

# Remuneration policy and report for Randstad Holding - 2015

This report is the extended version of the remuneration paragraphs in the annual report 2015, and sets out the remuneration policy and its main components, as well as an overview of the actual remuneration of the members of the Executive Board and the members of the Supervisory Board in 2015. The annual report can be found on the corporate website.

- Long-term succession planning of Executive Board members;
- The terms of service and annual determination of fixed and variable remuneration for the Executive Board, and reviewing the remuneration policy and structure;
- Reviewing the echelon below the Executive Board, their selection, potential and development, as well as the related remuneration structure.

## 1. Remuneration governance

In 2015, Randstad applied the remuneration policy for the members of the Executive Board as adopted by the Annual General Meeting of shareholders.

Within the scope of the adopted policy, and in accordance with the Articles of Association (Article 9.6), the Supervisory Board establishes the remuneration and other terms of employment of the members of the Executive Board, based on advice from the Remuneration and Nomination Committee (the 'Committee'). Material changes to the remuneration policy and any proposals relating to Supervisory Board remuneration are submitted to the Annual General Meeting of Shareholders for approval.

Terms of reference have been established for the Committee, specifying its role, responsibilities, composition, and working processes. These terms can be found on the corporate website in the corporate governance section.

### 1.1 Remuneration and Nomination Committee

The Committee comprises Giovanna Kampouri Monnas (Chair regarding remuneration), Wout Dekker (Chair regarding nomination), and Barbara Borra. In 2015, the Committee met three times. The CEO and the Managing Director HR participated in part of these meetings. The Committee regularly makes use of external advice, notably from Focus Orange and Towers Watson. More information about the topics discussed during the meetings can be found in the report of the Supervisory Board in the annual report (page 96).

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.

The duties and powers of the Committee (as referred to in Article 2 of the Committee's terms of reference) revolve around preparing the decision-making of the full Supervisory Board regarding remuneration and nomination in the following areas:

- The composition and functioning of the Supervisory Board and Executive Board including (re)appointments of board members;
- The performance of the Boards and their members;
- The remuneration of members of the Supervisory Board;

## 2. Executive Board remuneration

The objectives of the remuneration policy are enhancing performance, strengthening retention, and sharing success. It is targeted at attracting, motivating, and retaining qualified senior executives of the highest caliber, with an international mindset and background essential for the successful leadership and effective management of a large global company. The members of the Executive Board are rewarded accordingly, and the largest part 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. Randstad's annual report elaborates further on the long-term strategy, specific goals and how buildings blocks and growth drivers contribute to performance.

The remuneration package of the Executive Board currently contains the following components:

- Short-term compensation, consisting of a base salary and an annual cash bonus opportunity, driven by joint Group and individual targets;
- Long-term compensation, consisting of performance shares, of which final allocation is based on relative Total Shareholder Return ('TSR') and sustainability-related targets;
- Pension contribution 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, upon recommendation from its Remuneration and Nomination Committee, sets the targets prior to each performance period. Performance targets and conditions are derived from Randstad's strategy, annual business plans, and market analysis.

Remuneration levels are determined on the basis of a number of clear, transparent criteria and reflect both general and specific individual responsibilities in an international context. They are benchmarked against an international labor market peer group regarding fixed salary levels, and against an international performance peer group to establish relative performance.

The **international labor market peer group** represents the market in which Randstad competes for senior management talent, and is used to benchmark fixed salary levels. It is composed of international staffing and business services companies, reflecting Randstad's international scope. They are Adecco SA, Rentokil Initial Plc, Cap Gemini SA, Atos Origin SA, Robert Half International Inc, LogicaCMG Plc, Manpower Inc, Kelly Services Inc, Michael Page International Plc, Hays Plc, TUI AG, G4S Plc, and Sodexo Group SA.

The **international performance peer group** is used as a benchmark to establish relative performance in terms of Total Shareholder Return (TSR), 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'. It consists of Adecco SA, Kelly Services Inc, Trueblue Inc, Manpower Inc, Robert Half International Inc, USG People NV, Michael Page International Plc, Hays Plc, and Groupe Synergie SA.

In addition, as an extra check, total compensation levels are benchmarked annually against a peer group of companies listed on the **AEX index** (consisting of large companies listed on NYSE Euronext Amsterdam).

The remuneration policy was initially approved by the Annual General Meeting of Shareholders in 2007. The last update of the remuneration policy was approved by the Annual General Meeting of Shareholders in 2013.

## 2.1. Executive Board remuneration in 2015

In 2015, the remuneration of the Executive Board consisted of three components:

- Short-term compensation, consisting of base salary and annual cash bonus opportunity;
- Long-term compensation, consisting of performance shares;
- Pension and other benefits.

An overview of the 2015 and comparable 2014 remuneration amounts is included in note 24 to the financial statements.

### 2.1.1. Short-term compensation

#### *Base salary*

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

In line with the company's remuneration policy and confirmed by benchmarking carried out by Focus Orange, it was decided to increase the base salaries of the Executive Board members by 2.5% as from January 1, 2015. The general pay differentials within the company, and specifically within senior

management, were taken into account when taking this decision.

Effective January 1, 2015, the base salary of Jacques van den Broek, CEO and Chairman of the Executive Board, was increased to € 900,000, which is still below the relevant median to 75% percentile of the international labor market peer group and group of companies listed on the AEX index. This was the second step in a three-step salary increase, following his appointment as CEO.

#### *Annual cash bonus opportunity*

The total annual cash bonus opportunity amounts to 70% of base salary for on-target performance, and the maximum bonus level is 100% of base salary. If performance is below a pre-defined minimum level, no bonus will be paid out. In calculating the pro-rata bonus, a sliding scale between the minimum level and the maximum level is used. The Supervisory Board sets the targets at the beginning of each financial year.

The framework for the annual cash bonus relates to:

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

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

If a variable remuneration component conditionally awarded in a previous year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the performance period, the Supervisory Board has the power to adjust the value upwards or downwards. The Supervisory Board may also recover from the Executive Board any variable remuneration awarded on the basis of incorrect financial or other data. These provisions are included in the annual bonus and grant letter. This power was not used in 2014, nor was any remuneration recovered from present or former Executive Board members.

Based on the achievement of the shared and individual targets for 2015, and using the discretionary space available to the Supervisory Board, the bonus entitlement with regard to the performance in 2015 as percentage of annual base salary is specified as follows:

## Annual bonus payout, 2015

2015 performance target	possible maximum	payout as % of annual base salary
Group revenue performance	25%	25%
Group EBITA margin	25%	20%
Net debt at year-end	25%	25%
Individual targets	15%	Varies from 5.5% - 14.5%
Discretionary	10%	10%
	<b>100%</b>	<b>Varies from 85.5% - 94.5%</b>

### 2.1.2. 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.

Due to their long-term nature, performance shares are inherently and significantly more open to market uncertainties than short-term compensation elements. Shares can become unconditional (i.e., may vest) depending 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

	as from 2013	until 2013
Position 1	250%	250%
Position 2	200%	200%
Position 3	150%	150%
Position 4	100%	125%
Position 5	50%	100%
Position 6	0%	75%
Position 7	0%	50%
Position 8	0%	25%
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, performance targets within Randstad's sustainability KPI framework have been added as from 2013, at the discretion of the Supervisory Board. These targets are also set at the start of the three-year vesting period. As from 2013, the grant is therefore divided into TSR-dependent (80%) and sustainability-related (20%).

Performance shares are granted in the open period following the publication of the Group's fourth-quarter financial results in February. The number of shares will be calculated based on the fair value of the Randstad share as at January 1. If a member of the Executive Board resigns before the vesting date, conditional grants of performance shares will, in principle, lapse or, for example, in case of retirement due to reaching pension age, will vest pro rata related to the performance period in service. 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.

The performance share plan is governed by the annual Performance Share Plan Executive Board – Plan Rules; a separate agreement contains terms and conditions for an award in a plan year.

The Supervisory Board may, at its sole discretion, deviate from the plan rules and the agreement, in accordance with the principles of reasonableness and fairness. 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 downwards or upwards. The Supervisory Board may also recover from the Executive Board any variable remuneration awarded on the basis of incorrect financial or other data. This provision is included in the annual grant letter.

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

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

On February 19, 2015 (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, 2015, and

on the fair value of the performance shares as at the same date of € 28.47 per share (TSR-dependent grant) and € 37.43 per share (sustainability-related grant). The conditional on-target 2015 awards are mentioned in the table.

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

- Net Promotor Score (NPS): a Top 3 position or at least position improvement in the Top 12 countries over the performance period;
- Increased focus on health and safety within the Group and relative reduction of fatalities and injuries;
- Proportion of females in senior management positions: 50% in 2017 (45.2% in 2014);
- Staffing penetration rates in Top 8 markets, where measurable;
- Return to/inclusion in the Dow Jones Sustainability Index.

At the end of the performance period 2015 - 2017, 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 2015, the performance shares and performance options which were conditionally granted in February 2012 vested based on the relative TSR performance over the period January 1, 2012–December 31, 2014. Performance resulted in 50% vesting.

### 2.1.3. Other remuneration-related elements

#### *Pension contribution*

The pension arrangements for members of the Executive Board are based on defined contribution. Randstad provides an annual contribution of 27% of base salary to the schemes of Executive Board members. For Netherlands based members, this contribution includes compensation for limitations of accrual of pension rights as of 2015. 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.

### Conditional on-target awards, 2015

	Number of shares
Jacques van den Broek	30,099
Robert Jan van de Kraats	23,060
François Béharel	20,258
Linda Galipeau	20,258
Chris Heutink	20,258
Leo Lindelauf	
	<b>113,933</b>

#### *Loans*

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

#### *Severance*

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

#### *Executive service agreements*

In line with the relevant regulation, Executive Board members have a 4-year executive service agreement with the company, which supersedes any previous employment agreements.

#### *Appointment terms*

The members of the Executive Board appointed before 2005 were appointed for an indefinite period. The members of the Executive Board, including the CEO, appointed since 2005 have been appointed for a period of four years.

The members of the Executive Board, and the dates of commencement of their Board membership, are:

François Béharel	- January 16, 2013
Jacques van den Broek	- January 1, 2004
Linda Galipeau	- March 29, 2013
Chris Heutink	- April 3, 2014
Robert Jan van de Kraats	- September 1, 2001

An overview of the 2015 and 2014 amounts (in € 1,000), as included in the notes to the financial statements, is given below:

## Executive Board remuneration

	Fixed compensation				Variable compensation				Termination and other benefits/ expenses		Total	
	Base salary		Pension charge		Short-term cash bonus		Share-based payments					
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
J.W. van den Broek	900	765	243	207	810	507	1,027	719	57	37	3,037	2,235
R.J. van de Kraats	690	673	186	182	590	463	909	739	29	34	2,404	2,091
F. Béharel	606	591	164	160	542	392	798	581	340	394	2,450	2,118
L. Galipeau	694	566	187	153	611	392	798	649	62	77	2,352	1,837
C. Heutink	606	439	164	118	572	324	598	307	27	21	1,967	1,209
L.J.M.V. Lindelauf	151	591	41	160	136	410	387	649	15	62	730	1,872
<b>Total</b>	<b>3,647</b>	<b>3,625</b>	<b>985</b>	<b>980</b>	<b>3,261</b>	<b>2,488</b>	<b>4,517</b>	<b>3,644</b>	<b>530</b>	<b>625</b>	<b>12,940</b>	<b>11,362</b>

The numbers of (performance) stock options outstanding per December 31, 2014 are as follows:

## Number of (performance) stock options outstanding in 2015

	Year of granting	January 1, 2015	Transfer in 2015	Expired in 2015	Performance adjustment at vesting 2015	Exercised in 2015	Share price at exercise	December 31, 2015
J.W. van den Broek	2009	40,552				(40,552)	51.56	-
	2010	7,083						7,083
	2011	12,614						12,614
	2012	30,764			(15,382)			15,382
R.J. van de Kraats	2009	32,252				(32,252)	50.20	-
	2010	8,063						8,063
	2011	14,359						14,359
	2012	35,021			(17,510)			17,511
L. Galipeau	2012	30,764			(15,382)	(15,382)	50.57	-
<b>Total</b>		<b>211,472</b>	<b>-</b>	<b>-</b>	<b>(48,274)</b>	<b>(88,186)</b>		<b>75,012</b>

The number of performance shares outstanding per December 31, 2015 are as follows:

### Number of performance shares outstanding in 2015

	Year of award	January 1, 2015	Number of shares on target 2015	Forfeitures in 2015	Performance adjustment at vesting 2015	Vested in February 2015	December 31, 2015
<b>Performance shares</b>							
J.W. van den Broek	2012	11,885			(5,942)	(5,943)	-
	2013	31,234					31,234
	2014	25,537					25,537
	2015		30,099				30,099
R.J. van de Kraats	2012	13,530			(6,765)	(6,765)	-
	2013	35,555					35,555
	2014	21,475					21,475
	2015		23,060				23,060
F. Béharel	2012	19,553			(8,253)	(11,300)	-
	2013	31,234					31,234
	2014	18,864					18,864
	2015		20,258				20,258
L. Galipeau	2012	11,885			(5,942)	(5,943)	-
	2013	31,234					31,234
	2014	18,864					18,864
	2015		20,258				20,258
C. Heutink	2012	9,700			(3,798)	(5,902)	-
	2013	7,711					7,711
	2014	18,864					18,864
	2015		20,258				20,258
<b>Total</b>		<b>307,125</b>	<b>113,933</b>	<b>-</b>	<b>(30,700)</b>	<b>(35,853)</b>	<b>354,505</b>
<b>Performance shares former Board members</b>							
B.J. Noteboom	2012	20,090			(10,045)	(10,045)	-
	2013	17,598					17,598
L.J.M.V. Lindelauf	2012	11,885			(5,942)	(5,943)	-
	2013	31,234					31,234
	2014	18,864		(9,431)			9,433
<b>Total</b>		<b>99,671</b>	<b>-</b>	<b>(9,431)</b>	<b>(15,987)</b>	<b>(15,988)</b>	<b>58,265</b>

The number of ordinary shares in Randstad Holding nv held by members of the Executive Board as per December 31, 2015 was as follows:

### Number of ordinary shares in Randstad Holding nv, held by Executive Board members

as at December 31, 2015

	Total	Unrestricted shares	Locked up	
			Number	Until
J.W. van den Broek	68,115	61,924	3,182	February 2016
			3,009	February 2017
R.J. van de Kraats	23,144	16,093	3,626	February 2016
			3,425	February 2017
F. Béharel	30,468	30,468	-	-
			-	-
L. Galipeau	10,051	7,401	2,650	February 2017
C. Heutink	118	118	-	-

## 2.2. Executive Board remuneration in 2016

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 3.0% as from January 1, 2016. The general pay differentials within the company, and specifically within senior management, were taken into account when taking this decision.

Effective January 1, 2016, the base salary of Jacques van den Broek, CEO and Chairman of the Executive Board, was increased to € 1,000,000. This is the last step in a three-step salary increase following his appointment as CEO and brought his salary at the median level of the international labor market peer group and group of companies listed on the AEX index.

## 3. Supervisory Board remuneration

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.

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

### Supervisory Board remuneration

	2015	2014
<b>Supervisory Board</b>		
Chair	110,000	110,000
Vice-Chair	90,000	90,000
Members	75,000	75,000
<b>Audit Committee</b>		
Chair	12,000	12,000
Members	8,000	8,000
<b>Remuneration &amp; Nomination Committee</b>		
Chair	9,000	9,000
Members	7,000	7,000
<b>Strategy Committee</b>		
Chair	8,000	8,000
Members	6,000	6,000

annual Committee fees were last determined by the Annual General Meeting of Shareholders held in 2011.

### 3.1. Supervisory Board remuneration in 2015

The total remuneration of the Supervisory Board members in 2015 amounted to € 630,047. The details per Board member are specified in the table below.

	2015	2014
<b>Current board members</b>		
W.Dekker, Chairman	124,500	100,250
J. Winter, Vice Chairman	101,000	89,750
B. Borra	71,797	-
F. Dorjee	90,000	65,250
H.M.E.V. Giscard d'Estaing	88,500	86,550
G. Kampouri Monnas	92,000	86,500
R. Provoost	62,250	-
	<b>630,047</b>	<b>428,300</b>
<b>Former board members</b>		
F.W. Fröhlich	34,750	134,500
B.C. Hodson	20,500	83,800
L.M. van Wijk	-	27,250
<b>Total</b>	<b>55,250</b>	<b>245,550</b>

Barbara Borra and Rudy Provoost were appointed as member of the Supervisory Board as per April 2, 2015; they received their allowances as from this date. Fritz Fröhlich and Beverley Hodson resigned from the Supervisory Board effective April 2, 2015; they received their allowance until their resignation. Frank Dorjee was appointed as member of the Supervisory Board as per April 3, 2014; he received his allowance as from this date. Leo van Wijk resigned from the Supervisory Board effective April 3, 2014; he received his Supervisory Board allowance until resignation. Henri Giscard d'Estaing holds 450 ordinary shares in Randstad Holding nv per December 31, 2014 and 2013.

The company has not issued any loans, commitments to provide loans or guarantees to members of the Supervisory Board.

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.

### 3.2. Supervisory Board remuneration in 2016

The remuneration of the Supervisory Board will remain unchanged in 2016.