talent for the future

annual report 2013

randstad

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

key points

Revenue in € million

16,568 › 59

Underlying EBITA margin (%)

3.5 › 62

Adjusted net income in € million

367.6 › 64

Free cash flow in € million

292.9 › 67

Leverage ratio

1.2 › 54

Proposed dividend per ordinary share (€)

0.95 › 54

Net Promoter Score (no. of countries with top-3 positions)

6 › 31

Average number of candidates

567,700 › 32

Employee engagement (on a 10-point scale)

7.3 › 40

% of women in senior management

43.2 › 42

Number of VSO volunteer hours

10,500 › 46

Number of employees trained in business principles

13,200 › 47

core data

in millions of €, unless otherwise indicated	2013	2012	Δ%
Key financials			
Underlying[1]			
Revenue	16,568.3	17,086.8	(3)
Gross profit	3,011.6	3,102.0	(3)
EBITA[2]	578.8	562.9	3
Actual			
Revenue	16,568.3	17,086.8	(3)
Gross profit	3,010.0	3,107.3	(3)
EBITA[2]	529.7	463.6	14
Net income	230.7	36.7	529
Free cash flow[3]	292.9	466.5	(37)
Net debt[4]	761.0	1,095.7	(31)
Shareholders' equity	2,907.8	2,724.9	7
Ratios (in % of revenue)			
Underlying[1]			
Gross margin	18.2	18.2	
EBITA margin	3.5	3.3	
Actual			
Gross margin	18.2	18.2	
EBITA margin	3.2	2.7	
Net income margin	1.4	0.2	
Share data			
Basic earnings per ordinary share (in €)	1.25	0.17	635
Diluted earnings per ordinary share (in €)[5]	2.07	2.11	(2)
Dividend per ordinary share (in €)	0.95	1.25	(24)
Payout per ordinary share (in %)[6]	45	59	(24)
Closing price, year-end (in €)	47.15	27.81	70
Market capitalization, year-end	8,366.0	4,785.3	75
Enterprise value, year-end[7]	9,127.0	5,881.0	55
Employees/outlets			
Average number of staffing employees	567,700	581,700	(2)
Average number of corporate employees	28,030	29,320	(4)
Number of branches, year-end[8]	3,161	3,191	(1)
Number of Inhouse locations, year-end[8]	1,426	1,305	9

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

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

3 Free cash flow is the sum of net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries and associates.

4 Net debt: cash and cash equivalents minus borrowings.

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

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

7 Enterprise value: the total of market capitalization and net debt.

8 Branches are outlets from which various clients are served with a various number of services and which are located in residential/commercial areas. Inhouse locations are outlets from which one client is served with a limited number of job profiles and which are located on the site of the customer.

safe harbor statement

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

talent for the future

'We create value for society as a whole and continue to shape the world of work'

The theme of the 2013 annual report is 'talent for the future'. We have connected this theme with our main stakeholder groups: our clients, our candidates, our employees and society at large.

As a leading global HR services provider, we take the lead in shaping the world of work by playing an important role in making sure society has access to the right talents needed for the future. By focusing on improving the knowledge and skills of our employees and candidates, we enable them to advance their careers and we help our clients to shape and maintain an optimal workforce, both now and in the future. We ensure the right people to apply for the right jobs by continuously optimizing online and mobile technologies, which become increasingly important to keep adding long-lasting value for both our clients and candidates. As a leading player in HR services, we also act as a thought leader, conducting our own research to help shaping and actively anticipating a changing world of work.

In this annual report, various stakeholders from across the globe share their views on what Randstad means to them and how they believe Randstad creates value for society as a whole.

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who we are

Randstad is one of the global leaders in HR services

Randstad specializes in solutions in the field of flexible work and HR services. Our services include regular temporary staffing and permanent placement of candidates. Through our unique Inhouse Services concept, we also offer dedicated on-site workforce management. In addition, we provide many other HR solutions, such as recruitment process outsourcing, managed services, payroll services and outplacement. We are taking the lead in shaping the world of work, by matching people with companies that will help them develop their potential, and matching companies with people who will work to develop their business.

Randstad was founded in 1960 in the Netherlands and is now one of the global leaders in HR services. In 2013, Randstad generated revenue of € 16.6 billion and had approximately 28,000 corporate employees and around 4,600 branches and Inhouse locations in 39 countries. On average, we employed 567,700 candidates per day, while we placed over 85,000 candidates in permanent positions.

what we do

By finding employees the work they are best suited for, and by finding employers the candidates who best fit into their organization, we create value for society as a whole. It is our ambition to be an employer of choice, helping us to continue to attract the best people, who will in turn provide our clients with the excellent execution they need. We ensure first-class service delivery by using best practices and proven standardized business models across our international network. We contribute to a better society, as we can leverage our experience and expertise, which we have gained over more than 50 years. This way, we help to maximize future employment and economic growth.

our core values and culture

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

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

The values we share serve as a compass for everyone at Randstad, guiding our behavior and representing the foundation of our culture. Our continuing success, and our reputation for integrity, service and professionalism, are based on these values. The better we know our clients and candidates and the better the relationship we have with them, the better we are able to match their needs and exceed their expectations.

our service concepts

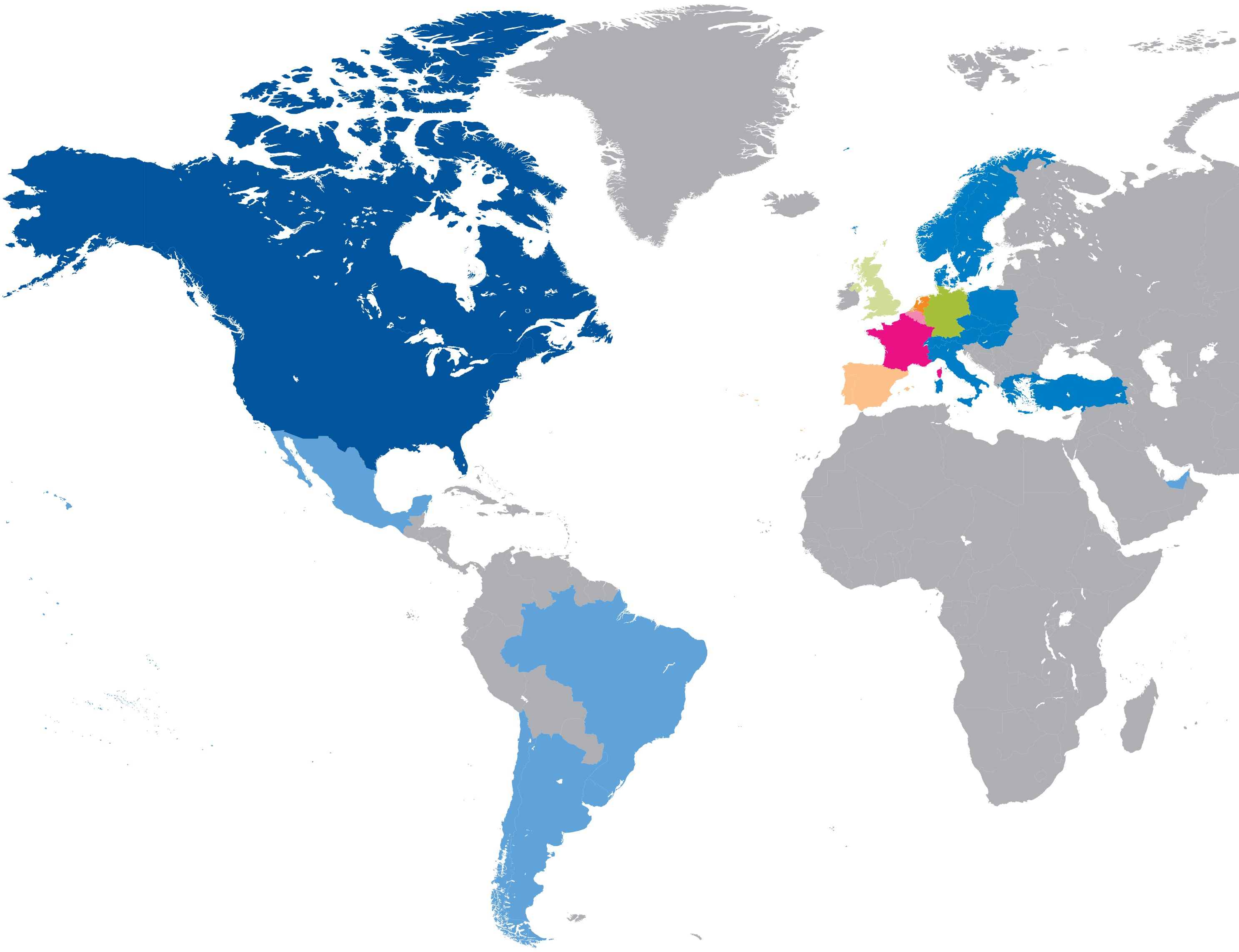
Staffing
In Staffing, our largest business, we focus on recruiting candidates with a secondary education or equivalent. The concept covers temporary staffing and permanent placement.

Inhouse Services
Inhouse Services is a unique solution for managing a highly efficient workforce with specific skill sets for which there is a fluctuating level of demand. It is aimed at improving clients' labor flexibility, retention, productivity and efficiency. For Inhouse Services clients, we work on-site, exclusively for them, providing a large number of candidates. We frequently work with the client to determine specific performance criteria, and provide total HR management, including recruitment & selection, training, planning, retention, and management reporting.

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

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

our global presence



■ North America
- revenue € 3,686.9 million
- 6,240 corporate staff
- 101,800 candidates
- 1,055 outlets, of which 293 Inhouse locations

■ France
- revenue € 2,835.7 million
- 3,590 corporate staff
- 75,100 candidates
- 791 outlets, of which 141 Inhouse locations

■ Netherlands
- revenue € 2,739.4 million
- 4,310 corporate staff
- 80,800 candidates
- 672 outlets, of which 348 Inhouse locations

■ Germany
- revenue € 1,875.5 million
- 2,530 corporate staff
- 47,900 candidates
- 557 outlets, of which 266 Inhouse locations

■ Belgium & Luxembourg
- revenue € 1,238.7 million
- 1,820 corporate staff
- 39,700 candidates
- 307 outlets, of which 133 Inhouse locations

■ United Kingdom
- revenue € 769.6 million
- 1,520 corporate staff
- 18,700 candidates
- 147 outlets, of which 53 Inhouse locations

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

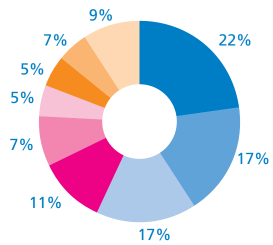
■ Iberia
- revenue € 896.9 million
- 1,390 corporate staff
- 48,800 candidates
- 405 outlets, of which 72 Inhouse locations

■ Other European countries
- revenue € 1,090.7 million
- 2,000 corporate staff
- 43,800 candidates
- 435 outlets, of which 98 Inhouse locations

■ Rest of the world
- revenue € 1,434.9 million
- 4,450 corporate staff
- 111,100 candidates
- 218 outlets, of which 22 Inhouse locations

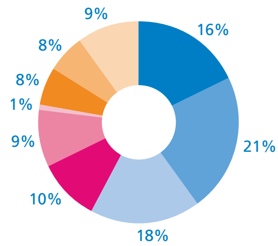
split by geography

2013: revenue € 16,568.3 million



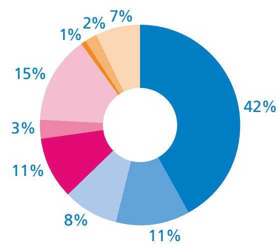
geographic spread of staffing revenue (incl. hr solutions)

revenue Staffing: € 10,037.9 million



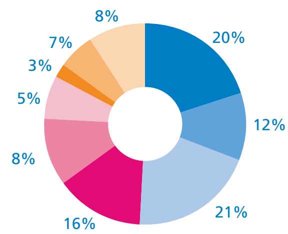
geographic spread of professionals revenue

revenue Professionals: € 3,306.9 million



geographic spread of inhouse services revenue

revenue Inhouse Services: € 3,223.5 million



executive board

Board members from left to right:

François Béharel
(1970, French)

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

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

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

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

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

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

Responsibilities
Robert Jan van de Kraats is responsible for Group control, strategy and M&A, accounting, tax, treasury, business risk & audit, IT, investor relations and shared service centers. In addition, he is responsible for Japan and India.

Ben Noteboom
(1958, Dutch)
CEO and Chairman of the Executive Board

- Joined Randstad in 1993
- Appointed as CEO and Chairman of the Executive Board in 2003

Background
After graduating in law, Ben Noteboom held international management positions with a major chemical company. After joining Randstad, he was initially responsible for the integration of a number of major acquisitions. He then held a series of senior management positions and started Capac Inhouse Services, for which he had Europe-wide responsibility from 2000. He is also a member of the Supervisory Board of Royal Ahold.

Responsibilities
In addition to his chairmanship of the Executive Board, Ben Noteboom is responsible for Australia, New Zealand, China, Hong Kong, Singapore, Malaysia and Group HR, marketing & communications, business concept development, innovation, legal affairs and public affairs.

Jacques van den Broek
(1960, Dutch)

- Joined Randstad in 1988
- Appointed to the Executive Board in 2004

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

Responsibilities
Jacques van den Broek is responsible for the UK, Belgium & Luxembourg, Germany, Italy, Switzerland, Middle East, Yacht, and global client solutions.

Linda Galipeau
(1963, Canadian)

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

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

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

Leo Lindelauf
(1951, Dutch)

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

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

Responsibilities
Leo Lindelauf is responsible for Randstad and Tempo-Team in the Netherlands, Nordics, Eastern Europe, Greece, and Turkey.

message from the CEO

Dear Stakeholder,

Market conditions over the past two years have certainly been challenging – particularly in Europe. But they have now started to improve, and the final quarter of 2013 marked a return to growth. During these two years, we have been improving our performance and optimizing our organizational structures – in several ways.

First, in 2013, we achieved a significant reduction in our costs. We were able to do this largely through natural attrition of our workforce. But unfortunately, we could not avoid involuntary job losses entirely. I would like to express my thanks to those to whom we have had to say goodbye for their valued contribution to the company, which in some cases extended over many years. As many of these programs have come to an end, we can look forward to reaping the benefits of a more efficient organization.

Secondly, we have made good progress on pursuing our strategic priorities. We have, for example, worked hard to ensure that our clients can benefit from optimized delivery models. At the same time, we have reassessed the value of our contracts with clients, terminating those that were least profitable (particularly in North America and across Europe).

Over the past year, we have also been positioning ourselves for growth. For example, we have been working to accelerate growth in Professionals, permanent placements and small and medium-sized enterprises (SMEs). In addition, we have been intensifying our pursuit of new opportunities arising from the growing demand for Recruitment Process Outsourcing (RPO) and Managed Services Programs (MSPs).

In June 2013, we acquired the general staffing activities from USG People in Spain, Italy, Poland, Switzerland, Luxembourg and Austria. This transaction offered us a unique opportunity to increase our market position in these countries, and to enter the Austrian market. I would like to welcome all colleagues who joined us over the summer.

Sustainable growth has been key to Randstad since its foundation, as reflected in our core values, taking the interests of all our stakeholders into account. To illustrate what this means in practice, this annual report is structured around our stakeholder groups: clients, candidates, employees and society. We elaborate on how Randstad adds value to these groups, we outline the strategy put in place to achieve our ambition, and show financial and relevant non-financial KPIs that reflect our performance. This approach marks a new step towards integrated reporting.

We have noticed that an increasing number of clients are looking for a long-term, customized talent strategy that covers their total workforce. We call this total talent architecture. Given our broad service offering and our global reach, we are well-positioned to help our clients develop an appropriate HR strategy and optimize their entire workforce –

not only for now, but also into the future. Flexibility in the workforce is more important than ever.

However, some recent and proposed legislation would seem to work against flexibility in the labor market, stifling economic recovery and employment. We are therefore calling for more support from the entire industry to ensure that proper attention is given to our beneficial role in society. Barriers that unnecessarily hinder the optimal employment of candidates should be lowered not raised. Flexibility helps our candidates in their own career development and it is also a prerequisite for job creation and sustainable economic growth.

The results of our various efforts give us confidence for the future. Profitability has been improving throughout the year, and we remain confident that we will reach our strategic targets. Our revenue was € 16.6 billion, which was 3% below 2012. And from September 2013 onwards, we have been experiencing low single-digit growth.

Our financial position was further enhanced: solid cash flow generation brought our net debt down to € 761 million, while our leverage ratio was well within our target range of between 0 and 2. For 2013, we propose a dividend of € 0.95 per ordinary share. Shareholders will, again, be able to choose to be paid in shares or cash.

We help our clients to find talent for the future. Naturally, we need to practice what we preach – and we have certainly done so in proposing to appoint Chris Heutink to the Executive Board and the appointment of Jacques van den Broek as my successor. These are excellent examples of our own talent management process of actively promoting internal candidates for senior management positions.

These past 21 years at Randstad have been an incredible adventure. One of the things I am most proud of is the fact that the number of people we put to work every day has increased over that time by some 400,000. I am grateful for the support of our stakeholders and shareholders, including Frits Goldschmeding, during all these years. I would like to thank my fellow Executive Board members for their strong commitment and dedication to the company and to the team, and past and present Supervisory Board members for their guidance. I also thank our clients and candidates for their continued trust and involvement. But most of all, I owe a heartfelt thank you to all Randstad employees for their engagement and hard work, putting in their time and energy also when times were tough. It is because of you that Randstad became the company that it is today. It has been an honor and a pleasure to work with you.

revenue

ebita, underlying

net debt

Together with all our stakeholders, we are gearing up for profitable organic growth. Randstad is in excellent shape, and I am confident of a bright future. I wish Jacques and all other colleagues around the world lots of success in taking Randstad to the next level.

It has been very good to know you,

Ben Noteboom

our business environment

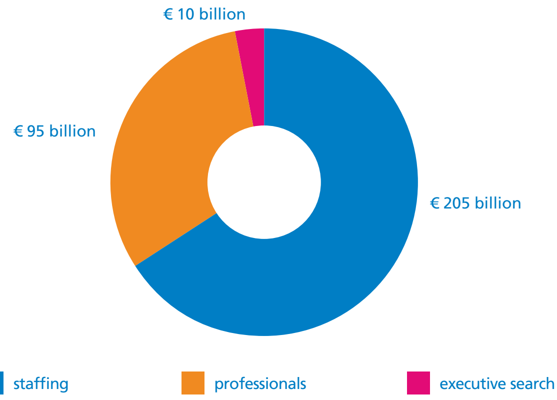
introduction

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

HR services represent one of the world's fastest-growing industries, with a global market size of about € 310 billion. Yet in many major economies, staffing and other HR services are still in development. As the world's second-largest HR services provider, we see it as our responsibility to take an active role in developing the industry in the long term. Changing labor market trends and customer needs, including an aging population, shifting surpluses and shortages, and increased flexibility, require the development of new solutions. By finding the right balance between the changing needs of employers and employees, we will bring supply and demand together. In broad terms, we influence legislation, protect employees and help organizations. We see it as our mission to take the lead in shaping the world of work.

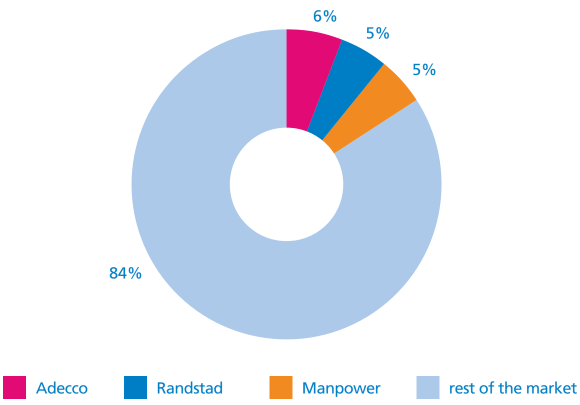
The HR services industry is divided roughly into three main segments: staffing, professionals and executive search. Randstad is primarily active in the first two. The global **staffing** market is worth an estimated € 205 billion, and accounts for around 61% of our revenue. Staffing focuses predominantly on recruiting white-collar and blue-collar and workers with at least secondary education or equivalent for temporary or permanent placements. This segment also includes **Inhouse Services** (19% of our revenue), which provides on-site workforce solutions, and **HR Solutions** (around 6% of our revenue). Through the latter, we offer other HR services, such as Recruitment Process Outsourcing (RPO), Managed Services Programs (MSP), payroll services and outplacement. The **professionals** market is worth around € 95 billion globally,

global hr services market 2013



source: Randstad estimates

global market share 2013



source: Randstad estimates

and accounts for around 20% of our revenue. This segment includes permanent and temporary placement of qualified professionals and candidates with a university or equivalent education. Many candidates have previous work experience.

market dynamics

HR services markets around the world are in different phases of development. Labor laws and penetration rates differ, and countries are at various stages of the current economic cycle. But despite these differences, they all offer opportunities for growth.

Gross-margin differentials

Gross margin, which is determined by the fee our clients pay for our services, differs from market to market, and depends on the level of added value and the business mix. The level of added value is often determined by specific market characteristics. The business mix mainly relates to the share of permanent placement fees and other fee-based business such as Recruitment Process Outsourcing.

Flexibility

There is a growing recognition among our clients that a more flexible workforce drives productivity and competitiveness. Many of our clients are required to adjust their workforce even during the course of a single day, while they also need to take care of their long-term planning. Flexibility is a driver for gross margin in all markets in which we operate, as clients are willing to pay a premium for creating and maintaining a flexible layer in their workforce. As our clients are experiencing more volatile activity levels, there is a greater need for flexibility.

Outsourcing HR activities

Besides providing access to flexibility, we add value by taking responsibility for recruiting, interviewing and testing candidates, and arranging medical insurance and payroll administration. This enables clients to reduce the workload of their HR department, and allows their HR team to focus on activities that add further value to their business, such as talent development. In the US and the Netherlands, we commonly handle the entire recruitment process, and manage several other HR functions, all of which drive gross margin. In France, it is becoming more common to outsource such HR activities.

Specialties/Professionals

The relative importance of our Professionals offering differs from country to country. To fulfill the specific needs of our clients, the recruitment process tends to be more time consuming, so that the added value perceived is reflected in higher gross margins. In the US and the UK, the Professionals segment makes up a large part of the total market and is a clear gross-margin driver for the sector. In most other markets, this offering is gaining traction.

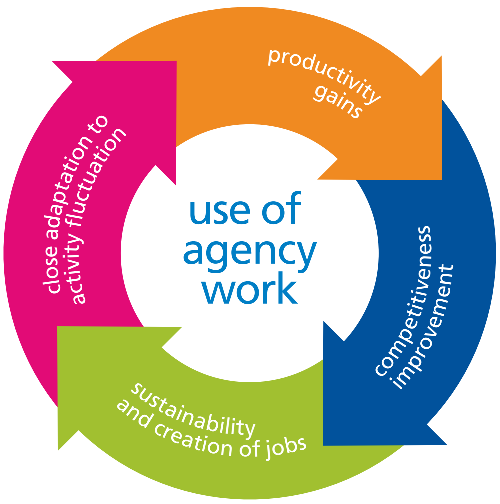
Permanent placement fees

Permanent placement fees contribute significantly to the gross margin. In most markets, these fees are based on a certain percentage of the candidate's salary. As we do not have to pay the candidate's salary, the fee converts almost directly into gross profit. In markets with a significant share of permanent placements, like the US and the UK, the gross margin tends to be higher than in other markets.

Idle-time management

'Idle-time risk' is the risk of having employees on our payroll who are not assigned to a client. This risk exists mainly in Germany and the Netherlands. In Germany, we are legally required to keep employees on our payroll. In the Netherlands, the risk of idle time only applies in the case of people with highly-skilled profiles on a permanent contract.

flexibility



gross-margin differentials

	US	FR	NL	GE	BE
Flexibility	+/-	++	++	++	++
Outsourcing HR activities	++	+/-	+	+	+
Specialties/Professionals	++	+	++	+/-	+
Permanent placement fees	++	+	+	+	+
Idle-time management	n.a.	n.a.	+/-	++	n.a.
Lower total labor cost	+/-	+/-	+	+/-	n.a.

However, since these are relatively easy to place with an employer, the actual risk of idle time is not very high. Our successful management of this risk has a positive effect on our gross margin.

Lower total labor cost

Through our services, we are able to lower the total cost of labor for our clients, as they pay only for actual hours worked. They are willing to pay a premium for this. Our clients also benefit from a collective labor agreement (CLA), whereby sector-wide CLAs reduce processing costs. These are some of the key reasons that clients in the Netherlands and Germany work with staffing companies. However, these sector-wide CLAs do not exist in all markets. In France, for example, labor cost per hour for staffing is even higher than for permanent employees. This is because equal pay is required during the assignment, and additional payments are required at the end of an assignment. This has a negative impact on the French gross margin. On balance, staffing is still cheaper for employers in France, as they only pay for actual hours worked. For them, the right balance between quality and quantity of labor leads to higher cost efficiency.

Legislative differences

At Randstad we believe that regulation should aim at a balance between flexibility and security of temporary workers. More balanced regulation facilitates putting more people to work.

The global HR services industry is regulated by the International Labour Organization (ILO) Convention 181 and Recommendation 188. This Convention defines minimum standards for staffing and recruitment, especially recognizing the importance of flexibility in the functioning of labor markets. Since the Convention was adopted in 1997, it has so far been ratified by 27 countries worldwide, of which 14 countries in the EU. Two new ratifications took place in 2012-2013, and Ciett and ILO are promoting further ratifications.

There are major differences in the levels of legislation around the globe. In mature staffing markets, temporary agency work is well regulated, with the nature of the regulation varying from light to heavy. Nationally, staffing is regulated by general labor law, supplemented by specific staffing

legislative differences

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

regulations. This is complemented by CLAs and industry self-regulation.

From a legal and social-economic perspective, our markets can be clustered into four types with different characteristics: market-driven, social-dialogue-based, legislator-driven, and emerging markets. In the overview 'legislative differences', characteristics per market type and per country are shown. Market-driven countries such as the US, the UK and Australia, as well as some of the social-dialogue-based countries, such as the Netherlands and Japan, have the world's most liberal recruitment and staffing markets in terms of legal environment.

In the overview 'state of play on regulation and trends, 2013' we provide the status of regulation and the regulatory trends in the main countries where Randstad is active. Given our strong involvement in national and international employment institutions, we use this overview to show our performance with regard to the employment-market KPI: contribution to the regulation/deregulation of labor markets. In the remainder of this section, we share more detailed information on the recent developments and trends around regulation in the different countries in which we operate. More on employment-market KPIs can be found in 'value for society' under 'stakeholder dialogue'.

Social-dialogue-based markets

In 2012, Japan adopted changes to its Labor Dispatch Law. Compared to an earlier draft, the changes include a number of positive developments. For instance, the proposed total ban on 'spot business' (assignments < 30 days) has been softened to allow for daily contracts for certain target groups. Further positive amendments are being discussed by the current government. Randstad is closely involved in the legislative process, which may lead to a more liberal operating environment for staffing as of 2014/2015.

The Netherlands has a CLA for the staffing industry. In 2012, a new CLA for temporary agency workers was concluded for a period of five years. It stipulates that, as of January 2015, the equal-pay principle will be introduced for temporary staff from the start of their contract. However, derogation from the equal-pay principle in the first 26 weeks will apply to certain groups of people who are particularly difficult to place and for employees with a permanent employment contract. Details are still to be negotiated. Furthermore, the unions have clearly stated that temporary agency work is their preferred form of external flexibility.

Germany also has a CLA for the staffing industry. In September 2013, the joint negotiating consortium of the temporary employment industry (VGZ) and the association of the German Confederation of Trade Unions (DGB) concluded a new CLA. As of January 1, 2014, CLA salaries were increased in both West and East Germany. The framework conditions of the new CLA form the basis of the rates of surcharges for agency workers in different sectors. Since the first agreement of mid 2012, a further eight agreements on surcharges for agency workers were signed for different industry sectors.

The new CDU-SPD government is expected to propose the introduction of a statutory, general minimum wage of € 8.50 per hour. Limited regulatory changes are expected to be proposed with regard to agency work.

Some countries still maintain unjustified restrictions, and these will need to be reviewed and lifted. The recent economic crisis

state of play on staffing regulation and trends, 2013

Market type	Country	Regulation	Regulatory trend
Market-driven	Australia	appropriate/liberal regulation	⟷
	Canada	workable regulation/to be improved	⟷
	New Zealand	appropriate/liberal regulation	⟷
	UK	appropriate/liberal regulation	⟷
	US	appropriate/liberal regulation	⟷
Social-dialogue-based	Austria	workable regulation/to be improved	⟷
	Denmark	appropriate/liberal regulation	⟶
	Germany	workable regulation/to be improved	⟶
	Japan	workable regulation/to be improved	⟷
	Netherlands	appropriate/liberal regulation	⟷
	Sweden	workable regulation/to be improved	⟷
	Switzerland	appropriate/liberal regulation	⟷
Legislator-driven	France	workable regulation/to be improved	⟶
	Greece	workable regulation/to be improved	⟵
	Italy	workable regulation/to be improved	⟶
	Belgium	workable regulation/to be improved	⟶
	Luxembourg	workable regulation/to be improved	⟷
	Portugal	workable regulation/to be improved	⟷
	Spain	workable regulation/to be improved	⟶
Emerging	Argentina	workable regulation/to be improved	⟷
	Brazil	restrictive/no specific regulation	⟷
	China	workable regulation/to be improved	⟷
	Czech Republic	workable regulation/to be improved	⟵
	Hungary	workable regulation/to be improved	⟶
	Poland	workable regulation/to be improved	⟶
	India	restrictive/no specific regulation	⟷
	Mexico	workable regulation/to be improved	⟷
	Turkey	restrictive/no specific regulation	⟷

appropriate/liberal regulation — ⟶ trend has improved

workable regulation/to be improved — ⟷ trend has not changed

restrictive/no specific regulation — ⟵ trend has reversed

has shown that countries with unreformed labor markets, which do not allow for enough labor market flexibility (often markets of the legislator-driven type), tend to have higher unemployment, lower participation rates and fewer new jobs, leading to a lower rating on the World Economic Forum/WEF competitiveness index. This in itself provides a strong case for reform. There is a clear correlation between labor market effectiveness and competitiveness.

Legislator-driven markets

Labor market reforms in Spain, Italy, Portugal and Greece have been high on the EU agenda during the past years. However, no substantial regulatory changes affecting our business were to be reported in those countries in 2013.

In 2012, the social partners in France agreed on labor market reforms based on the principles of combining labor market flexibility and employment security. This agreement was finalized in January 2013. Short-term direct contracts of three months or less will be subject to higher social charges to be paid by the employer. Agency work contracts are exempt from this higher taxation, a clear recognition of the transitional role of our industry. Another positive development for the staffing industry in France is that in July 2013 the social partners agreed on, on the one hand, to allow agency workers to be given permanent contracts and, on the other hand, to urge agencies to invest more in the training of agency workers and in providing 'loyal' agency workers with more hours of work. Implementation is expected within a few months. In Belgium, a new reason for the use of agency work was introduced, facilitating recruitment of direct, permanent jobs. However, the use of agency workers in the public sector is still banned. Nevertheless, the government issued a statement indicating that the sector would soon be open to agency work, and the topic is currently the subject of intense discussion among the social partners.

Emerging markets

In China, the Labor Contract Law was amended in July 2013. Most of the changes were of an administrative character, with the exception of the introduction of a cap of 10% on outsourced workers per entity/company, the introduction of the principle of 'equal pay for equal work' and the prohibition of cross-border dispatching. Although application guidelines are still to be introduced, we feel that on the whole the changes could be beneficial for the professionalization of the staffing industry in China, while also creating some unfavorable constraints on the payrolling business (known in China as Traditional Staffing). Many Latin-American countries have long-established staffing markets. Here, as in the less mature Southern and Eastern European markets, the social partners (e.g., unions and employers) play an active role in regulating the labor market. Social acceptance of temporary staffing by all stakeholders will be key to the removal of unjustified legal restrictions.

In the Nordic countries, agency work is legally allowed but, as in Latin America, it is not yet socially accepted as a normal part of the labor market.

Meanwhile, emerging markets like Turkey, India and Malaysia currently still lack the effective legal framework required to develop the staffing business. Proper regulation will help develop the industry in emerging markets, prevent unfair competition and distinguish high-quality, well-regulated agency work from other irregular and often illegal forms of flexible labor. In Turkey, a draft law on agency work has been under discussion during the past few years.

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 recognizes the positive role of agency work and allows for greater flexibility, which we believe gives greater scope for further evolution. The aim of the AWD is to identify and lift all unjustified and/or disproportionate restrictions on temporary agency work, while also protecting the rights of temporary agency workers, including the right to equal pay and the right to fair treatment.

The deadline for implementing the AWD was December 5, 2011. All EU countries have implemented the AWD. However, the process of lifting unjustified restrictions in regulations and collective labor agreements has by no means been completed. Meanwhile, jurisprudence is in the making. Recently, a Finnish case was referred to the European Court of Justice, dealing with the matter of which restrictions could be justified within the limits of the AWD. In Sweden, the agency work federation is considering starting a legal case on a comparable issue. We are optimistic that we will witness further removal of restrictions in the coming years. The European Commission is expected to publish a report on the status of implementation of the AWD in 2014.

One of the reasons for our confidence is that, over the past decade, governments and notably European trade unions have consistently shown a greater awareness and acceptance of the benefits and added value of temporary agency work for the labor market. They increasingly recognize the positive contribution that the staffing industry makes to the labor market – managing transitions, creating a stepping-stone function, contributing to job creation, and decreasing long-term unemployment and undeclared work. Global trade unions, however, started a global campaign against agency work in 2012, arguing that agency work undermines fundamental human rights. Their intent is to negotiate agreements with companies that would limit the use of agency work. In close cooperation with our industry federation Ciett and other employers' federations, we are responding to these unjustified and untrue allegations. As part of these efforts, in 2012, Ciett launched its 'Way to Work campaign'. In addition, the European Commission published an 'Employment & Recruitment Agencies Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights.'

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

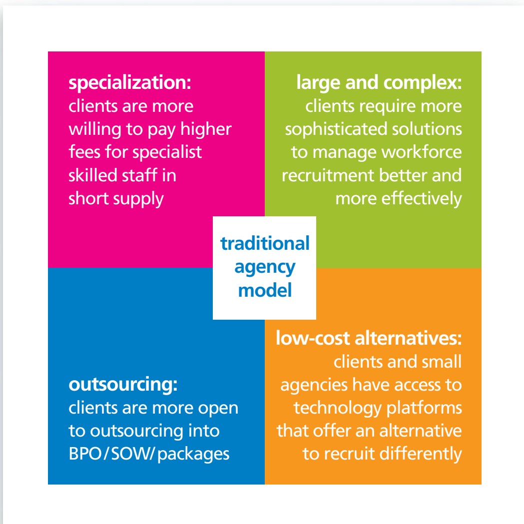
key market trends

Companies are increasingly looking for providers who deliver solutions that address talent needs across a broad continuum, encompassing both contingent workforce supplier management and traditional employee talent acquisition. Clients demand complete solutions that help them improve business agility. This trend leads to a closer relationship between clients and providers like Randstad. Through our broad solutions capability and our extensive resources and expertise, we are well-positioned to meet that demand. We call this 'total talent architecture'.

In 2013, Randstad Sourceright built on its success in addressing the demand for strategic talent solutions. This demand is buoyed in part by buyer organizations that have experienced strong growth with a need to address critical workforce gaps quickly and effectively in a market of talent scarcity. These employers are looking for a provider with sophisticated capabilities and with extensive global resources, which can serve as a talent advisor to guide them through changing market conditions. As buyers become more sophisticated, this will drive market opportunities in both Recruitment Process Outsourcing (RPO) and Managed Services Programs (MSPs).

Within the solutions sector, the RPO market continues to see strong demand, especially in North America and the Asia-Pacific region. Clients are looking for an RPO provider that can deliver not only cost advantages but also effective sourcing expertise and scalability. In mature markets such as the US, buyers are often implementing an RPO for a second or even third time, and thus require service providers to deliver next-generation recruitment practices and solutions that further align with their business. Randstad is well-positioned to capitalize on these developments through our global

key market trends



capabilities and the innovation demonstrated by our centralized recruitment centers.

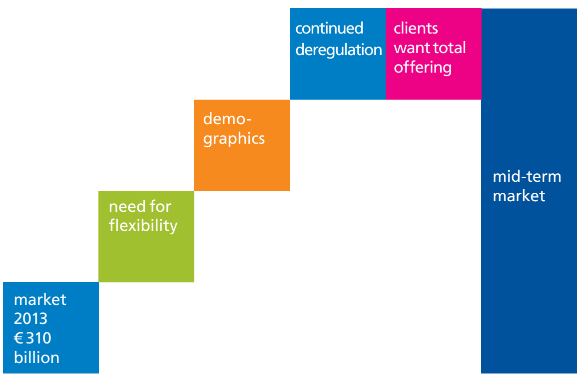
The MSP market also continues to evolve rapidly. This development is in part being driven by broad engagement among large organizations, more than half of which have addressed a portion of their contingent management with a programmatic approach. Growth will also stem from organizations interested in capturing more spend in existing and new categories, including notable interest in the health and industrial sectors. MSP buyers are also increasingly looking for service providers with broad geographic delivery capabilities. Most of the new MSP opportunity pursuit in 2013 included multi-country, multi-region or global objectives. With Randstad's continued investment in new and existing markets, our MSP growth in 2013 outpaced the broader market.

Another trend we see more firmly embedded is proactive recruitment and the extensive use of the internet and social media. This methodology has been used for some time but is gaining greater momentum. Proactive recruitment or 'headhunting' used to be the exclusive territory of executive profiles, but with new technologies this can become standard practice for a much wider range of positions. Innovations have also taken place in the interviewing and testing part of the recruitment process. E-tools and big data analytics have increased the quality of the databases and improved the speed and efficiency of the entire procedure. Our role, therefore, is increasingly strategic: sourcing people is not always the greatest challenge; making sure the candidate fits the client profile and will deliver results once onboard.

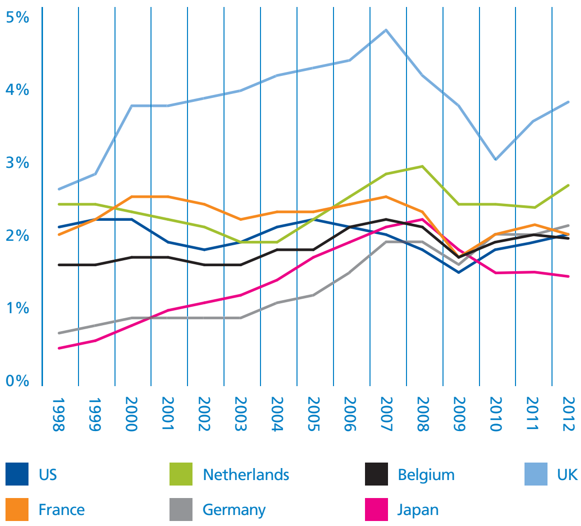
growth drivers

Geographically, Randstad is active in countries representing over 90% of the global HR services market, and our strategy has been designed to capitalize on the structural growth in these markets. Randstad has defined four growth drivers for

future external growth drivers



staffing penetration rates



source: Ciett - world of work

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

Need for flexibility

One of the most important drivers of long-term structural growth in our markets is the need for increased flexibility among both our clients and our candidates. A more flexible workforce helps our clients improve their productivity and competitiveness. We are seeing that the topic of flexibility will rise on our clients' strategic agenda in the years ahead. Clearly, due to current macro-economic circumstances, our clients are experiencing more volatile levels of activity. Clients are required to adjust their workforce even during the course of a day, while they also need to take care of their long-term planning. As a result, they are actively managing the flexible component of their workforce. There is also a growing demand for more flexibility among candidates, in line with a growing interest in working from home, self-employment, part-time work, and working alternative hours.

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

Penetration rates are usually higher in mature markets, where staffing has long been a reputable solution for flexibility in the workplace. Growth in such markets is achieved in different ways, because they are ready for differentiated propositions in Staffing and Professionals and additional added-value services, such as outplacement, RPO and managed services. Although the working environment is well- regulated in these markets, there are clear differences in market characteristics, which become visible in gross margins. Since added value is created differently across these markets, the level of added value results in different gross margin levels.

Demographics

A number of academic studies commissioned by Randstad from SEO Economic Research ('Mind the Gap' in 2007, 'Drivers of Participation' in 2009, 'Bridging the Gap' in 2010 and 'Into the Gap' in 2012) reveal that aging and declining population growth is set to lead in the long run to an enormous potential shortage of people with vital skills in most developed countries. In addition, there is a growing mismatch between the qualifications and skills of workers and the rapidly evolving demands of the labor market. 'Into the Gap' suggests that in 2020, both in the EU and the US, there will be a surplus of medium-skilled workers, compared to a substantial shortage of highly skilled workers and a steady demand for those with elementary skills. This development can be characterized as the 'squeezed middle'. At the same time, demands of the employment market are also changing, driven by the continuous development of technology. This is creating new jobs while making others obsolete.

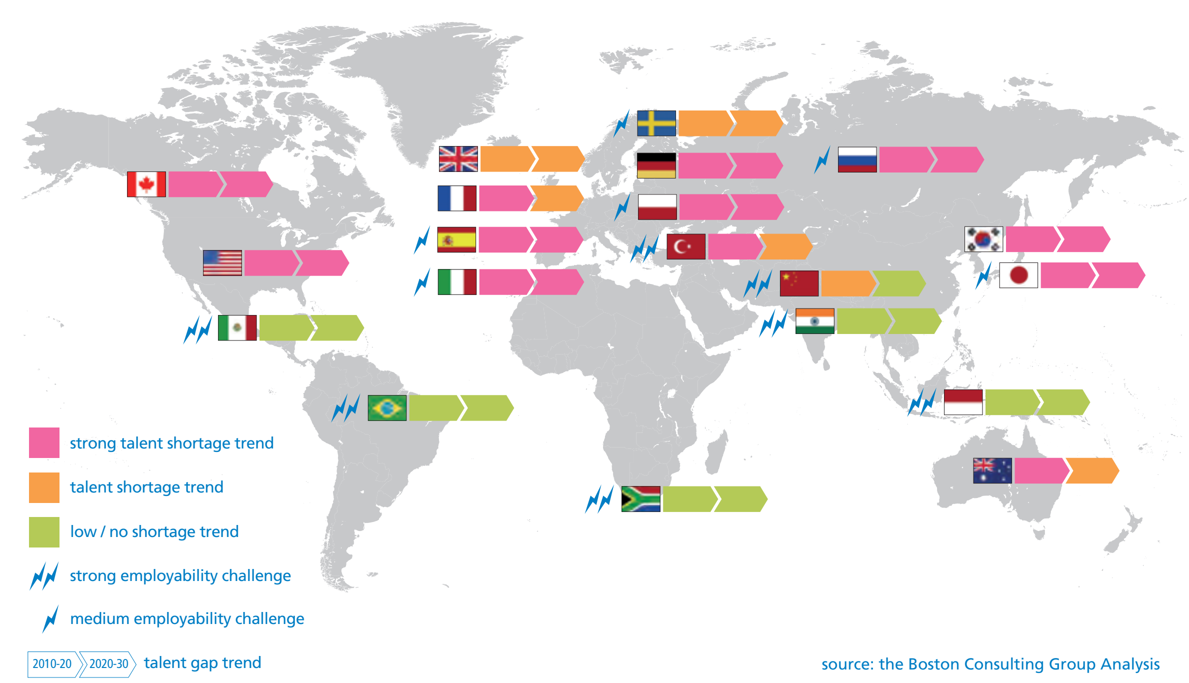
These SEO studies (which can be found on our corporate website) predict that unless we can improve labor participation rates, education and training, productivity, and employee mobility, the potential employment gap is set to grow beyond 35 million people by 2050 in the EU alone. The current economic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

One significant way in which participation in the labor market may be increased is to make standard employment relation-ships more flexible, focusing on employment security rather than job security. This will lead to higher mobility in the employment market and will drive future growth of our industry.

Indeed, we strongly believe in the merits of this model of combining labor market flexibility with employment security.

Part-time work, fixed-term contracts, temporary work, and self-employment are all becoming more common. According to ILO sources, about half of the global workforce today is engaged in waged employment, but many do not work full-

talent gaps by 2020 and beyond



time for a single employer. What was once 'standard' has become the exception. In May 2013, Randstad launched the first edition of Flexibility@work, a new, joint annual Randstad-SEO report on flexible labor and employment. It provides a comprehensive overview of international trends in the flexible labor markets in Europe, Japan and the US. It demonstrates that rules and regulations that apply to the use of flexible contracts play an important part in the process of economic growth, thus validating our growth driver ‘regulation’. More information can be found on our corporate website.

At Randstad, we play a major role in facilitating the transition from unemployment to work and from education to work. Temporary work can also play a bigger role in providing intermediate employment, driving participation through its stepping-stone function, and by offering candidates a career.

Clients are looking for a total offering

Randstad’s clients are not only looking for fewer suppliers of HR services; they are also looking for a broader range of HR services from the suppliers they use, ranging from temporary staffing and permanent placements to outsourcing and managed services. We have noticed that an increasing number of our clients are looking for a long-term customized talent strategy that covers their total workforce. This offers us a unique opportunity to engage our clients in a strategic discussion about their HR strategy and how they may be able to further optimize their entire workforce. We call this total talent architecture. Randstad is well-positioned to provide total talent solutions based on our broad service offering and international coverage. In most cases, we can build upon a long-standing relationship with our clients to whom we already provide part of our service offering, while at the same time we engage with new clients.

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

Deregulation

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

We believe the best way of finding the most appropriate balance of regulations for our services is through constructive social dialogue. This is in line with our core value ‘simultaneous promotion of all interests’, which lies at the heart of our labor market relationships and stakeholder dialogue. Through proactive collaboration with governmental authorities, industry associations, unions and others, we can help influence legislation and regulations in positive ways that stimulate sustainable growth, employment, flexibility and equal opportunities. We strongly believe that our business must always benefit society as a whole.

Randstad believes government authorities will have to take measures to encourage the creation of jobs and participation in the labor market. Key to this will be the stimulation of life-long learning and flexible labor contracts. Randstad could play a vital role as transition manager here, as we move to the next stage in the evolution of labor markets.

value proposition & strategy

introduction

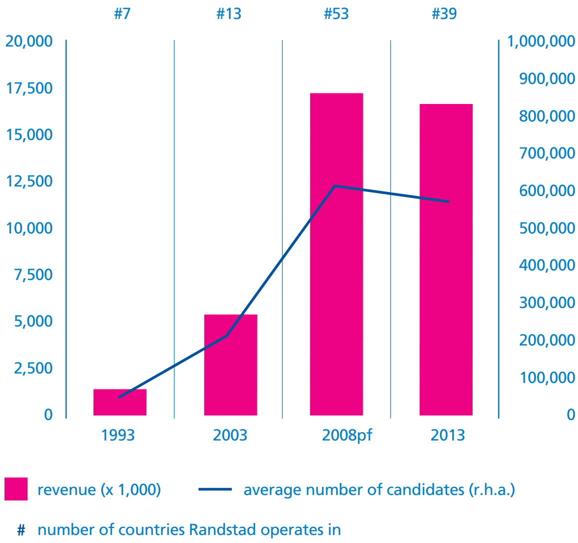
how we create value

By finding employees the work they are best suited for, and by finding employers the candidates who best fit into their organization, we create value for society as a whole. It is our ambition to be an employer of choice, helping us to continue to attract the best people, who in turn will provide our clients with the excellent execution they need. It enables us to contribute to a better society, as we can leverage our experience and expertise, which we have gained over more than 50 years. As such, we help to maximize future employment and economic growth.

Since the formulation of our core values in the 1970s, we have aspired to grow sustainably, our aim being to safeguard the business and its long-term viability, while taking the interests of all stakeholders into account, and making our business increasingly relevant to all parties involved. This aspiration is clearly reflected in our core value 'simultaneous promotion of all interests'.

Our strategy has been designed to capitalize on the structural growth in the markets in which we operate. Our strategy is illustrated hereafter. It is composed of a number of primary components. Our four strategic building blocks – strong concepts, best people, excellent execution and superior brands – are our response to the external growth drivers and market trends we have identified in our industry. These are explained in more detail in the section 'our business environment'. Our strategic building blocks only truly work in unison: strong concepts are of little value without the right people to make them work, and excellent execution is impossible without the right concepts and the best people. Only when all three of these building blocks come together in perfect unity can you create that fourth essential building block, superior brands. The combination of our strategic building blocks will enable us not only to serve the interests of our stakeholders, but also to create real and lasting value for all of them – our clients, our employees, our candidates and society at large.

putting more people to work



our core values

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

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

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

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

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

from strategy to value creation

The diagram 'from strategy to value creation' visualizes the link between our strategic building blocks and our stakeholders. This year's annual report is structured around our four stakeholder groups. In each of the four sections, we describe how Randstad adds value to each of its stakeholders, outline the strategy we have put in place to achieve our ambition, and report relevant (non-financial) KPIs that reflect our performance in this respect. Our financial performance is described in the section 'performance'. This new approach is an important step in the development towards integrated reporting.

In 2011, we established our sustainability framework, which sets the direction for our ambitions. It is based on a series of dialogues with multiple stakeholders, and it identifies our key stakeholders (pillars). The Executive Board and Supervisory Board were closely involved in its development. The framework forms the heart of our value proposition and therefore reflects our activities from the perspective of our clients, candidates, employees, shareholders, society and employment markets.

our strategy

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

building blocks

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

all stakeholders

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

sustainability basics

growth drivers

- need for flexibility
- demographics
- deregulation
- clients looking for a total offering

targets

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

growth drivers

- **Need for flexibility:** A workforce with the right degree of flexibility increases the productivity and competitiveness of our clients. By gaining more diversified experience, candidates become more competitive in the labor market and more attractive to employers. In addition they benefit through new work arrangements, such as flexible working hours, part-time work, and temporary work.
- **Demographics:** Populations are changing. Scientific research clearly indicates that quantitative and qualitative skill shortages will become more acute in the future, led by an aging population and declining population growth in many Western countries. This will lead to higher mobility in the employment market and will drive future growth of our industry. Understanding and responding to changing demographics is vital to our future success.
- **Deregulation:** Deregulation is a key market growth driver. We advocate the lifting of unjustified restrictions in overregulated markets, while pushing for a fair and effective regulatory environment in markets where this has yet to be introduced. We believe that the removal of restrictions will accelerate growth.
- **Clients looking for a total offering:** Clients are increasingly looking for total service offerings with fewer suppliers. As a global leader, we are ideally positioned to provide clients with the right candidates and solutions.

building blocks

- **Strong concepts:** Our service concepts reflect the needs of our clients and candidates. They are the foundation of our business.
- **Best people:** This buiding block acknowledges the importance of our corporate staff in maintaining and building on our success and position in the market.
- **Excellent execution:** We use best practices across our businesses, which gives us an edge in the market place.
- **Superior brands:** Our brands are instantly recognizable to clients and candidates, and by focusing on brand awareness, we strengthen our global offering.

from strategy to value creation

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

The framework also contains key performance indicators (KPIs). Several of these KPIs have already been in place for years; other KPIs are under development. New KPIs will be added, while others may be relinquished if they turn out to have become obsolete. Assessing KPIs for feasibility, and validating them against developments in the company and society, has become a continuous process.

sustainability at randstad

We have a Sustainability Manager at Group level, working within the Group marketing & communications department, whose managing director reports directly to the CEO. Our larger operating companies have their own dedicated sustainability managers, while the others have appointed a coordinator for sustainability matters. Our Executive Board bears the ultimate responsibility for the Group's sustainability policy.

We have been communicating and promoting our sustainability framework across all layers of the organization, and it was included in our updated HR Standards. An initial self-assessment in October showed that the large majority of our operating companies had already embedded the framework in their organization. An appealing example is Randstad Netherlands. This operating company has appointed some fifteen sustainability ambassadors, employees from various disciplines and levels in the organization. They serve as communications linking pins, and organize expertise sessions with internal and external stakeholders.

In addition to the Randstad annual report, several larger operating companies publish their own detailed sustainability reports to facilitate their local stakeholder dialogue. These include Randstad companies in Argentina, Belgium, France, Germany, Italy, and the Netherlands, as well as Tempo-Team and Yacht in the Netherlands.

2013 was the second full year for which our operating companies reported on sustainability through the financial system, and on a quarterly basis. Our non-financial reporting is now embedded in the planning and control cycle of the organization, and CFOs of operating companies bear final responsibility for its quality and completeness. Elements related to sustainability reporting are explicitly included in our key control framework. In the course of 2014, this key control framework will be extended to cover risks related to sustainability principles and health & safety management.

Given the relevance of sustainability for Randstad's business, its ambition and long-term viability, the Supervisory Board added KPIs from the framework to the Executive Board's Long-Term Incentive performance targets, in a ratio of 80% TSR (Total Shareholder Return) and 20% sustainability. Five KPIs were selected, one from each pillar, for measurement over a three-year period: (1) our Net Promoter Score; (2) the number of people we guide from unemployment to employment; (3) employee engagement; (4) the contribution made to the regulation and deregulation of the labor markets; and (5) the number of employees trained in business principles.

we strive for the simultaneous promotion of all interests

shaping the world of work

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

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

talent for the future

for clients

Frank Snellens
Manager HR at Philips Consumer Lifestyle B.V., the Netherlands

The primary way we deliver value to our clients is by helping them to achieve an optimal workforce. In our view, this is a workforce that gives clients the highest quality and most enduring efficiency. We are increasingly engaging with clients who are looking for a long-term customized talent strategy that helps them to shape and maintain an optimal workforce for the years to come. Based on the long-lasting relationship that we have built with our clients over time, we have been able to gain in-depth knowledge of their company and culture. Combined with our broad service offering, we can accurately meet our clients' needs by implementing the right solutions at all layers of the client's organization.

How Philips views our partnership in developing their talent for the future: 'At Royal Philips, a globally operating diversified technology company, we have adopted the strategic talent management approach. For Philips, innovation and people have always been at the heart of the company. In our HR strategy, we focus on creating a world-class HR organization, fostering talent development by acting as a true talent builder. It builds on creating and developing targeted trainee and training programs, which help to advance long-lasting careers for our employees across the globe. We believe that strategic talent management is essential in enabling us to deliver innovative solutions, resulting in products that people truly want and need.

As a partner for HR services, Randstad actively helps us to achieve our HR targets. Through finding and educating the right people and offering them a platform to gain practical experience, we offer our employees the opportunity to further develop themselves. This way, we leverage the capabilities of both companies, with the ultimate goal of making employees excel and achieving superior business performance.'

>> Please see our online annual report to hear Frank's entire story about Philips' partnership with Randstad.

value for our clients and candidates

introduction

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

our value for clients

We help our clients to create and manage a balanced workforce, with employees who have the right skills, competencies and cultural fit. And we help our clients to be more attractive employers and effective organizations. In short, we play a key role in managing our clients' key assets: their people.

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

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

Total talent architecture

An increasing number of our clients are looking for a long-term customized talent strategy that covers their total workforce. This offers us a unique opportunity to engage our clients in a discussion about their HR strategy and how they may be able to further optimize their entire workforce. We call this 'total talent architecture'. Randstad is well-positioned to provide total talent solutions based on our broad service offering and international coverage. In most cases, we can build upon a long-standing relationship with our clients to whom we already provide part of our service offering.

Based on an in-depth assessment of our clients' workforce and their HR strategy, we provide them with a proactive and consultative approach to address their current needs, while also preparing them for future challenges. Our total talent roadmap is our way of engaging our clients. It serves to demonstrate our capabilities in helping them shape their optimal workforce, and it serves as a guideline to help them gradually implement our solutions. Our broad services portfolio and global presence offers us the opportunity to serve our clients across all layers of their organization.

This approach keeps us agile as we continously adjust our delivery models to serve our clients in the most suitable way. As our delivery models evolve, they are used in our strategic discussions with new clients so that they can also benefit from the best service possible. We build long-term relationships that are focused on value creation through total talent architecture. In this way, we are proactively shaping the world of work.

our value for candidates

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

By connecting our candidates with suitable employment opportunities, we provide them and their families with independence, as well as job satisfaction, dignity and respect. Through both temporary and permanent placements, we offer candidates opportunities for gaining experience and improving their skills, while achieving personal growth and developing their career.

For many candidates, temporary work represents their first step on the way to a permanent job or liberates them from unemployment. It is the best possible training for a permanent job. In the Netherlands, for example, one-third of temporary employees find a permanent job through staffing agencies (source: Ciett, Economic Report 2011). For other candidates, the services we provide enable them to build a career, to earn additional income, or to adjust their work/life balance to their own circumstances, needs and wishes.

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

Randstad and DMG Germany – a joint partnership
In collaboration with machine tool manufacturer DMG in Germany, Randstad is offering an extensive training course in the area of automated machine tools. Through this training course, applicants are given the opportunity to become qualified specialists in building and programming machine tools that are used in the automotive and aerospace industry. This collaboration clearly shows our added value for both clients and candidates. We are responding to the growing demand for well-trained specialists who know how to operate specific machine tools, and at the same time we help our candidates to acquire additional skills and experience that improve their employability.
>> Read the entire case on www.randstadannualreport.com

oriented training in order to integrate or re-integrate these people into the employment market.

To show how we meet these needs for both clients and candidates, we describe a case from our German business.

our strategy: strong concepts

from strategy to value creation

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

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

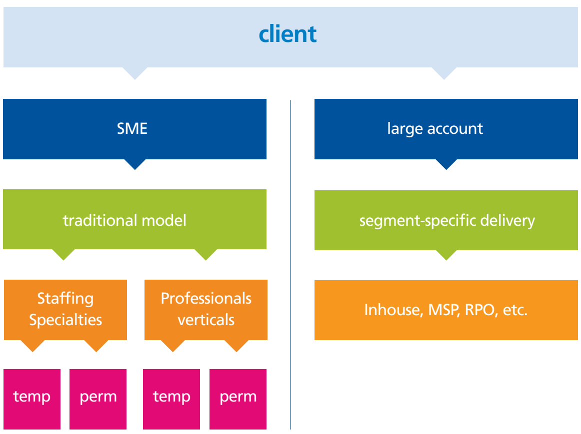
In 2013, we continued to focus on implementing the right delivery models for clients and client profitability. For small and medium-sized clients we offer Staffing and Professionals services through our branch network. Our units or teams in these businesses each focus on a specific market segment and/or job profile, offering temporary staffing or permanent placement. For larger clients, requiring higher volumes, we have developed segment-specific delivery models. As the profile of our clients continues to change, we need to adapt our service offering accordingly. Two good examples are our unique Inhouse Services offering and Randstad Sourceright. The latter focuses on Recruitment Process Outsourcing (RPO) and Managed Services Programs (MSP).

Across the Randstad Group, we periodically analyze our clients. In 2013, we analyzed the top 50 clients in each country. During these analyses, we assess whether the existing delivery model is the most effective and efficient one for handling the clients' orders or job profiles. In addition, we analyze whether the existing contract and delivery models generate the desired profitability. Based on this assessment, clients may be transferred to a new delivery model to ensure we continue to tailor our services to their specific needs and challenges. For example, we may transfer a large Professionals client, serviced through our office network, to RPO, so that we can handle recruitment at the client's premises. Other examples involve launching an MSP for a large client to manage its supplier base, transferring Staffing from the branch network to Inhouse Services, or centralizing the recruitment of candidates.

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

To support the continuous improvement of our concepts and to create new delivery models, we innovate by implementing HR technology. Some of the HR technology trends we see are: big data analytics, social sourcing, talent networks, and

client strategy



human cloud platfoms. We are running several projects to embrace these new trends, which allows us to use these technologies in our service delivery to clients.

We offer four distinct service concepts: Staffing, HR Solutions, Professionals (including Search & Selection) and Inhouse Services. Within each service concept, we have multiple ways of delivering our services to our clients. A detailed explanation of our service offering and the structure we deploy to render these services, is given in the sections below. An overview of our performance by revenue category in 2013 is given in the section 'performance'.

adaptability of the client-delivery model

Staffing

In Staffing, our largest business, we focus on recruiting candidates whose highest level of schooling is secondary education or equivalent. The concept covers both temporary staffing, where we charge our clients based on the hours worked, and permanent placements, where we charge our client a fee based on the candidates' salary. In 2013, we increased our focus on permanent placements. In a growing number of countries we now have blended units that offer both temporary staffing and permanent placements.

Our Staffing service offering includes a range of specialties, with dedicated units that focus on staffing for certain market segments that require specific skills or experience (e.g., logistics, airports and call centers). Our specialties leverage our extensive branch network, our brands and front-office processes and, as such, they are an important part of our value proposition.

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

key figures by revenue category

in millions of €

	revenue		growth%	
	2013	2012	total	organic
Staffing (incl. HR Solutions)	10,037.9	10,566.0	(5)	(5)
Professionals	3,306.9	3,494.1	(5)	(2)
Inhouse Services	3,223.5	3,026.7	7	9
Total	**16,568.3**	**17,086.8**	**(3)**	**(1)**

Inhouse Services

Randstad has developed Inhouse Services to meet the structural needs of companies requiring large-volume workforces with client-specific skill sets. Our dedicated consultants and process managers work on-site, tailoring our processes to our clients' specific needs, improving workforce flexibility, productivity and efficiency. We mainly focus on the following segments: fast-moving consumer goods (FMCG), call centers, manufacturing and logistics. By providing a flexible work solution that is designed exclusively for each client, we optimize the workforce and drive cost effectiveness. This results in a number of notable client benefits, including:

- improved labor flexibility and productivity;
- increased employee retention;
- stronger employee engagement.

Being on-site is as close to a client as we can get and provides us with a unique opportunity to obtain a thorough understanding of how their business operates and what they need to do in order to become more agile, efficient and successful. As a result, hidden needs are easier to discover and relationships often become long-lasting, providing a high level of trust, enabling clients to focus on core strategic issues, confident in the knowledge that their staffing needs are being met.

Business case: Inhouse Services in Professionals segment
For an international client, active in more than 40 countries, we recently implemented our Inhouse Services concept for the recruitment of professional temporary staff. The objective was to reorganize the company's process of hiring external staff for the functional communities at its headquarters in the US to optimize cost efficiency, quality and speed of delivery. As a solution, Randstad set up a Randstad Corporate Services Team, that works on-site and plays a central role in recruiting candidates and managing the hiring process.
>> Read the entire case on www.randstadannualreport.com

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

A clear example of how we add value to our clients by implementing the Inhouse concept in the Professionals segment is described in the business case 'Inhouse Services in Professionals segment.

Professionals

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

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

Our consultants identify, assess and refer candidates whose skills, experience and career objectives are ideally suited to clients' specific requirements. They share a single client and candidate database, while branch management provides overall direction to stimulate an integrated market approach. Our performance-oriented teams are driven by individual accountability, recognizing both team and personal achievements.

In 2013, we took a closer look at our strategic approach for Professionals. Going forward, we will focus on verticals in mature markets, while we aim at accelerating growth in new markets based on a generic approach.

Our verticals approach to mature markets will initially focus on the larger Professionals markets: IT, finance and engineering. The emphasis will be on further tailoring our Professionals concept to the dynamics of these markets and making use of the in-depth knowledge and experience in the most mature operating companies. On that basis, we will 'copy & paste' these concepts globally. Special attention will be paid to on-boarding programs for new consultants and supporting them to get to desired productivity levels faster. Our field steering model will further support our growth in these markets.

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

HR Solutions

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

Recruitment Process Outsourcing (RPO)

RPO is designed to increase the quality of a client's process of hiring permanent employees, and to reduce their administrative burden and costs. Our RPO services take control of a client's entire recruitment and talent acquisition process. We provide tailor-made, own-branded and on-site HR services to deal with:

- management of all vacancies;
- response screening and assessment;
- selection and management of external agencies;
- cross-border services.

RPO is used by large, multinational organizations seeking strategic, operational and financial benefits. RPO was a well-established service offering provided by SFN Group, a US-based company we acquired in 2011. In line with our 'copy & paste' strategy, we have started to implement this concept in other countries outside the US. A clear example of how we add value to our clients by implementing an end-to-end RPO solution is described in the business case 'End-to-end RPO solution in Spain'.

Managed Services Programs (MSP)

In our Managed Services Programs, we take on primary responsibility for the organization and management of a client's contingent workforce. This gives clients greater control of their recruitment activities and transparency regarding their spending. These services are particularly useful for companies that want a single point of contact in order to ensure greater transparency and compliance in managing large volumes of professional skills from several different suppliers. We regularly tender in more than one country. We have experience with most Vendor Management System (VMS) technologies used to automate the hiring process flow and to provide the client with statistical management information.

Since our acquisition of SFN Group, both RPO and MSP are offered under the global Randstad Sourceright brand.

Payroll Services

Our Payroll Services take over our clients' administrative burden so that they can focus on their core business needs. We provide a broad range of services, including:

- taking care of the entire personnel administration, payroll accounting and contract management;
- monitoring and addressing absenteeism;
- providing a 24/7 service portal, which enables clients to register new employees, make changes, or consult specific management information.

Outplacement

Within Outplacement we counsel and support organizations in situations when a contract between an employer and an employee has to be ended due to a strategic decision or for other reasons. We help employees to find suitable new employment and try to make the transition as smooth as possible. In this segment, we are market leader in the Netherlands and Belgium.

Outsourcing

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

Consultancy

Through our Consultancy services, we support clients by providing expert advice on organizational development and personal improvement, which includes:

- personal employee development and coaching;
- optimization of HR processes and policies;
- strategic workforce planning.

our strategy: excellent execution

from strategy to value creation

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

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

Field steering model

Our field steering model is designed to optimize adaptability and to drive productivity, which is essential in generating a strong conversion of gross profit into EBITA. As such, it drives our daily operational activities.

Business case: End-to-end RPO solution in Spain

For a leading utility company in Spain, which employs over 25,000 people, we implemented an end-to-end RPO program, consisting of three recruitment centers with six dedicated offsite recruitment resources, supporting all its locations across Spain. The program involved organizing the client's entire hiring process for permanent positions, both at head office and in the field. To optimize cost efficiency and to improve the level of satisfaction, the company decided to outsource its entire recruitment function in Spain to Randstad.

>> Read the entire case on www.randstadannualreport.com

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

First, our field steering model drives decisions to exploit profitable growth potential and to reduce costs if needed. Both may apply in parallel – even in a growing operating company – which is why we align those decisions with local operational developments and local market trends at the lowest level in our organization. This means that we do not manage on the basis of averages or predictions, but on real-time bottom-up actual figures.

Second, by embedding operational performance tools at every level of our organization, the field steering model also helps operational managers to take the right decisions, at the right time, and translate them into action. Managers receive up-to-date, accurate reports on a weekly basis, covering a range of key performance indicators. These data enable them to manage their units and teams in the field by adapting to changing client and market demands as they occur. The field steering model also helps us identify best practices, which can then be rolled out globally as part of our strong concepts.

Finally, in 2013, we further enhanced the application of our field steering model across the Group. In many markets, growth is returning to our business, which requires us to rigorously apply field steering to capture profitable growth.

Best practices for field and back-office activities

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

IT strategy

Randstad's IT solutions are designed to support our business processes locally and globally. We invest in IT teams that are business savvy and can work closely with our line management. IT decisions are typically taken locally by our combined business/IT teams, with strong guidance from our global Group IT team. Our initiative to standardize our email and calendar systems to a cloud-based solution from Google is on schedule and we expect to complete it by Q1 2014. We have a number of initiatives to move some of our infrastructure into 'the Cloud', and we expect these initiatives to reach significant scale in 2014. To satisfy the increasing reporting demands of our international clients, we are investing in consolidating transaction data from all our operating companies. We aim to maximize the value from a limited number of IT systems and vendors, but we seldom resort to rigid global standardization of business-specific software.

our strategy: superior brands

from strategy to value creation

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

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

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

After a drop in international brand awareness in 2012, we increased our marketing investments in the second half of 2013. The boost plan consisted of four national and ten sector-based 'micro-marketing' plans. As a result, we recovered the lost ground. Over the full year, average awareness ended up about 2% higher than in 2012. The Netherlands and France posted major improvements. In the Brand Finance global rating, Randstad remained the most valuable brand in our sector by far, but in line with the developments mentioned above, we dropped to position 218 from 181 in the global top 500.

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

Our partnership with Williams F1 led to a significant increase of local activities and relationship management, but due to the disappointing performance of the team in the races, media visibility suffered. Our role as sports partner of the Dutch Olympic Committee was extended until 2016, and the first TV ads were aired, highlighting skating in connection with the Sochi winter games.

Our international reports on the world of work continue their rapid rise in visibility and popularity. The quarterly Randstad Workmonitor report is now used in 32 countries, and the Randstad Award, our independent employer branding assessment of major employers in specific markets, will be extended to 28 countries in 2014.

Our overall press presence rose by over 17% according to Dow Jones Insight metrics, due to strong performances in France, the UK and Spain. Globally this puts us in a strong No. 2 position.

The businesses that were acquired from USG were successfully rebranded as Randstad. The rebranding program in Austria resulted in a clear increase in brand awareness, equaling or beating the original brand on most metrics after only a few months.

engaging with our clients and candidates

Client engagement

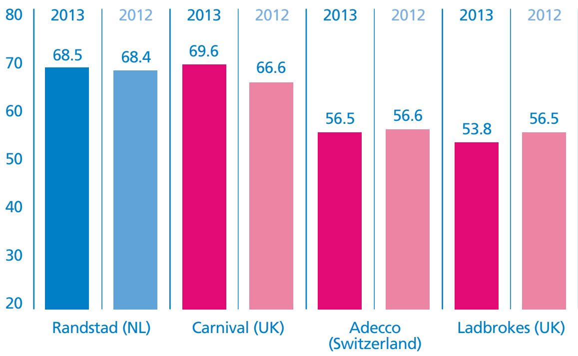
The level of client engagement with our activities is systematically measured and benchmarked in all major markets and in comparison with all major competitors.

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

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

The Net Promoter Score (NPS) represents the relationship between temporary employment agencies and their potential and actual candidates/clients. This indicator compares the number of respondents who would not recommend the company in question with the number who would. In the top 15 markets, our goal is to always have an NPS score that is in the top 3. Randstad scored a top-3 position in six countries

randstad's reputation within the global services industry



source: Reputation Institute's Global Pulse study 2013

(Belgium, France, the Netherlands, the US, India, and Spain), compared to eight countries in 2012.

In addition, we use RepTrak, a standardized scorecard, to analyze the company's reputation annually. This instrument provides us with detailed feedback as to how our various stakeholders perceive our company: how investors and clients rate our performance, whether they are willing to support us, whether Randstad is a good place to work for employees and candidates, and how Randstad is perceived in society in terms of governance, citizenship and leadership. We were for the first time among the top 10 corporate brands in the Netherlands.

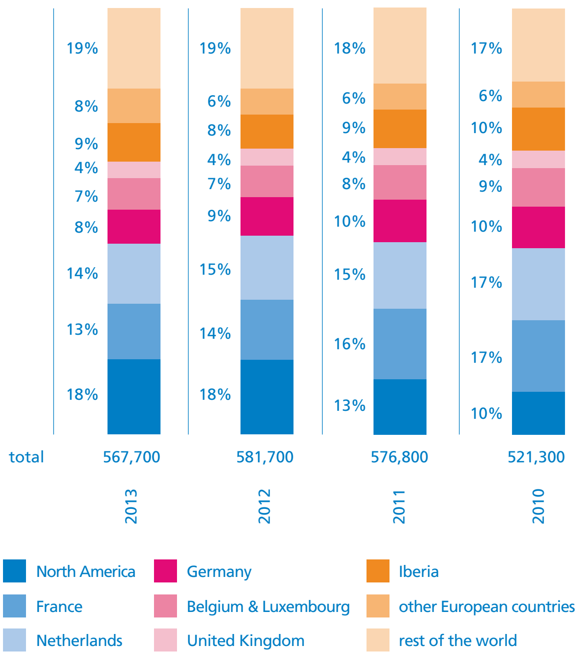
The Reputation Institute's Global Pulse study measures 600 companies globally. Companies are rated in their home country only. The graph 'Randstad's reputation within the global services industry' shows Randstad's reputation within the global services industry (on a scale of 0 to 100).

In order to determine our success across the various markets in which we operate, we also regularly monitor the number of candidates we place with our clients, as well as our market share across countries. See the graph 'average number of candidates' for more details on the development per region. Performance relating to market share can be found in the 'country performance' section.

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

average number of candidates

in % of total candidates



number of permanent placements

	2013
North America	18,377
France	15,311
Netherlands	3,949
Germany	2,394
Belgium & Luxembourg	2,923
United Kingdom	8,154
Iberia	6,835
Other European countries	6,744
Rest of the world	20,970
Group	**85,657**

Several of our operating companies also monitor client and candidate satisfaction through bespoke surveys, ISO and other certification systems, and review meetings.

Diversified workforces

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

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

Dialogue with clients

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

Employment market expertise: Randstad Award

Finding and retaining the right talent is an ongoing challenge for many companies, including our clients. It is therefore crucial to know how a company is perceived by potential talent: What attracts them to a specific company or sector? And what drives their choice for one employer over another? The Randstad Award survey, first launched in Belgium in 1999, is the largest independent employer branding study in the world, including a total of 170,000 respondents across 18 countries (expanded from 14 in 2012). In 2014, 28 countries will participate.

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

Candidate engagement
If we do our job well, this should be reflected in our candidate job satisfaction surveys. Candidates should value Randstad for its reliability, the quality of its services and as an authority on the global employment market.

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

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

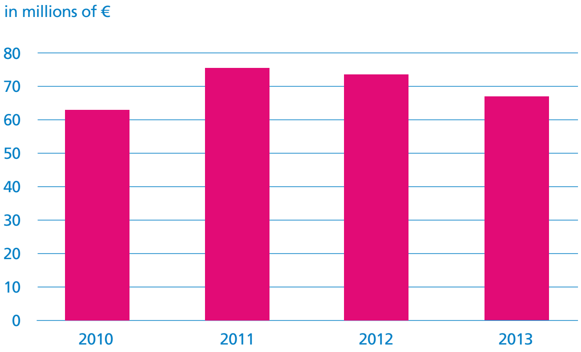
The Randstad Workmonitor provides a comprehensive understanding of job market sentiments and employee trends. In addition to measuring mobility, it also measures employee satisfaction and personal motivation. The survey includes a rotating set of themed questions. It is conducted via an online questionnaire among a population aged 18-65, working a minimum of 24 hours a week in a paid job (not self-employed). The minimal sample size is 400 respondents per country.

First introduced in the Netherlands in 2003, the survey now covers 32 countries around the world, encompassing Europe, Asia Pacific, and the Americas. The Randstad Workmonitor is published four times a year, making both local and global trends in mobility regularly visible over time. The results are published on our corporate website.

Topics surveyed by the Randstad Workmonitor in 2013 include: women in leadership positions, experience versus education in finding a suitable job, employers' demands regarding the skills and competencies of employees, and employee expectations for 2014.

Employability advancement
Ongoing skills development is essential for employability and sustainability in any workforce. Our training programs are tailored to meet the needs of clients and candidates in individual employment markets. Such programs include

training costs (candidates)



courses specific to IT, sales, call centers, hospitality and technical skills. Specialized programs leading to additional professional qualifications are also a part of training and development. The development of funds invested in training and development of candidates over the past years is shown in the graph 'training costs (candidates)'. More information on our efforts in Spain is included in the business case 'People with special needs'.

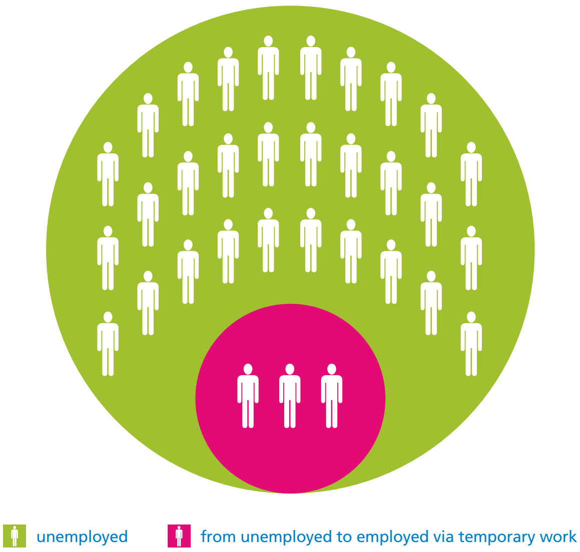
From unemployment to employment
Overall in Europe, 2.5 million people – one out of ten of all unemployed – will find a sustainable job via temporary work. This is more than through public employment services. This is one of the conclusions we have drawn based on the report titled 'The role of temporary agency work and labour market transitions in Europe', published by Eurociett and Uni-Europa, in December 2012.

In mature markets like the Netherlands and Belgium, three out of every ten temporary agency workers were formerly unemployed. In France and Germany up to six out of every ten workers who started working for Randstad were formerly unemployed or inactive (e.g., undergoing education). This clearly underpins the importance of our 'stepping-stone' role in the labor market.

At a local level, our operating companies offer an array of initiatives to support people in getting the right job. For example, last September, Randstad Netherlands launched 'Jeugd op zoek' ('Youth seeking jobs' program). Randstad Netherlands made a huge effort to achieve its target: in seven weeks, it had helped 10,098 young people find a job, spread

People with special needs
The Randstad Foundation in Spain obtained employment for 453 disabled people, attended to 2,341 persons and gave 594 hours of training related to employment to people at risk of exclusion. The Foundation kicked off with five new projects in five different cities to support the integration of people with special needs and difficult access to the labor market. This resulted in 21 new companies that provided economic support to the projects of the Foundation, bringing the total to 34 donors, while 298 companies are integrating people with a disability. The Foundation, in cooperation with the Spanish Ministry of Health and Social Affairs, awards companies, mass media and institutions to recognize their commitment and positive contributions to the social integration of people with special needs.

from unemployed to employed



over 2,074 companies and in 318 different job profiles. This is 40% more than usual in this period.

A healthy and safe environment

Caring for people is embedded in our core values, which form a mandatory part of our induction programs. It is in this context that our consultants work with clients and candidates to support workplace safety. Several of our operating companies have specialized health and safety managers to provide guidance. We take a stance in advising our clients on matters of occupational health and safety; for example, by pointing out how to prevent workplace risks and by providing 'security at work' training. Formal audits at client locations are conducted in some business areas, such as construction, where taking extra health and safety precautions is best practice.

Health and safety is also an ongoing topic at the European Platform meetings (a Randstad network of national works councils representatives). In 2013, the discussion focused on the prevention of occupational risks, especially for candidates.

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

In the past year, we provided work to over two million people. Our first duty as a company is to make sure we do not send anyone into a work environment that may be harmful to them. Despite our best efforts, we still have to report a number of accidents at the workplace.

Accidents may cause injuries. The aggregated number of work-related injuries among our candidates globally amounted to 20,380 in 2013, while the number of working days lost due to these injuries added up to 298,776. Based on these data, our 'injury rate' is 0.2%.

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

number of fatal incidents among candidates, 2013

	2013
At work	
Germany	2
Belgium & Luxembourg	1
France	3
USA	1
India	1
In traffic	
Turkey	1
India	4

When accidents happen in spite of our efforts to ensure safety, these always trigger investigations from our side. Not all accidents are avoidable by better procedures. For instance, in two cases the cause was a heart attack. In three other cases, however, we worked closely with our clients to further improve safety conditions and instructions.

The Indian cases of fatal accidents in traffic all relate to motorbike accidents. We are reviewing our health and safety policy in this country, and we are designing 'drive safely workshops' to help prevent such accidents.

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

talent for the future
for candidates

Raghav Saxena
Mechanical Engineering student at Thapar University, Patiala, India

>> Please see our online annual report to hear Raghav's entire story about how Randstad played a key role in his quest for chasing his dreams.

We can only be successful in adding value for candidates if we are able to help them to progress in their careers. What this means in practice differs greatly from situation to situation. For example, in our Professionals businesses (such as engineering, IT and finance), there is a clear need for specialized knowledge. This means we need to be familiar with the environments in which knowledge workers operate.

Our service concepts are built in such a way that we can add increasingly specific specialist knowledge to our basic processes. Our candidates benefit because we can make better matches for them. At the same time, society benefits when young people are encouraged to follow their dreams and become top specialists in their fields, helping their local economy ahead.

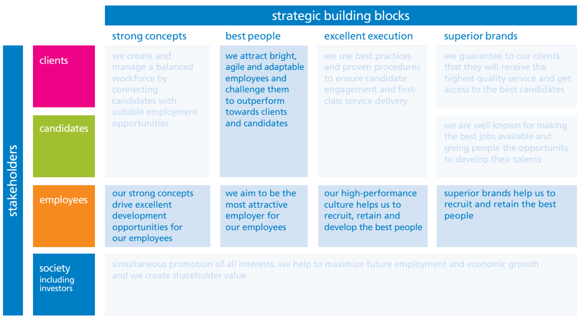
Randstad does its best to encourage young professionals to become proficient in the exact sciences, not only in Europe and the US, but also in Asia, such as in India. Automotive engineering is of great importance to the development of the Indian economy. Yet, as every recruiter knows, even in times of oversupply on the labor market, top specialists are always scarce. Most economies, and certainly the Indian economy, would benefit greatly if more young people chose this as a career. Therefore, in cooperation with Williams Grand Prix Engineering Ltd, we offer work experience places to the best engineering candidates in India, and now also in the Netherlands, by organizing local competitions. The competitions were a great success, attracting tens of thousands of young hopefuls competing for the opportunity.

Engineering student Raghav Saxena was one of the lucky winners, for whom we could act as the 'stepping-stone' to an interesting career.

value for our employees

our strategy: best people

from strategy to value creation



The true value of our business lies in our people. We need to attract the best people, and we need to invest in their development. At the same time, we need to challenge them to perform to the best of their ability and seize the opportunities a multinational company like ours has to offer. This way, we aim to be the most attractive employer for our corporate employees, with equal opportunities for all. It is for this reason that 'best people' is one of our strategic buidling blocks.

making strong concepts work

'Best people' acknowledges the importance of our corporate staff in maintaining and building on our success and position in the market.

Recruiting, developing and retaining the best people is key to making our strong concepts work in practice. Randstad attracts the best people to continue to grow and anticipate changing customer needs, and to meet the increased demand for new services such as Recruitment Process Outsourcing and Managed Services. Having the best people makes it possible for us to continue to deliver the best and most innovative services to our clients.

Randstad attracts agile and adaptable people, capable of effectively dealing with and responding to ever and rapidly changing circumstances.

A strong and contemporary human resources function throughout the company is key to this ambition, and drives quality and discipline with regard to processes like performance management, talent & leadership development, organization design & development, employer & employee branding, and employee engagement.

In order to safeguard the recruitment, development and retention of best people, we have designed world league HR Standards. They guide the Randstad HR community in promoting the company's core values and business principles, in contributing to the company's overall corporate goals, and to take advantage of best practices elsewhere. Topics covered include talent management, learning & development, and reward. The HR Standards also contain a self-assessment tool that provides insight into compliance and areas of improvement. They were reviewed and updated in 2013.

recruiting the best people

Who we look for

Successful recruitment at Randstad means recruiting people who have both the right skills and competencies for the job, and who fit within our culture and values. We hire people for a career, not just for a job. In order to be able to attract the best and the brightest in all our markets, we are continuously working on and investing in our employer brand.

Great People, Great Opportunities

In 2013, we articulated our global Employee Value Proposition (EVP), which will be rolled out in 2014. Our Employee Value Proposition reflects the deal between Randstad and its employees. It expresses what Randstad offers in return for the contribution and performance of its employees. This deal is what makes us unique and differentiates us from the competition. In other words, it answers the question: Why should someone join and/or stay at Randstad?

Our employees had the last say in putting our Employee Value Proposition together. We involved around 800 employees from different levels, concepts and geographies in this creative process, which ultimately resulted in 'Great People, Great Opportunities'.

The most valuable brand in the industry attracts the best people. When working with us, one is ensured of working with the industry's best talent. Our employees consistently tell us that career development opportunities, the professionalism of co-workers, and our vision and values are unique in the world of recruitment.

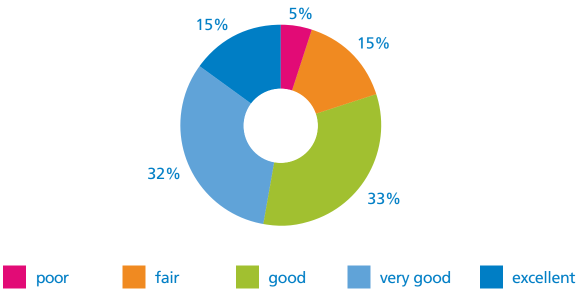
corporate staff [1]

	average 2013	average 2012	Δ%
North America	6,240	6,370	(2)
France	3,590	3,880	(7)
Netherlands	4,310	4,730	(9)
Germany	2,530	2,770	(9)
Belgium & Luxembourg	1,820	2,020	(10)
United Kingdom	1,520	1,750	(13)
Iberia	1,390	1,350	3
Other European countries	2,000	1,780	12
Rest of the world	4,450	4,480	(1)
Corporate	180	190	(5)
	28,030	**29,320**	**(4)**

1 Corporate staff = corporate employees + temporary staff own use.

According to 79% of the respondents, Randstad is currently able to deliver on this promise. As a result, the focus in the coming year will be to improve this score.

current capability according to our employees



This year, Randstad Greece received the 'Great Place To Work' award, Randstad US received two Stevie Awards at the American Business Awards, Randstad China was awarded for providing the Best HR Headhunting Services in Greater China, and Randstad Education in the UK was shortlisted in the prestigious Recruiter Award in the category Best Temporary Recruitment Agency.

developing the best people

Induction program, individual development plan and middle-management training

Trained, engaged and skilled employees perform significantly better and are more likely to stay. Helping both new and existing employees to understand the strategy and culture of the organization as well as their individual job requirements is crucial in driving their individual effectiveness and satisfaction. This is why all new employees, as well as employees starting in a new role, follow a formal induction program within the first few months of starting in their new position. The program covers our ambitions, strategy, values, culture, history, and corporate policies, as well as targeted and relevant job-related information designed to help employees become effective in their new role as quickly as possible.

Once the induction finishes, the individual development plan starts, with the objective that the employee is fully operational within six months. Individual Development Plans (IDPs) will continue to play a key role during every employee's career within Randstad. The IDPs are not only based on formal training programs (10%), but more importantly, they focus on 'on-the-job learning' (70%) and coaching (20%). For field positions, we have dedicated training programs that build on operational skills and knowledge, such as getting to know the market, clients, candidates and our concepts.

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

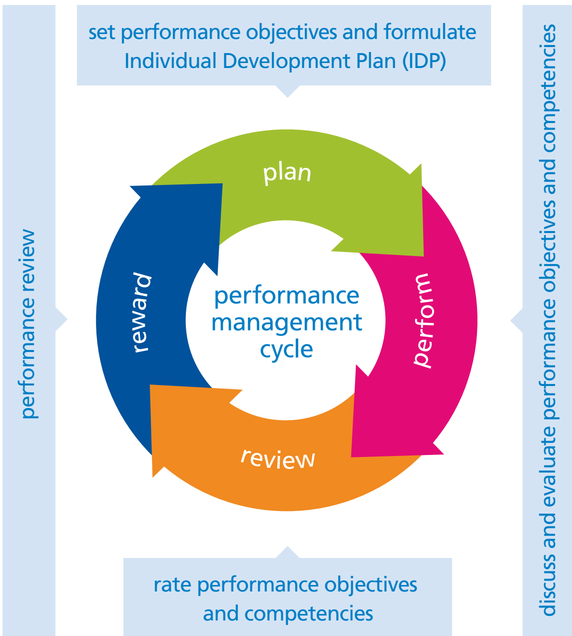
Learning is part of our HR standards. Annually, we assess if and how local companies improve on their training requirements, and we check the efficient implementation of our concept structures. In 2013, we focused on optimizing operational middle-management training programs. Middle managers with the right skill sets effectively execute sales (as a sales leader or sales person), and better manage people and processes. Paying special attention to field steering, we aim to accelerate productivity improvements. We have therefore developed a middle-management training framework to enable our operating companies to quickly develop new learning programs, to review and improve existing programs, and to leverage best practices.

Performance management

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

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

performance management cycle



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

Leadership and talent management

The talent review process forms the foundation of Randstad's leadership and talent management. This process runs annually in every operating company, from the lowest organizational level up to senior management. The process concludes with an in-depth talent review by the Executive Board and Group HR.

The talent review process facilitates (among other things):

- identification of the strengths and developmental needs of our senior leadership;
- succession planning and pipeline development for key leadership roles in the organization;
- early identification of future leadership talent and insights as to how to accelerate high potentials' development;
- retention risk analysis and the development of personalized action plans for key roles in the organization;
- identification of current and future organizational strengths and development needs, and action plans to address them.

Individual learning and development needs are addressed through our philosophy of blended learning. We firmly believe that effective learning and development comes not only from traditional training, but also from individual coaching, receiving and giving constructive feedback, as well as participating in or leading large or small projects. In addition, we find that 'stretch' and/or global assignments are a highly effective way of further developing our global leadership pipeline.

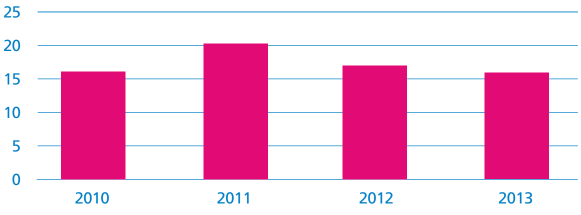
Frits Goldschmeding Academy

The Frits Goldschmeding Academy is Randstad's in-house academy. It offers state-of-the art leadership programs, designed to support our future leaders in developing their skills and strategic management capabilities, ensuring their success within Randstad.

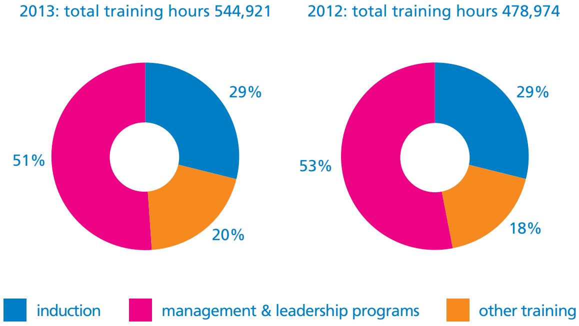
Besides leadership programs, the academy offers a selection of functional and practical courses, including finance for non-financials and effective presentation skills.

training costs (corporate employees)

in millions of €



employee training hours



Our programs are created in association with several leading institutes, such as TiasNimbas Business School, INSEAD, IMD and the Robert H. Smith School of Business (University of Maryland, US). Our Executive Board and senior management are closely involved in the development of the programs.

In 2013, the Frits Goldschmeding Academy trained 329 senior managers (2012: 375, 2011: 441) in 13 different talent development programs (2012: 12, 2011: 15).

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

World League Programs

World League Programs are designed to develop our functional communities (finance, legal affairs, HR, marketing & communications, and IT) in the areas of people and organization, and the way these functional communities can act as a business partner to line management. They provide a shared vision, mission and language for key behaviors, skills

Women in leadership

Our flexible work environment and our training and career advancement programs make us an attractive employer for women. The career path of Jacqueline van Beek, director of Randstad Payroll Solutions in the Netherlands, is a clear example of how Randstad focuses on leadership and talent management. It also shows our stance towards diversity, providing equal opportunities for women, explaining the high percentage of women in senior management positions at Randstad. The story by Jacqueline van Beek is a reflection of a 21-year career at Randstad, during which she developed from consultant to managing director. She explains what encouraged her to start working for Randstad and shares her experiences during this exciting period. >> Read the entire case on www.randstadannualreport.com and knowledge within each function, supported by specific tools and developmental actions. World League Programs enable the global functional communities to deal with performance and development needs in an aligned and constructive way.

With World League Finance rolled out in 2011, World League Counsel (legal affairs), World League Marcom (marketing & communications) and World League HR were rolled out in 2013. World League Programs for other functions are scheduled for 2014.

Achievements so far include development-related initiatives, such as High Performing Business Partner training in Finance and IFRS e-learning for financials, and a local finance program for non-financials. In the field of marketing, we rolled out the Professionals Services Marketing Leadership Development Program. Performance was monitored more closely across all programs, through solicited feedback from functional heads, and monthly talent management reviews in Finance. In 2014, the other programs will also be included in functional talent reviews, to manage succession and career progression proactively and increase mobility.

retaining the best people

80% of our leadership roles filled internally

We believe strongly in developing talent within the company, and we therefore aim to fill 80% of our leadership roles internally. For the first time since 2009, we did not reach this target. The actual score in 2013 was 73.9% (2012: 80.4%, 2011: 80.8%). We saw a decrease in the number of internal management appointments in 2013 to 353 (2012: 450). This decrease was mainly caused by the restructuring in some European countries and the completion of the integration of SFN in the US.

internal management appointments

in % of total appointments

	2013	2012	2011
Total number of appointments	353	450	423
% Internal	73.9%	80.4%	80.8%

Most of our regions, however, did reach the 80% target. We achieved a substantial improvement in France, Australia, New Zealand, Japan and at corporate level. The only two regions that did not reach the target are North America and the UK. As their business is stabilizing, fewer openings were available. Due to a new phase in their development, they had to recruit externally to find the specific knowledge and skills that are not yet available internally.

The 80% ambition applies in our mature Staffing and Professionals markets, whereas in our emerging markets (Asia and Latin America), we need to recruit external talents in order to strengthen our leadership pipeline.

internal management appointments by geography[1]

	number of appointments		% internal appointments	
	2013	2012	2013	2012
North America	196	259	65.8%	81.5%
France	45	20	91.1%	70.0%
Netherlands[2]	35	39	82.8%	97.4%
Germany	8	8	100.0%	87.5%
Belgium & Luxembourg	4	10	100.0%	100.0%
United Kingdom (Staffing)	9	25	44.4%	68.0%
Iberia (Spain)	13	8	84.6%	100.0%
Other European countries (Italy)	5	3	80.0%	100.0%
Rest of the world	19	63	84.2%	71.4%
Corporate	19	15	78.9%	60.0%
	353	**450**	**73.9%**	**80.4%**

1 Mature operating companies only (> 500 FTEs).
2 Tempo-Team and Randstad Netherlands only.

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

employee turnover rate

in % of total number of employees

	2013	2012
Employees leaving the Group	23.6	21.9
Employees transferred within the Group	0.3	5.1
Total employees leaving their operating company	**23.9**	**27.0**

International career development
As a global leader, we are active in over 90% of the HR services market. We use global mobility to leverage the knowledge and expertise we have developed in the Group over time in order to further strengthen the development of our operations around the world. At the same time, this also offers our talents the opportunity to advance their careers by broadening their experience. We enable them to further develop their personal skills and explore different cultures. The story of Sandra van Campen, CFO Randstad Asia Pacific, is a clear example of Randstad's approach to international career development. It also explains why international promotions are essential for global success.
>> Read the entire case on www.randstadannualreport.com

Global mobility

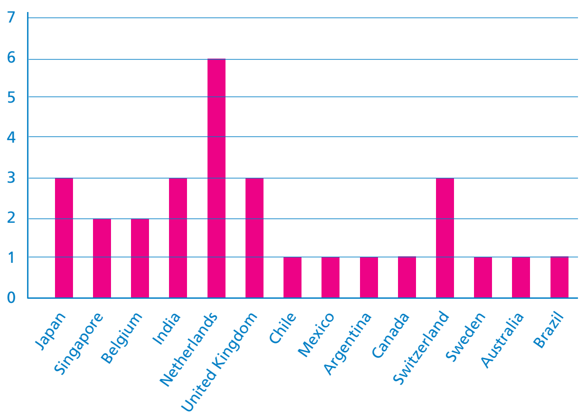
Randstad has a truly global footprint, currently being present in over 39 countries around the globe. This requires our local leaders to be able to operate effectively and comfortably in an international environment.

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

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

Currently, Randstad has 30 international assignees in the following countries:

number of international assignees, 2013



A clear example of how we develop and promote our people across the globe is described in the case 'international career development'.

Employee engagement

Engaged employees are better able to communicate effectively with clients and candidates, and they are committed to finding solutions and improving business results. To monitor our progress in this regard, we measure the level of engagement annually through our People Survey.

In 2013, we initiated a process to significantly improve our methodology for assessing engagement, connecting it more closely to actual business outcomes. We consider such research an important tool in evaluating how we are doing in serving this group of core stakeholders. To that end, we have conducted a general survey in all geographies, and a much more detailed one in five operating companies. We found a clear correlation between the engagement scores and our sickness rates: low sickness rates are one of the key indicators of desirable behavior by engaged employees, while 'recommendation' is the driver with the highest impact (in other words, employees who highly recommend working for Randstad tend to report sick less often).

employee engagement score

on a 10-point scale

	2013	2012	2011
Total engagement	7.3	7.4	7.4
Participation rate	76.3%	81.4%	80.7%

source: People Survey

employee engagement by geography

on a 10-point scale, weighted

	engagement score		participation rate	
	2013	2012 [1]	2013	2012
North America	7.9	8.2	74.3%	81.8%
France	6.1	6.7	84.5%	85.7%
Netherlands	7.5	7.3	73.1%	74.2%
Germany	7.0	7.4	73.3%	81.6%
Belgium & Luxembourg [2]	n.a.	7.7	n.a.	73.8%
United Kingdom	7.5	7.5	61.9%	83.1%
Iberia	7.9	7.9	83.6%	91.2%
Other European countries	7.2	7.3	81.8%	85.2%
Rest of the world	7.0	7.1	78.2%	86.7%
Corporate	8.2	8.1	91.1%	86.5%
	7.3	**7.4**	**76.3%**	**81.4%**

1 The 2012 scores are recalculated for the adjusted methodology.
2 Belgium & Luxembourg did not participate in 2013.
source: People Survey

For comparison purposes, where relevant, we have recalculated last year's scores according to the new insights. Our overall engagement score is 7.3 on a 10-point scale, which is similar to last year's recalculated score of 7.4. The participation rate was 76% (2012: 81%). Our target is at least 70%.

We will further improve the quality and the relevance of our employee surveys in the coming year, by making better use of the wealth of data at our disposal from sources such as the Randstad Workmonitor, Randstad Award, and our internal data. These surveys are important tools for facilitating the dialogue with our core stakeholders.

The People Survey results are communicated to all our operating companies and from there down to branch level. As in previous years, we use our survey results as an opportunity for further dialogue at every level of the organization, and with the European Platform for Social Dialogue. We are fully committed to improving those elements that contribute to attracting, developing and retaining our staff.

a healthy and safe environment

Our operating companies record and report a variety of measures that stimulate employee well-being. Procedures are in place to promote safety at work, including providing the necessary training programs. In several countries, we have formal agreements with trade unions on health and safety topics. For example, our Dutch companies have agreed on protocols with the trade unions with regard to absence due to sickness and disability, all employees are covered by collective insurance, and reintegration partners need to be certified.

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

Randstad has a security platform for managing and responding to security incidents in a timely manner. Correct follo-up is organized and managed locally while our staff is trained on how to react to potential threats and safety issues. Serious security incidents are reported, and in some cases dealt with, at central level.

It is our aim to achieve a sickness absenteeism rate that is lower than the national average. Group companies whose rate is above their national average are required to implement a special program to improve their performance. In 2013, the overall sickness rate was 2.1% (2012: 2.4%). The total number of working days that were lost due to sickness absence, amounted to 154,329 (2012: 183,230). In those countries where authorities publish sickness rates (mostly Europe), our own sickness absenteeism rates were in virtually all cases lower than the national averages.

Despite our high safety standards and prevention measures, we have not been able to prevent all accidents. In 2013, we were faced with incidents in the workplace causing 394 injuries among our corporate employees. The number of working days lost due to these injuries amounted to 2,881. This results in an injury rate of 0.04%. Fortunately, no fatal accidents occured among our employees.

diversity

At Randstad, we seek out top talent, regardless of age, skin color, disability, gender, marital status, nationality, race, religion or sexual orientation. This is confirmed in our business principles and global HR standards and in the Randstad policy regarding discrimination, intimidation and harassment. In order to serve the communities in which we do business, Randstad must also reflect the diversity and demographics of these communities among our own employees. We aim to advance diversity by appointing more women and minorities in leadership positions. This section provides information about our performance related to diversity.

Larger increases in the higher age groups in 2013 stem in part from Belgium & Luxembourg not participating in the People Survey in 2013: Belgium has a relatively young workforce. Furthermore, the US – with a relatively older workforce – reported on ages in 2013 for the first time. In addition, employee reductions in the Netherlands had their biggest impact in the lower age groups (consultants).

A key factor in diversity is providing equal opportunities for women. Our flexible work environment and Randstad’s training and career advancement programs make us an attractive employer for women. The overall percentage of women in senior management positions at Randstad has been relatively stable over the past few years. A slight overall decrease originates from a normal fluctuation, with the strongest effect in the Netherlands: 70% of the senior managers who left the company were women.

For detailed information, see the table 'proportion of women in senior management'.

Currently, one-third of our Supervisory Board is female, and our Executive Board (six seats) welcomed its first female member in 2012.

proportion of women in senior management[1]

	% women in organization			% women in senior management positions		
	2013	2012	2011	2013	2012	2011
North America	62.4	62.2	60.7	48.1	49.8	49.2
France	77.0	76.0	75.5	45.7	46.3	43.6
Netherlands	71.4	71.4	71.8	33.8	35.6	34.9
Germany	63.7	60.5	60.1	44.0	43.5	38.4
Belgium & Luxembourg[2]	n.a.	82.1	81.9	n.a.	56.5	57.1
United Kingdom	59.1	60.2	61.4	38.8	38.0	41.1
Iberia	77.9	76.8	75.5	54.1	50.5	52.9
Other European countries	75.3	75.4	74.6	48.4	46.3	52.3
Rest of the world	56.9	56.9	55.8	37.6	38.9	44.9
Total	**66.8**	**67.8**	**67.7**	**43.2**	**44.4**	**44.4**

1 Senior management refers to all levels equal to or above district/regional management, including account management or commercial management reporting to a regional director or higher.
2 Belgium & Luxembourg did not participate in 2013.

source: People Survey

composition of our workforce by gender

	2013	2012	2011
Male full-time	30.2%	29.9%	30.3%
Male part-time	1.5%	1.5%	1.4%
Female full-time	52.4%	52.0%	51.7%
Female part-time	15.9%	16.6%	16.6%
Total	**100.0%**	**100.0%**	**100.0%**

composition of our workforce by type of contract

	2013	2012	2011
Permanent/open-term contract	91.0%	92.5%	90.2%
Fixed-term contract	9.0%	7.5%	9.8%
Total	**100.0%**	**100.0%**	**100.0%**

composition of our workforce by age group[1]

age group	2013	2012	2011
18 - 24	4.9%	7.5%	6.8%
25 - 29	19.7%	21.5%	23.4%
30 - 34	22.8%	23.2%	23.9%
35 - 39	18.9%	19.3%	19.2%
40 - 49	24.6%	20.9%	19.9%
50+	9.1%	7.6%	6.8%
Total	**100.0%**	**100.0%**	**100.0%**

1 Belgium & Luxembourg did not participate in 2013.

source: People Survey

talent for the future

for employees

Ximo Soler
Marketing, Communications & Concepts Director at Randstad Australia and New Zealand

>> Please see our online annual report to hear Ximo's entire story about his career advancement at Randstad.

Randstad's business is to ensure that our clients have the right access to talent, and that we help find the best development paths for candidates. It is therefore only natural that we apply the same principles in our own organization. Randstad itself needs to provide real value to employees to be able to attract, develop and retain them.

Overall, what we have to offer to employees can be summed up as 'Great People, Great Opportunities'. We call this our Employee Value Proposition. It consists of a set of carefully formulated principles and programs.

For many years now, we have been embracing the principle that we want to fill 80% of the vacancies in our organization with internal candidates. But there is much more. Our internal training, most of which is delivered by the Frits Goldschmeding Academy, ensures that we do our onboarding, field skills training and management development in a consistent and professional way. For our management development, we also work together with institutes such as INSEAD, the Robert H. Smith School of Business, and TIAS/Nimbas. For the people in functional jobs, such as finance and marketing, we have developed the 'World League Programs'.

As important as the formal programs, the interaction with great colleagues is the other key ingredient in the daily motivation on the job at Randstad. The core values of our company are very much alive among our people, and that makes for an environment where people are stimulated by real knowledge. This way, it becomes easy to understand why people enjoy working at Randstad.

The net result is that we can offer our employees increasingly attractive career opportunities. For example Ximo Soler, whose career within Randstad first took him from Barcelona to Madrid, and then all the way to Sydney, Australia.

value for society

shaping the world of work

We seek to shape a more balanced society by activating our employment knowledge and expertise through social dialogue, social and economic growth, and by advocating developments that benefit both individuals and society at large. We emphasize the role of the HR services industry in creating jobs for young people and helping them find their way into the employment market.

from strategy to value creation

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

Our role in society

Sustainability has been one of Randstad's core values since the company was founded. It is at the heart of our strategy, how we operate, and how we treat all our stakeholders. We operate in such a way that we simultaneously serve the interests of all parties who are directly or indirectly involved in our business. Because we are active in the world of work, we have a variety of corporate and non-corporate interests to serve. Our core values inspire us to conduct our activities, both inside and outside the corporate environment, in a sustainable manner, and to use our knowledge and experience to make a positive contribution to the world around us.

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

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

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

Stakeholder dialogue

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

At the same time, we have developed leading programs to enhance employment market knowledge. Together with partners such as SEO Economic Research, associated with the University of Amsterdam, we have carried out studies into the implications of future demographic shifts for the employment markets in Europe. These studies have been published under the titles 'Mind the Gap', 'Drivers of Participation', 'Bridging the Gap' and 'Into the Gap'. These and more examples of our research can be found on our corporate website.

In addition to globally conducted and published research, Randstad operating companies around the world collect industry insights and conduct research, which form a valuable source of information for local stakeholders. Publications include the World of Work research (Asia Pacific), the Workpocket (Netherlands, Belgium and others), various salary surveys tailored to specific target groups (e.g., the Professionals segment), white papers, online polls, etc. More information is available on the websites of the respective operating companies.

In 2012, we launched a digital thought leadership platform in the US, called Workforce 360. This platform offers our stakeholders – including clients, candidates and others interested in Randstad – the latest industry insights, reports, research and in-depth knowledge of industry topics and

How we fight youth unemployment in the Netherlands

In August 2013, youth unemployment reached a level of 17% in the Netherlands. As a leading HR services company we felt compelled to act. In cooperation with the government, we launched a campaign called 'jeugd op zoek' ('youth seeking jobs'). The objective was to put 10,000 young unemployed people to work within 5 weeks. The matching process was supported by a bus that was dedicated to this campaign and drove around the country taking candidates to clients. After 5 weeks, we managed to put 8,281 unemployed young people to work, with over 1,000 in the midst of a recruitment process. Not much later, we reached our goal. Through this initiative, we set a clear example of what companies and government can achieve by working together. >> Read the entire on www.randstadannualreport.com

trends. Visitors can respond, provide new input or ask questions through linked social media. In 2013, the platform was also implemented in Asia-Pacific and it will be rolled out on our corporate website in 2014. Other countries are likely to follow, depending on resources available locally. We also have plans to use a dedicated research tool to intensify stakeholder dialogue.

Employment-market KPIs

In accordance with our sustainability framework, we also report on our contribution to employment markets. Two KPIs, in this respect, are staffing penetration rates and contribution to the regulation and deregulation of labor markets. The former shows the development of the number of temporary workers as percentage of the total labor market, while the latter provides the status of regulation in the main countries where Randstad is operating, as well as the expected trend. Performance on these KPIs can be found under 'market dynamics' in the section 'our business environment'.

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

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

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

Industry involvement

We strongly believe that social dialogue and active participation in industry bodies will help produce clear, fair and workable regulations in the markets in which we operate. By investing in strong industry federations – on a national, regional, and global level – we believe we can contribute to the future development of the HR services industry.

The objectives and action plans of Ciett (International Confederation of Private Employment Agencies) and Eurociett (European Confederation of Private Employment Agencies) are well aligned with Randstad's agenda. In May 2011, Fred van Haasteren, a former Randstad vice-president, was elected President of Ciett. Eurociett has been chaired by Randstad's Public Affairs director Annemarie Muntz since 2005.

Labor market relationships

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

Employee participation in social dialogue

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

Active dialogue with labor unions

Randstad also actively engages in national and international dialogue with labor unions. At EU level, UNI-Europa and Eurociett meet regularly in the sectoral social dialogue committee on temporary agency work to discuss issues of mutual importance, and to further professionalize and gain more societal acceptance for the industry. As a Eurociett member, Randstad is represented in the Eurociett delegation. Moderated by the European Commission's Directorate-General for Employment, Social Affairs & Equal Opportunities, the committee met three times in 2013. The 2012/2013 work program included issues such as promoting social dialogue by giving presentations on national Collective Labor Agreements (CLAs), for instance on the recent French social partner agreement, and closely following the implementation of the Agency Work Directive (AWD). Furthermore, a social round table meeting was held in Croatia, in order to gather sectoral social partners in the temporary agency work sector. In December 2012, a research report was presented on the transitional function of agency work, accompanied by a joint declaration by Eurociett and UNI-Europa on how temporary agency work can best facilitate labor market transitions. This report can be found on the Eurociett website.

Partnerships and social involvement

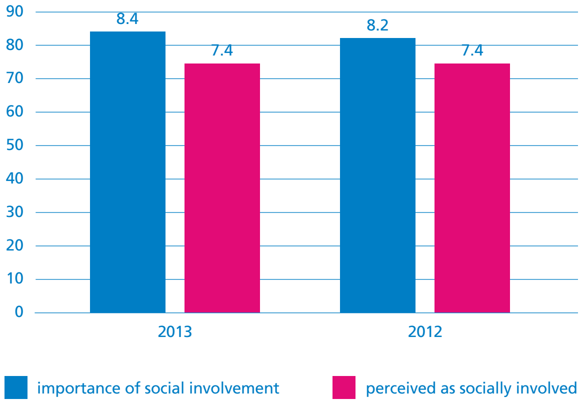
Since 2009, we have been measuring staff perception of sustainability in the organization to gain a better understanding of how our own people feel about Randstad's performance. More specifically, we asked them if they feel it is important for their company to be socially involved, and whether they perceive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

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

VSO specializes in recruiting and placing professionally qualified volunteers from around the world to live and work in developing countries. VSO is one of the largest NGOs of its

employee perception of social involvement

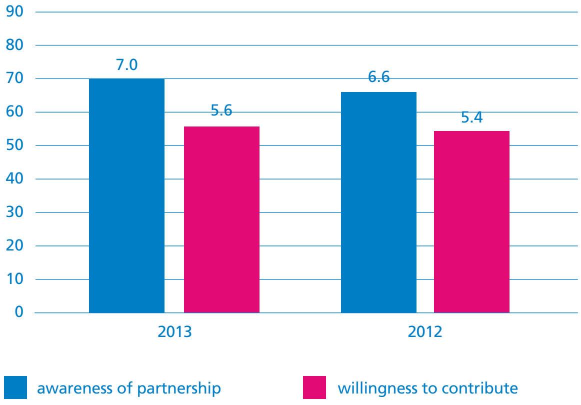
on a 10-point scale



source: People Survey

attitude employees towards vso

on a 10-point scale



source: People Survey

kind in the world, and we have been working with the organization since 2004. In 2014, we will celebrate the partnership's 10th anniversary. More information is included in the business case 'VSO and Randstad - 10 years of partnership'.

In our ninth year of partnering with VSO we further increased our strategic support. Mostly through pro-bono assignments for employees, we provided expertise in HR, recruitment and IT, as well as legal advice, strengthening the VSO organization in becoming more robust and better equipped to attract the right candidates to volunteer in developing countries.

randstad vso volunteers overseas 2009 - 2013

	2013	2012	2011	2010	2009
Volunteer hours	10,500	12,000	15,000	16,500	13,500
Volunteers	15	21	18	18	13

In 2013, the total number of overseas VSO volunteers (including hours) was below target. Changing requirements from local partners have been a – hopefully temporary – complicating factor in recruiting people with the right skills. For 2014, we are again aiming to send 20–25 volunteers on overseas assignments.

Eleven employees from various operating companies carried out pro bono assignments in 2013 (2012: eight employees). In total, they spent over 1600 hours (2012: over 1800 hours) working for the VSO offices in the UK and the Netherlands.

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

VSO and Randstad - 10 years of partnership

The partnership between VSO and Randstad started in 2004 and has been unique ever since. Its success is built on the strenghts of both organizations. Combining the expertise of Randstad's high-skilled volunteers with VSO's high-impact development programs helps poor communities across the globe building a brighter future. It involves sharing skills and building capabilities on one hand, while it helps promoting international understanding on the other. Marg Mayne, Chief Executive of VSO, looks back at the last 10 years and shares her most compelling experiences. But she also looks forward and elaborates on the shared ambitions of this partnership. >> Read the entire case on www.randstadannualreport.com

sustainability basics

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

business principles

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

In 2010, all corporate employees followed a program that covered the company's history, core values and business principles. To maintain awareness, smaller-scale follow-up sessions were organized during the following years, and the business principles – coupled with our main policies – have become an integral and mandatory part of our induction programs. The set of obligatory induction training material contains the business principles. Local induction training programs include explanations of the business principles, some policies, and the misconduct reporting procedure. All employees have to acknowledge these in writing after the training. We are currently fine-tuning the requirements, while also putting controls in place to ensure global execution.

In 2013, well over 13,200 people received business-principles training. In 2014, we plan to implement a minimum standard compliance induction training program, which will include even more extensive reference to the business principles and the corporate policies.

Understanding of the business principles is measured through our annual People Survey, based on a 5-point scale. The score 5.0 represents all employees understanding the business principles. Results of this survey relating to the understanding of business principles can be found in the table 'understanding of business principles'.

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

understanding of business principles

on a 5-point scale

	2013	2012	2011
North America	4.3	4.1	4.1
France	4.0	3.9	3.8
Netherlands	4.2	3.9	4.1
Germany	4.5	4.4	4.4
Belgium & Luxembourg [1]	n.a.	3.7	3.7
United Kingdom	4.1	3.9	3.8
Iberia	4.4	4.2	4.0
Other European countries	4.2	4.0	3.9
Rest of the world	4.0	4.1	3.8
Corporate	4.4	4.4	4.5
Group	**4.2**	**4.0**	**4.0**

1 Belgium & Luxembourg did not participate in 2013.

source: People Survey

corporate policies

Our corporate policies are directly linked to our business principles. They provide specific guidance and instructions for business behavior to our people globally. We have developed corporate HR standards based on our values and principles. They are meant to guide our HR community and to safeguard the recruitment, development and retention of our employees – our most important asset, and essential for realizing our strategic goals.

Over the years, we have developed policies related to competition law compliance; insider dealing; bribery, gifts and hospitality; discrimination, intimidation and harassment and data protection. Promoting best practices and raising awareness of relevant laws and policies is an ongoing process worldwide (e.g., through webinars). The policies are published on our intranet sites, and summaries of the policies are published on our corporate website.

The policies are also included in our HR standards, and form a mandatory part of our induction training.

human rights

We are signatories to, and participants in, the United Nations Global Compact and support its ten principles regarding human rights, labor rights, the protection of the environment and anticorruption. We have posted communication on our progress on their website www.unglobalcompact.org.

The principles regarding labor are those outlined in the ILO Declaration on Fundamental Principles and Rights at Work: freedom of association and the right to collective bargaining, elimination of forced or compulsory labor, the abolition of child labor, and the elimination of discrimination in respect of employment and occupation. While always complying with national laws and practice, we are also committed to making the Global Compact principles part of the strategy, culture and day-to-day operations of Randstad, and the ten principles are therefore regarded as part of our Business Principles. Our CEO explicitly expressed Randstad's support to the UN's Secretary-General. This statement is published on our corporate website.

Over the past five years, Randstad has participated in the business and human rights initiative of the Global Compact Network Netherlands. As a result of this initiative, we have implemented the guiding principles in our corporate policies. Another result of this initiative was the development of a tool for human rights risk mapping. Pending global implementation of the tool, we continue monitoring potential human rights risks. We do this in various ways: through continuous training of our employees and management locally, by the execution of our key control framework, and by promoting organizational sensitivity in general to human rights issues. The mere fact that we tend to operate in the professionals segment in higher-risk countries already protects us to a certain extent against violation of human rights (including unintentional occurrences).

During 2012 and 2013, Randstad took an active part in the public consultations regarding the EU Human Rights Sector Guidance project for the Employment and Recruitment Agencies Sector by sharing our labor market and regulatory knowledge. This guidance, which had a global scope, was published in 2013. The know-how we acquired during the process, combined with the human rights risk mapping tool, will help us to guide our local management in even better identifying potential human rights issues in their country or business operations.

benchmarks

We are also active participants in the Dow Jones Sustainability Index, and the Dutch Transparency Benchmark.

After five years of participation in the Carbon Disclosure Project (CDP), we have decided to postpone our next contribution. Having implemented our sustainability framework in 2011-2012, we are currently in the process of carrying out a number of extensive action plans to validate or improve the KPIs connected to our framework. The CDP is strongly focused on environmental metrics, but as a service provider, we have a relatively small ecological footprint, and we will therefore prioritize those KPIs that have particular relevance to our business.

integrity and grievance mechanism

Under the Randstad misconduct reporting procedure we encourage the reporting of misconduct, preferably directly to local management and through established operational channels. If for any reason these reporting lines should be considered inappropriate or likely to be ineffective, or should a complainant fear retaliation, they can make use of our special reporting facility. This reporting facility consists of a telephone hotline, accessible 24 hours a day via free local access numbers, and a secure webpage. Although reports can also be submitted anonymously, Randstad encourages complainants to reveal their identity when they submit a report, as this greatly facilitates the investigation of the issue. Reporting can always be done in the local language. The facility is operated by an independent external provider and allows communication between the two parties even if misconduct has been reported anonymously.

Following up on our project in 2011, which considered implications of the UN's 'Protect, Respect and Remedy' framework, we continue to make efforts to raise and maintain awareness of our grievance mechanism also among our staffing employees and candidates. As a result, the number of complaints or concerns increased sharply in 2012 and 2013. However, these included a substantial number of complaints that bypassed the normal local reporting procedures (such as the branch manager or local complaint desk). Continued local communication efforts are required to maintain and increase awareness of the correct routing.

Of a total of 101 complaints in 2013, 35 were accepted as admissible. After thorough investigation of these 35 complaints, 21 were found to be not proven and two complaints were still under investigation at the end of the year. The proven complaints related to fraud (1), non-compliance with internal policies and procedures (3), improper management practices or consultant behavior (4), intimidation and/or harassment (3), and breach of employee privacy (1).

misconduct reporting

	2013	2012	2011
New complaints	101	67	36
Of which anonymous	40	23	13
Concerns referred to other channels/not legitimate	66	37	18
Proven or partially proven	12	6	5
Not (yet) proven	23	24	13

awareness misconduct reporting procedure

on a 5-point scale

	2013	2012
North America	3.9	3.8
France	3.5	3.6
Netherlands	3.4	2.9
Germany	4.0	4.0
Belgium & Luxembourg [1]	n.a.	3.4
United Kingdom	3.7	3.7
Iberia	4.0	3.8
Other European countries	3.7	3.7
Rest of the world	3.6	3.9
Corporate	4.4	4.0
Group	**3.7**	**3.6**

1 Belgium & Luxembourg did not participate in 2013.

source: People Survey

supply chain responsibility

In 2011, we updated the purchasing conditions of our Dutch operations to include a supplier code. It aims to ensure that the procurement of goods, works and services takes place in a socially responsible manner and in conformity with our business principles. With this code, we are explicitly requesting our suppliers to respect our regulatory, social and ecological principles and to adopt practices consistent with those principles. Suppliers must ensure that its suppliers and subcontractors for their part also respect the principles set out in the code. Consultation will be held with suppliers periodically in order to verify compliance with the code. If there should be reason to do so, Randstad may have an audit conducted at the supplier's premises.

At the end of 2013, around 60% of our expenditure in the Netherlands with suppliers is covered by this code. In 2013, we made this code an integral part of our new international terms & conditions. We prepared a related purchasing blueprint and started its global implementation by the end of the year. This will allow us to gradually extend the coverage of our supplier code across all our countries. The supplier code is published on our corporate website.

Our largest supplier groups mainly consist of providers of marketing materials, IT companies and various types of facilities. With over 3,000 branch offices, we also deal with a large number of lessors and real estate agents. As also mentioned under 'Our impact on the environment', it is often a challenge to convince landlords to give us insight into our energy use (including CO_2 emissions).

our impact on the environment

The fact that we are a people business is also reflected in our cost base. The vast majority of our costs are the salaries we pay to our own corporate staff and our candidates working for our clients. Because of the nature of our business, our impact on the environment is far less than that of some other sectors, such as manufacturing. Almost all of our business is conducted in local markets, and we have many locations close to both clients and candidates, greatly reducing travel and the resulting CO_2 emissions. Despite this inherently minimal impact, we do what we can to limit our ecological footprint, by conserving energy, using sustainable energy sources, and reducing water and paper usage, while re-using or recycling wherever possible.

As a part of our framework, we continue to improve the completeness and accuracy of our Group environmental data, using a step-by-step approach. In 2012, we focused on measuring our impact as a result of traveling, in particular journeys made by company cars. In 2013, we added the distances traveled by airplane, and we worked on further fine-tuning the metrics regarding energy and waste.

We are limiting our business travel impact on the environment by increasing the use of video and phone conferencing and VoIP. If traveling cannot be avoided, we prefer train travel over plane or car travel, which in several countries is supported by strict policies. In the Netherlands, we participate in a CO_2 compensation program for business flight emissions with our national airline. Based on their report, our CO_2 emissions in the first half of 2013 amounted to 183,813 kg.

We are constantly taking measures to reduce our CO_2 emissions from car travel. In 2010, we made a policy change in

company cars

	average number of cars		kilometers driven (x 1,000)	
	2013	2012	2013	2012
North America	-	-	-	-
France	1,610	1,659	36,827	43,078
Netherlands [1]	3,204	3,701	107,278	119,356
Germany	1,583	1,633	44,841	47,141
Belgium & Luxembourg	1,487	1,337	41,574	39,467
United Kingdom	227	185	2,816	4,378
Iberia	695	469	17,391	14,154
Other European countries	487	377	9,567	7,231
Rest of the world	507	530	10,470	10,166
Corporate	113	110	3,426	3,378
Group	**9,913**	**10,001**	**274,190**	**288,349**

1 Excluding shared service centers, some small operating companies and additional fuel cards.

business flights, 2013

(x 1,000 kms)

	total distance traveled
North America	27,003
France	3,664
Netherlands	220
Germany	2,110
Belgium & Luxembourg	39
United Kingdom	498
Iberia	4,598
Other European countries	1,291
Rest of the world	19,970
Corporate	4,154
Group	**63,547**

the Netherlands with the aim of ensuring that the Dutch fleet would consist solely of company cars with A, B, or C efficiency lables by the end of 2013. We have indeed achieved this goal, with the exception of two cars at year-end: one C-label car was relabeled to D due to a change in government definitions, and the other cars contract ends in May 2014. As a result, average CO_2 emissions per distance have clearly decreased. More detailed information is provided in the tables 'efficiency labels of the dutch fleet' and 'CO_2 emissions of the dutch fleet'.

co_2 emissions of the dutch fleet[1]

	2013	2012	2011
Average number of cars	3,678	4,039	4,024
Distance traveled in kms	116,552,032	125,618,604	109,450,646
Fuel use in liters	6,831,265	7,616,536	7,154,715
CO_2 in kg	17,015,795	18,956,513	17,794,578

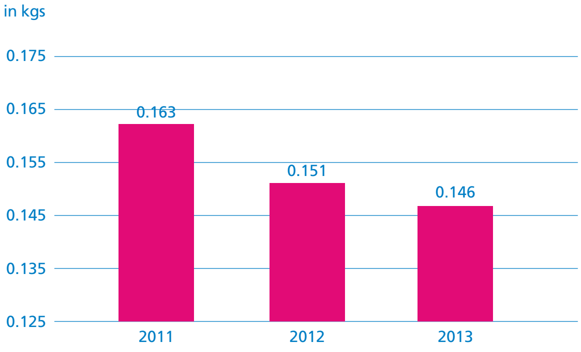
1 Including corporate, shared service centers, some small operating companies, and additional fuel cards.

efficiency labels of the dutch fleet

number of cars at year-end

	2013	2012	2011
A	1,984	2,013	1,181
A Hybrid	336	359	312
B	939	1,065	1,204
C	171	245	672
D	2	11	190
E	-	1	22
F	-	1	3
G	-	-	-
Total	**3,432**	**3,695**	**3,584**

average co_2 emissions per kilometer, dutch fleet



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

Recycling

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

Energy resources

We constantly aim to increase the use of alternative, efficient or natural energy resources, thus limiting the usage of fossile energy; for instance, by replacing traditional lighting by LED lighting in our buildings. The overview below outlines resource usage and waste management at the Randstad corporate head office, which includes the head offices of the holding company and the Dutch operating companies. The increase in water usage compared to 2012 was caused by hot summer conditions in 2013 requiring more intense cooling. The shift between district heating and natural gas is related to a lenghty breakdown in our district heating equipment in 2011-2012. Our head office uses 100% certified green electricity while its environmental management system is ISO 150001 certified.

resource usage and waste management (randstad head offices, the netherlands)

	2013	2012	2011
Water (m^3)	20,900	17,200	19,800
District heating (gJ)	8,750	3,760	700
CO_2 from district heating (kg)	262,300	n.a.	n.a.
Natural gas (m^3)	26,300	107,500	141,800
CO_2 from natural gas (kg)	n.a.	n.a.	n.a.
Electricity (million kWh)	3.9	3.9	3.2
CO_2 from electricity (kg)	0.0	n.a.	n.a.
Recycled paper (kg)	44,200	56,200	36,500
Recycled cardboard (kg)	14,300	15,000	11,500
Recycled glass (kg)	1,680	1,050	3,100
Recycled chemicals (kg)	452	760	620

Increasing our people's awareness of simple ways to reduce the use of energy in our offices is the least we can do. At the same time, its impact is difficult to measure, given the fact that our offices are often leased all-in, and we share buildings with other tenants. In the Netherlands, however, we have made some progress: we now have insight into the CO_2 emissions 2012 of our three main Dutch operating companies (please note that the table 'carbon footprint of Dutch operating companies' includes some overlap with the above overviews). We continue to try and convince our landlords to provide us with specifications of energy use, separate from lease costs, or to install smart meters.

carbon footprint of dutch operating companies

in tCO_2e

	2012
CO_2 emissions	
Buildings (energy & water)	6,368
Transportation (public, cars, flights)	21,822
Waste (paper, chemicals, glass)	376
	28,566
CO_2 emissions by scope (excluding Yacht)	
Direct emissions (scope 1)	15,348
Indirect emissions (scope 2)	4,359
Other emissions (scope 3)	647

However, we are faced with more challenges. For many years, 100% of electricity at the Tempo-Team and Randstad Netherlands headoffices has already come from sustainable resources. In 2012, it was decided to target the same for all branches throughout the country, where possible. New insights in 2013 have created a setback, however: hydroelectric energy obtained through Norwegian certificates is no longer considered to be energy from a sustainable source, since no additional hydroelectric energy is produced. Our operating companies are now looking into alternatives.

talent for the future

for society

Suzanne Lowe
Professional services marketing expert
United States

>> Please see our online annual report to hear Suzanne's entire story about the importance of developing talent for the future.

The world is changing. Resources are increasingly finite, and economies have to become increasingly circular. The world's untapped pools of cheap labor are shrinking, because all the employees involved want their share of prosperity, too. At the same time, the need for talent will increase, given that technology and globalization are changing the way people work. This means that getting the right people in the right places on the right tasks is becoming more and more complex.

Over the past decade, we have seen the emergence of a handful of global firms that offer not just recruitment, but a whole range of HR service solutions. These organizations have the scale and capacity to shape and develop ideas and concepts about how to organize the world of work, anticipating a changing world. By finding the right talent for our clients, wherever and whenever, while unlocking opportunities for people across the globe, HR services companies provide value for society as a whole.

To keep doing so, leaders in the HR services field must be thought leaders as well. Randstad certainly takes its responsibility on this front very seriously. We do our own research on strategic talent management, employer branding, leadership and sustainability, and, of course, on flexibility and the labor markets.

As an expertise expert, Suzanne Lowe knows exactly why employers need to find guidance about the best way to maximize their workers' contributions and why thought leadership regarding flexibility at work is critical.

strategic priorities and targets

introduction

The structural growth drivers in our industry remain in place. Clients have a strong focus on becoming more efficient and having access to candidates with specific skills and expertise. We find out that an increasing number of clients are looking for a long-term customized talent strategy, which includes their total workforce. This has also provided us with a unique opportunity to engage our clients in a strategic discussion on their HR strategy and how they will manage their total workforce in the future. We call this total talent architecture. As a global HR services provider, we are well-positioned and we have all delivery models in place to support our clients in their HR needs and challenges across all layers of their organization. Demographic trends, such as the growing mismatch between supply and demand for labor, require higher mobility and greater participation in the labor market. Other opportunities will emerge from the implementation of appropriate regulation in all our markets. We increased our focus on client profitability by optimizing our delivery models, better execution and improving the efficiency of the whole organization. This has already started to pay off, but client profitability will remain an important theme in the near future.

strategic priorities in 2014 and 2015

With these trends in mind, we have set the following priorities, which will support us in realizing our strategic targets:

- to capture profitable growth opportunities;
- to apply field steering to ensure adaptability and drive productivity;
- to focus on segment-specific delivery: where necessary, modify our delivery models for clients;
- to further improve our business mix: SMEs, Professionals, permanent placements;
- to achieve an efficient cost structure and drive conversion of gross profit into EBITA.

Our field steering model enables us to easily adapt our organization to changing market circumstances. We have been applying our field steering model across all countries to guarantee the quality of our execution. This is a continuous process, ensuring agility in our organization and driving productivity across the Group. The changing environment also requires us to take a more dedicated client approach. By monitoring and analyzing the needs of our clients, we ensure that we use the right delivery model. This increases the added value for our clients and optimizes the efficiency of our organization. It enables us to grow our service offering with existing clients as they benefit from our value-added services for other parts of their organization, but it also allows us to connect to new clients as they will get access to tailor-made solutions that address their needs and challenges in managing their total workforce.

In addition to these initiatives, we are also aiming to improve our business mix by accelerating growth in the Professionals segment, permanent placements and small and medium-sized companies (SMEs). In Staffing, we aim to grow in the SME segment of the market by focusing on specialties and permanent placements. For Professionals, we have modified our approach to accelerate profitable growth. For mature markets, we will apply a verticals approach, which allows us to better align our delivery models to the dynamics of the core segments of IT, finance and engineering. We will 'copy & paste' these best practices globally to ensure our consultants reach the desired productivity levels faster. For new and emerging markets, we will focus on accelerating growth by providing our companies with standardized toolkits to accelerate growth in the start-up phase. At the same time, we aim tot broaden our service offering by accelerating growth in other HR services, such as MSP, RPO and Outsourcing.

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

More information on our performance in 2013 can be found in the 'performance' section.

strategic targets

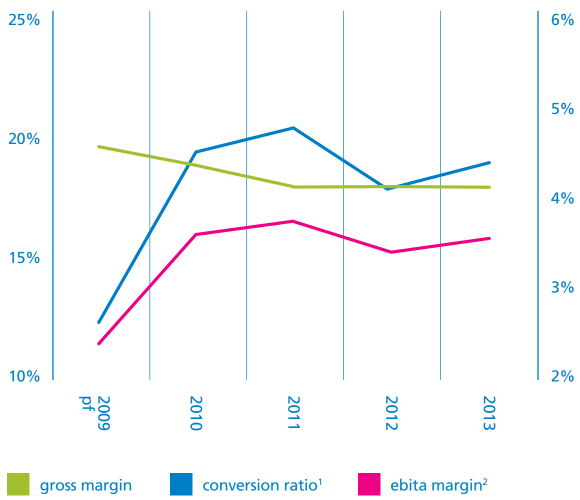
As the Group returned to growth in the second half of 2013, our focus is now on leveraging our strategic initiatives and improving our profitability. Randstad's strategy is built around four strategic building blocks, which enable us to create value for all our stakeholders. To further guide this process, we have formulated the following strategic targets:

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

In 2013, we made good progress on the implementation of our strategic priorities. The first half year was marked by continued revenue decline, and we continued to focus on cost control. On an annual basis, we reduced costs by over € 125 million. Across many countries in Europe, we witnessed a classic cyclical recovery pattern. In the second half year, growth returned in these countries on the back of higher demand from the industrial segments. Our profitability was further supported by new subsidies in France. In North America, we focused on gross profit growth and profitability. This has led to a record level of profitability in North America. Our businesses in Asia and Latin America continued to expand their footprint, and capturing profitable growth. To further support our brand awareness and future growth, we initiated marketing investments in our largest markets in the second half of the year. As a result of these trends, our EBITA margin improved from 3.3% in 2012 to 3.5% in 2013. This shows that we have been able to improve our profitability in an environment with limited decline in revenue and gross profit.

We continue to strive for an EBITA margin of 5% - 6% over time, through revenue growth and by improving our business mix.

gross margin, conversion ratio and ebita margin



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

Growth is essential for realizing our targets. Based on the trends in our industry, the Professionals segment and permanent placements will play a greater role in our markets, and we are ready to capture growth in these segments. We are committed to realizing enhanced returns, and we face the future with confidence.

Size correlates with profitability. It is therefore important to grow our market share in existing markets. As clients are looking for a total offering with fewer suppliers, we are well-positioned to capture market share by focusing on profitable growth. Our growth strategy is built on organic growth, combined with selected bolt-on acquisitions. Acquisitions are always assessed based on a number of criteria, of which strategic fit, manageability, financing and valuation are the most important.

Financial strategy

In 2013, we continued to focus on strong cash flow generation, and the free cash flow amounted to € 292.9 million. We used our free cash flow to reduce our debt and to pay a dividend. Our net debt position decreased from € 1,095.7 million to € 761.0 million, and our leverage ratio was 1.2, well within our targeted range of between 0 and 2.

Our total credit facility amounts to € 1.8 billion and the loan documentation of all our credit facilities allow a leverage ratio of up to 3.5 times EBITDA. The majority of our credit facilities will mature in 2017. We have a policy of using floating interest rates as a natural hedge against the development in operational results, which continued to pay off significantly in 2013.

More information on our capital structure can be found in the 'investor relations' section.

Dividend

As from 2013, our dividend policy is to have a payout ratio of 40%-50% of adjusted earnings per share. We aim at a payout of 40%, unless our financial position allows for a higher payout. We offer shareholders a choice between shares and cash.

In 2013, we further enhanced our financial position. In addition, our business returned to growth and we improved profitability. As a result and in line with our dividend policy, we will propose to our shareholders a dividend payment of € 0.95 per ordinary share, based on a payout of 45%. We will again offer shareholders a choice between shares and cash. The value of the stock dividend, which will be charged to the tax-exempt distributable share premium reserve, will be around the same as the value of the cash dividend. The ex-dividend date will be on April 7, 2014. The number of shares entitled to dividend will be determined on April 9, 2014 (record date). The election period for shareholders will run from April 10 up to and including April 25, 2014. On April 25, 2014, the stock dividend conversion rate will be set on the basis of the volume-weighted average share price of Randstad during the period from April 22 up to and including April 25, 2014. The payment of cash dividend and the delivery of shares will take place on May 2, 2014. Shareholders will receive a cash dividend, unless they opt for a stock dividend.

We will also propose a dividend payment on preference shares B and C of € 12.1 million.

performance

introduction

how we measure performance

Randstad has an extensive performance management system in place. It starts with using specific performance measurement tools at the lowest level in our organization by applying field steering. Our field steering model requires our units and teams to translate information on actual performance into action on a daily basis. Up to the Executive Board level, our planning and control cycle is operationally driven. Direct reporting lines exist between the Executive Board and the management teams of operating companies. As a result, Executive Board members are closely involved with the operating companies under their responsibility.

Our day-to-day performance overview includes KPIs showing our growth, productivity, profitability, working capital and cash flow. We use a variety of tools within our planning and control cycle to assess our performance and align future strategic and investment decisions to best utilize commercial and organizational opportunities. The planning and control cycle is embedded in our risk & control framework.

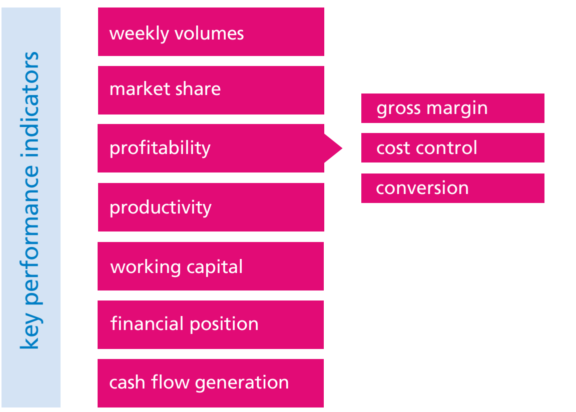
Performance management

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

- weekly overview of temporary employees working (volumes) and permanent placements;
- monthly income statement including selected non-financial data and a forecast;
- quarterly income statement, balance sheet, cash flow, non-financial data and a forecast.

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

key performance indicators



Key performance indicators

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

Weekly volumes

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

Market share

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

Profitability

Profitability indicates the quality of our top line and operational efficiency. Our overall financial goal is to achieve an EBITA margin of 5% to 6% over time. More information on our performance in 2013 can be found in the 'financial performance' section.

Gross margin

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

Cost control

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

Conversion

We measure the percentage of gross profit converted into EBITA. At an early stage of recovery, we require the incremental conversion ratio of a company to be close to 100%. Once recovery is more developed, an incremental conversion ratio of 50% will be required. In a period of contraction we aim for a recovery ratio of 50%. This means that 50% of lost gross profit is recovered through reduced operating expenses. In the 'financial performance' section we have included an overview of conversion ratios in recent years.

Productivity

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

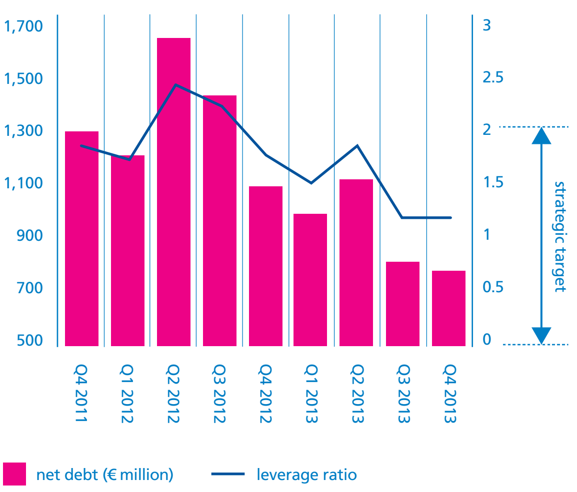
Working capital

There is a strong focus within Randstad on Days Sales Outstanding (DSO), amount of overdues, and working capital. This focus is also reflected in the bonus targets set for our senior management. As a further incentive, through a simplified EVA method, operating companies are charged for their use of operating working capital. Within working capital, the 'trade receivables' component is the most important for us to influence. Our liabilities comprise mainly wage tax and social security payments to tax authorities. Clearly, those payment terms are more difficult to influence. Over the years, we have shown substantial progress in improving our working capital management. In the section 'financial performance' we have included a more detailed analysis of our historical performance.

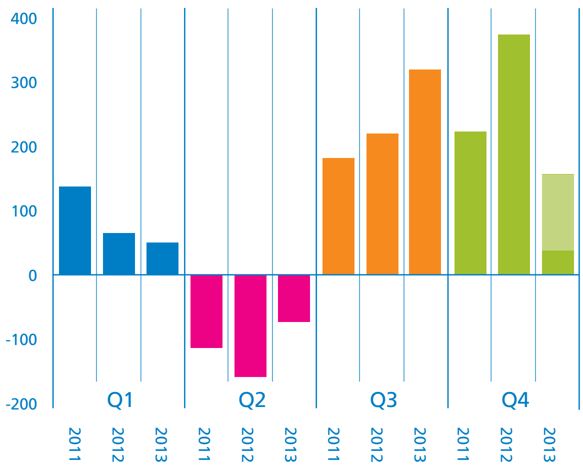
Financial position

To maintain a solid financial position, we monitor our leverage ratio (net debt divided by 12-month EBITDA). This is used as guidance for dividend payment on ordinary shares and as a basis for our acquisition policy. Strategically, our target range is between 0 and 2, while our bank covenants allow for 3.5. This provides us with a cushion in managing through the cycle. More information on our financial position

net debt & leverage ratio development



free cash flow development [1]



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

and capital structure can be found in the section 'investor relations'.

Cash flow generation

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

our strategy through the cycle

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

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

how we manage through the cycle

Our field steering model is designed to optimize adaptability and to drive productivity, which is essential in generating a strong conversion of gross profit into EBITA. Building on the foundation of our strong concepts, our field steering model drives decisions to exploit profitable growth potential and to reduce costs if needed. Both may apply in parallel – even in a growing operating company – which is why we align those decisions with local operational developments and local market trends at the lowest level in our organization. This means that we do not manage on the basis of averages or predictions, but on real-time bottom-up actual figures. As such, it drives our daily operational activities.

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

Revenue
Both our wide geographic spread and our diversified business mix help us to manage the risk of revenue volatility in a downturn. More recently, we experienced diverging trends for different countries and segments. It confirms our belief that our strategy of diversification is effective.

Cost of services
Cost of services are mostly flexible and consist largely of salaries we pay to our candidates, wage taxes and social security premiums. In Germany and the Netherlands, the HR services sector has its own collective labor agreements with competitive labor costs. In return, the number of commitments we make to our candidates is limited. The recent downturn has shown that we can efficiently manage these commitments, as well as related risks, such as idle time.

Operating expenses
In general, the more flexible the operating costs, the lower the risk. Personnel costs are the largest component in our cost base. Using our field steering model, we know when and where we have to increase or reduce staff. Most savings in personnel expenses in the recent downturn were achieved through natural attrition (i.e., not replacing consultants who left the organization). In 2009, we managed to decrease our annualized cost base by € 800 million (i.e., 28%), of which 75% was mainly achieved by natural attrition in our personnel capacity. Bonus and commission schemes are equally flexible. Particularly in our Professionals businesses in the US and the UK, bonus and commission schemes form a far larger proportion of total compensation than in our traditional Staffing business, and associated costs move with the change in volumes. Another substantial cost item is represented by accommodation costs. These costs are kept flexible by limiting lease terms to a maximum of five years. The average term is therefore limited to three years. The recent downturn has clearly confirmed that we can adjust our branch network relatively quickly by combining offices without leaving markets. In the past few years, we have made IT costs flexible by outsourcing several functions. Where possible, one national IT platform is used to lower fixed costs. We have also standardized our marketing tools by using a central photo database for all concepts, and we develop marketing campaigns and materials that are used internationally. Marketing investments are strategically important to maintain our brand awareness and to gain market share.

financial performance

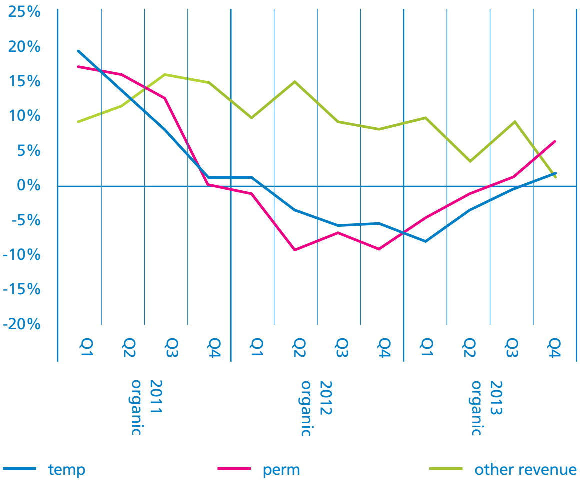
income statement

income statement, underlying

in millions of €, unless otherwise indicated

	2013	2012	Δ%
Revenue	**16,568.3**	**17,086.8**	**(3)**
Cost of services	13,556.7	13,984.8	
Gross profit	**3,011.6**	**3,102.0**	**(3)**
Personnel expenses	1,797.2	1,848.5	
Other expenses	635.6	690.6	
Operating expenses	**2,432.8**	**2,539.1**	**(4)**
EBITA	**578.8**	**562.9**	**3**
Gross margin	18.2%	18.2%	
Operating expenses margin	14.7%	14.9%	
EBITA margin	3.5%	3.3%	

year-on-year growth



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

Revenue

2013 was a good year, and growth returned to our business. At Group level, organic revenue decline remained broadly stable in the first six months. But from Q2 2013, we witnessed a gradual recovery in revenue, and we saw growth returning as from September onward. On an organic basis, revenue declined by 1.5% over the year as a whole. Acquisitions and disposals (including the acquisition of activities from USG) added 1.0%. Currency effects had a negative impact of 2.4%. Overall for the year, reported revenue contracted by 3% to € 16,568.3 million.

Revenue from temporary billings decreased by 2% organically, while permanent placements were flat on an organic basis. On a reported basis, permanent placement fees were 5% lower than in 2012, which was caused by negative currency mix effects. In Asia, demand for permanent placements strengthened throughout the year. Growth in Latin America remained strong. In Europe and Australia, perm fees remained low, but we saw a gradual recovery in the second half of the year. In North America, perm fees grew by 6% organically, led by a strong performance in the Staffing business. Permanent placements made up 1.7% of revenue, the same as last year.

In a normal classic recovery pattern, growth in the industrial and logistics segments is overtaken by growth in the administrative segment, followed by growth in Professionals. Since the start of the year, we saw an increased demand in the industrial segment. It started in Southern Europe, and was followed by a more pronounced recovery elsewhere in Europe. In the US market, too, we saw stronger demand from the industrial segments from the summer onward. This trend clearly supported strong growth in Inhouse Services, which grew by 9% in 2013. Growth trends per region are shown in the table 'organic growth per working day'.

In North America, our focus has been on profitability. Despite a decline in revenue of 3%, gross profit grew by 1% organically. In Europe, macro-economic expectations turned positive towards the summer, which drove demand for our services. Most countries returned to growth over the summer, except for France, Belgium, and the Netherlands, which saw growth returning to the market in the course of the fourth quarter. In Japan, Asia and Latin America, we experienced

organic growth per working day

in %

	Q1	Q2	Q3	Q4	full year 2013
Geographic areas					
North America	(3)	(3)	(3)	(2)	(3)
France	(12)	(13)	(6)	(2)	(8)
Netherlands	(1)	(4)	(4)	0	(2)
Germany	(4)	0	4	9	2
Belgium & Luxembourg	(9)	(8)	(6)	1	(5)
United Kingdom	(1)	2	5	7	3
Iberia	(4)	(2)	1	4	2
Other European countries	5	7	9	14	8
Rest of the world	6	6	8	7	7
Revenue categories					
Staffing	(5)	(6)	(5)	(2)	(5)
Inhouse	3	4	13	15	9
Professionals	(4)	(4)	0	2	(2)
Group	**(4)**	**(4)**	**(1)**	**2**	**(1)**

good growth in 2013. The Australian market remained challenging, but we achieved good growth in the second half of the year. More detailed information on the performance by country is included in the 'country performance' section.

One of our strategic priorities is to ensure that we have the right delivery model in place for each client. We therefore continued to transfer business from Staffing to Inhouse, as this enables us to offer large clients a better quality of service with greater efficiency. In addition to gaining new contracts, we also successfully strengthened our relationships with existing clients, and we introduced new delivery models within Staffing. Revenue in Staffing showed a gradual recovery in the second half of the year, in line with the improving market conditions across Europe, and to a small extent, still impacted by the transfer of business from Staffing to Inhouse. Our Professionals businesses had a slow start to the year, but returned to growth in the second half. The recovery was led by good performance in the UK and Germany. In the second half of the year, other European countries and our IT professionals business in the US showed improved performance. Other services, such as Recruitment Process Outsourcing, Managed Services and Payroll Services, continued to benefit from good demand over the first nine months of the year, but growth slowed towards the end of the year. For reporting purposes, the financial results of HR Solutions are included in the revenue category Staffing. More detailed information is included in the 'performance by revenue category' section.

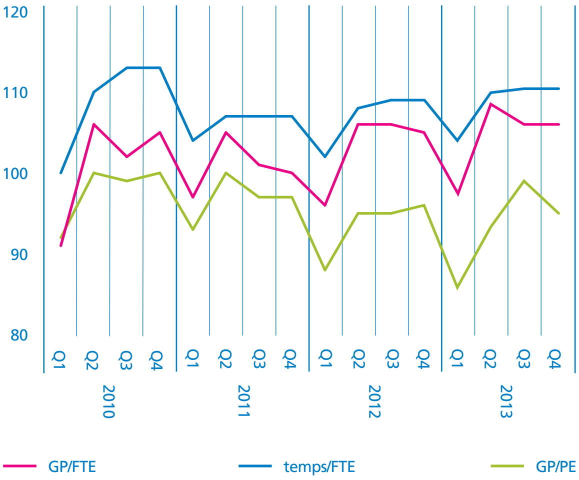
On average, we employed 567,700 candidates per day, and we made around 85,650 permanent placements in 2013.

Productivity

As explained in the sections 'value proposition & strategy' and 'how we measure performance', productivity improvements are key to achieving our profitability targets. We measure productivity in three ways: (1) gross profit per staff member (GP/FTE), (2) gross profit in relation to personnel expenses (GP/PE), and (3) number of temporary workers per staff member (temps/FTE). Productivity (GP/FTE) increased by 2% in 2013. We focused on achieving greater efficiencies across the organization, mainly achieved through better execution based on field steering and the implementation of the right delivery models for our clients.

productivity, indexed

100 = 2007



Operating expenses

A breakdown of operating expenses is shown in the table 'operating expenses'.

In 2013, underlying operating expenses amounted to € 2,432.8 million, down 2% organically. The acquisition of the activities from USG added € 23.8 million, while various divestments offset this effect by € 10.6 million. Negative currency effects lowered our cost base by € 67.0 million. We continued to focus on cost control. On an organic basis, we reduced costs by € 52.5 million, including synergies. We completed various restructuring programs, which were initiated and provided for in 2012. We also implemented a restructuring plan in Belgium and various smaller adjustments across our European businesses. Most of these programs were aimed at reducing overhead by reorganizing management, head office and back office functions. At the same time, we also continued to rationalize our branch network by combining smaller branches into larger branches (e.g., in France). For all these restructuring programs we aim at a payback period of twelve months, except for the programs in France and Belgium where it will be somewhat longer due to the specific social context. We concentrated on better execution of our field steering model, which is designed to ensure appropriate adjustments in the field organization. Typically, considerable cost savings are also realized through natural attrition of our staff. However, as growth returned in the second half of the year, we allowed for limited investments in headcount, and we initiated marketing investments of € 15-20 million to support growth. We maintained good cost control in other cost categories.

The graph 'change in operating expenses' shows the most important changes in our cost base in 2013.

Operating expenses were adjusted for integration costs of € 17.3 million related to the integration of SFN and USG, and an amount of € 30.2 million for restructuring costs and other one-offs, such as acquisition-related costs. In 2012, operating expenses were adjusted for integration costs of € 25.2 million and restructuring charges and other one-offs of € 79.4 million.

Personnel expenses decreased by 3%, or 1% organically. The total number of FTEs decreased by 4%. We continued to invest in areas where growth continued (such as Asia and Brazil), whereas in Europe the number of FTEs decreased in line with the declining trend in revenue and gross profit, natural attrition of our staff and the restructuring programs. As a result of the acquisition of activities from USG, we added more than 700 FTEs. Personnel expenses per FTE remained stable compared to 2012, which reflects our focus on cost control. An overview of corporate staff by region is given in the section 'value for our employees'. Further details on personnel expenses can be found in note 9 and note 27 to the financial statements.

Marketing costs were 0.6% of revenue (2012: 0.7%). Marketing costs decreased in the first half of the year, in line with our focus on costs. In the second half of the year, we initiated additional marketing investments in larger markets of around € 15-20 million. These investments will continue in 2014, as they support the effectiveness of our sales efforts and our brand awareness. Further information about our marketing strategy is included in the section 'value for our clients and candidates'.

Accommodation costs fell by 10%. We continued to combine offices into larger branches, without leaving markets. In the Netherlands, France, Belgium and the UK, for example, we merged individual offices in larger cities into a single Randstad location. Various smaller divestments in the UK and the Netherlands also reduced the number of branches. As a result of the acquistion of USG, we added around 240 branches. As we continued to see strong demand for Inhouse Services, we opened 121 Inhouse locations in 2013, most notably in the Netherlands, France, Iberia and North America. At the end of 2013, we were operating a network of 3,161 branches and 1,426 Inhouse locations. An overview showing branches and Inhouse locations by region can be found in the section 'performance by country'.

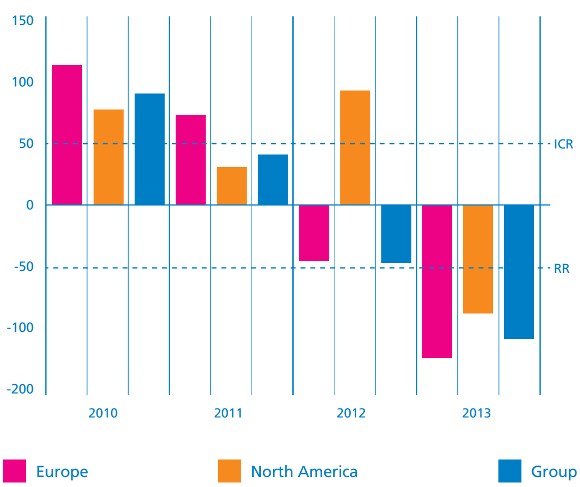
Other operating expenses – mainly IT and general costs – decreased by 6%. IT costs contract and expand with our capacity. General costs, which mainly consist of postage, office supplies, and consultancy costs, decreased in line with our focus on cost control.

Depreciation and amortization charges were lower than in 2012. Investments in branches and IT have been relatively low over the past few years. We depreciate assets over 3 to 5 years (on average).

EBITA

Underlying EBITA increased to € 578.8 million, with the EBITA margin improving to 3.5%, compared to 3.3% in 2012. Currency effects reduced EBITA by € 11 million.

conversion ratios



operating expenses

in millions of €, unless otherwise indicated

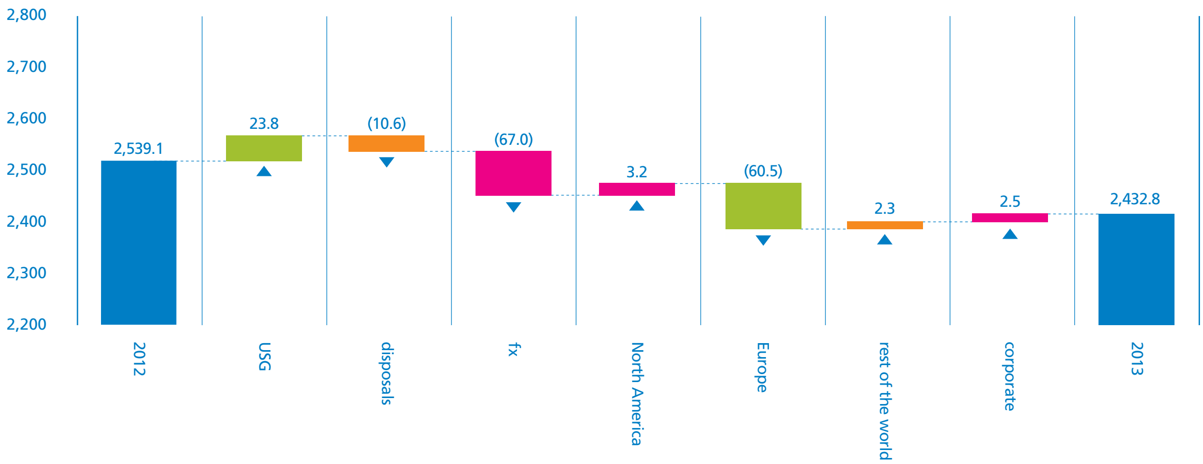
	2013	2012
Personnel expenses	1,797.2	1,848.5
Advertising and marketing	105.4	112.8
Accommodation costs	185.8	205.4
Other operating expenses	276.9	293.9
Depreciation, amortization and impairment charges PPE and software	67.5	78.5
Operating expenses, underlying	**2,432.8**	**2,539.1**
Average number of corporate staff	28,030	29,320
Number of branches, year-end	3,161	3,191
Number of inhouse locations, year-end	1,426	1,305

As explained in the section 'how we measure performance', we measure the conversion of gross profit into EBITA. If we grow, our target is to convert at least 50% of incremental gross profit into EBITA (incremental conversion ratio). If our gross profit declines, our target is to achieve cost savings of at least 50% of lost gross profit (recovery ratio).

In an increasing number of countries we returned to growth, while others, such as North America and France, continued to face a limited decline. Due to our strong focus on cost reduction and client profitability, we have been able to improve our profitability. The graph 'conversion ratios' shows the effectiveness of our targeted conversion for Europe and North America. For the Group as a whole, the recovery ratio in 2013 was 118%.

change in operating expenses

in millions of €



EBITA

in millions of €

	2013	2012	Δ%
EBITA, underlying	**578.8**	**562.9**	**3**
Integration costs	17.3	25.2	
One-offs	31.8	74.1	
EBITA, reported	**529.7**	**463.6**	**14**
Amortization of intangible assets	155.9	196.2	
Impairment of goodwill, and badwill	7.5	139.8	
Operating profit	**366.3**	**127.6**	**187**
Net finance costs	(23.0)	(17.9)	
Share in profit of associates	0.3	0.1	
Income before taxes	**343.6**	**109.8**	
Taxes on income	(112.9)	(73.1)	
Net income	**230.7**	**36.7**	**529**

Amortization of intangible assets, impairment of goodwill, and badwill

Intangible assets are capitalized in the balance sheet upon acquisition of companies and reflect the value that is allocated to assets, such as brand names, customer relationships, and candidate databases. These intangible assets are amortized over a period of one to eight years. During the year, the amortization charge decreased due to currency mix effects, and as some of the brand names, mainly related to the acquisition of SFN Group, were amortized over ten months. For more information, see note 15 to the financial statements.

Goodwill paid in acquisitions is allocated to segments based on our management structure. In our case, these segments are geographical areas. In Australia, profitability has not recovered in line with expectations. As a result, goodwill had to be impaired for an amount of € 36.6 million (non-cash item). Last year, goodwill in the UK and Iberia was impaired for an amount of € 139.8 million. For more information, see note 4.1 to the financial statements.

We have prepared a preliminary purchase price allocation following the acquisition of USG activities. This has resulted in an amount of badwill ('negative goodwill') of € 29.1 million (non-cash item) as the fair value of the acquired net assets exceeded the purchase price. For more information, see note 6.1 to the financial statements.

Operating profit

Operating profit is EBITA including the non-cash amortization and impairment charges on acquisition-related intangible assets and goodwill. As a result of the change in the aforementioned charges, operating profit increased by 187% compared to 2012.

Net finance costs

For the full year, net finance costs amounted to € 23.0 million, compared to € 17.9 million in 2012. Net finance costs include net interest expenses on our net debt position, as well as foreign currency effects and adjustments in the valuation of certain assets and liabilities. Interest expenses on our net debt position amounted to € 20.1 million (2012: € 23.5 million). Interest expenses decreased, following the strong cash flow generation during the year and low interest rates. We have a policy of using floating rates as a natural hedge against the development in operational results, which continued to pay off significantly. Foreign currency effects had a positive effect of € 2.1 million (2012: € 4.3 million). The revaluation of liabilities related to arrangements with owners of acquired companies resulted in a loss of € 0.2 million (2012: € 7.3 million, gain). The remaining negative effect of € 4.8 million (2012: € 6.0 million) was mainly caused by adjustments in the valuation of certain assets and liabilities. Further details of net finance costs are included in note 10 to the financial statements.

Taxes on income

The effective tax rate before amortization and impairment of acquisition-related intangible assets and goodwill, and badwill, integration costs and one-offs amounted to 31.7% in 2013 (2012: 31.6%). More information on effective tax rate is given in note 4.3 to the financial statements.

Net income, earnings per share and dividend

Adjusted net income for holders of ordinary shares amounted to € 367.6 million, just above the level in 2012.

net income, earnings per share and dividend

in millions of €, unless otherwise indicated

	2013	2012
Net income	**230.7**	**36.7**
Net income for non-controlling interests	0.0	0.0
Net income for holders of preference shares	12.1	6.8
Net income for holders of ordinary shares	**218.6**	**29.9**
Amortization of intangible assets [1]	163.4	336.0
Integration costs	17.3	25.2
One-offs	31.8	74.1
Tax effect on amortization, integration costs and one-offs	(63.5)	(99.3)
Net income for holders of ordinary shares, adjusted	**367.6**	**365.9**
Basic EPS (€)	1.25	0.17
Underlying basic EPS (€)	2.09	2.13
Underlying diluted EPS (€)	2.07	2.11
Proposed dividend (€)	0.95	1.25
Payout ratio (% of underlying basic EPS)	45	59

1 Amortization of intangible assets, impairment of goodwill, and badwill.

Diluted EPS decreased by 2% to € 2.07 (2012: € 2.11). The number of outstanding ordinary shares increased by around 3%, due to stock dividend and the exercise of stock options.

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

invested capital

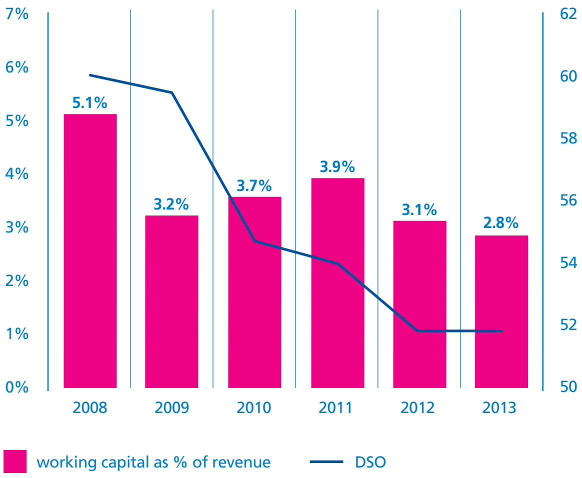
Our invested capital amounted to € 3.7 billion. The primary components of our invested capital, as shown in the overview below, are goodwill and intangible assets stemming from acquisitions, working capital and net tax assets.

Return on invested capital further improved and is now 12.6%. We continued to focus on improving our profitability. Efficient use of working capital and solid free cash flow generation supported a further reduction of invested capital.

Goodwill and intangible assets

Intangible assets include goodwill on acquisitions (87%), customer relationships, brand names, candidate databases (12%), and software related to the front and back-office

working capital management



systems (1%). Customer relationships, brand names and candidate databases are amortized over one to eight years on average, leading to a non-cash amortization charge of € 155.9 million (2012: € 196.2 million).

Goodwill decreased by € 96.7 million, mainly due to the impairment of goodwill (€ 36.6 million) and currency effects. Further information is included in notes 4.1, 6, 14 and 15 to the financial statements.

intangible assets

in millions of €

	2013	2012
Goodwill	2,310.4	2,407.1
Acquisition-related intangible assets	321.0	495.7
Software	33.2	39.7
	2,664.6	**2,942.5**

Operating working capital

During the year, we continued our focus on working capital management, paying special attention to the collection of trade receivables and the reduction of overdues. Operating working capital decreased by 13% to € 456.6 million. As growth returned towards the end of the year, trade receivables grew accordingly. As a percentage of revenue, working capital declined from 3.1% to 2.8%, a record low level. Within working capital, the component we most need to be able to influence is trade receivables. Our DSO was 51.8 days, in line with 2012. We aim to realize further improvements, by focusing on the aging of trade receivables, including payment terms and overdues. The graph 'working capital management' shows the development of working capital and DSO over the past few years. In 2010 and 2011,

invested capital

in millions of €, unless otherwise indicated

	2013	2012
Goodwill and intangible assets	2,664.6	2,942.5
Operating working capital [1]	456.6	527.6
Net tax assets [2]	497.1	339.8
Other assets/(liabilities) [3]	50.5	10.8
Invested capital	**3,668.8**	**3,820.7**
Financed by		
Equity	2,907.8	2,725.0
Net debt	761.0	1,095.7
Invested capital	**3,668.8**	**3,820.7**
Ratios		
DSO (Days Sales Outstanding)	51.8	51.8
Working capital as % of revenue	2.8%	3.1%
Leverage ratio (net debt/EBITDA)	1.2	1.7
Return on invested capital [4]	12.6%	11.1%

1 Operating working capital: trade and other receivables minus the current part of financial fixed assets, minus trade and other payables.
2 Net tax assets: deferred income tax assets and income tax receivables less deferred income tax liabilities and income tax liabilities.
3 Other assets/liabilities: property, plant and equipment plus financial assets and associates, less provisions and employee benefit obligations and other liabilities.
4 Return on invested capital: underlying EBITA less income tax paid as a percentage of invested capital. Income taxes paid in 2013 are adjusted for a payment of € 131 million to the Dutch tax authority.

working capital as % of revenue, was impacted by the timing of the acquisition of FujiStaff (2010) and SFN Group (2011).

operating working capital

in millions of €, unless otherwise indicated

	2013	2012
Trade and other receivables	2,930.5	2,870.6
Trade and other payables	2,473.9	2,343.0
Operating working capital [1]	**456.6**	**527.6**
As % of revenue	2.8%	3.1%
Days Sales Outstanding (moving average)	51.8	51.8

1 Operating working capital: trade and other receivables (excluding current part of held-to-maturity investments) minus trade and other payables.

Our exposure to bad debt remained limited and only 0.08% of revenue (2012: 0.04%) was written off, as these receivables were considered to be uncollectible. Our trade receivables portfolio is very diversified geographically, in terms of both segmentation and client base, which mitigates credit risk. Current liabilities mainly comprise liabilities such as wage tax, social security charges and pensions, for which payment terms are determined by law and therefore difficult to change.

Net tax assets

Net tax assets, as shown below, mainly comprise deferred income tax assets. The increase in net tax assets compared to last year, is mainly caused by the settlement of a liability of € 131 million with the Dutch tax authority. This liability originated from an agreement in 2008, relating to the decrease in valuation of certain non-Dutch subsidiaries.

net tax assets

in millions of €

	2013	2012
Deferred income tax assets	521.9	504.7
Income tax receivables	65.2	49.9
Less: Deferred income tax liabilities	36.6	44.3
Less: Income tax liabilities	53.4	170.5
	497.1	**339.8**

Deferred income tax assets

Tax assets related to tax loss carry-forward originate from subsidiaries that generated tax losses in current and previous years, which can be used to offset profits in future years. These tax assets are only recognized to the extent that it is considered probable that future taxable profits will be available, against which these losses can be utilized. Temporary differences occur when there is a difference between the valuation of assets according to the financial statements and their valuation for tax purposes. An amount previously recognized as temporary differences is now included as tax loss carry-forward. For more information, see note 4.3 to the financial statements.

deferred income tax assets

in millions of €

	2013	2012
Tax loss carry-forward	537.9	438.7
Temporary differences	281.6	334.8
Netted with deferred tax liabilities	(297.6)	(268.8)
	521.9	**504.7**

Deferred income tax liabilities

Temporary differences occur when there is a difference between the valuation of liabilities according to the financial statements and their valuation for tax purposes. Some of these liabilities stem from the valuation of acquisition-related intangible assets; for example, the acquisition of SFN. In line with the annual amortization charge, the tax liability decreased accordingly. For more information, see note 4.3 to the financial statements.

deferred income tax liabilities

in millions of €

	2013	2012
Recapture obligations and other	-	3.4
Temporary differences	334.2	309.7
Netted with deferred tax assets	(297.6)	(268.8)
	36.6	**44.3**

Other assets and liabilities

For the purpose of analyzing our invested capital, we have grouped various other assets and liabilities. Each of the items is elaborated on in the following sections.

other assets and liabilities

in millions of €

	2013	2012
Property, plant and equipment	131.4	155.3
Financial assets and associates	158.1	82.6
Less: Other liabilities	239.0	227.1
	50.5	**10.8**

Property, plant and equipment

Property, plant and equipment includes furniture and refurbishments of our offices (52%), IT equipment (27%), and property (21%). The book value of furniture, refurbishments and IT equipment decreased from € 115.6 million to € 103.5 million. As we closed a significant number of branches, depreciation charges exceeded the investments. Towards the end of the year, investments increased due to office refurbishments in the US. The book value of property decreased mainly as a result of several divestments. Apart from this effect, property mainly related to our corporate head office and real estate in the US and Japan. It is our policy not to own real estate on a large scale. For more information, see note 13 to the financial statements.

property, plant and equipment

in millions of €

	2013	2012
Furniture and refurbishments	68.7	78.7
IT equipment	34.8	36.9
Property	27.9	39.7
	131.4	**155.3**

Financial assets and associates

Held-to-maturity investments amounted to € 84.2 million, and mainly include loans that are granted interest-free to the French government in relation to the payment of social security charges. These loans have a repayment term of 20 years, the average remaining term being 12 years. The loans are accounted for at fair value. The amount of loans outstanding was broadly in line with last year.

The CICE receivable arises from tax credits under the new French Competitive Employment Act. These tax credits can be offset against the income tax liability with respect to the calendar year to which the wages, based on which the tax credit is calculated, relate. Any excess credit can be carried forward and offset against the tax liability during the next three years. Any excess after three years will be refunded. More information on this new legislation is included in the section 'performance'.

financial assets and associates

in millions of €

	2013	2012
Held-to-maturity investments	84.2	78.0
CICE receivable	72.6	-
Associates	1.3	1.0
	158.1	**79.0**

Associates are companies in which Randstad Holding nv has significant influence, but no control over the financial and operational policies. In general, Randstad's shareholding in these companies lies between 20% and 50% of the voting rights.

For more information, see notes 16 and 17 to the financial statements.

Other liabilities

Employee benefit obligations relate to defined benefit pension plans and other employee benefits, such as sickness-related benefit schemes, in a limited number of countries. As a policy, the vast majority of our employees have a defined contribution pension plan for which liabilities are included in working capital. Our employee benefit obligations are detailed in notes 4.2.2 and 26 to the financial statements.

other current and non-current liabilities

in millions of €

	2013	2012
Employee benefit obligations	81.1	24.1
Provisions for restructuring	16.7	69.1
Provisions for workers' compensation	45.6	60.3
Other provisions	74.2	50.8
Other liabilities	21.4	22.8
	239.0	**227.1**

Provisions include the cost of restructuring programs, workers' compensation schemes (most of which are in North America) and other provisions. Restructuring provisions are less because we completed a number of restructuring programs, predominantly across Europe. Other provisions mainly consist of provisions for claims by third parties. They increased during the year, mainly as a result of contingent liabilities, which were identified as part of the acquistion of activities from USG. Provisions for workers' compensation decreased as we achieved efficiency improvements in managing claims for workers' compensation. An overview of the movement in provisions is included in note 4.2.1 to the financial statements.

Other liabilities include those related to put options from minority shareholders as well as deferred payments from acquisitions. These liabilities decreased as a result of our strategy to gain full ownership of our subsidiaries. For more information, see note 21 to the financial statements.

Equity

Shareholders' equity increased in line with the profit generation during the year and the issue of preference shares, which were only partly offset by the payment of cash dividend. For more information on our capital structure, see the section 'investor relations' and note 20 to the financial statements. A movement schedule of equity is included in the financial statements.

Net debt

Our net debt position decreased to € 761.0 million, mainly as a result of a solid free cash flow of € 292.9 million.

net debt

in millions of €, unless otherwise indicated

	2013	2012
Cash and cash equivalents	136.1	191.5
Less: Non-current borrowings [1]	743.4	1,204.7
Less: Current borrowings	153.7	82.5
Net debt	**761.0**	**1,095.7**
Leverage ratio	1.2	1.7

1 In 2012 classified under current liabilities as short-term part of non-current borrowings.

We used our free cash flow to finance the acquisition of activities from USG and some minority shareholdings, as well as dividend on ordinary shares. As a result, the leverage ratio (net debt divided by 12-month EBITDA) was 1.2 at year-end and remained well within our targeted range of between 0 and 2. The section 'how we measure performance' contains an overview of the development of net debt and the leverage ratio.

As of December 31, 2013, Randstad has a revolving multicurrency credit facility of € 1,420 million, the majority of which will mature in 2018. In addition, we have a Japanese syndicated credit facility with a group of Japanese banks. The facility amounts to 8 billion Japanese yen, or approximately € 55 million, and will mature in 2015. Finally, we have bilateral credit lines of € 175 million, which mature in December 2014. The loan documentation of all credit facilities allows a leverage ratio of 3.5 times EBITDA, although we aim for a leverage ratio of between 0 and 2, which provides us with a solid buffer in challenging times. Our financial flexibility therefore remains high. More information on our capital structure can be found in the section 'investor relations'.

cash flow analysis

Free cash flow

We continued to focus strongly on cash flow generation. Free cash flow amounted to € 292.9 million. A significant part of the reduction compared to 2012 is related to the payment of an income tax liability of € 131 million to the Dutch tax authority. Adjusted for this payment, free cash flow would have been € 423.9 million compared to € 466.5 million in 2012. The decrease is mainly due to payments under the various restructuring programs of around € 78 million, which we implemented in late 2012.

consolidated cash flow statement

in millions of €

	2013	2012
EBITA, reported	**529.7**	**463.6**
Depreciation, amortization and impairment of property, plant and equipment and software [1]	68.2	84.1
EBITDA	**597.9**	**547.7**
Working capital	77.6	84.2
Provisions and other items	(88.8)	36.7
Income taxes paid	(246.0)	(140.0)
Net cash flow from operating activities	**340.7**	**528.6**
Net capital expenditures	(44.5)	(61.0)
Financial receivables	(3.3)	(1.1)
Free cash flow	**292.9**	**466.5**
Net acquisitions and disposals [2]	(10.8)	(30.7)
Issue of ordinary shares	7.1	0.9
Issue of preference shares C	137.9	-
Purchase of ordinary shares	(9.4)	-
Dividend paid on ordinary shares	(83.8)	(215.1)
Dividend paid on preference shares	(6.8)	(7.1)
Dividend paid to non-controlling interests	(0.1)	-
Net finance costs paid	(19.0)	(22.9)
Translation and other effects	26.7	15.3
Net decrease of net debt	**334.7**	**206.9**

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

We paid a lot of a attention to working capital. As revenue was lower than 2012, relatively little working capital was required. The Days Sales Outstanding (DSO) was stable at 51.8 days. We aim at making further improvements in managing working capital, mainly by focusing on aging of trade receivables.

Income taxes paid amounted to € 246.0 million, or € 115 million when adjusted for the payment of a liability to the Dutch tax authority, which stems from an agreement in 2008. As a result, income taxes paid amounted to 21% (2012: 26%) of income before tax and amortization of intangible assets, impairment of goodwill, badwill, integration costs and one-offs. The decrease compared to 2012 was due to timing differences in making certain payments and the fact that we were able to offset profits against tax losses in preceding years (e.g., in the US).

Net capital expenditures decreased to € 44.5 million, which was mainly due to the closure of a large number of offices over the last few years. By the end of the year, capital expenditures increased somewhat, which was due to the opening of a new headoffice in the US.

Other cash flow items

Besides the acquisition of certain activities from USG in Europe and several minority shareholdings in subsidiaries, we also announced several small divestments in the Netherlands, Belgium, the UK, and Mozambique as part of our drive to streamline our portfolio. All acquisitions and divestments were settled in cash. For more information, see note 6 to the financial statements.

We paid a dividend of € 1.25 per ordinary share, in line with our dividend policy. Dividend was paid in cash, but shareholders were able to choose stock dividend if they wished. As a result, around 61% of the shareholders chose to receive a stock dividend. This explains the decrease in the amount which was paid as dividend on ordinary shares. The dividend on preference shares was € 6.8 million. The reduction was due to reset in the dividend yield on preference shares B in November 2012.

In February 2013, we repurchased shares to offset the dilutive effect from the issuance of ordinary shares under the performance share plans of senior management.

Net finance costs decreased in line with the reduction of our net debt position.

As a significant part of our net debt position is denominated in US dollars and Japanese yen, the change in the value of these currencies had an impact on our net debt position.

country performance

introduction

Randstad operates in 39 countries, which together represent around 90% of the global HR services market. In this section, we provide an overview of our underlying performance in these countries in 2013.

North America

in millions of €	2013	2012	organic Δ%
Revenue	3,686.9	3,946.5	(3)
EBITA	166.9	170.8	1
EBITA margin	4.5%	4.3%	

Randstad is the No. 3 HR Services provider in North America and is market leader in Canada. We hold market-leading positions in IT, accounting and finance, office/clerical, RPO and MSP. Across the region, we provide a full range of services. Overall, revenue contracted by 3% organically. However, on a reported basis, revenue from North America contracted by 7%, mainly due to negative currency mix effects.

Our US Staffing and Inhouse businesses continued their focus on revenue quality and profitability. Growth in gross profit per working day was 4%, significantly outpacing the 3% decline in revenue, as lower-margin and higher-risk clients were gradually replaced and our experience and management with regard to workers' compensation claims improved markedly. Our direct hire business continued to outperform the market, growing by 23%, due to the success of our units focused on the SME market. The rising demand for skilled and supervisory blue-collar talent has resulted in a steady increase in permanent placements and temporary-to-permanent conversion fees in this skill category. Our Inhouse business experienced strong growth due to a combination of new client wins, and the continued success of our Randstad Corporate Services offering, our Inhouse solution for professional and white-collar skill categories. 2013 was also another record year in terms of profitability for our Staffing and Inhouse divisions.

Revenue in our US Professionals businesses contracted by 4% per working day, but improved gradually through the year. The operational integration of our Finance & Accounting, Technologies and Engineering businesses were all completed, and the upgrade and integration of back-office systems proceeded on schedule. The growth of our Randstad Technologies business, which represents approximately 65% of our Professionals' revenue, was negatively affected by an underinvestment in headcount in the first half of the year. Renewed focus on and investment in the recruitment and onboarding of new field employees in the latter part of the year resulted in revenue returning to growth towards the end of the year. Our Finance & Accounting business, which represents approximately 25% of Professionals' revenue, had a disappointing year. Revenue was 6% below last year, due in large part to weaker demand from our large banking clients. Randstad Pharma delivered another year of solid profitability and positive revenue growth.

2013 was an important year in the evolution of the Randstad Sourceright RPO business. Building on a highly scalable service delivery model, Randstad Sourceright achieved several significant wins. These included 16 new business deals as well as an expansion of current client relationships and renewals for strategic RPO accounts. Through our Centers of Expertise, we are establishing visibility as a thought leader in key areas of RPO, from recruiting innovation to social media strategies, employer branding, sourcing, regulatory compliance, diversity, and technology. Randstad Sourceright once again achieved significant industry recognition in 2013, including a top-provider ranking on the RPO Baker's Dozen by *HRO Today* magazine, as well as an RPO Relationship of the Year Award from the Human Resources Outsourcing Association, and Star Performer and Industry Leader recognition by the Everest Group. Moving forward, Randstad Sourceright will continue

development in the main geographic markets

in millions of €, unless otherwise indicated

	revenue		organic	market		average staffing employees		average corporate staff	
	2013	2012	growth %	growth %	Δ%	2013	2012	2013	2012
North America	3,686.9	3,946.5	(3)	4	(7)	101,800	105,900	6,240	6,370
France	2,835.7	3,098.6	(8)	(6)	(2)	75,100	83,400	3,590	3,880
Netherlands	2,739.4	2,824.9	(2)	(1)	(1)	80,800	85,400	4,310	4,730
Germany	1,875.5	1,842.6	2	1	1	47,900	50,600	2,530	2,770
Belgium & Luxembourg	1,238.7	1,317.8	(5)	(4)	(1)	39,700	42,300	1,820	2,020
United Kingdom	769.6	798.7	3	2	1	18,700	20,400	1,520	1,750
Iberia	896.9	781.7	2	2	0	48,800	45,000	1,390	1,350
Other European countries	1,090.7	897.6	8	n.a.	n.a.	43,800	36,300	2,000	1,780
Rest of the world	1,434.9	1,578.4	7	n.a.	n.a.	111,100	112,400	4,450	4,480
Corporate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	180	190
	16,568.3	**17,086.8**	**(1)**			**567,700**	**581,700**	**28,030**	**29,320**

to focus on solutions that stay ahead of the complex talent acquisition needs of today's sophisticated RPO buyer. In doing so, we will build on our commitment to service excellence, innovation, global capability and domain expertise to drive our continued leadership in the industry.

Randstad Sourceright's MSP division again outpaced the market, demonstrating more than 20% growth in spend under management. Increased demand for blended solutions drove infrastructure and account management improvements. We answered buyers' shifting demands by prioritizing worker quality, compliance and speed over talent acquisition. Both new and existing clients continued to address their need for both categorical and geographical expansion. In the US, more than half our clients included statements of work in Randstad Sourceright's MSP programs. A third have either expanded beyond the US or have plans to do so in the coming year.

We announced several changes to our US leadership structure, aimed at enhancing the company's cross-selling opportunities within our vertical sectors and aligning the leadership team in the same manner as we go to market.

Our Canadian business grew revenue per working day by 1% compared to 2012, with growth in general Staffing (4%) outpacing that in Professionals, which was just below prior year. Profitability continued to improve, despite incremental investments in field headcount in the latter part of the year.

Overall, profitability in North America reached a record level thanks to solid gross margin enhancements, strong operating leverage, and the realization of targeted synergies. As a result, the EBITA margin increased to 4.5%, compared to 4.3% in 2012.

France

in millions of €	2013	2012	organic Δ%
Revenue	2,835.7	3,098.6	(8)
EBITA	105.1	83.2	26
EBITA margin	3.7%	2.7%	

Randstad is the third-largest HR services provider in France, with leading positions in Inhouse Services, healthcare and permanent placements. We provide a full range of services in France, and our market share is around 17%.

The French business contracted by 8% in 2013. The macro-economic uncertainty across Europe continued to affect the French HR services market, most notably in the first half of the year, although it improved in the second half. Revenue in the fourth quarter was only 2% behind Q4 2012. The recovery was led by higher demand in the industrial and automotive segments. The aerospace and food segments were strong for much of the year, while the logistics and construction segments remained somewhat behind. These trends offer us significant opportunities for quickly responding to market needs with flexible and innovative solutions, such as career development programs, assessment, recruitment and HR outsourcing solutions. We are also seeing an increased demand for managed services. To support future growth and strengthen our brand, marketing investments were increased in the second half of the year.

Revenue of our combined Staffing and Inhouse businesses contracted by 8%. Inhouse Services remained a key driver for our success in France, growing by 14%. By year-end, we were operating 141 (2012: 127) Inhouse locations. We continued to focus on expanding our services to large clients, while adding various new clients. The growth of Inhouse Services, partly a result of transferring business from Staffing to Inhouse, allowed branches to focus on specialties and the SME segment.

Our Professionals businesses, which focus on healthcare, IT, finance and engineering, had a challenging year. Finance had a strong finish to the year, while IT also experienced greater demand towards the end of the year. Healthcare, however, was under pressure, due to lower demand from hospitals. Over the year as a whole, revenue in Professionals contracted by 13%.

In late 2012, the French parliament adopted the Tax Credit and Competitive Employment ('CICE') Act, which took effect as of January 1, 2013. This tax credit is based on a percentage of total salaries up to 2.5x the minimum wage (i.e., 4% in 2013 and 6% in 2014). Tax credits made available, however, must be allocated to boost investment, training, innovation, business development, and other initiatives to advance the development of employees. Based on this new law and our tax structure, we anticipate receiving the tax credits after three years. In 2013, the French gross margin increased by more than 200 bps as a result of this new law.

We focused on improving our profitability through a number of initiatives. To enhance client profitability, we terminated a number of contracts, and we were selective in accepting new contracts. Besides benefiting from effects of applying our field steering model, we also reviewed the cost structure of the whole organization. Compared to 2012, the overall number of FTEs declined by 7%, which was mainly the result of natural attrition in our staff, but also due to a restructuring process that was completed in Q3 2013. It took us more than nine months to conclude discussions with the social partners in France before we were able to implement the restructuring program.

Since July 1, 2013, the organization has been focusing on five regions, each integrating the existing industry segments. In several large cities, branches will be combined to form a single multispecialist branch, enabling synergies, greater commercial opportunities and cross-selling, as well as clarifying the scope of our activities. Overall, we aim to combine 275 branches into 61 larger offices. So far, we have merged 105 smaller branches into 36 larger offices. We expect to complete this program in Q2 2014. By year-end, around 110 people had left the organization. As the overall severance costs were lower than expected, the restructuring provision, initially € 28 million (Q4 2012), was reduced by € 7.7 million. We expect the overall restructuring process to result in annual savings of around € 10 million.

In 2013, we announced that the French competition authority had started an investigation into Randstad France and a number of its competitors in France. Furthermore, we have received a number of claims from clients regarding subsidies from prior years. More information on these cases is included in the section 'risk & opportunity management'.

The French EBITA margin improved to 3.7%, compared to 2.7% in 2012. Operating expenses were adjusted for a release of the restructuring provision of € 7.7 million. Last year, gross profit was adjusted for social security benefits of € 6.9 million, and operating expenses were adjusted for € 28.2 million of restructuring costs.

Netherlands

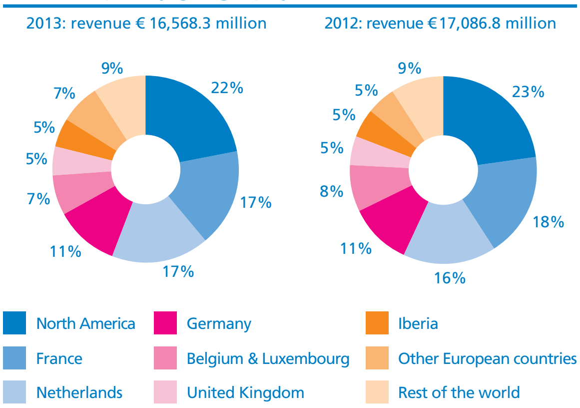
in millions of €	2013	2012	organic Δ%
Revenue	2,739.4	2,824.9	(2)
EBITA	159.2	154.6	3
EBITA margin	5.8%	5.5%	

Randstad is the clear market leader in the Netherlands, where we provide clients with a full range of service concepts through Randstad, Tempo-Team and Yacht. The traditionally late-cyclical Dutch HR services market contracted in 2013, but at a low single-digit rate. In the second half of the year, the Dutch market returned to growth, fueled by better demand in the industrial and administrative segment. The Dutch Professionals market remained challenging, especially in the public sector. Here, again, the market improved towards the end of the year.

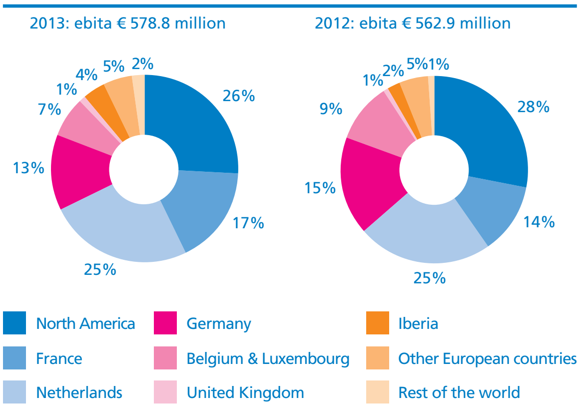
Randstad Netherlands had another good year, with good performance in the administrative and technical segments, Professionals, Payrolling and Outplacement. Overall revenue grew by 1%. Gross margin pressure remained quite strong. This resulted in a continuous focus on productivity, based on field steering concepts, further optimization of current delivery models, the implementation of new delivery models and Inhouse Services. The main focus was on increasing productivity and improving client satisfaction. We reinforced our focus on the SME market by investing in our market units as well as in developing an online, self-service payroll tool. Increased levels of digitization and new delivery models are key drivers of our innovation strategy and our aim for operational excellence. Online transparency towards clients and candidates is facilitated by personal portals with transactional aspects such as online application, e-invoicing and e-timesheeting. The mobility of consultants and the quality of their communications is increasing with the introduction of cloud-based services in office automation, such as Google cloud services and mobile devices. New delivery models are being implemented to provide greater consistency in service levels for meeting customer demands and compliance rules. Besides greater customer satisfaction, the delivery models also reduce the costs we incur in providing our service to our clients. Social innovations were realized by the youth unemployment project, in which Randstad partnered with the Dutch government to reduce youth employment in the 18-27 age category. We committed ourselves to finding a solution (i.e., a paid job) for 10,000 young job seekers during a five-week period. The program received extensive local and national media coverage and has significantly contributed to enhancing our reputation as an opinion leader. More information can be found in section 'value for society'.

Tempo-Team maintained its strong No. 2 position in the Dutch market. Market share was somewhat under pressure as a result of stronger focus on client profitability and the absence of non-recurring projects in hospitality and logistics, which had supported our performance in 2012. As a result, overall revenue contracted by 6%. Thorough implementation of internally developed IT tools helped to drive digitization of

revenue split by geography



ebita split by geography



the core processes in Staffing and Inhouse Services to more than 80%. In the course of 2013, the management structure was simplified, enabling faster execution. Significant progress was made in developing new more efficient delivery models and servicing each client segment with its own model. Backed by a sharpened value proposition, the Professionals business returned to growth towards the end of the year. A similar trend was visible at payrolling and in perm fees. As a result of these and other initiatives, gross margin pressure was offset. Resilience was maintained as the key theme in advertising, while in the second half of the year more emphasis was placed on the white-collar and the professionals segments, in order to strengthen the Tempo-Team position in these verticals.

Yacht, which operates in the professionals and interim management segment, had another challenging year. Revenue declined by 9%, broadly in line with the market. Yacht returned to growth in December. Demand for IT and Technology remained strong, but this was more than offset by continued weak demand in healthcare and the public sector. Yacht External Management, which was launched in 2012 to address the growing supply of and demand for freelancers, had a successful year and grew by over 50%. Our international recruitment center for the High Tech sector in the southern part of the Netherlands, which started in July 2012, had more than 150 new hires. More than 50% of these were of non-Dutch nationality, and in total they represented 41 different nationalities. We continued to focus on improving the commercial skills and efficiency of the organization (e.g., by making better use of our field steering model). We reduced management, and sales, recruitment and operational management were combined in a 360-degree role. This has resulted in better utilization and idle-time management, and therefore a better gross margin. Nevertheless, our billing rates and the number of hours per week remained under pressure. Our marketing and sales campaigns were built around 'agility' and further supported the Yacht brand in the Dutch market. We also reduced costs, further improving Yacht's profitability.

The Dutch EBITA margin reached 5.8%, compared to 5.5% in 2012. Underlying EBITA was adjusted for € 6.5 million, of which € 1.2 million in gross profit. The adjustment in operating expenses of € 5.3 million, relates to restructuring costs of € 4.2 million, and € 1.1 million relates to costs associated with the divestment of a small business. Last year, underlying EBITA was adjusted for restructuring costs of € 32.1 million, of which € 1.6 million in gross profit. Social security premiums will increase further in 2014. These will be partly offset by a refund of 2013 premiums of EUR 11.7 million, as announced by the Dutch Authorities in December 2013, and received early 2014.

Germany

in millions of €	2013	2012	organic Δ%
Revenue	1,875.5	1,842.6	2
EBITA	81.1	93.2	(13)
EBITA margin	4.3%	5.1%	

Randstad is the market leader in Germany. In Staffing and Inhouse Services we operate as Randstad and Tempo-Team. Randstad Professionals and GULP are active in the Professionals segment.

In November 2012, the German staffing industry saw the implementation of equal pay in several sectors of the market, including the metal and chemical sectors. This agreement comes on top of the existing collective labor agreement (CLA). Temporary workers who continue to work for the same client over a period of at least nine months will be entitled to a salary comparable to that of colleagues who are employed by our clients. The implementation of the new system was according to expectations, and it did not result in significant changes in orders from clients. There was no major impact on our volumes, but we did notice a significant impact on the gross margin of our Staffing and Inhouse business. The CLA was renewed in November 2013. This resulted in a wage increase as of January 2014, as well as a new method of calculating holiday pay and sickness pay.

Our revenue grew 2%, which was supported by a positive price effect of 7%, due to the implementation of equal pay. Despite this big change in the market, we were able to maintain our market share and strengthen our position as market leader in Germany. The Professionals market continued to grow, partly fueled by some scarcity in more highly educated profiles.

Our combined Staffing and Inhouse businesses grew by 2%. Randstad Inhouse Services, however, had another good year. This was partly due to the transfer of business from Staffing, but we also welcomed several new clients. Inhouse revenue grew by 22% and we operated from 254 locations across Germany. Tempo-Team grew solidly and strengthened its market position. The combined Staffing and Inhouse business faced strong gross margin pressure, mainly as a result of the implementation of equal pay. We therefore put more focus on client profitability and delivery models, while also implementing a special project aimed at expanding our service offering to our top 100 clients. We also further enhanced our value proposition, which was visualised in our marketing campaign 'Randstad wirkt'. We aim to improve our brand in the German market, while at the same time driving growth and improving our business mix. Special attention was given to growing in permanent placements. We focused on cost control, and better execution based on field steering.

Revenue in Professionals grew by 5%. Our IT freelancer business GULP grew by 13%, and is now the most important source of IT project candidates among external specialists in Germany. GULP is also the leading internet-based project intermediary, offering clients a comprehensive online portal containing information and services for IT-related project business. It contains profiles of 90% of all German IT freelancers. Randstad Professionals provides high-end solutions in the engineering and IT services segments. Although returning to profitability, its revenue remained under pressure.

The German EBITA margin reached 4.3%, compared to 5.1% in 2012. EBITA was adjusted for restructuring costs of € 2.8 million, of which € 0.4 million in gross profit. Last year, underlying operating expenses were adjusted for € 10.0 million of restructuring costs and a book profit of € 5.6 million, related to the sale of a small subsidiary.

Belgium & Luxembourg

in millions of €	2013	2012	organic Δ%
Revenue	1,238.7	1,317.8	(5)
EBITA	44.5	54.2	(19)
EBITA margin	3.6%	4.1%	

Randstad is the market leader in Belgium and Luxembourg. Tempo-Team is the No. 2 in the Belgian market. As we have a relatively large exposure to large accounts in the industrial segment, the contraction of revenue exceeded that of the market. The macroeconomic uncertainty had the greatest impact on this segment. However, in the second half of the year, the market showed a gradual improvement in the industrial segment. This offered us a good opportunity to regain some market share, although we remained focused on client profitability. Most notably, our Inhouse business benefited from improved market conditions, returning to growth by the end of the year. Our focus on growth in the administrative and Professionals segments continued to pay off. Professionals benefited from good growth in IT and Finance, and revenue grew by 1%. Revenue from non-staffing services, such as service checks and HR Solutions, showed low single-digit growth. Our outplacement and career management business, Galilei, had a particularly good year. Our overall revenue was 5% below 2012, although we returned to growth (1%) in the fourth quarter.

Tempo-Team, our second brand in the Belgian market, was also impacted by the macroeconomic uncertainty, and in response it focused on client profitability. As a result, its revenue contracted more than the market.

Randstad Luxembourg successfully completed the smooth integration of Tempo-Team and Start People (USG). Building on this solid structure and its leadership position, Randstad Luxembourg is now ready to increase its market share in a market that is showing clear signs of recovery. Our executive search business, Rowlands International, performed well.

Randstad was chosen as the Best Interim and Staffing Company. This award is in recognition of the result of an innovative project set up in partnership with the University of Leuven (KU Leuven). This project provides students with collective support in preparing their entry into the labor market. It also gives them an opportunity to gain relevant experience through tailor-made student jobs. This project is an example of our constant efforts to innovate in the labor market and actively shape the world of work.

In addition to undertaking these and similar initiatives, we have also been focusing on cost reduction. Besides making the regular adjustments resulting from our field steering model, we reviewed the cost structure of the entire organization. As a result, in June 2013, we initiated a restructuring process, aimed at creating a more efficient and client-oriented organization. The new organizational structure was designed to help maintain our solid position in the Belgian market. The plan was completed in late December, following an agreement with the employee representatives. The organizational changes affected only management and support functions, and involved 114 jobs. We incurred restructuring costs of € 24 million, which will lead to annual cost savings of around € 16 million in 2014. Besides this, we reviewed our services portfolio, which resulted in the divestment of a small payroll services company (Sociaal Secretariaat) and a small activity relating to the search and selection of artists.

Underlying EBITA was adjusted for restructuring costs of € 24 million and costs related to the divestment of activities of € 2.1 million. As a result, the underlying EBITA margin reached 3.6% (2012: 4.1%). In 2014, we expect annual savings from the restructuring provision of € 16 million. Last year's EBITA was adjusted for restructuring costs of € 5.5 million.

United Kingdom

in millions of €	2013	2012	organic Δ%
Revenue	769.6	798.7	3
EBITA	6.5	5.0	44
EBITA margin	0.8%	0.6%	

We hold the No. 5 position in the HR services market in the UK, which remains highly fragmented, with over 11,000 different recruitment companies operating in a very competitive market. We provide a wide range of services, almost all of them branded as Randstad.

The strategic initiatives that we implemented over the past few years started to pay off. Our revenue returned to growth in 2013, and profitability improved across all businesses. Overall, UK revenue grew by 3% on an organic basis. However, on a reported basis, revenue from the UK contracted by 4%, mainly due to negative currency mix effects.

Organic growth was led by Education, Student Worker Support, Construction, Engineering and Finance. Key milestones in 2013 include the implementation of headcount accelerator plans to capitalize on growth for strategically important businesses. Our Inhouse business remained behind last year, due to its focus on client profitability. Our Staffing business benefited well from increased demand from the public sector, but here, too, we remained focused on client profitability. Randstad Sourceright had a successful year, with its profitability showing considerable improvement. Additionally, Randstad Sourceright and one of its key clients were named as the HROA EU Recruitment Customer Relationship of the Year for 2013, on account of an outstanding partnership recognized for marked achievements in the advancement of HRO.

Reflecting the rebalancing of our UK business mix between temporary staffing and permanent placements, as well as SMEs and large accounts, further work was undertaken to ensure our portfolio was relevant and cost-effective. To this end, Major Players and our retail businesses were divested. Randstad Interims was integrated into the Financial and Professionals business, taking advantage of the natural synergies between the two client and candidate bases.

The planned integration of our back-office functions to ensure more efficient support for our office networks was completed, and the successful integration and formulation of the shared service center is now established. This central back-office hub of legal, marketing, HR, IT and finance has ensured 100% resourcing in one center to improve profitability. Rationalization of costs has continued with the reduction of the number of offices and the consolidation of smaller branches into larger sites.

The UK implemented innovative business plans in 2013 with the launch of 'How I Became', a major campaign to support the brand and drive further UK growth. This included a major internal program focused on reinforcing a high-performance culture. The UK fully maximized its strategic alliances with Williams F1 and the Clipper Stad Amsterdam, successfully hosting a range of events throughout the year.

main market positions, 2013

in billions of local currency

regions	market size[1]	market growth%	market share in %	market position
United States	129.1	4	3	3
France[2]	20.5	(6)	13	3
Netherlands	14.3	(1)	20	1
Germany	20.5	1	10	1
Belgium & Luxembourg	8.2	(4)	16	1
United Kingdom[2]	26.1	2	3	5
Spain	2.3	2	25	1

1 Based on country data, 2012 figures, and estimated growth rates.
2 Market-size restatements versus 2012.

As a result of these trends and initiatives, our EBITA margin reached 0.8%. Underlying operating expenses were adjusted for € 0.2 million, mainly related to a book profit from the divestment of businesses. Last year, underlying operating expenses were adjusted for € 3.2 million of restructuring costs and € 0.1 million related to the sale of smaller subsidiaries.

Iberia

in millions of €	2013	2012	organic Δ%
Revenue	896.9	781.7	2
EBITA	25.7	15.8	96
EBITA margin	2.9%	2.0%	

We are the market leader in Iberia. Economic conditions improved throughout the year in Spain and Portugal, with increasing demand from the industrial segments.

Spain

Following the acquisition of activities from USG in Spain, we became the leader in the Spanish market, with a broad services portfolio covering all HR services. The integration process kicked off over the summer and is expected to be completed in the first half of 2014. As growth returned to the Spanish market, we remained focused on client profitability, which resulted in the termination of some outsourcing contracts, affecting part of the business of the acquired activities. We achieved good performance in our Inhouse business, due to its exposure to the industrial segments. Strategically, we paid a lot of attention to implementing the right delivery models to increase client satisfaction, while improving our profitability. Our focus on permanent placements and Professionals continued to pay off, and we gained a relevant presence in the Professionals market. As a result, revenue in Spain grew by 2%, assuming that the USG activities were included on a pro forma basis.

Portugal

In Portugal, we retained our clear market leader position. Overall for the year, revenue was comparable to 2012, but based on the improving trend, our revenue grew by 8% in Q4 2013. Growth was led by good performance in our call-center business, and we saw a steady recovery in the manufacturing segment. Our Portuguese business achieved strong operational leverage, in part a result of the integration of Randstad and Tempo-Team in late 2012.

Thanks to the improving conditions in both Spain and Portugal, in conjunction with good cost control, the Iberian EBITA margin reached 2.9%, compared to 2.0% in 2012. Last year's EBITA margin would have been 1.4%, had the USG activities been included in the consolidation. Operational leverage was strong, but synergies stemming from the integration of USG activities are yet to be fully realized. As of Q4 2013, synergies amounted to € 0.9 million. Operating expenses were adjusted for integration costs of € 3.8 million and a small loss stemming from the divestment of a business in Mozambique. Last year, operating expenses were adjusted for € 2.6 million of restructuring costs.

other European countries

in millions of €	2013	2012	organic Δ%
Revenue	1,090.7	897.6	8
EBITA	30.1	28.1	(6)
EBITA margin	2.8%	3.1%	

Poland

Our market-leading position in Poland was further strengthened following the acquisition of the USG activities. Revenue in Poland grew by 14%, and it was up 27% in the fourth quarter, reflecting good market conditions. The merger with USG offered us a unique opportunity to further diversify our client portfolio, to strengthen our geographic coverage, and to optimize our branch network by creating larger offices. Our Inhouse business had a great year, with the number of locations increasing by over 50%, partly as a result of transferring business from Staffing. Our Staffing business performed well, with an increase in cross-border projects. Our focus on permanent placements and Professionals continued to pay off. Client profitability was further embedded as a theme across the organization, and good cost control was maintained.

Italy

In Italy, where we are the No. 4 in the market, revenue grew by 2%. Our market position was strengthened by the acquisition of the activities of Start People (USG). Growth returned in the second half of the year. This was mainly led by good demand in the industrial segment, and it resulted in good performance of our Inhouse business. This was supported by further investments in headcount. Revenue grew by 7% in the fourth quarter. We continued to transfer business from Staffing to Inhouse, which enabled our Staffing business to put more focus on specialties. This clearly paid off.

Nordics

Revenue in the Nordic countries grew by 33%, led by solid performance in Sweden and Norway. In Sweden, we achieved good growth in Inhouse Services and Professionals, while our emphasis on SME clients in bigger cities also returned good growth. Our Norwegian business grew by 31%. In Norway, we are predominantly active in Professionals, and we cover all the major segments (Finance, Engineering, IT and HR). In Denmark, where we are the No. 3 in the market, market conditions remained challenging. Professionals and white-collar Staffing further strengthened our position in the market.

Switzerland

We continued to outperform the Swiss market in 2013, and revenue grew by 6%. The strong momentum of 2012 was continued in the first half of 2013, which resulted in double-digit growth and strong market share gains. Inhouse Services maintained solid growth. The integration of the USG activities was successfully completed over the summer. Strong cost control and synergies supported a notable improvement in profitability. Our strong performance and marketing actions led to a doubling of our top-of-mind awareness.

Austria

Randstad entered the Austrian market following the acquisition of activities from USG. We offer Staffing, Inhouse Services and Professionals in the Austrian market. It was a good year and our revenue grew by 7% in 2013, while we achieved 28% growth in the fourth quarter. Profitability improved during the year. In August, the business was successfully rebranded as Randstad.

Hungary

We are the market leader in the recruitment market in Hungary. Our focus was on profitability, while improving and innovating our concepts. Gross profit grew by 12%, despite a decline in revenue. Good cost control was maintained and we achieved sound profitability.

Turkey, Czech Republic and Greece

In Turkey, where we are mainly active in perm and payrolling, we concentrated on improving our business mix and profitability. As a result, gross profit increased by 10%. We had a successful year in the Czech Republic, with revenue growing by 27%. In Greece, we had a slow start to the year, but our business returned to double-digit growth in the second half.

Profitability improved across most countries. EBITA for the 'Other European countries' region does, however, not yet reflect all synergies which have been identified, as the integration in Italy will be completed in 2014. Pre-tax synergies were € 1.0 million by the end of the year. Last year's EBITA margin would have been 2.8% had the USG activities been included in the consolidation.

branches and inhouse locations, year-end

	2013		2012	
	branches	inhouse locations	branches	inhouse locations
North America	762	293	762	279
France	650	141	741	127
Netherlands	324	348	365	269
Germany	291	266	298	260
Belgium & Luxembourg	174	133	188	156
United Kingdom	94	53	139	64
Iberia	333	72	223	43
Other European countries	337	98	257	84
Rest of the world	196	22	218	23
	3,161	1,426	3,191	1,305

rest of the world

in millions of €	2013	2012	organic Δ%
Revenue	1,434.9	1,578.4	7
EBITA	10.1	5.9	443
EBITA margin	0.7%	0.4%	

Overall, revenue in the 'Rest of the world' region grew by 7% organically. However, on a reported basis, revenue contracted by 9%, mainly due to negative currency mix effects.

Japan

In Japan, which represents 33% of the 'Rest of the world' region, we are No. 6 in the market. The market improved throughout the year, in line with the effects of 'Abenomics'. We provide a wide range of services, including blue-collar and white-collar Staffing, Professionals, Outsourcing and Outplacement. We outperformed the market, with revenue growing by 4% compared to last year.

Our blue-collar business achieved strong growth, especially in the logistics and retail segments. Our white-collar business performed in line with the market, and we saw increased demand for permanent placements. Our Outsourcing business saw strong growth in demand, and focused on diversification. The Outplacement division had another good year, which underscores our aim to take people 'from work to work'. We are in the process of creating a strong foundation for our Professionals business in Japan, putting us in a position to capture market share.

We partnered with several municipality and prefecture offices throughout Japan, setting up public job-posting offices to support unemployed youth. We are also optimistic about government plans to further deregulate the HR services market. Our commitment to developing a healthy and efficient labor market is reflected in our participation in industry associations and the government's labor advisory committee.

An increasing number of Japanese companies are rapidly expanding abroad. Due to our global presence and broad service offering, we are well-positioned to support our clients. The Randstad Award, which emphasizes the importance of employer branding, attracted more than 500 participants.

We maintained strong cost control and focus on operational leverage. As a result, profitability further improved.

Australia and New Zealand

Australia and New Zealand, which represent 29% of the 'Rest of the world' region. In 2013, the Australian business stabilized and we saw growth returning during the second half. In particular, there has been growth in temporary staffing, while permanent placements remained volatile. This is evidence that employers are seeking greater workforce flexibility in the face of continued business and economic uncertainty. By the end of the year, growth in permanent placements returned to some of the larger divisions.

Overall, the blue-collar Industrial business achieved solid growth in revenue and gross profit, while Business Support, IT, and Sales, Marketing & Communications achieved good results. Our Business Support division invested in additional headcount to drive temporary staffing and capitalize on growth in Assessment Center Solutions as a combined temporary and permanent recruitment offering for clients. In New Zealand, the business has achieved double-digit revenue growth and year-on-year growth in gross profit.

In 2013, we strengthened our investment in key specialist verticals and geographies. This included boosting headcount and marketing in the Sales, Marketing & Communications and IT verticals – launching two highly focused micromarketing programs in the fourth quarter to strengthen our Professionals brand and drive additional sales. While the resources and mining industry further slowed in 2013, we realigned investments in the strategic Western Australia growth market to position for market share wins in a range of Professionals verticals. Throughout the year, our public sector business continued to gain momentum, and the change of party in the Federal Government buoyed further business confidence and optimism. Right across the company, there was a greater focus on field steering, and following the re-engineering of service delivery models, there has been good growth in major client accounts.

In November, we won the Seek Annual Recruitment Award for Best Large Specialist Recruiter for the second year running in Australia and for the first time in New Zealand. This demonstrates our work in candidate care and engagement is being valued and recognized in the market. The Randstad Workpocket was successfully rolled out for the second year in Australia, and together with the Randstad World of Work Report, the Randstad Award and our No. 1 position in terms of our media share of voice, Randstad continues to be well-positioned as the leading HR authority in Australia and New Zealand.

India

In 2013, Randstad remained a leading player in India. Our business mix is one of the most balanced in the industry, with increased focus on and investments in growth areas such as Professionals, Recruitment Process Outsourcing (RPO), Managed Services Programs (MSP) and HR Solutions. Our revenue grew steadily on the back of good performance in our Staffing business, while the permanent placement business benefited from a few major RPO wins in the second half of the year.

In 2013, we implemented changes to management, and updated our strategy to create a solid foundation that will enable us to capture profitable market share gains in the Indian market. Our investments in people, systems and processes were intensified to further support our strategic growth objectives. Our delivery models were aligned to create more focused and efficient models for servicing our clients and candidates better. We have also optimized our branch network in smaller cities to increase efficiency and strengthen our geographic coverage across the country. Further investments were made to increase focus on specialties in our Staffing business and to accelerate growth in Professionals.

We launched a thought leadership platform in India that was copied from our US operations, called Workforce 360. This platform offers our clients, candidates and others interested in Randstad the latest industry insights, research and in-depth knowledge of industry topics and trends.

Randstad India received recognition for its sustainability efforts and was certified as Green Supplier by one of our clients, the Indian arm of a large European diversified technology company focusing on areas such as healthcare and consumer lifestyle. This certification, based on an audit by the client, recognizes our efforts in improving the environmental and working conditions in our business.

China and other Asian countries

Although the Chinese economy slowed throughout the year, our business in China continued to perform strongly, especially in the second half. We achieved solid double-digit growth in revenue and gross profit of well over 20%. To support our growth, headcount grew by more than 25%, with investments primarily focused on the acceleration of our Search & Selection business.

Improved productivity management was combined with strong performance in leading segments, including manufacturing, FMCG, services, engineering, and IT. The business also secured a number of RPO deals to build additional growth in permanent placements, and we will further accelerate investments in Randstad Sourceright in 2014 to take advantage of growing demand for RPO and high-volume recruitment project services. The Staffing business achieved solid growth on the back of a growing need for flexibility.

Throughout the year, Randstad China received recognition for a number of achievements and awards, including Best HR Headhunting Services in Greater China 2012-2013 by Human Capital Management at its 7th Annual Best HR Service Providers Awards (Greater China) in March and the 2012 Most Influential Brand Award for Greater China at the 5th Status Quo & Development Forum of China HR Outsourcing Awards in April.

Outside mainland China, our Hong Kong business continued its high double-digit growth in gross profit and increased headcount by more than 15%. Throughout the year, the business realigned its strategy to focus on four key Professionals verticals in the Hong Kong market – Banking, IT, Luxury Retail and Finance – and increased its focus on key accounts. To support growth and brand recognition, the inaugural Randstad Award was launched in 2013. We have now secured a Top 3 share-of-voice position after just four years in the market as Randstad.

In Singapore, we achieved double-digit growth in gross profit, with growth led by the Banking segment, as well as by the Business Support division. To further diversify our service offering, we launched a Technical & Engineering business in the second half of 2013. The company is well-positioned for growth in a strong, profitable market with ever-increasing demand for highly skilled, professional talent and one of the world's lowest unemployment rates.

In Malaysia, we saw strong growth in permanent placements. Growth was supported by additional investments in headcount in the key verticals of IT and Technical & Engineering, and we launched new service lines focused on Life Sciences/Pharmaceutical and Banking.

Throughout the Asia-Pacific region, we have increased investments in the capability and resources of the Randstad Sourceright business. With large multinationals seeking talent sourcing and management solutions across borders, we have grown our RPO business and secured a number of new deals. To further enhance our service offering in the region and enable deep access to the talent market, we launched the Asia Pacific Sourcing Centre of Expertise in Kuala Lumpur, Malaysia. Following the Randstad Sourceright total talent sourcing methodology, we now have a shared service center of 16 strategic sourcing specialists supporting volume recruitment for client RPO programs and hard-to-find skills across the region.

Latin America

In Latin America, our Argentinean business came under pressure, driven by lower demand in manufacturing by the end of the year. Our focus here is on implementing field steering and achieving greater efficiencies. Our Brazilian business continued to grow, but at a lower pace. Again, our focus here is on improving our performance, and new leadership was appointed. We achieved strong growth in our gross profit in Mexico, while maintaining good cost control. Chile achieved strong growth in gross profit, fueled by strong growth in perm fees.

EBITA for the 'Rest of the world' region improved but remained unsatisfactory. However, developments were mixed. Continued good performance in Japan (although at a lower exchange rate) was offset by ongoing investments in Asia and Latin America. Conditions in Australia remained challenging, but we continued to make gradual improvements. In 2012, underlying EBITA for the region was adjusted for restructuring costs of € 0.9 million and for € 3.2 million, related to the impairment of Japanese real estate.

performance by revenue category

introduction

In this section, we provide an overview of the underlying performance per revenue category in 2013. More detailed information on these service concepts can be found in the section 'value for our clients and candidates'. In our financial reporting we have merged these service concepts into three revenue categories: Staffing (including HR Solutions), Inhouse Services, and Professionals (including Search & Selection).

staffing (including hr solutions)

in millions of €	2013	2012	organic Δ%
Revenue	10,037.9	10,566.0	(5)
EBITA	343.1	352.7	0
EBITA margin	3.4%	3.3%	

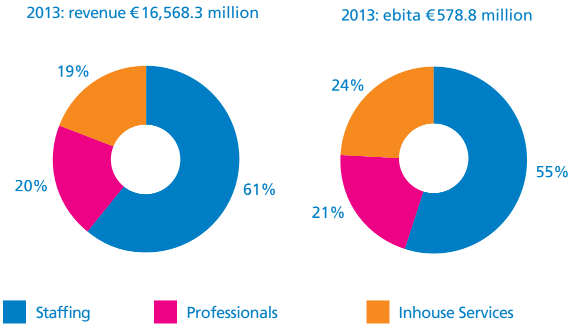
In the revenue category Staffing we include the service concepts of Staffing and HR Solutions. Within Staffing, we service clients in the industrial segment (blue-collar) and administrative segment (white-collar). In our revenue mix, this is about 50%/50%. HR Solutions includes a wide range of services, of which Payroll Services, RPO, MSP and Outsourcing are the largest services. HR Solutions is well-established in the Netherlands and North America, while we have implemented a number of initiatives to further diversify our service portfolio in Europe and Asia. One of our priorities has been to achieve a greater share of permanent placements in our Staffing businesses. In 2013, we made good progress in this regard.

Staffing revenue was € 10.0 billion, 5% lower than last year. On an organic basis, revenue contracted by 5%. We saw good growth in Asia and Latin America, but revenue declined by 7% and 8% in Europe and North America respectively. Staffing revenue showed a gradual recovery in the second half of the year, in line with the improving market conditions across Europe, and to a smaller extent, still impacted by the transfer of business from Staffing to Inhouse.

In North America, our focus was on revenue quality and profitability. Revenue was down 8% organically, or 11% on a reported basis as a result of negative currency mix effects. Staffing revenue was down 8% organically based on a relatively stable pattern throughout the year. Despite the decline in revenue, we improved our profitability. In HR Solutions, revenue contracted by 9%. In RPO, our performance was good, but revenue in MSP and Payroll Services came under pressure, partly due to the termination of contracts, but also lower volumes at some of our larger clients.

In Germany, Staffing revenue was 6% below the level of 2012. We witnessed a gradual improvement throughout the year. Whereas revenue was 8% lower in Q1, it was flat in Q4. To further optimize our service delivery to our clients, we continued to transfer business to Inhouse. In France, Staffing revenue was 11% lower than 2012. Profitability improved due

split by revenue category



to the 'CICE' subsidies. In the Netherlands, revenue was 5% lower than in 2012, based on a relatively stable trend throughout the year. Within the Netherlands, HR Solutions' revenue grew significantly, which is partly due to the transfer of business from Staffing to Payroll Services and Inhouse Services. This served two goals. Client profitability was improved and it enabled our people to focus on SMEs, perm and specialties. We also implemented new delivery models within Staffing. For example, we have centralized the recruitment of candidates for various clients. This has also impacted the way we operate. The number of Inhouse locations exceeded the number of branches. As a result of these and other initiatives, we achieved a strong improvement in profitability in the Netherlands. In Belgium, revenue was 2% below 2012, but we returned to growth in Q4 (+5%). In the UK, revenue grew by 10%. Our Staffing business performed well, thanks to strong demand in the public sector. Towards the end of the year, we reinforced our focus on client profitability, and revenue came under pressure in the fourth quarter. Randstad Sourceright had a successful year, with its profitability showing considerable improvement. In Iberia, revenue increased following the acquisition of activitities from USG, but was flat organically. We continued to transfer business to Inhouse, and we achieved strong operating leverage across Iberia.

In the 'Rest of the world' region, our Japanese Staffing business achieved a similar revenue as in 2012. We achieved good growth in the blue-collar segment, especially in the logistics and retail segments. In other Asian countries and Latin America, revenue grew by 5% and 14% respectively, offset by negative currency mix effects.

The underlying EBITA margin improved from 3.3% to 3.4%. Operating leverage improved thoughout the year.

inhouse services

in millions of €	2013	2012	organic Δ%
Revenue	3,223.5	3,026.7	9
EBITA	150.7	130.3	17
EBITA margin	4.7%	4.3%	

Inhouse Services had another great year, and we continued to further refine our concept. Inhouse revenue grew by 9% to € 3.2 billion.

In North America, Inhouse Services' revenue grew by 10%, and we operate 293 Inhouse locations. Our French and Dutch Inhouse businesses grew by 14% and 11% respectively, in part due to transfer of business from Staffing and strong growth at existing clients. In Germany, our Inhouse business grew by 22%, which was mainly due to the transfer of a large client from Staffing. Revenue in Belgium, and the UK contracted by 19% and 23%, respectively. In both countries, we remained focused on client profitability. In Iberia and other European countries, revenue grew by 28%. Revenue from rest of the world grew 16% organically. However, negative currency effects had a significant effect. Reported revenue decreased by 11%. Our Japanese business performed well, especially in the logistics and retail segments. Revenue grew by 8%, organically.

The EBITA margin improved further to 4.7% (from 4.3%), well within our targeted range of between 4% and 5%.

professionals

in millions of €	2013	2012	organic Δ%
Revenue	3,306.9	3,494.1	(2)
EBITA	135.4	127.8	7
EBITA margin	4.1%	3.7%	

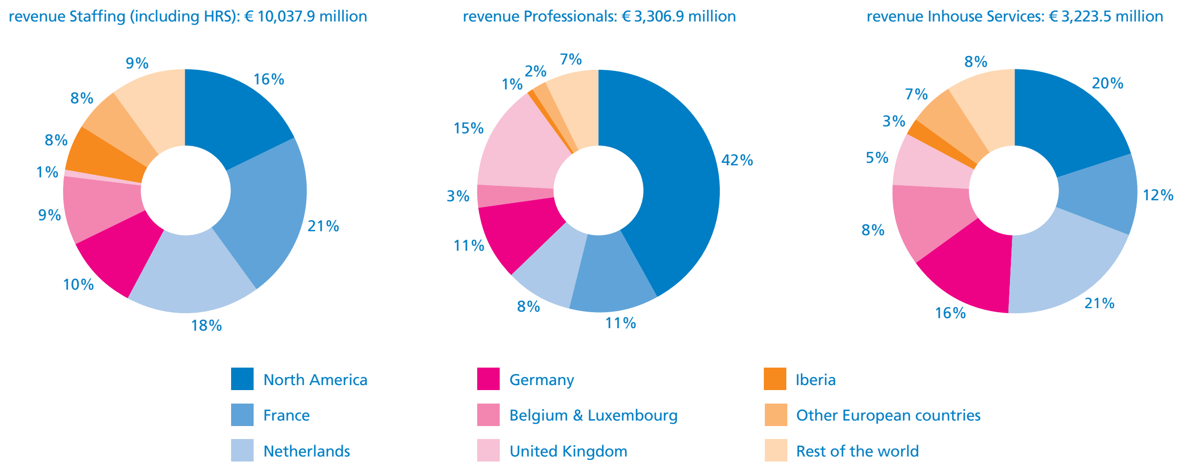
Revenue in Professionals was 4% lower in the first half of the year. In the second half, we saw a gradual recovery in revenue. In the fourth quarter, revenue grew by 2% organically. Overall for the year, revenue contracted by 2%. Negative currency effects had a significant impact as a large part of the Professionals business is in North America, the UK and in Australia. As a result, reported revenue was 5% lower than in 2012. Perm fees were 1% below last year.

Our North American business contracted by 2%, mainly driven by lower demand from the banking and finance sectors. We achieved good operational improvements in our IT business in the second half of the year.

In Europe, revenue from Professionals decreased by 1%. Our Professionals business in the UK had a good year and revenue grew by 13%. Growth was led by Construction/Engineering, Finance and Education. Our Healthcare business strengthened throughout the year, but revenue remained behind last year. Our German Professionals business grew by 5%, driven by strong performance in IT, while our Engineering business remained under pressure. In France, revenue contracted by 13%, mainly impacted by continued low demand in our Healthcare business. Revenue in the Netherlands was 12% lower, partly due to the transfer of healthcare revenue to Staffing. Yacht's revenue contracted by 9%, but the trend improved during the year, and revenue was only 2% lower in the fourth quarter. Profitability improved significantly. In Australia, revenue contracted by 5%, mainly caused by lower demand for perm fees, which were 16% lower.

Profitabililty improved, and the EBITA margin reached 4.1% compared to 3.7% in 2012. Profitability improvements in North America, the Netherlands, France, and the UK, were offset by continued investments in Asia and Latin America. We will focus on capturing profitable growth in these regions, while further improving our profitability in Australia.

geographic revenue spread



talent for the future

for clients and candidates

Patrick Ferron
Web & Mobile IT Manager at
Randstad Group France

There are few subjects that trigger the imagination of people in the HR industry more than the impact of digital technology on employees. In order to get people with the right talents to apply for the right jobs, online and mobile solutions are becoming increasingly important. But which solutions and strategies are the most effective? Some are obvious, such as making sure that candidates can easily access key web functions through their smartphones and other devices. Another key lesson from the past decade is that for candidates, direct access to a specific employment opportunity is much preferred to entering and re-entering a lot of info in all kinds of aggregator systems.

We see a future in which we can help candidates to exercise more freedom and control over their lives, with less hassle. The average size of households is shrinking, work/life boundaries are changing, and virtual teamwork is gaining acceptance. In regions where there is high unemployment, the first priority for many remains to find a job – any job, as long as it pays the bills. But even here, if another family member also needs to work part-time to make ends meet, there is a need for even more control and flexibility, not less. To make this a reality, the Randstad consultant is a trusted guide, providing choices, while our systems take care of all the administrative hassle.

Randstad France provides some interesting examples of technology solutions that add real value to our clients' and candidates' lives. At first sight, the solutions may seem down to earth, but that is precisely why they appeal to people. As always, the devil is in the details, and it took the experience, creativity and flair of our French colleagues to design them in such a way that a complex task seems completely natural to the users.

>> Please see our online annual report to hear Patrick's entire story about the online solution at Randstad in France.

investor relations & share performance

investor relations

The main goal of Randstad's investor relations is to build our 'financial brand'. Whereas clients and candidates recognize the Randstad brand for its reliability, service quality, and the fact that we are a worldwide labor market authority, investors and analysts should be able to recognize our open and transparent communication style and our aim to be best in class both in disclosure and in providing insight into the business. These efforts ensure accurate valuation of our share over time.

- dividend of € 0.95 per share, 45% payout ratio
- dividend yield of 2.0%
- diluted earnings per share € 2.07
- market capitalization € 8.4 billion
- TSR performance 74%

Investor relations policy

We maintain an active dialogue with existing and potential shareholders as well as with analysts and banks. We organize road shows and accommodate meeting requests wherever feasible, and we adhere to all legal obligations relating to confidentiality.

We are committed to providing high-quality and timely information to all stakeholders, and ensuring that the entire market has access to such information (including price-sensitive data) at the same time. Our policy is that, in each meeting with investors, at least two Randstad representatives should be present, including (whenever possible) a member of the Executive Board, as well as a representative of the investor relations department. From time to time, we also involve country management and facilitate field trips.

Bilateral meetings and conference calls with analysts and actual and potential shareholders will not be held during 'closed periods', which normally run from the end of a quarter until publication date. We oppose the trend among investors to adopt no-broker policies during road shows. Excluding brokers from investor conversations would not be in line with our open and transparent communication style. Our policy of holding bilateral meetings with shareholders is set out in the corporate governance section on our corporate website.

We are concerned about current developments in the equity brokerage industry. The time it takes for relevant news to be reflected in estimates is increasing. This may lead to investors receiving inaccurate information.

Dialogue with investors, analysts and other stakeholders

Each quarter, Randstad organizes analyst meetings or conference calls to discuss the latest results. These events are also broadcast on the web. In November 2013, we hosted a field visit for analysts at one of our client's premises. The visit was focused on gaining a better understanding of the added value of our MSP concept by sharing experiences around the implementation of the concept at that particular client.

In 2013, we maintained the geographic coverage of our road shows and investor conferences. We participated in conferences in the Netherlands, the UK, and the US. Road shows for institutional investors were organized in Belgium, Canada, France, Germany, Hong Kong, Italy, Japan, the Nordics, Singapore, Spain, Switzerland, the Netherlands, the UK, and the US. A large number of investor meetings were conducted at our head office in the Netherlands.

On January 16, 2013, we held an Extraordinary General Meeting of Shareholders, and on March 28, 2013, we held our Annual General Meeting of Shareholders. More information on these meetings, including key decisions and attendance, can be found in the section 'report from the supervisory board'.

capital structure

Invested capital amounted to € 3.7 billion, and we achieved return on invested capital of 12.6%. More information on and an analysis of invested capital can be found in the section 'performance'.

invested capital

	2013	2012
Net debt	761.0	1,095.7
Equity	2,907.8	2,725.0
	3,668.8	**3,820.7**
Return on invested capital	12.6%	11.1%

Debt

Our financing policy aims to secure financing which matches the mid to long-term financing requirements of the Group. We aim at a leverage ratio (net debt/12-month EBITDA) of between 0 and 2, as this is important for continuity. We have a policy of using floating interest rates as a natural hedge against the development in operational results, which continued to pay off significantly in 2013.

debt

in millions of €

	2013	2012
Total debt facility	1,925.0	1,691.0
Net debt	761.0	1,095.7
Leverage ratio	1.2	1.7

As of December 31, 2013, Randstad has a revolving multicurrency credit facility of € 1,420 million, the majority of which will mature in 2018. In addition, we have a Japanese syndicated credit facility with a group of Japanese banks. The facility amounts to 8 billion Japanese yen, or approximately € 55 million, and will mature in 2015. Finally, we have bilateral credit lines of € 175 million, which will mature in December 2014. The loan documentation of all credit facilities allows a leverage ratio of 3.5 times EBITDA, although we aim for a leverage ratio of between 0 and 2, which is important for continuity.

In February 2013, we launched standby facilities with a small group of banks. The facilities offer the opportunity to sell accounts receivable of selected European activities up to a maximum of € 275 million. Randstad is entitled to activate these facilities, which run up to 24 months from the start, at any time. On December 31, 2013, these facilities were not activated.

Equity

During 2013, the number of issued and outstanding ordinary shares increased by 5.3 million, as shares were issued for stock option plans, performance share plans for Executive Board members and senior management, and stock dividend.

We aim to offset the dilutive effect of the performance share plans through share repurchase programs. This will be achieved as long as the value of shares to be issued is below € 25 million, and if larger, when the financial position allows for it. In February 2013, we repurchased around 300,000 shares. In January 2014, we started a share repurchase program to buy around 540,000 shares, which will be used for the allocation of shares under the performance share plans on February 20, 2014.

equity

	numbers year-end (in millions)		nominal value per share
	2013	2012	
Ordinary shares	177.4	172.1	€ 0.10
Preference shares B	25.2	25.2	€ 0.10
Preference shares C	50.1	-	€ 0.10
Total number of shares	**252.7**	**197.3**	

On March 28, 2013, the Annual General Meeting of Shareholders approved the proposal to pay a dividend of € 1.25 per ordinary share. Shareholders had a choice between cash and shares. As a result, we issued 4.6 million ordinary shares in April 2013.

In January 2013, the Extraordinary General Meeting of Shareholders approved the issuance of 50.1 million preference shares C in January 2013 based on a capital contribution of € 140 million. The dividend yield on these shares is 5.8%. For preference shares B, the dividend yield is 2.6%. We consider preference shares to be an attractive part of equity. It provides fully committed long term capital at relatively low cost.

Voting rights on shares

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

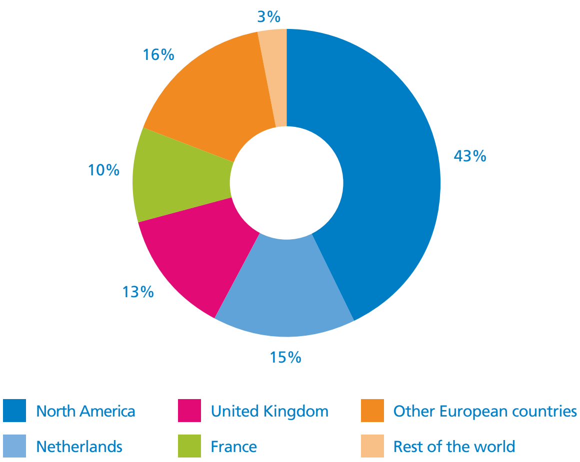
Listing and indices

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

Indicative free float

Randstad's free float amounts to approximately 60%. The majority of the free float of ordinary shares is held outside the Netherlands. We actively pursue an international spread. We estimate that approximately 5% of our ordinary shares are held by private investors.

indicative geographical spread of ordinary shares (free float)



Major shareholders

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

Liquidity

The number of shares traded has risen substantially, from 86 million in 2005 – mainly on Euronext – to about 225 million in 2013 over various trading platforms, mainly Euronext. The mixed offer for Vedior in 2008 helped to improve liquidity, as the number of shares increased by 45%. Velocity (measured as the total number of shares traded divided by the average number of shares outstanding) also played a role. Velocity increased significantly following the acquisition of Vedior, while it decreased in recent years in line with overall lower volumes on stock markets. Our velocity level implies that the average holding period is around six to nine months for the total number of outstanding shares, or approximately three to six months months for the free float.

share volume traded and velocity

Dividend policy on ordinary shares

As from 2013, we aim at a flexible payout ratio of 40% to 50% of net profit adjusted for amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs, provided that our financial position allows for it. Shareholders have a choice between cash and shares. More information on our dividend policy is included in the section 'strategic targets'.

per share data

	2013	2012	2011	2010	2009
Dividend (€)	0.95	1.25	1.25	1.18	-
Dividend yield (%)	2.0	4.5	5.5	3.00	-
Payout (%)	45	59	53	60	-
EPS (€) [1]	2.07	2.11	2.32	1.96	1.21
EBITA (€) [2]	3.26	3.25	3.49	2.97	1.84
Free cash flow (€)	1.65	2.69	2.53	1.80	4.08
Equity (€)	16.40	15.74	16.83	16.59	14.56

1 Before amortization, impairment, badwill, integration costs and one-offs.
2 Underlying.

performance

Share price development

The share price ended the year 2013 at € 47.15, being 70% above the 2012 closing price of € 27.81. In April, a dividend of € 1.25 per ordinary share was paid out. As a result, the total shareholder return (TSR) was 74%. In 2013, Randstad was the best-performing share in the Dutch AEX index.

In the first half year, the shareprice fluctuated between € 28 and € 33. As from the summer, however, macro-economic expectations turned positive, and the share price gradually rose to its highest point, which was reached on the last trading day of the year.

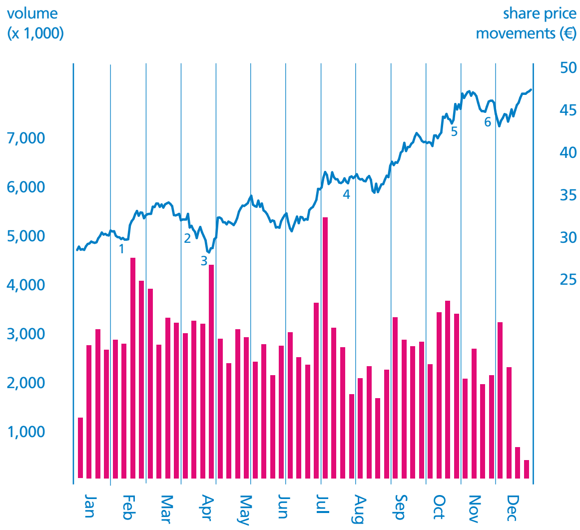
share price development

in millions of €, unless otherwise indicated

	2013	2012	2011	2010	2009
Closing price (€)	47.15	27.81	22.86	39.50	34.90
TSR (%)	74	27	(39)	140	(42)
High (€)	47.15	30.09	43.10	42.00	35.57
Low (€)	27.81	20.52	19.59	27.50	9.36
P/E ratio	22.8	13.2	9.9	20.2	28.8
EV/Sales	0.55	0.34	0.32	0.54	0.56
Market capitalization	8,366.0	4,785.3	3,907.9	6,716.9	5,917.6
Enterprise value	9,127.0	5,881.0	5,210.5	7,616.2	6,932.3

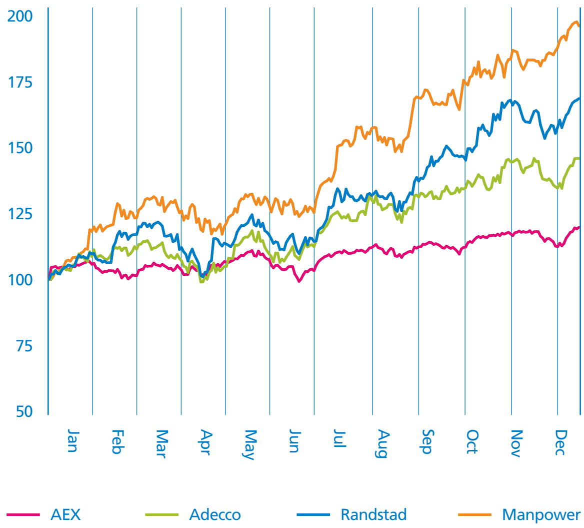
Market capitalization of ordinary Randstad shares amounted to € 8,366.0 million on December 31, 2013, compared to € 4,785.3 million on December 31, 2012.

share price development of Randstad ordinary shares



1 February 14, 2013 - Q4 and full year 2012
2 April 3, 2013 - Ex-dividend
3 April 25, 2013 - Q1 results
4 July 25, 2013 - Q2 results
5 October 31, 2013 - Q3 results
6 November 27, 2013 - Analyst field trip

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



Analyst recommendations

Around 25 financial analysts regularly publish reports on Randstad. At the end of 2013, around 50% had a 'buy' rating, while 38% of analysts recommended holding our shares, and 13%, or three analysts, had a 'sell' rating. On December 31, 2013, the average target share price – according to analyst consensus – was around € 45. The highest target price was € 56, and the lowest was € 33.

Earnings per share reporting

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

diluted earnings per share

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

	2013	2012	2011	2010	2009
Q1	€ 0.33	€ 0.39	€ 0.38	€ 0.28	€ 0.05
Q2	€ 0.51	€ 0.51	€ 0.59	€ 0.45	€ 0.27
Q3	€ 0.65	€ 0.62	€ 0.66	€ 0.59	€ 0.42
Q4	€ 0.58	€ 0.60	€ 0.69	€ 0.64	€ 0.47
Full year	€ 2.07	€ 2.11	€ 2.32	€ 1.96	€ 1.21

risk & opportunity management

introduction

Risk and opportunity management is firmly embedded in our strategy and is essential for achieving our targets. Entrepreneurship is actively stimulated throughout the organization and we encourage people to identify and seize opportunities. At the same time, we recognize that risks must be assessed and controlled to protect our business.

This section describes our risk & control framework, and provides an overview of our key strategic risks, mitigating actions, and related opportunities.

creating value through risk & opportunity management

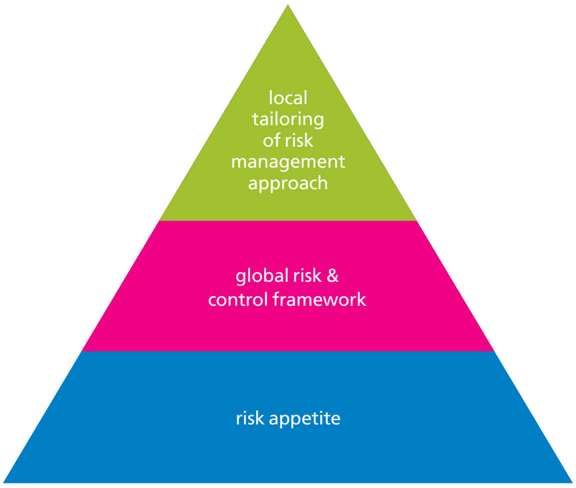
We operate in many markets around the globe. This requires a flexible approach towards risk & opportunity management. Our global risk & control structure is flexible and customized to local circumstances. Factors that we consider in our risk & control framework include the size, the service offering, and the local regulatory environment of the individual operating company.

risk appetite

Our risk appetite is linked to our strategy and is based on the stance we have towards risks across four areas:

- **strategic**: we allow strategic risks in the pursuit of profitable growth in both mature and emerging markets. Given the volatility of markets and economic climate in which we operate, the adaptability of our people, our service offering, and our infrastructure are key.

risk management approach



- **operational**: we take a balanced approach to operational risk, taking into account the risk and reward profile of key business decisions.
- **financing & reporting**: we maintain a prudent financing strategy, even when undertaking major acquisitions, and therefore take controlled risks in this area. Minimal risk is accepted in relation to reporting risks.
- **compliance**: we consider adherence to laws, regulations and agreements to be fundamental in enabling us to provide our candidates, our clients, and our people with quality services. Compliance is strongly embedded in the culture of our company.

The components of our risk appetite, which are aligned with our **strategic priorities** for 2014 and 2015, include:

sensitivity analysis

	change	impact	on	assumption FY 2013
Revenue	+/-1%	+/- € 30 million	EBITA	Flat gross margin and no change to cost base
Revenue	+1%	+ € 15 million	EBITA	Flat gross margin and target 50% conversion
Revenue	-1%	- € 15 million	EBITA	Flat gross margin and target 50% recovery
Gross margin	+/-0.1%	+/- € 17 million	EBITA	Flat revenue and no change to cost base
Gross margin	+0.1%	+ € 8 million	EBITA	Flat revenue and target 50% conversion
Gross margin	-0.1%	- € 8 million	EBITA	Flat revenue and target 50% recovery
Operating expenses	+/-1%	+/- € 25 million	EBITA	
USD	+/-10%	+/- € 14 million	EBITA	Stable revenue and margin in US
GBP	+/-10%	+/- € 1 million	EBITA	Stable revenue and margin in UK
JPY	+/-10%	+/- € 3 million	EBITA	Stable revenue and margin in Japan
Interest rate	+/- 100 bp	+/- € 10 million	Financial charges	Average net debt 2013
Net debt	+/- € 100 million	+/- € 1 million	Financial charges	Stable interest rates

- capturing profitable growth opportunities;
- applying field steering to ensure adaptability and drive productivity;
- focusing on segment-specific delivery: where necessary, modifying our delivery models for clients;
- further improving our business mix: SMEs, Professionals, permanent placements;
- achieving an efficient cost structure;
- taking a zero-tolerance approach to breaches of our core values and business principles; and
- protecting and maintaining our reputation and the image of our brands.

The table 'sensitivity analysis' illustrates the impact of the variations in revenue, gross margin, operating expenses, and currency and interest rates on our EBITA.

global risk & control framework

Our global risk & control framework is derived from the COSO Enterprise Risk Management framework and is designed to secure the Group's in-control position. The components of the framework are shown in the risk & control framework diagram.

Operating companies assess, on a regular basis, the components of the risk & control framework to avoid surprises and report the results to the Group's business risk & audit department.

Tone at the top

Randstad benefits from strong leadership, built during more than 50 years of experience in the industry. We have been able to extensively develop management by example, based on our core values and business principles. The core values are elaborated in 16 business principles, which form the basis for the behavior we expect from all our employees. Upon joining our company, our employees receive a copy of the business principles and acknowledge receipt of them.

New employees get an onboarding training program, which is a mandatory part of our HR standards. It reinforces and promotes our core values and business principles among our people, and forms a crucial part of our strategy for integrating

risk & control framework

acquired companies. A misconduct reporting procedure is in place, which enables people to report any suspicion of wrongdoing via a secure phone line or website. In 2013, we received 101 complaints, of which 40 anonymous. These complaints were investigated and assessed by the local integrity officers and/or the Group's integrity officer together with the Group business risk & audit department. For further details, see the section 'integrity and grievance mechanism'.

Each year, our annual People Survey is carried out by an external provider. This allows us to monitor the engagement of our employees, and provides indicators of the tone at the top in each of the operating companies and at the headoffice. The results are compared locally and globally to identify areas for improvement. Based on these results, action plans are

putting the framework into practice

framework component	practical applications to our business			
Tone at the top	Core values & business principles	Onboarding training	People Survey	Misconduct reporting procedure
Strategy setting	Strategic plan & forecasting	Scenarios	Risk register	Global insurance program
Best practices, policies & processes	Strong concepts (commercial best practices)	Corporate policies & procedures	Blueprints (operational best practices)	Risk & audit network
Monitor & control	Approval and information requirements	Planning, reporting and review cycles	Key control framework	In-control statement

developed for the relevant operating companies or Group departments.

Strategy setting
The annual budgets of our operating companies are set in accordance with the strategic priorities for 2014 and 2015. While setting their budgets for 2014 in relation to their strategic plan, operating companies also described the main risks and opportunities they see in achieving these budgets. By constructing various scenarios, we are able to prepare for and react to market volatility. Monthly forecasting is used to enable rapid cost base adjustments.

Risk registers are prepared by our operating companies showing their risks together with action plans and deadlines to address these risks. These risk registers are submitted every six months for analysis and aggregation. This provides an overview of the most important risks impacting the Group, which are then discussed by the Executive Board with the audit committee of the Supervisory Board. As part of the year-end process for 2013, risk registers were assessed and discussed by corporate departments at Group level to capture Group-wide risks and opportunities.

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

Best practices, policies and processes
Our strong concepts, as described in the section 'value for our clients and candidates', provide best practices for our core commercial operations. Concept audits are carried out to identify, understand and remediate deviations.

Blueprints describe our operational best practices. They are used to govern our key processes and to enable our operating companies to adapt and tailor best practices to their businesses. An updated contract-to-cash blueprint was fully implemented in 2012, which includes best practices for managing, for example, our DSO (Days Sales Outstanding). In 2013, a procurement-to-pay blueprint was drafted based on the best practices in our operating companies. This blueprint specifies, for example, the authorization procedure for purchases and the expected tender procedure. The blueprint is expected to be implemented in the course of 2014.

The risk & audit network, which links risk and audit staff between our biggest operating companies and corporate departments, was developed further in 2013. The network provides a platform for sharing best practices and is a sounding board for emerging issues. The network consists of a cross-disciplinary team with risk & audit staff from the operating companies, and the Group’s business risk & audit department. The Executive Board identified four focus topics for the network in 2013: candidate screening, payment organization, revenue recognition, and the implementation of the 'procurement-to-pay' blueprint.

Monitor and control
The authority levels within the Group are specified in Randstad's approval and information requirements policy (AIR policy). The AIR policy is acknowledged by managing directors and CFOs of the operating companies in the Group. The requirements include events that either need to be approved by or reported to the Executive Board. The AIR policy was updated in 2013 and the updates will be implemented in the course of 2014.

A clear schedule for our planning, reporting and review cycles is communicated to the operating companies at the beginning of each year. By setting out reporting dates, requirements and formats, this provides clarity and enables us to plan ahead, without disrupting the focus on day-to-day activities.

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

Our key control framework contains a concise list of key risks that all operating companies face. Every six months, operating companies are asked to assess their controls related to the risks mentioned in the key control framework. The results of these self-assessments are challenged by the Group's business risk & audit department and tested on a risk base. Currently, we are assessing whether the list of key risks is still adequate and updating the detailed control descriptions in the framework.

Audit and review activities
The annual internal audit plan is risk-based and agreed with the Executive Board and the Audit Committee of the Supervisory Board. The Group business risk & audit department leads the internal audits, and works in cooperation with other corporate departments (most commonly IT, legal, and tax) and the local risk & audit managers to cover the key risks impacting an operating company. Findings and recommendations from the internal audits are discussed with the operating companies, which then develop action plans and set deadlines to address these points. The internal audit reports are submitted to the Group CFO and the responsible Executive Board member. Progress of the action plans is monitored through the risk & audit network.

In 2013, we detected a few fraud cases, which were related to, for example, the recording of non-existent permanent placements and to the payment of fictitious flexworkers. These fraud cases were investigated and in cooperation with local management corrective actions were taken. These cases did not have a material impact on the results of the Group.

Our external auditor covers the vast majority of our operations in their audit plan, and as such these audits form an important supplement to the internal audits because, in our decentralized operating model, not all operating companies can be covered every year. Elements of the key control framework fall within the scope of the external auditor. The follow-up and resolution of control recommendations are coordinated by the operating companies under the supervision of the Group's business risk & audit department.

Our risk advisory committee considers the most important risks and opportunities at Group level and monitors the follow-up of agreed actions. The committee is chaired by the Group CFO, and includes representatives from operating companies and corporate departments. The committee met two times in 2013 and discussed a range of topics, including adapting to contract liabilities, cyber risks, ongoing legal cases, and internal control findings.

The Audit Committee of the Supervisory Board is informed of the results of both external and internal audits. In 2013, the committee met five times. The role of the Audit Committee includes monitoring the risk management and control systems, the quality of the financial information, and the follow-up of recommendations from audits. More information can be found in the report of our Supervisory Board and in the 'corporate governance' section.

After careful consideration, the Audit Committee decided to recommend to the Supervisory Board that Deloitte be nominated as external auditor to the Annual General Meeting of Shareholders in 2014, appointing them for the year 2015. Potential savings on the Group audit and local statutory audits will be used to expand the scope of the internal audit activities using third parties and with a focus on specific operating companies and processes.

local tailoring of the risk & opportunity management approach

We actively stimulate entrepreneurship throughout the organization and we encourage our people to identify and seize opportunities. At the same time, we balance this with clear risk boundaries, which are set for the operating companies in the AIR policy. Operating companies work closely with the responsible Executive Board member to define their risk appetite at local level. In practice, this means that we may take more risks in an emerging market than in a mature market.

main risks

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

The risks have been categorized into four areas: strategic, operational, financial & reporting, and compliance. The risks shown in bold are currently considered to represent our top 6 risks. This list should not be considered as exhaustive.

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

strategic 2012	operational 2012	financial & reporting 2012	compliance 2012
- **Adapting to economic conditions**	- **Contractual liability**	- **Access to funding**	- **Tax compliance**
- **Stability of the eurozone**	- Business continuity	- Credit risk	- Competition law compliance
- Protecting our reputation [1]	- Attraction and retention of talent		- Candidate screening

1 The risks shown in bold are considered to represent our top risks in 2013 respectively 2012. This list should not be taken as exhaustive.

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

operational risks	risk-mitigating actions	related opportunities
Contractual liability In contracts, especially in the Anglo-Saxon countries, clients ask us to take a greater share of the liability for our flexworkers while on their premises and under their supervision. Accepting inappropriately high contractual liability could result in a client making a claim that would be material to the Group's results.	Whenever possible, we work with our standard terms and conditions. In the case of non-standard terms, a cost-benefit analysis is carried out to determine whether projected profit levels are high enough to absorb the costs associated with the additional risks. The local legal department reviews the contract and the risk and reward assessment, and then advises operating-company management whether to accept the contract. In certain cases, additional approvals from the Executive Board are required, as set out in the contract liability policy. This risk mitigation is coupled with a Group liability insurance, which provides us with cost-effective coverage of many potential exposures. In the second half of 2013, a project team was formed to further mitigate contractual liability risks. Currently, the project team is focusing on further improvement of our contract risk/reward assessment and contract monitoring.	
Business continuity Serious long-term business disruption of IT systems could result in financial losses, fines and damage to our reputation. For example, our business entails paying flexworkers on a weekly or monthly basis, and then billing these amounts to our clients. A problem with one of our IT systems for payrolling and billing could cause a major business disruption in a country.	We have local IT systems in each country for payrolling and billing. This spreads our risks of an IT failure, which would be limited to one country or operating company. On a country level, disaster recovery plans are in place to address possible IT failures and are tested at least once a year. Group IT performs regular audits on the disaster recovery plans. These audits result in best-practice sharing and continuous improvement.	In several countries, we now have a shared service center, and we are initiating cloud infrastructure usage. This has increased efficiency and further improved the quality of business continuity planning by concentrating expertise.
Retention of talent People are our most important asset, and it is challenging to retain them in a competitive market. If we cannot attract and retain the right people, we could fail to achieve our objectives.	Retention rates are analyzed and reported by every operating company on a monthly basis. Our global People Survey is carried out annually to monitor engagement levels at each operating company and each department. Swift action is taken by local and Group HR departments to investigate and reverse any negative trends. We provide training for the purpose of coaching and developing our people. In addition, we identify our future leaders and provide management development programs for those with high potential. Our reward systems are tailored to local market conditions and include among other things bonuses and employee share purchase plans.	It is our rule to fill 80% of management positions through internal promotions. This increases the loyalty of our people. As a result, we will continue to have a pipeline of talent who understand our people, our clients, and our operations.

financial & reporting risks	risk-mitigating activities	related opportunities
Credit risk In the current economic climate, some clients try to delay payment of invoices. An increase of just one day in the time taken to collect the receivable (days sales outstanding or DSO) leads to greater usage of operating working capital and increased interest costs.	Operating companies have an operating working capital charge included in their results, which highlights awareness throughout the Group of the cost of capital. DSO is a component of the budgets and performance targets of operating company management. In addition, all receivables older than 182 days are provided for. The contract-to-cash blueprint was implemented in 2012 and includes best practices for invoicing and credit collection. Compliance of the largest operating companies with the contract-to-cash blueprint is monitored by the Group business risk & audit department. Further details on credit risk are provided in note 3.2 to the financial statements.	As more best practices are implemented across our operating companies in the contract-to-cash cycle, our approach to credit risk becomes more rigorous across the Group. A decrease of one day in DSO leads to less usage of € 65 million operating working capital.
Other financial reporting risks Other financial reporting risks mainly relate to the valuation of deferred tax assets and goodwill, to the provisions for claims of third parties, and to revenue recognition.	We have various policies in place, such as accounting policies and review procedures to mitigate these risks. Further information is included in notes 3.2 and 4 to the financial statements.	

compliance risks	risk-mitigating actions	related opportunities
Increased complexity of laws and regulations The complexity and quantity of laws and regulations have increased over the years. This has also increased the risk of non-compliance, which could result in fines or reputational damage. For example, the draft EU Data Protection Directive will, when issued, require additional data protection controls.	In all our major operations worldwide, we have in-house legal teams who help management comply with local laws and legislation. Every quarter, the in-house legal counsels of the largest operating companies get together, and once a year a legal conference is organized for all in-house legal counsels, with the aim of sharing knowledge. Topics discussed at these conferences include updates on new laws and regulations, and legal risk management. If new laws and regulations impact us (e.g., the draft EU Data Protection Directive), project teams with legal staff, risk & audit staff, and other experts are formed to anticipate the effects, provide training, and ensure that proper controls are embedded in our local organizations.	New laws and regulations require a critical review of existing training, systems, policies, and procedures. This keeps these processes and documents up to date and topical. Our knowledge regarding new legislation (e.g., the draft EU Data Protection Directive) is shared with our clients which, thus strengtening the client relationship.
Tax compliance We are responsible for paying employees and flexworkers across approximately 40 countries. Complex and changing regulation could lead to errors in the social security and payroll tax compliance if not updated in our systems and processes timely.	We have separate IT systems in each country that are tailored to local social security and payroll tax legislation. The Group tax department works with external tax advisors from each country in which we operate to ensure proper legal interpretation and system settings. Together with risk & audit staff, Group tax staff visit operating companies to monitor and assess their processes and controls to ensure compliance with local social security and payroll tax legislation.	In our tax compliance audits, we also focus on identifying best practices to achieve greater efficiencies in administering payroll taxes, social securities and insurance policies.
Competition law compliance Our staff may breach competition law by intentionally or accidentally sharing information.This could result in material fines or penalties and could harm our brand. On July 10, 2013, the French Competition Law Authorities started an investigation into Randstad France and a number of competitors. The investigation concerns certain French operations and, in particular, the activities concerning vendor-neutral platforms relating to HR outsourcing management.	Training with regard to competition law compliance is an integral part of our onboarding program, and management has to ensure that written acknowledgement is obtained that such training is understood and compliance is observed. By providing training in competition law compliance alongside training in our core values and our business principles, we stress how important this is to the Group. We encourage our employees to report any breaches identified via the misconduct reporting procedure. When developing new business models or concepts, our legal department (and if necessary competition law experts) are consulted to ensure legal compliance. Randstad France is cooperating openly with the French Competition Law Authorities. Consistent with our core values and business principles, Randstad seeks to conduct its business in accordance with all applicable laws and has invested considerable time and resources in improving competition controls and awareness in its French operation and in abiding by the commitments given to the authorities, following the previous investigation in France, that concluded in 2009. We are confident that the outcome of the investigation will be positive.	
Candidate screening Our candidates may be working with patients, children or the elderly, in which case criminal record checks are required. Failure to carry out this type of screening could lead to wrong medical treatment of patients, or the defrauding of vulnerable people.	In the past, deficiencies were identified in the screening of flexworkers. In response, we strengthened control over this area, and the Executive Board added the screening of candidates to the 2013 focus areas of Group business risk & audit. In cooperation with local risk & audit staff, compliance has been tested. Candidate screening has become a permanent priority on the agenda of our operating companies. Progress reviews are carried out through the risk & audit networks and via internal audits. Best practices are identified and shared.	We continuously develop and share our best practices for candidate screening across the Group. Through our increasingly rigorous approach to such matters, we will be able to demonstrate to clients the consistently high quality of our candidates across the globe.
Client claims on French subsidies Randstad France has received a number of claims from clients stating that they were entitled to the French State payroll tax subsidies under the 2003 Fillon Act (almost all of them for the period 2003-2010) that have previously been claimed and retained by Randstad as the legal employer of the temporary workers placed at these clients.	The way in which Randstad has operated the subsidy system, we believe, is consistent with the law, the opinion and practice of French State departments, and longstanding industry practice. Randstad has therefore rejected these claims, and they are currently at various stages of litigation in different courts and are now stayed to await the opinion of the French Supreme Court, which opinion has been requested in respect of one sample case and is expected in March 2014. We have strongly defended ourselves against what we believe are speculative and opportunistic claims and intend to continue to do so.	

conclusions

The Executive Board is responsible for Randstad's risk & control framework and for reviewing its effectiveness. The framework is designed to manage the risks that may prevent us from achieving our business objectives. However, the framework cannot provide full assurance that all material misstatements, frauds or violations of laws and regulations will be prevented. Future effectiveness of the framework is subject to the risk that the controls in place or the degree of compliance with the Group's policies and procedures may deteriorate.

In 2013, the Executive Board reviewed and analyzed the strategic, operational, financial & reporting, and compliance risks to which the Group is exposed, and it regularly reviewed the design and operational effectiveness of the Randstad risk & control framework. The outcome of these reviews was shared with the audit committee and the Supervisory Board, and was discussed with our external auditor.

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

In accordance with best-practice provision II.1.4 of the Dutch Corporate Governance Code, Randstad has assessed the design and operational effectiveness of our risk & control framework. Based on the activities performed during 2013, and in accordance with best-practice provision II.1.5, the Executive Board considers that, during 2013, the risk & control framework regarding the financial reporting risks worked effectively, and that this provides reasonable assurance that the financial statements 2013 do not contain any material misstatements.

In accordance with the Dutch Financial Supervision Act, section 5:25c, the Executive Board declares that, to the best of its knowledge:

- the financial statements for 2013 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, 2013, and of the 2013 consolidated income statement of Randstad Holding nv;
- the annual report provides a true and fair view of the situation as at December 31, 2013, and the state of affairs during the financial year 2013, together with a description of the principal risks faced by the Group.

Diemen, the Netherlands, February 18, 2014

The Executive Board,

Ben Noteboom	Jacques van den Broek
Robert Jan van de Kraats	Linda Galipeau
François Béharel	Leo Lindelauf

governance

supervisory board

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

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

Background
Henri Giscard d'Estaing has been Chairman of the Board and CEO of Club Méditerranée SA. since December 2002. Before joining Club Méditerranée in 1997, he held various management positions at Groupe Danone and Cofremca. He was formerly a member of the Supervisory Board of Vedior NV. He is currently also a member of the Board of Directors of Groupe Casino Guichard-Perrachon SA. He privately holds 450 ordinary shares in Randstad Holding NV.

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

Jaap Winter
(1963, Dutch)

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

Background
Jaap Winter is President of the Executive Board of VU University Amsterdam. Until December 2012, he was a partner at law firm De Brauw Blackstone Westbroek. He is a Professor of corporate governance at the Duisenburg School of Finance and Professor of international company law at the University of Amsterdam. He is a member of the Supervisory Boards of Stichting Koninklijk Kabinet van Schilderijen Mauritshuis and Het Koninklijk Concertgebouw NV.

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

Leo M. van Wijk
(1946, Dutch)
Vice-Chairman of the Supervisory Board

- Member of the Supervisory Board since 2002
- Current and final term of office 2010-2014

Background
Leo van Wijk is the former President and CEO of KLM Royal Dutch Airlines NV. He currently is a member of the Board of Directors of Air France-KLM SA and Chairman of Skyteam. He is also a member of the Supervisory Board of AEGON NV and Ajax NV.

Responsibilities
Leo van Wijk is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

Beverley C. Hodson
(1951, British)

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

Background
Beverley Hodson is a former Managing Director of WH Smith plc, Sears plc and Boots PLC. She was formerly a member of the Supervisory Board of Vedior NV. She is currently a Director of Putsborough Apartments Ltd, an honorary associate of Newnham College, Cambridge, a Council Member of Gloucestershire University and a fellow of the Royal Society of Arts.

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

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

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

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

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

Giovanna Kampouri Monnas
(1955, Greek)

- Member of the Supervisory Board since 2006
- Current term of office 2010-2014

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

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

Wout Dekker
(1956, Dutch)

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

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

Responsibilities
Wout Dekker is Chairman of the Strategy Committee.

report of the supervisory board

introduction

Acting in the interests of all Randstad stakeholders, the Supervisory Board supervises and advises the Executive Board in performing its management tasks, sets the direction of the business, and guides its general development, including the financial policies and corporate structure. Although set by the company's Articles of Association and by-laws, the role of the Supervisory Board has grown in recent years, and now requires board members to play a more prominent and active role, thinking along with and advising the Executive Board on key matters, such as strategic processes, important operational decisions, organizational structure and senior management development.

composition, independence and self-assessment

The Supervisory Board currently comprises seven members (see the section Supervisory Board for details). They have a diverse mix of knowledge, skills and expertise, in line with the required profile, as referred to in the corporate governance section. The Supervisory Board aims to ensure that its membership represents a good balance in terms of diversity (including nationality, gender and area of expertise), aiming for at least one-third of its membership to meet the diversity criteria, notably regarding gender. These criteria are currently being met.

At the next Annual General Meeting of Shareholders to be held on April 3, 2014, the second term of Giovanna Kampouri Monnas expires. The Supervisory Board proposes to reappoint her for a third and final term of four years, taking into account her solid contribution to the Supervisory Board, particularly its Remuneration and Nomination Committee. The third and final term of Leo van Wijk also expires. The Supervisory Board is extremely grateful to Leo van Wijk for his significant contribution to Randstad during the 12 years he has served the company, notably as its Vice-Chairman, Chairman of its Audit Committee, and member of its Remuneration and Nomination Committee. The Supervisory Board proposes to appoint Frank Dorjee to replace Leo van Wijk.

The Supervisory Board attaches great importance to the independence of its members. As a rule, all members, with the exception of no more than one, should be independent in the sense of Article 1 of the Supervisory Board's by-laws. With the exception of Jaap Winter, who was appointed at the nomination of Randstad Beheer (the private shareholding company of Randstad's founder and leading shareholder), all members are independent. They were not granted, nor do they possess, any Randstad options or shares, with the exception of Henri Giscard d'Estaing, who personally holds some shares in the company. In 2013, there was no actual or potential conflict of interest between Randstad and any Board member.

At a separate annual meeting, the Supervisory Board discussed at length its composition, its own performance and that of its three committees. In preparation for this annual self-assessment, each member completed an open-answer questionnaire. Items assessed and subsequently discussed included:
- the Board's composition, size, profile, mix of skills and experience;
- the meeting cycle, decision-making, follow-up and discussion;
- induction, training and performance;
- the performance of and reporting to the full Board by the three standing Committees;
- the relationship with the Executive Board; and
- the performance of the Supervisory Board Chairman.

An anonymized summary of the main findings, prepared by the company secretary, was used as the basis for the self-assessment discussion. The Supervisory Board concluded that all of the items were assessed positively. Team spirit is considered strong, encouraging open discussion and clear understanding of each board member's role. Several suggestions for further improving the functioning of the Supervisory Board were raised and will be followed up during 2014. These suggestions relate, among other things, to:
- taking more time for in-depth discussion, jointly with the Executive Board, and for reflection on topics such as strategy, innovation, sustainability, competition, geographic mix, the impact of new business ideas, the Internet and social media;
- planning the succession of the Supervisory Board's Chairman (who retires in 2015) and Vice-Chairman (who retires in 2014) in light of the mix of skills, competencies and experience required; and
- further optimizing the role of the Strategy Committee to increase understanding and contribution of the full Supervisory Board in setting the strategic direction. Although good progress was made in 2013, more time will be spent in 2014 on strategy outside the regular meeting cycle.

At year-end, the Chairman also conducted one-on-one meetings with each member to discuss their personal performance.

supervisory and advisory activities in 2013

The Supervisory Board met eight times during 2013. Five of these meetings were held jointly with the full Executive Board. The other three meetings were held separately, in part attended by the CEO. The latter three meetings were held to discuss Executive Board remuneration, the review of the remuneration policy, the composition and assessment of the Executive Board, including the changes to the Executive Board, senior talent review and succession planning, as well as the composition and self-assessment of the Supervisory Board. One of the eight meetings was attended by the external auditor to discuss the 2012 annual report and accounts. Between meetings, the Chairman of the Supervisory Board maintained informal contact with the CEO and CFO. The Chairman of the Audit Committee had regular contact with the CFO, particularly in preparing the Audit Committee meetings.

The Supervisory Board does not disclose rates of attendance at meetings in abstract numbers, because this is perceived as a box-ticking exercise. Attendance at Supervisory Board meetings was high, with none of the members being absent from more than one meeting during the year. All members have sufficient time, including between meetings, to devote to the affairs of Randstad.

At the end of 2013, the Supervisory Board (and particularly, in the preparation phase, its Remuneration and Nomination Committee) spent considerable time discussing the changes in the leadership of Randstad, which were announced on October 31, 2013. Managing the leadership of Randstad is considered to be one of the key responsibilities of the Supervisory Board. In this context, it is important to mention that the Supervisory Board carefully balances continuity and changes in leadership. After thorough consideration, the Supervisory Board and the CEO agreed that this was a good moment for a leadership transition. As of February 28, 2014, Jacques van den Broek will succeed Ben Noteboom as CEO and Chairman of the Executive Board.

Ben Noteboom, who joined Randstad in 1993, has had an outstanding track record within Randstad. He held a series of senior management positions and started Inhouse Services, before being promoted to the Executive Board in 2001. He was appointed interim CEO in September 2002 and Chairman of the Executive Board and CEO in March 2003. Under his leadership, the company has grown significantly. Revenue grew from € 5 billion to € 17 billion, while profitability rose from € 100 million to € 579 million. Randstad became the second-largest HR services provider globally. Ben Noteboom successfully grew Randstad by focusing on its strategic building blocks. He led the expansion in North America, France, Japan, emerging markets and Professionals through organic growth and a series of acquisitions. Following his 11 years as CEO, Randstad owes Ben Noteboom a profound debt of gratitude for his exemplary performance through some very challenging times. He leaves behind a company that is in excellent shape.

Our new CEO, Jacques van den Broek, joined Randstad in 1998 as a branch manager. Appointments followed as regional director in the Netherlands and marketing director Europe. In 2002, he moved to Capac Inhouse Services as managing director, also taking on responsibility for Randstad in Denmark and Switzerland. Jacques van den Broek was promoted to the Executive Board in 2004 and is currently responsible for the United Kingdom, Belgium & Luxembourg, Germany, Italy, Switzerland, Yacht Netherlands and Global Client Solutions. His operational and strategic track record within Randstad is very strong and he was instrumental in the improvement of Randstad’s performance since 2004. He led the growth of the Global Client Solutions offering and managed various integrations. His appointment as CEO will be for an initial term of four years.

At the end of 2013, the Supervisory Board also decided to appoint Chris Heutink to the Executive Board. Chris Heutink joined Randstad in 1991 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 and was appointed managing director of Randstad Netherlands in 2009. His initial appointment for a term of four years is subject to approval by the Annual General Meeting of Shareholders on April 3, 2014.

Randstad favors long careers within the company, and has successfully managed to continuously develop and promote senior management from within. All the above-mentioned appointments are good examples of this philosophy.

One of the Supervisory Board's main priorities is strategy. Accordingly, and following up on last year's self-assessment, even more time was spent on in-depth discussions with the Executive Board about the overall strategy and the realization of the strategic targets. The Strategy Committee prepared and set the framework for these discussions. It was concluded that the strategy did not need to be amended, although certain aspects would need fine-tuning or acceleration. Major topics of discussion relating to strategy included:

- possible recovery or decline scenarios, related ambitions and targets, as well as balance sheet protection or efficiency;
- medium-term market developments, including the main conclusions of the 'Into the Gap' study;
- geographic coverage and the services portfolio: thanks to its successful portfolio diversification, Randstad is well-positioned for growth in all of its geographies;
- the strategy for the Professionals segment, which requires more global alignment and acceleration in order to become a truly global player in this field;
- the changing environment of the staffing industry (uncertain market conditions and/or pressure on margins), which creates a need for more segment-specific delivery models;
- the progress made on strategic initiatives for improving the business mix, including field steering and permanent placements;
- innovation initiatives related to managed services, new businesses, 21st-century recruiting and new sources of flexible labor.

Adequate time was spent on the acquisition of the activities of USG in Spain, Italy, Poland, Switzerland, Luxembourg and Austria. This acquisition is in line with Randstad's strategic goal to strengthen its market position and increase its network density in existing markets. It also creates significant value from synergies.

The economic trends during 2013 varied considerably from region to region. When discussing the company's quarterly performance, the Supervisory Board paid much attention to the adaptation of costs, adjusting organizational structures, and maximizing efficiency in each of the countries, while not losing sight of opportunities identified by the Executive Board for capturing profitable growth where possible.

The Supervisory Board is regularly updated on developments in operating countries and new markets or potential new markets. These updates cover labor market relations, demographics and politics. Senior management of our operations in the UK and Yacht Netherlands joined a meeting in 2013 to give such an update on their companies. Each year, the Supervisory Board, jointly with the Executive Board, pays a two-day visit to the operations in a different country. The joint visit of the Supervisory Board and the Executive Board to Randstad in the Netherlands in May 2013 provided additional insight into the quality of local operations and management, while extra attention was given to large-client delivery models. Jointly with the management of Randstad Netherlands, individual Supervisory Board members also visited some key clients to learn more about Randstad's service delivery to these clients. From time to time, Supervisory Board members jointly or individually visit country managements or participate in country meetings as and when the opportunity arises. In 2013, this was the case for Germany, France, the UK and Japan. Senior functional managers regularly join Supervisory Board meetings to provide updates on their own fields of responsibility. This year, special attention was given to HR and IT.

The following list provides a solid overview of the items that are discussed regularly throughout the year:

- compliance with relevant rules and legislation, as well as developments in corporate governance;
- the assessment of strategic, operational, financial and compliance risks, including Randstad's approach to risk and opportunity management;
- overall strategy, the realization of strategic targets, strategic alternatives and their follow-up;
- corporate planning projects, including actual or potential acquisitions and divestments;
- changes to the Executive Board, including amendments to portfolio responsibilities;
- organizational changes and senior management appointments;
- the performance of all major countries and functions;
- the preparation, evaluation and follow-up of the Annual General Meeting of Shareholders;
- topics related to sustainability relevant to Randstad, including the corporate sustainability framework and related key drivers and key performance indicators;
- the views of analysts and investors, as well as changes in the shareholder structure and base;
- marketing, branding and the position of managed services programs;
- the financial performance of Randstad, its financing, the allocation of goodwill and related impairment analyses;
- the external auditor's quarterly reports and management letter.

To underline the importance of Randstad's business principles and the procedure for reporting misconduct, the Supervisory Board shares responsibility for these matters with the Executive Board. An assessment of the complaints reported under the misconduct reporting procedure is shared with the Audit Committee annually. Further information can be found on our corporate website.

supervisory board committee activities in 2013

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

Report of the Audit Committee

The Audit Committee comprises Leo van Wijk (Chairman), Fritz Fröhlich and Jaap Winter. The first two members in particular have relevant expertise in the field of financial management. Five meetings were held in 2013. As a rule, the CEO and CFO attend all meetings on behalf of the Executive Board, while senior management from the corporate financial departments and the external auditor's lead partners are also present.

The Audit Committee held one meeting with the external auditor without management being present. In addition to the physical meetings in 2013, the Committee (particularly its Chairman) spent considerable time on the tender process relating to the proposed change of external auditor.

The following list provides a solid overview of the items discussed in the course of the year:

- the financial performance of the company and its major operating companies (discussed in detail each quarter), with special focus on the quality of earnings, productivity, the balance sheet, financing, provisions and taxes,

impairments, and the outlook for each subsequent quarter;
- Randstad's financing strategy, notably the extension of the maturity of the syndicated credit facility as well as possible alternative long-term funding sources;
- the external auditor's reports for each quarter and the full year, as well as their annual management letter, audit strategy plan and fees (see note 29 to the financial statements);
- the impact of possible changes to legislation, such as legislation affecting the role and position of the external auditor;
- the procedure for reporting misconduct, including the report of the central integrity officer;
- a review of fiscal, treasury, legal and pension-related developments, mostly provided by the responsible corporate managing director;
- a report from the managing director Group legal on operating companies' compliance with key policies, including the business principles, competition law compliance, antibribery & corruption, data protection, non-discrimination & harassment, and contract liability;
- the annual legal letter, listing material litigation (where potential liability exceeds € 1 million). Any cases with a potential liability exceeding € 2.5 million are promptly reported to the Audit Committee;
- the annual talent and performance review of the finance function and its key people, including the World League Finance program, whose aim is to develop the finance function, all finance staff and the finance organization throughout Randstad. In the course of each year, the CFOs of some of the larger operating companies are invited to report on their approach to this program in their respective country. In 2013, the CFOs of Randstad France and Randstad UK were invited for this purpose.

The Audit Committee discussed at length various items relating to business risk and audit, such as the annual audit plan, the quarterly report on internal risk-based audits and the review of related key strategic and operational risks. Due to its nature, culture and business philosophy, Randstad takes a pragmatic approach to business risk and audit, which is fully integrated into the businesses and operationally driven. The business risk & audit department is adequately embedded within the organization by way of the global risk & audit network, consisting of local internal auditors at operating company level. A new managing director for the function was appointed at the start of 2013. His observations and plans to further professionalize risk management and internal audits with regard to the in-control position of Randstad were discussed at length.

With regard to the external audit, the Audit Committee reviewed the proposed audit strategy plan relating to the audit scope, approach and fees. It also assured itself of the independence of the external auditor and the non-audit services provided by the external auditor, in line with the relevant policy, which was updated in 2013 to reflect relevant regulatory changes.

The Audit Committee also assessed the performance of the external auditor. This is an annual process, based on a satisfaction survey conducted among all CFOs of the operating companies and key corporate finance people. Mutually agreed actions are undertaken whenever the survey reveals quality issues. In addition, the Audit Committee regularly assesses the quality and adequacy of the annual audit approach, as well as the quality, results and output of the audit, using the input provided by the CEO and the CFO. As part of this evaluation process, the following items are taken into consideration: (1) the quality of the audit work, (2) the sufficiency and fulfillment of the audit engagement, (3) the quality of the auditor's reports, (4) the independence of the auditors, (5) the general appearance, (6) the expertise and composition of the audit team, (7) the audit fee, and (8) quality control within the audit firm. Based on the positive assessment of these items, the Audit Committee supported the decision of the Executive Board to propose to the Annual General Meeting of Shareholders in 2013 to reappoint PricewaterhouseCoopers Accountants N.V. for the year 2014.

In light of the new legislation regarding mandatory audit firm rotation, the Audit Committee approved the proposal of the Executive Board to change audit firm as from the financial year 2015. Historically, Randstad's policy has been to engage the external auditor for both the Group audit and all of the local statutory audits. In the context of this legislative change, however, Randstad has assessed how it can increase the efficiency of the external audit and the added value of audits. Any change of auditor will create substantial inefficiencies in Group operating companies and it will take a considerable amount of time for the new auditor to get up to speed. Moreover, Randstad has not experienced any material issues as a result of external audits for many years. Nonetheless, non-material issues continue to appear from time to time. These are an additional cost to the company, and also require substantial management attention. As a result, Randstad has decided to change its approach. The scope of the external audit will be reduced to cover the operations in the ten main countries representing a significant majority of the company's revenue and result, as well as the required materiality for the external auditor. The statutory audits of the remaining operations may be assigned to other auditing firms. Because auditor rotation will not be mandatory for these units, further efficiencies can be achieved. Substantial savings in both the Group and local audits will be reallocated to extended internal audit programs. This will enable Randstad to perform additional internal audits on specific themes or items across the Group and as such to further improve the overall in-control position.

Subsequently, a thorough tender process was initiated, which was led by a special working group consisting of the Chairman of the Audit Committee, the CFO and the managing directors of several corporate financial departments. The other members of the Audit Committee were regularly updated on how the process was progressing. Three audit firms were invited to submit a proposal for an extensive worldwide audit, which they then presented to the special working group, with the participation of the full Audit Committee. In preparation, these firms had access to a dataroom with relevant information on Randstad and had the opportunity to meet with more than 20 senior corporate and country managers. Their proposals were evaluated on professionalism, added value, local service delivery, personal fit and cost. After careful consideration, the Audit Committee decided to recommend that the Supervisory Board nominate Deloitte at the Annual General Meeting of Shareholders in 2014 for appointment for the year 2015. Deloitte was rated highest on almost all selection criteria and, in particular, their corporate team was judged to be very strong and highly experienced, while their fees were the lowest.

Report of the Strategy Committee

The Strategy Committee comprises Wout Dekker (Chairman), Henri Giscard d'Estaing and Jaap Winter. Each member has his own specific and extensive experience in strategy development and related processes.

The Committee prepared the Supervisory Board's in-depth strategy discussion with the Executive Board at the start of 2013. In addition, the Committee met twice during 2013. The full Executive Board participated in these meetings.

As Randstad operates in a competitive environment, it is inappropriate to provide details of all topics discussed. However, the following list provides a solid overview of the items discussed in 2013:

- growth drivers and strategic targets;
- the sustainability framework, which is now an integral part of the overall strategy;
- developments in key markets and possible performance scenarios for the coming years;
- benchmark versus Randstad's main competitors;
- Randstad's geographic and business mix in existing markets, as well as any potential new markets or segments;
- the company's focus on excellent execution and performance optimization, with special attention to field steering, SMEs, large account delivery and perm;
- the company's activities in Recruitment Process Outsourcing, which is a fast-growing market segment;
- the implementation and progress of the strategy for the important Professionals segment;
- innovation initiatives, such as those relating to managed services, new businesses (outsourcing, outplacement and consulting) and 21st-century recruiting (social media, use of the Internet); and
- the strategy for several of the major operating countries.

Report of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises Fritz Fröhlich (Chairman), Beverley Hodson, Giovanna Kampouri Monnas and Leo van Wijk. Each Committee member has specific expertise in the area of remuneration and HR-related issues.

The Committee met six times in the course of 2013. The CEO and the managing director Group HR participated in part of the meetings. The main topics discussed included:

- the proposal to update the remuneration policy for the Executive Board, which was approved by the Annual General Meeting of Shareholders on March 28, 2013;
- the annual remuneration report, including an overview of the manner in which the remuneration policy was implemented and an overview of the (updated) remuneration policy for the Executive Board members in subsequent years. This detailed remuneration report is published each year and is available on our corporate website. It is also summarized in this annual report in the remuneration section;
- proposals regarding the realization of the annual bonus targets for the Executive Board, the targets for next year's annual bonus, the realization of the targets of the long-term incentive plan, and the annual allocation of shares and options to the Executive Board;
- Randstad's HR strategy and focus for the coming years, key actions, its function and organization, with specific attention being paid to the role of HR in the rollout of the Professionals strategy, and the formulation of and alignment with senior management leadership competencies, as elaborated on in the section on best people/leadership;
- the outcomes and conclusions of the annual talent review and succession planning for the Group;
- the annual assessment of the senior country and functional managing directors (all of whom are scheduled to meet and present to the Supervisory Board, if feasible);
- the proposed reappointment of Giovanna Kampouri Monnas and the proposed appointment of Frank Dorjee as member of the Supervisory Board; the latter's nomination was thoroughly prepared, based on an assessment of the profile of the vacancy within the Supervisory Board and an extensive selection process identifying various candidates who fit the required profile;
- the annual assessment of the Executive Board and its individual members; and
- the self-assessment of the Supervisory Board.

As detailed above, the Committee carefully and extensively prepared the decision-making of the full Supervisory Board in relation to the leadership changes and the succession of Ben Noteboom by Jacques van den Broek as Chairman of the Executive Board and CEO. The Committee decided to nominate Chris Heutink, managing director of Randstad Netherlands, as a member of the Executive Board, and decided at the same time to approve the proposed changes to the Executive Board members' portfolios.

The Supervisory Board aims to ensure that both its own composition as well as the composition of the Executive Board represents a good balance in terms of diversity (including gender and nationality), aiming for at least one-third of the membership to meet the diversity criteria, notably regarding gender. These criteria are currently being met for the Supervisory Board but not yet for the Executive Board. Randstad's policy regarding diversity is extensively described in the diversity section of this annual report. A key factor in diversity is providing equal opportunities for women. The percentage of women in senior management positions amounted to 43.2% in 2013. The Executive Board welcomed its first female member in 2012. Diversity will continue to be an important consideration for all future nominations to the Boards.

reports of the extraordinary and annual general meeting of shareholders

An Extraordinary General Meeting of Shareholders was convened on January 16, 2013, to elaborate on and approve the proposal to issue preference shares C in order to strengthen Randstad's financial position and reduce the leverage ratio. At the same meeting, the Executive Board was authorized to repurchase ordinary shares up to a maximum of 3% of the ordinary issued share capital in order to prevent dilution in relation to the shares issued under Randstad's peformance share plan for senior management and the Executive Board. Francois Béharel was appointed as a member of the Executive Board.

At the Annual General Meeting of Shareholders, held on March 28, 2013, the CEO and the CFO gave an account of the general state of affairs at Randstad and its financial performance in 2012. The meeting adopted the 2012 financial statements. The proposal to adjust the dividend policy was clarified and the meeting adopted the related dividend proposal. The members of the Executive Board were granted discharge of liability for their management and the members of the Supervisory Board for their supervision thereof. The meeting authorized the Executive Board to issue ordinary shares, limited to a maximum of 3% of the ordinary issued share capital for a period of 18 months, as well as to repurchase ordinary shares, limited to a maximum of 10% of the ordinary issued share capital for a period of 18 months. The proposal to amend the remuneration policy of the Executive Board was approved. PricewaterhouseCoopers Accountants N.V. was reappointed as external auditor for the financial year 2014, and Ton Risseeuw was appointed director of Stichting Administratiekantoor Preferente Aandelen Randstad Holding.

As a number of public stakeholders had indicated that they would like listed companies to inform them about the work conducted by the external auditor, the Chairman of the Audit Committee proactively elaborated on the work of the Audit Committee in 2012, on the company's collaboration with the external auditor and the main findings of the external auditor regarding internal controls, which are as follows:

- The internal controls show no significant weaknesses.
- The tone at the top is healthy.
- The key controls framework was further fine-tuned in 2012.
- There is still room for further improvement in internal controls, particularly in a number of smaller countries.
- IT controls can be improved further.

With regard to the financial statements for 2012, the auditor's main findings are as follows:

- There are no material, uncorrected errors.
- The reporting principles have been applied adequately.
- Management's estimates regarding provisions, active tax deferrals and other items are in general deemed to be prudent and consistent.
- As far as the valuation of goodwill is concerned, the auditor's opinion is that the valuation is supported by balanced cash flow predictions and relevant assumptions.

The lead partner of the external auditor was given the floor to elaborate on the auditor's responsibilities, the implementation of controls and reporting on the audit of the financial statements of Randstad. He also said he concurred with the key findings as described above.

Both meetings were broadcast live by audio webcast on the corporate website. Voting instructions (anonymous if desired) could be given to an independent third party in advance of the meetings. Within three months of the meetings, the draft minutes of the meetings were made available for comments for a period of three months and were subsequently adopted. All documents relating to the meetings were published on the corporate website.

financial statements for 2013

The financial statements for 2013 have been audited and provided with an unqualified opinion by PricewaterhouseCoopers Accountants N.V. (see the independent auditor's report) and were extensively discussed with the auditors by the Audit Committee in the presence of the CEO and the CFO. 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 2013 meet all requirements for correctness and transparency and recommends that the Annual General Meeting of Shareholders adopt the financial statements and the appropriation of net income proposed by the Executive Board.

The Supervisory Board endorses the Executive Board's proposal to the Annual General Meeting of Shareholders to pay an optional cash or stock dividend per ordinary share of € 0.95 for 2013 (€ 1.25 for 2012) and a cash dividend on preference share B and C of € 12.1 million.

The Supervisory Board requests that the Annual General Meeting of Shareholders grant discharge to the members of the Executive Board for their management and to the members of the Supervisory Board for their supervision in 2013.

The Supervisory Board would like to thank all Randstad employees, under the strong leadership of the Executive Board, for their contribution and continuing dedication in 2013.

Diemen, the Netherlands, February 18, 2014

The Supervisory Board,

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

remuneration report

remuneration policy

The main objective of the remuneration policy is to attract, motivate and retain qualified senior executives of the highest caliber, who have an international mindset and the background required for the successful leadership and effective management of a large global company. The members of the Executive Board are rewarded accordingly, and most of their remuneration is based on the performance of Randstad. The remuneration structure for the Executive Board is therefore designed to balance short-term operational performance with the long-term objectives of the company and value creation for its shareholders.

Remuneration levels are determined on the basis of a number of clear, transparent criteria and reflect general as well as specific individual responsibilities in an international context. They are benchmarked against an international labor market peer group regarding fixed salary levels, and against an international performance peer group to establish relative performance:

- The international labor market peer group represents the market in which Randstad competes for senior management talent, and is used to benchmark fixed salary levels. It is composed of international staffing and business services companies, reflecting Randstad's international scope. As from 2013, they are Adecco SA, Rentokil Initial Plc, Cap Gemini SA, Atos Origin SA, Robert Half International Inc, LogicaCMG Plc, Manpower Inc, Kelly Services Inc, Michael Page International Plc, Hays Plc, TUI AG, G4S Plc, and Sodexo Group SA;
- The international performance peer group is used as a benchmark to establish relative performance in terms of Total Shareholder Return (TSR), as described below, for the payout of certain variable remuneration components. It reflects the market in which the company competes for shareholder preference. This group is comprised solely of staffing companies and can be characterized as 'sector-specific'. As from 2012, it consists of Adecco SA, Kelly Services Inc, Trueblue Inc, Manpower Inc, Robert Half International Inc, USG People NV, Michael Page International Plc, Hays Plc, and Groupe Synergie SA.
- In addition, as an extra check, total compensation levels are annually benchmarked against a peer group of companies listed on the AEX index (consisting of large companies listed on NYSE Euronext Amsterdam).

The remuneration policy was initially approved by the Annual General Meeting of Shareholders in 2007. Despite the changed profile and significantly increased size of Randstad, the remuneration policy and structure had not changed since then. In 2012 and early 2013, the Supervisory Board, particularly its Remuneration and Nomination Committee, extensively evaluated the remuneration policy. Focus Orange, an independent strategic human capital advisory firm, was commissioned to provide advice. After careful consideration, the Supervisory Board submitted a proposal to the Annual General Meeting of Shareholders held on March 28, 2013, to update the remuneration policy for the Executive Board, taking into account the changes that had taken place in the profile of Randstad since 2007 and developments relating to remuneration and corporate governance. The Annual General Meeting of Shareholders approved the proposal and the related amendments are reflected in this report.

executive board remuneration 2013

The remuneration of the Executive Board consists of three components:

1. Short-term compensation, consisting of base salary and annual cash bonus opportunity;
2. Long-term compensation, consisting of performance shares;
3. Pension and other benefits.

The variable portion of the total remuneration package is performance-related. It consists of short- and long-term components. For on-target performance, approximately half of the total compensation of a member of the Executive Board is performance-related. The Supervisory Board, on the recommendation of its Remuneration and Nomination Committee, sets the targets prior to each performance period. Performance targets and conditions are derived from Randstad's strategy, annual budget plan and market analysis. An overview of the 2013 and comparable 2012 remuneration amounts is included in note 25.2 to the financial statements.

Short-term compensation

Base salary

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

In view of the economic circumstances and trading environment at the time, the base salaries of the Executive Board did not change as of January 1, 2013.

Annual cash bonus opportunity

The total annual cash bonus opportunity amounts to 70% of base salary for on-target performance, and the maximum bonus level is 100% of base salary. If performance is below a pre-defined minimum level, no bonus will be paid out. In calculating the pro-rata bonus, a sliding scale between the minimum level and the maximum level is used. The Supervisory Board sets the targets at the beginning of each financial year.

In 2013, and as approved by the Annual General Meeting of Shareholders held that year, the framework for the annual cash bonus was slightly amended to align it even more closely with the relevant (strategic and financial) parameters that drive Randstad's business, while keeping the threshold, the on-target bonus opportunity and the maximum bonus opportunity at the same levels. As from 2013, the framework relates to:

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

The shared targets for 2013 were Group revenue performance, Group EBITA margin realization and Group leverage ratio as at December 31, 2013. The actual targets for these and the individual targets are not disclosed, as they qualify as information that is confidential and/or (commercially and potentially share-price) sensitive.

If a variable remuneration component conditionally awarded in a previous year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the performance period, the Supervisory Board has the power to adjust the value upwards or downwards. The Supervisory Board may also recover from the Executive Board any variable remuneration awarded on the basis of incorrect financial or other data. These provisions are included in the annual bonus and grant letter. This power was not used in 2013 nor was any remuneration recovered from present or former Executive Board members.

Based on the achievement of the shared and individual targets for 2013 and using of the discretionary space available to the Supervisory Board, the bonus entitlement with regard to the performance in 2013 amounted to 75% of annual base salary.

Long-term compensation

In order to align their own objectives with the value creation objectives of shareholders, performance shares are granted to the members of the Executive Board on an annual basis. Until 2013, a combination of performance shares and performance options were granted. As the number of (peer) companies using stock options was significantly lower and the instrument is now less highly regarded from a corporate governance perspective, as from 2013, only performance shares are granted, a change that was approved by the Annual General Meeting of Shareholders in 2013.

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

TSR payout range

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

TSR reflects the return received by a shareholder and captures both the change in the company's share price and the value of dividend income, assuming dividends are reinvested in the company. The Supervisory Board considers TSR to be an appropriate measure, as it objectively measures the company's financial performance and assesses its long-term value creation as compared to other companies in the sector. TSR performance for the companies of the international performance peer group is calculated based on their 'home/ primary listing'. During the three-year vesting period, the TSR data are compiled and reported by an external data provider, Towers Watson. The Remuneration and Nomination Committee advises the Supervisory Board on the percentage of performance shares that vest and performance options that can be exercised. Given the relevance of sustainability for Randstad's business, ambition and long-term viability, a proposal was submitted to the Annual General Meeting of Shareholders in 2013 to add performance targets within Randstad's sustainability KPI framework at the discretion of the Supervisory Board. These targets are also set at the start of the three-year vesting period. As of 2013, the grant is therefore divided into TSR-dependent (80%) and sustainability-related (20%).

Performance shares are granted in the open period following the publication of the Group's fourth quarter financial results in February. The number of shares will be calculated based on the fair value of the Randstad share as at January 1. If a member of the Executive Board resigns before the vesting date, conditional grants of performance shares will lapse. These conditions also relate to performance options granted until 2013. The company offers no financing arrangements at grant or exercise of the options. Performance shares need to be retained for at least two years after vesting, except to the extent necessary to settle any related tax liabilities.

At the moment the performance shares are granted, their fair value (assuming on-target performance) is equal to an amount of 80% of the base salary for all Executive Board members alike. Taking the more challenging payout range into account, this value has increased to 100% for grants as from 2013, a change that was approved by the Annual General Meeting of Shareholders in 2013.

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

On February 14, 2013 (the grant date under the relevant plan), a conditional grant of performance shares for on-target performance was effected, based on 100% of the annual base salary per Executive Board member as at January 1, 2013, and on the fair value of the performance shares as at the same date of € 17.26 per share (TSR-dependent grant) and € 24.73 per share (sustainability-related grant).

The conditional on-target 2013 awards are as follows:

conditional on-target awards

	number of shares
Ben Noteboom	52,795
Robert Jan van de Kraats	35,555
François Béharel	31,234
Jacques van den Broek	31,234
Linda Galipeau	31,234
Leo Lindelauf	31,234
	213,286

The sustainability-related performance targets for this grant are the following five targets from Randstad's sustainability KPI framework: Net Promotor Score, number of people guided from unemployment to employment, employee engagement score, contribution to the (de)regulation of labor markets, and the number of employees trained in business principles. At the end of the performance period 2013 – 2015, the Supervisory Board will have the discretion to determine the actual vesting based on the progress over the performance period as reported by the Executive Board in relation to each of these targets. Each target accounts for 50% vesting, the minimum vesting equals 0% and the maximum vesting equals 250%, in line with the minimum and maximum opportunity for the TSR-dependent grant.

Early 2013, the performance shares and performance options which were conditionally granted in February 2010 vested based on the relative TSR performance over the period January 1, 2010 – December 31, 2012. The performance resulted in 75% vesting.

Pension and other benefits

Pension contribution

The pension arrangements for members of the Executive Board are based on defined contribution and are placed with an insurance company. Randstad provides an annual contribution of 27% of base salary to the schemes of Executive Board members; the Dutch Board members themselves contribute 8.5% of base salary minus a relevant franchise. The company has no specific early retirement arrangements in place for Board members.

Other benefits

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

Loans

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

Severance

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

Executive service agreements

In line with the relevant regulation, Executive Board members (re)appointed as from 2013 have an executive service agreement with the company, which supersedes any previous employment agreements.

executive board remuneration 2014

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

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

Chris Heutink has been nominated for appointment to the Executive Board subject to approval by the Annual General Meeting of Shareholders on April 3, 2014. His executive service agreement is in line with the remuneration policy of the company. His base salary as from January 1, 2014 is € 590,965.

supervisory board remuneration 2013

The Annual General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board members. 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 and do not accrue any pension rights with the company.

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

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

allowances of supervisory board members

in €

		2013	2012
Supervisory Board			
Chairman	Fritz Fröhlich	110,000	110,000
Vice-Chairman		90,000	90,000
Members		75,000	75,000
Audit Committee			
Chairman	Leo van Wijk	12,000	12,000
Members		8,000	8,000
Remuneration and Nomination Committee			
Chairman	Fritz Fröhlich	9,000	9,000
Members		7,000	7,000
Strategy Committee			
Chairman	Wout Dekker	8,000	8,000
Members		6,000	6,000

The total remuneration of the Supervisory Board members in 2013 amounted to € 689,000 (2012: € 635,500). The details per Board member are specified in note 25.3 to the financial statements.

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

supervisory board remuneration 2014

The remuneration of the Supervisory Board will remain unchanged in 2014.

corporate governance

principles

Sound corporate governance is a key component of Randstad's culture, behavior and management and is consistent with its core values. Randstad's corporate governance is supported by a strong focus on integrity, transparency and clear and timely communication. The business processes throughout the organization incorporate transparency for both external reporting and the management of activities around the world. Good governance and proper supervision are important prerequisites for generating and maintaining trust in Randstad and its management.

Randstad's governance structure is based on the requirements of Dutch legislation, the company's articles of association and the rules and regulations of NYSE Euronext, complemented by internal policies and procedures. Given the worldwide exposure of Randstad and its businesses, the international context is of vital importance and both national and international developments are closely monitored.

Randstad has always sought to enhance and improve its governance in line with the Dutch corporate governance code ('the code', which can be found at www.commissiecorporategovernance.nl) and international best practices. Any substantial changes in Randstad's corporate governance structure and its compliance with the code will be submitted to the Annual General Meeting of Shareholders.

Corporate governance declaration

The Executive Board and the Supervisory Board, which are jointly responsible for the corporate governance structure of Randstad, are of the opinion that the vast majority of the principles and best practice provisions of the code are being applied. We strongly believe that these principles and provisions are consistent with our core values. This means that we do not merely take a 'box ticking' approach to compliance. As the code is based on the 'apply or explain' principle, a very limited number of exceptions to the code, which are deemed necessary in the interests of Randstad, have been explained to shareholders and are described in this report. This report also includes the information that needs to be disclosed in accordance with the corporate governance declaration as referred to in the relevant Dutch governmental decree.

executive board

Tasked with the management of Randstad, the Executive Board is accountable for developing, driving, executing, and achieving the approved strategy and strategic targets. The Executive Board is also responsible for the associated risk profile, sound business and financial controls, the development of results, and the resolution of corporate responsibility issues, while simultaneously respecting policies that have been set. The responsibility for the management of Randstad is vested collectively in the Executive Board.

Since 2005, new board members have been appointed for a maximum term of four years. The division of tasks between the board members requires the approval of the Supervisory Board. Members need the prior approval of the Supervisory Board before they can take up a board position at another company. A member of the Executive Board may not be a member of the Supervisory Board of more than two listed companies or serve as Chairman of the Supervisory Board of another listed company.

supervisory board

The Supervisory Board, acting in the interests of the company, supervises and advises the Executive Board in performing its management tasks, sets the direction of the Randstad business and guides its general development, including the financial policies and corporate structure. It evaluates the strategy, development of results, operating model, internal control mechanisms and sustainability framework established under the Executive Board's management. Major management decisions, including those involving strategy, require the approval of the Supervisory Board. The Supervisory Board further supervises the structure and management of systems of internal business controls and the financial reporting process. It is empowered to recommend to the Annual General Meeting of Shareholders persons to be appointed as members of the Supervisory Board and Executive Board. It determines the remuneration of the individual members of the Executive Board within the remuneration policy adopted by the Annual General Meeting of Shareholders.

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

Randstad ensures that there are structured reporting lines to the Supervisory Board. Key departments and operating companies work according to reporting frameworks that facilitate monitoring by both the Executive Board and the

Supervisory Board. The Supervisory Board meets regularly throughout the year, according to a pre-arranged schedule, both with and without the Executive Board and senior management. Outside this schedule, its members are available to the Executive Board at all times. Through frequent informal consultation with and updates from the members of the Executive Board in between the meetings, the Supervisory Board remains well informed about the general state of affairs within Randstad and offers advice on various matters. At the end of each year, the Supervisory Board extensively assesses the composition, performance and functioning of the Executive Board and the Supervisory Board, as well as their individual members.

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

Supervisory Board Committees

While the Supervisory Board as a whole retains overall responsibility for its functions, it assigns some of its tasks to three permanent Committees: the Audit Committee, the Strategy Committee, and the Remuneration and Nomination Committee. Their advice and recommendations assist the full Supervisory Board in its decision-making. The Supervisory Board appoints Committee members among its own members, based on the relevance of their expertise and experience. All Supervisory Board members are in principle also members of at least one Committee. The Committees come together at fixed times during the year, according to a pre-determined schedule and when required. They report directly to the full Supervisory Board on a regular basis, usually directly following a Committee meeting.

The Audit Committee assists the Supervisory Board in fulfilling its supervisory responsibilities for the integrity of the financial reporting process, the system of internal business controls and risk management, the external audit process, the external auditors' qualifications, independence and performance, as well as Randstad's process for monitoring compliance with laws and regulations. Throughout the year, the Audit Committee is tasked with the direct supervision of all matters relating to financial strategy and performance, including reporting, auditing and budgeting. The Committee assesses audit strategy, the scope and approach of the external auditors, and monitors their progress. The relationship with the external auditors is evaluated annually. Together with the Executive Board, the Audit Committee reviews quarterly and full-year financial statements, auditors' reports and the management letter. Discussion of the internal risk and control framework, tax and treasury related activities are recurring topics. The Committee appraises its own performance each year, and subsequently reports to the full Supervisory Board. The Audit Committee may opt to meet separately with the external auditors to discuss the quality of financial reporting and cooperation with the financial departments.

The Strategy Committee acts as a sparring partner for the Executive Board and contributes in depth to the preparation of the semi-annual discussion of Randstad's strategy with the full Supervisory Board. It works with the Executive Board on updates to strategic targets and monitors and evaluates growth criteria.

The Remuneration and Nomination Committee is tasked with making recommendations regarding the Randstad remuneration policy for the Executive Board and the Supervisory Board, for adoption by the Annual General Meeting of Shareholders. The approved policy then forms the basis for the fixed and variable remuneration of the Executive Board members. The Committee is also tasked with advising on candidates to fill vacancies in the Executive Board and Supervisory Board, evaluating the performance of both boards and their members, reviewing the development of senior management, ensuring long-term succession planning, including assessment of senior management, and making recommendations on the composition of the Supervisory Board Committees.

Board compliance

Both Boards, including the Committees of the Supervisory Board, have their own by-laws, which set rules with regard to objectives, composition, duties, responsibilities and working methods. These by-laws are available on our corporate website.

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

annual general meeting of shareholders

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

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

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

Voting rights

The issued share capital of Randstad Holding nv currently consists of approximately 177.4 million ordinary shares, 25.2 million preference shares B, 14.6 million preference shares C1 and 35.6 million preference shares C2. The ordinary shares have equal voting rights ('1 share, 1 vote'). The voting rights on the preference shares are aligned with the historical capital contribution upon issuance. Effective at a Shareholders' meeting, the voting rights on the preference shares B are 3.6 million and the voting rights on the preference shares C are 5.6 million.

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

Randstad Holding nv may issue preference shares A to a legal entity charged with safeguarding the company's interests and preventing influences that may threaten its continuity, independence or identity. Holders of such shares have no pre-emptive rights, but are entitled to a cumulative annual dividend calculated on the basis of the average statutory interest rate (plus surcharge) up to a maximum of 3%. In the event of the dissolution of the company, the holders of preference shares A will be repaid first from the balance of the amount paid on their shares, less the dividend paid in the year in question. To date, no such shares have been issued. Resolutions for such an issue would require the cooperation of the Annual General Meeting of Shareholders.

As at December 31, 2013, the holders of approximately 95.6% of ordinary shares have been able to make unrestricted use of their voting rights at the Annual General Meeting of Shareholders. The other 4.4% of ordinary shares have been converted into depository receipts. A foundation, Stichting Administratiekantoor Randstad Optiefonds, holds those shares in which the attached voting rights are vested. The depository receipts issued by Stichting Administratiekantoor Randstad Optiefonds are fully exchangeable into ordinary shares, and are held by Stichting Randstad Optiefonds. Frits Goldschmeding, the company's founder, is the sole Board member of Stichting Administratiekantoor Randstad Optiefonds.

Auditor

The Executive Board ensures that the external auditor can properly perform its audit work and encourages both the external auditor and the company to properly pursue and perform the role and the policy of the company regarding the external auditor. The Annual General Meeting of Shareholders charges the external auditor with the task of auditing Randstad's annual accounts.

Internal risk management & control systems

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

exceptions to the code

Randstad applies all relevant provisions of the (updated) Dutch Corporate Governance Code, with the following exceptions.

II.1.1 A management Board member is appointed for a maximum period of four years.
The members of the Executive Board appointed before 2005 were appointed for an indefinite period. The members of the Executive Board appointed since 2005 have been appointed for a period of four years.

II.2.5 Shares granted to Management Board members without financial consideration shall be retained for a period of at least five years [...].
The long-term incentive for the Executive Board is paid in performance shares and (until 2013) performance options. These vest after three years. Performance shares need to be retained for at least two more years. We believe this five-year term sufficiently enhances shareholder alignment and is in line with the long-term nature of the incentive. However, Randstad also believes that share sales should be allowed earlier to the extent necessary to settle any related tax liabilities.

III.5 If the Supervisory Board comprises more than four members, it should designate […], a Remuneration Committee and a Selection and Appointment Committee.
As it felt that issues related to selection, appointment and remuneration are interlinked, the Supervisory Board decided that all these activities should be dealt with by one Committee: the Remuneration and Nomination Committee.

III.5.11 The Remuneration Committee shall not be chaired by the chairman of the Supervisory Board [...].
Given the strategic importance of the selection and retention of senior management for the long-term success of the company, Randstad has opted for a combined Remuneration and Nomination Committee. Randstad considers it vital that the Chairman of the Supervisory Board is also closely involved in the recruitment and retention of current and future senior management, as well as the longer-term succession planning for the Executive Board. This is reflected in the appointment of the Chairman of the Supervisory Board as Chairman of the Remuneration and Nomination Committee.

legal transparency obligations

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

a. Capital structure and attached rights and duties

An overview of the company's capital structure, voting rights and dividend policy is provided in the section 'investor relations & share performance' of this annual report.

b. Statutory or contractual restrictions on share transfers

About 32.9% of the total share capital (3.1% ordinary shares, 10.0% preference shares B and 19.8% of preference shares C) has been converted into depository receipts (see section voting rights). The transfer of depositary receipts of preference shares requires the approval of the Executive Board and the Supervisory Board.

c. Major shareholders

Shareholders are obliged to give notice of interests exceeding certain thresholds to the Netherlands Authority for the Financial Markets (AFM). Almost all the holdings listed below are a combination of (depositary receipts of) ordinary shares and (depositary receipts of) preference shares. All transactions between Randstad and holders of at least 10% of the total number of shares are agreed on terms that are customary in the sector concerned. (See the section on related-party transactions in the financial statements). This means that best-practice provision III.6.4 of the Dutch Corporate Governance Code has been observed.

major shareholders

	2013	2012
F.J.D. Goldschmeding	30%-40%	30%-40%
ING [1]	10%-15%	10%-15%
ASR[1]	5%-10%	5%-10%
Stichting Randstad Optiefonds	5%-10%	5%-10%
Richmond[1]	5%-10%	-
Blackrock	3% - 5%	-
MFS Investments	3% - 5%	-

1 Mainly based on preference shares.

d. Special rights of control

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

e. Control mechanisms relating to option plans and share (purchase) plans

The following share-based payment arrangements are in effect: a performance stock option plan for the Executive Board, two performance share plans (one for the Executive Board members and one for senior management) and a share purchase plan for all corporate employees. The relevant characteristics of these plans can be found in the notes to share-based payments. The maximum number of options and shares to be granted is fixed; the actual number granted is linked to predetermined performance targets. The number of performance shares and options actually granted may not, in principle, exceed 1% of the ordinary issued share capital. Depending on the attainment of the related performance targets and the company's actual share price, however, the number of shares to be issued in relation to vesting of the performance shares and options may in a given year exceed the 1% limit. For this reason, the annual maximum authorization is 3% of the issued ordinary share capital of the company. The share purchase plan for corporate employees does not affect the share capital of the company. In January 2013, the Executive Board was also granted the authority to repurchase shares in order to avoid dilution.

f. Voting limitations

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

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

In 2007, the company finalized an agreement with Frits Goldschmeding, Randstad's founder and leading shareholder, and his inheritors, on their shareholding. Frits Goldschmeding's objective remains explicitly to continue his position as a long-term shareholder through direct ownership or eventually through his inheritors.

The principal aim of all parties involved is to secure the company's continuity, strategic position and development, now and in the future. Such a commitment justifies assigning one seat as member of the Supervisory Board. The main points of the agreement are as follows:

Lock-up: In the event of Frits Goldschmeding's passing, his inheritors will be bound to a lock-up of at least 12 months, meaning that during that year they will carry out no actions concerning their direct or indirect interests in Randstad Holding nv, nor will any changes take place in the strategy as pursued by Randstad Holding nv.

Grace period: If the inheritors intend to divest all or part of the shares after the lock-up period, they shall give six months' written notice of this intended divestment to the Executive Board and Supervisory Board.

Consultations: After receiving such notice, the Boards will enter into consultation with the inheritors, and they can propose candidates or alternative candidates while taking account of the interests of the inheritors and the continuity of Randstad Holding nv. Such a proposal should be made within four months of receipt of the notification from the inheritors. This ruling only applies as long as the total interest of the inheritors amounts to more than one-third of all issued and outstanding ordinary shares in Randstad Holding nv.

Supervisory Board seat: Randstad Beheer (the investment vehicle through which the majority of family shares are held) has the right to nominate one member of the Supervisory Board. The person to be nominated should possess the qualities required of a supervisory executive of an international company, and the nomination shall be submitted to the Annual General Meeting of Shareholders.

These rights and obligations will cease to be applicable as soon as the interests of the inheritors fall below 25% of all issued and outstanding ordinary shares in Randstad Holding nv. As far as the company is aware, this is the sole arrangement with a shareholder that can limit the transfer of shares, depository receipts of shares or voting rights.

h. Regulations concerning the appointment and dismissal of Board members and changes to the Articles of Association

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

i. Authority of the Executive Board, especially to issue and repurchase shares in the company

Subject to the approval of the Supervisory Board, the Executive Board is authorized to issue shares, grant subscription rights and restrict or exclude pre-emptive rights for holders of ordinary shares until September 28, 2014, for an annual maximum of 3% of the issued ordinary share capital of the company. This issuance will mainly be for the purposes of the performance stock option and share plans for the Executive Board and senior management. The Executive Board is also authorized, subject to the approval of the Supervisory Board, to repurchase shares until September 28, 2014, for an annual maximum of 10% of the issued ordinary share capital of the company. The repurchase will mainly be for the purposes of the performance share plans for the Executive Board and senior management and the stock dividend.

j. Change of control arrangements

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

k. Agreements with Board members or employees

As of 2013, the severance payment for all members of the Executive Board has been set at one annual base salary in addition to the notice period.

financial statements

contents

consolidated statement of comprehensive income

The notes on pages 119 to 161 are an integral part of these consolidated financial statements.

in millions of €	note	page	2013	2012
Revenue	4.4	133	**16,568.3**	**17,086.8**
Cost of services	8.1	138	13,558.3	13,979.5
Gross profit	5.1	134	**3,010.0**	**3,107.3**
Selling expenses	8.2	138	1,688.0	1,811.6
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	8.4	139	163.4	336.0
Other general and administrative expenses			792.3	832.1
General and administrative expenses	8.2	138	**955.7**	**1,168.1**
Total operating expenses	8.2	138	**2,643.7**	**2,979.7**
Operating profit	5.1	134	**366.3**	**127.6**
Finance income	10	139	7.3	24.6
Finance expenses	10	139	(30.3)	(42.5)
Net finance costs	10	139	**(23.0)**	**(17.9)**
Share in profit of associates	17	145	0.3	0.1
Income before taxes			**343.6**	**109.8**
Taxes on income	4.3	129	(112.9)	(73.1)
Net income	11	140	**230.7**	**36.7**
Translation differences	*12*	*140*	*(94.3)*	*(14.7)*
Other comprehensive income	*12*	*140*	*(10.5)*	*(0.3)*
Total other comprehensive income	12	140	**(104.8)**	**(15.0)**
Total comprehensive income			**125.9**	**21.7**
Net income attributable to:				
Holders of ordinary shares of Randstad Holding nv			218.6	29.9
Holders of preference shares of Randstad Holding nv			12.1	6.8
Equity holders			**230.7**	**36.7**
Non-controlling interests			0.0	0.0
Net income			**230.7**	**36.7**
Earnings per share attributable to the holders of ordinary shares of Randstad Holding nv (expressed in € per ordinary share)				
Basic earnings per ordinary share (€)	7	137	1.25	0.17
Diluted earnings per ordinary share (€)	7	137	1.23	0.17
Total comprehensive income attributable to:				
Holders of ordinary shares of Randstad Holding nv			*113.8*	*14.9*
Holders of preference shares of Randstad Holding nv			*12.1*	*6.8*
Equity holders			**125.9**	**21.7**
Non-controlling interests			*0.0*	*0.0*
Total comprehensive income			**125.9**	**21.7**

consolidated balance sheet at December 31

The notes on pages 119 to 161 are an integral part of these consolidated financial statements.

in millions of €	note	page	2013	2012
ASSETS				
Property, plant and equipment	13	141	131.4	155.3
Software	14	142	33.2	39.7
Goodwill	4.1	124	2,310.4	2,407.1
Acquisition-related intangible assets	15	143	321.0	495.7
Intangible assets			**2,664.6**	**2,942.5**
Deferred income tax assets	4.3	129	521.9	504.7
Financial assets	16	143	155.4	79.7
Associates	17	145	1.3	1.0
Non-current assets			**3,474.6**	**3,683.2**
Trade and other receivables	3.2	120	2,931.9	2,872.5
Income tax receivables	4.3	129	65.2	49.9
Cash and cash equivalents	3.2	120	136.1	191.5
Current assets			**3,133.2**	**3,113.9**
TOTAL ASSETS	5.2	135	**6,607.8**	**6,797.1**
EQUITY AND LIABILITIES				
Issued capital			25.3	19.7
Share premium			2,258.7	2,096.4
Reserves			393.1	572.1
Net income for the year			230.7	36.7
Shareholders' equity	20.1	146	**2,907.8**	**2,724.9**
Non-controlling interests	20.3	148	0.0	0.1
Total equity			**2,907.8**	**2,725.0**
Borrowings	3.2	120	643.8	-
Deferred income tax liabilities	4.3	129	36.6	44.3
Provisions	4.2	126	76.7	40.5
Employee benefit obligations	4.2	126	62.6	24.1
Other liabilities	21	148	14.1	14.9
Non-current liabilities			**833.8**	**123.8**
Borrowings	3.2	120	153.7	82.5
Short-term part of non-current borrowings	3.2	120	99.6	1,204.7
Trade and other payables	18	145	2,473.9	2,343.0
Income tax liabilities	4.3	129	53.4	170.5
Provisions	4.2	126	59.8	139.7
Employee benefit obligations	4.2	126	18.5	-
Other liabilities	21	148	7.3	7.9
Current liabilities			**2,866.2**	**3,948.3**
Liabilities			**3,700.0**	**4,072.1**
TOTAL EQUITY AND LIABILITIES			**6,607.8**	**6,797.1**

consolidated statement of cash flows

The notes on pages 119 to 161 are an integral part of these consolidated financial statements.

in millions of €	note	page	2013	2012
Operating profit			**366.3**	**127.6**
Amortization and impairment of acquisition-related intangible assets	8.4	139	155.9	196.2
Impairment of goodwill	8.4	139	36.6	139.8
Badwill	8.4	139	(29.1)	-
Operating profit before amortization and impairment of acquisition-related intangible assets and goodwill, and badwill (EBITA)			**529.7**	**463.6**
Depreciation and impairment of property, plant and equipment	8.3	138	47.1	59.6
Amortization and impairment of software	8.3	138	21.1	24.5
Operating profit before depreciation, amortization and impairment, and badwill (EBITDA)			**597.9**	**547.7**
Loss/(gain) on disposal of subsidiaries/activities	6.2	136	2.9	(9.4)
Share-based payments	9	139	27.1	24.1
Employee benefit obligations	22.4	149	22.1	(2.9)
Provisions	22.5	150	(72.6)	19.9
Loss on disposals of property, plant and equipment	13	141	0.2	1.1
Other non-cash items	22.6	150	(68.5)	3.9
Cash flow from operations before operating working capital and income taxes			**509.1**	**584.4**
Trade and other receivables	22.2	149	(64.1)	197.9
Trade and other payables	22.3	149	141.7	(113.7)
Operating working capital			**77.6**	**84.2**
Income taxes paid	4.3	129	(246.0)	(140.0)
Net cash flow from operating activities			**340.7**	**528.6**
Additions to property, plant and equipment	13	141	(45.9)	(43.2)
Additions to software	14	142	(15.6)	(20.3)
Acquisition of subsidiaries/activities/buyout of non-controlling interests	6.1	136	(19.2)	(44.1)
Held-to-maturity investments	16.1	144	(6.9)	(7.4)
Loans and receivables	16.3	145	3.6	6.3
Disposals of property, plant and equipment	13	141	17.0	2.5
Disposal of subsidiaries/activities	6.2	136	8.4	13.4
Net cash flow from investing activities			**(58.6)**	**(92.8)**
Issue of new ordinary shares	20.1	146	7.1	0.9
Issue of preference shares	20.1	146	137.9	-
Purchase of own shares	20.1	146	(9.4)	-
Drawings on non-current borrowings	19.2	146	1,047.5	-
Repayments of non-current borrowings	19.2	146	(1,474.3)	(380.5)
Net financing			**(291.2)**	**(379.6)**
Finance income received	10	139	3.5	7.1
Finance expenses paid	10	139	(22.5)	(30.0)
Dividend paid on ordinary shares	20.2	147	(83.8)	(215.1)
Dividend paid on preference shares	20.2	147	(6.8)	(7.1)
Dividend paid to non-controlling interests			(0.1)	-
Net reimbursement to financiers			**(109.7)**	**(245.1)**
Net cash flow from financing activities			**(400.9)**	**(624.7)**
Net decrease in cash, cash equivalents and current borrowings			**(118.8)**	**(188.9)**
Cash, cash equivalents and current borrowings at January 1	22.1	149	**109.0**	**300.1**
Net decrease in cash, cash equivalents and current borrowings			(118.8)	(188.9)
Translation losses			(7.8)	(2.2)
Cash, cash equivalents and current borrowings at December 31	22.1	149	**(17.6)**	**109.0**
Free cash flow	22.7	150	**292.9**	**466.5**

consolidated statement of changes in equity

The notes on pages 119 to 161 are an integral part of these consolidated financial statements.

	issued capital	share premium	reserves [1]					net income	share-holders' equity	non-controlling interests	total equity
in millions of €			treasury shares	translation	share-based payments	IAS 19 employee benefits	retained earnings				
Balance at January 1, 2013	**19.7**	**2,096.4**	**-**	**3.5**	**57.4**	**-**	**511.2**	**36.7**	**2,724.9**	**0.1**	**2,725.0**
IAS 19 amendments	-	-	-	-	-	(19.2)	-	-	(19.2)	-	(19.2)
Tax effect of IAS 19 amendments	-	-	-	-	-	5.8	-	-	5.8	-	5.8
Restated balance at January 1, 2013	**19.7**	**2,096.4**	**0.0**	**3.5**	**57.4**	**(13.4)**	**511.2**	**36.7**	**2,711.5**	**0.1**	**2,711.6**
Net income 2013	-	-	-	-	-	-	-	230.7	230.7	0.0	230.7
Translation differences	-	-	-	(94.3)	-	-	-	-	(94.3)	0.0	(94.3)
Other comprehensive income	-	-	-	-	-	(10.5)	-	-	(10.5)	-	(10.5)
Total other comprehensive income	**0.0**	**0.0**	**0.0**	**(94.3)**	**0.0**	**(10.5)**	**0.0**	**0.0**	**(104.8)**	**0.0**	**(104.8)**
Total comprehensive income 2013	**0.0**	**0.0**	**0.0**	**(94.3)**	**0.0**	**(10.5)**	**0.0**	**230.7**	**125.9**	**0.0**	**125.9**
Transactions with owners:											
Issue of preference shares	5.0	135.0	-	-	-	-	(2.1)	-	137.9	-	137.9
Dividend 2012 on ordinary shares	0.5	(0.5)	-	-	-	-	(53.9)	(29.9)	(83.8)	-	(83.8)
Dividend 2012 on preference shares	-	-	-	-	-	-	-	(6.8)	(6.8)	-	(6.8)
Share-based payments:									*0.0*		*0.0*
- fair value of vesting rights	-	-	-	-	27.1	-	-	-	27.1	-	27.1
- stock options exercised (on newly issued shares)	0.1	18.9	-	-	(7.5)	-	(4.4)	-	7.1	-	7.1
- performance shares issued	0.0	8.9	0.7	-	(18.6)	-	9.0	-	0.0	-	0.0
- taxes on share-based payments	-	-	-	-	-	-	(1.7)	-	(1.7)	-	(1.7)
Other:											*0.0*
- purchase of own ordinary shares	-	-	(9.4)	-	-	-	-	-	(9.4)	-	(9.4)
- dividend of non-controlling interests	-	-	-	-	-	-	-	-	0.0	(0.1)	(0.1)
Total transactions with owners	**5.6**	**162.3**	**(8.7)**	**0.0**	**1.0**	**0.0**	**(53.1)**	**(36.7)**	**70.4**	**(0.1)**	**70.3**
Balance at December 31, 2013	**25.3**	**2,258.7**	**(8.7)**	**(90.8)**	**58.4**	**(23.9)**	**458.1**	**230.7**	**2,907.8**	**0.0**	**2,907.8**
Balance at January 1, 2012	**19.6**	**2,067.2**	**-**	**18.2**	**45.1**	**-**	**569.5**	**178.8**	**2,898.4**	**0.6**	**2,899.0**
Net income 2012	-	-	-	-	-	-	-	36.7	36.7	0.0	36.7
Translation differences	-	-	-	(14.7)	-	-	-	-	(14.7)	0.0	(14.7)
Other comprehensive income	-	-	-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Total other comprehensive income	**-**	**-**	**-**	**(14.7)**	**-**	**-**	**(0.3)**	**-**	**(15.0)**	**0.0**	**(15.0)**
Total comprehensive income 2012	**-**	**-**	**-**	**(14.7)**	**-**	**-**	**(0.3)**	**36.7**	**21.7**	**0.0**	**21.7**
Transactions with owners:											
Dividend 2011 on ordinary shares	-	-	-	-	-	-	(43.4)	(171.7)	(215.1)	-	(215.1)
Dividend 2011 on preference shares	-	-	-	-	-	-	-	(7.1)	(7.1)	-	(7.1)
Share-based payments:											
- fair value of vesting rights	-	-	-	-	24.1	-	-	-	24.1	-	24.1
- stock options exercised (on newly issued shares)	0.0	2.2	-	-	(2.4)	-	1.1	-	0.9	-	0.9
- performance shares issued	0.1	27.0	-	-	(9.4)	-	(17.7)	-	0.0	-	0.0
- taxes on share-based payments	-	-	-	-	-	-	2.5	-	2.5	-	2.5
Other:											
- acquisition of non-controlling interests	-	-	-	-	-	-	(0.5)	-	(0.5)	(0.5)	(1.0)
Total transactions with owners	**0.1**	**29.2**	**-**	**-**	**12.3**	**-**	**(58.0)**	**(178.8)**	**(195.2)**	**(0.5)**	**(195.7)**
Balance at December 31, 2012	**19.7**	**2,096.4**	**-**	**3.5**	**57.4**	**-**	**511.2**	**36.7**	**2,724.9**	**0.1**	**2,725.0**

1 The total of the various items included under 'reserves' within shareholders' equity as at December 31, 2013 is € 393.1 million (December 31, 2012: € 572.1 million). Additional information with respect to equity is given in note 20.

notes to the consolidated financial statements

(in millions of €, unless otherwise indicated)

1. general information

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

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

1.1 Activities

Randstad specializes in solutions in the field of flexible work and human resources services. Our services comprise temporary staffing and permanent placements. We also offer on-site workforce management, as well as other HR services, such as payroll services and outplacement.

1.2 Date of authorization of issue

The financial statements were signed and authorized for issue by the Executive Board and Supervisory Board on February 18, 2014. The adoption of the financial statements and the adoption of the dividend are reserved for the shareholders in the Annual General Meeting of shareholders (AGM) on April 3, 2014.

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 included in the respective notes of these financial statements. Unless otherwise stated, these policies have been consistently applied to all periods presented.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRS IC interpretations (IFRIC), as adopted by the European Union (hereinafter IFRS).

In 2013, a number of new standards as well as amendments to and interpretations of existing IFRS standards became effective. These new standards, amendments and interpretations, as far as they are relevant to the Group, have no impact on the valuation and classification of assets and liabilities of the Group, nor on its income statement or cash flows, except for the IFRS standard IAS 19 'Employee Benefits', which has been amended, and which the Group has started to apply as of January 1, 2013.

The general impact of this amendment – although limited to the Group – is as follows:

- with regard to the accounting for defined benefit (pension) plans, the Group immediately recognizes all past service costs, while interest expenses and expected return on plan assets are replaced by a net interest amount based on a discount rate that is applied to the net defined benefit liability;
- with regard to the accounting for 'Other long-term employee benefits', the Group provides for sickness-related benefits that are not expected to be wholly settled within 12 months after the end of the reporting period in which the employees render the related service. Before this change in IAS 19, the short-term part of these benefits was expensed when paid.

The financial impact of this change on the Group is further disclosed in note 4.2.2 of these financial statements. IFRS requires restatement of the comparative figures and disclosure of the nature and the effect of the changes. Given the minor impact on the consolidated statement of comprehensive income and the consolidated balance sheet, the Group has decided not to present this restatement on the face of the statement of comprehensive income and the balance sheet, but to disclose the effects in note 4.2.2 .

In 2013, various other new standards, as well as amendments to and interpretations of existing IFRS standards were published for application in accounting periods beginning on or after January 1, 2014. As far as these standards, amendments and interpretations are applicable to the Group, the Group decided not to opt for early adoption. These new standards, amendments and interpretations are expected to have no material impact on the valuation and classification of the assets and liabilities of the Group, nor on its income statement or cash flows.

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

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

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

Unless stated otherwise, all amounts are presented in millions of euros.

2.2 Consolidation principles

The consolidated financial statements comprise the data of Randstad Holding nv and its subsidiaries.

See note 23 for an overview of the major subsidiaries and consolidation policies.

2.3 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.

3. capital and financial risk management

3.1 Capital management

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

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

3.1.1 Dividend policy

As from 2013, we target to achieve a flexible payout ratio of 40% to 50% of net profit adjusted for amortization and impairment of acquisition-related intangible assets and goodwill, badwill, integration costs and one-offs, provided that the financial position allows for it.

Dividend is paid in cash, unless shareholders opt for a stock dividend.

3.2 Financial risk management

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

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

3.2.1 Credit risk

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

Credit control policies are included in our blueprints. To manage this risk, credit checks are performed up front for new customers. For high-risk clients, credit limits are put in place based on internal and/or external ratings. Credit risk is monitored by the credit control departments of our operating companies on a daily basis.

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

trade and other receivables

	2013	2012
Trade receivables	2,596.9	2,559.6
Less: provision for impairment	41.8	50.1
Trade receivables, net of provision for impairment	**2,555.1**	**2,509.5**
Other receivables	309.7	292.2
Prepayments	65.7	68.9
Held-to-maturity investments	1.4	1.9
	2,931.9	**2,872.5**

The book value of these receivables equals the fair value.

The Group does not hold any collateral as security.

Accounting policy

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

A provision for impairment of trade and other receivables is established when it is more likely than not that the Group will not be able to collect the amounts receivable. The provision for impairment of trade receivables is based on the trade receivable portfolio experience of subsidiaries, as well as on individual assessments of expected non-recoverable receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy or financial reorganization, and serious default or delinquency in payments, are considered indicators that the trade receivable is impaired. The amount of the provision is equal to the difference between the carrying amount of the asset and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance. Losses are charged to selling expenses.

movements in the provision for impairment of trade receivables

	2013	2012
Balance at January 1	**50.1**	**52.9**
Acquisition of subsidiaries	2.8	-
Disposal of subsidiaries	(0.2)	(0.1)
Charged to selling expenses	8.8	8.0
Receivables written off as uncollectable	(18.7)	(10.5)
Translation differences	(1.0)	(0.2)
Balance at December 31	**41.8**	**50.1**

In the provision for impairment of trade receivables, an amount of € 29.9 million (2012: € 35.3 million) is included for individually impaired receivables.

The provision for impaired trade receivables is excluding value-added taxes, if the latter are recoverable.

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

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

aging of trade receivables, based on invoice date

	2013		2012	
	amount	%	amount	%
0-4 weeks	1,451.8	55.9	1,527.3	59.6
5-16 weeks	1,059.8	40.8	948.7	37.1
17-26 weeks	37.4	1.5	26.0	1.0
Not impaired	2,549.0	98.2	2,502.0	97.7
Impaired	47.9	1.8	57.6	2.3
	2,596.9	**100.0**	**2,559.6**	**100.0**

Trade receivables that are neither past due nor impaired amount to € 2,075 million (2012: € 1,874 million); an amount of € 474 million (2012: € 628 million) is past due, but not impaired.

The Group's (excess) cash positions are invested with its preferred financial partners, which are considered to be high-quality financial institutions with sound credit ratings, or in highly rated liquidity funds. The Group has policies 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 as they fall due. The Group's approach to liquidity risk is to ensure, as far as possible, that it will always have sufficient funds available to meet its liabilities when due, under both normal and stressed conditions. This risk is managed by having sufficient availability of cash and committed and uncommitted credit lines, both at Group and local level.

Credit facilities

At December 31, 2013, the Group has a € 1,420 million multi-currency syndicated revolving credit facility at its disposal, of which the first part matures in 2016 (€ 181.4 million), the second part in 2017 (€ 120 million) and the remaining part in 2018 (€ 1,118.6 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.

The actual net debt to EBITDA ratio as at December 31, 2013, is 1.2 and is safely within the limits of the facility agreement.

In addition, the Group has at its disposal a syndicated credit facility with a group of Japanese banks, amounting to JPY 8 billion, maturing in 2015. The financial covenants are comparable to the multi-currency syndicated revolving credit facility.

Furthermore, the Group has at its disposal bilateral credit facilities with ING Bank of € 100 million and with ABN Amro Bank of € 75 million, with no collateral and with maturity dates in 2014, as well as standby facilities with a small group of banks, which offer the Group the opportunity to sell accounts receivable of selected European entities up to a maximum of € 275 million. Randstad is entitled to activate these facilities, which mature in August 2014 (€ 125 million) and in February 2015 (€ 150 million), at any time.

The total amount of committed credit facilities as at December 31, 2013 equals € 1,870 million plus JPY 8 billion (2012: € 1,620 million plus JPY 8 billion).

Total drawings of € 743.4 million (2012: € 1,204.7 million) at the end of 2013 are the net amount of drawings on the above-mentioned facilities, amounting to € 750.8 million (2012: € 1,205.9 million) and transaction costs directly attributable to these drawings to the amount of € 7.4 million (2012: € 1.2 million).

The credit facilities have an interest rate that is based each time on the term of the drawings, increased by a margin above the applicable Euribor or Libor rates. The margin is variable and depends on the leverage ratio, while the Japanese facility has a fixed margin of 75 bps. The average interest rates at year-end are 0.87% for drawings in euros, 0.82% for drawings in US dollars, and 1.14% for drawings in UK pounds sterling, for a term shorter than one month. These are also the effective interest rates, because the interest rate on the credit facility fluctuates with market trends.

The existing multi-currency syndicated revolving credit facility is denominated in euros (€ 260 million), US dollars (€ 290 million), and UK pounds sterling (€ 46 million). All amounts denominated in currencies other than the euro are designated as hedges of the net investment in the Group's subsidiaries in the US and the UK. These net-investment hedges are all considered effective.

Current borrowings are denominated in various currencies. At December 31, 2013, the major amounts denominated in foreign currencies are for an amount of € 6 million in US dollars, € 5 million in Chinese renminbis, € 8 million in Argentine pesos and € 9 million in Indian rupees.

Since the interest rates on the current borrowings fluctuate with the market, the effective interest rates are considered equal to the actual rates.

Negative pledges have been issued for the purposes of bank overdraft facilities and 'pari passu' clauses apply.

At year-end, the Group has no outstanding interest rate or currency derivatives.

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

net debt

	2013	2012
Non-current borrowings	(643.8)	-
Short-term part of non-current borrowings	(99.6)	(1,204.7)
Current borrowings	(153.7)	(82.5)
Total borrowings	**(897.1)**	**(1,287.2)**
Cash and cash equivalents	136.1	191.5
Net debt	**(761.0)**	**(1,095.7)**

See note 19 for other information on cash and cash equivalents and borrowings.

expected maturities of financial liabilities

including interest payments

December 31, 2013	carrying amount	0 - 90 days	91 - 365 days	2 - 5 years	more than 5 years
Non-current borrowings [1]	743.4	744.1			
Current borrowings [2]	153.7	153.7			
Trade and other payables [3]	2,438.3	2,022.9	415.4		
Other liabilities [4]	21.4	0.3	1.8	4.3	20.1
	3,356.8	**2,921.0**	**417.2**	**4.3**	**20.1**

December 31, 2012	carrying amount	0 - 90 days	91 - 365 days	2 - 5 years	more than 5 years
Short-term part of non-current borrowings[1]	1,204.7	1,205.9	-	-	-
Current borrowings[2]	82.5	82.5	-	-	-
Trade and other payables[3]	2,310.3	1,935.6	374.7	-	-
Other liabilities[4]	22.8	0.4	0.1	3.4	24.4
	3,620.3	**3,224.4**	**374.8**	**3.4**	**24.4**

1 Drawings on the syndicated loan contractually mature in January of the subsequent year; most likely to be extended by new drawings. All amounts are undiscounted.
2 No interest is included, since current borrowings are considered repayable upon demand. All amounts are undiscounted.
3 Excluding deferred income. All amounts are undiscounted.
4 Other liabilities based upon the estimated maturities, due to the nature of put options. Carrying amount is discounted, whereas other amounts are undiscounted.

3.2.3 Foreign currency exchange risk

Transactions and balances in currencies other than the functional currency
Transactions in currencies other than the functional currency of the related company are converted at the foreign exchange rate at the date of the transaction.

Monetary balance sheet items (such as cash and borrowings) in currencies other than the functional currency of the related company are converted at year-end exchange rates.

Exchange differences resulting from the settlement of transactions on cash, cash equivalents and borrowings, as well as from the conversion of these monetary balance sheet items are included in net finance costs. Exchange differences resulting from the settlement of other transactions and conversion of other monetary balance sheet items are included in operating expenses. Exchange differences resulting from financial liabilities designated as a hedge of the net investment in a foreign operation are recognized in other comprehensive income.

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 is exposed to foreign currency exchange risk because it operates businesses in Asia, Australia, Europe, Latin America and North America. The Group uses the euro as its reporting currency. Currencies other than the euro that are of primary importance to the Group are the Australian dollar, the Canadian dollar, the Japanese yen, the UK pound sterling and the US dollar.

main exchange rates to the euro

averages on annual basis

	2013		2012	
	average	at year-end	average	at year-end
Australian dollar	0.73	0.65	0.81	0.79
Canadian dollar	0.73	0.68	0.78	0.76
Japanese yen	0.00772	0.00692	0.00977	0.00881
UK pound sterling	1.18	1.20	1.23	1.23
US dollar	0.75	0.73	0.78	0.76

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

All other foreign exchange transactions, which mostly consist of intercompany financing (equity increases, dividends, intercompany loans and interests), are executed on a more or less spot basis. The Group has a policy to match, within certain preset boundaries, the currencies in the net debt positions with the currencies in the cash flow generation. The currency mix of the debt can easily be adjusted, as the € 1,420 million syndicated revolving credit facility is a multi-currency facility. In principle, the use of derivatives is therefore unnecessary.

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

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

Sensitivity
If the euro had weakened or strengthened 10% on average during 2013 against the currencies mentioned above, with all other variables held constant, EBITA for the year 2013 would have been higher or lower respectively in the range of € 1 million – € 15 million per currency. The effect on shareholders' equity would have been the same (before tax effects) (2012: range of € 0 million – € 15 million per currency).

3.2.4 Interest rate risk

As we believe the staffing industry has a natural hedge to interest rate changes (EBITDA levels usually move up and down more or less in line with interest rate levels), and since the Group is cash-generating, the general policy is to keep interest rates on net debt floating as much as possible. We also believe this adds value for shareholders in the long term, as over time the floating interest rates are on average significantly lower than the fixed interest rates.

Sensitivity
If the interest rate had been 1 percentage point higher or lower on average during 2013, with all other variables held constant, net interest expenses for the year would have been € 10 million higher or lower respectively (2012: € 14 million effect).

4. critical accounting policies, judgments, estimates and assumptions

In preparing the financial statements, management has to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these judgments, estimates and assumptions. Judgments, estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors, including expectations about future events, which are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Group considers the following accounting policies, judgments, estimates and assumptions as critical:
- impairment of non-financial assets in general and impairment of goodwill specifically;
- provisions;
- corporate taxes;
- revenue recognition.

4.1 Impairments

4.1.1 Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets, with the exception of deferred tax assets and the plan assets in relation to defined benefit pension plans, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For assets with an indefinite life, such as 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 for purposes of impairment testing.

If the recoverable amount of an asset or a cash-generating unit (or group of cash-generating units) is estimated to be lower than its carrying amount, the carrying amount of the asset or a cash-generating unit (or group of cash-generating units) 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 sell 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 sell, 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 group of cash-generating units) are first allocated to reduce the carrying amount of the goodwill of the related cash-generating unit (or group of cash-generating units) and then to reduce the carrying amount of the other assets of that cash-generating unit (or group of cash-generating units) on a pro rata basis.

An impairment loss with respect to goodwill is not reversed.

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

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

4.1.2 Goodwill and impairment of goodwill

goodwill

	2013	2012
Cost	3,197.3	3,217.5
Accumulated impairment	790.2	665.9
Balance at January 1	**2,407.1**	**2,551.6**
Disposal of subsidiaries	(1.8)	(2.2)
Acquisition of subsidiaries	-	4.3
Impairment	(36.6)	(139.8)
Translation differences	(58.3)	(6.8)
Balance at December 31	**2,310.4**	**2,407.1**
Cost	3,096.0	3,197.3
Accumulated impairment	785.6	790.2
Balance at December 31	**2,310.4**	**2,407.1**

In 2013, the Group sold activities in the Netherlands, the UK, Belgium and the Rest of the world (2012: in the Netherlands, Germany, the UK, North America and Rest of the world). The related goodwill and accumulated impairment amounting to € 1.8 million (2012: € 2.2 million) have been derecognized.

In 2012, the Group finalized the purchase price allocation relating to the acquisition of SFN Group Inc. (US) in 2011, resulting in a minor adjustment of € 4.3 million, which is reported in the line 'acquisitions of subsidiaries'. The amount involved is neither considered material in relation to the total consideration for SFN Group Inc. (US) nor in relation to the total goodwill for SFN Group Inc. (US).

Accounting policies
Goodwill on acquisitions of subsidiaries is included in intangible assets; goodwill on acquisitions of associates is included in investments in associates. For the measurement of goodwill at initial recognition, see note 6.1 .

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

Goodwill is stated at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity that is sold; if disposal of an entity results in a loss, the goodwill part in the loss is presented in the income statement as an impairment of goodwill.

Goodwill is allocated to groups of cash-generating units for the purpose of impairment testing. The allocation is made to those groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Impairment testing

In the case of triggering events and at least annually, the Group tests whether intangible assets (being goodwill and acquisition-related intangible assets) have suffered any impairment. The recoverable amounts of cash-generating units have been determined using, among other instruments, value-in-use calculations. These calculations require the use of estimates. Based on these impairment tests, impairment losses, if any, are identified. However, should the actual performance of these cash-generating units become materially worse compared to the performance based on the estimates, possible impairment losses could arise, or could deviate from the impairment losses detected. This impairment loss or deviation could have a material effect on the carrying amounts of goodwill.

Determination of recoverable amount

The recoverable amount for all cash-generating units (operating segments within Randstad) is based on the higher of value in use and fair value less cost to sell. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation and amortization) and the expected future performance, which in turn is based on historical performance, management's estimates and assumptions of revenue growth, and of developments of operating margins, assessed using external data, covering a period of, in principle, nine years (2012: nine years). Cash flow projections after this period are extrapolated by means of a growth percentage of 0.5% (2012: 0.5%) throughout the Group. The nine-year period of the projections reflects an estimated full business cycle of the industry and the long-term growth potential of high-growth regions before reaching maturity.

Triggering events during the year

During the third quarter of 2013, the performance of our Australian business weakened and profitability was below expectations. Therefore a goodwill impairment test was performed on this operating segment using the following key assumptions during the nine-year projection period:

- Average annual revenue growth of 4.6%;
- EBITA in the range of -0.2% to 4%;
- Pre-tax WACC of 13.7%.

Based on these assumptions, the calculation of the recoverable amount, in comparison with the carrying amount, resulted in an impairment of € 36.6 million.

Yearly impairment test

Key assumptions in the cash flow projections are:

- annual revenue growth of the Group: on average between 4.2% and 5.8% for the first three years and 5.9% for the following five years and 0.5% in the ninth year (Netherlands: 3.8% to 5.3%, 5.3% and 0.5% respectively; North America: 4.2% to 6.3%, 6.3% and 0.5%);
- EBITA of the Group in the range of 4.4% to 5.0% of revenue (Netherlands: 5.5% to 6.0%; North America: 5.0% to 5.1%);
- growth rate in revenue and EBITA percentages vary between segments in relatively limited terms and are dependent on the mix in revenue.

The cash flow projections are prepared in local currencies, and discounted with pre-tax discount rates for each currency involved. The pre-tax discount rates vary from 9.4% to 22.5%. The weighted average is 13.8% (2012: average 15.1%). Netherlands: 11.9% (2012: 12.4%); North America: 14.0% (2012: 14.7%).

Results of annual impairment test

The annual impairment test carried out by the Group for 2013 did not indicate that any of the cash-generating units that contain goodwill may be impaired. In Q4 of 2012, a total impairment charge of € 139.8 million was recognized, of which € 113.3 million for the UK and € 26.5 million for Iberia. Due to weakened general market conditions in both segments, contraction in revenues occurred during 2012 and profitability did not recover in line with expectations. The pre-tax discount used in 2012 for the UK and Iberia were 12.3% and 19.3% respectively.

Sensitivity relating to annual impairment test

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

- revenue growth: a 1 percentage point lower growth rate would not result in an impairment charge;
- EBITA: a 0.5 percentage point lower EBITA in percentage of revenue would imply an € 0.8 million impairment charge (1.0 percentage point: € 19.9 million);
- discount rate: a 0.5 to 1.0 percentage point higher discount rate would not result in an impairment charge.

For the carrying amount of goodwill by segment, see note 5.2 .

In 2013, the operating segment Australia is most sensitive to variations in assumptions (2012: UK, France and Australia).

The operating segments France and the UK have sufficient headroom to cover the previously mentioned variations in assumptions. The segments the Netherlands, Belgium & Luxembourg, Germany, North America, Rest of Europe and Rest of the world have substantial headroom available.

4.2 Provisions and employee benefit obligations

4.2.1 Provisions

movements in provisions

	restructuring	workers' compensation	other	total
Balance at January 1, 2013	**69.1**	**60.3**	**50.8**	**180.2**
Movements in 2013				
Acquisition of subsidiaries	0.9	0.0	30.0	30.9
Charged to income statement	32.9	19.3	9.0	61.2
Interest due to passage of time	0.0	1.8	0.2	2.0
Released to income statement	(8.2)	0.0	(1.7)	(9.9)
Withdrawals	(77.7)	(33.4)	(12.8)	(123.9)
Translation differences	(0.3)	(2.4)	(1.3)	(4.0)
Balance at December 31, 2013	**16.7**	**45.6**	**74.2**	**136.5**
Non-current	1.0	28.3	47.4	76.7
Current	15.7	17.3	26.8	59.8
Balance at December 31, 2013	**16.7**	**45.6**	**74.2**	**136.5**
Balance at January 1, 2012				
Non-current	1.5	25.8	32.4	59.7
Current	27.1	39.2	34.2	100.5
	28.6	**65.0**	**66.6**	**160.2**
Movements in 2012				
Disposal of subsidiaries	(0.3)	0.0	(0.3)	(0.6)
Charged to income statement	80.4	30.1	2.5	113.0
Interest due to passage of time	0.0	2.0	0.2	2.2
Released to income statement	(0.5)	0.0	(7.3)	(7.8)
Withdrawals	(39.1)	(35.7)	(10.5)	(85.3)
Translation differences	0.0	(1.1)	(0.4)	(1.5)
Balance at December 31, 2012	**69.1**	**60.3**	**50.8**	**180.2**
Non-current	1.5	26.2	12.8	40.5
Current	67.6	34.1	38.0	139.7
Balance at December 31, 2012	**69.1**	**60.3**	**50.8**	**180.2**

The restructuring provision comprises the costs of restructuring measures taken at several subsidiaries.

Provisions for restructuring are recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. These restructuring provisions mainly comprise lease termination penalties for branches and severance payments for personnel. No provision is created for future operating losses.

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

The effective interest rate used in the calculation of the provision for workers' compensation lies in the range of 2.25% to 3% (2012: range of 2.25% to 3.0%).

Other provisions mainly relate to:

- onerous contracts, where the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract; and
- estimated amounts of claims from third parties. As the Group operates globally in various jurisdictions, these generally consist of a large number of individual claims. These claims are provided for at the lowest amount at which the Group expects the claim to be reasonably settled. Due to the highly uncertain timing of the expected future cash outflow, provided amounts for claims from third parties are categorized to be settled within 1 year after the balance sheet date, unless these are explicitly expected to be settled differently.

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

Randstad France has received a number of claims from clients stating that they were entitled to the French State payroll tax subsidies under the 2003 Fillon Act (for almost all of them for the period 2003-2010) that have previously been claimed and retained by Randstad as the legal employer of the temporary workers placed at these clients.

The way in which Randstad has operated the subsidy system, we believe, is consistent with the law, the opinion and practice of French State departments, and long-standing industry practice. Randstad has therefore rejected these claims, and they are currently at various stages of litigation in different courts and are now stayed to await the opinion of the French Supreme Court, which opinion has been requested in respect of one sample case and is expected in March 2014. We believe that it is probable that the various litigations will lead to a favorable outcome for Randstad. It is not possible to estimate the financial impact on the company in the unlikely event that the outcome is unfavorable.

Sensitivity
With respect to provisions, the provision for workers' compensation is sensitive to changes in the interest rate. Should the interest rate deviate by 1 percentage point, with all other variables held constant, the provision would deviate in the range of € 2 million – € 3 million.

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

Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgments, including assumptions concerning the future. The actual outcome of these uncertain factors may differ materially from the estimates, causing differences with the estimated provisions. Hence, the differences between actual outcomes and the reported provisions can impact results in future periods. The timing of outflow of resources to settle these obligations is subject to the same uncertain factors.

4.2.2 Employee benefit obligations

employee benefit obligations

	2013	2012
Defined benefit pension plans	19.4	18.5
Other employee benefits	4.7	5.9
Balance at January 1	**24.1**	**24.4**
IAS 19 amendments	19.2	-
Restated balance at January 1	**43.3**	**24.4**
Acquisition of subsidiaries	1.3	-
Disposal of subsidiaries	(0.2)	(0.2)
Charged to comprehensive income	71.8	10.3
Withdrawals/benefits paid	(25.1)	(1.6)
Contributions	(8.2)	(7.9)
Translation differences	(1.8)	(0.9)
Balance at December 31	**81.1**	**24.1**
Defined benefit pension plans	46.0	19.4
Other employee benefits	35.1	4.7
Balance at december 31	**81.1**	**24.1**

The current part of the balance at December 31, 2013 amounts to € 18.5 million.

employee benefit obligations charged to comprehensive income

	2013	2012
Current service cost, total	60.3	11.9
Employee contributions	(4.9)	(3.8)
Current service cost net	**55.4**	**8.1**
Amortization of losses	-	1.0
Expected return on plan assets	-	(2.5)
Charged to operating result	**55.4**	**6.6**
Interest expense due to passage of time	3.3	3.7
Interest income due to passage of time	(2.1)	-
Charged to net finance costs	**1.2**	**3.7**
Charged to operating profit	**56.6**	**10.3**
Actuarial losses net	15.2	-
Charged to other comprehensive income	**15.2**	**-**
Charged to comprehensive income	**71.8**	**10.3**

The discount rates used in the calculation of the obligations for defined benefit pension plans are in the range of 0.9% – 3.5% (2012: 0.9% - 5.5%).

The discount rates used in the calculation of the obligations for other employee benefits are in the range of 0.4% – 8.8% (2012: 3.2% – 8%).

The obligations regarding other employee benefits are unfunded.

Amendments to IAS 19 'Employee Benefits'
The Group started to apply the amendments to IFRS standard IAS 19 'Employee Benefits' as of January 1, 2013. These amendments change the accounting in the Group for defined benefits plans, as well as for sickness-related benefits.

With regard to defined benefit pans, the most significant changes require that all actuarial gains and losses be recognized immediately in the period in which they occur in other comprehensive income and that interest expense and expected return on plan assets be replaced by a net interest amount that is based on a discount rate that is applied to the net defined benefit liability. The effect of this change in IAS 19 on equity as of January 1, 2013, is € 11.6 million before tax and € 7.7 million after tax (January 1, 2012: € 6.1 million and € 3.9 million respectively).

With regard to 'Other employee benefits', we have identified sickness-related benefits that are not expected to be wholly settled before 12 months after the end of the reporting period in which the employees render the related service. As of January 1, 2013, we provide for the full costs of the expected sickness-related benefits to be paid based on actuarial assumptions. Before this change in IAS 19, the short-term part of these benefits was expensed when paid and only the benefits that were expected to be paid 12 months after the reporting period were provided for. The identified sickness-related benefit schemes cover a period of up to a maximum of two years. The effect of this change in IAS 19 on equity as of January 1, 2013 is € 7.6 million before tax and € 5.7 million after tax. This effect is estimated to be the same as of January 1, 2012. The effect on the income statement for the year 2012 is estimated to be negligible.

If the Group had applied the amended IAS 19 as from January 1, 2012, the impact on the balance sheet as at December 2011 and 2012 would have been as follows:

impact of IAS 19 on balance sheets 2011 and 2012

	deferred income tax assets	employee benefit obligations	shareholders' equity retained earnings
Balance sheet at December 31, 2011			
Balance sheet as reported	724.4	24.4	569.5
Effect of IAS 19 amendments	4.1	13.7	(9.6)
Pro forma balance sheet after amendments	**728.5**	**38.1**	**559.9**
Balance sheet at December 31, 2012			
Balance sheet as reported	504.7	24.1	511.2
Effect of IAS 19 amendments	5.8	19.2	(13.4)
Pro forma balance sheet after amendments	**510.5**	**43.3**	**497.8**

IFRS requires restatement of the comparative figures and disclosure of the nature and the effect of the changes. Given the minor impact on the consolidated statement of comprehensive income and the consolidated balance sheet, the Group has decided not to present this restatement on the face of these primary statements, but to disclose the effects in this note.

comparison between reported and restated figures 2012

	restated 2012	reported 2012
Gross profit	3,107.3	3,107.3
Total operating expenses	2,980.1	2,979.7
Operating profit	**127.2**	**127.6**
Net finance costs	(15.5)	(17.9)
Share in loss of associates	0.1	0.1
Income before taxes	**111.8**	**109.8**
Taxes on income	(73.7)	(73.1)
Net income	**38.1**	**36.7**
Net income	38.1	36.7
Total other comprehensive income	(10.5)	(15.0)
Total comprehensive income	**27.6**	**21.7**

Pensions
The Group has various pension schemes, in accordance with local conditions and practices in the countries in which it operates. Most of the pension schemes are defined contribution plans, which are funded through payments to independent entities. The Group has no legal or constructive obligations to pay further contributions if these separate entities do not hold sufficient assets to pay the pension benefits they are due in relation to employee service in the current and prior years. The contributions constitute net periodic costs for the year in which they are due and are included in personnel expenses and/or costs of services.

A few pension schemes are defined benefit plans. The liability recognized in the balance sheet is the present value of the defined benefit obligation of the estimated amount of future benefits that employees have earned in return for their service in the current and prior years, less the fair value of plan assets. Independent actuaries calculate the defined benefit obligations based on factors such as age, years of service and compensation (projected unit credit method).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and with terms to maturity that approximate the term when the related pension liability is due.

In 2013, remeasurements of the net defined benefit liability – comprising actuarial gains and losses – are recognized immediately in other comprehensive income.

The net interest expense on the net defined benefit liability is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then net defined benefit liability. Net interest expense is recognized in net finance costs.

Past service costs are recognized immediately in personnel expenses and/or cost of services, unless changes to the pension plans are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

Other employee benefits
In accordance with applicable legal requirements, the Group recognizes liabilities for several post-employment benefits and long-service leave plans, as well as for sickness-related benefit schemes. These liabilities are based on calculations made by independent actuaries based on factors such as age, years of service, expected sickness duration, and compensation (the 'projected unit credit method').

Actuarial gains and losses related to these plans are recognized in personnel expenses and/or cost of services in the year in which they occur.

For more information on pensions and other employee benefit obligations, see note 26 .

4.3 Corporate taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide deferred tax asset on, among other items, tax losses carry-forward. There are many uncertain factors that influence the amount of the tax losses carry-forward. The Group recognizes deferred tax assets on tax losses carry-forward based on its best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the income statement and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur. The Group has also identified a number of uncertain tax positions, which could lead to positive and/or negative differences.

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

Deferred tax assets, including those resulting from tax losses carry-forward, are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences, including tax losses carry-forward, can be utilized.

Deferred tax assets and liabilities are valued at tax rates enacted or substantially enacted at year-end and which are expected to apply in the coming years when the assets and liabilities are expected to be realized or settled.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities arising from undistributed profits from investments where the entity is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

movements in total position of taxes on income

	2013	2012
Assets / (liabilities)		
Deferred income tax assets	504.7	724.4
Current income tax receivables	49.9	52.8
Deferred income tax liabilities	(44.3)	(442.7)
Current income tax liabilities	(170.5)	(53.3)
Balance at January 1	**339.8**	**281.2**
Movements during the year		
Debited to income statement	(112.9)	(73.1)
Net payments	246.0	140.0
Acquisition of subsidiaries' deferred taxes	32.8	1.5
Acquisition of subsidiaries' current taxes	(2.3)	-
Disposal of subsidiaries' deferred taxes	0.0	(2.3)
Disposal of subsidiaries' current taxes	0.2	0.1
Recognized in other comprehensive income	12.1	(1.0)
Recognized in equity on share-based payments	(1.7)	2.5
Changes in accounting policies (IAS 19)	5.8	-
Translation differences	(22.7)	(9.1)
Total movements	**157.3**	**58.6**
Assets / (liabilities)		
Deferred income tax assets	521.9	504.7
Current income tax receivables	65.2	49.9
Deferred income tax liabilities	(36.6)	(44.3)
Current income tax liabilities	(53.4)	(170.5)
Balance at December 31	**497.1**	**339.8**

Deferred income taxes

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

movements in deferred income taxes

	tax losses carry-forward	temporary differences	recapture obligations	total 2013	total 2012
Deferred income tax assets	438.7	334.8	-	773.5	950.5
Deferred income tax liabilities	-	(309.7)	(3.4)	(313.1)	(668.8)
Balance at January 1	**438.7**	**25.1**	**(3.4)**	**460.4**	**281.7**
Movements during the year					
Acquisition of subsidiaries	19.0	13.8	-	32.8	1.5
Disposal of subsidiaries	-	0.0	-	0.0	(2.3)
Income statement	147.7	(96.2)	3.4	54.9	74.7
Other movements	(49.1)	8.7	-	(40.4)	115.1
Translation differences	(18.4)	(4.0)	-	(22.4)	(10.3)
Total movements	**99.2**	**(77.7)**	**3.4**	**24.9**	**178.7**
Deferred income tax assets	537.9	281.6	-	819.5	773.5
Deferred income tax liabilities	-	(334.2)	-	(334.2)	(313.1)
Balance at December 31	**537.9**	**(52.6)**	**-**	**485.3**	**460.4**

composition of deferred income tax assets

	2013	2012
Tax losses carry-forward	537.9	438.7
Property, plant, equipment, and intangible assets	79.3	68.4
Provisions	52.1	47.5
Other receivables/other payables	150.2	218.9
Temporary differences	**281.6**	**334.8**
Deferred income tax assets (before netting)	**819.5**	**773.5**
Amount netted with deferred tax liabilities	(297.6)	(268.8)
Deferred income tax assets (after netting)	**521.9**	**504.7**

Deferred income tax assets
Deferred income tax assets in relation to tax losses carry-forward comprise an amount of € 536 million (2012: € 437 million), originating from subsidiaries that showed tax losses in the current or preceding year.

The recoverability of deferred income tax assets resulting from tax losses carry-forward and temporary differences is reviewed and assessed annually, using forecasts that are based on the actual operating results and the expected future performance based on management's estimates and assumptions of revenue growth and the development of operating margins of the Group companies concerned. External data are used for reference, and significant judgment is required. Deviations from these estimates and assumptions can affect the value of deferred tax assets and may, in that case, have a material impact on the effective tax rate. The actual outcome may differ significantly from the outcome estimated by management.

Certain deferred income tax assets, whose recoverability is considered not probable are valued at nil. These comprise deferred tax assets in relation to tax losses carry-forward of € 191 million (2012: € 160 million), deferred tax assets relating to other temporary differences of € 6 million (2012: € 10 million).

The part of deferred tax assets that is expected to be recovered within one year is estimated at € 47 million (2012: € 50 million).

Sensitivity
These projections are assessed using a number of scenarios to cover reasonable changes in the assumptions underlying the projections. These changes mainly relate to variations in revenue growth percentages and operating margin percentages. The deferred tax assets are only recognized to the extent that it is considered probable that future taxable profits will be available, against which these deferred tax assets can be utilized. The various scenarios are in agreement with the variations in estimates and assumptions used in the goodwill impairment testing (see note 4.1.2). The various scenarios yield potential outcomes that do not materially deviate from the carrying amount.

Deferred income tax liabilities

composition of income tax liabilities

	2013	2012
Recapture obligations and other	-	3.4
Acquisition-related intangible assets	94.5	143.6
Other temporary differences	239.7	166.1
Deferred income tax liabilities (before netting)	**334.2**	**313.1**
Amount netted with deferred tax assets	(297.6)	(268.8)
Deferred income tax liabilities (after netting)	**36.6**	**44.3**

The part of deferred income tax liabilities that is expected to be settled within one year is estimated at € 42 million (2012: € 64 million).

4.3.2 Taxes on income

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

Current taxes on income are the sum of taxes levied on the results before taxes, in the countries where those results were generated, based on local tax regulations and at tax rates of the applicable year. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating current taxes on income.

details of taxes on income

	2013	2012
Current tax expense	167.8	147.8
Deferred tax income	(54.9)	(74.7)
Tax expense	**112.9**	**73.1**

In 2013, the average effective tax rate on income before taxes is 32.9% (2012: 66.6%). The reconciliation between the income tax rate of the company's country of domicile and the average effective tax rate is as follows:

reconciliation from applicable to effective tax rate

	2013	2012
Income tax rate of the company's country of domicile	25.0%	25.0%
Effect of income tax rates in other (non-domestic) jurisdictions	4.8%	5.6%
Weighted average applicable tax rate	**29.8%**	**30.6%**
Tax-exempt income/non-tax deductible items	(2.8%)	32.4%
Changes in statutory applicable tax rates and effects of prior years	1.6%	2.2%
Change in valuation of deferred tax assets and other	4.3%	1.4%
Average effective tax rate	**32.9%**	**66.6%**

The difference in the average effective tax rates between the years 2013 and 2012 is in part due to the impact of a goodwill impairment in 2013 (€ 36.6 million) and in 2012 (€ 139.8 million) and the badwill recorded in 2013 (€ 29.1) million.

To provide better insight into the average effective tax rate, and facilitate a better comparison between these rates in 2013 and 2012, the actual figures have been adjusted for the effects mentioned above, which results in the following reconciliation between the income tax rate of the company's country of domicile and the average effective tax rate for these pro forma figures:

reconciliation from applicable to effective tax rate

based on pro forma figures

	2013	2012
Income tax rate of the company's country of domicile	25.0%	25.0%
Effect of income tax rates in other (non-domestic) jurisdictions	4.8%	2.7%
Weighted average applicable tax rate	**29.8%**	**27.7%**
Tax-exempt income	(19.6%)	(21.5%)
Non-tax deductible items	16.1%	21.5%
Changes in statutory applicable tax rates and effects of prior years	1.6%	1.0%
Change in valuation of deferred tax assets and other	4.3%	0.6%
Average effective tax rate	**32.2%**	**29.3%**

The change in the weighted average applicable tax rate in 2013 compared to 2012 is due to a changed mix in the results of subsidiaries in countries with different tax rates.

Part of the tax-exempt income in 2013 is related to the CICE tax credits, which has an impact of 7.4%-points on the effective tax rate. The remaining tax-exempt income decreased as a percentage mainly due to a higher absolute income before taxes and lower tax-exempt interest income.

Non-tax-deductible expenses include the impact related to the French business tax (CVAE) of 6.7% (2012: 11.1%). Furthermore, the amount of non-tax-deductible expenses increased due to unfavorable tax measures.

As CICE has had a negative impact on taxable results as of 2013, the recoverability of the French deferred tax assets was reassessed, and € 19 million was considered not recoverable; this accounts for an impact of 5.4%-points on the effective tax rate.

4.4 Revenue recognition

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

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

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

In situations where the Group is the principal in the transaction and has risks and rewards of ownership, the transactions are recorded gross in the statement of comprehensive income. When the Group acts as an agent, such as in cases where the Group acts as a managed service provider, revenues are reported on a net basis.

4.4.1 Revenue categories

Revenue categories are our service concepts. Three different revenue categories are reported: 'Staffing' (including HR Solutions), 'Inhouse Services', and 'Professionals' (including Search & Selection). All service concepts have activities in all parts of the world. For a more detailed description of these service concepts, see the section 'value for our clients and candidates'.

revenue by revenue category

	2013	2012
Staffing	10,037.9	10,566.0
Professionals	3,306.9	3,494.1
Inhouse Services	3,223.5	3,026.7
	16,568.3	**17,086.8**

5. segment reporting

Segments are geographical areas and are reported in a manner consistent with internal management reporting provided to the Executive Board. There are no material sales or other transactions between the geographical areas. 'Corporate' is also included in the disclosures on segments, and represents the unallocated part of assets and liabilities of holding activities, as well as the income and expenses of holding activities; the latter net after management charges to geographical areas.

5.1 Income statement

segmentation income statement

	revenue		gross profit		operating profit	
	2013	2012	2013	2012	2013	2012
North America	3,686.9	3,946.5	790.5	814.8	121.2	73.7
France	2,835.7	3,098.6	431.5	420.5	79.8	28.9
Netherlands	2,739.4	2,824.9	557.7	593.9	134.1	103.9
Germany	1,875.5	1,842.6	330.0	348.3	71.7	80.8
Belgium & Luxembourg	1,238.7	1,317.8	231.1	254.7	8.9	40.8
United Kingdom	769.6	798.7	133.6	145.8	(10.7)	(129.9)
Iberia	896.9	781.7	112.0	97.7	12.1	(22.4)
Other European countries	1,090.7	897.6	171.3	149.0	17.4	20.7
Rest of the world	1,434.9	1,578.4	252.3	282.6	(44.3)	(20.2)
Corporate	-	-	-	-	(23.9)	(48.7)
Total	**16,568.3**	**17,086.8**	**3,010.0**	**3,107.3**	**366.3**	**127.6**

	amortization and impairment of acquisition-related intangibles and goodwill, and badwill		EBITA		depreciation and impairment of property, plant and equipment, and software		EBITDA	
	2013	2012	2013	2012	2013	2012	2013	2012
North America	38.7	71.9	159.9	145.6	12.5	13.1	172.4	158.7
France	33.0	33.0	112.8	61.9	10.8	16.1	123.6	78.0
Netherlands	18.6	18.6	152.7	122.5	14.6	17.6	167.3	140.1
Germany	6.6	8.0	78.3	88.8	5.3	6.2	83.6	95.0
Belgium & Luxembourg	7.9	7.9	16.8	48.7	7.1	7.4	23.9	56.1
United Kingdom	17.4	131.6	6.7	1.7	4.7	5.0	11.4	6.7
Iberia	9.1	35.6	21.2	13.2	1.8	2.0	23.0	15.2
Other European countries	6.8	7.4	24.2	28.1	3.6	4.3	27.8	32.4
Rest of the world	54.4	22.0	10.1	1.8	7.8	12.4	17.9	14.2
Corporate	(29.1)	-	(53.0)	(48.7)	0.0	0.0	(53.0)	(48.7)
Total	**163.4**	**336.0**	**529.7**	**463.6**	**68.2**	**84.1**	**597.9**	**547.7**

5.2 Balance sheet

segmentation balance sheet

	property, plant & equipment		software		goodwill		acquisition-related intangible assets		operating working capital		total assets	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
North America	29.0	26.6	4.4	6.2	453.3	478.8	70.5	113.3	253.0	260.7	1,088.1	1,174.6
France	19.7	20.6	8.2	7.0	398.7	398.7	76.7	109.7	(16.1)	13.0	1,248.0	1,222.4
Netherlands	41.5	49.4	2.5	5.2	795.9	796.6	41.5	60.2	(95.9)	(103.8)	1,324.6	1,332.6
Germany	6.0	6.4	4.8	5.0	204.5	204.5	8.0	14.5	(13.8)	8.2	491.7	493.8
Belgium & Luxembourg	6.7	7.8	4.3	6.0	125.9	126.6	18.9	26.9	5.1	47.3	363.4	400.9
United Kingdom	5.0	7.2	2.5	2.0	119.2	122.2	23.9	42.5	77.2	71.7	306.9	331.2
Iberia	3.6	3.2	0.7	0.7	-	-	21.7	30.7	125.0	107.2	279.6	239.1
Other European countries	4.2	4.7	1.3	1.6	97.4	99.2	13.0	20.1	39.8	34.5	356.0	295.3
Rest of the world	15.7	29.4	4.5	6.0	115.5	180.5	46.8	77.8	59.2	58.2	418.5	566.5
Corporate/Eliminations	-	-	-	-	-	-	-	-	23.1	30.6	7.8	(5.4)
Total	**131.4**	**155.3**	**33.2**	**39.7**	**2,310.4**	**2,407.1**	**321.0**	**495.7**	**456.6**	**527.6**	**5,884.6**	**6,051.0**

5.2.1 Operating working capital
Operating working capital includes current assets, excluding cash and cash equivalents, current income tax receivables, and the current part of held-to-maturity investments, minus current liabilities, excluding current borrowings, current income tax liabilities, and the current part of provisions and other liabilities.

operating working capital

	2013	2012
Current assets	3,133.2	3,113.9
Current liabilities	(2,866.2)	(3,948.3)
Working capital	**267.0**	**(834.4)**
Adjusted for:		
- Cash and cash equivalents	(136.1)	(191.5)
- Current income tax receivables	(65.2)	(49.9)
- Current part of held-to-maturity investments	(1.4)	(1.9)
- Current income tax liabilities	53.4	170.5
- Current borrowings	153.7	82.5
- Short-term part of non-current borrowings	99.6	1,204.7
- Current employee benefit obligations	18.5	-
- Current provisions	59.8	139.7
- Current other liabilities	7.3	7.9
Operating working capital	**456.6**	**527.6**

The short-term part of non-current borrowings is also excluded.

5.2.2 Total assets
Assets by segment include total assets excluding deferred income tax assets, current income tax receivables and cash and cash equivalents.

total assets

	2013	2012
Total assets	6,607.8	6,797.1
Less:		
- deferred income tax assets	521.9	504.7
- current income tax receivables	65.2	49.9
- cash and cash equivalents	136.1	191.5
Assets by segment	**5,884.6**	**6,051.0**

6. business combinations

6.1 Information about acquisitions

During 2013, the Group acquired 100% of the shares of companies in Austria, Italy, Luxembourg, Poland, Spain and Switzerland that previously were part of the USG Group. The acquisition date was June 25, 2013. The main activity of the acquired companies is temporary staffing.

The assets and liabilities arising from this acquisition, as well as the breakdown of the total amount of badwill based on a provisional purchase price allocation, are shown in the table below.

summary of assets and liabilities arising from acquisitions in 2013

at fair value

	2013
Property, plant and equipment	1.0
Software	0.3
Deferred tax assets	32.8
Total non-current assets	**34.1**
Working capital	**52.7**
Provisions	30.9
Employee benefit obligations	1.3
Total non-current liabilities	**32.2**
Net assets acquired	**54.6**
Badwill	(29.1)
Total consideration	**25.5**

reconciliation of cash flow acquisitions

	2013	2012
Total consideration	**25.5**	**7.1**
Net cash of subsidiaries acquired	(6.7)	-
Consideration paid, adjusted for net cash acquired	**18.8**	**7.1**
Consideration paid for buyout of non-controlling interests	-	1.0
Consideration paid in respect of acquisitions in preceding years	0.4	36.0
Acquisition of subsidiaries/activities/ buyout of non-controlling interests, statement of cash flows	**19.2**	**44.1**

This acquisition resulted in an amount of badwill of € 29.1 million, as the fair value of the acquired net assets exceeded the acquisition price. The amount is recognized in total operation expenses. The badwill is mainly caused by underperformance of the acquired activities.

If this acquisition had occured on January 1, 2013, the additional contribution to revenue and EBITA would have been approximately € 206 million and € 1.5 million respectively.

In Q2 2012, the Group increased its shareholding in its Chinese subsidiary Talent Shanghai from 85% to 100%. In Q4, 2012, the Group acquired the businesses of a number of franchisees for an amount of approximately € 7.1 million. This amount is fully included under acquisition-related intangible assets (customer relationship/franchise agreements).

Accounting policy

The Group uses the acquisition method to account for the acquisition of subsidiaries.

Goodwill at acquisition date is measured as:

- the fair value of the consideration transferred, being the fair value of the assets given and liabilities incurred or assumed; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- the fair value of any previous equity interests in the acquiree (if the business combination is achieved in stages); less
- the fair value of the identifiable assets acquired and liabilities assumed (including contingent liabilities).

When this difference is negative ('negative goodwill' or badwill) , this amount is recognized directly in total operating expenses.

All considerations transferred to acquire a business are recorded at fair value at the acquisition date; subsequent changes to the fair value of the contingent considerations classified as debt are recognized as expenses or income.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

All acquisition-related costs are expensed and included in other general and administrative expenses.

6.2 Information about disposals

In 2013, the Group disposed of activities in the Netherlands, Belgium, the UK and the Rest of the world, for a total consideration of € 5.9 million and with a total net value of assets and liabilities of € 8.8 million. An amount of € 10.1 million was received in 2013, including deferred receipts of € 0.4 million on the disposals made in 2013 and a cash inflow of € 4.6 million from disposals made in previous years.

In 2012, the Group disposed of activities in the Netherlands, Germany, the UK, North America and Rest of the world, for a total consideration of € 15.3 million and with a net value of assets and liabilities of € 5.9 million. An amount of € 14.4 million was received in 2012, including deferred receipts of € 4.6 million on the disposals made in 2012 and a cash inflow of € 3.7 million from disposals made in preceding years.

The deferred receipts as of December 31, 2013 are expected to be settled in cash in 2014.

reconciliation of cash flow disposals

	2013	2012
Property, plant and equipment and software	0.1	1.5
Goodwill	1.8	2.2
Deferred income taxes	0.0	2.3
Working capital	7.5	8.6
Provisions and employee benefit obligations	(0.2)	(0.8)
Other liabilities	(0.4)	(7.9)
Net assets and liabilities	**8.8**	**5.9**
(Loss)/gain on disposal	(2.9)	9.4
Total consideration	**5.9**	**15.3**
Deferred receipts, net	4.2	(0.9)
Consideration received in respect of the disposal of subsidiaries and activities	**10.1**	**14.4**
Net cash of disposed subsidiaries and activities	(1.7)	(1.0)
Disposal of subsidiaries and activities, statement of cash flows	**8.4**	**13.4**

Accounting policy
Upon disposal of a subsidiary, the gain or loss upon disposal is included in operating profit. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Where goodwill has been allocated to a cash-generating unit and part of the operation within that cash-generating unit 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 in these cases is measured based on the relative values of the disposed operation and of the portion of the cash-generating unit remaining.

7. earnings per ordinary share

	2013	2012
Net income	**230.7**	**36.7**
Net income attributable to holders of ordinary shares	218.6	29.9
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill (after taxes)	113.7	270.4
Net income attributable to holders of ordinary shares before amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	**332.3**	**300.3**
Numbers of ordinary shares (in millions)		
Weighted average number of ordinary shares outstanding	175.5	171.9
Dilutive effect of share-based payment arrangements	1.8	1.2
Weighted average number of diluted ordinary shares outstanding	**177.3**	**173.1**
Earnings per ordinary share (in €)		
Basic earnings per ordinary share	1.25	0.17
Diluted earnings per ordinary share	1.23	0.17
Diluted earnings per ordinary share before amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	1.87	1.73

Basic earnings per ordinary share are calculated by dividing net income attributable to the holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. The issued ordinary share capital is adjusted for ordinary shares purchased by Randstad Holding nv, which are held as treasury shares.

Diluted earnings per ordinary share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares arise from various share-based payment arrangements.

8. cost of services and total operating expenses

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

cost of services

	2013	2012
Wages and salaries	10,851.6	11,167.5
Social security charges	2,065.5	2,169.1
Pension charges - defined contribution plans	87.6	84.1
Pension charges - defined benefit plans	4.2	2.8
Wages, salaries, social security and pension charges	**13,008.9**	**13,423.5**
Depreciation of property, plant and equipment	0.7	0.7
Other cost of services	548.7	555.3
	13,558.3	**13,979.5**

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

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

Selling expenses include an amount of € 11.2 million (2012: € 10.5 million) related to impairment losses on trade receivables as well as debt collection costs.

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

General and administrative expenses include:
- foreign exchange losses of € 1.1 million (2012: € 0.5 million);
- a loss on the sale of property, plant and equipment of € 0.2 million (2012: € 1.1 million);
- a book loss on the sale of subsidiaries/activities of € 2.9 million (2012: gain of € 9.4 million);
- acquisition-related expenses of € 1.8 million (2012: nil).

8.2.3 Total operating expenses by nature

total operating expenses by nature

	2013	2012
Wages and salaries	1,343.2	1,435.6
Social security charges	246.6	248.3
Pension charges - defined contribution plans	32.1	33.5
Pension charges - defined benefit plans	5.3	2.9
Share-based payments	27.1	24.1
Wages, salaries, social security and pension charges	**1,654.3**	**1,744.4**
Other personnel expenses	172.7	184.0
Personnel expenses	**1,827.0**	**1,928.4**
Depreciation and impairment of property, plant and equipment	46.4	58.9
Amortization of software	21.1	24.5
Advertising and marketing	106.3	113.5
Accommodation	191.3	217.8
Other	288.2	300.6
Operating expenses	**2,480.3**	**2,643.7**
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	163.4	336.0
Total operating expenses	**2,643.7**	**2,979.7**

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

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

	2013	2012
Depreciation of buildings	1.2	1.8
Depreciation of computer hardware	17.5	17.8
Depreciation of leasehold improvements and furniture and fixtures	28.4	34.7
Impairment of buildings and land	-	2.4
Impairment of leasehold improvements and furniture and fixtures	-	2.9
Depreciation and impairment of property, plant and equipment	**47.1**	**59.6**
Amortization of software	21.1	24.5
	68.2	**84.1**

The total amount of depreciation, amortization and impairment of property, plant, equipment and software is included in the following categories:

	2013	2012
Cost of services	0.7	0.7
Selling expenses	22.1	30.0
General and administrative expenses	45.4	53.4
	68.2	**84.1**

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

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

	2013	2012
Amortization of acquisition-related intangible assets	155.9	196.2
Impairment of goodwill	36.6	139.8
Badwill	(29.1)	-
	163.4	**336.0**

For impairment of goodwill, see note 4.1.2 , and for badwill, see note 6.1 .

8.5 Operating leases

For operating leases, an amount of € 233 million (2012: € 248 million) is included in operating profit.

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

8.6 Grants

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

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

Grants included in operating profit amount to € 19.4 million (2012: € 22.1 million), of which € 19.3 million (2012: € 22.0 million) is reported under cost of services. Grants mainly relate to the compensation (in whole or in part) of the costs of education of candidates.

9. total wages and salaries, social security and pension charges

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

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

	2013	2012
Wages and salaries	12,194.8	12,603.1
Social security charges	2,312.1	2,417.4
Pension charges - defined contribution plans	119.7	117.6
Pension charges - defined benefit plans	9.5	5.7
Share-based payments	27.1	24.1
	14,663.2	**15,167.9**

10. net finance costs

net finance costs

	2013	2012
Finance income		
Interest and similar income	1.4	2.6
Foreign exchange gains, net	2.1	4.3
Changes in value of other liabilities	0.4	14.4
Interest income due to passage of time:		
held-to-maturity investments	3.4	3.3
	7.3	**24.6**
Finance expenses		
Interest and similar expenses	9.4	4.8
Interest and similar expenses on non-current borrowings	16.1	21.3
Dividend on non-controlling interests classified as other liabilities	0.6	7.1
Loss on disposal of available-for-sale financial assets	-	0.3
Interest expenses due to passage of time:		
- defined benefit pension plans and other employee benefits	1.2	3.7
- provisions	2.0	2.2
- other liabilities	1.0	3.1
	30.3	**42.5**
Net finance costs	**23.0**	**17.9**

Net finance costs comprise interest expenses and interest income, as well as items similar to interest and exchange differences on cash, cash equivalents and borrowings. Interest expenses and income are recognized in the income statement on a time-proportion basis, using the effective interest method. Interest due to the passage of time of held-to-maturity investments, loans and receivables, and deferred considerations, as well as in relation to the valuation of certain provisions and employee benefit obligations, are also included in net finance costs. Changes in the value of deferred considerations and differences upon settlement of these deferred considerations (see note 21), as well as dividend paid to non-controlling interests classified as other liabilities, are also reported under net finance costs.

In the consolidated statement of cash flows, finance income received of € 3.5 million (2012: € 7.1 million) and finance expenses paid of € 22.5 million (2012: € 30.0 million) deviate from finance income and expenses, as the latter two have been adjusted for non-cash items, such as interest receivable/ payable and changes in the value of other liabilities.

11. net income

Net income includes foreign exchange gains of € 1.0 million (2012: € 3.8 million). For other items included in net income, see note 8.2 .

12. total other comprehensive income

Items that may subsequently be reclassified to the income statement are translation differences to the amount of € 94.3 million negative, including a tax effect of € 7.4 million (2012: € 15.0 million negative, including a tax effect of € 1 million).

Items that will not be reclassified to the income statement are remeasurement of post-employment benefit obligations in the amount of € 10.5 million, including a tax-effect of € 4.7 million.

13. property, plant and equipment

	buildings and land	computer hardware	leasehold improvements, furnitures and fixtures	total
Balance at January 1, 2013	**39.7**	**36.9**	**78.7**	**155.3**
Movements in 2013				
Acquisition of subsidiaries	-	0.2	0.8	1.0
Disposal of subsidiaries	-	0.0	(0.1)	(0.1)
Additions	-	18.4	27.5	45.9
Disposals	(8.3)	(1.9)	(7.0)	(17.2)
Depreciation	(1.2)	(17.5)	(28.4)	(47.1)
Translation differences	(2.3)	(1.3)	(2.8)	(6.4)
Balance at December 31, 2013	**27.9**	**34.8**	**68.7**	**131.4**
Cost	62.3	183.6	441.4	687.3
Accumulated depreciation and impairment	34.4	148.8	372.7	555.9
Balance at December 31, 2013	**27.9**	**34.8**	**68.7**	**131.4**
Balance at January 1, 2012				
Cost	82.8	192.2	434.1	709.1
Accumulated depreciation and impairment	35.0	154.0	340.7	529.7
	47.8	**38.2**	**93.4**	**179.4**
Movements in 2012				
Acquisition of subsidiaries	0.0	0.0	0.0	0.0
Disposal of subsidiaries	0.0	0.0	(1.1)	(1.1)
Additions	0.0	17.4	25.8	43.2
Disposals	(2.0)	(0.6)	(1.0)	(3.6)
Depreciation	(1.8)	(17.8)	(34.7)	(54.3)
Impairment	(2.4)	-	(2.9)	(5.3)
Translation differences	(1.9)	(0.3)	(0.8)	(3.0)
Balance at December 31, 2012	**39.7**	**36.9**	**78.7**	**155.3**
Cost	75.1	192.0	432.5	699.6
Accumulated depreciation and impairment	35.4	155.1	353.8	544.3
Balance at December 31, 2012	**39.7**	**36.9**	**78.7**	**155.3**

Based on appraisals made by independent and expert appraisers, the estimated fair value of buildings and land is € 10 to € 15 million higher than the carrying amount.

In the consolidated statement of cash flows, proceeds from the sale of property, plant and equipment comprise:

	2013	2012
Net book value of disposals	17.2	3.6
Loss on disposals	(0.2)	(1.1)
Disposals of property, plant and equipment, statement of cash flows	**17.0**	**2.5**

Accounting policy
Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Historical cost includes expenditures that are directly attributable to the acquisition of the assets.

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

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

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

estimated useful lives of property, plant and equipment

on average

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

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

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

14. software

	2013	2012
Cost	240.6	237.5
Accumulated amortization and impairment	200.9	190.9
Balance at January 1	**39.7**	**46.6**
Acquisition of subsidiaries	0.3	0.0
Disposal of subsidiaries	0.0	(0.4)
Additions	15.6	18.2
Amortization	(21.1)	(24.5)
Translation differences	(1.3)	(0.2)
Balance at December 31	**33.2**	**39.7**
Cost	244.7	240.6
Accumulated amortization and impairment	211.5	200.9
Balance at December 31	**33.2**	**39.7**

The difference in 2012 between the amount included as additions, € 18.2 million, and the amount included in the statement of cash flows, € 20.3 million, is the result of deferred payments.

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

Expenditures in relation to the development of identifiable and unique software products used by the Group, and which will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets and amortized over their estimated useful lives. Capitalized costs include employee costs of software development and an appropriate portion of relevant overhead.

Expenditures associated with maintaining computer software programs are recognized as an expense when incurred.

Amortization of software applications is charged to operating expenses and/or cost of services on a straight-line basis over their estimated useful lives, from the date they are available for use.

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

The estimated useful life for software is 3 to 5 years. Acquired computer software licenses are amortized on a straight-line basis over their useful lives of 3 to 5 years or, if the license period is shorter than 3 years, over this shorter period.

Impairments – if any – are mainly caused by the discontinuation of software applications, which in the Group generally relate to front- and/or back-office applications. The net book value of software is impaired to its recoverable amount, which tends to be zero, based on each individual case. Impairment losses are immediately recognized in operating expenses.

15. acquisition-related intangible assets

	customer relationships/ franchise agreements	brand names and candidate databases	total
Balance at January 1, 2013	**487.2**	**8.5**	**495.7**
Movements in 2013			
Amortization	(147.4)	(8.5)	(155.9)
Translation differences	(18.8)	0.0	(18.8)
Balance at December 31, 2013	**321.0**	**-**	**321.0**
Cost	1,050.7	-	1,050.7
Accumulated amortization and impairment	729.7	-	729.7
Balance at December 31, 2013	**321.0**	**-**	**321.0**
Balance at January 1, 2012			
Cost	1,159.2	180.5	1,339.7
Accumulated amortization and impairment	521.6	128.9	650.5
	637.6	**51.6**	**689.2**
Movements in 2012			
Acquisition of subsidiaries	7.1	-	7.1
Amortization	(153.0)	(43.2)	(196.2)
Translation differences	(4.5)	0.1	(4.4)
Balance at December 31, 2012	**487.2**	**8.5**	**495.7**
Cost	1,155.9	174.6	1,330.5
Accumulated amortization and impairment	668.7	166.1	834.8
Balance at December 31, 2012	**487.2**	**8.5**	**495.7**

additions to acquisition-related intangible assets

by segment

	2013	2012
North America	-	7.1
	-	**7.1**

Acounting policy

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

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

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

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

estimated useful lives of acquisition-related intangible assets

	term
Customer relationships	4-8 years
Brand names	1-5 years
Candidate databases	2-5 years

Impairments – if any – can be a result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit to which the acquisition-related intangible assets are related.

16. financial assets

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

Purchases and sales of all financial assets are recognized on the settlement date, which is the date an asset is delivered to or by the Group. The cost of financial assets includes transaction costs.

financial assets

	2013	2012
Held-to-maturity investments	82.8	76.1
CICE receivable	72.6	-
Loans and receivables	-	3.6
	155.4	**79.7**

The held-to-maturity investments and the CICE receivable are neither past due nor impaired. These financial assets have counterparties such as governmental or semi-governmental bodies.

The Group does not hold any collateral as security.

16.1 Held-to-maturity investments

held-to-maturity investments

	2013	2012
Balance at January 1	**78.0**	**71.2**
Additions at fair value	4.8	5.5
Redemptions	(2.0)	(2.0)
Interest due to passage of time	3.4	3.3
Balance at December 31	**84.2**	**78.0**
Non-current portion	82.8	76.1
Current portion	1.4	1.9
	84.2	**78.0**

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities for which an entity has the positive intent and liability to hold to maturity. This category excludes originated loans. Held-to-maturity investments are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

Held-to-maturity investments represent loans that are granted interest-free by the French subsidiaries annually in relation to legal arrangements for payment of certain social security charges. These annual loans have a repayment term of 20 years each. These investments have an average remaining term of 12 years (2012: 12 years) and an effective interest rate of 4.3% (2012: 4.4%). The nominal value of held-to-maturity investments amounts to € 133 million (2012: € 126 million) and best represents the maximum exposure to credit risk. As of December 31, 2013 the fair value is approximately € 14 million higher than the carrying amount (2012: € 20 million).

The difference between additions at nominal value (€ 8.9 million) and at fair value is recognized in cost of services, and amounts to € 4.1 million (2012: € 3.9 million).

16.2 CICE receivable

CICE receivable

	2013	2012
Balance at January 1	**-**	**-**
		-
Additions at fair value	72.6	-
Balance at December 31	**72.6**	**-**
Non-current portion	72.6	-
Current portion	-	-
	72.6	**-**

The CICE receivable is initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

This financial asset arises from tax credits under the new French Competitive Employment Act (CICE). This act is aimed at improving the competitiveness of the French economy and at reducing umemployment. The tax credit is calculated as a percentage of wages and salaries paid to employees having a salary that is less than 2.5 times the French minimum wage. The tax credit can be offset against the income tax liability payable with respect to the calendar year to which the wages relate. Any excess credit can be carried forward and offset against the tax liability during the next three years. Any excess after three years will be refunded as well.

This receivable is presented under non-current assets, since the amount is expected to have a maturity of longer than one year, due to the combined effect of the legal regulations of the CICE arrangements and the income tax situation of our French operations. In the statement of cash flows, this amount is presented in 'other non-cash items' under cash flow from operating activities, since the CICE arrangements are considered to be related to the operating activities. The nominal value of the receivable amounts to € 73.8 million (2012: zero), which best represents the maximum exposure to credit risk. As of December 31, 2013, the carrying amount approximates the fair value.

The effective interest rate is 0.6%.

The difference between additions at nominal value (€ 73.8 million) and at fair value is recognized in cost of services, and amounts to € 1.2 million (2012: zero).

16.3 Loans and receivables

loans and receivables

	2013	2012
Balance at January 1	**3.6**	**4.0**
Redemptions	(3.6)	(0.4)
Balance at December 31	**-**	**3.6**

Loans and receivables (originated loans) are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

The loans and receivables are redeemed in 2013; they did not have a fixed maturity date, and the average effective interest rate was 2.0% (2012: 1.9%). For 2012, the cash-in for loans and receivables combined with other financial fixed assets amounted to € 6.3 million.

16.4 Impairment of financial assets

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

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

17. associates

	2013	2012
Balance at January 1	**1.0**	**0.9**
Share in profit	0.3	0.1
Balance at December 31	**1.3**	**1.0**

At December 31, 2013, the Group has investments in associates amounting to € 1.3 million (2012: € 1.0 million). The total assets and liabilities of these associates amount to approximately € 16 million (2012: € 15 million) and € 8 million (2012: € 7 million) respectively. Total revenue in 2013 amounted to € 13 million (2012: € 12 million). Our share in net income of all associates was € 0.3 million (2012: € 0.1 million).

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

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

The Group's share of the post-acquisition profits and losses of the associates is recognized as share in results of associates, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.

18. trade and other payables

	2013	2012
Trade payables	231.7	207.5
Other taxes and social security premiums	916.2	896.1
Pension contributions	11.7	10.5
Wages, salaries and other personnel costs	929.6	870.3
Other accruals	349.1	325.9
Deferred income	35.6	32.7
	2,473.9	**2,343.0**

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

19. cash and cash equivalents and borrowings

19.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, as well as time deposits and other short-term highly liquid investments with original maturities of three months or less.

cash and cash equivalents

	2013	2012
Time deposits	5.2	3.3
Cash on hand and at bank	130.9	188.2
	136.1	**191.5**

Time deposits fall due, on average, within a month. The average interest rate for time deposits is 4.5% (2012: 5.7%).

An amount of € 131.1 million out of € 136.1 million (2012: € 184.7 million out of € 191.5 million) is available upon demand.

19.2 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

	2013	2012
Non-current borrowings comprising drawings on multi-currency syndicated revolving credit facility	588.7	-
Other non-current borrowings	55.1	-
Non-current borrowings	**643.8**	**-**
Current borrowings	153.7	82.5
Short-term part of non-current borrowings	99.6	1,204.7
	897.1	**1,287.2**

The short-term part of non-current borrowings as of December 31, 2012, is repaid during the year at an amount of € 1,203.2 million and is presented in the statement of cash flows under cash flow from financing activities.

movements in non-current borrowings

	2013	2012
Balance at January 1	**-**	**1,602.7**
Repayments of prior syndicated loan	-	(366.9)
Drawings on current syndicated loan	882.6	-
Repayments of current syndicated loan	(271.1)	-
Drawings on/(repayments of) other non-current borrowings, net	164.9	(13.6)
Amortization of transaction costs	2.8	3.6
Translation differences	(35.8)	(21.1)
Reclassification to short-term part of non-current borrowings	(99.6)	(1,204.7)
Balance at December 31	**643.8**	**-**

See note 3.2.2 for further information on borrowings.

20. total equity and dividends per share

20.1 Shareholders' equity

20.1.1 Authorized and issued capital

Authorized capital is € 106 million (2012: € 75 million) and consists of 350,000,000 (2012: 325,000,000) ordinary shares with a nominal value of € 0.10, a further 106,000 (2012: 75,000) type-A preference shares with a nominal value of € 500, 30,000,000 (2012: 50,000,000) type-B preference shares with a nominal value of € 0.10 and 150,000,000 (2012: zero) type-C preference shares with a nominal value of € 0.10.

Issued share capital consists of 177,433,667 ordinary shares (2012: 172,072,912), 25,200,000 type-B preference shares (2012: 25,200,000), and 50,130,352 (2012: zero) type-C preference shares at year-end.

For information regarding the rights, preferences and restrictions on each type of share, see 'voting rights', in the corporate governance section on page 109.

The current conditions of the preference shares are such that the holders of these shares receive a dividend at the company's discretion, that dividend is preferred and cumulative, and that the voting rights are 1 vote per 7 type-B preference shares and for type-C preferred shares one vote for each € 25 capital payment.

The dividend on preference shares is reviewed every seven years. The last review on type-B preferred shares took place in November 2012, and the dividend was set at € 0.177 (before: € 0.284) per preference share. The dividend on type-C preferred shares was set at 5.8% of the capital contribution. The next review of the dividend will take place in November

2019. Only the Executive Board can propose to the Annual General Meeting of Shareholders to decide that preference shares be repaid.

number of outstanding ordinary and preference shares

(x 1,000)

	2013		2012	
	ordinary shares	preference shares	ordinary shares	preference shares
January 1	172,073	25,200	170,949	25,200
Issue of shares	-	50,130	-	-
Stock dividend	4,572	-	-	-
From share-based payment arrangements	789	-	1,124	-
December 31	177,434	75,330	172,073	25,200

At December 31, 2013, the company holds 273,225 treasury shares (2012: nil).

Accounting policy
Ordinary and preference shares are classified as equity. The distribution of the dividend on ordinary and preference shares is recognized as a liability in the period in which these dividends are adopted by the company's shareholders.

On the issue of new shares or on the extension of the term of preference shares outstanding, the proceeds less directly attributable costs are recognized in shareholders' equity within issued capital and, if applicable, within share premium.

On the purchase of ordinary shares that are included in shareholders' equity, the consideration paid, including directly attributable costs, is recorded as a change in shareholders' equity. Purchased ordinary shares are classified as treasury shares and presented as a deduction from shareholders' equity under reserves.

On the sale (or re-issue) of treasury shares, the proceeds less directly attributable costs are recognized under treasury shares for the original consideration paid; the remainder is recognized as a change in retained earnings.

20.1.2 Share premium

At year-end, share premium consists of € 1,960.4 million share premium on ordinary shares (2012: € 1,933.1 million) and € 298.3 million share premium on preference shares (2012: € 163.3 million).

20.1.3 Translation reserve

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

20.1.4 Share-based payments reserve

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

The company has various share-based payment arrangements. Additional information about these arrangements is given in note 24 . The income statement includes an amount of € 27.1 million (2012: € 24.1 million) for share-based payments.

At year-end 2013, 3.4 million stock options, performance options and performance shares (2012: 3.7 million) are outstanding, which upon exercise of stock options or allocation of performance shares will lead to the issuance of the same number of new ordinary shares or re-issue of treasury shares.

20.1.5 Other information

See note 5 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.

20.2 Dividends on ordinary and preference shares

At the Annual General Meeting of shareholders, to be held on April 3, 2014, it will be proposed by the Executive Board, with the approval of the Supervisory Board, that a dividend of € 0.95 per ordinary share be paid for the year 2013; for preference shares B and C it will be proposed by the Executive Board, with the approval of the Supervisory Board, that a dividend of € 12.1 million be paid.

The 2012 dividend on ordinary shares, payable in 2013, had been determined at € 1.25 per share. Shareholders were given a choice between cash and shares. This choice resulted in a cash dividend of € 83.8 million and a stock dividend of € 131.6 million. In 2012, dividends paid on ordinary shares amounted to € 215.1 million (€ 1.25 per share).

Dividends paid in 2013 on preference shares amounted to € 6.8 million (2012: € 7.1 million) or € 0.271 per Type-B preference share (2012: € 0.284 per preference share).

dividends on ordinary and preference shares

	dividend related to		
	2013	2012	2011
Ordinary shares			
- dividend paid during 2012			215.1
- dividend paid during 2013		83.8	
- stock dividend during 2013		131.6	
- dividend 2013 proposed	168.6		
Preference shares			
- dividend paid during 2012			7.1
- dividend paid during 2013		6.8	
- dividend 2013 proposed	12.1		

The amount of dividend proposed for ordinary shares in 2013 assumes that the dividend will be paid out 100% in cash.

20.3 Non-controlling interests

In 2013, no transactions took place with regard to non-controlling interests without a change in control, while in 2012, such transactions did take place. This resulted in an amount of € 0.5 million directly charged to equity, while the cash consideration amounted to € 1.0 million.

At December 31, 2013 and 2012, non-controlling interests amount to € 0.0 million and € 0.1 million respectively.

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.

21. other liabilities

	2013	2012
Balance at January 1	**22.8**	**76.2**
Acquisition of non-controlling interests	(0.4)	(36.0)
Disposal of majority interests	(0.4)	(7.9)
Changes in value	(0.4)	(14.4)
Interest due to passage of time	1.0	3.1
Translation differences	(1.2)	1.8
Balance at December 31	**21.4**	**22.8**
Non-current portion	14.1	14.9
Current portion	7.3	7.9
	21.4	**22.8**

The effective interest rate amounts to 5.0% (2012: 5.0%).

Accounting policy
Other liabilities mainly include liabilities arising from arrangements with the previous owners of acquired companies who still hold a non-controlling interest ('deferred considerations') and deferred payments from other business combinations.

With respect to these arrangements, the Group has entered into put and call options with the holders of these non-controlling interests. The put option gives the minority shareholder the right to sell its non-controlling interest to the Group. The call option gives the Group the right to purchase the non-controlling interest. The option exercise price is determined by a contractually agreed formula that is based mainly on the future results of the company involved.

The liability is initially stated at fair value. Subsequent measurement is at amortized cost, using the effective interest method. The value is determined by means of the present value of the expected cash outflows to settle the liability, based on projected results. The discount rate used in discounting the expected cash outflows is based on an interest rate that reflects the current market assessment of the time value of money, taking into account the expected settlement of these liabilities.

In line with the nature of the put option, the liability is classified as short term, except for the part that can only be exercised after one year. Changes in the value of these liabilities (also including interest due to passage of time), as well as differences upon settlement between the actual cash outflow and the expected cash outflow, are accounted for in net finance costs. The companies acquired under these arrangements are fully consolidated, with no recognition of a non-controlling interest.

22. statement of cash flows

The statement of cash flows has been prepared applying the indirect method. Cash in the statement of cash flows comprises cash and cash equivalents as well as current borrowings, because current borrowings form an integral part of the Group's cash management. The short-term part of non-current borrowings is not included.

Cash flows in foreign currencies have been translated at average exchange rates. Exchange differences concerning cash items are shown separately in the statement of cash flows. Income taxes paid/received are included in the cash flow from operating activities. Finance income received, finance expenses paid and dividends paid are included in the cash flow from financing activities.

The purchase price of acquisitions paid, as well as the selling price of disposed subsidiaries received, is included in cash flow from investing activities. This purchase price paid, as well as the selling price received, is included in the statement of cash flows net of net cash acquired or disposed of respectively. Changes in assets and liabilities resulting from the acquisition and disposal of subsidiaries are taken into account in the calculation of the consolidated cash flows.

The majority of the items in the consolidated statement of cash flows are individually cross-referenced to the relevant notes to the consolidated income statement and balance sheet. For the remainder of the material items, the reconciliation between amounts as included in the consolidated statement of cash flows and related amounts in the statement of comprehensive income and balance sheet is shown in this note.

22.1 Cash

cash

	2013	2012
Cash and cash equivalents	136.1	191.5
Current borrowings	(153.7)	(82.5)
	(17.6)	**109.0**

22.2 Trade and other receivables

Trade and other receivables as calculated below exclude the short-term part of the held-to-maturity investments.

trade and other receivables

	2013	2012
Balance at January 1	**2,870.6**	**3,109.1**
Acquisition of subsidiaries	121.9	0.0
Disposal of subsidiaries	(14.9)	(21.7)
Interest and deferred receipts	(4.2)	0.7
Translation losses and other	(107.0)	(19.6)
Statement of cash flows	64.1	(197.9)
Balance at December 31	**2,930.5**	**2,870.6**

22.3 Trade and other payables

trade and other payables

	2013	2012
Balance at January 1	**2,343.0**	**2,477.5**
Acquisition of subsidiaries	73.6	5.8
Disposal of subsidiaries	(8.9)	(14.0)
Interest	0.8	(0.4)
Payment of software additions	-	(2.1)
Translation gains and other	(76.3)	(10.1)
Statement of cash flows	141.7	(113.7)
Balance at December 31	**2,473.9**	**2,343.0**

22.4 Employee benefit obligations

employee benefit obligations

	2013	2012
Balance at January 1	**24.1**	**24.4**
Acquisition of subsidiaries	1.3	-
Disposal of subsidiaries	(0.2)	(0.2)
Changes in accounting policies (IAS 19)	19.2	-
Interest due to passage of time	1.2	3.7
Charged to other comprehensive income	15.2	-
Translation gains and other	(1.8)	(0.9)
Statement of cash flows	22.1	(2.9)
Balance at December 31	**81.1**	**24.1**

22.5 Provisions

provisions

	2013	2012
Balance at January 1	**180.2**	**160.2**
Acquisition of subsidiaries	30.9	-
Disposal of subsidiaries	0.0	(0.6)
Interest due to passage of time	2.0	2.2
Translation gains and other	(4.0)	(1.5)
Statement of cash flows	(72.6)	19.9
Balance at December 31	**136.5**	**180.2**

22.6 Other non-cash items

other non-cash items

	2013	2012
CICE receivable	(72.6)	-
Held-to-maturity investments	4.1	3.9
Statement of cash flows	**(68.5)**	**3.9**

For the CICE receivable, see note 16.2 .

22.7 Free cash flow

Free cash flow comprises net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries/activities and buyout of non-controlling interests:

free cash flow

	2013	2012
Net cash from operating activities	340.7	528.6
Net cash from investing activities	(58.6)	(92.8)
	282.1	**435.8**
Acquisition of subsidiaries/activities and buyout of non-controlling interests	19.2	44.1
Disposal of subsidiaries/activities	(8.4)	(13.4)
Free cash flow	**292.9**	**466.5**

23. subsidiaries

Subsidiaries are companies in which Randstad Holding nv has the power, directly or indirectly, to govern the financial and operational policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are consolidated from the date that such control commences until the date that it ceases.

Intragroup balances and intragroup transactions are eliminated, as well as any unrealized gains from these transactions. Unrealized losses from intragroup transactions are also eliminated, unless there is evidence of impairment of the assets transferred. Intercompany transactions take place on an arm's length basis.

23.1 Financial statements of Group companies

Upon translation of foreign activities, the assets and liabilities of operations in currencies other than the euro, including goodwill and fair value adjustments arising on consolidation, are translated into euros at the foreign exchange rates at the balance sheet date. The income statements of these operations in currencies other than the euro are translated into euros at average exchange rates.

Upon the acquisition of a subsidiary that has a currency other than the euro, balance sheet items are translated into euros at the foreign exchange rates at the acquisition date.

23.2 Net investment in subsidiaries that have a currency other than the euro

The net investment in subsidiaries that have a currency other than the euro includes the participation in the net assets of these subsidiaries, and, if applicable, loans to these subsidiaries, settlement of which is neither planned nor expected to occur in the foreseeable future.

Translation differences that occur upon consolidation, relating to the translation of the net investment in subsidiaries that have a currency other than the euro, are recognized in other comprehensive income and presented in the (foreign currency) translation reserve, a separate component within equity, as are translation differences of financial liabilities designated as hedges of such investments (net investment hedge), to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognized immediately in net finance costs.

If the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation differences is allocated to the non-controlling interests.

Whenever a foreign operation is disposed of, these translation differences are released or charged to the statement of comprehensive income as part of the gain or loss on disposal.

23.3 Overview of major subsidiaries

Europe	
Randstad Nederland bv	Amsterdam, the Netherlands
Tempo-Team Group bv	Amsterdam, the Netherlands
Yacht Group bv	Amsterdam, the Netherlands
Randstad Sourceright International bv	Amsterdam, the Netherlands
Randstad Belgium nv	Brussels, Belgium
Tempo-Team nv	Brussels, Belgium
Randstad Interim sa	Luxembourg, Luxembourg
Randstad Deutschland GmbH & Co KG	Eschborn, Germany
Randstad Professionals GmbH & Co KG	Cologne, Germany
Randstad SAS	Saint-Denis, France
Randstad Schweiz AG	Zurich, Switzerland
Randstad Austria GmbH	Vienna, Austria
Randstad Empleo, Empresa De Trabajo Temporal S.A. Sociedad Unipersonal	Madrid, Spain
Randstad Recursos Humanos, Empresa de Trabalho Temporario S.A.	Lisbon, Portugal
Randstad UK Holding Ltd	Luton, United Kingdom
Randstad Italia SPA	Milan, Italy
Randstad Polska Sp. z.o.o.	Warsaw, Poland
Randstad A/S	Copenhagen, Denmark
Randstad AB	Stockholm, Sweden
Randstad Norway AS	Oslo, Norway
North America	
Randstad North America LP	Atlanta, United States
Randstad Professionals US LP	Boston, United States
Randstad Intérim Inc.	Montreal, Canada
Rest of world	
Sesa Internacional S.A.	Rosario, Argentina
Top Personnel S. de R.L. de CV	Mexico City, Mexico
Randstad Brasil Recursos Humanos Ltda	Sao Paulo, Brazil
Randstad Chile S.A.	Santiago, Chile
Randstad Pty Ltd	Sydney, Australia
Talent Shanghai Co. Ltd	Shanghai, China
Randstad India Ltd	Chennai, India
Randstad KK	Tokyo, Japan
Other subsidiaries	
Randstad Groep Nederland bv	Amsterdam, the Netherlands
Randstad Financial Services nv	Brussels, Belgium
Randstad Finance GmbH	Zurich, Switzerland

The fully consolidated German subsidiaries mentioned above exercise simplification options in accordance with Article 264.b of the German Commercial Code ('HGB').

A list of all subsidiaries has been filed at the Chamber of Commerce in Amsterdam ('Kamer van Koophandel', Amsterdam). Randstad Holding nv has, directly or indirectly, a 100% interest in all subsidiaries (by way of legal ownership of the shares or by way of economic ownership of the shares (put-call option arrangements) for a limited number of companies), unless stated otherwise.

24. share-based payments

The company has various share-based payment arrangements that are settled in ordinary shares. The fair value of these share-based payments, calculated on grant date, is based on valuation models. The fair value is included in personnel expenses in the vesting period during which the expected employee services are received. The same amount is credited to shareholders' equity.

At each balance sheet date, the company re-assesses its estimates of the vesting of these share-based payment arrangements. The impact of the revision on original estimates with respect to the past vesting period, if any, is recognized in personnel expenses immediately, with a corresponding adjustment to shareholders' equity.

Within the Group, a number of share-based payment arrangements are in effect: stock option plans and performance share plans for Executive Board members and senior management, and a share purchase plan for all corporate employees.

The actual annual grant of performance shares and options will in principle not exceed 1% of the ordinary issued capital. However, depending on the realization of related performance targets and the company's actual share price, the number of shares to be issued in relation to vesting of the performance shares and options might in a certain year exceed the 1% limit.

24.1 Stock option plans

24.1.1 Executive Board stock option plan

Until 2007, the Executive Board received options under this plan, which was implemented in 2001. The options have an exercise price that is not lower than the share price at the date they were granted. The options have a term of seven years and are only exercisable after a period of three years from the date of grant, without performance conditions or other restrictions.

24.1.2 Senior management stock option plan

Until 2007, options were also granted to a limited group of senior management. The exercise price, term and other conditions are identical to the Executive Board stock option plan.

24.1.3 Executive Board performance stock option plan

From 2007 to 2012, Executive Board members have been granted stock options annually conditional on performance; as from 2008 up to 2012, the options had an exercise price equal to the average trading price of the Randstad shares during three business days before grant date. The options have a term of seven years, and are only exercisable after a period of three years from the date of grant. The number of options that will vest depends on the company's 'total shareholder return' (TSR) performance compared with a peer group of nine companies measured over a three-year period starting on January 1 of the year in which the options are granted. Options granted to a Board member who resigns from the Group within the three-year vesting period will in principle be forfeited.

All stock option plans are equity-settled. The fair value is determined as at the date of each grant, based on a combination of a Monte Carlo simulation model and a Black & Scholes valuation model.

parameters used for fair value determination

	2012	2011
Share price at grant date	€ 27.99	€ 39.15
Exercise price	€ 28.11	€ 39.16
Expected volatility [1]	37%	51%
Expected dividend yield	2.9%	2.8%
Risk-free interest rate	1.4%	1.8%

1 Expected volatility is measured at the standard deviation of expected share price returns of daily share prices.

The fair value is charged to the income statement during the vesting period based on the on-target awards of each plan. At each balance sheet date, the assumed attrition is reassessed; any adjustment is charged to the income statement. On exercise of options, the company issues new shares.

details of all stock option plans

year of grant	number of options (x 1,000) January 1, 2013	granted	lapsed	performance adjustment at vesting	exercised	December 31, 2013	exercisable	average share price at exercise (in €)	average exercise price (in €)	average fair value at grant date per option (in €)
Stock option plans										
2006	327.0	-	(327.0)	-	-	-	-	-	53.70	15.98
2007	331.0	-	-	-	-	331	331	-	57.40	17.63
Performance stock option plans										
2007	36	-	-	-	-	36	36	-	57.40	18.70
2008	180	-	-	-	(132)	48	48	40.12	26.39	9.50
2009	434	-	-	-	(361)	73	73	37.74	9.88	9.00
2010	55	-	-	(14)	-	41	41	-	31.39	21.04
2011	48	-	-	-	-	48	-	-	39.16	21.00
2012	179	-	-	-	-	179	-	-	28.11	11.31
Total	**1,590**	**-**	**(327)**	**(14)**	**(493)**	**756**	**529**			

The expenses charged to the income statement 2013 amount to € 1.2 million (2012: € 1.1 million).

In 2013, the performance stock options 2010 vested, based on relative TSR performance over the period January 1, 2010 – December 31, 2012. The performance resulted in 75% or 40,668 options being vested (share price at allocation date: € 30.39), compared to an on-target award of 54,224 options.

24.2 Performance share plans

24.2.1 Executive Board performance share plan

As from 2007, conditional performance shares have been granted annually to the members of the Executive Board. The plan has a term of three years. The number of shares to vest depends on the company's TSR performance compared to a peer group of nine companies measured over a three-year period starting on January 1 of the year of grant. As of 2013, the number of shares to vest also depends on achieving certain sustainability performance targets.

The shares yet to be vested of a Board member who resigns from the Group within the three-year vesting period will in principle be forfeited.

24.2.2 Senior management performance share plan

As from 2007, conditional performance shares have also been granted to a limited group of senior management on terms and conditions that are identical to those of the Executive Board, except for the fact that, for the year 2013, the number of shares to vest solely depends on the company's TSR performance.

parameters used for fair value determination

	2013	2012	2011
Average share price at grant date	€ 30.40	€ 26.63	€ 38.68
Expected volatility, based on historical prices over the three-year period to the valuation date	34%	37%	51%
Expected dividends	3.8%	4.4%	2.9%
Risk-free interest rate (yield on Dutch Government bonds)	0.6%	1.4%	1.8%

Volatility of the shares of the peer companies, as well as the pair-wise correlation between all 10 shares, is estimated on the basis of historical daily prices over three years. Estimated dividends of the peer companies are based on historical dividends.

The fair value is charged to the income statement during the vesting period, based on the on-target awards of each plan.

At each balance sheet date, the non-market conditions (attrition and sustainability performance) are reassessed; any adjustment is charged to the income statement. Up to 2013, on final allocation of vested shares, the company used to issue new shares. As of 2013, the company has been using treasury shares for this purpose as well.

details of all performance share plans

	number of shares (x 1,000) on target					
year of grant	January 1, 2013	granted	lapsed	vested in 2013	December 31, 2013	average fair value at grant date per share (in €)
2010	395	-	(1)	(394)	-	37.29
2011	492	-	(38)	(22)	432	45.10
2012	1,252	-	(149)	-	1,103	27.00
2013	-	1,164	(87)	-	1,077	24.15
Total	**2,139**	**1,164**	**(275)**	**(416)**	**2,612**	

The expenses charged to the income statement 2013 amount to € 22.5 million (2012: € 20.7 million).

The performance shares 2010 vested in early 2013, based on relative TSR performance of the company, resulting in 295,560 shares being vested (share price at allocation date of € 30.39), compared to an on-target award of 394,009 shares.

24.3 Share purchase plan for corporate employees

Under the share purchase plan, participating corporate employees may purchase shares from a separate foundation, Stichting Randstad Optiefonds, twice a year. The maximum amount to be spent within the plan is set annually at 5% of the participant's fixed annual salary. If employees hold on to the purchased shares for a period of six months (on condition that they are still employed by the Group), they receive a number of bonus shares equal to a fixed percentage of the number of shares purchased. The bonus is expensed by the company over the holding period (2013: € 3.4 million; 2012: € 2.3 million). In 2013, a total of 87,368 (2012: 89,473) bonus shares were allocated to employees.

25. related-party transactions

25.1 Key management

The members of the Executive Board and Supervisory Board are considered the key management of the Group.

25.2 Remuneration of the members of the Executive Board

The totals of the remuneration of the members of the Executive Board are included in the income statement.

executive board remuneration

x € 1.000

	fixed compensation				variable compensation				termination and other benefits/ expenses		total	
	base salary		pension charge		short-term cash bonus		share-based payments					
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
B.J. Noteboom	970	965	258	258	727	496	911	732	2,582	31	5,448	2,482
R.J. van de Kraats	653	652	173	173	490	335	622	508	26	24	1,964	1,692
L. Galipeau	550	426	148	115	413	219	471	266	99	46	1,681	1,072
F. Béharel	568	-	129	-	426	-	412	-	262	-	1,797	-
J.W. van den Broek	574	572	151	151	430	294	546	446	69	22	1,770	1,485
L.J.M.V. Lindelauf	574	572	151	151	430	294	546	446	23	20	1,724	1,483
G.A. Netland	-	149	-	40	-	-	-	(377)	-	113	-	(75)
B. Wilkinson	-	464	-	111	-	160	-	(9)	599	1,270	599	1,996
Total	**3,889**	**3,800**	**1,010**	**999**	**2,916**	**1,798**	**3,508**	**2,012**	**3,660**	**1,526**	**14,983**	**10,135**

François Béharel was appointed on January 16, 2013 for a period of 4 years. He received his remuneration as a Board member as from this date. Linda Galipeau was appointed on March 29, 2012 for a period of 4 years. She received her remuneration as a Board member as from this date. Executive Board members Greg Netland and Brian Wilkinson resigned on March 29, 2012 and December 1, 2012 respectively. They received their remuneration as Board members up to these respective dates. In 2013, the company came to an agreement with Ben Noteboom to end his contract. The expenses related to the termination of € 2,548,000 were recorded in 2013. Brian Wilkinson received a termination benefit of € 1,185,000 in 2012.

The expenses for performance shares and stock options refer to the fair value of share-based payments charged to the income statement for the years 2013 and 2012 respectively. Share-based payment expenses for Greg Netland of minus € 377,000 are due to release of expenses recognized in 2010 and 2011 related to the performance share and stock option plans 2010 and 2011.

In the income statement 2013, expenses have been included for former members of the Executive Board to an amount of € 599,000 (2012: € 317,000). These expenses relate to Brian Wilkinson and mainly concern national insurance costs based on the value of options exercised in 2013.

In addition to the total remuneration as presented in the table above, non-recurring Dutch crisis tax expenses for wages above € 150,000 have been accounted for, amounting to € 2,373,000 (2012: € 1,207,000).

non-recurring crisis tax expenses per member

x € 1.000

	2013	2012
B.J. Noteboom	1,080	452
R.J. van de Kraats	367	249
L. Galipeau	-	-
J.W. van den Broek	260	216
L.J.M.V. Lindelauf	407	221
F. Béharel	3	-
G.A. Netland	-	26
B. Wilkinson	256	43
Total	**2,373**	**1,207**

The company has not issued any loans, commitments to provide loans, or guarantees to Executive Board members.

numbers of (performance) stock options outstanding in 2013

	year of granting	January 1, 2013	on-target award 2013	transfer in 2013	lapsed in 2013	performance adjustment at vesting 2013	exercised in 2013	share price at exercise	December 31, 2013
Stock option plans									
B.J. Noteboom	2006	22,471			(22,471)				0
	2007	23,124							23,124
R.J. van de Kraats	2006	15,500			(15,500)				0
	2007	15,950							15,950
J.W. van den Broek	2006	13,616			(13,616)				0
	2007	14,012							14,012
L. Galipeau	2006	2,437			(2,437)				0
	2007	3,072							3,072
L.J.M.V. Lindelauf	2006	13,616			(13,616)				0
	2007	14,012							14,012
Performance stock option plans									
B.J. Noteboom	2007	12,161							12,161
	2008	84,164					(84,164)		0
	2009	121,124					(121,124)		0
	2010	15,141				(3,785)			11,356
	2011	16,178							16,178
	2012	52,002							52,002
R.J. van de Kraats	2007	8,635							8,635
	2009	86,006					(53,754)		32,252
	2010	10,751				(2,688)			8,063
	2011	11,487							11,487
	2012	35,021							35,021
J.W. van den Broek	2007	7,586							7,586
	2009	75,552					(35,000)		40,552
	2010	9,444				(2,361)			7,083
	2011	10,091							10,091
	2012	30,764							30,764
L. Galipeau	2012	30,764							30,764
L.J.M.V. Lindelauf	2007	7,586							7,586
	2009	75,552					(75,552)		0
	2010	9,444				(2,361)			7,083
	2011	10,091							10,091
	2012	30,764							30,764
Total		**888,118**	**0**	**0**	**(67,640)**	**(11,195)**	**(369,594)**		**439,689**

	year of granting	January 1, 2013	on-target award 2013	transfer in 2013	lapsed in 2013	performance adjustment at vesting 2013	exercised in 2013	share price at exercise	December 31, 2013
Performance stock option plans of former Board members									
G.A. Netland	2008	48,000							48,000
B. Wilkinson	2008	48,000					(48,000)		0
	2009	75,552					(75,552)		0
	2010	9,444				(2,361)			7,083
Total		**180,996**	**0**	**0**	**0**	**(2,361)**	**(123,552)**		**55,083**

exercise price and expiration date per plan

year of granting	exercise price	end of exercise period
2007	€ 57.40	May 2014
2008	€ 26.39	February 2015
2009	€ 9.88	February 2016
2010	€ 31.39	February 2017
2011	€ 39.16	February 2018
2012	€ 28.11	February 2019

The performance stock options 2010 vested in early 2013, based on relative TSR performance of the company over the period January 1, 2010 – December 31, 2012. The performance resulted in 75% of the options being vested (share price at allocation date: € 30.39), compared to an on-target award of 54,224 options.

The numbers relating to the plans 2011 and 2012 are the on-target numbers.

numbers of performance shares outstanding in 2013

	year of award	January 1, 2013	number of shares on target 2013	transfer in 2013	lapsed in 2013	vested in February 2013	December 31, 2013
performance shares							
B.J. Noteboom	2010	8,229				(8,229)	0
	2011	8,491					8,491
	2012	20,090					20,090
	2013	-	52,795		(35,197)		17,598
R.J. van de Kraats	2010	5,843				(5,843)	0
	2011	6,029					6,029
	2012	13,530					13,530
	2013	-	35,555				35,555
F. Béharel	2011	0		7,273			7,273
	2012	0		19,553			19,553
	2013	0	31,234				31,234
J.W. van den Broek	2010	5,133				(5,133)	0
	2011	5,296					5,296
	2012	11,885					11,885
	2013	-	31,234				31,234
L. Galipeau	2010	3,720				(3,720)	0
	2011	3,841					3,841
	2012	11,885					11,885
	2013	-	31,234				31,234
L.J.M.V. Lindelauf	2010	5,133				(5,133)	0
	2011	5,296					5,296
	2012	11,885					11,885
	2013	-	31,234				31,234
Total		**126,286**	**213,286**	**26,826**	**(35,197)**	**(28,058)**	**303,143**
Performance shares of former Board members							
B. Wilkinson	2010	5,133				(5,133)	0
Total		**5,133**	**0**	**0**	**0**	**(5,133)**	**0**

The performance shares 2010 vested in early 2013, based on relative TSR performance of the company over the period January 1, 2010 – December 31, 2012, resulting in vesting of 75% of the on-target award (share price at allocation date of € 30.39).

Final allocation after vesting of conditional shares awarded in 2011, 2012 and 2013 will take place in February 2014, 2015 and 2016 respectively.

The performance shares 2011 and 2012 of François Béharel relate to the performance share plan of senior management. For the conditions and criteria governing the granting and exercise of stock options and performance shares, see note 24.2 .

number of ordinary shares in Randstad Holding nv held by executive board members

as at December 31, 2013

	total	unrestricted shares	locked up number	locked up until
B.J. Noteboom	72,706	42,011	3,125	February 2015
			27,570	February 2014
R.J. van de Kraats	49,093	28,663	2,219	February 2015
			18,211	February 2014
J.W. van den Broek	58,992	41,046	1,949	February 2015
			15,997	February 2014
L.Galipeau	5,000	5,000	-	-
			-	
L.J.M.V. Lindelauf	55,114	37,168	1,949	February 2015
			15,997	February 2014
F. Béharel	24,910	24,910	-	February 2015
			-	February 2014

25.3 Remuneration of the members of the Supervisory Board

Remuneration of the members of the Supervisory Board is included in the income statement.

supervisory board remuneration

	2013	2012
Current board members		
F.W. Fröhlich	137,500	128,000
H.M.E.V. Giscard d'Estaing	88,500	83,250
B.C. Hodson	91,000	86,500
G. Kampouri Monnas	86,500	85,750
J. Winter	90,500	86,750
L.M. van Wijk	110,500	103,000
W. Dekker	84,500	62,250
	689,000	**635,500**
Former board members		
R. Zwartendijk	-	18,500
Total	**-**	**18,500**

Mr. W. Dekker was appointed as a member of the Supervisory Board as of March 29, 2012; he received his allowance as from this date. Mr. R. Zwartendijk resigned from the Supervisory Board effective March 29, 2012; he received his Supervisory Board allowance until resignation.

Mr. J.C.M. Hovers and Mr. W.A.F.G. Vermeend, both former members of the Supervisory Board, received as members of the Supervisory Board of the Dutch sub-holding Randstad Groep Nederland bv an annual allowance of € 12,000 in 2013 and 2012. Mr. H.M.E.V. Giscard d'Estaing holds 450 ordinary shares in Randstad Holding nv as at December 31, 2013 and 2012.

The company has not issued any loans, commitments to provide loans or guarantees to members of the Supervisory Board.

25.4 Other related-party transactions

The founder of the Randstad Group has an interest in a legal entity, which, based on the 'Wet financieel toezicht' (Act on Financial Supervision), is registered as a shareholder in Randstad Holding nv in the 30% – 40% category. There were no transactions with this related party, other than the rental of a ship, Clipper Stad Amsterdam, for promotional activities at an annual rent of approximately € 2.2 million (2012: € 1.8 million).

26. employee benefit obligations

	defined benefit pension plans				other employee benefits	total
	obligation	plan assets	unrecognized actuarial results, net	net		
Balance at January 1, 2013	**96.8**	**(65.8)**	**(11.6)**	**19.4**	**4.7**	**24.1**
IAS 19 amendments	-	-	11.6	11.6	7.6	19.2
Restated balance at January 1, 2013	**96.8**	**(65.8)**	**-**	**31.0**	**12.3**	**43.3**
Movements in 2013						
Acquisition of subsidiaries	4.0	(3.3)	-	0.7	0.6	1.3
Disposal of subsidiaries	-	-	-	-	(0.2)	(0.2)
Current service costs, total	14.4	-	-	14.4	45.9	60.3
Contributions, employees	-	(4.9)	-	(4.9)	-	(4.9)
Contributions, employers	-	(8.2)	-	(8.2)	-	(8.2)
Withdrawals/benefits paid	(12.0)	10.1	-	(1.9)	(23.2)	(25.1)
Total amount in cash flow statement	**2.4**	**(3.0)**	**-**	**(0.6)**	**22.7**	**22.1**
Actuarial results	19.6	(4.4)	-	15.2	-	15.2
Interest due to passage of time	3.2	(2.1)	-	1.1	0.1	1.2
Translation differences	(2.0)	0.6	-	(1.4)	(0.4)	(1.8)
Balance at December 31, 2013	**124.0**	**(78.0)**	**-**	**46.0**	**35.1**	**81.1**
Non-current	124.0	(78.0)	-	46.0	16.6	62.6
Current	-	-	-	-	18.5	18.5
Balance at December 31, 2013	**124.0**	**(78.0)**	**-**	**46.0**	**35.1**	**81.1**
Balance at January 1, 2012						
Non-current	81.0	(56.4)	(6.1)	18.5	5.9	24.4
Current	0.0	0.0	0.0	0.0	0.0	0.0
	81.0	**(56.4)**	**(6.1)**	**18.5**	**5.9**	**24.4**
Movements in 2012						
Transfer	5.4	(3.6)	-	1.8	(1.8)	0.0
Disposal of subsidiaries	(0.2)	-	-	(0.2)	-	(0.2)
Current service costs, total	11.0	-	-	11.0	0.9	11.9
Contributions, employees	-	(3.8)	-	(3.8)	-	(3.8)
Contributions, employers	-	(7.9)	-	(7.9)	-	(7.9)
Withdrawals/benefits paid	(5.2)	4.0	-	(1.2)	(0.4)	(1.6)
Amortization of losses	-	-	1.0	1.0	-	1.0
Expected return on plan assets	-	(2.5)	-	(2.5)	-	(2.5)
Total amount in cash flow statement	**5.8**	**(10.2)**	**1.0**	**(3.4)**	**0.5**	**(2.9)**
Interest due to passage of time	3.6	-	-	3.6	0.1	3.7
Unrecognized actuarial results	1.9	4.6	(6.5)	-	-	-
Translation differences	(0.7)	(0.2)	0.0	(0.9)	0.0	(0.9)
Balance at December 31, 2012	**96.8**	**(65.8)**	**(11.6)**	**19.4**	**4.7**	**24.1**
Non-current	96.8	(65.8)	(11.6)	19.4	4.7	24.1
Current	-	-	-	-	-	-
Balance at December 31, 2012	**96.8**	**(65.8)**	**(11.6)**	**19.4**	**4.7**	**24.1**

26.1 Pensions

defined benefit pension plan schemes

	2013	2012
Defined benefit plan, corporate employees in France	9.8	1.6
Defined benefit plan, corporate employees in the Netherlands	0.1	0.4
Defined benefit plan, corporate employees in Germany	10.3	8.8
Defined benefit plan, corporate employees in Belgium	13.6	0.1
Defined benefit plan, staffing and corporate employees in other European countries	7.1	2.0
Defined benefit plan, corporate employees in Japan	5.1	6.5
	46.0	**19.4**

breakdown of obligations for defined benefit pension plans

	2013	2012
Present value of funded obligations	123.9	96.4
Present value of unfunded obligations	0.1	0.4
Total present value of obligations	**124.0**	**96.8**
Fair value of plan assets	(78.0)	(65.8)
	46.0	**31.0**
Unrecognized actuarial losses	-	(11.6)
Liability in the balance sheet	**46.0**	**19.4**

The unrecognized actuarial losses as of December 31, 2012 in the amount of € 11.6 million have been charged to shareholders' equity, in agreement with the amendments of IAS 19.

major categories of plan assets

as a % of fair value of total plan assets

	2013	2012
Cash	3.5%	4.1%
Bonds	50.9%	52.7%
Equity instruments	39.7%	31.5%
Real estate	4.8%	7.3%
Other	1.1%	4.4%
	100.0%	**100.0%**

The overall expected rate of return on plan assets is determined by considering the expected market returns available on the assets underlying the current investment policy, supported by rates of returns experienced in the respective markets. The actual return on plan assets was € 3.9 million (2012: € 5.5 million).

principal actuarial assumptions used for defined benefit pension plans

	2013	2012
Discount rate	0.9% - 3.5%	0.9% - 5.5%
Expected salary increases	0.0% - 4.5%	0.0% - 7.4%
Expected pension increases	0.1% - 2.0%	0.1% - 2.0%

average life expectancy [1]

in years

	2013	2012
Male	18.0 - 22.0	18.0 - 22.0
Female	21.5 - 25.8	22.3 - 25.8

1 Average life expectancy of an individual retiring at the age of 65 on the balance sheet date.

The assumptions regarding future mortality are based on published statistics and mortality tables in each territory.

The Group expects the 2014 contributions to be paid for defined benefit plans to be approximately € 8.0 million, excluding the impact of acquisitions and disposals.

Sensitivity
With respect to the provision for pensions, a change in the interest rate of 1 percentage point, with all other variables held constant, would result in a deviation in the range of € 7 to € 9 million.

26.2 Employee benefit obligations

For more information on pensions and other employee benefit obligations, see note 4.2.2 .

27. number of employees (average)

	2013	2012
Candidates	567,700	581,700
Corporate staff	28,030	29,320
	595,730	**611,020**

number of employees by segment

	candidates		corporate staff	
	2013	2012	2013	2012
North America	101,800	105,900	6,240	6,370
France	75,100	83,400	3,590	3,880
Netherlands	80,800	85,400	4,310	4,730
Germany	47,900	50,600	2,530	2,770
Belgium & Luxembourg	39,700	42,300	1,820	2,020
United Kingdom	18,700	20,400	1,520	1,750
Iberia	48,800	45,000	1,390	1,350
Other European countries	43,800	36,300	2,000	1,780
Rest of the world	111,100	112,400	4,450	4,480
Corporate		-	180	190
	567,700	**581,700**	**28,030**	**29,320**

28. commitments

	2013	2012
Commitments less than 1 year	227.0	213.0
Commitments more than 1 year, less than 5 years	303.0	326.0
Commitments more than 5 years	38.0	30.0
	568.0	**569.0**

Commitments comprise, almost exclusively, lease contracts for branches and lease contracts for IT equipment and automobiles.

No guarantees have been issued other than those relating to commitments regarding rent and leases, and those relating to liabilities that are included in the balance sheet.

29. auditors' fees

The following auditors' fees were expensed in the income statement in the reporting period:

	2013	2012
Audit of the financial statements [1]	5.0	4.8
Audit of the financial statements by other audit firms	0.2	0.2
Subtotal for audit of the financial statements [2]	**5.2**	**5.0**
Other audit procedures[1]	0.4	0.3
Tax services[1]	1.1	1.8
Total	**6.7**	**7.1**

1 The fees listed above relate to the procedures applied to the company and its consolidated Group entities by PricewaterhouseCoopers Accountants N.V. as the external auditor referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Wta) (€ 1.3 million), as well as by the PricewaterhouseCoopers network.

2 Including the audit fees with respect to the local statutory financial statements.

30. events after balance sheet date

For information regarding events after balance sheet date, see other information on page 165 .

company financial statements

(before profit appropriation for ordinary shares)

income statement

in millions of €	note	2013	2012
Income from subsidiaries after taxes		273.2	86.5
Other income after taxes		(42.5)	(49.8)
Net income		**230.7**	**36.7**

balance sheet at December 31

in millions of €	note	2013	2012
ASSETS			
Subsidiaries	2	5,544.6	6,097.0
Financial fixed assets		**5,544.6**	**6,097.0**
Non-current assets		**5,544.6**	**6,097.0**
Receivables	3	486.6	182.0
Income tax receivables		6.1	-
		492.7	**182.0**
Cash and cash equivalents	4	0.0	6.9
Current assets		**492.7**	**188.9**
TOTAL ASSETS		**6,037.3**	**6,285.9**
EQUITY AND LIABILITIES			
Issued capital		25.3	19.7
Share premium		2,258.7	2,096.4
Legal reserves		9.8	19.4
Other reserves		383.3	552.7
Net income for the year		230.7	36.7
Shareholders' equity	**5**	**2,907.8**	**2,724.9**
Non-current liabilities-borrowings	**6**	**588.7**	**-**
Borrowings	6	81.6	34.6
Short-term part of non-current borrowings	6	99.6	1,204.7
Trade and other payables	7	2,359.6	2,197.5
Income tax liabilities		-	124.2
Current liabilities		**2,540.8**	**3,561.0**
TOTAL EQUITY AND LIABILITIES		**6,037.3**	**6,285.9**

notes to the company financial statements

(amounts in millions of €, unless stated otherwise)

1. accounting policies for the company financial statements

The company financial statements of Randstad Holding nv are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. The company has made use of the possibility based on Article 362, paragraph 8, Part 9, Book 2 of the Dutch Civil Code to prepare company financial statements based on the accounting policies used for the consolidated financial statements.

The subsidiaries are presented in accordance with the equity method.

A summary of the significant accounting policies and a summary of the critical accounting estimates, assumptions and judgments are given in note 2 and note 4 respectively of the notes to the consolidated financial statements.

With respect to the company income statement of Randstad Holding nv, the company makes use of the exception provided for in Article 402, Part 9, Book 2 of the Dutch Civil Code.

2. subsidiaries

	2013	2012
Balance at January 1	**6,097.0**	**5,779.3**
Capital (reductions)/contributions	(695.0)	261.2
Net income	273.2	86.5
Disposals	-	(2.6)
Share-based payments, subsidiaries	7.7	3.5
IAS 19 effects, subsidiaries	(23.9)	-
Acquisition of non-controlling interests	-	(0.5)
Other	-	(0.3)
Translation differences	(114.4)	(30.1)
Balance at December 31	**5,544.6**	**6,097.0**

See note 23.3 of the notes to the consolidated financial statements for an overview of the major subsidiaries.

3. receivables

	2013	2012
Receivables from subsidiaries	483.9	171.0
Other receivables	2.7	11.0
	486.6	**182.0**

4. cash and cash equivalents

Cash includes solely bank balances of € 0.0 million (2012: € 6.9 million).

5. shareholders' equity

Additional information is given in the consolidated statement of changes in equity and in note 20 of the notes to the consolidated financial statements.

5.1 Legal reserves

Based on Dutch law, a legal reserve needs to be established for currency translations and capitalized costs of development of software. The legal reserve cannot be used for dividend distribution and is therefore restricted in usage.

legal reserves

	2013	2012
Translation reserve	(90.8)	3.5
Transfer from other reserves	90.8	
Developed software	9.8	15.9
	9.8	**19.4**

Movements during 2013 relate to translation losses and to the net balance of capitalization and amortization of software developed in-house.

5.2 Other reserves

'Other reserves' includes a reserve with respect to share-based payments to the amount of € 58.4 million (2012: € 57.4 million).

6. borrowings

	2013	2012
Non-current borrowings comprising drawings on multi-currency syndicated revolving credit facility	588.7	-
Current borrowings	81.6	34.6
Short-term part of non-current borrowings	99.6	1,204.7
	769.9	**1,239.3**

The short term part of non-current borrowings is repaid during the year at an amount of € 1,203.2 million.

movements in non-current borrowings

	2013	2012
Balance at January 1	**-**	**1,588.6**
Repayments of prior syndicated loan	-	(366.9)
Drawings on current syndicated loan	882.6	-
Repayments of current syndicated loan	(271.1)	-
Drawings on other non-current borrowings	99.3	-
Amortization of transaction costs	2.7	3.6
Translation differences	(25.2)	(20.6)
Reclassification to short-term part of non-current borrowings	(99.6)	(1,204.7)
Balance at December 31	**588.7**	**-**

Additional information with respect to borrowings is given in note 3.2 to the consolidated balance sheet.

7. trade and other payables

	2013	2012
Trade payables	1.9	1.4
Payables to subsidiaries	2,327.5	2,170.9
Other taxes and social security premiums	1.7	1.7
Pension contributions	0.0	0.5
Wages, salaries and other personnel costs	6.3	5.8
Accruals and deferred income	22.2	17.2
Balance at December 31	**2,359.6**	**2,197.5**

8. number of employees (average)

In 2013, the company employed an average of 174 employees (2012: 178).

9. remuneration

See note 25 of the notes to the consolidated financial statements.

10. related parties

All companies within the Group are considered to be related parties.

See also notes 23, 24 and 25 of the notes to the consolidated financial statements.

11. 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 € 472 million (2012: € 477 million).

As at December 31, 2013, guarantees issued by the company on behalf of subsidiaries amounted to € 5.9 million (2012: € 1.0 million).

The company's commitments for the period shorter than one year amount to € 1.3 million (2012: € 1.3 million) and for the period between one and five years to € 0.9 million (2012: € 1.8 million) with respect to lease contracts for automobiles.

The company is part of fiscal unities for corporate income taxes, as well as for value-added taxes. As a consequence, the company bears joint and several liability for the debts with respect to corporate income taxes and value-added taxes of the fiscal unities. The company settles corporate income taxes, based on the results before taxes of the subsidiaries belonging to the fiscal unity.

The company has issued joint and several liability statements in accordance with Section 403, Part 9, Book 2 of the Dutch Civil Code for a limited number of its Dutch subsidiary companies, mainly serving as sub-holding companies.

12. auditors' fees

Information with respect to auditors' fees is given in note 29 to the consolidated financial statements.

Diemen, the Netherlands, February 18, 2014

The Executive Board
Ben Noteboom (Chairman)
Robert Jan van de Kraats (Vice-Chairman)
François Béharel
Jacques van den Broek
Linda Galipeau
Leo Lindelauf

The Supervisory Board
Fritz Fröhlich (Chairman)
Leo van Wijk (Vice-Chairman)
Wout Dekker
Henri Giscard d'Estaing
Beverley Hodson
Giovanna Kampouri Monnas
Jaap Winter

other information

events after balance sheet date

Subsequent to the date of the balance sheet, no events material to the Group as a whole occurred that require disclosure in this note.

provisions in the articles of association concerning profit appropriation

The following is a summary of the most important stipulations of Article 28 of the Articles of Association concerning profit appropriation.

Subsection 1.
Any such amounts from the profits as will be fixed by the Executive Board with the approval of the Supervisory Board will be allocated to reserves. As far as possible, from the remaining profits (hereinafter also called the total profits):

a. A dividend will first be distributed to the holders of preference A shares on the amount paid on said shares, of which the percentage will be equal to the average of the statutory interest – in the event of a change in the meantime to the respective percentages – during the financial year for which the distribution is made. This percentage will be increased by a surcharge fixed by the Executive Board, subject to the approval of the Supervisory Board, amounting to a maximum of three percent (3%). If, in any year, the profit distribution on preference A shares cannot be made or can only be made partially, the overdue dividend on the shares will be distributed in the subsequent years before any other dividend distribution is made.

b.1 A dividend will subsequently be distributed per series to holders of preference B shares (equal to the basic percentage to be mentioned under b.2) of the sum of the nominal amount and the amount in share premium which was paid upon the first issue of the shares of said series, which percentage will be increased upon said issue by a surcharge, fixed by the Executive Board, subject to approval of the Supervisory Board, of a maximum of one hundred and seventy-five (175) base points. If the share premium reserve has not shown the same balance for the whole financial year, the dividend shall be calculated on the time-weighted average balance for that financial year.

b.2 The basic percentage referred to under b.1 will be the arithmetic average of the effective yield on the government bonds issued by the Kingdom of the Netherlands with a term or remaining term of six to seven years. For the first time on the date that the preference B shares (of a series) have been outstanding for seven years, and subsequently each period of seven years after this, the basic percentage of the preference B shares (of the series concerned) will be adjusted to the yield then effective of the state loans referred to in the above-mentioned provisions.

b.3 A dividend will be distributed per series of preference C shares to holders thereof equal to the basic percentage mentioned under b.4 increased with the increment mentioned under b.4 calculated over the sum of the nominal amount increased by the daily time weighted average over the relevant financial year of the sum of the share premium amount and the preference C shares dividend reserve of said series. Notwithstanding the preceding sentence the dividend on the preference C shares for the period until the eighteenth day of November two thousand and nineteen will be five hundred eighty (580) basis points.

b.4 For the first time on the eighteenth day of November two thousand nineteen and subsequently each period of seven years after this, the basic percentage of the preference C shares (of the series concerned) will be adjusted to the average effective return on Dutch government bonds with a (remaining) life of seven years.

The increment is to be determined by the Executive Board with the approval of the Supervisory Board with a minimum of fifty (50) basis points and a maximum of six hundred and fifty (650) basis points, depending on the market circumstances (as a function of, among other things, illiquidity, perpetuality, creditworthiness, subordination and tax treatment) at that time and is subject to the approval of the meeting of shareholders of the preference C shares or series concerned, which approval requires unanimous votes of the holders of the preference C shares present or represented at such meeting.

b.5 The Executive Board is authorized, subject to the approval of the Supervisory Board, to resolve that dividend on the preference B shares or on the preference C shares of any series shall not be distributed but reserved instead in order to be distributed at a later date following a resolution to this effect by the Executive Board, subject to the approval of the Supervisory Board. When it is resolved that dividend on the preference B shares shall not be distributed but reserved then it shall also be resolved that dividend on the preference C shares shall not be distributed but reserved and vice versa.

b.6 If and insofar as the profit is not sufficient to fully make the distribution referred to hereinbefore on preference B shares and on preference C shares, the Executive Board may resolve, subject to the approval of the Supervisory Board, to make these distributions from the freely distributable reserves, with the exception of the share premium reserves referred to in Article 4, paragraph 4 under b and c, preference A shares dividend reserves, preference B shares dividend reserves and preference C shares dividend reserves.

b.7 If and insofar as in any financial year no distribution can be made, or it is resolved not to make a distribution on preference B shares, from the profit realized in the subsequent years after allocation to reserves and reduction of the amounts accruing to holders of preference A shares in accordance with the provisions in paragraph 1 subparagraph a of Article 28, following a resolution to that effect by the Executive Board, subject to the approval of the Supervisory Board, such distribution will be made to the holders of said preference shares or reserved that the deficit will have been fully made good before the provisions laid down hereinbefore can be applied.

b.8 If and insofar as in any financial year no distribution can be made, or it is resolved not to make a distribution on preference C shares, from the profit realized in the subsequent years after allocation to reserves and reduction of the amounts accruing to holders of preference A shares in accordance with the provisions in paragraph 1 subparagraph a of Article 28, following a resolution to that effect by the Executive Board subject to the approval of the Supervisory Board, such distribution will be made to the holders of said preference shares or reserved as such that the deficit will have been fully made good before the provisions laid down hereinbefore can be applied. Such deficit will be increased with the percentage referred to in paragraph 1 under b.3 or under b.4 of this Article 28 calculated over the period the deficit occurred and the moment the deficit has been made good.

b.9 If preference B shares or preference C shares have been issued in the course of any financial year, the dividend on the shares concerned for said financial year will be reduced proportionately until the first day of issue.

Subsection 2.
The balance then remaining will be available to the General Meeting, subject to the proviso that (i) no distribution will be made as long as not all the profit distributions on the preference shares have been made and the reserves are distributed on the preference shares as referred to in this Article 28 and (ii) no further distribution will be made on preference shares, nor will any amounts be reserved for this purpose.

Subsection 3.
The company may only make distributions to shareholders from the profit susceptible to distribution insofar as its common equity exceeds the amount of the paid and claimed part of the capital increased by the reserves to be kept by virtue of the law.

Subsection 4.
Subject to the approval of the Supervisory Board, the Executive Board may pass a resolution for distribution of an interim dividend, to be deducted from the dividend expected for the financial year concerned, if the requirement of the preceding paragraph has been fulfilled, as will be evident from an interim specification of equity and all the distributions on preference B shares and preference C shares have been made. Said specification of equity will relate to the position of the equity at the earliest on the first day of the third month prior to the month in which the resolution for distribution will be announced. It will be drawn up with due observance of the valuation methods deemed acceptable in society. The specification of equity will include the amounts to be allocated to the reserves by virtue of the law. It will be signed by the members of the Executive Board. In the event that the signature(s) of one or more of them should be lacking, the reason thereof will be stated. The company will deposit the specification of equity at the office of the Trade Register within eight days after the date on which the resolution for distribution will be announced. A resolution for distribution of an interim dividend may be limited to a distribution of an interim dividend exclusively to shareholders of a particular class, without prejudice to the rights of shareholders of other classes.

Subsection 5.
Resolutions for the complete or partial cancellation of reserves as stated in paragraph 1 of this Article may only be passed by the General Meeting on a proposal of the Executive Board approved by the Supervisory Board, with the exception of resolutions in respect of: (i) distributions from reserved dividend on preference B shares and on preference C shares, which shall be resolved upon by the Executive Board subject to the approval of the Supervisory Board; and (ii) annual distributions of twenty per cent (20%) of the preference C shares share premium reserve on preference C shares, which may be increased with an additional amount at the expense of the general reserves, such amount as to be determined at the time of issuance, which distributions may be resolved upon by the Executive Board, subject to the approval of the Supervisory Board, once the preference C shares (of a series) have been outstanding for four years. If in any financial year a distribution as referred to under (ii) does not occur or does not wholly occur, such distribution may take place in a subsequent year, provided that in any financial year not more than thirty percent (30%) may be distributed. When it is resolved that distributions shall be made from the preference B shares dividend reserve then it shall also be resolved that distributions shall be made from the preference C shares dividend reserve and vice versa.

Resolutions of the General Meeting for the complete or partial cancellation of a share premium reserve will require the prior approval of the meeting of holders of shares of the class and series concerned, without prejudice to the provisions in Article 4, paragraph 5, under b.1. Only holders of ordinary shares will be entitled to distributions deducted from allocations to reserves other than those mentioned in the preceding sentence. However, without prejudice to the amounts that would accrue to holders of preference B shares or holders of preference C shares, in accordance with the provisions in Article 28, paragraph 1b.4. and Article 34, paragraph 4.6., resolutions for the complete or partial cancellation of reserves as stated in paragraph 1 of this Article may only be passed by the General Meeting on a proposal of the Executive Board approved by the Supervisory Board, with the exception of distributions from reserved dividend on preference B shares, which shall be resolved upon by the Executive Board subject to the approval of the Supervisory Board. Resolutions of the General Meeting for the complete or partial cancellation of a share premium reserve as stated in Article 4, paragraph 4.b. will require the prior approval of the meeting of holders of shares of the class and series concerned, without prejudice to the provisions in Article 4, paragraph 5, under b.1. Only holders of ordinary shares will be entitled to distributions deducted from allocations to reserves other than those mentioned in the preceding sentence. However, without prejudice to the amounts that would accrue to holders of preference B shares in accordance with the provisions in Article 28, paragraph 1b.4. and Article 34, paragraph 4.

Article 29 of the Articles of Association concerning payment in shares or from the reserves states:

1. The General Meeting may, at the proposal of the Executive Board and with the approval of the Supervisory Board, decide to distribute a dividend on ordinary shares in whole or in part in shares of the company and not in cash.
2. The General Meeting may decide to make a distribution on ordinary shares, in whole or in part, in shares of the company and not in cash.
3. The General Meeting may, at the proposal of the Executive Board and with the approval of the Supervisory Board, decide to make a distribution to holders of ordinary shares from the distributable part of the shareholders' equity. The provisions in paragraph 1 of this article will apply mutatis mutandis. Distribution as meant in the present paragraph 3 will only apply if all the amounts owed by virtue of Article 28, paragraph 1 have been paid.
4. In the event of a merger of a Subsidiary of the company, the General Meeting will have the authority to issue shares from one or more of the company's reserves, which do not need to be retained pursuant to the law or these Articles of Association.

proposed profit appropriation

It is proposed that a dividend of € 4.5 million and of € 7.6 million be paid on the type-B and type-C preference shares, respectively, and that a dividend of € 168.6 million be paid on the ordinary shares. It is proposed that € 50.0 million be added to retained earnings.

independent auditor's report

To the General Meeting of Randstad Holding nv

Report on the audit of the financial statements

Our opinion

In our opinion:
- the consolidated financial statements give a true and fair view of the financial position of Randstad Holding nv (the 'Company') and its subsidiaries (the 'Group') as at 31 December 2013, and of their result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements give a true and fair view of the financial position of Randstad Holding nv as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2013 of Randstad Holding nv, Amsterdam, as set out on pages 115 to 164.

These financial statements include:
- the consolidated financial statements which comprise the consolidated balance sheet as at 31 December 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information;
- the company financial statements which comprise the company balance sheet as at 31 December 2013, the company income statement for the year then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' as included in the appendix to our report.

We are independent of the Company within the meaning of the relevant Dutch ethical requirements as included in the ‘Verordening op de gedrags- en beroepsregels accountants’ (VGBA) and the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten’ (ViO) and have fulfilled our other responsibilities under those ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

We set certain thresholds for materiality to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. For the purposes of determining whether the financial statements are free from material misstatement we defined materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

Based on our professional judgment, we determined materiality for the financial statements as € 25 million, which is approximately 5% of pre-tax profit adjusted for amortization and impairment of acquisition-related intangible assets and goodwill, and badwill.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit affecting the consolidated statement of comprehensive income above € 1.3 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

Our Group audit scope focused on covering all significant reporting units. We determined the type of work that needed to be performed at reporting units and identified those reporting units which, in our view, required a full audit of their financial information, either due to their size or their risk characteristics. This, together with additional procedures performed on Group level, gave us the evidence we needed for our opinion on the financial statements as a whole.

The key audit matters from our audit

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Executive Board and the Supervisory Board, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Sensitivities in valuation of goodwill
At 31 December 2013 the Group's goodwill balance is valued at € 2,310.4 million. Under EU-IFRS, the Company is required to annually test for impairment of goodwill. This annual impairment test was significant to our audit because the assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, our audit procedures included, amongst others, using our valuation experts to assist us in evaluating the assumptions and methodologies used by the Company. In particular we assessed the recoverability of goodwill balances recorded for the operating segments Australia, France and the United Kingdom by reviewing profitability of the operations, management's forecasts and local economic developments. We also focused on the adequacy of the Company's disclosures concerning those assumptions to which the outcome of the impairment test is most sensitive, like revenue growth, the EBITA margin and the discount rate. That is, these have the most significant effect on the determination of the recoverable amount of goodwill. The Company's disclosures concerning impairment and goodwill are included in note 4.1 to the consolidated financial statements, which specifically explains whether for certain operating segments, particularly Australia a change in key assumptions used could give rise to an impairment of the goodwill balance in the future.

Judgment in valuation of deferred income tax positions
The Group's deferred income tax assets and deferred income tax liabilities as at 31 December 2013 are valued at € 521.9 million and € 36.6 million respectively. Under EU-IFRS, the Company is required to annually determine the valuation of deferred tax positions. This area was significant to our audit because of the related complexity and subjectivity of the assessment process, which is based on assumptions that are affected by expected future market or economic conditions. As a result, our audit procedures included, amongst others, using our tax specialists to assist us in evaluating the assumptions and methodologies used by the Company. In particular we assessed the recoverability of deferred tax assets related to operations in the USA, Luxembourg, France, Spain, Belgium and the UK by reviewing their profitability, management's forecasts and local fiscal developments. We also focused on the adequacy of the Company's disclosures on deferred income tax positions and assumptions used. The Company's disclosures concerning income taxes are included in note 4.3 to the consolidated financial statements.

Sensitivities in accounting for claims from third parties
As disclosed in note 4.2.1 to the consolidated financial statements, Randstad is operating globally in various jurisdictions with different legal and tax frameworks. Despite various controls to ensure that the Group complies with laws and regulations, the Group received a number of claims that are currently at various stages of litigation and have either been provided for or disclosed. As this is a judgmental process, we have assessed, using our experts to assist us, Randstad's position to provide or disclose for these claims and have reviewed supporting documentation obtained from Randstad's internal and external lawyers and other relevant third parties, focusing on the likelihood of occurrence and the possibility for quantification.

The 'hours paid and hours billed reconciliation' is a key control
The 'hours paid and hours billed reconciliation' is an important key control within the Group's control framework to ensure the accuracy and completeness of revenues. All relevant entities are required to execute this control to comply with the Group's internal control policies. Our audit procedures included, amongst others, the review of the reconciliations performed by management and we considered whether the reconciliations agree to reported numbers. We also assessed whether alternative controls, such as automated controls, margin analyses and other indirect controls were in place where full implementation of the 'hours paid and hours billed reconciliation' was not applicable.

Our findings with respect to going concern
As included in note 2.1 to the consolidated financial statements, the Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

As part of our audit of the financial statements, we concur with management's use of the going concern basis of accounting in the preparation of the Company's financial statements.

The Executive Board has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty.

However, neither the Executive Board nor the auditor can guarantee the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Executive Board and the Supervisory Board
The respective responsibilities are set out in the appendix to this report.

We are required to communicate with the Executive Board and Supervisory Board regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to 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.

Report on the Executive Board report and the other information

Pursuant to the legal requirements under Part 9 Book 2 of the Dutch Civil Code with respect to our responsibilities to report on the Executive Board report and the other information:
- we have no deficiencies to report as a result of our examination whether the Executive Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the other information has been annexed as required by Part 2 Book 2 of this Code;
- we report that the Executive Board report, to the extent we can assess, is consistent with the financial statements.

Amsterdam, 18 February 2014

PricewaterhouseCoopers Accountants N.V.

Original has been signed by M. de Ridder RA

Appendix

Responsibilities of the Executive Board and the Supervisory Board for the financial statements
The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code and for the preparation of the Executive Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error. The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements
The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Dutch Standards on Auditing will always detect a material misstatement when it exists. 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.
As part of an audit in accordance with Dutch Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the Group and business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

supplementary information

quarterly summary income statement 2013

unaudited

amounts in millions of €, unless stated otherwise	first quarter	second quarter	third quarter	fourth quarter	year 2013
Revenue	**3,832.0**	**4,095.7**	**4,362.7**	**4,277.9**	**16,568.3**
Cost of services	3,148.4	3,348.8	3,566.9	3,494.2	13,558.3
Gross profit	**683.6**	**746.9**	**795.8**	**783.7**	**3,010.0**
Selling expenses	402.6	410.2	418.7	456.5	1,688.0
Other general and administrative expenses	192.3	195.2	197.2	207.6	792.3
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	40.8	40.6	45.7	36.3	163.4
Total operating expenses	**635.7**	**646.0**	**661.6**	**700.4**	**2,643.7**
Operating profit	**47.9**	**100.9**	**134.2**	**83.3**	**366.3**
Net finance costs	(5.5)	(10.7)	(3.3)	(3.5)	(23.0)
Share in profit/(loss) of associates	0.0	0.0	0.2	0.1	0.3
Income before taxes	42.4	90.2	131.1	79.9	343.6
Taxes on income	(12.7)	(27.1)	(47.3)	(25.8)	(112.9)
Net income	**29.7**	**63.1**	**83.8**	**54.1**	**230.7**
Calculation of earnings per ordinary share					
Net income for holders of ordinary shares	27.1	59.9	80.7	50.9	218.6
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	40.8	40.6	45.7	36.3	163.4
Integration costs	1.7	1.3	5.6	8.7	17.3
One-offs	1.1	3.4	(1.5)	28.8	31.8
Tax effect on amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs, including tax one-offs	(14.1)	(14.5)	(15.0)	(19.9)	(63.5)
Net income for holders of ordinary shares before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	56.6	90.7	115.5	104.8	367.6
Basic earnings per share (€)	0.16	0.34	0.46	0.29	1.25
Diluted earnings per share (€)	0.16	0.34	0.45	0.28	1.23
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, badwill, integration costs and one-offs (€)	0.33	0.51	0.65	0.58	2.07
Average number of ordinary shares outstanding (in millions)	172.2	175.6	176.9	177.1	175.5
Average number of diluted ordinary shares outstanding (in millions)	173.3	177.2	178.9	179.2	177.3

quarterly summary statement of cash flows 2013

unaudited

amounts in millions of €, unless stated otherwise	first quarter	second quarter	third quarter	fourth quarter	year 2013
Operating profit	**47.9**	**100.9**	**134.2**	**83.3**	**366.3**
Depreciation, amortization, impairment, and badwill	58.2	57.8	62.9	52.7	231.6
Share-based payments	7.3	6.9	6.3	6.6	27.1
Provisions and employee benefit obligations	(7.8)	2.1	(18.3)	(26.5)	(50.5)
Other	(14.9)	(22.7)	(15.2)	(12.6)	(65.4)
Cash flow from operations before operating working capital and income taxes	**90.7**	**145.0**	**169.9**	**103.5**	**509.1**
Operating working capital	(33.4)	(188.8)	187.8	112.0	77.6
Income taxes paid	(15.9)	(28.6)	(37.0)	(164.5)	(246.0)
Net cash flow from operating activities	**41.4**	**(72.4)**	**320.7**	**51.0**	**340.7**
Net additions to property, plant, equipment and software	(2.8)	(8.4)	(10.8)	(22.5)	(44.5)
Acquisition and disposal of subsidiaries/activities/ buyouts	3.7	(16.3)	2.7	(0.9)	(10.8)
Other	3.6	-	-	(6.9)	(3.3)
Net cash flow from investing activities	**4.5**	**(24.7)**	**(8.1)**	**(30.3)**	**(58.6)**
Net cash flow from financing activities	**(117.3)**	**(1.8)**	**(266.7)**	**(15.1)**	**(400.9)**
Net (decrease)/increase in cash, cash equivalents and current borrowings	**(71.4)**	**(98.9)**	**45.9**	**5.6**	**(118.8)**
Cash, cash equivalents and current borrowings at beginning of period	**109.0**	**35.8**	**(66.4)**	**(23.3)**	**109.0**
Net movement in cash, cash equivalents and current borrowings	(71.4)	(98.9)	45.9	5.6	(118.8)
Translation (losses)/gains	(1.8)	(3.3)	(2.8)	0.1	(7.8)
Cash, cash equivalents and current borrowings at end of period	**35.8**	**(66.4)**	**(23.3)**	**(17.6)**	**(17.6)**
Free cash flow	**42.2**	**(80.8)**	**309.9**	**21.6**	**292.9**

ten years of randstad

The figures are based on IFRS since 2004. Comparative figures for other years have not been adjusted.

amounts in millions of €, unless stated otherwise	2013	2012
Revenue	16,568.3	17,086.8
Growth %	(3.0)%	5.3%
Gross profit [1]	3,010.0	3,107.3
EBITDA [1]	597.9	547.7
EBITA [1]	529.7	463.6
Operating profit/(loss) [1]	366.3	127.6
Net income [2]	230.7	36.7
Growth %	528.6%	(79.5)%
Net cash flow from operations	340.7	528.6
Free cash flow	292.9	466.5
Depreciation, amortization and impairment of property, plant and equipment, and software	68.2	84.1
Additions to property, plant and equipment, and software	61.5	63.5
Amortization and impairment of acquisition-related intangible assets and goodwill, and badwill	163.4	336.0
Shareholders' equity	2,907.8	2,724.9
(Net debt) / net cash	(761.0)	(1,095.7)
Operating working capital	456.6	527.6
Average number of staffing employees	567,700	581,700
Average number of corporate employees	28,030	29,320
Number of branches, year-end	3,161	3,191
Number of inhouse locations, year-end	1,426	1,305
Market capitalization, year-end	8,366.0	4,785.3
Number of ordinary shares outstanding (average in millions)	175.5	171.9
Closing price (in €)	47.15	27.81
Ratios in % of revenue		
Gross profit [1]	18.2%	18.2%
EBITDA [1]	3.6%	3.2%
EBITA [1]	3.2%	2.7%
Operating profit [1]	2.2%	0.7%
Net income	1.4%	0.2%
Basic earnings per ordinary share (€)	1.25	0.17
Diluted earnings per ordinary share (€)	1.23	0.17
Diluted earnings per ordinary share before amortization and impairment of acquisition-related intangible assets and goodwill (€)	1.87	1.73
Dividend per ordinary share (€)	0.95	1.25
Payout per ordinary share in % [3]	45%	59%

1 The results as presented in this overview are reported results. As such, they have not been adjusted for one-offs, integration costs or acquisition-related costs.
2 For the years 2005, 2006 and 2007, net income includes dividend on preferred shares as financial expenses under net finance costs.
3 Starting 2008: on basic earnings per ordinary share, adjusted for the net effect of amortization and impairment acquisition-related intangible assets and goodwill, badwill, integration costs and one-offs.

							non-IFRS
2011	2010	2009	2008	2007	2006	2005	2004
16,224.9	14,179.3	12,399.9	14,038.4	9,197.0	8,186.1	6,638.5	5,764.2
14.4%	14.4%	(11.7)%	52.6%	12.3%	23.3%	15.2%	9.6%
2,953.9	2,669.3	2,421.3	2,972.3	2,029.7	1,730.6	1,405.2	1,218.2
633.6	598.9	346.0	744.0	605.6	484.2	339.2	267.8
553.1	513.6	252.4	644.0	554.4	436.1	299.1	226.4
249.7	341.2	93.8	(34.7)	539.6	423.6	290.9	225.6
179.0	288.5	67.6	18.4	384.9	360.3	241.9	202.7
(38.0)%	326.8%	267.4%	(95.2)%	6.8%	48.9%	19.3%	162.9%
519.5	369.2	742.7	760.1	401.4	409.6	238.2	264.7
435.2	309.3	698.1	672.7	328.4	350.0	180.3	230.3
80.5	85.3	93.6	100.0	51.2	48.1	40.1	41.4
85.5	60.7	48.5	92.0	74.4	61.8	62.0	43.8
303.4	172.4	158.6	678.7	14.8	12.5	8.2	0.8
2,898.4	2,850.8	2,491.0	2,416.9	1,021.6	790.3	536.2	507.1
(1,302.6)	(899.3)	(1,014.7)	(1,641.0)	(144.2)	250.3	206.0	149.0
631.6	525.5	395.2	711.5	409.5	354.5	398.7	303.0
576,800	521,300	465,600	555,600	369,200	312,300	254,400	224,600
28,700	25,680	27,640	28,230	17,570	15,380	13,430	12,260
3,566	3,085	3,182	4,146	1,889	1,827	1,708	1,633
1,145	1,110	947	1,087	997	843	703	687
3,907.9	6,716.9	5,917.6	2,466.9	3,150.7	6,083.4	4,243.9	3,347.2
170.8	169.9	169.6	148.6	116.4	115.8	115.4	115.3
22.86	39.50	34.90	14.55	27.02	52.40	36.69	28.95
18.2%	18.8%	19.5%	21.2%	22.1%	21.1%	21.2%	21.1%
3.9%	4.2%	2.8%	5.3%	6.6%	5.9%	5.1%	4.6%
3.4%	3.6%	2.0%	4.6%	6.0%	5.3%	4.5%	3.9%
1.5%	2.4%	0.8%	(0.2)%	5.9%	5.2%	4.4%	3.9%
1.1%	2.0%	0.5%	0.1%	4.2%	4.4%	3.6%	3.5%
1.00	1.65	0.36	0.07	3.31	3.11	2.10	1.68
1.00	1.63	0.36	0.07	3.30	3.10	2.09	1.68
2.42	2.32	0.99	4.38	3.38	3.17	2.15	1.68
1.25	1.18	-	-	1.25	1.25	0.84	0.66
53%	60%	-	-	38%	40%	40%	39%

glossary

operational glossary

Aging population
The process in which the working population is shrinking due to an increasing number of people leaving the labor market because of their age.

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.

Branches
Branches are physical office locations from which our consultants operate.

Branding
Randstad is known for building strong brands in the HR services sector. We believe strongly that branding is not just about advertising. It is also very much about the philosophy and identity of the company behind it. Behind the Randstad brand portfolio are a number of sophisticated systems that enable smart and efficient collaboration between marketing managers worldwide, without constraining creativity. All appearances of the Randstad brand, and the endorsed brands that have the same family characteristics, benefit from the support of a global, web-based marketing operations management system, incorporating state-of-the-art digital asset management. In short, this means that the marketing materials that are developed in one country are also available for the others, and that various marketing disciplines are spearheaded by experts from different countries, working together on a marketing intranet. Over the past years, the use of this system has lowered the non-visible part of our marketing costs considerably, freeing up resources for investments in a wider reach. Other benefits are increased speed to market, enhanced learning and more time to focus on local actions and adaptations where these make the difference.

Blue-collar worker
Within Staffing we typically divide the market into blue-collar and white-collar work. The distinguishing factor is difference in skill sets. Blue collar is predominantly geared towards industrial and technical job profiles.

Ciett
Our worldwide industry federation, officially known as International Confederation of Private Employment Agencies.

Eurociett
Our European industry federation, officially known as European Confederation of Private Employment Agencies.

Candidate
Another term for the people we put to work at our clients (temporary and permanent employees).

Concepts
Our concepts represent the services we offer to our clients. We standardize the working processes per concept in order to easily 'copy and paste' them across our operations around the world.

Consultant
A consultant is a front-office employee who is located at one of our outlets, directly meeting the demands of clients and candidates.

Deregulation
A driver of market growth we try to influence as much as possible is deregulation. While deregulation is a well-known and accepted term, we stress that we are not looking for a system without rules. In fact, we strive on the one hand for the lifting of unjustified restrictions in overregulated markets, and on the other for a fair and effective regulatory environment in markets where this has yet to be introduced.

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

Employees working/candidates/staffing employees
The number of temporary employees currently working for our clients.

Field steering
Our field steering model is used to manage and direct performance across our businesses. By embedding operational performance tools at every level of our organization, the field steering 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.

FTE
Full-time equivalent.

Inhouse location
An inhouse location is a branch that is located at a client's premises, where our consultants work on-site dedicated to that specific client.

Managed Services Provider (MSP)
An MSP is a company that takes on primary responsibility for managing an organization's contingent workforce program.

An MSP may or may not be independent of a staffing supplier.

Outlets
Outlets are all branches and Inhouse locations combined.

Outplacement
Within outplacement we counsel and support organizations in situations when a contract between an employer and an employee has to be ended because of a strategic decision or other reasons. We assist employees in their search for a suitable 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 administrative environment.

Penetration rate
The penetration rate is the percentage of flexworkers in the total working population.

Permanent placement
Apart from attracting candidates for temporary jobs, we also service clients by recruiting candidates for permanent positions. The process involved is referred to as permanent placement.

Professionals
Professionals is the service we offer to our clients where we offer a broad and deep range of candidates with an academic or equivalent degree on a temporary or interim basis, as well as on a permanent placement basis through search & selection.

Recruitment
The process of hiring candidates for permanent positions.

Recruitment Process Outsourcing (RPO)
RPO is the transfer of operational responsibility for one or more recruiting functions or tasks, including recruitment administration, from the client to a service provider.

Secondment
Secondment refers to a Staffing variant where we are the legal employer of the temporary worker.

Specialties
Specialties are the specific market segments that dedicated units in our Staffing business focus on, such as, healthcare, transport, airports and call centers. The knowledge, experience and expertise we gain by focusing on these specialties translate into added value for clients, flexworkers and candidates.

Staff turnover
The number of corporate employees leaving our company.

Staffing
A service we offer to our clients where we match candidates with temporary positions at our clients.

Temporary work
Compared to part-time work, an even more flexible form of labor is temporary work. This includes both agency workers and limited duration contract workers.

Two-tier Board structure
A governance structure, in which the Board is split between an Executive Board and a Supervisory Board. The Executive Board is responsible for developing, driving, executing and achieving the approved strategy and strategic targets, while the Supervisory Board acts in the interest of the company by supervising and advising the Executive Board.

Vendor Management System
A VMS is an internet-enabled contingent worker sourcing and billing application that enables a company to procure and manage a wide range of contingent workers and services in accordance with client business rules.

White-collar worker
Within Staffing we typically divide the market into blue-collar and white-collar work. The distinguishing factor is difference in skill sets. White collar is predominantly geared towards administrative job profiles.

sustainability glossary

Business flights
Total distance traveled by airplane for business purposes.

Company cars
Leased cars used by employees or candidates, including record of the average number (unless stated otherwise) of cars and the total number of kilometers driven.

Contract types

Permanent or open-ended 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 e.g. the US.

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.

European Platform
A Randstad platform, where representatives from our European operating companies – both candidates and employees – and Group management, also in the presence of the representative trade union UNI-Europa, discuss relevant policy issues and operational developments. This European Platform for Social Dialogue meets twice a year.

IDP
Individual development plan for employees.

Misconduct Reporting Procedure (MRP)
Grievance mechanism; a facility, operated by an independent external provider, where serious breaches of the Randstad business principles can be reported if the regular avenues are inappropriate.

Net Promoter Score (NPS)
The NPS represents the relationship between temporary employment agencies and their potential and actual candidates/clients. This indicator compares the number of respondents who would not recommend the company in question with the number who would.

People Survey
An annual survey, conducted by an external provider, which measures and benchmarks the level of engagement of our employees globally.

RepTrak
Reputation Institute's annual Global RepTrak® Pulse is a standardized scorecard to analyze the company's reputation among various stakeholders: investors, clients, employees, and candidates. This study provides key insights into what drives their perceptions and how these perceptions influence behavior. The instrument provides Randstad with feedback regarding how the company is perceived in terms of, among other things, workplace, governance, citizenship and leadership.

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

Supplier code
Requires suppliers of goods, works and services to respect our regulatory, social and ecological principles and to adopt practices consistent with these principles.

Training costs
Total expenditure on training of candidates or employees. In addition to external costs of training, an estimate is made of the salary costs of internal trainers.

Training hours
Number of hours spent on training of candidates or employees, both in internal and external programs designed to train people in performing their job responsibilities. Training of employees excludes attendance at the Frits Goldschmeding Academy, which is reported separately.

Turnover rate
The number of employees (FTE) who left the operating company during the year (either leaving the Randstad Group or leaving the operating company due to a transfer within the Randstad Group) divided by the average number of employees.

VSO volunteers

On overseas placement
Number of employees (headcount) working on an indefinite contract with an operating entity, who have carried out a VSO assignment in Africa, Asia or Latin America.

In home country/pro bono
Number of employees (headcount) working on an indefinite contract with an operating entity who have provided support to VSO (e.g., HR/finance/marketing/legal or strategic advice, fundraisers) in their home country or at a VSO office (e.g., in the UK or the Netherlands).

VSO 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.

Workmonitor
The Randstad Workmonitor is published four times a year, making both local and global trends in mobility regularly visible over time. The Workmonitor's Mobility Index provides a

comprehensive understanding of job market sentiments and employee trends.

Work-related (occupational) health & safety

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.

Lost Time Injury (LTI)
Days off work due to work-related injury, based on actual working days. Injury rate calculation: number of work days lost / (average FTE x available days).

Fatality
An incident causing the death of a corporate staff member or candidate.

National sickness rate
Sickness rate in a country as most recently quoted by local public administration or authorities. In some countries, national sickness rates exclude absence due to work related accidents and/or pregnancy leave; in other countries these elements are included.

Sickness absence
Includes both short-term and long-term sickness. Generally excludes absence due to work-related accidents and pregnancy leave, unless local authorities use a different definition.

Local sickness rate
Number of working days lost due to sickness within Randstad, based on actual working days. Sickness rate calculation: number of workings days lost / (average FTE x available days).

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. These acquisition-related intangible assets are amortized over 1 to 8 years, on average, 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)
This KPI represents the number of days before we are able to convert sales into cash (received from our client).
Formula: trade receivables (before provision for doubtful debts) over the last 12 months divided over the revenue over the last 12 months, including value added tax multiplied by 365/12.

EBITA
Earnings Before Interest, Taxes and Amortization (and impairment of acquisition-related intangible assets and goodwill). It is basically the same as operating profit adjusted for amortization charges on acquisition-related intangible assets. This is the key performance indicator when looking at the profitability of our business.

EBITA margin
EBITA as percentage of revenue.

EBITDA
Earnings Before Interest, Taxes, Amortization and Depreciation. It is basically the same as operating profit adjusted for amortization and impairment charges on acquisition-related intangible assets and goodwill, depreciation, amortization and impairment of property, plant and equipment and software.

Enterprise value
Market capitalization plus net debt.

EPS (basic Earnings Per Share)
Net income attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding.

Free cash flow
Free cash flow is the sum of net cash flow from operating activities and investing activities adjusted for cash flows for acquisitions and disposals of subsidiaries and associates.

Gross profit
Revenue minus cost of services.

Gross margin
Gross profit as percentage of revenue.

IFRS
International Financial Reporting Standards.

Incremental conversion ratio
Additional EBITA in a year, when compared with the previous year, as a percentage of additional gross profit in a year, when compared with the previous year. We aim for an incremental conversion ratio of 50%, if gross profit growth has been achieved.

Leverage ratio
Net debt divided by 12-month EBITDA. We aim at a leverage ratio of between 0 and 2x EBITDA, which is important for continuity. The syndicated loan documentation allows us a leverage ratio of 3.5x EBITDA.

Liquidity of shares
Total number of shares traded on Euronext.

Market capitalization
Total shares outstanding multiplied by the share price of Randstad.

Net debt
Cash and cash equivalents minus current borrowings and non-current borrowings.

Net finance costs
Net finance costs include net interest expenses in relation to our net debt position, foreign currency exchange results, net interest expenses due to passage of time, and other items.

Net income
Operating profit minus net finance costs, share of profit (or loss) of associates, and taxes on income.

Net income attributable to holders of ordinary shares
Net income adjusted for the dividend on preferred shares, as well as for results of non-controlling interests.

Net income attributable to holders of ordinary shares before amortization and impairment of acquisition-related intangible assets and goodwill
Net income attributable to holders of ordinary shares, adjusted for amortization and impairment of acquisition-related intangible assets and goodwill after taxes.

Operating expenses
Operating expenses comprise personnel and accommodation expenses in relation to the activities at the outlets and the various headoffices, IT expenses, other general and administrative expenses, as well as the amortization and impairment of acquisition-related intangible assets and goodwill.

Operating expenses margin
Operating expenses as a percentage of revenue.

Operating profit
Gross profit minus operating expenses.

Operating working capital
Trade and other receivables (excluding current part of held-to-maturity investments) minus trade and other payables.
The level of working capital is related to the timing of the invoicing and payrolling processes (weekly or monthly). In addition, the payment terms we negotiate with clients and the effectiveness of our collection processes are equally important.
Liabilities, such as social security charges, wage tax and value added tax are settled every month and in some countries on a quarterly basis. Payment terms are often determined by law and therefore difficult to influence.

Payout per ordinary share
Dividend on ordinary shares divided by net income attributable to holders of ordinary shares before amortization and impairment of acquisition-related intangible assets and goodwill and one-offs after taxes.

Productivity
We measure productivity in three ways:
- number of temporary workers per staff member (EW/FTE)
- gross profit per staff member (GP/FTE)
- gross profit in relation to personnel expenses (GP/PE)

Recovery ratio
The total year-on-year change in operating expenses as percentage of the decline in gross profit. We aim for a recovery ratio of 50% in case gross profit declines.

Revenue
We distinguish three categories of revenue: revenue from temporary billings, permanent placement fees, and other revenue.

Revenue from temporary billings

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.

Permanent placements

Revenue from permanent placements includes the fee received or receivable for the services provided. The fee generally calculated as a percentage of the candidate's remuneration package.

Other revenue

This category includes revenue for services such as payrolling, outplacement, outsourcing, managed services provider, consultancy, and related HR offerings.

Revenue categories

Revenue categories are service concepts: Staffing (including HR Solutions), Inhouse Services and Professionals.

Segment reporting

Segments are geographical areas and are reported in line with internal reporting.

Share in profit/loss of associates

Associates are companies, in which Randstad Holding nv has significant influence, but no control, over the financial and operational policies, generally accompanying shareholding of between 20% and 50% of the voting rights. Our share of profit or loss of the associate is presented in this line of the income statement.

Syndicated credit facility

Randstad has a revolving multi-currency credit facility of € 1,420 million, the majority of which will mature in 2018. In addition, we have a Japanese syndicated credit facility with a group of Japanese banks. The facility amounts to 8 billion Japanese yen, or approximately € 55 million, and will mature in 2016. Finally, we have bilateral credit lines of € 175 million, which will mature in December 2014. The loan documentation of all credit facilities allows a leverage ratio of 3.5 times EBITDA, although we aim for a leverage ratio of between 0 and 2, which is important for continuity.

Taxes on income

Taxes on income comprise current taxes and the realization of deferred taxes. Current taxes on income are the sum of taxes levied on the results before taxes, in the countries, in which those results were generated, based on local tax regulations and against tax rates of the applicable year. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating taxes on income.

Velocity of shares

Velocity represents the average holding period of a share in Randstad. It is measured as the total number of shares traded divided by the average number of shares outstanding.

sustainability and industry memberships and partnerships

Ciett

Through our membership in Ciett, the International Confederation of Private Employment Agencies, we strive for well-regulated working conditions for our corporate employees and candidates.

Eurociett

Through our membership in Eurociett, European Confederation of Private Employment Agencies, we strive for well-regulated working conditions for our corporate employees and candidates.

CSR Europe

CSR Europe is a leading European business network for corporate social responsibility, with more than 60 leading multinational corporations as members. Randstad is involved in CSR Europe projects in the areas of skills for employability, mainstreaming diversity and well-being in the workplace.

Global Reporting Initiative

Randstad is a registered organizational stakeholder of the Global Reporting Initiative (GRI) and supports its mission to make sustainability reporting standard practice; one which helps to promote and manage change towards a sustainable global economy.

VSO

Our partnership with Voluntary Service Overseas combines the strength of two organizations driven by a common aim: to help alleviate poverty across the globe by sharing skills and expertise with local communities. VSO focuses on sustainable development and places volunteers through partners in developing countries. Randstad supports VSO by providing strategic support, expertise, funding, and most of all, through our employees who can volunteer themselves.

FTSE4Good Index

Randstad Holding is a constituent company in the FTSE4Good Index Series. FTSE4Good identifies companies that meet globally recognized standards of responsible business practice.

UN Global Compact

The United Nations Global Compact is a voluntary business initiative for companies committed to aligning their activities with ten universally accepted principles in the areas of human rights, labor, environment and anticorruption. As signatories of the Compact since 2004, it is Randstad's firm belief that responsible business promotes the development of markets, commerce, technology, and finance for the benefit of economies and societies everywhere.

International Integrated Reporting Committee

Randstad is a member of the pilot initiative from the IIRC, to exchange good practice with other companies and investors, thereby supporting the development of IIRC's framework for integrated reporting.

INSEAD

Randstad chairs and co-funds the alumni sustainability executive roundtables of the INSEAD Social Innovation Centre, where business leaders share experiences on advancing the sustainability agenda.

Dow Jones Sustainability Index

The DJSI tracks sustainability in leading companies around the globe. In collaboration with RobecoSAM, whose mission is to drive sustainability thinking in the investment community, it ranks companies according to detailed criteria. The scoring system looks at economic, environmental and social performance, and Randstad's ongoing engagement with the DJSI is one of the ways we benchmark our sustainability performance and endorse quality measurements.

certifications, rankings, and awards

Certifications

- Randstad Belgium and Randstad Italy hold the Social Accountability SA 8000 accreditation.
- Tempo-Team, Randstad Sweden, Randstad Brazil, Randstad Professionals Germany and Yacht hold the ISO 14001 environmental management certification.
- Randstad Argentina since 2013 holds a Sustainable commitment certificate.
- Randstad Belgium has acquired in 2013 the VCU and Qfor certificate in Belgium, where VCU stands for 'Health and Safety' and Qfor for 'Quality training and consulting organizations'.
- Randstad in France, Germany including Professionals and Tempo-Team, Belgium, Spain, Italy, Hungary, India, Japan, Brazil, Australia, Argentina, Poland, Chile and the companies in the Netherlands are certified under the ISO 9001 label for quality management.
- Randstad Belgium, Randstad France, Randstad Italy and Randstad Holding continue to be certified with the Gender Equality European Standard (GEES) for their professional diversity practices.
- Randstad, Tempo-Team and Yacht in the Netherlands were certified by FIRA Rating System for sustainability assurance based on ISO 26000, consulted by purchasing organizations.
- Randstad Mexico has been certified under the Gender Equality Model (MEG) of the Women's National Institute since 2010, for fostering a healthy work environment, free of any type of discrimination.
- Randstad professionals Germany has acquired the Bildungsträger AZAV certificate.
- Randstad Netherlands has published a self-declaration indicating that it will strictly adhere to the ISO 26000 guideline. The declaration was made according to the official Dutch guideline NPR 9026, as established by NEN (the Dutch Standardization Institute).
- In 2013 Randstad Brazil has acquired the OHSAS 18001 certificate (Occupation Health and Safety Assessment Series for health and safety management system).
- Randstad Spain has acquired the Youth Employment Certificate in 2013.
- Diemermere Beheer BV, our facilities company in the Netherlands, was certified with two ISO certifications: ISO 14001 in the field of environmental management and ISO 50001 for energy management.

Rankings and awards

- Randstad Holding was selected as an index component of the Dow Jones Sustainability Indices for the tenth consecutive year. In 2013, Randstad again became a Member in the Europe Index. Randstad Holding furthermore received confirmation of its continued membership of the FTSE4Good Index.
- In January 2014, Randstad Holding was elected the overall winner of the Dutch IR Awards and won the Award for best AEX company, while its director Investor Relations won the Award for best AEX professional. The jury report highlights Randstad's transparancy and clear communication, both from management and the IR team.
- In 2013 again, for the fifth consecutive year, Randstad Mexico was granted the annual ESR distinctive by the Mexican Center for Philanthropy, for their commitment to CSR programs. Randstad Mexico also received recognition for good quality standards from the Mexican Association of HR Companies.
- Randstad Germany was given the 6th 'Hanse Globe Award by the Logistics Initiative Hamburg eV'.
- Randstad Japan was No. 1 in 2two categories (out of 17) in 'Temporary Staffing Satisfaction Survey' done by HR Business Magazine (Jinzai Business).
- GULP Information Services GmbH received 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 Belgium received the Volvo Quality through Excellence award.
- In the Polish 'Business Journal Book of Lists 2013' Randstad Poland ranks the No. 1 temporary work agency.
- Also in Poland, Randstad Payroll Solutions was awarded the 'Customer-friendly company' emblem.
- Randstad Australia and New Zealand were very proud to win the 'Seek Annual Recruitment Awards' (SARA) in the large specialist recruiter category. This was Randstad Australia's second consecutive win.
- Several of Randstad's USA divisions have been named to Inavero's 2013 Best of Staffing™ Talent and Client lists.
- Randstad Pharma was named the 5th-largest US Clinical/ Scientific Staffing Firm by Staffing Industry Analysts
- Randstad Greece was recognized as Best Workplace in 2013 (Great Place to Work).
- Randstad Netherlands received the Dutch advertising award (SAN Accent) in the Service category for its campaign around 'Working on sporting ambitions'. Following a survey by the Intelligence Group into the Dutch working population and labor market, Randstad Netherlands won in two categories: the No. 1 staffing agency and the No. 1 recruitment agency.
- Diemermere Beheer BV won the AOS Studley/NFC Index Facility Benchmark Award 2013 for 'Most Improved Performance' at the largest facility benchmark event in the Netherlands.
- Randstad ranks third in Rank a Brand's survey among the forty biggest companies in the Netherlands for serving sustainable coffee and tea. Rank a Brand is Europe's largest brand-comparison website providing consumers with brands' sustainability credentials.
- Randstad Hungary is the No. 1 recruitment company according to 'Business Journal Book of Lists', the most prestigious English periodical publication in Budapest.
- Randstad Spain is in the 4th position among the 50 Best Companies to Work For® in Spain. Furthermore, the company is currently a Legal Entity of the 'Strategy For Entrepreneurship And Youth Employment'.
- Randstad US received two Stevie Awards at the 2013 American Business Awards.

- Randstad China won the award for ‘Best HR Headhunting Services in Greater China 2012-2013’.
- Randstad Greece has been ranked ‘Best Place to Work 2013’ by the Greek Great Place to Work Institute.
- Randstad Education in the UK has been shortlisted in the prestigious ‘Recruiter Awards’ in the category of Best Temporary Recruitment Agency.
- Randstad Holding received the Henri Sijthoff Award in 2013 for the best annual report in the Netherlands.
- Randstad France is among the 1% best staffing companies in labor practices out of more than 150 staffing companies assessed by Ecovadis, a platform to monitor sustainability performance in the supply chain. The company obtained a global grade of 73/100 in an assessment of 45 employment agencies by Acesia, a similar platform.
- Randstad France was granted the Price of the General Manager at the Trophies of Diversity event for the ambition since 2007 to shape Randstad as a reference in the field of equal opportunities. This event awards the most innovative practices for companies who place diversity at the heart of their strategic and HR development.
- Randstad Technologies in the US received the Honeywell Team HITS Award. With this award, Honeywell recognizes team excellence of key suppliers.
- Randstad Sourceright was three times recipient of the 'Star Performer' award in the Everest Group Peak Matrix Assessment of RPO (Recruitment Process Outsourcing) service providers, an EU award by the Human Resource Outsourcing Association (HROA) for the success of their customer relationship and how it has contributed to the advancement of HRO services, and as No. 2 in the Baker's Dozen customer satisfaction ratings for RPO.
- Randstad India was certified a 'Green Supplier' by one of its clients, the Indian arm of a multinational technology company. This certification, based on an audit by the client, recognizes their efforts in improving the environmental and working conditions in their business.

highest randstad positions in industry associations

country	federation name	president	vice-president	board member	member
Argentina	FAETT		x		x
	CASEEC[1]				x
Austria	VZA				
Australia	RCSA			x	
Belgium	Federgon			x	
Brazil	Sindeprestem (Sao Paolo)				x
Canada	ACSESS			x	
Chile	AGEST				x
China	Shanghai HR Consulting Association[1]			x	
	CAFTS (Bejing)				x
Czech Republic	APPS				x
Denmark	Vikarbureaernes Brancheforening			x	
France	PRISME			x	
Germany	BAP		x		
Greece	ENIDEA				x
Hungary	SZTMSZ		x		
India	ISF			x	
Italy	Assolavoro			x	
Japan	JASSA			x	
	JSLA[1]		x		
	JHR (umbrella organization)[1]			x	
Luxembourg	Fedil/F.E.S. (Fedil Employment Services)		x		
Mexico	AMECH			x	
Netherlands	ABU		x		
New Zealand	RCSA	x			
Poland	Polski HR Forum			x	
Singapore	Singapore Professional Staffing Organisation			x	
Portugal	APESPE			x	
Slovakia	APAS				x
Spain	Asempleo			x	
Sweden	Bemanningsforetagen				x
Switzerland	Swiss Staffing			x	
Turkey	OIBD		x		
UK	REC				x
Uruguay	CUDESP				x
US	ASA			x	
Europe	Eurociett	x			
International	Ciett	x			

1 Non-Ciett member.

key people

(situation as of February, 2014)

holding

Robert Bogaardt, Group Treasury & Insurance
Robbin Brugman, Group Business Concept Development
Frans Cornelis, Group Marketing & Communications
Daco Daams, Group Business Risk & Audit
Rob Fenne, Group Accounting
James King, Group Legal
Margriet Koldijk, Global Client Solutions
Han Kolff, Group Control, Strategy and M&A
Hans van der Kroon, Group Tax
Sieto de Leeuw, Group Social & Public Affairs
Mariëlle de Macker, Group HR
Cor Versteeg, Randstad Strategic Sourcing
Hans Wanders, Group CIO, Innovation & Shared Services Netherlands
Jan-Pieter van Winsen, Group Investor Relations

North America

Linda Galipeau

The Netherlands

Randstad, Chris Heutink
Tempo-Team, Kees Stroomer
Yacht, Peter Hulsbos

France

François Béharel

Germany

Eckard Gatzke

Belgium & Luxembourg

Herman Nijns

United Kingdom

Mark Bull

Iberia

Spain, Rodrigo Martín Velayos
Portugal, to be announced

other European countries

Eastern Europe
Kajetan Slonina

Poland, Kajetan Slonina
Turkey, Altug Yaka
Hungary, Sándor Baja
Czech Republic and Slovakia, Hana Púllová
Greece, Leigh Ostergard

Italy
Marco Ceresa

Nordics
Paul van de Kerkhof

Denmark & Sweden, Jeroen Tiel
Norway, Camilla Grana

Switzerland
Richard Jager

rest of the world

Brazil
Jorge Vazquez

Chile, Argentina & Uruguay
Rodrigo Martín Velayos

Chile, Pedro Lacerda
Argentina, Andrea Avila

Mexico
Simone Nijsen

India
Moorthy Uppaluri

Japan
Marcel Wiggers
Mamoru Inoue

Asia-Pacific
Deb Loveridge

Australia, Deb Loveridge
Singapore, Michael Smith
Hong Kong, Peter Wu
Malaysia, Jasmin Kaur
China, George Wang

financial calendar

April 3, 2014
Annual General Meeting of Shareholders

April 7, 2014
Ex-dividend

May 2, 2014
Dividend available for payment

April 30, 2014
Publication of Q1 2014 results (pre-market)
Analyst conference call Q1 2014 results

July 31, 2014
Publication of Q2 2014 results (pre-market)
Press conference and analyst presentation Q2 2014 results

October 30, 2014
Publication of Q3 2014 results (pre-market)
Analyst conference call Q3 2014 results

February 19, 2015
Publication of Q4 2014 and annual results 2014 (pre-market)
Press conference and analyst presentation annual results 2014

April 2, 2015
Annual General Meeting of Shareholders

1960 Uitzendbureau Amstelveen founded in the Netherlands

1964 The company takes a new name: Randstad Uitzendbureau

1967 Creation of the Randstad logo and visual identity

1970 Randstad now has 32 branches in four countries

1977 Introduction of the core values

1978 Company name changes to: Randstad Holding nv

1983 Staffing agengy Tempo-Team acquired

1985 Randstad celebrates its silver jubilee; 257 branches in four countries

1988 Establishment of Randstad Option Fund for corporate employees

1990 Randstad shares are listed on the Amsterdam Stock Exchange

1993 Randstad starts activities in the US

1996 Randstad deploys 16,000 staffing employees at the Olympic Games in Atlanta

1998 Randstad founder and president and CEO Frits Goldschmeding retires

1998/1999 International network doubled through acquisitions in the US, Germany and Spain

2007 Randstad, now present in 20 countries, is promoted to the AEX index

2008 Randstad and Vedior become one. Randstad becomes the second-largest HR services provider in the world

2010 Acquisition of FujiStaff Japan

2011 Acquisition of SFN Group

2013 Acquisition of part of the European Staffing activities of USG People

design concept
Dr. Kominski

graphs
BAS! Grafische vormgeving

photography of boards and CEO
Sander Stoepker

other photography
Vincent Kruijt
Ted O'Donnell
Mr Murali Raju/Hi-Q Photographers
Geoff McDonald
Lionel Bottereau

text and editing
Randstad Holding nv
Baxter Communications BV

project management
Carola La Grouw/Report Company

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paper
Heaven 42

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If you have any comments on or questions about this annual report, please do not hesitate to contact us by email.

randstad