

annual report 2020



#newways.

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randstad



at a glance.

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key figures 2020.



revenue in millions

€ 20,718

› 78

underlying EBITA margin

3.3%

› 78

adjusted net income
in millions

€ 470

› 82

free cash flow in millions

€ 1,132

› 78

number of permanent
placements

202,800

› 76

women in senior
leadership positions

51%

› 46

global HR services leader

1

› 78

proposed dividend
per ordinary share

€ 3.24

› 54

number of candidates
trained

313,600

› 57

number of candidates
working (on a daily basis)

568,800

› 76

employee engagement
score

7.9

› 50

number of employees
trained

32,000

› 65

key financials.

in millions of €, unless otherwise indicated	2020	2019	Δ
Underlying¹			
Revenue	20,718	23,676	(12%)
Gross profit	3,970	4,726	(16%)
EBITA ²	692	1,094	(36%)
Actual			
Revenue	20,718	23,676	(12%)
Gross profit	3,948	4,705	(16%)
EBITA ²	579	977	(41%)
Net income	304	606	(50%)
Free cash flow ³	1,132	915	24%
Net debt, excluding lease liabilities ⁴	(333)	756	
Net debt, including lease liabilities	255	1,377	
Leverage ratio (net debt/12-month EBITDA)	0.3	1.0	
Total equity	4,669	4,473	4%
Ratios (in % of revenue)			
Underlying¹			
Gross margin	19.2%	20.0%	
EBITA margin	3.3%	4.6%	
Actual			
Gross margin	19.1%	19.9%	
EBITA margin	2.8%	4.1%	
Net income margin	1.5%	2.6%	
Share data			
Basic earnings per ordinary share (in €)	1.62	3.24	(50%)
Basic earnings per ordinary share, underlying (in €) ⁵	2.57	4.18	(39%)
Diluted earnings per ordinary share, underlying (in €) ⁵	2.55	4.17	(39%)
Dividend per ordinary share (in €)	3.24	-	-
Payout per ordinary share (in %) ⁶	126	-	-
Closing price, year-end (in €)	53.24	54.44	(2%)
Market capitalization, year-end	9,759	9,979	(2%)
Enterprise value, year-end ⁷	9,426	10,735	(12%)
Employees/outlets			
Average number of candidates working	568,800	649,000	(12%)
Average number of corporate employees	34,680	38,280	(9%)
Number of branches, year-end	2,752	2,761	(0%)
Number of Inhouse locations, year-end	1,963	2,100	(7%)

1 Underlying: actual gross profit and EBITA adjusted for one-offs, such as restructuring costs, integration costs, and acquisition-related expenses.

2 EBITA: operating profit before amortization and impairment of acquisition-related intangible assets and goodwill.

3 Free cash flow: sum of net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries and associates and equity investments, and dividends from associates; including repayment of lease liabilities.

4 Net debt, excluding lease liabilities: cash and cash equivalents minus borrowings.

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

6 Payout per ordinary share in %: dividend per ordinary share on basic earnings per ordinary share adjusted for the net effect of amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, acquisition-related costs, and one-offs.

7 Enterprise value: the total of market capitalization and (net cash)/net debt (net debt excluding lease liabilities).

message from the CEO.



‘We are now even more agile, flexible, and committed to getting people back to work and businesses operating at their full potential.’

Dear Stakeholder,

2020 was a year like no other. When the pandemic hit the world, our first priority was the health and safety of our employees and candidates. Within a very short time, most of our colleagues were working remotely, with full access to our client and candidate base. We helped tens of thousands who had lost their jobs to find employment again. We also supported clients to bring their workers back on site safely or to new remote locations. Through all the uncertainty, we provided assurance and practical support. The unprecedented challenges that confronted us in 2020, and the lessons we learned, helped to further reaffirm our market leadership. We are now even more agile, flexible, and committed to getting people back to work and businesses operating at their full potential.

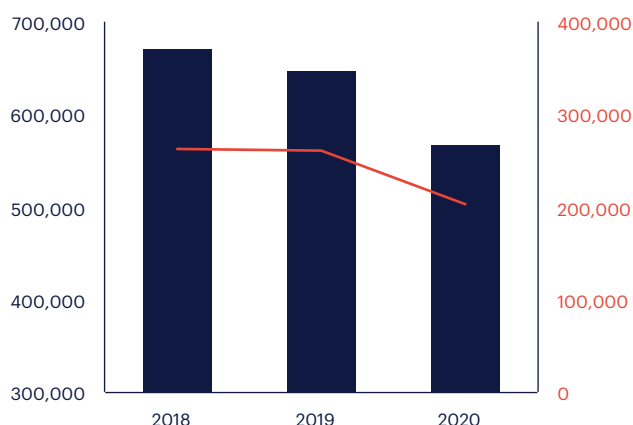
Although we had embraced digital transformation well before the pandemic, COVID-19 accelerated the use of

digital platforms and environments. At the same time, we were proactive in helping companies adapt to changing regulations and pandemic-related challenges. We supported employers in preparing for the future of work and helping their workforce acquire critical skills. They also turned to Randstad to redeploy talent internally and externally. Our Randstad RiseSmart business provided compassionate care and career transition services to a growing number of employers facing reductions in force in 2020. Our services were also instrumental in coaching workers and helping them find new employment. This fits well into our integrated approach to managing people's entire career life cycle and helps build longstanding trust.

In 2020, we also celebrated our 60th anniversary. On September 29, an online interactive show was held in six different time zones around the globe to kick off a whole range of fun and inspirational Randstad 60 activities for all of our employees.

message from the CEO

candidates placed in jobs

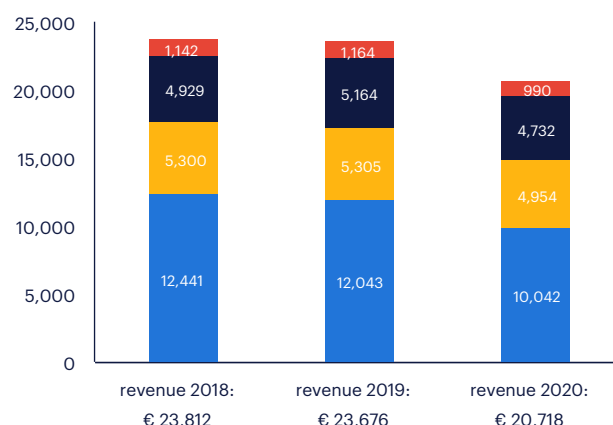


● temporary placements (average per day) ● permanent placements (annually)

Financially, we delivered a solid and competitive performance in an exceptional year. Trading conditions reached a low point in April, when country lockdowns were most intensified. Since then, our revenue recovered gradually month-by-month into December. Although our Group revenue was down 12% organically year-on-year, we outperformed the market in several key geographies, such as the US, France, and Belgium. The strong operational agility of our highly experienced management teams, our diversified portfolio, and disciplined cost management have all contributed to our recovery. As a result, we achieved an EBITA margin of 3.3%, driven by a sound recovery ratio of 44%, and we generated a strong free cash flow of € 1,132 million.

On the back of our overall solid performance, and as we balance the needs of all our stakeholders, we propose to our shareholders a cash dividend of € 3.24 per ordinary share for 2020. This consists of a regular floor dividend of € 1.62 and a special cash dividend of € 1.62 per ordinary share. The decision to pay a special dividend over the year 2020 should be seen in connection with our decision to withdraw 2019 dividend proposal in March 2020, which was a precautionary measure.

revenue in millions of €



● staffing ● inhouse ● professionals ● global businesses

We are bringing a laser-sharp focus on talent into 2021. In a quickly changing world of work, continuous upskilling and reskilling of talent will be critical to avoid massive redundancies and skills gaps in the labor market. As the global leader in HR services, we will support clients and talent in this regard by launching a growing range of development and training opportunities.

Finally, I am very grateful for having such dedicated and exceptional people advancing our mission. They were the reason for our resilience in 2020 and will also be the key to our success in the years ahead. On behalf of the Executive Board, I want to thank all of our employees, as well as our clients, talent and shareholders, for their continued support and trust.

Best regards,
Jacques van den Broek



#newways

In 2020, the world around us changed beyond recognition at an incredible speed. As the leading global HR services provider, Randstad quickly mobilized to respond to our customers' needs, recognizing that there are 'new ways' of serving our clients and talent. Our #newways program, which we initiated in the second quarter, aims to help us all navigate the new situation we're finding ourselves in, and builds on the work done for the 'Safely Back to Work' industry alliance.

Randstad's advanced digital transformation immediately proved extremely valuable. When the pandemic hit, the entire office-based workforce seamlessly went virtual, with employees working from home and interacting with clients and talent through digital platforms. We also managed to quickly set up temporary workers to work remotely for our clients. In addition, we were able to identify and fill new roles, such as medical screeners and roles in testing and tracing. We also offered free job listings on Monster for health care workers.



online sales program and training

From a business perspective, #newways consists of a fully digitalized sales and marketing program that supports our consultants in moving from traditional face-to-face interactions to remote visits by video conferencing and by phone. It offers relevant content that helps consultants to keep the conversation with clients going during the pandemic and beyond, and includes supportive training for consultants and a new platform to keep track of progress, called @BFS, the acronym for 'digital activity-based field steering'.

how #newways benefits clients

In the course of 2020, when countries were increasingly going into lockdown scenarios, Randstad consultants quickly changed from face-to-face to online interaction with clients, providing relevant content and support through digital channels. As a trusted advisor, we built on our experience and expertise to help our clients to continue their business safely. For example, we provided a free digital toolkit, safety protocols and protocol scans, and helped them transition to a digital work environment where this was possible.

how #newways benefits talent

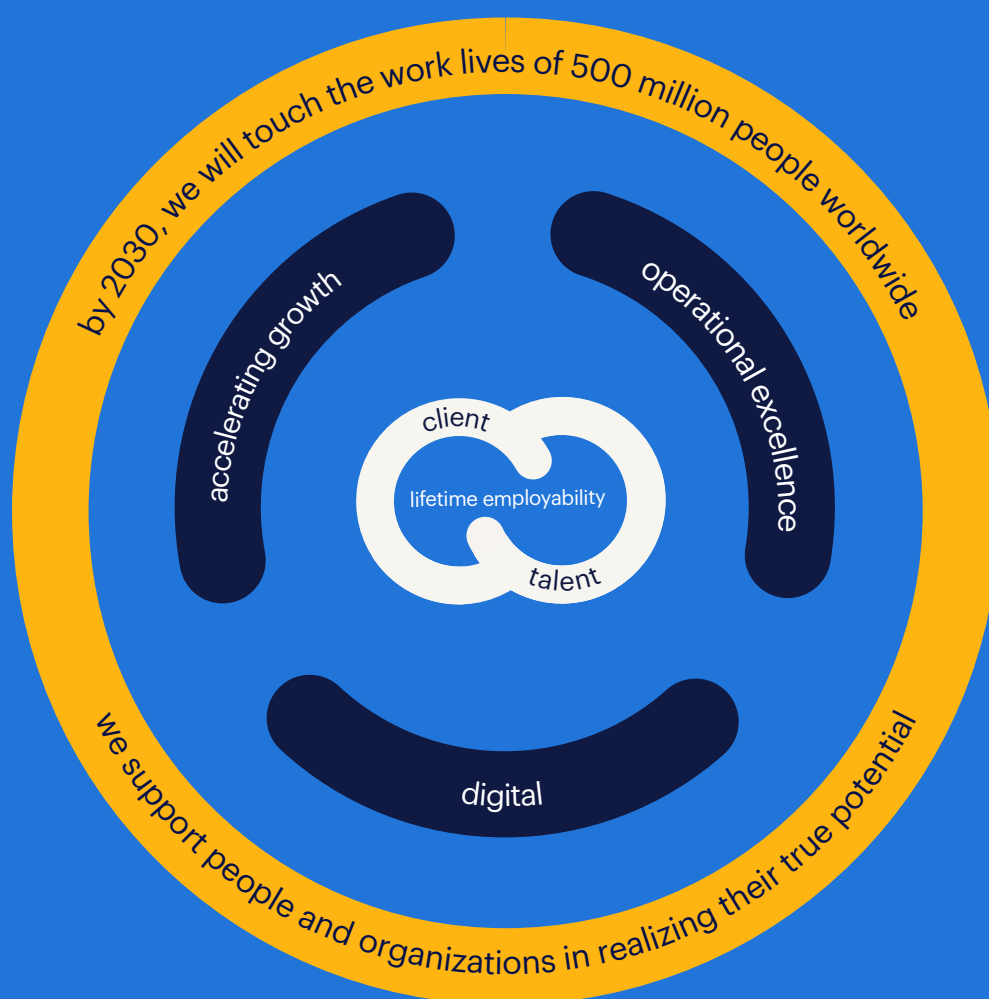
Many of our candidates were hard hit by the crisis. Throughout 2020, we supported talent in moving from sectors that closed down to those experiencing a sudden boom, such as online shopping, healthcare, and distribution and delivery, providing training and reskilling services where necessary. Similarly, in the financial services industry, we were able to supply many contract workers for governmental support, for instance to help with the sudden rise in business loan and unemployment benefit applications.

expect continued change

Importantly, Randstad believes that there is no 'new normal' that's here to stay. We should expect continued change. People and businesses will need to be able to constantly adapt and be flexible. Companies will need to be more fluid in running their workforces, reskilling and redeploying their people on a regular basis, while individual people will increasingly need to move away from traditional career paths and think more in terms of their competencies and strengths in regularly changing roles. Randstad has been in the business of 'being flexible' for sixty years. Whatever the circumstances, we will always be ready to find new ways to support people and organizations in developing their true potential.

about randstad.

why
how
what



profile

Randstad is the global leader in the HR services industry. By serving as a trusted human partner in today's technology-driven world of talent, we help people secure rewarding jobs and stay relevant in the ever changing world of work. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands.

38

markets

34,680

corporate
employees

4,715

outlets

€ 20.7

billion revenue

why

lifetime employability

At the center of our business model, we connect clients with talent to foster lifetime employability. We are driven to become the world's most valued 'work life partner' in order to help as many people as possible realize their true potential throughout their working life.

our purpose

We support people and organizations in realizing their true potential.

our ultimate goal

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

how

strategy

Our strategy focuses on being at the forefront of every conversation about work: becoming a true source of relevance and continuity for talent, and a true agent of agility and effectiveness for clients, delivering long-term value to all our stakeholders. It centers around three pillars that reinforce each other: operational excellence, digital, and accelerating growth.

core values and human forward promises

Our core values represent the foundation of our culture: to know, to serve, to trust, striving for perfection, and simultaneous promotion of all interests.

Our Human Forward promises of transparency, guidance and proactivity guide our behavior.

what

staffing

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

inhouse

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

professionals

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

global businesses

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

our core values

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

to know

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

to serve

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

to trust

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

striving for perfection

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

simultaneous promotion of all interests

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

our human forward promises

Our Human Forward promises always guide our behavior, no matter whether it is about our human interactions or about how we apply our HR technology.

transparency

Clients get insight into how their HR needs are being met and candidates know where they stand in their job search.

guidance

Clients have an HR partner throughout the business lifecycle and the talent we serve can count on a partner in every step of their career.

proactivity

Clients stay steps ahead in the competitive world of talent and we help people find jobs even before they start looking.

our key brands

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

our brand strategy

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

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

our brand reputation

As we strive to become a top 100 global brand, it is important for Randstad to effectively manage and measure our brand reputation. We want stakeholders to consider us to be a knowledgeable expert and a trusted human partner, associated with being transparent and proactive, and with providing helpful guidance.

In order to measure our effectiveness in living up to this positioning, we undertake an annual Randstad Brand Guidance Survey in 20 countries around the world, with a focus on 12 key markets. This survey helps us to evaluate our brand performance in local markets compared to our competitors and selected other benchmarks by measuring awareness, consideration, preference, recommendation, and the image of our brands.

In 2020, the survey demonstrated strong global alignment with our chosen positioning, with a majority of respondents in all key markets having confidence in Randstad as a trusted partner. The Randstad brand demonstrated relative outperformance versus competitors in a majority of key markets for several

strategic attributes including professional, trustworthy, global reach and industry leadership.

net promoter score

One of the metrics that we include in the Randstad Brand Guidance Survey is the Net Promoter Score (NPS), which tracks the percentage of respondents who would recommend us to others. NPS across the general population can serve as a proxy for measuring overall brand health. In 2020, we achieved a #1 or #2 ranking compared to traditional competitors in a quarter of the markets surveyed and we saw relatively consistent rankings over a three year period across the majority of our key markets.

customer delight

A relevant way of measuring the actual experience of clients and talent who do business with us is through customer satisfaction surveys. We administer these through our Customer Delight program, now live across 26 of our operating companies in 16 countries.

With the ambition of becoming a more customer- and human-centric organization, Customer Delight takes a data-driven approach to helping us understand the drivers of client and talent satisfaction. Our unique, ongoing measurement provides insights into what really matters to our clients and to talent, and allows us to continually adjust our services to improve the experience we deliver.

The Customer Delight program has gathered more than 300,000 insights from clients and talent, allowing our almost 1,800 program ambassadors around the world to make a difference in customer interactions and ensure that our Human Forward promises are effectively delivered.

We are pleased to report that in most of our Customer Delight countries and operating companies, our 2020 customer satisfaction and NPS scores have improved from both talent and clients, with several already achieving a solid customer satisfaction score of 8 (on a 1-10 scale), leading to higher recommendation, trust and loyalty. We have also seen improved relative market performance in operating companies where we have been able to achieve scores of 8 or higher.



Staffing, Professionals, and Inhouse Services

Geography: Global



Managed Services Programs (MSP) and Recruitment Process Outsourcing (RPO), collaboration with local Randstad partners for all other service offerings

Geography: Global



Online talent acquisition, talent management and analytics solutions

Geography: Europe, North America



IT and engineering consultancy, projects, outsourcing (SOW), and Professionals

Geography: Europe



Outplacement and talent mobility

Geography: Global



Professionals

Geography: France



Professionals recruitment, focus on healthcare

Geography: France



Staffing and Inhouse Services

Geography: Netherlands, Belgium, Germany



Professionals, Inhouse Services, payrolling, and trainee programs

Geography: Netherlands



Professionals (focus on IT and finance) and IT solutions

Geography: Germany



MSP connected to freelance marketplace

Geography: Europe, North America

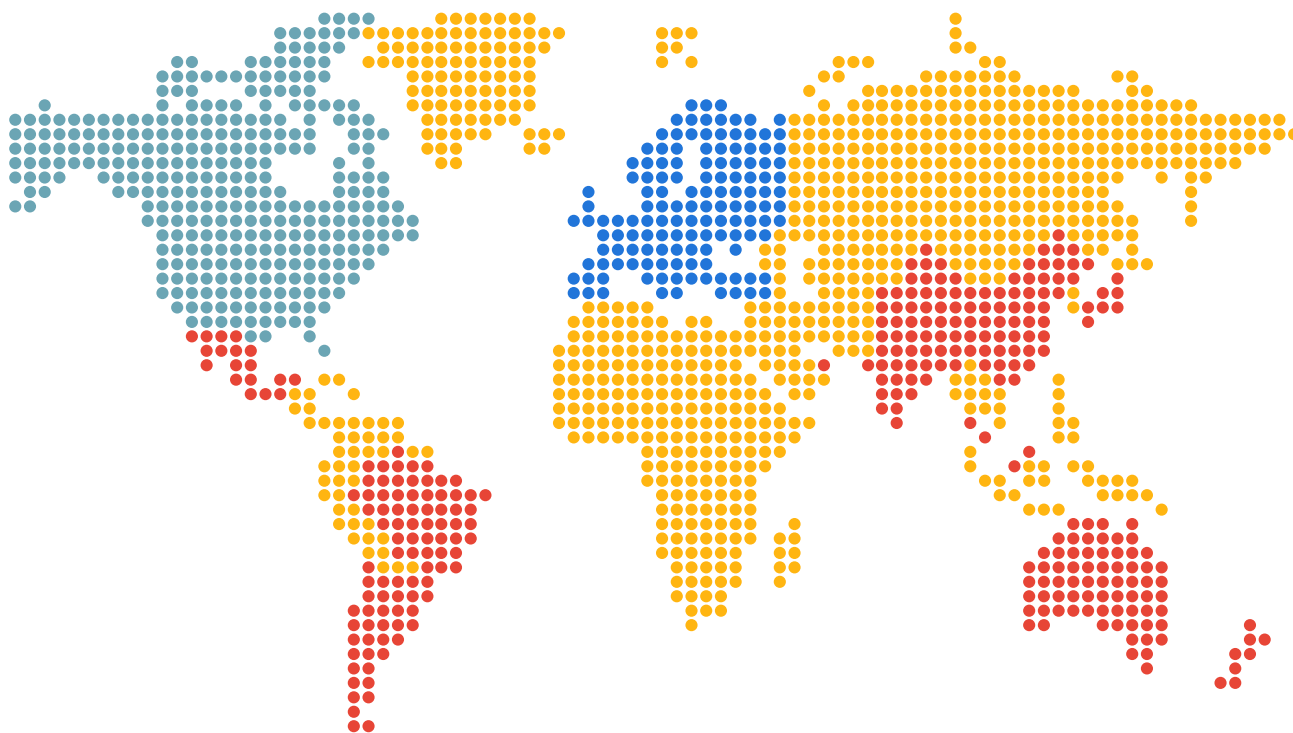


Staffing and Inhouse Services (franchise)

Geography: United States



our global presence.



north america

- revenue € 4,123 million
- 5,770 corporate staff
- 86,100 candidates (avg. weekly)
- 1,158 outlets, incl. 505 inhouse

europe

france

- revenue € 3,052 million
- 4,110 corporate staff
- 71,400 candidates (avg. weekly)
- 642 outlets, incl. 285 inhouse

netherlands

- revenue € 2,813 million
- 3,730 corporate staff
- 63,000 candidates (avg. weekly)
- 583 outlets, incl. 306 inhouse

germany

- revenue € 1,562 million
- 2,350 corporate staff
- 31,200 candidates (avg. weekly)
- 493 outlets, incl. 209 inhouse

belgium & luxembourg

- revenue € 1,401 million
- 1,790 corporate staff
- 39,000 candidates (avg. weekly)
- 321 outlets, incl. 170 inhouse

italy

- revenue € 1,451 million
- 2,010 corporate staff
- 41,800 candidates (avg. weekly)
- 263 outlets, incl. 38 inhouse

iberia

- revenue € 1,270 million
- 1,810 corporate staff
- 53,300 candidates (avg. weekly)
- 379 outlets, incl. 149 inhouse

other european countries

- revenue € 1,968 million
- 3,380 corporate staff
- 54,500 candidates (avg. weekly)
- 488 outlets, incl. 243 inhouse

rest of the world

- revenue € 2,088 million
- 5,070 corporate staff
- 121,200 candidates (avg. weekly)
- 252 outlets, incl. 58 inhouse

global businesses

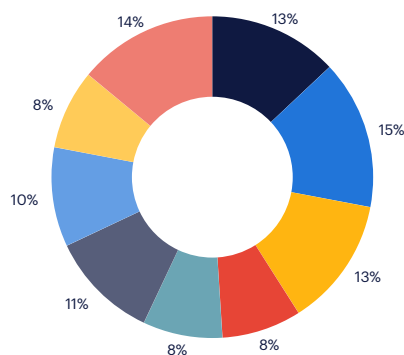
- revenue € 990 million
- 4,390 corporate staff
- 7,300 candidates (avg. weekly)
- 136 outlets

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

geographic spread.

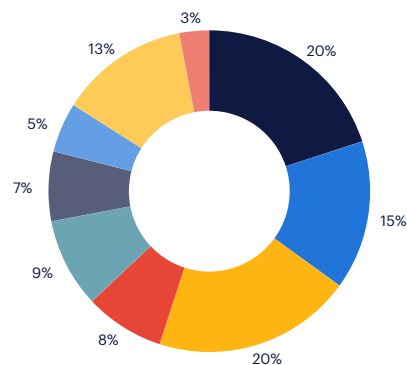
geographic spread of staffing revenue

staffing revenue € 10,042 million



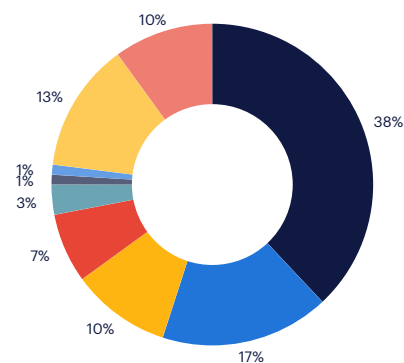
geographic spread of inhouse revenue

inhouse revenue € 4,954 million



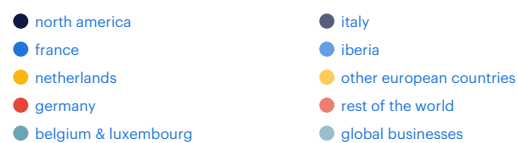
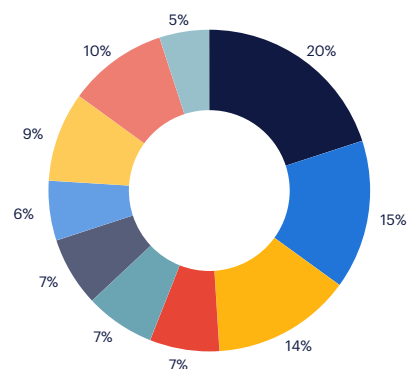
geographic spread of professionals revenue

professionals revenue € 4,732 million



geographic spread of total revenue

total revenue € 20,718 million



safely back to work alliance.

a Randstad-driven HR services initiative

In March 2020, in the early days of the COVID-19 lockdowns around the globe, Randstad took the initiative to set up an HR services alliance, inviting the Adecco Group and ManpowerGroup to jointly spearhead this alliance. The main goal was to deploy the expertise of the HR services sector, such as health and safety protocols, to enable companies and workers to return to work safely as soon as the time was right. From the start, the 'Safely Back to Work' Alliance was an open call to HR services providers, national industry associations and other interested parties to join. The Alliance quickly and successfully expanded its reach and network of participating partners.

On July 1, the project management of the Alliance was handed over to the World Employment Confederation (WEC). As leader of the 'Safely Back to Work' Alliance, the WEC will continue to engage national industry associations and private sector members, working closely with their local authorities and other relevant stakeholders, to support a safe return to work for workers and organizations globally. As such, the Alliance is reinforcing the critical role of the private employment services sector in driving healthy, resilient labor markets and economic recovery for countries, organizations and individuals alike in a post-COVID 19 environment.

The Alliance is strongly based on and connected to Randstad's core values: to know, to serve, to trust, striving for perfection, and, particularly, simultaneous promotion of all interests. Enabling a safe return to the workplace will be key to a strong economic recovery.

The Alliance, which is now active in 26 countries, has developed a best-practice Health and Safety Protocol to help employers deal with the impact of COVID-19. It contains more than 100 measures, which complement country- and sector-specific protocols, and is based on the combined extensive knowledge of health and safety protocols in many industries. To create these protocols, the Alliance reached out to industry bodies, unions, employers, governments, healthcare authorities and others for insights and support. The Alliance also met with the leadership of impactful organizations such as the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), the World Economic Forum (WEF), and the World Health Organization (WHO). As part of our own efforts and connected to our #newways program, Randstad now also offers easy-to-deploy digital toolkits, with free and cost-minimized solutions to help companies and employees get back to work safely.

Through its latest research, the Alliance has developed a fact base and source of best practices, which is shared freely online. Organizations of all types and sizes can use this research to identify and apply the practices that will get them up and running in a safe, healthy and productive way. The Alliance now focuses on monitoring trends and developments around the world and is drafting a policy paper on the private employment industry in a post-COVID world.

More information about the Alliance can be found on our website.

"Responding quickly and effectively to challenges is part of our DNA as a company and something our industry is more adept at than many others. During the crisis, our industry has played a very important role in keeping people employed and will continue to do so. Throughout 2021, we aim to prove that the sector takes good care of people who need to get back to work, either in the same job or in a totally different job. It's not just about 'safely back to work', but also simply about getting back to work."

Jacques van den Broek, CEO



management



report.

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how we create value.

input our key assets

human

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

intellectual

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

technological

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

financial

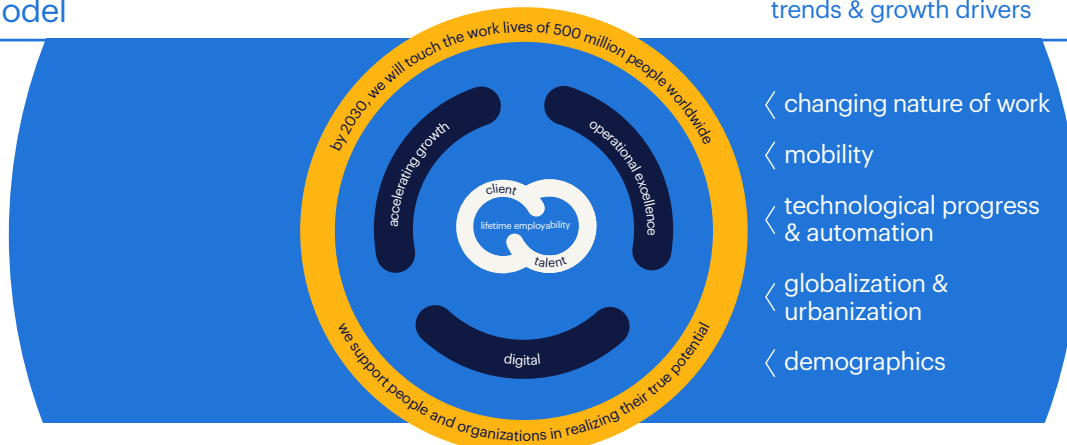
A sustainable mix of debt and equity investments (including institutional investors) and a sound financial position.

relationships

Proactive interaction with governments, industry and employer bodies, policy makers, NGOs and other influential organizations, as well as schools, universities and local communities.

business model

trends & growth drivers



output value created

€ 20,718 mln
revenue

236,100
clients

1,836,200
candidates placed

202,800
permanent
placements

313,600
candidates trained

7.9
engagement score

51%
women in senior
leadership positions

32,000
employees trained

-12%
organic revenue
growth

€ 692 million
EBITA

€ 1,132 million
free cash flow

33%
of workers < 25 years

13%
of workers > 50 years

included in
Dow Jones
Sustainability Index

outcome value shared

clients

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

talent

We help clients create the agile, diverse and effective workforces they need by helping talent find rewarding jobs and stay relevant in the changing world of work.

employees

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

investors

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

society

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

impact

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

The Sustainable Development Goals Randstad contributes to:



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



5 GENDER
EQUALITY



4 QUALITY
EDUCATION

our ultimate goal.

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

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

Our ultimate goal, which we launched in 2017, gives words to what we feel and what unites us as a company. It is what we believe in and where we want to go. It will not be an easy goal to achieve, but it motivates us to move forward. Our core values form a solid basis for this goal, coupled with our sustainability basics: corporate citizenship, safeguarding labor and human rights, and taking environmental care.

To lead the way towards the goal, we have identified four drivers. By rigorously and conscientiously committing ourselves to these drivers, we will be taking the necessary, and measurable, steps towards realizing our ultimate goal.

driver 1: contributing to economic growth

Contributing to economic growth is the most obvious way to create more jobs, which will allow us to touch the work lives of more people. By combining our human touch with technological expertise and data-driven insights, we will empower our clients and talent to grow, develop, and improve, so they can add value to the economy, both now and in the future.

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

driver 2: connecting with people

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

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

driver 3: fostering inclusive employment

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

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

driver 4: shaping the world of work

As a global player in the labor market, Randstad has in-depth knowledge of the world of work. Through our daily interaction with clients and talent, and our continuous dialogue with governments and labor organizations, we take the lead in shaping the world of work. This is, in fact, also our mission. By promoting equal opportunities and contributing to better functioning labor markets in this way, we create the opportunity to touch the work lives of more and more people.

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

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

These drivers will lead the way towards our ultimate goal, and will also contribute to the UN's Sustainable Development Goals.

sustainable development goals

Randstad aims to contribute to a sustainable future, both socially and economically, through facilitating the development of fair and efficient labor markets across the world. We have therefore committed ourselves to the United Nation's Sustainable Development Goals (SDGs).

Governments have adopted the United Nations' 17 SDGs to end poverty, protect the planet, and ensure prosperity for all by 2030. As a global HR services

provider, Randstad specifically contributes to four goals: decent work and economic growth (SDG 8), reduced inequalities (SDG 10), gender equality (SDG 5), and quality education (SDG 4).

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

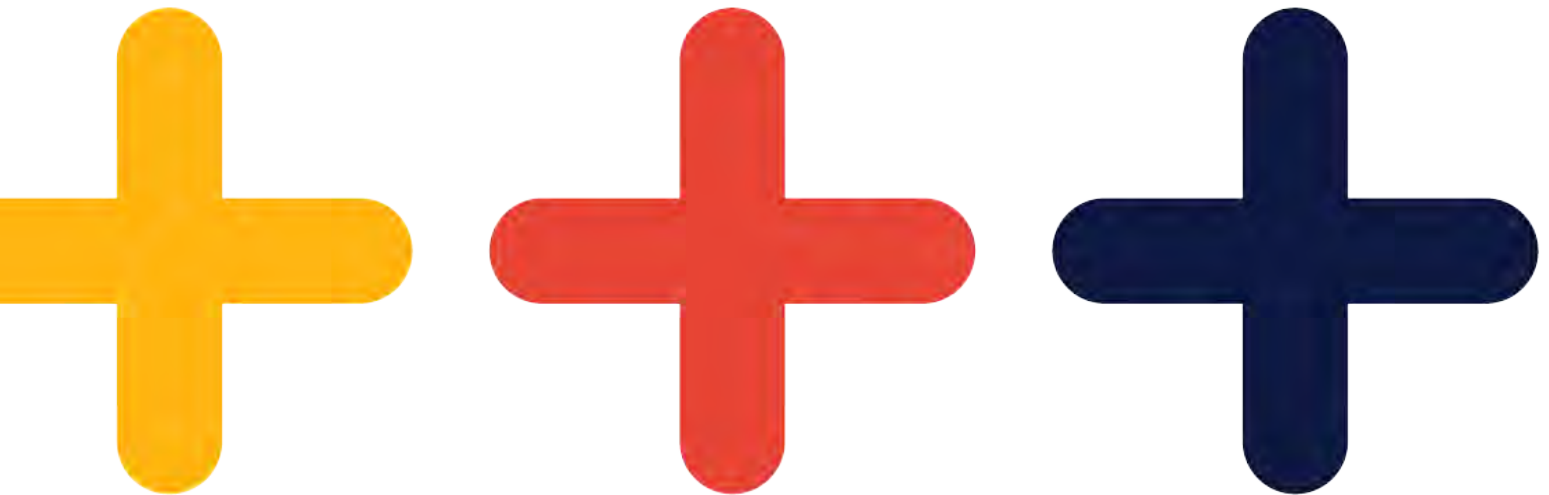


key material topics

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

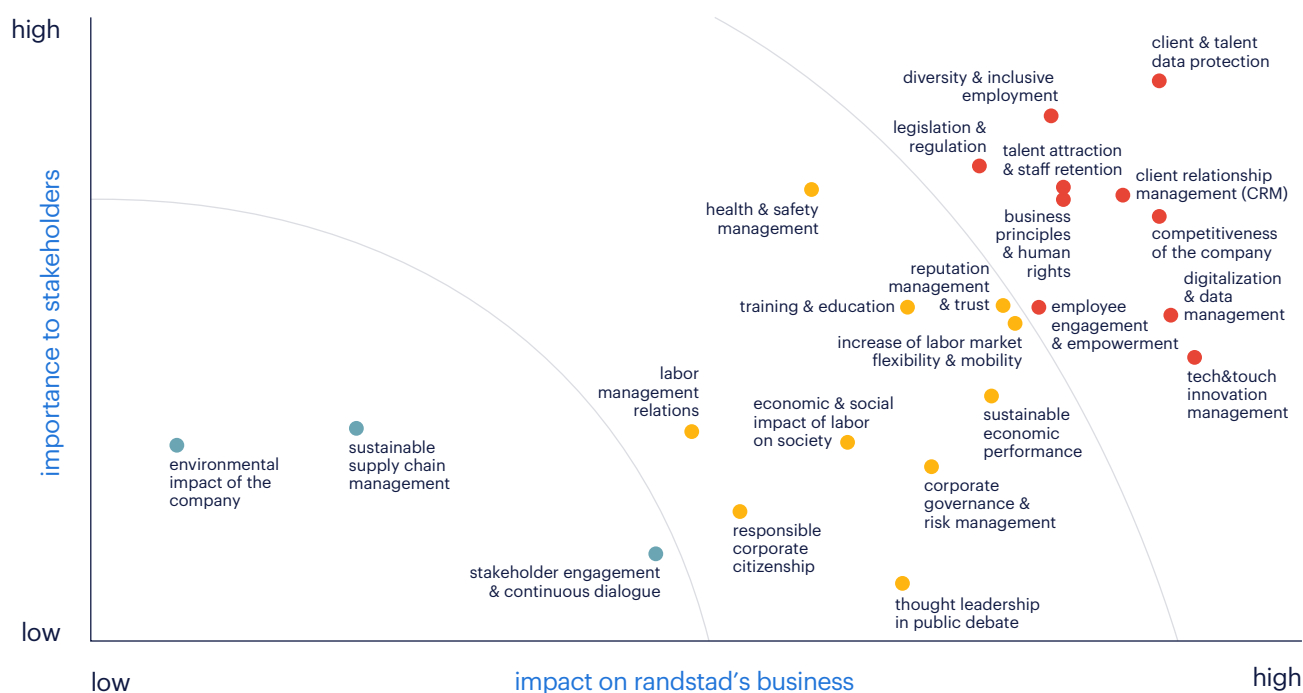
We identified 23 material topics in the social, economic, and environmental domains. These topics are captured in a materiality matrix (see next page), where the importance for external stakeholders is plotted on the y axis and the business impact is plotted on the x axis. The materiality matrix does not reflect regional or cultural differences. We report on our key material topics at least annually in our Annual Report. A new materiality assessment is planned for April 2021.

The matrix shows the distribution of the top 10 (red dots), which are considered our key material topics, and the remaining 11 – 20 (yellow dots). Topics 21 – 23 are considered to be less relevant for Randstad. For all 23 topics, we indicate where the information is presented throughout this report. Unless stated otherwise, the data reported is based on all (>99%) of our operating companies.



how we create value

materiality matrix



Top 10 material topics and their location in this report:	Remaining 11-23 material topics and their location in this report:
1 Client and talent data protection - pages 65, 104	11 Reputation management & trust - page 13
2 Competitiveness of the company -page 28	12 Increase of labor market flexibility & mobility - page 28
3 Client relationship management (CRM) - page 39	13 Sustainable economic performance - pages 16, 17, 51
4 Diversity & inclusive employment - pages 46, 57	14 Training & education - pages 48, 57
5 Digitalization & data management - page 34	15 Health & safety management - page 67
6 Talent attraction & staff retention - pages 50, 102	16 Corporate governance & risk management - pages 92, 137
7 Tech & touch innovation management - page 34	17 Economic & social impact of labor on society - page 57
8 Business principles & human rights - pages 65, 66	18 Thought leadership in public debate - page 59
9 Employee engagement & empowerment - page 50	19 Responsible corporate citizenship - page 63
10 Legislation & regulation - page 31	20 Labor management relations - pages 28, 61
	21 Stakeholder engagement & continuous dialogue - pages 24, 39, 42, 50
	22 Sustainable supply chain management - page 70
	23 Environmental impact of the company page 71

integrated reporting framework.

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

pillars	our value for clients: optimal workforces	our value for talent: the best jobs	our value for employees: employer of choice
material topics	<ul style="list-style-type: none"> client and talent data protection client relationship management digitalization & data management tech & touch innovation management 	<ul style="list-style-type: none"> client and talent data protection diversity & inclusive employment digitalization & data management tech & touch innovation management training & education 	<ul style="list-style-type: none"> diversity & inclusive employment talent attraction & staff retention tech & touch innovation management engagement & empowerment training & education
risks	<ul style="list-style-type: none"> changing macroeconomic and regulatory conditions contract liability and delivery workplace health and safety regulations 	<ul style="list-style-type: none"> technological disruption information technology and cyber security workplace health & safety regulations 	<ul style="list-style-type: none"> talent attraction and retention technological disruption information technology and cyber security
500 million people plan	<ul style="list-style-type: none"> enabling clients to improve their performance developing tech & touch innovations 	<ul style="list-style-type: none"> developing tech & touch innovations improving employability promoting equal opportunities 	<ul style="list-style-type: none"> developing tech & touch innovations improving employability promoting equal opportunities
KPIs ¹	<ul style="list-style-type: none"> # of clients net promoter score (NPS) market share investments in innovation # of hires by clients (temp to perm) digital initiatives # of active platform visitors 	<ul style="list-style-type: none"> # of candidates trained; training hours # of candidates placed # of permanent placements average length of employment # of hires by clients (temp to perm) # candidates placed younger than 25 or older than 50 	<ul style="list-style-type: none"> proportion of males and females in senior leadership positions # of employees trained; training hours employee retention rate engagement score average length of employment and type of contract employees by age group # of interns
measurable targets	<ul style="list-style-type: none"> NPS: top 3 position or position improvement in our top 12 markets implementation of customer delight in top 8 markets and significant improvement of scores by 2021 increase market share in our main markets 	<ul style="list-style-type: none"> increasing # of initiatives to place talent with disabilities increasing # of initiatives to guide people from unemployment to employment increased utilization of candidate databases by 2021 	<ul style="list-style-type: none"> proportion of females in senior leadership positions: 50% in 2020 decrease of employee turnover by 2020 engagement score higher than benchmark (participation rate of 80% or higher in Randstad in Touch)
SDGs	<ul style="list-style-type: none"> target: 8.2 	<ul style="list-style-type: none"> target: 4.4 targets: 5.1 and 5.5 targets: 8.2; 8.5 and 8.6 target: 10.2 	<ul style="list-style-type: none"> target: 4.4 targets: 5.1 and 5.5 targets: 8.2; 8.5 and 8.6 target: 10.2
		   	   

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

integrated reporting framework.

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

pillars	our value for investors: creating EVA	our value for society: shaping the world of work	sustainability basics
material topics	<ul style="list-style-type: none"> competitiveness of the company corporate governance & risk management sustainable economic performance 	<ul style="list-style-type: none"> legislation & regulation increase of labor market flexibility & mobility economic and social impact of labor on society thought leadership in public debate 	<ul style="list-style-type: none"> responsible corporate citizenship business principles & human rights reputation management & trust health & safety management labor management relations stakeholder engagement & continuous dialogue sustainable supply chain management environmental impact
risks	<ul style="list-style-type: none"> credit risk changing macroeconomic and regulatory environment 	<ul style="list-style-type: none"> competition regulations tax and labor regulations 	<ul style="list-style-type: none"> data protection regulations
500 million people plan	<ul style="list-style-type: none"> enabling clients to improve their performance developing tech & touch innovations 	<ul style="list-style-type: none"> promoting equal opportunities contributing to labor markets 	<ul style="list-style-type: none"> contributing to society safeguarding labor & human rights taking environmental care
KPIs	<ul style="list-style-type: none"> EBITA incremental conversion ratio recovery ratio free cash flow 	<ul style="list-style-type: none"> staffing penetration rates in our markets thought leadership events research and publications 	<ul style="list-style-type: none"> # of hours and employees involved in VSO # of employees trained in business principles # of business principles incidents (misconduct reporting procedure) brand ranking injuries and fatalities during work sickness absence sustainable procurement measures to decrease environmental footprint
measurable targets	<ul style="list-style-type: none"> EBITA margin of 5% to 6% over time incremental conversion ratio towards 50% recovery ratio ≥ 50% dividend payout ratio of 40% to 50% of adjusted earnings per share (EPS) increase of market share optimization of economic value added (EVA) 	<ul style="list-style-type: none"> staffing penetration rates: increased in top 8 markets, where measurable 	<ul style="list-style-type: none"> 10,000 marginalized people made employable through our Randstad-VSO partnership by the end of 2020 significant improvement in brand ranking (top 100 brand) by 2021 absenteeism rate of maximum 2.2% (employees) 10% decrease of Randstad's CO₂ emissions per FTE by 2030 compared to 2018 business cars: 10% decrease of the weighted average CO₂ per km by the end of 2022 non-financial reporting assurance by a third party established by 2022
SDGs	<ul style="list-style-type: none"> target: 8.2 	<ul style="list-style-type: none"> targets: 5.1 and 5.5 targets: 8.5 and 8.8 target: 10.2; 10.3 and 10.4 	
		  	

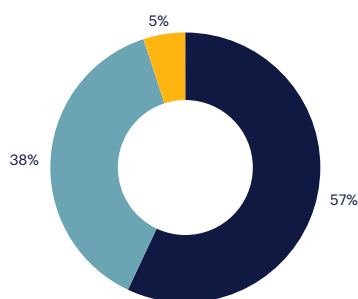
the world around us.

global HR market

According to estimates by Staffing Industry Analysts (SIA), in 2020, the HR services industry had a global market size of about € 373 billion, implying a 16% decline in constant currency compared to 2019. As the global leader in HR services, we see it as our responsibility to play an active role in developing the industry in the long term.

global HR services market 2020

as % of total € 373 billion



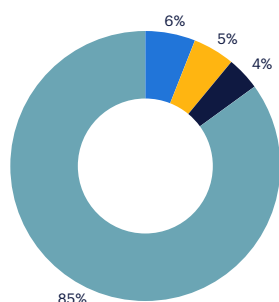
● staffing: € 213 billion
● professionals: € 142 billion
● executive search: € 18 billion

Source: Randstad estimates and 2020 SIA reports

The highly fragmented HR services industry is divided roughly into three main segments: staffing, professionals, and executive search. Randstad is primarily active in the first two. The global staffing market is worth an estimated € 213 billion, comprising Randstad's services portfolio of Staffing (including permanent placements), Inhouse, Recruitment Process

global market share 2020

total HR services market: € 373 billion



● Randstad
● Adecco
● Manpower
● Rest of the market

Source: Randstad estimates, 2020 Bloomberg consensus and 2020 SIA reports

Outsourcing (RPO), Managed Services Programs (MSP), Payrolling, Outsourcing, and Outplacement, accounting for around 80% of our revenue. The global professionals market is worth around € 142 billion, and accounts for around 20% of our revenue. Randstad's Professionals segment includes permanent and temporary placement of qualified professionals and candidates from a wide range of industry backgrounds, and statement of work (SOW).

trends and 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 drivers in these markets. Throughout our markets, we see that global developments are affecting labor markets, which has led to an intense discussion about the future of work.

In recent years, the world of work has been experiencing transformative change, driven by technological innovation, demographic shifts, climate change and globalization. In 2020, the sudden and unforeseen pandemic outbreak had a massive impact on businesses and workers alike, and many were hard hit by the crisis. At the same time, the crisis has accelerated the shift to new ways of working, and we have an obligation to lead and support clients and talent in adapting and capitalizing on related opportunities.

Randstad believes that there is no 'new normal' that is here to stay. We should expect continued change. People and businesses will need to be able to constantly adapt and be flexible. As evidenced by Randstad's involvement in the [Safely Back to Work Alliance](#), the HR services sector is well-positioned to help shape the future of work.

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

changing nature of work

The world of work is constantly changing. In 2020, the COVID-19 pandemic highlighted the pivotal role that work in all its forms play in many aspects of people's lives, economically, socially, and in the broader sense of well-being, emphasizing the importance of successful team collaboration, supported by efficient technology. The pandemic served as the ultimate catalyst for the changing nature of work, with a new situation requiring immediate implementation of remote working and the digital capabilities to support it.

In addition, as workers increasingly want to choose for themselves where, when, and how they work, employers need to facilitate work forms that cater for dynamic work experiences and flexible job opportunities, enabling people to combine and mix work with their personal life and development – in a balance of their own choosing. And in an increasingly complex and at times unpredictable environment, companies need to be agile and adaptable to stay competitive. Given the impact of the pandemic and with Millennials and Gen Z now being the most dominant generations in the workforce, the boundaries between work and private time continue to blur and evolve.

All of this is leading to a wide variety of work forms, ranging from full-time, permanent forms to part-time, temporary and contract work, agency work, remote working and self-employment. We foresee that organizations will continue to leverage multiple work forms in order to further boost their agility.

Randstad continues to be an advocate of enabling a flexible and agile workforce while adequately protecting workers' rights in terms of remuneration, social security, and opportunities for growth and development, striving to improve global employment participation. We refer to this as our social innovation agenda, in which we combine the elements of work, social protection, and learning and development to enable everyone to thrive in a sustainable and inclusive labor market.

mobility

Around the world, hundreds of millions of people are living (and in large part working) in a country other than that of their birth. Geographic mismatches between employers and employees, as well as local talent shortages, such as in STEM (science, technology, engineering and mathematics) disciplines, are likely to continue to be influential in the years to come. Inevitably, labor migration issues raise complex and sensitive political, human rights, economic, and social concerns, as well as an array of legal and regulatory challenges. In 2020, the COVID-19 crisis had unprecedented, though likely temporary, consequences on migration flows. For high-skilled workers, there are signs that it may take some time for labor migration to return to previous levels due to continuing travel restrictions and the wider use of remote working. However, sectors such as agriculture continue to drive migration for lower-skilled workers.

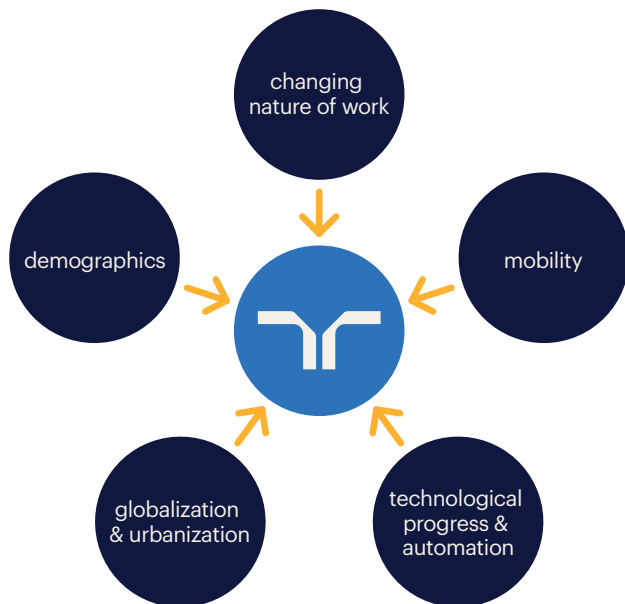
Besides geographic mobility, we are also seeing increased levels of talent mobility. In a rapidly changing world, jobs and skill sets are continuously evolving,



"I was born and raised in Dubai, UAE, and moved to Canada about two years ago. It's always challenging to find work in a new country, so I connected with recruitment agencies. Randstad found me a role which worked out wonderfully for me. I'm so glad, every time I meet my Randstad recruiter I keep thanking him."

Farah Shah, candidate, Randstad Canada

structural growth drivers



requiring talent to be prepared to move to new roles more frequently than ever before. At the same time, a significant proportion of low-skilled jobs is at risk of being automated in the near future, while jobs requiring high-level cognitive skills and social competencies are on the rise. The fast growing imbalance between in-demand jobs and available talent will therefore require companies to be more fluid in running their workforces, reskilling and redeploying their people on a regular basis, while individual people will increasingly need to move away from traditional career paths and think more in terms of their competencies and strengths in regularly changing roles.

Randstad has contributed to the talent mobility and labor migration debate through its [People to Jobs, Jobs to People](#) research. Over the years, Randstad has made significant investments in data analytics, aggregating workforce data insights. These insights help people and organizations to navigate their careers and workforce requirements going forward, with a focus on 'seeing the possible' in people. We also support clients in moving the talent they need into and through their organizations, as well as into outside opportunities through outplacement.

technological progress and automation

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

Technology enabling remote working and online buying has proven extremely valuable to keep the economy going during lockdowns and restrictions as a result of the COVID-19 pandemic. Randstad was able to quickly shift to supporting our employees, clients and talent remotely because of our investment in accelerating our digital transformation over the past few years.

Going forward, we aim to continue to leverage the best HR technologies available, combining these with our traditional added value of genuine human interaction with clients and talent. In addition, we carry out relevant research into the specific effects of digitalization on the labor market, contributing to the discussion and influencing policy-making in this regard.

globalization and urbanization

Over the past few decades, the global economy has been characterized by growing internationalization across industries, impacting employment. While the pandemic initially disrupted certain international supply chains, causing some companies to re-evaluate and consider on-shoring, we do not believe that this will have a major impact on the longer-term trend of globalization.

Another relevant development is that the global urban population is now outnumbering the rural population. Even with some people choosing to move out of certain urban centers due to the increased acceptance of remote work for certain highly skilled roles, we expect demographics to continue to drive young people to urban areas.

To ensure an inclusive urban labor market, people living and working in cities need to have the right skills, including soft skills. Every new highly skilled job in

technology can be a catalyst for up to five new, unrelated jobs, both low- and medium-skilled. Most of these new jobs are created in cities where there is a large low-skilled workforce present that can be upskilled. By investing in education and targeted public-private partnerships, cities can be inclusive for all their residents and create the agile inclusive labor market that will be key to sustainable urban development.

In line with this trend, Randstad ensures that we have a global and urban presence. Our global brands, from Randstad Sourceright to Randstad RiseSmart, as well as our global technology and data strategy, provide our multinational clients with support for their cross-border needs, ensuring aligned and optimized services irrespective of geographical location. In addition, Randstad aims to serve and influence society at a global level by conducting research and participating in global forums, such as the Organisation for Economic Co-operation and Development (OECD), the B20, and our membership of international and central employers' organizations. In response to the emerging trend of urbanization, Randstad focused on sustainable growth in the age of cities in one of its recent [Flexibility@Work reports](#).

demographics

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

Randstad supports clients and talent in dealing with this growing mismatch by continuing to renew investments in providing career advice, talent mobility services and client workforce planning. We also carry out regular research, such as our quarterly [Talent Trends reports](#), into the prospects and preferences of talent around the world, including the younger, digitally native generation.

regulatory environment in our markets

The increasing variety of work forms needs to be appropriately regulated. This requires a level playing field for all stakeholders and includes providing for decent work and income, equal opportunities, and adequate social security on the part of workers. There are major differences in the levels of legislation around the globe. In mature staffing markets, temporary agency work is regulated, with the nature of that regulation varying from light to heavy. Nationally, staffing is regulated by general labor law, supplemented by specific staffing regulations regarding employment conditions and/or service provision. This is complemented by collective labor agreements (CLAs) and industry self-regulation, such as codes of conduct.

Many countries still maintain unjustified restrictions on flexible work arrangements. As a result, these forms of work often still lack appropriate and fair regulation and social protection, which may also lead to an unnecessarily large informal labor market. According to the International Labour Organization's World Employment and Social Outlook, which analyzes key labor market issues, 61% of the global workforce are employed informally, without access to any form of security in their career.

New annual estimates in the [seventh edition of the ILO Monitor: COVID-19 and the world of work](#) confirm the massive impact that labor markets suffered in 2020. The latest figures show that 8.8 per cent of global working hours were lost for the whole of last year (relative to the fourth quarter of 2019), equivalent to 255 million full-time jobs. This is approximately four times greater than the number lost during the 2009 global financial crisis. These lost working hours are accounted for either by reduced working hours for those in employment or 'unprecedented' levels of employment loss, hitting 114 million people. Significantly, 71% of these employment losses (81 million people) came in the form of inactivity, rather than unemployment, meaning that people left the labor market because they were unable to work, perhaps because of pandemic restrictions, or simply ceased to look for work.

This underscores the need for a global drive to get the social innovation agenda implemented. It requires the

smart combination of measures that appropriately regulate a diversity of work forms (valued by both workers and businesses) and provide unrestricted access to social security and skilling.

Randstad aims to play a leading role in achieving the necessary social innovation worldwide by voicing its views in influential settings and by taking part in the dialogue with institutional stakeholders, such as governments, policymakers, trade unions, and employers' organizations, both at the local and international level. For example, at the start of the global pandemic in the spring of 2020, Randstad was one of the founding partners of the [Safely Back to Work Alliance](#). In addition, Randstad is actively involved in the World Employment Confederation (WEC), with

Randstad executives acting as Chair of the WEC between 2014 and September 2020.

Randstad is also in favor of a strong social dialogue (i.e., negotiations and consultation between trade unions, employers and government representatives) and collective labor agreements in countries where this is relevant and institutionalized in order to fine-tune and customize arrangements.

[ILO convention 181](#)

The global HR services industry is regulated by the International Labour Organization (ILO) Convention 181 and Recommendation 188 on Private Employment Agencies. This Convention defines minimum standards for agency work and recruitment, especially recognizing the importance of flexibility in the functioning of labor markets. Since the Convention was adopted in 1997, it has so far been ratified by 34 countries worldwide. The World Employment Confederation and ILO are continuously promoting further ratifications. In 2018, an ILO expert group reached an agreement on the definition of recruitment fees and related costs. The aim of this clear, global definition is to eliminate unfair charges made to workers and jobseekers, and to support countries in creating better regulation for the employment industry.

[agency work directive](#)

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

[update on regulatory developments](#)

In 2020, the most relevant developments with regard to regulation in our markets took place in Germany, Italy, Japan, the Netherlands and Spain.

[germany](#)

At the beginning of the COVID-19 pandemic, the HR services industry in Germany successfully convinced German politicians that the short-time working allowance should also apply to temporary employment



“Randstad solved the paradox: lowering our costs while raising our value. Randstad successfully rolled out our managed services program, which is a hiring program for temporary staff. They did that in over 23 countries. It paved the way for us and enabled us to take the next strategic step towards total workforce management. People make the difference. At Randstad they make our strategy work and they know the ins and outs of our business. Randstad is a reliable partner for Philips.”

Casper Zoetekouw - Global Cluster Leader Contingent Labor & HR Services at Philips The Netherlands

agencies and their workers. This was an important step towards economic stability in our industry, and also towards acceptance and support of the HR services sector in the political arena.

italy

In 2020, due to the COVID-19 crisis, the 'reason for use' element for temporary agency work contracts was mitigated in Italy, which is beneficial to our industry. As a result, one renewal or one extension of a temporary agency work contract is now possible without a reason for use for a period of 12 months. Within the Italian sectoral social dialogue, three collective agreements (March, May and November) were concluded, providing social security for flexworkers whose activities were suspended due to the crisis.

japan

The Japanese version of Equal Pay for Equal Work came into force in April 2020 through revisions of various labor laws, including the Worker Dispatch Law. The purpose of the change was to rectify the unreasonable (unjustified) disparities in pay and benefits between regular and non-regular workers within each company through equal and balanced treatment. For temporary agency workers, either the user-based treatment or the agency-based treatment can be applied.

the netherlands

On January 1, 2020, the 'Wet arbeidsmarkt in balans' (Wab) came into force, aiming to promote open-ended contracts by easing dismissal law and financially discouraging the use of flexible contracts. Due to the COVID-19 pandemic, the impact of the Wab cannot yet be fully assessed.

spain

Through our Spanish industry association Asempleo, we successfully managed the Spanish government to understand that temporary agency work is a critical and highly affected activity during the COVID-19 pandemic. Furthermore, a great deal of effort was devoted to the Spanish complaint filed against the European Commission regarding two issues that generate restrictions against the temporary agency work industry in Spain. The European Commission will initiate a dialogue with the Spanish authorities on this matter during the course of 2021.

state of play on staffing regulations and trends, 2020

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

our strategy and progress.

our strategy

Randstad has a clear and compelling vision: to help as many people as possible to realize their true potential throughout their working life. To do this, we are driven to become the world's most valued 'work life partner', with the ultimate goal of touching the work lives of 500 million people by 2030. By being at the forefront of every conversation about work, we aim to become a true source of relevance and continuity for talent and a true agent of agility and effectiveness for clients.

In a society in transition, we are seeing a growing need for our services, where talent is increasingly looking for support throughout their working lives, while our clients increasingly rely on our ability to operate in large and expanding global markets. This requires strong and innovative service concepts and a solid digital foundation, allowing us to provide ever more personal and relevant support at all levels. It also requires further strengthening our ability to play a leading role in the larger 'ecosystem' of people's working lives (see page 42).

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

operational excellence

We are always looking for ways to improve existing processes and models in order to deliver even more value to talent, clients, employees and shareholders. We therefore commit significant resources to continuously strengthening and innovating our concepts and ways of working that span the entire employer and employee journey and lifecycle. As operational excellence depends on the excellence of our people, we also attach great value to the training and development of our employees.

As we operate at a global scale, we interact with millions of people every day, both internally and externally. We are in a unique position to learn from these interactions. Transcending internal boundaries and geographical borders, we aim to leverage our global presence by sharing data and further rolling out best practices and standards as a more connected Randstad.

At the same time, we will always encourage and facilitate local entrepreneurship and application, because value is typically created at the intersection of concepts and markets. By bringing together expertise and capabilities from across our organization, we are setting a new standard, both within Randstad and in the industry.

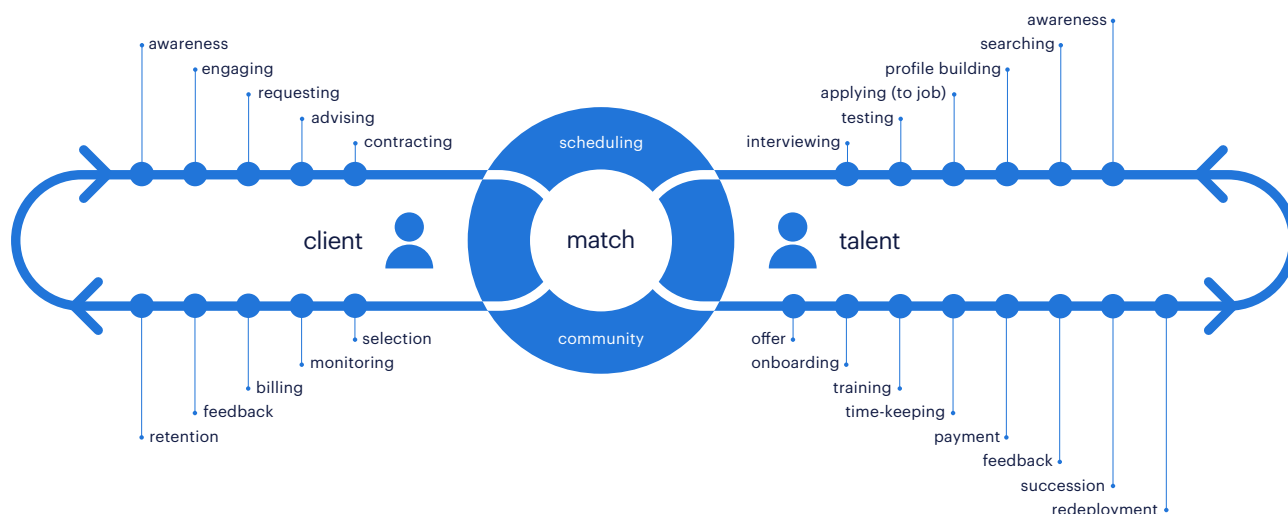
Our activity-based field steering/end-to-end (ABFS/E2E) model is a fundamental way in which we deliver operational excellence. The data-driven model, designed to optimize growth and adaptability, enables us to adjust to changing market circumstances quickly. We use our ABFS/E2E model to manage and direct performance across our business on the basis of real-time, bottom-up figures. Consultants and managers have real-time insight into a range of key performance indicators and can manage and monitor performance through transparent weekly, monthly and quarterly reports. The model and easy-to-use local dashboards help managers to take quick decisions and translate them into immediate action, such as advising talent about new work opportunities and reaching out to clients with the best candidates for their vacancies at just the right time.

digital

Our digital strategy focuses on building a solid technological and data-driven foundation that enables us to 'see the possible in people'. We aim to use data and insights to help identify new opportunities for talent that would have otherwise been overlooked. By combining this technology with the distinctive human touch of our HR professionals, we will engender lifelong relationships with people. We aim to create the most powerful talent engine in the world and connect with talent and clients at a higher speed, on a larger scale, and more personally than ever. This will create a virtuous cycle – fueling our talent engine and helping us build trusted partner relationships with individuals around the world.

Taking an integrated approach, we claim a presence in all areas of the HR services playing field, from purely digital to specifically human. Our three Human Forward promises – transparency, guidance and proactivity – will always guide our behavior, no matter whether it is about our human interactions or about how we apply our HR technology.

process of connecting with clients and talent



We continue to strengthen our digital foundation, building on our cloud-native architecture, leveraging the power of data, and digitalizing each part of our processes. In addition, we invest in user research and design for our solutions to ensure optimal user experiences. For the benefit of our clients, we are revolutionizing the way we predict and proactively suggest the best talent, supporting our clients' talent acquisition, their training and upskilling programs, and their workforce planning strategies as and when they need it. For the benefit of talent, we are combining the data we collect to provide better and more personal advice, creating more regular relationships, and providing opportunities to interact. In this way, we promote our goal of supporting people's lifelong employability.

Each implementation and all interactions lead to new data and learnings, which in turn create the basis for new sprints of innovation, helping us to improve our existing business models while continuously exploring new horizons and finding new ways to serve clients, talent, and our consultants.

accelerating growth

Thanks to our 60 years of HR experience, our global presence, and our digital transformation, we are in an excellent position to expand our position as the no. 1 HR services provider in the world and drive further profitable growth. We will proactively seek to expand our concepts and geographic reach, and invest across

multiple horizons, putting us at the forefront of even more conversations about work.

In a fast-changing environment, enabling and supporting the upskilling and reskilling of talent is one of the key ways to deliver on our Human Forward promises. Through the global rollout of our Randstad RiseSmart concept, we will be able to provide career development and coaching services as part of a unique and leading value proposition.

Utilizing current and future market trends, we will continue to build a resilient portfolio. This protects our core, safeguards our presence in the most attractive markets, and positions us well for the opportunities of the future. As part of this effort, we are accelerating the growth of our offerings in Statement of Work (SOW), career coaching and talent mobility at an international scale. We will also continue to focus on expanding our proven strong service concepts, particularly Inhouse, Professionals, RPO and MSP.

Our [enterprise clients](#) also form an important part of our growth strategy. We will continue to develop a unique offering for the largest companies in the world – one that redefines how large multinationals organize work. This provides them with distinctive and lasting workforce advantages.

impact of the pandemic on our strategy

COVID-19 has reconfirmed the value of our three strategic priorities to our key stakeholders. Operationally, we have adjusted swiftly in times of uncertainty, providing guidance, advice and transparency to talent, clients, and employees around the world.

For example, through our [#newways](#) program, we rapidly launched global capabilities to proactively detect work opportunities, guiding and preparing talent to support our clients quickly and efficiently in their recovery and expansion throughout the year. Using digitalized processes, we were able to launch these programs globally at a speed and scale that would otherwise not have been possible. Harnessed with the power of our data, we were able to provide personalized experiences to meet the needs of individual talent, clients and industry sectors, at a time when our guidance was needed more than ever before.

Our broad concept and client portfolio and global footprint supported us throughout the worst of the pandemic, with many of our services and client segments showing impressive resilience in the face of economic adversity and others benefiting from global best practices, which enabled them to quickly adapt and emerge stronger than before. This has proven the value of active portfolio management and revealed the opportunities that still exist in the global markets in which we operate.

We emerge from 2020 as a more resilient, digital and globally empowered organization, committed to accelerating our path to our visionary goal of helping as many people as possible to realize their true potential throughout their working lives.

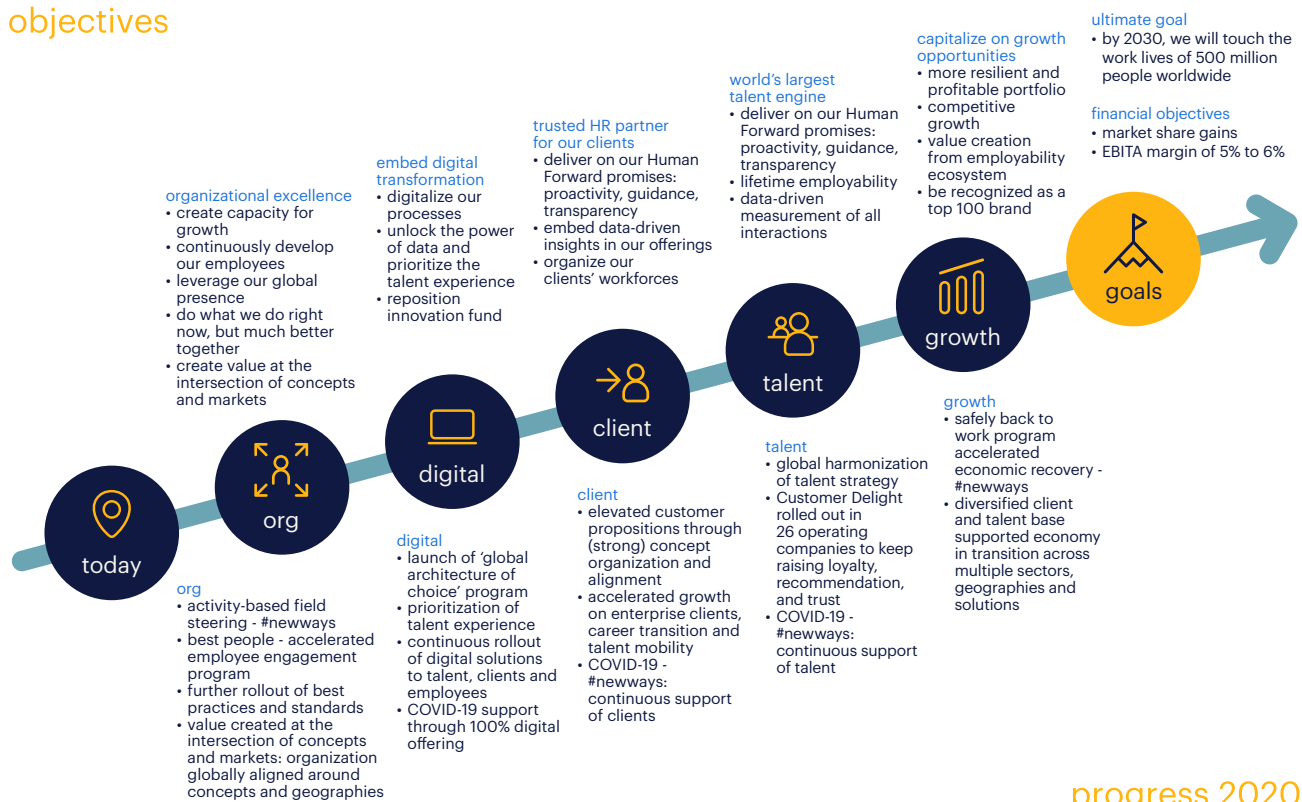


strategic roadmap

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

strategic roadmap

objectives



progress 2020

strategic priorities and financial objectives

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

strategic priorities for the longer term

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

- embed digital transformation;
- unlock the power of data and prioritize the talent experience;
- leverage our global presence and build a stronger, more connected Randstad;
- accelerate in outplacement and career development through upskilling and reskilling of talent;
- create the world's largest talent engine;
- create a unique offering for the largest companies in the world;
- grow faster in North America and Japan;
- be recognized as a Top 100 brand.

financial objectives for the longer term

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

- apply our differentiating digital strategy primarily focused on organic growth, complemented by selective M&A activity to drive continuous and profitable market share gains in expanding markets;
- achieve an EBITA margin of 5% to 6% over time, through revenue growth, mix improvement, and cost optimization;
- sustained focus on Days Sales Outstanding (DSO) in order to maximize our free cash flow (FCF) generation;
- optimize our Economic Value Added (EVA);
- maintain a sound financial position;
- focus on shareholder returns through a conditional cash floor dividend of € 1.62, with optional additional cash returns when the leverage ratio is < 1.0.

financial objectives and progress in 2020

objective	progress
Continuous profitable market share gains	In 2020, we continued our track record of profitable market share gains in core markets such as the US, France, Germany, and Belgium. Overall, we continued to pursue a disciplined pricing policy.
EBITA margin of 5%-6% over time	In 2020, our EBITA margin was 3.3%, compared to 4.6% last year. The adverse effect of COVID-19 on our top line was partially offset by agile cost management. In the longer term, we still believe that a 5%-6% EBITA margin is feasible, depending on (1) organic revenue trends, (2) pricing climate and mix effects, and (3) productivity gains, including the effect of digitalization on our traditional business models.
Optimize EVA	Randstad has a long-term track record of creating economic value, disrupted only by the severe macroeconomic crisis in 2009/2010 and the COVID-19 pandemic in 2020. Over time, our ROIC improved to 15.2% in 2019. However, in 2020 it decreased to 10.4%. Our focus going forward remains on further improving our economic returns, also driven by active portfolio management. Being an important driver for optimizing EVA, capital discipline remains a strategic priority.
Sound balance sheet	Our leverage ratio further improved to -0.4 in 2020 (2019: 0.7) excluding IFRS 16, and reflects a combination of favorable countercyclical working capital movement, the sale of our CICE receivable, and the withdrawal of the 2019 dividend proposal. The moving average of Days Sales Outstanding (DSO) came down year-on-year to 52.9 (2019: 53.5). Supported by our strategy, we believe our balance sheet will remain robust going forward.
Focus on shareholder returns	Supported by our sound financial position, we will propose to our shareholders a cash dividend of € 3.24 per ordinary share for 2020. This consists of a regular floor dividend of € 1.62, representing a payout of 63% of the basic underlying EPS. In addition, we propose a special cash dividend of € 1.62 per ordinary share, given our year-end 2020 leverage ratio excluding IFRS 16 of -0.4. The decision to pay a special dividend for the year 2020 should be seen in connection with Randstad's decision to withdraw its 2019 dividend proposal in March 2020.

our value for clients and talent.

We help clients create the agile, diverse and effective workforces they need by helping talent find rewarding jobs and stay relevant in the changing world of work.

At Randstad, we see it as our role and responsibility to support both people and organizations in realizing their true potential. We do this by seeing the possible in people, unearthing their inner qualities and helping them determine where they can go throughout their working lives. By partnering with Randstad, our clients can then take advantage of the opportunities that come with high-quality talent, whether this is on a permanent, temporary, full-time, part-time or solution basis.

In 2020, at the start of the COVID-19 outbreak, we immediately stepped up to the challenge of supporting both clients and talent in coping with the, at times, severe consequences of the pandemic. With millions of people losing their jobs and some businesses struggling to survive, we deployed our expertise to enable companies and workers, including our own candidates, to return to work safely as soon as this was possible. By the end of the year, we managed to fully recover the number of placements lost in the crisis. With some sectors experiencing more long-term decline, we also supported talent in moving to new sectors, setting up reskilling programs where necessary.

As the initiator of and leading partner in the [Safely Back to Work Alliance](#), we assisted governments, institutions, employment federations and companies in markets around the world, providing health and safety protocols, helping clients speed up the protocol creation process, and enabling companies to create safe environments, even in some cases when countries were still in pre-pandemic stages. These efforts have had a very positive impact on the image and goodwill of the HR services sector in general and also on Randstad in particular as a trusted advisor.

our promise to clients

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

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



client

propositions.

randstad enterprise group

Over the past two years, we have recognized that large, global enterprise clients have raised their expectations of talent solution partners and the added value they should bring to integrated workforce planning and competitive talent acquisition strategies. In 2019, to meet these evolving enterprise client needs, we set up the Randstad Enterprise Group. This world-class talent advisory and account management infrastructure leverages Randstad's breadth of services to build total talent models that generate maximum business value for enterprise clients. The Randstad Enterprise Group redefines how large, global companies get work done and brings together Randstad's complete portfolio of services, products and solutions to focus on developing strategic roadmaps for clients through each phase of the total talent lifecycle. Randstad Enterprise Group works in partnership with all of our operating companies to become the indispensable talent provider for enterprise customers.

total talent architecture

Total Talent Architecture (TTA) is the approach Randstad Enterprise Group uses for global enterprise clients. It is also used by individual operating companies when working with many of our largest local clients. TTA enables a company to build a holistic talent strategy and benefit fully from Randstad's innovation strategy. A holistic talent strategy requires an optimum balance in terms of permanent, contingent, and freelance talent. TTA provides an in-depth analysis of a client's workforce planning to deliver a talent strategy aligned with growth ambitions and profitability targets.

This approach connects all our business lines, and enables us to increase our presence in higher-value-added services such as recruitment process outsourcing (RPO), professionals, statement of work (SOW) services and permanent placements. Our TTA approach keeps us agile, as we continuously adjust our delivery models to serve our clients in the best possible way. As these models evolve, we share insights and drive strategic conversations with clients so that they can benefit from the depth of our service offering, from staffing and recruitment of professionals through to highly customized RPO, managed services programs (MSP) and digital solutions. Through TTA, we build long-term, sustainable relationships that are focused on long-term value creation.

client propositions.

integrated talent solutions

Having the right people resources at the right time and the right cost is the ambition of every human capital leader, and that's why adopting an integrated talent approach is increasingly a priority with our clients. We support all worker arrangements when resource planning, including permanent placements, temporary staffing, independent contractors, consultancy and projects, payrollees and seasonal workers. Depending on the client's requirements, we manage some or all of these workers by integrating our supply models through RPO, MSP, direct sourcing, internal placement and payrolling services.

To support the goal for a more holistic approach, Randstad leverages a state-of-the-art talent analytics platform to provide not only a clear and comprehensive view of clients' human capital needs and utilization, but also recommendations on how to acquire talent in the most cost-effective and timely manner. Every program is customized to individual needs, culture and structure. We continuously assess, adjust and solicit feedback to ensure clients are delivering the highest talent value to their organization.



randstad employer brand research

What attracts talent to an organization, what makes them want to stay, and what drives them away? Taking a deep dive into workers' drivers and motivators, the annual Randstad Employer Brand Research, which includes over 6,000 companies in 33 markets and over 185,000 respondents, is the world's most comprehensive independent study into what attracts employees and job seekers to an organization. It demonstrates our commitment to helping clients understand the value of superior brands in local markets, and it provides clients with a better understanding of how their own brand performs in terms of attracting talent. With access to a state-of-the-art, custom-built research platform, Randstad's clients benefit from proprietary insights that help them shape their employer branding strategy, employee value proposition, and talent attraction efforts.

In a year like no other, the Randstad Employer Brand Research continued to go from strength to strength as it entered its 20th year. With a heavy focus on the pandemic and how workers are feeling in this time of uncertainty, our insights also provide valuable data for those organizations wishing to understand their employees in a more nuanced way. Following the results in May 2020, participating countries organized local Randstad Employer Brand events/online webinars, engaging key players in the local HR industry and celebrating winners of the research as being the most attractive employers in the minds of potential job seekers.

For more information on the employer branding research as well as our latest local and global findings, please visit our website.

our promise to talent

We take pride in our ability to see the possible in people, helping individuals determine the best next step on their work life journey. By challenging and championing people, we can make a positive impact on individual work lives, helping people stay relevant and find rewarding jobs in the ever-changing world of work.

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

In 2020, throughout the COVID-19 crisis, we helped talent find employment again, either in their previous sector or in a new sector that matched their skills, providing training and reskilling where necessary.



"I'm 34 years old and from Seville, Spain. I found it very difficult to find work. So I jumped at the opportunity of being trained by Randstad as an activities counselor for the handicapped. They also found a job for me, which has opened up new horizons. I'm very happy, because I found a new calling."

Javier Aranda Arques, candidate, Randstad Spain

wheel of working life



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

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

our strong concepts

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

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

staffing

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

inhouse

Randstad's Inhouse concept provides solutions for companies requiring large-volume workforces in a limited number of profiles. Our dedicated consultants work on-site, using processes tailored to our clients' needs. By providing flexible work solutions designed exclusively for each client and often complemented by workforce scheduling tooling, we help our clients improve labor flexibility and productivity, as well as achieve cost savings, increased employee retention, and stronger employee engagement. Segments served in this way include fast-moving consumer goods (FMCG), automotive, life sciences, contact centers, manufacturing and logistics, as well as the administrative and professionals segments. As part of this service, we offer planning of the client's workforce, both their temporary and permanent employees. Inhouse services are usually billed based on the number of hours worked.

professionals

As part of our Professionals offering, we source experienced staff for managerial and professional roles across a wide range of sectors and disciplines, including IT, engineering, sales, marketing & communications, finance & accounting, healthcare, HR, education, and legal. Our consultants are experts in their specific fields, and have strong social networks. They place people on a temporary, contracting or interim basis, as well as in permanent positions. Clients using these services range from blue-chip multinationals and consulting firms to governments and SMEs.

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

global businesses

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

managed services programs

Through our Managed Services Programs, we take primary responsibility for the organization and management of a client's contingent workforce, typically including supplier selection and management, order distribution, reporting and consolidated billing, and Vendor Management System (VMS) software with on-site presence at the client. On behalf of our clients,

we manage the entire supply chain of all staffing/ services providers. This gives clients greater control of their recruitment activities and greater transparency regarding their spending. This is particularly valuable when clients are dealing with large volumes of professional skills from many different suppliers. The MSP fee is usually a percentage of the salaries paid to workers, which is paid by the suppliers, making this service cost-neutral for clients.

recruitment process outsourcing

Our Recruitment Process Outsourcing services take full or partial control of our clients' internal recruitment and talent acquisition process to strengthen their permanent workforce and reduce their administrative burden and costs. We provide tailor-made, own-branded, and on-site HR services to manage vacancies, screening and assessment. Although we mostly recruit a client's permanent personnel, in some cases contingent workers may also be included, as part of an integrated model. Typically a fee is charged per position successfully fulfilled.

outplacement and career management

Our outplacement and career management services are mainly provided by Randstad RiseSmart. We partner with companies across the globe as they flex, adapt, and transform their businesses. Our approach to talent mobility helps organizations adjust their workforce to

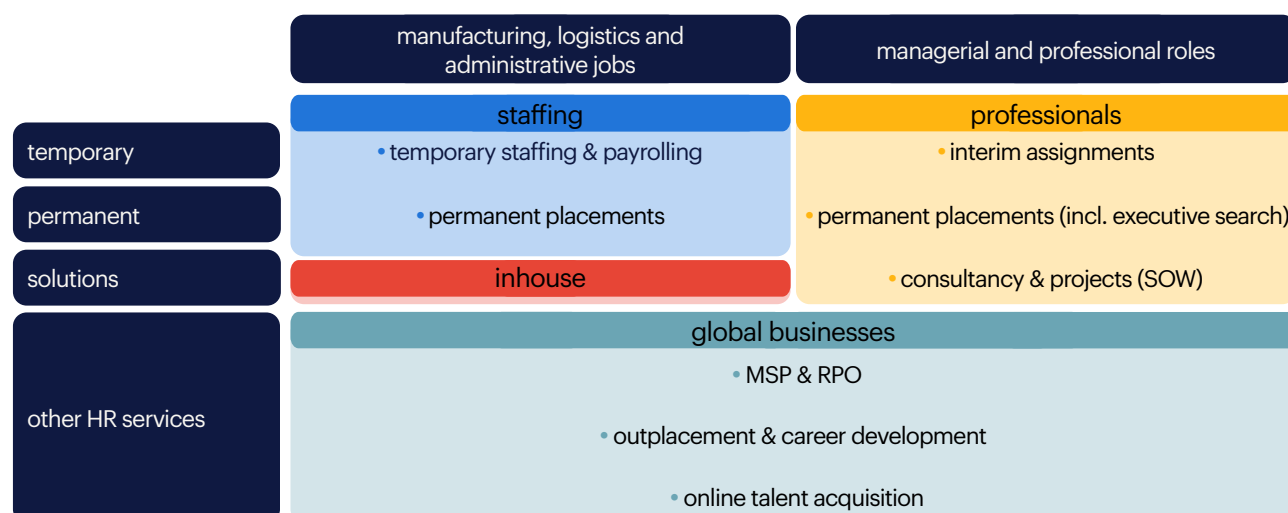
changing circumstances, particularly relevant for many companies in this year of COVID. We advise and support organizations in situations in which employment contracts need to be terminated for strategic or other reasons. We help employees to find suitable new employment, facilitate training and provide career development guidance where necessary, and try to make the transition as smooth as possible. Randstad RiseSmart delivers its services with a unique, cloud-based technology platform with a proprietary matching engine to support career development, résumé writing, and coaching services. These services are commonly charged on the basis of a transactional fee.

online talent acquisition

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

randstad services framework

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



our value for employees.

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

The true value of our business lies in connecting people, with our own people at the core. We take pride in working with the best talent in the industry and offering them meaningful work. We want our people to enjoy the best work environment, excellent training, fulfilling and diverse career opportunities, both nationally and internationally, and all the support they need to develop to their full potential.

The Human Resources (HR) function at Randstad focuses on enabling our business performance. This includes equipping our employees with relevant digital and consulting skills and competencies, and embedding these in our people's way of working, empowering them to continuously adapt to the changing demand from clients and talent. Through digital tools and solutions, we enable our people to be transparent and proactive in the way they connect with clients and talent, and to provide customized guidance.

In 2020, the global pandemic led to an increased focus on our employees' health and well-being. We quickly facilitated remote working and supported employees in setting up a suitable workplace at home. In addition, several initiatives were set up to promote employees' mental and physical health, such as through podcasts, webinars, and e-learning modules, as well as fun, connective activities. At the same time, we scaled up monitoring, internal communications and online interaction with employees, and trained our managers on remote leading skills.

leadership framework

Through our Human Forward Leadership Framework, we are developing the collective leadership we need to achieve our long-term global ambitions and realize our true potential as a business.

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

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

HR cycle

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

HR cycle



selection

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

In 2020, 92.8% of our employees had a permanent contract, and 85.8% worked on a full-time basis.

equity, diversity and inclusion

Randstad is strongly committed to equity, diversity and inclusion. We believe this helps us build a more agile, productive, and innovative workforce that reflects our talent and client base, and the society in which we work. We are committed to advancing social justice and equity in our organization, our communities, and our society. We are working toward a world where everyone, regardless of race, gender, age, religion, sexual orientation, ability or any other characteristic, has equal access to opportunities and feels valued and respected. Our diversity pushes us forward as a company and as a team. Diverse ideas, cultures, and perspectives break down subconscious barriers and help build a team of more well-rounded employees. Our global diversity and inclusion policy and our human rights policy underline Randstad's commitment and strategy to foster inclusive employment. Equity, diversity and inclusion are also part of our mandatory business principles training for all our employees. Our HR standards document guides our organization in its core HR processes, such as recruitment, to make sure they are done in an inclusive way and to prevent discrimination against any demographic group.

proportion of women in senior leadership positions^{1,2}

	2020	2019	2018 ³
North America	51%	62%	53%
France	57%	41%	36%
Netherlands	51%	42%	42%
Germany	53%	39%	42%
Belgium & Luxembourg	63%	59%	60%
Italy	53%	50%	47%
Iberia	45%	37%	37%
Other European countries	48%	54%	55%
Rest of the world	33%	43%	46%
Global Businesses	58%	43%	57%
Corporate	41%	46%	40%
Total	51%	47%	48%

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

² Data collected is adjusted for size of operating companies.

³ The data 2018 are slightly impacted by changes in the definition of 'Senior leadership'.

Source 2020: Global HR system Crunchr.

Source 2019 and 2018: Randstad in Touch engagement survey.

our value for employees.

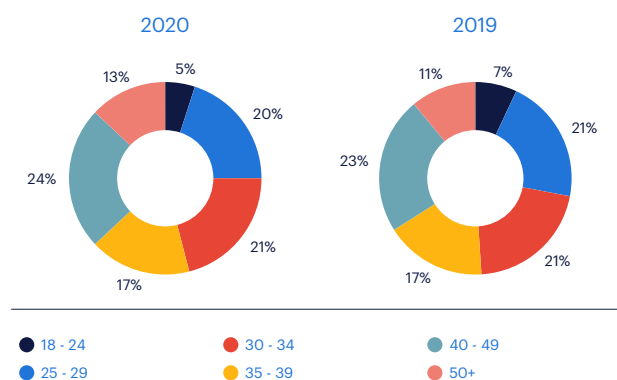
composition of our workforce by gender and contract type in 2020

	number of employees	of which female	% permanent contract		% temporary contract		% full-time contract		% part-time contract	
			male	female	male	female	male	female	male	female
North America	5,770	62%	100.0%	100.0%	0.0%	0.0%	98.6%	99.5%	1.4%	0.5%
France	4,110	77%	93.2%	92.5%	6.8%	7.5%	98.8%	92.8%	1.2%	7.2%
Netherlands	3,730	70%	84.3%	84.4%	15.7%	15.6%	80.5%	40.0%	19.5%	60.0%
Germany	2,350	61%	94.4%	94.4%	5.6%	5.6%	91.7%	62.8%	8.3%	37.2%
Belgium & Luxembourg	1,790	84%	99.7%	99.9%	0.3%	0.1%	91.5%	61.0%	8.5%	39.0%
Italy	2,010	80%	90.4%	91.8%	9.6%	8.2%	98.5%	89.0%	1.5%	11.0%
Iberia	1,810	79%	94.1%	95.7%	5.9%	4.3%	98.3%	81.6%	1.7%	18.4%
Other European countries	3,380	67%	94.9%	90.8%	5.1%	9.2%	96.9%	88.1%	3.1%	11.9%
Rest of the world	5,070	59%	90.2%	84.4%	9.8%	15.6%	97.1%	93.4%	2.9%	6.6%
Global Businesses	4,390	57%	97.6%	93.2%	2.4%	6.8%	98.3%	89.0%	1.7%	11.0%
Corporate	270	43%	83.8%	87.5%	16.2%	12.5%	95.6%	74.0%	4.4%	26.0%
Group	34,680	68%	93.8%	92.3%	6.2%	7.7%	95.3%	81.4%	4.7%	18.6%

We actively support women in climbing the career ladder at all levels of our organization. Randstad has signed the CEO Statement of Support for the UN Women's Empowerment Principles (WEPs), and we are committed to making a difference for women in the workplace, marketplace and community. At the end of 2020, we achieved our target of having 50% women in senior leadership positions. For the sixth time in a row, Staffing Industry Analysts (SIA) published their Global Power 150 - Women in Staffing list, which includes seven Randstad executives from around the globe. SIA recognizes influential female leaders in the industry worldwide and provides a platform to celebrate many of the talented women shaping the world of work.

We have a partnership with Workplace Pride, a non-profit foundation that strives for greater acceptance of lesbian, gay, bisexual, and transgender people in the workplace and in society. We also partner with WeConnect International, a global network that connects women-owned businesses to qualified buyers around the world. In many countries, we have signed a diversity charter, such as 'Talent naar de Top' in the Netherlands and 'Charta der Vielfalt' in Germany. On our [corporate website](#), an overview can be found of our many local initiatives to promote equal opportunities for, among others, women, people with disabilities, the LGBTI community, and people from diverse ethnic backgrounds.

composition of our workforce by age group



Source 2020: Global HR system Crunchr.

Source 2019: Randstad in Touch engagement survey.

In the US, the killing of George Floyd in Minneapolis in May 2020 sparked a global discussion and movement on racial injustice and the responsibilities of society. The events that unfolded led to questions of what can be done to support change and bring about more transformative conversations on racial equality. At Randstad, we believe it begins with recognition of the far-reaching nature of the problem and the impact it has on the well-being of all global citizens. To help facilitate these conversations, Randstad US's Chief Diversity & Inclusion Officer held online discussions to help Randstad employees navigate the topic of inclusion during a crisis and provide guidance on Diversity & Inclusion in the workplace. In addition, we took more specific steps to address racism and discrimination in

our organization and the communities we serve, including new community partnerships to address unemployment in communities of color and a donation match program. We also launched a sponsorship program in the US to provide our diverse employees with senior leadership coaching, preparing them for next-level leadership roles within the company.

equal pay

A global team of HR professionals has been working on collecting and sharing best practices and approaches to embed the notion of equal pay in key HR processes. We aim to have balanced hiring, promotion and salary review processes. We have also created equal pay dashboards for the majority of our organization to create insights and highlight actionable trends.

onboarding & induction

All new employees follow a formal induction program in the first few months, which helps them to become successful in their new role as quickly as possible. In 2020, the program ran virtually due to the pandemic. It covers our ambitions, strategy, values, culture, history, and corporate policies, as well as targeted job-related information. Randstad tracks the effectiveness of its induction programs by measuring awareness of our values and policies, time to productivity, and other success metrics. Immediately after the induction period, an individual development plan is drawn up.

performance management

At Randstad, we see the development of our people as a shared responsibility. To facilitate our people's continuous development and unleash their full potential, our performance management process is based on what we call our Great Conversations program. Besides regular business and performance reviews, employees get together with their managers on a regular basis (at least once a quarter) for a constructive, future-focused conversation in which they receive feedback and coaching. In 2020, these conversations were all held remotely. The dialogues and goals set in these Great Conversations are meaningful, aspirational and progress-based. They do not just focus on numbers and output, but also on people's development areas and ambitions, and are meant to empower employees rather than 'rate' them. Randstad HR supports people in developing and practicing techniques and skills to ask for, receive and apply ongoing feedback and coaching. Our Great

Conversations also provide the input for reward & recognition, learning & development, and career advancement.

reward & recognition

At Randstad, we aim to provide our employees with meaningful rewards and fair remuneration in order to strengthen their ties with the company, while encouraging outperformance. Remuneration is based on real outcomes, which are assessed regularly. This includes behavior and personal development. In addition, our annual remuneration process also takes external market developments into account. To encourage our employees' affiliation with Randstad and to enable them to participate in Randstad's success, an employee share purchase plan is in place, with currently more than 16,000 active participants. This plan, which keeps growing in popularity, enables our employees to benefit from Randstad's growth and stimulates entrepreneurship. For our senior leadership, a long-term incentive plan is in place, including a performance share plan. The purpose of this plan is to retain our best people and to drive and reward sustained performance of our company by sharing in success.

learning & development

In our training programs, we combine different forms of learning, including e-learning and gamification. In addition, managers play a crucial and important part in reinforcing their employees' learning journeys. Our training programs are always competency-based and focus on leadership, digital fluency, sales, job-related skills, and soft skills. They are offered at all levels within the organization. For field positions, we have dedicated training programs focusing on operational skills and specific knowledge required for the job. In 2020, most learning took place online. Our e-learning platforms offer world-class programs, covering a wide range of topics. They make use of advanced tools and technology to enhance the learner experience and ensure the sustainable business impact of our learning programs.

Randstad offers programs on a local, regional and global level. Locally, programs are developed by the operating companies, sometimes in collaboration with business schools. Regionally and globally, the Frits Goldschmeding Academy offers state-of-the-art leadership programs, increasingly online. These programs are created in cooperation with leading global

business schools and partners, such as London Business School, TIAS, INSEAD, IMD, SMU, Vlerick Business School, Nova Business School, The Thrive, and Stand & Deliver Group. Our Executive Board and senior leaders are closely involved in the development and delivery of the programs. In 2020, the Frits Goldschmeding Academy trained 828 senior leaders in 30 different development programs, including a program on remote leading. Most training activities took place online.

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

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

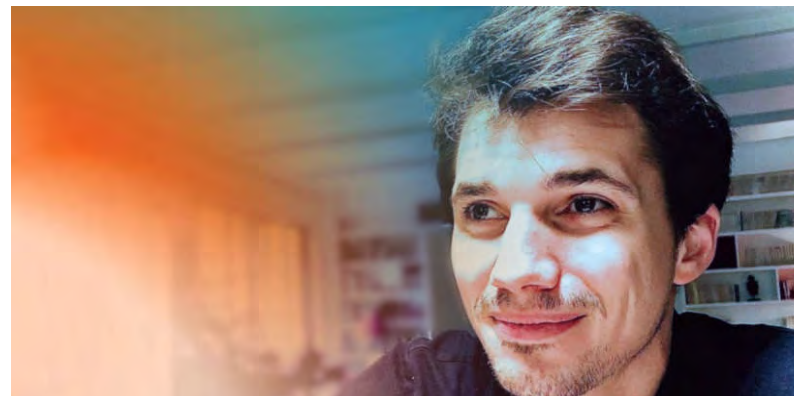
Experiential learning on the job is one of the most effective learning strategies. Randstad maximizes this learning style by giving people stretch assignments, while providing sufficient coaching and mentoring at all levels. Stretch assignments, such as temporary projects in a different business, encourage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

career advancement

Randstad recognizes the importance of talent management as one of the key factors underpinning company growth and ensuring the continuity of our business. Talent management enables us to attract and retain high-caliber people, identify and develop our employees, and continuously anticipate needs for future positions on a local and global level. Our dynamic People Review Process, which includes an extensive annual assessment followed by periodic reviews throughout the year, is the basis of our leadership and talent management approach. It addresses the

performance and potential of all employees on an individual level. Randstad's senior leadership takes a keen interest in the company's strategic workforce planning, focusing on development needs, succession plans, pipeline development, and future leadership talent.

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



"2020 was a challenging year. I'm truly grateful for Randstad, because you helped turn this difficult year into success. By experiencing this lockdown together, we could put into practice our Human Forward promises. From the transparency of our leadership team to the personal support of my direct managers and the constant commitment of my teams, I felt surrounded by a virtual family."

Grégoire Biessy, Recruitment Manager, Randstad Sourceright Budapest, Global Business Services Center

randstad engagement scores by geography¹

as % of total number of respondents

	engagement score			benchmark		
	2020	2019	2018	2020	2019	2018
North America	8.5	8.3	8.3	8.0	7.7	7.7
France	7.6	7.6	7.4	7.8	7.5	7.5
Netherlands	7.9	7.7	7.8	7.9	7.6	7.7
Germany	7.7	7.3	7.6	7.8	7.5	7.5
Belgium & Luxembourg	8.1	8.1	8.0	7.8	7.5	7.4
Italy	7.6	7.5	8.1	7.8	7.5	7.4
Iberia	7.8	7.8	7.6	7.8	7.5	7.4
Other European countries	8.1	7.9	7.7	7.8	7.6	7.4
Rest of the world	7.6	7.1	7.1	7.9	7.6	7.5
Global Businesses	7.8	-	-	7.9	-	-
Corporate	8.2	8.0	8.1	7.9	7.6	7.7
Group	7.9	7.6	7.7	7.6	7.6	7.7

¹ Since 2020, data for Monster, Randstad Sourceright North America, Randstad RiseSmart and twago have also been included.

Source: Randstad in Touch engagement survey.

engagement

By continuously engaging our people, we encourage innovation, accountability, retention, and business outperformance. To measure and monitor engagement, we make use of the global online Randstad in Touch platform. The Randstad in Touch platform consists of an engagement-related questionnaire, which people complete at least four times a year. In 2020, the frequency was increased significantly, using a shorter questionnaire that also included COVID-related questions. Results are shown in a real-time dashboard. Individual operating companies can add open questions related to the local situation, and employees can share comments or have conversations with their manager anonymously. A planning tool enables us to identify areas where there is room for improvement, so we can take appropriate action and champion positive change.

The Randstad in Touch tool is used to measure our overall engagement score in comparison with that of other companies in the professional services industry. This is the 'industry benchmark'. Internally, the engagement score of different geographical areas is benchmarked against Randstad's overall engagement score. In 2020, Randstad's engagement score was 7.9, which is above the benchmark of 7.6. The participation rate was 82%.

randstad 60 celebrations

In 2020, Randstad celebrated its 60th anniversary. Due to the global pandemic, many of the planned activities for Randstad employees could not take place. Instead, all employees participated in a one-hour multidisciplinary online variety show on September 29, broadcast six times to serve all time zones. This virtual live event made employees feel recognized by real stories from colleagues, clients and talent, and brought them up to speed with Randstad's heritage. During the show, employees could chat and respond to polls. The show kicked off a range of online activities that ran until the end of the year. Through an external global Randstad 60 campaign, 'the Stories', clients and talent were given an opportunity to share their personal experience with Randstad. For each story contributed, Randstad donated a bicycle to World Bicycle Relief, a non-profit organization that supports people in developing countries. Ultimately, we donated 1,000 bicycles in honor of our employees, talent and clients.

employee participation

Randstad actively promotes employee participation through a network of national works councils and dialogue with trade union representatives. Managers and employees across Randstad discuss work- and HR-related issues in accordance with national law and practices. In Europe, the results of these dialogues are also fed into Randstad's European Works Council, which meets on a regular basis to discuss the company's results and strategy, HR issues, and any other information relevant to our employees and operating companies. UNI-Europa, the representative trade union federation for services in Europe, is invited to attend the European Works Council meetings as an observer. In 2020, 43% of our employees were covered by collective bargaining agreements (2019: 43%).

employee retention rate

as % of total number of employees

	2020	2019	2018
Employees staying with their operating company	76.6%	73.7%	77.8%
Employees transferred within the Group	0.5%	0.5%	1.3%
	77.1%	74.2%	79.1%

Source: Quarterly non-financial reporting by operating companies.

our value for investors.

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

financial strategy

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

capital allocation strategy

Supported by our strategy going forward, our strong balance sheet, and favorable FCF outlook in various economic scenarios, we have a clear capital allocation strategy in place. The first component is a conditional cash floor dividend of € 1.62 per share. This baseline dividend level will be maintained even when the general 40-50% payout ratio is temporarily exceeded, barring (i) seriously adverse economic conditions, (ii) material strategic changes to the sector, and (iii) a material deterioration in our solvency and liquidity ratios. Second, in the event of a leverage ratio below 1.0, we have committed to optional additional cash returns through (i) a special dividend or (ii) share buybacks.

investor relations

Randstad Investor Relations' main goal is to safeguard our 'financial brand'. Whereas clients and talent recognize the Randstad brand for its reliability and service quality, investors and analysts should recognize our brand for its open and transparent communication. Our aim is to be best in class in terms of disclosure and to provide insight into the strategic direction of the

business. These efforts should enable an accurate valuation of the Randstad share over time.

investor relations policy

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

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

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

dialogue with investors, analysts, and other stakeholders

We maintain an active dialogue with investors, analysts, and other stakeholders. Each quarter, Randstad organizes a conference call to discuss the latest results. These events are broadcast online. In addition, we hold events to inform the markets on our business. In 2020, COVID-19 circumstances led to a shift from physical to virtual IR engagement. We organized several specialized events to further showcase the progress of our digital strategy, such as a virtual visit to France. In March 2020, we organized and broadcast an extensive call with

senior management to discuss the preliminary impact of COVID-19.

In 2020, we spent in total around 30 days on investor communication, the majority via video conferencing and other virtual means. The hosting of online events strengthened our global reach and enabled us to connect with investors across the globe. We had virtual meetings with investors in Belgium, France, Germany, Italy, Ireland, Japan, the Nordics, Singapore, Spain, Switzerland, the Netherlands, the UK, the UAE, and the US.

This year's Annual General Meeting (AGM) of Shareholders, initially scheduled for March 24, 2020, was held virtually on June 18, 2020. More information on the AGM, including key decisions and attendance, can be found in the section '[report of the supervisory board](#)'.

capital structure

Invested capital amounted to € 4.9 billion, and we achieved return on invested capital of 10.4%, down from 15.2% last year. More information on and an analysis of invested capital can be found in the section '[financial performance](#)'.

invested capital

	2020	2019
(Net cash)/net debt, excluding lease liabilities	(333)	756
Lease liabilities	588	621
Net debt, including lease liabilities	255	1,377
Total equity	4,669	4,473
	4,924	5,850
Return on invested capital ¹	10.4%	15.2%

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

debt

Our financing policy aims to secure financing that matches the mid- to long-term financing requirements of the Group. Our leverage ratio (net debt/12-month EBITDA) ended at 0.3, below last year (2019: 1.0). Our net debt position is supported by a strong free cash flow of € 1,132 million, partly impacted by the countercyclical movement of working capital and the CICE receivable

sold to third parties in Q3 2020, amounting to € 265 million. In addition, the withdrawal of the 2019 dividend proposal in March 2020 had a significant positive effect on the total cash position as at December 31, 2020. We maintained our policy of using floating interest rates. We believe this adds value for shareholders in the long term, as over time, floating interest rates are on average significantly lower than fixed interest rates. In addition, our policy of using floating interest rates provides a natural hedge against the development of operational results, which continued to pay off during 2020.

Leverage ratio excluding IFRS 16 'Leases' ended at -0.4, compared to 0.7 in 2019.

debt

	2020	2019
Total debt facility	1,850	2,350
(Net cash)/net debt, excluding lease liabilities	(333)	756
leverage ratio (excluding IFRS 16)	(0.4)	0.7

total equity

In 2020, the number of issued and outstanding ordinary shares remained stable compared to 2019 at 183 million. In previous years, we offset the dilutive effect of our annual performance share plans for senior management through share buybacks.

We will issue 655,760 new ordinary shares on February 9, 2021 related to our performance share plans for senior management.

total equity

	numbers year-end (in millions)		nominal value per share
	2020	2019	
Ordinary shares	183.3	183.3	€ 0.10
Preference shares B	25.2	25.2	€ 0.10
Preference shares C	50.1	50.1	€ 0.10
Total number of shares	258.6	258.6	€ 0.10

On December 31, 2020, there were 50.1 million preference shares C in issue. In November 2019, the dividend yield on these shares was reset from 5.8% to 3.5%. For preference shares B, there were 25.2 million shares in issue. The dividend yield for these shares is set for a 7-year period. In November 2019, the dividend yield on preference shares B was reset from 2.7% to 2.0%. We consider preference shares to be an attractive part of equity. It provides fully committed long-term capital at relatively low cost.

voting rights on shares

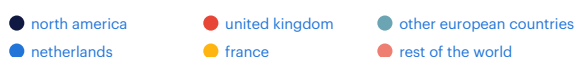
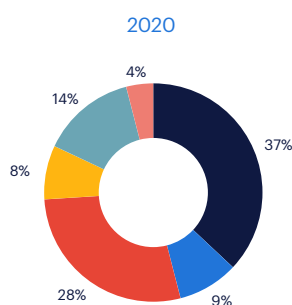
The ordinary shares have equal voting rights (one share, one vote). The voting rights on the preference shares B and C are aligned with the historical capital contribution, which also implies equal voting rights. There are 3.6 million voting rights on preference shares B, and 5.6 million voting rights on preference shares C.

listing and indices

Randstad N.V. is publicly listed on Euronext Amsterdam (ticker symbol RAND.AS), where Randstad shares and options can be traded. Randstad shares are also included in a number of other indices, such as DJSI World, DJSI Europe MSCI ESG, FTSE4 Good, Dutch Transparency Benchmark, Euronext Vigeo Eiris - Europe 120, Ethibel Sustainability Index Excellence Europe, VBDO's tax transparency benchmark, the Carbon Disclosure Project, Ecovadis, and Sedex. Inclusion in major indices is important, because it improves visibility and liquidity.

indicative free float

indicative geographic spread of ordinary shares (free float)



Randstad's free float amounts to approximately 60%, based on holdings of F.J.D. Goldschmeding and Stichting Administratiekantoor Randstad Optiefonds, which jointly own 40% of Randstad's ordinary shares. The majority of the free float of ordinary shares is held outside the Netherlands. We actively pursue an international spread, reflected by 65% of shares held by Anglo-Saxon investors (2019: 59%). We estimate that approximately 86% of our free float are held by institutional investors, while retail investors hold around 9%.

major shareholders

Shareholders are obliged to give notice of interests exceeding certain thresholds to the Netherlands Authority for the Financial Markets (AFM). Almost all the holdings listed here are a combination of (depository receipts of) ordinary shares and (depository receipts of) preference shares.

major shareholders¹

	nominal stake		voting rights	
	2020	2019	2020	2019
F.J.D. Goldschmeding	32%	32%	32%	32%
Stichting Administratiekantoor Preferente Aandelen Randstad Holding ²	29%	29%	11%	11%
NN Group ²	11%	11%	3%	3%
Richmond ²	6%	6%	1%	1%
ASR ²	5%	5%	1%	1%
Stichting Randstad Optiefonds	4%	4%	5%	5%
Stichting Administratiekantoor Randstad Optiefonds	3%	3%	3%	3%
Silchester	4%	5%	5%	5%

¹ As last reported to the Dutch Authority for the Financial Markets.

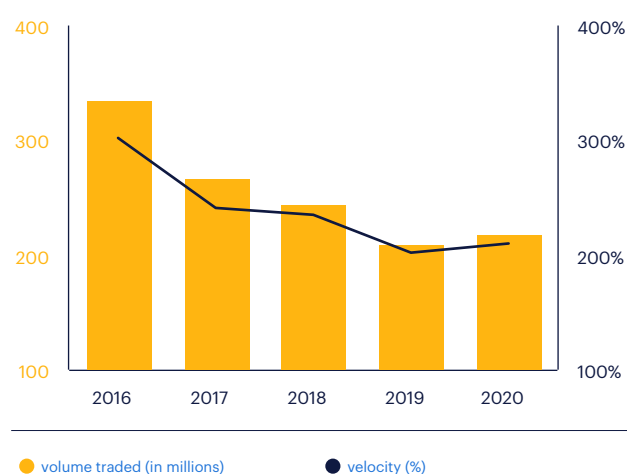
² Mainly based on preference shares (Stichting Administratiekantoor Preferente Aandelen Randstad Holding) or depository receipts of such shares (NN Group, ASR, Richmond), which explains the difference in nominal stake and voting rights.

Growth investors remained the largest shareholder category of Randstad shares, comprising 25% of the free float. Index investors now hold 22% of the ordinary shares, and value-focused investors 21%. The remainder is held by alternative and yield investors.

liquidity

The number of shares traded has risen substantially over the years, from 86 million in 2005 (mainly on Euronext) to about 219 million in 2020 on various trading platforms, but mainly on Euronext. Velocity (measured as the total number of shares traded divided by the average number of shares outstanding) was slightly higher compared to 2019.

share volume traded and velocity



dividend policy on ordinary shares

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

In the midst of the COVID-19 pandemic, we removed the proposal for dividend payments for 2019 as a precautionary measure. Prudence is warranted given the serious adverse economic conditions seen globally, which had an immediate impact on our business and led to a lack of visibility in these unprecedented times. As such, capital preservation was one of our key priorities in 2020. Going forward, we remain fully committed to our capital allocation policy, reflected by our proposed cash dividend for 2020.

per share data

	2020	2019	restated 2018	not restated 2017	2016
Dividend (€)	3.24	-	3.38	2.76	1.89
Dividend yield (%)	6.1	-	8.4	5.4	3.7
Payout (%)	126	-	74	67	50
Basic EPS (€) ¹	2.57	4.18	4.55	4.13	3.77
Diluted EPS (€) ¹	2.55	4.17	4.54	4.11	3.75
EBITA (€) ²	3.78	5.95	6.17	5.82	5.18
Free cash flow (€)	6.18	4.99	3.42	3.20	2.54
Total equity (€)	25.49	24.40	24.26	23.22	22.66

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

² Underlying.

In 2020, we further enhanced our financial position. Our revenue and EBITA declined organically, but this was more than offset by the countercyclical nature of our working capital and the sale of CICE. We will propose to our shareholders a cash dividend of € 3.24 per ordinary share for 2020. This consists of a regular floor dividend of € 1.62, representing a payout of 63% of the basic underlying EPS. In addition, we propose a special cash dividend of € 1.62 per ordinary share, given our year-end 2020 leverage ratio excluding IFRS 16 of -0.4.

The decision to pay a special dividend for the year 2020 should be seen in connection with Randstad's decision to withdraw its 2019 dividend proposal in March 2020, which was a precautionary measure. Capital preservation was one of the key priorities during 2020 to ensure the company's resilience and stability during the COVID-19 crisis.

The ex-dividend date for the regular dividend will be March 25, 2021. The number of shares entitled to the regular dividend will be determined on March 26, 2021 (record date). The payment of the regular cash dividend will take place on April 6, 2021.

The ex-dividend date for the special dividend will be September 24, 2021. The number of shares entitled to the special dividend will be determined on September 27, 2021 (record date). The payment of the special cash dividend will take place on October 4, 2021.

The dividend payment on the preference B and C shares amounts to € 8.2 million in total and will also take place on April 6, 2021.

share performance

share price development

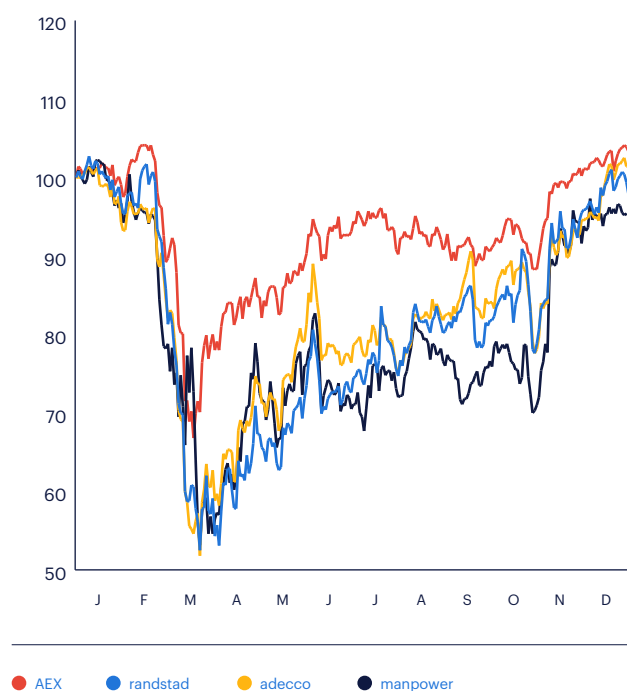
The share price ended the year 2020 at € 53.24, slightly below the closing price of € 54.44 in 2019. During the midst of the COVID-19 pandemic, we removed our proposal for dividend payments for 2019 as a precautionary measure. The total shareholder return (TSR) for 2020 was -2%.

share price development

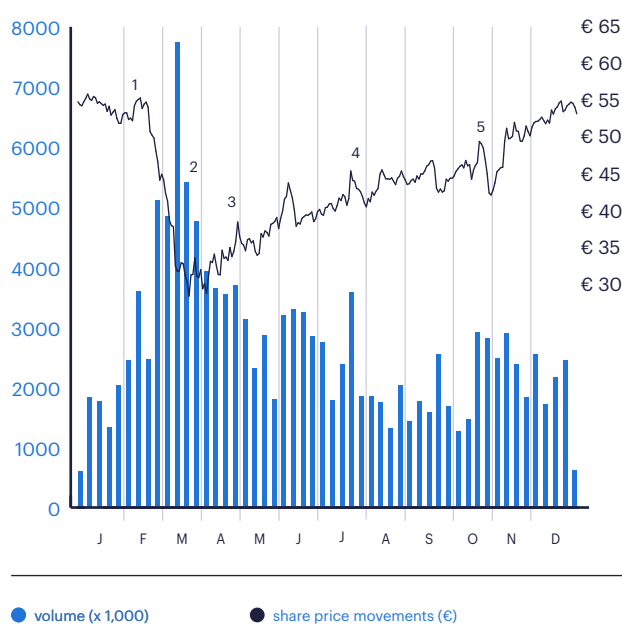
in millions of €, unless otherwise indicated

		restated		not restated	
	2020	2019	2018	2017	2016
Closing price (€)	53.24	54.44	40.09	51.24	51.53
TSR (%)	(2)	59	(18)	3	(8)
High (€)	55.90	55.30	59.34	57.51	57.53
Low (€)	28.58	36.41	38.46	48.38	32.58
P/E ratio	20.7	13.0	8.8	12.4	13.7
EV/Sales	0.45	0.45	0.35	0.45	0.49
Market capitalization	9,759	9,979	7,349	9,390	9,431
Enterprise value	9,426	10,735	8,334	10,416	10,225

total shareholder return development 2020 of randstad compared to euronext AEX index and peers



share price development 2020 of randstad ordinary shares



- 1 february 11, 2020 - Q4 and full year 2019
- 2 march 23, 2020 - withdrawal of dividend proposal
- 3 april 22, 2020 - Q1 results
- 4 july 21, 2020 - Q2 results
- 5 october 21, 2020 - Q3 results

analyst recommendations

Approximately 19 financial analysts regularly publish reports on Randstad. At the end of 2020, 10 analysts had a 'buy' rating, while 8 analysts recommended holding on to our shares; 1 analyst had a 'sell' rating. On December 31, 2020, the average target share price – according to analyst consensus – was around € 54. The highest target price was € 66, and the lowest was € 36.

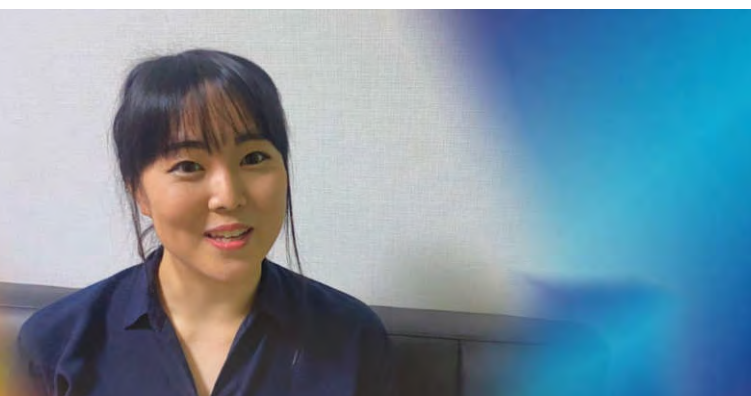
earnings per share reporting

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

diluted earnings per share¹

		restated		not restated	
	2020	2019	2018	2017	2016
Q1	€ 0.58	€ 0.86	€ 0.86	€ 0.81	€ 0.67
Q2	€ 0.34	€ 1.04	€ 1.21	€ 0.98	€ 0.93
Q3	€ 0.73	€ 1.12	€ 1.20	€ 1.10	€ 1.05
Q4	€ 0.90	€ 1.14	€ 1.27	€ 1.22	€ 1.10
Full year	€ 2.55	€ 4.17	€ 4.54	€ 4.11	€ 3.75

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



“Randstad challenges me to go above and beyond to overcome hurdles ahead. In 2020, the COVID pandemic did not stop us from pursuing our ultimate goal of touching 500 million work lives by 2030. Thanks to our tech and touch, we were quickly able to adapt the way people and jobs connect during the pandemic. I'm excited to see what more we can achieve in 2021.”

Ju Young Shin, Head of Financial Management, Finance & Business Control, Randstad Japan

our value for society.

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

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

improving employability & skilling

Ongoing skills development is essential for employability and sustainability in any workforce, now more than ever. With so many jobs lost in 2020, redeploying talent has become a priority for many companies and governments. As Randstad, we ensured the safe and healthy return to the workplace of many people who had lost their jobs due to the COVID-19 crisis, fully recovering the number of placements lost in the crisis by the end of the year. This could only be achieved through comprehensive efforts with regard to reskilling and redeployment of workers, and it was tangible proof of the effectiveness of our [#newways](#) program.

Even for those who have remained employed, upskilling and reskilling are critical to ensure they can continue to contribute to an effective workforce and be employable in the future. Our training programs are tailored to meet the needs of clients and talent in individual employment markets. Such programs include courses specific to healthcare, IT, sales, contact centers, hospitality, and technical skills. Specialized programs leading to

additional professional qualifications are also part of training and development. A great example of such a program is Randstad Boost by Randstad Netherlands. The program includes work and learning trajectories in fields where there is a shortage, such as healthcare, technology, logistics, transport, financial services, and education. In addition, we offer employees a wide range of training opportunities to upgrade their skills. Education and training are accessible to everyone. More information about our local initiatives in employability advancement can be found on our [website](#). In 2020, 313,600 candidates were trained, with a total of 4,800,129 training hours.

youth employment

Recognizing skills and striving for an inclusive labor market are key in helping youth navigate their way to sustained employment. Improving youth labor participation requires an in-depth understanding of employment and labor market issues at a local country level. Effective cooperation between the private employment industry and various public partners will be the recipe for success in combating youth unemployment. Randstad Global also participates in the Global Apprenticeships Network (GAN), 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). Our operating companies offer an array of initiatives to assist young people in finding the right job. In 2020, over 597,000 of the candidates working in our main markets were younger than 25, and we placed 15,100 of these young people in

a permanent job. More information about our initiatives on youth employment can be found on our [website](#).

social innovation programs

To contribute to our ultimate goal of touching the work lives of 500 million people worldwide by 2030, we have developed social innovation programs that improve employability and promote equal opportunities. In 2020, we saw a total of over 100 social innovation programs around the world. An overview of these local initiatives is available on our [website](#). In addition, Randstad publishes a [yearly research publication called sustainability@work](#) in which all these social innovation programs are included. The next edition will be published in 2021.

promoting equal opportunities and diversity



“As a graduate of Randstad’s Hire Hope program, I am honored to be a part of a company that is dedicated to developing its talent through mentorship and ‘on-the-job’ training for women in underserved communities. Hire Hope has transformed my life by giving me the confidence and the skills needed to advance in my career and to be successful in all my future endeavors.”

Rachel Flowers, Hire Hope participant, Randstad US

In line with our core values and Human Forward strategy, Randstad believes that everyone is entitled to be treated with dignity and respect. We value diversity. We do not discriminate on the grounds of age, skin color, disability, gender, marital status, nationality, race, religion, sexual orientation, or any other characteristic. Our global diversity and inclusion policy and our human rights policy underline Randstad's commitment and strategy to foster inclusive employment. As we navigate these extraordinarily challenging times, it is more important than ever that we remain vigilant and mindful of diversity and inclusion. While the COVID-19 pandemic has revealed some stark disparities, it also risks sparking new ones for several disadvantaged groups.

Many of our operating companies have long-standing diversity, inclusion 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 equity, diversity and inclusion in the workplace. For example, our Randstad Institute in France and our foundations in Germany and Spain provide access to employment for disadvantaged groups, such as immigrant workers, women at risk, victims of domestic violence, single parents, older workers, and the long-term unemployed. Addressing the challenges that the growing number of older workers face in entering, re-entering, or staying active in the workforce is also part of our approach to furthering employment market sustainability. In 2020, around 259,000 of the candidates working in our main markets were older than 50. In addition, in several of our main (mostly European) markets, we placed around 21,500 people who had been unemployed for more than one year, and almost 86,000 with no educational degree.

In line with our aim to promote diversity in our workforce, we also welcome talent with a disability. We have found that registration of disabled talent varies in the different markets in which we operate. This may be related to local legislation, but also to the personal wishes of the people concerned. In 2020, we placed over 8,000 people with a disability in several of our main (mostly European) markets.

On our [corporate website](#), an overview can be found of our many local initiatives to promote equal

opportunities for, among others, women, people with disabilities, the LGBTI+ community, and people from diverse ethnic backgrounds.

thought leadership

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

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

research, surveys and publications

To enhance our labor market knowledge and expertise, Randstad carries out regular research and surveys, both independently and in collaboration with academic partners and other institutes. In addition, we give presentations around the world, and our multiple publications are well received by our stakeholders and the industry in general. In this way, we aim to contribute to shaping solutions that create value for people, companies, and the global economy.

randstad workmonitor

The Randstad Workmonitor is one of our key surveys, providing a comprehensive understanding of mobility, job market sentiments and employee trends. Launched in 2003, the study now covers 34 markets across Europe, Asia Pacific and the Americas. The survey is conducted online among employees aged 18 to 65, working a minimum of 24 hours a week in a paid job (not self-employed), with a minimum sample size of 800 interviews per market. As of 2020, the survey is conducted semi-annually and the results are published on our [corporate website](#) and shared with media/

stakeholders through a press release and a newsletter. The two 2020 surveys mainly covered how employees dealt with agents of change during the COVID-19 pandemic, primarily focusing on personal well-being, employer support, job security and working from home.

flexibility@work

Since 2013, Randstad has published Flexibility@Work, a yearly report on flexible labor and employment, consisting of a database and an academic research topic. In the [2019 report 'Future of Work, an Agenda'](#), research carried out by Utrecht University and Boston University shows that automation will eventually have a positive net effect on jobs. Advancing technologies are likely to increase total employment by around 0.5% annually. However, jobs in the future will not be the same as those of today. Despite an increase in total employment, 1 in 7 individual workers will on average be faced with job displacement as a direct result of automation. To ensure a future of work that is inclusive and rewarding for all, these changes call for a transition agenda, targeted interventions, and a whole-of-government approach that includes all stakeholders. At the end of February 2021, Randstad will launch a new Flexibility@Work report. In this edition, we will look back at 15 years of labor market research, as well as considering how it will develop in the coming ten years.

sustainability@work

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

workforce insights

[Workforce Insights](#) is our online information hub where Randstad shares its insights, opinions and research on specific topics related to the world of work. Within this section of our website, visitors will find a wealth of practical and actionable information regarding employer branding, HR tech, talent management, and the future of work. In 2020, we launched a new column

section entitled 'blue notes' (inspired by the blue note in jazz and blues that, for expressive purposes, is sung or played at a slightly different pitch from standard). Through this column, our senior leaders share their personal insights and give visitors the chance to hear from the person behind the position, in their own words.

local industry insights

Through our operating companies around the world, Randstad also conducts a variety of labor market research initiatives that enable organizations and talent to enhance their professional endeavors. This work yields a valuable source of information for stakeholders in a particular locale. To this end, Randstad Spain, Italy and Belgium have set up their own Research Institute. Publications issued include the World of Work research (Asia Pacific), the Workpocket (the Netherlands, Belgium, and other markets), various salary surveys tailored to specific target groups (e.g., the professionals segment), white papers, and online polls. In addition, Randstad Sourceright publishes a quarterly Talent Trends Report, which focuses on specific sectors and industries.

randstad research institute

Initiated by Randstad Spain in 2015, the Randstad Research Institute is a specialized, independent institution that provides in-depth analysis of labor market and HR trends through regular analysis of public labor market figures, reports on labor market and HR trends, and employment forecasts. It has proven to be a successful content generator and knowledge platform, enhancing thought leadership and Randstad's image as a trustworthy labor market expert. As part of an effort to transform this Spanish best practice into a global approach, Randstad Research institutes have also been established in Italy and Belgium.

spain

The Randstad Research Institute in Spain has created strategic partnerships with organizations, and works closely with economists, academics, lawyers, journalists, and other influencers who specialize in labor market issues. In 2020, the Institute published more than 30 reports and press releases, as well as reports of 45 relevant sectors in the Spanish economy, with a focus on the measures adopted due to COVID-19 and perspectives of recovery. Those sectoral studies were based on two surveys launched during May-June and October-November, collecting data from 30,000

companies in total. The Institute participated in 58 newspaper interviews, both online and offline, and 120 radio interviews, and organized 47 webinars and webcasts on a variety of topics.

belgium

The Randstad Research Institute in Belgium continued to grow in 2020 and build on previous successes. The Institute invested in additional research and launched eight different studies (up from five in 2019), covering topics such as lifelong learning, employer branding, the state of the Belgian labor market, and the transition from school to work. All eight studies received strong media attention across print, radio, television, and social media.

italy

In 2020, the Randstad Research Institute in Italy published two main reports: 'Logistics in the coronavirus crisis' and 'Smart working and smart learning after COVID-19'. The Institute also carried out a flash survey on mobility ('The journey to work as the economy unlocks') and several research notes that explored various topics, such as the future of education and reskilling, as well as medical and nursing profiles in Italy.

talent trends research report

Randstad Sourceright's Talent Trends research and the corresponding report provide a global assessment of how C-suite and human capital leaders view the labor market and the opportunities and challenges facing their organizations. The 2021 Talent Trends Report, which was prepared in 2020, reflects the views of 850 corporate leaders in 17 markets around the world about their workforce strategies and practices, the impact of talent on their business, and their outlook for the year ahead. The [Talent Trends annual and quarterly reports](#) enable HR, talent acquisition, procurement and other operational leaders to learn about the global trends shaping the world of work and how they can best leverage these developments to optimize their human resources. The reports and data also provide actionable best practices that human capital leaders can apply to their organization.

sponsorships and events

OECD forum

Randstad has been a partner of the OECD Forum since 2014. One of the most influential annual global public

policy events, the OECD Forum brings together high-level government representatives, CEOs, civil society leaders, trade unions, leading academics, and the media. Due to the COVID-19 pandemic, the OECD organized a virtual Forum in December 2020, as well as high-level seminars during the year. Randstad was represented by our CEO (including in a virtual meeting with the Secretary-General of the OECD on the Safely Back to Work Alliance) and other senior executives in several virtual panels on skilling and the future of work.

G20-B20-L20

The Business 20 (B20) is the official Government 20 (G20) dialogue with the global business community. Its mission is to support the G20 through consolidated representation of interests, expertise and concrete policy proposals, combined with promoting dialogue among policymakers, civil society, and business at an international level. Randstad has been part of the B20 process since the summit in Cannes in 2011.

The G20 is an international forum for the governments from the 19 largest economies and the EU. It seeks to address issues that go beyond the responsibilities of one organization, including finance, sustainability, and employment. International organizations such as the ILO, OECD and IMF are closely connected to the G20 processes. In 2020, Saudi Arabia, in the rotating annual chair, organized several virtual seminars around the central theme of Transforming for Inclusive Growth. Randstad again played an influential role in the B20 deliberations regarding employment and education issues, with a focus on building confidence, dynamism, and resilience in future labor markets and designing future-ready human capital.

The B20 made statements regarding the need to promote and enable diverse forms of work, to strengthen inclusive labor markets, and, given that more than 60% of the global working population is in informal work, to take measures on transitioning informal workers to the formal economy.

The Labor 20 (L20), the workers' counterpart of the B20, agreed on a well-appreciated support statement for our industry, which argues that the ILO Convention 181 on private employment agencies should be ratified and implemented by governments to protect, in particular, migrant workers, supplemented by adequate inspection and enforcement actions. The B20 and L20

recommendations were taken to heart by the joint G20 Ministers of Labor and Employment. In their Ministerial Declaration, they emphasized the need to embrace new working methods and support workers through training and reskilling policies in order to ensure their continued employability. They also agreed on the urgent need to transition workers from the informal to the formal economy and to eliminate bogus self-employment.

HR transformation forum

As the founding partner, Randstad has sponsored the HR Transformation Forum since 2013. The Forum is a high-level think-tank consisting of chief human resources officers from global blue-chip companies based across Europe. It provides HR leaders with a safe platform to candidly discuss the challenges they face within their companies' transformations, spur cross-industry fertilization of ideas, and exchange views on the global HR themes of the future. Since its inception, the Forum has closely examined many (digital) transformation dilemmas. In 2020, the discussions focused on the future of work, which will require next-generation leadership. This theme has been very topical during the pandemic and will remain so in the coming years.

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 associations – on a national, regional, and global level – we believe we can contribute to the future development of the HR services industry. The overview '[highest randstad positions in industry associations](#)' shows Randstad's participation in staffing industry institutions in countries where we are active and where such associations exist.

sectoral social dialogue

Randstad actively engages in the national and international dialogue with labor unions. At EU level, UNI-Europa and the World Employment Confederation Europe (in which Randstad is represented) meet regularly in the Sectoral Social Dialogue Committee on Temporary Agency Work to discuss issues of mutual importance, and to further professionalize and gain more societal acceptance for the industry. Moderated by the European Commission's Directorate-General for Employment, Social Affairs and Equal Opportunities, the

committee met three times in 2020, once in Brussels and twice virtually due to COVID-19 restrictions.

The 2020/2021 work program focused on improving collaboration to ensure the enforcement of, and compliance with, European laws on temporary agency work and health and safety at work. In addition, the state of play of the joint project on social innovation in the temporary agency work industry was monitored and discussed. This project was concluded by means of a stakeholder conference on December 1, 2020, where a joint WEC Europe and Uni Europe declaration was presented.

Remarkably, 2020 was the first year that two sets of joint recommendations were included in the framework of the European Sectoral Social Dialogue. In May 2020, the first set was presented, covering the safe and healthy return of agency workers during the COVID-19 pandemic. The Sectoral Social Dialogue Committee also included presentations from the European Commission on the proposed European Directive on minimum wages.

contributing to labor markets

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

memberships

Randstad has long been an advocate of enabling a flexible workforce while adequately protecting workers' rights in terms of remuneration, social security, and opportunities for growth and development. Many countries still maintain unjustified restrictions on flexible work arrangements. As a result, these forms often lack appropriate and fair regulation, which may also lead to an unnecessarily large informal labor market. In order to help shape the world of work, we invest in the membership of several influential employers' organizations.

WEC

Through our membership in the World Employment Confederation (WEC) and its European arm, we strive for recognition of the economic and social role played by the employment industry in enabling work, job security, and prosperity in our societies, and in acting as facilitators of change. In May 2014, our Managing Director Group Public Affairs was elected President of the WEC. She also chaired the European arm of the WEC from 2005 to 2017. After passing on the baton in 2020 of the Chair of the World Employment Confederation, she was awarded honorary President. Through our membership of the WEC Europe, we strive for well-regulated working conditions for our employees and candidates, and for the promotion of the social innovation agenda for the future of work.

BusinessEurope

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

IOE

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

overview of membership costs

in €

	2020	2019	2018
WEC	85,000	82,270	80,657
BusinessEurope	30,000	30,000	30,000
IOE	16,000	14,196	14,196

A full overview of our sustainability and industry memberships is presented under '[supplementary information](#)'.

sustainability basics.

Our sustainability basics range from safeguarding ethical behavior, taking decent environmental care, and supply chain responsibility to being a good corporate citizen and ensuring transparency. Our goal is to have management tools, business principles, policies, and a governance structure in place that are in line with, or exceed, the standards set for our industry.

corporate citizenship

Randstad employees around the world are engaged in a wide array of corporate citizenship or social activities, often using internal communication mechanisms to promote their cause, engage colleagues, and raise funds. We have a global policy for corporate citizenship and philanthropy. The purpose of this policy is to define common shared rules within Randstad for identifying corporate citizenship and philanthropy initiatives that, in line with our mission, core values, business principles, and internal policies, are aimed at meeting the needs of communities or societies in which Randstad operates. In line with our core business, a large number of these activities focus on increasing the employability of those people who need it most and on promoting equal opportunities.

volunteering

voluntary service overseas

As part of our commitment to sharing expertise for a better society, we have a longstanding global partnership with Voluntary Service Overseas (VSO), the world's leading development NGO that fights poverty through the knowledge and skills of volunteers. Randstad is VSO's global employability partner, supporting VSO's work to help marginalized people to access the labor market. This is achieved by giving our employees an opportunity to volunteer in VSO's international projects that focus on employability. We also use our knowledge and infrastructure, pro bono secondments, and joint marketing efforts to help VSO become bigger and better at recruiting volunteers across the world.

Our partnership focuses on specific projects that are in line with our employees' core skills and competencies, as well as with Randstad's own strategic focus on employability. Our employees mainly support various projects in Tanzania, Uganda, and Kenya, focusing on

youth empowerment, employability and entrepreneurship. These projects help young people develop market-relevant skills, both hard skills like tailoring, carpentry or electromechanics and soft skills like networking, presentation or career skills that will prepare them for the labor market.

In Q1 of 2020, Randstad volunteers in the Lake Zone Project in Tanzania helped to secure internships for youth taking part in the project, enabling them to gain relevant working experience. When the pandemic broke out in March 2020, all volunteers returned to their home countries. Some continued to support their projects from a distance. During the year, the efforts of VSO shifted to raising awareness around COVID-19 and supporting entrepreneurs in adapting their business models to making masks and hand sanitizers. Randstad funds raised as part of the 15th anniversary activities in 2019 were used to support these efforts.

pro bono distance support

Given the travel restrictions, a new Randstad/VSO mentoring program was launched so that Randstad volunteers could still support VSO from a distance. A total of 133 colleagues were matched with mentees from Tanzania and Kenya, supporting them in developing their career skills. This was a valuable experience for both Randstad volunteers and the youth they supported. In addition, two Randstad employees started their first remote volunteer assignment, helping VSO develop a management learning program that will support them in leading diverse and dispersed teams and adjusting to a new way of working.

challenge fund for youth employment

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

In 2020, the first call for proposals was launched in Uganda and seven projects were chosen. In addition, calls in Nigeria and Egypt were launched, which are

sustainability basics.

randstad vso volunteers 2018–2020

	2020	2019	2018
Total VSO volunteer hours	5,085	21,400	21,232
- of which international	2,800 ¹	20,872	20,676
- of which distance support	2,285	528	396
Total VSO volunteers	165	69	53
- of which international	11	32	30
- of which distance support	154	37	20

1 11 volunteers already started their placement in 2019 and are not counted as volunteer in 2020 but still contributed to the volunteer hours.

currently under review. Randstad supported the scoping research for Nigeria, helped select concept notes and business cases in Uganda, and supported the development of a decent work framework and assessment tool.

randstad with heart

Randstad With Heart is a global program that enables our employees worldwide to do eight hours of voluntary activities annually during working hours for a charity of their choice. The purpose of Randstad With Heart is to give all our employees the opportunity to give back to society – by volunteering, donating and fundraising – and to raise awareness of causes that are close to their hearts. Inevitably, due to the pandemic, it was more challenging for employees to find suitable activities last year.

other volunteer projects

In 2020, operating companies tried to shift to remote volunteering programs. In Canada, for example, that meant giving webinars instead of in-person talks to immigrant and marginalized job seekers through programs offered by charity partners, including Youth Employment Services and the Canadian National Institute for the Blind. Randstad Canada employees gave talks and advice on everything from how to secure employment and maintain mental wellness during the job search process to communicating and collaborating effectively. Through these and other skills-based volunteering opportunities, Randstad Canada touched the lives of more than 400 job seekers.

Randstad Singapore partnered with Junior Achievement in their JA Career Success program. This workshop equips students with the knowledge required to get and

keep a job in high-growth industries. Students explored the crucial workplace skills employers seek but often find lacking in young employees. They also learned valuable skills to help them find a meaningful job, including résumé and cover letter writing, interviewing techniques, and personal branding.

Initiated over seven years ago by Randstad Canada's CEO, the Ride for Myriam is an annual multi-day cycling event that honors a Randstad colleague who sadly lost her battle with cancer. In recent years, the ride was an inspiring challenge: 600 km from Montreal, Canada, to a destination of choice in North America (e.g., Toronto, Boston, and New York). All proceeds from the event (with the exception of US riders) went to benefit the Princess Margaret Hospital Foundation. While the 2020 ride looked different to comply with local social distancing laws, the goal remained the same: to bring communities together in a common goal to raise funds for cancer research. Employees could sign up for the online challenge and cycle, run or walk on their own.

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

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

The total amount spent on corporate philanthropy (excluding VSO) in 2020 was € 1,912,000 (2019: € 2,171,000).

More information about these initiatives and other examples of local volunteer initiatives can be found on our [website](#).

randstad with heart and other volunteer projects

	2020	2019	2018
Volunteer hours	11,685	25,080	17,590
Volunteers	2,093	3,900	2,150

safeguarding labor and human rights

business principles

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

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

In 2020, 17,900 employees (both new and existing) received business principles training, mostly online, either by webinar and/or by means of our dedicated e-learning program. This means that all of our employees have been trained at least once. Our business principles training also covers grievance reporting, competition law, anti-bribery, data protection, information security, and human rights relevant to our business activities, such as non-discrimination and equal opportunities, and protection against harassment and intimidation. To set a minimum standard, we developed a compliance induction and refresher e-learning program: Randstad Rules! In addition, we developed a set of seven animated videos that support training and communication on our business principles and corporate policies. These videos are available in 16 languages.

Understanding of our business principles is measured through our Randstad in Touch engagement survey. The results of this part of the survey can be found in the table 'Understanding of business principles'.

To further enhance awareness of the business principles, they are included in our HR Standards and

communicated through various internal communication channels across the Group.

understanding of business principles

	2020	2019	2018
North America	9.0	8.9	8.8
France	8.3	8.3	7.9
Netherlands	8.1	7.4	8.2
Germany	8.0	8.0	7.8
Belgium & Luxembourg	8.3	8.2	8.3
Italy	8.3	8.1	8.2
Iberia	8.4	8.3	8.5
Other European countries	8.5	8.4	8.2
Rest of the world	8.2	7.9	7.6
Global Businesses ¹	8.4	8.2	8.3
Corporate	8.6	8.4	8.5
Group	8.4	8.3	8.2

¹ Since 2020, data for Monster, Ausy, Randstad RiseSmart and twago have also been included.

Source: Randstad in Touch engagement survey.

corporate policies

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

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

Promoting best practices and raising awareness of relevant laws and policies is an ongoing process worldwide. Our compliance induction and refresher e-learning program, Randstad Rules!, can be easily adapted to other languages and local rules. In 2020,

Randstad Rules! was used for compliance induction and/or refresher training by the vast majority of our operating companies worldwide, which was also very effective for delivering continued compliance training during the pandemic while many of the employees were working from home. It also helped the new employees in familiarizing themselves with the Randstad core values, business principles, and related policies.

Our position with regard to tax control, tax contribution, tax compliance, and tax planning is elaborated on in our tax policy. In line with our core value 'simultaneous promotion of all interests', and in order to safeguard our good reputation, Randstad demonstrates ethical tax behavior by paying the proper amounts of taxes in the countries where value is created.

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

In addition, we have a health & safety policy, a global corporate citizenship & philanthropy policy, and a diversity and inclusion policy.

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

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

and integrated reporting framework are not only included in our HR Standards, but also form a mandatory part of our induction training.

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

human rights

Randstad recognizes its impact on labor markets, which is often closely related to human rights. We therefore consider this topic relevant, and operate in accordance with several global agreements and conventions. We are committed to preventing or mitigating adverse human rights impacts that are caused by or linked to our operations and services, and addressing such impacts if they occur. All our employees are trained in human rights through our induction and refresher e-learning program: Randstad Rules!

We are signatories to, and participants in, the United Nations Global Compact, and we support its Ten Principles regarding human rights, labor rights, the protection of the environment, and anti-corruption. We have embedded the Ten Principles into our corporate policies and developed a tool for human rights risk mapping. More details are available on the website of the UN Global Compact (www.unglobalcompact.org). As part of the 75th anniversary of the United Nations, our CEO signed the Statement for Renewed Global Cooperation with the UN Global Compact.

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

With no international generally agreed definition of 'living wage' available, we focus on what is available in the formal legal framework in order to be compliant with international standards and national labor legislation and regulation, including national minimum wages where they exist and/or minimum wages as set up in collective agreements, or a general legal compliance approach. Randstad invests in social dialogue and concluding Collective Labor Agreements (CLA) with trade unions where possible and relevant. 43% of our employees is covered by a CLA. This closely links to our core value of 'simultaneous promotion of all interests'. Either on our own account and/or through recognized industry bodies, we actively call for decent, clear, fair, and workable rules and regulations in the markets in which we operate. More information on this is available in the '[industry involvement](#)' section of our annual report.

Randstad's CEO and CFO signed the UN's Call to Action to Governments to promote anti-corruption measures and to implement policies to establish systems of good governance. Signing this Call to Action underlines our commitment to opposing corruption in all its forms, including extortion and bribery. We believe that corruption is one of the greatest obstacles to economic and social development around the world. For this reason, and to keep aligned with developments and best practices in this area, Randstad N.V. joined Transparency International in 2018. We have also reviewed our global key control framework and expanded it to cover a number of relevant risks and controls related to business and human rights, notably bribery, workers' rights, health and safety, and discrimination. Other ways in which we monitor potential human rights risks include continuous training of our employees and management locally, and promoting organizational sensitivity to human rights issues in general.

Randstad adheres to the human rights chapter of the OECD Guidelines as a benchmark for its international activities. As we recognize our role in public labor market debates, we aim to increase our efforts in safeguarding human rights. In 2018, we performed a human rights exercise to reassess the human rights risks that are most relevant to our company. This exercise included discussions with teams from Argentina, Australia, China, India, Japan, Poland, the UK, the US, and a global team. The outcome of this exercise served

as input for Randstad's human rights policy, which was issued in 2019. Randstad's CEO Jacques van den Broek and several other CEOs co-signed the WBCSD's CEO Guide to Human Rights. In addition, a video on human rights was produced.

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

Any employee, candidate or other stakeholder who reasonably suspects or has witnessed a violation of human rights is expected to raise their concern in accordance with the Randstad Group Misconduct Reporting Procedure, preferably directly to local management and through established operational channels. However, if for any reason this is likely to be ineffective or inappropriate, or if a complainant fears retaliation, use can be made of the Randstad Group Integrity Line. For more information see [integrity and grievance mechanism](#).

health and safety

a healthy and safe work environment for talent

The COVID-19 pandemic has shown the importance of staying (mentally) healthy and working in a safe workplace, at home or somewhere else. Returning to the workplace and reshaping a new future of work is key to ensuring the health and well-being of workers.

Reopening workplaces requires new health and safety protocols that take COVID-19 into consideration.

Throughout 2020, Randstad helped talent get back to work safely, supporting both employers and candidates through efforts related to sharing best practices on (mental) health and well-being, providing personal protective equipment, and health and safety protocols. See also [Safely Back to Work Alliance](#).

Caring for people is embedded in our core values and forms a mandatory part of our induction programs. It is in this context that our consultants work with clients and talent to support workplace safety. Several of our

operating companies have specialized health and safety managers to provide guidance. We advise our clients on matters of occupational health and safety, for example, by pointing out how to prevent workplace risks and by providing 'security at work' training. Formal audits at client locations are conducted in some business areas, such as construction, where taking extra health and safety precautions is best practice. More information about our local initiatives for a healthy and safe work environment can be found on our [website](#).

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

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

In 2020, we provided work to almost two million people. Our first duty as a company is to make sure we do not send anyone into a work environment that may be harmful to them. Unfortunately, despite our best efforts, accidents occurred that resulted in injuries. The aggregated number of work-related injuries among our placed workers globally amounted to 18,876 (2019: 25,503), while the number of working days lost due to these injuries added up to 303,640 (2019: 373,928). Based on these data, our 'injury rate' decreased from 0.23% to 0.21% of overall days worked.

Much to our regret, in 2020, we were also confronted with 6 (2019: 14) fatal incidents among placed workers:

number of fatal incidents among placed workers

	2020	2019	2018
USA	0	1	0
France	0	2	1
Netherlands	0	2	0
Germany	0	1	0
Belgium & Luxembourg	0	1	0
Italy	0	1	0
Portugal	0	0	1
Spain	1	1	1
Argentina	0	0	1
India	4	5	6
Uruguay	1	0	0
Group	6	14	10

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

a healthy and safe work environment for our employees

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

With most of our employees working from home in 2020, we paid specific attention to their physical and mental health and well-being, as well as providing practical support to help people set up their home office. Employees could listen to mental health podcasts, make an anonymous call to a special help line, and get access to e-learning, webinars and online tools covering topics such as mindfulness, meditation, vitality, and mental power.

In 2020, the overall sickness absenteeism rate was 2.6% of overall days worked (2019: 2.5%). The total number of working days lost due to sickness was 230,957 (2019: 240,153).

Despite our high safety standards, we unfortunately faced several incidents in 2020, causing 68 injuries among our employees (2019: 146). The number of working days lost due to these injuries amounted to 893 (2019: 1,483). This results in an overall injury rate of 0.01% of overall days worked, which is lower compared to the prior year.

integrity and grievance mechanism

The Randstad misconduct reporting procedure encourages the reporting of serious misconduct, preferably directly to local management and through established operational local channels. If, for any reason, these reporting lines are considered inappropriate or are likely to be ineffective, or if a complainant fears retaliation, use can be made of our Integrity Line, a special reporting facility, which consists of a telephone hotline (accessible 24 hours a day via free local access numbers) and a secure web page. The reporting facility is open to all of Randstad's stakeholders: employees, candidates, placed workers, and third parties. The facility may also be used for tax-related issues. Although reports can be submitted anonymously, Randstad encourages complainants to reveal their identity when they submit a report, subject to confidentiality to the extent possible. This greatly facilitates the investigation of the issue. Reports can always be made in the local language. The procedure includes a non-retaliation policy. The reporting facility is operated by an independent external provider and allows communication between the parties, even if the misconduct was reported anonymously. This way of communicating with an anonymous complainant has proven to be successful in several instances.

In 2020, Transparency International Nederland issued its report on effective whistleblowing frameworks. This was a study into the different elements of the whistleblowing frameworks of 68 companies, partly publicly listed and partly non-listed, situated in the Netherlands. Randstad's reporting framework ranked second in this report.

Reports are received by local integrity officers, who are responsible for handling the reports made, supported, where appropriate, by other functions, either locally or within Randstad N.V. Actions resulting from this procedure vary from apologizing to the complainant and correcting mistakes, to warning letters or termination of employment, be it of a placed worker or

an employee, including in senior positions. These actions must make clear to all involved or impacted that breaches are not tolerated by Randstad.

Taking into consideration the implications of the UN's 'Protect, Respect and Remedy' framework, we continue to work on raising and maintaining awareness of our grievance mechanism, including among our employees and candidates. In 2020, we continued to focus on raising awareness within our operating companies. This resulted in an overall awareness score of 8.4 (2019: 8.3). Our e-learning tool Randstad Rules! has proven to be effective here. Compared to 2019, most likely as a result of the pandemic, we saw a decrease in the total number of complaints and concerns raised in 2020 (down 16%). Again, these included a substantial number of complaints that qualify as service issues and that bypassed the normal appropriate local reporting channels, such as the branch manager or local complaint or help desks. This is fairly consistent at almost two-thirds of all complaints. Through local communication efforts, we aim to maintain and increase awareness of the correct routing.

Of the 323 reports made in 2020, 124 were accepted as admissible. After thorough investigation of these 124 reports, 65 were found not proven, and 52 were, at least partially, proven. A total of 7 were still under investigation at year end. The proven complaints (52) were related to harassment and intimidation (18), health & safety (7), discrimination (6), improper management practices/unprofessional behavior/breach of business principles (5), data protection/privacy (4), non-compliance with internal policies and procedures (3), fraud/misuse of Randstad property for personal purposes (3), hostile work environment (2), non-compliance with client policies and procedures (2), conflict of interest (1), and breach of confidentiality (1). The decrease in the total number was most likely a result of the pandemic, working from home and an increased focus on other issues. We saw 14 reports that were directly related to the COVID-19 situation, mainly related to safe working situations, either at Randstad offices or at the client locations.

The vast majority of the reports (188) were made by current or former candidates/placed workers; most of these were referred to local management or the local complaint or help desks. A total of 24 reports were made by clients, suppliers, or other external parties, and in 68

sustainability basics.

misconduct reporting

	2020	2019	2018
New complaints	323	386	327
Of which anonymous	133	116	98
Concerns referred to other channels/not legitimate	199	233	200
Proven or partially proven	52	60	40
Not proven	65	91	85
Under investigation ¹	7	10	2
Total	323	386	327

1 Of the 6 complaints reported as 'under investigation' in 2019, one is still under investigation, and the other 5 were investigated and appeared to be not proven.

cases (due to insufficient information being provided by anonymous reporters), it was not clear who made the report. The remaining 43 reports came from employees or former employees.

All valid reports were followed up internally, usually by local teams with the support of the local integrity officer and/or the risk manager. If the report related to local management, it was followed up by the central integrity officer and Global Business Risk & Audit. Due to the COVID-19 restrictions certain investigations had to be performed remotely, and not all could be followed up as efficiently or quickly as usual. All proven reports were followed up by corrective action, which varied depending on the facts. Corrective action included additional training, coaching and/or monitoring for the people involved, as well as enhanced communication and improved controls on relevant policies and procedures; this was especially relevant in cases of non-compliance with internal policies and procedures and improper management practices. In intimidation, harassment and sexual harassment cases, the corrective action varied from a written warning and further coaching to other disciplinary action and termination of employment. A total of 10 valid reports resulted in termination of employment of the accused.

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

awareness of misconduct reporting procedure

	2020	2019	2018
North America	9.0	8.9	8.7
France	8.0	7.9	6.9
Netherlands	8.1	7.7	8.4
Germany	8.2	8.3	7.9
Belgium & Luxembourg	8.2	8.1	7.7
Italy	8.3	8.2	8.1
Iberia	8.2	8.1	8.1
Other European countries	8.5	8.4	8.0
Rest of the world	8.2	8.0	7.7
Global Businesses ¹	8.5	8.4	8.4
Corporate	8.5	8.4	8.4
Group	8.4	8.3	7.9

1 Since 2020, data for Monster, Ausy, Randstad RiseSmart and twago have been included as well.

Source: Randstad in Touch engagement survey.

taking environmental care

supply chain responsibility

Our suppliers make an important contribution to the quality of our services. We therefore ask them to embrace our standards and to comply with our Supplier Code. This code is an integral part of our international terms and conditions. It aims to ensure that the procurement of goods, works, and services takes place in a socially responsible manner and in conformity with our business principles.

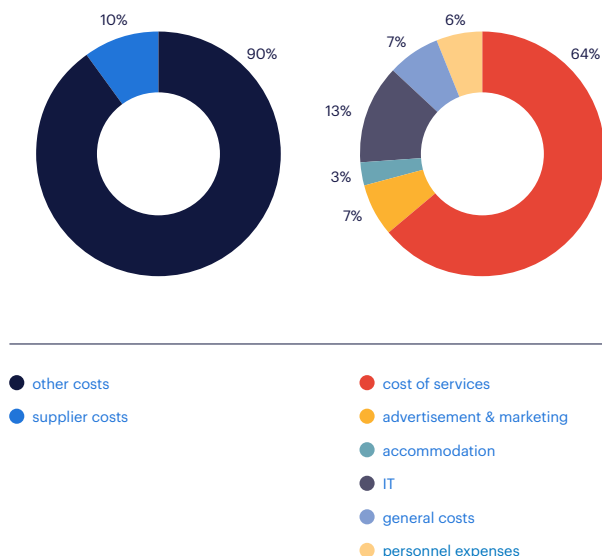
In this code, we explicitly request that our suppliers respect our regulatory, social, and ecological principles, and adopt practices consistent with those [principles](#). Suppliers must ensure that their own suppliers and subcontractors also respect the principles set out in the code. We consult with suppliers periodically in order to verify compliance with the code. If deemed necessary, Randstad may have an audit conducted at the supplier's premises. The Supplier Code is published on our [website](#). At the end of 2020, around 47% (2019: 45%) of our procurement expenditure worldwide was covered by our Supplier Code.

composition of the supply chain in 2020

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

total costs: € 20.139 ¹

supplier costs: € 1.986



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

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

On a global scale, around 10% of our cost base consists of supplier spending. The graph 'Composition of the supply chain' shows the proportions of the various supplier categories across the globe.

our impact on the environment

Because Randstad is a 'people' business, our impact on the environment is much less than that of some other sectors, such as manufacturing. Almost all of our business is conducted in local markets, and we have many locations close to both clients and talent, greatly reducing travel and the resulting CO₂ emissions. Despite this inherently minimal impact, we do what we can to limit our ecological footprint by conserving energy, using sustainable energy sources, and reducing water and paper usage, while re-using or recycling wherever possible.

We have set the target to achieve a 10% reduction of Randstad's CO₂ emissions per FTE by 2030 compared to 2018. Our sub-targets are as follows: 1% between 2019 and 2022, 3% between 2023 and 2025, 6% between 2026 and 2028, and 10% by 2030. These sub-targets will be linked to the Long Term Incentive of the Executive Board.

Our ability to impact electricity procurement is limited, especially for branches where we do not rent the entire building, but share it with other tenants. Our current share of electricity from sustainable sources therefore still only represents about 27%. In 2017, we set an additional target on emissions related to business travel by car. We aim to decrease the weighted average CO₂ emission per km driven by 10% by the end of 2022, for example by using cars running on sustainable sources.

Our commitment to environmental protection is reflected in our global environmental policy and our integrated reporting framework, validated through a materiality analysis, as well as in our programs and practices for conducting operations in an environmentally, as well as economically, responsible manner. The policy can be found on our [website](#).

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

co₂ footprint

As part of our framework, we continue to improve the completeness and accuracy of our Group environmental data. Over the years, we gained better insight into the challenges related to collecting and reporting environmental data, which led to improvements and more extensive coverage. In 2018,

sustainability basics.

our CO₂ footprint

	2020		2019		2018	
	usage	CO ₂ emission	usage	CO ₂ emission	usage	CO ₂ emission
Scope 1 (direct emissions)						
Gas for heating (m3)	2,413,397	4,561	3,371,629	6,372	3,134,630	5,924
Business cars petrol (ltr)	6,716,016	18,402	8,341,264	22,855	7,093,000	19,860
Business cars diesel and gas (ltr)	7,793,254	25,172	12,297,024	39,719	13,490,000	43,168
CO ₂ metric ton scope 1		48,135		68,947		68,952
Scope 2 (indirect emissions)						
Electricity (Gj)	120,834	15,475	188,495	24,141	209,569	26,840
Sustainable electricity (Gj)	43,822	0	53,938	0	58,144	0
District heating (Gj)	13,100	347	25,978	688	22,656	600
CO ₂ metric ton scope 2		15,822		24,141		26,840
CO ₂ metric ton scope 1+2		63,957		93,088		95,792
Scope 3 (remaining emissions)						
Airplane (x 1,000 km)	17,182	3,277	72,202	13,196	80,647,871	15,383
CO ₂ metric ton scope 3		3,277		0		15,383
Total CO ₂ metric ton		67,234		106,284		111,775

we were able to enhance the reporting scope and include more than 99% of our operating companies in our CO₂ footprint. Due to the pandemic, our business travel and energy usage has declined significantly which has led to a decrease of almost 40% of our global CO₂ footprint.

We report our CO₂ footprint according to the Greenhouse Gas Protocol. We therefore no longer report the emissions of water, paper and waste (formerly scope 3). We used to report district heating under scope 1, but since the CO₂ is emitted elsewhere, we now report it under scope 2. Most of our branches are located in collective tenant buildings, where there is collective water usage and the collection of waste is centralized, which means we cannot collect our own data and we therefore make use of estimations based on historical consumption data per employee. As our employees have been mainly working from home due to the pandemic lockdown in most countries, the water consumption and waste generation is expected to be significantly lower than our regular estimations. Therefore, we deducted 40% corresponding with the decrease of our global CO₂ footprint. The estimated

water usage in 2020 was 165,000 m³ (2019: 309,000 m³) and our waste 900 metric tons (2019: 1,700 metric tons).

energy resources

To limit the use of fossil fuels, we constantly seek to increase the use of alternative, efficient, and natural energy resources (e.g., by replacing traditional lighting with LED lighting in our buildings). Almost all of our computing capacity is delivered via cloud infrastructure and related operations are on a global level. Together with our infrastructure partners, Randstad is daily managing the number of servers running, the total energy required to power each server and the carbon intensity of energy sources used to power these servers. These drivers are the main contributors to reduce carbon emissions. The Randstad corporate head office is the only major building we actually own; almost all other buildings worldwide are rented. Our head office uses 100% certified green electricity and the Randstad Belgium head office is certified for BREEAM (Building Research Establishment Environmental Assessment Method).

travel and company cars

	average number of company cars			kilometers driven (x 1,000)			business flights (total distance traveled x 1,000 km)		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
North America	-	-	-	-	-	-	6,939	26,091	29,297
France	2,184	2,139	2,019	46,024	49,776	43,547	1,315	2,407	3,184
Netherlands	3,495	3,791	4,470	80,186	130,440	109,227	101	742	546
Germany	1,789	1,664	1,799	37,125	46,216	49,552	330	1,316	3,306
Belgium & Luxembourg	2,350	2,505	2,574	25,303	38,979	44,218	54	200	26
Italy	488	564	468	7,484	8,905	10,252	135	1,475	1,094
Iberia	658	761	909	12,182	18,344	20,112	1,282	5,652	5,555
Other European countries	898	822	839	10,628	19,676	13,963	1,220	3,324	5,154
Rest of the world	477	462	555	7,047	8,690	8,335	2,496	12,460	12,936
Global Businesses	185	263	243	2,960	7,231	7,141	2,083	11,789	12,594
Corporate	92	77	80	471	2,431	1,637	1,228	6,746	6,956
Group	12,616	13,048	13,956	229,410	330,688	307,984	17,182	72,202	80,648

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

travel and company cars

Due to the COVID-19 pandemic, almost all business travel stopped at the end of the first quarter of 2020. We were already limiting our business travel impact on the environment by increasing the use of video and phone conferencing and VoIP, which led to a decrease in the number of business flights in 2019. But the decrease in 2020 was exceptional. Video interviewing for job interviews also increased significantly, which contributed to a decrease in travel.

Several operating companies have switched to hybrid or fuel-efficient cars, or cars with capped CO₂ emissions. Since 2018, we have been able to keep track of the number of sustainable company cars as part of our total car fleet, currently accounting for approximately 8.3% of all cars. We aim to increase the share of sustainable cars in the future, also in order to reduce our overall footprint, on which fuel consumption has a relevant

impact. In addition, various operating companies run bike schemes, commuting projects, gas-saving contests, and other initiatives to reduce conventional energy usage. If traveling cannot be avoided, we prefer train travel over plane or car travel, which in several operating companies is supported by strict policies.

More information about our local initiatives on the environment can be found on our [website](#).

benchmarks

In 2020, for the sixth consecutive year, Randstad was included in the annual Dow Jones Sustainability Index (DJSI) review. The DJSI recognizes the leading companies in each industry sector for responsible economic, environmental and social performance. Randstad is the only HR services provider to be admitted to membership of the Professional Services industry section of the DJSI World index. Randstad was assessed best in class on the criterion risk & crisis management.

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

tax transparency and compliance

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

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

operate in, Randstad considers this to be a balanced and proper average tax rate.

our tax strategy

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

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

dialogue with tax authorities

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



"There is a single point of contact at the account or manager level. And that helps, not only us, but across the business units or the operating companies. What brought in the difference is that Randstad is able to understand our culture. We know that we can trust them with our positions and they've been able to close most of the positions with good talent."

Jhansi D'Souza - Head of Human Resources at
LafargeHolcim Global Digital Hub, India

our tax contribution

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

corporate income taxes paid

in millions of €

	2020	2019	2018
North America	3	2	4
France	66	51	56
Netherlands/Corporate	18	67	101
Germany	18	13	19
Belgium & Luxembourg	39	27	39
Italy	21	26	21
Iberia	8	12	6
Other European countries	4	11	11
Rest of the world	1	(8)	39
Global Businesses	3	3	6
Total	181	204	302

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

other taxes paid in 2020

in millions of €

	VAT ¹	wage tax and social security	total 2020	total 2019
North America	34	970	1,004	1,265
France	565	1,054	1,619	2,068
Netherlands	525	778	1,303	1,533
Germany	98	697	795	980
Belgium & Luxembourg	220	424	644	759
Italy	42	476	518	588
Iberia	251	383	634	693
Other European countries	262	542	804	929
Rest of the world	194	496	690	614
Corporate	(15)	19	4	3
Total	2,176	5,839	8,015	9,432

¹ Value added tax/sales tax.

country-by-country tax reporting

The group operates in various tax jurisdictions around the world. Details in line with GRI 207-4, issued by the Global Sustainability Standards Board (GSSB) are disclosed in a [country-by-country report](#) under supplementary information.

performance.

performance management

Randstad has an extensive performance management system in place. Performance management at Randstad starts at the lowest level in our organization in the context of what we call 'activity-based field steering' (ABFS). Our [ABFS/E2E model](#) requires our units and teams to translate commercial goals (active clients, candidates working) into actual activities on a daily basis. As our planning and control cycle is operationally driven, the data acquired through ABFS drives action right up to the Executive Board level. As a result, Executive Board members are closely involved with the operating companies under their responsibility.

Each month, the Executive Board discusses performance with the management team of each operating company. The agenda includes financial and operational performance, forecasts, risk management,

and the progress made in achieving strategic goals. Internal and external benchmarks are used to challenge performance and to identify points for improvement. In addition to the monthly control cycle, a yearly strategic planning cycle takes place in the second quarter, and an operational planning cycle takes place in the fourth quarter. The planning and control cycle is embedded in our Risk & Control framework.

key performance indicators

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

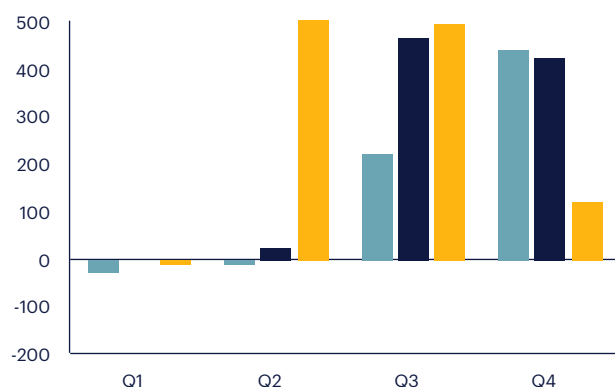
weekly indicators	Weekly volumes of placements, both temporary and permanent, are an important indicator within our field steering model and measure the success of the units and teams.
market share	Gaining profitable market share is an important strategic target . Where possible, we aim to measure market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

performance.

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

free cash flow development¹

in millions of €



● 2018 ● 2019 ● 2020

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

number of permanent placements¹

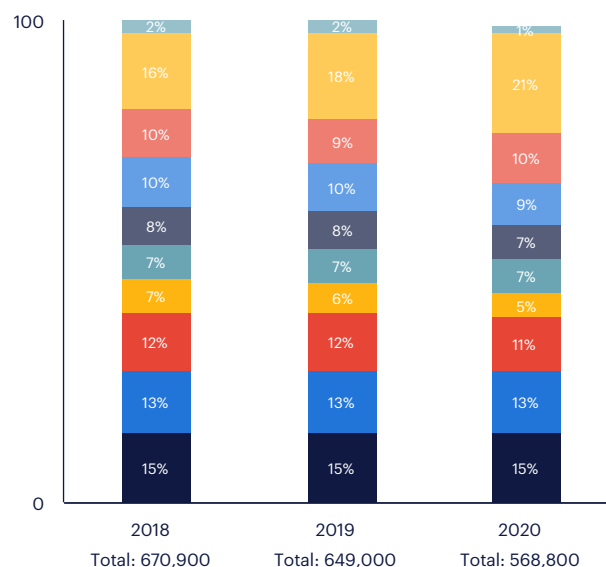
	2020	2019
North America	21,800	26,300
France	69,200	78,400
Netherlands	3,200	5,000
Germany	3,100	4,500
Belgium & Luxembourg	3,800	5,200
Italy	13,400	17,400
Iberia	15,200	24,900
Other European countries	13,200	15,800
Rest of the world	22,000	37,600
Global Businesses ²	37,900	45,600
Group	202,800	260,700

¹ Numbers include RPO.

² Numbers also include permanent placements in RPO.

temporary placements split by geography

as a % of total number of candidates working per day



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

financial performance

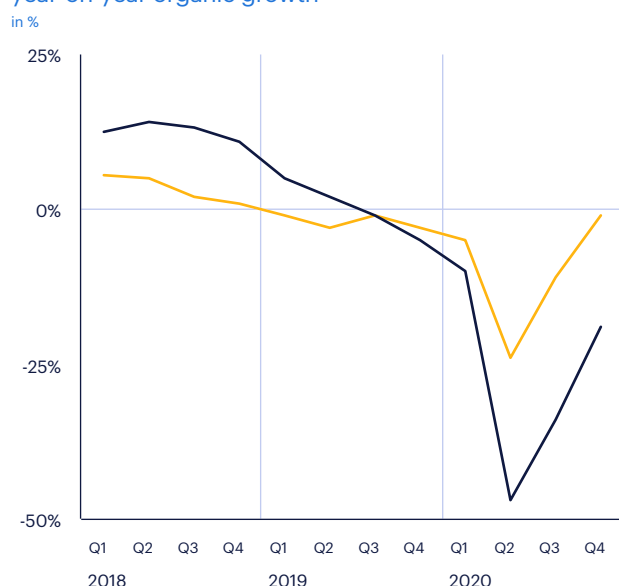
income statement

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

income statement, underlying

	2020	2019	organic Δ
Revenue	20,718	23,676	(12%)
Cost of services	16,748	18,950	
Gross profit	3,970	4,726	(16%)
Personnel expenses	2,337	2,658	
Other expenses	941	974	
Operating expenses	3,278	3,632	(9%)
EBITA, underlying	692	1,094	(36%)
Gross margin	19.2%	20.0%	
Operating expenses margin	15.8%	15.3%	
EBITA margin	3.3%	4.6%	

year-on-year organic growth



revenue

At Group level, organic revenue decreased 12.2% in 2020 (2019: down 1.7%). Currency effects had a negative impact of 0.8%, and working days had a positive impact of 0.5%. Overall reported revenue for the year decreased 12.5% to € 20,718 million. Since the low point in April, our revenue trend recovered month-by-month into December. We experienced a V-shaped recovery by the end of the year, and in some markets we reported growth in the fourth quarter. Our European operations were down 15% in 2020 (2019: down 3%), North America was down 8% (2019: stable), and Asia declined 1% (2019: up 9%), while Latin America grew 12% (2019: up 23%). More detailed information is included in the section 'market performance'. More information about our four main revenue categories (Staffing, Inhouse, Professionals, and Global Businesses) can be found in this section under 'performance by revenue category'.

Revenue from permanent placements was down 28% (2019: stable), making up 1.7% of revenue (2019: 2.1%). Revenue from temporary billing decreased by 11% organically (2019: down 2%).

organic revenue growth per working day

in %	Q1	Q2	Q3	Q4	full year
Geographic areas					
North America	(3)	(18)	(10)	1	(8)
France	(9)	(41)	(16)	(7)	(18)
Netherlands	(14)	(24)	(17)	(6)	(16)
Germany	(16)	(31)	(21)	(5)	(19)
Belgium & Luxembourg	(8)	(29)	(12)	(3)	(13)
Italy	(8)	(30)	(10)	0	(12)
Iberia	(4)	(34)	(16)	(4)	(15)
Other European countries	(6)	(18)	(12)	(4)	(10)
Rest of the world	5	(2)	(2)	(1)	2
Revenue categories					
Staffing	(10)	(31)	(16)	(6)	(15)
Inhouse	(9)	(25)	(8)	8	(8)
Professionals	(1)	(12)	(11)	(7)	(7)
Global Businesses	(10)	(25)	(17)	(7)	(15)
Group	(7)	(25)	(13)	(4)	(12)

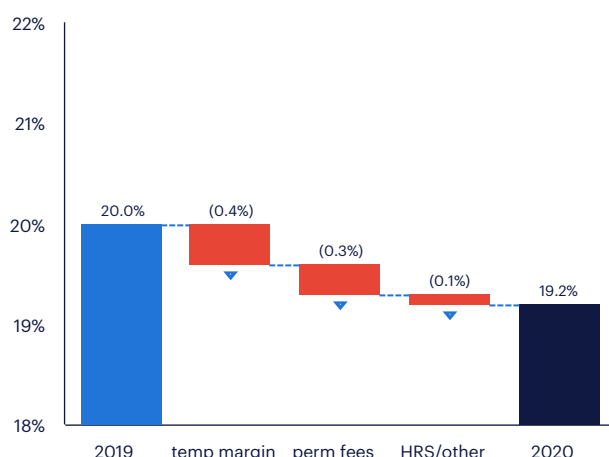
performance.

In total, we placed almost two million people in 2020, and we made around 202,800 permanent placements (including RPO).

gross profit

Gross profit reflects our effectiveness in pricing, cost of employee benefits, and idle-time management. In 2020, gross profit amounted to € 3,970 million, an organic decrease of 16% compared to the previous year (2019: down 1%). Gross margin decreased 80bp to 19.2%, impacted by COVID-19 and mix-related effects. [Note 10](#) to the financial statements includes an overview of the actual reported gross profit per geography.

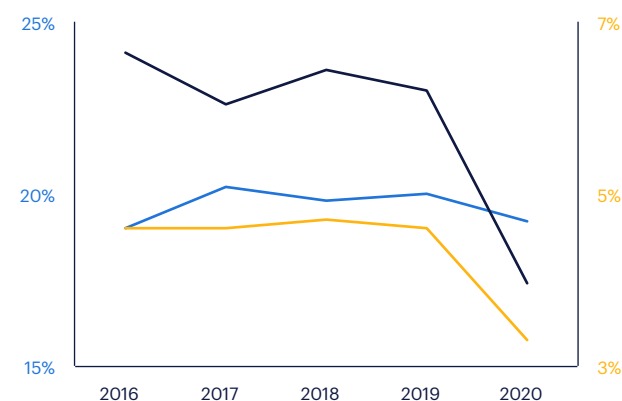
change in gross margin



Temp margin had a negative impact of 40bp compared to last year due to adverse effects related to COVID-19, idle time, and adverse mix effects, while the underlying pricing climate remained stable. Permanent placements had a negative impact of 30bp, while HR Solutions had a negative impact of 10bp, mainly driven by a decline in Monster's contribution. At Group level, the contribution from permanent placements ('perm fees') made up 9.0% (2019: 10.7%) of gross profit.

In order to realize our EBITA margin targets, we aim to maximize conversion of gross profit into EBITA. In 2020, we converted 17% of gross profit into EBITA (2019: 23%).

gross margin, conversion ratio and EBITA margin



● gross margin
 ● conversion ratio¹
● EBITA margin

¹ EBITA as percentage of gross profit.

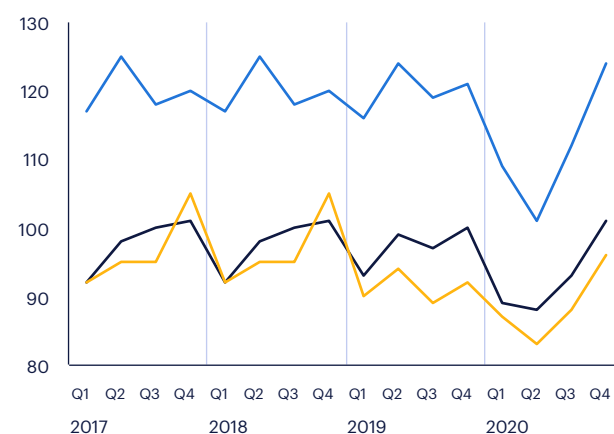
productivity

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

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

productivity, indexed

2007 = 100



● GP/FTE
 ● GP/PE
 ● temps/FTE

performance.

Productivity (GP/FTE) was organically down 6% in 2020 (2019: stable), due to significant adverse effects related to COVID-19 and idle time. To achieve greater efficiencies across the organization, we focus mainly on better execution based on field steering and the implementation of the right delivery models for our clients.

operating expenses

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

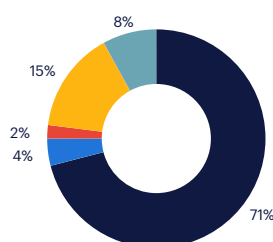
operating expenses

	2020	2019
Personnel expenses	2,337	2,658
Advertising and marketing	142	185
Accommodation costs	59	65
Other operating expenses	470	465
Depreciation and amortization of PPE, right-of-use assets, and software	270	259
Operating expenses, underlying	3,278	3,632
Average number of corporate employees	34,680	38,280
Number of branches, year-end	2,752	2,761
Number of inhouse locations, year-end	1,963	2,100

In 2020, underlying operating expenses amounted to € 3,278 million, down 9% organically. This reflects balanced cost management and support from government schemes related to COVID-19 (which reduced our operating expenses by € 60 million),

operating expenses

operating expenses: € 3,278



● personnel ● accommodation ● depreciation
● marketing ● other (IT, 3rd party, etc)

partially offset by protecting employment and selective investments in our digital initiatives. Foreign exchange effects decreased our cost base by € 42 million. Actual operating expenses in 2020 included € 113 million related to restructuring, integration and acquisition-related expenses (2019: € 117 million).

Personnel expenses decreased by 11% organically, while personnel expenses per FTE were down 2% compared to 2019. An overview of corporate staff by region is given in the section 'performance'. Further details on actual personnel expenses can be found in [note 14](#) to the financial statements.

Marketing costs were 0.7% of revenue (2019: 0.8%). Further information about our marketing strategy is included in the section 'our value for clients and talent'.

Accommodation costs were down 9% compared to 2019. Across the board, we continued to consolidate branches. At the end of 2020, we were operating a network of 2,752 branches (stable year-on-year) and 1,963 Inhouse locations (down 7%). Branches are outlets from which various clients are served with a variety of services, located in residential/commercial areas. Inhouse locations are outlets from which one client is served with a limited number of job profiles, located on the site of the client.

Other operating expenses – mainly IT and general costs – increased organically by 5%. This is primarily related to our digital investments.

branches and inhouse locations, year-end

	2020		2019	
	branches	inhouse locations	branches	inhouse locations
North America	653	505	649	504
France	357	285	372	268
Netherlands	277	306	256	398
Germany	284	209	280	302
Belgium & Luxembourg	151	170	154	173
Italy	225	38	225	34
Iberia	230	149	235	147
Other European countries	245	243	245	237
Rest of the world	194	58	206	37
Global Businesses	136	0	139	0
	2,752	1,963	2,761	2,100

performance.

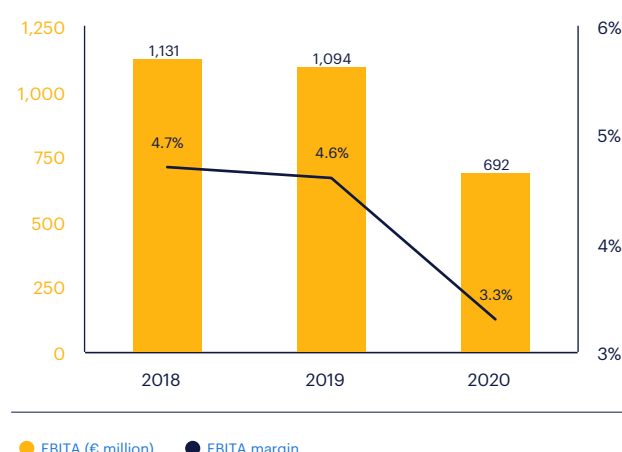
Depreciation and amortization charges were slightly higher than in 2019. On average, we depreciate assets over three to five years. Following the implementation of IFRS 16 'Leases', depreciation of right-of-use assets is presented under 'Depreciation and amortization of PPE, right-of-use assets, and software' and excluded from accommodation costs.

EBITA

Underlying EBITA decreased to € 692 million, compared to € 1,094 million in 2019. EBITA margin decreased 130bp to 3.3% for the Group. The adverse effect of COVID-19 on our top line was partially offset by agile cost management. Currency effects had a negative impact on EBITA of € 7 million.

EBITA development, underlying

in millions of €



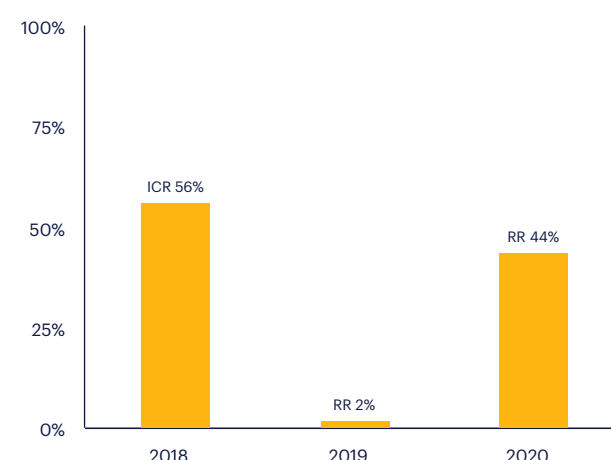
EBITA

in millions of €

	2020	2019	Δ%
EBITA, underlying	692	1,094	(36%)
Integration costs and one-offs	(113)	(117)	
EBITA, actual	579	977	(41%)
Amortization and impairment of acquisition-related intangible assets and goodwill	(195)	(118)	
Operating profit	384	859	(55%)
Net finance costs	(24)	(45)	
Share in profit/(loss) of associates	4	5	
Income before taxes	364	819	
Taxes on income	(60)	(213)	
Net income	304	606	(50%)

As explained in the section 'performance management', we measure the conversion of gross profit into EBITA. If we grow, our target is to convert 40%-50% of incremental gross profit into EBITA (incremental conversion ratio). If our gross profit declines, our target is to achieve cost savings of at least 50% of lost gross profit (recovery ratio). For the Group as a whole, the recovery ratio was 44% for full-year 2020 (2019: 2%).

incremental conversion ratio/recovery ratio



Target:

- incremental conversion ratio: 40% - 50%

- recovery ratio: 50%

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

Acquisition-related intangible assets are capitalized in the balance sheet upon acquisition of companies and reflect the value that is allocated to assets, such as brand names, client relationships, and talent profiles. These intangibles are amortized over a period of one to ten years. The amortization charge in 2020 of € 195 million was higher than the charge of € 118 million in 2019; the year 2020 was impacted by an impairment in Q2 2020 of € 86 million on goodwill, resulting from an impairment test after the outbreak of the COVID-19 pandemic. The remaining amount of € 109 million relates to acquisition-related intangible assets. For more information, see [note 5.2](#) and [note 20](#) to the financial statements.

operating profit

Operating profit is EBITA minus the non-cash amortization and impairment charges of acquisition-related intangible assets and goodwill. Operating profit was € 384 million, compared to € 859 million in 2019. Adjusted for the impairment on goodwill of € 86 million, which negatively impacted operating profit, operating profit was € 470 million in 2020.

net finance costs

Net finance costs amounted to € 24 million, compared to € 45 million in 2019. Net finance costs include net interest expenses on our net debt position, interest expenses of lease liabilities, as well as foreign currency effects and adjustments in the valuation of certain assets and liabilities. Interest expenses on our net debt position amounted to € 9 million (2019: € 24 million). The decrease can mainly be explained by a lower net debt position during the year, while 2019 was impacted by a full amortization charge of the capitalized transaction costs related to the syndicated loan. Interest expenses of lease liabilities amounted to € 15 million, € 5 million lower compared to 2019 (€ 20 million). Foreign currency effects and other effects were on balance zero in 2020 (2019: € 1 million net expenses). For more information, see [note 15](#) to the financial statements.

taxes on income

The effective tax rate before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs was 17.6% in 2020 (2019: 26.1%). The actual effective tax rate in 2020 was 16.5% (2019: 26.0%). In 2020, both effective tax rates were mainly influenced by an exceptional tax benefit in Q4 (€ 76 million), as well as tax effects on the impairment. More information on the actual effective tax rate is given in [note 7.2](#) to the financial statements.

net income, earnings per share and dividend

Adjusted net income for holders of ordinary shares amounted to € 470 million (2019: € 766 million).

Underlying basic EPS decreased by 39% to € 2.57 (2019: € 4.18). The average number of outstanding ordinary shares was stable at 183.2 million (2019: 183.2 million).

We will propose to our shareholders a cash dividend of € 3.24 per ordinary share for 2020. This consists of a regular floor dividend of € 1.62, representing a payout

of 63% of the basic underlying EPS. In addition, we will propose a special cash dividend of € 1.62 per ordinary share, given our year-end 2020 leverage ratio excluding IFRS 16 of -0.4. Our dividend proposal is further elaborated on in the section '[our value for investors](#)'.

net income, earnings per share and dividend

	2020	2019
Net income	304	606
Net income for non-controlling interests	-	-
Net income for holders of preference shares	8	12
Net income for holders of ordinary shares	296	594
Amortization of acquisition-related intangible assets and impairment of goodwill	195	118
Integration costs and one-offs	113	117
Tax effect on amortization, integration costs, one-offs, and tax benefit	(134)	(63)
Net income for holders of ordinary shares, adjusted	470	766
Basic EPS (€)	1.62	3.24
Underlying basic EPS (€)	2.57	4.18
Underlying diluted EPS (€)	2.55	4.17
(Proposed) dividend (€)	3.24	-
Payout ratio (% of underlying basic EPS)	126	-

invested capital

As at December 31, 2020, our invested capital amounted to € 4.9 billion (2019: € 5.9 billion). The primary components of our invested capital, as shown in the overview below, are goodwill and acquisition-related intangible assets and operating working capital. The remaining parts are 'net tax assets' and 'all other assets/(liabilities)'. Return on invested capital (ROIC) amounted to 10.4%, showing a decrease of 480bp year-on-year. This is a reflection of the adverse impact of COVID-19 on our 12-month rolling EBITA, partially offset by a strong decrease in operating working capital year-on-year and the sale of CICE.

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

performance.

invested capital

	2020	2019
Goodwill and acquisition-related intangible assets	2,960	3,219
Operating working capital assets ¹	4,384	4,582
Operating working capital liabilities ²	3,726	3,571
Operating working capital	658	1,011
Net tax assets ³	676	575
All other assets/(liabilities) ⁴	630	1,045
Invested capital	4,924	5,850
Financed by		
Total equity	4,669	4,473
Net debt, excluding lease liabilities	(333)	756
Lease liabilities (current and non-current)	588	621
Net debt (including lease liabilities)	255	1,377
Invested capital	4,924	5,850
Ratios		
DSO (Days Sales Outstanding, moving average)	52.9	53.5
Operating working capital as % of revenue	3.2%	4.3%
Leverage ratio (net debt/EBITDA)	0.3	1.0
Return on invested capital ⁵	10.4%	15.2%

1 Trade and other receivables minus the current part of financial fixed assets (including net investments in subleases), deferred receipts from disposed Group companies, and interest receivable.

2 Trade and other payables minus interest payable.

3 Net tax assets: deferred income tax assets and income tax receivables less deferred income tax liabilities and income tax liabilities.

4 All other assets/(liabilities) mainly containing property, plant and equipment, right-of-use assets, and software, plus financial assets (including net investments in subleases) and associates, less provisions and employee benefit obligations and other liabilities.

5 Return on invested capital: underlying EBITA less income tax paid as a percentage of invested capital.

overdues. As a percentage of revenue, working capital was 3.2% (2019: 4.3%). Within working capital, the component we most need to be able to influence is trade receivables. Our DSO decreased to 52.9 days (2019: 53.5), reflecting tight DSO management.

Our exposure to bad debt remained limited, amounting to only 0.3% of revenue (2019: 0.2%). Our trade receivables portfolio is very diversified geographically, in terms of both segmentation and client base, which mitigates credit risk. Current liabilities mainly comprise liabilities such as wage tax, social security charges, and pensions, for which payment terms are determined by law and therefore difficult to change.

all other assets and liabilities

For purposes of analyzing our invested capital, we have grouped various other assets and liabilities. See footnote 4 of the invested capital table for a description of the composing elements. The decrease in this group of invested capital year-on-year (€ 630 million, compared to € 1,045 million in 2019) can mainly be explained by the decrease of the CICE receivable, which arose in prior years from tax credits for our French subsidiaries under the French Competitive Employment Act. A decrease of € 116 million in 2020 can be solely attributed to refunded credits; the additional decrease of € 265 million was realized by selling the CICE receivable to third parties (resulting in a remaining receivable of € 8 million as at December 31, 2020, compared to € 389 million at the end of 2019).

net debt

Our net debt position (including lease liabilities) decreased by € 1,122 million to € 255 million. The leverage ratio (net debt divided by 12-month EBITDA) was 0.3 at year-end. Our net debt position is supported by a strong free cash flow of € 1,132 million, partly impacted by the countercyclical movement of working capital and the CICE receivable sold to third parties in Q3 2020 amounting to € 265 million. In addition, withdrawal of 2019 dividend proposal in March 2020 had a significant positive effect on the total cash position at December 31, 2020. The section 'performance management' contains an overview of the development of net debt and the leverage ratio.

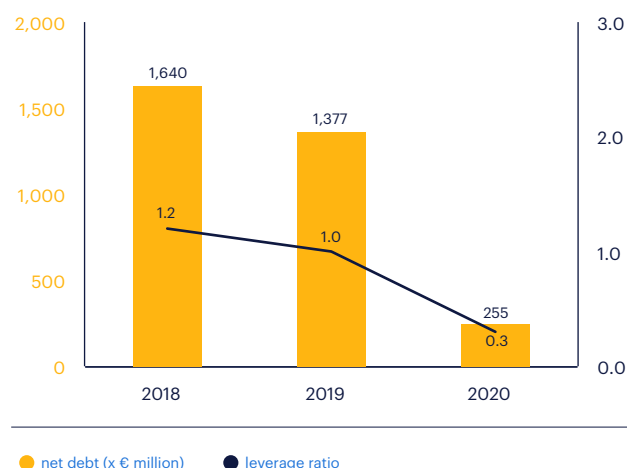
net debt

	2020	2019
Cash and cash equivalents	474	225
Less: Non-current borrowings	-	-
Less: Current borrowings	141	474
Less: Short-term part of non-current borrowings	-	507
Net debt (excluding lease liabilities)	(333)	756
Lease liabilities (current and non-current)	588	621
Net debt (including lease liabilities)	255	1,377
Leverage ratio	0.3	1.0

performance.

net debt and leverage ratio development

in millions of €



As at December 31, 2020, the Group had a € 1,850 million (2019: € 1,850 million) committed multi-currency syndicated revolving credit facility at its disposal, which matures in July 2024 (2019: July 2024). As of July 2023, the amount at the disposal of the Group will change from € 1,850 million to € 1,778 million. The facility agreement contains a covenant with respect to the net debt to EBITDA ratio (leverage ratio), as well as a paragraph on material adverse changes; the net debt to EBITDA ratio has a limit of 3.5, and is calculated based on the results of the Group on a 12-month basis. In certain cases, Randstad is allowed to report a leverage ratio of 4.25x EBITDA for a limited period of time. This credit facility has an interest rate that is based each time on the term of the drawings, increased by a margin above the applicable Euribor or LIBOR rates. The margin is variable and depends on the 'net debt to EBITDA' ratio.

In 2020, the Group repaid in full the promissory note of € 150 million, and two loans of USD 200 million each.

cash flow analysis

free cash flow

Over the full year, we delivered a strong free cash flow of € 1,132 million, up € 217 million (up 24%) compared to 2019. The year-on-year decline in EBITA was more than offset by the combination of the countercyclical movement of working capital (€ 315 million inflow in 2020 compared to € 17 million inflow in 2019), solid DSO management, and the CICE receivable sold to third parties in Q3 2020 amounting to € 265 million. Capital expenditures in 2020 amounted to € 106 million, compared to € 122 million in 2019. In 2020 and 2019, capital expenditures were mainly driven by continued investments in software.

For more details on this topic, see the '[consolidated statement of cash flows](#)' in the financial statements.

consolidated cash flow statement

in millions of €

	2020	2019
EBITA, actual	579	977
Depreciation, amortization and impairment of property, plant and equipment, right-of-use assets, and software	319	301
EBITDA	898	1,278
Working capital	315	17
Provisions and all other items	430	178
Income taxes paid	(181)	(204)
Net cash flow from operating activities	1,462	1,269
Net capital expenditures ¹	(106)	(122)
Loans and receivables	(4)	(6)
Repayment of lease liabilities	(220)	(226)
Free cash flow	1,132	915
Net acquisitions and disposals ²	(6)	(13)
Issue of ordinary shares	-	-
Dividend from associates	4	4
Purchase of own shares	(11)	(18)
Dividend paid on ordinary and preference shares	(12)	(632)
Net finance costs paid	(20)	(14)
Translation and other effects	35	21
Net decrease of net debt (including lease liabilities)	1,122	263

¹ Net additions in property, plant and equipment and software.

² Net acquisitions and disposals of subsidiaries/activities, associates and equity investments.

performance by revenue category

In this section, we provide an overview of the underlying performance per revenue category in 2020. More detailed information on our service concepts can be found in the section 'our value for clients and talent'. In our financial reporting, we have merged these service concepts into four revenue categories: Staffing, Inhouse, Professionals, and Global Businesses.

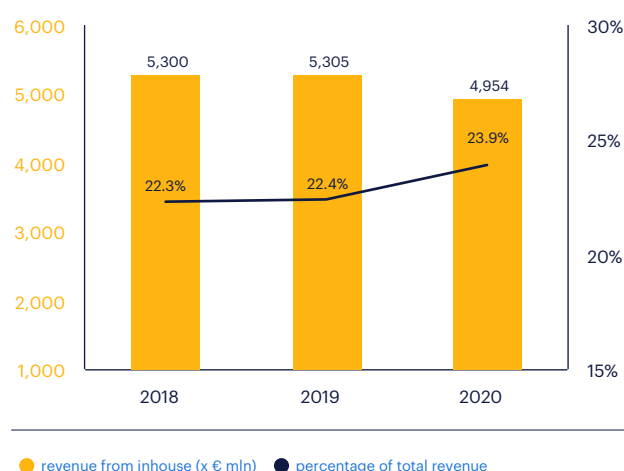
staffing

Within Staffing, we serve clients in the industrial segment and the administrative segment. In our revenue mix, this is about 50:50. Although Staffing began to recover in the second half of the year, organic revenue in Staffing declined by 15% for 2020 as a whole, partly given its exposure to SME.

inhouse

Inhouse revenue declined 8% to € 5 billion in 2020. Inhouse experienced a strong decline in the early stage of the pandemic but recovered swiftly and returned to solid growth in the fourth quarter. We saw ongoing strong demand for essential services such as healthcare, logistics, food retail, and e-commerce.

revenue from inhouse



professionals

Revenue in Professionals was organically 7% down, being the most resilient during the pandemic. Key Professionals labels such as US Technologies, Yacht, and Randstad Japan delivered a strong performance in 2020, mainly driven by our exposure to IT.

global businesses

Global Businesses consists of Monster, Randstad Sourceright (RSR), Randstad RiseSmart, and twago. Revenue was down by 15% year-on-year, mainly driven by Monster. Overall EBITA margin was -0.6%, compared to 0.4% last year.

split by revenue category

in millions of €	2020	2019	organic Δ%
Staffing	10,042	12,043	(15%)
Inhouse	4,954	5,305	(8%)
Professionals	4,732	5,164	(7%)
Global Businesses	990	1,164	(15%)
Total	20,718	23,676	(12%)

market performance

Randstad operates in 38 markets, representing more than 90% of the global HR services market. This is not likely to change much, as we believe our current network covers the most attractive geographies. In this section, we provide an overview of our underlying performance in our largest markets in 2020.

main market positions, 2020¹

markets	market growth	market share	market position
United States	(17%)	3%	2
France	(22%)	16%	3
Netherlands	(9%)	15%	1
Germany	(22%)	7%	1
Belgium & Luxembourg	(17%)	27%	1
Spain	(16%)	19%	1
Italy	(10%)	13%	2

¹ Based on 2020 SIA and Randstad estimates.

development in the main geographic markets

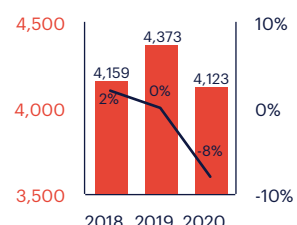
in millions of €, unless otherwise indicated

	revenue		organic growth	average candidates		average corporate staff	
	2020	2019		2020	2019	2020	2019
North America	4,123	4,373	(8%)	86,100	94,600	5,770	5,690
France	3,052	3,707	(18%)	71,400	87,200	4,110	4,610
Netherlands	2,813	3,330	(16%)	63,000	77,800	3,730	4,190
Germany	1,562	2,059	(19%)	31,200	40,200	2,350	2,770
Belgium & Luxembourg	1,401	1,601	(13%)	39,000	47,000	1,790	2,080
Italy	1,451	1,637	(12%)	41,800	49,900	2,010	2,240
Iberia	1,270	1,482	(15%)	53,300	65,000	1,810	2,170
Other European countries	1,968	2,199	(10%)	54,500	59,800	3,380	3,710
Rest of the world	2,088	2,124	2%	121,200	117,200	5,070	5,780
Global Businesses	990	1,164	(15%)	7,300	10,300	4,390	4,790
Corporate	n.a.	n.a.	n.a.	n.a.	n.a.	270	250
Group	20,718	23,676	(12%)	568,800	649,000	34,680	38,280

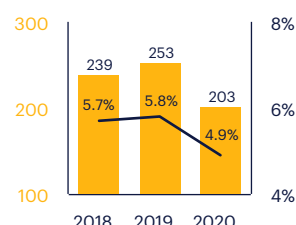
performance.

north america

revenue



EBITA



● revenue (€ m) ● organic growth (%) ● EBITA (€ m) ● EBITA margin (%)

In 2020, sales in North America declined 8%. Strong cost control management and pricing discipline helped mitigate the impact of the revenue decline. EBITA margin was down 90bp at 4.9%.

united states

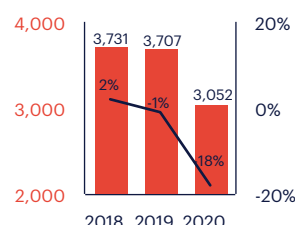
US revenue decreased 7% and returned to growth in the fourth quarter. US Staffing and Inhouse Services recognized a full-year decline of 7% in revenue, while permanent placements within our Staffing and Inhouse Services business declined 27%. Revenue in US Professionals was down 7%, while permanent placements within US Professionals declined 27%.

canada

Randstad Canada declined 11% in sales, while permanent placements also fell by 27%, leading to a decrease in profitability.

france

revenue



EBITA



● revenue (€ m) ● organic growth (%) ● EBITA (€ m) ● EBITA margin (%)

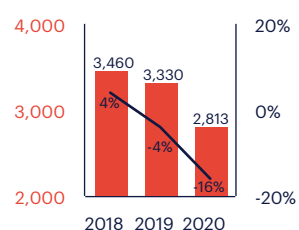
Our revenue declined 18% in France. We performed better than the market, especially in our Staffing and Inhouse businesses, where Inhouse quickly returned to growth throughout the year, driven by our renewed focus on ABFS. While our growth trajectory halted in the early stages of the pandemic, leading to a significant decline, we saw a strong recovery in the second half of the year, with revenues turning to single-digit decline. Our combined Staffing and Inhouse Services revenues declined 20%. Our revenue development in Professionals was more resilient, declining by 12%, driven by a strong performance in our healthcare business.

Our EBITA margin decreased by 280bp to 3.3%, as pricing discipline and strong cost management partially offset the revenue decline.

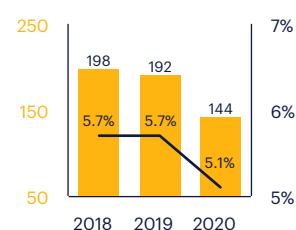
performance.

the netherlands

revenue



EBITA

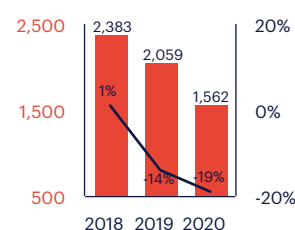


● revenue (€ m) ● organic growth (%) ● EBITA (€ m) ● EBITA margin (%)

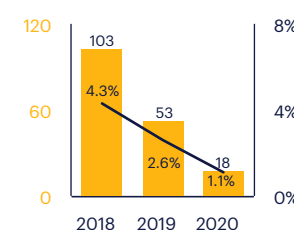
In the Netherlands, where Randstad is market leader, revenue declined 16% organically. Our combined Staffing and Inhouse Services revenues (represented by the Randstad and Tempo-Team brands) decreased 18%. Our Professionals business (primarily Yacht) was more resilient, declining by only 3%. Permanent placements were down 35%. Our EBITA margin was down 60bp to 5.1%.

germany

revenue



EBITA



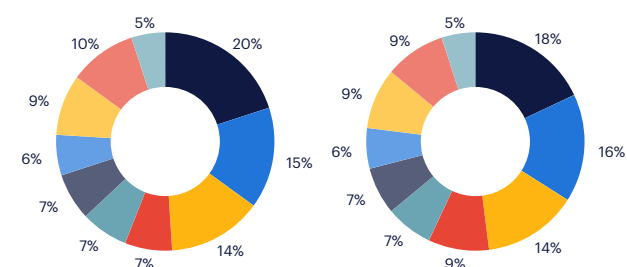
● revenue (€ m) ● organic growth (%) ● EBITA (€ m) ● EBITA margin (%)

In Germany, our overall revenue decreased 19% compared to the previous year, primarily impacted by the effects of the pandemic and ongoing weakness in the automotive sector. Nevertheless, our German operations performed ahead of the market. In Staffing and Inhouse Services (where we operate as Randstad and Tempo-Team), revenue decreased by 21%, while Inhouse Services declined 31%. Revenue of the combined Professionals businesses decreased by 10%. EBITA margin reached 1.1%, down 150bp, as the revenue decline was partially offset by strict cost management.

revenue split by geography

2020: revenue € 20,718 million

2019: revenue € 23,676 million

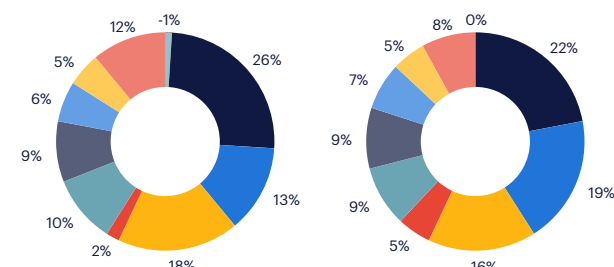


● north america
● france
● netherlands
● germany
● belgium & luxembourg
● italy
● iberia
● other european countries
● rest of the world
● global businesses

EBITA split by geography

2020: EBITA € 692 million

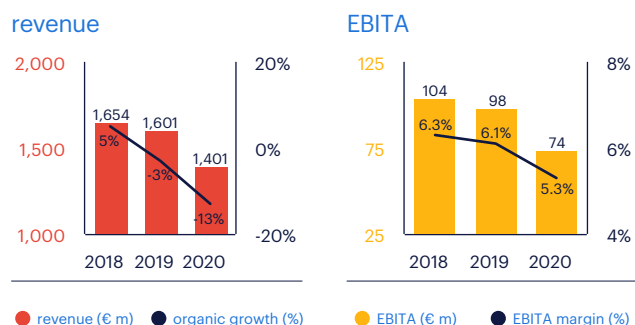
2019: EBITA € 1,094 million



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

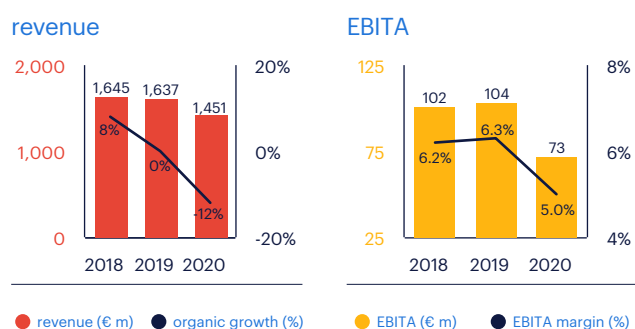
performance.

belgium & luxembourg



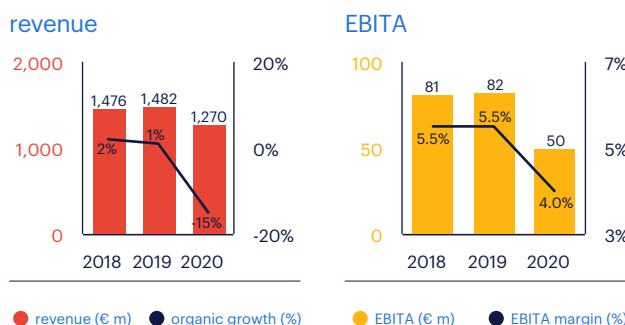
In Belgium & Luxembourg, our revenue declined by 13%. Our market leadership was further strengthened by our diversified portfolio. We saw a strong recovery in the second half of the year, most notably in healthcare, logistics, and retail sectors. Our EBITA margin declined to 5.3%, down 80bp year-on-year, reflecting revenue decline partly offset by pricing discipline and solid cost management. For the fourth consecutive year, we received the Top Employer award.

italy



Following a turbulent start to 2020, revenue recovered from a steep decline in the second quarter back to pre-pandemic levels in the fourth quarter. Revenue was down 12% in 2020 organically, and EBITA margin was down 130 bp to 5.0%. Randstad Italy showed a strong recovery in profitability on the back of tight cost control, exceeding prior year's levels in the fourth quarter.

iberia



We are market leaders in both Spain and Portugal. After the strong revenue decline during the initial phase of the pandemic, we saw a strong recovery in the second half of the year, where revenues turned to a single-digit decline. Revenue in our Iberian business was down 15%, with EBITA margin down 150bp to 4.0%.

spain

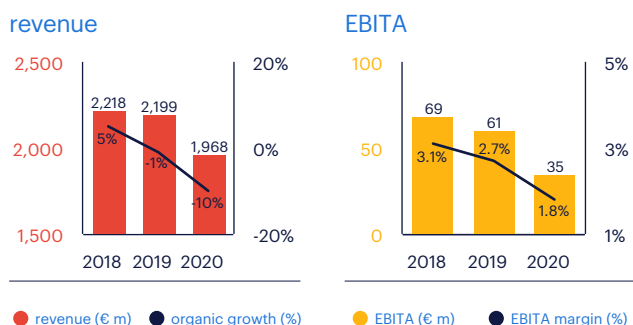
Spain entered 2020 with growth, but saw a fierce decline in March and April. The revenue trend recovered steadily during the year towards a low-single-digit decline. The Spanish team led the #newways initiative that was rolled out across the Group, and this played a critical role in the recovery. Overall, revenue was down 15%. Our Staffing business declined by 18%, and Inhouse Services by 7%. Although strong pricing discipline was maintained, a shift in business mix impacted our profitability. Our Professionals business decreased by 20%, driven by lower demand, especially in permanent placements.

portugal

Overall revenue decreased by 13% compared to 2019, which was due to the decline of our Staffing and Inhouse business in Portugal, primarily impacted by the pandemic. Growth was partly compensated by our outsourcing business which remained resilient.

performance.

other european countries



Revenue decline for 'other European countries' was 10% in 2020, while EBITA margin decreased 100bp to 1.8%, reflecting adverse effects of the pandemic, dependent on the level of severity of lockdowns per country.

united kingdom

Due to the impact of the lockdown and uncertain macroeconomic conditions, UK revenue declined 19% and our permanent placements were down 47%. As a consequence, our overall profitability declined year-on-year.

poland

Despite the pandemic, Poland had a solid year in 2020, with revenue up 3%. The strong recovery was supported by our successful Inhouse concept.

nordics

In the Nordics, we saw 14% revenue decline in our combined businesses, mainly driven by the impact of the pandemic on our automotive and large industrial clients. In Sweden and Norway, revenue decreased by 17% and 8% respectively, while in Denmark we were able to grow our revenue by 1%.

switzerland

Our revenues decreased slightly in Switzerland, staying well ahead of the market. Our profitability declined year-on-year.

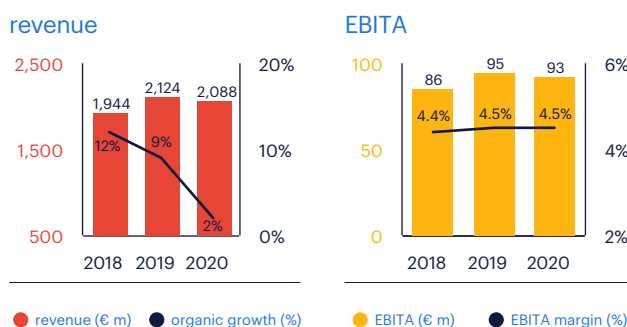
austria

In Austria, revenue declined 5%, well ahead of the market.

hungary, turkey, czech republic, greece, and romania

In Hungary, our revenue declined 5%. In the Czech Republic, revenue grew strongly by 12% organically. In Turkey, revenue declined 12%, while profitability was further improved. Revenue in Greece and Romania decreased by 7% and 5% respectively.

rest of the world



Revenue in the 'rest of the world' region grew by 2% organically. EBITA margin was stable at 4.5% in 2020. Our rest of the world business continues to strengthen our portfolio, remaining largely resilient during the pandemic and unfavorable macroeconomic conditions.

japan

Overall, revenue decreased 1% year-on-year, with our Staffing and Engineering divisions showing growth, offset by our short-term assignment and exam divisions, which were strongly impacted by the pandemic. Our profitability was significantly higher year-on-year, while we continued to invest in technology and selective growth initiatives.

australia and new zealand

Revenue for the region was up 4%, despite the severity of lockdowns in several areas. Australia more than offset the year-on-year revenue decline in New Zealand while the Aurec acquisition continued to perform strongly despite market conditions. Permanent placements declined, leading to a decrease in profitability.

performance.

india

Revenue in India grew 7%, ahead of the market. Our Staffing business accelerated throughout 2020, while our permanent placements rebounded towards the end of 2020. Through our #newways program and agile cost management, Randstad India delivered solid profitability.

china and other asian markets

Our Chinese business declined 11% in 2020, while profitability improved year-on-year. Hong Kong SAR faced a challenging year, reflecting highly uncertain political conditions.

Due to the pandemic, Malaysia was impacted by challenging market conditions. Similarly, the performance of our operations in Singapore also decelerated, while still securing a healthy recovery ratio.

latin america

In Latin America, all our businesses continued to show good progress and delivered profitable growth, while introducing new concepts and focusing on improved business processes. Revenue in Brazil was significantly up, 22%. Argentina achieved another solid year, consolidating the market leader position, despite an environment of hyperinflation. Chile generated sound revenue growth, while revenue in Mexico declined.

global businesses

Randstad Sourceright revenue, comprising our global MSP and RPO businesses, decreased organically by 12%, with profitability broadly in line with group average. RiseSmart, our reskilling and talent mobility platform, continued to demonstrate double-digit revenue growth for the year, while more than doubling its size in the second half of the year. Monster, our online talent recruitment platform, experienced double-digit revenue decline. The platform is continuing its transformation and working towards improving its profitability.

risk & opportunity management.

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

risk profile

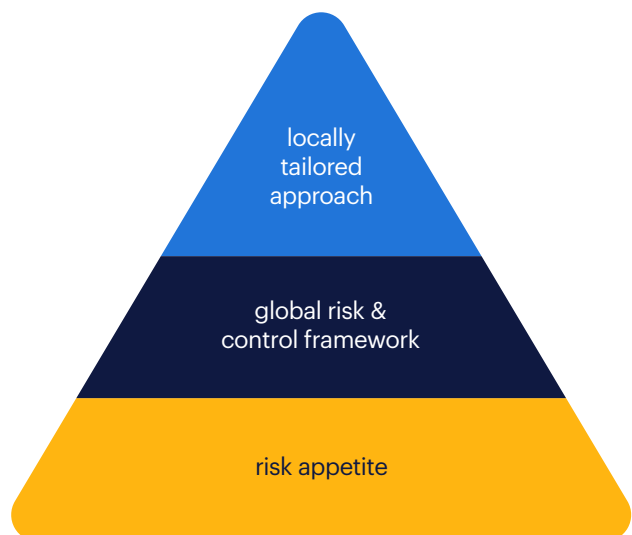
We have a wide geographical coverage in both mature and emerging markets with varying degrees of economic and regulatory developments, market needs and competition. The constant changes in these markets and the recent pandemic continually impact our risk exposure. It remains a challenge to successfully predict future economic developments. For example, the effect of Brexit, if any, may pose a risk to our UK business and opportunities. We therefore focus on responding to actual performance in all our local markets.

In addition, we are continuing initiatives to achieve seamless business processes, as well as robust IT systems that support our digital strategy. These efforts are changing our business models and impact our risk profile. Initiatives are concentrated in areas where success is most likely.

risk & control management approach

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

risk & control management approach



risk appetite

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

risk areas	averse	prudent	balanced	open	hungry
strategic E.g., new markets/services, new technology/ innovation, talent management					
operational E.g., service concepts, contract & delivery, IT & security, talent management					
finance & reporting E.g., tax, credit management, treasury, statutory reporting					
compliance E.g., data protection, labor law, workplace health & safety, competition law					

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

sensitivity analysis

	change	impact	on	assumption FY 2020
Revenue	+/-1%	+/- € 39 million	EBITA	Flat gross margin and no change in cost base
Revenue	+1%	+ € 20 million	EBITA	Flat gross margin and 50% conversion (ICR)
Revenue	-1%	- € 20 million	EBITA	Flat gross margin and 50% recovery (RR)
Gross margin	+/-0.1%	+/- € 21 million	EBITA	Flat revenue and no change in cost base
Gross margin	+0.1%	+ € 10 million	EBITA	Flat revenue and 50% conversion (ICR)
Gross margin	-0.1%	- € 10 million	EBITA	Flat revenue and 50% recovery (RR)
Operating expenses	+/-1%	+/- € 34 million	EBITA	
USD	+/-10%	+/- € 15 million	EBITA	Stable revenue and margin in US
GBP	+/-10%	+/- € 2 million	EBITA	Stable revenue and margin in UK
JPY	+/-10%	+/- € 6 million	EBITA	Stable revenue and margin in Japan
Interest rate	+100 bp	- € 4 million	Financial charges	Average net debt 2020
Net debt	+/- € 200 million	+/- € 1 million	Financial charges	Stable interest rates

risk & control framework

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

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

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

tone at the top and culture

The tone at the top is derived from our core values, which are embedded in our leadership style and determine our culture. Randstad benefits from strong leadership, built up over 60 years. We have been able to extensively develop management by example, based on our core values and business principles.

Upon joining our company, our employees receive a copy of and training in the business principles and acknowledge that they will comply with them. Periodic refresher training on core values, business principles, and relevant compliance policies is also in place. These training programs also form a crucial part of our strategy with regard to integrating acquired companies.

A misconduct reporting procedure is in place, which enables people to report any suspicions they have of wrongdoing via our Integrity Line (a secure phone line and web access). All complaints are assessed and investigated where necessary by the local integrity officers and/or the central integrity officer, together with the Business Risk & Audit function. An Ethics Committee monitors worldwide case handling and the

risk & control framework



development of our company's culture. When deemed necessary, disciplinary actions and mitigating controls are put in place. For more details, please see the paragraph on misconduct reporting under [sustainability basics](#).

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

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

performance management

Performance management is at the heart of our organization. Scenario planning and forecasts of our operating companies are set in accordance with strategic priorities and market trends. Operating companies also describe their main risks and opportunities in their quarterly risk registers and half-yearly control situation summary reports. The risk register submission frequency has increased from half-yearly to quarterly in view of more dynamic business environment conditions.

Our operating companies report on various performance indicators with regard to financial results, non-financial indicators, underlying process activities, and people. By setting reporting dates, performance

indicators, and formats, as well as including risks and opportunities in our quarterly management reporting pack, we provide clarity that enables us to plan ahead, without disrupting our focus on day-to-day activities. By combining this planning and control cycle with our focus on activity-based field steering, our monitoring systems are continuously improving and giving more depth to discussions in the business review meetings and great conversations. See the section '[performance management](#)' for more details.

Our Global Corporate Sustainability Reporting guidelines prescribe detailed non-financial performance indicators. For further details, please refer to the non-financial KPIs in the [integrated reporting framework](#).

service concepts and best practices

Our service concepts and best practices determine our way of working, supported by the [#newways](#) program, which aims to help us all navigate the new situation we are finding ourselves in. Our service concepts, as described in the section '[Our strong concepts](#)', provide best practices for our core commercial operations and are tailored to local practices and market conditions.

Blueprints describe our operational best practices for key processes and govern how these processes are operated at the local level. Blueprints covering key processes such as the financial close process, contract-to-cash, payroll, project management, and procurement-to-payment are regularly updated to achieve alignment with the latest risk developments and in view of sharing good practices.

We have a framework of global policies that cover compliance in multiple areas. These include our Approval & Information Requirements Policy, Finance Manual, Fair Competition Policy, Human Rights Policy, Gifts & Hospitality and Anti-Bribery Policy, Environmental Policy, Corporate Citizenship & Philanthropy Policy, Data Protection Policy, Information Security Policy, IT General Control Framework, and Health & Safety Policy.

risk & control activities

Risk & Control activities secure our in-control position. Our operating companies compile risk registers quarterly to identify the local business risks and opportunities, together with action plans and deadlines

for addressing them. The aggregated data enables us to get insight into the most important risks impacting the Group, and their correlation. The overall consolidated risk profile is discussed twice a year by the Executive Board and with the Audit Committee. In 2020, a risk appetite assessment dialogue was initiated for the Supervisory Board to harness, refresh, and reaffirm the Board members' understanding with regard to our risk appetite.

Our key control framework contains key operational, compliance and financial risks, and the practical controls to guide all operating companies. The structure of the key control framework is organized around Randstad's core process: the matching of clients and talent. Every six months, operating companies perform self-assessments for the relevant controls in accordance with the size of their business. The results are subsequently challenged by the Business Risk & Audit function and evaluated during the audit of the related process. The key control framework is updated annually. Early in 2020, controls directly relevant in the period of pandemic were assessed. This led to global sharing and improvement of controls in various areas, such as health & safety for our staff and credit management.

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

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

reviews and audits

Reviews and audits provide assurance that our Risk & Control objectives are being realized.

The semi-annual 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 annual Global Business Risk & Audit plan is updated and agreed. The annual Global Business Risk & Audit plan is risk-based. In 2020, the Executive Board identified several focus areas, such as IT access management, cyber security, business concepts, third-party assurance, workplace health and safety, payroll processes, and KPI/bonus management.

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

The Business Risk & Audit function leads the internal audits and collaborates closely with other global departments (most commonly Accounting, Legal, and Tax). The Business Risk & Audit annual plan 2020 was adjusted to the pandemic situation in Q1, in line with our regular quarterly update of the annual audit plan. Findings, root causes and action plans from the audits are discussed with the operating companies. The internal audit reports are submitted to the Executive Board member responsible for that operating company and to our global CFO. The progress of action plans is monitored by local management, the Business Risk & Audit function, and the Executive Board.

putting the framework into practice

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

We have an internal audit manual, which is aligned with global professional standards. In addition, standard audit programs are used for key processes such as client delivery, payroll, information security, and workplace health and safety.

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

In 2020, we detected a few cases of fraud, involving, for example, the recording of non-existent permanent placements and the payment of fictitious temporary workers. These fraud cases were investigated and, in cooperation with local management, corrective actions were taken. These cases involved small amounts of money and had no material impact on the results of the Group. Cases have been communicated internally and were used to create awareness and improve fraud prevention. Every year, we conduct a global fraud risk assessment, and the results are discussed in the Executive Board and the Audit Committee.

tax risk management

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

tax risk appetite

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

tax risk management

In the highly regulated HR business, which may differ from country to country, Randstad's local and global IT systems form the fundamental enablers for tax and legal compliance. All tax-relevant data or changes in data required to be in compliance with applicable tax laws and regulations are identified on an ongoing basis. Depending on the (local) IT infrastructure, tax data

requirements are embedded in either front-, mid-, or back-office systems. Up-to-date technology systems are fundamental and are therefore in place to manage tax data that are relevant for tax compliance, tax accounting, tax monitoring, and tax risk management. The global pandemic has resulted in a higher frequency and complexity of changes in regulations related to (payroll) tax and government grants. In 2020, we therefore increased the frequency and robustness of controls with regard to these areas, which included the engagement of an external firm to scan and discuss government grants, as well as sharing good practices globally.

execution of our tax strategy

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

in-control statement

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

In their audit plan, Deloitte, our external auditor, covers all financially significant operations. As such, these audits are an important supplement to our own monitoring and audit activities.

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

our main risks

Our main risks are those that threaten the achievement of the Group's objectives as well as the in-control position of the Group over the next three years. The rapid spread of COVID-19 throughout the world in 2020 changed our risk profile. World trade and local business activities were disrupted due to extensive lockdowns, coupled with geopolitical agendas related to the pandemic. Legislative safety measures and remote working arrangements resulted in greater demand on our IT network and infrastructure capability, including higher cyber security risk. The drastic change in the macro environment together with the ongoing challenges for service delivery excellence have helped us to accelerate our digital initiatives.

We initiated the '[Safely Back to Work](#)' Alliance in March 2020 and launched our [#newways](#) program in the second quarter of 2020 to address the health and well-being of workers and to prepare for a strong economic recovery.

Our increasing reliance on the use of technology is matched by an unprecedented rise in cyber crime, which is now a daily reality for all large enterprises. In 2020, Randstad experienced a number of cyber incidents, which were dealt with adequately. In Q4 of last year, Randstad was also the victim of a sophisticated attack, through which data was exfiltrated from a limited number of servers in the US, France, Poland, and Italy. In response to the incident, we immediately launched an internal investigation by our 24/7 incident response team. We also engaged third-party cyber security and forensic experts to assist with the investigation and remediation of the incident. Prompt global action was taken to mitigate the incident, while further protecting Randstad's systems, operations, and data. Our systems continued running without interruption and without any disruption to our operations. Appropriate steps continue to be taken in order to investigate the incident and take the necessary action in line with regulations.

The overview on the next page depicts the main risks (categorized into four areas: Strategic, Operational, Financial & Reporting, and Compliance) that could prevent us from realizing our financial and non-financial strategic targets. The overview also shows how we address these risks through the six sections of our strategic roadmap.

The following pages provide a more detailed description of our main risks in 2020, including the actions taken to mitigate these risks and any related opportunities. This list should not be considered exhaustive.

our risks related to our strategic targets

	strategic roadmap sections ¹				
	org	digital	client	talent	growth
strategic					
Changing macroeconomic and regulatory conditions	•	•	•	•	•
Technological disruption	•	•	•	•	•
operational					
Rapid local market volatility and unpredictability	•	•	•	•	•
Contract liability and delivery ²	•	•	•		
Information technology and cyber security ²	•	•		•	
Talent attraction and retention ²	•			•	
finance & reporting					
Credit risk ²	•				•
compliance					
Data protection regulations ²	•	•	•	•	
Tax & labor regulations	•		•		
Workplace health & safety regulations ²	•			•	
Competition regulations	•				

¹ Organizational excellence, digital transformation, (enterprise) clients, talent management, and accelerating growth.

² Main risks in both 2020 and 2019.

risk & opportunity management.

strategic

risks

changing macroeconomic and regulatory environment

The pandemic has significantly disrupted world trade and local business activities through extensive lockdowns coupled with geopolitical agendas related to the pandemic. This has added to the macroeconomic volatility and geopolitical uncertainty that affect employment regulations, talent mobility, and consumers' views on temporary employment, as well as recruitment outsourcing. These could increase the business cost and possibly reduce demand.

technological disruption

Technological disruption in conjunction with the recent pandemic are changing the traditional recruitment and staffing business model. New delivery platforms, non-traditional competitors, and innovative remote engagement and delivery approaches are quickly entrenching, and their presence is felt in the market. Organizational changes and acceptance of new technologies are continuous points of attention.

current risk-mitigating actions

Through our strategy, we are embracing technology to achieve the next phase of growth. The current situation has accelerated our ambition in this endeavor. In managing and running local businesses, we adopt a balanced approach by managing adaptability and maintaining agility, as well as making Randstad's unique experience available to clients and talent. Global policies and key reporting ensure that risk boundaries and opportunities are defined at a local level and that performance is monitored on a timely basis. In addition, in 2020, the Executive Board met twice weekly to closely manage the challenges brought about by the pandemic. We removed our proposal for dividend payment in light of the uncertainty. We initiated the 'Safely Back to Work' Alliance in March 2020 and set up #newways in the second quarter of 2020 to address the health and well-being of workers and to prepare for a strong economic recovery.

Our digital strategy enables us to transform our business models in order to stay ahead of the competition. We are making relevant investments in technology through the Randstad Innovation Fund, and accelerating digital programs such as Data Driven Sales and Workforce Scheduling. Operational staff is involved in all our digital ventures to maximize acceptance as part of our change management strategy. In 2018, a leadership program was launched to support our digital transformation. Randstad increasingly provides talent with data-driven support throughout their working lives.

opportunities

The accelerated digital transformation creates opportunities for innovative HR solutions as we seek to reinforce our leading role in the HR services industry for years to come. Local businesses have the autonomy to respond to changing market conditions in order to seize opportunities, achieve greater customer satisfaction and revenue growth.

By embracing technology, we have set the new industry standard on service delivery, which can help us gain further market share.



risk & opportunity management.

operational

risks

local market volatility and unpredictability

Local and sector-industry economic volatility, political uncertainties, and the pandemic have created a business environment that calls for agility and a high degree of preparedness. Key developments in the different market segments necessitate fast and decisive actions. Failure to quickly and accurately manage the changes will have an adverse impact on both tactical (e.g., market mix) and operational (e.g., delivery) aspects, consequently preventing us from achieving our targets.

contract liability and delivery

For contract liability, especially in Anglo-Saxon countries, clients continue to request that we take a greater share of the liability for our temporary staff while on their premises and under their supervision. The pandemic has magnified this risk, with legislative measures restricting movement and more stringent workplace health and safety requirements. Accepting inappropriately high contractual liability whilst not having a robust delivery process could result in a client making a claim that would materially affect the Group's results.

information technology and cyber security

Technology has permeated all our key processes, including outsourced ones. IT security risks, including cyber attacks, could result in downtime or leaking of personal data and company-sensitive information. This poses significant financial and reputational risks, which were amplified in recent periods due to remote working arrangement.

talent attraction and retention

People are our most important asset, and talent is hard to come by in a competitive market. If we cannot attract, develop, and retain the right people, we could fail in realizing our objectives.

current risk-mitigating actions

We have scenario planning in place to prepare for major developments in our markets. Our strong culture, core values, and global policies and frameworks, combined with a local-for-local approach, provide the framework and freedom to act promptly in response to local conditions. We follow the adagio of 'fish where the fish are', which means we ensure that resources are allocated to growth markets and sectors.

We encourage the use of standard contracts. Non-standard contracts are always reviewed by the local legal department, with guidance provided by the global contract approval policy. Contract liability is addressed by means of delivery monitoring carried out by local businesses, while insurance is arranged at the global level. We continue to strengthen the contracting and delivery processes by introducing blueprints on contract-to-cash, as well as on the payroll process. Compliance reviews are also conducted on a regular basis, especially for contracts with significant liability exposure. We initiated the 'Safely Back to Work' Alliance in March 2020 to address the health and well-being of workers and to prepare for a strong economic recovery.

We have standardized and strengthened our IT governance. Information security related controls have been included in our IT control framework and self-assessment process to ensure their implementation. An initiative to accelerate the control enhancements on critical topics such as cyber threat monitoring, IT third parties, access, software development, incident management, business continuity, and disaster recovery was started in 2019. This initiative and several improvements were further accelerated following a cyber incident that happened at the end of 2020. An investigation was launched immediately in collaboration with our 24/7 incident response team. The further enhancement of our security and privacy by design capabilities will continue to be a key priority in 2021.

Talent management is a critical topic, and we perform monthly surveys and reviews on this. To optimize talent management, we conduct Great Conversations throughout the year. In these regular meetings with their manager, our employees discuss their ambitions as well as how they can best contribute to making Randstad an employer of choice. Talent mobility is evident between global departments, as well as between countries. In addition, our employee share plans help to align employees' interests with the organization's long-term growth.

opportunities

Being prepared and able to quickly respond to market conditions will help us in meeting the market needs, thereby strengthening our reputation and profitability. Throughout 2020, we supported talent in moving from sectors that closed down to those experiencing a sudden boom, such as online shopping, healthcare, and distribution and delivery, providing training and reskilling services where necessary. By the end of the year, we managed to fully recover the number of placements lost in the crisis.

Optimizing contract liability arrangements and delivery will improve our bottom line as well as our reputation as a leader in HR services.

Enhanced security capabilities protect our information assets, including talent data, and ensure uninterrupted service delivery to our clients. Consequently, this increases people's trust and confidence in us. Optimizing IT risk assessments and business risk assessments in relation to IT will help to further balance the value and cost of IT in supporting our business processes.

Successful talent management improves employee quality and increases employees' loyalty. This will ensure an adequate pipeline of talent, with the aim of delivering results for our clients, our candidates, and our shareholders.

finance & reporting

risks

credit risk

Delay in client payments or insolvency of major clients will lead to greater usage of operating working capital and increased interest costs, which ultimately affects the Group's results. The pandemic-induced economic downturns have intensified this risk in recent periods.

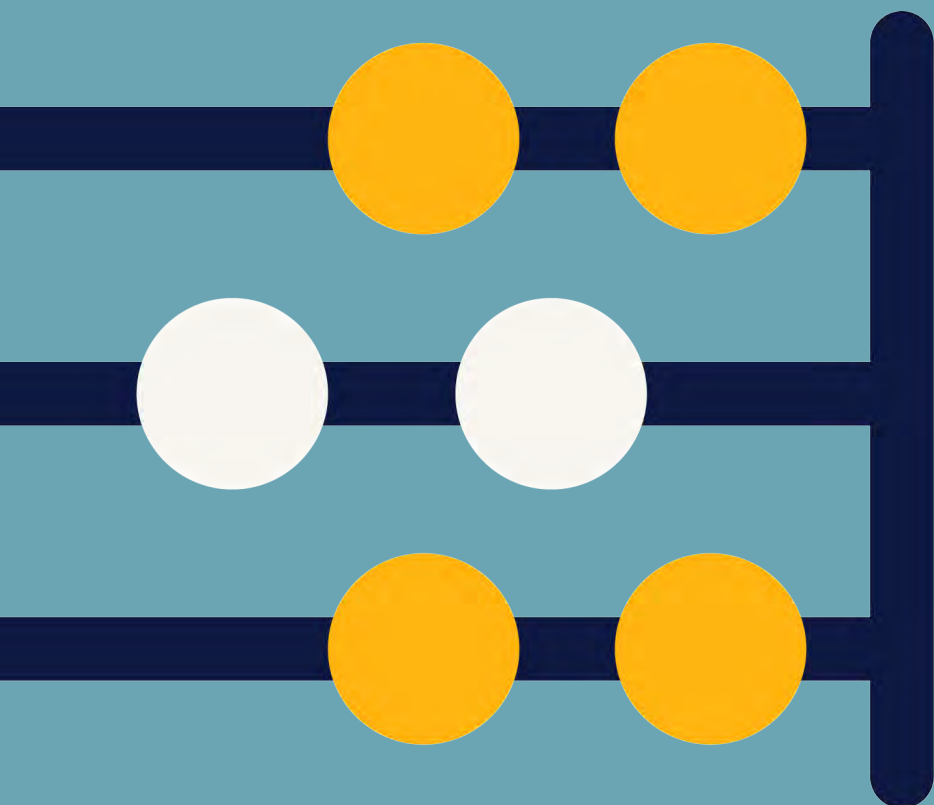
current risk-mitigating actions

A contract-to-cash blueprint was implemented in 2019 to promote best practices on invoicing and credit control. On a regular basis, the collection status is monitored and reported, with allowances made for expected credit losses. In addition, an international credit committee has been set up to exchange views on developments in various industries and to share best practices.

Further details on credit risk and other financial instruments risks are provided in note 3 to the financial statements: '[capital and financial risk management](#)'.

opportunities

With tighter credit and collection practices being rolled out globally, lower operating working capital is needed.



risk & opportunity management.

compliance

risks

data protection regulations

The EU General Data Protection Regulations came into effect in May 2018. For the rest of the world, legislation on personal data protection is also becoming more stringent. Without sufficient measures to protect personal data, we are at risk. New and complicated laws expose us to a higher risk of non-compliance, resulting in possible claims, fines, business suspension, and reputational damage. In addition, recent extensive remote working arrangements have increased the likelihood of this risk.

tax and labor regulations

Complex and changing tax (e.g., VAT, CIT and wage tax), labor and social security regulations could lead to a lack of clarity and errors in wages and a greater need for social security and payroll tax compliance, which could result in possible disputes, claims, and fines, as well as increased operational costs. At the same time, legislative changes that aim to align salaries between contracting and permanent roles are evident throughout the world. The pandemic has also resulted in a higher frequency and complexity of changes in regulations relating to (payroll) tax and government grants.

Tax risks of potential non-compliance with local tax laws and regulations include the risk that tax authorities take a different view on cross-border inter-company transfer pricing or tax treaty eligibility, which may potentially lead to double taxation.

workplace health and safety regulations

We have people working at clients' premises, where safety conditions may vary. The challenge is intensified by the varying pandemic-related measures/ legislation globally. As we do not have control over these working conditions, people may be exposed to a hazardous work environment. This may result in increased medical claims, absenteeism, dissatisfaction, and worker strikes.

competition regulations

Competition authorities are increasingly active in the enforcement of competition and antitrust law. Infringements of such laws can occur by, for example, intentionally or accidentally sharing information with competitors. These could result in material fines or penalties, or litigation with clients, each of which could harm our brand.

current risk-mitigating actions

Our Global Data Protection Policy has been localized for all operating companies, and supporting tooling for drawing up a Data Protection Inventory and carrying out privacy and supplier risk assessments has been rolled out. Since 2018, ongoing quarterly local data protection self-assessments and reviews have helped our local businesses further prepare for the legislation on data protection that has come into effect in multiple regions and countries. Our US operating companies have started an extensive program to ensure compliance with the Californian Consumer Privacy Act as of January 1, 2020. The impact of upcoming changes in legislation is being closely monitored. A continuous improvement program, by means of self-assessment and training, is being set up to handle ongoing technological developments and threats going forward.

In 2020, we increased the frequency and robustness of controls with regard to these areas, which included the sharing of good practices globally. This was in response to the increased complexity and frequency of changes to laws relating to payroll and government subsidies.

We now monitor the legal requirements on equal wage taxes, social securities and minimum pay on a weekly basis, and have implemented controls to check compliance with these regulations where relevant.

We perform periodic reviews of the payroll processes (including related policies and procedures) of selected countries, and involve subject matter specialists as needed.

We initiated the 'Safely Back to Work' Alliance in March 2020 to address the health and well-being of workers and to prepare for a strong economic recovery.

Randstad's global Health & Safety Policy promotes health and safety, aiming for a continuous decline in harm to people. By adopting this policy, operating companies commit to assessing their local environment. Some operating companies have dedicated specialists who look after the health and safety aspects relating to their workers. With the pandemic and the 'Safely back to work' alliance, detailed protocols were developed to ensure safe work environments for both our talents and internal staff. These protocols fit local situations and regulations and are shared across borders and with clients. This helps us to enriched them with new insights from different countries and different sectors. This continues to be part of the key topics for control and audit in 2021.

Training with regard to competition law compliance, our core values and our business principles forms an integral part of our onboarding and refresher programs. Management needs to ensure that written acknowledgement is obtained that such training has been understood and that compliance is observed. We encourage our employees to report any (suspected) breaches they find through the misconduct reporting procedure. When developing new business models or concepts, our Legal departments (and if necessary competition law experts) are consulted to ensure compliance. Consistent with Randstad's core values and business principles, we seek to conduct our business in accordance with all applicable laws, and have invested considerable time and resources in improving competition controls and awareness in our operations.

opportunities

Improved data protection compliance capability strengthens the confidence of talent and clients with regard to our service standard.

In our payroll audits, we also focus on identifying good practices to be shared among countries, thereby enhancing the overall robustness of the payroll process.

Heightened awareness and sharing of good practices among operating companies help to boost workplace satisfaction and our reputation as a trusted HR partner.

emerging risks

While we focus on managing existing key risks, we are also keenly aware of imminent emerging risks (and opportunities) that can significantly impact us. 2020 has been a memorable year for everyone. The pandemic serves as a stark reminder of how susceptible we are to environmental threats and the consequences of acting irresponsibly over climate issues. Key impacted areas include the health and safety of our workers in the workplace. Multiple initiatives were started to address this. For example, through the [Safely Back to Work Alliance](#) and our [#newways](#) program, we initiated the sharing of workplace health and safety protocols with all our stakeholders.

Non-financial indicators are periodically reported to monitor energy consumption and emissions. In addition, we have conducted non-financial reporting audits globally, and remediation activities are in progress. We are currently in the process of redefining our non-financial indicators and underlying monitoring processes.

Society's views on our corporate actions (such as receiving financial support from the government and sustainability efforts) are magnified and accelerated through social media. Poor perception of good corporate citizenship may tarnish our good reputation, resulting in a reduced talent pool and fewer business opportunities with clients. Our strong culture, core values and local-for-local approach allow for a timely response to society's views regarding such matters. Through our [#newways](#) platform, we are in continuous conversations, both internally and with our external stakeholders, about ways in which we can contribute to society as a whole and strengthen our business models accordingly where this is necessary.

Finally, the increase of remote working arrangements has exposed us to a higher risk of cyber security breaches as well as an increased risk of mental stress as work-life boundaries are blurred. Our cyber security improvement project carried out in 2020, [#newways](#), and monthly employee surveys assist us in reducing the likelihood of these risks materializing.

conclusions

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

In 2020, our Risk & Control framework supported us in responding agilely to the pandemic and the cyber security incidents that occurred. With our focus on continuous improvement, we further enhanced our control structures as described in the risk tables on the previous pages.

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

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

In accordance with the Dutch Corporate Governance Code, we have assessed the design and operational effectiveness of our Risk & Control framework. Based on the activities performed during 2020, and in accordance with provision 1.4.3, the Executive Board considers that:

- this report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of this report.

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

- the financial statements for 2020 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, 2020, and of the 2020 consolidated income statement of Randstad N.V.;
- the annual report provides a true and fair view of the situation as at December 31, 2020, and the state of affairs during the financial year 2020, together with a description of the principal risks faced by the Group.

Diemen, The Netherlands, February 8, 2021

The Executive Board,

Jacques van den Broek
Henry Schirmer
Karen Fichuk

Rebecca Henderson
Chris Heutink
René Steenvoorden

governance.



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executive board.



jacques van den broek (1960, dutch)

CEO and Chair of the Executive Board

- Joined Randstad in 1988
- Appointed to the Executive Board in 2004
- Appointed as CEO and Chair of the Executive Board in 2014
- Current term of appointment 2018 - 2022

background

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

responsibilities

Jacques van den Broek is responsible for France, Belgium, Luxemburg, Spain, Portugal as well as Latin America (Brazil, Argentina, Mexico, Chile and Uruguay). In addition, he is responsible for Ausy, Business Concept Development, HR and Public Affairs.



henry schirmer (1964, german)

CFO

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

background

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

He is a member of the Board of Directors of General American Investors.

responsibilities

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



karen fichuk (1965, american)

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

background

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

responsibilities

Karen Fichuk is responsible for the US and Canada.



rebecca henderson (1963, american)

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

background

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

responsibilities

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



chris heutink (1962, dutch)

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

background

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

responsibilities

Chris Heutink is responsible for the Netherlands, Germany, Italy, Denmark, Sweden, Norway, Austria, Switzerland, Poland, Czech Republic, Hungary, Romania, Greece and Turkey, as well as Japan, the Greater China region, India, Australia, New Zealand, Singapore & Malaysia.



rené steenvoorden (1967, dutch)

- Joined Randstad in 2016
- Appointed to the Executive Board in 2020
- Current term of appointment 2020 - 2024

background

René Steenvoorden, Randstad's Global Chief Digital Officer, studied International Business Administration at the Erasmus University in Rotterdam. Prior to joining Randstad in 2016, René was CIO at Rabobank, a leading Dutch cooperative bank, where he was responsible for IT, global innovation and large digital transformation programs since 2008. Previous employers include Essent, McKinsey & Company, and Procter & Gamble. René is a member of the Supervisory Board of KPMG Netherlands.

responsibilities

René Steenvoorden is responsible for Digital, Global IT, and Marketing & Communications.

supervisory board.



wout dekker (1956, dutch)

Chair of the Supervisory Board

- Member of the Supervisory Board since 2012
- Current term of office 2020-2022

background

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

responsibilities

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



jaap winter (1963, dutch)

Vice-Chair of the Supervisory Board

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

background

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

responsibilities

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



annet aris (1958, dutch)

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

background

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

responsibilities

Annet Aris is Chair of the Remuneration Committee.



hélène auriol potier (1962, french)

- Member of the Supervisory Board since 2020
- Current term of office 2020 - 2024

background

Until December 2020, Hélène Auriol Potier was Executive Vice President International at Orange Business Services. Until 2018, she was General Manager of Artificial Intelligence for Microsoft Europe. In her 10 years' tenure at Microsoft, she held different executive positions in APAC and Europe. Earlier in her career, she worked for Dell Inc. and Nortel. Hélène Auriol Potier is a member of the Board of Directors of Safran SA, ODDO BHF and Mimecast.

responsibilities

Hélène Auriol Potier is a member of the Governance & Nomination Committee.



frank dorjee (1960, dutch)

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

background

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

responsibilities

Frank Dorjee is Chair of the Audit Committee.



barbara borra (1960, italian)

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

background

Since January 2019, Barbara Borra has been CEO of Franke Kitchen Systems. Before joining Franke, she was CEO for EMEA of Fontana Group. Prior to that, she was with Whirlpool for 10 years, serving in different senior management positions, and more recently as Vice President of its Chinese operations. Before joining Whirlpool, she held a number of international roles in various countries at Rhodia and General Electric. She is a member of the Board of Directors of Brembo.

responsibilities

Barbara Borra is a member of the Remuneration Committee.



rudy provoost (1959, belgian)

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

background

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

responsibilities

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

report of the supervisory board.

introduction

"2020 was an extraordinary year. COVID-19 triggered an unprecedented impact on economic activity in all of the markets Randstad is operating in. The first priority of our leadership has been the health and safety of our employees and candidates. The entire global organization seamlessly transitioned to working from home, staying in remote daily contact with clients and candidates. From the end of March, trading conditions showed a significant deceleration, requiring an instant halt to all non-essential spending, adjustment of cash bonus schemes for the Executive Board and senior management, as well as the removal of the proposal to pay a dividend for the 2019 financial year. The latter decision was a prudent measure to take as we balance the needs of our stakeholders. Trading performance in the second and third quarters of 2020 indicated a gradual recovery and a resilient performance, ensuring the return of a significant number of people to the workplace. The recovery trend continued in the fourth quarter, which led to the publication of a positive trading statement in December. Despite partially re-installed lockdowns in some of our main markets, Randstad has benefited from ongoing demand in a large number of sectors. During this very challenging year, Randstad's Executive Board and senior management demonstrated strong operational agility and solid leadership while keeping up the morale and engagement of the workforce. This has resulted in solid performance and strong free cash flow for 2020. In the following report, the Supervisory Board explains how it fulfilled its duties and responsibilities during this extraordinary year."

Wout Dekker

Chair of the Supervisory Board

composition, diversity and independence

The Supervisory Board currently comprises seven members: Wout Dekker (Chair), Jaap Winter (Vice-Chair), Annet Aris, Hélène Auriol Potier, Barbara Borra, Frank Dorjee, and Rudy Provoost (see the section [supervisory board](#) for their biographies). The members have a diverse mix of knowledge, skills, expertise and capabilities, in line with the required profile as included in Annex 2 of the Supervisory Board's by-laws. The Supervisory Board values and promotes diversity, not only within the Supervisory Board and the Executive Board, but also within the company. The Supervisory Board recognizes that differences in skills, experience, background, nationality, age, race, gender, and other personal characteristics are important, enabling the Boards and the company as a whole to look at issues, solve problems, and respond to challenges in new ways, and to take more robust decisions. All these different skills and backgrounds collectively represented on the

Boards reflect the diverse nature of the environment in which Randstad and its stakeholders operate, and improve their effectiveness. In addition, diversity drives innovation and enables Randstad to attract and retain the best and most talented people. Randstad's policy regarding diversity is described in the [gender equality, inclusion and diversity section](#) of this annual report.

At the Annual General Meeting of Shareholders, held on June 18, 2020, Henri Giscard d'Estaing stepped down from the Supervisory Board as his final term expired. The Supervisory Board is profoundly grateful to him for his contribution. He was succeeded by Hélène Auriol Potier, who was appointed for a first four-year term. She brings additional expertise to the Supervisory Board, having built her career in the global digital technology and telecommunications industry.

At the next Annual General Meeting of Shareholders, to be held on March 23, 2021, the third term of Jaap Winter will expire. Jaap Winter was appointed to the Supervisory Board upon nomination by Randstad

diversity profile of the supervisory board

name	year of birth	nationality	international experience	financial expertise	specific experience	gender
Wout Dekker	1956	Dutch	yes	(CEO)	Nutrition	male
Annet Aris	1958	Dutch	yes		Digital	female
Hélène Auriol Potier	1962	French	yes	(Executive)	Digital	female
Barbara Borra	1960	Italian	yes	(CEO)	Home-appliances/ automotive	female
Frank Dorjee	1960	Dutch	yes	CFO	Cables	male
Rudy Provoost	1959	Belgian	yes	(CEO)	Distribution	male
Jaap Winter	1963	Dutch	yes	(CEO)	Legal/Governance	male

retirement and reappointment schedule

name	year appointed	year of possible reappointment	final term expires	current number of SB positions including Randstad
Wout Dekker	2012	2022	2024	4 (1 Chair)
Annet Aris	2018	2022	2030	4
Hélène Auriol Potier	2020	2024	2032	4
Barbara Borra	2015	2023	2027	2
Frank Dorjee	2014	2022	2026	4
Rudy Provoost	2015	2023	2027	3
Jaap Winter	2011	2021	2021	3 (2 Chair)

Beheer (the private shareholding company of Frits Goldschmeding, Randstad's founder and leading shareholder). He has played a crucial role during his long tenure with Randstad, notably as Vice-Chair, member of the Audit Committee, member of the Strategy Committee (until 2017), and subsequently as member of the Governance & Nomination Committee. He also played an excellent role as liaison with Randstad Beheer. The Supervisory Board is profoundly grateful to Jaap Winter for his contribution. As his successor, upon nomination by Randstad Beheer, the Supervisory Board proposes that Sander van 't Noordende be appointed as member of the Supervisory Board. He brings additional expertise to the Supervisory Board, with a strong track record in growing and leading global business and providing advice to many large companies at governance, strategic and operational levels to address fundamental shifts due to globalization, digitalization, and sustainability.

The Supervisory Board attaches great importance to the independence of its members. As a rule, all members, with the exception of no more than one, should be independent in the sense of Article 1.5 of the Supervisory Board's by-laws. With the exception of Jaap

Winter (and subsequently Sander van 't Noordende), all members are independent. In 2020, there was no actual or potential conflict of interest between Randstad and any Board member. In line with legislation and as part of the key control framework of the company, members of the Supervisory Board (as well as the Executive Board) are required to annually state their related parties and transactions, if any, between these related parties and the company. It was confirmed that no related-party transactions occurred in 2020, except for those cases in which members of the Supervisory Board use a management company to invoice their related directors' fees to Randstad.

induction, training and performance assessment

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

At a separate meeting held in December 2020, the Supervisory Board discussed at length its composition, its own performance, and that of its committees. Contrary to the four prior years and in light of the restrictions to meet physically, this assessment was not facilitated by an external advisor but led by the Chair of the Supervisory Board himself. In preparation, he had preparatory meetings with each member of the Supervisory Board. Specific items assessed and subsequently discussed by the Supervisory Board collectively included (1) people and structure at the top, (2) strategy and long-term value creation, (3) company performance management during times of global crisis, (4) the role and functioning of the Supervisory Board and its committees, and (5) Executive Board performance evaluation and succession planning.

Most of the topics discussed in the 2019 assessment were addressed in the course of 2020. The Supervisory Board has implemented a more structured performance evaluation and feedback process for the individual members of the Executive Board. Twice a year, the Chair of the Supervisory Board now holds review meetings with each member of the Executive Board. A rotating other member of the Supervisory Board joins him during these meetings. The mandates for and roles of the Governance & Nomination Committee versus the Remuneration Committee are being aligned. The creation of topic teams, consisting of members of the Supervisory Board, the Executive Board and functional leaders, works well, but requires coordinated feedback to the full Supervisory Board.

supervisory and advisory activities in 2020

meetings of the supervisory board and attendance

The Supervisory Board met nineteen times during 2020 (2019: thirteen times). In light of the very challenging business environment due to the COVID-19 crisis, the Supervisory Board increased the frequency of its meetings with the Executive Board, particularly from March to June, to stay regularly informed and closely aligned. All meetings since March were held virtually.

Twelve meetings were held jointly with the full Executive Board. The other seven meetings were held without the Executive Board, but some of these were in part attended by the CEO.

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

In 2020, Rudy Provoost was absent during one meeting. His attendance rate was therefore 95%. The attendance rate of the other members of the Supervisory Board was 100%.

topics discussed and agreed with the supervisory board

2020 was an extraordinary year, and the large majority of the meetings held with the Executive Board focused on the impact of the global COVID-19 crisis on the health and safety of Randstad's employees and candidates, employee engagement (which was measured globally on a more frequent basis), the ensuring of key processes, trading performance in the markets, financial developments and potential stress test scenarios, the related risk assessment, and the initiatives of bringing people safely back to work as much as possible. The Executive Board also provided feedback from their regular virtual meetings with the top 100 and top 500 leadership of Randstad worldwide.

As in prior years, the Supervisory Board met each quarter one day before the publication of the quarterly

results, when it discussed these results with the Executive Board. These results were first discussed by the Audit Committee prior to the Supervisory Board meeting. The external auditor was present for the discussion of the 2019 annual report and accounts. The Audit Committee was also closely aligned in advance when a trading update was given in early December 2020.

In addition, the Supervisory Board discussed the following topics with the Executive Board in 2020:

- the assessment of strategic, operational, financial, and compliance risks, including Randstad's approach to risk and opportunity management, based on the quarterly report of the Business Risk & Audit function and the external auditor's quarterly report and management letter;
- the company's value creation, capital allocation strategy and dividend policy, including the cancellation of the proposal to pay a dividend on the ordinary shares for the financial year 2019;
- key developments in the area of IT and digital;
- compliance with relevant rules and legislation, including in relation to GDPR, with specific attention given to the cyber incident reported in early December 2020;
- the preparation, evaluation, and follow-up of the Annual General Meeting of Shareholders, which was initially scheduled for March 24, 2020, but postponed to June 18, 2020;
- topics related to sustainability;
- the views of analysts and investors, the solid relationship with the leading shareholder, as well as changes in the shareholder structure and base;
- initiatives related to public affairs and thought leadership;
- senior leadership performance, including the results and key observations of the annual people review, organizational changes, and senior management appointments;
- the activities around Randstad's 60th anniversary; and
- the budget for 2021.

topic teams

The 'topic teams', which had been formed in 2019 for digital/Monster, GDPR, talent/leadership, and marketing/branding, continued in 2020. Each team consists of two members of the Supervisory Board, the responsible member of the Executive Board, and functional leaders. These specific combinations allow

the members of the Supervisory Board to get more in-depth understanding of Randstad's progress on these topics and to give targeted advice. Based on the key priorities for 2021, the topics for these teams may change.

strategy

Every year, the Supervisory Board meets with the Executive Board during a strategic two-day offsite meeting in October. As such a meeting was not possible in 2020, it was replaced by a virtual session to discuss in more detail relevant strategic topics, including:

- the ambition, vision, building blocks and strategic direction vis-a-vis talent and clients;
- the creation of a roadmap for impact measurement in order to make Randstad's social and financial impact more explicit;
- key progress of strategic initiatives that focus on cost adaptability, more connected ways of working, the digital strategy, and digitalization of key processes; and
- profit pools and key focus areas to accelerate growth, such as North America, Japan and outplacement.

risk appetite workshop

Annually, the Executive Board conducts a workshop to determine the risk appetite for Randstad (for more information, see the [risk & control section](#)). In this workshop, Randstad's risk appetite is discussed for the most relevant risks and material topics included in the material topics and risks table. In 2020, the members of the Executive Board updated their views. Independently and for the first time, the full Supervisory Board independently discussed their own views on risk appetite for Randstad, including on the basis of the most relevant risks and material topics. The results of the Supervisory Board's dialogue will be compared and discussed with the Executive Board in early 2021, with the understanding that the outcomes of both independent dialogues should be comparable.

business principles and misconduct reporting

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

culture and brand positioning

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

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

During the year, the Supervisory Board was updated on Randstad's global identity, brand positioning (Human Forward), and ultimate goal. The Supervisory Board strongly supports these, as they are fully in line with Randstad's purpose and core values.

developments in our markets

The Supervisory Board is frequently updated on specific developments in operating companies and markets by the members of the Executive Board responsible. In 2020, senior management of France and Sourceright joined a Supervisory Board meeting to give an update on their businesses.

Every year, the Supervisory Board, jointly with the Executive Board, pays a two-day visit to the operations in a different market. As such a visit was not possible in 2020, it was replaced by a two-day virtual visit to the USA. Senior management updated the Supervisory Board about the economic and trading environment, specific market trends, digital developments and related initiatives, and the performance of each of the relevant business lines. In addition, a virtual client panel provided many rich insights into relevant client trends and changes in demand.

meetings without the executive board

The meetings of the Supervisory Board without the Executive Board (but in part attended by the CEO) were held to discuss Executive Board remuneration and target setting, the composition and assessment of the Supervisory Board and its committees, the composition

and functioning of the Executive Board (both as a team and its individual members, including preparation and feedback of the half-yearly review meetings with each member), as well as governance and leadership structure.

supervisory board committee activities in 2020

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

The composition of these Committees was as follows:

[audit committee](#)

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

[remuneration committee](#)

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

[governance & nomination committee](#)

Wout Dekker (Chair), Hélène Auriol Potier, Rudy Provoost, and Jaap Winter.

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

report of the audit committee

"The year 2020 was impacted by the consequences of the outbreak of COVID-19. The Audit Committee focused on the developments and impacts on the results, free cash flow, net debt and relating subjects like the dividend policy. Therefore, the Audit Committee reviewed several scenarios during the year. Important subject was also the management of key controls and key financial processes. This exceptional year has shown that the company is agile, flexible and strong."

Frank Dorjee

Chair of the Audit Committee

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

Six meetings were held in 2020 (2019: five). Four of the Committee meetings took place prior to the publication of the quarterly results, one meeting took place prior to the trading update of December 2020 and one meeting in the course of December 2020. In advance of the Committee meetings, the Chair of the Committee always has preparatory meetings with the CFO and the managing directors for Global Control, Global Financial Reporting, and Business Risk & Audit. Besides the CEO, the CFO, and the external auditor, these managing directors attend each Committee meeting. If considered necessary, the Chair also meets with the external auditor in advance.

As of the first quarter of 2020, the Audit Committee primarily focused on the COVID-19 impact on Randstad's financial performance in terms of revenue and result development, incidentals and one-offs, the development of working capital and cash flow, testing of potential scenarios going forward, potential impairments, risk management, financing and the capital allocation strategy, and dividend policy. The Audit Committee also discussed with the external auditors their reflections on these topics.

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

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

- an update on global treasury and financing activities from the managing director Global Treasury;
- an update on global tax issues from the managing director Global Tax, including an assessment of Randstad's tax mission, strategy, policy, organization, and transparency;
- a report from the managing director Global Legal on operating companies' compliance with key policies, as well as compliance and e-learning tools for employees;
- the annual legal letter, listing material litigation;
- the procedure for reporting [misconduct](#), including the report of the central integrity officer summarizing the cases reported under this procedure;
- changes of key people in the finance function in operating companies and at global level; and
- the annual talent and performance review of the finance function and its key people, including the aim of further developing the finance function, finance staff, and the finance organization throughout Randstad.

Similar to the prior year, much time was spent on the further implementation of regulations on data protection, as well as on information security and cyber security. As an HR services provider, Randstad relies on personal data. This makes data protection highly relevant. Data protection programs continued at all operating companies. Their implementation is closely monitored and reported to the Audit Committee. COVID-19 has positively highlighted the awareness and commitment of employees to work remotely securely.

Randstad aims to continuously improve internal control, both in the various country organizations and at a global level. Every quarter, local management draws up a risk register and semi-annually conducts a control self-assessment. The Business Risk & Audit function subsequently reviews and audits the quality of control in the various operating companies. Business Risk &

Audit compares the internal audit outcomes with the management's control self-assessment. The results of this exercise are discussed with the Audit Committee every six months. Our key control framework contains the most relevant controls based on Randstad's risk profile and is built around the core business processes. It covers risks in the areas of finance and reporting, compliance, operations, and some strategic risks. Further digitalization of business models and business processes will be supported by a focus on IT and automated control in the coming years. Having implemented various programs, Randstad is continuously improving data protection, information security, and general IT controls. The Business Risk & Audit department closely monitors the effectiveness and quality of internal controls. These control updates allow management to keep its focus on internal control and prioritize improvement plans. The transparent structure and open dialogue on the risks, the key control framework, and internal audit outcomes lead to a culture of accountability and responsibility at all levels of the organization. More information can be found in the section [risk & opportunity management](#).

As of March 2020, the Business Risk & Audit function fully focused on the COVID-19 impact worldwide and the actions needed to adapt and manage the required key controls. Local management was fully engaged and connected. Due to this impact, the Business Risk & Audit function limited its core audits to relevant key financial and operational processes and acted more as a sparring partner and adviser for other themes in the audit plan.

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

With regard to the external audit, the Audit Committee reviewed Deloitte's proposed audit plan relating to the audit scope (87% of Group revenue), materiality, approach, focus areas, and fees (see note 28 to the financial statements). BDO again presented its audit of the local statutory accounts of a number of smaller

countries not included in Deloitte's Group audit scope. No material issues were noted by BDO.

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

The Audit Committee discussed Deloitte's (interim) management letter in much detail during its meeting in December 2020, with the following main observations:

- because of COVID-19, Deloitte selected a number of critical controls for testing;
- overall maturity levels of key financial processes remained high;
- Randstad continues to focus on and improve general IT controls, and to solve deficiencies reported in the area of access controls;
- management's tone at the top continues to be good;
- there were a limited number of small fraud incidents that were already identified and addressed by management.

The Audit Committee assessed the performance of the external auditor, based on a satisfaction survey conducted among the CFOs of the largest operating companies and key corporate finance staff. As part of this annual evaluation process, the following items were taken into consideration: (1) the quality of the audit work, (2) the sufficiency and fulfillment of the audit engagement, (3) the quality of the auditor's reports, (4) the independence of the auditors, (5) the expertise and composition of the audit team, (6) the audit fee, and (7) quality control within the audit firm. Deloitte's performance is generally considered to be satisfactory, and their overall rating was stable compared to the prior year.

report of the remuneration committee

The Remuneration Committee primarily reviews and makes recommendations regarding the remuneration (and the remuneration policy) of the Executive Board and the Supervisory Board. On an ad-hoc basis, the Committee makes use of external advice.

The Committee met five times in the course of 2020 (2019: four times). The CEO and CFO participated in part of these meetings. The Committee discussed and made proposals regarding the remuneration of the Executive Board, notably the setting and realization of the related performance targets. During the first half of the year, most time was spent, particularly by the Chair of the Committee, on a review of the remuneration policy and structure for the Executive Board as well as the remuneration policy for the Supervisory Board, which were approved by the Annual General Meeting of shareholders held on June 18, 2020. In the second half of the year, the Committee focused on the feedback with regard to the approved remuneration policies. The Committee identified a limited number of topics for follow-up. Special attention was given to reward-related target setting, particularly relating to non-financial, mostly strategic, key performance indicators. More information can be found in the [remuneration report](#).

report of the governance & nomination committee

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

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

supervisory board remuneration

The responsibility of the Supervisory Board is to safeguard the long-term success of Randstad and the fulfillment of its purpose, taking into account the interests of all stakeholders. The related remuneration structure is partly based on joint responsibility, with a premium deemed appropriate for specific activities, such as Chair or committee roles.

A true and unbiased supervisory role, which takes account of the interests of all stakeholders, is best served by the absence of incentives. Therefore, the Supervisory Board receives no variable payments, neither directly (target-related) or indirectly (through share-based payments). 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.

As a global market leader, Randstad needs Supervisory Board members with a broad international background. Related remuneration levels therefore need to be competitive and attractive for candidates with a diverse mix of expertise and international backgrounds.

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. Their remuneration is a fixed annual allowance paid in monthly installments. It is not linked to the financial results of the company. Members of the Supervisory Board do not receive any performance-related compensation or shares, and do not accrue any pension rights with the company. To determine competitive remuneration levels, Randstad compares its remuneration with that of other similar companies. As a Dutch listed company, the primary focus is on the AEX index. The aim is to compensate around the median level of the AEX benchmark. As an extra check, a comparison is made with the same peer group that is applied for the Executive Board.

allowances of supervisory board members

in €

	2020	2019
Supervisory Board		
Chair	110,000	110,000
Vice-Chair	90,000	90,000
Members	75,000	75,000
Audit Committee		
Chair	12,000	12,000
Members	8,000	8,000
Remuneration Committee		
Chair	9,000	9,000
Members	7,000	7,000
Governance & Nomination Committee		
Chair	9,000	9,000
Members	7,000	7,000

The annual allowances were last determined by the General Meeting of Shareholders in its annual meeting held in 2012, while the annual Committee fees were last determined by the General Meeting of Shareholders in its annual meeting held in 2011. The remuneration policy for the Supervisory Board was adopted by the General Meeting of Shareholders held in 2020, confirming these annual allowances, which are shown in the table.

In addition, Supervisory Board members receive a fixed annual expense allowance of € 2,000 net for members and € 3,000 net for the Chair. This allowance aims to cover business-related expenses that would otherwise create a disproportionate administrative burden.

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. This allowance aims to recognize the differences between Supervisory Board members in terms of travel time and to ensure the ability to attract and retain international Supervisory Board candidates.

report of the annual general meeting of shareholders

The Annual General Meeting of Shareholders was initially scheduled for March 24, 2020, but had to be canceled due to the measures taken by the Dutch government to stop the spread of the coronavirus. The meeting was eventually held on June 18, 2020. In accordance with Dutch regulations, shareholders could only attend the meeting online, and they also had to vote virtually. Shareholders were able to give voting instructions and ask questions in advance. These questions and answers were posted on the corporate website.

During the meeting, the CEO and CFO gave an account of the general state of affairs at Randstad and its financial performance in 2019, as well as an update on the trading conditions and the COVID-19 impact during the first half of 2020. The meeting adopted the 2019 financial statements and approved the 2019 remuneration report. The members of the Executive Board were granted discharge of liability for their management, and the members of the Supervisory Board for their supervision thereof. The meeting adopted the remuneration policy of the Executive Board and the remuneration policy of the Supervisory Board. René Steenvoorden was appointed to the Executive Board, while Wout Dekker and Hélène Auriol Potier were (re)appointed to the Supervisory Board. The meeting approved the proposal to extend the Executive Board's authorization to issue ordinary shares, limited to a maximum of 10% of the issued share capital for a period of 18 months, as well as to repurchase ordinary shares and cancel repurchased shares, limited to a maximum of 10% of the issued share capital for a period of 18 months. Sjoerd van Keulen was reappointed as board member of Stichting Administratiekantoor Preferente Aandelen Randstad. The amendment of the articles of association was approved. Deloitte Accountants B.V. in the Netherlands was appointed as external auditor for the financial year 2021.

financial statements for 2020

The financial statements for 2020 have been audited and provided with an unqualified opinion by Deloitte Accountants B.V. (see the [auditor's report](#)) and were extensively discussed with the auditors by the Audit Committee in the presence of the CEO and the CFO in February 2021. 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 2020 meet all requirements for correctness and transparency. During the year, the Audit Committee extensively discussed the Risk & Control framework that supports this. As such, the Supervisory Board recommends that the General Meeting of Shareholders, in its annual meeting to be held on March 23, 2021, adopt the financial statements and the appropriation of net income proposed by the Executive Board.

The Supervisory Board endorses the Executive Board's proposal to the General Meeting of Shareholders to pay a regular cash dividend per ordinary share of € 1.62 for 2020 (€ 0 for 2019), a special dividend of € 1.62 per ordinary share (€ 0 for 2019), and a cash dividend on preference shares B and C of € 8.2 million (€ 12.0 million for 2019).

The Supervisory Board requests that the General Meeting of Shareholders grant discharge to the members of the Executive Board for their management and to the members of the Supervisory Board for their supervision in 2020.

The Supervisory Board would like to thank all Randstad employees, under the strong leadership of the Executive Board, for their outstanding contribution and continuing dedication to Randstad during this very challenging and exceptional year.

Diemen, the Netherlands, February 8, 2021

The Supervisory Board,

Wout Dekker, Chair
Jaap Winter, Vice-Chair
Annet Aris
Hélène Auriol Potier
Barbara Borra
Frank Dorjee
Rudy Provoost

remuneration report.

letter from the chair of the remuneration committee

On behalf of the Remuneration Committee, I am pleased to report on the Committee's activities in 2020. Below, I will reflect briefly on the past year, our remuneration policy and the recent revision thereof, and the key motivations behind our decisions with regard to rewards and targets.

Without a doubt, 2020 was an extremely turbulent year, with the COVID-19 pandemic affecting every aspect of our business. When the pandemic hit, Randstad's management responded swiftly and appropriately, staying on high alert for the entire year. Besides their continued focus on business performance, management also paid significant attention to the impact of COVID-19 on employees, clients, talent and society. The day-to-day business was moved online overnight, with the #newways program helping consultants to quickly find new ways of liaising with clients and prospects. Employees' health and well-being were a key priority for management, and significant efforts were made to support employees in working from home while staying fit and healthy, both physically and mentally. Clients were supported by means of free COVID protocols, and those with sudden greater demand were quickly given access to suitable talent. Candidates who saw their placements disappear were kept on the payroll during the first phase of the pandemic, partly supported by government, and reskilling was provided where this was possible. By initiating the Safely Back to Work Alliance, Randstad took its societal responsibility as industry leader in keeping people at work.

All these efforts throughout the year paid off at several levels, with financial results for the year turning out significantly better than expected at the beginning of the pandemic. It also led to improved employee engagement, a high level of customer satisfaction (both clients and talent), and a high level of appreciation by governments. We saw consolidation of Randstad's global market leader position, agile cost adaptability, protection of profitability, a solid free cash flow, an acceleration of Randstad's digital transformation, and external recognition in the form of key partnership awards from clients and inclusion in the Dow Jones Sustainability Index.

Nevertheless, the financial blows in the first phase were significant, and government support was needed at the outset of the pandemic. It was therefore decided to withdraw the dividend proposal for 2019, although this will partly be compensated in the dividend proposal for 2020. The Executive Board and senior management voluntarily waived their annual bonus, a gesture that was very much appreciated by the Supervisory Board.

Given these unusual circumstances, the Remuneration Committee has taken extra care to reflect the impact of the years events in a fair application of the remuneration policy. The committee met five times in 2020. Besides the in-depth assessment of target setting and assessing target achievements, special attention was paid to three topics: (1) revision of the remuneration policy, (2) strengthening of the target setting process, and (3) stakeholder consultation.

1. Our remuneration policy supports the long-term development of the company in a highly dynamic environment, while aiming to fulfill all stakeholders' requirements and keeping an acceptable risk profile. To optimally balance all relevant interests, account is taken of Randstad's long-term strategic objectives, consistency with Randstad's company-wide remuneration policy, competitiveness in relation to the external world, and the interests and sensitivities of the various stakeholder groups. At the same time, our remuneration should be attractive enough to attract and retain high-performing international executives. The war for talent is a dominant global trend and has become even fiercer in times of COVID-19. We therefore need to be competitive in each country, and with regard to all aspects of the work experience (job satisfaction, work environment, and compensation). The policy was updated in 2020 to incorporate the requirements of the EU Shareholder Rights Directive. This update was approved by the Annual General Meeting of Shareholders last year. Given that the last fundamental review of the policy took place in 2017, the committee decided to take a more fundamental look at the policy this year and bring any revision up to the vote. After careful consideration, the Committee concluded that no major revision was needed. However, based on feedback by shareholders, the Committee has advised the Supervisory Board to propose to the General Meeting of Shareholders that the policy will be revised on two fronts: (1) shareholding requirements will be introduced, and (2) the notification period for newly appointed Executive Board members will be reduced from 12 to 6 months. In

addition, to allow for more flexibility in strategic target setting, we propose to change the number of non-financial KPIs for the LTI from 5 to 3-5 (with equal total weight).

2. With regard to the target setting process, targets will be linked even more explicitly to strategic priorities and stakeholder interests. As a result, besides a strong focus on financial results, the quality and engagement of employees, our societal impact (especially on the world of work), digital transformation, and the further development of our portfolio have been defined as key topic areas for our KPIs. In addition, we will make non-financial targets even more measurable and unambiguous.
3. Finally, the Remuneration Committee focused on intensifying stakeholder consultation. This includes talks with individual Executive Board members, shareholder representatives, and the European Works Council.

With regard to rewards granted, the Remuneration Committee carefully weighed all aspects of this difficult year, taking into account the contributions made by many stakeholders, while also recognizing the strong performance of management. After careful consideration and following the proposal made by the Committee, the Supervisory Board took the following decisions:

- On request of management, the annual bonus 2020 will not be rewarded given the impact of COVID-19 on all stakeholders.
- The LTI share reward, which was conditionally granted in 2018 and vested in December 2020, realized a target achievement of 151% of fixed salary (out of a maximum of 217%). This reflects the strong competitive performance of the company in the last three years in terms of relative Total Shareholder Return (TSR) and above-target performance on non-financial KPIs.
- The 2020-2023 LTI achievement award was conditionally granted in February 2020. This was before outbreak of the pandemic, so no share price correction needed to be considered.
- 2020 was the first time for shares to be paid out under the share matching plan introduced in 2017. This payout, which is part of the annual bonus 2017, is conditional on the sustainable performance of the company during a three-year period. Given overall performance over the past three years and also in light of the dividend proposal 2020, it was decided to reward the shares in spite of the fact that no dividend was paid out for 2019 due to COVID.

With regard to target setting, great efforts have been made together with management to even better reflect the company's strategic priorities and ensure alignment with the interests of shareholders and other stakeholders:

- The STI financial targets will emphasize a successful rebound from the COVID crisis and focus on profitable growth whilst strengthening our market position. Selected KPIs are relative revenue performance versus market, the Incremental Coverage Ratio (ICR) and Days sales Outstanding (DSO). To ensure overall profitability, we have set a minimum hurdle rate for EBITA, below which no payment will take place for the ICR target.
- For the STI non-financial targets, we will focus on improving our service offering for talent, achieving world-class digital security, and completing the digital transformation of our core.
- The LTI 2021-2023 financial target will, in line with the policy, be based on the company's relative TSR performance.
- The LTI 2021-2023 non-financial targets will, based on our strategy and stakeholder agenda, focus on portfolio development, employee engagement, talent engagement, progress made on digital transformation, and the future employability of the workforce in society.

The Remuneration Committee will continue to regularly assess Randstad's remuneration policy, and advise the Supervisory Board on the further alignment of the interests of management with those of shareholders and other stakeholders. This year, we plan to keep working on further aligning and fine-tuning the KPIs. We remain committed to relevant and clear remuneration in line with international practices.

I look forward to discussing the policy and actual remuneration practices in the Annual General Meeting of Shareholders 2021, and will be happy to answer any questions you have.

Annet Aris, Chair of the Remuneration Committee

remuneration policy

The last material update of the remuneration policy was adopted by the General Meeting of Shareholders in its annual meeting held on March 30, 2017. In the course of 2019 and early 2020, the Remuneration Committee extensively reviewed the remuneration policy. The Committee concluded that there was no need to materially change the policy. In line with relevant regulation, however, more explanation of the foundation of the policy was needed. As a result, several minor adjustments have been made to provide more insight into the considerations and steps taken that have led to the remuneration structure and levels. This updated remuneration policy was approved by the General Meeting of Shareholders on June 18, 2020. Based on the feedback from shareholders as discussed during and prior to the General Meeting of Shareholders, three additional items have been added to the 2020 version of the remuneration policy, which relate to the notice period for agreements with the Executive Board, shareholding guidelines, and the number of non-financial KPIs for the long-term incentive plan. This slightly updated version will be submitted to the General Meeting of Shareholders on March 23, 2021.

executive board remuneration in 2020

introduction

The remuneration paid to the members of the Executive Board in 2020 was based on Randstad's remuneration policy and its governance process. Due to the COVID-19 pandemic, there was one deviation in the execution of the remuneration policy: the annual cash bonus was forfeited by the Executive Board.

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

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

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

of the Executive Board is performance-related. The Supervisory Board, on the recommendation of its Remuneration Committee, sets the targets at the start of each performance period. Performance targets and conditions are derived from Randstad's strategy, annual budget plan, and market analysis.

base salary

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

The international labor market peer group represents the market in which Randstad competes for senior management talent and is used to benchmark base salary levels. It is composed of international staffing and business services companies, reflecting Randstad's size, profile and international scope. These are Accor, Adecco, Atos, Bureau Veritas, Capgemini, Capita, CGI, Compass Group, G4S, Equifax, Hays, Hilton Worldwide, Intertek Group, Manpower Group, Michael Page International, Kelly Services, Rentokil Initial, Recruit Holdings, Robert Half, Securitas, Sodexo Group, Thomas Cook (excluded as of 2019), TUI, and Tyco International.

In line with the company's remuneration policy, it was decided to increase the base salaries of the Executive Board members by 1.7% as of January 1, 2020, except for the salary of the CEO. At his own request, his salary was not increased but kept at the level agreed upon when he was appointed as CEO. The general pay differentials within the company, and specifically for senior management, were taken into account when taking this decision.

short-term incentive

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

The largest part of the achievable annual bonus (75%) is related to a certain number of financial targets. The choice and weight of these targets depend on the specific business objectives of each year, with the Supervisory Board selecting the appropriate annual targets from an agreed menu of financial targets (relative revenue performance versus the market, gross profit, EBITA, EPS, incremental conversion or recovery ratios, net debt, free cash flow, leverage ratio, and Days Sales Outstanding).

In order to enhance the Executive Board's long-term focus and share ownership in Randstad, 25% of the net annual bonus (paid out based on realized performance) is paid out in Randstad shares. After three years, these shares will be matched 1:1 subject to a sustainable performance of the company during the previous three years and at the discretion of the Supervisory Board. In this context, sustainable performance means that during these three years, Randstad has progressed to achieve its strategic and financial targets, made a profit, and paid dividends to shareholders. The assessment of the Supervisory Board as to whether this sustainable performance was realized will be disclosed in the Annual Report. After careful consideration of the achievements during the three-year performance period 2018–2020, the Supervisory Board decided to match the shares paid in February 2018 relating to the annual bonus 2017.

Members of the Executive Board are allowed to voluntarily convert up to 50% of their net annual bonus according to the same matching principles. Randstad shares need to be held for at least 5 years after the conditional award date, except for any share sales needed to settle related tax liabilities.

The conditional awards for the share matching plan in relation to the annual bonus 2019 paid in shares in February 2020 are as follows:

	mandatory	voluntary	total shares
Jacques van den Broek	1,729	1,728	3,457
Henry Schirmer	1,670	1,671	3,341
François Béharel	1,313	-	1,313
Karen Fichuk	1,325	-	1,325
Rebecca Henderson	1,646	1,645	3,291
Chris Heutink	1,173	1,172	2,345
	8,856	6,216	15,072

If a variable remuneration component conditionally awarded in a previous year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the performance period, the Supervisory Board has the power to adjust the value upward or downward. The Supervisory Board may also recover from the Executive Board any variable remuneration awarded on the basis of incorrect financial or other data. These provisions are included in the annual bonus letter. This power was not used in 2020, nor was any remuneration recovered from present or former Executive Board members.

For the annual bonus 2020, the financial targets and their relative weighting were set in early February 2020 as follows:

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

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

To further underline joint responsibility, at the start of each financial year, following a presentation by the Executive Board, the Supervisory Board sets annual non-financial strategic and operational targets. The maximum bonus opportunity will be 25% of base salary. These targets will only be disclosed if they are not share price or competition sensitive. For 2020, these targets could not be specified further.

In light of the exceptional trading conditions in the course of 2020, which required prudence and solid cost adaptation, as well as the related decision to withdraw the dividend proposal for the 2019 financial year from the agenda of the Annual General Meeting of Shareholders in 2020, the Executive Board forfeited its annual cash bonus 2020. The Supervisory Board decided to confirm this forfeit.

long-term incentive

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

The grant is dependent on the relative Total Shareholder Return (TSR) and strategic, mostly non-financial, Key Performance Indicators (KPIs). TSR reflects the return received by a shareholder and captures both the change in the company's share price and the value of dividend income, assuming dividends are reinvested in the company. Relative TSR is an appropriate measure, as it objectively measures the company's financial performance and assesses its long-term value creation as compared to other companies in the sector. TSR performance for the companies of the international performance peer group is calculated based on their 'home/primary listing'. The international performance peer group consists of Adecco SA, Capita Plc, Compass Group PLC, FedEx Corporation, G4S plc, Hays plc, ISS A/S, Kelly Services Inc, Manpower Inc, Michael Page Int. Plc, Office Depot Inc, On Assignment Inc, Recruit Holdings Co., Ltd, Rexel Group SA, Robert Half Int. Inc, Securitas AB, Sodexo SA, and WW Grainger Inc.

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

Given the relevance of certain strategic, mostly non-financial, KPIs for Randstad's business, ambition, and long-term viability, five strategic targets are added at the discretion of the Supervisory Board. These targets are also set at the start of the three-year vesting period. The weighting for the long-term incentive is split between 65% TSR and 35% non-financial KPIs.

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

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

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

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

If a variable remuneration component conditionally awarded would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the performance period, the Supervisory Board has the power to adjust the value upward or downward. The Supervisory Board may also recover from the Executive Board any variable remuneration awarded on the basis of incorrect financial or other data. These provisions are included in the annual grant letter. This power was not used in 2020, nor was any remuneration recovered from present or former Executive Board members.

On February 11, 2020 (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, 2020, and on the fair value of the performance

payout per ranking position for the TSR performance incentive zone

Ranking	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
% until 2017	-	-	-	-	-	-	-	-	-	0	0	0	0	0	50	100	150	200	250
% as of 2017	0	0	0	0	0	0	0	0	0	50	75	100	100	125	150	150	175	200	200

shares as at grant date of € 39.17 per share (TSR-dependent grant) and €36.79 per share (non-financial, strategy-related grant). On July 21, 2020, following the appointment of a new Executive Board member, performance shares were granted to this new member at fair values of € 31.24 and € 30.54 respectively.

The conditional on-target awards for 2020 are as follows:

performance share plan awards, 2020

	number of shares
Jacques van den Broek	26,107
Henry Schirmer	19,827
Karen Fichuk	18,013
Rebecca Henderson	18,013
Chris Heutink	18,013
René Steenvoorden	18,013
	117,986

The non-financial targets for the 2020 grant are the following targets from Randstad's strategic business plans and reporting framework:

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

At the beginning of 2020, the performance shares conditionally granted in February 2017 which vested on December 31, 2019 were allocated based on the relative TSR performance (65% of the grant) over the period January 1, 2017 to December 31, 2019. Randstad's TSR ranking for this period is position 8, resulting in 100% vesting. The performance on the non-financial, mostly strategic targets (35% of the grant) over this period resulted in a vesting and allocation of 161.6%, which can be specified as follows:

- Net Promoter Score: a top 3 position or position improvement in the top 12 markets, which was partly realized, resulting in 30.6% of the maximum 50% vesting;
- employee engagement: at least 80% participation and outperformance of the benchmark annually, which

resulted in 42% of the maximum 50% vesting (participation was higher than 80% each year, while the benchmark was outperformed in two years);

- professionals growth above market compared to a number of key competitors: this resulted in 19% out of the maximum 50% vesting;
- perm growth above market compared to a number of key competitors: this resulted in 20% out of the maximum 50% vesting;
- a target in regard to Randstad's digital strategy: this resulted in the maximum 50% vesting.

The weighted vesting percentage on the total grant is 121.5% of the conditional grant.

At the beginning of 2021, the performance shares conditionally granted in February 2018 which vested on December 31, 2020 were allocated based on the relative TSR performance (65% of the grant) over the period January 1, 2018 to December 31, 2020. Randstad's TSR ranking for this period is position 6, resulting in 125% vesting. The performance on the non-financial, mostly strategic targets (35% of the grant) over this period resulted in a vesting and allocation of 201%, which can be specified as follows:

- Net Promoter Score: a top 3 position or position improvement in the top 12 markets, which was partly realized, resulting in 31% of the maximum 50% vesting;
- diversity: at least 50% of females in senior management positions by the end of 2020: as this target was achieved, this resulted in the maximum 50% vesting;
- employee retention: a decrease of employee turnover: this was achieved in 2018 and 2020, resulting in 30% of the maximum 50% vesting;
- employee engagement: at least 80% participation and outperformance of the benchmark annually; this resulted in the maximum 50% vesting as both were achieved in each year of the performance period;
- Voluntary Services Overseas: 10,000 marginalized people made employable through the Randstad-VSO partnership: this was partly achieved, resulting in 40% of the maximum 50% vesting.

The weighted vesting percentage on the total grant is 151% of the conditional grant.

pension, other benefits, and internal pay ratio

pension contribution

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

other benefits

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

internal pay ratio 2020

The internal pay ratio between the average pay of Randstad employees vis-à-vis the average pay of the CEO and the Executive Board members is calculated based on the average 2020 remuneration (including variable pay and long-term incentives) of a reference group (our 14 largest markets and the corporate functions encompassing 89% of Group revenue and 76% of total headcount) vis-à-vis the 2020 remuneration of the Executive Board members. The pay ratio is 38:1 (2019: 49:1) for the CEO and on average 25:1 (2019: 34:1) for the Executive Board members.

overview of remuneration as included in the income statement in 2020

remuneration of executive board members

x € 1,000	year	fixed remuneration		variable remuneration		social charges and taxes	pension expenses	total remuneration
		base salary	fringe benefits	short-term bonus	share-based compensations			
J.W. van den Broek	2020	1,000	5	-	1,342	14	270	2,631
	2019	1,000	4	733	1,352	11	270	3,370
H.R. Schirmer	2020	759	6	-	1,101	14	205	2,085
	2019	747	10	547	866	11	202	2,383
F. Béharel	2020	172	7	-	(918)	269	47	(423)
	2019	678	27	497	881	410	183	2,676
K. Fichuk	2020	686	17	-	646	25	185	1,559
	2019	516	14	378	285	28	139	1,360
L. Galipeau	2019	218	7	-	-	10	51	286
R. Henderson	2020	686	17	-	773	19	185	1,680
	2019	516	14	378	459	25	139	1,531
C. Heutink	2020	690	6	-	910	14	186	1,806
	2019	678	20	497	893	11	183	2,282
R. Steenvoorden	2020	374	3	-	242	7	101	727
Total	2020	4,367	61	-	4,096	362	1,179	10,065
	2019	4,353	96	3,030	4,736	506	1,167	13,888

remuneration of former executive board members

x € 1,000	year	fixed remuneration			variable remuneration		social charges and taxes	pension expenses	total remuneration
		base salary	fees	fringe benefits	short-term bonus	share-based compensations			
R.J. van de Kraats	2020	-	-	-	-	7	-	-	7
	2019	-	1,000	-	-	52	-	-	1,052
F. Béharel	2020	-	230	-	-	-	-	-	230

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

René Steenvoorden was appointed as a Board member on June 18, 2020. Karen Fichuk and Rebecca Henderson were appointed on March 26, 2019. All remuneration expenses refer to the period thereafter. For Rebecca Henderson and René Steenvoorden, these include share-based compensation costs of senior management performance shares relating to plans they participated in before the date of their Board appointment.

Linda Galipeau resigned from the Board on March 26, 2019. Her performance shares relate to the 2017 and 2018 plans that lapsed as a result.

Francois Béharel has not been reappointed and his contractual engagement with Randstad subsequently ceased on March 31, 2020. Upon leaving the Group, he was entitled to a non-compete fee of € 230,000. His entitlements related to share-based compensation lapsed. Francois Béharel has challenged Randstad's position and initiated legal proceedings in France, which will be defended.

Robert Jan van de Kraats resigned as a Board member on March 27, 2018. He continued to perform services for the company in 2019. Share-based compensation costs in 2020 and 2019 are performance adjustments to the non-financial targets in share performance plans. Total costs in 2020 amounted to € 7,000 (2019: € 1,052,000 of which € 1,000,000 related to services performed).

overview of remuneration based on the shareholder rights directive

In 2019, the European Shareholder Rights Directive was implemented in Dutch Civil Law. The tables below include the required information on Executive Board remuneration. The long-term award relates to the various performance share plans that vested during the year. The main plan, being the performance share plan 2018, vested on December 31, 2020. The reward is calculated based on the numbers of shares that have vested and the stock price at the date of vesting. The awards of Rebecca Henderson and René Steenvoorden relate to the vesting of senior management performance share plans.

remuneration of executive board members

x € 1,000	year	fixed remuneration		variable remuneration		social charges and taxes	pension expenses	total remuneration
		base salary	fringe benefits	short-term bonus	long-term award			
J.W. van den Broek	2020	1,000	5	-	1,857	14	270	3,146
	2019	1,000	4	733	1,476	11	270	3,494
H.R. Schirmer	2020	759	6	-	1,380	14	205	2,364
	2019	747	10	547	173	11	202	1,690
F. Béharel	2020	172	7	-	-	269	47	495
	2019	678	27	497	940	410	183	2,735
K. Fichuk	2020	686	17	-	-	25	185	913
	2019	516	14	378	-	28	139	1,075
L. Galipeau	2019	218	7	-	-	10	51	286
R. Henderson	2020	686	17	-	360	19	185	1,267
	2019	516	14	378	312	25	139	1,384
C. Heutink	2020	690	6	-	1,221	14	186	2,117
	2019	678	20	497	940	11	183	2,329
R. Steenvoorden	2020	374	3	-	286	7	101	771
Total	2020	4,367	61	-	5,104	362	1,179	11,073
	2019	4,353	96	3,030	3,841	506	1,167	12,993

remuneration of former executive board members

x € 1,000	year	fees	long-term award	total remuneration
R.J. van de Kraats	2020		904	904
	2019	1,000	1,070	2,070
F. Béharel	2020	230	-	230

proportion of fixed and variable remuneration¹

x € 1,000	% of fixed remuneration		% of variable remuneration	
	2020	2019	2020	2019
J.W. van den Broek	41%	37%	59%	63%
H.R. Schirmer	41%	57%	59%	43%
F. Béharel	100%	38%	0%	62%
K. Fichuk	100%	64%	0%	36%
L. Galipeau	0%	100%	0%	0%
R. Henderson	71%	49%	29%	51%
C. Heutink	42%	38%	58%	62%
R. Steenvoorden	63%		37%	
Total	52%	45%	48%	55%

¹ Excluding social charges and taxes.

executive board remuneration comparatives

x € 1,000	2020	2019	2018	2017	2016	2015
Jacques van den Broek, CEO	3,146	3,494	1,927	3,630	3,892	4,074
Henry Schirmer, CFO as of April 2018	2,364	1,690	919	-	-	-
Karen Fichuk, member as of April 2019	913	1,075	-	-	-	-
Rebecca Henderson, member as of April 2019	1,267	1,384	-	-	-	-
Chris Heutink, member	2,117	2,329	1,266	2,376	2,655	1,867
René Steenvoorden, member as of June 2020	771	-	-	-	-	-
Subtotal	10,578	9,972	4,112	6,006	6,547	5,941

Remuneration of former Executive Board members

Robert Jan van de Kraats, CFO and Vice-chairman until March 2018	-	-	378	2,708	3,026	3,844
François Béharel, member until March 2020	495	2,735	2,043	2,648	2,926	3,716
Linda Galipeau, member until March 2019	-	286	1,383	2,608	2,886	3,618
Leo Lindelauf, member until March 2015	-	-	-	-	-	343
Subtotal	495	3,021	3,804	7,964	8,838	11,521
Total	11,073	12,993	7,916	13,970	15,385	17,462

Company performance

Organic revenue growth per working day	-12.2%	-1.7%	3.7%	8.3%	4.7%	6.2%
Underlying EBITA margin ¹	3.3%	4.6%	4.7%	4.6%	4.6%	4.5%
Revenue (in millions of €)	20,718	23,676	23,812	23,273	20,684	19,219
Net result (in millions of €) ¹	304	606	708	631	588	519
TSR vesting (%)	125%	100%	0%	100%	150%	100%
Non-financial KPIs vesting (%)	201%	162%	165%	145%	130%	200.0%

Average remuneration of employees on an FTE basis in € 1,000

Randstad N.V.	136	154	162	153	183	189
Randstad Group	68	69	67	69	69	68

¹ As of 2018, numbers include the effects of IFRS 16 'Lease accounting'.

In the above table, the remuneration of former Board members is only included during the period they were part of the Executive Board. The amounts per Board member for comparative years are based on the same principles as for 2020.

remuneration report.

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

main conditions of share award plans						
	specification of plan	vesting period	award date	vesting date	allocation date	end of holding period
Board members						
J.W. van den Broek, Chief Executive Officer	PSP EB Plan	2017 - 2019	February 2017	December 2019	February 2020	February 2022
		2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
		2020 - 2022	February 2020	December 2022	February 2023	February 2025
	Share matching plan	2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
		2020 - 2022	February 2020	December 2022	February 2023	February 2025
H.R. Schirmer, Chief Financial Officer	PSP EB Plan	2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
		2020 - 2022	February 2020	December 2022	February 2023	February 2025
	Share matching plan	2019 - 2021	February 2019	December 2021	February 2022	February 2024
		2020 - 2022	February 2020	December 2022	February 2023	February 2025
	Sign-on shares	2018 - 2020	April 2018	April 2020	April 2018	April 2023
		2018 - 2021	April 2018	April 2021	April 2018	April 2023
		2018 - 2022	April 2018	April 2022	April 2018	April 2023
K. Fichuk	PSP EB plan	2019 - 2021	February 2019	December 2021	February 2022	February 2024
		2020 - 2022	February 2020	December 2022	February 2023	February 2025
	Share matching plan	2020 - 2022	February 2020	December 2022	February 2023	February 2025
R. Henderson	PSP senior management plan	2017 - 2019	February 2017	December 2019	February 2020	n/a
		2018 - 2020	February 2018	December 2020	February 2021	n/a
	PSP EB plan	2019 - 2021	February 2019	December 2021	February 2022	February 2024
		2020 - 2022	February 2020	December 2022	February 2023	February 2025
	Share matching plan	2020 - 2022	February 2020	December 2022	February 2023	February 2025
C. Heutink	PSP EB Plan	2017 - 2019	February 2017	December 2019	February 2020	February 2022
		2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
		2020 - 2022	February 2020	December 2022	February 2023	February 2025
	Share matching plan	2018 - 2020	February 2018	December 2020	February 2021	February 2023
		2019 - 2021	February 2019	December 2021	February 2022	February 2024
		2020 - 2022	February 2020	December 2022	February 2023	February 2025
R. Steenvoorden	PSP senior management plan	2018 - 2020	February 2018	December 2020	February 2021	n/a
		2019 - 2021	February 2019	December 2021	February 2022	n/a
	PSP EB plan	2020 - 2022	February 2020	December 2022	February 2023	February 2025

remuneration report.

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

	information regarding the reporting year 2020						
	shares awarded or to be allocated at January 1	shares awarded	performance adjustment/ (shares lapsed)	shares vested, to be allocated in 2021 ¹	shares allocated	shares awarded or to be allocated at year-end	shares subject to a holding period ²
Board members							
	27,118				(27,118)	-	14,408
	21,174		11,447	(32,621)		32,621	
	29,271					29,271	
J.W. van den Broek, Chief Executive Officer		26,107				26,107	
	2,263			(2,263)		2,263	
	1,407					1,407	
		3,457				3,457	
	15,352		8,299	(23,651)		23,651	
	21,858					21,858	
		19,827				19,827	
H.R. Schirmer, Chief Financial Officer	1,445					1,445	
		3,341				3,341	
	3,421			(3,421)		- ³	3,421
	3,422					3,422	
	3,421					3,421	
	19,858					19,858	
K. Fichuk		18,013				18,013	
		1,325				1,325	
	5,723				(5,723)	-	
	4,392		2,374	(6,766)		6,766	
R. Henderson	19,858					19,858	
		18,013				18,013	
		3,291				3,291	
	17,258				(17,258)	-	9,170
	13,947		7,540	(21,487)		21,487	
	19,858					19,858	
C. Heutink		18,013				18,013	
	1,440			(1,440)		1,440	
	1,324					1,324	
		2,345				2,345	
	3,486		1,885	(5,371)		5,371	
R. Steenvoorden	5,078					5,078	
		18,013				18,013	
Total Board members	242,374	131,745	31,545	(97,020)	(50,099)	352,144	26,999

¹ Performance shares to be allocated in February 2021.

² All performance shares that have vested at year-end 2020 are subject to a holding period of 2 years, except for the number of shares that are allowed to be used to settle the wage tax on allocation.

³ Henry Schirmer already received the sign-on shares in 2018.

remuneration report.

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

main conditions of share award plans					
	specification of plan	vesting period	award date	vesting date	allocation date
Former Board members					
F. Béharel, Board member, until March 2020	PSP EB Plan	2017 - 2019	February 2017	December 2019	February 2020
		2018 - 2020	February 2018	December 2020	February 2021
		2019 - 2021	February 2019	December 2021	February 2022
	Share matching plan	2018 - 2020	February 2018	December 2020	February 2021
		2019 - 2021	February 2019	December 2021	February 2022
R.J. van de Kraats, Chief Financial Officer, until March 2018	PSP EB Plan	2017 - 2019	February 2017	December 2019	February 2020
		2018 - 2020	February 2018	December 2020	February 2021
	Share matching plan	2018 - 2020	February 2018	December 2020	February 2021

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

information regarding the reporting year 2020						
	specification of plan	vesting period	shares awarded or to be allocated at January 1	performance adjustment/ (shares lapsed)	shares vested, to be allocated in 2021 ¹	shares awarded or to be allocated at year-end
Former Board members						
F. Béharel, Board member, until March 2020	PSP EB Plan	2017 - 2019	17,258		(17,258)	-
		2018 - 2020	13,947	(13,947)		-
		2019 - 2021	19,858	(19,858)		-
	Share matching plan	2018 - 2020	897	(897)		-
		2019 - 2021	857	(857)		-
R.J. van de Kraats, Chief Financial Officer, until March 2018	PSP EB Plan	2017 - 2019	19,646		(19,646)	-
		2018 - 2020	10,584	5,722	(16,306)	16,306
	Share matching plan	2018 - 2020	769	(86)	(683)	683
Total former Board members			83,816	(29,923)	(16,989)	(36,904)
						16,989

1 Performance shares to be allocated in February 2021.

shareholdings per executive board member

position as at 31 december 2020

	restricted shares								total shares
	free shares	february 2021	february 2022	february 2023	april 2023	october 2023	february 2024	february 2025	
J.W. van de Broek	76,757	3,313	14,408	2,263	-	3,525	1,407	3,457	105,130
H.R. Schirmer	-	-	-	-	13,686	185	1,445	3,341	18,657
K. Fichuk	-	-	-	-	-	-	-	1,325	1,325
R. Henderson	5,173	-	-	-	-	-	-	3,291	8,464
C. Heutink	25,050	2,067	9,170	1,440	-	-	1,324	2,345	41,396
R. Steenvoorden	3,786	-	-	-	-	-	-	-	3,786
Total	110,766	5,380	23,578	3,703	13,686	3,710	4,176	13,759	178,758

executive board remuneration in 2021

In line with the company's remuneration policy, it was decided to increase the base salaries of the Executive Board members by 2.4% as of January 1, 2021, except for the salary of the CEO. At his own request, his salary was not increased, but kept at the level agreed upon when he was appointed as CEO. The general pay differentials within the company, and specifically within senior management, were taken into account when taking this decision.

For the annual bonus 2021, the financial targets and their relative weighting have been set as follows:

- competitive revenue growth: the bonus opportunity ranges from 15% of base salary for minimum performance to 25% for at target performance and 35% for maximum performance;
- Incremental Conversion Ratio: the bonus opportunity ranges from 15% of base salary for minimum performance to 20% for at target performance and 25% for maximum performance;
- Days Sales Outstanding: the bonus opportunity ranges from 5% of base salary for minimum performance to 10% for at target performance and 15% for maximum performance;

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

To further underline joint responsibility, at the start of each financial year, following a presentation by the Executive Board, the Supervisory Board sets annual strategic and operational targets. The maximum bonus opportunity will be 25% of base salary. These targets will only be disclosed if they are not share price or competition sensitive. For 2021, the targets will focus on improving our service offering for talent, achieving world-class digital security, and completing the digital transformation of our core. As these targets are for 2021, they cannot yet be further specified.

The conditional grant of performance shares 2021 is dependent on TSR (65%) and the following non-financial targets (35%) from Randstad's strategic business plans and reporting framework:

- employee engagement: at least 80% participation and outperformance of the benchmark;
- talent satisfaction: increase of talent satisfaction in the top 11 markets;
- targets that focus on portfolio development, digital transformation, and the future employability of the workforce in society; we cannot disclose these three targets more specifically, as they are share price or competition sensitive.

supervisory board remuneration

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

As members of the Supervisory Board of the Dutch sub-holding Randstad Holding Nederland bv, Jan Hovers and Willem Vermeend, both former members of the Supervisory Board, received an annual allowance of € 12,000 in 2020 (2019: 12,000).

Henri Giscard d'Estaing resigned from the Supervisory Board at the General Meeting of Shareholders held on June 18, 2020. Hélène Auriol Potier was appointed to the Supervisory Board at the same meeting.

The remuneration of the Supervisory Board, including its Committees, will remain unchanged in 2021.

supervisory board remuneration 2020 and 2019

	2020	2019
Current board members		
W. Dekker, Chair	134,000	135,500
J. Winter, Vice-Chair	105,000	105,000
A. Aris	84,000	85,500
H. Auriol Potier	40,000	-
B. Borra	83,500	91,000
F. Dorjee	87,000	88,500
H.M.E.V. Giscard d'Estaing	42,500	88,000
R. Provoost	83,500	88,000
Total	659,500	681,500

comparative table supervisory board remuneration

x € 1,000	2020	2019	2018	2017	2016	2015
W. Dekker, Chair	134,000	135,500	132,000	128,500	128,500	124,500
J. Winter, Vice-Chair	105,000	105,000	105,000	107,500	107,500	101,000
A. Aris, as of April 2018	84,000	85,500	64,500	-	-	-
H. Auriol Potier, member as of June 2020	40,000					
B. Borra, member as of April 2015	83,500	91,000	92,500	89,500	94,000	71,797
F. Dorjee, member as of April 2014	87,000	88,500	88,500	88,500	88,500	90,000
R. Provoost, member as of April 2015	83,500	88,000	92,000	90,000	88,500	62,250
Subtotal	617,000	593,500	574,500	504,000	507,000	449,547

Remuneration of former Supervisory Board members

F. Frohlich, until March 2015	-	-	-	-	-	34,750
H. Giscard d'Estaing, until June 2020	42,500	88,000	90,500	88,500	88,500	88,500
B. Hodson, until March 2015	-	-	-	-	-	20,500
G. Kampouri Monnas, until March 2018		-	22,500	91,500	91,500	92,000
Subtotal	42,500	88,000	113,000	180,000	180,000	235,750
Total	659,500	681,500	687,500	684,000	687,000	685,297

corporate governance.

principles

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

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

Randstad has always sought to enhance its governance in line with the [Dutch Corporate Governance Code \('the Code'\)](#) and international best practices. Any substantial change in Randstad's corporate governance structure will be submitted to the Annual General Meeting of Shareholders.

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

corporate governance declaration

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

executive board

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

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

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

supervisory board

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

The Supervisory Board is authorized to recommend to the General Meeting of Shareholders candidates to be appointed to the Supervisory Board. Such appointments are considered on the basis of a profile, taking into account the nature of Randstad's activities and the desired background and expertise of candidates. Diversity is an important criterion in order to establish a balance in nationality, gender, age, experience, and background of the individual members. The Supervisory Board aims for at least 30% of its membership to meet the diversity criteria. Members of the Supervisory Board should limit the number of Supervisory Board memberships and other positions they may hold at listed and non-listed companies in such a way as to guarantee the proper performance of their duties. They may not hold more than five Supervisory Board memberships in Dutch companies or other large organizations, whereby the role of Chair counts as two memberships. Supervisory Board remuneration is determined by the General Meeting of Shareholders and not linked to the company's results.

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

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

supervisory board committees

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

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

The Remuneration Committee reviews and makes recommendations regarding the remuneration policy for the Executive Board and the Supervisory Board, for adoption by the Annual General Meeting of Shareholders. The approved policy then forms the basis for the fixed and variable remuneration of the Executive Board. The Remuneration Committee also prepares the annual remuneration report on Executive Board and Supervisory Board remuneration. After approval by the Supervisory Board, the report is submitted for an advisory vote of the General Meeting of Shareholders.

The Governance & Nomination Committee reviews and makes recommendations regarding the Company's corporate governance and leadership structure. The Committee is also tasked with advising on candidates to fill vacancies in the Executive Board and Supervisory Board, evaluating the performance of both Boards and their members, reviewing the company's HR strategy and development of senior management, and ensuring long-term succession planning.

Please refer to the [Report of the Supervisory Board](#) for further details.

board compliance

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

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

diversity policy

Randstad's general diversity and inclusion policy sets the global goals. Randstad aims to develop and sustain a culture of inclusion and fairness that enables talent and employees alike to feel valued for their ideas, background and perspective. Randstad values diversity and does not discriminate on the grounds of age, skin color, disability, gender, marital status, nationality, race, religion, sexual orientation, or any other irrelevant or illegal characteristics. This diversity and inclusion policy also applies to the Executive Board and the Supervisory Board.

Randstad aims to ensure that the members of the Executive Board and Supervisory Board represent a good balance in terms of diversity, which includes diversity of background, skills, working experience, age, nationality and gender, among other criteria. It is recognized that diversity enables the Boards to look at issues and solve problems in various ways and respond to challenges in different ways, thus taking more robust and effective decisions. All these different skills and backgrounds collectively represented in the Boards reflect the diverse nature of the environment in which Randstad and its stakeholders operate. Diversity also drives innovation and accelerates growth, enabling Randstad to attract and maintain the best and most talented people.

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

Annually, the Supervisory Board assesses the size and composition of both the Supervisory Board and the Executive Board, and agrees on measurable objectives that will lead to an even higher degree of diversity on the Boards.

general meeting of shareholders

Important matters that require the approval of the (Annual) General Meeting of Shareholders are:

- adoption of the annual accounts;
- adoption of profit appropriation and additions to reserves;
- dividends;
- significant changes to the company's corporate governance;
- remuneration policy of the Executive Board;
- remuneration of the Supervisory Board;
- discharge from liability of the members of the Executive Board for their management;
- discharge from liability of the members of the Supervisory Board for their supervision of the management;
- appointment of the external auditor;

- appointment, suspension, or dismissal of the members of the Executive Board and the Supervisory Board;
- authorization to issue or purchase shares in Randstad's capital;
- adoption of amendments to the articles of association.

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

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

voting rights

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

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

depository receipts during a General Meeting of Shareholders.

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

As at December 31, 2019, the holders of approximately 95.8% of ordinary shares were able to make unrestricted use of their voting rights. The other 4.2% of ordinary shares were converted into depository receipts. A foundation, Stichting Administratiekantoor Randstad Optiefonds, holds those shares, in which the attached voting rights are vested. The depository receipts issued by Stichting Administratiekantoor Randstad Optiefonds are fully exchangeable into ordinary shares, and are held by Stichting Randstad Optiefonds. Frits Goldschmeding, the company's founder, is the sole Board member of Stichting Administratiekantoor Randstad Optiefonds.

internal risk management and control systems

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

legal transparency obligations

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

a. capital structure and attached rights and duties

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

b. statutory or contractual restrictions on share transfers

Approximately 32.1% of the total share capital (3.0% ordinary shares, 9.7% preference shares B, and 19.4% preference shares C) has been converted into depository receipts (see section [Voting rights](#)). The transfer of depository 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 (depository receipts of) ordinary shares and (depository receipts of) preference shares. All transactions between Randstad and holders of at least 10% of the total number of shares are agreed on terms that are customary in the sector concerned. (See the section on [Related-party transactions](#) in the financial statements). This means that best-practice provision 2.7.5. of the Dutch Corporate Governance Code has been observed.

d. special rights of control

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

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

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

f. voting limitations

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

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

In February 2016, Randstad signed a continuity agreement with its founder Frits Goldschmeding through his private holding company Randstad Beheer,

replacing the previous agreement from 2007. The current agreement relates to the creation of a future-proof structure, independent of the life and involvement of individuals. This means Randstad Beheer is committed to Randstad for the long term, safeguarding the heritage and spirit of Frits Goldschmeding and the values bestowed on the company, now and in the future.

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

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

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

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

Members of the Executive Board and the Supervisory Board are appointed by, and may at any time be suspended or dismissed by, the General Meeting of Shareholders. A Supervisory Board member is eligible for reappointment once for a period of four years, and

subsequently for a period of two years, which may be extended by at most two years, provided that the reasons for this extension are provided in the report of the Supervisory Board. Resolutions with respect to appointment and dismissal are passed by an absolute majority of the votes cast. If an amendment to the Articles of Association is proposed to the Annual General Meeting of Shareholders, this is always stated in the convening notice for that meeting. A copy of the proposal, containing the verbatim text of the proposed amendment, is simultaneously deposited at the company's head office, for perusal by every shareholder, as well as by every holder of depository receipts, until the end of the meeting. Copies are made available free of charge. Amendments to the Articles of Association involving changes to the special rights accruing to the holders of preference shares require the approval of the holders of preference shares concerned at the meeting.

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

Subject to the approval of the Supervisory Board, the Executive Board is authorized to issue shares, grant subscription rights, and restrict or exclude preemptive rights for holders of ordinary shares until September 26, 2020 for an annual maximum of 3% of the issued share capital of the company. This issuance will mainly be for the purposes of the performance stock option and share plans pertaining to the Executive Board and senior management. The Executive Board is also authorized, subject to the approval of the Supervisory Board, to repurchase shares until December 18, 2021 for an annual maximum of 10% of the issued share capital of the company. The repurchase will be for the purposes of the performance share plans pertaining to the Executive Board and senior management.

j. change of control arrangements

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

k. agreements with board members or employees

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

financial



statements.

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The notes on pages 149 to 204 are an integral part of these consolidated financial statements.

In millions of € unless otherwise indicated	note	page	2020	2019
Revenue	9	169	20,718	23,676
Cost of services	13.1	176	16,770	18,971
Gross profit	10.1	171	3,948	4,705
Selling expenses	13.2	176	2,190	2,532
Amortization and impairment of acquisition-related intangible assets and goodwill	13.4	178	195	118
Other general and administrative expenses	13.2	176	1,179	1,196
General and administrative expenses			1,374	1,314
Total operating expenses	13.2	176	3,564	3,846
Operating profit	10.1	171	384	859
Finance income	15	179	12	12
Finance expenses	15	179	(36)	(57)
Net finance costs	15	179	(24)	(45)
Share in profit of associates	22	187	4	5
Income before taxes			364	819
Taxes on income	7.2	166	(60)	(213)
Net income	16	179	304	606
Items that subsequently may be reclassified to the income statement	17	179	(121)	45
Items that will never be reclassified to the income statement	17	179	(1)	(12)
Total other comprehensive income, net of taxes	17	179	(122)	33
Total comprehensive income			182	639
Net income attributable to:				
Holders of ordinary shares of Randstad N.V.			296	594
Holders of preference shares of Randstad N.V.			8	12
Equity holders			304	606
Non-controlling interests			-	-
Net income			304	606
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (expressed in € per ordinary share)				
Basic earnings per ordinary share (€)	12	175	1.62	3.24
Diluted earnings per ordinary share (€)	12	175	1.61	3.23
Total comprehensive income attributable to:				
Holders of ordinary shares of Randstad N.V.			174	627
Holders of preference shares of Randstad N.V.			8	12
Equity holders			182	639
Non-controlling interests			-	-
Total comprehensive income			182	639

consolidated statement of financial position as at december 31.

The notes on pages 149 to 204 are an integral part of these consolidated financial statements.

In millions of €	note	page	2020	2019
assets				
Property, plant and equipment	18	180	139	157
Right-of-use assets	8.2	167	511	531
Software	19	181	122	128
Goodwill	5.2	159	2,907	3,057
Acquisition-related intangible assets	20	183	53	162
Intangible assets			3,082	3,347
Deferred income tax assets	7.1	163	674	579
Financial assets	21	184	177	454
Associates	22	187	25	24
Non-current assets			4,608	5,092
Trade and other receivables	3.2	150	4,407	4,711
Income tax receivables	7.1	163	98	130
Cash and cash equivalents	3.2	150	474	225
Current assets			4,979	5,066
Total assets	10.2	172	9,587	10,158

equity and liabilities

Issued capital			26	26
Share premium			2,287	2,287
Reserves			2,051	1,553
Net income for the year			304	606
Shareholders' equity	23.1	187	4,668	4,472
Non-controlling interests	23.3	189	1	1
Total equity			4,669	4,473
Borrowings	3.2	150	-	-
Lease liabilities	8.1	167	397	417
Deferred income tax liabilities	7.1	163	31	38
Provisions	6	162	75	65
Employee benefit obligations	24	190	168	161
Other liabilities	25	194	2	10
Non-current liabilities			673	691
Borrowings	3.2	150	141	981
Lease liabilities	8.1	167	191	204
Trade and other payables	26	194	3,735	3,580
Income tax liabilities	7.1	163	65	96
Provisions	6	162	91	91
Employee benefit obligations	24	190	20	28
Other liabilities	25	194	2	14
Current liabilities			4,245	4,994
Total liabilities			4,918	5,685
Total equity and liabilities			9,587	10,158

consolidated financial statements.

consolidated statement of cash flows.

The notes on pages 149 to 204 are an integral part of these consolidated financial statements.

In millions of €	note	page	2020	2019
Operating profit			384	859
Amortization and impairment of acquisition-related intangible assets and goodwill	13.4	178	195	118
Operating profit before amortization and impairment of acquisition-related intangible assets and goodwill (EBITA)	10.1	171	579	977
Depreciation/amortization and impairment of property, plant and equipment, right-of-use assets, and software	13.3	177	319	301
Operating profit before depreciation, amortization and impairment (EBITDA)	10.1	171	898	1,278
Provisions	6	162	13	11
Employee benefit obligations	24	190	(3)	24
Share-based compensations	29.5	202	37	40
Gain on disposal of subsidiaries	11.2	175	-	-
CICE	21.1, 27.4	184, 197	381	104
Other items	27.4	197	2	(1)
Cash flow from operations before operating working capital and income taxes			1,328	1,456
Operating working capital assets	27.2	196	87	217
Operating working capital liabilities	27.3	196	228	(200)
Operating working capital			315	17
Corporate income taxes	27.5	197	(181)	(204)
Net cash flow from operating activities			1,462	1,269
Net additions to property, plant and equipment, and software	19	181	(106)	(122)
Acquisition of subsidiaries	11.1	174	(13)	(17)
Acquisition of equity investments and associates	21.2, 22	186, 187	(2)	(6)
Loans and receivables	21.1	184	(4)	(6)
Disposal of subsidiaries/activities	11.2	175	-	-
Disposal of equity investments	21.2	186	9	10
Dividends from associates	22	187	4	4
Net cash flow from investing activities			(112)	(137)
Issue of new ordinary shares	23.1	187	-	-
Net purchase of own ordinary shares	23.1	187	(11)	(18)
Repayments of syndicated loan	3.2	150	-	(1)
Repayments of other non-current borrowings	3.2	150	(495)	-
Net decrease of current borrowings	3.2	150	(332)	(286)
Repayments of lease liabilities	8.2	167	(220)	(226)
Net financing			(1,058)	(531)
Net finance costs paid	15	179	(20)	(14)
Dividend on ordinary and preference shares	23.2	189	(12)	(632)
Net reimbursement to financiers			(32)	(646)
Net cash flow from financing activities			(1,090)	(1,177)
Net increase/(decrease) in cash and cash equivalents			260	(45)
Cash and cash equivalents as at January 1			225	273
Net movement in cash and cash equivalents			260	(45)
Translation and currency losses			(11)	(3)
Cash and cash equivalents as at December 31			474	225
Free cash flow	27.6	197	1,132	915

consolidated statement of changes in equity.

The notes on pages 149 to 204 are an integral part of these consolidated financial statements.

in millions of €	reserves ¹							net income	share- holders' equity	non- controlling interests	total equity
	issued capital	share premium	treasury shares	translation and other	share- based payments	employee benefits	retained earnings				
Balance as at January 1, 2020	26	2,287	(19)	119	63	(54)	1,444	606	4,472	1	4,473
Net income	-	-	-	-	-	-	-	304	304	-	304
Total other comprehensive income	-	-	-	(119)	-	(3)	-	-	(122)	-	(122)
Total comprehensive income	-	-	-	(119)	-	(3)	-	304	182	-	182
Transactions with owners:											
Dividend 2019 on ordinary and preference shares	-	-	-	-	-	-	594	(606)	(12)	-	(12)
Purchase of own ordinary shares	-	-	(11)	-	-	-	-	-	(11)	-	(11)
Share-based compensations:											
• fair value of vesting rights	-	-	-	-	37	-	-	-	37	-	37
• stock options exercised (on newly issued shares)	-	-	-	-	-	-	-	-	-	-	-
• performance shares issued	-	-	30	-	(37)	-	7	-	-	-	-
• taxes on share-based compensations	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	19	-	-	-	601	(606)	14	-	14
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2020	26	2,287	-	-	63	(57)	2,045	304	4,668	1	4,669
Balance as at January 1, 2019	26	2,286	(11)	68	55	(36)	1,350	708	4,446	1	4,447
Net income	-	-	-	-	-	-	-	606	606	-	606
Total other comprehensive income	-	-	-	51	-	(18)	-	-	33	-	33
Total comprehensive income	-	-	-	51	-	(18)	-	606	639	-	639
Transactions with owners:											
Dividend 2018 on ordinary and preference shares	-	-	-	-	-	-	76	(708)	(632)	-	(632)
Purchase of own ordinary shares	-	-	(18)	-	-	-	-	-	(18)	-	(18)
Share-based compensations:											
• fair value of vesting rights	-	-	-	-	40	-	-	-	40	-	40
• stock options exercised (on newly issued shares)	-	1	-	-	-	-	(1)	-	-	-	-
• performance shares issued	-	-	10	-	(32)	-	22	-	-	-	-
• taxes on share-based compensations	-	-	-	-	-	-	(3)	-	(3)	-	(3)
Total transactions with owners	-	1	(8)	-	8	-	94	(708)	(613)	-	(613)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2019	26	2,287	(19)	119	63	(54)	1,444	606	4,472	1	4,473

1 The total of the various items included under 'reserves' within shareholders' equity as at December 31, 2020 is € 2,051 million (December 31, 2019: € 1,553 million). Additional information with respect to equity is given in note 23.

main notes to the consolidated financial statements.

1 general information

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

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

See [note 28](#) for IFRS consolidation policies and an overview of selected subsidiaries.

1.1 activities

Randstad specializes in solutions in the field of work and human resources services. Our services comprise temporary and permanent placements. Furthermore, we offer recruitment process outsourcing services (RPO), managed services programs (MSP), payroll services, outplacement services, and job posting and résumé services on digital platforms.

1.2 date of authorization of issue

The financial statements were signed and authorized for issue by the Executive Board and Supervisory Board on February 8, 2021. The adoption of the financial statements and the adoption of the dividend are reserved for the shareholders in the Annual General Meeting of Shareholders (AGM) on March 23, 2021.

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

New standards, amendments and/or interpretations to existing IFRS standards became effective in 2020. 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. For the amendment to IFRS 16, 'Covid-19-Related Rent Concessions', which was issued in May 2020, see [note 3.3.3](#).

New standards, amendments and/or interpretations to existing IFRS standards have been published that only need to be applied to accounting periods beginning on or after January 1, 2021. As far as these standards, amendments and interpretations are applicable to the Group, these are expected to have no effect on the valuation and classification of assets and liabilities. The Group has decided not to opt for early adoption.

Unless otherwise stated, the financial statements are prepared under the historical cost convention and on a going concern basis. See [note 3.2.2](#) (liquidity risk) and [note 3.3](#) (impact of covid-19 pandemic) for further disclosures.

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

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

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

2.2 fair value estimation

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

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

Because of this valuation method, which uses observable market data for the interest rates, the resulting fair value estimates reflect 'Level 2 Financial Instruments' for 2020 and 2019.

3 capital and financial risk management

3.1 capital management

Randstad N.V.'s policy is to maintain a sound financial position through a leverage ratio (net debt/EBITDA) of below 2. We believe this is important in order to maintain the confidence of clients, talent, creditors, and investors, and to sustain the future development of our business.

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

3.1.1 dividend policy

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

We have set a conditional cash floor dividend of € 1.62 per share. This baseline dividend level will be maintained even when the general 40–50% payout ratio is temporarily exceeded, barring (i) seriously adverse economic conditions, (ii) material strategic changes to the sector, and (iii) a material deterioration in solvency and liquidity ratios. We have also set optional additional cash returns in the event of a leverage ratio below 1.0 (pre IFRS 16 'Leases') through either (i) a special dividend or (ii) share buybacks.

3.2 financial risk management

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

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

3.2.1 credit risk

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

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

In 2020, an international credit committee was established to share best practices and to share knowledge of developments in various industries.

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

trade and other receivables

	2020	2019
Trade receivables	3,699	3,922
Less: allowance for expected credit losses	52	50
Trade receivables, net of allowance for expected credit losses	3,647	3,872
Other receivables	561	565
Prepayments	179	145
CICE receivable	8	116
Loans	7	5
Net investments in subleases	5	8
	4,407	4,711

The carrying amount of these receivables reflects the fair value.

The Group does not hold any collateral as security.

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

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

accounting policy

The allowance for expected credit losses (ECL) of trade receivables is based on individual assessments of expected non-recoverable receivables as well as on expected credit losses estimated using a provision matrix by reference to past default experiences on the portfolio of trade receivables of subsidiaries in relation to revenue streams, and various other (external) sources

of actual and forecast economic information. In our estimation we have taken into account the impact of the worsening of macroeconomic circumstances due to COVID-19 on the expected credit risk in our portfolio. Compared to 2019, the expected credit losses as a percentage of our portfolio increased.

Significant financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy or financial reorganization, serious default or delinquency in payments, and significant overdues in payment are considered indicators that the trade receivable is in default and a credit loss is expected to occur. The amount of the allowance is equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows.

movements in the allowance for expected credit losses of trade receivables

	2020	2019
Balance as at January 1	50	50
Acquisition of subsidiaries	-	-
Charged to selling expenses	16	15
Receivables written off as uncollectable	(12)	(16)
Translation differences	(2)	1
Balance as at December 31	52	50

In the allowance for expected credit losses of trade receivables, an allowance is included for individually impaired trade receivables of € 21 million (2019: € 24 million). The remainder is related to other expected credit losses, which are measured at an amount equal to lifetime ECL, based on the approach described above.

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

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

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

expected credit losses

	trade receivables - days past due					total
	not past due	0-4 weeks	5-16 weeks	17 weeks and over	doubtful debts	
December 31, 2020						
ECL rate	0.1%	0.9%	2.9% - 13.7%	25% - 75%	100%	
Estimated total gross carrying amount at default	2,810	285	112	30	21	3,258
Lifetime ECL	3	3	6	19	21	52
December 31, 2019						
ECL rate	0.1%	0.5%	1.7% - 8.0%	16.6% - 45%	100%	
Estimated total gross carrying amount at default	2,829	385	157	45	24	3,440
Lifetime ECL	2	2	5	17	24	50

aging of trade receivables, based on invoice date

	2020		2019	
	amount	%	amount	%
0-4 weeks	2,124	57.4	2,123	54.1
5-16 weeks	1,469	39.7	1,666	42.5
17-26 weeks	47	1.3	77	2.0
Not impaired	3,640	98.4	3,866	98.6
Impaired	59	1.6	56	1.4
	3,699	100.0	3,922	100.0

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

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

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

3.2.2 liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations. The Group's approach to liquidity risk is to ensure, as far as possible, that it will always have sufficient funds available to meet its

liabilities when due, under both normal and stressed conditions. This risk is managed by having sufficient availability of cash, as well as committed and uncommitted credit lines, both at Group and subsidiary level.

credit facilities

As at December 31, 2020, the Group had a € 1,850 million (2019: € 1,850 million) committed multi-currency syndicated revolving credit facility at its disposal, which matures in July 2024 (2019: July 2024). As of July 2023, the amount at the disposal of the Group will change from € 1,850 million to € 1,778 million. The facility agreement contains a covenant with respect to the net debt to EBITDA ratio (leverage ratio), as well as a paragraph on material adverse changes; the net debt to EBITDA ratio has a limit of 3.5, and is calculated based on the results of the Group on a 12-month basis. In certain cases, Randstad is allowed to report a leverage ratio of 4.25x EBITDA for a limited period of time. This credit facility has an interest rate that is based each time on the term of the drawings, increased by a margin above the applicable Euribor or LIBOR rates. The margin is variable and depends on the 'net debt to EBITDA' ratio.

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

Based upon these financial statements and as a result of the net cash position, the actual leverage ratio (pre IFRS

16 'Leases') as at December 31, 2020 is -0.4 (December 31, 2019: 0.7), which is well below the limit.

borrowings

Borrowings are initially recognized at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost.

Any difference between the proceeds and the amount to be repaid is recognized in net finance costs during the term of the borrowings, using the effective interest method.

total borrowings

	2020	2019
Non-current borrowings	-	-
Non-current borrowings	-	-
Current borrowings	141	474
Short-term part of non-current borrowings	-	507
Borrowings, under current liabilities	141	981
Total borrowings	141	981

Since the interest rates on the current borrowings and non-current borrowings fluctuate with the market, the effective interest rates are considered equal to the actual rates.

Negative pledges have been issued for purposes of bank overdraft facilities, and 'pari passu' clauses apply.

movements in non-current borrowings

	2020	2019
Balance as at January 1	507	494
Repayments of syndicated loan	-	(1)
Repayments of loans	(495)	-
Amortization of transaction costs	-	6
Translation and currency differences	(12)	8
Non-current borrowings before reclassification	-	507
Reclassification to short-term part of non-current borrowings	-	(507)
Balance as at December 31	-	-

In 2020, the group repaid in full the short-term part of its non-current borrowings. As at December 31, 2019, the balance of the short-term part of non-current borrowings (€ 507 million) consisted of the promissory note (€ 150 million) and the 400 million USD loans (€ 357) million.

Amounts of non-current borrowings which are denominated in US dollars were designated as hedges of the net investment in subsidiaries in the US (during 2020 and 2019). These net-investment hedges were all considered effective.

current borrowings

	2020	2019
Balance as at January 1	474	764
Net decrease	(332)	(286)
Translation and currency differences	(1)	(4)
Balance as at December 31	141	474
Bank overdrafts	81	24
Money market drawings	60	450
Balance as at December 31	141	474

Bank overdrafts are denominated in various currencies. As at December 31, 2020, the major bank overdraft denominated in foreign currencies is for an amount of € 4 million in US dollars (December 31, 2019: € 6 million).

Money market drawings are denominated in euros and, as at December 31, 2020, bear an average interest percentage of 0.02%, with an average term to maturity of 7 days (2019: 0.05% and 13 days).

main notes to the consolidated financial statements.

Maturities of financial liabilities are expected to be:

expected maturities of financial liabilities

including interest payments

	carrying amount	0 - 90 days	91 - 365 days	2 - 5 years	more than 5 years
December 31, 2020					
Lease liabilities (non-current and current) ¹	588	50	143	369	58
Borrowings under current liabilities ²	141	141	-	-	-
Trade and other payables ³	3,651	3,187	461	-	-
Other liabilities ⁴	4	-	2	2	-
	4,384	3,378	606	371	58
December 31, 2019					
Lease liabilities (non-current and current) ¹	621	57	150	397	66
Borrowings under current liabilities	981	477	514	-	-
Trade and other payables ³	3,492	2,987	505	-	-
Other liabilities ⁴	24	8	6	11	-
	5,118	3,529	1,175	408	66

1 Lease liabilities: carrying amount is discounted, whereas lease repayments in the maturity buckets are undiscounted.

2 Bank overdrafts include no interest, as these are repayable upon demand; other drawings include interest. Short-term part of non-current borrowings presented at maturity date; amounts include interest. All amounts in the maturity buckets are undiscounted.

3 Excluding deferred income. All amounts are undiscounted.

4 Other liabilities are based on the estimated maturities, due to the nature of put options or on the contractual dates in case of deferred payments. Carrying amount is discounted, whereas amounts in the maturity buckets are undiscounted.

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.

Time deposits fall due, on average, within a month. The average interest rate for time deposits is 2.5% (2019: 3.3%).

An amount of € 443 million out of € 474 million (2019: € 215 million out of € 225 million) is available upon demand.

cash and cash equivalents

	2020	2019
Time deposits	9	6
Cash on hand and at bank	465	219
	474	225

net debt

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

net debt

	2020	2019
Non-current borrowings	-	-
Current borrowings	(141)	(474)
Short-term part of non-current borrowings	-	(507)
Total borrowings	(141)	(981)
Cash and cash equivalents	474	225
Net cash/(net debt), excluding lease liabilities	333	(756)
Lease liabilities	(588)	(621)
Net debt	(255)	(1,377)

3.2.3 foreign currency exchange risk

transactions and balances in currencies other than the functional currency

Transactions in currencies other than the functional currency of the related subsidiary are converted at the foreign exchange rate on the date of the transaction.

Monetary balance sheet items (such as cash and borrowings) in currencies other than the functional currency of the related subsidiary are converted at year-end exchange rates.

Exchange differences resulting from the settlement of transactions on cash, cash equivalents, and borrowings, as well as from the conversion of these monetary balance sheet items, are included in net finance costs. Exchange differences resulting from the settlement of other transactions and conversion of other monetary balance sheet items are included in operating expenses.

Non-monetary balance sheet items (such as property, plant and equipment) that are measured in terms of historical cost in currencies other than the functional currency of the related company are converted at the foreign exchange rates on the date of transaction.

exposures to foreign currency exchange risk

The Group uses the euro as its reporting currency. Currencies other than the euro that are of primary importance to the Group are the Australian dollar, the Canadian dollar, the Japanese yen, the Swiss franc, the UK pound sterling, and the US dollar.

main exchange rates to the euro

averages on annual basis

	2020		2019	
	average	at year-end	average	at year-end
Australian dollar	0.60	0.63	0.62	0.62
Canadian dollar	0.65	0.64	0.67	0.68
Japanese yen	0.0082	0.0079	0.0082	0.0082
Swiss franc	0.93	0.92	0.90	0.92
UK pound sterling	1.12	1.12	1.14	1.18
US dollar	0.88	0.82	0.89	0.89

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

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

At year-ends 2020 and 2019, the Group had no outstanding interest rate or currency derivatives.

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

Translation effects from consolidation may also impact shareholders' equity. The Group has a number of net investments in foreign subsidiaries whose assets and liabilities are exposed to currency translation risk that is accounted for, through total other comprehensive

income, in equity. Currency exposures arising from the net assets of the Group's foreign operations are monitored and, when considered necessary, hedged against borrowings in the relevant currencies through a net investment hedge; translation differences on borrowings classified as such are included, through comprehensive income, in equity.

In the Group, one subsidiary (Argentina) is accounted for in accordance with IAS 29 'Financial reporting in hyperinflationary economies'. The application of this standard has no material effect on the consolidated financial statements. The general price index published for Argentina is used in restating the results of Argentina. The CPI index as at 31 December 2020 was 386 (December 31, 2019: 283). The effect of the adjustment on the results of the Group designated as the result on net monetary position totaled € 0.2 million euro during the current year (2019: € 0.2 million).

sensitivity

If the euro had weakened or strengthened 10% on average during 2020 against the currencies mentioned in the table 'main exchange rates to the euro', with all other variables held constant, EBITA for the year 2020 would have been higher or lower respectively in the range of € 2 million – € 15 million per currency. The effect on shareholders' equity would have been the same (before tax effects) (2019: range of € 0 million – € 21 million per currency).

3.2.4 interest rate risk

The general policy is to keep interest rates on net debt floating as much as possible. We believe this adds value for shareholders in the long term, as over time floating interest rates are on average significantly lower than fixed interest rates. We also believe that the staffing industry has a natural hedge to interest rate changes (EBITDA levels usually move up and down more or less in line with interest rate levels), and since the Group is cash-generating, we aim to maintain floating interest rates on net debt as much as possible.

sensitivity

If the interest rate had been 1 percentage point higher on average during 2020, with all other variables held constant, net interest expenses for the year would have been € 4 million higher (2019: € 13 million higher).

3.3 impact of covid-19 pandemic

The global outbreak of COVID-19 at the start of 2020 led to a significant disruption in our main markets, resulting in unprecedented declines in GDP in these markets, mainly during Q2, but also to a lesser extent in Q3 and Q4. Our businesses continued to be negatively impacted by the COVID-19 pandemic throughout 2020, in varying degrees and periods. By the end of March, significant lockdown measures had been implemented in our main markets in Europe and North America, as well as in certain other countries. As of the end of May and early June, these lockdown measures were initially relieved to some extent but were partially re-installed in some of our main markets by the end of September, continuing into Q4 of the year. During the second half of the year, our volumes showed continuously strong patterns of recovery after the Q2 disruption.

We continue to monitor and address the impacts of the COVID-19 outbreak on our operations. However, we cannot predict with certainty what these impacts will be for the near future.

3.3.1 triggering event for asset impairment test

During Q2, we considered the disruption in our markets due to the COVID-19 pandemic to be a triggering event to test the impairment of goodwill and other assets (such as intangible assets and deferred tax assets). The impairment test led to an impairment of goodwill of € 86 million in our UK segment. See [note 5.2](#) for further disclosures.

3.3.2 allowance for expected credit risk on accounts receivable

Due to the COVID-19 outbreak and its negative impact on the economic climate in general, we have taken into account this worsening of macro economic circumstances in our estimation of the expected credit risk in our portfolio. Compared to 2019 the expected credit losses as a percentage of our portfolio increased. See [note 3.2.1](#) (credit risk) for further disclosures.

3.3.3 rent concessions

In May 2020, the IASB issued the Covid-19-Related Rent Concessions (an amendment to IFRS 16 'Leases'), which were modified in the second half of the year (with an extension to June 30, 2021). This allowed the Group to not assess whether a COVID-19-related rent concession is a lease modification. The Group made use of this

amendment for all rent concessions that met the conditions. It results in the lease liability to be extinguished and to be included as a gain in the income statement, with a corresponding reduction in the lease liability. The positive impact of these rent concessions on our income statement amounted to € 0.7 million.

3.3.4 governmental employment protection programs

In various countries, mainly in Europe, governments have put in place a wide variety of employment protection programs.

We have accounted for these programs in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. The details are further disclosed below.

These employment protection programs reduced our operating expenses by € 60 million for the year. This amount is a combination of grants received, temporary lowering of wage tax and social security charges, and direct payment of (part of) salaries of corporate employees by government.

We also made use of government programs relating to our (external) staffing employees. The amount of these employment protection programs in our cost of services was € 270 million for the year, consisting of a combination of grants received, temporary lowering of wage taxes and social security charges, and direct payment of (part of) salaries of (external) staffing employees by government. The net effect of these programs on our gross profit and cost of services was not material, as these programs were used to compensate staffing employees. It allowed us, in the absence of client revenue, to maintain these (external) staffing employees on our payroll without charging these to clients, preventing early termination or naturally ending of their contracts, as well as allowing us to focus on redeployment and reskilling activities.

3.3.5 cash flows

In addition to government employment protection programs, government measures also included the postponement of payments to government (such as value-added taxes and social security charges) to future periods.

The net impact on cash flows as a consequence of COVID-19-related government (postponement) measures had a positive impact on our cash flows of € 120 million for the year.

Capital preservation is one of our key priorities. At the start of the COVID-19 pandemic, we removed the proposal for dividend payments for 2019 as a precautionary measure. Prudence was warranted at that moment in time given the serious adverse conditions seen globally that had an immediate impact on our business and the lack of visibility in these unprecedented times. Going forward, we remain fully committed to our capital allocation policy reflected by our dividend policy as stated in [note 3.1.1](#).

For the same reason, we sold the main part of our outstanding CICE receivable (€ 265 million) to third parties. See also [note 21.1.2](#).

At year-end, our net cash position was € 333 million and our leverage ratio (pre IFRS 16 'Leases') with regard to our committed multi-currency syndicated revolving credit facility of € 1,850 million, amounted to -0.4. This facility was not used as at December 31, 2020.

4 critical accounting policies, judgments, estimates, and assumptions

In preparing the financial statements, management has to make certain judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. The actual outcome may differ from these judgments, estimates, and assumptions, and therefore could have a material effect on the carrying amount of the asset or liability involved. The timing of outflow of resources to settle provisions is subject to the same uncertain factors. Judgments, estimates, and assumptions are reviewed on an ongoing basis, and are based on historical experience and various other factors, including expectations about future events that are believed to be reasonable under the circumstances and for the item involved. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Group considers the following accounting policies, judgments, estimates, and assumptions as critical, which are described in the notes as indicated:

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

5 impairments

5.1 impairment of non-financial assets

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

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

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

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

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

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

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

Impairment losses relating to a cash-generating unit (or operating segment) are first allocated to reduce the carrying amount of the goodwill of the related cash-generating unit (or operating segment) and then to

reduce the carrying amount of the other assets of that cash-generating unit (or operating segment) on a pro rata basis.

An impairment loss with respect to goodwill is not reversed.

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

For the impairment testing method of property, plant and equipment, software, and acquisition-related intangible assets, see notes 18, 19 and 20 respectively.

5.2 goodwill and impairment of goodwill

5.2.1 goodwill

	2020	2019
Cost	3,944	3,894
Accumulated impairment	887	876
Balance as at January 1	3,057	3,018
Acquisition of subsidiaries	(4)	13
Disposal of subsidiaries	-	-
Impairment	(86)	-
Translation differences	(60)	26
Balance as at December 31	2,907	3,057
Cost	3,847	3,944
Accumulated impairment	940	887
Balance as at December 31	2,907	3,057

In 2020, the Group acquired 100% of the shares of Mühlenhoff + Partner Group (Germany). The Group also finalized the purchase price allocation relating to the acquisitions of Aurec Group (Australia) and Optedis SAS (France) in 2019. This acquisition and the finalization of the purchase price allocations resulted in a downward adjustment of € 4 million in goodwill, which is included under acquisition of subsidiaries. See [note 11.1](#) for further information.

The Group did not dispose of any subsidiaries or activities in 2019 and 2020.

accounting policies

Goodwill on acquisitions of subsidiaries is included in intangible assets; goodwill on acquisitions of associates is included in investments in associates. For the measurement of goodwill at initial recognition, see [note 11.1](#).

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

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

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

impairment testing

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

impairment tests, impairment losses, if any, are identified.

determination of recoverable amount

The recoverable amount for all operating segments is based on the higher of the value in use and the fair value less cost to dispose. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation and amortization) and the expected future performance, which in turn is based on historical performance, management's estimates and assumptions of revenue growth, and on developments of operating margins, assessed using external data, covering a period of, in principle, nine years (2019: nine years). Cash flow projections after this period are extrapolated by means of a growth percentage of 0.25% (2019: 0.25%) throughout the Group. The nine-year period of the projections reflects an estimated full business cycle of our industry.

triggering events during the year

During the second quarter of 2020, the disruption to our markets due to COVID-19 was considered a triggering event to test goodwill. This goodwill impairment test primarily focused on those operating segments that had proven to be most sensitive to goodwill impairments in the 2019 annual impairment test (i.e., France, the UK, Australia, Poland and Sourceright EMEA). We used several scenarios with regard to future profitability and related cash flows, attaching probabilities to each of these scenarios. Based on the weighted assumptions as indicated below, the calculation of the recoverable amount in comparison with the carrying amount resulted in an impairment of € 86 million of goodwill for the UK.

The pre-tax discount rates used in the impairment test of our sensitive segments range from 9.9% (UK) to 14.5% (France) (2019: 8.9% to 14.2%). Other assumptions used in the impairment test for the UK were for revenue growth (between -18% and 21% for the first three years and between 2% and 3% for the following six years); for EBITA (between -1.1% and 2.1%); and for growth after the forecast period (0.25%).

The assumptions used in the impairment test for the other operating segments were for revenue growth (between -21% and 16% for the first three years and between 1% and 8% for the following six years, and for

France between -21% and 16% and 1% respectively); for EBITA (between -2.3% and 4.4%, and for France between 2.2% and 4.4%) and for growth after the forecast period (0.25%).

For operating segments with significant headroom, we performed a more qualitative analysis of the long-term impact of the COVID-19 crisis, which resulted in no additional quantitative testing being needed for these segments.

5.2.2 annual impairment test

We performed our annual goodwill impairment test as of October 1, 2020. For the annual goodwill impairment test, we continued to use several scenarios with regard to future profitability and related cash flows, attaching probabilities to each of these scenarios for those operating segments that had proven to be most sensitive to goodwill impairments (i.e., France, the UK, Australia, Poland, and Sourceright EMEA). The expected outcome is based on the weighted assumptions as indicated below. Key assumptions in the cash flow projections are:

- Annual revenue growth of the Group: on average between 2.9% and 11.4% for the first three years and between 2.2% and 2.6% for the following six years (Netherlands: 0.5% to 8.8% and 0.5% respectively; USA: 3% to 8.4% and 2.5% respectively; France: 2.7% to 15.8% and 1.5% to 2% respectively);
- EBITA of the Group in the range of 3.6% to 4.3% of revenue (Netherlands: 4.3% to 4.6%; USA: 4.6%; France: 3.6% to 4.8%);
- Our assumptions used in the impairment test of other sensitive segments were for revenue growth between 3% and 51% for the first three years and between 2% and 6% for the following six years;
- Growth rates in revenue and EBITA percentages vary between segments in relatively limited terms and are dependent on the mix in revenue.

The cash flow projections are prepared in local currencies, and discounted with pre-tax discount rates for each currency involved. The pre-tax discount rates vary from 8.1% to 31.6% (2019: 7.7% to 21.3%). The weighted average is 11.7% (2019: average 10.8%); Netherlands: 10.0% (2019: 9.0%); USA: 11.5% (2019: 10.8%); France: 13.1% (2019: 14.2%).

results of annual impairment test

The annual impairment test performed by the Group for 2020 resulted in no impairments (2019: no impairments).

sensitivity relating to annual impairment test

For 2020, the operating segments Germany, UK, Switzerland, Scandinavia, Eastern Europe and Sourceright EMEA are most sensitive to variations in assumptions (2019: France, Monster, UK, Poland, Eastern Europe, and Sourceright EMEA). The outcome of impairment testing is sensitive to variations in estimates and assumptions. Variations in estimates and assumptions have the following effect on the recoverable amount calculations:

- Revenue growth: a 1.0%-point lower growth rate would not result in an impairment charge;
- A 1.0%-point lower EBITA in percentage of revenue would result in an impairment charge of € 16 million for the operating segment Germany, € 40 million for UK, € 15 million for Switzerland, € 12 million for Scandinavia, € 3 million for Eastern Europe and €1 million for Sourceright EMEA; a 1.5%-point lower EBITA in percentage of revenue would imply a €285 million impairment charge; € 135 million for the operating segment Germany, € 40 million for UK, € 38 million for Switzerland, € 42 million for Scandinavia, € 5 million for Eastern Europe, and €25 million for Sourceright EMEA (2019: € 349 million; France € 159 million, UK € 104 million, Monster € 45 million, Poland €11 million, Eastern Europe € 5 million, and Sourceright EMEA € 25 million);
- Discount rate: a 1.0%-point higher discount rate would not result in an impairment charge.

The recoverable amount of these sensitive operating segments of € 1,074 million exceeds the carrying amount (including € 515 million of goodwill) by €411 million.

For the carrying amount of goodwill by reporting segment, see [note 10.2](#).

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

6 provisions

	restructuring	workers' compensation	other	total
Balance as at January 1, 2020	46	48	62	156
Movements in 2020				
Charged to income statement	60	29	47	136
Released to income statement	(3)	-	(12)	(15)
Withdrawals	(67)	(30)	(11)	(108)
Total amount in statement of cash flows	(10)	(1)	24	13
Additions from right-of-use assets	-	-	1	1
Interest due to passage of time	-	1	-	1
Translation differences	-	(4)	(1)	(5)
Balance as at December 31, 2020	36	44	86	166
Non-current	4	25	46	75
Current	32	19	40	91
Balance as at December 31, 2020	36	44	86	166
Balance as at January 1, 2019				
Non-current	5	25	34	64
Current	39	18	20	77
	44	43	54	141
Movements in 2019				
Charged to income statement	62	33	26	121
Released to income statement	(1)	-	(10)	(11)
Withdrawals	(59)	(31)	(9)	(99)
Total amount in statement of cash flows	2	2	7	11
Additions from right-of-use assets	-	-	1	1
Interest due to passage of time	-	1	-	1
Translation differences	-	2	-	2
Balance as at December 31, 2019	46	48	62	156
Non-current	3	28	34	65
Current	43	20	28	91
Balance as at December 31, 2019	46	48	62	156

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

Provisions for restructuring are recognized when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. These restructuring

provisions mainly comprise severance payments for personnel.

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

The effective interest rate used in the calculation of the provision for workers' compensation is 3% (2019: 3%).

Other provisions mainly relate to:

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

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

sensitivity

The provision for workers' compensation is sensitive to interest rate changes. Should the interest rate deviate by 1%- point, with all other variables held constant, the provision would deviate in the range of € 3 million to € 5 million (2019: range of € 1 million to € 2 million).

7 corporate taxes

The Group is subject to corporate income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide deferred tax assets on, among other items, tax losses carried forward. There are many uncertain factors that affect the recognition of deferred tax assets with respect to the amount of tax losses carried forward. The Group recognizes deferred tax assets on tax losses carried forward based on its best estimates. The recoverability of deferred income tax assets is reviewed and assessed frequently, using forecasts that are based on actual and future (taxable) results. External data are used for reference if considered necessary. When the actual (taxable) results are different from the amounts that were initially

estimated, such differences will impact the income tax in the income statement (effective tax rate), as well as the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur.

The Group has also identified a number of uncertain tax positions. The Group determines whether to consider each uncertain tax position separately or together with one or more other uncertain tax positions, and applies the approach considered most suitable to predict the resolution of the uncertainty. The Group applies significant judgment in identifying uncertainties over income tax treatments. As the Group operates in a complex multinational environment, it takes any potential uncertain tax position into consideration, mostly relating to transfer pricing policies. The tax returns of the companies in the Group are filed in different tax jurisdictions and include deductions related to transfer pricing (mainly holding, royalty and interest charges passed on by the Company). Tax authorities may challenge those deductions for tax purposes. Based on the Group's tax compliance, transfer pricing studies, and assessments based on the judgments of tax professionals within the Group, supplemented by external tax advice from case to case, the Group determines the probable outcome of the uncertainties. Provisions are recognized for those matters for which the tax determination is uncertain, but for which it is considered probable that the tax authorities will not accept the uncertain treatment. The provisions are based on either the most likely amounts or the expected value of the payable amount.

7.1 deferred and current income taxes

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

Deferred tax assets, including those resulting from tax losses carried forward, are recognized to the extent that it is probable that future taxable profits will be available as a consequence of which the temporary differences, including tax losses carried forward, can be realized.

Deferred tax assets and liabilities are valued at tax rates enacted or substantively enacted at year-end and which are expected to apply in the coming years when the assets and liabilities are expected to be realized or settled.

Deferred tax is recorded with respect to temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liabilities arising from undistributed profits from investments where the entity is able to control the timing of the distribution and it is probable that such distribution will not occur in the foreseeable future.

movements in total position of corporate taxes

	2020	2019
Assets/(liabilities)		
Deferred income tax assets	579	588
Current income tax receivables	130	106
Deferred income tax liabilities	(38)	(47)
Current income tax liabilities	(96)	(73)
Balance as at January 1	575	574
Movements during the year		
Charged to income statement	(60)	(213)
Net payments	181	204
Acquisition of subsidiaries' deferred taxes	-	(2)
Acquisition of subsidiaries' current taxes	-	(1)
Disposal of subsidiaries' current taxes	-	-
Recognized in other comprehensive income	13	9
Recognized in equity on share-based compensations	-	(3)
Translation differences	(33)	7
Total movements	101	1
Assets/(liabilities)		
Deferred income tax assets	674	579
Current income tax receivables	98	130
Deferred income tax liabilities	(31)	(38)
Current income tax liabilities	(65)	(96)
Balance as at December 31	676	575

deferred income tax assets

composition of deferred income tax assets

	2020	2019
Tax losses carry-forward	425	331
Unused tax credits	150	148
Temporary differences:		
Property, plant, equipment, intangible assets, and right-of-use assets/lease liabilities	89	98
Other receivables/other payables	104	96
Provisions	69	69
	262	263
Deferred income tax assets (before netting)	837	742
Amount netted with deferred income tax liabilities	(163)	(163)
Deferred income tax assets (after netting)	674	579

Deferred income tax assets in relation to tax losses carried forward comprise an amount of € 13 million (2019: € 50 million and mainly related to subsidiaries in France for € 37 million), originating from subsidiaries that generated tax losses in the current or preceding year. These deferred tax assets relate to a number of subsidiaries in various countries.

Certain deferred income tax assets, whose recoverability is considered not probable, are valued at nil. These concern deferred tax assets in relation to tax losses carried forward of € 145 million (2019: € 256 million), as well as deferred tax assets relating to other temporary differences of € 25 million (2019: € 14 million). Such carried forward tax losses mainly relate to our subsidiaries in Luxembourg and the UK, as well as to Monster subsidiaries not located in the US. These carried forward losses have expiry dates in the range of five years to indefinitely.

Unused tax credits mainly relate to tax credits in the US, which will be realized after all tax losses carried forward have been recovered. The expiry term of these US unused tax credits is 20 years. Of these unused tax credits, an amount of € 9 million is not valued as at December 31, 2020 (2019: € 10 million).

The part of deferred tax assets that is expected to be realized within one year is estimated at € 72 million (2019: € 65 million).

sensitivity

Deferred tax assets are only recognized to the extent that it is considered probable that future taxable profits are available, as a consequence of which these deferred tax assets can be realized. The scenarios used are in agreement with the estimates and assumptions used in the goodwill impairment testing (see [note 5](#)). The various scenarios yield potential outcomes that do not materially deviate from the carrying amount.

deferred income tax liabilities

composition of deferred income tax liabilities

	2020	2019
Acquisition-related intangible assets	20	32
Temporary differences relating to subsidiaries	93	78
Other temporary differences	81	91
Deferred income tax liabilities (before netting)	194	201
Amount netted with deferred income tax assets	(163)	(163)
Deferred income tax liabilities (after netting)	31	38

The deferred tax liability for 'Temporary differences relating to subsidiaries' to the amount of € 93 million (2019: € 78 million) relates to recapture obligations in our Luxembourg entities arising from the valuation for fiscal purposes of subsidiaries held by these entities.

The part of deferred income tax liabilities that is expected to be settled within one year is estimated at € 12 million (2019: € 16 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 above.

movements in deferred income taxes

	Tax losses carry-forward	Unused tax credits	Temporary differences	total 2020	total 2019
Deferred income tax assets	331	148	263	742	802
Deferred income tax liabilities	-	-	(201)	(201)	(261)
Balance as at January 1	331	148	62	541	541
Movements during the year					
Acquisition of subsidiaries	-	-	-	-	(2)
Income statement	100	15	15	130	40
Other movements	1	-	-	1	(44)
Translation differences	(7)	(13)	(9)	(29)	6
Total movements	94	2	6	102	-
Deferred income tax assets	425	150	262	837	742
Deferred income tax liabilities	-	-	(194)	(194)	(201)
Balance as at December 31	425	150	68	643	541

7.2 corporate taxes on income

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

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

details of corporate taxes on income

	2020	2019
Current tax expense	190	253
Deferred tax (income) / expense	(130)	(40)
Tax expense	60	213

In 2020, the effective tax rate on income before taxes was 16.5% (2019: 26.0%). The reconciliation between the applicable income tax rate of the company's country of domicile and the effective tax rate is as follows:

reconciliation from applicable to effective tax rate

	2020	2019
Income tax rate of the company's country of domicile	25.0%	25.0%
Effect of income tax rates in other (non-domestic) jurisdictions	(0.6%)	0.6%
Weighted average applicable tax rate	24.4%	25.6%
Tax-exempt income/non-tax-deductible items	8.7%	0.0%
Changes in statutory applicable tax rates and effect of prior years	(0.9%)	1.5%
Change in valuation of deferred tax assets and other	(15.7%)	(1.1%)
Effective tax rate	16.5%	26.0%

'Tax-exempt income/non-tax deductible items' had an effect of 8.7% in 2020 (2019: 0%). This is mainly caused by the non-tax deductible goodwill impairment in 2020 (4.5%-points, increasing the effective tax rate) and the effect of the French business tax (CVAE) of 7.5%-points in 2020, increasing the effective tax rate (2019: 4.0%-points). The other non-tax deductible expenses and tax-exempt income had a net decreasing effect of 3.3%-points (2019: 4.0%-points).

'Changes in statutory applicable tax rates and effects of prior years' had an effect of (0.9%)-points (2019: 1.5%-points) on the effective tax rate.

'Change in valuation of deferred tax assets and other' had an effect of (15.7%)-points in 2020, compared to (1.1%)-points in 2019 and is the result of the re-assessment of the future recoverability of carried forward losses and of other deferred tax assets in various countries. The impact in 2020 is mainly caused by the re-assessment of the valuation of carried forward losses in Luxembourg as a consequence of an increase in expected future taxable profits.

main notes to the consolidated financial statements.

8 leases

8.1 right-of-use assets and lease liabilities

	right-of-use buildings	right-of-use cars	IT and other equipment	right-of-use assets	lease liabilities
Balance as at January 1, 2020	432	93	6	531	621
Movements in 2020					
Acquisition of subsidiaries	-	-	-	-	-
Additions	109	35	1	145	144
Remeasurements	35	10	(1)	44	40
Disposals	-	-	-	-	-
Depreciation/impairment	(150)	(50)	(3)	(203)	-
Interest due to passage of time	-	-	-	-	15
Repayments	-	-	-	-	(220)
Translation differences	(10)	2	2	(6)	(12)
Balance as at December 31, 2020	416	90	5	511	588
Cost	1,037	183	10	1,230	
Accumulated depreciation and impairment	621	93	5	719	
Non-current part					397
Current part					191
Balance as at December 31, 2020	416	90	5	511	588
Balance as at January 1, 2019					
Cost	1,013	194	9	1,216	
Accumulated depreciation and impairment	550	102	1	653	
Non-current part					441
Current part					214
Balance as at January 1, 2019	463	92	8	563	655
Movements in 2019					
Acquisition of subsidiaries	2	-	-	2	2
Additions	95	53	2	150	149
Remeasurements	16	-	-	16	14
Disposals	-	-	-	-	-
Depreciation/impairment	(147)	(52)	(3)	(202)	-
Interest due to passage of time	-	-	-	-	20
Repayments	-	-	-	-	(226)
Translation differences	3	-	(1)	2	7
Balance as at December 31, 2019	432	93	6	531	621
Cost	1,018	187	10	1,215	
Accumulated depreciation and impairment	586	94	4	684	
Non-current part					417
Current part					204
Balance as at December 31, 2019	432	93	6	531	621

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

maturity of lease liabilities

	2020	2019
Year 1	193	207
Year 2-5	369	397
More than 5 years	58	66
Undiscounted lease amounts to be paid	620	670
Interest	(32)	(49)
Total lease liabilities	588	621

accounting policy for leases

The Group has various lease arrangements for buildings (such as local head offices and branches), cars, and IT and other equipment. Lease terms are negotiated on an individual basis locally and subject to domestic rules and regulations. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group then recognizes a right-of-use asset and a lease liability at the lease commencement date. Lease-related assets and liabilities are measured on a present value basis. Lease-related assets and liabilities are subject to remeasurement when terms are modified or when lease assumptions have changed. Such an event results in the lease liability being remeasured to reflect the measurement of the present value of the remaining lease payments, discounted using the discount rate at the moment of the change. The related right-of-use assets are adjusted to reflect the change in the remeasured liabilities. We have chosen not to apply any of the practical expedients as mentioned in IFRS 16 'Leases' (such as portfolio approach, exemption for low-value leases, and exemption for short-term leases), except for COVID-19-Related Rent Concessions, an amendment to IFRS 16 'Leases' issued in 2020 (see note [note 3.3.3](#)). See [note 21.1.3](#) for net investment in subleases.

right-of-use assets

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

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

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

lease liabilities

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

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

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

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

9 revenue recognition

Revenue comprises the expected consideration for services rendered during the year to third parties and is recognized when control of the promised service is transferred to the third party (e.g., the client). A performance obligation is a promise in a contract to transfer a distinct service to the client. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if it does not satisfy the "highly probable criterium".

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

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

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

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

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

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

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

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

9.1 revenue disaggregation

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

detailed description of Randstad's services, see the section '[our value for clients and talent](#)'.

Revenue of permanent placements in the categories 'Staffing, Inhouse and Professionals' amounted to € 361 million (2019: € 508 million).

The disaggregation of revenues (excluding intersegment revenue) for the categories 'Staffing, Inhouse and Professionals' is shown in the table below.

disaggregation of revenues by category

	staffing		inhouse		professionals		total	
	2020	2019	2020	2019	2020	2019	2020	2019
North America	1,348	1,661	988	909	1,787	1,803	4,123	4,373
France	1,509	1,975	739	822	804	910	3,052	3,707
Netherlands	1,350	1,785	980	1,047	483	498	2,813	3,330
Germany	807	931	406	577	349	551	1,562	2,059
Belgium & Luxembourg	817	978	424	450	160	173	1,401	1,601
Italy	1,080	1,267	350	350	21	20	1,451	1,637
Iberia	955	1,133	273	300	42	49	1,270	1,482
Other European countries	718	821	637	702	613	676	1,968	2,199
Rest of the world	1,458	1,492	157	148	473	484	2,088	2,124
	10,042	12,043	4,954	5,305	4,732	5,164	19,728	22,512
Global businesses	-	-	-	-	-	-	990	1,164
Third-party revenue	10,042	12,043	4,954	5,305	4,732	5,164	20,718	23,676

10 segment reporting

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

The Global Businesses segment consists of Monster, Randstad Sourceright, RiseSmart, and twago.

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

10.1 income statement

segmentation income statement

	revenue 2020			revenue 2019			gross profit		operating profit	
	total	intersegment	third party	total	intersegment	third party	2020	2019	2020	2019
North America	4,123	-	4,123	4,373	-	4,373	893	1,015	187	253
France	3,052	-	3,052	3,707	-	3,707	513	668	54	184
Netherlands	2,816	(3)	2,813	3,335	(5)	3,330	498	577	133	147
Germany	1,563	(1)	1,562	2,060	(1)	2,059	261	334	2	36
Belgium & Luxembourg	1,410	(9)	1,401	1,605	(4)	1,601	274	313	72	96
Italy	1,451	-	1,451	1,637	-	1,637	217	259	61	101
Iberia	1,271	(1)	1,270	1,483	(1)	1,482	165	210	50	82
Other European countries	1,986	(18)	1,968	2,207	(8)	2,199	296	359	(72)	44
Rest of the world	2,091	(3)	2,088	2,126	(2)	2,124	367	408	80	87
Global Businesses	997	(7)	990	1,172	(8)	1,164	469	570	(84)	(93)
Corporate	-	-	-	-	-	-	-	-	(99)	(78)
Elimination	(42)	42	-	(29)	29	-	(5)	(8)	-	-
Total	20,718	-	20,718	23,676	-	23,676	3,948	4,705	384	859

segmentation income statement

	amortization and impairment of acquisition-related intangibles and goodwill				depreciation/amortization and impairment of property, plant, equipment, and software		depreciation and impairment of right-of-use assets		EBITDA	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
North America	3	-	190	253	18	16	26	23	234	292
France	34	35	88	219	17	13	34	32	139	264
Netherlands	5	5	138	152	9	10	27	29	174	191
Germany	2	2	4	38	5	5	21	19	30	62
Belgium & Luxembourg	-	-	72	96	3	4	19	18	94	118
Italy	1	2	62	103	8	7	9	9	79	119
Iberia	-	-	50	82	3	3	9	9	62	94
Other European countries	97	13	25	57	6	6	16	16	47	79
Rest of the world	8	6	88	93	8	9	24	23	120	125
Global Businesses	45	55	(39)	(38)	21	21	18	24	-	7
Corporate	-	-	(99)	(78)	18	5	-	-	(81)	(73)
Total	195	118	579	977	116	99	203	202	898	1,278

10.2 statement of financial position

10.2.1 total assets

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

total assets

	2020	2019
Total assets	9,587	10,158
Less:		
Deferred income tax assets	674	579
Associates	25	24
Equity investments	37	42
Interest receivable	3	-
Current income tax receivables	98	130
Cash and cash equivalents	474	225
Assets by segment	8,276	9,158

10.2.2 financial position

segmentation statement of financial position

	property, plant, equipment and software		right-of-use assets		goodwill		acquisition- related intangible assets		loans and receivables		operating working capital assets		total assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
North America	38	49	49	58	542	589	3	6	-	-	680	705	1,312	1,407
France	35	43	119	131	516	516	35	69	143	516	707	774	1,555	2,049
Netherlands	35	40	55	58	855	855	4	9	-	-	458	462	1,407	1,424
Germany	13	15	48	40	290	290	2	4	1	-	325	335	679	684
Belgium & Luxembourg	8	7	65	63	156	156	-	-	-	-	300	291	529	517
Italy	14	20	29	26	59	59	1	2	-	-	350	356	453	463
Iberia	7	6	24	26	1	1	-	-	-	-	317	330	349	363
Other European countries	10	11	41	35	219	305	1	12	-	-	434	452	705	815
Rest of the world	22	21	59	64	153	160	4	12	-	-	318	347	556	604
Global Businesses	53	49	22	30	116	126	3	48	16	25	526	554	736	832
Corporate	26	24	-	-	-	-	-	-	-	-	81	67	107	91
Eliminations	-	-	-	-	-	-	-	-	-	-	(112)	(91)	(112)	(91)
Total	261	285	511	531	2,907	3,057	53	162	160	541	4,384	4,582	8,276	9,158

10.3 segmentation of additions

segmentation of additions

	property, plant, equipment		software		right-of-use assets		acquisition-related intangible assets and goodwill		sum of additions	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
North America	10	10	3	18	20	22	-	6	33	56
France	5	9	6	7	8	22	-	5	19	43
Netherlands	6	7	-	-	11	21	-	-	17	28
Germany	2	3	1	4	21	14	-	-	24	21
Belgium & Luxembourg	4	2	-	1	22	23	-	-	26	26
Italy	-	2	2	3	4	8	-	-	6	13
Iberia	4	1	-	-	5	3	-	-	9	4
Other European countries	5	4	1	2	23	6	-	-	29	12
Rest of the world	4	7	7	4	25	23	(4)	18	32	52
Global Businesses	7	11	24	20	6	8	-	-	37	39
Corporate	1	4	19	9	-	-	-	-	20	13
Total	48	60	63	68	145	150	(4)	29	252	307

11 business combinations

11.1 information about acquisitions

In 2020, the Group acquired 100% of the shares of the companies in the Mühlenhoff + Partner Group, a group of companies located in Germany with activities in the outplacement sector.

In 2019, the Group acquired 100% of the shares of the Aurec Group and of Optedis Sas. The activities of the Aurec Group (based in Australia) and Optedis (based in France) fall under the Professionals segment.

Business combinations

company	acquisition date
2020	
Mühlenhoff + Partner Group (Germany)	July 8, 2020
2019	
Optedis SAS (France)	July 1, 2019
Aurec Group (Australia)	August 16, 2019

The acquisitions made in 2020 and 2019 are in line with Randstad's mid- to long-term strategy to grow in specialist activities and to strengthen our market position in certain markets and/or countries.

The amount involved in the acquisition of the Mühlenhoff + Partner Group is neither considered material in relation to the total consideration nor in relation to the total goodwill, as it was acquired at a net cash outlay of zero, with net assets acquired amounting to € 2 million, based on a provisional purchase price allocation.

In 2020, the Group finalized the purchase price allocation of the acquisitions of the Aurec Group in Australia and of Optedis Sas in France. The adjustments in the finalization of the purchase price allocation mainly arose from recalculation of earn-out arrangements compared to the preliminary consideration, following developments in the particulars of the earn-out arrangements; this resulted in a downward adjustment of the (deferred) compensation of € 4 million, which is reflected in a downward adjustment to goodwill. In 2020, in the statement of cash flows, an amount of € 0 million relates to the consideration paid in respect

of the aforementioned 2020 acquisition and an amount of € 13 million relates to the consideration paid in respect of acquisitions made in preceding years.

The contribution of the acquired company to the Group's revenue was € 1 million and to the Group's EBITA negligible. If this company had been acquired on January 1, 2020, the estimated additional contribution to revenue and EBITA would have been € 2 million and € 0 million respectively.

In 2019, the Group acquired 100% of the shares of the Aurec Group and of Optedis Sas. The activities of the Aurec Group (based in Australia) and Optedis (based in France) fall under the Professionals segment. Before the acquisition in 2019, the Group already had a 5% participation in Optedis. In addition, the Group acquired a franchise business on December 31, 2019. Goodwill amounted to € 13 million and is based on provisional purchase price allocations. The fair value of net assets acquired amounted to € 17 million. The provisional purchase consideration was € 30 million; the provisional purchase consideration includes an earn-out arrangement, subject to certain targets. An amount of € 15 million of the total consideration was deferred at the moment of acquisition. In 2019, in the statement of cash flows, an amount of € 15 million related to the considerations paid in respect of the aforementioned 2019 acquisitions, and € 2 million related to the consideration paid in respect of acquisitions made in preceding years.

See [note 5](#) for further information.

accounting policy

The Group uses the acquisition method to account for the acquisition of subsidiaries.

Goodwill at acquisition date is measured as:

- the fair value of the consideration transferred, being the fair value of the assets given and liabilities incurred or assumed; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- the fair value of any previous equity interests in the acquiree (if the business combination is achieved in stages); less
- the fair value of the identifiable assets acquired and liabilities assumed (including contingent liabilities).

When this difference is negative ('negative goodwill' or badwill), this amount is recognized directly in total operating expenses.

All considerations transferred to acquire a business are recorded at fair value as at the acquisition date; subsequent changes to the fair value of the contingent considerations classified as debt are recognized as expenses or income.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

All acquisition-related costs are expensed and included in other general and administrative expenses.

11.2 information about disposals

In 2020 and 2019, the Group did not dispose of any subsidiaries or activities.

[accounting policy](#)

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

12 earnings per ordinary share

	2020	2019
Net income	304	606
Net income attributable to holders of ordinary shares	296	594
Numbers of ordinary shares (in millions)		
Weighted average number of ordinary shares outstanding	183.2	183.2
Dilutive effect of share-based compensation arrangements	1.0	0.7
Weighted average number of diluted ordinary shares outstanding	184.2	183.9
Earnings per ordinary share (in €)		
Basic earnings per ordinary share	1.62	3.24
Diluted earnings per ordinary share	1.61	3.23

Basic earnings per ordinary share are calculated by dividing net income attributable to the holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. The issued number of ordinary shares is adjusted for ordinary shares purchased by Randstad N.V., which are held as treasury shares.

Diluted earnings per ordinary share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares arise from various share-based compensation arrangements.

notes to the consolidated income statement.

13 cost of services and total operating expenses

13.1 cost of services

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

cost of services

	2020	2019
Wages and salaries	13,442	15,158
Social security charges	2,529	2,877
Pension charges - defined contribution plans	128	137
Pension charges - defined benefit plans	9	9
Other post-employment benefit plans charges	16	12
Wages, salaries, social security and pension charges	16,124	18,193
Depreciation of property, plant and equipment	1	1
Depreciation of right-of-use assets	23	21
Other cost of services	622	756
	16,770	18,971

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

13.2 operating expenses

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

13.2.1 selling expenses

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

Selling expenses include an amount of € 19 million (2019: € 15 million) related to impairment losses on trade receivables, as well as debt collection costs.

13.2.2 general and administrative expenses

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

Other general and administrative expenses include:

- foreign exchange losses of € 0 million (2019: effect of € 0 million);
- a loss on the sale of property, plant and equipment of € 1 million (2019: effect of € 0 million);
- acquisition-related expenses for acquired companies/activities of € 0 million (2019: zero);
- an impairment of € 1 million on leasehold improvements related to the impairment of right-of-use assets (2019: € 2 million on leasehold improvements).

In 2019, other general and administrative expenses include a one-time settlement payment of € 16 million related to the future execution of the Dutch pension plan. For more information, see [note 24.2 'pensions'](#).

13.2.3 total operating expenses by nature

total operating expenses by nature

	2020	2019
Wages and salaries	1,825	2,064
Social security charges	338	366
Pension charges - defined contribution plans	37	40
Pension charges - defined benefit plans	10	7
Other post-employment benefit plans charges	1	1
Share-based compensations	37	40
Wages, salaries, social security and pension charges	2,248	2,518
Other personnel expenses	122	208
Personnel expenses	2,370	2,726
Depreciation and impairment of property, plant and equipment	53	56
Amortization and impairment of software	62	42
Depreciation and impairment of right-of-use assets	180	181
Advertising and marketing	142	186
Accommodation	63	76
Other	499	461
Operating expenses	3,369	3,728
Amortization and impairment of acquisition-related intangible assets and goodwill	195	118
Total operating expenses	3,564	3,846

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

	2020	2019
Depreciation of buildings	1	1
Depreciation of computer hardware	19	20
Depreciation of leasehold improvements and furniture and fixtures	33	34
Impairment of leasehold improvements	1	2
Depreciation and impairment of property, plant and equipment	54	57
Amortization of software	48	38
Impairment of software	14	4
Amortization and impairment of software	62	42
Depreciation and impairment of property, plant, equipment and software	116	99
Depreciation of right-of-use buildings	139	133
Depreciation of right-of-use cars	50	52
Depreciation of right-of-use IT and other equipment	3	3
Impairment of right-of-use buildings	11	14
Depreciation and impairment of right-of-use assets	203	202
Depreciation and impairment of property, plant, equipment, software and right-of-use assets	319	301

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

Included in:	2020	2019
Cost of services	1	1
Selling expenses	23	25
General and administrative expenses	92	73
	116	99

depreciation and impairment of right-of-use assets

Included in:	2020	2019
Cost of services	23	21
Selling expenses	146	144
General and administrative expenses	34	37
	203	202

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

Included in:	2020	2019
Cost of services	24	22
Selling expenses	169	169
General and administrative expenses	126	110
	319	301

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

amortization and impairment of acquisition-related intangible assets and goodwill

	2020	2019
Amortization of acquisition-related intangible assets	109	116
Impairment of goodwill and acquisition-related intangible assets	86	2
	195	118

For impairment of goodwill, see [note 5](#).

13.5 grants and government support

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.

In 2020, the Group applied for several government employment protection programs, that are accounted for as 'government support'. See [note 3.3.4](#) for further disclosures.

Next to the government employment protection programs, we also accounted for other grants to the amount of € 32 million (2019: € 32 million), of which € 27 million (2019: € 25 million) is reported under cost of services. These grants mainly relate to the compensation (in whole or in part) of talent training costs and costs related to employing selected talent categories.

14 total wages and salaries, social security and pension charges

Wages, salaries, social security charges and pension charges are included in cost of services when they relate to candidates placed and in personnel expenses when they relate to corporate employees.

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

	2020	2019
Wages and salaries	15,267	17,222
Social security charges	2,867	3,243
Pension charges - defined contribution plans	165	177
Pension charges - defined benefit plans	19	16
Other post-employment benefit plans charges	17	13
Share-based compensations	37	40
	18,372	20,711

15 net finance costs

net finance costs

	2020	2019
Finance income		
Interest and similar income	3	7
Changes in value of other liabilities ¹	4	-
Interest due to passage of time ¹	4	4
Foreign exchange gains, net ¹	-	-
	11	11
Interest due to passage of time for net investments in subleases ¹	1	1
	12	12
Finance expenses		
Interest and similar expenses	12	9
Interest and commitment fees on non-current borrowings	7	15
Amortization of transaction cost non-current borrowings ¹	-	6
Interest due to passage of time ¹	2	3
Foreign exchange losses, net ¹	-	4
	21	37
Interest due to passage of time for lease liabilities ¹	15	20
	36	57
Net finance costs	24	45

¹ Items considered non-cash.

Net finance costs comprise interest expenses and interest income, as well as items similar to interest and exchange differences on cash, cash equivalents, and borrowings. Interest expenses and income are recognized in the income statement on a time-proportion basis, using the effective interest method. Interest due to the passage of time of loans and receivables (including net investments in subleases), and deferred considerations and lease liabilities, as well as in relation to the valuation of certain provisions and employee benefit obligations, are also included in net finance costs. Changes in the value of deferred considerations and differences upon settlement of these deferred considerations (see [note 25](#)), as well as dividend paid to non-controlling interests classified as other liabilities, are also reported under net finance costs. Since drawings on the multi-currency syndicated revolving credit facility were zero as at December 31, 2019, the related transaction costs were fully recorded

as expenses in the income statement under net finance costs in 2019.

net finance costs, statement of cash flows

	2020	2019
Finance income	12	12
Deduct: non-cash items	9	5
Cash items	3	7
Change in interest receivable	-	-
Finance income, cash	3	7
Finance expenses	36	57
Deduct: non-cash items	17	33
Cash items	19	24
Acquisition of subsidiaries	-	-
Change in interest payable	4	(3)
Finance expenses, cash	23	21
Net finance costs paid, statement of cash flows	20	14

16 net income

Net income includes foreign exchange gains of € 0 million (2019: losses of € 4 million). For other items included in net income, see [note 13.2](#).

17 total other comprehensive income

	2020	2019
Translation differences	(132)	43
Tax on translation differences	11	2
Translation differences, net of taxes	(121)	45
Items that subsequently may be reclassified to the income statement	(121)	45
Remeasurements of post-employment benefits	(5)	(25)
Tax on remeasurements of post-employment benefits	2	7
Fair value adjustments of equity investments	2	6
Items that will never be reclassified to the income statement	(1)	(12)
Total other comprehensive income, net of taxes	(122)	33

notes to the

consolidated statement of financial position.

18 property, plant and equipment

	buildings and land	computer hardware	leasehold improvements, furniture and fixtures	total
Balance as at January 1, 2020	16	45	96	157
Movements in 2020				
Acquisition of subsidiaries	-	-	-	-
Additions	-	21	27	48
Disposals	-	(2)	(3)	(5)
Depreciation/impairment	(1)	(19)	(34)	(54)
Translation differences		(3)	(4)	(7)
Balance as at December 31, 2020	15	42	82	139
Cost	42	225	417	684
Accumulated depreciation and impairment	27	183	335	545
Balance as at December 31, 2020	15	42	82	139

Balance as at January 1, 2019				
Cost	42	257	418	717
Accumulated depreciation and impairment	25	214	319	558
	17	43	99	159
Movements in 2019				
Acquisition of subsidiaries	-	-	-	-
Additions	-	24	36	60
Disposals	-	(3)	(3)	(6)
Depreciation/impairment	(1)	(20)	(36)	(57)
Translation differences	-	1	-	1
Balance as at December 31, 2019	16	45	96	157
Cost	42	253	441	736
Accumulated depreciation and impairment	26	208	345	579
Balance as at December 31, 2019	16	45	96	157

Based on appraisals made by independent and expert appraisers, the estimated fair value of buildings and land is approximately € 20 million higher than the carrying amount. The fair value represents the market value, taking into account that the property is in a rented status.

accounting policy

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

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

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

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

estimated useful lives of property, plant and equipment

on average

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

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

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

19 software

software

	2020	2019
Cost	474	421
Accumulated amortization and impairment	346	320
Balance as at January 1	128	101
Acquisition of subsidiaries		
Additions	63	68
Amortization and impairment	(62)	(42)
Translation differences	(7)	1
Balance as at December 31	122	128
Cost	496	474
Accumulated amortization and impairment	374	346
Balance as at December 31	122	128

accounting policy

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

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

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

Amortization of software applications is charged to operating expenses and/or cost of services on a straight-line basis over the estimated useful lives, from the date they are available for use. In 2020, we impaired software to the amount of € 14 million (2019: € 4 million).

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

Internally developed software and purchased software are amortized on a straight-line basis over the useful

lives of 3 to 5 years or, in the case of licenses, if the license period is shorter than 3 years, over this shorter period.

Impairments, if any, are mainly caused by the discontinuation of software applications. The net book value of software is impaired to its recoverable amount, which tends to be zero, based on each individual case.

[net additions to property, plant and equipment, and software, statement of cash flows](#)

	2020	2019
Additions		
Property, plant and equipment	(48)	(60)
Software	(63)	(68)
	(111)	(128)
Disposals		
Proceeds property, plant and equipment	4	6
(Profit) / Loss	1	-
	5	6
Statement of cash flows	(106)	(122)

20 acquisition-related intangible assets

	client relationships	brand names	talent profiles	technology	total
Balance as at January 1, 2020	107	35	1	19	162
Movements in 2020					
Acquisition of subsidiaries	-	-	-	-	-
Amortization and impairment	(60)	(32)	-	(17)	(109)
Translation differences	-	-	-	-	-
Balance as at December 31, 2020	47	3	1	2	53
Cost	269	15	1	14	299
Accumulated amortization and impairment	222	12	-	12	246
Balance as at December 31, 2020	47	3	1	2	53
Balance as at January 1, 2019					
Cost	291	111	81	66	549
Accumulated amortization and impairment	133	54	63	37	287
	158	57	18	29	262
Movements in 2019					
Acquisition of subsidiaries	12	4	-	-	16
Amortization and impairment	(62)	(27)	(18)	(11)	(118)
Translation differences	(1)	1	1	1	2
Balance as at December 31, 2019	107	35	1	19	162
Cost	288	92	1	67	448
Accumulated amortization and impairment	181	57	0	48	286
Balance as at December 31, 2019	107	35	1	19	162

accounting policy

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

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

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

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

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

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

Impairments, if any, can be the result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit (or operating segment) to which the acquisition-related intangible assets are related. In 2020, we accelerated amortization of acquisition-related intangibles to the amount of € 29 million.

21 financial assets

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

Purchase and sale of financial assets are recognized on the settlement date, which is the date an asset is delivered to or by the Group. The cost of financial assets includes transaction costs.

financial assets

	2020	2019
Loans and receivables	140	412
Equity investments	37	42
Financial assets	177	454

21.1 loans and receivables

	2020	2019
Loans	128	122
CICE receivable	-	273
Net investments in subleases	12	17
Loans and receivables	140	412

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

Loans and receivables are neither past due nor impaired.

Loans and CICE receivable have counterparties such as governmental or semi-governmental bodies. Loans and CICE receivable comprise financial assets relating to our French subsidiaries.

Net investments in subleases comprise receivables originating from sublease contracts in respect of right-of-use buildings in which the Group is an intermediate lessor. These sublease contracts qualify as finance lease under IFRS 16.

The Group does not hold any collateral as security.

Loans and receivables are hold-to-collect contractual cash flows. In determining expected credit losses (ECL) and in estimating the probability of default of these loans and receivables over a 12-month ECL period, the Group has taken into account factors such as historical default experiences, the counterparties involved, and various other (external) sources of actual and forecast economic information. The Group did not observe any major change in risk compared to the prior year. No allowance for expected credit losses has been included for these loans and receivables, as the default risk is estimated to be zero.

21.1.1 loans

loans

	2020	2019
Balance as at January 1	127	118
Additions at fair value	10	9
Redemptions	(6)	(4)
Interest due to passage of time	4	4
Balance as at December 31	135	127
Non-current part	128	122
Current part	7	5
Balance as at December 31	135	127

Loans represent loans that are granted by our subsidiaries in France each year to French public housing agencies in relation to legal arrangements for payment of certain social security charges. These annual loans are interest-free and have a repayment term of 20 years each. These investments have an average remaining term of 11 years (2019: 11 years) and an effective interest rate of 3.1% (2019: 3.4%). The nominal value of these loans amounts to €169 million

(2019: € 162 million) and best represents the maximum exposure to credit risk. As at December 31, 2020, the fair value was approximately €37 million higher than the carrying amount (2019: € 33 million).

The difference between additions at nominal value (€ 10 million) and at fair value is recognized in cost of services, and amounts to € 0 million (2019: € 10 million and €1 million respectively).

21.1.2 CICE receivable

CICE receivable

	2020	2019
Balance as at January 1	389	493
Collections	(381)	(104)
Reclassification to current receivables	(8)	-
Interest due to passage of time	-	-
Balance as at December 31	-	389
Non-current part	-	273
Current part	-	116
Balance as at December 31	-	389

This financial asset arises from tax credits under the French Competitive Employment Act (CICE). This act was aimed at improving the competitiveness of the French economy and at reducing unemployment (the act was discontinued as of January 1, 2019). The tax credit is calculated as a percentage of wages and salaries paid to employees with a salary that is less than 2.5 times the French minimum wage. The tax credit can be offset against the income tax liability payable with respect to the calendar year to which the wages relate. Any excess credit on an annual basis can be carried forward and offset against the tax liability during the next three years. Any excess after three years will be refunded.

In 2020, an amount of € 381 million was collected, of which € 265 million by way of a legal sale to third parties at a value almost equal to the nominal amount, resulting as at December 31, 2020 in a remaining CICE receivable to the amount of € 8 million, which is reclassified to current receivables. As at December 31, 2019, the CICE receivable was presented under non-current assets, since the amount was expected to have a maturity of longer than one year, due to the combined effect of the legal regulations of the CICE arrangements and the

income tax situation of our French operations, except for the part that was due in the 12 months up to December 31, 2020 and presented under current receivables. In the statement of cash flows, the yearly additions at fair value of the CICE receivable were presented in 'other items' under cash flow from operating activities (the CICE arrangements were discontinued as of January 1, 2019), since the CICE arrangements are considered to be related to the operating activities. Collections on the CICE receivable are therefore presented in these 'other items' as well; in the statement of cash flows the collections are separately presented. The nominal value of the receivable amounts to € 8 million (2019: € 389 million), which best represents the maximum exposure to credit risk. As at December 31, 2020, the carrying amount equals the fair value.

21.1.3 net investments in subleases

	2020	2019
Balance as at January 1	25	24
Additions at fair value	2	7
Redemptions	(8)	(7)
Interest due to passage of time	1	1
Translation differences	(3)	-
Balance as at December 31	17	25
Non-current part	12	17
Current part	5	8
Balance as at December 31	17	25

accounting policy for net investments in subleases

The Group subleases some of its right-of-use assets. In these instances, the Group is an intermediate lessor. Most of the Group's sublease arrangements are classified as finance leases under IFRS 16. The classification of finance sublease is satisfied when substantially all the risk and rewards incidental to the underlying right-of-use assets arising from the head lease have been transferred. Sublease contracts with the classification of financial leases are recognized as a net investment in sublease, which is presented as a financial asset. The carrying amount of the underlying right-of-use asset is derecognized. The net investments in subleases are measured at the present value of the

(future) lease receipts, discounted using our incremental borrowing rate at commencement date of the sublease. Sublease contracts with the classification of operating leases result in sublease income being recognized periodically during the sub-rental period. Operating subleases have no impact on the right-of-use asset measurement.

The maturity of net investments in subleases is set out in the table below, showing the undiscounted lease amounts to be received after the balance sheet date.

The nominal value of the net investments in subleases amounts to € 17 million (2019: € 27 million), which best represents the maximum exposure to credit risk. As at December 31, 2020, the carrying amount equaled the fair value.

maturity of net investments in subleases

	2020	2019
year 1	5	9
year 2 -5	13	16
More than 5 years	-	2
Undiscounted lease amounts to be received	18	27
Unearned finance income	(1)	(2)
Present value of lease amounts to be received	17	25
Impairment loss allowance	-	-
Balance as at December 31	17	25

21.1.4 impairment of financial assets

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

An impairment loss on financial assets is reversed if, in a subsequent period, the amount of the impairment loss

decreases and this decrease can be related objectively to an event occurring after the impairment loss was recognized. Such reversal is immediately recognized in net finance costs.

21.2 equity investments

equity investments

	2020	2019
Balance as at January 1	42	40
Fair value adjustments	2	6
Additions	2	6
Disposals	(9)	(10)
Balance as at December 31	37	42

Equity investments are minority participations in early-stage to expansion-stage companies that are considered strategically relevant to Randstad. The typical investment amounts range between € 0.5 million and € 2 million. The Group has no significant influence over these investments. These investments are qualified as 'fair-value through other comprehensive income' investments, and if no reliable fair-value measurements are available, valued at cost. All investments are in principle considered non-current.

The fair value of the investments have increased by € 2 million (2019: € 6 million). This was based on share transactions and other market information. During the year 2020, the Group divested some of its minority participations. These divestments had a carrying amount of € 9 million (2019: € 10 million).

22 associates

As at December 31, 2020, the Group had investments in associates of € 25 million (2019: € 24 million). The largest associate is a 16.66% shareholding in Alma Career OY, Finland, which came with the acquisition of Monster Worldwide in 2016. The total assets and liabilities of associates amounted to approximately € 128 million and € 32 million respectively as at December 31, 2020 (2019: € 138 million and € 38 million respectively). Total revenue in 2020 amounted to € 88 million (2019: € 96 million). Our share in profit was € 4 million (2019: € 5 million).

In 2019, the Group acquired 100% of the shares in one of its associates (Optedis Sas in France), in which it already held 5% of the shares (see [note 11 'business combinations'](#) for more information). At the moment of acquisition of the majority of the shares, the carrying amount of the associate, including any fair value adjustments, was included as part of the consideration for this subsidiary. The fair-value adjustment at the moment of the acquisition of the majority of the shares resulted in a gain of € 0.3 million.

associates

	2020	2019
Balance as at January 1	24	23
Share in profit	4	5
Additions	-	-
Fair value adjustment	-	-
Accounted for as a consolidated subsidiary	-	-
Dividend	(4)	(4)
Translation differences	1	-
Balance as at December 31	25	24

accounting policy

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

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

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

23 total equity and dividends per share

23.1 shareholders' equity

23.1.1 authorized and issued capital

Authorized capital is € 106 million (2019: € 106 million) and consists of 350,000,000 (2019: 350,000,000) ordinary shares with a nominal value of € 0.10, a further 106,000 (2019: 106,000) type-A preference shares with a nominal value of € 500, 30,000,000 (2019: 30,000,000) type-B preference shares with a nominal value of € 0.10, and 150,000,000 (2019: 150,000,000) type-C preference shares with a nominal value of € 0.10.

At year-end, issued share capital consists of 183,303,552 ordinary shares (2019: 183,303,552), 25,200,000 type-B preference shares (2019: 25,200,000), and 50,130,352 (2019: 50,130,352) type-C preference shares.

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

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

The dividend on preference shares type-B and type-C is reviewed every seven years. In November 2019, the dividend on type-B and type-C was reset. The dividend for preference shares type-B was set at 2% of the capital contribution. The dividend on type-C preference shares was set at 3.5% of the capital contribution. The next

review of the dividend will take place in November 2026. Only the Executive Board can propose to the Annual General Meeting of Shareholders to decide that preference shares be repaid.

number of outstanding ordinary and preference shares

(x 1,000)

	2020		2019	
	ordinary shares	preference shares	ordinary shares	preference shares
January 1	183,304	75,330	183,302	75,330
From share-based compensation arrangements	-	-	2	-
December 31	183,304	75,330	183,304	75,330

Ordinary and preference shares are classified as equity. The distribution of the dividend on ordinary and preference shares is recognized as a liability in the period in which these dividends are adopted by the company's shareholders.

accounting policy

On the issue of new shares or on the extension of the term of preference shares outstanding, the proceeds less directly attributable costs are recognized in shareholders' equity within issued capital and, if applicable, within share premium.

On the purchase of ordinary shares that are included in shareholders' equity, the consideration paid, including directly attributable costs, is recorded as a change in shareholders' equity. Purchased ordinary shares are classified as treasury shares and presented as a deduction from shareholders' equity under reserves.

On the sale (or re-issue) of treasury shares, the proceeds less directly attributable costs are recognized under treasury shares for the original consideration paid; the remainder is recognized as a change in retained earnings.

As at December 31, 2020, the company held 5,120 treasury shares (2019: 361,775).

23.1.2 share premium

At year-end, share premium consists of €1,989 million share premium on ordinary shares (2019: € 1,989 million) and € 298 million share premium on preference shares (2019: € 298 million).

23.1.3 translation reserve

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

23.1.4 share-based compensations reserve

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

The company has various share-based compensation arrangements. Additional information about these arrangements is given in [note 29](#). The income statement includes an amount of € 37 million (2019: € 40 million) for share-based compensations.

At year-end 2020, 1.8 million performance shares (2019 1.7 million performance shares) are outstanding. Upon exercise of stock options or allocation of performance shares, this will lead to the issuance of the same number of new ordinary shares or the re-issue of treasury shares.

23.1.5 employee benefits reserve

The employee benefits reserve comprises the cumulative remeasurements of post-employment benefit obligations. The amounts are net of corporate taxes.

23.1.6 other information

See [note 7](#) to the company financial statements for the restrictions on the distribution of dividends and the repayment of capital.

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

23.2 dividends on ordinary and preference shares

dividends on ordinary and preference shares

	dividend related to		
	2020	2019	2018
Ordinary shares			
Dividend paid during 2019			619
Dividend paid during 2020		-	
Dividend 2020 proposed	594		
Preference shares			
Dividend paid during 2019			13
Dividend paid during 2020		12	
Dividend 2020 proposed	8		
Statement of cash flows	602	12	632

23.2.1 proposed profit appropriation

At the Annual General Meeting of Shareholders, to be held on March 23, 2021, the Executive Board, with the approval of the Supervisory Board, will propose that a dividend of € 3.24 per ordinary share be paid for the year 2020; the dividend of € 3.24 per ordinary share consists of a regular floor dividend of € 1.62, representing a payout of 63% of basic underlying earnings per share and an additional special cash dividend of € 1.62, in line with our dividend policy (see [note 3.1.1](#) for more information). For preference shares B and C, it will be proposed by the Executive Board, with the approval of the Supervisory Board, that a dividend of € 3.3 million and € 4.9 million be paid respectively. The difference in the amount of € 298 million between the total of dividends proposed (€ 602 million) and net income for the year (€ 304 million), will be deducted from retained earnings.

23.3 non-controlling interests

In 2020 and 2019, no transactions took place with non-controlling interests without a change of control.

accounting policy

Non-controlling interests represent the net assets not held by the Group and are presented within total equity in the consolidated balance sheet as a separate category. Profit or loss and each component of other comprehensive income are attributed to the equity holders and to the non-controlling interests.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity as long as control of the subsidiary is maintained.

Additional information about non-controlling interests is included in the consolidated statement of changes in equity.

24 employee benefit obligations

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

	defined benefit pension plans		net	other post-employment benefits	other long-term employee benefits	total
	obligation	plan assets				
Balance as at January 1, 2020	406	(300)	106	23	60	189
Movements in 2020						
Current service costs, total	29	-	29	17	5	51
Contributions, employees	-	(10)	(10)	-	-	(10)
Contributions, employers	-	(17)	(17)	-	-	(17)
Withdrawals/benefits paid	(25)	24	(1)	(17)	(9)	(27)
Total amount in statement of cash flows	4	(3)	1	-	(4)	(3)
Remeasurement results	32	(27)	5	-	-	5
Interest due to passage of time, net	3	(2)	1	-	-	1
Translation differences	-	(2)	(2)	(1)	(1)	(4)
Balance as at December 31, 2020	445	(334)	111	22	55	188
Non-current	445	(334)	111	13	44	168
Current	-	-	-	9	11	20
Balance as at December 31, 2020	445	(334)	111	22	55	188
Balance as at January 1, 2019						
Non-current	331	(251)	80	9	30	119
Current	-	-	-	-	20	20
	331	(251)	80	9	50	139
Movements in 2019						
Current service costs, total	25	-	25	13	15	53
Contributions, employees	-	(9)	(9)	-	-	(9)
Contributions, employers	-	(14)	(14)	-	-	(14)
Withdrawals/benefits paid	(14)	13	(1)	(1)	(4)	(6)
Total amount in statement of cash flows	11	(10)	1	12	11	24
Remeasurement results	54	(30)	24	1	-	25
Interest due to passage of time, net	6	(4)	2	-	-	2
Translation differences	4	(5)	(1)	1	(1)	(1)
Balance as at December 31, 2019	406	(300)	106	23	60	189
Non-current	406	(300)	106	12	43	161
Current	-	-	-	11	17	28
Balance as at December 31, 2019	406	(300)	106	23	60	189

24.1 employee benefit obligations

employee benefit obligations charged to comprehensive income

	2020	2019
Current service cost, total	51	53
Contributions, employees	(10)	(9)
Current service cost net, charged to operating profit	41	44
Interest expense due to passage of time	3	6
Interest income due to passage of time	(2)	(4)
Charged to net finance costs	1	2
Remeasurement losses, net	5	25
Charged to comprehensive income	47	71

The discount rates used to calculate employee benefit obligations are in the following ranges:

discount rates (employee benefit obligations)

	2020	2019
Defined benefit pension plans	0.0%-1%	0.05%-1.1%
Other post-employment benefits	0.2%-4.7%	0.5%-4.5%
Other long-term employee benefits	(0.5)%-2%	(0.4)%-2%

The obligations regarding other post-employment benefits and other long-term employee benefits are unfunded.

24.2 pensions

defined benefit pension plan schemes

	2020	2019
Defined benefit plan, corporate employees in Belgium	57	43
Defined benefit plan, corporate employees in France	37	35
Defined benefit plan, corporate employees in Germany	10	10
Defined benefit plan, staffing and corporate employees in Switzerland	7	8
Defined benefit plans, corporate employees in other countries	-	10
	111	106

The Group has various pension schemes, in accordance with local conditions and practices in the countries in which it operates. In some countries, such pension schemes are operated through a company pension fund. Most of the pension schemes are defined contribution plans, which are funded through payments to independent entities. For these schemes, the Group's obligation is limited to the payment of these annual contributions. The contributions constitute net periodic costs for the year in which they are due and are included in personnel expenses and/or cost of services.

A few pension schemes are defined benefit plans. The liability recognized in the balance sheet is the present value of the defined benefit obligation less the fair value of plan assets. Independent actuaries calculate the defined benefit obligations based on factors such as age, years of service, and compensation (based upon the projected unit credit method).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and with terms to maturity that approximate the term when the related pension liability is due.

Current service costs are recognized in personnel expenses and/or cost of services and reflect the increase in the defined benefit obligation resulting from employee service in the current year.

Past service costs are recognized immediately in personnel expenses and/or cost of services.

Withdrawals/benefits paid also include the net transfer of participants' vested benefits.

Remeasurement gains and losses of the net defined benefit obligation arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

The net interest expense on the net defined benefit liability is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then net defined benefit liability. Net interest expense is recognized in net finance costs.

In the Netherlands and Belgium, two pension schemes are operated through separate and independent company pension funds, after on January 1, 2020, 'Stichting Pensioenfonds Randstad' - operated as a closed pension plan for corporate employees - transferred the pension entitlements of employees of Randstad Groep Nederland BV and Randstad NV to Stichting 'Het nederlandse pensioenfonds'. As part of this transfer, Randstad paid a one-time settlement amount of € 16 million related to the future execution of the pension plan.

For the Netherlands, this is 'Stichting Pensioenfonds Flexsecurity' for staffing employees employed by Dutch Group companies; the fund operates a defined contribution pension plan. In 2020, the transactions with 'Stichting Pensioenfonds Flexsecurity' amounted to € 53 million (2019: € 59 million); the balance as at December 31, 2020 amounted to € 5 million (2019: € 4 million) payable.

For Belgium, the pension fund is 'Pensioenfonds Belgische werkmaatschappijen van Randstad OFF' for corporate employees employed by Belgian Group companies. The plan is organized through a fund that is legally separated from the company. The Board of this pension fund is required to act in the interest of the fund and of all relevant stakeholders in the scheme; the investment policy with regard to the assets of the fund is also the responsibility of the Board. The fund operates a defined benefit pension plan, which is a final-salary pension plan, providing benefits to (former) employees in the form of a guaranteed level of pension payable for life upon retirement. The pension entitlement of corporate employees is based on the average pensionable salary in the last three years before retirement. The employer's contribution is capped at a maximum of 5% of salaries. In 2020, transactions with this fund amounted to € 8 million (2019: € 4 million). The balance as at December 31, 2020 amounted to € 0 million (2019: € 1 million) payable.

In France, the defined benefit pension plan is a final-salary pension plan, which provides benefits to (former) employees in the form of a guaranteed level of pension payable for a lump sum upon retirement. The plan is in addition to state plans. The company is legally required to pay lump sums to employees upon retirement. The amounts are based on the number of years of service in the company and on the base salary according to the

collective bargaining agreement in force. The scheme covers all corporate employees employed by French Group companies.

breakdown of obligations for defined benefit pension plans

	2020	2019
Present value of funded obligations	445	406
Present value of unfunded obligations		-
Total present value of obligations	445	406
Fair value of plan assets	(334)	(300)
Liability in the balance sheet	111	106

major categories of plan assets

as a % of fair value of total plan assets

	2020	2019
Cash	3%	3%
Bonds	32%	30%
Equity instruments	43%	42%
Real estate	9%	9%
Other	13%	16%
	100%	100%

The actual return on plan assets was € 29 million positive (2019: € 34 million positive), due to favorable results on investments.

principal actuarial assumptions used for defined benefit pension plans

	2020	2019
Discount rate	0.0%-1%	0.05%-1.1%
Expected salary increases	0.0%-3.65%	0.0%-3.65%
Expected pension increases	0.0%-2%	0.0%-1.8%

average life expectancy¹

in years

	2020	2019
Male	19.7-22.5	19.6-22.5
Female	23.8-26.8	23.8-26.3

¹ Average life expectancy of an individual retiring at the age of 65 on the balance sheet date.

The assumptions regarding future mortality are based on published statistics and mortality tables in each territory.

The Group expects the 2021 contributions to be paid for defined benefit plans to be approximately € 15 million, excluding the impact of acquisitions and disposals.

risks

The most significant risks related to defined benefit plans are related to:

- Asset volatility: if the plan assets underperform, the yield on (high-quality) corporate bonds, which is the base for setting the discount rate in calculating the plan liabilities, will create a deficit;
- Interest/yield volatility: a decrease will result in an increase in the net plan liabilities;
- Salary volatility: future (expected) salaries are being used in the calculation of the plan liabilities; higher than expected salary increases will result in higher liabilities;
- Life expectancy: in the calculation of the plan liabilities, mortality tables are being used, indicating the life expectancy of the participants. If life expectancy increases, the plan liabilities will also increase.

sensitivity

With respect to the provision for pensions, a change in the interest rate of 1%-point, with all other variables held constant, would result in a deviation in the range of € 8 to € 9 million (2019: € 7 to € 8 million).

24.3 other post-employment benefits

Other post-employment benefit plans are defined benefit plans and follow the same accounting treatment as defined benefit pension plans. Independent actuaries calculate the defined benefit obligations based on factors such as age, years of service, and compensation (based upon the projected unit credit method). These plans mainly consist of state-driven plans in Italy and India, post-employment health benefits in the US and transition fee payments related to temporary workers in the Netherlands, based on the Dutch 'Wet Arbeidsmarkt in Balans' (WAB).

Remeasurements of the obligation – comprising gains and losses arising from experience adjustments and changes in actuarial assumptions – are recognized in other comprehensive income.

24.4 other long-term employee benefits

In accordance with applicable legal requirements, the Group recognizes liabilities for several other long-term employee benefit plans, such as schemes related to sickness and long-term disability and long-service leave plans. These liabilities are based on calculations made by independent actuaries based on factors such as age, years of service, expected sickness duration, and compensation (based on the 'projected unit credit method').

Remeasurement gains and losses related to these plans are recognized in personnel expenses and/or cost of services in the year in which they occur.

25 other liabilities

	2020	2019
Balance as at January 1	24	11
Changes in value	(4)	-
Deferred compensations from acquired subsidiaries/activities	(3)	15
Considerations paid in respect of acquisitions in preceding years	(13)	(2)
Interest due to passage of time	-	-
Translation differences	-	-
Balance as at December 31	4	24
Non-current part	2	10
Current part	2	14
Balance as at December 31	4	24

accounting policy

As at December 31, 2020, other liabilities only comprise deferred payments (including earn-out arrangements) from business combinations in prior years.

All liabilities arising from arrangements with the previous owners of acquired companies who still held a non-controlling interest ('deferred considerations') were settled through the exercise of the option related to the last outstanding arrangement. With respect to these arrangements, the Group entered into put and call options with the holders of these non-controlling interests. The put option gave the minority shareholder the right to sell its non-controlling interest to the Group. The call option gave the Group the right to purchase the non-controlling interest. The option exercise price was determined by a contractually agreed formula that was based mainly on the future results of the company involved. The liability was initially stated at fair value. Subsequent measurement was at amortized cost, using the effective interest method (2020 and 2019: effective interest rate of 5%). The value was 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 was 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 was classified as short term, except for the part that could

only be exercised after one year. Changes in the value of these liabilities (also including interest due to passage of time), as well as differences upon settlement between the actual cash outflow and the expected cash outflow, are accounted for in net finance costs. The companies acquired under these arrangements are fully consolidated, with no recognition of a non-controlling interest.

26 trade and other payables

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

trade and other payables

	2020	2019
Trade payables	525	665
Other taxes and social insurance charges	1,212	1,005
Pension contributions	14	17
Wages, salaries and other personnel costs	1,325	1,348
Other accruals	575	457
Deferred income	84	88
	3,735	3,580

notes to the

consolidated statement of cash flows.

27 statement of cash flows

The statement of cash flows has been prepared applying the indirect method.

Cash flows in foreign currencies have been translated, in principle, at average exchange rates; certain material (mainly financing) transactions are translated at the exchange rate at the day of translation. Exchange differences concerning cash items are shown separately in the statement of cash flows. Income taxes paid/received are included in the cash flow from operating activities. Finance income received, finance expenses paid, and dividends paid are included in the cash flow from financing activities.

The purchase price of acquisitions paid, as well as the selling price of disposed subsidiaries received, is included in cash flow from investing activities. This purchase price paid, as well as the selling price received, is included in the statement of cash flows net of net cash acquired or disposed of respectively. Changes in assets and liabilities resulting from the acquisition and disposal of subsidiaries are taken into account in the calculation of the consolidated cash flows.

The majority of the items in the consolidated statement of cash flows are individually cross-referenced to the relevant notes to the consolidated statement of comprehensive income and the consolidated statement of financial position. For the remainder of the material items, the reconciliation between amounts as included in the consolidated statement of cash flows and related amounts in the statement of comprehensive income and the consolidated statement of financial position is shown in this note.

27.1 operating working capital

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

operating working capital

	2020	2019
Current assets	4,979	5,066
Current liabilities	(4,245)	(4,994)
Working capital	734	72
Current assets	4,979	5,066
Adjusted for:		
Cash and cash equivalents	(474)	(225)
Current income tax receivables	(98)	(130)
Trade and other receivables	4,407	4,711
Adjusted for:		
Current CICE receivable	(8)	(116)
Current part of other loans and receivables	(7)	(5)
Current part of net investments in sublease	(5)	(8)
Interest receivable	(3)	-
Operating working capital assets	4,384	4,582
Current liabilities	(4,245)	(4,994)
Adjusted for:		
Current borrowings	141	981
Current part of lease liabilities	191	204
Current income tax liabilities	65	96
Current part of provisions	91	91
Current part of employee benefit obligations	20	28
Current other liabilities	2	14
Trade and other payables	(3,735)	(3,580)
Adjusted for:		
Interest payable	9	9
Operating working capital liabilities	(3,726)	(3,571)
Operating working capital assets	4,384	4,582
Operating working capital liabilities	(3,726)	(3,571)
Operating working capital	658	1,011

27.2 operating working capital assets

operating working capital assets

	2020	2019
Trade and other receivables as at January 1	4,711	4,875
Adjusted for:		
Current part of loans and receivables	(129)	(117)
Operating working capital assets as at January 1	4,582	4,758
Acquisition of subsidiaries	1	13
Disposal of subsidiaries	-	-
Translation (losses)/gains	(112)	28
Statement of cash flows	(87)	(217)
Operating working capital assets as at December 31	4,384	4,582

27.3 operating working capital liabilities

operating working capital liabilities

	2020	2019
Trade and other payables as at January 1	3,580	3,755
Adjusted for:		
Interest payable	(9)	(6)
Operating working capital liabilities as at January 1	3,571	3,749
Acquisition of subsidiaries	1	10
Disposal of subsidiaries	-	-
Translation (gains)/losses	(74)	12
Statement of cash flows	228	(200)
Operating working capital liabilities as at December 31	3,726	3,571

27.4 CICE and other items

In 2020 an amount of € 381 million (2019: € 104 million) was received on the outstanding CICE receivable. See [note 21.1.2](#).

other items (movements)

	2020	2019
Loans	-	1
Net result of net investments in subleases	(2)	(7)
Net result of remeasurements of right-of-use assets, lease liabilities and provision site restoration	(4)	(2)
Non-cash	(6)	(8)
Collections of net investments in subleases	8	7
Cash	8	7
Statement of cash flows	2	(1)

27.5 corporate income taxes paid

corporate income taxes paid

	2020	2019
North America	3	2
France	66	51
Netherlands/Corporate	18	67
Germany	18	13
Belgium & Luxembourg	39	27
Italy	21	26
Iberia	8	12
Other European countries	4	11
Rest of the world	1	(8)
Global Businesses	3	3
Total	181	204

Corporate income taxes paid in North America are relatively low as a result of accumulated net operating losses that are offset against taxable income. France includes in 2020 € 17 million payment of taxes related to prior year; 'Belgium & Luxembourg' also had payments related to prior years. Germany includes in 2020 a repayment of taxes related to prior years.

Randstad N.V. and its Dutch subsidiaries form a fiscal unit for corporate income tax. Decrease in payments mainly caused by lower taxable profits in 2020

compared to 2019 and a refund related to prior years. 'Rest of the world' region in 2019 included a reimbursement for prepayments by Japan in 2018.

27.6 free cash flow

Free cash flow comprises net cash from operating and investing activities, excluding the cash flows from the acquisition and disposal of subsidiaries/activities, of equity investments, and of associates, as well as the dividends from associates. Repayment of lease liabilities is also deducted in order to arrive at free cash flow.

free cash flow

	2020	2019
Net cash flow from operating activities	1,462	1,269
Net cash flow from investing activities	(112)	(137)
	1,350	1,132
Acquisition of subsidiaries, equity investments and associates	15	23
Disposal of subsidiaries / equity investments	(9)	(10)
Dividends from associates	(4)	(4)
	1,352	1,141
Repayment of lease liabilities	(220)	(226)
Free cash flow	1,132	915

other notes to the consolidated financial statements.

28 subsidiaries

28.1 subsidiaries

Subsidiaries are companies controlled by Randstad N.V. Control exists when Randstad is exposed to or has rights to variable returns from its involvement with subsidiary companies and has the ability to influence those returns through its power over the subsidiary, generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are consolidated from the date that such control commences until the date that it ceases.

Intragroup balances and intragroup transactions are eliminated, as well as any unrealized gains from these transactions. Unrealized losses from intragroup transactions are also eliminated, unless there is evidence of impairment of the assets transferred. Intragroup transactions take place on an arm's length basis.

28.2 financial statements of group companies

Upon translation of foreign activities, the assets and liabilities of operations in currencies other than the euro, including goodwill and fair-value adjustments arising on consolidation, are translated into euros at the foreign exchange rates at the balance sheet date. The income statements of these operations in currencies other than the euro are translated into euros at average exchange rates.

Upon the acquisition of a subsidiary that has a currency other than the euro, balance sheet items are translated into euros at the foreign exchange rates at the acquisition date.

28.3 net investment in subsidiaries that have a currency other than the euro

The net investment in subsidiaries that have a currency other than the euro includes the participation in the net assets of these subsidiaries, and, if applicable, loans to these subsidiaries, settlement of which is neither planned nor expected to occur in the foreseeable future.

Translation differences that occur upon consolidation, relating to the translation of the net investment in subsidiaries that have a currency other than the euro, are recognized in other comprehensive income and presented in the (foreign currency) translation reserve, a separate component within equity, as are translation differences of financial liabilities designated as hedges of such investments (net investment hedge), to the extent that the hedge is effective. The gain or loss relating to the ineffective part is recognized immediately in net finance costs.

If the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation differences is allocated to the non-controlling interests.

Whenever a foreign operation is disposed of, these translation differences are released or charged to the statement of comprehensive income as part of the gain or loss on disposal.

28.4 overview of selected subsidiaries, as at december 31, 2020¹

north america

- Randstad North America Inc, United States
- Randstad Professionals US LLC, United States
- RiseSmart Inc., United States
- Monster Worldwide Inc., United States
- Celerity IT LLC, United States
- Randstad Intérim Inc., Canada

france

- Randstad SAS
- Randstad Sourceright SASU
- Asy SAS
- Atoll SASU
- Monster Worldwide SAS

the netherlands

- Randstad Nederland bv
- Tempo-Team Group bv
- Yacht Group Nederland bv
- Randstad Sourceright International bv
- Randstad Sourceright EMEA bv
- Monster Worldwide Netherlands bv

germany

- Randstad Deutschland GmbH & Co. KG¹
- Randstad Automotive GmbH & Co. KG¹
- Tempo-Team Personaldienstleistungen GmbH
- Randstad Sourceright GmbH
- GULP Information Services GmbH
- GULP Solution Services GmbH & Co. KG¹
- Asy Technologies Germany AG
- Asy Consulting GmbH
- Monster Worldwide Deutschland GmbH

belgium & luxembourg

- Randstad Belgium nv, Belgium
- Randstad Sourceright nv, Belgium
- Tempo-Team nv, Belgium
- Asy Consulting nv, Belgium
- Asy IT Consulting nv, Belgium
- Randstad Interim sa, Luxembourg

italy

- Randstad Italia SPA Società di fornitura di lavoro temporaneo
- Randstad HR Solutions srl società con unico socio

iberia

- Randstad Empleo, Empresa De Trabajo Temporal S.A. Sociedad Unipersonal, Spain
- Randstad Recursos Humanos, Empresa de Trabalho Temporario S.A., Portugal

other european countries

- Randstad Austria GmbH, Austria
- Randstad sro, Czech Republic
- Randstad A/S, Denmark
- Randstad AE, Greece
- Randstad Hungary Kft, Hungary
- Randstad Ireland Operations Limited, Ireland
- Qualitair Aviation Malta Limited, Malta
- Randstad Norway AS, Norway
- Randstad Polska Sp. z o.o., Poland
- Randstad Romania Srl, Romania
- Randstad AB, Sweden
- Randstad Schweiz AG, Switzerland
- Randstad Work Solutions Istihdam ve İnsan Kaynaklary Ltd. Şti., Turkey
- Randstad CPE Limited, United Kingdom
- Randstad Financial & Professional Limited, United Kingdom
- Randstad Sourceright Limited, United Kingdom

rest of the world

- Sesa Internacional S.A., Argentina
- Randstad Pty Ltd, Australia
- Aurec Pty Ltd, Australia
- Randstad Brasil Recursos Humanos Ltda, Brazil
- Randstad Chile S.A., Chile
- Talent Shanghai Co. Ltd, China
- Randstad Hong Kong Limited, Hong Kong SAR²
- Randstad India Private Ltd, India
- Randstad KK, Japan
- Randstad Sourceright Sdn. Bhd., Malaysia
- Randstad Mexico S. de R.L. de CV, Mexico
- Randstad Limited, New Zealand
- Randstad (PTE) Limited, Singapore
- Randstad Uruguay SA, Uruguay

other subsidiaries

- Randstad Holding Nederland bv, the Netherlands
- Randstad Holding Luxembourg Sarl, Luxembourg
- Randstad Finance GmbH, Switzerland
- Randstad FTC Pte Limited, Singapore

¹ The fully consolidated German subsidiaries mentioned above exercise simplification options in accordance with Article 264.b of the German Commercial Code ('HGB').

² Region in the case of Hong Kong SAR (Special Administrative Region)

¹ A list of all subsidiaries has been filed at the Chamber of Commerce in Amsterdam ('Kamer van Koophandel', Amsterdam; Chamber of Commerce number 33216172). Randstad N.V. has, directly or indirectly, a 100% interest in all subsidiaries (by way of legal ownership of the shares or by way of economic ownership of the shares (put-call option arrangements) for a limited number of companies), unless stated otherwise.

29 share-based compensations

The company has various share-based compensation arrangements that are settled in ordinary shares. The fair value of these share-based compensations, calculated on grant date, is based on valuation models, taking into account relevant market conditions and non-vesting conditions. The fair value is included in personnel expenses in the vesting period during which the expected employee services are received. The same amount is credited to shareholders' equity.

At each balance sheet date, the company reassesses its estimates of the non-market vesting conditions under these share-based compensation arrangements. The impact of the revision on original estimates with respect to the past vesting period, if any, is recognized in personnel expenses immediately, with a corresponding adjustment to shareholders' equity.

Within the Group, a number of share-based compensation arrangements are in effect: performance share plans for Executive Board members and senior management, an advisory board share plan, a share matching plan for Executive Board members, and a share purchase plan for all corporate employees.

The actual annual grant of performance shares will, in principle, not exceed 1% of the ordinary issued capital. However, depending on the realization of related performance targets and the company's actual share price, the number of shares to be issued in relation to vesting of the performance shares might in a certain year exceed the 1% limit.

29.1 performance share plans

29.1.1 executive board performance share plan

Since 2007, conditional performance shares have been granted annually to the members of the Executive Board. The plan has a term of three years. The number of shares to vest depends on the company's TSR performance compared to a peer group of 18 companies (2019: 18 peers) measured over a three-year period starting on January 1 of the year of grant. The number of shares to vest also depends on achieving certain non-financial performance targets.

All performance share plans are equity-settled. The fair value is determined as at the date of each grant, based on a Monte Carlo simulation model.

Volatility of the shares of the peer companies, as well as the pair-wise correlation between all peer shares, is estimated on the basis of historical daily prices over three years. Estimated dividends of the peer companies are based on historical dividends.

The fair value is charged to the income statement during the vesting period, based on the on-target awards of the TSR part of each plan and on the expected outcome of the non-financial performance targets.

At each balance sheet date, the non-market conditions (attrition and non-financial performance) are reassessed; any adjustment is charged to the income statement.

The shares yet to be vested of a Board member who resigns from the Group within the three-year vesting period will, in principle, be forfeited.

29.1.2 senior management performance share plan

Terms and conditions of the senior management performance share plan are identical to those of the Executive Board.

The performance shares 2017 of the Executive Board and senior management vested on December 31, 2019, based on relative TSR performance and reaching certain non-financial targets of the company, resulting in 520,261 shares being allocated in February 2020 (share price at allocation date: € 53.50), compared to an on-target award of 423,390 shares.

The performance shares 2018 of the Executive Board and senior management vested on December 31, 2020, based on relative TSR performance and reaching certain non-financial targets of the company, resulting in 652,368 shares to be allocated in February 2021, compared to an on-target award of 423,474 shares.

The expenses charged to the 2020 income statement amount to € 28.7 million (2019: € 30.6 million).

29.1.3 retention performance share plan

In 2017, conditional performance shares were granted to certain senior management as part of a retention plan. These shares will vest based on performance during the vesting periods 2017–2019, 2017–2020, and 2017–2021. The performance conditions are non-market conditions; possible adjustments due to the yearly assessment of conditional performance are charged to the income statement.

The first tranche vested in December 2019, resulting in 35,785 shares being allocated (share price at allocation date of € 38.92), compared to an on-target award of 32,239 shares. The vesting date of the second tranche was December 31, 2020, but the performance targets were not met and therefore did not result in an allocation of shares.

Forfeitures and reassessments of the performance conditions resulted in a release to the income statement of € 1.0 million (2019: expenses € 1.0 million).

29.1.4 other share plans

These share plans are implemented to reward the participants for specific contributions. The shares

parameters used for fair-value determination

	2020	2019	2018
Average share price at grant date	€ 53.18	€ 44.78	€ 56.77
Expected volatility, based on historical prices over the three-year period to the valuation date	22.0%	26.0%	28.0%
Expected dividends	7.6%	3.7%	3.5%
Risk-free interest rate (yield on Dutch government bonds)	(0.4%)	(0.1%)	0.0%

granted are conditional, and vesting depends on performance on non-market-based conditions and/or the rendering of employee services during the vesting periods, which may vary from 1 to 4 years.

The expenses charged to the 2020 income statement amount to € 0.7 million (2019: € 0.3 million).

In 2020, 6,997 shares were allocated at the respective allocation dates, at an average share price of € 43.33, with the on-target award being 6,997 shares.

details of all (performance) share plans

year of grant	number of shares (x 1,000) on target					average fair value at grant date per share (in €)	
	january 1, 2020	granted	adjustment	forfeitures	allocated in 2020	december 31, 2020	
2017	498	-	6	(23)	(459)	22	50.44
2018	459	-	-	(26)	(2)	431	53.87
2019	721	-	-	(49)	(2)	670	39.37
2020		696	-	(25)	-	671	42.59
Total	1,678	696	6	(123)	(463)	1,794	

29.2 share purchase plan for corporate employees

Under the share purchase plan, participating corporate employees may purchase shares through Stichting Randstad Optiefonds twice a year. The maximum amount to be spent within the plan is set annually at 5% of the participant's annual salary. Employees receive a number of bonus shares equal to 50% of the number of shares purchased; these bonus shares vest over a period of six months, only if employees hold on to the purchased shares for the same period of six months (on condition that they are still employed by the Group). The

bonus is expensed by the company over the vesting period (2020: € 8.5 million; 2019: € 8.0 million). In 2020, a total of 204,437 (2019: 165,670) bonus shares were allocated to employees.

29.3 executive board share matching plan

As of 2017, 25% of the net annual bonus of the Executive Board is paid out in shares. After three years, these shares will be matched 1:1 subject to a sustainable performance of the Company and at the discretion of the Supervisory Board. Executive Board members are

allowed to voluntarily convert an additional 25% of the net annual bonus with the same matching principles. The expenses recorded for the matching of shares amount to € 0.2 million in 2020 (2019: € 0.2 million).

29.4 total share-based compensations

in millions of €	2020	2019
Performance share plans	28.7	30.6
Retention performance share plan	-1.0	1.0
Other share plans	0.7	0.3
Share purchase plan	8.5	8.0
Share matching plan	0.2	0.2
	37.1	40.1

30 related-party transactions

30.1 key management

The members of the Executive Board and Supervisory Board are considered the key management of the Group. Details of the remuneration of the members of the Executive Board and Supervisory Board are included in the governance section of the annual report, under [remuneration report \(see page 122\)](#).

30.2 remuneration of the members of the executive board

The totals of the remuneration of the members of the Executive Board are included in the income statement.

executive board remuneration

x € 1,000

	2020	2019
Fixed compensation		
Base salary	4,367	4,353
Fringe benefits	61	96
	4,428	4,449
Variable compensation		
Short-term bonus	0	3,030
Share-based compensations	4,096	4,736
	4,096	7,766
Pension expenses	1,179	1,167
Social charges and taxes	362	506
Total	10,065	13,888

In 2020, the remuneration of former Executive Board members amounted to € 237,000 (2019: € 1,052,000).

The expenses for performance shares refer to the fair value of share-based payments charged to the income statement for the years 2020 and 2019 respectively.

The company has not issued any loans, commitments to provide loans, or guarantees to Executive Board members. Pension expenses related to Dutch-based Board members include compensation for the limitation of accrual of pension rights in 2020 and 2019.

The performance shares 2017 were allocated in February 2020. The allocation amounted to 123% of the on-target award (share price at allocation date: € 53.50).

number of performance shares outstanding in 2020

	january 1, 2020	number of shares on target 2020 ¹	transfer ²	forfeitures	performance adjustment at allocation 2020	allocated in february 2020	december 31, 2020
Total performance shares outstanding of Executive Board members	254,182	117,986	8,564	(35,559)	12,548	(67,357)	290,364
Total matching shares outstanding of Executive Board members	9,633	15,072		(1,313)			23,392
Total shares outstanding of Executive Board members	263,815	133,058	8,564	(36,872)	12,548	(67,357)	313,756
Total shares outstanding of former Executive Board members	27,339			(86)	3,660	(19,646)	11,267

1 The number of shares on target 2020 refer to the shares granted according to the executive performance plan (29.1) and the share matching plan (29.4).

2 Performance shares of new board members granted in previous years.

The performance shares 2018 vested on December 31, 2020, based on relative TSR performance of the company and the achievement of certain non-financial targets over the period January 1, 2018 – December 31, 2020, resulting in an overall vesting of 154% of the on-target award.

Allocation after vesting of conditional shares awarded in 2018, 2019, and 2020 will take place in February 2021, 2022, and 2023 respectively.

number of ordinary shares in randstad nv held by executive board

as at december 31

	2020	2019
Unrestricted ordinary shares	110,766	160,971
Locked-up ordinary shares	67,992	78,306
Total	178,758	239,277

For the conditions and criteria governing the granting and vesting of performance shares, see [note 29.1](#).

30.3 remuneration of the members of the supervisory board

Remuneration of the members of the Supervisory Board is included in the income statement. The remuneration is fixed and includes gross expense allowances. In 2020, the total remuneration amounted to € 659,500 (2019: € 681,500).

Total remuneration of former Supervisory Board members amounted to € 24,000 (2019 € 24,000).

The company has not issued any loans, commitments to provide loans, or guarantees to members of the Supervisory Board.

30.4 other related-party transactions

The founder of the Randstad Group has an interest in a legal entity, which, based on the 'Wet financieel toezicht' (Act on Financial Supervision), is registered as a shareholder in Randstad N.V. in the 30% – 40% category. There were no transactions with this related party. The rental expenses of the ship, Clipper Stad Amsterdam, for promotional activities, were zero (2019: € 2 million).

See [note 25.2](#) 'Employee benefit obligations' for transactions with company pension funds through which certain pension schemes are operated.

31 number of employees (average)

	2020	2019
Candidates working	568,800	649,000
Corporate employees	34,680	38,280
	603,480	687,280

number of employees by segment

	Candidates working		Corporate employees	
	2020	2019	2020	2019
North America	86,100	94,600	5,770	5,690
France	71,400	87,200	4,110	4,610
Netherlands	63,000	77,800	3,730	4,190
Germany	31,200	40,200	2,350	2,770
Belgium & Luxembourg	39,000	47,000	1,790	2,080
Italy	41,800	49,900	2,010	2,240
Iberia	53,300	65,000	1,810	2,170
Other European countries	54,500	59,800	3,380	3,710
Rest of the world	121,200	117,200	5,070	5,780
Global Businesses	7,300	10,300	4,390	4,790
Corporate	-	-	270	250
Total	568,800	649,000	34,680	38,280

32 commitments

	2020	2019
Commitments less than 1 year	115	95
Commitments more than 1 year, less than 5 years	167	126
Commitments more than 5 years	18	3
	300	224

Commitments relate mainly to service contracts. The increase in commitments as at December 31, 2020 compared to prior year is due to global IT contracts.

No guarantees have been issued other than those relating to commitments regarding rent and leases, and those relating to liabilities that are included in the balance sheet.

33 auditors' fees

The following auditors' fees were expensed in the income statement in the reporting period:

auditors' fees

	2020	2019
Audit of the financial statements ¹	4.5	4.6
Audit of the financial statements of subsidiaries by other audit firms	0.8	1.5
Subtotal for audit of the financial statements ²	5.3	6.1
Other audit procedures ³	0.3	0.3
Total	5.6	6.4

1 The fees listed above relate to the procedures applied to the company and its consolidated Group entities by Deloitte Accountants B.V. as the external auditor referred to in Section 1 (1) of the Dutch Accounting Firms Oversight Act (Wta) as well as by the Deloitte network (€ 0.9 million and € 3.6 million respectively (2019: € 0.8 million and € 3.8 million)).

2 Including the audit fees with respect to the local statutory financial statements.

3 The fees listed above for 2020 and 2019 relate to the procedures applied to the company and its consolidated Group entities by Deloitte Accountants B.V. as the external auditor referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Wta) (€ 0.2 million), as well as by the Deloitte network.

34 events after balance sheet date

Subsequent to the date of the balance sheet, no events material to the Group as a whole occurred that require disclosure in this note.

company

financial statements.

(before profit appropriation)

income statement

in millions of €	note	2020	2019
Revenue	2	216	287
Gross profit		216	287
Selling expenses		1	3
General and administrative expenses		105	94
Total operating expenses		106	97
Operating profit		110	190
Finance income		24	40
Finance expenses		(156)	(168)
Net finance costs		(132)	(128)
Income before taxes		(22)	62
Taxes on income		(6)	(29)
Income from subsidiaries after taxes	4	332	573
Net income		304	606

statement of financial position as at december 31

in millions of €

assets

	note	2020	2019
Software	3	15	10
Intangible assets		15	10
Subsidiaries	4	9,022	8,929
Long-term loans receivable from subsidiaries	5	172	953
Deferred income tax assets		2	-
Financial assets		9,196	9,882
Non-current assets		9,211	9,892
Receivables	6	250	251
Income tax receivable		9	26
Cash and cash equivalents		69	2
Current assets		328	279
Total assets		9,539	10,171

equity and liabilities

Issued capital		26	26
Share premium		2,287	2,287
Legal reserves		116	240
Other reserves		1,935	1,313
Net income for the year		304	606
Shareholders' equity	7	4,668	4,472
Non-current liabilities/borrowings	8	2,519	3,294
Borrowings	8	60	945
Trade and other payables	9	2,292	1,460
Current liabilities		2,352	2,405
Total liabilities		4,871	5,699
Total equity and liabilities		9,539	10,171

notes to the company financial statements.

1 accounting policies for the company financial statements

The company financial statements of Randstad N.V. are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. The company has made use of the possibility based on Article 362, paragraph 8, Part 9, Book 2 of the Dutch Civil Code to prepare company financial statements based on the accounting policies used for the consolidated financial statements.

The subsidiaries are presented in accordance with the equity method.

Receivables are mainly receivables on subsidiaries. The accounting policy on trade and other receivables is included in [note 3.2.1](#) of the notes to the consolidated financial statements. The expected credit losses, if any, are eliminated in the carrying amount of these receivables.

A summary of the significant accounting policies and a summary of the critical accounting estimates, assumptions and judgments are given in [note 2](#) and [note 4](#) respectively of the notes to the consolidated financial statements.

2 revenue

Revenue comprises charges to subsidiary companies with regard to corporate expenses as well as royalty charges.

These (royalty) charges are based on a percentage of revenues of subsidiaries.

3 software

software

	2020	2019
Balance as at January 1	10	4
Additions	19	9
Amortization and impairment	(14)	(3)
Balance as at December 31	15	10
Cost	32	13
Accumulated amortization and impairment	(17)	(3)
Balance as at December 31	15	10

Additional information with respect to software is given in [note 19](#) of the notes to the consolidated balance sheet.

4 subsidiaries

subsidiaries

	2020	2019
Balance as at January 1	8,929	8,337
Capital (repayments)/contributions	(42)	12
Disposal of subsidiaries	-	(24)
Dividend	(68)	(23)
Net income	332	573
Share-based compensations, subsidiaries	5	14
IAS 19 effects, subsidiaries	(3)	(18)
Fair value adjustment on equity investment	2	6
Translation differences	(133)	52
Balance as at December 31	9,022	8,929

See [note 28.4](#) of the notes to the consolidated financial statements for an overview of the selected subsidiaries.

5 long-term loans receivable from subsidiaries

This relates to a loan to a subsidiary that is issued with a maturity date of April 2022. The average interest on all loans during 2020 is 1.7% (2019: 1.8%).

6 receivables

receivables

	2020	2019
Receivables from subsidiaries	227	245
Other receivables and prepayments	23	6
	250	251

7 shareholders' equity

Additional information is given in the consolidated statement of changes in equity and in [note 23](#) of the notes to the consolidated financial statements.

7.1 legal reserves

Based on Dutch law, a legal reserve needs to be established for currency translations, fair-value adjustments, and capitalized costs of development of software. The legal reserve cannot be used for dividend distribution and is therefore restricted in usage.

legal reserves

	2020	2019
Translation reserve	(15)	106
Developed software company	15	10
Developed software at subsidiaries	101	111
Fair value reserve	15	13
	116	240

Movements during 2020 relate to translation losses (2019: gains) and to the net balance of capitalization and amortization of internally developed software for the company and for its subsidiaries.

7.2 other reserves

'Other reserves' includes a reserve with respect to share-based compensations to the amount of € 63 million (2019: € 63 million).

8 borrowings

borrowings

	2020	2019
Non-current borrowings, payable to subsidiaries	2,519	3,294
Non-current borrowings	2,519	3,294
Current borrowings	60	438
Current borrowings	60	438
Short-term part of non-current borrowings third parties	-	507
Total borrowings	2,579	4,239

Total borrowings payable to subsidiaries consist of various loans amounting to € 2,519 million (2019: € 3,294 million), maturing from January 2025 to October 2029. The average interest rate on all these loans is 3.2% (2019: 3.5%).

movements in non-current borrowings from third parties

	2020	2019
Balance as at January 1	507	494
Repayments of syndicated loan	-	(1)
Repayment of loans	(495)	-
Amortization of transaction costs	-	6
Translation differences	(12)	8
Non-current borrowings before reclassification	-	507
Reclassification to short-term part of non-current borrowings	-	(507)
Balance as at December 31	-	-

Additional information with respect to borrowings is given in [note 3.2](#) of the notes to the consolidated balance sheet.

9 trade and other payables

trade and other payables

	2020	2019
Trade payables	19	6
Payables to subsidiaries	2,260	1,439
Other taxes and social insurance charges	2	1
Wages, salaries and other personnel costs	3	7
Accruals and deferred income	8	7
Balance as at December 31	2,292	1,460

10 number of employees (average)

In 2020, the company employed an average of 240 employees (2019: 206), of which 50 (2019: 46) have their place of residence outside the Netherlands.

11 total wages and salaries, social security and pension charges

	2020	2019
Wages and salaries	31	32
Social security charges	2	2
Pension charges - defined contribution plans	3	3
Share-based compensations	7	9
	43	46

In addition to these wages and salaries, the wages and salaries of employees who have their residence outside of the Netherlands are charged to the company, amounting to € 11 million (2019: € 14 million).

12 remuneration

See [note 30](#) of the notes to the consolidated financial statements.

13 related parties

In addition to notes [28](#), [29](#) and [30](#) of the notes to the consolidated financial statements, all companies within the Group are also considered to be related parties of Randstad N.V.

14 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 € 695 million (2019: € 682 million).

As at December 31, 2020, guarantees issued on behalf of subsidiaries amounted to € 3 million (2019: € 3 million). Furthermore, in the normal course of business, the company provides financial support to its subsidiaries.

The company's commitments for the period up to one year amount to € 36 million (2019: € 6 million), for the period between one and five years they amount to € 94 million (2019: € 12 million), and for the period after five years they amount to € 6 million (2019: zero). Commitments mainly relate to service contracts. The increase in commitments as at December 31, 2020 compared to the prior year is due to global IT contracts.

The company is part of fiscal unities for corporate income taxes, as well as for value-added taxes. As a consequence, the company bears joint and several liability for the debts with respect to corporate income taxes and value-added taxes of the fiscal unities. The company settles corporate income taxes, in principle, based on the results before taxes of the subsidiaries belonging to the fiscal unity.

The company has issued joint and several liability statements in accordance with Section 403, Part 9, Book 2 of the Dutch Civil Code for a limited number of its Dutch subsidiary companies, mainly serving as sub-holding companies.

15 auditors' fees

Information with respect to auditors' fees is given in [note 33](#) of the notes to the consolidated financial statements.

Diemen, the Netherlands, February 8, 2021

The Executive Board

Jacques van den Broek, Chair
Henry Schirmer
Karen Fichuk
Rebecca Henderson
Chris Heutink
René Steenvoorden

The Supervisory Board

Wout Dekker, Chair
Jaap Winter, Vice-Chair
Annet Aris
Hélène Auriol Potier
Barbara Borra
Frank Dorjee
Rudy Provoost

other information.

provisions in the articles of association concerning profit appropriation

The following is a summary of the most important stipulations of Articles 28 and 29 of the Articles of Association concerning profit appropriation.

subsection 1.

1. Any such amounts from the profits as will be determined by the Executive Board with the approval of the Supervisory Board will be allocated to reserves. As far as possible, from the remaining profits (hereinafter also called the total profits):

a. A dividend will first be distributed to the holders of preference A shares on the amount paid on said shares, of which the percentage will be equal to the average of the statutory interest – in the event of a change in the meantime to the respective percentages – during the financial year for which the distribution is made. This percentage will be increased by a surcharge fixed by the Executive Board, subject to the approval of the Supervisory Board, amounting to a maximum of three percent (3%). If, in any year, the profit distribution on preference A shares cannot be made or can only be made partially, the overdue dividend on the shares will be distributed in the subsequent years before any other dividend distribution is made.

b.1. A dividend will subsequently be distributed per series to holders of preference B shares (equal to the basic percentage to be mentioned under b.2) of the sum of the nominal amount and the amount in share premium which was paid upon the first issue of the shares of said series, which percentage will be increased upon said issue by a surcharge, determined 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 State 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 (depending on, among other things, liquidity, business continuity, 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 as such 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 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 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 Article 28 may only be adopted by the General Meeting on a proposal of the Executive Board approved by the Supervisory Board, with the exception of resolutions in respect of: (i) distributions from reserved dividend on preference B shares and on preference C shares, which shall be resolved upon by the Executive Board subject to the approval of the Supervisory Board; and (ii) annual distributions of twenty per cent (20%) of the preference C shares share premium reserve on preference C shares, which may be increased with an additional amount at the expense of the general reserves, such amount as to be determined at the time of issuance, which distributions may be resolved upon by the Executive Board, subject to the approval of the Supervisory Board, once the preference C shares (of a series) have been outstanding for four years. If in any financial year a distribution as referred to under (ii) does not occur or does not wholly occur, such distribution may take place in a subsequent year, provided that in any financial year not more than thirty percent (30%) may be distributed. When it is resolved that distributions shall be made from the preference B shares dividend reserve then it shall also be resolved that distributions shall be made from the preference C shares dividend reserve and vice versa.

Resolutions of the General Meeting for the complete or partial cancellation of a share premium reserve will require the prior approval of the meeting of holders of shares of the class and series concerned, without prejudice to the provisions in Article 3, paragraph 5, under b.1. Only holders of ordinary shares will be entitled to distributions deducted from allocations to reserves other than those mentioned in the preceding sentence. However, without prejudice to the amounts that would accrue to holders of preference B shares or holders of preference C shares, in accordance with the provisions in Article 28, paragraph 1b.4. and Article 34, paragraph 4.

Article 35 of the Articles of Association defines a transitory provision in relation to the reset of the Preference B Shares up to and including November 17, 2026. In deviation of that provided in Article 28 paragraph 1 under b.1 and b.2, for the time period starting as of the eighteenth day of November two thousand and nineteen up to and including the seventeenth day of November two thousand and twenty-six, instead of a surcharge on the preference B shares of a maximum of one hundred and seventy-five (175) base points, the surcharge is set on: two hundred and thirty-six point eight (236.8) base points.

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. In the event of a merger of a Subsidiary of the company, the General Meeting will have the authority to issue shares from one or more of the company's reserves, which do not need to be retained pursuant to the law or these Articles of Association.

independent auditor's report

To the shareholders and the Supervisory Board of Randstad N.V.

report on the audit of the financial statements 2020 included in the annual report

our opinion

We have audited the accompanying financial statements 2020 of Randstad N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Randstad N.V. as at 31 December 2020, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Randstad N.V. as at 31 December 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2020.
2. The following statements for 2020: the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company income statement for 2020.
2. The company statement of financial position as at December 31, 2020.
3. The notes comprising a summary of the accounting policies and other explanatory information.

basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Randstad N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 40 million (2019: € 50 million). In prior year, our materiality was based on a percentage of profit before tax. In 2020, because of the exceptional effects of the COVID-19 pandemic on profitability, we have also considered other relevant benchmarks, including revenues, and reduced our materiality by € 10 million.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Audits of the components were performed using materiality levels determined by the judgement of the group engagement team, taking into account the materiality of the financial statements as a whole and the reporting structure within the group. Component performance materiality did not exceed € 20.5 million.

We agreed with the Supervisory Board that misstatements in excess of € 2 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

scope of the group audit

Randstad N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Randstad N.V.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and by the auditors of components. We directed and supervised the work of component auditors as part of the group audit.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence was obtained as a basis for our opinion on the group financial statements as a whole, also considering COVID-19 related travel restrictions. For each component we determined whether we required an audit of their complete financial information or whether other procedures would be sufficient. The following components were subject to a full scope audit: The United States, France, the Netherlands, Germany, Belgium, Italy, Spain, United Kingdom, Sweden, Japan, and Australia. In most cases, these components were selected because of their financial significance to the group's revenue or assets. Due to travel restrictions all oversight procedures have been performed remotely whereby we varied the nature, timing and extent of these procedures based on both quantitative and qualitative considerations. The group engagement team held online sessions with local management and auditors of several key locations.

In addition, we performed review procedures or specified audit procedures at other components.

Our group audit scoping resulted in the following coverage:

audit coverage

Audit coverage of consolidated revenues	83%
Audit coverage of consolidated assets	77%

The group consolidation, financial statement disclosures and certain centrally coordinated accounting topics were audited by the group engagement team at the head office. These subjects included among others the annual goodwill impairment test.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

scope of fraud and non-compliance with laws and regulations within our audit

In accordance with the Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Non-compliance with laws and regulations may result in fines, litigation or other consequences for Randstad that may have a material effect on the financial statements.

consideration of fraud

In identifying potential risks of material misstatement due to fraud, we obtained an understanding of Randstad and its environment, including the entity's internal controls. We evaluated Randstad's fraud risk assessment and made inquiries with management, those charged with governance and others within the group, including but not limited to, Global Business Risk & Audit and Global Financial Reporting & Corporate Accounting. We evaluated several fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud. We involved our forensic specialists in our risk assessment and in determining the audit response.

Following these procedures, and the presumed risks under the prevailing auditing standards, we considered the fraud risks in relation to management override of controls, including evaluating whether there was evidence of bias by the Executive Board and other members of management, which may represent a risk of material misstatement due to fraud.

As part of our audit procedures to respond to these fraud risks, we evaluated the design and implementation and, where considered appropriate, tested the operating effectiveness of the internal controls relevant to mitigate these risks. We performed substantive audit procedures, including testing of journal entries and evaluating the accounting estimates for bias. We also incorporated elements of unpredictability in our audit. The procedures described are in line with the applicable auditing standards and are not primarily designed to detect fraud. Our procedures to address fraud risks did not result in a key audit matter.

consideration of compliance with laws and regulations

We assessed the laws and regulations relevant to Randstad through discussion with Global Legal, reading minutes and reports of Global Business Risk & Audit. We involved our forensic specialists in this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered adherence to (corporate) tax law and financial reporting regulations, the requirements under International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements.

Apart from these, the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation. Given the nature of Randstad's business we considered the risk of non-compliance in the areas of data protection, health & safety, tax, human rights and competition laws. Specific to the COVID-19 pandemic we also considered the risk of non-compliance with laws and regulation with respect to government employment protection programs.

As required by auditing standards, we designed and performed audit procedures that address the risk of non-compliance with these laws and regulations. Our procedures included inquiries of management, those charged with governance and others within the group and we inspected (board) minutes, correspondence with relevant authorities and lawyers' letters. We also remained alert to indications of (suspected) non-compliance throughout the audit, both at component and group levels.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Because of the characteristics of fraud, particularly when it involves sophisticated and carefully organized schemes to conceal it, such as forgery, intentional omissions, misrepresentation and collusion, an unavoidable risk remains that we may not detect all fraud during our audit.

our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board.

The key audit matters are not a comprehensive reflection of all matters discussed. The matters considered as key to our audit are consistent with those identified in the prior year with the exception of IFRS 16 Leases (after the implementation of the standard in 2019) and revenue. This year, we specifically considered the impact of COVID-19 on Randstad's business and its profitability. In addition to the impact on materiality, scoping and group oversight of COVID-19 we evaluated those accounting areas for which the impact was most pervasive in our audit as a key audit matter. We therefore added our specific audit considerations related to COVID-19 government employment protection programs, and the increased judgment involved with projecting future cash flows for the goodwill impairment test as a key audit matter.

We further added a key audit matter on the cyber incident which occurred in the fourth quarter.

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, and we do not provide a separate opinion on these matters.

key audit matter

how the key audit matter was addressed in the audit

goodwill

description

On 31 December 2020 Randstad's goodwill carrying value is € 2,907 million (2019: € 3,057 million). Under EU-IFRS, Randstad is required to perform an impairment test of goodwill annually or where there is an indication of impairment.

In the second quarter of 2020, management identified a triggering event for several operating segments and performed impairment analyses accordingly as the COVID-19 crisis substantially impacted Randstad's profitability and given the further (economic) uncertainties.

These impairment tests were significant to our audit because the process involves management judgement and is based on assumptions that are affected by expected future market and economic conditions.

The impairment test carried out by Randstad resulted in an impairment of goodwill of the operating segment United Kingdom of € 86 million.

Due to the significance of the goodwill balance and the management's judgments in the impairment test, we considered goodwill a key audit matter. We have pinpointed the risk to those operating segments which were most impacted by the economic uncertainties and where the headroom between the carrying value of the goodwill and the recoverable value is such that a reasonable change in the assumptions or estimated cash flows could result in an impairment.

The key assumptions and sensitivities are disclosed in note 5 to the consolidated financial statements.

Our audit procedures included obtaining an understanding of management's impairment tests including testing of relevant controls. Our audit procedures mainly comprised of substantive audit procedures.

We involved our valuation experts to assist us in evaluating the assumptions and methodologies used in the impairment tests prepared by the group. We challenged management's assumptions that were most sensitive including projected revenue growth over the forecasted period, EBITA margin and discount rate. Due to the uncertainties in relation to COVID-19 Randstad used a multiple scenario model for determining future profitability and related cashflows for the sensitive segments.

Our procedures included corroborating management's judgements and estimates by comparing the assumptions to historic performance, future outlooks, analyst reports, local economic developments and industry outlook taking into account COVID-19. We evaluated the sensitivity of changes to the respective assumptions on the outcome of the impairment assessment.

Specifically for the United Kingdom operating segment we performed audit procedures on the calculation of the impairment charge. Furthermore, we challenged the scenarios assessed by management in the impairment analyses.

As part of our audit procedures we have paid specific attention to operating segments that are most sensitive to changes in assumptions and determined that the disclosure in note 5 adequately reflects such sensitivity.

observation

The scope and nature of the procedures performed were appropriate and sufficient to address the risks of material misstatement in relation to goodwill. Our procedures did not result in any reportable material matters.

government employment protection programs

description

From March 2020 onwards, Randstad was affected by COVID-19 and lockdowns in several countries. Various local governments have implemented employment protection programs. These employment protection programs reduced operating expenses by € 60 million and cost of services by € 272 million for the year and are accounted for in line with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance. These programs differ in nature per country.

Government employment protection programs are considered a key audit matter due to the variety and complexity of such programs and the resulting risk of non-compliance with the local requirements and legislation. Due to the pandemic, many of these government employment protection programs were introduced quickly as a response to the changing macro-economic environment and the application required interpretation in several countries. Therefore judgment is involved in determining whether all relevant requirements are met.

Randstad's disclosures concerning COVID-19 and the government employment protection programs are included in note 3.3 to the consolidated financial statements.

Our audit procedures included obtaining an understanding of the government employment protection programs per country and testing relevant controls.

We performed substantive audit procedures in the form of examining documents supporting the valuation, existence and completeness of the amounts recognized.

We evaluated the eligibility based on local requirements and where needed we involved our legal experts or specialists to assist us. When applicable we challenged management's judgement for the likelihood of potential repayments.

We assessed the adequacy of Randstad's disclosures of the impact of the COVID-19 and government employment protection programs as included in note 3.3 to the consolidated financial statements.

observation

The scope and nature of the procedures performed were appropriate and sufficient to address the risks of material misstatement in relation the government employment protection programs. Our procedures did not result in any reportable material matters with respect to the government employment protection programs recorded in the year.

key audit matter

how the key audit matter was addressed in the audit

cyber incident

description

During the fourth quarter of 2020, Randstad became aware of malicious activity in its IT environment and an investigation was launched with support of external cyber and forensic specialists.

The investigations showed that a limited number of servers were impacted and that certain data was unlawfully accessed by a hacker group. The data concerns the operations in France, Italy, Poland and the United States. Next to identifying what data was accessed and notifying regulatory authorities, Randstad has engaged third party cyber security experts and other specialists to support in remediating the breach and implementing additional security measures.

Because of the importance of the continuity of IT systems for Randstad and the significance of the impact that cyber incidents can have, we have identified a key audit matter for this cyber incident.

We involved IT auditors, cyber and forensic specialists to obtain an understanding of the incident, the remediation actions and investigations.

We have inquired with management, Randstad's advisors and specialists and, examined reports and presentations. We also evaluated the costs and accruals related to the incident as well as relevant disclosures in the management report on page 99. Where relevant, we have involved local audit teams and specialists in our evaluation.

observation

The scope and nature of the procedures performed were appropriate and sufficient to address the risks of material misstatement in relation to the cyber incident.

report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Management Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information as included in the annual report.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

report on other legal and regulatory requirements

engagement

We were appointed by the general meeting of shareholders as auditor of Randstad N.V. on April 3, 2014 as of the audit for year 2015 and have operated as statutory auditor ever since that financial year.

no prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

description of responsibilities regarding the financial statements

responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing Randstad's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate Randstad or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on Randstad's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing Randstad's financial reporting process.

our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Randstad's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Randstad's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Randstad to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Executive Board and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 8, 2021

Deloitte Accountants B.V.

B.E. Savert

assurance report of the independent accountant

To the shareholders and the Supervisory Board of Randstad N.V.

our conclusion

We have examined the tax transparency and compliance information and the country-by-country reporting (together referred to as the 'Tax Contribution Report') as included on pages 74, 75 and 228 to 230 of the Annual Report 2020 of Randstad N.V.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Tax Contribution Report of Randstad N.V. is not prepared in all material respects, in accordance with the applicable criteria.

basis for our conclusion

We have performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance engagements other than audits or reviews of historical financial information (attestation engagements)'. This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the examination of Tax Contribution Report section of our report.

We are independent of Randstad N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

applicable criteria

The Tax Contribution Report needs to be read and understood together with the applicable criteria. Randstad N.V. is solely responsible for selecting and applying these criteria, taking into account applicable law and regulations related to reporting. The criteria used for the preparation of the Tax Contribution Report are:

- GRI 207: Tax 2019, as issued by the Global Sustainability Standards Board (GSSB).
- The measurement and recognition criteria of IAS 12 (Income Taxes) of the International Financial Reporting Standards, as adopted by the European Union (EU-IFRS).

materiality

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence relevant decisions of intended users taken on the basis of the subject matter information. Materiality is considered in the context of qualitative factors and, when applicable, quantitative factors. Based on our professional judgement, we set the quantitative materiality at € 40 million. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

scope of the examination

The Tax Contribution Report is intended to provide insight to stakeholders in how Randstad N.V. delivers value to society through its tax contributions. The tax contribution reflects a minimum position and does not include all taxes and other contributions paid by Randstad N.V. to governments. With respect to the data reported, our assurance is therefore primarily focussed on the reconciliation of the reported figures with the 2020 consolidated annual accounts of Randstad N.V. or the underlying documents and/or records thereof. Our examination cannot be considered as a tax assessment in respect of the compliance of Randstad N.V. with tax legislation.

limitations to the scope of our examination

The Tax Contribution Report includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherently, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Tax Contribution Report. Other parts of the Annual Report or external sources to which the Tax Contribution Report refers, are not part of our examination.

unexamined corresponding figures

We have not examined the Tax Contribution Report 2019. Consequently, we have not examined the corresponding figures included in the Tax Contribution Report 2020.

responsibilities of the executive board for the tax contribution report

The Executive Board of the Company is responsible for the preparation of the Tax Contribution Report in accordance with the applicable criteria.

The Executive Board is also responsible for such internal control as it determines is necessary to enable the preparation, measurement or evaluation of the Tax Contribution Report that is free from material misstatement, whether due to fraud or errors.

The Supervisory Board is responsible for overseeing the company's reporting process.

our responsibilities for the examination of the tax contribution report

Our responsibility is to plan and perform the assurance assignment in a manner that allows us to obtain sufficient and appropriate evidence for our conclusion.

The procedures performed in this context differ in nature and timing and are less extent as compared to reasonable assurance engagements. The level of assurance obtained in a limited assurance engagement is therefore substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Tax Contribution Report. The materiality affects the nature, timing and extent of our procedures and the evaluation of the effect of identified misstatements on our conclusion. Our examination included amongst others:

- identifying areas of Tax Contribution Report where a material misstatement, whether due to errors of fraud, are most likely to occur, designing and performing procedures responsive to these areas, and obtaining information that is sufficient and appropriate to provide a basis for our conclusion;
- considering the internal control relevant to the examination in order to select procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control;
- making inquiries of management and others within the entity;
- determining the plausibility of the information included in the Tax Contribution Report;
- evaluating the presentation, structure and content of the Tax Contribution Report;
- considering whether the Tax Contribution Report as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

Amsterdam, February 8, 2021

Deloitte Accountants B.V.

B.E. Savert

supplementary



information.

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ten years of randstad.

amounts in millions of €, unless stated otherwise	2020	2019	restated 2018 ¹	2017 ¹	2016 ¹
Revenue	20,718	23,676	23,812	23,273	20,684
Growth %	(12.5)%	(0.6)%	2.3%	12.5%	7.6%
Gross profit ²	3,948	4,705	4,701	4,706	3,935
EBITDA ²	898	1,278	1,355	1,081	966
EBITA ²	579	977	1,061	994	892
Operating profit ²	384	859	842	860	791
Net income	304	606	708	631	588
Growth %	(49.8)%	(14.4)%	12.2%	7.3%	13.4%
Net cash flow from operations	1,462	1,269	974	688	560
Free cash flow	1,132	915	627	586	465
Shareholders' equity	4,668	4,472	4,446	4,250	4,140
(Net cash)/net debt, excluding lease liabilities	(333)	756	985	1,026	793
Net debt, including lease liabilities	255	1,377	1,640		
Operating working capital, excluding lease liabilities ³	658	1,011	1,009	890	712
Market capitalization, year-end	9,759	9,979	7,349	9,390	9,431
Number of ordinary shares outstanding (avg in millions)	183.2	183.2	183.1	183.1	182.7
Closing price (in €)	53.24	54.44	40.09	51.24	51.53
Ratios in % of revenue					
Gross profit ²	19.1%	19.9%	19.7%	20.2%	19.0%
EBITDA ⁴	4.3%	5.4%	5.7%	4.6%	4.7%
EBITA ²	2.8%	4.1%	4.5%	4.3%	4.3%
Operating profit ²	1.9%	3.6%	3.5%	3.7%	3.8%
Net income	1.5%	2.6%	3.0%	2.7%	2.8%
Basic earnings per ordinary share (€)	1.62	3.24	3.80	3.38	3.15
Diluted earnings per ordinary share (€)	1.61	3.23	3.79	3.36	3.13
Basic earnings per ordinary share, underlying (€) ⁵	2.57	4.18	4.55	4.13	3.77
Dividend per ordinary share (€)	3.24	-	3.38	2.76	1.89
Payout per ordinary share in %	126%	-	74%	67%	50%
Non-financials ⁶					
Number of branches, year-end	2,752	2,761	2,827	2,900	2,974
Number of inhouse locations, year-end	1,963	2,100	1,999	1,958	1,778
Average number of corporate employees	34,680	38,280	38,820	37,930	32,280
Average number of candidates working	568,800	649,000	670,900	668,800	626,300
Number of permanent placements	202,800	260,700	262,500	212,200	183,900
% of women in senior leadership positions	51%	47%	48%	47%	45%
Number of candidates trained	313,600	330,500	306,000	-	-
Number of employees trained	32,000	34,300	29,200	-	-

1 2018 figures have been restated for the effects from the implementation of IFRS 16 Leases; prior years have not been restated.

2 The results as presented in this overview are actual results. As such, they have not been adjusted for one-offs, integration costs or acquisition-related expenses.

3 Operating working capital (as from 2013): trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies, and interest receivable minus trade and other payables, excluding interest payable.

4 The results as presented in this overview are actual results. As such, they have not been adjusted for one-offs, integration costs or acquisition-related costs.

5 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs. Basis for dividend since 2012.

6 Non-financial data have been measured and reported since 2012, except for the number of employees and candidates trained, for which 2018 was the first year of measurement.

ten years of randstad (continued).

amounts in millions of €, unless stated otherwise	2015 ¹	2014 ¹	2013 ¹	2012 ¹	2011 ¹
Revenue	19,219	17,250	16,568	17,087	16,225
Growth %	11.4%	4.1%	(3.0)%	5.3%	14.4%
Gross profit ²	3,595	3,178	3,010	3,107	2,954
EBITDA ²	897	726	598	548	634
EBITA ³	832	661	530	464	553
Operating profit ²	705	515	366	128	250
Net income	519	340	231	37	179
Growth %	52.5%	47.4%	528.6%	(79.5)%	(38.0)%
Net cash flow from operations	566	558	341	529	520
Free cash flow	499	488	293	467	435
Shareholders' equity	3,862	3,313	2,908	2,725	2,898
Net debt, excluding lease liabilities	173	422	761	1,096	1,303
Net debt, including lease liabilities					
Operating working capital, excluding lease liabilities ⁴	621	488	460	528	632
Market capitalization, year-end	10,529	7,215	8,366	4,785	3,908
Number of ordinary shares outstanding (avg in millions)	181.7	178.9	175.5	171.9	170.8
Closing price (in €)	57.53	40.06	47.15	27.81	22.86
Ratios in % of revenue					
Gross profit ²	18.7%	18.4%	18.2%	18.2%	18.2%
EBITDA ²	4.7%	4.2%	3.6%	3.2%	3.9%
EBITA ²	4.3%	3.8%	3.2%	2.7%	3.4%
Operating profit ³	3.7%	3.0%	2.2%	0.7%	1.5%
Net income	2.7%	2.0%	1.4%	0.2%	1.1%
Basic earnings per ordinary share (€)	2.79	1.83	1.25	0.17	1.00
Diluted earnings per ordinary share (€)	2.76	1.81	1.23	0.17	1.00
Basic earnings per ordinary share, underlying (€) ⁵	3.35	2.57	2.09	2.13	2.42
Dividend per ordinary share (€)	1.68	1.29	0.95	1.25	1.25
Payout per ordinary share in %	50%	50%	45%	59%	53%
Non-financials ⁶					
Number of branches, year-end	2,750	2,816	3,161	3,191	3,566
Number of inhouse locations, year-end	1,723	1,595	1,426	1,305	1,145
Average number of corporate employees	29,750	28,720	28,030	29,320	28,700
Average number of candidates working	597,400	580,300	567,700	581,700	576,800
Number of permanent placements	120,300	105,400	85,650	70,000	-
% of women in senior leadership positions	46%	45%	43%	44%	-
Number of candidates trained	-	-	-	-	-
Number of employees trained	-	-	-	-	-

1 Not restated.

2 The results as presented in this overview are actual results. As such, they have not been adjusted for one-offs, integration costs or acquisition-related expenses.

3 The results as presented in this overview are actual results. As such, they have not been adjusted for one-offs, integration costs or acquisition-related costs.

4 Operating working capital (as from 2013): trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies, and interest receivable minus trade and other payables, excluding interest payable.

5 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs. Basis for dividend since 2012.

6 Non-financial data have been measured and reported since 2012, except for the number of employees and candidates trained, for which 2018 was the first year of measurement.

tax disclosures.

country-by-country reporting

in millions of €, unless otherwise indicated

country ¹	third-party revenue		revenue/income from intra-group transactions		tangible assets other than cash and cash equivalents ²		number of candidates (average)		number of corporate employees (average)	
	2020	2019 ³	2020	2019 ³	2020	2019 ³	2020	2019 ³	2020	2019 ³
Andorra	1	1	-	-	-	-	-	-	-	-
Argentina	109	104	-	-	1	1	9,500	8,500	360	370
Australia	617	601	2	2	3	4	8,800	8,700	780	820
Austria	94	98	-	-	-	-	2,100	2,300	80	100
Belgium	1,355	1,546	8	4	7	6	37,400	45,100	1,760	2,060
Brazil	95	104	-	-	1	1	8,600	5,800	450	500
Canada	439	511	3	3	3	3	8,500	10,100	1,100	1,090
Chile	44	47	-	-	-	-	3,600	3,200	120	130
China	73	83	-	-	1	1	3,400	4,000	510	580
Czech republic	52	48	16	16	-	1	3,500	3,200	390	460
Denmark	36	35	-	-	-	-	400	500	50	60
France	3,070	3,733	14	6	22	26	71,400	87,200	4,220	4,740
Germany	1,593	2,106	1	-	6	6	31,200	40,200	2,560	2,990
Greece	90	95	-	-	-	-	4,200	4,600	70	70
Hong kong	11	15	1	-	-	-	100	100	70	80
Hungary	17	19	1	6	-	1	400	500	290	310
India	293	284	5	4	2	1	58,300	56,000	1,360	1,620
Ireland	9	3	-	-	-	-	100	-	10	10
Italy	1,455	1,644	1	-	6	10	41,800	49,900	2,050	2,280
Japan	804	805	-	-	5	6	23,900	25,100	1,690	1,690
Luxembourg	55	64	42	46	-	-	1,600	1,900	70	70
Malaysia	2	3	6	7	-	-	-	-	200	250
Mexico	40	50	-	-	-	-	3,500	4,300	140	200
New zealand	27	31	-	-	-	-	500	600	60	70
Norway	77	90	-	-	1	1	700	900	150	150
Poland	266	265	1	1	1	2	17,800	18,700	730	760
Portugal	322	367	1	1	5	3	20,600	24,800	400	450
Romania	6	8	6	5	-	-	300	400	80	80
Singapore	55	58	86	109	-	-	800	800	170	180
Spain	948	1,115	-	-	1	2	32,700	40,200	1,410	1,720
Sweden	332	395	-	1	2	-	5,700	6,700	510	670
Switzerland	454	456	242	243	1	1	5,900	6,200	300	310
The Netherlands	2,832	3,353	212	320	46	53	63,000	77,800	4,200	4,640
Turkey	8	11	-	-	-	-	500	600	40	40
United Kingdom	766	906	8	1	3	3	14,200	16,400	1,460	1,600
United States	4,266	4,617	5	13	22	25	83,400	93,400	6,830	7,130
Uruguay	5	5	-	-	-	-	400	300	10	
Total	20,718	23,676	661	788	139	157	568,800	649,000	34,680	38,280

1 Countries of which all positions in the table are zero, have not been included.

2 Represents property, plant and equipment.

3 For comparison purposes only.

country-by-country reporting (continued)

in millions of €, unless otherwise indicated

country ¹	profit/(loss) before tax		applicable tax rate		corporate income tax due on profit before tax ²		current corporate income tax accrued		Explanation differences taxes accrued and taxes due	corporate income tax paid	
	2020	2019 ³	2020	2019 ³	2020	2019 ³	2020	2019 ³	2020	2020	2019 ³
Andorra	-	-	10.0%	10.0%	-	-	-	-		-	-
Argentina	2	1	30.0%	30.0%	1	-	1	-		1	1
Australia	1	5	30.0%	30.0%	-	2	2	2	1) 3)	-	-
Austria	1	-	25.0%	25.0%	-	-	-	-		-	-
Belgium	33	49	25.0%	29.6%	8	15	20	21	1) 2) 3)	39	26
Brazil	1	-	34.0%	34.0%	-	-	1	-	1) 3)	1	-
Canada	16	21	26.6%	26.7%	4	6	4	6		7	6
Chile	1	1	27.0%	27.0%	-	-	-	-		-	-
China	2	2	25.0%	25.0%	-	1	1	2	1)	2	1
Czech republic	4	1	19.0%	19.0%	1	-	-	-	1) 2) 3)	-	-
Denmark	-	-	22.0%	22.0%	-	-	-	-		-	-
France	41	123	32.0%	34.4%	13	42	50	85	1) 2) 3)	65	51
Germany	(59)	(22)	30.1%	30.1%	(18)	(6)	-	1	1) 2) 3)	18	13
Greece	3	2	24.0%	28.0%	1	1	1	1		1	1
Hong kong	-	(10)	16.5%	16.5%	-	(2)	-	-		-	-
Hungary	2	3	9.0%	9.0%	-	-	1	1	1) 2)	1	1
India	5	4	25.2%	25.2%	1	1	1	2		(5)	1
Ireland	1	(1)	12.5%	12.5%	-	-	-	-		-	-
Italy	34	73	24.0%	24.0%	8	17	16	22	1) 2) 3)	21	26
Japan	47	39	34.6%	34.6%	16	14	13	12	1) 2)	1	(10)
Luxembourg	37	21	25.7%	25.7%	10	6	33	11	3)	-	(1)
Malaysia	(1)	(1)	24.0%	24.0%	-	-	-	-		-	-
Mexico	-	(1)	30.0%	30.0%	-	-	-	-		-	-
New zealand	-	1	28.0%	28.0%	-	-	-	-		-	-
Norway	(9)	(4)	22.0%	22.0%	(2)	(1)	(2)	(1)		-	-
Poland	10	6	19.0%	19.0%	2	1	2	2		2	1
Portugal	6	7	22.5%	22.5%	1	1	2	2	1) 3)	3	2
Romania	-	1	16.0%	16.0%	-	-	-	-		-	-
Singapore	14	55	17.0%	17.0%	2	9	-	5	3)	5	6
Spain	26	53	25.0%	25.0%	7	13	9	12	1) 2)	5	10
Sweden	(11)	(8)	21.4%	21.4%	(2)	(2)	-	5	3)	(1)	3
Switzerland	270	248	21.2%	21.2%	57	53	7	8	3)	5	6
The Netherlands	25	157	25.0%	25.0%	6	39	22	39	1) 2) 3)	9	57
Turkey	-	-	22.0%	22.0%	-	-	-	-		-	-
United Kingdom	(118)	(19)	19.0%	19.0%	(22)	(3)	(5)	(4)	1) 2) 3)	-	1
United States	(20)	12	26.4%	26.4%	(5)	3	11	19	1) 3)	1	2
Uruguay	-	-	25.0%	25.0%	-	-	-	-		-	-
Total	364	819			89	210	190	253		181	204

1 Countries of which all positions in the table are zero, have not been included.

2 Applicable tax rate multiplied by profit/(loss) before tax.

3 For comparison purposes only.

notes to country-by-country reporting

number of employees

The number of candidates (average) is the average number of temporary employees working for our clients.

The number of corporate employees (average) relates to our own staff, which consists of staff at our headoffices, and front-office employees who are located at one of our outlets, directly meeting the demands of clients and candidates.

differences between taxes accrued and taxes due

Explanations for differences between 'taxes accrued' and 'taxes due' (profit/(loss) before tax multiplied by applicable tax rate) are as follows:

1. Disallowed (business) expenses;
2. Prior-year adjustments;
3. (Non-)deductible/taxable tax items based on local legislation.

countries and entities

entities by country

andorra

Principal activity: HR services

- Skillmind Recursos Humanos SL
- Randstad Recursos Humanos SL

argentina

Principal activity: HR services

- Soluciones Randstad SA
- Trading International SA
- Trading Servicios SA
- Randstad Argentina SA

australia

Principal activity: HR services

- Randstad Holdings Pty Limited
- Randstad Pty Limited
- Digby Morgan Pty Limited
- HR Partners Pty Limited
- Skout Solutions Pty Limited (50%)
- HREXL Group Pty Limited
- Aurec Group Pty Limited
- Aurec Pty Limited

austria

Principal activity: HR services

- Randstad Austria GmbH
- Randstad Deutschland GmbH
- Monster Worldwide Austria GmbH

belgium

Principal activity: HR services

- Randstad Group Belgium nv
- Randstad Construct nv
- Tempo-Team at Home nv
- Tech Deploy nv
- Randstad Professionals nv
- Randstad Sourceright nv
- Tempo-Team nv
- Randstad Belgium nv
- Randstad Outsourcing nv
- Tempo-Team Professionals nv
- Tempo-Team Childcare nv
- Tempo-Team Construct nv
- Monster Belgium nv
- Ausy IT Consulting nv
- Ausy Consulting nv
- Ausy Group Belgium nv

brazil

Principal activity: HR services

- Randstad Brasil Recursos Humanos Ltda
- Randstad Professionals Recrutamento Especializado Ltda

entities by country

canada

Principal activity: HR services

- Randstad Interim Inc.
- Monster Worldwide Holdings Canada Limited
- Monster Worldwide Canada Inc.
- Randstad Solutions Inc.

chile

Principal activity: HR services

- Randstad Investments Chile Ltda
- Randstad Chile SA
- Randstad Servicios Ltda
- Randstad Empresa de Servicios Transitorios Ltda

china

Principal activity: HR services

- Randstad Management (Shanghai) Co. Limited
- Guangzhou Randstad Human Resource Service Co., Limited
- Randstad Management (Beijing) Co. Limited
- Sichuan Randstad Human Resources Co. Limited
- Shanghai Temporary Staffing Co. Limited
- Beijing Randstad Human Resource Service Co. Limited
- Talent Shanghai Co. Limited
- Jiangsu Randstad Human Resource Service Co. Limited
- Randstad Shanghai Talent Service Co. Limited
- Fujian Randstad Human Resources Service Co., Limited
- Hubei Randstad Human Resources Co., Limited
- Tianjin Randstad Management Co. Limited
- Shanghai Randstad Enterprise Management Service Co. Limited

cyprus

Principal activity: HR services

- Randstad Cyprus Ltd

czech republic

Principal activity: HR services

- Randstad sro
- Monster Worldwide CZ s.r.o.
- Smithburg s.r.o.
- Randstad HR Solutions s.r.o.

denmark

Principal activity: HR services

- Randstad A/S

finland

Principal activity: HR services

- Alma Career Oy (16.6%)

tax disclosures.

entities by country

france

Principal activity: HR services

- Randstad France SAS
- Groupe Randstad France SAS
- Randstad SAS
- Randstad Sourceright SAS
- Select TT SAS
- SCI Immobilière de Passage de Bayardet
- HR Consultancy Partners SAS
- Randstad Services dans la Formation SAS
- Atoll SAS
- Atout Travail Temporaire SAS
- Interim SAS
- Atrium SAS
- Arve Interim SAS
- Ainterim SAS
- Alp'emploi SAS
- Interim d'Oc SAS
- Interim 31 SAS
- FASTROAD TT SAS (49.9%)
- Monster Worldwide SAS
- Ausy SAS
- Ausy Technology Sarl
- Ausy Expertise et Recherche Sarl
- Optedis SA
- Randstad Monaco, Sam Secrétariat et Services

germany

Principal activity: HR services

- Randstad Financial Services GmbH
- Randstad Deutschland GmbH & Co. KG
- Randstad Deutschland Administration GmbH
- Randstad Group Germany bv - Zweigniederlassung/branch office
- Randstad Deutschland GmbH - Zweigniederlassung/branch office
- Randstad Sourceright GmbH
- Tempo-Team Management Holding GmbH
- Tempo-Team Outsourcing GmbH
- Tempo-Team Personaldienstleistungen GmbH
- Tempo-Team Engineering GmbH
- Tempo-Team Managed Services Provider GmbH
- GULP Solution Services Holding GmbH
- GULP Solution Services Verwaltungs GmbH
- GULP Solution Services Management GmbH
- GULP Solution Services GmbH & Co. KG
- Randstad Automotive GmbH & Co. KG
- Randstad Outsourcing GmbH
- GULP Holding GmbH
- GULP Information Services GmbH
- GULP Consulting Services GmbH
- Qualitair Aviation Deutschland GmbH
- Team2Venture GmbH
- Monster Worldwide Deutschland Holdings GmbH
- Monster Worldwide Deutschland GmbH
- Ausy GmbH
- Ausy Consulting GmbH
- Ausy Engineering GmbH
- Ausy Technologies Germany AG
- Mühlenhoff + Partner GmbH
- IEBP - Institut zur Entwicklung beruflicher Perspektiven GmbH
- IEBP-Transferegesellschaft GmbH
- SPEQTRUM GmbH
- Qualitair Aviation Deutschland GmbH

greece

Principal activity: HR services

- Randstad Hellas AE
- Randstad AE

entities by country

hong kong¹

Principal activity: HR services

- Randstad Hong Kong Limited
- Monster.com Asia Pacific Ltd.
- Monster.com Asia Ltd.
- Stadhold Limited

hungary

Principal activity: HR services

- Randstad Hungary Kft
- Randstad Sourceright Kft

india

Principal activity: HR services

- Randstad Technologies Private Limited
- Team HR Services Private Limited
- Randstad India Private Limited
- Randstad Offshore Services Private Limited
- RiseSmart HR Private Limited
- Gozaik Software India Private Limited
- Ausy Technologies India Pvt Ltd

ireland

Principal activity: HR services

- Randstad Ireland Operations Limited
- Monster Worldwide Holdings (Ireland) Limited
- Monster Worldwide Ireland Limited

italy

Principal activity: HR services

- Randstad Group Italia SpA
- Randstad Services S.r.l.
- Randstad Italia SpA società di fornitura di lavoro temporaneo
- Intempo Agenzia per il Lavoro Spa (75%)
- Randstad HR Solutions srl società con unico socio
- TMP Worldwide Italia SpA
- Monster Italia Srl
- AUSY Italy Srl

japan

Principal activity: HR services

- Randstad Japan Holding GK
- Randstad KK

luxembourg

Principal activity: HR services and participating in and financing of Group entities

- Randstad Group Luxembourg Sarl
- Randstad Holding Luxembourg Sarl
- Randstad Interim SA
- Randstad HR services SA
- Randstad Luxembourg Financial Holding Sarl
- Randstad Luxembourg North America Sarl
- Monster Luxembourg SA
- Ausy Luxembourg PSF SA
- Stadhold Insurances (Luxembourg) SA
- Stadhold Reinsurances (Luxembourg) SA

¹ Region in the case of Hong Kong SAR (Special Administrative Region).

tax disclosures.

entities by country

malaysia

Principal activity: HR services

- Randstad Sourceright Sdn. Bhd.
- Agensi Pekerjaan Randstad Sdn Bhd (49%)
- Randstad Talent Sdn. Bhd.
- Monster Technologies Malaysia Sdn. Bhd.

malta

Principal activity: HR services

- Qualitair Aviation Malta Holding Limited
- Qualitair Aviation Malta Limited

mexico

Principal activity: HR services

- Randstad Mexico, S de R.L. de C.V.

new zealand

Principal activity: HR services

- Randstad Limited
- Skout Solutions (NZ) Limited (50%)

netherlands

Principal activity: HR services and participating in and financing of Group entities

- Randstad N.V.
- Randstad North America Beheer bv
- Randstad Holding Nederland bv
- Randstad Groep Nederland bv
- Randstad Nederland bv
- Randstad Customer Intelligence bv
- Randstad Payroll Publiek bv
- Randstad HealthAtWork bv
- Randstad Payroll Solutions bv
- Randstad Payroll Solutions T&L bv
- Randstad Payroll Solutions MVL bv
- Randstad Payroll Solutions Publiek bv
- Randstad Payroll Solutions Projecten bv
- Randstad HR Solutions bv
- Randstad Transport bv
- Randstad Uitzendbureau bv
- Tempo-Team Group bv
- Otter-Westelaken Groep bv
- Tempo-Team Contracting Services bv
- Tempo-Team Employability bv
- Tempo-Team HealthAtWork bv
- Tempo-Team Payroll Services bv
- Tempo-Team Uitzenden bv
- Tempo-Team Payrolling MVL bv
- Tempo-Team Payrolling Publiek bv
- Tempo-Team Payroll Publiek bv
- SPARQ bv
- SPARQ Outsourcing bv
- Select AV Personeel bv
- Tempo-Team Freelance Professionals bv
- Yacht Group Nederland bv
- Yacht NL bv
- Yacht bv
- Yacht Externen Management bv
- Yacht Inhouse Services bv
- Tempo-Team Professionals bv
- Randstad Sourceright bv
- Randstad Holding International bv
- Randstad Innovation Fund bv

entities by country

netherlands (continued)

- Randstad Global IT Solutions bv
- Randstad Sourceright International bv
- Randstad Enterprise bv
- Vedior International Contracts bv
- Vedior Investments bv
- Randstad Holding International Services bv
- Randstad Asia Pacific bv
- Randstad Eastern Europe bv
- Randstad Latin America bv
- Evro Participations bv
- Qualitair Aviation Holland
- Randstad Sourceright EMEA bv
- Randstad Group Germany bv
- Monster Worldwide Netherlands Holding bv
- Monster Worldwide Netherlands bv
- BMC Groep bv
- BMC Advies bv
- BMC Implementatie bv
- SGBO bv

norway

Principal activity: HR services

- Randstad Norway AS
- Dfind AS
- Randstad AS
- Randstad Care AS
- Dfind Consulting AS
- Dfind EPI AS
- Dfind Direction AS

poland

Principal activity: HR services

- Randstad Polska Sp. z o.o.
- APO Sp. z o.o.
- Gerendis APO Sp. z o.o. Sp. k
- Randstad Services APO Sp. z o.o. Sp. K
- Randstad Sourceright Sp. z o.o.
- Randstad Payroll Solutions Sp. z o.o.
- Monster Worldwide Polska Sp. Z.o.o.
- Ausy Technologies Poland Sp. Z o.o.

portugal

Principal activity: HR services

- Randstad Recursos Humanos, Empresa de Trabalho Temporario, SA
- Randstad II - Prestacao de Servicos, Lda
- Solisform - Formacao e Servicos Lda
- Tempo-Team Recursos Humanos, Empresa de Trabalho Temporario, Lda
- AUSYpt Lda

romania

Principal activity: HR services

- Randstad Romania Srl
- Randstad Staffing Srl
- Ausy Technologies Romania SRL

singapore

Principal activity: HR services and financing of Group entities

- Randstad (PTE) Ltd
- Randstad FTC Ptte Ltd

tax disclosures.

entities by country

south africa

Principal activity: HR services

- Monster Recruitment South Africa (Pty) Ltd

spain

Principal activity: HR services

- Randstad España, SL Sociedad Unipersonal
- Randstad Consultores, y Soluciones de Recursos Humanos, S.L.U.
- Randstad Project Services, SL Sociedad Unipersonal
- Vexter Outsourcing SAU
- Randstad Technologies, SAU
- Randstad Empleo Empresa De Trabajo Temporal, SA Sociedad Unipersonal
- Monster Worldwide, SL

sweden

Principal activity: HR services

- Randstad Nordic AB
- Randstad Sweden Group AB
- Randstad AB
- Randstad Sourceright AB
- Randstad Solutions AB
- Randstad RiseSmartAB
- Randstad Care AB
- Monster Worldwide Scandinavia AB

switzerland

Principal activity: HR services and financing of Group entities

- Randstad (Schweiz) AG
- Swiss Jobs AG
- Randstad Sourceright AG
- Randstad Finance GmbH
- Qualitair Aviation Switzerland GmbH
- GULP Schweiz AG
- Monster Worldwide Switzerland AG
- AUSY Switzerland AG
- Hutac Sarl (83%)

tunisia

Principal activity: HR services

- Asy Tunisie Sarl

turkey

Principal activity: HR services

- Randstad Search and Selection Personel Secme ve Yerlestirme Limited Sirketi
- Randstad Work Solutions Istihdam ve Insan Kaynaklary Limited Sirketi

entities by country

united kingdom

Principal activity: HR services

- Randstad Group UK
- Randstad UK Holding Limited
- Randstad Middle East Limited
- Digby Morgan Consulting Limited
- Randstad CPE Limited
- Vedior UK Limited
- Randstad Financial & Professional Limited
- Joslin Rowe Associates Limited
- Randstad Technologies Limited
- Randstad Sourceright Limited
- Qualitair Aviation Group Limited
- Qualitair Aviation Services Limited
- Pareto Law Limited
- Randstad Solutions Limited
- Randstad Public Services Limited
- Human Resources International Limited
- Randstad HR Solutions Limited
- Randstad Education Limited
- Randstad Luxembourg UK Limited
- Monster Worldwide Holdings Limited
- Monster Worldwide Limited
- Monster Executive Services Limited
- Monster Worldwide Services Holdings Limited

united states

Principal activity: HR services

- Randstad North America, Inc.
- B2B General Partner, LLC
- Randstad Federal LLC
- SFN Group, LLC
- Randstad Professionals US, LLC
- Randstad Technologies, LLC
- Randstad Insurance, LLC
- Randstad General Partner (US) LLC
- Randstad US, LLC
- Randstad Inhouse Services, LLC
- Spherion Staffing LLC
- Spherion Financial Corporation
- Randstad HR Solutions of Delaware, LLC
- Temp Force, LLC
- RiseSmart, Inc.
- Pareto Law Inc.
- Monster Worldwide, Inc
- Monster International Holding Corp
- Monster Worldwide South Carolina, Inc.
- Gozaik LLC
- Military Advantage, Inc.
- Affinity Labs LLC
- Fastweb, LLC
- FinAid Page, Inc.
- Monster Government Solutions, LLC
- Monster Emerging Markets, LLC
- OCC.com, Inc.
- Monster CZ Holdings, LLC
- Celerity IT, LLC
- Celerity Federal Group, LLC

uruguay

Principal activity: HR services

- Randstad Uruguay SA

about this report.

reporting guidelines

Integrated reporting and transparency have become increasingly important over the past few years. As part of a pilot program completed by the International Integrated Reporting Council (IIRC) in 2014, Randstad has been publishing an integrated report since 2013. Integrated reporting and integrated thinking have increasingly become part of our processes. As such, we prepared this report in line with the IIRC Integrated Reporting (IR) framework.

For the non-financial information included in this report, we followed the [Global Reporting Initiative \(GRI\) Standards](#) (core option). A GRI content index, which has been included under supplementary information, shows where in the annual report information can be found.

Randstad complies with the [UN Global Compact principles](#). By signing these ten principles, Randstad has committed to considering key themes such as human rights, working conditions, and anti-corruption in its core processes and towards all stakeholders.

scope of the report

This report covers the Randstad Group, including all our consolidated entities as stated in 'Note 22 subsidiaries'. Our financial and non-financial results are presented in one integrated report and relate to all consolidated entities for the period of January 1 until December 31, 2020, unless stated otherwise. Our strategy has remained the same, as well as the associated ultimate goal and underlying focus topics.

To identify key material topics in the dynamic world of work, we take input from both inside and outside Randstad, and conduct a materiality assessment. We have identified 23 material topics in the social, economic, and environmental domains. These topics are captured in a [materiality matrix](#). We report on our 10 key material topics based on GRI, and provide additional information on the remaining 13 topics. Unless stated otherwise, the data reported is based on all operating companies (>99% coverage).

reporting structure

This annual report was written around the value Randstad creates for its stakeholders in the long term. An integrated value creation model is presented at the beginning of the report and follows the sequence from input of key assets to the way Randstad adds value with

its business model and strategy, resulting in the value we create and deliver while simultaneously promoting the interests of all our stakeholders. In our integrated reporting framework, we present the cohesion of the different elements of our strategy, ultimate goal, targets, material topics, SDGs, KPIs, and related risks.

We further enhanced our non-financial reporting to increase the alignment with our strategy, our ultimate goal, and strategic focus topics. The non-financial data is reported every quarter by our local sustainability representatives through our financial system in accordance with our global non-financial reporting guidelines. At headquarter level, the data is consolidated, validated and discussed with management. At both local and global level, data reviews are performed and discussed with the relevant data and content owners in the event of irregularities, so that the data can be validated. Although the data reported in the annual report was collected and verified in a structured way in order to ensure its reliability, some information may be based on assumptions (e.g., extrapolations for energy consumption) if the full-year data could not be provided before the date of reporting.

assurance

Currently, the financial data and related information is covered by external assurance. For non-financial information, we decided to not seek external assurance at this moment. Non-financial data collection was part of internal audits for some of our largest operating companies in order to pay additional attention to professionalizing our non-financial reporting. We expect to be able to increasingly report on the progress made towards our ultimate goal based on the adjusted reporting and set of KPIs and continuously professionalize our non-financial reporting.

safe harbor statement

This management report contains forward-looking statements on Randstad N.V.'s future financial performance, results from operations, and goals and strategy. By definition, forward-looking statements generate risk and uncertainty because they refer to events in the future and depend on circumstances that cannot be foreseen in advance. Numerous factors can contribute to material deviation from results and developments indicated in forward-looking statements. Such factors can include general economic circumstances, scarcity on the labor market, demand

for (flexible) personnel or our other HR services, entry into new markets, the provision of new services, changes in staffing and labor legislation, personnel costs, future exchange and interest rates, changes in tax rates and subsidies, future corporate mergers, acquisitions and divestments, and the development of technology. You should therefore not place undue reliance on these forward-looking statements. They are made at the time of publication of the annual financial statements of the company and in no way provide guarantees for future performance. All operating and business environments are subject to risk and uncertainty. For this reason, we can offer no assurances that the forward-looking statements published here will prove correct at a future date, and the company assumes no duty to update any such forward-looking statements.

GRI content index.

GRI standards for sustainability reporting

ref.	description	reference
organizational profile		
102-1	Name of the organization	Main notes to the financial statements - general information (see page 149)
102-2	Activities, brands, products and services	About Randstad (see page 10) Our brands and service offering (see page 43)
102-3	Location of headquarters	Main notes to the financial statements - general information (see page 149)
102-4	Number of locations	About Randstad (see page 10) Our global presence (see page 16)
102-5	Ownership and legal form	Our value for investors - listing and indices (see page 53)
102-6	Markets served	Our global presence (see page 16) Our value for clients and talent - our services (see page 43) Market performance (see page 86)
102-7	Scale of the organization	Key financials (see page 5) Our value for investors - capital structure (see page 52) Consolidated statement of financial position (see page 146) Our value for clients and talent - our services (see page 43)
102-8	Information on employees and other workers	Our value for employees - gender equality, inclusion and diversity (see page 46)
102-9	Supply chain	Sustainability basics - supply chain responsibility (see page 70)
102-10	Significant changes to the organization and its supply chain	Sustainability basics - supply chain responsibility (see page 70)
102-11	Precautionary principle or approach	Risk & control framework (see page 94)
102-12	External initiatives	Our value for society - industry involvement (see page 61) Sustainability and industry memberships and partnerships (see page 243)
102-13	Membership of associations	Our value for society - memberships (see page 62) Sustainability and industry memberships and partnerships (see page 243)
strategy		
102-14	Statement from senior decision-maker	Message from the CEO (see page 6)
ethics and integrity		
102-16	Values, principles, standards and norms of behavior	About Randstad - core values and human forward principles (see page 12) Sustainability basics - business principles (see page 65) Sustainability basics - corporate policies Sustainability basics - human rights (see page 66)
governance		
102-18	Governance structure	Corporate governance - principles (see page 137) Report of the supervisory board - supervisory board committee activities (see page 116)
stakeholder engagement		
102-40	List of stakeholder groups	Value creation model (see page 21) Our impact - key material topics (see page 24)
102-41	Collective bargaining agreements	Our value for employees - reward & recognition (see page 50)
102-42	Identifying and selecting stakeholders	Our impact - key material topics (see page 24)
102-43	Approach to stakeholder engagement	Our impact - key material topics (see page 24) Our value for clients and talent - our promise to clients (see page 39) Our value for clients and talent - our promise to talent (see page 42) Our value for employees - engagement (see page 50)

ref.	description	reference
102-44	Key topics and concerns raised	Our value for investors - dialogue with investors, analysts and other stakeholders (see page 51) Our value for society - industry involvement (see page 61) Our impact - key material topics (see page 24) Our value for society - thought leadership (see page 59) Our value for society - industry involvement (see page 61)

reporting practice

102-45	Entities included in the consolidated financial statements	Main notes to the financial statements - general information (see page 149) Other notes to the consolidated financial statements - subsidiaries (see page 198)
102-46	Defining report content and topic boundaries	About this report (see page 235)
102-47	List of material topics	Our impact - key material topics (see page 24) Integrated reporting framework
102-48	Restatements of information	Randstad applies IFRS 16 'Leases' as of January 1, 2019. This means that comparative reported numbers related to 2018 have been restated to reflect the changes resulting from the application of IFRS 16 'Leases'. For more information on this restatement see note 8 Leases (see page 167).
102-49	Changes in reporting	About this report (see page 235) Our impact - key material topics (see page 24)
102-50	Reporting period	About this report (see page 235)
102-51	Date of most recent report	12 February 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Back cover
102-54	Claims of reporting in accordance with the GRI Standards	About this report (see page 235)
102-55	GRI content index	Supplementary information (see page 237)
102-56	External assurance	About this report (see page 235)

management approach

103-1	Explanation of the material topic and its boundary	Key material topics (see page 24) About Randstad (see page 10) Value creation model (see page 21) Integrated reporting framework (see page 26) About this report (see page 235)
103-2	The management approach and its components	Key material topics (see page 24) Key figures (see page 4) Value creation model (see page 21) Sustainable development goals (see page 242) Sustainability basics (see page 63) Integrity and grievance mechanism (see page 69) Integrated reporting framework (see page 26)
103-3	Evaluation of the management approach	Key material topics (see page 24) Our services (see page 43) Integrated reporting framework (see page 26) Corporate governance - supervisory board (see page 138)

ref.	description	reference
tax disclosures		
207-1	Our approach to tax Our approach to tax compliance	Tax transparency and compliance (see page 74)
207-2	Our tax governance and control framework	Tax transparency and compliance (see page 74) Tax risk management (see page 97)
207-3	Our approach to stakeholder engagement and management of concerns related to tax	Tax transparency and compliance (see page 74)
207-4	Country-by-country reporting	Country-by-country tax reporting (see page 228)

topic-specific disclosures

client and talent data protection

Definition: Keeping client and candidate data and networks safe and protecting privacy in order to create a more secure digital environment where people can safely work and socialize.

418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	Misconduct reporting (see page 69)
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diversity & inclusive employment

Definition: Ensure fairness, equality and diversity in attracting, hiring, compensating, motivating and promoting a top performing workforce, including employees and talent. This involves the inclusion of everyone in the workplace independent of age, color, disability, gender, marital status, nationality, race, religion or sexual orientation or any other irrelevant or illegal characteristics (at all levels in the organization).

405-1	Diversity of governance bodies and employees	Gender equality, inclusion and diversity Executive Board biographies (see page 108) Supervisory Board biographies (see page 110) Composition, diversity and independence (see page 112)
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talent attraction & staff retention

Definition: Our policy for successful talent management improves employee quality and increases employee loyalty. This will, in turn, ensure an adequate pipeline of talent, with the aim of delivering results to our clients, talent and shareholders.

401-1	New employee hires and employee turnover	Employee engagement (see page 50)
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business principles & human rights

Definition: Promoting and living Randstad's business principles to project a positive message and maintaining our core values. It ensures that business needs as well as our business and personal behavior are well aligned and reinforce one another. It includes recognising our role in public labor market debates and therefore aiming to increase our efforts in safeguarding human rights.

412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability basics - human rights (see page 66)
412-2	Employee training on human rights policies or procedures	Sustainability basics - business principles (see page 65)

legislation & regulation

Definition: Adherence to laws and regulations as a fundamental part of Randstad's role as a corporate citizen in the business world, as well as being a trusted HR partner.

419-1	Non-compliance with laws and regulations in the social and economic area	Risk & opportunity management - Compliance (see page 104)
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ref.	description	reference
competitiveness of the company (own indicator)		
own	Global market share	The world around us - global HR market (see page 28)
client relationship management (own indicator)		
own	Clients	Definition: Maintaining the relationship with clients, to keep clients satisfied with the company's services. Our key brands (see page 13) Integrated reporting framework (see page 26) Our value for clients and talent - our promise to clients (see page 39) Our value for clients and talent: quote by Jason Philips, Novartis (see page 39) Our value for clients and talent: quote by Elzbieta Trzeciak, Develey (see page 59)
digitalization & data management (own indicator)		
own	Digital transformation	Definition: Integrating technology into our everyday activities in such a way that we manage our data effectively to enhance the quality of our services and connection with people (talent, employees, clients, etc.). This includes managing the protection of data and privacy. The world around us - trends and structural growth drivers (see page 28) Our strategy and progress (see page 34) Productivity (page 79)
engagement & empowerment (own indicator)		
own	Average engagement score	Definition: Continuously engaging our people, in order to encourage innovation, accountability, and business performance. Including a performance management which has room for new ways of working and thereby empower employees. Employee engagement (see page 50)

global compact index.

global compact principles	reference
human rights	
1. Randstad supports and respects the protection of internationally proclaimed human rights	The world around us - materiality matrix (see page 24) Corporate social responsibility - human rights (see page 66) Our ultimate goal - 500 million people plan (see page 22) Sustainability and industry memberships and partnerships (see page 243)
2. Randstad makes sure that it does not complicit in human rights abuses	The world around us - materiality matrix (see page 24) Corporate social responsibility - human rights (see page 66) Our ultimate goal - 500 million people plan (see page 22) Sustainability and industry memberships and partnerships (see page 243)
labor and working conditions	
3. Randstad upholds the freedom of association of employees and their right to collective bargaining	The world around us - regulatory environment in our markets (see page 31) Our value for society - industry involvement (see page 61) Sustainability basics - human rights (see page 66) Rankings and awards (see page 245) Highest randstad positions in industry associations (see page 246)
4. Randstad eliminates of all forms of forced and compulsory labor	Sustainability basics - human rights (see page 66)
5. Randstad refrains child labor	Sustainability basics - human rights (see page 66)
6. Randstad eliminates discrimination in respect of employment and occupation	Sustainability basics - human rights (see page 66) Our ultimate goal (see page 22) Sustainable development goals (see page 242) Value for society - promoting equal opportunities (see page 58) Sustainability basics - corporate policies (see page 65) Risk and opportunity management - concepts and best practices (see page 95)
environment	
7. Randstad supports a precautionary approach to environmental challenges	The world around us - materiality matrix (see page 24) Sustainability basics - corporate policies (see page 65) Sustainability basics - benchmarks (see page 73) Sustainability basics - taking environmental care (see page 70) Sustainability and industry memberships and partnerships (see page 243)
8. Randstad undertakes initiatives to promote greater environmental responsibility	The world around us - materiality matrix (see page 24) Sustainability basics - corporate policies (see page 65) Sustainability basics - benchmarks (see page 73) Sustainability basics - our impact on the environment (see page 71) Sustainability and industry memberships and partnerships (see page 243)
9. Randstad encourages the development and diffusion of environmentally friendly technologies	The world around us - materiality matrix (see page 24) Sustainability basics - corporate policies (see page 65) Sustainability basics - benchmarks (see page 73) Sustainability basics - our impact on the environment (see page 71) Sustainability and industry memberships and partnerships (see page 243)
anti-corruption	
10. Randstad disputes corruption in all its forms, including extortion and bribery	Sustainability basics - human rights (see page 66) Sustainability basics - corporate policies (see page 65) Risk and opportunity management - concepts and best practices (see page 95) Sustainability and industry memberships and partnerships (see page 243)

sustainable development goals.

goal	our contribution	subtargets	randstad kpi
	SDG 4: We help to ensure inclusive and equitable quality education and promote lifelong learning for all	SDG 4.4 - Increasing the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	<ul style="list-style-type: none"> • # of candidates placed younger than 25 or older than 50 • employees by age group • # of interns • # of candidates placed with no educational degree • # of candidates/employees trained • training hours (candidates/employees)
	SDG 5: We help to achieve gender equality and empower all women and girls	SDG 5.1 – End all forms of discrimination against all women and girls everywhere SDG 5.5 – Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	<ul style="list-style-type: none"> • thought leadership events • research and publications • % of males and females in senior leadership positions • thought leadership events
	SDG 8: We promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	SDG 8.2 – Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labor-intensive sectors SDG 8.5 – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and people with disabilities, and equal pay for work of equal value SDG 8.6 – Reducing the proportion of youth not in employment, education or training SDG 8.8 – Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	<ul style="list-style-type: none"> • # of digital initiatives • investments in innovation • # of candidates placed • # of permanent placements • # of candidates placed younger than 25 or older than 50 • # of initiatives to guide people from unemployment to employment • # of candidates placed with disabilities • # of candidates placed who were unemployed > 1 year • by end 2020, 10,000 marginalized people made employable through VSO partnership • # of candidates placed younger than 25 or older than 50 • employees by age group • by end 2020, 10,000 marginalized people made employable through VSO partnership • thought leadership events • research and publications
	SDG 10: We want to reduce inequality within and among countries	SDG 10.2 – Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status SDG 10.3 – Ensure equal opportunities and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard SDG 10.4 – Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	<ul style="list-style-type: none"> • % of males and females in senior leadership positions • # of candidates placed with disabilities • thought leadership events • research and publications • thought leadership events • research and publications • thought leadership events • research and publications

sustainability and industry memberships and partnerships.

Through our membership in the World Employment Confederation and the World Employment Confederation Europe, we strive for recognition of the economic and social role played by the employment industry in enabling work, job security, and prosperity in our societies, and in acting as facilitators of change.



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



As a CEO-led organization of over 200 leading businesses, the World Business Council for Sustainable Development (WBCSD) envisages to accelerate the transition towards a more sustainable world. In 2019, the organization launched its Future of Work program, in which Randstad is a leading partner. Through this program, the organization aims to bring the collective voice of leading sustainable businesses into the global dialogue on the Future of Work, and to build partnerships with governments, experts, educational institutions, and civil society in order to shape solutions that create value for people, companies, and the global economy.



Brussels European Employee Relations Group (BEERG) is an information-sharing and networking group established in 2002, which now has over 60 member companies headquartered in the EU, the US, India, and Japan. Through our BEERG membership, we discuss employment law and labor relations issues with other members and stakeholders, such as speakers from trade unions, the European Commission, and national or international agencies.



The Global Apprenticeship Network (GAN) is a coalition of committed companies, international organizations, and business and employers' federations, who jointly create work-readiness programs for youth and foster skills for business.



VNO-NCW, the Confederation of Netherlands Industry and Employers, represents the common interests of Dutch business, both at home and abroad. Members comprise over 160 trade and sector associations, representing more than 120,000 enterprises.



Our partnership with Voluntary Service Overseas combines the strength of two organizations driven by a common aim: to help alleviate poverty across the globe by sharing skills and expertise with local communities. VSO focuses on sustainable development, and places volunteers through partners in developing countries. Randstad supports VSO by providing strategic support, expertise, funding, and most of all, through our employees who can volunteer themselves.



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



The United Nations Global Compact is a voluntary business initiative for companies committed to aligning their activities with ten universally accepted principles in the areas of human rights, labor, the environment, and anticorruption. As signatories of the Compact since 2004, Randstad firmly believes that responsible business promotes the development of markets, commerce, technology, and finance for the benefit of economies and societies everywhere.



The Business and Industry Advisory Committee to the OECD (BIAC) speaks for business at the OECD. Established in 1962, it stands for policies that enable businesses of all sizes to contribute to growth, economic development, and prosperity. Through BIAC, national business and employers' federations and their members provide expertise to the OECD and governments for competitive economies, better business, and better lives.



certifications, rankings, and awards.

certifications

- Randstad France, Randstad Germany (including Professionals, Outsourcing and Tempo-Team), Randstad Belgium (Inhouse) and Tempo-Team Belgium (Staffing and Inhouse), Spain, Randstad Portugal (Staffing, Professionals, Outplacement, Outsourcing and Healthcare), Italy, Hungary, India, Japan, Brazil, Australia, Austria, Argentina, Greece, China, UK, Sweden, Norway, New Zealand, Randstad Interim Luxembourg, Randstad Technologies Canada, and the companies in the Netherlands are certified under the ISO 9001 label for quality management.
- Randstad Group Netherlands, Randstad Italy, Randstad Sweden, Randstad Norway, Randstad Brazil, and Randstad Professionals Germany hold the ISO 14001 environmental management certification.
- Randstad Italy holds the Social Accountability SA 8000 accreditation.
- Randstad Belgium, Randstad Construct Belgium, and Randstad Netherlands (Randstad Techniek, Randstad Bouw, Randstad Transport, Inhouse Services, Randstad Uitzendbureau B.V., and Randstad Groep Nederland) are VCU certified, and Ausy and Randstad RiseSmart Belgium are Qfor certified, where VCU stands for 'Health and Safety' and Qfor for 'Quality training and consulting organizations'.
- Randstad RiseSmart Belgium is certified with the RSS quality label (Recruitment, Search & Selection) from Federgon.
- Randstad RiseSmart Belgium is certified with the Certo (outplacement) quality label from Federgon and VDAB.
- Randstad Italy holds the certification for credit management process according to the CRMS - FP 07/2015 standard.
- Randstad Norway is a certified employer with the certificate 'Revidert Arbeidsgiver' and is also qualified in the Achilles Joint Qualification system for suppliers.
- Randstad Sweden is a member of the Swedish industry federation and is an authorized supplier of staffing, recruitment and outplacement services.
- Randstad Italy holds the Gender Equality European & International Standard (GEEIS) certificate for their professional gender diversity practices.
- Randstad, Tempo-Team and Yacht in the Netherlands have been certified by MVO-Register for sustainability assurance based on ISO 26000, consulted by purchasing organizations.
- Randstad Germany has been certified by the German Sustainability Code (Deutscher Nachhaltigkeitskodex DNK).
- Randstad Germany holds the SCP:2011 employment agency certificate.
- Selected locations of Randstad Germany have been certified under the Employment Promotion Act (§5 AZAV) by TÜV Rheinland Cert GmbH for the scope of application 'performance-related remunerated employment agency'.
- Randstad Germany holds the 'TÜV.com geprüfter Datenschutz' (certified data protection) awarded by TÜV Rheinland.
- Randstad Germany holds a certificate for its inclusion concept, awarded by the Federal Ministry of Labor and Social Affairs.
- Gulp Germany holds the Bildungsträger AZAV certificate.
- Randstad Switzerland holds the Swiss Staffing SQS label for ethical working and high professional standards in the industry.
- Randstad Brazil and Randstad Spain hold the OHSAS 18001 certificate (Occupation Health and Safety Assessment Series) for their health and safety management system.
- Randstad Australia has the AS/NZS 4801 accreditation (internationally known as OHSAS 18001).
- Tempo-Team Belgium holds the Label Diversité.
- GULP Information Services GmbH holds the seal of approval 'Arbeits- und Gesundheitsschutz nach LS-Standard' from TÜV SÜD Life Service GmbH as one of only four enterprises in Bavaria.
- Randstad Austria holds the seal of approval 'Austria Gütezeichen AKÜ' from ÖQA Zertifizierungs GmbH.
- Randstad US is certified as a 2020 Military, Military Spouse, Military Supplier Friendly employer.
- Randstad Italy is certified ISO 27001, the best-known standard providing requirements for an information security management system.
- Randstad Canada has received Bronze parity certification from Women in Governance.
- Randstad Care UK has been part of Health Trust Europe's total workforce solutions framework since 2016. Awarded onto the Nursing Lots, Randstad Care supplies into a number of NHS trusts through the framework. Randstad Care UK is audited annually and has consistently achieved platinum status.
- In April 2017, Randstad Care UK was awarded an NHS Wales contract for the supply of agency nurses, midwives and healthcare assistants. The contract means Randstad Care is an approved supplier to all seven health boards in Wales. The contract has been extended to 2021.
- Randstad Care UK has been a provider on the NHS CPP Clinical staffing framework since 2016. The framework was replaced by the CCS workforce alliance in April 2020. CPP is a collaboration between the four main NHS procurement hubs, and the framework covers all of England. Randstad supplies nursing and AHP staff to a number of NHS Trusts under this framework.
- Randstad Student Support UK underwent a Government audit by the Disabled Students Quality Assurance Group (DSA QAG). This includes the audit of approx 1,000 support workers and 5,000 student records in relation to support funded by the Disabled Students Allowances (DSAs).
- Randstad Education UK was inspected by an independent professional auditor, who has verified that they meet the REC (Recruitment & Employment Confederation) Audited Education standard.
- Randstad India is a certified Great Place to Work! This certification is the gold standard for organizations to achieve, enhance and endorse their Employer Brand.
- Randstad US earned the Safety Standard of Excellence mark (SSE), a national program developed by the American Staffing Association (ASA) and the National Safety Council (NSC). A rigorous and randomized safety audit evaluated Randstad's policies and initiatives and unveiled their continuous commitment to promoting worker safety.

rankings and awards

- Randstad N.V. is the only HR services provider to be included as a member in the Professional Services industry of the DJSI world index 2020.
- Randstad N.V. received confirmation of its continued membership of the FTSE4Good Index Series.
- According to the Euronext Vigeo index, Randstad N.V. is one of the 20 most advanced companies in the Benelux region and one of the 120 most advanced companies in the Eurozone region rated on environmental, social and governance performances.
- Randstad N.V. has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe.
- Seven executives were included in the Global Power 150 – Women in Staffing List 2020, compiled by Staffing Industry Analysts. The list highlights women's contributions to the staffing industry.
- Randstad US has been included in the top 50 companies for diversity of US DiversityInc. We are the only staffing company to ever be recognized.
- Randstad Germany won the 'Best Recruiters' Award 2020, receiving top marks for recruiting activities. The Award annually examines the recruiting quality of the top employers in Germany, Austria, Switzerland and Liechtenstein based on more than 200 criteria.
- Randstad Germany was among the top 10 in the CIO Competition 2020.
- Randstad Switzerland was awarded best staffing agency 2020 in the categories executive search and temporary work by Handelszeitung, Le Temps and Statista.
- Randstad Spain received a recognition in Computing Awards 2020 in the category 'Transformation of Data Center to the Cloud Environment'.
- Randstad Foundation Spain received recognition as finalist in the award for best social initiative in energy (by Fundación Naturgy).
- Randstad US was named 2020 Top Scoring Employer for the Disability Equality Index (DEI).
- Randstad US: 2020 Disability Ally Award, Georgia Diversity Council.
- Randstad US: Diversity Deep Dive Podcast recognized as a 2020 Top Diversity Podcast by Feedspot.
- Randstad US: Forbes list of America's Best Employers for Diversity 2020.
- Randstad US: 2020 Human Rights Campaign Corporate Equality Index.
- Randstad US: 2020 Military, Military Spouse and Military Supplier Friendly Awards.
- Randstad US: Forbes Best Temp Staffing Firms 2020
- Randstad US: awarded and recognized as a 2020 'Leading Disability Employer' by the National Organization on Disability (NOD).
- In 2020, Randstad was awarded the Outstanding Commitment 2019 Award by the Government of Canada. This award recognizes employers that have demonstrated outstanding commitment in implementing their employment equity plans by instituting measures to remove barriers, adopting special measures and/or establishing positive policies and practices to achieve tangible results.
- Randstad Canada was recognized in 2020 as one of the Best Workplaces™ by the Great Place to Work® Institute in three categories: Inclusion, Women, and Mental Wellness.
- Randstad India won the Business World Pure (Purpose + Resilience) Awards (2020).
- Randstad UK won the Best Companies to Work For Award in 2020 for Randstad Construction, Property and Engineering.
- Expectra, Appel Médical and JBM (SELECT T.T.) as well as Randstad, Randstad Inhouse obtained Top Employer 2020 certificate.
- Randstad Belgium Risesmart received the award for Best HR Career Transition Company.
- Randstad Italy was given the 'Welcome. Working for Refugee Integration' Award by UNHCR.
- Randstad Sourceright ranked #1 in Quality of Service Leaders and #2 in Overall Enterprise Leaders in the HRO Today RPO Baker's Dozen Customer Satisfaction Rankings 2020.
- Randstad Canada was recognized in 2020 as one of the Best Workplaces™ for Today's Youth by the Great Place to Work® Institute.
- Randstad Canada was recognized in 2020 as one of the Best Workplaces™ for Giving Back by the Great Place to Work® Institute.
- Randstad Canada - winner of the 2020 CSR Award by the Association of Canadian Search, Employment and Staffing Services (ACSESS).
- Randstad Canada's Women Transforming the Workplace Program won Bronze in The Canadian Public Relations Society's Award of Excellence competition in the category of Canadian Advocacy and Social Marketing Campaign of the Year.
- Randstad Poland was recognized as 'Employer with Heart' for creating appropriate working conditions and employing people with disabilities.
- Randstad Portugal was considered the best HR company in two categories: best provider (large companies) and best global provider. The award was given by "HR Portugal", the top HR publication in the country and was the result of the public online vote.
- Randstad Portugal received a Best Award 2020 from APCC in the gold category as better contact center in the telecom sector.
- Randstad Portugal was awarded by APCE for the best internal communication campaign (X factor) about Customer Delight.
- Randstad Portugal received the corporate brand award from Marketeer.
- Randstad Portugal received the Social Responsibility and Responsible Business Management Award for its project with homeless people from Observatório da Comunicação Social (OCI).
- The DfE launched the Crown Commercial Services Framework for supply teachers and Randstad Education UK was awarded a place on the framework, attesting to our commitment to support schools with their temporary recruitment requirements.
- Randstad Education in the UK is a preferred supplier on The Crescent Purchasing Consortium. The CPC is utilised by 5,000+ schools across the country for purchasing goods and services such as facilities equipment, technology deals and utilities.
- Randstad Hungary won 1st place in the Lovable Workplace employer branding competition in 2020 among big corporations.
- Randstad Chile received 'best employer branding of HR' award from a local job board called Computrabajo (awarded by candidates who had a working relationship with the company).
- Randstad Greater China won 'Top 10 Recruitment Brands' and 'Top 50 HR Services Brands' Awards in Beijing.
- Randstad Greater China was listed in the 2020 top HRO of TOPHR and ranked third for staffing and outsourcing business.
- Randstad Shanghai and Guangzhou offices were awarded the Harmonious Labor Relations Achievement Award in 2020.
- Randstad Greater China was recognized as Global Service Provider Pioneer in the Jing'an District, Exceptional Organization in Innovation and Employment Promotion in the Jing'an District, and Member of the HR Industry Alliance Network.
- Randstad Greater China won the Premium Service Agency Award (Platinum) awarded by CTgoodjobs.
- Randstad Greater China won the Best Recruitment Agency Award at the APAC Insider's Business Awards 2020.
- Randstad Singapore received two Excellence Awards for Best Use of Technology and Employer of Choice (100-999 employees) by HRD Asia Awards in 2020.
- Randstad Singapore was awarded accolades in five categories at the Global Banking & Finance Awards 2020. (1) HR & Recruitment: Agency Recruitment Leader of the Year, (2) HR & Recruitment: Best Banking & Finance Recruitment Company, (3) HR & Recruitment: Best IT/Technology Recruitment Agency, (4) HR & Recruitment: Best Recruitment Agency For Permanent Staffing, and (5) HR & Recruitment: Best Recruitment Agency Marketing Team.

highest randstad positions in industry associations.

market	association name	position			
		president	vice-president	board member	member
Argentina	CAPE (Chamber of Private Employment Agencies)			x	
Austria	ÖPD				x
Australia	RCSA				x
Belgium	Federgon	x			
Brazil	Sindeprestem (Sao Paolo)				x
Canada	ACSESS			x	
	NACCB ¹			x	
Chile	AGEST				x
China	Shanghai HR Consulting Association ¹			x	
	CAFTS (Beijing)				x
	Beijing HR service industry association ¹		x		
	Shanghai Jing'an District Labor Security Association ¹				x
	Shanghai Jing'an District Foreign Investment Enterprises Association ¹			x	
	European Union Chamber of Commerce in China ¹				x
	China Talent Exchange Association, Shanghai Branch ¹				x
Czech Republic	APPS				x
Denmark	Vikarbureauernes Brancheforening			x	
France	PRISME			x	
Germany	BAP		x		
Greece	ENIDEA			x	
India	ISF			x	
Italy	Assolavoro	x			
Japan	JASSA			x	
	JSLA ¹	x			
	JHR (umbrella organization) ¹			x	
Luxembourg	Fedil/F.E.S. (Fedil Employment Services)		x		
Mexico	AMECH			x	
Netherlands	ABU			x	
	OVAL			x	
New Zealand	RCSA				x
Norway	NHO				x
Poland	Polskie HR Forum			x	
Singapore	Singapore Professional Staffing Organisation			x	
Portugal	APESPE			x	
Slovakia	APAS				x
Spain	Asempleo			x	
Sweden	Kompentensföretagen			x	
Switzerland	Swiss Staffing			x	
Turkey	OIBD			x	
UK	REC				x
Uruguay	CUDESP				x
US	ASA			x	
	Metro Atlanta Chamber of Commerce			x	
	Atlanta Legal Aid Society				x
	ASA's Legal & Legislative Committee				x
	United States Council for International Business (USCIB)			x	
	USF Cyber Security Advisory Board			x	
Europe	World Employment Confederation Europe			x	
International	World Employment Confederation	x			

¹ Non-WEC member.

glossary.

operational glossary

activity-based field steering

Our activity-based field steering (ABFS) model is used to manage and direct performance across our businesses. By embedding operational performance tools at every level of our organization, the input-based ABFS model helps operational managers to take the right decisions, at the right time, and translate them into action. Managers receive up-to-date, accurate reports on a weekly basis, covering a range of key performance indicators. These data enable us to manage our units and teams in the field by adapting to changing client and market demands as they occur.

agency work

Agency work is a special form of temporary work, where generally the employer does not hire the employee directly on a contract with a limited duration, but through a private employment agency. The employee is mostly hired directly by the employment agency, mostly on a temporary basis, but sometimes on a permanent contract. During the contract period, the employee can be assigned to different user companies.

blue-collar

Within Staffing, we typically divide the market into blue-collar and white-collar work. The distinguishing factor is difference in skill sets. Blue-collar is predominantly geared towards industrial and technical job profiles.

branches

Branches are physical office locations from which our consultants operate.

candidate(s)

A common term for the individual people in our talent pool that we help find work at our clients (both temporary and permanent positions).

candidates/staffing employees working

The number of temporary employees currently working for our clients.

concepts

Our concepts represent the services we offer to our clients. We standardize the working processes per concept in order to easily 'copy and paste' them across our operations around the world.

consultant

A consultant is a front-office employee who is located at one of our outlets (i.e., branch or Inhouse location), directly meeting the demands of clients and candidates.

FTE

Full-time equivalent.

global businesses

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

inhouse

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

inhouse location

An Inhouse location is a branch that is located at a client's premises, where our consultants work on-site at a client's location, exclusively for that client.

managed services programs (MSP)

A managed services program is a highly effective way for employers to manage their contingent workforces. The MSP can act as an integral part of a company's procurement or HR function, managing the entire contingent talent life cycle from requisition through invoicing and payment.

outlets

Outlets are branches and Inhouse locations combined.

outplacement

Within outplacement, we advise and support organizations in situations in which employment contracts need to be terminated because of a strategic decision or for other reasons. We assist employees in their search for a suitable new job to make the transition as smooth as possible.

outsourcing

Outsourcing is the sustainable transfer of several client activities with output responsibility both in the

production/logistics and in the administrative environment.

penetration rate

The penetration rate is the percentage of temporary workers in the total working population.

permanent placement

Apart from attracting candidates for temporary jobs, we also service clients by recruiting candidates for permanent positions. The process involved is referred to as permanent placement.

professionals

Professionals is the service we offer to our clients where we offer a broad and deep range of candidates with an academic or equivalent qualification from a wide range of industry backgrounds. Professionals covers temporary and permanent placements, and statement of work (SOW).

recruitment

The process of hiring candidates for permanent positions.

recruitment process outsourcing (RPO)

RPO is the transfer of operational responsibility for one or more recruiting functions or tasks, including recruitment administration, from the client to a service provider.

specialties

Specialties are the specific market segments that dedicated units in our Staffing business focus on, such as healthcare, transport, airports, and contact centers. The knowledge, experience, and expertise we gain by focusing on these specialties translate into added value for clients and candidates.

staffing

A service we offer to our clients that involves matching blue-collar and white-collar candidates with temporary or permanent positions at our clients. Staffing also covers payrolling, training, and specialties focusing on specific market segments.

statement of work (SOW)

Advanced technology consultancy and innovative project-based services where we take on responsibility for achieving project milestones and deadlines. We offer these services in the higher-level professionals segment. In Europe, these services are mainly provided by Ausy.

talent

A broad collective term for all people of working age in the labor market, including our own candidates and the people in our talent pool.

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 (VMS)

A VMS is an internet-enabled contingent worker sourcing and billing application that enables a company to procure and manage a wide range of contingent workers and services in accordance with client business rules.

white-collar

Within Staffing, we typically divide the market into blue-collar and white-collar work. The distinguishing factor is difference in skill sets. White-collar is predominantly geared towards administrative job profiles.

sustainability glossary

engagement score

Employee satisfaction or engagement is the degree to which our employees are happy to work at our company. The higher the score, the healthier and happier our employees are.

fatality

An incident causing the death of an employee or candidate at work, in traffic, while working, or while commuting.

fixed-term contract

An employment contract with a particular end date, meaning that the contract ends after a certain event or on the completion of a task.

key material topics

These are topics that are material to our business and our key stakeholders based on input from both inside and outside Randstad. A definition of the 10 key material topics can be found in the [GRI content index \(see page 237\)](#).

lost time injury (LTI)

Days off work due to work-related injury, based on actual working days. Injury rate calculation: number of workdays lost divided by (average FTE x available days).

misconduct reporting procedure

Grievance mechanism; a facility operated by an independent external provider, where serious breaches of the Randstad business principles can be reported if the regular avenues are inappropriate.

permanent or open-term contract

An employment contract for an indefinite period of time; this metric includes employees with a permanent or open-term job but without an official contract, which is often the case in the US, for example.

sickness rate

Includes both short-term and long-term sickness. Generally excludes absence due to work-related accidents and pregnancy leave, unless local authorities use a different definition.

sustainable development goals (SDG)

In September 2015, the United Nations launched the 17 Sustainable Development Goals. Countries adopted these goals to end poverty, protect the planet, and ensure prosperity for all by 2030.

volunteer hours

The number of hours actually worked by the volunteer(s) or: number of months of placement x 4 weeks x 36 hours; for short-term volunteers: number of weeks x 36 hours.

VSO volunteers

Number of employees (headcount) working on an indefinite contract with an operating entity, who have provided support to VSO (e.g., HR/finance/marketing/legal or strategic advice, fundraisers) either in their home country or at a VSO office (e.g., in the UK or the Netherlands), or on an assignment in Africa or Asia.

work-related injuries

Accidents during working hours, whether on work premises or while traveling as part of work duties, causing candidates or employees to be injured on a scheduled workday or normal work shift, resulting in days off work.

world employment confederation (WEC)

The worldwide/European industry federation that strives for well-regulated working conditions for employees and candidates.

financial glossary

amortization (and impairment) of acquisition-related intangible assets

Upon acquisitions, Randstad identifies intangible assets, such as customer relationships, brand names, and candidate databases. On average, these acquisition-related intangible assets are amortized over 1 to 10 years, leading to an annual non-cash amortization charge, which is included in operating profit.

capital expenditures

Part of cash flow from investing activities. Amounts incurred for investments in property, plant and equipment (e.g., furniture, computer hardware), and software.

cash flow from operating activities

EBITDA adjusted for changes in working capital, taxes on income, movements in other balance sheet positions, such as provisions, and certain other non-cash items.

closing price

Share price of Randstad at the end of a given trading day on Euronext, where an ordinary share of Randstad is listed.

cost of services

Expenses which are directly attributable to revenue. These costs mainly include expenses related to staffing employees, such as wages, social security charges, and taxes.

diluted earnings per ordinary share

Diluted earnings per ordinary share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares arise from various share-based payment arrangements.

dividend on ordinary shares

Part of net income attributable to holders of ordinary shares that will be distributed to holders of ordinary shares.

DSO (days sales outstanding, moving average)

The DSO represents the number of days before we are able to convert sales into cash (received from our client). In the Annual Report, we use the moving average of the monthly DSO.

EBITA

Earnings Before Interest, Taxes and Amortization (and impairment of acquisition-related intangible assets and goodwill). It is basically the same as operating profit adjusted for amortization charges on acquisition-related intangible assets. This is the key performance indicator when looking at the profitability of our business.

EBITA margin

EBITA as percentage of revenue.

EBITDA

Earnings Before Interest, Taxes, Depreciation of property, plant and equipment and Amortization of software.

economic value added (EVA)

A financial performance method to calculate the true economic profit of a corporation. EVA can be calculated as net operating profit after taxes minus a charge for the opportunity cost of the capital invested.

enterprise value

Market capitalization plus net debt excluding lease liabilities.

EPS (earnings per share)

Net income attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding.

free cash flow (FCF)

Free cash flow is the sum of net cash flow from operating activities and investing activities adjusted for cash flows for acquisitions and disposals of subsidiaries, equity investments and associates.

gross margin

Gross profit as percentage of revenue.

gross profit

Revenue minus cost of services.

IFRS

International Financial Reporting Standards.

incremental conversion ratio (ICR)

Additional EBITA in a year, when compared with the previous year, as a percentage of additional gross profit in a year, when compared with the previous year, based on organic growth. We aim for an incremental conversion ratio of 50%, if gross profit growth has been achieved.

leverage ratio

Net debt divided by 12-month EBITDA. We aim at a leverage ratio of between 0 and 2x EBITDA, which is important for continuity. The syndicated loan documentation allows us a leverage ratio of 3.5x EBITDA.

market capitalization

Total shares outstanding multiplied by the share price of Randstad.

net debt

Cash and cash equivalents minus current borrowings and non-current borrowings.

net finance costs

Net finance costs include net interest expenses in relation to our net debt position, foreign currency exchange results, net interest expenses due to passage of time, and other items.

net income

Operating profit minus net finance costs, share of profit (or loss) of associates, and taxes on income.

net income attributable to holders of ordinary shares

Net income adjusted for the dividend on preferred shares, as well as for results of non-controlling interests.

operating expenses

Operating expenses comprise personnel and accommodation expenses in relation to the activities at the outlets and the various head offices, IT expenses, other general and administrative expenses, as well as the amortization and impairment of acquisition-related intangible assets and goodwill.

operating expenses margin

Operating expenses as a percentage of revenue.

operating profit

Gross profit minus operating expenses.

operating working capital

Trade and other receivables (excluding current part of loans and receivables and other interest receivable) minus trade and other payables (excluding interest payable). The level of working capital is related to the timing of the invoicing and payrolling processes (weekly or monthly). The payment terms negotiated with clients and the effectiveness of our collection processes are equally important. Liabilities, such as social security charges, wage tax, and value-added tax are settled every month and in some countries on a quarterly basis. Payment terms are often determined by law and therefore difficult to influence.

payout per ordinary share

Dividend on ordinary shares divided by net income per share attributable to holders of ordinary shares before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs (after taxes).

productivity

We measure productivity in three ways: (1) gross profit per staff member (GP/FTE), (2) gross profit in relation to personnel expenses (GP/PE), and (3) the number of candidates per staff member (Temps/FTE).

recovery ratio (RR)

The total year-on-year change in operating expenses as a percentage of the decline in gross profit, based on organic growth. We aim for a recovery ratio of 50% in case gross profit declines.

return on invested capital (ROIC)

This ratio is calculated by dividing the after-tax operating income (NOPAT) by the book value of both debt and equity capital less cash/equivalents.

revenue

We distinguish three types of revenue: (1) revenue from temporary billings, (2) permanent placement fees, and (3) other revenue. 'Revenue from temporary billings' includes the amounts received or receivable for the services of temporary staff, including the salary and salary-related employment costs of those staff. These revenues are generally based on the number of hours worked by the temporary staff. 'Revenue from permanent placements' includes the fee received or receivable for the services provided. The fee is generally calculated as a percentage of the candidate's remuneration package. The category 'other revenue' includes revenue for services such as job posting and résumé services on our digital platforms, payrolling, outplacement, outsourcing, MSP and RPO services, consultancy, and related HR offerings.

share in profit/loss of associates

Associates are companies in which Randstad N.V. has significant influence, but no control, over the financial and operational policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. The share of profit or loss of the associate is presented in this line of the income statement.

syndicated credit facility

Randstad has a € 1,850 million multi-currency syndicated revolving credit facility at its disposal, which will mature in July 2024. The loan documentation allows a leverage ratio of 3.5x EBITDA. In certain cases, we are allowed to report a maximum leverage ratio of 4.25x EBITDA for a limited amount of time.

taxes on income

Taxes on income comprise current taxes and the realization of deferred taxes. Current taxes on income are the sum of taxes recorded on the results before taxes in the countries in which those results were generated, based on local tax regulations and against tax rates of the applicable year. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating taxes on income.

velocity of shares

Velocity represents the average holding period of a share in Randstad. It is measured as the total number of shares traded divided by the average number of shares outstanding.

financial calendar.

march 23, 2021

Annual General Meeting of Shareholders

march 25, 2021

Ex-dividend date of regular dividend

march 26, 2021

Record date of regular dividend

april 6, 2021

Regular dividend ordinary shares available for payment

april 21, 2021

Publication of Q1 2021 results (pre-market)

Analyst conference call Q1 2021 results

july 27, 2021

Publication of Q2 2021 results (pre-market)

Analyst conference call Q2 2021 results

september 24, 2021

Ex-dividend date of special dividend

september 27, 2021

Record date of special dividend

october 4, 2021

Special dividend ordinary shares available for payment

october 26, 2021

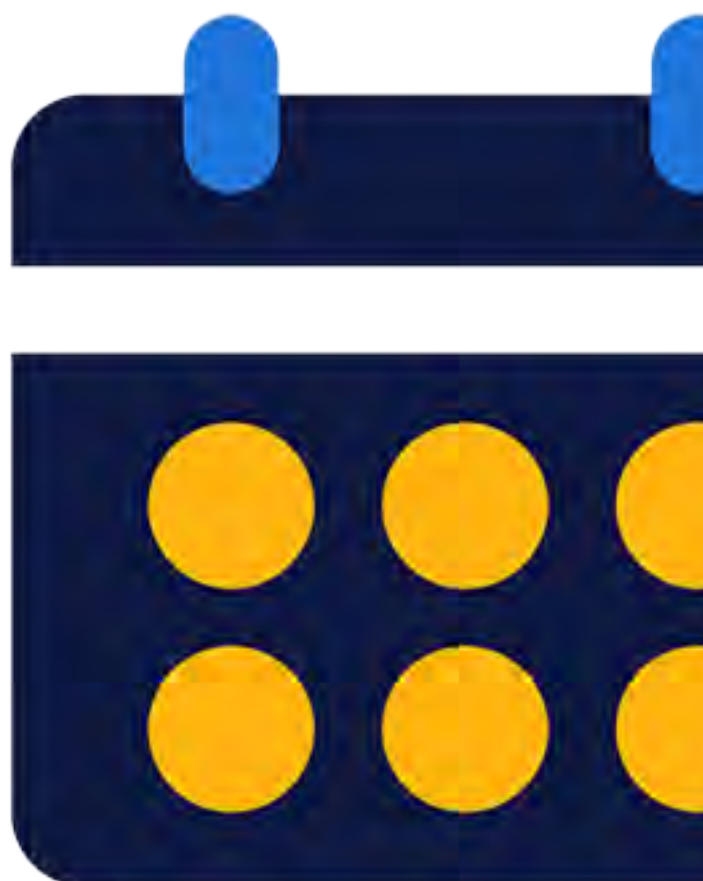
Publication of Q3 2021 results (pre-market)

Analyst conference call Q3 2021 results

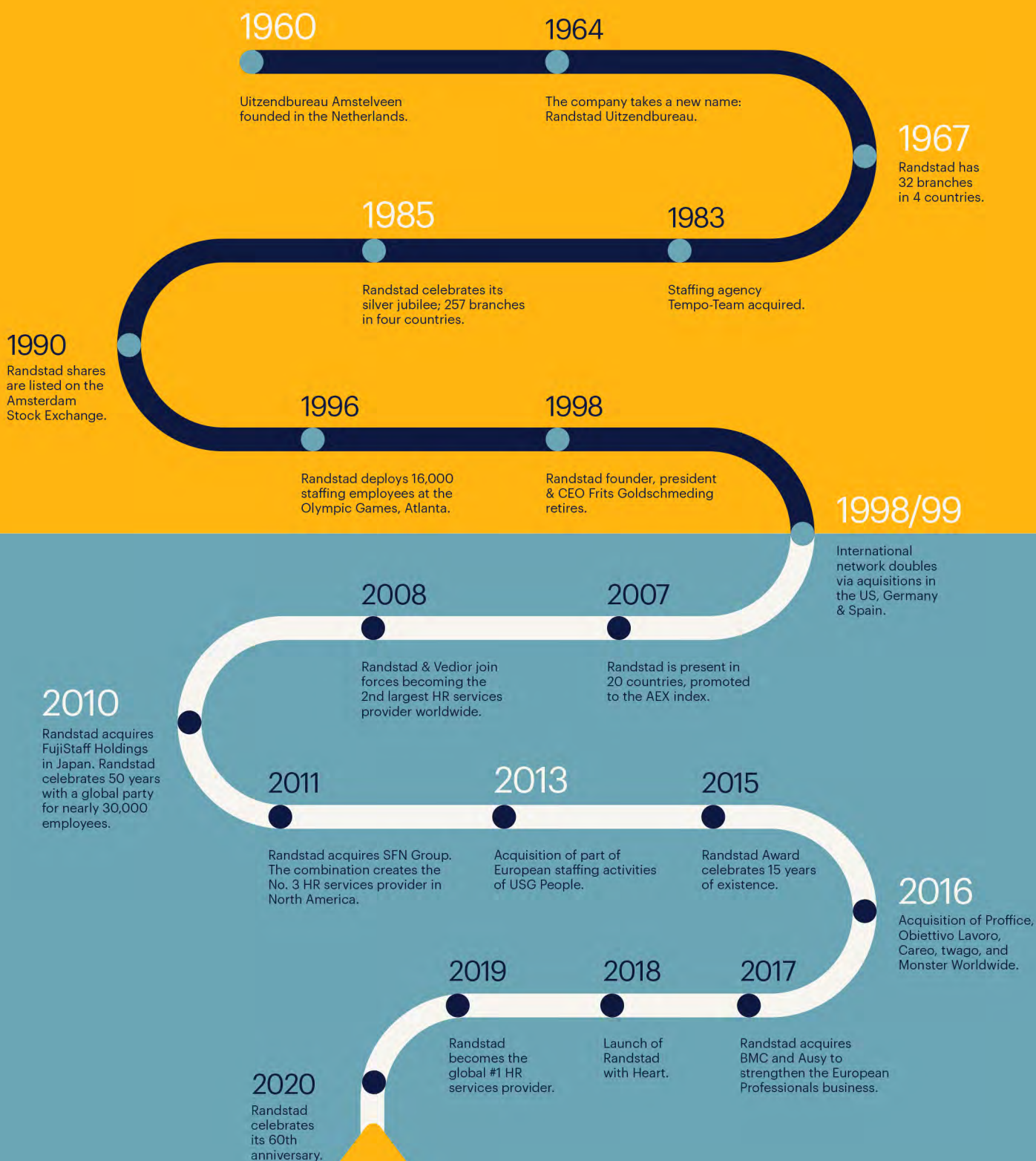
february 15, 2022

Publication of Q4 and annual results 2021 (pre-market)

Analyst conference call Q4 and annual results 2021



history timeline.



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C&F Report

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comments or questions

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