we also welcome candidates with a disability. We have found that registration of disabled candidates varies in the different countries in which we operate. This may be related to local legislation, but also to the personal wishes of the people concerned. We are looking for ways to get a better overview of the exact numbers of disabled candidates we are employing. In several countries, registration of minorities is not allowed, which means we have no validated data at Group level. We are running a variety of local programs to advance employment participation of minority groups.

Dialogue with clients

Our consultants receive training and support to enable them to promote diversity in their clients' workforces. We condemn agencies that cooperate with clients to exclude candidates with specific ethnic backgrounds. We organize seminars and roundtables with clients to raise their awareness about selecting personnel based on actual skills and personal merit.

Employment-market expertise: Randstad Award

Finding and retaining the right talent is an ongoing challenge for many companies, including our clients. It is therefore crucial to know how a company is perceived by potential employees: What attracts them to a specific company or sector? And what drives their choice for one employer over another? The Randstad Award survey, first launched in Belgium in 1999, is the largest independent employer branding study in the world, including over 200,000 respondents across 23 countries (expanded from 18 in 2013).

Respondents are asked which aspects they value in companies when choosing a new employer. They are then asked whether they know the 150 companies selected in that specific geography and whether they would like to work for those companies. Ranking the most attractive industry sectors and ranking the means candidates use to look for a new job are also part of the survey. Our research provides vital insights into how one can best build a company's talent attraction and engagement strategy, and drive future business success. The Randstad Award is an excellent benchmarking tool for ensuring companies' continued success in increasingly competitive talent markets. Randstad Award events are held in the participating countries, attracting all key players in the local HR industry.

In addition to the local Randstad Awards, 2014 saw the launch of the Global Randstad Award for the most attractive employer worldwide. This company was elected from a list of the 50 largest companies worldwide, based on a set of objective criteria: the largest number of employees in corporate/profit organizations (governmental organizations are excluded), operating in at least 25 countries, under the same company name in all countries, with a minimum of 30% of its employees outside the home country. The winner of the first Global Randstad Award was BMW, the first runner-up was Sony, and the second runner-up was Samsung.

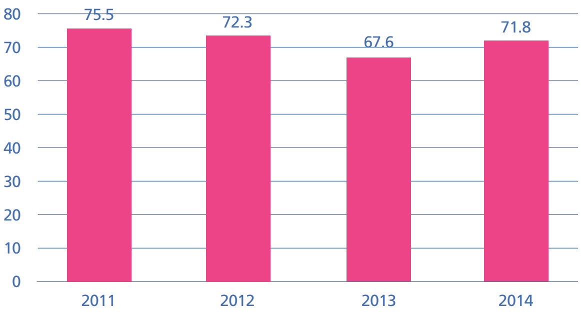
In 2014, the Randstad Award measurement methodology was cross-linked to our Great People Survey, giving us one of the most sophisticated databases of this kind in the world.

Employability advancement

Ongoing skills development is essential for employability and sustainability in any workforce. Our training programs are tailored to meet the needs of clients and candidates in individual employment markets. Such programs include courses specific to IT, sales, call centers, hospitality, and technical skills. Specialized programs leading to additional professional qualifications are also part of training and development. The development of funds invested in training and development of candidates in recent years is shown in the graph 'Candidate training costs'.

Candidate training costs

in millions of €



From unemployment to employment: Youth unemployment

Our operating companies offer an array of initiatives to assist people in getting the right job. In 2013 and 2014, Randstad Netherlands launched 'Jeugd op zoek' ('Youth on the move' program). The program was very successful, with approximately 10,000 young people assisted in finding a job in just five weeks, with the participation of the government. 40% more young people found work than would have been the case without assistance. Of the young people who found jobs through the 2013 program, 75% are still in employment, clearly reflecting the longer term benefits of the program.

Youth unemployment at large is projected to rise to 12.8% globally by 2018. But unemployment does not paint the total picture, as many who have left education do not even appear in labor market statistics. The risks posed by having an entire generation 'scarred' by negative long-term effects have prompted many governments to take firm action. However, government programs cannot solve the entire issue alone, and well-coordinated efforts must come from all key stakeholders, including employers, trade unions, NGOs, and young people themselves.

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

A healthy and safe work environment

Caring for people is embedded in our core values, which form 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 take a stance in advising 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.

An example is Randstad Argentina. They run a dedicated program to reduce the number of occupational accidents and diseases among candidates, and they do so through a multi-stakeholder approach: all relevant parties (Randstad, client companies and their (staffing) employees, health and safety professionals, and insurance companies) are involved, and contribute to a proactive process of accident prevention. Their prevention plan builds on an analysis that they made of workplace accidents with clients, resulting in 'diagnoses' with recommendations, notably a culture change in the care for people and secure working conditions, improving safety procedures and compliance with existing legislation, and training.

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

All employees 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 many of them have a sophisticated health and safety structure in place. We track sickness rates, work-related accidents or incidents resulting in lost-time injury, 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 over 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. Despite our best efforts, we still have to report a number of accidents in the workplace. Accidents may cause injuries. The aggregated number of work-related injuries among our candidates globally amounted to 23,134 (2013: 20,380), while the number of working days lost due to these injuries added up to 308,831 (2013: 298,776). Based on these data, our 'injury rate' is 0.2%.

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

Number of fatal incidents among candidates, 2014

	2014	2013
At work		
Germany	1	2
Belgium & Luxembourg	1	1
France	-	3
USA	-	1
India	1	1
In traffic (while working)		
Turkey	-	1
India	1	3
	4	**12**

When, in spite of our efforts to ensure safety, accidents happen, we always undertake an investigation to establish the reason. Not all accidents are avoidable by better procedures. For instance, in one case in India, the cause was a heart attack. In two other cases, we worked closely with our clients to further improve safety conditions and instructions.

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 to strive for.

how I became
candidates

'Candidates know we will always do our best to make sure they can become what they want to be.'

Almost everyone alive has been a candidate for a job at some stage of their life, and most of us multiple times. So, we are all familiar with the questions that arise in people's minds at such moments. Will I have good career opportunities? What would be a good job for me anyway? Will I find fulfillment in my current job – or in the next one? The world of work is changing rapidly, careers for life are becoming less common, and many people find flexible employment options increasingly attractive.

Our role is to give as many people as possible access to jobs, providing them with options for personal growth and development. We do so with respect for health and safety, and we do not compromise on integrity. In several countries we are very well-known for our offers of temporary jobs, but increasingly, we are also recruiting for permanent jobs, project assignments and secondments. We want to be as inclusive as possible, and we pay special attention to lifting people out of unemployment, and to finding opportunities for people who are at a disadvantage in some way – through a disability, for instance. We span the spectrum from the factory floor all the way to professional specialists and middle management – and sometimes beyond. Our aim is to be the preferred intermediary – preferred because our candidates know we will always do our best to make sure they can become what they want to be.

value for our employees

Our strategy: best people

from strategy to value creation

stakeholders	strategic building blocks: strong concepts	best people	excellent execution	superior brands
clients	we create and manage a balanced workforce by connecting candidates with suitable employment opportunities	we attract bright, agile and adaptable employees and challenge them to outperform towards clients and candidates	we use best practices and proven procedures to ensure candidate engagement and first-class service delivery	we guarantee to our clients that they will receive the highest quality service and get access to the best candidates
candidates				we are well-known for making the best jobs available and giving people the opportunity to develop their talents
employees	our strong concepts drive excellent development opportunities for our employees	we aim to be the most attractive employer for our employees	our high-performance culture helps us to recruit, retain and develop the best people	superior brands help us to recruit and retain the best people
society including investors	simultaneous promotion of all interests: we help to maximize future employment and economic growth and we create shareholder value			

The true value of our business lies in our people. We need to attract the best people, and invest in their development. We want to challenge them to perform to the best of their ability and seize the opportunities a multinational company has to offer. We aim to be the most attractive employer for our corporate employees, with equal opportunities for all. That is why 'best people' is one of our strategic building blocks.

Making strong concepts work

The ‘best people’ building block acknowledges the importance of our corporate staff in maintaining and building on our success and position in the market.

Attracting, recruiting, developing and retaining the best people is key to making our strong concepts work in practice. Randstad attracts agile and adaptable people, capable of effectively dealing with and responding to rapidly changing circumstances. Having the best people enables us to deliver the best and most innovative services to our clients.

A strong and state-of-the-art human resources function is key to this ambition, and drives quality and discipline with regard to processes such as performance management, talent and leadership development, organization design and development, employer and employee branding, and employee engagement.

In order to integrate 'best people' into our global environment, we developed clear and simple HR Standards. These standards are designed to guide our HR professionals in continuously supporting and improving our people and their performance. This will enable us to take our HR community to the next level and become the employer of choice. Our HR Standards form a common language and structure that helps us pursue our shared goals. They describe our core processes and procedures, explain how we can excel in our execution, and provide guidelines for achieving continuous improvement. In 2014, the HR Standards were refreshed and revised, and key HR metrics were added. All operating companies have conducted self-assessments with regard to the HR Standards and have written an action plan based on the outcome.

Recruiting the best people

Who we look for

Successful recruitment means hiring people with the right skills and competencies, who also fit within our culture and values. We hire people for a career, not just for a job. To attract the best and the brightest in all our markets, we continuously work on and invest in our employer brand.

Great People, Great Opportunities

Our Employee Value Proposition 'Great People, Great Opportunities' expresses the commitment that Randstad and its employees have made to each other. It specifies what Randstad offers in return for its employees' contribution and performance. This is what makes us unique and differentiates us from the competition, answering the question: Why should someone join and/or stay at Randstad?

Our employees played a key role in developing our Employee Value Proposition. In this creative process, we involved around 800 of them from different levels, concepts and geographies. The result was 'Great People, Great Opportunities'. This expresses the idea that the most valuable brand in the industry attracts the best people. Anyone who works with us is assured of working with the industry’s best talent. Our employees consistently tell us that career development opportunities, the professionalism of co-workers, and our vision and values are unique in the world of recruitment.

These are the characteristics that make Randstad unique:

Great people, great opportunities

Developing the best people

Induction program, individual development plan and middle-management training

Employees who are trained, engaged and skilled perform significantly better and are more likely to stay than those who are not. Helping both new and existing employees to understand the strategy and culture of the organization as well as their individual job requirements is crucial in driving their individual effectiveness and satisfaction level. This is why all new employees, as well as employees starting in a new role, follow a formal induction program within the first few months of starting in their new position. The program covers our ambitions, strategy, values, culture, history, and corporate policies, as well as targeted and relevant job-related information designed to help employees become effective in their new role as quickly as possible.

For newly hired senior leaders we conduct a selection assessment center, to make sure we get the best talent in the market and we draw up a relevant and accurate individual development plan (IDP) to get them up to speed as soon as possible.

Immediately after the induction program, the IDP starts, with the aim of getting the employee fully operational within six months. IDPs will continue to play a key role during every employee's career within Randstad. They are not only based on formal training programs (10%), but more importantly, they focus on 'on-the-job learning' (70%) and coaching (20%). For field positions, we have dedicated training programs that build on operational skills and knowledge, such as getting to know the market, clients, candidates, and our concepts.

Although local operations are provided with a blueprint of topics and content that should be covered in the training programs, local HR collaborates with field and local management to develop and deliver relevant learning programs.

Learning is one of our HR Standards. Annually, we assess if and how local companies improve on their training requirements, and we check the efficient implementation of our concept structures. In 2014, we focused on training and developing our higher and middle management on coaching their teams in the efficient and effective implementation of activity-based field steering (ABFS). Paying special attention to ABFS, we aim to accelerate productivity improvements.

Learning and development

Our founder, Frits Goldschmeding, was a pioneer in the labor market in the 1960s. The entrepreneurial spirit he instilled is still alive in the Randstad culture today. Our culture is and always has been **open, friendly, professional** and **driven**. In fact, the diversity of the company and our market is so dynamic that many people stay with us for a long time.

We invest in our people and create opportunities for them to achieve their potential. As we hire for careers, not just for jobs, learning and development is crucial; it is a key driver in establishing a high-performance culture, and thus in growing the business.

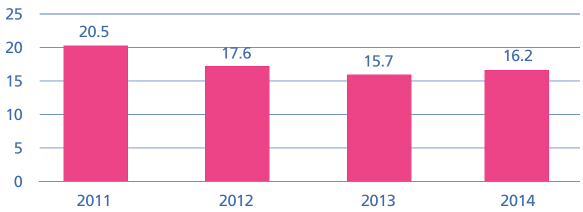
Learning and development at Randstad comprises the following:

- A formal induction for all new employees and for those changing roles;
- On-the-job learning to develop employees within their roles;
- Coaching to support employees in achieving specific personal or professional goals;
- Formal training programs that develop the knowledge, skills and competencies required for continued career development within Randstad.

Information about training costs and hours for corporate employees can be found in the graphs 'Employee training costs' and 'Employee training hours'.

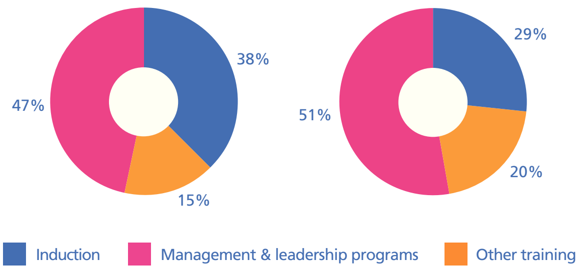
Employee training costs

in millions of €



Employee training hours 2014

Total training hours 2014: 606,906   Total training hours 2013: 544,921



Frits Goldschmeding Academy

As part of the formal training programs, the Frits Goldschmeding Academy offers state-of-the-art leadership programs, designed to support our future leaders in developing the skills and strategic management capabilities to ensure their success within the global business world. These leadership programs offer a unique forum that enables Randstad's senior managers to exchange know-how and expertise in all business-related disciplines and work efficiently on their personal development as a leader.

All the activities and initiatives of the Frits Goldschmeding Academy are linked to the Randstad Group's strategic objectives. Topics covered include the Randstad Group strategy (including the four building blocks), finance for non-financials, leadership, and developing and coaching people.

The programs are created in cooperation with leading international business schools and institutions, such as INSEAD, TIASNimbas Business School, IMD, and Stand & Deliver Group. Our senior management is closely involved in the development and delivery of the programs.

In 2014, the Frits Goldschmeding Academy trained 345 senior managers (2013: 329) in 11 different talent development programs.

World League Programs
Randstad's World League Programs are designed to develop our functional communities (Finance, Legal, HR, Marketing & Communications, and IT) in the areas of people and organization, and the way these functional communities act as business partners of line management. The programs provide a shared vision, mission and language for key behaviors, skills and knowledge within each function, supported by specific tools and development actions. World League Programs enable the global functional communities to deal with performance and development needs in an aligned and constructive way.

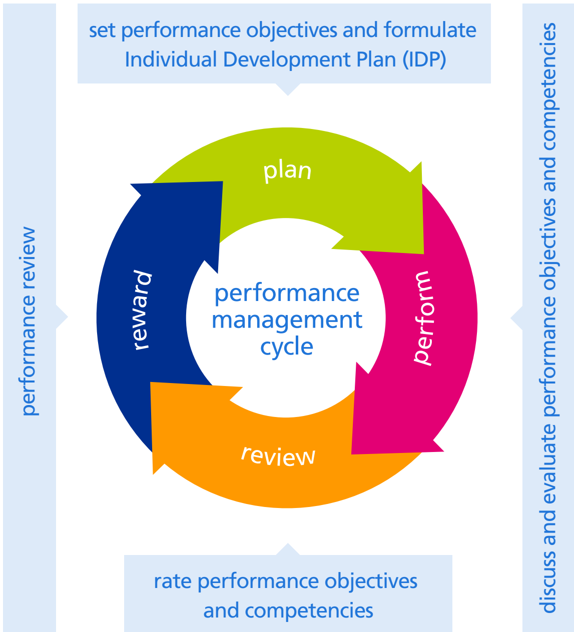
Achievements so far include development-related initiatives, such as High Performing Business Partner 2.0 training for key talents in all functional areas. In the field of marketing, we rolled out the Professionals Services Marketing Leadership Development Program. In addition, targeted functional training programs, leadership programs for Finance (IFMP) and HR (HRDP) have been launched and rolled out.

The success of the World League Programs is reflected in, for example, solidified business partnering and significant increases in cross-opco cooperation with regard to functional leadership and key talent positions. This has resulted in well over 30 appointments in Finance (80% internal promotions), 15 in HR, 5 in Legal, and 6 in Marketing & Communications. For the latter three newer programs, internal promotions are on average closer to 50%, and still increasing.

Performance management
One of the key drivers of high performance in an organization is a disciplined and relevant performance management process. Each Randstad employee follows our performance management process, in accordance with the performance management cycle.

This cycle, which is a fully standardized process across the Group, enables us to effectively manage and calibrate the performance of our global leadership talent pool. The cycle starts with a rigorous goal-setting process, which specifies expected business results and competency development. Relevant competencies are defined for each role and level.

Performance management cycle



During the cycle, frequent and accurate feedback is provided. Towards the end of the cycle, results are assessed through a formal performance appraisal, both on business results and competency development, resulting in performance rewards and IDPs. The individual performance appraisal serves as a basis for our talent review process, which focuses on leadership and talent management.

In 2014, we introduced the Leadership2020 model for senior leaders. This focuses on leadership behavior that contributes directly to current and future success, which will differentiate us positively in our markets.

Talent management
Randstad recognizes the importance of talent management. We consider it to be one of the key factors underpinning company growth and ensuring the continuity of our business. We develop and promote talent, both future leaders and highly skilled experts, for our current needs, while also anticipating future needs and preparing the next generation for new roles. The main goal is to have the right employees in the right place, at the right time, at the right cost, doing the right things. Through our talent management process, we use strategic human resource planning to improve Randstad's business value and make sure we reach our goals.

Talent management enables us to:
- Attract high-caliber people;
- Identify and develop our talents;
- Continuously anticipate needs for future positions on local and global level.

Talent management at Randstad is a continuous process applicable to all employees, aimed at driving high performance. Our integrated talent management approach considers the entire employee life-cycle, from start to finish, and covers all activities that are aimed at making our employees as successful as possible. Talent management is therefore the responsibility of everyone within HR, in partnership with management.

Our talent management efforts always begin at an individual level, with the employee and the manager setting targets together and jointly shaping the employee's Individual Development Plan (IDP). The employee's performance on business targets and competency development is subsequently measured, and the outcome serves as input for the reshaping of the IDP and the Talent Review. The annual Talent Review process is the foundation of Randstad's leadership and talent management throughout the company, from the lowest organizational level up to senior management. This process addresses performance and potential of all employees on an individual level. The Talent Review concludes with an in-depth review by the Executive Board and Group HR, focusing on our strategic human resource planning and subsequently on the strengths and development needs of our senior leadership, succession plans, pipeline development, and future leadership talents.

Global mobility

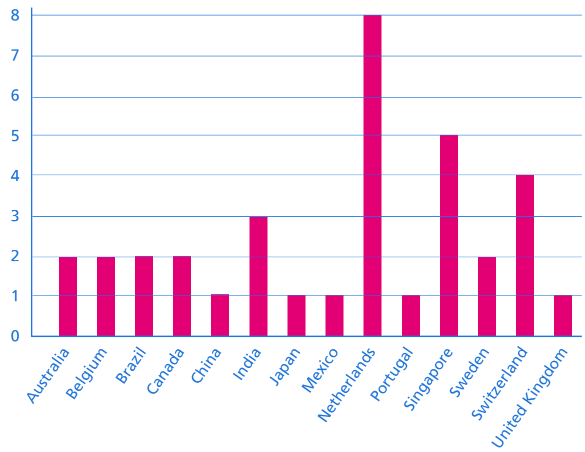
Randstad has a global footprint. This requires our local leaders to be able to operate effectively and comfortably in an international environment.

The nature of our company provides ample opportunity for employees to further develop leadership skills, acquire and build a global mindset and awareness, and effectively manage and leverage cultural differences. Relevant international assignments have proven to be an effective way to further develop such skills.

In addition, we are convinced that no one understands our business and concepts better than our own employees, and we are always looking for ways to leverage knowledge and expertise from our own staff, both locally and on a global scale.

Currently, Randstad has 35 international assignees in 14 countries.

Number of international assignees, 2014



Retaining the best people

80% of our leadership roles filled internally

We believe strongly in developing talent within the company, and we therefore aim to fill 80% of our leadership roles internally. This 80% ambition applies in our mature Staffing and Professionals markets. Compared to 2013, we saw an upward move towards the 80% mark in 2014. The actual score in 2014 was 74.6% (2013: 73.9). The number of internal management appointments (366) increased compared to 2013 (354).

Internal management appointments by geography [1]

	total number of appointments		% internal appointments	
	2014	2013	2014	2013
North America	127	197	89.0%	65.8%
France	35	45	71.4%	91.1%
Netherlands [2]	42	35	92.9%	82.8%
Germany	11	8	54.5%	100.0%
Belgium & Luxembourg	-	4	0.0%	100.0%
United Kingdom [3]	27	9	59.3%	44.4%
Iberia (Spain)	4	13	75.0%	84.6%
Other European countries (Italy)	7	5	85.7%	80.0%
Rest of the world	74	19	55.4%	84.2%
Corporate	39	19	61.5%	78.9%
	366	**354**	**74.6%**	**73.9%**

1 Mature operating companies only (> 500 FTEs).
2 Tempo-Team and Randstad Netherlands only.
3 In 2013, the number refers to Staffing only.

We achieved a substantial improvement in North America, the Netherlands and the UK. We needed to recruit specialized knowledge in Germany and for our corporate head office, so there's a decrease in internal management appointments. In France, Germany and Iberia there were less vacancies, so it was more difficult to reach the target. The other regions are performing in line with expectations in terms of people and leadership development. The 80% ambition applies in our mature Staffing and Professionals markets.

Historically, we have seen a rather high staff turnover rate relative to our total number of employees. This is common in our industry. The vast majority of our staff work as consultants at our branches. They are relatively young, well-educated and ambitious employees, who tend to move on in their career after working as a consultant. They are either promoted within the Group or they decide to leave the Group to work for one of our clients or pursue other opportunities. More information on our staff turnover is shown in the table 'Employee turnover rate'.

Employee turnover rate

in % of total number of employees

	2014	2013
Employees leaving the Group	23.4	23.6
Employees transferred within the Group	0.5	0.3
Total employees leaving their operating company	**23.9**	**23.9**

From employee engagement to Great People Outperformance

Looking at our Great People Survey results last year, our engagement score increased from 7.3 in 2013 to 7.6 in 2014. This is great news, as it is the first time that Randstad Group has reached such a score. We can proudly say that in 2014 we met our company target of having an engagement score of 7.5 or higher, and also our participation rate of 82% was the highest yet (2013: 76%, target 70% or above). Locally, action plans are created to further improve engagement.

Employee engagement by geography

on a 10-point scale, weighted

	engagement score		participation rate	
	2014	2013	2014	2013
North America	8.0	7.9	90.1%	74.3%
France	6.6	6.1	86.9%	84.5%
Netherlands	7.8	7.5	72.6%	73.1%
Germany	7.3	7.0	77.1%	73.3%
Belgium & Luxembourg [1]	7.2	n.a.	69.2%	n.a.
United Kingdom	7.6	7.5	75.3%	61.9%
Iberia	7.6	7.9	88.4%	83.6%
Other European countries	7.5	7.2	86.2%	81.8%
Rest of the world	7.8	7.0	83.0%	78.2%
Corporate	8.1	8.2	89.9%	91.1%
	7.6	**7.3**	**81.6%**	**76.3%**

1 Belgium & Luxembourg did not participate in 2013.

Source: Great People Survey

Great People Outperformance

As we are striving for continuous improvement, we want our survey approach to go beyond measuring engagement. We want to find out whether our employees see us as a company outperforming the market. Our business is built on our people, so if we can empower and engage them through a good leadership style and organizational capabilities that encourage innovation and accountability, we will make Randstad an 'outperformance organization'. We started measuring outperformance in 2014 and look forward to progressing in this area.

Randstad outperformance

A healthy and safe environment

Our operating companies use and report on a variety of measures designed to advance employee well-being. These include procedures to promote safety at work and training programs. In several countries, we have formal agreements with trade unions on health and safety topics. For example, in the Netherlands, our companies have agreed protocols with the trade unions regarding absence due to sickness and disability, all employees are covered by collective insurance, and reintegration partners need to be certified.

Our companies offer employees an array of programs, services and products to stimulate their well-being. These include discounts on sports and wellness centers and sports clothing, a range of comprehensive health-care services (e.g., physical check-ups, addiction prevention) and child care services (e.g., help for sick children). As an example, in the Netherlands, we have sports teams for rowing, field hockey, soccer, cycling and running, and there are on-site fitness facilities at the head-office.

Randstad has local crisis and continuity plans in line with a Group template. The plans must contain at least the following: key contacts during an emergency; a hazard analysis with quick response reference; a business impact analysis with possible responses to an emergency; a critical functions priority list; and an action log. Serious security incidents are reported – and in some cases dealt with – at central level.

We aim to achieve a sickness absenteeism rate that is lower than the national average. Group companies whose rate is above their national average are required to implement a special program to improve their performance. In 2014, the overall sickness absenteeism rate was 2.2% (2013: 2.1%). The total number of working days that were lost due to sickness absence, amounted to 166,766 (2013: 154,329). In those countries where authorities publish sickness rates (mostly Europe), our own sickness absenteeism rates were in virtually all cases lower than the national averages; only Germany and Spain were slightly higher.

Despite our high safety standards and prevention measures, we have not been able to prevent all accidents. In 2014, we were faced with incidents in the workplace, causing 244 (2013: 394) injuries among our corporate employees. The number of working days lost due to these injuries amounted to 1,564 (2013: 2,881). This results in an overall injury rate of 0.04%. Much to our regret, one employee (in Germany) died during work, caused by a heart attack.

Diversity and inclusion

Workforce equality

At Randstad, we have a policy of hiring and promoting the best person for the job, based on proven performance and potential assessment. While doing this, we do not discriminate on the basis of age, skin color, disability, gender, marital status, nationality, race, religion or sexual orientation. This is confirmed in our business principles and in the Randstad policy regarding discrimination, intimidation, and harassment. We stimulate equality in the workplace by taking affirmative action to support the advancement of minority groups.

Value in diversity

Randstad does not look at diversity from a compliance perspective, but from a value-add perspective. Having a strong focus on diversity will help us solve the emerging talent shortage, contribute to creativity and innovation, employee engagement, and brand reputation, and realize our strategic targets. We link diversity with inclusion, thereby building a strong organizational culture that fosters diversity and inclusion, so that all employees can contribute to their full potential and are provided with equal opportunity of advancement in their careers at Randstad.

Gender diversity

Randstad has been dedicated to furthering the role of women in business since the company was founded in the 1960s. We recognize the need to have women in leadership roles and the positive business impact of having gender diversity at the highest levels. Our flexible work environment, as well as Randstad's training and career advancement programs, make us an attractive employer for both men and women. The overall percentage of women in senior management at Randstad has been relatively stable over the past few years (see the table 'Proportion of women in senior management'), but we are committed to encouraging women to climb the 'corporate ladder', and we continue to offer them the right tools and processes to support them in moving up.

Composition of our workforce by gender

	2014	2013
Male full-time	30.6%	30.2%
Male part-time	1.5%	1.5%
Female full-time	52.7%	52.4%
Female part-time	15.2%	15.9%
Total	**100.0%**	**100.0%**

Composition of our workforce by type of contract

	2014	2013
Permanent/open-term contract	90.2%	91.0%
Fixed-term contract	9.8%	9.0%
Total	**100.0%**	**100.0%**

Composition of our workforce by age group [1]

Age group	2014	2013
18 - 24	5.4%	4.9%
25 - 29	20.9%	19.7%
30 - 34	22.5%	22.8%
35 - 39	17.9%	18.9%
40 - 49	24.3%	24.6%
50+	9.0%	9.1%
Total	**100.0%**	**100.0%**

1 Belgium & Luxembourg did not participate in 2013.

Source: Great People Survey

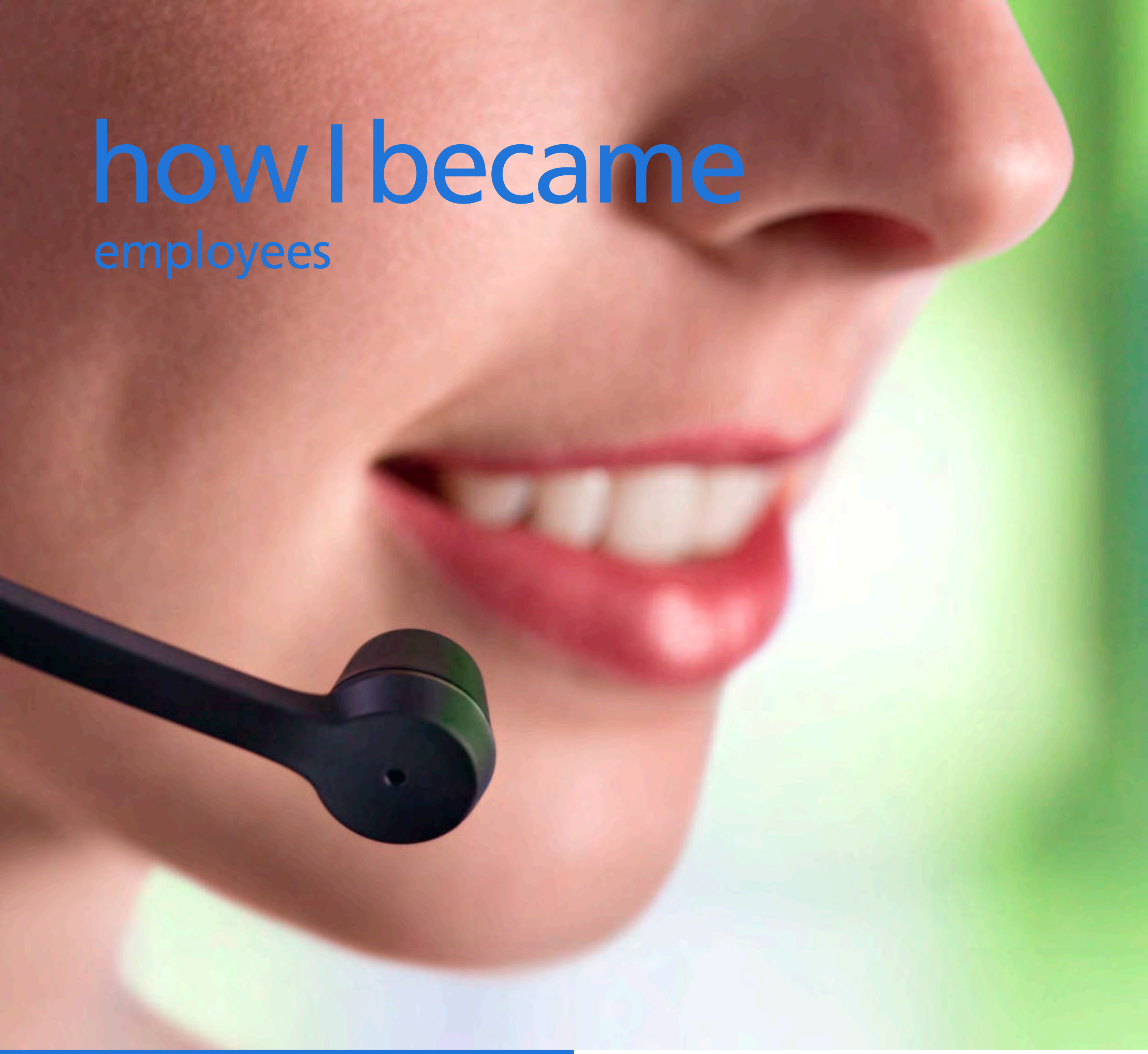
Proportion of women in senior management[1]

	% women in organization		% women in senior management positions	
	2014	2013	2014	2013
North America	60.5	62.4	49.1	48.1
France	76.9	77.0	47.9	45.7
Netherlands	70.9	71.4	36.7	33.8
Germany	59.5	63.7	40.5	44.0
Belgium & Luxembourg[2]	85.0	n.a.	58.8	n.a.
United Kingdom	59.5	59.1	45.9	38.8
Iberia	77.9	77.9	52.8	54.1
Other European countries	78.1	75.3	53.4	48.4
Rest of the world	56.5	56.9	39.9	37.6
Total	**67.5**	**66.8**	**45.2**	**43.2**

1 Senior management 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 Belgium and Luxembourg did not participate in 2013.

Source: Great People Survey

how I became
employees



'Careers at Randstad range from unique commercial careers to rewarding functional careers in, for instance, finance, marketing and, of course, HR.'

Our corporate story starts with how our founder began our company in his student dorm, and went on to become one of the most fabled Dutch businessmen. He once joked in an interview: 'But that also meant I never got a promotion – I started as the boss and retired in the same job'! For people joining Randstad today, the situation is rather different. We take talent development very seriously. We have to, as it is our policy to fill 80% of our vacancies with internal candidates.

Careers at Randstad range from unique commercial careers (several of our Executive Board members today started as consultants in our branches) to rewarding functional careers in, for instance, finance, marketing and, of course, HR. We pay attention to what it is that we can offer our employees, our 'employee value proposition'. We stimulate growth through specific training and development programs. And thanks to our Randstad Award surveys we know what the key factors are that help us to be an attractive employer. Randstad itself went from a two-man-band in a small country to a global leader by being serious about working with the best people. But arguably the most important element in how we became what we are today, is that we have always preserved our core values. To promote the interests of all stakeholders simultaneously, to always strive for perfection, and to work according to our mantra: 'to know, serve, and trust'.

value for society

Creating value through our strategy

stakeholders	strategic building blocks: strong concepts	best people	excellent execution	superior brands
clients	we create and manage a balanced workforce by connecting candidates with suitable employment opportunities	we attract bright, agile and adaptable employees and challenge them to outperform towards clients and candidates	we use best practices and proven procedures to ensure candidate engagement and first-class service delivery	we guarantee to our clients that they will receive the highest quality service and get access to the best candidates
candidates				we are well-known for making the best jobs available and giving people the opportunity to develop their talents
employees	our strong concepts drive excellent development opportunities for our employees	we aim to be the most attractive employer for our employees	our high-performance culture helps us to recruit, retain and develop the best people	superior brands help us to attract, recruit and retain the best people
society including shareholders	simultaneous promotion of all interests: we help to maximize future employment and economic growth and we create shareholder value			

Randstad takes the lead in shaping the world of work by matching people with companies that will help them develop their potential, and matching companies with people who will work to develop their business. On average, we employed almost 600,000 candidates per day in temporary jobs, while we placed over 100,000 candidates in permanent positions. This means that we find jobs for about 2 million people annually. We seek to shape a more balanced society by activating our employment knowledge and expertise through social dialogue, social and economic growth, and by advocating developments that benefit both individuals and society at large. We emphasize the role of the HR services industry in creating jobs for young people and helping them find their way in the world of work.

Our role in society

Our core values inspire us to conduct our activities, both inside and outside the corporate environment, in a sustainable manner, and to use our knowledge and experience to make a positive contribution to the world around us.

For example, we can make a meaningful difference by using our knowledge and services to influence diversity, social cohesion and inclusion in the world's employment markets. Research shows that countries with more developed HR services markets typically have lower overall unemployment and fewer people in long-term unemployment. These markets are more inclusive and suffer less from unfair working conditions, exploitation, and irregular work.

We are well-positioned to help address the growing challenges the employment markets are facing around the world. These challenges include structural shortages of skills and talent, declining population growth, cultural changes in the way new generations view work, as well as the demographic challenges posed by aging populations in many Western economies.

Of course, we also need to address the sustainability issues common to all businesses, such as our environmental impact and how we affect the world around us. Our sustainability framework addresses those issues, and we measure our progress in this area. This is an integral part of how we safeguard our business and its long-term viability, while taking into account the interests of all our stakeholders. At the same time, we believe our industry has a unique opportunity to help create a truly sustainable future, both socially and economically, by literally shaping the world of work.

Stakeholder dialogue

One of our key surveys is the Randstad Workmonitor. Published four times a year, the Randstad Workmonitor reports make both local and global trends in mobility visible over time. The results are published on our corporate website.

At the same time, we have developed leading programs to enhance employment market knowledge. Together with partners such as SEO Economic Research (affiliated with the University of Amsterdam), we have carried out studies into the implications of future demographic shifts for the employment markets in Europe, among which the 'Gap' series. Since 2013, Randstad has published flexibility@work, an annual report on flexible labor and employment. These and more examples of our research can be found on our corporate website. In 2015, together with IZA (Institute for the Study of Labor) in Bonn (Germany), Randstad will carry out a study of the consequences for the labor market of global (labor) migration and mobility.

Besides Randstad's global research and publications, the company also collects industry insights and conducts research through its operating companies around the world. This work yields a valuable source of information for local stakeholders. Relevant publications issued include the World of Work research (Asia Pacific), the Workpocket (Netherlands, Belgium and others), various salary surveys tailored to specific target groups (e.g., the Professionals segment), white papers, and online polls. More information is available on the websites of the respective operating companies.

HR Transformation Forum

Following the creation of the Randstad HR Executive network in the USA, which now counts more than 100 active participants at the Chief HR Officer level, a similar initiative has been set up in Europe. In 2014, Randstad hosted the first-ever HR Transformation Forum in Europe, bringing together 17 HR directors from global companies based in Europe. The managing director of Group HR was the host and circulated a range of key HR points and dilemmas for this group to discuss at length during the two-day meeting. The purpose of these networks is to provide a 'safe haven' for C-level HR directors to candidly discuss the issues they face in their companies' transformations, spur cross-industry fertilization of ideas, and look at the global themes of the future.

The new HR Transformation Forum received much praise from the participants and will continue to evolve and encompass more topics going forward. Following the success of the exploratory meeting, the goal to hold two to three meetings per year is expected to be met with enthusiasm by those invited to take part.

Workforce360

In 2012 and 2013, a digital thought leadership platform, called Workforce360, was initiated in the US and in Asia Pacific. This platform was developed for the global audience on our corporate website (randstad.com) and unveiled in May 2014, coinciding with the re-launch of randstad.com. This platform offers our stakeholders (clients, candidates, HR industry experts, HR leaders, and others intersted in Randstad) the latest industry insights, reports, research, and articles portraying in-depth knowledge of key areas of expertise in which Randstad takes a leading stance. The platform is connected from our website to a variety of social media and targeted at our stakeholders to initiate dialogue, allowing anyone to offer input, ask questions, or give their opinion on the topics we present.

Employment market KPIs

In accordance with our sustainability 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 and deregulation 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 the status of regulation in the main countries in which Randstad operates, as well as the expected trend.

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

Apart from our involvement within these institutions, we are also heavily engaged in key forums and other initiatives through which we focus on social dialogue. How we do this is described under 'Industry involvement'. A list of all the memberships and partnerships we are engaged in can be found under 'Supplementary information'.

Our performance with respect to social involvement and our partnership with VSO can be found under 'Partnerships and social involvement'.

Shareholder return

We maintain an active dialogue with existing and potential shareholders, witnessed by the more than 500 contact moments we had last year across the globe. By executing our strategy and achieving our mid-term targets (see 'Strategic priorities and targets'), we believe shareholders will be awarded with improved dividends. Please refer to the investor relations section for more information on this topic.

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 objectives and action plans of Ciett (International Confederation of Private Employment Agencies) and Eurociett (European Confederation of Private Employment Agencies) are well aligned with Randstad's agenda. In May 2014, our Group Public Affairs director was elected President of Ciett. She has already chaired Eurociett since 2005.

Labor market relationships

Randstad's core value 'Simultaneous promotion of all interests' lies at the heart of our labor market relationships and stakeholder dialogue.

Employee participation in social dialogue

Employee participation in social dialogue is promoted through a network of national works councils, in which managers and employees across the Randstad Group regularly address work- and HR-related issues. The results of these dialogues are fed into the Randstad European Platform for Social Dialogue, which meets twice a year to discuss policy issues and information relevant to Randstad Group companies. UNI-Europa, the representative trade union federation for services in Europe, is invited to attend the international platform meetings as an observer.

Active dialogue with labor unions

Randstad also actively engages in national and international dialogue with labor unions. At EU level, UNI-Europa and Eurociett 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. As a Eurociett member, Randstad is represented in the Eurociett delegation. Moderated by the European Commission's Directorate-General for Employment, Social Affairs and Equal Opportunities, the committee met three times in 2014. The 2013/2014 work program included issues such as promoting social dialogue by giving presentations on national collective labor agreements (CLAs). For instance, we took part in a joint presentation by the Italian sectoral partners on the new collective labor agreement, and we closely followed the implementation of the Agency Work Directive (AWD). Furthermore, a social roundtable meeting was held in Serbia, in order to gather sectoral social partners in the temporary agency work sector. Within the framework of the sectoral social dialogue, a study is being conducted on comparing temporary agency work with other forms of work. The results will be presented at a joint stakeholders event in February 2015.

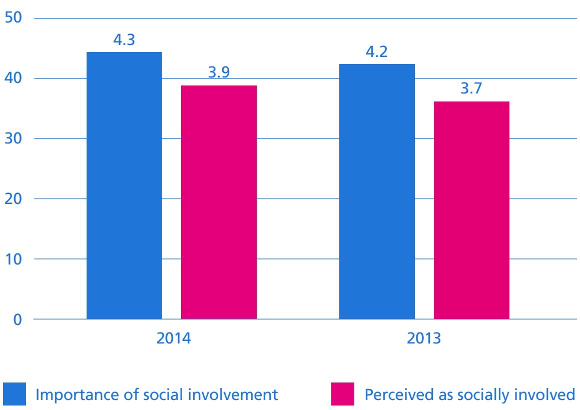
Partnerships and social involvement

Social involvement

Since 2009, we have been measuring staff perception of sustainability in the organization to gain a better understanding of how our own people feel about Randstad's performance. More specifically, we asked them if they feel it is important for their company to be socially involved, and whether they perceive Randstad as being so. The results are shown in the graph 'Employee perception of social involvement'.

Employee perception of social involvement

on a 5-point scale



Source: Great People Survey

Voluntary Service Overseas (VSO)

Besides partnering with research institutes, we also join forces with organizations that have a direct influence on creating more sustainable economic and employment conditions, both inside and outside our current markets. As part of our commitment to provide expertise for a better society, we have a global partnership with VSO to provide support to communities in countries that need it most.

For more than five decades, VSO has worked relentlessly to help poor and marginalized people build a brighter future. VSO specializes in recruiting and placing qualified volunteers from around the world to live and work in developing countries. Their high-impact approach ensures that people come together to share skills, build capabilities, promote mutual understanding, and ultimately change lives to make the world a fairer place for all.

In the last year alone, as a result of VSO's efforts, more than three million people gained access to better-quality HIV and AIDS services, two million children received a better education, and more than a million marginalized people benefited from VSO-supported secure livelihoods services.

VSO and Randstad have been working together to alleviate poverty on a global scale since 2004. The partnership builds on the core businesses of both Randstad and VSO: the recruitment and placement of experienced professionals and excellent client service, coupled with the recruitment of skilled volunteers to fight poverty.

Randstad's support to VSO works on several levels: it allows our company to provide expertise for a better society, and also perfectly fits with our core value of simultaneous promotion of all interests.

We have supported VSO through employee volunteering and financial support from the start, and in recent years we have increasingly been providing more strategic support as well. Mostly through pro bono assignments for employees, we provide expertise in marketing, HR, recruitment and IT. We do so to strengthen the VSO organization and help it become bigger and better at recruiting more candidates of high quality to volunteer in communities that most urgently need support.

In 2014, the total number of overseas VSO volunteers was below target. We had been aiming to send 20–25 volunteers on overseas assignments. However, only eleven employees from various operating companies eventually carried out pro bono assignments overseas in 2014 (2013: 11 employees). Altogether, these volunteers spent almost 1,300 hours (2013: over 1,300 hours) working for VSO. In 2015, we will make extra efforts to raise the number of overseas VSO volunteers.

Randstad VSO volunteers overseas 2010 - 2014

	2014	2013	2012	2011	2010
Volunteer hours	10,300	10,500	12,000	15,000	16,500
Volunteers	16	15	21	18	18

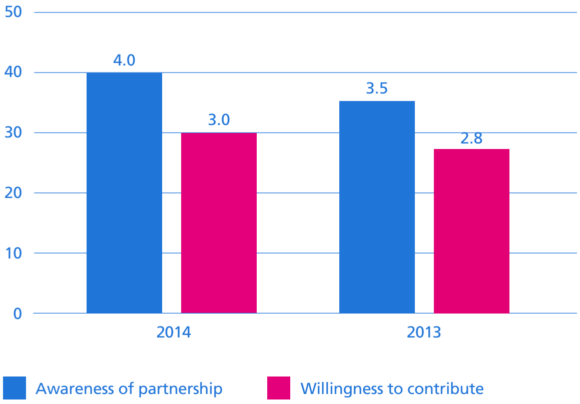
In the 10-year partnership with VSO, over 150 Randstad employees have volunteered in countries like Papua New Guinea, Bangladesh, and Tanzania. Randstad has helped VSO improve the 'Volunteer Journey' (VSO's global recruitment and placement processes and systems).

We celebrated our 10th-anniversary partnership in 2014 around the globe. Watch the movie.

In addition to these primary projects, Randstad participated in many other volunteer projects in 2014, including socially involved and philanthropic initiatives. Examples of these initiatives can be found on our corporate website.

Attitude employees towards vso

on a 5-point scale



Source: Great People Survey

10th anniversary of the VSO partnership

The year 2014 was a very special one, as it marked the 10th anniversary of the Randstad–VSO partnership. Randstad has proudly been one of VSO's key business partners, and, working side by side, we have achieved a lot together. As a company, we are proud of and grateful to everyone inside and outside our organization who has helped make this partnership a success. In 10 years, more than 150 employees have volunteered in 30 different countries. The majority of these volunteers went to Namibia, Tanzania, Zambia, Bangladesh, and Indonesia.

We have celebrated this anniversary in various ways through the year. Highlights included the VSO logo featuring on the Williams Martini Racing car instead of the Randstad logo at the Silverstone British Grand Prix in July, to help boost VSO awareness across the globe. Randstad UK arranged a sought-after Formula One internship for a VSO ICS youth volunteer, and careers advice and support to another nine youth volunteers.

In November, five lucky Randstad employees were flown to beautiful Nepal for a five-day field visit. Hailing from Australia, France, India, Italy, and the US, they got to experience first-hand what VSO does, meet with volunteers (including Randstad colleagues) and see the impact VSO makes on the ground. Among other activities, the group visited the VSO program office and local partners CSRC (fighting for land rights and agrarian reform) and Global Action Nepal.

Click here for an overview of our 10-year partnership with VSO.

VSO's impact

Education

Over 2 million children have benefited from the quality education services VSO supports, including more than 20,000 disabled children. Over 200,000 children have been helped to complete primary education, and 148,000 education practitioners have been trained.

Health

Over 2 million men and women in 21 countries have benefited from improved quality health services, and 21,800 health practitioners have received high-quality training.

HIV & AIDS

Over 3 million people have benefited from quality HIV and AIDS services. Over 12,000 HIV and AIDS practitioners have been trained.

Secure livelihoods

Over 1 million men and women have benefited from quality secure livelihoods services, and 28,000 partner practitioners have been trained in secure livelihoods services.

Disability

66,000 men and women have benefited from VSO interventions on disability in 11 countries. Over 12,600 partner practitioners have been trained in national volunteering. Over 2.6 million days of national volunteering have been achieved across 25 countries.

sustainability basics

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

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 and our business and personal behavior are aligned and reinforce one another. Our business principles can be found in the 'corporate governance' section on our corporate website.

In 2010, all corporate employees followed a program that covered the company's history, core values and business principles. Since then, the business principles – coupled with our main policies – have been an integral and mandatory part of our global induction programs. Local induction training programs include explanation of the business principles, some policies, and the misconduct reporting procedure. Business principles training is now also included in our HR Standards, and in 2014 it became part of our key control framework to ensure global execution.

In 2014, well over 8,500 people received business principles training. To set a minimum standard, a new compliance induction training program, including even more extensive reference to the business principles and the corporate policies, has been communicated to all heads of legal and the HR community. We are considering making this program compulsory in 2015.

Understanding of the business principles is measured through our annual Great People Survey, based on a 5-point scale. A score of 5.0 is achieved when all employees understand the business principles. The results of this survey relating to the understanding of business principles 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

on a 5-point scale

	2014	2013
North America	4.3	4.3
France	4.1	4.0
Netherlands	4.3	4.2
Germany	4.6	4.5
Belgium & Luxembourg [1]	4.4	n.a.
United Kingdom	4.1	4.1
Iberia	4.3	4.4
Other European countries	4.3	4.2
Rest of the world	4.5	4.0
Corporate	4.6	4.4
Group	**4.3**	**4.2**

1 Belgium & Luxembourg did not participate in 2013.

Source: Great People Survey

Corporate policies

Our corporate policies are directly linked to our business principles. They provide our people all around the world with specific guidance and instructions on their business behavior. We have developed corporate HR Standards based on our values and principles, and our sustainability ambitions. They are designed to guide our HR community and to safeguard the recruitment, development, and retention of our employees – our most important asset – and are essential for realizing our strategic goals.

Over the years, we have developed policies related to competition law compliance; insider dealing; bribery, gifts and hospitality; discrimination, intimidation and harassment; and data protection. These corporate policies are a mandatory part of our induction training while they are highlighted during refresher training, tailored to the position. Promoting best practices and raising awareness of relevant laws and policies is an ongoing process worldwide. The policies are published on our intranet sites, and summaries of the policies are published on our corporate website. Through our in-control framework (which includes the key control framework), our operating companies certify, semi-annually, their compliance with these policies or explain any deviations.

In 2014, we made our existing tax policy more explicit. A summary of this policy is now published on our corporate website.

The policies and the sustainability framework are also included in our HR Standards, and form a mandatory part of our induction training.

Human rights

We are signatories to, and participants in, the United Nations Global Compact and support its 10 principles regarding human rights, labor rights, the protection of the environment and anticorruption. We have posted a communication about our progress 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: 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 practice, we are also committed to making the Global Compact principles part of the strategy, culture and day-to-day operations of Randstad, and the 10 principles are therefore regarded as part of our business principles. Our CEO explicitly expressed Randstad's support to the UN's Secretary-General. This statement is published on our corporate website.

Last fall, Randstad Holding's CEO and CFO signed the United Nations' Call to Action to Governments to promote anti-corruption measures and to implement policies to establish systems of good governance. Signing this Call underlines our commitment to work against 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.

Over the past six years, Randstad has participated in the business and human rights initiative of the Global Compact Network Netherlands. As a result of this initiative, we have implemented the guiding principles in our corporate policies and developed a tool for human rights risk mapping. We reviewed our global key control framework and extended it with a number of relevant risks and controls related to business and human rights, notably bribery, workers' rights, health and safety, and discrimination. Other ways of monitoring potential human rights risks are through continuous training of our employees and management locally, and by promoting organizational sensitivity in general to human rights issues.

Benchmarks

After 10 years of inclusion, Randstad Holding was not selected as a member of the Dow Jones Sustainability Index in 2014. This was primarily due to our score in the environmental dimension. We are carefully assessing which steps we need to take to be included in the DJSI again in the near future.

We are still an active participant in the Dutch Transparency Benchmark and several other (international) benchmarks and platforms.

Integrity and grievance mechanism

Under the Randstad misconduct reporting procedure, we encourage 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 likely to be ineffective, or if a complainant fears retaliation, they can make use of our special reporting facility. This reporting facility consists of a telephone hotline, accessible 24 hours a day via free local access numbers, and a secure webpage. Although reports can also be submitted anonymously, Randstad encourages complainants to reveal their identity when they submit a report, as this greatly facilitates the investigation of the issue. Reporting can always be done in the local language. The facility is operated by an independent external provider and allows communication between the two parties, even if misconduct has been 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 the complaint, supported, where appropriate, by other functions, either locally or within Randstad Holding. Actions resulting from this procedure vary from apologizing to the complainant and/or correction of mistakes made, to re-assigning a temporary worker to a new assignment or termination of employment.

Following up on our project in 2011, which considered the implications of the UN's 'Protect, Respect and Remedy' framework, we continue to make efforts to raise and maintain awareness of our grievance mechanism, including among our staffing employees and candidates. Since 2012, we have continued to see a substantial increase in the number of complaints or concerns raised by these groups. However, they included a substantial number of complaints that bypassed the normal local reporting channels, such as the branch manager or local complaint desk. Through local communication efforts, we aim to maintain and increase awareness of the correct routing.

Misconduct reporting

	2014	2013
New complaints	136	101
Of which anonymous	52	40
Concerns referred to other channels/not legitimate	91	66
Proven or partially proven	21	12
Not proven	23	21
Under investigation	1	2
Total	**136**	**101**

Of a total of 136 complaints made in 2014, 45 were accepted as admissible. After thorough investigation of these 45 complaints, 23 were found to be not proven, and one complaint was still under investigation at the end of the year.The proven complaints (21) related to fraud (1), breach of laws and regulations (1), discrimination (1), non-compliance with internal policies and procedures (2), privacy (3), intimidation and/or harassment (4), and improper management practices or consultant behavior (9).

Awareness of misconduct reporting procedure

on a 5-point scale

	2014	2013
North America	4.0	3.9
France	4.4	3.5
Netherlands	3.5	3.4
Germany	4.3	4.0
Belgium & Luxembourg [1]	3.8	n.a.
United Kingdom	3.8	3.7
Iberia	3.8	4.0
Other European countries	4.0	3.7
Rest of the world	4.3	3.6
Corporate	4.4	4.4
Group	**4.0**	**3.7**

1 Belgium & Luxembourg did not participate in 2013.

Source: Great People Survey

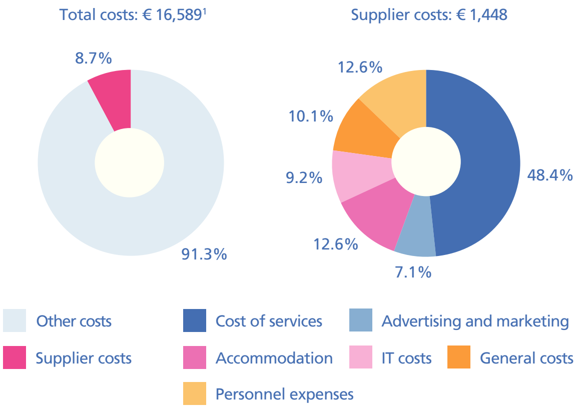
In 2014, we had our grievance mechanism assessed by means of the Management of Complaints Assessment tool developed by CSR Europe. Performance is reviewed against eight criteria as indicated by the UN Guiding Principles on Business and Human Rights: legitimate, accessible, predictable, equitable, transparent, right-compatible, a source of continuous learning, and based on engagement and dialogue. Our overall score compared to our peers was well above average on most criteria.

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. With this code, we explicitly request our suppliers to respect our regulatory, social and ecological principles, and to adopt practices consistent with those principles. Suppliers must ensure that its suppliers and subcontractors for their part also respect the principles set out in the code. We consult with suppliers periodically in order to verify compliance with the code. If there should be reason to do so, Randstad may have an audit conducted at the supplier's premises. The supplier code is published on our corporate website.

Composition of the supply chain

x € 1,000



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

The related purchasing blueprint was rolled out in 2014. During the second half of the year, we audited usage of the blueprint and the supplier code, and found that implementation of the blueprint can be further enhanced in our operating companies. At the end of 2014, around 60% of our expenditure in the Netherlands with suppliers is covered by the supplier code.

On a global scale, around 7.5% of our cost base consists of supplier spending. The graph 'Composition of the supply chain' shows the proportions of the different supplier categories across the globe.

With over 3,000 branch offices, we also deal with a large number of lessors and real estate agents.

Our impact on the environment

The fact that we are a people business is also reflected in our cost base. The vast majority of our costs are the salaries we pay to our own corporate staff and our candidates working for our clients. Because of the nature of our business, our impact on the environment is far 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.

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 focused on measuring our impact as a result of traveling, in particular journeys made by company cars. In 2013, we added the distances traveled by airplane. Since then, we have worked on further fine-tuning the metrics regarding energy and waste.

Company cars

	Average number of cars		Kilometers driven (x 1,000)	
	2014	2013	2014	2013
North America	-	-	-	-
France	1,637	1,610	33,764	36,827
Netherlands [1]	3,265	3,204	98,683	107,278
Germany	1,636	1,583	48,122	44,841
Belgium & Luxembourg	1,467	1,487	35,664	41,574
United Kingdom	249	227	3,673	2,816
Iberia	638	695	20,196	17,391
Other European countries	508	487	12,111	9,567
Rest of the world	554	507	10,324	10,470
Corporate	118	113	3,495	3,426
Group	**10,072**	**9,913**	**266,032**	**274,190**

1 Excluding some small operating companies and additional fuel cards.

We are limiting our business travel impact on the environment by increasing the use of video and phone conferencing and VoIP. Increasingly, we are digitizing time sheets and staffing contracts including signatures, which reduces paper use and traveling by both flexworkers and our consultants. 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. Based on their report, the CO_2 emissions of business flights in the Netherlands in the past year (December 2013–November 2014) amounted to 493,207 kg (414,654 kg in the comparable period 2012-2013).

Business flights

Total distance traveled (x 1,000 kms)

	2014	2013
North America	30,682	27,003
France	3,412	3,664
Netherlands	286	220
Germany	2,514	2,110
Belgium & Luxembourg	40	39
United Kingdom	916	498
Iberia	3,454	4,598
Other European countries	1,863	1,291
Rest of the world	11,618	19,970
Corporate	8,787	6,684
Group	**63,572**	**66,077**

We are constantly taking measures to reduce our CO_2 emissions from car travel. In 2010, we made a policy change in the Netherlands with the aim of ensuring that the Dutch fleet would consist solely of company cars with A, B, or C efficiency labels by the end of 2013. We did indeed achieve this goal, with the exception of two cars at year-end 2013: one C-label car was relabeled to D due to a change in government definitions, and the other car's contract ended in May 2014. At the end of 2014, the fleet consisted of only A-, B- or C-labeled cars. As a result, average CO_2 emissions per distance have clearly decreased over the past few years. Compared to 2013, there was hardly any decrease in 2014, so at this point we have reached our bottom. More detailed information is provided in the table 'CO_2 emissions of the Dutch fleet'.

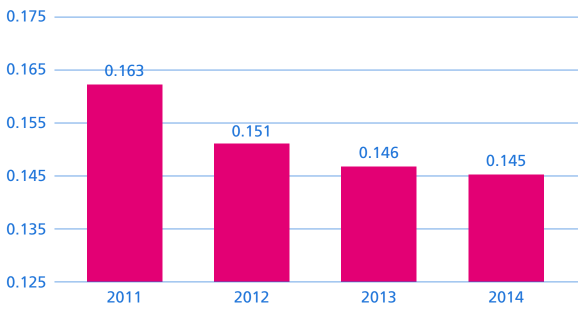
CO_2 emissions of the Dutch fleet [1]

	2014	2013
Average number of cars	3,522	3,678
Distance traveled in km	111,453,234	116,552,032
Fuel use in liters	6,487,982	6,831,265
CO_2 in kg	16,107,054	17,015,795

1 Including corporate, some small operating companies, and additional fuel cards.

Average CO_2 emissions per kilometer, Dutch fleet

in kgs



Several operating companies in other countries have switched their cars to hybrid or fuel-efficient cars or have capped CO_2 emissions. Besides that, various operating companies run bike schemes, commuting projects, gas-saving contests, and other initiatives to reduce conventional energy usage. For example, the corporate head office in the Netherlands offers electric taxi services.

Recycling

Most of our operating companies have waste management programs in place. Examples include waste-recycling bins, and the recycling of toner cartridges, computers, printers, and light bulbs.

Energy resources

We constantly aim to increase the use of alternative, efficient or natural energy resources, thus limiting the use of fossil fuels (e.g., by replacing traditional lighting by LED lighting in our buildings). We are in the process of migrating our computing capacity to the cloud on a global basis. As we are sharing capacity and optimizing our usage of servers by only making them available when we need them, we expect our energy consumption to decrease. The overview below outlines the resource usage and waste management at the Randstad corporate head office, which includes the head offices of the holding company and the Dutch operating companies. This is the only major building we actually own, as almost all our buildings worldwide are being rented. Our head office uses 100% certified green electricity, while its environmental management system is ISO 150001 certified. The increase in paper and cardboard recycling compared to 2013 relates to the restructuring of the head offices of our Dutch operating companies. For the same reason, fewer events were organized, so the amount of recycled glass decreased. The reduction of our recycled chemicals is due to the fact that fewer computers were disposed of.

Resource usage and waste management (Randstad head office, the Netherlands)

	2014	2013
Water (m^3)	19,900	20,900
District heating (gJ)	6,600	8,750
CO_2 from district heating (kg)	200,050	262,300
Natural gas (m^3)	30,850	26,300
CO_2 from natural gas (kg)	56,600	n.a.
Electricity (million kWh)	3.7	3.9
CO_2 from electricity (kg)	-	-
Recycled paper (kg)	66,080	44,200
Recycled cardboard (kg)	16,350	14,300
Recycled glass (kg)	860	1,680
Recycled chemicals (kg)	65	452

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. In the Netherlands, however, we have made some progress: we now have insight into the CO_2 emissions of our three main Dutch operating companies as from the year 2012. (N.B. The table 'Carbon footprint of Dutch operating companies' includes some overlap with the above overviews.) We continue to try and convince our landlords to provide us with specifications of energy use, separate from lease costs, or to install smart meters.

The increase of our waste CO_2 emissions is due to the fact that in 2013 Tempo-Team Netherlands included chemical and non-recyclable waste for the first time. Our CO_2 emissions by scope are higher compared to 2012, because Yacht was not included in that year.

Carbon footprint of Dutch operating companies [1]

in tonnes of CO_2 emissions

	2013	2012
CO_2 emissions		
Buildings (energy and water)	5,826	6,368
Transportation (public, cars, flights)	19,354	21,822
Waste (paper, chemicals, glass)	510	376
	25,690	**28,566**
CO_2 emissions by scope		
Direct emissions (scope 1)	20,102	15,348
Indirect emissions (scope 2)	4,807	4,359
Other emissions (scope 3)	781	647

1 This table contains the most recent data available (2013). The CO_2 footprint data for 2014 will become available only after publication of this annual report.

how I became

society

'We believe our specific role is to apply our HR and labor market knowledge and expertise also for the benefit of society as whole.'

The development of society is inextricably linked with the development of the world of work. We firmly believe that our company, and indeed any company, should work in such a way that it benefits society as a whole. As a leader in the HR services industry, we have a role to play here, and we see a number of opportunities that will enable us to do so. One aspect is that we strive to cover all sustainability basics; for example, regarding environmental management, governance and transparency. Beyond that, we believe our specific role is to apply our HR and labor market knowledge and expertise not only for the benefit of our company, but also for the benefit of society as a whole. We do this in several ways. One is by taking part in public debates and by publishing the results of our research activities and surveys. We strive to improve in employment on a global level, and to remove barriers to global mobility. In addition, we advocate optimal regulation and have our specialists and executives participate in key forums and stakeholder dialogues. We also seek to be a worthwhile investment option for our shareholders.

For more than ten years now, we have placed employees, as volunteers, with Voluntary Service Overseas (VSO), a leading charity that seeks to bring expertise to areas where people are facing poverty and disadvantage. In the long term, we can only return value to employees and investors if we add more value to society in the first place. In this way, we seek to promote the interests of all our stakeholders simultaneously. The end goal is that the world of work will become a little bit better every day.

performance

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introduction

How we measure performance

Randstad has an extensive performance management system in place. Performance management at Randstad starts by using specific performance measurement tools 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 information on activity (i.e., calls and visits) into actual performance on a daily basis. As our planning and control cycle is operationally driven, the data acquired through ABFS drive action right up to the Executive Board level. Direct reporting lines exist between the Executive Board and the management teams of the operating companies. As a result, Executive Board members are closely involved with the operating companies under their responsibility.

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. The planning and control cycle is embedded in our Risk & Control framework.

Performance management

The performance of each operating company is measured at various stages during the year:

- Weekly overview of activities (ABFS tracker), temporary employees working (volumes), and permanent placements;
- Monthly income statement, including selected non-financial data, and a forecast;
- Quarterly income statement, balance sheet, cash flow, non-financial data, and a forecast.

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.

Key performance indicators

Key performance indicators

Besides our activity-based field steering model, we also use 'simple' metrics to manage our profitability, such as the incremental conversion ratio (the percentage of incremental gross profit that is converted into EBITA) in times of growth, and the recovery ratio (the percentage of lost gross profit that is recovered through reduced operating expenses) in a period of contraction. Successful cost control involves reacting in a timely way, based on transparent reporting and review procedures. KPIs are used to measure and monitor performance against budgets, forecasts, the previous year, and our strategic targets. These indicators are described below.

Weekly volumes

Weekly volumes of employees working are an important indicator within our field steering model and measure the success of the units and teams. We have added weekly information on permanent placements to our dashboard.

Market share

Gaining profitable market share is an important strategic target. We aim to measure market shares at the lowest possible level (units and teams), where possible.

Profitability

Profitability indicates the quality of our top line and operational efficiency. Our overall financial goal is to achieve an EBITA margin of 5% to 6% over time. During the 2014 Capital Markets Day, we reported that this target could be within reach by 2016. This would, of course, depend on a number of variables, including the requirement for the sales CAGR over the next two years to be at least mid-single digit. More information on our performance in 2014 can be found in the 'Financial performance' section and about our targets in the 'Strategic priorities and targets' section.

Gross margin

We focus on temp margin (gross profit generated through temporary staffing) and the contribution of permanent placements and other fee-based business. Gross margin is, however, not a strategic target as such. In order to realize our EBITA-margin target, we focus on the extent to which gross profit is converted into EBITA.

Cost control

Personnel costs are the largest contributor to operating expenses. By using our ABFS model, we know when and where we have to add or reduce staff. Other costs are highly flexible and tightly controlled.

Conversion
We measure the percentage of gross profit converted into EBITA. At an early stage of recovery, we require the incremental conversion ratio of a company to be over 70%. Once recovery is more developed, an incremental conversion ratio of 50% is required. In a period of contraction, we aim for a recovery ratio of 50%. This means that 50% of lost gross profit is recovered through reduced operating expenses. In the 'Financial performance' section, we have included an overview of conversion ratios in recent years.

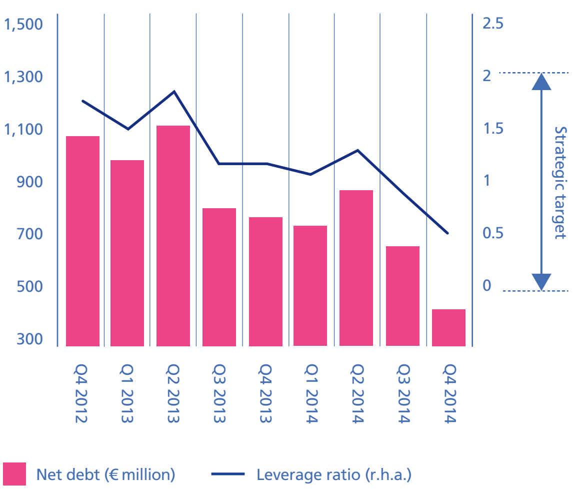
Productivity

Productivity improvements (see 'Financial performance' for more details) are important in helping us to achieve our profitability targets. We measure productivity in three ways:
- Gross profit per staff member;
- Gross profit in relation to personnel expenses;
- The number of temporary workers per staff member.

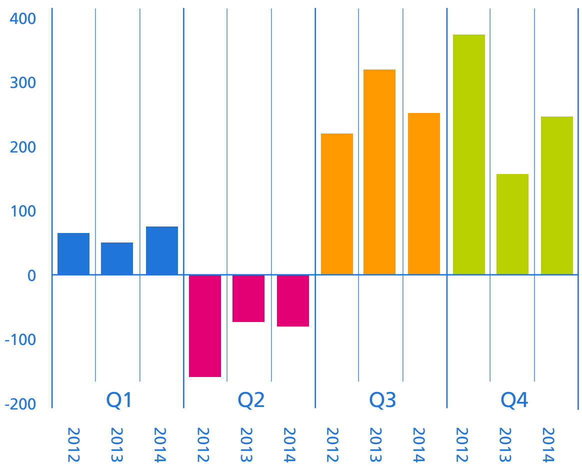
Working capital

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. As a further incentive, through a simplified EVA method, operating companies are charged for their use of operating working capital. Within working capital, the 'trade receivables' component is the most important for us to influence. Our liabilities comprise mainly wage tax and social security payments to tax authorities. Clearly, those payment terms are more difficult to influence. Over the years, we have shown substantial progress in improving our working capital management. In the 'Financial performance' section, we have included a more detailed analysis of our historical performance.

Net debt & leverage ratio development



Free cash flow development [1]



1. Q4 2013 is adjusted for a payment of € 131 million to the Dutch tax authority.

Financial position

To maintain a solid financial position, we monitor our leverage ratio (net debt divided by 12-month EBITDA). This is used as guidance for dividend payment on ordinary shares and as a basis for our acquisition policy. Strategically, our target range is between 0 and 2, while our bank covenants allow for 3.5. In certain cases, we are now allowed to report to a maximum leverage ratio of 4.25X EBITDA for a limited amount of time. This provides us with a cushion in managing through the cycle. More information on our financial position and capital structure can be found in the section 'Investor relations & share performance'.

Cash flow generation

Better profitability and more efficient use of working capital result in sound cash generation, which we measure on the basis of the amount of free cash flow generated. 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. While the free cash flow in the first quarter is normally low, it is negative in the second quarter, as working capital requirements increase in line with higher revenue and the payment of holiday allowances in Belgium and the Netherlands. Free cash flow in the second half of the year is normally higher, based on higher revenue and profit. Traditionally, we experience unwinding of working capital in December, impacted by the holidays. The development in free cash flow per quarter is shown in the graph 'free cash flow development'. In a downturn, we typically see significant unwinding of working capital. More information on cash flow analysis can be found in our quarterly press releases, and in the section 'Performance'.

Our strategy through the cycle

In defining our EBITA-margin targets, we have been fully aware of the challenges and opportunities presented by economic cycles. During the downturn in 2009, we achieved significantly better financial results than we did during the previous, much milder, downturn in 2001. In 2012 and 2013, we also showed that we can react quickly in adjusting the organization. This was in part due to our field steering model, which enables operational managers to monitor and manage our performance on a regular basis.

At its lowest point, our underlying EBITA margin was 2.5%, compared to 1.8% in the previous downturn (2001 and 2002). Despite a much more severe revenue decline, profitability was maintained in almost all countries, while during the previous downturn, profitability was dependent on the Netherlands only. We continue to apply lessons learned in the past.

How we manage through the cycle

In managing through the cycle, three factors are important: revenue, costs of services, and operating expenses.

Revenue
Both our wide geographic spread and our diversified business mix help us to manage the risk of revenue volatility in a downturn. We continue to experience diverging trends for different countries and segments. These considerations confirm our belief that our strategy of diversification is effective.

Cost of services
Cost of services are mostly flexible, consisting largely of salaries we pay to our candidates, wage taxes and social security premiums. In Germany and the Netherlands, the HR services sector has its own collective labor agreements with competitive labor costs. In return, the number of commitments we make to our candidates is limited.

Operating expenses
In general, the more flexible the operating costs, the lower the risk. Personnel costs are the largest component in our cost base. Using our ABFS model, we know when and where we have to increase or reduce staff. In a downturn, savings are achieved through natural attrition (i.e., by not replacing consultants who leave the organization). In 2009, we managed to decrease our annualized cost base by € 800 million (i.e., 28%), 75% of which was mainly achieved through natural attrition in personnel. Bonus and commission schemes are equally flexible. Particularly in our Professionals businesses in the US and the UK, bonus and commission schemes form a far larger proportion of total compensation than in our traditional Staffing business, and associated costs move with the change in volumes. Another substantial cost item is accommodation costs. These are kept flexible by limiting lease terms to a maximum of five years. The average term is therefore only three years. The main way in which accommodation costs have been driven down has been to combine smaller branches into larger ones. Over the past few years, we have made IT costs flexible by outsourcing several functions. Where possible, a single national IT platform is used to lower fixed costs. We have also standardized our marketing tools by using a central photo database for all concepts, and we develop marketing campaigns and materials that are used internationally. Marketing investments are strategically important to maintain our brand awareness and to gain market share.

financial performance

Income statement

For a meaningful analysis of our results, we need to look at the underlying results, which exclude one-off items, such as restructuring costs, integration costs, and certain incidental benefits or charges.

Income statement, underlying

in millions of €, unless otherwise indicated

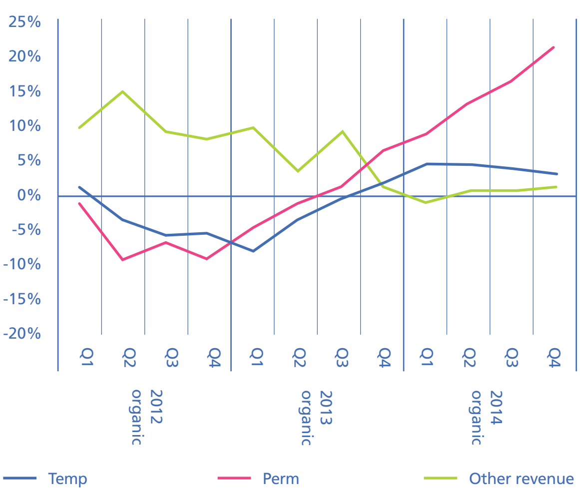
	note [1]	2014	2013	organic Δ%
Revenue	5.1	**17,249.8**	**16,568.3**	4
Cost of services	8.1	14,069.8	13,556.7	
Gross profit	5.1	**3,180.0**	**3,011.6**	6
Personnel expenses		1,854.7	1,797.2	
Other expenses		619.3	635.6	
Operating expenses	8.2	**2,474.0**	**2,432.8**	2
EBITA		**706.0**	**578.8**	23
Gross margin		18.4%	18.2%	
Operating expenses margin		14.3%	14.7%	
EBITA margin		4.1%	3.5%	

1 Note refers to the notes to the consolidated financial statements.

Revenue

At Group level, organic revenue increased 3.9% in 2014 (2013: -1.5%). The growth rate remained within the 3–5% bandwidth throughout the year, even though comparables started to become more challenging as from Q2 onwards. Currency effects had a negative impact of 0.8%, with a small negative impact from acquisitions/disposals and working days.

Year-on-year growth



Overall reported revenue for the year increased 2.8% to € 17,249.8 million. Our European operations grew 3% in 2014 (2013: -2%), North America +3% (2013: -3%), Asia +10% (2013: +5%) and Latin America +14% (2013: +21%). More detailed information is included in the 'Country performance' section. More information about the three main business lines (Staffing, Inhouse and Professionals) can be found in the 'Performance by revenue category' section.

Permanent placements were up 14% (2013: 0%). We booked growth above Group average in Asia (+46%), the Netherlands (+29%), Germany (+21%), Other European countries (+27%), and Rest of the world (+23%). Permanent placements made up 1.8% of revenue (2013: 1.7%). Revenue from temporary Staffing increased by 4% organically (2013: -2%)

On average, we employed 580,300 candidates per day, and we made around 105,400 permanent placements in 2014. Annually, we employ around 2 million people.

Organic growth per working day

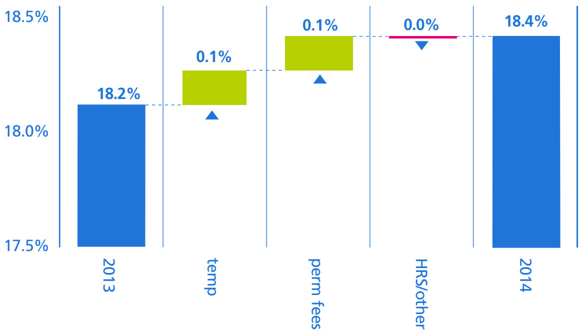
in %

	Q1	Q2	Q3	Q4	full year
Geographic areas					
North America	(1)	2	5	6	3
France	(2)	(1)	(4)	(8)	(4)
Netherlands	(1)	-	4	5	2
Germany	11	5	2	(1)	4
Belgium & Luxembourg	4	5	6	(1)	3
United Kingdom	5	3	(3)	2	2
Iberia	5	12	9	9	9
Other European countries	19	20	16	11	16
Rest of the world	13	13	11	15	13
Revenue categories					
Staffing	-	1	2	2	1
Inhouse	17	16	10	8	12
Professionals	3	4	4	5	4
Group	**4**	**5**	**4**	**3**	**4**

Gross profit

Gross profit reflects our effectiveness in pricing, cost of employee benefits, and idle-time management. In 2014, it amounted to € 3,180.0 million, up 6% vs. last year (2013: down 1%). The gross margin increased 20bp to 18.4%. The graph 'Change in gross margin' shows the change in gross margin in 2014. Note 5 to the financial statements includes an overview of the actual reported gross profits per geography.

Change in gross margin

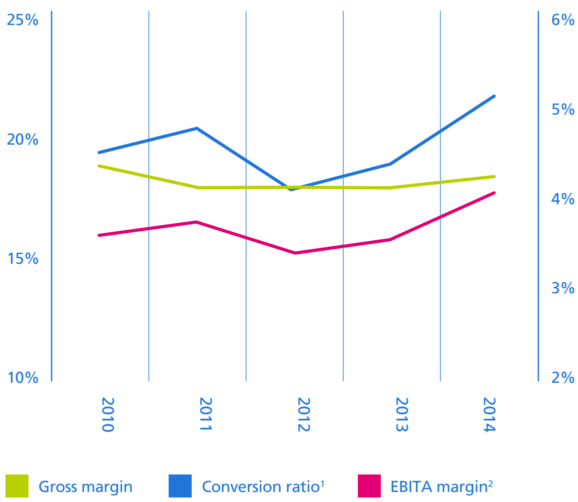


Our temp margin had a 10bp positive impact on the Group gross margin, as did permanent placement fees. In North America, the gross margin improved for the fourth year in a row. After six years of decline, the Dutch gross margin increased. In addition, France, Belgium, and the UK also improved. Germany was affected by a negative impact from legislative changes.

At Group level, the contribution from permanent placements ('perm fees') made up 9.8% (2013: 9.1%) of gross profit.

HRS/other relates to other services we provide to our clients, such as payroll services and other fee-based businesses (e.g., MSP and RPO), and had no significant effect on the gross margin. Currency mix effects also played a role here.

Gross margin, conversion ratio and EBITA margin



1 EBITA as percentage of gross profit.
2 EBITA margin is shown on the right hand axis.

Gross profit was adjusted for restructuring costs of € 2.4 million in the Netherlands and Germany. In 2013, gross profit was adjusted for restructuring costs of € 1.6 million in the Netherlands and Germany.

The trend in gross margin is monitored closely. The pattern we observe is rather usual in this economic cycle. Gross margin in itself is not one of Randstad's strategic targets. In order to realize our EBITA-margin targets, we aim to maximize conversion of gross profit into EBITA.

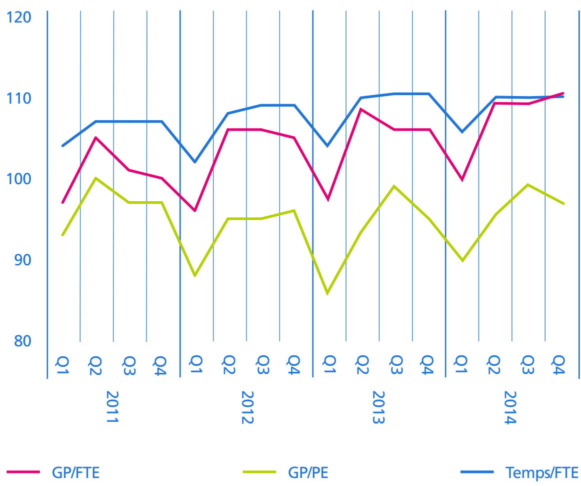
Productivity

As explained in the sections 'Value proposition & strategy' and 'How we measure performance', 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

100 = 2007



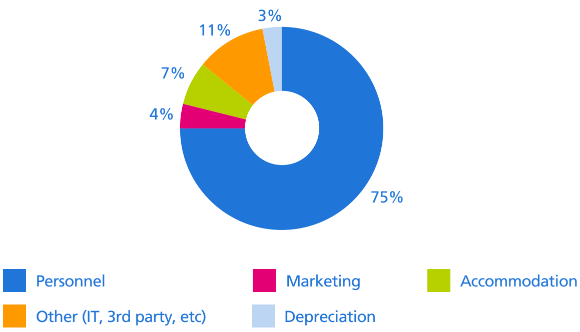
Productivity (GP/FTE) increased by 3% in 2014 (2013: stable). We focused on achieving greater efficiencies across the organization, mainly through better execution based on field steering and the implementation of the right delivery models for our clients. The lack of material growth over the past years made it difficult to significantly improve our productivity.

Operating expenses

in millions of €, unless otherwise indicated

	2014	2013
Personnel expenses	1,854.7	1,797.2
Advertising and marketing	102.2	105.4
Accommodation costs	184.7	185.8
Other operating expenses	268.2	276.9
Depreciation, amortization and impairment of PPE and software	64.2	67.5
Operating expenses, underlying	**2,474.0**	**2,432.8**
Average number of corporate staff	28,720	28,030
Number of branches, year-end	2,816	3,161
Number of Inhouse locations, year-end	1,595	1,426

Operating expenses



Operating expenses

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

In 2014, underlying operating expenses amounted to € 2,474.0 million, up 1.6% organically (€ 38.6 million). Foreign exchange effects lowered our cost base by € 19.3 million. Across various operations, we are implementing a restructuring aimed at reducing overhead by reorganizing management, head-office and back-office functions. Actual operating expenses in 2014 included € 37.1 million restructuring charges (2013: € 30.2 million), for which we aim to achieve a payback period of twelve months. In 2014, operating expenses were adjusted for € 5.8 million integration costs (2013: € 17.3 million).

The graph 'Change in operating expenses' shows the most important changes in our underlying cost base in 2014.

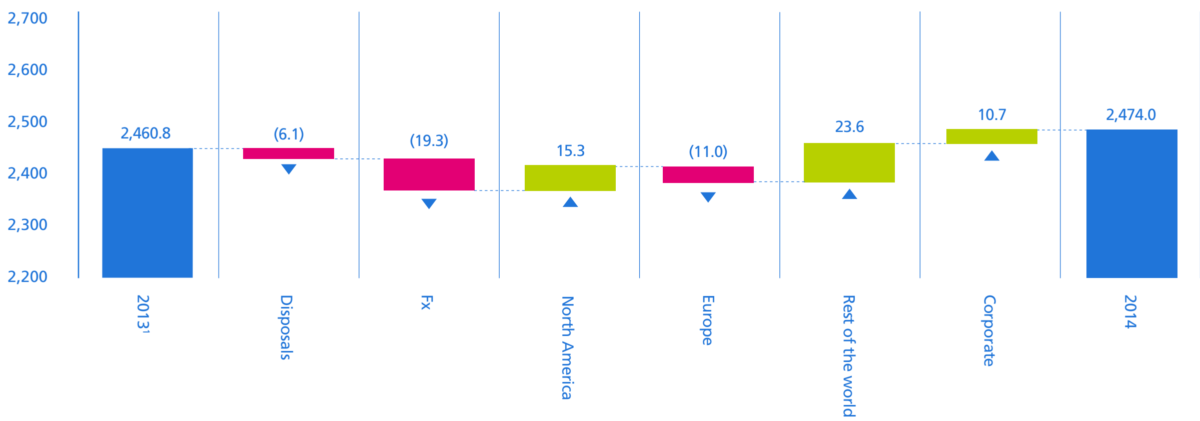
Personnel expenses increased by 3% organically, as did the total number of FTEs. We invested in areas where growth continued, such as Iberia, Poland, and in emerging markets. Personnel expenses per FTE remained stable compared to 2013. An overview of corporate staff by region is given in the section 'Country performance'. Further details on actual personnel expenses can be found in note 9 to the financial statements.

Marketing costs were 0.6% of revenue (in line with 2013). Further information about our marketing strategy is included in the section 'Value for our clients and candidates'.

Accommodation costs fell by 3% organically. We continued to consolidate branches, without leaving markets. This happened mainly in North America, France, and Iberia, and we see this as an ongoing process. As we continued to see strong demand for Inhouse Services, we opened 169 Inhouse locations in 2014 (2013: 71), most notably in North America, the Netherlands, and France. At the end of 2014, we were operating a network of 2,816 branches (-11%) and 1,595 Inhouse locations (+12%).

Change in operating expenses

in millions of €



1. The amount of operating expenses in 2013 is pro forma

Other operating expenses – mainly IT and general costs – decreased by 3%. IT costs contract and expand with our capacity. General costs, which mainly consist of postage, office supplies, and consultancy costs, decreased in line with our focus on cost control.

Depreciation and amortization charges were lower than in 2013. Because of our reduced office network, investments in branches and IT have been relatively low over the past few years. We depreciate assets over 3 to 5 years (on average).

EBITA

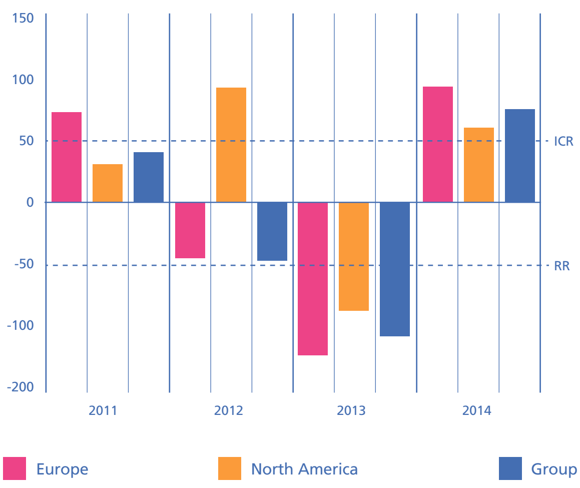
Underlying EBITA increased to € 706.0 million, with the EBITA margin improving to 4.1%, compared to 3.5% in 2013. Currency effects reduced EBITA by € 4 million.

EBITA

in millions of €

	2014	2013	Δ%
EBITA, underlying	**706.0**	**578.8**	**22**
Integration costs	5.8	17.3	
One-offs	39.5	31.8	
EBITA, reported	**660.7**	**529.7**	**25**
Amortization of intangible assets	145.4	155.9	
Impairment of goodwill, and badwill	-	7.5	
Operating profit	**515.3**	**366.3**	**41**
Net finance costs	(30.5)	(23.0)	
Share in profit of associates	0.3	0.3	
Income before taxes	**485.1**	**343.6**	
Taxes on income	(145.0)	(112.9)	
Net income	**340.1**	**230.7**	**47**

Incremental conversion ratios



Branches and Inhouse locations, year-end

	2014		2013	
	branches	inhouse locations	branches	inhouse locations
North America	704	380	762	293
France	564	177	650	141
Netherlands	321	368	324	348
Germany	285	270	291	266
Belgium & Luxembourg	172	138	174	133
United Kingdom	89	51	94	53
Iberia	216	76	333	72
Other European countries	278	113	337	98
Rest of the world	187	22	196	22
	2,816	**1,595**	**3,161**	**1,426**

As explained in the section 'How we measure performance', we measure the conversion of gross profit into EBITA. If we grow, our target is to convert at least 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 77%, in line with our ambition for the early years of growth.

Amortization of intangible assets, impairment of goodwill, and badwill

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 databases. These intangible assets are amortized over a period of one to eight years. During the year, the amortization charge decreased, mainly due to the phasing out of intangibles related to the Vedior acquisition. For more information, see note 4.1 and note 16 to the financial statements.

Operating profit

Operating profit is EBITA including the non-cash amortization and impairment charges on acquisition-related intangible assets and goodwill, and badwill. As a result of the change in the aforementioned charges, operating profit increased by 41% compared to 2013 to € 515.3 million.

Net finance costs

For the full year, net finance costs amounted to € 30.5 million, compared to € 23.0 million in 2013. 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 € 16.7 million (2013: +€ 20.1 million). Interest expenses decreased, following the strong cash flow generation during the year and low interest rates. We have a policy of using floating rates as a natural hedge against the development in operational results, which continued to pay off significantly. Foreign currency effects had a negative effect of € 13.8 million (2013: € 2.1 million positive). Further details on net finance costs are included in note 10 to the financial statements.

Taxes on income

The effective tax rate before amortization and impairment of acquisition-related intangible assets and goodwill, badwill, integration costs, and one-offs amounted to 30.1% in 2014 (2013: 31.7%). 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 € 459.9 million (2013: € 367.6 million).

Diluted EPS increased by 23% to € 2.54 (2013: € 2.07). The number of outstanding ordinary shares increased by around 2%, due to stock dividend and the exercise of stock options.

In line with our dividend policy, we will propose the payment of a dividend of € 1.29 per ordinary share (2013: € 0.95). This means a payout ratio of 50% (2013: 45%). Holders of ordinary shares will be able to choose between cash or shares. Our dividend proposal is further elaborated on in the 'Investor relations' section.

Net income, earnings per share and dividend

in millions of €, unless otherwise indicated

	2014	2013
Net income	**340.1**	**230.7**
Net income for non-controlling interests	0.0	0.0
Net income for holders of preference shares	12.6	12.1
Net income for holders of ordinary shares	**327.5**	**218.6**
Amortization of intangible assets [1]	145.4	163.4
Integration costs	5.8	17.3
One-offs	39.5	31.8
Tax effect on amortization, integration costs, and one-offs	(58.3)	(63.5)
Net income for holders of ordinary shares, adjusted	**459.9**	**367.6**
Basic EPS (€)	1.83	1.25
Underlying basic EPS (€)	2.57	2.09
Underlying diluted EPS (€)	2.54	2.07
Proposed dividend (€)	1.29	0.95
Payout ratio (% of underlying basic EPS)	50	45

1 Amortization of acquisition-related intangible assets, impairment of goodwill, and badwill.

Invested capital

Our invested capital amounted to € 3.7 billion (2013: € 3.7 billion). The primary components of our invested capital, as shown in the overview below, are goodwill and acquisition-related intangible assets, working capital, and net tax assets. Return on invested capital further improved to 15.8% (2013: 12.6%) as our focus on profitability paid off.

Invested capital

in millions of €, unless otherwise indicated

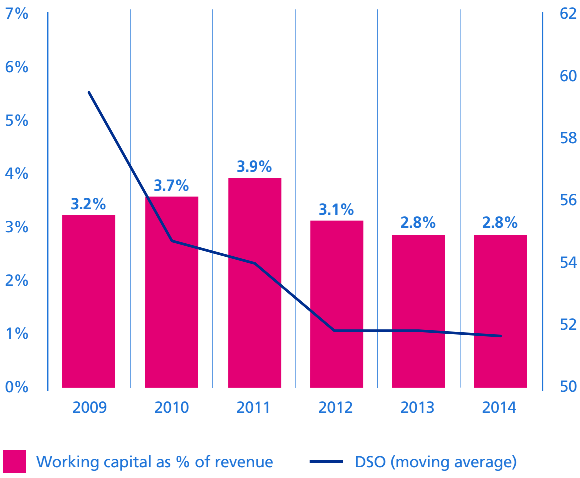
	note [1]	2014	2013
Goodwill and intangible assets	4.1,14,15	2,597.5	2,664.6
Trade and other receivables [2]	21.2	3,073.9	2,930.1
Trade and other payables [3]	21.3	2,586.2	2,470.6
Operating working capital		**487.7**	**459.5**
Net tax assets [4]	4.3	527.1	497.1
Other assets/(liabilities) [5]	13,16,21	122.8	47.6
Invested capital		**3,735.1**	**3,668.8**
Financed by			
Equity	19	3,313.1	2,907.8
Net debt	3.2	422.0	761.0
Invested capital		**3,735.1**	**3,668.8**
Ratios			
DSO (Days Sales Outstanding, moving average)		51.7	51.8
Working capital as % of revenue		2.8%	2.8%
Leverage ratio (net debt/EBITDA)		0.5	1.2
Return on invested capital [6]		15.8%	12.6%

1 Note refers to the notes to the consolidated financial statements.
2 Trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies and interest receivable.
3 Trade and other payables minus interest payable.
4 Net tax assets: deferred income tax assets and income tax receivables less deferred income tax liabilities and income tax liabilities.
5 Other assets/liabilities: property, plant and equipment plus financial assets and associates, less provisions and employee benefit obligations and other liabilities.
6 Return on invested capital: underlying EBITA less income tax paid as a percentage of invested capital. Income taxes paid in 2013 are adjusted for a payment of € 131 million to the Dutch tax authority.

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. Operating working capital increased by 6% to € 487.7 million. As growth returned towards the end of the year, trade receivables grew accordingly. As a percentage of revenue, working capital was 2.8%, in line with last year. Within working capital, the component we most need to be able to influence is trade receivables. Our DSO was 51.7 days (2013: 51.8). We aim to realize further improvements by focusing on the aging of trade receivables, including payment terms and overdues. The graph 'Working capital management' shows the development

Working capital management



of working capital and DSO over the past few years. In 2010 and 2011, working capital as % of revenue was impacted by the timing of the acquisition of FujiStaff (2010) and SFN Group (2011).

Our exposure to bad debt remained limited, and only 0.2% of revenue (2013: 0.2%) was written off, as these receivables were considered to be uncollectible. 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.

We experience that clients are challenging the EU directive on payment terms. Randstad has no flexibility in terms of its own payments (as these are to flex workers, tax and social security authorities). That is why we continue to make an appeal to our clients for payment terms that are in line with EU guidelines.

Other assets and liabilities

For the purpose of analyzing our invested capital, we have grouped various other assets and liabilities. Please refer to footnote 4 of the invested capital table for a description of the constituents. The largest part of the year-on-year change in this section was caused by a € 97.6 million increase of the CICE receivable (arising from tax credits under the French Competitive Employment Act). 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 during the next three years. Any excess after three years will be refunded.

Net debt

Our net debt position decreased to € 422.0 million, mainly as a result of a solid free cash flow of € 487.7 million. As a result, the leverage ratio (net debt divided by 12-month EBITDA) was 0.5 at year-end, well within our targeted range of between 0 and 2. The section 'How we measure performance' contains an overview of the development of net debt and the leverage ratio.

Net debt

in millions of €, unless otherwise indicated

	2014	2013
Cash and cash equivalents	117.1	136.1
Less: Non-current borrowings	315.0	743.4
Less: Current borrowings	224.1	153.7
Net debt	**422.0**	**761.0**
Leverage ratio	0.5	1.2

As of December 31, 2014, Randstad has a revolving multicurrency credit facility of € 1,800 million, which will mature mid-2019. There is the potential to extend the maturity to a maximum of 7 years (e.g., to mid-2021) through the exercise of two extension options, which are at the banks' discretion. In addition to this credit facility, Randstad has uncommitted credit and guaranteed lines of roughly € 1.1 billion available. Randstad has agreed on financial covenants, which requires us to have a maximum leverage ratio of 3.5x EBITDA. In some specific scenarios, Randstad is permitted to report a maximum leverage ratio of 4.25x EBITDA for a limited amount of time.

In February 2013, Randstad launched standby facilities with a small group of banks, which ran up to 24 months from the start. These facilities offer Randstad the opportunity to sell trade receivables of selected European activities up to a maximum of € 275 million. On December 31, 2014, the remaining facilities, with a maximum of € 150 million, were not activated or extended. These facilities lapsed on February 13, 2015.

Cash flow analysis

Free cash flow

Free cash flow amounted to € 487.7 million (2013: € 292.9 million, impacted by the payment of an income tax liability of € 131 million to the Dutch tax authority). The increased amount booked in 2014 is attributable to the 21% EBITDA increase. Working capital inflow was € 8.9 million in 2014 (2013: € 77.6 million) as the company resumed topline growth. Please refer to the Consolidated statement of cash flows on page 121 for more details on this topic.

Consolidated cash flow statement

in millions of €

	2014	2013
EBITA, reported	**660.7**	**529.7**
Depreciation, amortization and impairment of property, plant and equipment, and software	65.2	68.2
EBITDA	**725.9**	**597.9**
Working capital	8.9	77.6
Provisions and other items	(60.6)	(88.8)
Income taxes paid	(116.7)	(246.0)
Net cash flow from operating activities	**557.5**	**340.7**
Net capital expenditures [1]	(63.3)	(44.5)
Financial receivables	(6.5)	(3.3)
Free cash flow	**487.7**	**292.9**
Net acquisitions and disposals [2]	(5.7)	(10.8)
Issue of ordinary shares	1.5	7.1
Issue of preference shares C	-	137.9
Purchase of own shares	(25.7)	(9.4)
Dividend paid on ordinary shares	(56.0)	(83.8)
Dividend paid on preference shares	(12.1)	(6.8)
Dividend paid to non-controlling interests	-	(0.1)
Net finance costs paid	(30.4)	(19.0)
Translation and other effects	(20.3)	26.7
Net decrease of net debt	**339.0**	**334.7**

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

country performance

Introduction

Randstad operates in 39 countries, representing around 90% of the global HR services market. This is not likely to change, as we believe our current network covers the most attractive geographies. In this section, we provide an overview of our underlying performance in these countries in 2014.

North America

in millions of €	2014	2013	organic Δ%
Revenue	3,765.9	3,686.9	3
EBITA	180.0	166.9	9
EBITA margin	4.8%	4.5%	

Randstad is the third-largest HR services provider in North America. We hold market-leading positions in IT, accounting and finance, office/clerical, RPO, MSP, and permanent placements. Across the region, we provide a full range of services. In 2014, US revenue grew by 4% on a same-day, constant-currency basis, while gross profit per day grew by 4.5%. Revenue and gross profit growth in the second half of the year outpaced that of the first half due to the combined impact of management changes in our Professionals business and improved focus on field steering. The EBITA margin for our combined US business reached a full-year level of 4.9%, vs. 4.6% in 2013.

The US Staffing and Inhouse businesses benefited from the combined impact of rigorous field steering, investment in field staff, and positive market developments in blue-collar staffing and permanent placements. With a full-year growth of 7.1% in revenue and 8.1% in gross profit, we outperformed the market. The continued focus on perm yielded another year of strong market outperformance, due to both our continued progress in the SME white-collar segment and our success in adding perm to both our mass-customized and Inhouse blue-collar offerings. Overall perm grew 25% vs. prior year and accounted for 7.2% of gross profit, vs. 6.3% in 2014. Despite our strong growth in perm, our market share in this segment remains below 3%, so it continues to be an area of considerable operational focus and incremental investment. Inhouse services experienced solid growth in 2014, but the strongest growth was seen in the local, branch-based staffing business, particularly in the SME segment, where both blue-collar and white-collar businesses performed well ahead of the market. EBITA margin reached a new record level in 2014 thanks to the combined effect of field productivity and great back-office efficiency.

Revenue in Professionals improved consistently through the year, but contracted on a full-year basis by 1%. Full-year gross profit growth outpaced revenue due to stronger perm growth, particularly in Randstad Technologies. Finance & Accounting experienced a marked improvement in performance throughout the course of the year, due to leadership changes, headcount investments, and a substantial upgrade in the field steering approach. Negative growth in the first half of the year was offset by solid performance in the third and fourth quarters, with gross profit growing by 8% and 9% respectively. Randstad Engineering had an excellent year, with full-year gross profit growth of 10%. IT experienced strong demand for our solutions offering, which grew by 8%, and for perm, which grew by 7%. Weaker growth in retail temporary staffing resulted in full-year gross profit being just ahead of last year. The EBITA margin in our combined Professionals business also improved, benefiting from productivity gains and a reduced cost base.

The North American Randstad Sourceright MSP business increased spend under management by 44%, more than two times market growth. This results from the combination of new client wins and expansion of existing programs. Global expansion and the satement of work (SOW) continue to be top of mind for clients, while the dominant trend is demand for a Total Talent Architecture approach. We are well-

Development in the main geographic markets

in millions of €, unless otherwise indicated

	revenue		organic growth %	market growth %	Δ%	average candidates		average corporate staff	
	2014	2013				2014	2013	2014	2013
North America	3,765.9	3,686.9	3	3	-	106,400	101,800	6,220	6,240
France	2,726.2	2,835.7	(4)	-	(4)	70,400	75,100	3,390	3,590
Netherlands	2,794.7	2,739.4	2	7	(5)	75,600	80,800	4,350	4,310
Germany	1,949.3	1,875.5	4	4	-	46,600	47,900	2,610	2,530
Belgium & Luxembourg	1,283.3	1,238.7	3	4	(1)	40,000	39,700	1,750	1,820
United Kingdom	821.7	769.6	2	9	(7)	17,200	18,700	1,530	1,520
Iberia	1,086.1	896.9	9	15	(6)	58,100	48,800	1,560	1,390
Other European countries	1,371.3	1,090.7	16	n.a.	n.a.	55,800	43,800	2,450	2,000
Rest of the world	1,451.3	1,434.9	13	n.a.	n.a.	110,200	111,100	4,660	4,450
Corporate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	200	180
	17,249.8	**16,568.3**	**4**			**580,300**	**567,700**	**28,720**	**28,030**

positioned to continue to satisfy these needs, strategically balancing variable and fixed talent solutions. The Randstad Sourceright RPO business achieved moderate growth (4%) and record profitability, resulting from our success in standardizing processes and service delivery. We expanded our sourcing organizations and implemented recruitment marketing and analytics technology platforms. We gained a number of global clients through the year and saw a notable expansion of end-to-end RPO engagements.

Canada saw revenue contract by 2% vs. prior year due to challenging market conditions. A strong performance in perm, which grew by 5%, resulted in a gross profit performance in line with 2013. Profitability was also in line with prior year.

Sales in North America increased 3.3%, while gross profit was up 3.9%. Overall profitability in North America continued to strengthen, reaching a new record level. This was thanks to gross margin enhancements through the beneficial mix impact of permanent placements, combined with continued strong operating leverage. This resulted in the EBITA margin increasing to 4.8%, compared to 4.5% in 2013.

France

in millions of €	2014	2013	organic Δ%
Revenue	2,726.2	2,835.7	(4)
EBITA	145.5	105.1	38
EBITA margin	5.3%	3.7%	

Randstad is the third-largest HR services provider in France, with leading positions in Inhouse Services, healthcare, and permanent placements. We provide a full range of services in France, and our market share is around 13%.

The French market was flat in 2014, which is an improvement compared to 2013 (-4%). Construction, in particular, faced a difficult situation. There, the market plummeted by roughly 20% as a direct consequence of local governments' halting investment plans. While local governments in France are responsible for 70% of the country's public investments, many of them had to cut back on expenditure due to financial stringencies. Other market segments, such as logistics, the food industry, automotive, and aerospace, have been doing relatively well, all of them experiencing a slight increase in demand for staffing.

Restoring profit margins has been Randstad's primary goal in France throughout 2014. Like other companies in France, Randstad benefited from the Competitiveness and Employment Tax Credit (CICE) – a tax credit for lower wages, aimed at strengthening businesses' competitiveness. Indeed, our focus remains strongly on profitable market segments. This is even more important since we operate in a mature market with pressure on prices. At the same time, and in accordance with this goal, we continued to review our client portfolio.

As a result, we managed to deliver good performance on several of our key segments. While revenue as a whole contracted by 3.8%, Inhouse Services grew by 15%. By year-end, we were operating 177 Inhouse locations. As far as our Professionals businesses are concerned, Healthcare experienced greater demand throughout the year. After a tough year in 2013, nursing began its recovery, while the medical sector as a whole proved to be a real growth driver. Contrasting developments were seen outside Healthcare, however. IT and Engineering were both under pressure, as companies set up programs to reduce operating costs, resulting, for instance, in fewer R&D projects. Finance & Accounting managed to resist this downward trend, precisely because such skills are sought after when employers implement drastic cost controls. Over the year as a whole, revenue in Professionals went down by 1.9%.

In 2014, we took several significant steps in line with our profitable growth strategy. The main move involved consolidating our HR consulting activities into a single subsidiary: HR Consultancy Partners. This new advisory firm brings together the expertise that was formerly spread across smaller opcos. With around 120 consultants, HR Consultancy Partners offers a unique, fully integrated range of HR services to its clients and their employees, ranging from search and selection and outplacement to skills development. By doing so, HR Consultancy Partners will help its clients improve the coherence and feasibility of their HR projects.

In addition to launching HR Consultancy Partners, we met our commitment to hire flexworkers on a permanent basis. This marks a turning point in the history of the French labor market. Indeed, as a way of moving towards greater 'flexicurity' in France, a new law made it possible last year for labor market intermediaries such as Randstad to grant flexworkers open-ended contracts. Randstad hired its first 'permanent' flexworker in March 2014. While regular staffing will remain the norm, this new contract type will help us improve our response to clients' needs, retain highly sought-after staff, and optimize our training budgets and therefore our productivity.

Furthermore, in light of changing client and candidate behaviors, we focused on further differentiating ourselves in the market. First, in bigger cities, we continued to combine branches in order to form single multispecialist platforms, enabling synergies and greater opportunities for cross-selling, as well as clarifying the scope of our activities. We then continued the process of digitizing our services, enabling our clients and candidates to have a complete online experience. We believe this multi-channel strategy is essential in enabling us to better address the most profitable market segments.

The French EBITA margin improved to 5.3%, compared to 3.7% in 2013. This has been positively impacted by the increase in the CICE, which increased from 4% to 6% of salaries below 2.5 times minimum wage. In 2014, the CICE receivable increased by € 97.6 million to € 170.2 million, and will be collectable as from 2017.

Additionally, we see the benefit of the restructuring that occured in 2013. Operating expenses were adjusted for € 1.9 million in 2014, compared to a restructuring provision release of € 7.7 miilion in operating expenses in 2013.

The Netherlands

in millions of €	2014	2013	organic Δ%
Revenue	2,794.7	2,739.4	2
EBITA	170.6	159.2	7
EBITA margin	6.1%	5.8%	

At the end of August 2014, Randstad announced plans for a new organizational structure in the Netherlands. The aim is to create a more efficient and leaner organization to better serve clients, while keeping the current brand propositions intact. The changes encompass:

- Creating one joint management team for the new Randstad Group Netherlands. The new team will report to Executive Board member Chris Heutink.
- Combining all Professionals businesses, based on verticals, in order to strengthen our leading position in the Professionals segment in the Netherlands. This process is due to be finalized at the end of Q1 2015.
- Streamlining back-office processes and support centers.

As a result of the new organizational structure, staff and support functions have been integrated and the back-office streamlined. The implementation of this process was completed by the end of 2014. The changes significantly simplify the organizational structure in the Netherlands. Growth in Professionals is one of our strategic goals in the Netherlands. By building a single Professionals business under the Yacht umbrella in the coming year, we will create a stronger position in this market. In addition, the integrated head office will optimize service levels, while lowering costs. All head office employees started working in their new roles as from January 2015. And although people and processes will need to settle in, the first benefits of joining forces are already clearly visible. Meanwhile, we have made strong progress in the organizational design of our Professionals business. Our plans have been presented to the Works Council, and we expect to have established our new organization by the end of Q1 2015.

Randstad the Netherlands

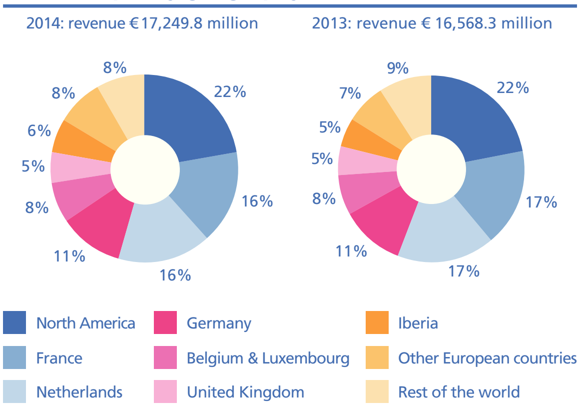
Revenue of Randstad the Netherlands grew 1% over 2014. During the year, growth rates gradually improved, from a small decrease in Q1 to +4% in Q4. In the SME markets in particular, our growth rates increased significantly. This strong growth was the result of further improved activity-based field steering (ABFS), which supported client focus and increased commercial activity.

With regard to our corporate clients, we see a more mixed picture. We had to discontinue some unattractive contracts, which led to some pressure on our market share. In the second half of the year, we started closing the gap with the market, and we expect to get back to market-growth levels shortly.

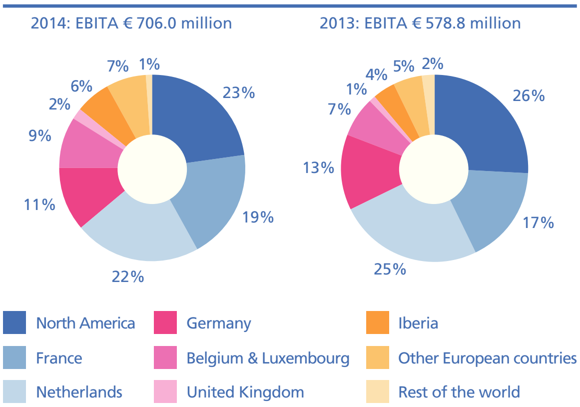
Our focus on permanent placements paid off in 2014. Perm fees increased by more than 40% compared to last year, and contributed well to our gross margin. This growth was broad-based, with strong perm performances by our Staffing units, as well as our Professionals businesses and Sourceright Netherlands (large-volume recruitment).

In the Professionals segment, Randstad Netherlands redefined the current business model for the IT segment into a vertical business model. Initial results are promising and augur well for our planned integration of all Professionals activities into the new Yacht organization. The overall performance of Randstad

Revenue split by geography



EBITA split by geography



Professionals was good, showing strong growth rates during the year.

Our Inhouse concept continued to be successful in 2014. Price pressure was offset by continuous productivity improvement facilitated by increased levels of digitization.

During the third quarter, Randstad again partnered with the Dutch government to reduce youth employment. The continuation of this initiative led once more to Randstad committing itself to find a solution for at least 10,000 young job seekers over a five-week period. The initiative reinforced our position as opinion leader.

Tempo-Team

Tempo-Team performed well and maintained its second-largest position in the Dutch market. In the first half of the year, revenue continued to decline, but growth returned in May, resulting in 3% growth over the full year. In the summer, growth was at least in line with the market, evidencing strengthened focus on execution at all levels. Emphasis was put on ABFS, with considerable time invested in the training of managers and consultants. These investments paid off, being visible in the return to growth in the Staffing segment. Growth in Staffing was driven by the market units, especially in the SME segment, with a swing from minus 16% at the start of the year to plus 25% in December. In the industrial and logistics segments (mostly Inhouse), Tempo-Team was slightly behind market, primarily due to selectiveness in pricing in tenders. Profitability in Inhouse was strong. Professionals and Payroll Services both performed very well, with double-digit growth figures across the year and improving profitability. Thanks to mix improvements, growth in permanent placements, and selectiveness in Inhouse, gross margin pressure was offset. In advertising, Tempo-Team focused on the SME segment, in order to back up the increased activity in that field.

Yacht

Yacht showed strong improvement in profitability in 2014. Overall revenue declined by 1%, slightly below the market, which showed low-single-digit growth. While the IT segment returned to solid growth, demand in the Engineering segment was clearly under pressure. Growth in the public segment, as well as in HR, Legal, and Marketing & Communications, was particularly strong, outperforming the market. Yacht 'Externen Management', which was launched in 2012 to address the growing supply of and demand for freelancers, again showed strong growth of approximately 30%, becoming a leading player in the Dutch market for the brokering of freelancers. Despite continued pressure on prices, gross margin improved significantly following further reduction of idle time and further flexibilization of direct costs. This was also supported by increasing commercial activity through ABFS, especially in the SME segment. Furthermore, we invested in a central delivery center, improving delivery to our large clients, particularly in the financial services segment. Productivity improvement and solid cost control both contributed to further improvement of profitability.

Overall revenue in the Netherlands increased 2.1%, while gross profit grew 3.4%. The overall Dutch EBITA margin reached 6.1%, compared to 5.8% in 2013. Underlying EBITA was adjusted for € 28.2 million restructing costs. Last year, underlying EBITA was adjusted by € 6.5 million for restructuring-related costs.

Germany

in millions of €	2014	2013	organic Δ%
Revenue	1,949.3	1,875.5	4
EBITA	85.6	81.1	6
EBITA margin	4.4%	4.3%	

In general, with around 7,000 temporary employment agencies, the German market is still very fragmented. In 2014, there was no further development in the field of consolidation. In addition, the staffing market has been in constant decline since 2013. Looking at 2015, we expect further regulations, given the coalition contract of the German government. The Professionals market continued to grow, partly fueled by some scarcity in more highly educated profiles.

Despite the big changes in 2012 that affected the whole staffing industry (industry surcharges), we were able to stabilize our market share and strengthen our position as market leader in Germany in 2013 and 2014. In Staffing and Inhouse Services, we operate as Randstad and Tempo-Team. Randstad Professionals and GULP are active in the Professionals segment.

Two years ago, the German staffing industry saw the implementation of equal pay in several sectors of the market, including the metal and chemical sectors. This agreement came on top of the existing collective labor agreement (CLA), which continued to have a significant negative impact on the gross margin of our Staffing and Inhouse businesses.

Our revenue grew by 4% in 2014, in line with the market. Our combined Staffing and Inhouse businesses grew by 3%. Randstad Inhouse Services, for its part, had another good year. This was partly due to the transfer of business from Staffing, but also because we were able to welcome several new clients. Inhouse revenue grew by 15%, and we operated from 270 locations across Germany. Tempo-Team grew solidly and strengthened its market position. Our Sourceright business grew in 2014, and we convinced Thyssen Krupp, one of the world's largest technology and service companies, to enter into a Managed Services Program (MSP) partnership for the coming years.

As a result of the regulatory changes, the combined Staffing and Inhouse business is still facing pressure on gross margin. We therefore put more focus on client profitability and delivery models, while also continuing our Blue Customized initiative, aimed at expanding our service offering to our top 100 clients. Thanks to our focus on ABFS, we were able to improve not only our sales pace, but also our confidence to make the right decisions locally. We also further enhanced our value proposition in 2014, which was visualized in our ongoing marketing campaign 'Randstad wirkt' ('Randstad works'). We aim to improve our brand in the German market, while at the same time driving growth and improving our business mix.

Special attention was given to growth in permanent placements, and we set up a special website to attract new candidates. To motivate our internal field colleagues even more, an incentive program for permanent placements was implemented in 2013, which continued successfully in 2014.

Revenue in Professionals grew by 7%. In 2014, our IT freelancer business (GULP) grew by 13%, remaining the most important source of IT project candidates among external specialists in Germany. GULP is also the leading internet-based project intermediary, offering clients a comprehensive online portal providing information and services for IT-related project business. It contains profiles of 90% of all German IT freelancers. Randstad Professionals provides high-end HR solutions in the engineering and IT services segments. Its revenue and profitability remained under pressure.

The underlying EBITA margin reached 4.4%, compared to 4.3% in 2013. EBITA was adjusted for restructuring costs of € 8.4 million, of which € 0.5 million was in gross profit. In the fourth quarter, we executed a restructuring program to minimize overhead costs, mainly by reducing staff at our German head office. Last year, restructuring costs were € 2.8 million, of which € 0.4 million was related to gross profit.

Belgium & Luxembourg

in millions of €	2014	2013	organic Δ%
Revenue	1,283.3	1,238.7	3
EBITA	66.5	44.5	50
EBITA margin	5.2%	3.6%	

Randstad is the market leader in Belgium and Luxembourg. While 2013 was the year of the restructuring process, in 2014 the benefits of a more efficient and more client-oriented organization began to become apparent. ABFS was implemented throughout the business in both Belgium and Luxembourg, leading to strong productivity gains. Overall, revenue grew by 3% in 2014, with growth in both Randstad and Tempo-Team, while gross profit increased by 7%. Operating expenses declined by 3%, while EBITA increased by 50% versus the prior year.

Randstad Belgium's revenue grew 2% in 2014, especially boosted by the Inhouse business, which realized 9% growth. Our Professionals business grew by 5% in 2014, while our Outplacement and Household businesses were negatively impacted by market conditions, with revenue growth essentially flat and declining by 4% respectively.

Tempo-Team had a strong year, outperforming the market from June onwards. Tempo-Team's revenue grew by 8% in 2014, with strong performances in Staffing and Inhouse (7%) and Professionals (66%). Despite the market conditions, Household realized growth of 1%.

Randstad Luxembourg reported a 6% revenue drop in 2014. A strong focus on cost control led to a decline of 23% in operating expenses, while EBITA increased by 44%. The introduction of activity-based field steering (ABFS) led to an increase in the number of new clients, resulting in a positive performance versus the market in the second half of the year.

Underlying EBITA margin reached 5.2% (2013: 3.6%). In 2013, EBITA was adjusted for restructuring costs of € 24 million.

United Kingdom

in millions of €	2014	2013	organic Δ%
Revenue	821.7	769.6	2
EBITA	14.2	6.5	119
EBITA margin	1.7%	0.8%	

Market conditions in 2014 continued to improve as the economic recovery gathered pace. While the macroeconomic environment helped cement growth, ABFS was a key profit driver across Randstad UK. As a result, the permanent placements business increased 12% in 2014. EBITA more than doubled year on year, and the EBITA margin increased by 90bp compared to 2013.

Gross profit per head increased 6% year on year, following an improved recruitment and induction program. Over the course of 2014, Randstad UK has enhanced its profile and made a significant number of new hires to capitalize on market opportunities. The on-boarding process has also been successfully overhauled: gross profit per delegate attending July, August and September induction sessions rose 17% year on year in Q3 2014. With a focus on digital, traffic to the randstad.co.uk website rose by 52% compared to the previous year, while the number of online applications made to the website rose by 85%.

Organic growth was led by three business units: Student Worker Support (SWS), Randstad Sourceright UK, and Randstad CPE. Gross profit rose 21% in Construction, Property and Engineering due to a stronger focus on client profitability, improving market conditions, and increased demand driven by a large rail infrastructure project (Crossrail) and accelerated house building. Growth in Randstad Sourceright UK was fueled by deepening current client relationships, a series of new business wins, and new services in talent market mapping and strategic advisory. Randstad SWS saw gross profit grow by 30% in 2014. The business helped 25,000 students and unemployed people with disabilities and health conditions to achieve their academic potential or gain employment in 2014. A testament to the quality of its service, Randstad SWS retained 100% of tendered business over the course of the year.

Our EBITA margin in the UK has continued its upward trajectory, rising from 0.8% in 2013 to 1.7% in 2014. Underlying operating expenses were adjusted for € 1.3 million of restructuring costs compared to € 0.2 million of book profit from the divestment of businesses in 2013.

Iberia

in millions of €	2014	2013	organic Δ%
Revenue	1,086.1	896.9	9
EBITA	42.9	25.7	58
EBITA margin	3.9%	2.9%	

Spain

Given the improvement in the economy and labor market, we accelerated the process of integrating the acquired activities of USG in Spain, which was completed successfully in Q1, thanks to our constant focus on client profitability and risk control. Synergies were realized in line with the plans. Our Staffing business reached double-digit growth, with a clear positive trend throughout the year, while our decision to invest in permanent placements, Professionals, and other HR Solutions businesses paid off. Our focus in 2014 continued to be on client profitability. We developed products that give higher client satisfaction and also implemented more efficient service delivery models. Innovation and Technology also played an important role. We developed a range of new tools for clients and candidates. In particular, we introduced our new Digital Contracting System, which is unique in the Spanish market and will generate important gains in efficiency and control, leading to greater satisfaction for our candidates and employees.

Main market positions, 2014

in billions of local currency

Regions	market size [1]	market growth %	market share in %	market position
United States	136.8	5	3	2
France	21.1	-	13	3
Netherlands	15.3	7	19	1
Germany	23.2	4	9	1
Belgium & Luxembourg	8.5	4	15	1
United Kingdom	28.4	9	2	4
Spain	2.6	15	21	1

1 Based on country data, 2013 figures, and estimated growth rates.

Portugal

In Portugal, we retained our clear market-leader position. Strong growth was achieved in the Staffing business, and we opened our first Inhouse locations. Our call center business continued to grow solidly. It was granted several industry awards, reflecting its high-quality services. Our Professionals business had a good year, and growth in permanent placements was strong. The implementation of field steering combined with further optimizations in the administrative processes were important achievements in 2014. As we will continue to benefit from these initiatives, our strategic focus remains on enriching our business mix, better delivery models for our clients and candidates, and risk management. As such, we are well set for another great year.

The Iberian EBITA margin reached 3.9%, compared to 2.9% in 2013. Operating expenses were adjusted for € 2.4 million of integration costs compared to € 3.8 million of integration costs in 2013.

Other European countries

in millions of €	2014	2013	organic Δ%
Revenue	1,371.3	1,090.7	16
EBITA	54.0	30.1	83
EBITA margin	3.9%	2.8%	

Poland

Our position in Poland strengthened further, with revenue growth of 21%. We are one of the two leading Staffing companies in Poland. Our Inhouse business had a great year, with the number of locations increasing by over 50%, partly as a result of transferring business from Staffing. Our Staffing business performed well. Our focus on permanent placements and Professionals continued to pay off, resulting in 116% growth. Client profitability was further embedded as a theme across the organization and good cost control was maintained.

Italy

In Italy, where we are the fourth-largest in the market, revenue grew by 12%. Our market position was strengthened by the acquisition of the activities of Start People (USG). Growth returned in the second half of the year. This was mainly led by good demand in the industrial segment, and it resulted in good performance of our Inhouse business. This was supported by further investments in headcount. We continued to transfer business from Staffing to Inhouse, which enabled our Staffing business to put more focus on specialties. This clearly paid off. In addition, we made a good start with Professionals and permanent placements in 2014.

Nordics
In Sweden, Randstad outperformed the market. Both Professionals and Inhouse Services showed strong growth, while further investments were made in market units focusing on SME clients. In Denmark, Recruitment grew very fast, and the organization has recently been aligned to further develop and focus on higher-margin segments. The focus in Norway remains on Professionals, where Engineering showed good growth. Overall growth in gross profit in Nordics was close to 15%.

Switzerland
We continued to outperform the Swiss market in 2014, and revenue grew by 10%. The strong momentum of 2013 was continued in 2014, which resulted in double-digit growth and strong gains in market share. Inhouse Services maintained solid growth. Our Professionals business accelerated, driving 55% growth in permanent placements.

Austria
During 2014, further integration into the Randstad way of working took place, which resulted in a firm platform for further growth in defined segments and geographies in Austria. Despite the integration project, Austria showed excellent growth of 35% and solid results.

Hungary
Randstad is the market leader in the recruitment market in Hungary. In 2014, our focus was on profitability (up >20%), while also improving and innovating our concepts. Good cost control was maintained, and we achieved sound profitability.

Turkey, Czech Republic and Greece
In Turkey, where we are mainly active in permanent placements and HR Solutions, we concentrated on improving our business mix and profitability. As a result, our HR Solutions business line grew by 9.6%. We had a successful year in the Czech Republic, with revenue growing by 49%. In Greece, we also had a good year, with 34.7% growth.

Overall profitability continued to improve across most of the other European countries. EBITA margin improved from 2.8% last year to 3.9% in 2014. Operating expenses were adjusted for integration costs of € 3.4 million, compared to € 4.9 million last year, as the USG integration in Italy was completed.

Rest of the world

in millions of €	2014	2013	organic Δ%
Revenue	1,451.3	1,434.9	13
EBITA	7.5	10.1	11
EBITA margin	0.5%	0.7%	

Revenue in the 'Rest of the world' region grew by 13% organically. However, on a reported basis, revenue grew by 1%, mainly due to negative currency mix effects.

Japan
Japan represents 32% of the 'Rest of the world' region, and Randstad holds the sixth position. In 2014, we invested in expanding our position in Professionals, permanent placements, and outplacement and in our own IT platform. Overall, revenue grew by 7.0% year on year, with both blue- and white-collar Staffing and outsourcing showing strong performance. Permanent placements for entry-level jobs grew by about 80%, with strong demand from clients due to shortage of talents in the market caused by the low unemployment rate in Japan (below 4%). Inhouse successfully expanded the number of locations to 25. Professionals further expanded its business under the new leadership. Having introduced new business concepts, Professionals showed strong performance, creating high expectations for 2015. Operational improvements were achieved through the implementation of activity-based field steering (ABFS).

We hosted the Randstad Award event, which was attended by about 800 participants. This was the largest employer branding and HR professionals networking event ever held in Japan. Furthermore, we set up a monthly roundtable discussion for HR executives and professionals, providing the latest insights into the world of work. One of the discussions was co-hosted by the Dutch Embassy in Tokyo. Finally, we started our partnership with VSO Nepal, and sent two volunteers on a placement in a tourism promotion project.

Australia and New Zealand
Our operations in Australia and New Zealand returned to growth (FY 2014 +17%) across both temporary and permanent recruitment. Overall, the blue-collar industrial business achieved strong results in revenue and gross profit, with positive developments in the transport and logistics segments. Our early childhood and specialist education business also achieved solid results throughout the year, with a promising start in the specialized schools segment. Within Professionals, construction, property and engineering showed strong performance. Randstad Technologies achieved 20% growth year on year, as our reputation for providing expert IT recruitment and technologies solutions grew. We saw good growth in the public sector, with both state and federal government departments growing. The improving consumer, business and hiring confidence led to good results across our Business Support, Assessment Center, Call Center, and Banking & Finance divisions.

India
In 2014, the Indian economy continued to be volatile and, compared to 2013, witnessed increased optimism towards the latter part of the year. Our business in India continued to focus on profitability, emphasizing client quality, resulting in clear signs of returning growth in the second half of the year. In particular, there was above-market growth in the permanent placements business, on the back of investments made in streamlining and integrating the permanent placements business across the branches to build client intimacy and serve clients better.

China and other Asian countries

The strong performance of our Chinese business in 2013 accelerated into 2014, making it an exceptionally strong year. We achieved high double-digit gross profit growth, driven by our Search & Selection business and supported by continued investments in headcount in line with our strategy to become a leading player in the Professionals market. This strong performance was visible across the board, but especially in our main segments of manufacturing, FMCG, IT, and banking. We have three major centers for perm recruitment: Beijing, Shanghai, and Guangzhou.

Apart from this acceleration in our Search & Selection business, we also witnessed increased traction in the number of RPO deals that generated additional growth in permanent placements. To take advantage of the growing demand for high-volume recruitment project services, we will continue to invest in Randstad Sourceright in China. Our temporary staffing business more than doubled in revenue, with strong growth in terms of volume of projects as well as in project-based staffing. Our clients acknowledge the added value provided by the temporary staffing business. There was, however, a change in labor legislation in 2014, capping the number of payrolled temps companies are permitted to have, which impacted our payroll business.

Across the business, we improved productivity, which led to a strong incremental conversion from gross profit into EBITA. In 2014, Randstad China received recognition for a number of achievements and won several awards, including Best HR Services Branding in Greater China, Best HR Outsourcing Services Branding in Greater China, most reliable HR Services company, the 2013 appreciable tax contribution award, and the Shanghai Famous Brand. Our operations in China currently consist of around 600 staff. Having grown over 16% in the past year, we anticipate further growth in 2015.

Outside mainland China, our business in Hong Kong delivered excellent revenue and gross profit growth. The continued investments in the teams and strict enforcement of ABFS is paying off for this relatively young Randstad company, although the final results were slightly impacted by the 'Occupy Hong Kong' movement in Q4. The best performing teams were Banking, Luxury/Retail/Consumer, and IT. These sectors are also the largest job markets in Hong Kong. Temporary staffing revenue increased significantly, too. This was a result of increased focus on diversifying the revenue mix.

Singapore's economic growth remained low single digit in 2014, enough to continue to drive a healthy demand for our services, as Singapore is a full employment environment, with a culture in which people easily change jobs. Full-year revenue and gross profit growth were well above 30%, generating operational profit. In this very competitive market, we grew to market-leading positions in 2014 in Banking and Business Support, with solid performances also in Sales and Marketing, and in Accounting. We continue to invest in our Randstad Sourceright activities, as the types of solutions offered fit with the needs of our regional buying clients.

Latin America

In Latin America, our Argentinean business remained under pressure, although our Professionals business showed strong growth. Our Brazilian business achieved strong growth under new leadership. In Mexico, we continued to expand our Professionals business and developed our Staffing business to diversify from large accounts. Chile improved its profitability under the leadership of a new management team.

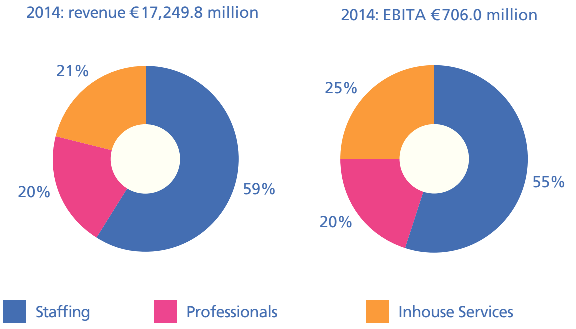
EBITA for the 'Rest of the world' region remained unsatisfactory. EBITA margin dropped from 0.7% to 0.5%, and developments remain mixed. However, we are pleased with the progress seen in Australia and China.

performance by revenue category

Introduction

In this section, we provide an overview of the underlying performance per revenue category in 2014. More detailed information on these service concepts can be found in the section 'Value for our clients and candidates'. In our financial reporting, we have merged these service concepts into three revenue categories: Staffing (including HR Solutions), Inhouse Services, and Professionals (including Search & Selection).

Split by revenue category



Staffing (including HR Solutions)

in millions of €	2014	2013	organic Δ%
Revenue	10,202.8	10,037.9	1
EBITA	421.1	343.1	23
EBITA margin	4.1%	3.4%	

In the revenue category Staffing we include the service concepts of Staffing and HR Solutions. 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. HR Solutions includes a wide range of services, of which Payroll Services, RPO, MSP, and Outsourcing are the largest services. HR Solutions is well-established in the Netherlands and North America, while we have implemented a number of initiatives to further diversify our service portfolio in Europe and Asia. One of our priorities has been to achieve a greater share of permanent placements in our Staffing businesses. In 2014, we continued our progress in this regard, with permanent placements increasing proportionately.

Staffing revenue was € 10.2 billion. On an organic basis, this was an increase of 1%. We saw good revenue growth in Asia and Latin America, and solid growth of 5% in North America. There was a decline in Europe of 3%, which continues to be impacted by the transfer of business from Staffing to Inhouse. Overall Staffing revenue showed a steady improvement in many businesses, with the continued focus on revenue quality having a clear benefit on the bottom line. Our focus on growing permanent placements in our Staffing business is starting to pay off, with growth of 16% in the year.

In North America, our continued focus on revenue quality and profitability is paying off. Revenue was up 5% organically, or 3% on a reported basis as a result of currency mix effects. Staffing revenue was up 5% organically, based on a relatively stable pattern evident throughout the year. On top of this, we were able to improve our profitability. In HR Solutions, revenue also improved by 5%. RPO had a solid performance, while revenue in MSP saw strong growth throughout the year. Payroll Services also improved following new client wins.

In Germany, Staffing revenue was 3% below the level of 2013. Revenue gradually softened throughout the year, as the impact of the price effect from equal pay and wage increases reduced through the quarters. We continued to optimize our service delivery to our clients, by transferring business to Inhouse. In France, Staffing revenue was 7% lower than in 2013; however, profitability continued to improve largely due to the increased 'CICE' subsidies. In the Netherlands, revenue was 1% lower than in 2013, although the trend improved throughout the year. In Belgium, revenue was 1% above 2013. In the UK, revenue fell by 3%; here, we retain a strong focus on client profitability, and revenue has come under pressure as a result. In Iberia, revenue increased 6%, with a solid performance in Staffing.

In the 'Rest of the world' region, our Japanese Staffing business saw solid growth of 8% in 2014. We achieved good growth in the blue-collar segment, especially in the logistics and retail segments. In other Asian countries and Latin America, revenue grew by 8% and 17% respectively.

Underlying EBITA margin improved from 3.4% to 4.1%. Operating leverage improved thoughout the year.

Professionals

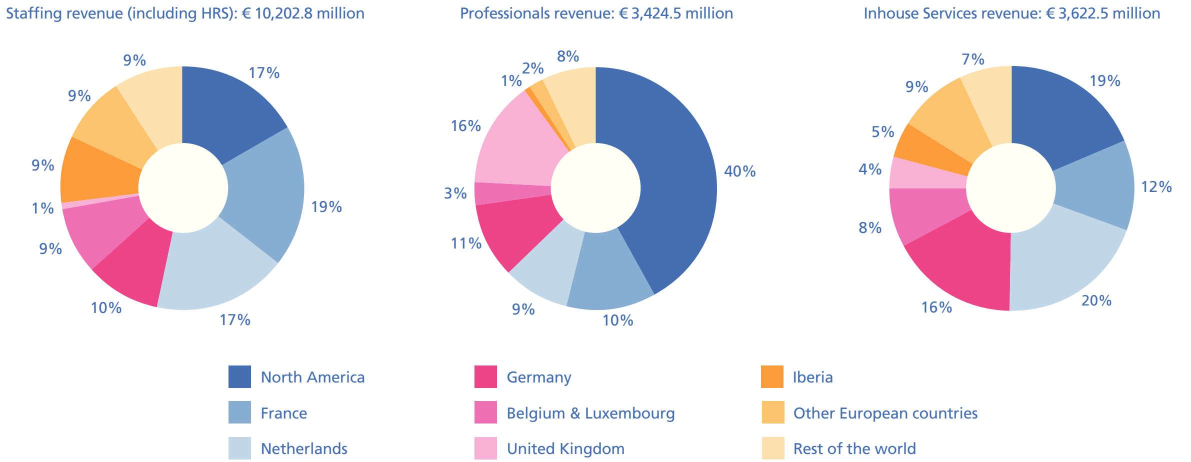
in millions of €	2014	2013	organic Δ%
Revenue	3,424.5	3,306.9	4
EBITA	156.1	135.4	16
EBITA margin	4.6%	4.1%	

Revenue in Professionals was 4% higher year on year. Reported revenue was also 4%, with a small negative currency effect. Perm fees were 13% ahead of last year.

Our North American business contracted by 1%, mainly as a result of a decline in our IT business. However, we saw further signs of operational improvements in our IT business, offsetting the decline in demand from the banking and finance sectors.

In Europe, revenue from Professionals increased by 5%. Our Professionals business in the UK had a good year, and revenue grew by 3%. Growth was led by Construction/Engineering

Geographic revenue spread



and Education, whilst our Healthcare business returned to growth. Our German Professionals business grew by 6%, driven by good performance in IT and Engineering. In France, revenue contracted by 2%, but despite this, our Healthcare business performed well. In the Netherlands, revenue in the Professionals business was 11% higher overall, with the trend improving during the year. Our Dutch Professionals business is well placed, with the business being aligned under the Yacht brand in 2015. In Australia, revenue grew by 19%, mainly driven by increased temp demand. Perm fees in Australia were 4% higher. Our Chinese operations grew 77%.

Profitabililty continued to improve, with the EBITA margin reaching 4.6%, compared to 4.1% in 2013. Profitability improvements were seen in many geographies, including North America, the Netherlands, France, Iberia, and the UK. We will continue to focus on capturing profitable growth in these regions, while further improving our profitability in Australia.

Inhouse Services

in millions of €	2014	2013	organic Δ%
Revenue	3,622.5	3,223.5	12
EBITA	189.6	150.7	27
EBITA margin	5.2%	4.7%	

Inhouse Services continued to see good growth in 2014. Revenue grew by 12% to € 3.6 billion as we continue to align clients to the most appropriate delivery model.

In North America, Inhouse Services' revenue grew by 8%, and we operate 380 Inhouse locations. Our French, Belgium and Dutch Inhouse businesses grew by 15%, 8% and 5% respectively, with good growth at existing clients. In Germany, our Inhouse business grew by 15%, which was in part due to the transfer of clients from Staffing, although we also saw solid growth at existing clients. Revenue in the UK contracted by 1%, were we retain a clear focus on client profitability. In Iberia and other European countries, revenue grew by 26% and 42% respectively. Inhouse Services' revenue in the 'Rest of the world' region grew 12% organically. Reported revenue increased by 12%, with only a small negative currency effect. Our Japanese business performed well, with logistics and retail segments continuing to lead the way. Here, revenue grew by 10%, organically.

The EBITA margin improved further to 5.2% (from 4.7%), now ahead of our targeted range of between 4% and 5% for this revenue category.

investor relations & share performance

Investor relations

The main goal of Randstad's investor relations activities is to build our 'financial brand'. Whereas we seek to have clients and candidates recognize the Randstad brand for its reliability, service quality, and the fact that we are a worldwide labor market authority, we seek to have investors and analysts value our company for our open and transparent communication style and our aim to be best in class, both in disclosure and in providing insight into the business. In this way, we seek to ensure that Randstad achieves its appropriate valuation 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 road shows and accommodate meeting requests wherever feasible, and we adhere to all legal obligations relating to confidentiality.

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

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 corporate website.

Dialogue with investors, analysts, and other stakeholders

Each quarter, Randstad organizes analyst meetings or conference calls to discuss the latest results. These events are also broadcast on the web. In November 2014, we hosted a Capital Markets Day for analysts and investors in London. The main focus of the day was to provide an update on our strategy and targets, and to provide an overview of our change programs. We also reported on the experiences of our Dutch and US Staffing organizations, and provided an update on the impact of technology on Randstad, including the development of our Randstad Innovation Fund.

In 2014, we maintained the geographic coverage of our road shows and investor conferences. We participated in conferences in the Netherlands, Belgium, the UK, and the US. Road shows for institutional investors were organized in Belgium, Canada, France, Germany, Italy, Japan, the Nordics, Singapore, Spain, Switzerland, the Netherlands, the UK, and the US. In addition, a large number of investor meetings were held at our head office in the Netherlands. Over the year, we met more than 500 investors.

- Dividend of € 1.29 per share, 50% payout ratio
- Dividend yield of 3.2%
- Diluted earnings per share: € 2.54
- Market capitalization: € 7.2 billion

On April 3, 2014, 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'.

Financial strategy

In 2014, we continued to focus on strong cash flow generation. As a result, the free cash flow rose 15% to € 487.7 million. We used our free cash flow to reduce our debt and to pay a dividend. Our net debt position decreased from € 761.0 million to € 422.0 million, and our leverage ratio was 0.5, well within our targeted range of between 0 and 2.

More information on our debt can be found in the 'Capital structure' section.

Capital structure

Invested capital amounted to € 3.7 billion, and we achieved return on invested capital of 15.8%. More information on and an analysis of invested capital can be found in the section 'Financial performance'.

Invested capital

in millions of €

	2014	2013
Net debt	422.0	761.0
Equity	3,313.1	2,907.8
	3,735.1	**3,668.8**
Return on invested capital	15.8%	12.6%

Debt

Our financing policy aims to secure financing that matches the mid- to long-term financing requirements of the Group. During the year, we took the opportunity to extend our debt facility on favorable terms. This provides us with both increased security and flexibility in our business. In addition, our balance sheet continues to strengthen, with our debt coming down by € 339 million over the year, which in turn helped bring our leverage ratio (net debt/12-month EBITDA) down toward the lower end of our targeted range of between 0 and 2. We consider being within this range important for continuity. We have maintained our policy of using floating interest rates as a natural hedge against the development of operational results, which continued to pay off significantly in 2014.

Debt

in millions of €

	2014	2013
Total debt facility	1,950.0 [1]	1,925.0
Net debt	422.0	761.0
Leverage ratio	0.5	1.2

1 Amount includes a € 150 million facility that lapsed on February 13, 2015.

Equity

During 2014, the number of issued and outstanding ordinary shares increased by 2.7 million, of which the majority was issued for stock dividend, and the remainder for stock option plans and performance share plans for Executive Board members and senior management.

We aim to offset the dilutive effect of the performance share plans through share repurchase programs. This policy will be pursued as long as the value of shares to be issued is below € 25 million, and if higher, when our financial position allows for it. In January and February 2014, we repurchased around 540,000 shares. In January 2015, we started a share repurchase program to buy back around 525,000 shares. These will be used for the allocation of shares under the performance share plans on February 19, 2015.

Equity

	numbers year-end (in millions)		nominal value per share
	2014	2013	
Ordinary shares	180.1	177.4	€ 0.10
Preference shares B	25.2	25.2	€ 0.10
Preference shares C	50.1	50.1	€ 0.10
Total number of shares	**255.4**	**252.7**	

On April 3, 2014, the Annual General Meeting of Shareholders approved a proposal to pay a dividend of € 0.95 per ordinary share. Shareholders had a choice between cash and shares. As a result, we issued 2.62 million ordinary shares in April 2014.

On December 31, 2014, there were 50.1 million preference shares C in issue. The dividend yield on these shares is 5.8%. For preference shares B, there were 25.2 million shares in issue, with a dividend yield of 2.7%. We consider preference shares to be an attractive part of equity. It provides fully committed long-term capital at relatively low cost.

Voting rights on shares

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

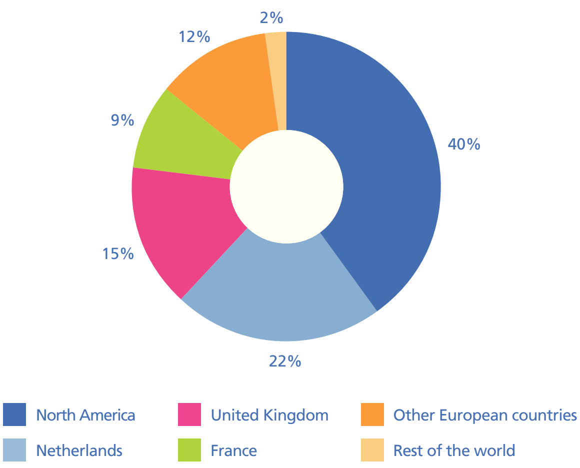
Listing and indices

Randstad Holding is publicly listed on the Euronext Amsterdam (ticker symbol RAND), 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 TMI, Dow Jones Stoxx Europe Sustainability, Euronext Vigeo Benelux 20, Euronext Vigeo Eurozone 120, and the MSCI Europe Index. 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. We estimate that approximately 5% of our ordinary shares are held by private investors.

Indicative geographical spread of ordinary shares (free float)



Major shareholders

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

Liquidity

The number of shares traded has risen substantially, from 86 million in 2005 (mainly on Euronext) to about 268 million in 2014 on various trading platforms, but mainly Euronext. The mixed offer for Vedior in 2008 helped to improve liquidity, as the number of shares increased by 45%. Velocity (measured as the total number of shares traded divided by the average number of shares outstanding) also played a role. Velocity increased significantly following the acquisition of Vedior, while it decreased in recent years in line with overall lower volumes on stock markets. Our velocity level implies that the average holding period is around six to nine months for the total number of outstanding shares, or approximately three to six months for the free float.

Share volume traded and velocity

Dividend policy on ordinary shares

We continue to aim at a flexible payout ratio of 40% to 50% of net profit adjusted for amortization and impairment of acquisition-related intangible assets and goodwill/badwill, integration costs, and one-offs, provided that our financial position allows for it. Shareholders have a choice between cash and shares.

In 2014, we further enhanced our financial position. In addition, our business sustained growth throughout the year, and we improved profitability. As a result, and in line with our dividend policy, we will propose to our shareholders a dividend payment of € 1.29 per ordinary share, based on a payout of 50% (2014: 45%). We will again offer shareholders a choice between cash and shares. The value of the stock dividend, which will be charged to the tax-exempt distributable share premium reserve, will be around the same as the value of the cash dividend, and will not be subject to Dutch dividend withholding tax. The ex-dividend date will be April 8, 2015. The number of shares entitled to dividend will be determined on April 9, 2015 (record date). The election period for shareholders will run from April 10 up to and including April 24, 2015 (3 p.m. CET). On April 27, 2015, the stock dividend conversion rate will be set on the basis of the volume-weighted average share price of Randstad during the period from April 20 up to and including April 24, 2015. The payment of cash dividend and the delivery of shares will take place on April 30, 2015. Shareholders will receive a cash dividend, unless they opt for a stock dividend (Last year, 66.6% of shareholders opted for the stock dividend).

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

Per share data

	2014	2013	2012	2011	2010
Dividend (€)	1.29	0.95	1.25	1.25	1.18
Dividend yield (%)	3.2	2.0	4.5	5.5	3.0
Payout (%)	50	45	59	53	60
Diluted EPS (€) [1]	2.54	2.07	2.11	2.32	1.96
EBITA (€) [2]	3.92	3.26	3.25	3.49	2.97
Free cash flow (€)	2.66	1.65	2.69	2.53	1.80
Equity (€)	18.28	16.40	15.74	16.83	16.59

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

Share performance

Share price development

The share price ended the year 2014 at € 40.06, which was 15% below the 2013 closing price of € 47.15. In April, a dividend of € 0.95 per ordinary share was paid out. As a result, the total shareholder return (TSR) for 2014 was -12%.

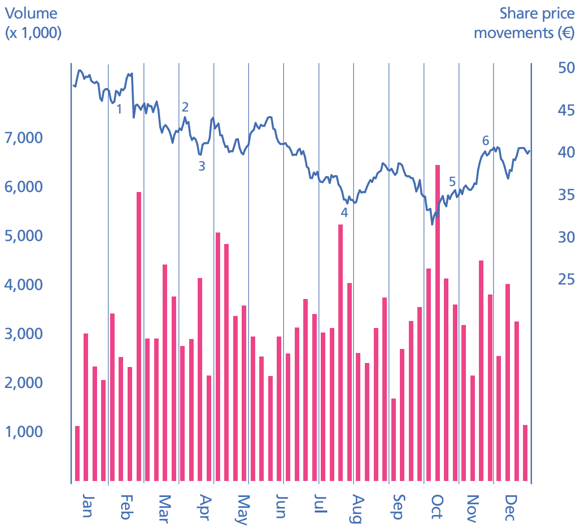
In the first half of the year, the share price dropped from € 47.15 to € 39.59, as macroeconomic expectations were lowered. The second half of the year saw the share price fluctuate across a wide range, but it ultimately ended the year at € 40.06, being 1% above the half-year price, despite the macroeconomic expectations being lowered even further.

Share price development

in millions of €, unless otherwise indicated

	2014	2013	2012	2011	2010
Closing price (€)	40.06	47.15	27.81	22.86	39.50
TSR (%)	(12)	74	27	(39)	140
High (€)	49.54	47.15	30.09	43.10	42.00
Low (€)	31.40	27.81	20.52	19.59	27.50
P/E ratio	15.8	22.8	13.2	9.9	20.2
EV/Sales	0.44	0.55	0.34	0.32	0.54
Market capitalization	7,215.2	8,366.0	4,785.3	3,907.9	6,716.9
Enterprise value	7,637.2	9,127.0	5,881.0	5,210.5	7,616.2

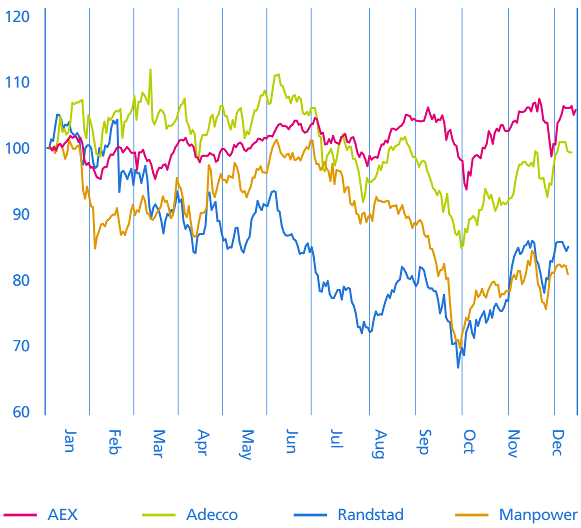
Share price development of Randstad ordinary shares



1 February 20, 2014 - Q4 and full year 2013
2 April 7, 2014 - Ex-dividend
3 April 30, 2014 - Q1 results
4 July 31, 2014 - Q2 results
5 October 30, 2014 - Q3 results
6 November 20, 2014 - Capital Markets Day

Market capitalization of ordinary Randstad shares amounted to € 7,215.2 million on December 31, 2014, compared to € 8,366.0 million on December 31, 2013.

Share price development Randstad ordinary shares compared to Euronext AEX Index and peers



Analyst recommendations

Some 23 financial analysts regularly publish reports on Randstad. At the end of 2014, around 57% had a 'buy' rating, while 30% of analysts recommended holding on to our shares, and 13% (three analysts) had a 'sell' rating. On December 31, 2014, the average target share price – according to analyst consensus – was around € 43. The highest target price was € 54, and the lowest was € 27.

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, badwill, integration costs, and one-offs. In our view, this gives the best reflection of underlying business performance.

Diluted earnings per share

before amortization, impairment, badwill, integration costs, and one-offs

	2014	2013	2012	2011	2010
Q1	€ 0.45	€ 0.33	€ 0.39	€ 0.38	€ 0.28
Q2	€ 0.64	€ 0.51	€ 0.51	€ 0.59	€ 0.45
Q3	€ 0.77	€ 0.65	€ 0.62	€ 0.66	€ 0.59
Q4	€ 0.68	€ 0.58	€ 0.60	€ 0.69	€ 0.64
Full year	€ 2.54	€ 2.07	€ 2.11	€ 2.32	€ 1.96

risk & opportunity management

Introduction

Risk and opportunity management is embedded in our strategy and is essential for achieving our targets. Entrepreneurship is actively stimulated throughout the organization, and we encourage people to identify and seize opportunities. At the same time, we counterbalance this with clear risk boundaries, which are set for the operating companies in the various policies and agreed in the budgets.

This section provides a high-level description of our Risk & Control framework and its effectiveness, substantiating our Risk & Control statement. We discuss in turn the various elements that together make up our Risk & Control framework, and describe how we manage our company in this regard.

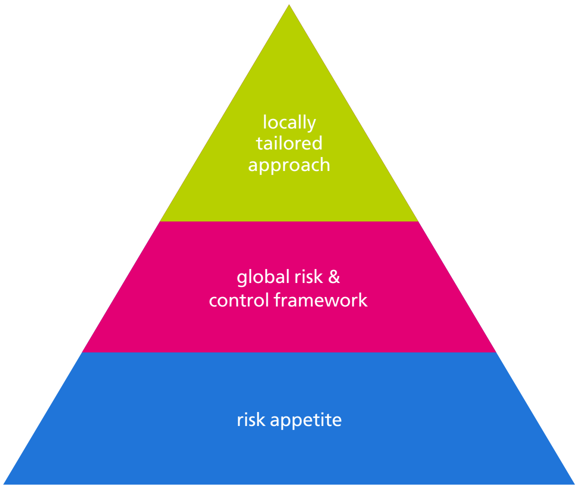
Risk profile

Our risk profile is closely determined by our geographic coverage. We have wide geographic coverage, which means our exposure is spread across both mature and emerging markets, which are experiencing a variety of economic conditions. These conditions are very relevant to development in our markets. Since it remains extremely difficult to predict future economic developments successfully, we focus on responding to actual performance in all of our local markets. Our business model, our processes and our weekly indicators help to ensure that we are flexible enough to quickly respond to growth or decline in our markets. To protect our working capital positions, we keep cash levels in our countries to a minimum. We continuously and closely monitor key risks and opportunities, both locally and centrally, and respond appropriately to any emerging risks.

Missing out on opportunities can also result in a loss. We therefore focus on 'copying and pasting' successful concepts and best practices across the Group. 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 outside innovation.

Risk & Control management approach

Risk & Control management approach



We manage our risks and opportunities following local circumstances. We operate in many markets around the

Sensitivity analysis

	change	impact	on	assumption FY 2014
Revenue	+/-1%	+/- € 32 million	EBITA	Flat gross margin and no change to cost base
Revenue	+1%	+ € 16 million	EBITA	Flat gross margin and target 50% conversion (ICR)
Revenue	(1%)	- € 16 million	EBITA	Flat gross margin and target 50% recovery (RR)
Gross margin	+/-0,1%	+/- € 17 million	EBITA	Flat revenue and no change to cost base
Gross margin	+0.1%	+ € 9 million	EBITA	Flat revenue and target 50% conversion (ICR)
Gross margin	-0.1%	- € 9 million	EBITA	Flat revenue and target 50% recovery (RR)
Operating expenses	+/-1%	+/- € 25 million	EBITA	
USD	+/-10%	+/- € 16 million	EBITA	Stable revenue and margin in US
GBP	+/-10%	+/- € 1 million	EBITA	Stable revenue and margin in UK
JPY	+/-10%	+/- € 2 million	EBITA	Stable revenue and margin in Japan
Interest rate	+100 bp	+/- € 7 million	Financial charges	Average net debt 2014
Net debt	+/- € 200 million	+/- € 1 million	Financial charges	Stable interest rates

globe. This requires a flexible approach to opportunity and risk management. Our global Risk & Control structure is flexible and customized to local circumstances. Factors that we consider in our Risk & Control framework include the size, the service offering, and the local regulatory and market environment of the individual operating company.

Risk appetite

Our risk appetite is aligned with our strategy and priorities and is broken down into four risk areas:

- **Strategic**: We allow strategic risks in the pursuit of profitable growth and changes in our business mix in both mature and emerging markets. Given the volatility of the markets and economic climates in which we operate, the adaptability of our people, our service offering, and our infrastructure plays a key part in enabling us to identify and seize opportunities.
- **Operational**: We take a balanced approach to operational risk, mainly related to increased productivity in the field, meaning that we consider both the risk and the reward of key business decisions.
- **Financing & Reporting**: We maintain a prudent financing strategy, even when undertaking major acquisitions, and therefore take controlled risks in this area. Only minimal risk is accepted in relation to errors in our reporting.
- **Compliance**: We consider adherence to laws, regulations, and agreements to be fundamental in enabling us to provide our candidates, our clients, and our people with quality services. Compliance is strongly embedded in the culture of our company. We therefore take a strict approach to breaches of our core values and business principles.

The table titled '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. Overall, we aim to achieve an incremental conversion ratio of 50% (see 'Activity-based field steering' for more details).

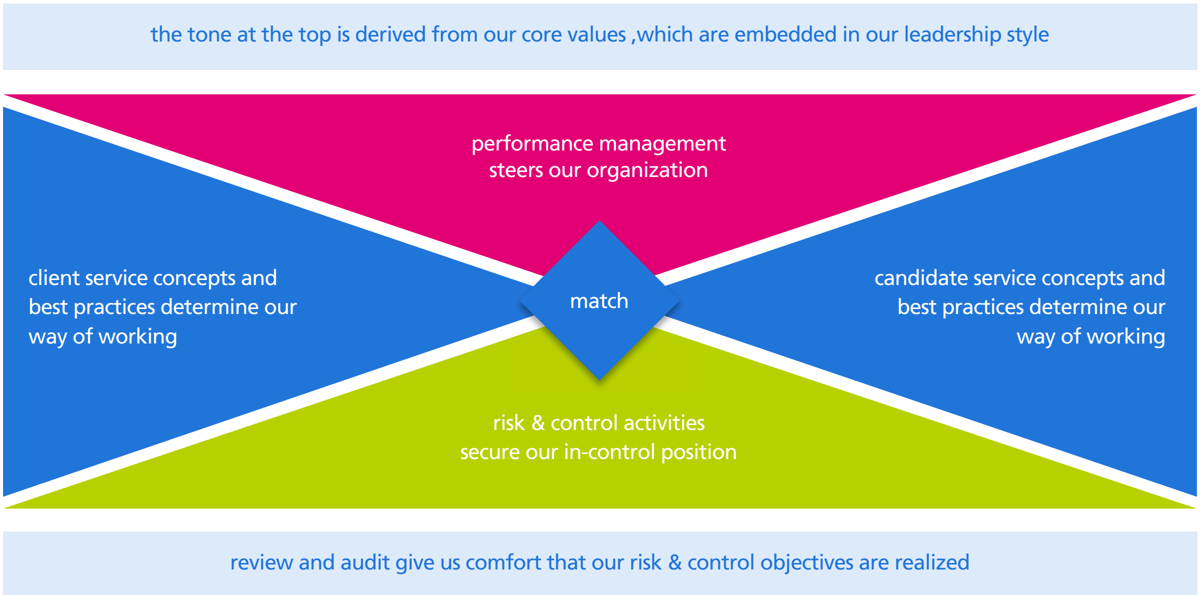
Risk & Control framework

Our global Opportunity, Risk & Control framework is designed to secure the Group's in-control position. The components provide Group-wide comfort in terms of control, while giving the flexibility to adapt to the local business environment and enabling entrepreneurship. The components of the framework are shown in the Risk & Control framework diagram. Our Risk & Control framework is based on the COSO internal control framework, complemented with elements from various management and control models.

Tone at the top

The tone at the top is derived from our core values, which are embedded in our leadership style. Randstad benefits from strong leadership, built during 54 years of experience. We have been able to extensively develop management by example, based on our core values and business principles.

Risk & Control framework



Our core values are embodied in 16 business principles, which form the basis for the behavior we expect from all our employees. The Executive Board secures alignment of the tone at the top among senior management, while senior management ensures alignment among staff in our operating companies. This alignment exercise is a continous effort.

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

A misconduct reporting procedure is in place, which enables people to report any suspicion they have of wrongdoing via a secure phone line or website. In 2014, we received 136 complaints, 52 of which were anonymous. These complaints were assessed and investigated where necessary by the local integrity officers and/or the central Integrity Officer, together with the Group Business Risk & Audit department. When deemed necessary, to prevent re-occurrence, disciplinary actions and mitigating controls were put in place.

Each year, our Great People Survey is carried out by an external provider. This allows us to monitor the engagement of our employees, and provides indicators of the tone at the top in each of the operating companies and at the head office. Based on the results, action plans are initiated. The Great People Survey is reviewed by Group HR and the Executive Board. The results are taken into account in appraisal discussions as well as in setting our managers' bonus targets.

Performance management

Performance management steers our organization.

The two-year plans and rolling forecasts of our operating companies are set in accordance with strategic priorities and market trends. While setting their budgets for the year ahead in relation to their plan, the operating companies also describe their main risks and opportunities. By constructing various scenarios, we are able to prepare for and react to market volatility. Monthly rolling forecasts and conversion-ratio monitoring are used to enable us to make rapid adjustments to our cost base.

Our operating companies report various performance indicators on financial results, underlying process activities, and people. By setting reporting dates, performance indicators, and formats, we provide clarity that enables us to plan ahead, without disrupting our focus on day-to-day activities. By further combining this planning and control cycle with our focus on activity-based field steering in 2014, our monitoring systems have improved, giving more depth in the business review meetings. See the section 'How we measure performance' in for more details.

Concepts and best practices

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

Blueprints describe our operational best practices. They are used to govern our key processes and to enable our local operations to adapt and tailor best practices to their needs. The updated contract-to-cash blueprint was fully implemented in 2012. In 2014, the updated procurement-to-pay blueprint was implemented. It includes an authorization procedure for purchases and the expected tender procedure. In addition, a new financial close process blueprint was developed and rolled out to all operating companies. This blueprint is relevant for all historical financial and non-financial information, including the income statement, balance sheet, cash flow statement, and disclosures.

Our policies are derived from best practices identified. Examples of these policies are our Finance Manual, the Data Protection Policy, and the Bribery, Gifts and Hospitality Policy. Group policies are assessed and updated annually as required, and are then communicated throughout the company in various ways. The authority levels within the Group are specified in Randstad's Approval and Information Requirements (AIR) policy. This policy, updated in 2014, has been adopted by the managing directors and CFOs of the Group's operating companies. The requirements specify events that either need to be approved by or reported to the Executive Board.

Risk & Control activities

Risk & Control activities secure our in-control position.

Our operating companies draw up risk registers semi-annually. These show the local business risks they may be exposed to, together with action plans and deadlines to address them. The risk registers are drawn up using input from Risk & Control meetings that are held at least twice a year in most operating companies. The aggregated data enables us to get insight into the most important risks impacting the Group. These are discussed twice a year by the Executive Board and by the Audit Committee.

To avoid surprises, operating companies and Holding departments assess, on at least a semi-annual basis, the components of the Risk & Control framework. The results of this assessment are reported to the Group's Business Risk & Audit department, and possible improvements are discussed with local management and the responsible Executive Board member. Every six months, the department reports to the Executive Board and the Audit Committee on the state of the in-control situation in the Group. The Executive Board and

Audit Committee set priorities and provide guidance to further enhance control throughout the Group.

Our key control framework contains a concise list of key risks and practical control activities to guide all operating companies. The structure of the key control framework is organized around the core process within Randstad, the 'funnel'. Every six months, operating companies assess their controls in relation to the risks established during the aforementioned Risk & Control meetings. The results of these control self-assessments are challenged by the Group's Business Risk & Audit department and tested on a risk base. Where necessary, Risk & Audit staff help local operating companies to improve their processes and controls.

In 2014, the key control framework was updated, using control experiences and best practices from 10 different operating companies. This has led to a renewed management focus on internal control and an improved control situation throughout the Group. By implementing web-based tooling for opportunities, risk, control, and audit, we are able to systematically and closely monitor the adequacy of our Risk & Control framework. In 2014, the tool was used in our 10 largest operating companies. In 2015, the tool will be rolled out to the rest of our operating companies.

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

Reviews and audits

Reviews and audits reassure us that our risk and control objectives are being realized.

The semi-annual Risk & Control framework assessments on operating company level lead to a Group-wide in-control benchmark discussion in meetings of both the Executive Board and the Audit Committee. In these discussions, Risk & Control priorities are set, and the Group Business Risk & Audit plan is updated and agreed. The annual Group Business Risk & Audit plan is risk-based. The Executive Board identified four focus areas for 2014: candidate screening, client contract management, client contract liabilities, and the update of the key control framework.

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

The Business Risk & Audit staff network provides a platform for sharing best practices, and is a sounding board for emerging opportunities, risks, and possible internal control gaps. The network consists of a cross-disciplinary team with Risk & Audit staff from the operating companies, and the Group's Business Risk & Audit department.

In 2014, we detected a few cases of fraud, involving, for example, the recording of non-existent permanent placements, and the payment of fictitious flex-workers. These fraud cases were investigated, and in cooperation with local management, corrective action was taken. These cases involved small amounts of money, and as such had no material impact on the results of the Group.

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

Putting the framework into practice

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

Deloitte has been appointed to act as our external auditor from 2015 onwards. In their audit plan, Deloitte will cover 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. In 2014, the committee met five times. 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 'Corporate governance' section.

Our main risks

Our main risks are those that threaten the in-control position of the Group over the next three years. An overview of these risks is provided below, including the actions taken to mitigate these risks and any related opportunities.

The risks have been categorized into four areas: Strategic, Operational, Financial & Reporting, and Compliance. The risks shown in bold are currently considered to represent our six main risks. This list should not be considered exhaustive.

Strategic 2014	Operational 2014	Financial & Reporting 2014	Compliance 2014
- **Adapting to economic conditions** [1] - Protecting our reputation	- **Contractual liability** - **System security and data protection** - Business continuity and data recovery - Retention of talent	- Credit risk - Other financial reporting risks	- **Increased complexity of laws and regulations** - **Competition law compliance** - **Tax and labor law compliance** - Candidate screening

1 The risks shown in bold are considered to represent our main risks in 2014 and 2013 respectively. This list should not be considered exhaustive.

Strategic 2013	Operational 2013	Financial & Reporting 2013	Compliance 2013
- **Adapting to economic conditions** - **Stability of the eurozone** - Protecting our reputation	- **Contractual liability** - **Business continuity** - Retention of talent	- Credit risk - Other financial reporting risks	- **Increased complexity of laws and regulations** - **Tax compliance** - **Competition law compliance** - Candidate screening - Client claims on French subsidies

Strategic risks	Risk-mitigating actions	Related opportunities
Adapting to economic conditions Our operations are highly susceptible to macroeconomic volatility. Although we see economic improvement in some of the territories, we continue to focus on the flexibility of our cost base. Not being flexible enough to respond in a timely way to economic conditions could have a negative impact on the profitability of the Group. Conversely, cutting costs too much could limit our ability to take advantage of a market upturn. In addition, the business landscape is changing, with new technologies being developed that over time may displace traditional business services.	The geographical diversity and the spread of the Group's revenues across mature and emerging markets has helped us to mitigate the impact of volatile economic conditions worldwide. By 'managing through the cycle', we provide operating companies with guidelines on how to react to changes in economic conditions. These guidelines are described in the section 'Performance'. The Randstad Innovation Fund was launched in March 2014. It is a strategic corporate venture fund for investing in HR technology companies.	With our strong concepts and varied service offering, we can respond appropriately to different market conditions, and thus address changing macroeconomic conditions. Our operations respond differently to economic uncertainty in the market. For example, in an uncertain market, our clients tend to use more temporary workers rather than hire permanent staff. Staffing and HR Solutions tend to be more resilient to a weaker market, with Professionals tending to perform better in a stronger market. With the timely investment in HR technologies, there will be opportunities for innovative solutions to make HR services more efficient and bring fresh answers to future HR challenges.
Protecting our reputation Randstad and Tempo-Team are valuable international brands, and the Randstad brand is used in all countries in which we operate. Damage to the Randstad or Tempo-Team brand in one country could have a serious impact on our global reputation.	We protect the strong reputation of our brands by ensuring that all our people adhere to our core values and business principles, and comply with our policies and guidelines. This ensures that, when necessary, we react competently, using internal and external communications to mitigate potential damage. We use our Net Promoter Score as a metric to measure our image. We also have a misconduct reporting procedure, so that our people and stakeholders can report any complaints or breaches of compliance.	Our brands are managed centrally, which ensures consistency across the world, and increases cost efficiency. Locally targeted marketing is applied by the operating companies. This will continue to strengthen the global recognition of our brands in a cost-effective manner.

Operational risks	Risk-mitigating actions	Related opportunities
Contractual liability For contract liability, especially in Anglo- Saxon countries, clients ask us to take a greater share of the liability for our flexworkers while on their premises and under their supervision. Accepting inappropriately high contractual liability could result in a client making a claim that would materially affect the Group's results. Requirements from client may vary resulting in unique contract clauses. Deviation from standard contract clauses increase the likelihood of contract liability.	Whenever possible, we work with standard contracts. In the case of non-standard terms, a cost-benefit analysis is carried out to determine whether projected profit levels are high enough to absorb the costs associated with the additional risks. The local legal department reviews the contract and the risk and reward assessment, after which operating-company management decides whether to accept the contract. In certain cases, additional approvals from the Executive Board are required, as set out in the contract liability policy. This risk mitigation is coupled with a Group liability insurance, which provides us with cost-effective coverage of many potential risks. In 2014, a project team was engaged to further mitigate contractual liability risks. Currently, the project team is focusing on further improvement of our contract delivery models and contract management. In addition, periodic compliance reviews are being conducted by GBRA and Group Legal.	Improvement in contract management will add value to our clients by improving our service delivery models and practices.
System security and data protection Increased integration of business with technology in both front office and back office has increased our exposure to security, data and system availability risks. Leakages of candidate or employee personal data and company-sensitive information pose significant financial and reputational risks. In addition, with the recent and upcoming legislative focus on personal data protection, the risk exposure deriving from data security and availability has escalated, along with greater integration of our business with technology.	Our Group data protection policy is localized for all operating companies. We perform continuous rotating IT audits to ensure our IT controls are up to date and effective in all our countries. For example, we perform periodical security penetration tests, implement two-step verification for e-mail accounts, and review the data recovery programs for all operating companies. In addition, awareness activities are rolled out to increase employees' awareness of IT security risks. Furthermore, periodic compliance audits are conducted.	Improvement in system security gives us the opportunity to ensure data protection for all our candidates and clients and so increase the value of our services offering to them.
Business continuity and data recovery Serious long-term business disruption of IT systems could result in financial losses, fines, and damage to our reputation. For example, our business entails paying flexworkers on a weekly or monthly basis, and then billing these amounts to our clients. A problem with one of our IT systems for payrolling and billing could cause a major business disruption in a country.	We have local IT systems in each country for payrolling and billing. This spreads our risks of an IT failure, which would be limited to one country or operating company. On a country level, disaster recovery plans are in place or are being developed to address possible IT failures and are tested at least once a year. Group IT performs regular audits on the disaster recovery plans. These audits result in best-practice sharing and continuous improvement.	In several countries, we now have a shared service center, and we are initiating cloud infrastructure usage. This has increased efficiency and further improved the quality of business continuity planning by concentrating expertise.
Retention of talent People are our most important asset, and it is challenging to retain them in a competitive market. If we cannot attract and retain the right people, we could fail to achieve our objectives.	Retention rates are analyzed and reported by every operating company on a monthly basis. Our global People Survey is carried out annually to monitor engagement levels at each operating company and each department. Swift action is taken by local and Group HR departments to investigate and reverse any negative trends. We provide training for the purposes of coaching and developing our people. In addition, we identify our future leaders and provide management development programs for those with high potential. Our reward systems, which are tailored to local market conditions, include bonuses and employee share purchase plans among other things.	It is our rule to fill 80% of management positions through internal promotions. This increases the loyalty of our people. As a result, we will continue to have a pipeline of talent who understand our people, our clients, and our operations.

Financial & Reporting risks	Risk-mitigating activities	Related opportunities
Credit risk In the current economic climate, some clients try to delay payment of invoices. An increase of just one day in the time taken to collect the receivable (days sales outstanding or DSO) leads to greater usage of operating working capital and increased interest costs.	Invoicing and credit control policies and best practices are included in our blueprints. Operating companies have an operating working capital charge included in their results, which highlights awareness throughout the Group of the cost of capital. DSO is a component of the budgets and performance targets of operating company management. In addition, a provision is made for all receivables older than 182 days. Compliance with the contract-to-cash blueprint is monitored by the Group Business Risk & Audit department. Further details on credit risk are provided in note 3 to the financial statements: 'Capital and financial risk management'.	As more best practices are implemented across our operating companies in the contract-to-cash cycle, our approach to credit risk becomes more rigorous across the Group, resulting in a decrease of DSO and correspondingly lower operating working capital.
Other financial reporting risks Other financial reporting risks mainly relate to the valuation of deferred tax assets and goodwill, to the provisions for claims of third parties, and to revenue recognition.	Further details on these risks and risk-mitigation actions are included in note 3 to the financial statements: 'Capital and financial risk management'.	

Compliance risks	Risk-mitigating actions	Related opportunities
Increased complexity of laws and regulations The complexity and quantity of laws and regulations have increased over the years, especially with respect to data protection, competition, staffing, contract work and payrolling services. Consequently, we are exposed to greater risk of non-compliance, which could result in class actions, claims, and fines or reputational damage.	In all our major operations worldwide, we have in-house legal teams who help management comply with local laws and legislation. Every quarter, the in-house legal counsels of the largest operating companies get together, and once a year a legal conference is organized for all in-house legal counsels, with the aim of sharing knowledge. Topics discussed at these conferences include updates on new laws and regulations, and legal risk management. If we are affected by new laws and regulations (e.g., EU data protection regulation), project teams with Legal, Risk & Audit, and IT staff, and other experts are formed to anticipate the effects, provide training, and ensure that proper processes and controls are embedded in our local organizations.	New laws and regulations require a critical review of existing training, systems, policies, and procedures. This keeps these processes and documents up to date and topical. Our knowledge regarding new legislation (e.g., EU data protection regulation) can be shared with our clients, strengthening our relationship with our clients.
Competition law compliance Our staff may breach competition law by intentionally or accidentally sharing information. This could result in material fines or penalties and could harm our brand. On July 10, 2013, the French Competition Law Authorities started an investigation into Randstad France and a number of competitors. The investigation related to certain French operations and, in particular, activities concerning vendor-neutral platforms relating to HR outsourcing management.	Training with regard to competition law compliance, our core values and our business principles forms an integral part of our onboarding program, and management has to ensure that written acknowledgement is obtained that such training has been understood and compliance is observed. We encourage our employees to report any breaches they find through the misconduct reporting procedure. When developing new business models or concepts, our Legal department (and if necessary competition law experts) is consulted to ensure legal compliance. Randstad France is cooperating closely with the French Competition Law Authorities in relation to their investigation. 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 French operation and in abiding by the commitments given to the authorities, following a previous investigation in France (which concluded in 2009). We are confident that the outcome of the present investigation will be positive.	

Compliance risks	Risk-mitigating actions	Related opportunities
Tax and labor law compliance Complex and changing labor, tax and social security regulations could lead to a lack of clarity and errors in wage, social security and payroll tax compliance, leading to possible disputes, claims and fines.	The payroll calculation process and actual calculation is subject to an independent periodic review. Where labor legislation is unclear, we monitor market developments regarding similar cases, as well as reviewing our existing policies and procedures. Group Tax together with GBR&A perform regular payroll and payroll system audits in selected countries in order to review compliance with local laws and regulations.	In our payroll compliance audits, we also focus on identifying best practices to increase efficiencies in administering payroll taxes and social securities.
Candidate screening Our candidates may be working with patients, children or the elderly, or in the finance services industry, for example. In such cases, criminal record checks are required. Failure to carry out this type of screening could lead to, for example, patients receiving the wrong medical treatment or fraud being committed.	Deficiencies in the screening of candidates were identified in various situations. In response, we tightened control in this area, and the Executive Board added the screening of candidates to the 2014 and 2015 focus areas of Group Business Risk & Audit. In cooperation with local Risk & Audit staff, current compliance has been tested. Candidate screening has become a permanent priority on the agenda of our operating companies. Progress reviews are carried out through the Risk & Audit networks and via internal audits. Best practices are identified and shared.	We are continuously developing and sharing our best practices for candidate screening across the Group. Through our increasingly rigorous approach to such matters, we will be able to demonstrate to clients the consistently high quality of our candidates across the globe.

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 risks that may prevent us from achieving our business objectives. However, the framework cannot provide full assurance that all material misstatements, cases of fraud, or violations of laws and regulations will be prevented. Future effectiveness of the framework is subject to the risk that the controls in place or the degree of compliance with the Group's policies and procedures may deteriorate.

In 2014, the Executive Board reviewed and analyzed the Strategic, Operational, Financial & Reporting, and Compliance risks to which the Group is exposed, and it regularly reviewed the design and operational effectiveness of the Randstad 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. The operating companies develop annual business plans and budgets, which are subject to amendment and approval by the Executive Board. Subsequently, the actual performance of the operating companies is measured against these business plans and budgets, and the results are discussed in regular review meetings between the operating company management and the responsible Executive Board member.

In accordance with best-practice provision II.1.4 of the Dutch Corporate Governance Code, we have assessed the design and operational effectiveness of our Risk & Control framework. Based on the activities performed during 2014, and in accordance with best-practice provision II.1.5, the Executive Board considers that, during 2014, the Risk & Control framework regarding the Financial & Reporting risks worked effectively, and that this provides reasonable assurance that the financial statements 2014 do not contain any material misstatements.

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

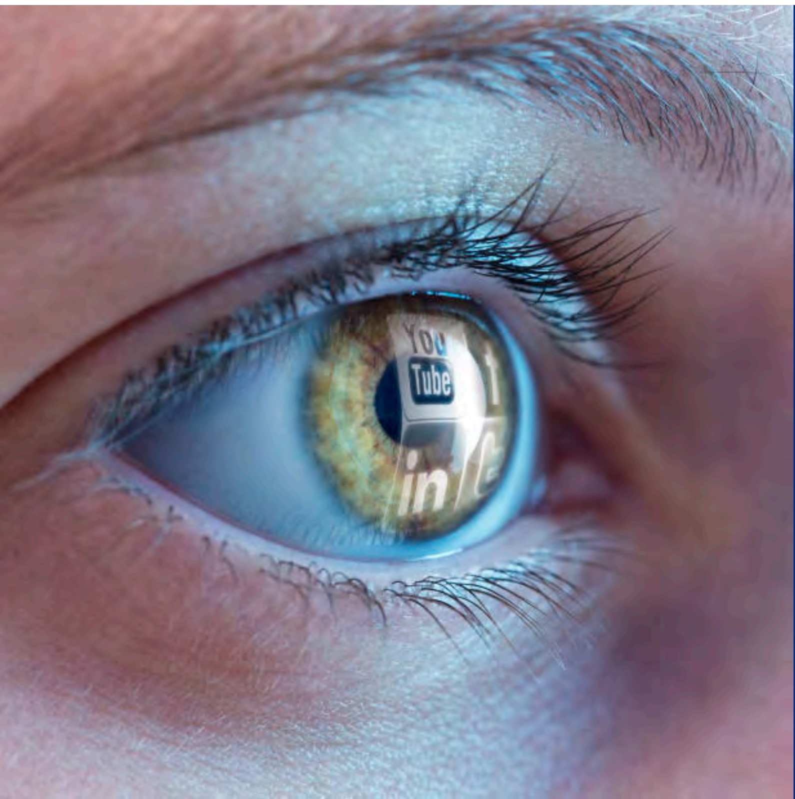
- The financial statements for 2014 provide, in accordance with IFRS as endorsed by the EU, a true and fair view of the consolidated assets, liabilities and financial position as at December 31, 2014, and of the 2014 consolidated income statement of Randstad Holding n.v.;
- The annual report provides a true and fair view of the situation as at December 31, 2014, and the state of affairs during the financial year 2014, together with a description of the principal risks faced by the Group.

Diemen, the Netherlands, February 17, 2015

The Executive Board,

Jacques van den Broek	Linda Galipeau
Robert Jan van de Kraats	Chris Heutink
François Béharel	Leo Lindelauf

governance



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Executive Board

Board members from left to right:

Chris Heutink
(1962, Dutch)

- Joined Randstad in 1991
- Appointed to the Executive Board in 2014

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 all operations in the Netherlands (Randstad, Tempo-Team and Yacht).

Robert Jan van de Kraats
(1960, Dutch)
CFO and Vice-Chairman of the Executive Board

- Joined Randstad in 2001
- Appointed to the Executive Board in 2001
- Appointed as Vice-Chairman of the Executive Board in 2006

Background
A certified auditor, Robert Jan van de Kraats began his career with one of the big four accountancy firms. In 1989, he joined an international technology group as finance and IT director for the Netherlands. He held various senior positions with an international credit insurance group from 1994, and in 1999 he was appointed CFO and member of its managing board. He joined Randstad in 2001 as CFO. He is also a member of the Board of Directors of OCI NV and a member of the monitoring committee Dutch corporate governance code.

Responsibilities
Robert Jan van de Kraats is responsible for Group finance & accounting, tax, treasury, business risk & audit, legal, IT, and investor relations. In addition he is responsible for Japan and India.

Jacques van den Broek
(1960, Dutch)
CEO and Chairman of the Executive Board

- Joined Randstad in 1988
- Appointed to the Executive Board in 2004
- Appointed as CEO and Chairman of the Executive Board in 2014

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, 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
In addition to his chairmanship of the Executive Board, Jacques van den Broek is responsible for Germany, UK, Australia, New Zealand, China, Hong Kong, Singapore & Malaysia, business concept development, Global Client Solutions, HR, marketing & communications, and public affairs.

François Béharel
(1970, French)

- Joined Randstad in 2008
- Appointed to the Executive Board in 2013

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

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

Linda Galipeau
(1963, Canadian)

- Joined Randstad in 1995
- Appointed to the Executive Board in 2012

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

Responsibilities
Linda Galipeau is responsible for North America, Mexico, Professionals coordination, and innovation.

Leo Lindelauf
(1951, Dutch)

- Joined Randstad in 1979
- Appointed to the Executive Board in 2001

Background
Following his education at an academy for social studies, Leo Lindelauf graduated in industrial engineering and management science. He began his career as a community worker. After joining Randstad, he worked as district manager and regional manager before being appointed regional director in the Netherlands. He became managing director of Tempo-Team in 1994 and managing director for Randstad Europe, including the position of managing director Randstad Netherlands in 1999. He is also a member of the Supervisory Board of Macintosh Retail Group NV.

Responsibilities
Leo Lindelauf is responsible for Italy, Poland, Austria, Switzerland, Denmark, Sweden, Norway, Czech Republic, Hungary, Slovakia, Greece, and Turkey.

Supervisory Board

Jaap Winter
(1963, Dutch)

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

Background
Jaap Winter is President of the Executive Board of VU University Amsterdam. Until December 2012, he was a partner at law firm De Brauw Blackstone Westbroek. He is a professor of corporate governance at the Duisenburg School of Finance and a professor of international company law at the University of Amsterdam. He was a member of the Dutch corporate governance committee and the European Corporate Governance Forum. He is a member of the Supervisory Boards of Royal Picture Gallery Mauritshuis and Het Concertgebouw NV.

Responsibilities
Jaap Winter is a member of the Remuneration and Nomination Committee and a member of the Audit Committee.

Henri M.E.V. Giscard d'Estaing
(1956, French)

- Member of the Supervisory Board since 2008
- Current term of office 2012-2016

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 NV. He is currently also a member of the Board of Directors of Groupe Casino Guichard-Perrachon SA. He privately holds 450 ordinary shares in Randstad Holding n.v.

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

Giovanna Kampouri Monnas
(1955, Greek)

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

Background
Giovanna Kampouri Monnas is an independent consultant and former President of the international division and member of the Executive Committee of Joh. Benckiser GmbH. She is a Non-Executive Director of Puig S.L. and Aptar Group Inc. She is also a member of the International Academy of Management.

Responsibilities
Giovanna Kampouri Monnas is a member of the Remuneration and Nomination Committee and a member of the Strategy Committee.

Fritz W. Fröhlich
(1942, German)
Chairman of the Supervisory Board

- Member of the Supervisory Board since 2003
- Current and final term of office 2011-2015

Background
Fritz Fröhlich is the former CFO and Vice-Chairman of the Executive Board of AkzoNobel NV, and is a member of the Supervisory Boards of ASML Holding NV, Rexel SA and Prysmian S.p.A.

Responsibilities
Fritz Fröhlich is Chairman of the Remuneration and Nomination Committee and a member of the Audit Committee.

Frank Dorjee
(1960, Dutch)

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

Background
Frank Dorjee was Chief Strategic Officer and member of the Board of Directors of Prysmian Spa from March 2011 until January 2014. Until its takeover by Prysmian Spa, he was CEO and Chairman of the Executive Board of Draka Holding NV from 2010 to 2011 and its CFO from 2004 until 2009.

Responsibilities
Frank Dorjee is Chairman of the Audit Committee.

Wout Dekker
(1956, Dutch)
Vice-Chairman of the Supervisory Board

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

Background
Wout Dekker is the former Chairman of the Executive Board and CEO of Nutreco NV. He is Chairman of the Supervisory Boards of Rabobank Nederland and the Princess Maxima Centre for Child Oncology and a member of the Supervisory Board of Macintosh Retail Group NV.

Responsibilities
Wout Dekker is Chairman of the Strategy Committee and a member of the Audit Committee.

Beverley C. Hodson
(1951, British)

- Member of the Supervisory Board since 2008
- Current term of office 2012-2016

Background
Beverley Hodson is a former Managing Director of WH Smith plc, Sears plc and Boots PLC. She was formerly a member of the Supervisory Board of Vedior NV. She is currently a Non-Executive Director of NFU Mutual Insurance and an honorary associate of Newnham College, Cambridge, a council member of Gloucestershire University and Cheltenham College, a Fellow of the Royal Society of Arts and a Director of Putsborough Management Ltd.

Responsibilities
Beverley Hodson is a member of the Remuneration and Nomination Committee.

report of the Supervisory Board

Introduction

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, sets the direction of the business, and guides its general development, including the financial policies and corporate structure. In performing their duties, the members of the Supervisory Board are guided by the interests of Randstad and all its stakeholders. Although specified in the company's Articles of Association and by-laws, 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. In this report, the Supervisory Board explains how it fulfilled these duties and responsibilities in 2014.

Composition, diversity and independence

The Supervisory Board currently comprises seven members (see the section 'Supervisory Board' for biographies). They have a diverse mix of knowledge, skills and expertise, in line with the required profile as referred to in the section 'Corporate governance' and posted on the corporate website. The Supervisory Board aims to ensure that its membership represents a good balance in terms of diversity (including nationality, gender, and area of expertise). The Supervisory Board also aims for at least one-third of its membership to meet the gender criteria, which are currently met and are taken into consideration for each vacancy.

At the next Annual General Meeting of Shareholders, to be held on April 2, 2015, the third and final term of Fritz Fröhlich will expire. The Supervisory Board is extremely grateful to Fritz Fröhlich for his important contribution to Randstad during the 12 years he has served the company in key roles, notably as its Chairman, Chairman of its Remuneration and Nomination Committee, and member of its Audit Committee. As Chairman, Fritz Fröhlich has played a crucial role in supervising, guiding, and advising Randstad and its management during an important period of evolvement of the company. The Supervisory Board proposes that he be replaced by Rudy Provoost. In addition, after having served on the Supervisory Board of Vedior for two years and, after its acquisition by Randstad, another seven years on the Supervisory Board of Randstad, Beverley Hodson has requested to step down from the Supervisory Board. The Supervisory Board is grateful for her contribution during this period. The Supervisory Board proposes that she be replaced by Barbara Borra. The first term of Jaap Winter will also expire. In 2011, Jaap Winter was appointed as member of the Supervisory Board upon nomination by Randstad Beheer (the private shareholding company of Frits Goldschmeding,

Diversity profile of the Supervisory Board

Name	Year of birth	Nationality	International experience	Financial expertise	Specific experience	Gender
Fritz Fröhlich	1942	German	yes	CFO	Chemicals	male
Wout Dekker	1955	Dutch	yes	(CEO)	Nutrition	male
Frank Dorjee	1960	Dutch	yes	CFO	Cables	male
Henri Giscard d'Estaing	1956	French	yes	(CEO)	Tourism	male
Beverley Hodson	1951	British	yes		Retail	female
Giovanna Kampouri Monnas	1955	Greek	yes		Consumer goods	female
Jaap Winter	1963	Dutch	yes		Legal/Governance	male

Retirement and reappointment schedule

Name	Year appointed	Year possible reappointment	Final term expires	Current number of SB positions including Randstad
Fritz Fröhlich	2003	-	2015	4 (1 chair)
Wout Dekker	2012	2016	2024	4 (1 chair)
Frank Dorjee	2014	2018	2026	1
Henri Giscard d'Estaing	2008	2016	2020	2
Beverley Hodson	2008	2016	2020	1
Giovanna Kampouri Monnas	2006	-	2018	3
Jaap Winter	2011	2015	2023	3

Randstad's founder and leading shareholder). The Supervisory Board proposes that Jaap Winter be reappointed for a second term of four years, taking into account his valuable contribution to the Supervisory Board during his first term. The Supervisory Board has appointed Wout Dekker to take over Fritz Fröhlich's role as Chairman of the Supervisory Board effective April 2, 2015.

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 of the Supervisory Board's by-laws. With the exception of Jaap Winter, as explained above, all members are independent. They were not granted, nor do they possess, any Randstad options or shares, with the exception of Henri Giscard d'Estaing, who personally holds some shares in the company. In 2014, there was no actual or potential conflict of interest between Randstad and any Board member.

Induction, training and performance assessment

Ongoing education is an important part of good governance. New members of the Supervisory Board attend various induction sessions at which they are informed by senior management on the financial, reporting, HR, marketing, legal and governance affairs of the Company. Throughout the year, all members of the Supervisory Board visit several of Randstad's businesses and operations to gain familiarity with senior management and to develop deeper knowledge of local operations, opportunities, and challenges.

At a separate annual meeting held in October 2014, the Supervisory Board discussed at length its composition, its own performance and that of its three committees. In preparation for this annual self-assessment, each member completed an open-answer questionnaire. The Chairman also conducted one-on-one meetings with each member to discuss their personal performance. Items assessed and subsequently discussed included:

- The Board's composition, size, profile, mix of skills and experience;
- The meeting cycle, decision-making, follow-up and discussion;
- Induction, training and performance;
- The performance of and reporting to the full Supervisory Board by the three committees;
- The relationship with the Executive Board; and
- The performance of the Supervisory Board Chairman and the company secretary.

An anonymized summary of the main findings, prepared by the company secretary, was used as the basis for the self-assessment discussion. The Supervisory Board concluded that all of the items were assessed positively. Team spirit is considered strong, encouraging open discussion and clear understanding of each board member's role. The CEO transition at the start of 2014 was reviewed, and it was concluded that it had gone well. Good progress has also been made regarding the points for improvement identified last year, which were:

- Taking more time for in-depth discussion, jointly with the Executive Board, and for reflection on topics such as strategy, innovation, sustainability, competition, geographic mix, the impact of new business ideas, the internet, and social media. These were some of the key focus areas of the strategic retreat held at the end of September 2014;
- Planning the succession of the Supervisory Board's Chairman and Vice-chairman; and
- Further optimizing the role of the Strategy Committee to increase the understanding and contribution of the full Supervisory Board in setting the strategic direction.

Several suggestions for further improving the functioning of the Supervisory Board were raised and will be followed up in 2015. These suggestions relate, among other things, to:

- Taking even more time to focus on longer-term changes in business mix, competition, and reasons for underperformance in markets;
- Optimizing the annual assessment of the members of the Executive Board;
- Presetting an annual agenda of topics to be discussed by the Remuneration and Nomination Committee during the year; and
- Taking an even closer look during regular Board meetings at each operating country, particularly underperforming countries or operating companies.

Supervisory and advisory activities in 2014

The Supervisory Board met nine times face-to-face during 2014. Six of these meetings were held jointly with the full Executive Board. The other three meetings were held without the Executive Board, but in part attended by the CEO. The latter three meetings were held to discuss Executive Board remuneration, the composition and assessment of the Executive Board, including the changes to the Executive Board, senior talent review and succession planning, as well as the composition and assessment of the Supervisory Board, including the changes to the Supervisory Board. One of the nine meetings was attended by the lead partners of the external auditor to discuss the 2013 annual report and accounts. There was also much informal contact between individual Supervisory Board members outside meetings.

Between meetings, the Chairman of the Supervisory Board maintained informal contact with the CEO and CFO. The Chairman of the Audit Committee had regular contact with the CFO and some of his senior staff, particularly in preparing the Audit Committee meetings, while the Chairman of the

Strategy Committee prepared the strategic retreat together with the CEO.

The Supervisory Board does not disclose rates of attendance at meetings in abstract numbers, because this is perceived as a box-ticking exercise. In 2014, none of the members of the Supervisory Board were absent during any of the meetings, except Beverley Hodson, who was unable to join the meetings in the last quarter of 2014 due to personal circumstances. All members have sufficient time, including between meetings, to devote to the affairs of Randstad.

One of the Supervisory Board's main priorities is strategy. Accordingly, and following up on last year's self-assessment, even more time was spent on in-depth discussions with the Executive Board about the overall strategy and the realization of the strategic targets. The Strategy Committee prepared and set the framework for these discussions. A two-day strategic retreat was organized in September 2014, during which the Supervisory Board and Executive Board discussed a significant number of relevant strategic topics, in most cases prepared and presented by the responsible functional or operational leader. These topics of discussion included:
- Medium-term market developments and the changing environment of the staffing industry, which creates a need for more segment-specific delivery models;
- Progress made on strategic initiatives for improving the business mix, including activity-based field steering, permanent placements and SME targeting;
- The evolvement of Randstad Sourceright, which targets the markets for Managed Services Programs and Recruitment Process Outsourcing, as well as Randstad’s Total Talent Architecture strategic initiative for large accounts;
- Randstad's people strategy, including the competencies required for current and future leaders within the company, an assessment of the current senior leaders, and diversity;
- HR technology developments that impact the core business, based on experiences of Randstad the Netherlands and Randstad's EMEA sourcing center in Budapest;
- The strategy for the Professionals segment, which requires more global alignment and acceleration in order for Randstad to become a truly global player in this field;
- The changing dynamics of talent acquisition services as presented by an analyst from an external consulting and research company;
- Innovation initiatives mostly in relation to the Randstad Innovation Fund, which aims to drive external innovation within Randstad by investing in small HR technology companies;
- The framework and strategic objectives for making acquisitions, including an assessment of possible targets;
- The outcome of the two-year growth plan, which is based on the input from the operating companies; and
- The way the Supervisory Board and Executive Board work together and each Board member's expectations in this respect.

The Supervisory Board in any case meets each quarter shortly before the publication of the quarterly results, when it discusses with the Executive Board these results as well as related documents, such as the auditor's quarterly report on procedures performed and the draft press release. Prior to the Supervisory Board meeting, these results and related documents are first discussed by the Audit Committee. In 2014, the Supervisory Board noted that economic trends varied considerably from region to region during the year. When discussing the company's quarterly performance, the Supervisory Board paid much attention to revenue and results performance, the adaptation of costs, adjusting organizational structures, and maximizing efficiency in each of the countries, while not losing sight of opportunities identified by the Executive Board for capturing profitable growth where possible.

The following list provides an overview of other items that are discussed regularly throughout the year:
- Compliance with relevant rules and legislation, as well as developments in corporate governance;
- The assessment of strategic, operational, financial, and compliance risks, including Randstad's approach to risk management;
- (Potential) acquisitions and divestments;
- Changes to the Executive Board, including amendments to portfolio responsibilities;
- Organizational changes and senior management appointments;
- The performance of all major countries and functions;
- The preparation, evaluation and follow-up of the Annual General Meeting of Shareholders;
- Topics related to sustainability relevant to Randstad, including the corporate sustainability 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;
- Marketing and branding;
- Randstad's financial performance, its financing, the allocation of goodwill and related impairment analyses;
- The external auditor's management letter.

The Supervisory Board is regularly updated on developments in operating companies and markets. These updates also cover labor market relations, demographics and politics. Senior management of our operations in Belgium, Spain, and France joined meetings in 2014 to give such updates on their markets. Each year, the Supervisory Board, jointly with the Executive Board, pays a two-day visit to the operations in a different country. This joint visit to Randstad in Tokyo (Japan) in October 2014 provided additional insight into the quality of local operations and management, as well as the further potential of this second-largest staffing market worldwide. Immediately afterwards, the Supervisory Board also joined the

Executive Board for their three-day bi-annual Group Management Meeting with around seventy general managers from the major operating companies and corporate functions. This meeting was held in Shanghai (China) to allow attendees to personally witness the explosive growth of this area, which is illustrative for the very strong growth of Randstad's own Chinese business. It allowed the members of the Supervisory Board to get to know a large group of senior leaders within the Group even better. Members of the Supervisory Board also paid individual visits to various businesses within Randstad on an ad-hoc basis.

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. Further information can be found on our corporate website.

Supervisory Board Committee activities in 2014

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

In 2014, the composition of these Committees was as follows:

Audit Committee
Frank Dorjee (Chairman), who succeeded Leo van Wijk as from April 2014, Fritz Fröhlich, Wout Dekker, and Jaap Winter. The first three members in particular have relevant expertise in the field of financial management.

Remuneration and Nomination Committee
Fritz Fröhlich (Chairman), Beverley Hodson, Giovanna Kampouri Monnas, and Jaap Winter, who took over from Leo van Wijk as from April 2014.

Strategy Committee
Wout Dekker (Chairman), Henri Giscard d'Estaing, and Giovanna Kampouri Monnas, who took over from Jaap Winter as from October 2014.

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 2014. All meetings were attended by the CEO, the CFO and the corporate managing directors for Control, Accounting and Business Risk & Audit. The external auditor's lead partners were also present. The Audit Committee held one meeting with the external auditor without management being present to discuss their assessment of Randstad's performance, the committee's collaboration with the Executive Board and the finance departments, as well as their functioning.

The following list provides an overview of the items discussed in the course of the year, most of which are discussed each quarter:
- The financial performance of the company and its major operating companies, with special focus on the quality of earnings, the balance sheet, financing, provisions and taxes, impairments, and the outlook for each subsequent quarter;
- Randstad's financing strategy, notably the extension of the syndicated revolving credit facility, possible alternative long-term funding sources, and the floating interest policy;
- The external auditor's reports for each quarter and their annual management letter;
- The impact of possible changes to legislation, such as legislation affecting the role and position of the external auditor;
- The procedure for reporting misconduct, including the report of the central integrity officer;
- A review of fiscal, treasury, legal and pension-related developments, mostly provided by the responsible corporate managing director;
- A report from the managing director Group Legal on operating companies' compliance with key policies, including the business principles, competition law compliance, antibribery and corruption, data protection, non-discrimination and harassment, and contract liability;
- The annual legal letter, listing material litigation (where potential liability exceeds € 1 million). Any cases with a potential liability exceeding € 2.5 million are promptly reported to the Audit Committee; 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, all finance staff and the finance organization throughout Randstad. In the course of each year, the CFOs of some of the larger operating companies are invited to report on their approach to this program in their respective country. In 2014, the CFOs of Randstad Spain and Randstad North America were invited for this purpose.

The Audit Committee discussed at length various items relating to the risk profile and in-control situation, such as the risk profile of the Group, the annual internal audit plan and priorities for 2014, and the quarterly reports prepared by Group Business Risk & Audit. These reports contain audit results, fraud investigations, and reviews of control situations in particular countries and processes.

At year end, the Audit Committee discusses the company's overall in-control situation, using the control assessment of management and Group Business Risk & Audit, as well as the external auditor's reflections on the in-control situation. This quarterly discussion on the various risk and control topics allows management and Group Business Risk & Audit to focus on the right priorities throughout the year. Based on these discussions, control themes are defined. These themes receive additional attention to ensure that control efficiency and effectiveness is enhanced in those specific areas.

In the second and fourth quarters, the Group's in-control situation was discussed in detail, using the results of the renewed key control framework. This framework addresses key risks, looks at the controls to mitigate these risks, and requires an assessment of these controls. Priorities for internal audits of local audit teams are set by the managing director Group Business Risk & Audit. The framework allows all Group companies to further develop their controls using a maturity model. Due to its nature, culture and business philosophy, Randstad takes a pragmatic approach to risk and opportunity management. The Business Rsk & Audit department is adequately embedded within the organization by way of the global Risk & Audit network, consisting of local internal auditors at operating company level. This year, the Audit Committee approved the Business Risk & Audit charter, which confirms the direct line between the managing director of the department and the chairman of the Audit Committee, and as such ensures independence, authority, and responsibility setting.

With regard to the external audit, the Audit Committee reviewed the proposed audit strategy plan relating to the audit scope, approach, and fees (see note 28 to the financial statements). It also 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. Given the change of auditor as from 2015, the Audit Committee assessed the performance of the external auditor to a limited extent only. This is normally a more extensive annual process, based on a satisfaction survey conducted among all CFOs of the operating companies and key corporate finance people. As part of this annual evaluation process, the following items are 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.

The Annual General Meeting of Shareholders held on April 3, 2014 approved the Executive Board's proposal, supported by the Supervisory Board and its Audit Committee, to change audit firm as from the financial year 2015, and appointed Deloitte Accountants as the new audit firm. Historically, Randstad's policy has been to engage the external auditor for both the Group audit and all of the local statutory audits. In the context of this legislative change, however, Randstad has assessed how it can increase the efficiency of the external audit and the added value of audits. As explained in the 2013 annual report, Randstad has decided to change its approach with the change of auditor. Deloitte has been appointed as external auditor for the Company effective 2015. Following an extensive tender process in 2014, the Executive Board, supported by the Audit Committee, decided to appoint BDO Accountants as external auditor for statutory audits of operating companies not within the scope of the Group audit.

Report of the Strategy Committee

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

In 2014, the Committee fully focused on the preparation of the two-day strategic retreat in September as elaborated on in more detail above. This retreat was chaired by the Chairman of the Strategy Committee. During the retreat, the Supervisory Board and Executive Board discussed a significant number of relevant strategic topics including:

- Medium-term market developments and the changing and challenging environment of the staffing industry;
- Progress made on strategic initiatives for improving the business mix;
- The evolvement of Randstad Sourceright and Total Talent Architecture;
- Randstad's people strategy;
- The strategy for the Professionals segment;
- The Randstad Innovation Fund;
- The framework and strategic objectives for making acquisitions;
- The outcome of the two-year growth plan;
- The way the Supervisory Board and the Executive Board work together.

Report of the Remuneration and Nomination Committee

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

The Committee met four times in the course of 2014. The CEO and the managing director HR participated in part of the meetings. The Committee regularly makes use of external advice, notably from Focus Orange and Towers Watson.

The following list provides a solid overview of the items discussed in the course of the year, most of which are discussed a number of times during the year:

- Proposals regarding the base salary of the Executive Board members, based on a benchmark against the international labor market peer group and against a peer group of companies listed on the AEX index;
- Proposals regarding the variable pay of the Executive Board members: the realization of the annual bonus targets, the targets for next year's annual bonus, the realization of the targets of the long-term incentive plan, and the annual allocation of shares and options;
- The annual assessment of the Executive Board and its individual members;
- The self-assessment of the Supervisory Board; and
- The annual remuneration report, including an overview of the manner in which the remuneration policy was implemented and an overview of the (updated) remuneration policy for the Executive Board members in subsequent years. This detailed remuneration report is published each year and is available on our corporate website. It is also summarized in this annual report in the remuneration section.

In 2014, much time was spent on the selection of candidates to fill the vacancies in the Supervisory Board arising at the upcoming Annual General Meeting of Shareholders. Their nomination was thoroughly prepared, based on an assessment of the profiles of the vacancies and an extensive selection process identifying various candidates who fit the required profiles. Russell Reynolds was engaged to assist in this process.

The Committee also extensively discussed diversity-related topics. The Supervisory Board aims to ensure that both its own composition, as well as the composition of the Executive Board, represents a good balance in terms of diversity (including gender, nationality, and experience). The aim is that at least one-third of the membership meet the criteria regarding gender. These gender criteria are currently being met for the Supervisory Board, but not yet for the Executive Board. Randstad's policy regarding diversity is extensively described in the 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 41% in 2014. The Executive Board welcomed its first female member in 2012. Diversity will continue to be an important consideration for all future nominations to the Boards.

To enable the full Supervisory Board to get a better understanding of these topics, the following topics were discussed during the two-day strategic retreat with the Executive Board, as mentioned above:

- Randstad's HR strategy and focus for the coming years, key actions, its function and organization, with specific attention given to the required profile of Randstad senior management members, key elements of a structured people agenda, such as the annual people review and global development programs, the role of HR in the rollout of the Professionals strategy, and diversity;
- The outcomes and conclusions of the annual talent review and succession planning for the Group; and
- The annual assessment of the senior country and functional managing directors (all of whom are scheduled to meet and present to the Supervisory Board, if feasible), as well as high potentials and possible successors to the Executive Board.

Supervisory Board remuneration

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

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

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

Allowances of Supervisory Board members

in €

	2014	2013
Supervisory Board		
Chairman	110,000	110,000
Vice-Chairman	90,000	90,000
Members	75,000	75,000
Audit Committee		
Chairman	12,000	12,000
Members	8,000	8,000
Remuneration & Nomination Committee		
Chairman	9,000	9,000
Members	7,000	7,000
Strategy Committee		
Chairman	8,000	8,000
Members	6,000	6,000

In addition, they receive a fixed annual expense allowance of € 2,000 net for members and € 3,000 net for the Chairman. Taking into consideration the 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 April 3, 2014, the CEO and the CFO gave an account of the general state of affairs at Randstad and its financial performance in 2013. The meeting adopted the 2013 financial statements and the dividend proposal. The members of the Executive Board were granted discharge of liability for their management, and the members of the Supervisory Board for their supervision thereof. Chris Heutink was appointed member of the Executive Board. Giovanna Kampouri Monnas and Frank Dorjee were (re)appointed members of the Supervisory Board. The meeting authorized the Executive Board 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, limited to a maximum of 10% of the ordinary issued share capital for a period of 18 months. Deloitte Accountants in the Netherlands was appointed as external auditor for the financial year 2015.

Similar to prior year, the Chairman of the Audit Committee proactively elaborated on the work of the Audit Committee in 2013, the company's collaboration with the external auditor, and three specific items that were relevant in the past year:

- Transitioning to a new financial consolidation system, which was seamless;
- Strengthening the Business Risk & Audit department to better support the organization and local management in continuing to improve the in-control position; and
- Selecting a new auditor as of 2015.

The lead partner of the external auditor was given the floor to elaborate on the auditor's opinion, which had changed considerably in content and design and had become more company-specific, describing the responsibilities of the Executive Board and the external auditor. The most important matters mentioned concerned the valuation of goodwill, the deferred tax position, claims, and 'hours paid/hours billed', which were explained in the auditor's report. In addition, a section had been included on materiality and the scope of the audit review. The lead partner also stated that the description of the risk management and audit system included in the 2013 annual report did not conflict with the findings arising from the audit of the financial statements.

Financial statements for 2014

The financial statements for 2014 have been audited and provided with an unqualified opinion by PricewaterhouseCoopers Accountants N.V. (see the independent 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 2015. 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 2014 meet all requirements for correctness and transparency. During the year, the Audit Committee extensively discussed the risk management framework that supports this. As such, the Supervisory Board recommends that the Annual General Meeting of Shareholders to be held on April 2, 2015, 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 Annual General Meeting of Shareholders to pay an optional cash or stock dividend per ordinary share of € 1.29 for 2014 (€ 0.95 for 2013) and a cash dividend on preference shares B and C of € 12.6 million (€ 12.1 million for 2013).

The Supervisory Board requests that the Annual 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 2014.

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 2014.

Diemen, the Netherlands, February 17, 2015

The Supervisory Board,

Fritz Fröhlich, Chairman
Wout Dekker, Vice-Chairman
Frank Dorjee
Henri Giscard d'Estaing
Beverley Hodson
Giovanna Kampouri Monnas
Jaap Winter

remuneration report

Remuneration policy

The main objective of the remuneration policy is to attract, motivate, 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. The members of the Executive Board are rewarded accordingly, and most of their remuneration is based on Randstad's performance. The remuneration structure for the Executive Board is therefore designed to balance short-term operational performance with the long-term objectives of the company and value creation for its shareholders.

Remuneration levels are determined on the basis of a number of clear, transparent criteria, and reflect general as well as specific individual responsibilities in an international context. They are benchmarked against an international labor market peer group regarding fixed 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 fixed salary levels. It is composed of international staffing and business services companies, reflecting Randstad's international scope. They are Adecco SA, Rentokil Initial Plc, Cap Gemini SA, Atos Origin SA, Robert Half International Inc, LogicaCMG Plc, Manpower Inc, Kelly Services Inc, Michael Page International Plc, Hays Plc, TUI AG, G4S Plc, and Sodexo Group SA;
- 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. This group is composed solely of staffing companies, and can therefore be characterized as 'sector-specific'. It consists of Adecco SA, Kelly Services Inc, Trueblue Inc, Manpower Inc, Robert Half International Inc, USG People NV, Michael Page International Plc, Hays Plc, and Groupe Synergie SA.
- In addition, as an extra 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).

The last update of the remuneration policy was approved by the Annual General Meeting of Shareholders held on March 28, 2013.

Executive Board remuneration 2014

The remuneration of the Executive Board consists of three components:

1. Short-term compensation, consisting of base salary and annual cash bonus opportunity;
2. Long-term compensation, consisting of performance shares;
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, approximately half of the total compensation of a member of the Executive Board is performance-related. The Supervisory Board, on the recommendation of its Remuneration and Nomination Committee, sets the targets prior to each performance period. Performance targets and conditions are derived from Randstad's strategy, annual budget plan, and market analysis. An overview of the 2014 and comparable 2013 remuneration amounts is included in note 24 to the financial statements.

Short-term compensation

Base salary

In line with the relevant size and profile of Randstad compared to the other companies included in the international labor market peer group, base salaries of the Executive Board members are set at between the median and 75% percentile level.

In line with the company's remuneration policy and confirmed by benchmarking carried out by Focus Orange, it was decided to increase the base salaries of the Executive Board members by 3% as from January 1, 2014. The general pay differentials within the company, and specifically within senior management, were taken into account when taking this decision.

Jacques van den Broek was appointed Chairman of the Executive Board and CEO with effect from March 1, 2014. His executive service agreement is in line with the remuneration policy of the company. His base salary as from that date amounted to € 800,000.

Chris Heutink was appointed to the Executive Board by the Annual General Meeting of Shareholders on April 3, 2014. His executive service agreement is in line with the remuneration policy of the company. His base salary as from January 1, 2014 amounted to € 590,965.

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 pre-defined minimum level, no bonus will be paid out. In calculating the pro-rata bonus, a sliding scale between the minimum level and the maximum level is used. The Supervisory Board sets the targets at the beginning of each financial year.

The framework for the annual cash bonus relates to:

- Gross profit, revenue or market share, with the bonus opportunity ranging from 10% for minimum performance, 15% for on-target performance, and 25% for maximum performance;
- EBITA or EPS realization, with the bonus opportunity ranging from 10% for minimum performance, 15% for on-target performance, and 25% for maximum performance;
- Leverage ratio, or efficiency of working capital (e.g., DSO or net debt), with the bonus opportunity ranging from 10% for minimum performance, 15% for on-target performance, and 25% for maximum performance;
- Individual targets; with a maximum of 15%;
- Additional bonus at the discretion of the Supervisory Board; with a maximum of 10%.

The actual targets for these and the individual targets are not disclosed, as they qualify as information that is confidential and/or commercially and potentially share-price sensitive.

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 upwards or downwards. The Supervisory Board may also recover from the Executive Board any variable remuneration awarded on the basis of incorrect financial or other data. These provisions are included in the annual bonus and grant letter. This power was not used in 2014, nor was any remuneration recovered from present or former Executive Board members.

Based on the achievement of the shared and individual targets for 2014, and using the discretionary space available to the Supervisory Board, the bonus entitlement with regard to the performance in 2014 as percentage of annual base salary is specified as follows:

Annual bonus payout, 2014

2014 performance target	possible maximum	payout as % of annual base salary
Group revenue performance	25%	12.3%
Group EBITA margin	25%	15%
Net debt at year-end	25%	25%
Individual targets	15%	Varies from 7% - 14.5%
Discretionary	10%	7%
	100%	**Varies from 66.3% - 73.8%**

Long-term compensation

In order to align their own objectives with the value creation objectives of shareholders, performance shares are granted to the members of the Executive Board on an annual basis. Until 2013, a combination of performance shares and performance options were granted.

Due to their long-term nature, performance shares are inherently and significantly more open to market uncertainties than short-term compensation elements. Shares and options (granted before 2013) can become unconditional (i.e., may vest) depending solely on Randstad's TSR performance compared to the performance peer group, measured over a three-year period starting from January 1 of the year in which they are granted. As from 2013, the related payout range was amended as follows:

TSR payout range

	until 2013	as from 2013
Position 1	250%	250%
Position 2	200%	200%
Position 3	150%	150%
Position 4	125%	100%
Position 5	100%	50%
Position 6	75%	0%
Position 7	50%	0%
Position 8	25%	0%
Position 9	0%	0%
Position 10	0%	0%

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. The Supervisory Board considers TSR to be 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'. During the three-year vesting period, the TSR data are compiled and reported by external data provider Towers Watson. The Remuneration and Nomination

Committee advises the Supervisory Board on the percentage of performance shares that vest and performance options that can be exercised. Given the relevance of sustainability for Randstad's business, ambition and long-term viability, performance targets within Randstad's sustainability KPI framework have been added as from 2013, at the discretion of the Supervisory Board. These targets are also set at the start of the three-year vesting period. As from 2013, the grant is therefore divided into TSR-dependent (80%) and sustainability-related (20%).

Performance shares are granted in the open period following the publication of the Group's fourth-quarter financial results in February. The number of shares will be calculated based on the fair value of the Randstad share as at January 1. If a member of the Executive Board resigns before the vesting date, conditional grants of performance shares will lapse. The company offers no financing arrangements at grant or exercise of the options. Performance shares need to be retained for at least two years after vesting, except to the extent necessary to settle any related tax liabilities.

At the moment the performance shares are granted, their fair value assuming on-target performance is equal to an amount of 100% of the base salary for all Executive Board members alike.

Prior to the grant, and on the advice of the Remuneration and Nomination Committee, the Supervisory Board analyzes the possible outcomes of the allocation.

On February 20, 2014 (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, 2014, and on the fair value of the performance shares as at the same date of € 29.44 per share (TSR-dependent grant) and € 42.13 per share (sustainability-related grant).

The conditional on-target 2014 awards are as follows:

Conditional on-target awards, 2014

	number of shares
Jacques van den Broek	25,537
Robert Jan van de Kraats	21,475
François Béharel	18,864
Linda Galipeau	18,864
Chris Heutink	18,864
Leo Lindelauf	18,864
	122,468

The sustainability-related performance targets for this grant are the following five targets from Randstad's sustainability KPI framework:

- Net Promoter Score (NPS): a Top 3 position or at least position improvement in the Top 12 countries over the performance period;
- Candidate engagement;
- Internal management appointments as % of total appointments: at least 80%;
- Number of employees involved in Voluntary Service Overseas: at least 20 on an annual basis;
- Environment: the sustainable supplier code should be fully rolled out throughout the Company worldwide.

At the end of the performance period 2014–2016, 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 50% vesting, the minimum vesting equals 0%, and the maximum vesting equals 250%, in line with the minimum and maximum opportunity for the TSR-dependent grant.

Early 2014, the performance shares and performance options that had been conditionally granted in February 2011 vested based on the relative TSR performance over the period January 1, 2011, to December 31, 2013. The performance resulted in 125% vesting.

Pension and other benefits

Pension contribution

The pension arrangements for members of the Executive Board are based on defined contribution and are placed with an insurance company. Randstad provides an annual contribution of 27% of base salary to the schemes of Executive Board members. The company has no specific early retirement arrangements in place for 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 appointed or reappointed as from 2013, including the CEO, have an executive service agreement with the company, which supersedes any previous employment agreements.

Appointment terms

The members of the Executive Board appointed before 2005 were appointed for an indefinite period. The members of the Executive Board, including the CEO, appointed since 2005 have been appointed for a period of four years.

Executive Board remuneration 2015

In line with the company's remuneration policy and confirmed by benchmarking carried out by Focus Orange, it was decided to increase the base salaries of the Executive Board members by 2.5% as of January 1, 2015. The general pay differentials within the company, and specifically within senior management, were taken into account when taking this decision.

Effective January 1, 2015, the base salary of Jacques van den Broek, CEO and Chairman of the Executive Board, was increased to € 900,000, which is still below the relevant median to 75% percentile level of the international labor market peer group and group of companies listed on the AEX index.

Supervisory Board remuneration 2014 and 2015

Information with regard to the remuneration of the Supervisory Board in 2014 is included in the section Report of the Supervisory Board. An overview of the 2014 and comparable 2013 remuneration amounts is included in note 24 to the financial statements.

The remuneration of the Supervisory Board, including its Committees, will remain unchanged in 2015.

corporate governance

Principles

Sound corporate governance is a key component of Randstad's culture, behavior, and management, 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. The business processes throughout the organization incorporate transparency for both external reporting and the management of activities around the world. 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, and the rules and regulations of Euronext, complemented by internal policies and procedures. Given the worldwide exposure of Randstad and its businesses, the international context is of vital importance, and both national and international developments are closely monitored.

Randstad has always sought to enhance and improve its governance in line with the Dutch corporate governance code ('the code', which can be found at www.commissiecorporategovernance.nl) and international best practices. Any substantial changes in Randstad's corporate governance structure and its compliance with the code will be submitted to the Annual General Meeting of Shareholders.

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 the vast majority 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. As the code is based on the 'apply or explain' principle, a very limited number of exceptions to the code, which are deemed necessary in the interests of Randstad, have been explained to shareholders and are described in this report. 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, driving, executing, and achieving the approved strategy and strategic targets. The Executive Board is also responsible for the associated risk profile, sound business and 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 his or her specific area of responsibilities and expertise.

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

Since 2005, new 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 Chairman of the Supervisory Board of another listed company.

Supervisory Board

The Supervisory Board, acting in the interests of the company, 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, internal control mechanisms and sustainability framework established under the Executive Board's management. Major management decisions, including those involving strategy, 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.

It is empowered to recommend to the Annual General Meeting of Shareholders persons to be appointed as members of the Supervisory Board. Appointments and reappointments to the Supervisory Board are considered on the basis of a profile, taking into account the nature of Randstad's business and activities, as well as the desired background and expertise of candidates. Diversity is an important criterion in order to establish a balance in nationality, gender, age, experience, and background of the individual members. The Supervisory Board aims for at least one-third of its membership to meet the diversity criteria. Individual 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 Chairmanship counts as two memberships. Supervisory Board remuneration is determined by the Annual General Meeting of Shareholders and does not depend on the company's results.

Randstad ensures that there are structured reporting lines to the Supervisory Board. Key departments and operating companies work according to reporting frameworks that facilitate monitoring by both the Executive Board and 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. Outside this schedule, its members are available to the Executive Board at all times. 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 and offers advice on various matters. 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 Chairman of the Supervisory Board ensures the proper functioning of the Board and its Committees, and acts on behalf of the Supervisory Board as the main contact for the Executive Board. The Vice-Chairman replaces the Chairman when required, and acts as the contact for the other Board members on matters relating to the functioning of the Chairman. The Company Secretary acts as secretary to the Supervisory Board.

Supervisory Board Committees

While the Supervisory Board as a whole retains overall responsibility for its functions, it assigns some of its tasks to three permanent Committees: the Audit Committee, the Strategy Committee, and the Remuneration and Nomination Committee. Their advice and recommendations assist the full Supervisory Board in its decision-making. The Supervisory Board appoints Committee members from among its own members, based on the relevance of their expertise and experience. All Supervisory Board members are, in principle, also members of at least one but mostly two Committees. The Committees come together at fixed times during the year, according to a pre-determined schedule and when required. They report directly to the full Supervisory Board on a regular basis, usually directly following a Committee meeting.

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, the external audit process, the external auditors' qualifications, independence, and performance, as well as Randstad's process for monitoring compliance with laws and regulations. Throughout the year, the Audit Committee is tasked with the direct supervision of all matters relating to financial strategy and performance, including reporting, auditing, and budgeting. The Committee assesses the audit strategy and the scope and approach of the external auditor, and monitors progress. The relationship with the external auditors is evaluated annually. Together with the Executive Board, the Audit Committee reviews quarterly and full-year financial statements, auditors' 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 auditors to discuss the quality of financial reporting and cooperation with the financial departments.

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

The Remuneration and Nomination Committee is tasked with making recommendations regarding the Randstad 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 members. 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, ensuring long-term succession planning (including assessment of senior management), and making recommendations on the composition of the Supervisory Board Committees.

Board compliance

Both Boards, including the Committees of the Supervisory Board, have their own by-laws, which set rules with regard to objectives, composition, duties, responsibilities, and working methods. These by-laws are available on our corporate 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 Chairman 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.

Annual General Meeting of Shareholders

Important matters that require the approval of the (Annual) General Meeting of Shareholders are:
- Adoption of the annual accounts;
- Adoption of profit appropriation and additions to reserves;
- Dividends;
- Significant changes to the company's corporate governance;
- Remuneration policy;
- Discharge from liability of the Executive Board for its management of Randstad;
- Discharge from liability of the Supervisory Board for its supervision of the management of Randstad;
- Appointment of the external auditor;
- Appointment, suspension or dismissal of the members of the Executive Board and the Supervisory Board, based on non-binding recommendations from the Supervisory Board;
- Remuneration of the Supervisory Board;
- Authorization to purchase, issue or sell shares in the Group's capital;
- Adoption of amendments to the Articles of Association.

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

The Annual General Meeting of Shareholders, which is normally held at the end of March or in early April, is broadcast live by audio webcast via our corporate 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 corporate website.

Voting rights

The issued share capital of Randstad Holding nv currently consists of approximately 180.1 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 ('1 share, 1 vote'). The voting rights on the preference shares are aligned with the historical capital contribution upon issuance. Effective at a Shareholders' meeting, the voting rights on the preference shares B are 3.6 million, and the voting rights on the preference shares C are 5.6 million.

The foundation Stichting Administratiekantoor Preferente Aandelen Randstad Holding holds the preference shares B and C. In 2014, the foundation's Board consists of Bas Kortmann (Chairman), Ton Risseeuw (who passed away on February 6, 2015), and Sjoerd van Keulen. The Board members are fully independent of both the company's management and other shareholders. 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, ING Groep NV, ASR NV, and Randstad Beheer BV. Although the voting rights attached to the preference shares are vested in the foundation, each depositary receipt holder can ask the foundation for a proxy to exercise the voting rights underlying his or her depositary receipts during a Shareholders' Meeting.

Randstad Holding nv 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. Holders of such shares have no pre-emptive rights, but are entitled to a cumulative annual dividend calculated on the basis of the average statutory interest rate (plus surcharge) up to a maximum of 3%. In the event of the dissolution of the company, the holders of preference shares A will be repaid first from the balance of the amount paid on their shares, less the dividend paid in the year in question. To date, no such shares have been issued. Resolutions for such an issue would require the cooperation of the Annual General Meeting of Shareholders.

As at December 31, 2014, the holders of approximately 95.7% of ordinary shares have been able to make unrestricted use of their voting rights at the Annual General Meeting of Shareholders. The other 4.3% 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.

Auditor

The Executive Board ensures that the external auditor can properly perform its audit work and encourages both the external auditor and the company to properly pursue and perform the role and the policy of the company regarding the external auditor. The Annual General Meeting of Shareholders charges the external auditor with the task of auditing Randstad's annual accounts.

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'.

Exceptions to the code

Randstad applies all relevant provisions of the (updated) Dutch Corporate Governance Code, with the following exceptions.

II.1.1 A Management Board member is appointed for a maximum period of four years.
The members of the Executive Board appointed before 2005 were appointed for an indefinite period. The members of the Executive Board appointed since 2005, including the CEO, have been appointed for a period of four years.

II.2.5 Shares granted to Management Board members without financial consideration shall be retained for a period of at least five years [...].
The long-term incentive for the Executive Board is paid in performance shares and (until 2013) performance options. These vest after three years. Performance shares need to be retained for at least two more years. We believe this five-year term sufficiently enhances shareholder alignment and is in line with the long-term nature of the incentive. However, Randstad also believes that share sales should be allowed earlier to the extent necessary to settle any related tax liabilities.

III.5 If the Supervisory Board comprises more than four members, it should designate […], a Remuneration Committee and a Selection and Appointment Committee.
As it felt that issues related to selection, appointment and remuneration are interlinked, the Supervisory Board decided that all these activities should be dealt with by one Committee: the Remuneration and Nomination Committee.

III.5.11 The Remuneration Committee shall not be chaired by the chairman of the Supervisory Board [...].
Given the strategic importance of the selection and retention of senior management for the long-term success of the company, Randstad has opted for a combined Remuneration and Nomination Committee. Randstad considers it vital that the Chairman of the Supervisory Board is also closely involved in the recruitment and retention of current and future senior management, as well as the longer-term succession planning for the Executive Board. This is reflected in the appointment of the Chairman of the Supervisory Board as Chairman of the Remuneration and Nomination Committee.

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 'Investor relations & share performance' of this annual report.

b. Statutory or contractual restrictions on share transfers

About 32.5% of the total share capital (3.0% ordinary shares, 9.9% preference shares B, and 19.6% 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 III.6.4 of the Dutch Corporate Governance Code has been observed.

Major shareholders

	2014	2013
F.J.D. Goldschmeding	30%-40%	30%-40%
ING [1]	10%-15%	10%-15%
ASR[1]	5%-10%	5%-10%
Richmond[1]	5%-10%	5%-10%
Stichting Randstad Optiefonds	3%-5%	3%-5%
Stichting Administratiekantoor Randstad Optiefonds	3%-5%	3%-5%
MFS Investments	3%-5%	3%-5%

1 Mainly are based on preference shares.

d. Special rights of control

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

e. Control mechanisms relating to option plans 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. The maximum number of options and shares to be granted is fixed; the actual number granted is linked to predetermined performance targets. The number of performance shares and options actually granted may not, in principle, exceed 1% of the ordinary issued share capital. Depending on the attainment of the related performance targets and the company's actual share price, however, the number of shares to be issued in relation to vesting of the performance shares and options may in a given year exceed the 1% limit. For this reason, the annual maximum authorization is 3% of the issued ordinary share capital of the company. The share purchase plan for corporate employees does not affect the share capital of the company. In January 2013, the Executive Board was also granted the authority to repurchase shares in order to avoid dilution.

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 2007, the company finalized an agreement with Frits Goldschmeding, Randstad's founder and leading shareholder, and his inheritors, on their shareholding. Frits Goldschmeding's objective remains explicitly to continue his position as a long-term shareholder through direct ownership or eventually through his inheritors.

The principal aim of all parties involved is to secure the company's continuity, strategic position, and development, now and in the future. Such a commitment justifies assigning one seat as member of the Supervisory Board. The main points of the agreement are as follows:

Lock-up: In the event of Frits Goldschmeding's passing, his inheritors will be bound to a lock-up of at least 12 months, meaning that during that year they will carry out no actions concerning their direct or indirect interests in Randstad Holding nv, nor will any changes take place in the strategy as pursued by Randstad Holding nv.

Grace period: If the inheritors intend to divest all or part of the shares after the lock-up period, they shall give six months' written notice of this intended divestment to the Executive Board and Supervisory Board.

Consultations: After receiving such notice, the Boards will enter into consultation with the inheritors, and they can propose candidates or alternative candidates while taking account of the interests of the inheritors and the continuity of Randstad Holding nv. Such a proposal should be made within four months of receipt of the notification from the inheritors. This ruling only applies as long as the total interests of the inheritors amounts to more than one-third of all issued and outstanding ordinary shares in Randstad Holding nv.

Supervisory Board seat: Randstad Beheer (the investment vehicle through which the majority of family shares are held) has the right to nominate one member of the Supervisory Board. The person to be nominated should possess the qualities required of a supervisory executive of an international company, and the nomination shall be submitted to the Annual General Meeting of Shareholders.

These rights and obligations will cease to be applicable as soon as the interests of the inheritors fall below 25% of all issued and outstanding ordinary shares in Randstad Holding nv. As far as the company is aware, this is the sole arrangement with a shareholder that can limit the transfer of shares, depository receipts of shares or voting rights.

h. Regulations concerning the appointment and dismissal of Board members and changes to the Articles of Association

Members of the Executive Board and Supervisory Board are appointed by, and may at any time be suspended or dismissed by, the Annual General Meeting of Shareholders. A Supervisory Board member is eligible for reappointment twice. Resolutions with respect to appointment and dismissal are passed by an absolute majority of the votes cast. When a proposal for the amendment of the Articles of Association is made 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 October 3, 2015, 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 for the Executive Board and senior management. The Executive Board is also authorized, subject to the approval of the Supervisory Board, to repurchase shares until October 3, 2015, for an annual maximum of 10% of the issued share capital of the company. The repurchase will mainly be for the purposes of the performance share plans for the Executive Board and senior management and the stock dividend.

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 one annual base salary in addition to the notice period of twelve months.

financial statements

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consolidated statement of comprehensive income

The notes on pages 123 to 163 are an integral part of these consolidated financial statements.

in millions of €	note	page	2014	2013
Revenue	4.4	136	**17,249.8**	**16,568.3**
Cost of services	8.1	141	14,072.2	13,558.3
Gross profit	5.1	137	**3,177.6**	**3,010.0**
Selling expenses	8.2	141	1,715.0	1,688.0
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	8.4	142	145.4	163.4
Other general and administrative expenses	8.2	141	801.9	792.3
General and administrative expenses			**947.3**	**955.7**
Total operating expenses	8.2	141	**2,662.3**	**2,643.7**
Operating profit	5.1	137	**515.3**	**366.3**
Finance income	10	143	9.0	7.3
Finance expenses	10	143	(39.5)	(30.3)
Net finance costs	10	143	**(30.5)**	**(23.0)**
Share in profit of associates	17	148	0.3	0.3
Income before taxes			**485.1**	**343.6**
Taxes on income	4.3	133	(145.0)	(112.9)
Net income	11	143	**340.1**	**230.7**
Translation differences	*12*	*143*	*145.8*	*(94.3)*
Other comprehensive income	*12*	*143*	*(16.1)*	*(10.5)*
Total other comprehensive income	12	143	**129.7**	**(104.8)**
Total comprehensive income			**469.8**	**125.9**
Net income attributable to:				
Holders of ordinary shares of Randstad Holding nv			327.5	218.6
Holders of preference shares of Randstad Holding nv			12.6	12.1
Equity holders			**340.1**	**230.7**
Non-controlling interests			0.0	0.0
Net income			**340.1**	**230.7**
Earnings per share attributable to the holders of ordinary shares of Randstad Holding nv (expressed in € per ordinary share)				
Basic earnings per ordinary share (€)	7	140	1.83	1.25
Diluted earnings per ordinary share (€)	7	140	1.81	1.23
Total comprehensive income attributable to:				
Holders of ordinary shares of Randstad Holding nv			*457.2*	*113.8*
Holders of preference shares of Randstad Holding nv			*12.6*	*12.1*
Equity holders			**469.8**	**125.9**
Non-controlling interests			*0.0*	*0.0*
Total comprehensive income			**469.8**	**125.9**

consolidated balance sheet at December 31

The notes on pages 123 to 163 are an integral part of these consolidated financial statements.

in millions of €	note	page	2014	2013
ASSETS				
Property, plant and equipment	13	144	128.8	131.4
Software	14	145	38.6	33.2
Goodwill	4.1	128	2,375.1	2,310.4
Acquisition-related intangible assets	15	146	183.8	321.0
Intangible assets			**2,597.5**	**2,664.6**
Deferred income tax assets	4.3	133	534.7	521.9
Financial assets	16	146	263.9	155.4
Associates	17	148	1.6	1.3
Non-current assets			**3,526.5**	**3,474.6**
Trade and other receivables	3.2	124	3,077.9	2,931.9
Income tax receivables	4.3	133	56.4	65.2
Cash and cash equivalents	3.2	124	117.1	136.1
Current assets			**3,251.4**	**3,133.2**
TOTAL ASSETS	5.2	138	**6,777.9**	**6,607.8**
EQUITY AND LIABILITIES				
Issued capital			25.5	25.3
Share premium			2,261.1	2,258.7
Reserves			686.4	393.1
Net income for the year			340.1	230.7
Shareholders' equity	19.1	148	**3,313.1**	**2,907.8**
Non-controlling interests	19.3	150	0.0	0.0
Total equity			**3,313.1**	**2,907.8**
Borrowings	3.2	124	315.0	643.8
Deferred income tax liabilities	4.3	133	34.8	36.6
Provisions	4.2	131	73.6	76.7
Employee benefit obligations	4.2	131	91.0	62.6
Other liabilities	20	150	12.5	14.1
Non-current liabilities			**526.9**	**833.8**
Borrowings	3.2	124	224.1	153.7
Short-term part of non-current borrowings	3.2	124	-	99.6
Trade and other payables	18	148	2,589.9	2,473.9
Income tax liabilities	4.3	133	29.2	53.4
Provisions	4.2	131	69.9	59.8
Employee benefit obligations	4.2	131	17.8	18.5
Other liabilities	20	150	7.0	7.3
Current liabilities			**2,937.9**	**2,866.2**
Liabilities			**3,464.8**	**3,700.0**
TOTAL EQUITY AND LIABILITIES			**6,777.9**	**6,607.8**

consolidated statement of cash flows

The notes on pages 123 to 163 are an integral part of these consolidated financial statements.

in millions of €	note	page	2014	2013
Operating profit			**515.3**	**366.3**
Amortization and impairment of acquisition-related intangible assets	8.4	142	145.4	155.9
Impairment of goodwill	8.4	142	-	36.6
Badwill	8.4	142	-	(29.1)
Operating profit before amortization and impairment of acquisition-related intangible assets and goodwill, and badwill (EBITA)	**5.1**	**137**	**660.7**	**529.7**
Depreciation and impairment of property, plant and equipment	8.3	141	45.6	47.1
Amortization and impairment of software	8.3	141	19.6	21.1
Operating profit before depreciation, amortization and impairment, and badwill (EBITDA)	**5.1**	**137**	**725.9**	**597.9**
Loss on disposal of subsidiaries/activities	6.2	140	-	2.9
Share-based payments	9	142	27.4	27.1
Employee benefit obligations	25	161	3.0	22.1
Provisions	4.2	131	3.6	(72.6)
Loss on disposals of property, plant and equipment	13	144	0.4	0.2
Other non-cash items	21.4	152	(95.0)	(68.5)
Cash flow from operations before operating working capital and income taxes			**665.3**	**509.1**
Trade and other receivables	21.2	151	(61.3)	(64.1)
Trade and other payables	21.3	152	70.2	141.7
Operating working capital			**8.9**	**77.6**
Income taxes paid	21.5	152	(116.7)	(246.0)
Net cash flow from operating activities			**557.5**	**340.7**
Additions to property, plant and equipment	13	144	(41.7)	(45.9)
Additions to software	14	145	(24.0)	(15.6)
Acquisition of subsidiaries/activities/buyout of non-controlling interests	6.1	139	(0.6)	(19.2)
Acquisition of equity investments	16.4	147	(5.3)	-
Held-to-maturity investments	16.1	147	(6.5)	(6.9)
Loans and receivables	16.3	147	-	3.6
Disposals of property, plant and equipment	13	144	2.4	17.0
Disposal of subsidiaries/activities	6.2	140	0.2	8.4
Net cash flow from investing activities			**(75.5)**	**(58.6)**
Issue of new ordinary shares	19.1	148	1.5	7.1
Issue of preference shares	19.1	148	-	137.9
Purchase of own shares	19.1	148	(25.7)	(9.4)
Drawings on non-current borrowings	3.2	124	-	1,047.5
Repayments of non-current borrowings	3.2	124	(455.7)	(1,474.3)
Net financing			**(479.9)**	**(291.2)**
Finance income received	10	143	1.4	3.5
Finance expenses paid	10	143	(31.8)	(22.5)
Dividend paid on ordinary shares	19.2	149	(56.0)	(83.8)
Dividend paid on preference shares	19.2	149	(12.1)	(6.8)
Dividend paid to non-controlling interests			-	(0.1)
Net reimbursement to financiers			**(98.5)**	**(109.7)**
Net cash flow from financing activities			**(578.4)**	**(400.9)**
Net decrease in cash, cash equivalents and current borrowings			**(96.4)**	**(118.8)**
Cash, cash equivalents and current borrowings at January 1	**21.1**	**151**	**(17.6)**	**109.0**
Net decrease in cash, cash equivalents and current borrowings			(96.4)	(118.8)
Translation gains/(losses)			7.0	(7.8)
Cash, cash equivalents and current borrowings at December 31	**21.1**	**151**	**(107.0)**	**(17.6)**
Free cash flow	**21.6**	**152**	**487.7**	**292.9**

consolidated statement of changes in equity

The notes on pages 123 to 163 are an integral part of these consolidated financial statements.

in millions of €	issued capital	share premium	reserves [1]					net income	share-holders' equity	non-controlling interests	total equity
			treasury shares	translation	share-based payments	IAS 19 employee benefits	retained earnings				
Balance at January 1, 2014	**25.3**	**2,258.7**	**(8.7)**	**(90.8)**	**58.4**	**(23.9)**	**458.1**	**230.7**	**2,907.8**	**0.0**	**2,907.8**
Net income 2014	-	-	-	-	-	-	-	340.1	340.1	0.0	340.1
Translation differences	-	-	-	145.8	-	-	-	-	145.8	0.0	145.8
Other comprehensive income	-	-	-	-	-	(16.1)	-	-	(16.1)	-	(16.1)
Total other comprehensive income	**-**	**-**	**-**	**145.8**	**-**	**(16.1)**	**-**	**-**	**129.7**	**0.0**	**129.7**
Total comprehensive income 2014	**-**	**-**	**-**	**145.8**	**-**	**(16.1)**	**-**	**340.1**	**469.8**	**0.0**	**469.8**
Transactions with owners:											
Dividend 2013 on ordinary shares	0.2	(0.2)	-	-	-	-	162.6	(218.6)	(56.0)	-	(56.0)
Dividend 2013 on preference shares	-	-	-	-	-	-	-	(12.1)	(12.1)	-	(12.1)
Purchase of own ordinary shares	-	-	(25.7)	-	-	-	-	-	(25.7)	-	(25.7)
Share-based payments:											
- fair value of vesting rights	-	-	-	-	27.4	-	-	-	27.4	-	27.4
- stock options exercised (on newly issued shares)	0.0	2.6	-	-	(7.1)	-	6.0	-	1.5	-	1.5
- performance shares issued	-	-	21.4	-	(21.8)	-	0.4	-	-	-	-
- taxes on share-based payments	-	-	-	-	-	-	0.4	-	0.4	-	0.4
Total transactions with owners	**0.2**	**2.4**	**(4.3)**	**-**	**(1.5)**	**-**	**169.4**	**(230.7)**	**(64.5)**	**-**	**(64.5)**
Dividend of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2014	**25.5**	**2,261.1**	**(13.0)**	**55.0**	**56.9**	**(40.0)**	**627.5**	**340.1**	**3,313.1**	**0.0**	**3,313.1**
Balance at January 1, 2013	**19.7**	**2,096.4**	**-**	**3.5**	**57.4**	**-**	**511.2**	**36.7**	**2,724.9**	**0.1**	**2,725.0**
IAS 19 amendments	-	-	-	-	-	(19.2)	-	-	(19.2)	-	(19.2)
Tax effect IAS 19 amendments	-	-	-	-	-	5.8	-	-	5.8	-	5.8
Balance at January 1, 2013	**19.7**	**2,096.4**	**-**	**3.5**	**57.4**	**(13.4)**	**511.2**	**36.7**	**2,711.5**	**0.1**	**2,711.6**
Net income 2013	-	-	-	-	-	-	-	230.7	230.7	0.0	230.7
Translation differences	-	-	-	(94.3)	-	-	-	-	(94.3)	0.0	(94.3)
Other comprehensive income	-	-	-	-	-	(10.5)	-	-	(10.5)	-	(10.5)
Total other comprehensive income	**-**	**-**	**-**	**(94.3)**	**-**	**(10.5)**	**-**	**-**	**(104.8)**	**0.0**	**(104.8)**
Total comprehensive income 2013	**-**	**-**	**-**	**(94.3)**	**-**	**(10.5)**	**-**	**230.7**	**125.9**	**0.0**	**125.9**
Transactions with owners:											
Issue of preference shares	5.0	135.0	-	-	-	-	(2.1)	-	137.9	-	137.9
Dividend 2012 on ordinary shares	0.5	(0.5)	-	-	-	-	(53.9)	(29.9)	(83.8)	-	(83.8)
Dividend 2012 on preference shares	-	-	-	-	-	-	-	(6.8)	(6.8)	-	(6.8)
Purchase of own ordinary shares	-	-	(9.4)	-	-	-	-	-	(9.4)	-	(9.4)
Share-based payments:											
- fair value of vesting rights	-	-	-	-	27.1	-	-	-	27.1	-	27.1
- stock options exercised (on newly issued shares)	0.1	18.9	-	-	(7.5)	-	(4.4)	-	7.1	-	7.1
- performance shares issued	0.0	8.9	0.7	-	(18.6)	-	9.0	-	-	-	-
- taxes on share-based payments	-	-	-	-	-	-	(1.7)	-	(1.7)	-	(1.7)
Total transactions with owners	**5.6**	**162.3**	**(8.7)**	**-**	**1.0**	**-**	**(53.1)**	**(36.7)**	**70.4**	**-**	**70.4**
Dividend of non-controlling interests	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)
Balance at December 31, 2013	**25.3**	**2,258.7**	**(8.7)**	**(90.8)**	**58.4**	**(23.9)**	**458.1**	**230.7**	**2,907.8**	**0.0**	**2,907.8**

1 The total of the various items included under 'reserves' within shareholders' equity as at December 31, 2014 is € 686.4 million (December 31, 2013: € 393.1 million). Additional information with respect to equity is given in note 19.

main notes to the consolidated financial statements

(in millions of €, unless otherwise indicated)

1. General information

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

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

See note 22 for an overview of the major subsidiaries and consolidation policies.

1.1 Activities

Randstad specializes in solutions in the field of flexible work and human resources services. Our services comprise temporary staffing and permanent placements. We also offer on-site workforce management, as well as other HR services, such as payroll services and outplacement.

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 17, 2015. 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 April 2, 2015.

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).

In 2014, 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.

In 2014, various other new standards, as well as amendments to and interpretations of existing IFRS standards were published for application in accounting periods beginning on or after January 1, 2015. As far as these standards, amendments and interpretations are applicable to the Group, the Group has decided not to opt for early adoption. These new standards, amendments and interpretations, including IFRS15 'Revenue from contracts with customers' – on which we performed an initial preliminary analysis to determine potential consequences – are expected to have no material impact on the valuation and classification of the assets and liabilities of the Group, nor on its income statement or cash flows.

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

For both current assets and liablities (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 are presented in millions of euros.

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 that uses observable market data for the interest rates, the resulting fair value estimates reflect 'Level 2 Financial Instruments' for 2014 and 2013.

3. Capital and financial risk management

3.1 Capital management

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

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

3.1.1 Dividend policy
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, badwill, integration costs and one-offs, provided that the financial position allows for it.

Dividend is paid in cash, unless shareholders opt for a stock dividend.

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 and control framework is to minimize potential adverse effects on the financial performance of the Group.

Our risk and 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 as agreed.

Credit control policies are included in a blueprint. To manage credit risk, credit checks are performed up front 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 very many clients in a large number of industries and countries.

Trade and other receivables

	2014	2013
Trade receivables	2,642.7	2,596.9
Less: provision for impairment	36.5	41.8
Trade receivables, net of provision for impairment	**2,606.2**	**2,555.1**
Other receivables	394.1	309.7
Prepayments	73.9	65.7
Held-to-maturity investments	3.7	1.4
	3,077.9	**2,931.9**

The book value of these receivables equals the fair value.

The Group does not hold any collateral as security.

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

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

Movements in the provision for impairment of trade receivables

	2014	2013
Balance at January 1	**41.8**	**50.1**
Acquisition of subsidiaries	-	2.8
Disposal of subsidiaries	-	(0.2)
Charged to selling expenses	9.1	8.8
Receivables written off as uncollectable	(15.1)	(18.7)
Translation differences	0.7	(1.0)
Balance at December 31	**36.5**	**41.8**

In the provision for impairment of trade receivables, an amount of € 24.1 million (2013: € 29.9 million) is included for individually impaired receivables.

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

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

Aging of trade receivables, based on invoice date

	2014		2013	
	amount	%	amount	%
0-4 weeks	1,483.3	56.1	1,451.8	55.9
5-16 weeks	1,079.7	40.9	1,059.8	40.8
17-26 weeks	37.9	1.4	37.4	1.5
Not impaired	**2,600.9**	**98.4**	**2,549.0**	**98.2**
Impaired	41.8	1.6	47.9	1.8
	2,642.7	**100.0**	**2,596.9**	**100.0**

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

Trade receivables that are neither past due nor impaired amount to € 2,144 million (2013: € 2,075 million); an amount of € 457 million (2013: € 474 million) is past due, but not impaired.

Excess cash positions are invested with preferred financial partners, which are 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 and committed and uncommitted credit lines, both at Group and subsidiary level.

Credit facilities

At December 31, 2014, the Group has a € 1,800 million multi-currency syndicated revolving credit facility at its disposal, which matures mid-2019. The maturity term may potentially be extended to a maximum of 7 years (i.e., mid-2022) through the exercise of two extension options, which are at the banks' discretion. The facility agreement, which is an extension and amendment of the previous facility (€ 1,420 million), 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 4.25 x EBITA for a limited period of time.

The actual net debt to EBITDA ratio as at December 31, 2014, is 0.5, and is safely within the limits of the facility agreement.

The credit facility has an interest rate that is based each time on the term of the drawings, increased by a margin above the applicable Euribor or Libor rates. The margin is variable and depends on the leverage ratio. The interest rates at year-end are 0.47% for drawings in euros, 0.62% for drawings in US dollars, 0.95% for drawings in UK pounds sterling and 0.53% for drawings in Japanese Yens, for a term shorter than one month. These are also the effective interest rates.

On February 13, 2015, the remaining € 150 million of the standby facility to sell trade receivables of selected European entities (up to a maximum of originally € 275 million) lapsed.

The total amount of committed credit facilities as at December 31, 2013 was € 1,870 million plus JPY 8 billion.

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

	2014	2013
Non-current borrowings comprising drawings on multi currency syndicated revolving credit facility	315.0	588.7
Other non-current borrowings	-	55.1
Non-current borrowings	**315.0**	**643.8**
Current borrowings	224.1	153.7
Short-term part of non-current borrowings	-	99.6
	539.1	**897.1**

Transaction costs included in the drawings amount to € 9.8 million (2013: € 7.4 million).

The existing drawings on the multi-currency syndicated revolving credit facility are denominated in euros (€ 160 million), US dollars (€ 69 million), UK pounds sterling (€ 48 million) and Japanese Yens (€ 48 million). All amounts denominated in currencies other than the euro are designated as hedges of the net investment in subsidiaries in the US, the UK and Japan. These net-investment hedges are all considered effective.

Current borrowings are denominated in various currencies. At December 31, 2014, the major amounts denominated in foreign currencies are for an amount of € 54 million in US dollars, € 9 million in Argentine pesos, € 5 million in Indian rupees, and € 5 million in Chinese renminbis.

Since the interest rates on the current borrowings fluctuate with the market, the effective interest rates are considered equal to the actual rates.

Negative pledges have been issued for the purposes of bank overdraft facilities and 'pari passu' clauses apply.

At year-ends 2014 and 2013, the Group has no outstanding interest rate or currency derivatives.

The short-term part of non-current borrowings as of December 31, 2013 and 2012 (for € 100 million and € 1,203.2 million respectively) is presented in the statement of cash flows under cash flow from financing activities (non-current borrowings).

Movements in non-current borrowings

	2014	2013
Balance at January 1	**643.8**	**-**
(Repayments of)/drawings on syndicated loan	(298.7)	611.5
(Repayments of)/drawings on other non-current borrowings, net	(57.0)	164.9
Amortization of transaction costs	2.3	2.8
Translation differences	24.6	(35.8)
Reclassification to short-term part of non-current borrowings	-	(99.6)
Balance at December 31	**315.0**	**643.8**

Total amortization of transaction costs amounts to € 2.7 million, including € 0.4 million for the short-term part of non-current borrowings as at December 31, 2013.

Maturities of financial liabilities are expected to be:

Expected maturities of financial liabilities

including interest payments

December 31, 2014	carrying amount	0 - 90 days	91 - 365 days	2 - 5 years	more than 5 years
Non-current borrowings [1]	315.0	325.0			
Current borrowings [2]	224.1	224.1			
Trade and other payables [3]	2,549.7	2,120.3	429.4		
Other liabilities [4]	19.5	-	1.2	0.9	22.5
	3,108.3	**2,669.4**	**430.6**	**0.9**	**22.5**

December 31, 2013	carrying amount	0 - 90 days	91 - 365 days	2 - 5 years	more than 5 years
Non-current borrowings [1]	743.4	744.1			
Current borrowings [2]	153.7	153.7			
Trade and other payables [3]	2,438.3	2,022.9	415.4		
Other liabilities [4]	21.4	0.3	1.8	4.3	20.1
	3,356.8	**2,921.0**	**417.2**	**4.3**	**20.1**

1 Drawings on the syndicated loan contractually mature in January of the subsequent year; most likely to be extended by new drawings. All amounts are undiscounted.
2 No interest is included, since current borrowings are considered repayable upon demand. All amounts are undiscounted.
3 Excluding deferred income. All amounts are undiscounted.
4 Other liabilities based upon the estimated maturities, due to the nature of put options. Carrying amount is discounted, whereas other amounts are undiscounted.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and at bank, as well as time deposits and other short-term highly liquid investments with original maturities of three months or less.

cash and cash equivalents

	2014	2013
Time deposits	5.8	5.2
Cash on hand and at bank	111.3	130.9
	117.1	**136.1**

Time deposits fall due, on average, within a month. The average interest rate for time deposits is 4.5% (2013: 4.5%).

An amount of € 111.1 million out of € 117.1 million (2013: € 131.1 million out of € 136.1 million) is available upon demand.

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

Net debt

	2014	2013
Non-current borrowings	(315.0)	(643.8)
Short-term part of non-current borrowings	-	(99.6)
Current borrowings	(224.1)	(153.7)
Total borrowings	**(539.1)**	**(897.1)**
Cash and cash equivalents	117.1	136.1
Net debt	**(422.0)**	**(761.0)**

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 company are converted at the foreign exchange rate at the date of the transaction.

Monetary balance sheet items (such as cash and borrowings) in currencies other than the functional currency of the related company 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

	2014		2013	
	average	at year-end	average	at year-end
Australian dollar	0.68	0.68	0.73	0.65
Canadian dollar	0.68	0.71	0.73	0.68
Japanese yen	0.00713	0.00689	0.00772	0.00692
UK pound sterling	1.24	1.28	1.18	1.20
US dollar	0.75	0.82	0.75	0.73

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 € 1,800 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 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 2014 against the currencies mentioned above, with all other variables held constant, EBITA for the year 2014 would have been higher or lower respectively in the range of € 1 million – € 16 million per currency. The effect on shareholders' equity would have been the same (before tax effects) (2013: range of € 1 million – € 15 million per currency).

3.2.4 Interest rate risk

As we believe 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, the general policy is to keep interest rates on net debt floating as much as possible. We also believe this adds value for shareholders in the long term, as over time the floating interest rates are on average significantly lower than the fixed interest rates.

Sensitivity
If the interest rate had been 1 percentage point higher on average during 2014, with all other variables held constant, net interest expenses for the year would have been € 7 million higher (2013: € 10 million effect).

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 the 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, which 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

	2014	2013
Cost	3,096.0	3,197.3
Accumulated impairment	785.6	790.2
Balance at January 1	**2,310.4**	**2,407.1**
Disposal of subsidiaries	-	(1.8)
Impairment	-	(36.6)
Translation differences	64.7	(58.3)
Balance at December 31	**2,375.1**	**2,310.4**
Cost	3,193.7	3,096.0
Accumulated impairment	818.6	785.6
Balance at December 31	**2,375.1**	**2,310.4**

In 2014, the Group finalized the purchase price allocation relating to the acquisition of part of the European Staffing activities of USG People, with no effect on the badwill, which we reported in 2013.

In 2013, the Group sold activities in the Netherlands, the UK, Belgium and the Rest of the world. The related goodwill and accumulated impairment amounting to € 1.8 million have 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 upon 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; if disposal of an entity results in a loss, the goodwill part in the loss is presented in the income statement as an impairment of goodwill, up to a maximum amount of the loss on disposal.

Goodwill is allocated to groups of cash-generating units for the purpose of impairment testing. The allocation is made to those groups of cash-generating units 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 cash-generating units (operating segments within Randstad) is based on the higher of value in use and 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 of developments of operating margins, assessed using external data, covering a period of, in principle, nine years (2013: nine years). Cash flow projections after this period are extrapolated by means of a growth percentage of 0.5% (2013: 0.5%) throughout the Group. The nine-year period of the projections reflects an estimated full business cycle of the industry.

Yearly impairment test
Key assumptions in the cash flow projections are:
- annual revenue growth of the Group: on average between 4.1% and 8.3% for the first three years and 4.2% for the following six years (Netherlands: 4.0% to 7.0% and 4.0% respectively; North America: 4.6% to 6.9% and 4.6%);
- EBITA of the Group in the range of 4.6% to 4.8% of revenue (Netherlands: 6.0% to 6.7%; North America: 5.0% to 5.2%);
- growth rate in revenue and EBITA percentages vary between segments in relatively limited terms and are dependent on the mix in revenue.

The cash flow projections are prepared in local currencies, and discounted with pre-tax discount rates for each currency involved. The pre-tax discount rates vary from 10.2% to 24.0%. The weighted average is 14.4% (2013: average

13.8%). Netherlands: 12.0% (2013: 11.9%); North America: 14.9% (2013: 14.0%).

Results of annual impairment test
The annual impairment tests carried out by the Group for 2014 and 2013 did not indicate that any of the operating segments that contain goodwill may be impaired. In Q3 2013, an impairment of € 36.6 million was taken on our Australian business.

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 %-point lower growth rate would not result in an impairment charge (2013: no impairment charge);
- EBITA: a 0.5 %-point lower EBITA in percentage of revenue would imply a € 9.4 million (2013: € 0.8 million) impairment charge for the operating segment Australia (1.0 %-point: € 49.8 million (2013: € 19.9 million), mainly related to the operating segment Australia);
- discount rate: a 1.0 %-point higher discount rate would result in a € 2.6 million impairment charge for the operating segment Australia (2013: no impairment charge).

For the carrying amount of goodwill by reporting segment, see note 5.2.

In 2014, the operating segment Australia is most sensitive to variations in assumptions (2013: Australia). The recoverable amount of € 147.2 million exceeds the carrying amount (including € 58.6 million of goodwill) by € 10.5 million.

Furthermore, the operating segments France, India and Latin America are sensitive to variations in assumptions.

The operating segment the UK has sufficient headroom to cover the previously mentioned variations in assumptions. The segments the Netherlands, Belgium & Luxembourg, Germany, North America, Rest of Europe, and other operating segments in Rest of the world have substantial headroom available.

4.2 Provisions and employee benefit obligations

4.2.1 Provisions

Movements in provisions

	restructuring	workers' compensation	other	total
Balance at January 1, 2014	**16.7**	**45.6**	**74.2**	**136.5**
Movements in 2014				
Acquisition of subsidiaries	-	-	(4.4)	(4.4)
Charged to income statement	40.6	23.1	10.3	74.0
Released to income statement	(1.8)	-	(8.2)	(10.0)
Withdrawals	(14.2)	(29.3)	(16.9)	(60.4)
Total amount in statement of cash flows	**24.6**	**(6.2)**	**(14.8)**	**3.6**
Interest due to passage of time	0.0	1.4	0.3	1.7
Translation differences	0.2	5.5	0.4	6.1
Balance at December 31, 2014	**41.5**	**46.3**	**55.7**	**143.5**
Non-current	2.5	27.9	43.2	73.6
Current	39.0	18.4	12.5	69.9
Balance at December 31, 2014	**41.5**	**46.3**	**55.7**	**143.5**
Balance at January 1, 2013				
Non-current	1.5	26.2	12.8	40.5
Current	67.6	34.1	38.0	139.7
	69.1	**60.3**	**50.8**	**180.2**
Movements in 2013				
Acquisition of subsidiaries	0.9	0.0	30.0	30.9
Charged to income statement	32.9	19.3	9.0	61.2
Released to income statement	(8.2)	-	(1.7)	(9.9)
Withdrawals	(77.7)	(33.4)	(12.8)	(123.9)
Total amount in statement of cash flows	**(53.0)**	**(14.1)**	**(5.5)**	**(72.6)**
Interest due to passage of time	0.0	1.8	0.2	2.0
Translation differences	(0.3)	(2.4)	(1.3)	(4.0)
Balance at December 31, 2013	**16.7**	**45.6**	**74.2**	**136.5**
Non-current	1.0	28.3	47.4	76.7
Current	15.7	17.3	26.8	59.8
Balance at December 31, 2013	**16.7**	**45.6**	**74.2**	**136.5**

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 staffing and corporate 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 lies in the range of 2.25% to 3.00% (2013: range of 2.25% to 3.00%).

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
- Estimated amounts of claims from third parties. These generally consist of a large number of individual 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, provided amounts for claims from third parties are categorized to be settled within 1 year after the balance sheet date, unless these are explicitly expected to be settled differently.

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

Sensitivity
With respect to provisions, the provision for workers' compensation is sensitive to changes in the interest rate. Should the interest rate deviate by 1 percentage point, with all other variables held constant, the provision would deviate in the range of € 1 million – € 2 million (2013: range of € 2 million – € 3 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

	2014	2013
Defined benefit pension plans	46.0	31.0
Other post-employment benefits	3.9	2.5
Other employee benefits	31.2	9.8
Balance at January 1	**81.1**	**43.3**
Acquisition of subsidiaries	-	1.3
Disposal of subsidiaries	-	(0.2)
Reclassification balance sheet	(3.4)	-
Charged to comprehensive income	84.3	71.8
Withdrawals/benefits paid	(45.6)	(25.1)
Contributions, employers	(7.9)	(8.2)
Translation differences	0.3	(1.8)
Balance at December 31	**108.8**	**81.1**
Defined benefit pension plans	72.0	46.0
Other post-employment benefits	4.8	3.9
Other employee benefits	32.0	31.2
Balance at december 31	**108.8**	**81.1**

The current part of the balance at December 31, 2014 amounts to € 17.8 million (2013: € 18.5 million).

The IAS 19 amendments as per January 1, 2013 relating to the effects of the Group's implementation of the amended IFRS standard IAS 19 'Employee benefits' as per the same date, are included in the opening balances of 2013 (defined benefit pension plans for € 11.6 million; other employee benefits for € 7.6 million). The effects, at the total amount of € 19.2 million, are included as movement in equity.

Employee benefit obligations charged to comprehensive income

	2014	2013
Current service cost, total	61.6	60.3
Contributions, employees	(5.1)	(4.9)
Current service cost net, charged to operating profit	**56.5**	**55.4**
Interest expense due to passage of time	4.3	3.3
Interest income due to passage of time	(2.4)	(2.1)
Charged to net finance costs	**1.9**	**1.2**
Actuarial losses, net	**25.9**	**15.2**
Charged to comprehensive income	**84.3**	**71.8**

The discount rates used in the calculation of the obligations for employee benefits are in the following ranges:

Discount rates employee benefits

	2014	2013
Defined benefit pension plans	0.7% - 1.9%	0.9% - 3.5%
Other post-employment benefits	1.8% - 8.4%	3.1% - 8.8%
Other employee benefits	0.2% - 2.3%	0.4% - 3.5%

The obligations regarding other post-employment benefits and other employee benefits are unfunded.

Pensions
The Group has various pension schemes, in accordance with local conditions and practices in the countries in which it operates. 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 of the estimated amount of future benefits that employees have earned in return for their service in the current and prior years, 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.

Remeasurements of the net defined benefit liability – comprising actuarial gains and losses – are recognized immediately 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.

Past service costs are recognized immediately in personnel expenses and/or cost of services, unless changes to the pension plans are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

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.

Remeasurements of the liability – comprising actuarial gains and losses – are recognized immediately in other comprehensive income.

Other employee benefits
In accordance with applicable legal requirements, the Group recognizes liabilities for several other employee benefit plans, such as sickness-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').

Actuarial gains and losses related to these plans are recognized in personnel expenses and/or cost of services in the year in which they occur.

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

4.3 Corporate taxes
The Group is subject to corporate income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide deferred tax asset on, among other items, tax losses carry-forward. There are many uncertain factors that influence the amount of the tax losses carry-forward. The Group recognizes deferred tax assets on tax losses carry-forward based on its best estimates. The recoverability of deferred income tax assets is reviewed and assessed frequently, using forecasts that are based on the actual operating results and expected future performance. External data are used for reference if considered necessary. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the income statement (effective tax rate) and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur. The Group has also identified a number of uncertain tax positions, which could lead to positive and/or negative differences.

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

Movements in total position of taxes on income

	2014	2013
Assets/(liabilities)		
Deferred income tax assets	521.9	504.7
Current income tax receivables	65.2	49.9
Deferred income tax liabilities	(36.6)	(44.3)
Current income tax liabilities	(53.4)	(170.5)
Balance at January 1	**497.1**	**339.8**
Movements during the year		
Debited to income statement	(145.0)	(112.9)
Net payments	116.7	246.0
Acquisition of subsidiaries' deferred taxes	(2.8)	32.8
Acquisition of subsidiaries' current taxes	1.8	(2.3)
Disposal of subsidiaries' deferred taxes	-	0.0
Disposal of subsidiaries' current taxes	-	0.2
Recognized in other comprehensive income	13.8	12.1
Recognized in equity on share-based payments	0.4	(1.7)
Changes in accounting policies (IAS 19)	-	5.8
Translation differences	45.1	(22.7)
Total movements	**30.0**	**157.3**
Assets/(liabilities)		
Deferred income tax assets	534.7	521.9
Current income tax receivables	56.4	65.2
Deferred income tax liabilities	(34.8)	(36.6)
Current income tax liabilities	(29.2)	(53.4)
Balance at December 31	**527.1**	**497.1**

enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

Deferred tax assets, including those resulting from tax losses carry-forward, are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences, including tax losses carry-forward, can be utilized.

Deferred tax assets and liabilities are valued at tax rates enacted or substantially enacted at year-end and which are expected to apply in the coming years when the assets and liabilities are expected to be realized or settled.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities arising from undistributed profits from investments where the entity is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred income tax assets
Deferred income tax assets in relation to tax losses carry-forward comprise an amount of € 110 million (2013: € 536 million), originating from subsidiaries that showed tax losses in the current or preceding year.

Certain deferred income tax assets, whose recoverability is considered not probable, are valued at nil. These comprise deferred tax assets in relation to tax losses carry-forward of € 307 million (2013: € 191 million), and deferred tax assets relating to other temporary differences of € 2 million (2013: € 6 million).

The part of deferred tax assets that is expected to be recovered within one year is estimated at € 77 million (2013: € 47 million).

Composition of deferred income tax assets

	2014	2013
Tax losses carry-forward	589.3	537.9
Property, plant, equipment, and intangible assets	71.9	79.3
Provisions	60.7	52.1
Other receivables/other payables	145.0	150.2
Temporary differences	**277.6**	**281.6**
Deferred income tax assets (before netting)	**866.9**	**819.5**
Amount netted with deferred tax liabilities	(332.2)	(297.6)
Deferred income tax assets (after netting)	**534.7**	**521.9**

Sensitivity
The deferred tax assets are only recognized to the extent that it is considered probable that future taxable profits will be available, against which these deferred tax assets can be utilized. The scenarios used are in agreement with the estimates and assumptions used in the goodwill impairment testing (see note 4.1.2). The various scenarios yield potential outcomes that do not materially deviate from the carrying amount.

Deferred income tax liabilities

Composition of income tax liabilities

	2014	2013
Acquisition-related intangible assets	46.5	94.5
Temporary differences subsidiaries	220.0	151.5
Other temporary differences	100.5	88.2
Deferred income tax liabilities (before netting)	**367.0**	**334.2**
Amount netted with deferred tax assets	(332.2)	(297.6)
Deferred income tax liabilities (after netting)	**34.8**	**36.6**

The part of deferred income tax liabilities that is expected to be settled within one year is estimated at € 33 million (2013: € 42 million).

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

Movements in deferred income taxes

	tax losses carry-forward	temporary differences	total 2014	total 2013
Deferred income tax assets	537.9	281.6	819.5	773.5
Deferred income tax liabilities	-	(334.2)	(334.2)	(313.1)
Balance at January 1	**537.9**	**(52.6)**	**485.3**	**460.4**
Movements during the year				
Acquisition of subsidiaries	-	(2.8)	(2.8)	32.8
Disposal of subsidiaries	-	-	-	0.0
Income statement	32.4	(54.4)	(22.0)	54.9
Other movements	(14.6)	9.5	(5.1)	(40.4)
Translation differences	33.6	10.9	44.5	(22.4)
Total movements	**51.4**	**(36.8)**	**14.6**	**24.9**
Deferred income tax assets	589.3	277.6	866.9	819.5
Deferred income tax liabilities	-	(367.0)	(367.0)	(334.2)
Balance at December 31	**589.3**	**(89.4)**	**499.9**	**485.3**

4.3.2 Taxes on income

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

Current taxes on income are the sum of taxes levied on the results before taxes, in the countries where those results were generated, based on local tax regulations and at tax rates of the applicable year. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating current taxes on income.

Details of taxes on income

	2014	2013
Current tax expense	123.0	167.8
Deferred tax expense/(income)	22.0	(54.9)
Tax expense	**145.0**	**112.9**

In 2014, the average effective tax rate on income before taxes was 29.9% (2013: 32.9%). The reconciliation between the income tax rate of the company's country of domicile and the average effective tax rate is as follows:

Reconciliation from applicable to effective tax rate

	2014	2013
Income tax rate of the company's country of domicile	25.0%	25.0%
Effect of income tax rates in other (non-domestic) jurisdictions	4.2%	4.8%
Weighted average applicable tax rate	**29.2%**	**29.8%**
Tax-exempt income/non-tax-deductible items	(6.7%)	(2.8%)
Changes in statutory applicable tax rates and effects of prior years	4.1%	1.6%
Change in valuation of deferred tax assets and other	3.3%	4.3%
Average effective tax rate	**29.9%**	**32.9%**

The change in the weighted average applicable tax rate in 2014 compared to 2013 is due to a changed relative mix in the results of subsidiaries in countries with different tax rates.

The tax-exempt income related to French CICE tax credits has an impact of 7.4%-points on the effective tax rate in both years, whereas the effect of the non-tax deductible French business tax (CVAE) was only 4.9%-points in 2014 (2013: 6.7%-points), which is due to the increase in profit before taxes. The other tax-exempt income and non-tax deductible expenses had a positive impact of 4.2%-points (2013: 2.1%-points).

'Changes in statutory applicable tax rates and effects of prior years' in 2014, is mainly influenced by negative effects of tax rate changes and tax audits in certain countries, whereas in 2013 positive effects from tax rate changes were recorded.

'Change in valuation of deferred tax assets and other' is impacted by the non-recoverability of the French deferred tax assets as a result of the negative impact of CICE on taxable results (2014: 2.9%-points; 2013: 5.4%-points). The lower effect is mainly due to the increase in profit before taxes. Other effects on this line originate from assessment of the deferred tax asset valuation in various countries.

4.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services rendered during the year to third parties. Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the contract as of the balance sheet date. Stage of completion 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 those employees ('gross basis'). These revenues are generally based on the number of hours worked by these candidates.

Revenue from permanent placements includes the fee received or receivable for the services provided. This fee is generally a percentage of the candidate's remuneration package ('net basis'). The revenue of these permanent placements is recognized on completion of the service, being, in principle, the start date of the candidate. For 'retained assignments', revenue is recognized on the completion of certain pre-agreed stages of the service and 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.

In situations where the Group is the principal in the transaction and has risks and rewards of ownership, the transactions are recorded gross in the statement of comprehensive income. When the Group acts as an agent, such as in cases where the Group acts as a managed services provider, revenues are reported on a net basis.

4.4.1 Revenue categories

Revenue categories are our service concepts. Three different revenue categories are reported: 'Staffing' (including HR Solutions), 'Inhouse Services', and 'Professionals' (including Search & Selection). All service concepts have activities in all parts of the world. For a more detailed description of these service concepts, see the section 'value for our clients and candidates'.

Revenue by revenue category

	2014	2013
Staffing	10,202.8	10,037.9
Professionals	3,424.5	3,306.9
Inhouse Services	3,622.5	3,223.5
	17,249.8	**16,568.3**

5. Segment reporting

Segments are geographical areas and are reported in a manner consistent with internal management reporting provided to the Executive Board. There are no material sales or other transactions between the geographical areas. 'Corporate' is also included in the disclosures on segments, and represents the unallocated part of assets and liabilities of holding activities, as well as the income and expenses of holding activities; the latter net after management charges to geographical areas.

5.1 Income statement

Segmentation income statement

	revenue		gross profit		operating profit	
	2014	2013	2014	2013	2014	2013
North America	3,765.9	3,686.9	813.1	790.5	150.0	121.2
France	2,726.2	2,835.7	452.9	431.5	110.6	79.8
Netherlands	2,794.7	2,739.4	577.0	557.7	124.8	134.1
Germany	1,949.3	1,875.5	336.3	330.0	73.6	71.7
Belgium & Luxembourg	1,283.3	1,238.7	245.4	231.1	58.6	8.9
United Kingdom	821.7	769.6	149.8	133.6	(5.0)	(10.7)
Iberia	1,086.1	896.9	134.8	112.0	31.4	12.1
Other European countries	1,371.3	1,090.7	214.4	171.3	45.0	17.4
Rest of the world	1,451.3	1,434.9	253.9	252.3	(12.9)	(44.3)
Corporate	-	-	-	-	(60.8)	(23.9)
Total	**17,249.8**	**16,568.3**	**3,177.6**	**3,010.0**	**515.3**	**366.3**

	amortization and impairment of acquisition-related intangibles and goodwill, and badwill		EBITA		depreciation and impairment of property, plant and equipment, and software		EBITDA	
	2014	2013	2014	2013	2014	2013	2014	2013
North America	30.0	38.7	180.0	159.9	13.0	12.5	193.0	172.4
France	33.0	33.0	143.6	112.8	12.4	10.8	156.0	123.6
Netherlands	17.7	18.6	142.5	152.7	11.9	14.6	154.4	167.3
Germany	4.1	6.6	77.7	78.3	5.9	5.3	83.6	83.6
Belgium & Luxembourg	7.9	7.9	66.5	16.8	5.3	7.1	71.8	23.9
United Kingdom	17.9	17.4	12.9	6.7	3.8	4.7	16.7	11.4
Iberia	9.1	9.1	40.5	21.2	1.8	1.8	42.3	23.0
Other European countries	5.6	6.8	50.6	24.2	2.8	3.6	53.4	27.8
Rest of the world	20.1	54.4	7.2	10.1	7.9	7.8	15.1	17.9
Corporate	-	(29.1)	(60.8)	(53.0)	0.4	0.0	(60.4)	(53.0)
Total	**145.4**	**163.4**	**660.7**	**529.7**	**65.2**	**68.2**	**725.9**	**597.9**

5.2 Balance sheet

Segmentation balance sheet

	property, plant & equipment		software		goodwill		acquisition-related intangible assets		operating working capital		total assets	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
North America	30.8	29.0	7.9	4.4	507.1	453.3	46.6	70.5	304.5	253.0	1,251.8	1,088.1
France	22.1	19.7	10.6	8.2	398.7	398.7	43.8	76.7	(52.2)	(16.1)	1,251.5	1,248.0
Netherlands	36.7	41.5	2.1	2.5	795.9	795.9	23.8	41.5	(110.3)	(95.9)	1,306.5	1,324.6
Germany	4.9	6.0	4.5	4.8	204.5	204.5	3.9	8.0	(20.6)	(13.8)	472.8	491.7
Belgium & Luxembourg	7.4	6.7	3.6	4.3	125.9	125.9	11.0	18.9	20.4	5.1	358.5	363.4
United Kingdom	4.0	5.0	2.0	2.5	127.3	119.2	6.9	23.9	84.0	77.2	309.2	306.9
Iberia	3.3	3.6	0.4	0.7	-	-	12.6	21.7	133.0	125.0	284.7	279.6
Other European countries	4.9	4.2	1.8	1.3	96.9	97.4	7.4	13.0	50.3	39.8	386.2	356.0
Rest of the world	14.7	15.7	4.2	4.5	118.8	115.5	27.8	46.8	61.8	59.2	440.7	418.5
Corporate	-	-	1.5	-	-	-	-	-	16.8	26.0	36.3	40.1
Eliminations	-	-	-	-	-	-	-	-	-	-	(28.5)	(32.3)
Total	**128.8**	**131.4**	**38.6**	**33.2**	**2,375.1**	**2,310.4**	**183.8**	**321.0**	**487.7**	**459.5**	**6,069.7**	**5,884.6**

Operating working capital

	2014	2013
Current assets	3,251.4	3,133.2
Current liabilities	(2,937.9)	(2,866.2)
Working capital	**313.5**	**267.0**
Current assets	**3,251.4**	**3,133.2**
Adjusted for:		
- Cash and cash equivalents	(117.1)	(136.1)
- Current income tax receivables	(56.4)	(65.2)
- Current part of held-to-maturity investments	(3.7)	(1.4)
- Deferred receipts disposed Group companies	(0.2)	(0.4)
- Interest receivable	(0.1)	0.0
Operating working capital assets	**3,073.9**	**2,930.1**
Current liabilities	**(2,937.9)**	**(2,866.2)**
Adjusted for:		
- Current income tax liabilities	29.2	53.4
- Current borrowings	224.1	153.7
- Short-term part of non-current borrowings	-	99.6
- Current provisions	69.9	59.8
- Current employee benefit obligations	17.8	18.5
- Current other liabilities	7.0	7.3
- Interest payable	3.7	3.3
Operating working capital liabilities	**(2,586.2)**	**(2,470.6)**
Operating working capital assets	3,073.9	2,930.1
Operating working capital liabilities	(2,586.2)	(2,470.6)
Operating working capital	**487.7**	**459.5**

5.2.1 Operating working capital

Operating working capital includes current assets, excluding cash and cash equivalents, current income tax receivables, and the current part of held-to-maturity investments, minus current liabilities, excluding current borrowings, current income tax liabilities, and the current part of provisions and 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.

The short-term part of non-current borrowings was also excluded for 2013.

5.2.2 Total assets

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

Total assets

	2014	2013
Total assets	6,777.9	6,607.8
Less:		
- Deferred income tax assets	534.7	521.9
- Current income tax receivables	56.4	65.2
- Cash and cash equivalents	117.1	136.1
Assets by segment	**6,069.7**	**5,884.6**

6. Business combinations

6.1 Information about acquisitions

During 2014, the Group did not acquire any activities as a result of business combinations.

During 2013, the Group acquired 100% of the shares of companies in six European countries, which previously were part of the USG Group. The main activity of these acquired companies was temporary staffing. This acquisition resulted in an amount of badwill of € 29.1 million, as the fair value of the acquired net assets exceeded the acquisition price. The amount was recognized in total operation expenses. The badwill was mainly caused by underperformance of the acquired activities.

In 2014 the purchase price allocation was finalized. The composition of assets and liabilities acquired did not change materially compared to prior year.

Summary of assets and liabilities arising from acquisitions in 2013

	final purchase price allocation	provisional purchase price allocation
Property, plant and equipment	1.0	1.0
Software	0.3	0.3
Deferred tax assets	30.0	32.8
Total non-current assets	**31.3**	**34.1**
Working capital	**51.1**	**52.7**
Provisions	26.5	30.9
Employee benefit obligations	1.3	1.3
Total non-current liabilities	**27.8**	**32.2**
Net assets acquired	**54.6**	**54.6**
Badwill	(29.1)	(29.1)
Total consideration	**25.5**	**25.5**

If the acquisition in 2013 had occured on January 1, 2013, the additional contribution to revenue and EBITA in 2013 would have been approximately € 206 million and € 1.5 million respectively.

Reconciliation of cash flow acquisitions

	2014	2013
Total consideration	**-**	**25.5**
Net cash of subsidiaries acquired	-	(6.7)
Consideration paid, adjusted for net cash acquired	**-**	**18.8**
Consideration paid in respect of acquisitions in preceding years	0.6	0.4
Acquisition of subsidiaries/activities/ buyout of non-controlling interests, statement of cash flows	**0.6**	**19.2**

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 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

In 2014, the Group did not dispose of any activities; an amount of € 0.2 million was received from disposals made in previous years.

In 2013, the Group disposed of activities in the Netherlands, Belgium, the UK, and the Rest of the world, for a total consideration of € 5.9 million and with a total net value of assets and liabilities of € 8.8 million. An amount of € 10.1 million was received in 2013, including deferred receipts of € 0.4 million on the disposals made in 2013 and a cash inflow of € 4.6 million from disposals made in previous years.

Reconciliation of cash flow disposals

	2014	2013
Property, plant and equipment and software	-	0.1
Goodwill	-	1.8
Deferred income taxes	-	0.0
Working capital	-	7.5
Provisions and employee benefit obligations	-	(0.2)
Other liabilities	-	(0.4)
Net assets and liabilities	**-**	**8.8**
Loss on disposal	-	(2.9)
Total consideration	**-**	**5.9**
Deferred receipts, net	0.2	4.2
Consideration received in respect of the disposal of subsidiaries and activities	**0.2**	**10.1**
Net cash of disposed subsidiaries and activities	-	(1.7)
Disposal of subsidiaries and activities, statement of cash flows	**0.2**	**8.4**

Accounting policy

Upon disposal of a subsidiary, the gain or loss upon disposal is included in operating profit. 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 operation results in a loss, this loss is first attributed to goodwill up to the amount of allocated goodwill or the loss, in case the loss is lower than the allocated goodwill.

7. Earnings per ordinary share

	2014	2013
Net income	**340.1**	**230.7**
Net income attributable to holders of ordinary shares	327.5	218.6
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill (after taxes)	99.1	113.7
Net income attributable to holders of ordinary shares before amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	**426.6**	**332.3**
Numbers of ordinary shares (in millions)		
Weighted average number of ordinary shares outstanding	178.9	175.5
Dilutive effect of share-based payment arrangements	2.3	1.8
Weighted average number of diluted ordinary shares outstanding	**181.2**	**177.3**
Earnings per ordinary share (in €)		
Basic earnings per ordinary share	1.83	1.25
Diluted earnings per ordinary share	1.81	1.23
Diluted earnings per ordinary share before amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	2.35	1.87

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 ordinary share capital is adjusted for ordinary shares purchased by Randstad Holding nv, which are held as treasury shares.

Diluted earnings per ordinary share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares arise from various share-based payment 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

	2014	2013
Wages and salaries	11,313.6	10,851.6
Social security charges	2,121.7	2,065.5
Pension charges - defined contribution plans	87.8	87.6
Pension charges - defined benefit plans	5.3	4.2
Wages, salaries, social security and pension charges	**13,528.4**	**13,008.9**
Depreciation of property, plant and equipment	0.7	0.7
Other cost of services	543.1	548.7
	14,072.2	**13,558.3**

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 € 12.2 million (2013: € 11.2 million) related to impairment losses on trade receivables as well as debt collection costs.

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

Other general and administrative expenses include:
- Foreign exchange gains of € 0.7 million (2013: foreign exchange losses of € 1.1 million);
- A loss on the sale of property, plant and equipment of € 0.4 million (2013: € 0.2 million);

During 2014 the Group had no business combinations (2013: disposals with a loss of € 2.9 million and acquisition-related expenses of € 1.8 million).

8.2.3 Total operating expenses by nature

Total operating expenses by nature

	2014	2013
Wages and salaries	1,411.5	1,343.2
Social security charges	244.0	246.6
Pension charges - defined contribution plans	32.0	32.1
Pension charges - defined benefit plans	6.1	5.3
Share-based payments	27.4	27.1
Wages, salaries, social security and pension charges	**1,721.0**	**1,654.3**
Other personnel expenses	173.6	172.7
Personnel expenses	**1,894.6**	**1,827.0**
Depreciation and impairment of property, plant and equipment	44.9	46.4
Amortization of software	19.6	21.1
Advertising and marketing	103.0	106.3
Accommodation	185.2	191.3
Other	269.6	288.2
Operating expenses	**2,516.9**	**2,480.3**
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	145.4	163.4
Total operating expenses	**2,662.3**	**2,643.7**

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

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

	2014	2013
Depreciation of buildings	1.1	1.2
Depreciation of computer hardware	17.6	17.5
Depreciation of leasehold improvements and furniture and fixtures	26.9	28.4
Impairment of property, plant and equipment	-	-
Depreciation and impairment of property, plant and equipment	**45.6**	**47.1**
Amortization of software	19.6	21.1
	65.2	**68.2**

The total amount of depreciation, amortization and impairment of property, plant, equipment, and software is included in the following categories:

	2014	2013
Cost of services	0.7	0.7
Selling expenses	21.1	22.1
General and administrative expenses	43.4	45.4
	65.2	**68.2**

8.4 Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill

Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill

	2014	2013
Amortization of acquisition-related intangible assets	145.4	155.9
Impairment of goodwill	-	36.6
Badwill	-	(29.1)
	145.4	**163.4**

For impairment of goodwill, see note 4.1.2, and for badwill, see note 6.1.

8.5 Operating leases

For operating leases, an amount of € 229 million (2013: € 233 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 € 26.2 million (2013: € 19.4 million), of which € 25.2 million (2013: € 19.3 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.

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

	2014	2013
Wages and salaries	12,725.1	12,194.8
Social security charges	2,365.7	2,312.1
Pension charges - defined contribution plans	119.8	119.7
Pension charges - defined benefit plans	11.4	9.5
Share-based payments	27.4	27.1
	15,249.4	**14,663.2**

10. Net finance costs

Net finance costs

	2014	2013
Finance income		
Interest and similar income	1.5	1.4
Foreign exchange gains, net	-	2.1
Finance income - cash items	**1.5**	**3.5**
Changes in value of other liabilities	3.5	0.4
Interest income due to passage of time:		
Held-to-maturity investments	3.6	3.4
CICE receivable	0.4	-
Finance income - non-cash items	**7.5**	**3.8**
	9.0	**7.3**
Finance expenses		
Interest and similar expenses	8.7	9.4
Foreign exchange losses, net	13.8	-
Interest and commitment fees on non-current borrowings	9.2	13.3
Dividend on non-controlling interests classified as other liabilities	0.5	0.6
Finance expenses - cash items	**32.2**	**23.3**
Amortization of transaction cost non-current borrowings	2.7	2.8
Interest expenses due to passage of time:		
- Defined benefit pension plans and other employee benefits	1.9	1.2
- Provisions	1.7	2.0
- Other liabilities	1.0	1.0
Finance expenses - non-cash items	**7.3**	**7.0**
	39.5	**30.3**
Net finance costs	**30.5**	**23.0**

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 held-to-maturity investments, loans and receivables, and deferred considerations, as well as in relation to the valuation of certain provisions and employee benefit obligations, are also included in net finance costs. Changes in the value of deferred considerations and differences upon settlement of these deferred considerations (see note 20), as well as dividend paid to non-controlling interests classified as other liabilities, are also reported under net finance costs.

Finance income received and finance expenses paid

	2014	2013
Statement of cash flows		
Finance income - cash items	1.5	3.5
Increase in interest receivable	(0.1)	0.0
Finance income received	**1.4**	**3.5**
Finance expenses - cash items	32.2	23.3
Decrease in interest payable	(0.4)	(0.8)
Finance expenses paid	**31.8**	**22.5**

11. Net income

Net income includes foreign exchange losses of € 13.1 million (2013: foreign exchange gains of € 1.0 million). For other items included in net income, see note 8.2.

12. Total other comprehensive income

Items that may subsequently be reclassified to the income statement are translation differences to the amount of € 145.8 million positive, including a tax effect of € 4.0 million negative (2013: € 94.3 million negative, including a tax effect of € 7.4 million).

Items that will not be reclassified to the income statement are remeasurements of post-employment benefit obligations to the amount of € 16.1 million negative, including a tax-effect of € 9.8 million (2013: € 10.5 million negative, including a tax effect of € 4.7 million).

notes to the consolidated balance sheet

13. Property, plant and equipment

	Buildings and land	Computer hardware	Leasehold improvements, furnitures and fixtures	Total
Balance at January 1, 2014	**27.9**	**34.8**	**68.7**	**131.4**
Movements in 2014				
Additions	-	16.7	25.0	41.7
Disposals	(0.7)	(0.2)	(1.9)	(2.8)
Depreciation	(1.1)	(17.6)	(26.9)	(45.6)
Translation differences	0.9	1.4	1.8	4.1
Balance at December 31, 2014	**27.0**	**35.1**	**66.7**	**128.8**
Cost	59.6	186.4	404.9	650.9
Accumulated depreciation and impairment	32.6	151.3	338.2	522.1
Balance at December 31, 2014	**27.0**	**35.1**	**66.7**	**128.8**
Balance at January 1, 2013				
Cost	75.1	192.0	432.5	699.6
Accumulated depreciation and impairment	35.4	155.1	353.8	544.3
	39.7	**36.9**	**78.7**	**155.3**
Movements in 2013				
Acquisition of subsidiaries	-	0.2	0.8	1.0
Disposal of subsidiaries	-	0.0	(0.1)	(0.1)
Additions	-	18.4	27.5	45.9
Disposals	(8.3)	(1.9)	(7.0)	(17.2)
Depreciation	(1.2)	(17.5)	(28.4)	(47.1)
Translation differences	(2.3)	(1.3)	(2.8)	(6.4)
Balance at December 31, 2013	**27.9**	**34.8**	**68.7**	**131.4**
Cost	62.3	183.6	441.4	687.3
Accumulated depreciation and impairment	34.4	148.8	372.7	555.9
Balance at December 31, 2013	**27.9**	**34.8**	**68.7**	**131.4**

Based on appraisals made by independent and expert appraisers, the estimated fair value of buildings and land is € 10 to € 15 million higher than the carrying amount. The fair value represents the market value, taking into account the rental of the property.

In the consolidated statement of cash flows, proceeds from the sale of property, plant and equipment comprise:

	2014	2013
Net book value of disposals	2.8	17.2
Loss on disposals	(0.4)	(0.2)
Disposals of property, plant and equipment, statement of cash flows	**2.4**	**17.0**

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 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

	2014	2013
Cost	244.7	240.6
Accumulated amortization and impairment	211.5	200.9
Balance at January 1	**33.2**	**39.7**
Acquisition of subsidiaries	-	0.3
Disposal of subsidiaries	-	0.0
Additions	24.0	15.6
Amortization	(19.6)	(21.1)
Translation differences	1.0	(1.3)
Balance at December 31	**38.6**	**33.2**
Cost	263.7	244.7
Accumulated amortization and impairment	225.1	211.5
Balance at December 31	**38.6**	**33.2**

Accounting policy

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

Expenditures in relation to the development of identifiable and unique software products used by the Group, and which will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets and amortized over their estimated useful lives. Capitalized costs include employee costs of software development and an appropriate portion of relevant overhead.

Expenditures associated with maintaining computer software programs 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 their estimated useful lives, from the date they are available for use.

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

The estimated useful life for software is 3 to 5 years. Acquired computer software licenses are amortized on a straight-line basis over their useful lives of 3 to 5 years or, 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, which in the Group generally relate to front- and/or back-office applications. The net book value of software is impaired to its recoverable amount, which tends to be zero, based on each individual case.

15. Acquisition-related intangible assets

	customer relationships/ franchise agreements	brand names and candidate databases	total
Balance at January 1, 2014	**321.0**	**-**	**321.0**
Movements in 2014			
Amortization	(145.4)	-	(145.4)
Translation differences	8.2	-	8.2
Balance at December 31, 2014	**183.8**	**-**	**183.8**
Cost	1,083.5	-	1,083.5
Accumulated amortization and impairment	899.7	-	899.7
Balance at December 31, 2014	**183.8**	**-**	**183.8**
Balance at January 1, 2013			
Cost	1,155.9	174.6	1,330.5
Accumulated amortization and impairment	668.7	166.1	834.8
	487.2	**8.5**	**495.7**
Movements in 2013			
Amortization	(147.4)	(8.5)	(155.9)
Translation differences	(18.8)	0.0	(18.8)
Balance at December 31, 2013	**321.0**	**-**	**321.0**
Cost	1,050.7	-	1,050.7
Accumulated amortization and impairment	729.7	-	729.7
Balance at December 31, 2013	**321.0**	**-**	**321.0**

Acounting policy
Acquisition-related intangible assets (customer relationships, including franchise agreements, brand names and candidate databases) 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 at each balance sheet date and adjusted, if appropriate.

The estimated useful life of customer relationships is 4 - 8 years.

Impairments – if any – can be a result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit (or operating segment) to which the acquisition-related intangible assets are related.

16. Financial assets

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

Purchases and sales of all 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

	2014	2013
Held-to-maturity investments	88.4	82.8
CICE receivables	170.2	72.6
Equity investments	5.3	-
	263.9	**155.4**

The held-to-maturity investments and the CICE receivables are neither past due nor impaired. These financial assets have counterparties such as governmental or semi-governmental bodies.

The Group does not hold any collateral as security.

16.1 Held-to-maturity investments

Held-to-maturity investments

	2014	2013
Balance at January 1	**84.2**	**78.0**
Additions at fair value	5.8	4.8
Redemptions	(1.5)	(2.0)
Interest due to passage of time	3.6	3.4
Balance at December 31	**92.1**	**84.2**
Non-current portion	88.4	82.8
Current portion	3.7	1.4
	92.1	**84.2**

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities for which an entity has the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

Held-to-maturity investments represent 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 12 years (2013: 12 years) and an effective interest rate of 4.2% (2013: 4.3%). The nominal value of held-to-maturity investments amounts to € 139 million (2013: € 133 million) and best represents the maximum exposure to credit risk. As at December 31, 2014, the fair value was approximately € 31 million higher than the carrying amount (2013: € 14 million).

The difference between additions at nominal value (€ 8.0 million) and at fair value is recognized in cost of services, and amounts to € 2.2 million (2013: € 8.9 million and € 4.1 million respectively).

16.2 CICE receivable

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

This financial asset arises from tax credits under the new French Competitive Employment Act (CICE). This act is aimed at improving the competitiveness of the French economy and at reducing umemployment. The tax credit is calculated as a percentage of wages and salaries paid to employees having 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 can be carried forward and offset

CICE receivable

	2014	2013
Balance at January 1	**72.6**	**-**
Additions at fair value	97.2	72.6
Interest due to passage of time	0.4	-
Balance at December 31	**170.2**	**72.6**

against the tax liability during the next three years. Any excess after three years will be refunded as well.

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. The total receivable of € 170.2 million as at December 31, 2014, is ultimately due in 2017 (€ 73.0 million) and 2018 (€ 97.2 million). In the statement of cash flows, this amount is presented in 'other non-cash items' under cash flow from operating activities, since the CICE arrangements are considered to be related to the operating activities. The nominal value of the receivable amounts to € 171.0 million (2013: € 73.8 million), which best represents the maximum exposure to credit risk. As at December 31, 2014, the carrying amount approximates the fair value.

The effective interest rate is 0.3% (2013: 0.6%).

No difference in 2014 between additions at nominal value and at fair value (2013: difference of € 1.2 million) is recognized in cost of services.

16.3 Loans and receivables

The loans and receivables were fully redeemed in 2013 for an amount of € 3.6 million.

Loans and receivables were financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets were initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

16.4 Equity investments

Equity investments

	2014	2013
Balance at January 1	**-**	**-**
Additions at fair value	5.3	-
Balance at December 31	**5.3**	**-**

Equity investments are minority participations with venture capital firms or other investors. Investments are made in early-stage to expansion-stage companies that are considered strategically relevant to Randstad. The typical investment amounts range between € 0.5 million and € 5 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.

16.5 Impairment of financial assets

The carrying amounts of all financial assets 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

	2014	2013
Balance at January 1	**1.3**	**1.0**
Share in profit	0.3	0.3
Balance at December 31	**1.6**	**1.3**

At December 31, 2014, the Group has investments in associates amounting to € 1.6 million (2013: € 1.3 million). The total assets and liabilities of these associates amount to approximately € 18 million (2013: € 16 million) and € 9 million (2013: € 8 million) respectively. Total revenue in 2014 amounted to € 17 million (2013: € 13 million). Our share in net income of all associates was € 0.3 million (2013: € 0.3 million).

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 is recognized in other comprehensive income, with a corresponding effect to the carrying amount of the associate.

18. Trade and other payables

	2014	2013
Trade payables	270.3	231.7
Other taxes and social security premiums	935.8	916.2
Pension contributions	9.0	11.7
Wages, salaries and other personnel costs	953.3	929.6
Other accruals	381.3	349.1
Deferred income	40.2	35.6
	2,589.9	**2,473.9**

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

19. Total equity and dividends per share

19.1 Shareholders' equity

19.1.1 Authorized and issued capital

Authorized capital is € 106 million (2013: € 106 million) and consists of 350,000,000 (2013: 350,000,000) ordinary shares with a nominal value of € 0.10, a further 106,000 (2013: 106,000) type-A preference shares with a nominal value of € 500, 30,000,000 (2013: 30,000,000) type-B preference shares with a nominal value of € 0.10, and 150,000,000 (2013: 150,000,000) type-C preference shares with a nominal value of € 0.10.

At year-end, issued share capital consists of 180,109,671 ordinary shares (2013: 177,433,667), 25,200,000 type-B preference shares (2013: 25,200,000), and 50,130,352 (2013: 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 on page 113.

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 0.1171 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)

	2014		2013	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
January 1	**177,434**	**75,330**	**172,073**	**25,200**
Issue of shares	-	-	-	50,130
Stock dividend	2,621	-	4,572	-
From share-based payment arrangements	55	-	789	-
December 31	**180,110**	**75,330**	**177,434**	**75,330**

At December 31, 2014, the company holds 277,489 treasury shares (2013: 273,225).

Accounting policy
Ordinary and preference shares are classified as equity. The distribution of the dividend on ordinary and preference shares is recognized as a liability in the period in which these dividends are adopted by the company's shareholders.

On the issue of new shares or on the extension of the term of preference shares outstanding, the proceeds less directly attributable costs are recognized in shareholders' equity within issued capital and, if applicable, within share premium.

On the purchase of ordinary shares that are included in shareholders' equity, the consideration paid, including directly attributable costs, is recorded as a change in shareholders' equity. Purchased ordinary shares are classified as treasury shares and presented as a deduction from shareholders' equity under reserves.

On the sale (or re-issue) of treasury shares, the proceeds less directly attributable costs are recognized under treasury shares for the original consideration paid; the remainder is recognized as a change in retained earnings.

19.1.2 Share premium
At year-end, share premium consists of € 1,962.8 million share premium on ordinary shares (2013: € 1,960.4 million) and € 298.3 million share premium on preference shares (2013: € 298.3 million).

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

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

The company has various share-based payment arrangements. Additional information about these arrangements is given in note 23. The income statement includes an amount of € 27.4 million (2013: € 27.1 million) for share-based payments.

At year-end 2014, 3.3 million stock options, performance options and performance shares (2013: 3.4 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 Other information
See note 6 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
At the Annual General Meeting of Shareholders, to be held on April 2, 2015, it will be proposed by the Executive Board, with the approval of the Supervisory Board, that a dividend of € 1.29 per ordinary share be paid for the year 2014; 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 € 12.6 million be paid.

The 2013 dividend on ordinary shares, payable in 2014, had been determined at € 0.95 per share. Shareholders were given a choice between cash and shares. This choice resulted in a cash dividend of € 56.0 million and a stock dividend of

€ 112.3 million, based on the volume-weighted average share price of approximately € 42.87.

The amount of dividend proposed for ordinary shares in 2014 assumes that the dividend will be paid out 100% in cash.

Dividends on ordinary and preference shares

	Dividend related to		
	2014	2013	2012
Ordinary shares			
- Dividend paid during 2013			83.8
- Stock dividend during 2013			131.6
- Dividend paid during 2014		56.0	
- Stock dividend during 2014		112.3	
- Dividend 2014 proposed	232.3		
Preference shares			
- Dividend paid during 2013			6.8
- Dividend paid during 2014		12.1	
- Dividend 2014 proposed	12.6		

19.3 Non-controlling interests

In 2014 and 2013, no transactions took place with regard to non-controlling interests, resulting in changes of shareholder percentages.

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.

20. Other liabilities

	2014	2013
Balance at January 1	**21.4**	**22.8**
Acquisition of non-controlling interests	(0.6)	(0.4)
Disposal of majority interests	-	(0.4)
Changes in value	(3.5)	(0.4)
Interest due to passage of time	1.0	1.0
Translation differences	1.2	(1.2)
Balance at December 31	**19.5**	**21.4**
Non-current portion	12.5	14.1
Current portion	7.0	7.3
	19.5	**21.4**

The effective interest rate amounts to 5.0% (2013: 5.0%).

Accounting policy
Other liabilities mainly include liabilities arising from arrangements with the previous owners of acquired companies who still hold a non-controlling interest ('deferred considerations') and deferred payments from other business combinations.

With respect to these arrangements, the Group has entered into put and call options with the holders of these non-controlling interests. The put option gives the minority shareholder the right to sell its non-controlling interest to the Group. The call option gives the Group the right to purchase the non-controlling interest. The option exercise price is determined by a contractually agreed formula that is based mainly on the future results of the company involved.

The liability is initially stated at fair value. Subsequent measurement is at amortized cost, using the effective interest method. The value is determined by means of the present value of the expected cash outflows to settle the liability, based on projected results. The discount rate used in discounting the expected cash outflows is based on an interest rate that reflects the current market assessment of the time value of money, taking into account the expected settlement of these liabilities.

In line with the nature of the put option, the liability is classified as short term, except for the part that can only be exercised after one year. Changes in the value of these liabilities (also including interest due to passage of time), as well as differences upon settlement between the actual cash outflow and the expected cash outflow, are accounted for in net finance costs. The companies acquired under these arrangements are fully consolidated, with no recognition of a non-controlling interest.

notes to the consolidated statement of cash flows

21. Statement of cash flows

The statement of cash flows has been prepared applying the indirect method. Cash in the statement of cash flows comprises cash and cash equivalents, as well as current borrowings, because current borrowings form an integral part of the Group's cash management. The short-term part of non-current borrowings is not included.

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 income statement and 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 balance sheet is shown in this note.

21.1 Cash

Cash

	2014	2013
Cash and cash equivalents	117.1	136.1
Current borrowings	(224.1)	(153.7)
	(107.0)	**(17.6)**

21.2 Trade and other receivables

Trade and other receivables

	2014	2013
Trade and other receivables as at January 1	**2,931.9**	**2,872.5**
Adjusted for:		
Current part of held-to-maturity investments	(1.4)	(1.9)
Deferred receipts disposed Group companies	(0.4)	(4.6)
Interest receivable	0.0	0.0
Operating working capital assets as at January 1	**2,930.1**	**2,866.0**
Acquisition of subsidiaries	(4.7)	121.9
Disposal of subsidiaries	-	(14.9)
Transfer to employee benefit obligations	(3.4)	-
Translation gains/(losses)	90.6	(107.0)
Statement of cash flows	61.3	64.1
Operating working capital assets as at December 31	**3,073.9**	**2,930.1**
Adjusted for:		
Current part of held-to-maturity investments	3.7	1.4
Deferred receipts disposed Group companies	0.2	0.4
Interest receivable	0.1	0.0
Balance at December 31	**3,077.9**	**2,931.9**

21.3 Trade and other payables

Trade and other payables

	2014	2013
Trade and other payables as at January 1	**2,473.9**	**2,343.0**
Adjusted for:		
Interest payable	(3.3)	(2.5)
Operating working capital liabilities as at January 1	**2,470.6**	**2,340.5**
Acquisition of subsidiaries	(1.3)	73.6
Disposal of subsidiaries	-	(8.9)
Translation losses/(gains)	46.7	(76.3)
Statement of cash flows	70.2	141.7
Operating working capital liabilities as at December 31	**2,586.2**	**2,470.6**
Adjusted for:		
Interest payable	3.7	3.3
Trade and other payables as at December 31	**2,589.9**	**2,473.9**

21.4 Other non-cash items

Other non-cash items

	2014	2013
CICE receivable	(97.2)	(72.6)
Held-to-maturity investments	2.2	4.1
Statement of cash flows	**(95.0)**	**(68.5)**

For the CICE receivable, see note 16.2.

21.5 Income taxes paid

Income taxes paid

	2014	2013
North America	6.9	3.3
France	35.3	34.5
Netherlands	31.5	20.3
Germany	11.6	37.4
Belgium & Luxembourg	7.1	(1.5)
United Kingdom	0.4	0.7
Iberia	8.7	2.3
Other European countries	4.7	3.5
Rest of the world	8.3	10.5
Corporate	2.2	135.0
Total	**116.7**	**246.0**

Income tax paid in North America is low as a result of accummulated net operating losses that are offset against taxable income.

In Germany, an amount of € 11 million was received from overpayment of income tax, paid in 2013.

Randstad Holding nv (included in Corporate) and the Dutch operating companies are part of a fiscal unity for corporate income taxes. The payments included under the Netherlands represent the payments to Randstad Holding nv by the Dutch operating companies, based on the results before taxes of these companies. A payment of € 131 million to the Dutch tax authorities in Q4 2013 is included under Corporate.

21.6 Free cash flow

Free cash flow comprises net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries/activities, and of equity investments and buyout of non-controlling interests:

Free cash flow

	2014	2013
Net cash from operating activities	557.5	340.7
Net cash from investing activities	(75.5)	(58.6)
	482.0	**282.1**
Acquisition of subsidiaries/activities/equity investments and buyout of non-controlling interests	5.9	19.2
Disposal of subsidiaries/activities	(0.2)	(8.4)
Free cash flow	**487.7**	**292.9**

other notes to the consolidated financial statements

22. Subsidiaries

Subsidiaries are companies controlled by Randstad Holding nv. Control exists when Randstad is exposed to or has rights to variable returns from its involvement with subsidiary companies and has the ability to influence those returns through its power over the subsidiary, generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are consolidated from the date that such control commences until the date that it ceases.

Intragroup balances and intragroup transactions are eliminated, as well as any unrealized gains from these transactions. Unrealized losses from intragroup transactions are also eliminated, unless there is evidence of impairment of the assets transferred. Intercompany transactions take place on an arm's length basis.

22.1 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.

22.2 Net investment in subsidiaries that have a currency other than the euro

The net investment in subsidiaries that have a currency other than the euro includes the participation in the net assets of these subsidiaries, and, if applicable, loans to these subsidiaries, settlement of which is neither planned nor expected to occur in the foreseeable future.

Translation differences that occur upon consolidation, relating to the translation of the net investment in subsidiaries that have a currency other than the euro, are recognized in other comprehensive income and presented in the (foreign currency) translation reserve, a separate component within equity, as are translation differences of financial liabilities designated as hedges of such investments (net investment hedge), to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognized immediately in net finance costs.

If the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation differences is allocated to the non-controlling interests.

Whenever a foreign operation is disposed of, these translation differences are released or charged to the statement of comprehensive income as part of the gain or loss on disposal.

22.3 Overview of major subsidiaries

North America
- Randstad North America Inc, United States
- Randstad Professionals US LP, United States
- Randstad Intérim Inc., Canada

France
- Randstad SAS
- Atoll SAS

The Netherlands
- Randstad Nederland bv
- Tempo-Team Group bv
- Yacht Group Nederland bv
- Randstad Sourceright International bv

Germany
- Randstad Deutschland GmbH & Co KG [1]
- Randstad Professionals GmbH & Co KG[1]
- Tempo-Team Personaldienstleistungen GmbH
- GULP Information Services GmbH

Belgium & Luxembourg
- Randstad Belgium nv
- Tempo-Team nv, Belgium
- Randstad Interim sa, Luxembourg

United Kingdom
- Randstad CPE Limited
- Randstad Technologies Limited
- Randstad Managed Services Limited
- Randstad Employment Bureau Limited

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
- Randstad sro, Czech Republic
- Randstad A/S, Denmark
- Randstad AE, Greece
- Randstad Hungary Kft, Hungary
- Randstad Italia SPA, Italy
- Randstad Norway AS, Norway
- Randstad Polska Sp. z.o.o., Poland
- Randstad sro, Slovakia
- Randstad AB, Sweden
- Randstad Schweiz AG, Switzerland
- Randstad Work Solutions Istihdam ve İnsan Kaynakları Ltd. Şti., Turkey

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 Ltd, India
- Randstad KK, Japan
- Randstad Sourceright Sdn. Bhd., Malaysia
- Top Personnel S. de R.L. de CV, Mexico
- Randstad Limited, New Zealand
- Randstad (PTE) Limited, Singapore
- Randstad Lanka (Private) Limited, Sri Lanka
- Sesa Select Uruguay, Uruguay

Other subsidiaries
- Randstad Holding Nederland bv (formerly named Randstad Groep Nederland bv), the Netherlands
- Randstad Financial Services nv, Belgium
- Randstad Finance GmbH, Switzerland

A list of all subsidiaries has been filed at the Chamber of Commerce in Amsterdam ('Kamer van Koophandel', Amsterdam). Randstad Holding nv has, directly or indirectly, a 100% interest in all subsidiaries (by way of legal ownership of the shares or by way of economic ownership of the shares (put-call option arrangements) for a limited number of companies), unless stated otherwise.

1 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 payments

The company has various share-based payment arrangements that are settled in ordinary shares. The fair value of these share-based payments, 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 re-assesses its estimates of the non-market vesting conditions under these share-based payment 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 payment arrangements are in effect: stock option plans and performance share plans for Executive Board members and senior management, and a share purchase plan for all corporate employees.

The actual annual grant of performance shares and options 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 and options might in a certain year exceed the 1% limit.

23.1 Stock option plans

23.1.1 Executive Board stock option plan

Until 2007, the Executive Board received options under this plan, which was implemented in 2001. The options have an exercise price that is not lower than the share price at the date they were granted. The options have a term of seven years, and are only exercisable after a period of three years from the date of grant, without performance conditions or other restrictions.

23.1.2 Senior management stock option plan

Until 2007, options were also granted to a limited group of senior management. The exercise price, term and other conditions are identical to the Executive Board stock option plan.

23.1.3 Executive Board performance stock option plans

From 2007 to 2012, Executive Board members have been granted stock options annually conditional on performance; as from 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. The number of options that will vest depends on the company's 'total shareholder return' (TSR) performance compared with a peer group of nine companies measured over a three-year period starting on January 1 of the year in which the options were granted. Options granted to a Board member who resigns from the Group within the three-year vesting period will, in principle, be forfeited.

All stock option plans are equity-settled. The fair value was determined as at the date of each grant, based on a combination of a Monte Carlo simulation model and a Black & Scholes valuation model.

The fair value is charged to the income statement during the vesting period based on the on-target awards of each plan. At each balance sheet date, the assumed attrition is reassessed; any adjustment is charged to the income statement. On exercise of options, the company issues new shares.

Details of all stock option plans

	number of options (x 1,000)									
Year of grant	January 1, 2014	granted	expired	performance adjustment at vesting	exercised	December 31, 2014	exercisable	average share price at exercise (in €)	average exercise price (in €)	average fair value at grant date per option (in €)
Stock option plans										
2007	331	-	(331)	-	-	-		-	57.40	17.63
Performance stock option plans										
2007	36	-	(36)	-	-	-		-	57.40	18.70
2008	48	-	-	-	(48)	-		48.60	26.39	9.50
2009	73	-	-	-	-	73	73	-	9.88	9.00
2010	41	-	-	-	(7)	34	34	47.02	31.39	21.04
2011	48	-	-	12	-	60	60	-	39.16	21.00
2012	179	-	-	-	-	179		-	28.11	11.31
Total	**756**	**-**	**(367)**	**12**	**(55)**	**346**	**167**			

The expenses charged to the income statement 2014 amount to € 0.6 million (2013: € 1.2 million).

In 2013, the performance stock options 2011 vested, based on relative TSR performance over the period January 1, 2011 - December 31, 2013. The performance resulted in 125% or 59,810 options being vested (share price at allocation date: € 46.70), compared to an on-target award of 47,847.

23.2 Performance share plans

23.2.1 Executive Board performance share plan

As from 2007, conditional performance shares have been granted annually to the members of the Executive Board. The plan has a term of three years. The number of shares to vest depends on the company's TSR performance compared to a peer group of nine companies measured over a three-year period starting on January 1 of the year of grant. As of 2013, the number of shares to vest also depends on achieving certain sustainability performance targets.

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.

23.2.2 Senior management performance share plan

As from 2007, conditional performance shares have also been granted to a limited group of senior management on terms and conditions that are identical to those of the Executive Board, except for the fact that, for the years 2014 and 2013, the number of shares to vest solely depended on the company's TSR performance.

Volatility of the shares of the peer companies, as well as the pair-wise correlation between all 10 shares, is estimated on the basis of historical daily prices over three years. Estimated dividends of the peer companies are based on historical dividends.

Parameters used for fair-value determination

	2014	2013	2012
Average share price at grant date	€ 45.05	€ 30.40	€ 26.63
Expected volatility, based on historical prices over the three-year period to the valuation date	32%	34%	37%
Expected dividends	2.2%	3.8%	4.4%
Risk-free interest rate (yield on Dutch government bonds)	0.6%	0.6%	1.4%

The fair value is charged to the income statement during the vesting period, based on the on-target awards of each plan.

At each balance sheet date, the non-market conditions (attrition and sustainability performance) are reassessed; any adjustment is charged to the income statement. Up to 2013, on final allocation of vested shares, the company used to issue new shares. As of 2013, the company has been using treasury shares for this purpose.

The expenses charged to the income statement 2014 amount to € 24.5 million (2013: € 22.5 million).

The performance shares 2011 vested in early 2014, based on relative TSR performance of the company, resulting in 535,859 shares being vested (share price at allocation date of € 46.70), compared to an on-target award of 428,250 shares.

Details of all performance share plans

	number of shares (x 1,000) on target					
Year of grant	January 1, 2014	granted	forfeitures	vested in 2014	December 31, 2014	average fair value at grant date per share (in €)
2011	432	-	(4)	(428)	-	45.10
2012	1,103	-	(54)	-	1,049	27.00
2013	1,077	-	(82)	-	995	24.15
2014	-	913	(30)	-	883	29.83
Total	**2,612**	**913**	**(170)**	**(428)**	**2,927**	

23.3 Share purchase plan for corporate employees

Under the share purchase plan, participating corporate employees may purchase shares from a separate foundation, Stichting Randstad Optiefonds, twice a year. The maximum amount to be spent within the plan is set annually at 5% of the participant's fixed annual salary. Employees receive a number of bonus shares equal to a fixed percentage of the number of shares purchased; these bonus shares vest over a period of six monthes, 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 (2014: € 2.3 million; 2013: € 3.4 million). In 2014, a total of 60,076 (2013: 87,368) bonus shares were allocated to employees.

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.

Executive Board remuneration

x € 1,000

	fixed compensation				variable compensation				termination and other benefits/ expenses		total	
	base salary		pension charge		short-term cash bonus		share-based payments					
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
J.W. van den Broek	765	574	207	151	507	430	719	546	37	69	2,235	1,770
R.J. van de Kraats	673	653	182	173	463	490	739	622	34	26	2,091	1,964
F. Béharel	591	568	160	129	392	426	581	412	394	262	2,118	1,797
L. Galipeau	566	550	153	148	392	413	649	471	77	99	1,837	1,681
C. Heutink	439	-	118	-	324	-	307	-	21	-	1,209	-
L.J.M.V. Lindelauf	591	574	160	151	410	430	649	546	62	23	1,872	1,724
B.J. Noteboom	162	970	44	258	-	727	82	911	5	2,582	293	5,448
Total	**3,787**	**3,889**	**1,024**	**1,010**	**2,488**	**2,916**	**3,726**	**3,508**	**630**	**3,061**	**11,655**	**14,384**

Chris Heutink was appointed on April 3, 2014 for a period of 4 years. François Béharel was appointed on January 16, 2013 for a period of 4 years. They both received their remuneration as a Board member as from the date of appointment. Ben Noteboom's remuneration has been included up to the end of February 2014; termination expenses of € 2,548,000 were recorded in 2013.

The expenses for performance shares and stock options refer to the fair value of share-based payments charged to the income statement for the years 2014 and 2013 respectively.

In the income statement 2014, expenses have been included for former members of the Executive Board for an amount of € 75,000 (2013: € 599,000). These expenses relate to Greg Netland (2013: Brian Wilkinson).

Included in the column 'termination and other benefits/ expenses' for F. Béharel are special taxes on salary of € 237,000 (2013: € 211,000).

In addition to the total remuneration as presented in the table above, non-recurring Dutch crisis tax expenses for wages above € 150,000 amounted to € 2,373,000 in 2013. In 2014, no such crisis tax existed.

Non-recurring crisis tax expenses per member

x € 1,000

	2014	2013
J.W. van den Broek	-	260
R.J. van de Kraats	-	367
F. Béharel	-	3
L.J.M.V. Lindelauf	-	407
B.J. Noteboom	-	1,080
B. Wilkinson	-	256
Total	**-**	**2,373**

The company has not issued any loans, commitments to provide loans, or guarantees to Executive Board members.

Number of (performance) stock options outstanding in 2014

	year of granting	January 1, 2014	transfer in 2014	expired in 2014	performance adjustment at vesting 2014	exercised in 2014	share price at exercise	December 31, 2014
Stock option plans								
J.W. van den Broek	2007	14,012		(14,012)				-
R.J. van de Kraats	2007	15,950		(15,950)				-
L. Galipeau	2007	3,072		(3,072)				-
L.J.M.V. Lindelauf	2007	14,012		(14,012)				-
C. Heutink	2007	-	2,126	(2,126)				-
Performance stock option plans								
J.W. van den Broek	2007	7,586		(7,586)				-
	2009	40,552						40,552
	2010	7,083						7,083
	2011	10,091			2,523			12,614
	2012	30,764						30,764
R.J. van de Kraats	2007	8,635		(8,635)				-
	2009	32,252						32,252
	2010	8,063						8,063
	2011	11,487			2,872			14,359
	2012	35,021						35,021
L. Galipeau	2012	30,764						30,764
L.J.M.V. Lindelauf	2007	7,586		(7,586)				-
	2010	7,083						7,083
	2011	10,091			2,523			12,614
	2012	30,764						30,764
Total		**324,868**	**2,126**	**(72,979)**	**7,918**	**-**	**-**	**261,933**

Number of (performance) stock options of former Board members outstanding in 2014

	year of granting	January 1, 2014	transfer in 2014	expired in 2014	performance adjustment at vesting 2014	exercised in 2014	share price at exercise	December 31, 2014
Stock option plans								
B.J. Noteboom	2007	23,124		(23,124)				-
Performance stock option plans								
G.A. Netland	2008	48,000				(48,000)	48.60	-
B.J. Noteboom	2007	12,161		(12,161)				-
	2010	11,356						11,356
	2011	16,178			4,045			20,223
	2012	52,002						52,002
B. Wilkinson	2010	7,083				(7,083)	47.02	-
Total		**169,904**	**-**	**(35,285)**	**4,045**	**(55,083)**		**83,581**

Exercise price and expiration date per plan

year of granting	exercise price	end of exercise period
2008	€ 26.39	February 2015
2009	€ 9.88	February 2016
2010	€ 31.39	February 2017
2011	€ 39.16	February 2018
2012	€ 28.11	February 2019

The performance stock options 2011 vested in early 2014, based on relative TSR performance of the company over the period January 1, 2011 – December 31, 2013. The performance resulted in 125% of the options being vested (share price at allocation date: € 46.70), compared to an on-target award of 47,847 options.

The numbers relating to the 2012 plan are the on-target numbers.

Number of performance shares outstanding in 2014

	year of award	January 1, 2014	number of shares on target 2014	transfer in 2014	performance adjustment at vesting 2014	vested in February 2014	December 31, 2014
Performance shares							
J.W. van den Broek	2011	5,296			1,324	(6,620)	-
	2012	11,885					11,885
	2013	31,234					31,234
	2014		25,537				25,537
R.J. van de Kraats	2011	6,029			1,507	(7,536)	-
	2012	13,530					13,530
	2013	35,555					35,555
	2014		21,475				21,475
F. Béharel	2011	7,273			1,818	(9,091)	-
	2012	19,553					19,553
	2013	31,234					31,234
	2014		18,864				18,864
L. Galipeau	2011	3,841			960	(4,801)	-
	2012	11,885					11,885
	2013	31,234					31,234
	2014		18,864				18,864
L.J.M.V. Lindelauf	2011	5,296			1,324	(6,620)	-
	2012	11,885					11,885
	2013	31,234					31,234
	2014		18,864				18,864
C. Heutink	2012			9,700			9,700
	2013			7,711			7,711
	2014		18,864				18,864
Total		**256,964**	**122,468**	**17,411**	**6.933**	**(34,668)**	**369,108**
Performance shares former Board members							
B.J. Noteboom	2011	8,491			2,123	(10,614)	-
	2012	20,090					20,090
	2013	17,598					17,598
Total		**46,179**	**-**	**-**	**2,123**	**(10,614)**	**37,688**

The performance shares 2011 vested in early 2014, based on relative TSR performance of the company over the period January 1, 2011 – December 31, 2013, resulting in vesting of 125% of the on-target award (share price at allocation date of € 46.70).

Final allocation after vesting of conditional shares awarded in 2012, 2013 and 2014 will take place in February 2015, 2016 and 2017 respectively.

The performance shares 2011 of Linda Galipeau, the performance shares 2011 and 2012 of François Béharel, and the performance shares 2012 and 2013 of Chris Heutink relate to the performance share plan of senior management.

For the conditions and criteria governing the granting and exercise of stock options and performance shares, see note 23.2.

Number of ordinary shares in Randstad Holding nv held by Executive Board members

as at December 31, 2014

	total	unrestricted shares	locked up number	locked up until
J.W. van den Broek	63,552	58,421	3,182	February 2016
			1,949	February 2015
R.J. van de Kraats	52,719	46,874	3,626	February 2016
			2,219	February 2015
F. Béharel	34,001	34,001	-	-
			-	-
L.Galipeau	7,401	7,401	-	-
			-	-
C. Heutink	118	118	-	-
			-	-
L.J.M.V. Lindelauf	20,036	14,905	3,182	February 2016
			1,949	February 2015

24.3 Remuneration of the members of the Supervisory Board

Remuneration of the members of the Supervisory Board is included in the income statement.

Supervisory Board remuneration

	2014	2013
Current board members		
F.W. Fröhlich	134,500	137,500
F. Dorjee	65,250	-
H.M.E.V. Giscard d'Estaing	86,550	88,500
B.C. Hodson	83,800	91,000
G. Kampouri Monnas	86,500	86,500
J. Winter	89,750	90,500
W. Dekker	100,250	84,500
	646,600	**578,500**
Former board members		
L.M. van Wijk	27,250	110,500
Total	**27,250**	**110,500**

Mr. F. Dorjee was appointed as a member of the Supervisory Board as of April 3, 2014.

Mr. J.C.M. Hovers and Mr. W.A.F.G. Vermeend, both former members of the Supervisory Board, received as members of the Supervisory Board of the Dutch sub-holding Randstad Holding Nederland bv (formerly named Randstad Groep Nederland bv) an annual allowance of € 12,000 in 2014 and 2013. Mr. H.M.E.V. Giscard d'Estaing holds 450 ordinary shares in Randstad Holding nv as at December 31, 2014 and 2013.

The company has not issued any loans, commitments to provide loans or guarantees to members of the Supervisory Board.

24.4 Other related-party transactions

The founder of the Randstad Group has an interest in a legal entity, which, based on the 'Wet financieel toezicht' (Act on Financial Supervision), is registered as a shareholder in Randstad Holding nv in the 30% – 40% category. There were no transactions with this related party, other than the rental of a ship, Clipper Stad Amsterdam, for promotional activities, at an annual rent of approximately € 1.9 million (2013: € 2.2 million).

25. Employee benefit obligations

	defined benefit pension plans			other post-employment benefits	other employee benefits	total
	obligation	plan assets	net			
Balance at January 1, 2014	**124.0**	**(78.0)**	**46.0**	**3.9**	**31.2**	**81.1**
Reclassifications	-	(3.4)	(3.4)	-	-	(3.4)
Current service costs, total	16.5	-	16.5	0.7	44.4	61.6
Contributions, employees	-	(5.1)	(5.1)	-	-	(5.1)
Contributions, employers	-	(7.9)	(7.9)	-	-	(7.9)
Withdrawals/benefits paid	(8.8)	7.6	(1.2)	(0.7)	(43.7)	(45.6)
Total amount in statement of cash flows	**7.7**	**(5.4)**	**2.3**	**0.0**	**0.7**	**3.0**
Actuarial results	34.3	(9.0)	25.3	0.6	-	25.9
Interest due to passage of time	4.1	(2.4)	1.7	0.2	-	1.9
Translation differences	1.0	(0.9)	0.1	0.1	0.1	0.3
Balance at December 31, 2014	**171.1**	**(99.1)**	**72.0**	**4.8**	**32.0**	**108.8**
Non-current	171.1	(99.1)	72.0	4.4	14.6	91.0
Current	-	-	-	0.4	17.4	17.8
Balance at December 31, 2014	**171.1**	**(99.1)**	**72.0**	**4.8**	**32.0**	**108.8**
Balance at January 1, 2013						
Non-current[1]	96.8	(65.8)	31.0	2.5	9.8	43.3
Current	-	-	-	-	-	-
	96.8	**(65.8)**	**31.0**	**2.5**	**9.8**	**43.3**
Movements in 2013						
Acquisition of subsidiaries	4.0	(3.3)	0.7	0.6	-	1.3
Disposal of subsidiaries	-	-	-	-	(0.2)	(0.2)
Current service costs, total	14.4	-	14.4	0.9	45.0	60.3
Contributions, employees	-	(4.9)	(4.9)	-	-	(4.9)
Contributions, employers	-	(8.2)	(8.2)	-	-	(8.2)
Withdrawals/benefits paid	(12.0)	10.1	(1.9)	-	(23.2)	(25.1)
Total amount in statement of cash flows	**2.4**	**(3.0)**	**(0.6)**	**0.9**	**21.8**	**22.1**
Actuarial results	19.6	(4.4)	15.2	-	-	15.2
Interest due to passage of time	3.2	(2.1)	1.1	-	0.1	1.2
Translation differences	(2.0)	0.6	(1.4)	(0.1)	(0.3)	(1.8)
Balance at December 31, 2013	**124.0**	**(78.0)**	**46.0**	**3.9**	**31.2**	**81.1**
Non-current	124.0	(78.0)	46.0	3.8	12.8	62.6
Current	-	-	-	0.1	18.4	18.5
Balance at December 31, 2013	**124.0**	**(78.0)**	**46.0**	**3.9**	**31.2**	**81.1**

1 The balance as per January 1, 2013 is after the IAS19 amendments in the amount of € 19.2 million on non-current. Before these adjustments, the non-current part amounted to € 24.1 million.

The Group has various other post-employment benefit plans, which have historically been presented as part of 'other employee benefits', due to the relative small size of these plans. For transparency purposes, the Group decided to seperately present these 'other post-employment benefits' in the notes to the financial statements 2014, including comparative figures 2013.

25.1 Pensions

Defined benefit pension plan schemes

	2014	2013
Defined benefit plan, corporate employees in France	36.3	9.8
Defined benefit plan, corporate employees in the Netherlands	-	0.1
Defined benefit plan, corporate employees in Germany	9.0	10.3
Defined benefit plan, corporate employees in Belgium	17.2	13.6
Defined benefit plan, staffing and corporate employees in other European countries	4.6	7.1
Defined benefit plan, corporate employees in Japan	4.9	5.1
	72.0	**46.0**

Breakdown of obligations for defined benefit pension plans

	2014	2013
Present value of funded obligations	171.1	123.9
Present value of unfunded obligations	-	0.1
Total present value of obligations	**171.1**	**124.0**
Fair value of plan assets	(99.1)	(78.0)
Liability in the balance sheet	**72.0**	**46.0**

Major categories of plan assets

as a % of fair value of total plan assets

	2014	2013
Cash	5.5%	3.5%
Bonds	38.4%	50.9%
Equity instruments	41.5%	39.7%
Real estate	9.7%	4.8%
Other	4.9%	1.1%
	100.0%	**100.0%**

The overall expected rate of return on plan assets is determined by considering the expected market returns available on the assets underlying the current investment policy, supported by rates of returns experienced in the respective markets. The actual return on plan assets was € 11.4 million (2013: € 3.9 million).

Principal actuarial assumptions used for defined benefit pension plans

	2014	2013
Discount rate	0.7%-1.9%	0.9% - 3.5%
Expected salary increases	0.0%-3.6%	0.0% - 4.5%
Expected pension increases	0.0%-1.8%	0.1% - 2.0%

Average life expectancy [1]

in years

	2014	2013
Male	18.1 - 22.5	18.0 - 22.0
Female	22.3 - 26.3	21.5 - 25.8

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 2015 contributions to be paid for defined benefit plans to be approximately € 11.5 million (expectation 2014: € 8.0 million), excluding the impact of acquisitions and disposals.

Sensitivity
With respect to the provision for pensions, a change in the interest rate of 1 percentage point, with all other variables held constant, would result in a deviation in the range of € 10 to € 15 million (2013: € 7 to € 9 million).

25.2 Employee benefit obligations

For more information on pensions and other employee benefit obligations, see note 4.2.2.

26. Number of employees (average)

	2014	2013
Candidates	580,300	567,700
Corporate employees	28,720	28,030
	609,020	**595,730**

Number of employees by segment

	candidates		corporate employees	
	2014	2013	2014	2013
North America	106,400	101,800	6,220	6,240
France	70,400	75,100	3,390	3,590
Netherlands	75,600	80,800	4,350	4,310
Germany	46,600	47,900	2,610	2,530
Belgium & Luxembourg	40,000	39,700	1,750	1,820
United Kingdom	17,200	18,700	1,530	1,520
Iberia	58,100	48,800	1,560	1,390
Other European countries	55,800	43,800	2,450	2,000
Rest of the world	110,200	111,100	4,660	4,450
Corporate	-	-	200	180
	580,300	**567,700**	**28,720**	**28,030**

27. Commitments

	2014	2013
Commitments less than 1 year	219.0	227.0
Commitments more than 1 year, less than 5 years	275.0	303.0
Commitments more than 5 years	38.0	38.0
	532.0	**568.0**

Commitments comprise, almost exclusively, lease contracts for branches and lease contracts for IT equipment and automobiles.

No guarantees have been issued other than those relating to commitments regarding rent and leases, and those relating to liabilities that are included in the balance sheet.

28. Auditors' fees

The following auditors' fees were expensed in the income statement in the reporting period:

	2014	2013
Audit of the financial statements [1]	4.9	5.0
Audit of the financial statements by other audit firms	0.2	0.2
Subtotal for audit of the financial statements [2]	**5.1**	**5.2**
Other audit procedures[1]	0.2	0.4
Tax services[1]	1.1	1.1
Total	**6.4**	**6.7**

1 The fees listed above relate to the procedures applied to the company and its consolidated Group entities by PricewaterhouseCoopers Accountants N.V. as the external auditor referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Wta) (€ 1.2 million), as well as by the PWC network.
2 Including the audit fees with respect to the local statutory financial statements.

29. Events after balance sheet date

For information regarding events after balance sheet date, see other information on page 168.

company financial statements

(before profit appropriation for ordinary shares)

Income statement

in millions of €	note	2014	2013
Income from subsidiaries after taxes	3	370.8	273.2
Other income after taxes		(30.7)	(42.5)
Net income		**340.1**	**230.7**

Balance sheet at December 31

in millions of €	note	2014	2013
ASSETS			
Software	2	1.5	-
Intangible assets		**1.5**	**-**
Subsidiaries	3	5,743.9	5,544.6
Long-term loans receivable from subsidiaries	4	600.0	-
Financial fixed assets		**6,343.9**	**5,544.6**
Non-current assets		**6,345.4**	**5,544.6**
Receivables	5	277.1	486.6
Income tax receivable		14.1	6.1
		291.2	**492.7**
Current assets		**291.2**	**492.7**
TOTAL ASSETS		**6,636.6**	**6,037.3**
EQUITY AND LIABILITIES			
Issued capital		25.5	25.3
Share premium		2,261.1	2,258.7
Legal reserves		65.0	9.8
Other reserves		621.4	383.3
Net income for the year		340.1	230.7
Shareholders' equity	6	**3,313.1**	**2,907.8**
Non-current liabilities/borrowings	7	**915.0**	**588.7**
Borrowings	7	124.5	81.6
Short-term part of non-current borrowings	7	-	99.6
Trade and other payables	8	2,284.0	2,359.6
Current liabilities		**2,408.5**	**2,540.8**
TOTAL EQUITY AND LIABILITIES		**6,636.6**	**6,037.3**

notes to the company financial statements

(amounts in millions of €, unless stated otherwise)

1. Accounting policies for the company financial statements

The company financial statements of Randstad Holding nv are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. The company has made use of the possibility based on Article 362, paragraph 8, Part 9, Book 2 of the Dutch Civil Code to prepare company financial statements based on the accounting policies used for the consolidated financial statements.

The subsidiaries are presented in accordance with the equity method.

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.

With respect to the company income statement of Randstad Holding nv, the company makes use of the exception provided for in Article 402, Part 9, Book 2 of the Dutch Civil Code.

2. Software

Software

	2014	2013
Balance at January 1	**-**	**-**
Additions	1.9	-
Amortization	(0.4)	-
Balance at December 31	**1.5**	**-**
Cost	1.9	-
Accumulated amortization and impairment	(0.4)	-
Balance at December 31	**1.5**	**-**

Additional information with respect to software is given in note 14 of the notes to the consolidated balance sheet.

3. Subsidiaries

	2014	2013
Balance at January 1	**5,544.6**	**6,097.0**
Capital (reductions)/contributions	(316.7)	(695.0)
Net income	370.8	273.2
Share-based payments, subsidiaries	(1.7)	7.7
IAS 19 effects, subsidiaries	(16.1)	(23.9)
Translation differences	163.0	(114.4)
Balance at December 31	**5,743.9**	**5,544.6**

See note 22.3 of the notes to the consolidated financial statements for an overview of the major subsidiaries.

4. Long-term loans receivable from subsidiaries

A loan to a subsidiary was issued during the year 2014. The maturity date of this loan is July 2018. The interest rate is 6,26% per year.

5. Receivables

	2014	2013
Receivables from subsidiaries	274.2	483.9
Other receivables	2.9	2.7
	277.1	**486.6**

6. 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.

6.1 Legal reserves

Based on Dutch law, a legal reserve needs to be established for currency translations and capitalized costs of development of software. The legal reserve cannot be used for dividend distribution and is therefore restricted in usage.

Legal reserves

	2014	2013
Translation reserve	55.0	(90.8)
Transfer from other reserves	-	90.8
Developed software	10.0	9.8
	65.0	**9.8**

Movements during 2014 relate to translation gains and to the net balance of capitalization and amortization of software developed in-house.

6.2 Other reserves

'Other reserves' includes a reserve with respect to share-based payments to the amount of € 56.9 million (2013: € 58.4 million).

7. Borrowings

	2014	2013
Non-current borrowings comprising drawings on the multi-currency syndicated revolving credit facility	315.0	588.7
Non-current borrowings to subsidiaries	600.0	-
Non-current borrowings	**915.0**	**588.7**
Current borrowings	124.5	81.6
Short-term part of non-current borrowings	-	99.6
	1,039.5	**769.9**

The non-current borrowings from subsidiaries consist of various loans amounting to € 600.0 million, fully drawn during the year 2014. All loans mature as per December 31, 2018. The interest rate on all loans is 6.1%.

Movements in non-current borrowings from third parties

	2014	2013
Balance at January 1	**588.7**	**-**
(Repayment of)/Drawings on syndicated loan	(298.7)	611.5
Drawings on other non-current borrowings	-	99.3
Amortization of transaction costs	2.0	2.7
Translation differences	23.0	(25.2)
Reclassification to short-term part of non-current borrowings	-	(99.6)
Balance at December 31	**315.0**	**588.7**

The short-term part of non-current borrowings is repaid during the year at an amount of € 100.0 million.

Additional information with respect to borrowings is given in note 3.2 of the notes to the consolidated balance sheet.

8. Trade and other payables

	2014	2013
Trade payables	2.5	1.9
Payables to subsidiaries	2,253.8	2,327.5
Other taxes and social security premiums	1.2	1.7
Pension contributions	0.0	0.0
Wages, salaries and other personnel costs	7.6	6.3
Accruals and deferred income	18.9	22.2
Balance at December 31	**2,284.0**	**2,359.6**

9. Number of employees (average)

In 2014, the company employed an average of 179 employees (2013: 174).

10. Remuneration

See note 24 of the notes to the consolidated financial statements.

11. Related parties

All companies within the Group are considered to be related parties.

See also notes 22, 23 and 24 of the notes to the consolidated financial statements.

12. 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 € 463 million (2013: € 472 million).

As at December 31, 2014, guarantees issued by the company on behalf of subsidiaries amounted to € 6.5 million (2013: € 5.9 million).

The company's commitments for the period shorter than one year amount to € 0.9 million (2013: € 1.3 million) and for the period between one and five years to € 0.5 million (2013: € 0.9 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, 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.

13. 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 17, 2015

The Executive Board
Jacques van den Broek (Chairman)
Robert Jan van de Kraats (Vice-Chairman)
François Béharel
Chris Heutink
Linda Galipeau
Leo Lindelauf

The Supervisory Board
Fritz Fröhlich (Chairman)
Wout Dekker (Vice-Chairman)
Frank Dorjee
Henri Giscard d'Estaing
Beverley Hodson
Giovanna Kampouri Monnas
Jaap Winter

other information

Events after balance sheet date

Subsequent to the date of the balance sheet, no events material to the Group as a whole occurred that require disclosure in this note.

Provisions in the Articles of Association concerning profit appropriation

The following is a summary of the most important stipulations of Article 28 of the Articles of Association concerning profit appropriation.

Subsection 1.
Any such amounts from the profits as will be fixed by the Executive Board with the approval of the Supervisory Board will be allocated to reserves. As far as possible, from the remaining profits (hereinafter also called the total profits):

a. 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 4, 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 28, following a resolution to that effect by the Executive Board, subject to the approval of the Supervisory Board, such distribution will be made to the holders of said preference shares or reserved that the deficit will have been fully made good before the provisions laid down hereinbefore can be applied.

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 28, following a resolution to that effect by the Executive Board subject to the approval of the Supervisory Board, such distribution will be made to the holders of said preference shares or reserved as such that the deficit will have been fully made good before the provisions laid down hereinbefore can be applied. Such deficit will be increased with the percentage referred to in paragraph 1 under b.3 or under b.4 of this Article 28 calculated over the period the deficit occurred and the moment the deficit has been made good.

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 this Article 28 and (ii) no further distribution will be made on preference shares, nor will any amounts be reserved for this purpose.

Subsection 3.
The company may only make distributions to shareholders from the profit susceptible to distribution insofar as its common equity exceeds the amount of the paid and claimed part of the capital increased by the reserves to be kept by virtue of the law.

Subsection 4.
Subject to the approval of the Supervisory Board, the Executive Board may pass a resolution for distribution of an interim dividend, to be deducted from the dividend expected for the financial year concerned, if the requirement of the preceding paragraph has been fulfilled, as will be evident from an interim specification of equity and all the distributions on preference B shares and preference C shares have been made. Said specification of equity will relate to the position of the equity at the earliest on the first day of the third month prior to the month in which the resolution for distribution will be announced. It will be drawn up with due observance of the valuation methods deemed acceptable in society. The specification of equity will include the amounts to be allocated to the reserves by virtue of the law. It will be signed by the members of the Executive Board. In the event that the signature(s) of one or more of them should be lacking, the reason thereof will be stated. The company will deposit the specification of equity at the office of the Trade Register within eight days after the date on which the resolution for distribution will be announced. A resolution for distribution of an interim dividend may be limited to a distribution of an interim dividend exclusively to shareholders of a particular class, without prejudice to the rights of shareholders of other classes.

Subsection 5.
Resolutions for the complete or partial cancellation of reserves as stated in paragraph 1 of this Article may only be passed by the General Meeting on a proposal of the Executive Board approved by the Supervisory Board, with the exception of resolutions in respect of: (i) distributions from reserved dividend on preference B shares and on preference C shares, which shall be resolved upon by the Executive Board subject to the approval of the Supervisory Board; and (ii) annual distributions of twenty per cent (20%) of the preference C shares share premium reserve on preference C shares, which may be increased with an additional amount at the expense of the general reserves, such amount as to be determined at the time of issuance, which distributions may be resolved upon by the Executive Board, subject to the approval of the Supervisory Board, once the preference C shares (of a series) have been outstanding for four years. If in any financial year a distribution as referred to under (ii) does not occur or does not wholly occur, such distribution may take place in a subsequent year, provided that in any financial year not more than thirty percent (30%) may be distributed. When it is resolved that distributions shall be made from the preference B shares dividend reserve then it shall also be resolved that distributions shall be made from the preference C shares dividend reserve and vice versa.

Resolutions of the General Meeting for the complete or partial cancellation of a share premium reserve will require the prior approval of the meeting of holders of shares of the class and series concerned, without prejudice to the provisions in Article 4, paragraph 5, under b.1. Only holders of ordinary shares will be entitled to distributions deducted from allocations to reserves other than those mentioned in the preceding sentence. However, without prejudice to the amounts that would accrue to holders of preference B shares or holders of preference C shares, in accordance with the provisions in Article 28, paragraph 1b.4. and Article 34, paragraph 4.6., resolutions for the complete or partial cancellation of reserves as stated in paragraph 1 of this Article may only be passed by the General Meeting on a proposal of the Executive Board approved by the Supervisory Board, with the exception of distributions from reserved dividend on preference B shares, which shall be resolved upon by the Executive Board subject to the approval of the Supervisory Board. Resolutions of the General Meeting for the complete or partial cancellation of a share premium reserve as stated in Article 4, paragraph 4.b. will require the prior approval of the meeting of holders of shares of the class and series concerned, without prejudice to the provisions in Article 4, paragraph 5, under b.1. Only holders of ordinary shares will be entitled to distributions deducted from allocations to reserves other than those mentioned in the preceding sentence. However, without prejudice to the amounts that would accrue to holders of preference B shares in accordance with the provisions in Article 28, paragraph 1b.4. and Article 34, paragraph 4.

Article 29 of the Articles of Association concerning payment in shares or from the reserves states:

1. The General Meeting may, at the proposal of the Executive Board and with the approval of the Supervisory Board, decide to distribute a dividend on ordinary shares in whole or in part in shares of the company and not in cash.
2. The General Meeting may decide to make a distribution on ordinary shares, in whole or in part, in shares of the company and not in cash.
3. The General Meeting may, at the proposal of the Executive Board and with the approval of the Supervisory Board, decide to make a distribution to holders of ordinary shares from the distributable part of the shareholders' equity. The provisions in paragraph 1 of this article will apply mutatis mutandis. Distribution as meant in the present paragraph 3 will only apply if all the amounts owed by virtue of Article 28, paragraph 1 have been paid.
4. In the event of a merger of a Subsidiary of the company, the General Meeting will have the authority to issue shares from one or more of the company's reserves, which do not need to be retained pursuant to the law or these Articles of Association.

Proposed profit appropriation

It is proposed that a dividend of € 4.5 million and of € 8.1 million be paid on the type-B and type-C preference shares, respectively, and that a dividend of € 232.3 million be paid on the ordinary shares. It is proposed that € 95.2 million be added to retained earnings.

Independent auditor's report

To: the General Meeting and Supervisory Board of Randstad Holding nv

Report on the financial statements 2014

Our opinion

In our opinion:
- the consolidated financial statements give a true and fair view of the financial position of Randstad Holding nv and its subsidiaries (the 'Group') as at 31 December 2014, and of their result and cash flows for the year then ended 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; and
- the company financial statements give a true and fair view of the financial position of Randstad Holding nv as at 31 December 2014, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2014 of Randstad Holding nv, Amsterdam ('the company'). The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:
- the consolidated balance sheet as at 31 December 2014;
- the following statements for 2014: the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
- the company balance sheet as at 31 December 2014;
- the company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

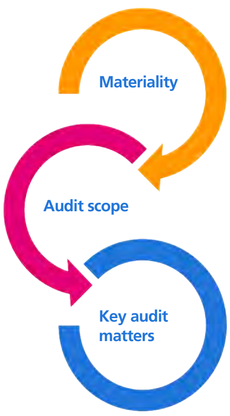
We are independent of Randstad Holding nv in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Executive Board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Executive Board that may represent a risk of material misstatement due to fraud. Given the industry in which the Group operates, we paid particular attention to testing the design and operating effectiveness of management's 'hours paid versus hours billed' control, including the assessment of identified differences. In addition we also used payroll, social security and actuarial specialists within our PwC network to assist us in evaluating compliance with the applicable laws and regulations, in particular related to social security charges, wage taxes and other employee benefit related calculations.



Materiality
- Overall materiality: € 31.5 million which represents 5% of income before tax adjusted for amortization and impairment of acquisition related intangible assets and goodwill.

Audit scope
- The Group engagement team and the component auditors conducted audit work on 43 reporting units in 24 countries.
- The Group team conducted site visits to 8 countries: Brazil, France, Germany, India, Mexico, the Netherlands, Switzerland and the United States of America.

Key audit matters
- Sensitivities in valuation of goodwill.
- Judgement in valuation of deferred income tax positions.
- Effectiveness of internal controls.

Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered to be material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on our opinion.
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	€ 31.5 million (2013: € 25.0 million).
How we determined it	5% of income before tax adjusted for amortization and impairment of acquisition related intangible assets and goodwill.
Rationale for benchmark applied	We have applied this benchmark based on our analysis of the common information needs of users of the financial statements. On this basis we believe that adjusted income before tax is an important metric for the financial performance of the company.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.
We agreed with the Audit Committee that we would report to them misstatements identified during our audit above € 1.5 million (2013: € 1.3 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our Group audit

Randstad Holding nv is head of a group of entities. The financial information of this Group is included in the consolidated financial statements of Randstad Holding nv.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the Group audit. In this context, we have determined together with management and the Audit Committee the audit procedures that needed to be performed at the reporting units by the Group engagement team and the component auditors from (other) PwC network firms to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of Group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected reporting units for which an audit or review of financial information or specific balances was considered necessary.

All component auditors performed an audit of the complete financial information of their respective reporting unit(s). For the holding company, the Group engagement team performed the audit work. For the other 42 reporting units we used component auditors from (other) PwC network firms around the world who are familiar with the local laws and regulations to perform this audit work. In our view, the Group audit has been designed adequately and has properly taken into consideration significance and/or risk characteristics from the perspective of the financial information of Randstad Holding nv.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those functions to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. The Group engagement team visits the component auditors on a rotational basis. In the current year, the Group audit team visited local management of the respective Randstad operations and the related PwC component auditors in Brazil, France, Germany, India, Mexico, the Netherlands, Switzerland and the United States of America. The Group consolidation, financial statement disclosures and a number of complex items are audited by the Group engagement team at the head office. These include, the annual goodwill impairment test and valuation of deferred tax assets.

As agreed with management and the Audit Committee we also included several smaller reporting units in scope for an audit of their complete financial information. Therefore taken together, our audit work performed at individual reporting units and at the head office addressed 98% of Group revenues and 97% of absolute Group EBITA (i.e. the sum of the numerical values without regard to whether they were profits of losses for the relevant reporting units). This gave us appropriate audit evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated financial statements.

The key audit matters from our audit

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Sensitivities in valuation of goodwill At 31 December 2014 the Group's goodwill balance is valued at € 2,375 million. Under EU-IFRS, the company is required to annually test for impairment of goodwill. This annual impairment test was significant to our audit because the assessment process is complex and involves significant management judgment and is based on assumptions that are affected by expected future market and economic conditions. Based on the annual goodwill impairment test the Executive Board concluded that no goodwill impairment was needed. The key assumptions and sensitivities are disclosed in note 4.1.2 to the financial statements.	Our audit procedures included, among others an assessment of the mathematical accuracy of the calculations and a reconciliation to the 2015 forecast as approved by the Executive Board. We used our valuation experts to assist us in evaluating the assumptions and methodologies used in the annual impairment test prepared by the company assisted by their external valuation experts, for which we assessed their respective objectivity and competence. We have challenged management, primarily on their assumptions applied where upon which the outcome of the impairment test is most sensitive, including, for example, projected revenue growth, EBITA margin, discount rate and terminal growth. Further, we challenged management by comparing the assumptions to historic performance of the company, local economic development and industry outlook, taking into account the sensitivity of the goodwill balances to changes in the respective assumptions. In particular we assessed the recoverability of goodwill balances recorded for the operating segments - Australia (€ 59 million), France (€ 399 million) and the United Kingdom (€ 128 million), due to their relative low level of headroom and accordingly the higher risk of impairment that may be triggered based upon a small change to the respective key assumptions. We also focused on the adequacy of the company's disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The company's disclosures concerning impairment and goodwill are included in notes 4.1 to the consolidated financial statements, which specifically explains that Australia is most sensitive to a change in key assumptions that could give rise to an impairment of the goodwill balance in the future.
Judgement in valuation of deferred income tax positions The Group's deferred income tax assets and deferred income tax liabilities as at 31 December 2014 are valued at € 534.7 million and € 34.8 million respectively. Under EU-IFRS, the company is required to periodically determine the valuation of deferred tax positions. This area was significant to our audit because of the related complexity of the valuation process which involves significant management judgment given it is based on assumptions that are affected by expected future market or economic conditions.	Our audit procedures included, among others an assessment of the recoverability of deferred tax assets in the USA and Luxembourg because of the respective value of these deferred tax assets and for France and Brazil due to the level of management judgment involved. We compared the consistency of management's profitability forecasts with those included in the annual goodwill impairment test. We also assessed local fiscal developments, in particular those related to changes in the statutory income tax rate and of the statutes of limitation since these are key assumptions underlying the valuation of the deferred tax assets. For example, the recent changes to the statutory rate and the statute of limitation in Spain were adequately taken into consideration in management's assessment. Further, we used our tax specialists to assist us in evaluating the assumptions and methodologies used by the company. In addition we also focused on the adequacy of the company's disclosures on deferred income tax positions and assumptions used. The company's disclosures concerning income taxes are included in note 4.3 to the consolidated financial statements.
Effectiveness of internal controls The effectiveness of the Company's internal controls was important to our audit since we had planned to apply an audit approach with reliance on internal controls. Overall the internal control environment of the Group has further improved over the last few years, among others through management's continuous focus on improving controls and making the financial reporting more accurate. Examples of management's initiatives in this area in 2014 were the update of the key controls framework and the roll out of the blueprint for the financial close process. The financial controls across the Group are at varying stages of maturity and there are a large number of different financial systems in operation. We focused on this area because financial information at locations where the control environment is less mature is inherently more at risk of misstatement.	We assessed the overall control environment of the Group including meetings with members of the Executive Board, the legal department and the Business Risk & Audit department as well as through meetings with management of reporting units around the world, to obtain their feedback on the tone at the top set by management of the Group. All our component auditors performed internal controls testing including testing of the effectiveness of the 'hours paid versus hours billed' control, which given the industry in which the Company operates, is one of the most important controls we rely upon in our audit. Our audit included varied testing procedures on IT general controls, automated controls and segregation of duties, for example within the large number of different HR and payroll related systems and applications used within the Group. We evaluated the progress of the implementation of the updated key control framework that is designed to improve the robustness of the internal control environment throughout the Group. At a limited number of locations we concluded the controls to be less formal and as a result our audit incorporated a greater emphasis on substantive testing of transactions, balances and key reconciliations and a greater emphasis on testing of journal entries.

Responsibilities of the Executive Board and the Supervisory Board

The Executive Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Executive Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Executive Board 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 responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all frauds or errors.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the Executive Board report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Executive Board report and other information):

- We have no deficiencies to report as a result of our examination whether the Executive Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Executive Board report, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors for the audit of the 2014 financial statements of Randstad Holding nv at the annual meeting held on 28 March 2013 and have been the auditor for more than 50 years. The most recent rotation of the signing external auditor on the audit of the financial statements of Randstad Holding nv was in 2010. Rotation of the signing external auditor is one of our safeguards to maintain our auditor independence.

Amsterdam, 17 February 2015

PricewaterhouseCoopers Accountants N.V.

Original has been signed by M. de Ridder RA

Appendix to our auditor's report on the financial statements 2014 of Randstad Holding nv

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- 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 intentional 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 the Executive Board.
- Concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. 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 those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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.

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summary quarterly income statement 2014

unaudited

amounts in millions of €, unless stated otherwise	first quarter	second quarter	third quarter	fourth quarter	year 2014
Revenue	**3,969.7**	**4,268.1**	**4,516.3**	**4,495.7**	**17,249.8**
Cost of services	3,252.4	3,481.4	3,680.9	3,657.5	14,072.2
Gross profit	**717.3**	**786.7**	**835.4**	**838.2**	**3,177.6**
Selling expenses	409.3	421.8	427.0	456.9	1,715.0
Other general and administrative expenses	189.9	191.7	203.9	216.4	801.9
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	36.0	36.0	36.6	36.8	145.4
Total operating expenses	**635.2**	**649.5**	**667.5**	**710.1**	**2,662.3**
Operating profit	**82.1**	**137.2**	**167.9**	**128.1**	**515.3**
Net finance costs	(2.6)	(4.0)	(11.4)	(12.5)	(30.5)
Share in profit/(loss) of associates	0.1	0.0	0.1	0.1	0.3
Income before taxes	**79.6**	**133.2**	**156.6**	**115.7**	**485.1**
Taxes on income	(24.7)	(39.1)	(43.3)	(37.9)	(145.0)
Net income	**54.9**	**94.1**	**113.3**	**77.8**	**340.1**
Calculation of earnings per ordinary share					
Net income for holders of ordinary shares	51.8	90.9	110.2	74.6	327.5
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	36.0	36.0	36.6	36.8	145.4
Integration costs	4.9	0.9	-	-	5.8
One-offs	-	-	5.7	33.8	39.5
Tax effect on amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	(12.9)	(11.6)	(13.2)	(20.6)	(58.3)
Net income for holders of ordinary shares before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	79.8	116.2	139.3	124.6	459.9
Basic earnings per share (€)	0.29	0.51	0.61	0.41	1.83
Diluted earnings per share (€)	0.29	0.50	0.61	0.41	1.81
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, badwill, integration costs and one-offs (€)	0.45	0.64	0.77	0.68	2.54
Average number of ordinary shares outstanding (in millions)	177.2	178.9	179.8	179.8	178.9
Average number of diluted ordinary shares outstanding (in millions)	179.0	181.1	182.0	182.1	181.2

summary quarterly statement of cash flows 2014

unaudited

amounts in millions of €	first quarter	second quarter	third quarter	fourth quarter	year 2014
Operating profit	**82.1**	**137.2**	**167.9**	**128.1**	**515.3**
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	36.0	36.0	36.6	36.8	145.4
EBITA	**118.1**	**173.2**	**204.5**	**164.9**	**660.7**
Depreciation and amortization software	16.5	15.8	15.7	17.2	65.2
EBITDA	**134.6**	**189.0**	**220.2**	**182.1**	**725.9**
Provisions and employee benefit obligations	(2.0)	(6.1)	(3.7)	18.4	6.6
Share-based payments	7.6	6.6	6.5	6.7	27.4
Other	(22.8)	(25.4)	(26.3)	(20.1)	(94.6)
Cash flow from operations before operating working capital and income taxes	**117.4**	**164.1**	**196.7**	**187.1**	**665.3**
Operating working capital	(22.0)	(186.8)	103.4	114.3	8.9
Income taxes paid	(9.8)	(43.6)	(37.3)	(26.0)	(116.7)
Net cash flow from operating activities	**85.6**	**(66.3)**	**262.8**	**275.4**	**557.5**
Net additions to property, plant, equipment and software	(11.4)	(15.9)	(13.2)	(22.8)	(63.3)
Acquisition and disposal of subsidiaries/activities/ buyouts/equity investments	(1.5)	(0.4)	(1.5)	(2.3)	(5.7)
Other	-	-	-	(6.5)	(6.5)
Net cash flow from investing activities	**(12.9)**	**(16.3)**	**(14.7)**	**(31.6)**	**(75.5)**
Net cash flow from financing activities	**(138.2)**	**83.3**	**(219.6)**	**(303.9)**	**(578.4)**
Net (decrease)/increase in cash, cash equivalents and current borrowings	**(65.5)**	**0.7**	**28.5**	**(60.1)**	**(96.4)**
Cash, cash equivalents and current borrowings at beginning of period	**(17.6)**	**(81.3)**	**(80.4)**	**(56.1)**	**(17.6)**
Net movement	(65.5)	0.7	28.5	(60.1)	(96.4)
Translation gains/(losses)	1.8	0.2	(4.2)	9.2	7.0
Cash, cash equivalents and current borrowings at end of period	**(81.3)**	**(80.4)**	**(56.1)**	**(107.0)**	**(107.0)**
Free cash flow	**74.2**	**(82.2)**	**249.6**	**246.1**	**487.7**

ten years of Randstad

amounts in millions of €, unless stated otherwise	2014	2013	2012
Revenue	17,249.8	16,568.3	17,086.8
Growth %	4.1%	(3.0)%	5.3%
Gross profit [1]	3,177.6	3,010.0	3,107.3
EBITDA [11]	725.9	597.9	547.7
EBITA [11]	660.7	529.7	463.6
Operating profit/(loss) [11]	515.3	366.3	127.6
Net income [2]	340.1	230.7	36.7
Growth %	47.4%	528.6%	(79.5)%
Net cash flow from operations	557.5	340.7	528.6
Free cash flow	487.7	292.9	466.5
Depreciation, amortization and impairment of property, plant, equipment, and software	65.2	68.2	84.1
Additions to property, plant, equipment, and software	65.7	61.5	63.5
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	145.4	163.4	336.0
Shareholders' equity	3,313.1	2,907.8	2,724.9
(Net debt) / net cash	(422.0)	(761.0)	(1,095.7)
Operating working capital [3]	487.7	459.5	527.6
Average number of staffing employees	580,300	567,700	581,700
Average number of corporate employees	28,720	28,030	29,320
Number of branches, year-end	2,816	3,161	3,191
Number of inhouse locations, year-end	1,595	1,426	1,305
Market capitalization, year-end	7,215.2	8,366.0	4,785.3
Number of ordinary shares outstanding (average in millions)	178.9	175.5	171.9
Closing price (in €)	40.06	47.15	27.81
Ratios in % of revenue			
Gross profit [11]	18.4%	18.2%	18.2%
EBITDA [11]	4.2%	3.6%	3.2%
EBITA [11]	3.8%	3.2%	2.7%
Operating profit [11]	3.0%	2.2%	0.7%
Net income		1.4%	0.2%
Basic earnings per ordinary share (€)	1.83	1.25	0.17
Diluted earnings per ordinary share (€)	1.81	1.23	0.17
Diluted earnings per ordinary share before amortization and impairment of acquisition-related intangible assets and goodwill (€)	2.35	1.87	1.73
Dividend per ordinary share (€)	1.29	0.95	1.25
Payout per ordinary share in % [4]	50%	45%	59%

1 The results as presented in this overview are reported results. As such, they have not been adjusted for one-offs, integration costs or acquisition-related costs.
2 For the years 2005, 2006 and 2007, net income includes dividend on preferred shares as financial expenses under net finance costs.
3 Operating working capital (as from 2014): trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies, and interest receivable minus trade a
4 Starting 2008: on basic earnings per ordinary share, adjusted for the net effect of amortization and impairment of acquisition-related intangible assets and goodwill, badwill, integration costs and one-offs.

2011	2010	2009	2008	2007	2006	2005
16,224.9	14,179.3	12,399.9	14,038.4	9,197.0	8,186.1	6,638.5
14.4%	14.4%	(11.7)%	52.6%	12.3%	23.3%	15.2%
2,953.9	2,669.3	2,421.3	2,972.3	2,029.7	1,730.6	1,405.2
633.6	598.9	346.0	744.0	605.6	484.2	339.2
553.1	513.6	252.4	644.0	554.4	436.1	299.1
249.7	341.2	93.8	(34.7)	539.6	423.6	290.9
179.0	288.5	67.6	18.4	384.9	360.3	241.9
(38.0)%	326.8%	267.4%	(95.2)%	6.8%	48.9%	19.3%
519.5	369.2	742.7	760.1	401.4	409.6	238.2
435.2	309.3	698.1	672.7	328.4	350.0	180.3
80.5	85.3	93.6	100.0	51.2	48.1	40.1
85.5	60.7	48.5	92.0	74.4	61.8	62.0
303.4	172.4	158.6	678.7	14.8	12.5	8.2
2,898.4	2,850.8	2,491.0	2,416.9	1,021.6	790.3	536.2
(1,302.6)	(899.3)	(1,014.7)	(1,641.0)	(144.2)	250.3	206.0
631.6	525.5	395.2	711.5	409.5	354.5	398.7
576,800	521,300	465,600	555,600	369,200	312,300	254,400
28,700	25,680	27,640	28,230	17,570	15,380	13,430
3,566	3,085	3,182	4,146	1,889	1,827	1,708
1,145	1,110	947	1,087	997	843	703
3,907.9	6,716.9	5,917.6	2,466.9	3,150.7	6,083.4	4,243.9
170.8	169.9	169.6	148.6	116.4	115.8	115.4
22.86	39.50	34.90	14.55	27.02	52.40	36.69
18.2%	18.8%	19.5%	21.2%	22.1%	21.1%	21.2%
3.9%	4.2%	2.8%	5.3%	6.6%	5.9%	5.1%
3.4%	3.6%	2.0%	4.6%	6.0%	5.3%	4.5%
1.5%	2.4%	0.8%	(0.2)%	5.9%	5.2%	4.4%
1.1%	2.0%	0.5%	0.1%	4.2%	4.4%	3.6%
1.00	1.65	0.36	0.07	3.31	3.11	2.10
1.00	1.63	0.36	0.07	3.30	3.10	2.09
2.42	2.32	0.99	4.38	3.38	3.17	2.15
1.25	1.18	-	-	1.25	1.25	0.84
53%	60%	-	-	38%	40%	40%

nd other payables, excluding interest payable. Comparative figure for 2013 is adjusted; all other years are not adjusted.

glossary

operational glossary

Activity-based field steering
Our activity-based field steering (ABFS) model is used to manage and direct performance across our businesses. By embedding operational performance tools at every level of our organization, the input-based ABFS model helps operational managers to take the right decisions, at the right time, and translate them into action. Managers receive up-to-date, accurate reports on a weekly basis, covering a range of key performance indicators. These data enable us to manage our units and teams in the field by adapting to changing client and market demands as they occur.

Agency work
Agency work is a special form of temporary work, where generally the employer does not hire the employee directly on a contract with a limited duration, but through a private employment agency. The employee is mostly hired directly by the employment agency, mostly on a temporary basis, but sometimes on a permanent contract. During the contract period, the employee can be assigned to different user companies.

Aging population
The process in which the working population is shrinking due to an increasing number of people leaving the labor market because of their age.

Blue-collar worker
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.

Branding
Randstad is known for building strong brands in the HR services sector. We believe strongly that branding is not just about advertising. It is also very much about the philosophy and identity of the company behind it. Behind the Randstad brand portfolio are a number of sophisticated systems that enable smart and efficient collaboration between marketing managers worldwide, without constraining creativity. All appearances of the Randstad brand, and the endorsed brands that have the same family characteristics, benefit from the support of a global, web-based marketing operations management system, incorporating state-of-the-art digital asset management. In short, this means that the marketing materials that are developed in one country are also available for the others, and that various marketing disciplines are spearheaded by experts from different countries, working together on a marketing intranet. Over the past years, the use of this system has lowered the non-visible part of our marketing costs considerably, freeing up resources for investments in a wider reach. Other benefits are increased speed to market, enhanced learning, and more time to focus on local actions and adaptations where these make a difference.

Candidate
Another term for the people we help to find work at our clients (temporary and permanent employees).

Ciett
Our worldwide industry federation, officially known as International Confederation of Private Employment Agencies.

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, directly meeting the demands of clients and candidates.

Deregulation
Deregulation is a driver of market growth which we try to influence as much as possible. While deregulation is a well-known and accepted term, we stress that we are not looking for a system without rules. In fact, we strive for the lifting of unjustified restrictions in overregulated markets on the one hand, and for a fair and effective regulatory environment in markets where this has yet to be introduced on the other.

Dividend policy
Our dividend policy aims at a payout ratio of 40%–50% of adjusted earnings per share. We also offer shareholders a choice between shares and cash dividend.

Employees working/candidates/staffing employees
The number of temporary employees currently working for our clients.

Eurociett
Our European industry federation, officially known as the European Confederation of Private Employment Agencies.

FTE
Full-time equivalent.

Inhouse location
An Inhouse location is a branch that is located at a client's premises, where our consultants work on-site dedicated to that specific client.

Managed Services Provider (MSP)
An MSP is a company that takes on primary responsibility for managing an organization's contingent workforce program.

An MSP may or may not be independent of a staffing supplier.

Outlets
Outlets are branches and Inhouse locations combined.

Outplacement
Within outplacement, we advise and support organizations in situations in which employment contracts need to be terminated because of a strategic decision or for other reasons. We assist employees in their search for a suitable new job to make the transition as smooth as possible.

Outsourcing
Outsourcing is the sustainable transfer of several client activities with output responsibility both in the production/logistics and in the administrative environment.

Penetration rate
The penetration rate is the percentage of temporary workers in the total working population.

Permanent placement
Apart from attracting candidates for temporary jobs, we also service clients by recruiting candidates for permanent positions. The process involved is referred to as permanent placement.

Professionals
Professionals is the service we offer to our clients where we offer a broad and deep range of candidates with an academic or equivalent degree on a temporary or interim basis, as well as on a permanent placement basis through Search & Selection.

Recruitment
The process of hiring candidates for permanent positions.

Recruitment Process Outsourcing (RPO)
RPO is the transfer of operational responsibility for one or more recruiting functions or tasks, including recruitment administration, from the client to a service provider.

Secondment
Secondment refers to a Staffing variant in which we are the legal employer of the temporary worker.

Specialties
Specialties are the specific market segments that dedicated units in our Staffing business focus on, such as healthcare, transport, airports, and call centers. The knowledge, experience, and expertise we gain by focusing on these specialties translate into added value for clients and candidates.

Staff turnover
The percentage of employees leaving our company.

Staffing
A service we offer to our clients that involves matching candidates with temporary positions at our clients.

Statement of work (SOW)
A formal document that captures and defines the work activities, deliverables, and timelines a vendor must execute in the performance of specified work for a client. The SOW usually includes detailed requirements and pricing, with standard regulatory and governance terms and conditions.The meaning of the SOW concept overlaps with that of a contract, and indeed SOWs are often legally equivalent to contracts.

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 worker
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

European platform
A Randstad platform, where representatives from our European operating companies – both candidates and employees – and Group management, also in the presence of the representative trade union UNI-Europa, discuss relevant policy issues and operational developments. This European Platform for Social Dialogue meets twice a year.

Fatality
An incident causing the death of a corporate staff member 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.

IDP
Individual development plan for employees.

Local sickness rate
Number of working days lost due to sickness within Randstad, based on actual working days. Sickness rate calculation: number of workings days lost / (average FTE x available days).

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 / (average FTE x available days).

Misconduct Reporting Procedure (MRP)
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.

National sickness rate
Sickness rate in a country as most recently quoted by local public administration or authorities. In some countries, national sickness rates exclude absence due to work-related accidents and/or pregnancy leave; in other countries, these elements are included.

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.

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

Sickness absence
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.

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, both in internal and external programs designed to train people in performing their job responsibilities. Training of employees excludes attendance at the Frits Goldschmeding Academy, which is reported separately.

Turnover rate
The number of employees (FTEs) who left the operating company during the year (either leaving the Randstad Group or leaving the operating company due to a transfer within the Randstad Group) divided by the average number of employees.

VSO volunteers in home country/pro bono
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) in their home country or at a VSO office (e.g., in the UK or the Netherlands).

VSO volunteers on overseas placement
Number of employees (headcount) working on an indefinite contract with an operating entity, who have carried out a VSO assignment in Africa or Asia.

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.

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.

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 8 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.

DSO (Days Sales Outstanding, moving average)
This DSO KPI 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.

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.

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, Amortization and Depreciation. It is basically the same as operating profit adjusted for amortization and impairment charges on acquisition-related intangible assets and goodwill, depreciation, amortization and impairment of property, plant and equipment, and software.

EPS (basic Earnings Per Share)
Net income attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding.

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.

Free cash flow
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 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
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.

Liquidity of shares
Total number of shares traded on the stock echanges.

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.

Net income attributable to holders of ordinary shares before amortization and impairment of acquisition-related intangible assets and goodwill
Net income attributable to holders of ordinary shares, adjusted for amortization and impairment of acquisition-related intangible assets and goodwill after taxes.

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 held-to-maturity investments) minus trade and other payables.
The level of working capital is related to the timing of the invoicing and payrolling processes (weekly or monthly). In addition, the payment terms we negotiate 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, and one-offs after taxes.

Productivity
We measure productivity in three ways: (1) number of temporary workers per staff member (EW/FTE), (2) gross profit per staff member (GP/FTE), and (3) gross profit in relation to personnel expenses (GP/PE).

Recovery ratio
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.

Revenue
We distinguish three categories 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 payrolling, outplacement, outsourcing, MSP services, consultancy, and related HR offerings.

Revenue categories
Revenue categories are our service concepts: Staffing (including HR Solutions), Inhouse Services, and Professionals.

Segment reporting
Segments are geographical areas and are reported in line with internal reporting.

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 € 1,800 million multi-currency syndicated revolving credit facility at its disposal, which will mature mid-2019. In addition, the Group has at its disposal a standby facility with a small group of banks, which offers the Group the opportunity to sell accounts receivable of selected European entities up to a maximum of € 150 million. Randstad is entitled to activate this facility, which matures in February 2015, at any time. The loan documentation of all credit facilities allows a leverage ratio of 3.5 times EBITDA, although we aim for a leverage ratio of between 0 and 2, which is important for continuity. In certain cases, we are allowed to report a maximum leverage ratio of 4.25x EBITDA for a limited amount of time.

Taxes on income
Taxes on income comprise current taxes and the realization of deferred taxes. Current taxes on income are the sum of taxes levied on the results before taxes in the countries in which those results were generated, based on local tax regulations and against tax rates of the applicable year. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating taxes on income.

Velocity of shares
Velocity represents the average holding period of a share in Randstad. It is measured as the total number of shares traded divided by the average number of shares outstanding.

VSO partnership at a glance

Start

At the center of our partnership, Randstad helps to strengthen VSO by providing expertise and increasing volunteer numbers.

Focused support

Randstad employees provide support in many areas: HR, marketing, recruitment, finance, IT, fundraising, and organizational development.

Volunteers

Over 150 employees have volunteered in disadvantaged communities in Africa and Asia.

Countries

We support VSO projects in our home markets pro bono, while overseas volunteers go to countries like Tanzania and Bangladesh.

Impact

Together, volunteers and their counterparts create lasting change in communities where help is needed most.

10th anniversary

We celebrated the 10th anniversary of our partnership by increased internal and external communications and a field visit to Nepal.

sustainability and industry memberships and partnerships

Ciett

Through our membership in Ciett, the International Confederation of Private Employment Agencies, we strive for well-regulated working conditions for our corporate employees and candidates.

Eurociett

Through our membership in Eurociett, European Confederation of Private Employment Agencies, we strive for well-regulated working conditions for our corporate employees and candidates.

CSR Europe

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.

Global Reporting Initiative

Randstad is a registered organizational stakeholder of the Global Reporting Initiative (GRI) and supports its mission to make sustainability reporting standard practice; one which helps to promote and manage change towards a sustainable global economy.

VSO

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.

FTSE4Good Index

Randstad Holding is a constituent company in the FTSE4Good Index Series. FTSE4Good identifies companies that meet globally recognized standards of responsible business practice.

UN Global Compact

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, environment, and anticorruption. As signatories of the Compact since 2004, it is Randstad's firm belief that responsible business promotes the development of markets, commerce, technology, and finance for the benefit of economies and societies everywhere.

International Integrated Reporting Council

Randstad has been a member of the pilot initiative from the IIRC that resulted in the release of a global Integrated Reporting Framework in December 2013. An integrated report is a concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.

INSEAD

Randstad chairs and co-funds the alumni sustainability executive roundtables of the INSEAD Social Innovation Centre, where business leaders share experiences on advancing the sustainability agenda.

Global Apprenticeships Network

The GAN – established in 2013 – aims to address the urgent issue of youth unemployment and the need for businesses to ensure skills for the future.

The Network has been developed jointly by the International Organisation of Employers (IOE) and the Business and Industry Advisory Committee to the OECD (BIAC), with the support of the International Labour Organization (ILO).

International Organisation of Employers

The IOE is a private sector network of 150 business and employer federations in 143 countries. The IOE guides its members in matters of international labor standards, business and human rights, CSR, occupational health and safety, and international industrial relations.

Brussels European Employee Relations Group

BEERG is an information-sharing and networking group of companies headquartered in the EU, the US, India, and Japan, where labor and employment relations professionals discuss topics of mutual concern.

Businesseurope AS Group

On behalf of its member federations, BUSINESSEUROPE works to ensure that the voice of business is heard in European policy-making, and also represents its members in the international political arena.

VNO-NCW

VNO-NCW, the Confederation of Netherlands Industry and Employers, represents the common interests of Dutch business, both at home and abroad. They cover almost all sectors of the economy, including more than 80% of all medium-sized companies in the Netherlands and nearly all of the larger, corporate institutions.

certifications, rankings, and awards

For a complete overview of certifications, rankings, and awards, see our online annual report.

Certifications

- Randstad Belgium and Randstad Italy hold the Social Accountability SA 8000 accreditation.
- Tempo-Team, Randstad Netherlands, Randstad Sweden, Randstad Brazil, Randstad Professionals Germany, and Yacht hold the ISO 14001 environmental management certification.
- Randstad Argentina holds a Sustainable Commitment Certificate.
- Randstad Belgium is certified VCU and Qfor, where VCU stands for 'Health and Safety' and Qfor for 'Quality training and consulting organizations'.
- Randstad France, Germany including Professionals and Tempo-Team, Belgium, Spain, Italy, Hungary, India, Japan, Brazil, Australia, Argentina, Poland, UK Care, UK Student and Worker Support, Chile and the companies in the Netherlands are certified under the ISO 9001 label for quality management.
- Randstad Belgium, Randstad France, Randstad Italy and Randstad Holding continue to be certified with the Gender Equality European Standard (GEES) for their professional gender diversity practices.
- Randstad Mexico has been certified under the Gender Equality Model (MEG) of the Women's National Institute, for fostering a healthy work environment, free of any type of discrimination.
- Randstad Professionals Germany holds the Bildungsträger AZAV certificate.
- In 2011, Randstad Australia achieved AS/NZS 4801 accreditation and were the first labor hire company to achieve Self Insurance status in 1999.
- Randstad Netherlands has published a self-declaration indicating that it will strictly adhere to the ISO 26000 guideline. The declaration was made according to the official Dutch guideline NPR 9026, as established by NEN (the Dutch Standardization Institute).
- 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 1800:2007.
- Randstad Brazil holds the OHSAS 18001 certificate (Occupation Health and Safety Assessment Series for health and safety management system).
- Randstad Spain holds the Youth Employment Certificate.
- Diemermere Beheer BV, our facilities company in the Netherlands, holds ISO 14001 environmental management and ISO 50001 energy management certification.
- Randstad Argentina acquired the CMMI certificate in 2013.
- Randstad France holds the Label Diversité.
- In the field of data protection, Randstad Germany is certified by the TÜV Rheinland Industrie Service GmbH.
- Randstad France and Group Randstad France hold the Label 'égalité professionnelle femmes/hommes'.

Rankings and awards

- Randstad Holding received confirmation of its continued membership of the FTSE4Good Index.
- In January 2014, Randstad Holding was elected the overall winner of the Dutch IR Awards and won the Award for best AEX company, while its director Investor Relations won the Award for best AEX professional. The jury report highlights Randstad's transparency and clear communication, both from management and the IR team.
- Randstad Holding was nominated for the Building Public Trust award 2014, in the category International Award for Excellence in Integrated Reporting, of the IIRC (International Integrated Reporting Council).
- Randstad Spain received the 'Telefónica Ability Award', which is a recognition for businesses that contribute to the integration of disabled employees in the workforce.
- Randstad Japan was number 1 in the category of 'Wish to Work through this Agency' in the 'Temporary Staffing Satisfaction Survey' done by *HR Business Magazine* (Jinzai Business).
- GULP Information Services GmbH holds the seal of approval 'Arbeits- und Gesundheitsschütz nach LS-Standard' from TÜV SÜD Life Service GmbH as one of only four enterprises in Bavaria.
- Randstad Belgium received the Volvo Quality through Excellence award.
- In the Polish 'Business Journal Book of Lists 2014' Randstad Poland ranks as the No. 1 temporary work agency.
- Randstad Hungary is the No. 1 recruitment company according to 'Business Journal Book of Lists', the most prestigious English periodical publication in Budapest.
- Randstad Spain has been awarded 27th place in Spain's 'Top 100 Best Companies To Work For' and is the highest ranking company among all HR services providers.
- Randstad Greece and Randstad Canada were awarded one of the best workplaces by the Great Place to Work Institute.
- Randstad France is among the 2% best staffing companies in labor practices out of more than 150 staffing companies assessed by Ecovadis, a platform to monitor sustainability performance in the supply chain.
- In 2014, Randstad France improved its grade from 73 to 89/100 in CSR performance in an assessment of employment agencies monitored by Acesia, ranking 5th among the 54 auto-assessed companies, and 2nd among the 7 companies whose assessment was controlled by Acesia.
- Randstad Argentina was recognized in 2014 by Huésped Foundation with the 'Golden Stamp' for its successful practices regarding campaigns on labor inclusion of people with HIV/AIDS.
- Randstad Canada received an ACE Award from the Canadian Public Relations Society for its successful public relations campaigns Randstad Award and Women Shaping Business.

Rankings and awards

- Randstad Canada was recognized and awarded for excellence in communications throughout the Greater Toronto Area by the International Association of Business Communicators.
- Several Randstad US companies are ranked in the Largest Staffing Firms by Staffing Industry Analysts. Professionals is at the second place, Technologies at the third, Pharma at the sixth and Engineering at the eighteenth.
- Randstad Portugal was distinguished as the best HR supplier 2014 in the category of 'Agency work and outsourcing'.
- Randstad Holding received from our client Johnson&Johnson a certificate of recognition for our efforts towards their Healthy Future 2015 goals in the areas of environmental, social and economic sustainability.
- GULP Information Services GmbH has the following rankings and awards: Junge Karriere Fair Company, Kununu Top Company and Open Company, listed as recommended in FOCUS Top Personal Dienstleister 2014, BMEnet Gütesiegel (seal of approval), Connexio Präqualifikation which is a standard in quality and corporate social responsibility.
- Randstad US Healthcare, Professionals, Technologies and Engineering were all named 2014 Best of Staffing by Inavero.
- Randstad UK Student and Worker Support has an accreditation called 'Proud to be Clear Assured' which recognises an accessible recruitment process for people with disabilities.
- Randstad Netherlands was awarded a San Accent Award in 2014 for their first 'Youth Looking for Work' program, executed in 2013, dealing with youth unemployment. The same initiative also received a 'Golden Magnet Award' during the employer branding experience 2014.
- Randstad Canada was awarded the Health & Safety Award from ACSESS for outstanding performance in workplace health and safety.
- Randstad Contact Centres Portugal won a Golden Medal in the category 'Best Operational Manager' and two Silver Medals in the categories 'Best Sales Manager' and 'Best Recruitment Campaign' in the Contact Center World Awards 2014. And it was distinguished in the categories 'Social responsibility in the Contact Centre' and 'Young talent'.
- Randstad Brazil received the award for best supplier from our client Petrobras-RN.
- Randstad US Technologies was named 2014 TechServe Alliance Excellence Winner by TechServe Alliance. This inaugural award recognizes IT and engineering staffing and solutions firms that have demonstrated outstanding performance, team productivity, and dedication to continuous improvement.

highest Randstad positions in industry associations

country	federation name	president	vice-president	board member	member
Argentina	FAETT		x		x
	CASEEC[1]				x
Austria	VZA				x
Australia	RCSA			x	x
Belgium	Federgon			x	
Brazil	Sindeprestem (Sao Paolo)				x
	ACSESS			x	
Canada	NACCB			x	
Chile	AGEST				x
China	Shanghai HR Consulting Association[1]			x	
	CAFTS (Bejing)				x
Czech Republic	APPS		x		
Denmark	Vikarbureaernes Brancheforening			x	
France	PRISME			x	
Germany	BAP		x		
Greece	ENIDEA				x
Hungary	SZTMSZ			x	
India	ISF			x	
Italy	Assolavoro			x	
Japan	JASSA			x	
	JSLA[1]		x		
	JHR (umbrella organization)[1]			x	
Luxembourg	Fedil/F.E.S. (Fedil Employment Services)		x		
Mexico	AMECH			x	
Netherlands	ABU		x		
New Zealand	RCSA	x			
Poland	Polski HR Forum		x		
Singapore	Singapore Professional Staffing Organisation			x	
Portugal	APESPE			x	
Slovakia	APAS				x
Spain	Asempleo			x	
Sweden	Bemanningsforetagen				x
Switzerland	Swiss Staffing			x	
Turkey	OIBD				x
UK	REC				x
Uruguay	CUDESP				x
US	ASA			x	
Europe	Eurociett	x			
International	Ciett	x			

1 Non-Ciett member.

financial calendar

April 2, 2015
Annual General Meeting of Shareholders

April 8, 2015
Ex-dividend

April 30, 2015
Dividend available for payment

April 30, 2015
Publication of Q1 2015 results (pre-market)
Analyst conference call Q1 2015 results

July 30, 2015
Publication of Q2 2015 results (pre-market)
Press conference and analyst presentation Q2 2015 results

October 29, 2015
Publication of Q3 2015 results (pre-market)
Analyst conference call Q3 2015 results

February 18, 2016
Publication of Q4 2015 and annual results 2015 (pre-market)
Press conference and analyst presentation annual results 2015

March 31, 2016
Annual General Meeting of Shareholders

1960 Uitzendbureau Amstelveen founded in the Netherlands

1964 The company takes a new name: Randstad Uitzendbureau

1967 Creation of the Randstad logo and visual identity

1970 Randstad now has 32 branches in four countries

1977 Introduction of the core values

1978 Company name changes to: Randstad Holding nv

1983 Staffing agency Tempo-Team acquired

1985 Randstad celebrates its silver jubilee; 257 branches in four countries

1988 Establishment of Randstad Option Fund for corporate employees

1990 Randstad shares are listed on the Amsterdam Stock Exchange

1993 Randstad starts activities in the US

1996 Randstad deploys 16,000 staffing employees at the Olympic Games in Atlanta

1998 Randstad founder and president and CEO Frits Goldschmeding retires

1998/1999 International network doubled through acquisitions in the US, Germany and Spain

2007 Randstad, now present in 20 countries, is promoted to the AEX index

2008 Randstad and Vedior become one. Randstad becomes the second-largest HR services provider in the world

2010 Acquisition of FujiStaff Japan

2011 Acquisition of SFN Group

2013 Acquisition of part of the European Staffing activities of USG People

2014 Jacques van den Broek appointed CEO

design concept
Dr. Kominski

graphs
BAS! Reclame & Vormgeving

photography of boards and CEO
Sander Stoepker

other photography
Gert Ijszenga
Sander Stoepker
Williams Martini Racing
Randstad VSO volunteers
Randstad photo database

text and editing
Randstad Holding nv
Baxter Communications BV

project management
Carola La Grouw/Report Company

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If you have any comments on or questions about this annual report, please do not hesitate to contact us by email.






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