

# Remuneration policy and report for Randstad Holding - 2016

This report is the extended version of the remuneration paragraphs in the annual report 2016, 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 2016. The annual report can be found on the corporate website.

## 1. Remuneration governance

In 2016, 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 2016, the Committee met four times. The CEO participated in part of these meetings. The Committee regularly makes use of external advice, notably from Korn Ferry Hay Group 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 98).

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;
- 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.

## 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, CGI Group Inc, 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. Following its acquisition by Recruit Holdings Co. Ltd, USG People NV was replaced by Recruit as of 2016.

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), excluding Shell, Unilever, financial services companies and ad hoc entries.

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 2016

In 2016, 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 2016 and comparable 2015 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 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 was 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.

#### 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 2016, nor was any remuneration recovered from present or former Executive Board members.

Based on the achievement of the shared and individual targets for 2016, and using the discretionary space available to the Supervisory Board, the bonus entitlement with regard to the performance in 2016 as percentage of annual base salary is specified as follows:

## Annual bonus payout, 2016

2016 performance target	possible maximum	payout as % of annual base salary
Group revenue performance	25%	14%
Group EBITA margin	25%	10%
Net debt at year-end	25%	17%
Individual targets	15%	14%
Discretionary	10%	10%
	<b>100%</b>	<b>65%</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.

The related payout range is as follows:

### TSR payout range

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

The grant is divided into TSR-dependent (80%) and non financial/sustainability related (20%). 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 certain non-financial targets for Randstad's business, ambition and long-term viability, five performance targets within Randstad's sustainability KPI framework are added at the discretion of the Supervisory Board. These targets are also set at the start of the three-year vesting period.

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 18, 2016 (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, 2016, and on the fair value of the performance shares as at the same date of € 45.13 per share (TSR-dependent grant) and € 53.21

per share (non financial/sustainability-related grant). The conditional on-target 2016 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;
- Impact of initiatives with regard to guiding candidates from unemployment to employment;
- Employee engagement score: at least 80% participation and outperformance of the benchmark annually;
- Involvement with key forums;
- Environment: % electricity from sustainable sources: 50% in 2018 (2015: 29%).

At the end of the performance period 2016 - 2019, 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 a maximum of 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 2016, the performance shares which were conditionally granted in February 2013 vested based on the relative TSR performance over the period January 1, 2013–December 31, 2015. Performance resulted in 100% vesting. The performance on the non-financial targets (20% of the allocation) over this period resulted in 200% vesting. The total payout ratio for both grants in 115%.

### 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 2016. For the France-based member, this contribution includes compensation to cover the health and long-term disability insurance, life insurance and any other pension scheme and certain social security charges. For the US-based member, this contribution includes compensation to cover the health and long-term disability insurance, life insurance, and contributions to the 401k plan or any other pension scheme. The company has no specific early retirement arrangements in place for Board members.

### Conditional on-target awards, 2016

	Number of shares
Jacques van den Broek	21,486
Robert Jan van de Kraats	15,260
François Béharel	13,405
Linda Galipeau	13,405
Chris Heutink	13,405
	<b>76,961</b>

#### *Other benefits*

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

#### *Loans*

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

#### *Severance*

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

#### *Executive service agreements*

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

#### *Appointment terms*

The members of the Executive Board appointed before 2005 were appointed for an indefinite period. The members of the Executive Board appointed since 2005 were 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 2016 and 2015 amounts (in € 1,000), as included in the notes to the financial statements, is given below:

### Executive Board remuneration

	Fixed compensation				Variable compensation				Other benefits/ expenses		Total	
	Base salary		Pension charge		Short-term cash bonus		Share-based payments		2016	2015	2016	2015
	2016	2015	2016	2015	2016	2015	2016	2015				
J.W. van den Broek	1,000	900	270	243	650	810	1,096	1,027	37	57	3,053	3,037
R.J. van de Kraats	710	690	192	186	462	590	842	909	35	29	2,241	2,404
F. Béharel	624	606	168	164	406	542	739	798	299	340	2,236	2,450
L. Galipeau	717	694	194	187	466	611	739	798	80	62	2,196	2,352
C. Heutink	624	606	168	164	406	572	739	598	28	27	1,965	1,967
L.J.M.V. Lindelauf	-	151	-	41	-	136	-	387	-	15	-	730
<b>Total</b>	<b>3,675</b>	<b>3,647</b>	<b>992</b>	<b>985</b>	<b>2,390</b>	<b>3,261</b>	<b>4,155</b>	<b>4,517</b>	<b>479</b>	<b>530</b>	<b>11,691</b>	<b>12,940</b>

The numbers of (performance) stock options outstanding per December 31, 2016 are as follows:

### Number of (performance) stock options outstanding in 2016

	Year of granting	January 1, 2016	Transfer in 2016	Expired in 2016	Exercised in 2016	Share price at exercise	December 31, 2016
J.W. van den Broek	2010	7,083					7,083
	2011	12,614					12,614
	2012	15,382					15,382
R.J. van de Kraats	2010	8,063			(4,032)	49.25	4,031
	2011	14,359					14,359
	2012	17,511					17,511
<b>Total</b>		<b>75,012</b>	<b>-</b>	<b>-</b>	<b>(4,032)</b>		<b>70,980</b>

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

### Number of performance shares outstanding in 2016

	Year of award	January 1, 2016	Number of shares on target 2016	Forfeitures in 2016	Performance adjustment at vesting 2016	Vested in February 2016	December 31, 2016
<b>Performance shares</b>							
J.W. van den Broek	2013	31,234			4,640	(35,874)	-
	2014	25,537					25,537
	2015	30,099					30,099
	2016		21,486				21,486
R.J. van de Kraats	2013	35,555			5,282	(40,837)	-
	2014	21,475					21,475
	2015	23,060					23,060
	2016		15,260				15,260
F. Béharel	2013	31,234			4,640	(35,874)	-
	2014	18,864					18,864
	2015	20,258					20,258
	2016		13,405				13,405
L. Galipeau	2013	31,234			4,640	(35,874)	-
	2014	18,864					18,864
	2015	20,258					20,258
	2016		13,405				13,405
C. Heutink	2013	7,711			944	(8,655)	-
	2014	18,864					18,864
	2015	20,258					20,258
	2016		13,405				13,405
<b>Total</b>		<b>354,505</b>	<b>76,961</b>	<b>-</b>	<b>20,146</b>	<b>(157,114)</b>	<b>294,498</b>
<b>Performance shares former Board members</b>							
B.J. Noteboom	2013	17,598			2,615	(20,213)	-
L.J.M.V. Lindelauf	2013	31,234			4,640	(35,874)	-
	2014	9,433					9,433
<b>Total</b>		<b>58,265</b>	<b>-</b>	<b>-</b>	<b>7,255</b>	<b>(56,087)</b>	<b>9,433</b>

The number of ordinary shares in Randstad Holding nv held by members of the Executive Board as per December 31, 2016 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	85,929	65,106	3,009	February 2017
			17,814	February 2018
R.J. van de Kraats	38,423	14,719	3,425	February 2017
			20,279	February 2018
F. Béharel <sup>1</sup>	61,259	30,468	30,791	February 2018
L. Galipeau	26,378	7,401	2,650	February 2017
			16,327	February 2018
C. Heutink	4,273	4,273	-	

<sup>1</sup> Due to French tax regulations, the number of shares locked up for François Béharel are relatively high, as he has to sell shares to cover for tax liabilities at a later stage.

## 2.2. Executive Board remuneration in 2017

In line with the company's remuneration policy and confirmed by benchmarking carried out by Korn Ferry Hay Group, it was decided to increase the base salaries of the Executive Board members by 2.0% as from January 1, 2017, except for the CEO, whose salary was not increased but kept at the level agreed upon when he was appointed as CEO. The general pay differentials within the company, and specifically within senior management, were taken into account when taking this decision.

### Remuneration policy review and proposal for amendment

The current remuneration policy for the Executive Board dates from the Annual General Meeting of Shareholders in 2013. In the past years, the Supervisory Board has monitored the International and Dutch developments in relation to corporate governance and remuneration, to ensure Randstad was always in line. In the second half of 2016, the Supervisory Board, particularly its Remuneration and Nomination Committee led by the Remuneration Chair with assistance from the Company Secretary, extensively assessed the full remuneration policy in detail. Korn Ferry Hay Group, an independent, strategic human capital advisory firm, was commissioned to provide advice. The members of the Executive Board were requested to provide their views on the current remuneration policy. The Committee took good notice of recent international developments and market practice regarding executive remuneration. When looking at market practice, the Committee particularly looked at the Netherlands, France and the US, given the profile of the current Executive Board. It also assessed the remuneration provisions in the new Dutch corporate governance code. The following objectives were formulated for adjustment of the new policy:

- Increase the focus of the Executive Board on long-term sustainable value creation of the Company;

- Align even more with the values and organizational aspirations of the Company;
- Correct some non-optimal items in the current policy and incorporate several recent remuneration policy trends.

After careful consideration and upon recommendation of the Remuneration and Nomination Committee, the Supervisory Board decided that the developments both within the company and in the Dutch and international governance framework required an update of the Randstad remuneration policy. The current proposal that will be submitted for approval by the Annual General Meeting of Shareholders on March 30, 2017, meets the aforementioned objectives by:

- Focusing the Company's performance on strategic short-term and long-term actions and outcomes;
- Privileging long-term versus the short-term;
- Encouraging share investment by the members of the Executive Board;
- Rewarding the Executive Board as a team rather than as individual members;
- Increasing the focus on results relative to market rather than absolute results;
- Further optimizing internal pay equities by aligning senior management's remuneration structure with the Executive Board's.

Subject to approval by the Annual General Meeting of Shareholders on March 30, 2017, the policy update will take effect as from the current financial year. The Executive Board will as much as possible align the remuneration of senior management with these amendments.

Below is the description and rationale of the proposed policy changes.

### Base salaries

Base salaries of the Executive Board members are set between the median and 75% level of the international labor market peer group. We intend to keep this framework unchanged, which corresponds well with the international profile, size and dynamics of Randstad. The current base salaries of the members of the Executive Board are within our policy.

The current international labor market peer group, which is used to benchmark remuneration levels, is relatively small and there are only a limited number of direct peers with a comparable size and profile as Randstad available. In line with good market practice, we propose to extend the current peer group of 13 companies (Sodexo, Adecco Group, TUI, Capgemini, Manpower Group, Atos, CGI, G4S, Robert Half, Hays, Rentokil Initial, Kelly Services and Michael Page International) to 24 companies, adding Recruit Holdings Co, Compass Group, Hilton Worldwide, Tyco International, Capita, Equifax, Accor, Securitas, Bureau Veritas, Thomas Cook and Intertek Group.

As an additional check, the Committee annually benchmarks total compensation levels of the Executive Board versus the AEX peer group (excluding Royal Dutch Shell, Unilever, ArcelorMittal, Vopak, Galapagos and the financial services companies). We propose to continue this sanity check as a second benchmark.

### Short-term incentives / annual bonus

As per the current policy, the total annual bonus opportunity continues to be 70% of base salary for on-target performance and the maximum bonus is 100% of base salary. If performance is below the predefined minimum targets, no bonus will be paid. The Supervisory Board sets the bonus targets at the beginning of each financial year, following the presentation of the business objectives and plans by the Executive Board.

We propose that the entire short term incentives (STI) will be based on joint team performance of the Executive Board to strengthen teamwork and focus on overall company goals. Both the current 15% bonus opportunity based on individual targets and the 10% discretionary bonus will be discontinued.

The largest part of the achievable annual bonus (75%) will continue to be related to a certain number of financial targets. In contrast to currently, the choice and weight of these targets will depend on the specific business objectives of each year, with the Supervisory Board selecting the appropriate annual targets from an agreed menu of financial targets. In addition to the targets used currently (revenue, gross profit, EBITA, EPS, net debt, leverage ratio and debtor days) we will include relative revenue performance versus the market and incremental conversion or recovery ratios. These two new measures are key to focus the company on growing profitably within the market.

To further underline joint responsibility, the Supervisory Board will set, at the start of each financial year, yearly strategic and operational objectives following a presentation by the Executive Board. This bonus opportunity will at maximum be 25% of base salary.

In order to enhance the Executive Board's long-term focus, 25% of the net annual bonus (paid out based on realized performance) will be paid out in Randstad shares. After three years, these shares will be matched 1:1 subject to a sustainable performance of the company during the previous three years and at the discretion of the Supervisory Board. Members of the Executive Board are allowed to voluntarily convert up to 50% of net annual bonus according to the same matching principles. Randstad shares need to be held for at least 5 years, after the conditional award date, except for any share sales needed to settle related tax liabilities.

### Long-term incentive

In the recent past, the Randstad strategy has evolved towards developing global concepts to drive our business performance, notably including the digitalization and the Professionals segments among others. At the same time, Randstad has reaffirmed the importance of our values and culture at the core of our practices.

Given the relevance of the Randstad values and the globalization of the business concepts to the company's long-term viability, the Supervisory Board believes that the weight of non-financial key performance indicators should be increased. It is proposed to increase it to 35% of total on-target LTI, up from 20% currently. The specific performance targets will reflect our long-term organizational and social challenges and will be derived from our strategic business plans and from the [sustainability KPI framework](#)<sup>##</sup> upon discretion of the Supervisory Board.

For the non-financial measures, the Supervisory Board will determine the actual vesting based on progress made over the performance period as reported by the Executive Board in relation to each of these targets. The total vesting will continue to range between 0% and 250%.

Relative Total Shareholder Return (TSR) will continue to be the measure of long-term financial performance and long-term value creation. It is proposed to reduce its weight to 65% from currently 80% of on-target LTI to allow for the increase in the weight of non-financial KPIs above.

The international performance peer group is used to establish relative TSR performance. The current peer group only includes staffing/recruitment companies and includes 2 peers that operate primarily locally (Synergie and TrueBlue). We propose to delete these 2 peers, and extend the peer group from 10 to 19 companies, adding super-cyclical, asset light, business services companies (Capita, On Assignment, G4S, ISS, Compass Group, Rexel, Securitas, Office Depot, VWW Grainger, Sodexo and Staples).

The related payout range will be changed as follows:

#### Payout per ranking position for the TSR performance incentive zone

Ranking	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
Current %	-	-	-	-	-	-	-	-	-	0	0	0	0	0	50	100	150	200	250
Proposed %	0	0	0	0	0	0	0	0	0	50	75	100	100	125	150	150	175	200	200

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

#### 3.1. Supervisory Board remuneration in 2016

The total remuneration of the Supervisory Board members in 2016 amounted to € 687,000. The details per Board member are specified in the table below.

#### Supervisory Board remuneration

	2016	2015
<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

	2016	2015
<b>Current board members</b>		
W. Dekker, Chairman	128,500	124,500
J. Winter, Vice Chairman	107,500	101,000
B. Borra	94,000	71,797
F. Dorjee	88,500	90,000
H.M.E.V. Giscard d'Estaing	88,500	88,500
G. Kampouri Monnas	91,500	92,000
R. Provoost	88,500	62,250
	<b>687,000</b>	<b>630,047</b>
<b>Former board members</b>		
F.W. Fröhlich	-	34,750
B.C. Hodson	-	20,500
<b>Total</b>	<b>-</b>	<b>55,250</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. 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 2017

The remuneration of the Supervisory Board will remain unchanged in 2017.