

ANNUAL REPORT 2015





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[FORWARD-LOOKING STATEMENT](#)

This annual report contains certain forward-looking statements regarding the financial situation and results of USG People N.V., as well as a number of associated plans and objectives. Forward-looking statements by their nature can provide no guarantee for the future. As a result of various factors actual results may differ from current expectations. These factors may include changes in tax rates, mergers and acquisitions, economic developments and changes in labour legislation. The forward-looking statements in this annual report are current at the time the report was adopted and provide no guarantees for the future. The annual report is available in Dutch and English. In the event of ambiguities, the Dutch text shall prevail.

STAKEHOLDERS

USG People aims to strike a good balance between the possibly divergent objectives of the company’s various stakeholders, while achieving well-balanced value creation in the short and long term. We promote the interests of all the company’s stakeholders, as well as the interests of the society as a whole. The basic principle in this respect is value creation for all stakeholders that is both economically sustainable and socially responsible.

We organise stakeholder dialogue on a regular basis, to discuss a wide array of topics and developments in the job market with a diverse group of stakeholders. This dialogue ensures that USG People is able to respond even quicker and more effectively to the different stakeholders’ needs and developments and – if necessary – adjust its business model accordingly.

USG People is convinced that maintaining good relations with all the company’s stakeholders is crucial as it means that all stakeholders can benefit from their involvement with our organisation in a fair way. The main USG People stakeholders are our employees, flex workers, clients, suppliers, the government, our financiers society at large.

OUR EMPLOYEES

USG People is about people. The success of the company therefore largely depends on the performance of our employees. The efforts and competencies of the individual employees, as well as the connection between employees and the way they work together determine the results, development and further growth of USG People. It is in this belief that we constantly invest in being a good employer. Sustainable employability and, more specifically, the maximisation of talent play a key role in this. Sustainable employability has to do with the question of how ‘job market fit’ someone is. We believe it is important to invest in flexible, involved, competent and healthy employees. Maximising talent has to do

with someone’s motivation, enthusiasm, education and development. Employees who help to further their development and that of USG People, but who also continue to develop their relevant knowledge and competencies for the job market in a broad sense. USG People offers its employees a stimulating work environment and facilitates their development. This provides employees at all units and layers of the organisation with possibilities to develop their talent. Our human resources policy and processes are aimed at facilitating this as best as possible.

SELECTION AND DEVELOPMENT

USG People attracts employees who possess the knowledge and competencies needed to perform their job and which fit into our corporate culture. USG People hires employees not only to fulfil a certain position but also to help them further their development and careers.

The use of qualified, motivated and trained employees is crucial for ensuring the sustainable growth and further development of USG People and our employees.

ONBOARDING

All new employees follow an onboarding programme focused largely on the mission, vision, strategy, ambitions, values and culture of USG People and its star brands, as well as on the requirements linked to the employee’s position.

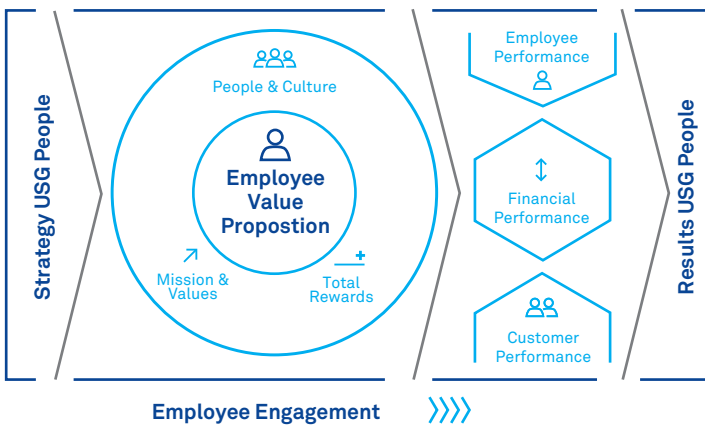
TRAINING AND EDUCATION

These days employees, and that includes USG People employees, must be flexible to stay connected to the job market and the required knowledge and competencies. Sustainable employability, and particularly training and education, play a key role in this. USG People considers it important that employees are aware that they themselves are responsible for their own development. The range of training and educational courses we offer helps us raise awareness of this among our employees. The training and education of our employees also fulfill an important role within USG People to achieve and maintain having the right people in the right jobs. The training and educational courses on offer play into the ambitions and needs of young talents, while at the same time ensuring that older, more experienced employees are able to maintain their level of knowledge skills and to share these with younger generations.

PERFORMANCE MANAGEMENT

Each indirect employee of USG People participates in the performance management process according to an annual cycle of planning, performing and assessing. At the start of the year targets are set in consultation with each employee both with respect to competency development and company results. Progress is assessed midway through the year and the employee’s development and results achieved are

employee value proposition



assessed at the end of the year. For part of our staff this review now incorporates 360-degree feedback, meaning that not only the manager but also colleagues and other peers provide their feedback. The ultimate assessment, as well as the employee's potential, is important input for identifying talent in our organisation.

LEADERSHIP DEVELOPMENT AND TALENT MANAGEMENT

USG People aims to achieve leadership based on trust and responsibility with scope for personal leadership, whereby the strategy is put into practice and leads to results.

USG People's talent development programmes are focused not only on strengthening leadership but also on promoting personal development in the respective position and career. USG People implements an integrated programme approach for the development of senior and middle management in order to promote the advancement to key positions in senior management.

USG People aspires to structurally fill at least 80% of its senior management vacancies through internal promotions.

ORGANISATIONAL CULTURE

The standards and values that are at the core of the organisational culture of USG People are more than just words. They are values that are expressed in our day-to-day actions and in the way we do business.

Our business principles are: commitment to results, passion, involvement, professionalism and progress. We also measure how our employees score on the competencies and conduct associated with the business principles.

These business principles serve as a guideline for the way we work. These core standards and values are put into practice in our day-to-day activities. Our basic responsibilities towards our stakeholders are leading this respect.

OUR FLEX WORKERS

USG People provides flex workers with a link to the job market. We help people achieve their professional ambitions and shape their career. We offer flex workers attractive opportunities to shape their careers under good conditions and to further their professional development.

Our extensive network of clients and the development possibilities to which USG People has access offer attractive opportunities for people to achieve their full potential. USG People uses its years of expertise to help people do what they do best and develop their talent. This provides them with versatile and sustainable opportunities for a satisfying job, successful career and the development of social status.

USG People is focused on people. Helping more people find a job is not limited to people who can be placed relatively easily. USG People is also increasingly helping more vulnerable people and those with fewer opportunities in the job market. This category includes people with a limitation, younger and older people, the long-term unemployed and other people who are further removed from the job market.

OUR BUSINESS PARTNERS

USG People considers its business partners to be 'partners in development'. They contribute to our development and USG People contributes to their development. Our most involved business partners are our clients, our suppliers, our co-suppliers and various government institutions. In its relations with these partners USG People aims to achieve high-quality services while focusing on working together.

OUR CLIENTS

In helping our clients arrange their human resources better, USG People provides the following services:

- access to a large network of candidates;
- recruitment and selection tools to help find the right candidate for a vacancy;
- flexibility in the staff base, making the organisation more versatile;
- lower risks by removing or reducing capacity problems;
- lower costs by adopting an efficient HR organisation;
- advice on diversifying the workplace and devising solutions to achieve an inclusive organisation, focusing on Social Return On Investment (SROI) and people further removed from the job market;
- vital and sustainably employable flex workers.

USG People provides its clients with a wide range of solutions to set up their HR organisation effectively, for example in the field of:

- recruitment and selection;
- HR advisory and management;
- placement, secondment;
- outsourcing;
- payrolling;
- MSP, RPO, HRO;
- project sourcing;
- outplacement;
- career advice and support;
- training.

OUR SUPPLIERS

The products and services that are provided by our suppliers are resources that we use in our business activities and in the services we provide to our clients and candidates. The constant development of these products and services also contributes to the possibilities for USG People to further develop its organisation and services. A basic condition in relations with

suppliers is that there is a good balance between quality, competitive pricing and sustainable product development.

USG People's policy for suppliers is a policy in which partners should contribute to added value, continuity and the sustainability of our services. Open and honest communication about social and environmental aspects is important, while keeping an eye on the chain behind the product or service. Environmental aspects are about looking at the impact of the product, service or activity on the environment. Social aspects concern labour conditions and SROI.

OTHER STAKEHOLDERS

The government, unions and industry organisations are also stakeholders in USG People. These authorities influence the frameworks within the job market, each with its own interests. A well-functioning job market is in the interest of all these organisations. As an employer and an HR services provider USG People aims to be closely involved with these interest groups to also be able to perform its 'motor oil' function with these stakeholders.

OUR CAPITAL PROVIDERS

The financial resources of USG People are provided by investors and financial institutions. USG People's shares have been listed on the stock exchange since 1997, giving the company not only financing from banks but also access to the capital market. This access to the capital market has increased USG People's possibilities to achieve its growth ambitions. By investing in the organic growth of the organisation and in acquisitions, USG People has grown into one of the main HR services providers in Europe. Since it became listed on the stock exchange USG People has only launched issues on the capital market to finance large acquisitions.

HISTORY OF ISSUES

ORDINARY SHARES

| | |
|--|---------------|
| 2002: acquisition of Start | € 43 million |
| 2005: acquisition of Solvus Resource Group | € 230 million |
| 2010: post-acquisition of Allgeier | € 86 million |

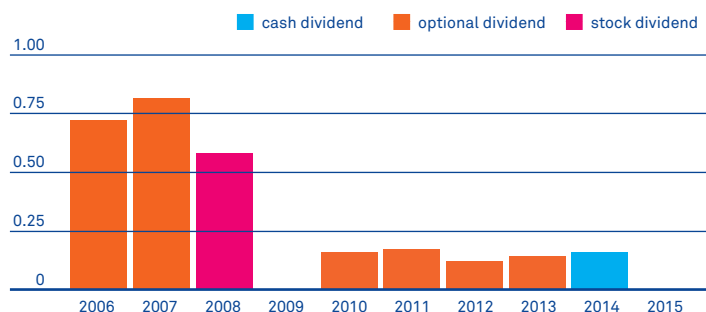
CONVERTIBLE BOND

| | |
|---|---------------|
| 2005-2012: acquisition of Solvus Resource Group | € 115 million |
|---|---------------|

To reimburse shareholders for their capital investment USG People aims to achieve a return that reflects their investment risk. USG People is committed to transparent communication towards investors, and always aims to provide a clear and up-to-date picture of developments in the company. This helps investors make founded projections for expected risks and returns.

Shareholder returns are visible in the form of a company dividend and through the development of the share price on the stock exchange. The latter is partly determined by investor supply and demand, which in turn is sometimes determined by market sentiment which USG People does not directly influence, such as global economic conditions. USG People is focused on maintaining continuity and the company's performance which determine value development in the longer term.

development of dividend in euros



In financial terms USG People aims to grow revenue and profit. In the short term this growth is influenced by the economic cycle during which periods of economic growth can alternate with periods of contraction. That is why growth objectives need to be considered as averages over the duration of the entire cycle. The strategic objective for profitability from 2014 is for EBITA to average 6.0% of revenue during the cycle.

The aspired results also offer a framework for the expected returns on investment for our shareholders, striking a good balance with the benefits for the other USG People stakeholders. The targeted results provide scope for a consistent dividend distribution along with investments in further development and growth.

USG People invests a great deal of time in its relationship with shareholders and banks. We want these groups to understand our business, believe in our vision for the future and strategy and above all have faith in our leadership. The longstanding relationship with our banks is a good example of our aim to build successful, sustainable relationships with our stakeholders. Such sustainable relationships contribute to stability in the continuity of our financing, also in times when economic conditions are less favourable

To provide a good insight into the state of affairs and to increase faith in our company, USG People communicates clearly and regularly about market developments, operational and financial results and strategic progress. The board attaches a great deal of importance to being transparent to financiers and accessible to investors while at the same

time paying a lot of attention to its relationships with investors and shareholders.

Meetings and roadshows are organised to provide clear and proactive communication to investors, analysts and the financial media. Every quarter the publication of earnings is accompanied by a presentation for analysts and the media. The publications and presentations are also made available on the USG People website. The board members and representatives also take part in conferences and roadshows for investors while conference calls and meetings are held to maintain contact with shareholders.