

Questions from the French works council - AGM 2024

Answers Randstad in blue

A. Environment and Sustainable Development

We are happy to see Randstad engaged in the green transition (page 81 – 84) with a Net Zero ambition to be carbon neutral by 2050 and reduce CO2 emissions by half (page 36) in 2030. Nevertheless we are sad to see that this ambition seems to fade away in 2023 with the amount of CO2 emissions keeping increasing since 2021.

CO2e metric ton (x 1,000)	2021	2022	2023
scope 1	59,8	59,7	57
scope 2	11,3	1,8	1,2
scope 3	146,9	164,6	174,9
TOTAL	218,0	226,1	233,1

For instance, the global distance traveled by plane has increased by 26% in 2023.

We regret to see that in 2023 and in 2024 the environmental objectives have disappeared from the non financial targets of the executive board members.

It appears that on this subject as in many others the exemplarity of management is key to success. Q1. The net-zero strategy is it still actual despite these bad results in 2023 ? If not what are the new targets ? What are the actions Randstad will take to make this goal come true ?

Randstad remains committed to the ambition to reduce emissions in line with science based targets (SBTi), with the goal to reduce emissions over 50% across scope 1 & 2 and over 30% in scope 3 by 2030. Our ambition is to work towards Net Zero by 2050. We are in the process to have targets validated by SBTi, and hope to have this confirmed during q2 2024.

Since 2019, which is our base year, we have reduced emissions by 22%, which is actually ahead of where we need to be to achieve the SBTi target on a straight line basis.

We have made good progress in scope 1 & 2, where we have already reduced emissions by almost over 40% since 2019. We plan to continue to reduce scope 1 & 2 emissions by continuing to convert fleet vehicles to EV's, where with the current EV roadmap in place, ~86% of the fleet will be converted to EV by the end of 2029. We also plan for reductions in emissions driven by energy in buildings, by converting to 100% sustainable electricity and improving the profile of office space to better energy efficient classes in addition to the overall footprint.

Our scope 3 emissions have reduced by 12% since 2019, however we have seen this increase each year since 2021, partially due to an increase in travel post the dramatic reduction in 2020 due to covid along with emissions from purchased goods and services. We continue to implement sustainable travel initiatives, for example prioritized rail travel and our policy related to business class flights. We plan to reduce emissions from purchased goods and services by increased engagement with our suppliers on our

road to net zero and move towards suppliers emissions data rather than the current spend based approach.

Overall we are happy that we are still on target to achieve our ambitions and have actions in place to change the 2023 trend in the years ahead.

Q2. Why have the environmental targets disappeared from the list of the non financial targets of the incentive plan of the board ?

We decided on other ESG related targets for the more recent incentive plan. We do not exclude that in next incentive plans we will include these again.

B. Artificial intelligence and digitization

Here is the answer of ChatGPT to the following question : what are the consequences of the development of AI on the jobs of the people who work in temporary work agencies ?

« The development of AI can have significant consequences for people working in temporary work agencies:

- Automation of Administrative Tasks: AI can automate many administrative tasks involved in temporary work agencies, such as candidate screening, scheduling, and payroll management. This can lead to increased efficiency but may also reduce the need for human workers in these roles.
- Shift in Job Roles: As AI takes over routine tasks, the roles of people working in temporary work agencies may shift towards more strategic and client-facing activities. This could involve focusing on relationship building with clients, providing personalized services, and offering expertise in areas that AI cannot fully replace, such as complex problem-solving or negotiation skills.
- Upskilling and Reskilling: Workers in temporary work agencies may need to undergo upskilling or reskilling to adapt to the changing demands of their roles. This could involve learning how to effectively utilize AI tools and systems, acquiring knowledge in emerging technologies, and developing new skills to stay competitive in the evolving job market.
- Increased Competition: AI may enable temporary work agencies to operate more efficiently and effectively, leading to increased competition within the industry. This could put pressure on workers to continuously improve their skills and performance to stand out in a crowded market.
- Job Displacement: In some cases, the development of AI could lead to job displacement for workers in temporary work agencies, particularly those whose roles are highly susceptible to automation. However, there may also be new opportunities created by AI, such as roles related to managing AI systems, providing specialized services, or developing AI-based solutions.

Overall, the impact of AI on jobs in temporary work agencies will depend on various factors, including the specific tasks involved, the adaptability of the workforce, and the strategies adopted by agencies to integrate AI technologies while still leveraging human expertise. »

Q3. What analysis does Randstad make of the development of artificial intelligence on the jobs and professions of permanent employees in the field? Do you agree with the list of impacts foreseen by ChatGPT? How does Randstad intend to manage change?

Answer: In general, it is not expected that AI will usher in the end of the world of work and employment. Labor markets are known for adapting to fundamental change. Although AI is clearly already changing the way we work, it is difficult to predict what its exact impact will be on the labor market. What we do know is that AI is likely to significantly change our lives, society and economies. This 'platform shift' will undoubtedly be of a magnitude similar to the impact of industrialization, the computer and the internet.

The transformative impact we can expect will likely be both positive and negative, which can be summarized as follows and which overlaps substantially with the list that ChatGPT produced:

- On the positive side, AI can help automate repetitive tasks. This will help increase efficiency and productivity, enabling workers to focus on more creative and high-level tasks with generative AI applications at their side to support them. Furthermore, where humans and AI work side-by-side, often referred to as 'co-piloting', it may help to create new jobs and open up new work opportunities, leading to potentially higher wages due to increased skills.
- On the negative side, some roles may become obsolete, as AI will take over tasks and roles that were previously executed by humans. This negative impact may be mitigated, at least in the short term, by the talent shortages that are expected to continue to dominate labor markets in the years to come. Work will need to be organized differently, and upskilling will be required to strengthen both workers and organizations, paving the path for combined human-machine teams to collaborate constructively. AI adoption may also lead to increased inequality and to a widening of the gap between people who are able to learn the new skills required to collaborate with AI and those who lack access to such skills. This gap will probably become visible not only within local economies but also between global economies.

AI provides an opportunity to organize work more effectively and efficiently, supporting humans with both repetitive and non-repetitive cognitive tasks. However, research shows that even though over 50% of workers are convinced of the benefits of AI, only 13% are in fact offered training to enhance their skills in this area. This is a worrying development, because whereas jobs will change and some might become obsolete, this does not mean that workers will become obsolete. The current talent shortage shows that the demand for skilled talent will only increase in the near future. This is why investment in skilling opportunities will be the way forward to ensure that all talent will be enabled to transition within the labor market. The key will be to find the right balance in addressing the possible negative effects of AI on employment and social outcomes while not hampering its benefits. For more information, please refer to our [policy paper "the labor market & AI"](#).

In terms of managing the change, at Randstad, we believe the best results are achieved by combining our passion for people with the power of today's technology, with the goal of supporting people and organizations in realizing their true potential. Over the years we have experimented with many advanced technologies to accelerate and enhance the human connection between talent, consultants and client hiring managers. We are adopting AI in order to augment our employees' capabilities and improve the experiences of talent and our clients. These technologies are being applied at various points in our process, and always with humans in control of the technology. In order to balance the rewards of the deployment of AI with the potential risks it may pose, and to meet the requirements set by legislation such as the EU's forthcoming AI Act, Randstad is developing an AI governance program that is to be rolled out globally, in a phased approach, starting later this year.

Q4. The Adecco Group seems to be well ahead of Randstad on that subject. Last October, Adecco has signed an agreement with Microsoft on professional use of generative AI. What is Randstad's strategy in the field of generative AI?

[Answer:](#) At Randstad we have been at the forefront of HR tech for many years and we have been pioneers in using AI in areas of the business, where this is in line with our business principles. Since we have been exploring the possibilities of language models (both small, and large) for years and cooperate closely with our long-term tech partners, we will not rush the adoption of new technologies, nor do we lean back. Technology for us is a tool that empowers human potential, which is why we explore and monitor a large bandwidth of technologies, vendors and tools - and we continuously reevaluate these in order to stay true to our business principles. For this reason we were for instance aware of bias hazards within OpenAIs models long before they were made public 2 weeks ago. Our commitment is not to any specific technology or partnership but to being the most equitable and specialized talent company.

C. Working conditions

The employee engagement is one of the main KPIs on the social side of the ESG matrix and was one of the non-financial targets in the incentive plan of the executive board members in 2023. Despite that, it has decreased in 2023, falling from 8.1 to 7.9. Among other social indicators, the turnover rate is still very high even if it is slightly decreasing in 2023 : one person out of 4 has left the company in 2023 (page 164 of the annual report).

On the field we can testify that our working conditions are getting harder and harder. In France we have asked the University of Liège to make an evaluation of the psychosocial risks. The survey showed that the number of employees with a level of stress high was high.

Q5. According to you, how can we explain the decrease in the engagement score in 2023?

[Answer:](#) We have indeed noted a decrease in our engagement score from 8.1 to 7.9 at the end of 2023, in line with the benchmark which has also slightly dropped.

The main driver in Peakon shows the the impact is due to « Growth ». As we are currently managing a downward economic cycle, this is expected as there is less mobility/progression available due to the focus on cost control.

Despite these challenges we continue to exceed the benchmark.

[Answer:](#) we have encountered a mix of challenges. The ongoing challenging macroeconomic environment has been felt not just by us, but also by our industry peers, as evidenced by a -0.1 decrease in benchmark values. This coupled with our transformation, 2023 was the year we launched our partner for talent strategy and we have observed the strategy driver in the survey experiencing the biggest change; it is natural for engagement to fluctuate during periods of change. But despite these challenges, we continue to exceed our benchmark by +0.2. Turnover rates are not much different than before and is part of the model of our industry; it helps us also to create the flexibility needed in a cyclical context

Q6. We would like to suggest to Randstad to set up the same kind of survey at international level as the one we did in France. It would give a vision far more accurate of the working conditions of the employees than the engagement score: in our industry, the engagement score is always very high because the employees are highly committed on their jobs but high engagement doesn't necessarily mean good working conditions. What about doing this survey in 2024 in association with trade unions and European works council?

Answer: In peakon we already have a **Health and Wellbeing module** that measures the extent to which employees believe that randstad values health and wellbeing and makes efforts to support them. The latest score for this module is 8, which represents + 0.2 above benchmark. And is a score that has had a stable behavior during last year. This module covers mental, physical and social wellbeing as well as organizational support. Each of these 4 drivers perform above the benchmark. And specifically, the mental wellbeing driver, scores significantly above the benchmark by +0.4, placing randstad in the top 25% among industry peers regarding mental well being. We feel Peakon also addresses these topics and needs, in a way that is globally applicable.

D. Profit sharing

Randstad aspires to be the world's most equitable and specialized talent company » (annual report page 19). As Randstad employees we are proud of this « why ». This is a real driver of engagement. But it needs to be true to be convincing. For two years, the level of inflation everywhere in Europe has been very high but our wages haven't followed. Many of us have seen their power of purchase drop down. At the same time, we see the level of dividends increase (+25% in 2023, from 2,85 € per share to 3,55 € as proposed today). In the last years, 90% of the net income accumulated have been distributed as dividends. In 2023, as we can read in the annual report, the total amount of dividends served to shareholders represent more than 100% of the net income of the year.

	2021	2022	2023	3 years
net income	768	929	624	2 321
dividends	922	530	640	2 092
	120%	57%	103%	90%

The ratio between the average remuneration of board members in 2023 (1.9 M€) and the average remuneration of employees on an FTE basis (76 k€) is 25: that means that on average, a Randstad employee must work 25 years to earn the same amount of money as a board member in one year. We consider that this way of sharing profit is not compatible with the ambition to be the most equitable talent company.

Q7. If Randstad really aspires to be the world's most equitable talent company, is it ready to study with trade unions locally new tools to better share the profit?

A7: Aspiring to be the world's most equitable talent company means we take a wide variety of angles to ensure fairness and justice in our organization and our services, providing equal opportunities and

resources to all individuals regardless of their background or circumstances, thereby fostering inclusivity and societal cohesion. Specific to your question on sharing profits; we already have means for Randstad employees to participate in the financial success of our company through our employee share purchase plan (SPP). Through this plan employees can invest in Randstad and share in the (financial) success of the company. Participation in this plan is on a voluntary basis and we encourage our employees to participate in this plan. So the opportunity is there.

E. Prevention of professional risks for temporary employees.

Sander Van't Noordende also said during this same meeting that "when the work conditions at a client are considered unsuitable, the client is asked to implement improvement measures and progress is monitored. If the client is unable to guarantee suitable health and safety conditions to our temporary workers, Randstad may refuse to provide services to this client or stop to do so."

In France, a list of these clients has been made but the actions plans are difficult to implement :

- we have difficulty assessing the improvements
- we have very few situations where we decided to stop working with a client because of the accident rate

Q9. What are the good practices in the countries where the actions taken have led to an improvement of the accident rate? How many clients have we decided to stop because of their accident rate? How do we evaluate the improvements made?

What are the good practices of different countries contributing to risk management:

- making short, light-hearted videos simulating a work situation or specific work related topic that talents should watch before starting work.
- Making one-pagers (information sheet) with practical tips and tricks on how to behave in risky work environment to reduce work-related accidents.
- Safety checklist per function where questions can be ticked off by the talent
- Sms or whatsapp messages in case of severe changing weather conditions (example : how to move in case of snow or what to do when you have to work in extreme heat)
- Safety alert letter on a certain topic (for example : PPE, drugs & alcohol, machine operation, etc.)
- Quarterly message with a safety tip
- World day for safety and health at work (= France) : during a period of several weeks they pay extra attention to H&S for talents and corporate personnel via networking, quizzes, connect, etc. This event always starts on the 28th of April (= world day for safety and health at work)
- Testing and training talents through virtual reality (pilot for forklift truck drivers in the US in 2023)
- Podcast on H&S