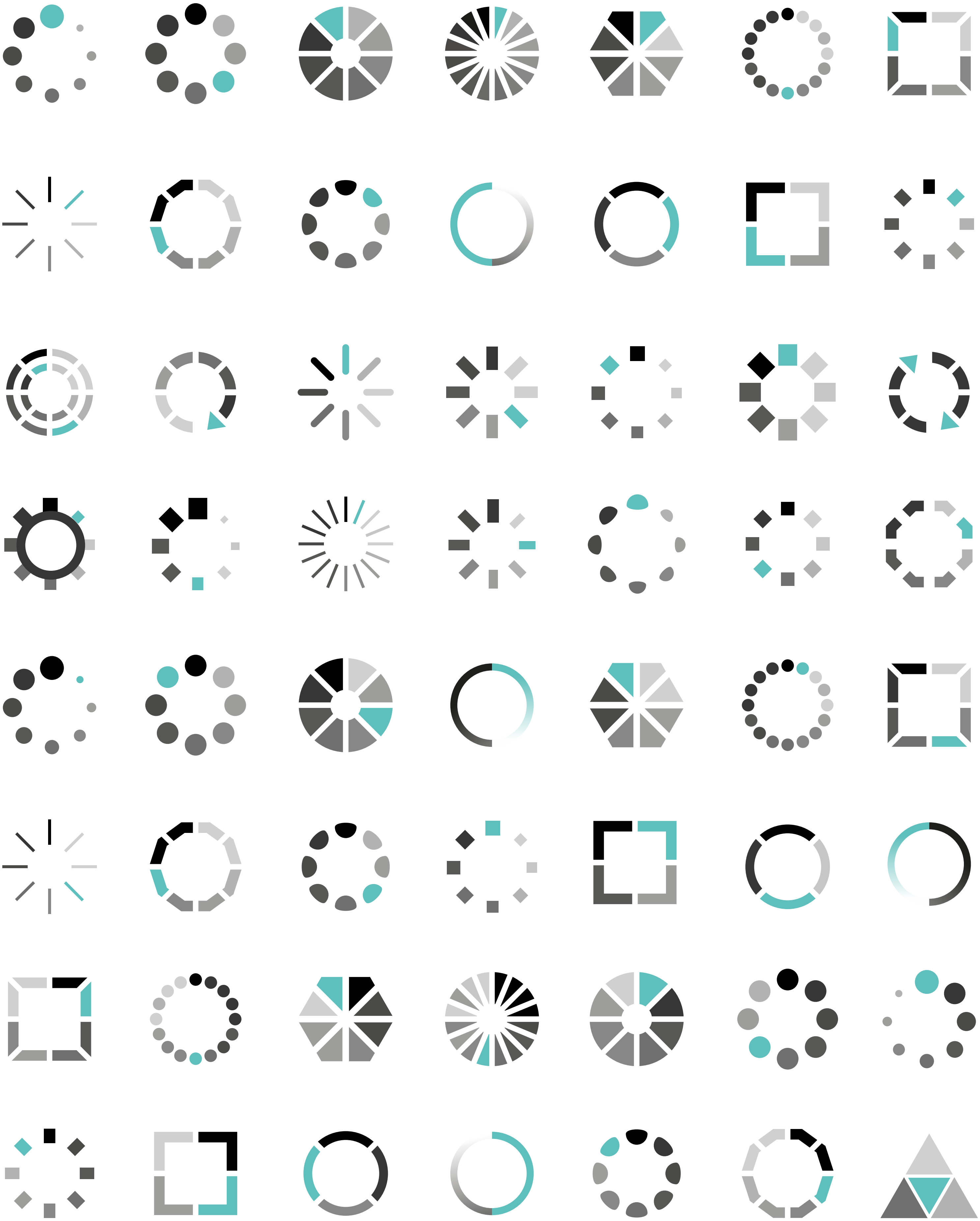


ANNUAL REPORT 2020

THE ADECCO GROUP

The Adecco Group is the world's leading talent solutions and advisory company driven by a powerful purpose – to make the future work for everyone. Our 360° solutions offering enables sustainable and lifelong employability for individuals and empowers organisations to optimise their workforces.

Through our new strategy – Future@Work – we will make a positive contribution towards the lives of even more individuals, and continue to support the growth of our clients and the wider economies in which we operate.

Read our Group at a glance to find out what this will mean for our business structure.

Read our Strategic Review on pages 20-27 to find out more about Future@Work.

MAKING THE FUTURE WORK FOR EVERYONE

The world of work is undergoing unprecedented changes, with Covid-19 accelerating the existing megatrends. At the Adecco Group, we will build on our position as the preferred partner for HR solutions. With our unique 360° service offering, we have the opportunity to lead the way in shaping the new ways of working. Our Future@Work strategy represents the next chapter in our evolution and firmly places our purpose at the centre of everything we do. By making the future work for everyone we want to enable sustainable and lifelong employability for individuals and empower organisations to optimise their workforces.

4 SUSTAINABILITY PRIORITIES

To achieve our purpose, our four strategic sustainability priorities focus on where we can most effectively drive impact. As a talent solutions and advisory company, that ultimately means improving employability and providing access to work.

SKILLING AND ENABLING WORKERS

Working closely with our clients and other partners to help address talent shortages and skills imbalances, enabling workers to gain necessary skills as they progress through their careers, and preparing underserved populations for the labour market.

Read more on pages 34-35

ATTRACTING, ENGAGING AND RETAINING TALENT

Creating the enabling environment for our people to thrive and realise their full potential. Anticipating and addressing their needs, recognising and rewarding them for their commitment, and providing them with a fulfilling career path.

Read more on pages 44-45

PROMOTING DIVERSITY AND INCLUSION

Using our expertise and energy to improve everyone's chance of being part of the world of work. Promoting an accessible, positive, respectful, inclusive and healthy work culture, united towards a common purpose.

Read more on pages 46-47

DRIVING RESPONSIBLE DIGITAL TRANSFORMATION

Embracing the potential of digital transformation to help grow employment, enhance matching, and reduce the frictions that prevent individuals from entering the labour force. At the same time, treating the security and privacy of data entrusted to us as top priority.

Read more on pages 60-61

THE ADECCO GROUP

Leadership across the HR spectrum

OUR STRATEGY

Future@Work is the Adecco Group's new strategy.
It has three core elements:

1. Evolution to a brand-driven business, with the establishment of three Global Business Units: Adecco, Talent Solutions, Modis.
2. A bold vision and clearly defined strategy for each Global Business Unit, leveraging the full service offering of the Group to provide 360° solutions.
3. An accelerated transformation programme with three enablers: superior customer experience, a differentiated portfolio offering, and a digitally optimised business model.

Adecco

Workforce Solutions[1]

Our workforce solutions offering is unmatched in its global scale, local knowledge, and innovative use of digital tools. We place more than 500,000 associates into roles daily, enabling flexibility and agility for our clients. As a career partner, we support the employability of our associates and are committed to their success. We stand out in our commitment to operating responsibly, in our belief in the potential of people, and by always being there when needed.

FP PP OC TR

Adia

TALENT SOLUTIONS

Talent Solutions[1]

We help organisations and individuals succeed in the evolving world of work by transforming workforces, building new skills and capabilities and matching talent with opportunity. As both an advisory firm and a solutions-delivery partner, we support organisations across the HR spectrum, and individuals across their career journey. We specialise in building employability, and optimising talent and human capital, through our three specialist areas of Reskilling & Upskilling, Workforce Transformation, and Talent Placement. Our leading global brands include LHH, General Assembly, Spring, and Badenoch + Clark.

CT TR PP FP

LHH · General Assembly · Spring Professional · Vettery · Badenoch + Clark · pontoon

modis

Technology Solutions[1]

We deliver cross-industry expertise in technology and digital-engineering consulting, talent services and skilling to enable digital transformation and accelerate innovation. We specialise in bringing expertise to organisations in cognitive technologies, digital transformation, cloud and IT infrastructure, smart ecosystems and the so-called fourth industrial revolution (or Industry 4.0) which is being brought about by the ongoing automation of traditional manufacturing and industrial practices, using modern smart technology. Our key focus sectors are: automotive & transportation; environmental & energy; software, internet & communication; financial services; and industrial manufacturing.

OC FP TR

OUR SERVICE LINES

FP Flexible Placement

We place associates with organisations on a temporary basis, providing flexibility to employers and new opportunities to candidates. We manage the entire recruitment process from candidate search and screening, through onboarding and training, to payroll and administration. Associates are employed by the Group while on assignments, which often run consecutively to provide continuous employment. In some countries, associates are employed by the Adecco Group on a permanent basis and seconded to clients.

PP Permanent Placement

We help employers to recruit talent for permanent roles, securing the skills needed for an organisation's ongoing success. We source candidates, screen CVs, conduct interviews and assessments, and advise hiring managers. We have access to a wide range of talent, including hard-to-reach professionals who are not actively looking for a new job.

CT Career Transition

We support organisations and their employees through changes that require individuals to transition out of their existing roles. Through our expert coaching and training, we help individuals find new opportunities both within and outside their existing company, ensuring positive outcomes for all. Our LHH brand is the world's leading career transition and talent development company.

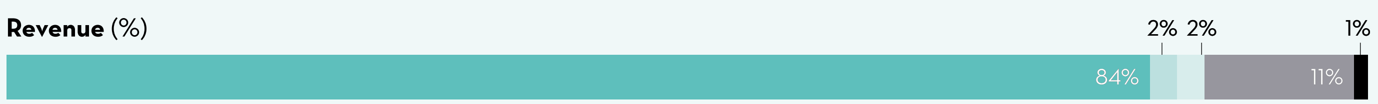
OC Outsourcing, Consulting & Other Services

We also offer a full spectrum of complementary HR solutions, including: Outsourcing – staffing and managing the entirety of a labour-intensive activity, such as warehouse logistics or IT support; Consulting – providing technical experts for project-related work; Managed Service Programmes (MSPs) – managing all parts of the flexible workforce at organisations using a large number of contingent workers; and Recruitment Process Outsourcing (RPO) – handling the entire hiring process for employers recruiting large numbers of permanent employees.

TR Training, Upskilling & Reskilling

We offer training, upskilling and reskilling both as standalone services and in combination with other solutions, such as placements or as a part of a broader workforce transformation offering. Adecco is a leading provider of work-based training. Our General Assembly brand is a leader in upskilling and reskilling in high-demand digital skills, while our Modis Tech Academy offers candidates the opportunity to upskill in technology and digital-engineering-related fields to increase their employability and to create a supply of in-demand candidates for our clients.

Revenue (%)



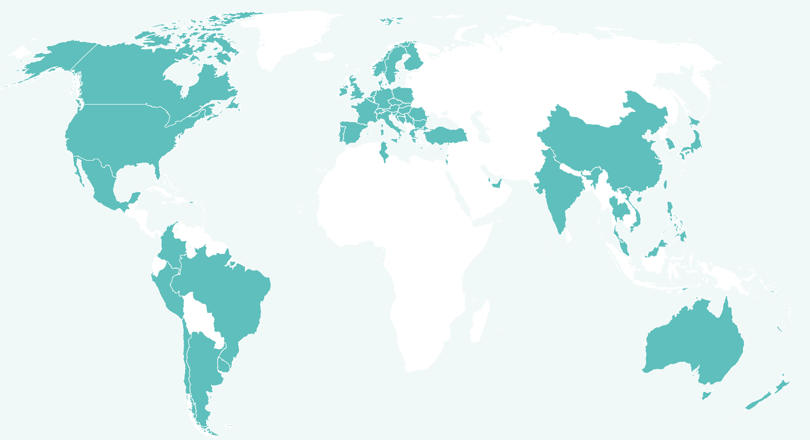
Gross profit (%)

OUR GLOBAL FOOTPRINT

More than
30,000
full-time equivalent employees

Approximately
100,000
clients

Approximately
600,000[2]
associates on assignment daily



Contribution to Group revenues

Europe
59%

North America
17%

Japan and Rest of World
21%

Talent Development & Career Transition[3]
3%

Europe
France – 22%
UK & Ireland – 8%
Germany, Austria, Switzerland – 8%
Benelux & Nordics – 7%
Italy – 9%
Iberia –5%

Japan & Rest of World
Japan – 8%
Latin America – 4%
Eastern Europe & MENA – 4%
Asia – 2%
Australia & New Zealand – 2%
India – 1%

1 As part of the transition to three Global Business Units (GBUs) from 1 January 2021 certain local brands and businesses were re-allocated between the global brands. Hence, reporting by GBU from 2021, as presented on this page, does not directly correspond to the Revenue by brand reporting structure of 2020.
2 Including the Group's Joint Venture in China total associates would be approximately 1.5 million.
3 Talent Development & Career Transition is managed as a global business line.

Resilience through the crisis

During 2020, Covid-19 led to a health crisis and economic shutdowns that were unprecedented in recent history. Despite this, the Adecco Group delivered a resilient financial performance, and played a key role in helping individuals and the economies in which we operate get safely back to work.

Revenues
€19.6bn
Down 14% on an organic[1] basis, impacted by the slower market growth linked to Covid-19

Gross margin
19.4%
+20bps year on year, supported by price discipline and the strength and balance of the portfolio

EBITA[2] margin excluding one-offs
3.6%
-100bps year on year - impact of revenue decline partly offset by agile cost management and GrowTogether benefits

Cash conversion[3]
123%
Confirming the resilience and partly counter-cyclical nature of cash generation

Dividend[4]
CHF 2.50
Maintaining our commitment to pay at least a stable dividend through-the-cycle

Net debt/EBITDA[5]
0.4x
Robust financial position maintained throughout the crisis

Share buyback
€600m
Reinstating our share buy back programme due to the continued recovery in trading performance

Net Promoter Score® (client)
33
+10pts year on year, there for our clients throughout the crisis

Great Place to Work® ranking
7th
Out of more than 8,000 participating companies globally

Permanent placements
c.80,000
People placed in permanent employment

Number of associates on assignment[6]
c.600,000
Associates provided with flexible employment every day

People trained and coached
500,000+
Enhancing their employability and accelerating their careers

1 Organic growth is a non-US GAAP measure and excludes the impact of currency, acquisitions and divestitures. In FY 2020, organic revenues declined by 14%. Organic and trading days adjusted revenues declined by 15%.
2 EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.
3 Cash conversion is a non-US GAAP measure and is calculated as free cash flow before interest and tax paid divided by EBITA excluding one-offs. Free cash flow is a non-US GAAP measure and is calculated as cash flows from operating activities less capital expenditures.
4 For 2020, as proposed by the Board of Directors.
5 Net debt to EBITDA is a non-US GAAP measure and is calculated as net debt at period end divided by the last four quarters, EBITA excluding one-offs plus depreciation. Net debt is a non-US GAAP measure and comprises short-term and long-term debt less cash and cash equivalents and short-term investments.
6 Including the Group's joint venture in China total associates would be approximately 1.5 million.
7 Free cash flow is a non-US GAAP measure and comprises cash flows from operating activities less capital expenditures.

Financial performance was impacted by the sharp economic contraction in 2020. After bottoming in Q2, revenues progressively recovered through the year. Profitability remained resilient, with the Group maintaining its sector-leading EBITA margin. Cash flow was also strong, despite the crisis.

			Variance	
in EUR millions unless stated	**FY 2020**	**FY 2019**	**Reported**	**Organic**
Summary of income statement information				
Revenues	19,561	23,427	-17%	-14%
Gross profit	3,789	4,504	-16%	-13%
EBITA excluding one-offs	709	1,069	-34%	-29%
EBITA	570	988	-42%	-38%
Net income/(loss) attributable to Adecco Group shareholders	(98)	727	-114%	
Diluted EPS (EUR)	(0.61)	4.47	-114%	
Dividend per share (CHF)[4]	2.50	2.50		
Gross margin	19.4%	19.2%	20 bps	30 bps
EBITA margin excluding one-offs	3.6%	4.6%	(100) bps	(80) bps
EBITA margin	2.9%	4.2%	(130) bps	(110) bps
Summary of cash flow and net debt information				
Free cash flow before interest and tax paid (FCFBIT)[7]	873	999		
Free cash flow (FCF)[7]	563	724		
Net debt[6]	376	398		
Days sales outstanding	52	53		
Cash conversion[3]	123%	93%		
Net debt to EBITDA[5] excluding one-offs	0.4x	0.3x		

Maintaining strategic focus in the Covid-19 crisis

DEAR ADECCO GROUP STAKEHOLDERS

At the beginning of 2020, few of us could have anticipated the profound challenges that the world and the Adecco Group would face in the months ahead, with Covid-19 prompting an unprecedented health crisis, huge economic disruption and repeated lockdowns around the globe. Looking back, the Adecco Group and its people can be proud of the effectiveness with which they navigated the crisis, and we would like to commend the commitment that all colleagues have shown in supporting our clients, associates and candidates – as well as each other – throughout this challenging period.

The Group was able to maintain its strategic focus with continued investments in its transformation. Further significant progress was made in 2020 and, in December, the Group launched 'Future@Work', setting the strategic agenda for the next cycle and beyond. In doing so, we are ensuring that the Group emerges from the crisis not only stronger, but ready to seize the opportunities presented by the changing world of work.

Resilient performance in a challenging environment

Despite the challenging market environment in 2020, financial performance remained resilient overall. After a sharp decline in revenues in the second quarter, we saw a gradual recovery in business activity through the second half, with the fourth quarter showing a strong finish to the year, as companies and individuals adapted to the new reality, and we successfully pivoted towards growth areas such as e-commerce and logistics.

Perform, Transform, Innovate (2017-2020)

Last year marked the end of the Group's previous strategy cycle – 'Perform, Transform, Innovate'. During that cycle, the Adecco Group began a journey to strengthen and digitise its business and to enhance its portfolio.

The Group can point to many successes during this period. Relentless focus on customer experience led to a significant improvement in both client and associate Net Promoter Scores® (NPS). Good progress was made in improving productivity with the 'GrowTogether' programme, which also helped accelerate the digitisation of the Adecco Group. Business mix and pricing discipline were strengthened, helping reverse a downward trend in gross margin that preceded 2017. Cash flow remained strong, supporting our long-term investments, dividend commitment and share buybacks. The brand portfolio was simplified, leading to the evolution of a brand-driven organisation that will take the business forward from 2021.

On the other hand, revenue growth has not been at the level of our expectations. We believe that we can do better, and our dual strategy of gaining market share in Adecco and investing in our faster growth segments of Talent Solutions and Modis will support our revenue growth in the new cycle.

Leveraging the accelerating megatrends

Meanwhile, the megatrends shaping the world of work remain just as relevant as they were in 2017 – and in many cases have been accelerated by the Covid-19 crisis. Economic and geo-political uncertainty has increased, driving further need for flexible human capital solutions. The gig and platform economies continue to grow, and individuals increasingly see flexible, part-time and freelance work as alternatives to permanent roles.

Digitisation has accelerated and with it so have the opportunities for the Adecco Group to differentiate its services and become more efficient and effective, benefitting from economies of scale. Human-centricity is driving a trend towards greater customisation of solutions, personalisation of services and especially an imperative to up- and reskill individuals to address skills transformation needs.

CHF2.50
dividend in 2021

3.0-6.0%
higher target EBITA margin corridor set

3.5m
individual candidates and associates placed each year

5m
people to be upskilled and reskilled by 2030 as per our public commitment

Jean-Christophe Deslarzes
Chair of the Board

Alain Dehaze
Chief Executive Officer

Future@Work will drive performance

During 2020, the Board of Directors and Group management engaged in an extensive review of the Group's strategy, culminating in the launch of 'Future@Work' in December last year. While a natural evolution from the previous strategy cycle, it is also an important next step in the ongoing transformation of the Adecco Group. The outcome will be a significant upgrade of capabilities and market positioning that will future-proof the Group and enable a strong recovery from the crisis.

Future@Work has three core elements. The first is the alignment of our business in a brand-oriented, global manner and, hence, the creation of three distinct Global Business Units (GBUs): Adecco, Talent Solutions, and Modis. The second is a unique 360° solutions offering, made possible by a bold vision and a clearly defined strategy for each GBU. And the third is an accelerated transformation programme with three enablers across the GBUs: Customer Experience, Differentiation, and Digital.

Future@Work will improve focus, speed and resource allocation, and allow our client and candidate strategies to take account of differences in the markets in which we operate. Accompanying the new strategy are new financial goals, defined by the already-mentioned dual-revenue growth strategy. We have also set a higher EBITA margin corridor of 3.0-6.0% through the cycle (compared to 2.5-5.0% in the previous cycle), which will be driven by further productivity gains and mix shift towards higher margin segments. There will also continue to be a focus on strong cash flow: delivering a cash conversion of greater than 90% on average through the cycle, supporting investments and a progressive dividend.

Making the future work for everyone

As the crisis continues to impact people's lives in significant ways, the Adecco Group is playing a key role in supporting employability and employment. The Group continued to operate as an essential service provider throughout the lockdowns of 2020 and into 2021. We helped facilitate workforce transitions for individuals and companies disrupted by Covid-19, by offering advice, training and employment opportunities. This role will continue to be important as we move beyond the crisis, given the huge workforce transformation that lies ahead. As part of this, we remain steadfast in our commitment to upskill and reskill five million people by 2030.

As a business whose very reason for existing is the success of people, the Adecco Group is a company with a clear and strong purpose: to make the future work for everyone. And with our new strategy Future@Work, we are putting long-term, shared value creation at the centre of our strategy, embedding environmental, social and governance (ESG) considerations at the heart of what we do and across our organisation. This integrated approach to doing business sustainably is mirrored in the way we report, reflecting our holistic understanding of value creation. It is further underscored by our continued commitment to the United Nations Global Compact and its ten relevant-as-ever principles in the areas of human rights, labour, environment and anti-corruption.

In order to live up to our purpose and public commitments, we seek to address the work-related needs of all our stakeholder groups. These efforts centre on unlocking human potential to achieve equal access to decent work for everyone, and working hand in hand with businesses worldwide to provide tailored workforce solutions. We also want to set the standard as a world-class employer, by creating a respectful, inclusive and healthy environment. We are proud to say that the Adecco Group was ranked seventh best workplace in the world among thousands of companies in 2020, according to the Great Place to Work® survey, reinforcing our reputation as one of the most attractive and rewarding global employers.

The Group's services help people fulfil their potential by improving employability and providing access to work. Each year we support approximately 3.5 million individuals to find work and provide training for hundreds of thousands more. Our solutions enable clients to optimise their talent needs and their organisational models to achieve their goals. In doing so, we support our clients' growth and economic dynamism in the economies where they operate. Our advocacy and thought leadership aim to build a better world of work for all. We are a leading voice in the need for workforce upskilling and reskilling at scale, and a vocal advocate for a new social contract that provides for adequate social protection for all, pointing the way towards a future that works for everyone.

All these efforts enable us to contribute directly to the achievement of the UN Sustainable Development Goals – a shared vision of a better, more equitable and sustainable future that requires determined action by all sectors in society. At the Adecco Group, we are committed to playing our part.

Rewarding shareholders

Attractive and resilient cash flow returns are a characteristic of the Group, and we have a clear capital allocation policy that balances reinvestment in the business with returns of capital to shareholders.

In recent years, we have significantly strengthened our cash management and capital structure to be able to stand by our commitment of paying a progressive dividend, even in challenging times. As a result, the Group was able to maintain its dividend at CHF 2.50 in 2020, with the Board of Directors proposing the same in 2021.

In February 2020, the Board of Directors approved a share buyback programme of up to EUR 600 million. This programme was subsequently paused before initiation, due to the onset of the Covid-19 crisis. Given the continued strength of the Group's financial position, the Board of Directors considered it appropriate to resume the programme. Due to the ongoing economic uncertainty, it will be executed in a phased approach over up to three years.

A future of opportunities

As we begin the next strategic cycle, we are aware of the challenges, which are amplified by Covid-19. At the same time, as a leader in our industry we see tremendous opportunities as we build on the achievements from the previous strategy cycle to accelerate and scale the Group's transformation into a fully customer-driven and digital organisation.

Looking ahead, we believe ongoing workforce transformation challenges will require increasingly broad, integrated and complex capabilities and solutions. The Adecco Group is strongly positioned with its unique human-centred 360° talent solutions offering.

Future@Work will allow the Adecco Group to deliver a strong financial performance and attractive returns for our shareholders. What makes the Adecco Group unique is that at the same time we have a real opportunity to create social value and bring to life our purpose: making the future work for everyone.

We want to reiterate our personal thanks to senior leadership and all our colleagues around the world for their hard work and dedication through this unprecedented period. We are grateful that we have always been in a position to count on their engagement, experience and capabilities to rise to the challenges faced by the Company. We would also like to sincerely thank our clients, candidates, associates, and shareholders for your continued trust and support.

Jean-Christophe Deslarzes
Chair of the Board of Directors

Alain Dehaze
Chief Executive Officer

NAVIGATING THE COVID-19 CRISIS

Focus area	Our response	Read more in this report
Health and safety	• The health and safety of all our colleagues and associates is of the utmost importance to us. • At the beginning of 2020, management acted swiftly to introduce a series of measures around the world. We have since closely followed the guidance of national and local authorities in the countries where we operate. • With the vaccination process underway in early 2021, we now see light at the end of the tunnel.	Pages 42-43, 54-55
Business continuity	• The Adecco Group has shown a resilient performance in 2020, partly due to the essential nature of the services we provide. • Throughout the Covid-19 crisis, we managed to run our business with agility, ensuring business continuity during repeated lockdowns across the world. At the peak of the crisis, more than 90% of Group employees were working from home.	Pages 10-15
Liquidity	• The Adecco Group remained solidly profitable in 2020, with an EBITA margin that was higher than during previous economic downturns, supported by our balanced portfolio and agile cost management. • A rigorous focus on cash collection and prudent capital structure helped maintain strong liquidity and a healthy cash flow and balance sheet.	Pages 62-70
Strategic focus	• Throughout the crisis, we remained focused on our strategic priorities – Perform, Transform, Innovate. • In December 2020, we launched our new strategy called Future@Work, building on the progress of the last strategic cycle.	Pages 18-19
Post-crisis opportunities	• We will continue to successfully leverage growth opportunities where they exist, supporting individuals back to work and our clients to adapt to a changing work environment. With Future@Work, we will upgrade our market positioning and capabilities as well as further future-proof the Group.	Pages 20-27

Creating and delivering sustainable value

The impact that Covid-19 had in 2020 (and continues to have) on people's working lives, and the significance of recent societal movements for the world of work, cannot be underestimated. As a consequence, the role of business in creating more prosperous, inclusive societies and safeguarding the planet for future generations is only gaining in importance. At the Adecco Group, we thus believe that strategically advancing the goals and priorities we have set out is even more pivotal than before, and we remain committed to working towards a future that works for everyone.

1 PURPOSE

Making the future work for everyone

4 SUSTAINABILITY GOALS

Employability and access to work: Unlocking human potential to achieve equal access to decent work for all

Trusted partner to clients: Building on a shared commitment to do business responsibly

Employer of choice: Creating a positive, respectful, inclusive and healthy work environment

Social protection for all: Advocating for a new social contract that provides protection for all

Contribution to the United Nations Sustainable Development Goals

Read more on page 52

4 SUSTAINABILITY PRIORITIES

SKILLING AND ENABLING WORKERS

ATTRACTING, ENGAGING AND RETAINING TALENT

PROMOTING DIVERSITY AND INCLUSION

DRIVING RESPONSIBLE DIGITAL TRANSFORMATION

6 SUSTAINABILITY FUNDAMENTALS

- Integrity and compliance
- Human and labour rights
- Workforce wellbeing (including health and safety)
- Public policy engagement
- Environmental stewardship
- Corporate citizenship

Read more on pages 50-59

Sustainability priorities and our progress in 2020

To achieve our purpose and sustainability goals, our four strategic sustainability priorities focus on those areas where we can most effectively drive impact as a talent solutions and advisory company, seeking to address each topic both for the benefit of our customers and our colleagues.

SKILLING AND ENABLING WORKERS

We know that adaptability lies at the heart of career resilience. And Covid-19 has further exacerbated the necessity for continuous learning to stay up to date in a rapidly evolving and unpredictable labour market. In 2020, we have supported thousands of people in transitioning to new careers and companies, including providing pro-bono career transition services for those most affected by Covid-19-related job losses, and by making many of our training offerings freely accessible to the public. For our colleagues, 2020 saw the launch of a new global Learning Management System in which they can access courses, content and experiential learning to further enhance their own growth and development. As an integral part of Future@Work, up- and reskilling will receive even more attention in the year to come with the launch of initiatives such as Adecco Training and The Adecco Group University, known as 'TAG U', for our colleagues.

Read more on pages 29, 34-35, and 38

PROMOTING DIVERSITY AND INCLUSION

Our purpose is to make the future work for everyone. 2020 brought another wake-up call and opportunity for us to stand up against discrimination of any kind, and to re-commit ourselves to helping build a better, more equitable and inclusive society. This won't happen on its own, so decisive steps must be taken. At the Adecco Group, we are on a journey to ensure that every person is judged by the quality of their skills, experience and potential; that our opportunities and services are accessible to everyone; and that we have a culture that provides the training, support and engagement to our leaders and colleagues to drive forward inclusive processes and decision-making. 2021 will see the continuation of our efforts, with a focus particularly on broadening our main activities to more groups of individuals that are currently under-represented in the world of work and within our organisation.

Read more on pages 23, 39-41, and 46-47

ATTRACTING, ENGAGING AND RETAINING TALENT

Now more than ever, it is critical that we attract and retain the right people – those with agile, curious and creative mindsets – to help our business and clients win. Our ambition is to set the standard as a world-class employer, investing in our talent and creating an environment that enables and empowers everyone to contribute to our business transformation and growth agenda. In 2020, examples of this investment included the launch of a new global applicant tracking system, a Candidate Relationship Management tool, and engagement surveys globally. We were ranked the seventh-best workplace in the world, according to the Great Place to Work® survey, reinforcing our reputation as one of the most attractive and rewarding global employers. We will further transform our recruitment and talent processes in 2021 and beyond, to continue to deliver a world-class candidate experience and remain an employer of choice for our people.

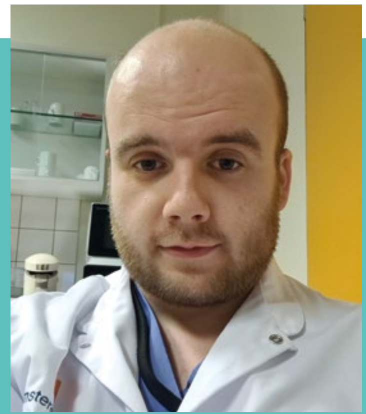
Read more on pages 36-39, and 44-45

DRIVING RESPONSIBLE DIGITAL TRANSFORMATION

Digitalisation is changing the world of work at an astonishing pace – a trend only accelerated by Covid-19. Digital tools can enable more inclusion by helping people join the workforce who previously had limited or no access. In our own organisation, we switched from face-to-face to fully digital assessment and onboarding processes, as well as 100% virtual courses, in just days. This also helps us reduce our environmental footprint. We built a virtual onboarding experience hosted through our new Learning Management System, which allows new joiners to feel part of our community, explore our story and experience our work from their very first day. We are conscious of the opportunities as well as questions presented by the increasing use of artificial intelligence in recruitment, such as automated matching having the potential to reduce or increase bias. We are thus committed to considering material ethical aspects, from design to deployment, and with a strong emphasis on fairness. This will be a particular focus in 2021.

Read more on pages 13, 49, and 60-61

Supporting associates through Covid-19



Dylan Heinsius

Dylan is an associate working with Adecco in the Netherlands. As a platform worker at an airport, Dylan was among thousands of people that lost their jobs due to the impact of the Covid-19 pandemic on the aviation industry. However, Adecco proposed to reskill him as part of the "Sustainable Employability" project, which aims to ensure that everyone in the labour market remains employable. Right after Dylan finished the programme, he was able to start a new job at a hospital as a logistics employee.

Defining a new era of work

In 2020, the Adecco Group achieved good progress and a resilient financial performance despite the unprecedented challenges presented by the Covid-19 pandemic.

We successfully concluded our Perform, Transform, Innovate strategic cycle and laid the foundations for future profitable growth with the launch of our new strategy: Future@Work. At the same time the brand portfolio and organisation was simplified, to improve focus, speed and resource allocation. As we continue to improve customer experience, differentiation, and the digitalisation of our service offering, we will further strengthen growth and profitability, and ultimately deliver more value to all our stakeholders.

Perform, Transform, Innovate

2020 was the final year of the Perform, Transform, Innovate strategy cycle. During that cycle, the Adecco Group began a journey to strengthen and digitise our business and to enhance our portfolio, to drive growth and differentiation. Throughout the Covid-19 crisis, we maintained strategic focus and did not cut back on investments in our transformation.

The Group can point to much progress during the 2017 to 2020 cycle. An enhanced focus on customer experience led to a significant improvement in both client and associate Net Promoter Scores® (NPS), which increased by 21 and 9 points respectively.

Through our GrowTogether programme we also accelerated the digitisation of the Adecco Group and made good progress in improving productivity. GrowTogether delivered EUR 240 million of annual benefits in 2020, almost reaching its goal of EUR 250 million, despite lower business activity linked to the Covid-19 pandemic, which impacted the benefits from volume-related initiatives.

During the 2017-2020 period we also improved business mix and pricing discipline, with gross margin increasing by 100 basis points, reversing the negative trend in gross margin witnessed prior to 2017.

Cash flow remained strong, allowing the Group to finance growth and transformation investments, maintain our dividend commitment and also return excess capital via share buybacks.

The brand portfolio was also simplified, leading to the brand-driven organisation that will take the business forward from 2021.

For more details on the Group's previous strategic cycle please see page 18-19

Innovation and synergies from the Ventures

Meanwhile, we established a ventures portfolio to push the boundaries of innovation in the sector. The ventures not only have significant standalone potential, they provide an opportunity to learn and experiment with processes and digital tools that can then be scaled across the wider Group. In this way, they increasingly drive value in our more established brands. For example, we have been able to leverage the zero-touch candidate onboarding experience developed in our on-demand staffing business Adia, part of our Adecco brand. This allows us to benefit from the innovation of the ventures, whilst also allowing them to function as standalone businesses.

While the ventures were heavily impacted by the crisis, our teams worked tirelessly to reposition the businesses to capitalise on areas of growth. For example, with Adia's traditional hospitality and events business severely impacted by Covid-19, it found new opportunities in retail. General Assembly's traditional classroom-based training was disrupted by the temporary closure of its campuses, but demand for its online immersive training programmes increased. And the addition of General Assembly's up- and reskilling capabilities to LHH's workforce transformation offering creates a unique solution that is resonating well with clients, even more so during the pandemic.

Vettery's permanent recruitment focus meant it was impacted by the sharp drop in professional recruitment activity in 2020. However, in the fourth quarter the crisis presented the opportunity to acquire Hired and integrate it with Vettery, allowing us to create the world's largest artificial-intelligence-driven recruitment marketplace, therefore accelerating our development in this exciting area of the market.

IT and digital investments

Underpinning the Perform, Transform, Innovate cycle was an ambitious investment programme to upgrade our IT and digital capabilities, preparing us for the next digital era. These investments are a key reason that we have been able to continue to operate effectively during the Covid-19 crisis, serving our customers in a seamless way even throughout the various lockdowns. The Group's digital transformation will continue in 2021, bringing more cutting-edge technology into the business and moving further up the HR solutions value chain. This will ensure we remain a trusted partner to clients, provide access to work for millions of individuals, and create a work environment in which all our colleagues can thrive.

Executing well in a challenging environment

The abruptness of the economic shutdown in March and April 2020, followed by a global recession, and a spreading health crisis due to Covid-19, created an environment in 2020 that was unprecedented in modern times. This led to an organic trading days adjusted (TDA) revenue decline of 15% for the full year. After a decline of 33% TDA in April, revenues progressively recovered through the year to reach a decline of only 2% TDA in December, as the Group re-focused resources on areas of growth, such as e-commerce and logistics.

Despite the revenue decline, gross margin improved organically by 30 bps. This was supported by price discipline and the strength and breadth of the Group's portfolio, with growth or relative resilience in the higher margin areas of the business. LHH, our career transition and redeployment business, delivered strong growth in the year as the need for workforce transformation solutions continued to increase, helping offset a slump in demand for professional recruitment. Modis also delivered a resilient revenue performance, driven by its increasing focus on IT and digital engineering consulting. Thus, the balanced portfolio we have built continued to be a differentiator, and we maintained the positive gross margin momentum that we had established pre-crisis.

We also executed well on the cost side, thanks to agile management and the benefits from the GrowTogether programme. As a result, we were able to remain solidly profitable, delivering an EBITA margin excluding one-offs of 3.6%, down 100 basis points year on year, or down 80 basis points organically. This performance was significantly above the trough levels witnessed in previous downturns, linked to structural productivity improvements and the more balanced portfolio going into the crisis.

Strong cash flow and balance sheet

Cash flow remained strong, with cash conversion at 123% for the full year, even as we continued to invest in the business transformation. Robust through-the-cycle cash flow is a characteristic of our business, with cash flow being partly counter-cyclical, as working capital falls when revenues decline. These dynamics were confirmed during the crisis, supported by the strong focus we placed on cash collection.

Meanwhile, financial leverage remained low, with Net Debt/EBITDA at 0.4x at year-end, and liquidity was exceptionally strong. The Group's strong financial position and prudent capital structure allowed us to uphold our commitment to paying at least a stable dividend, even in a recession, distributing dividends of EUR 381 million in 2020. It also supports the reinstatement of the EUR 600 million share buyback that was paused at the onset of the crisis.

€240m
Annual GrowTogether productivity savings

123%
Cash conversion in FY20

+21 Pts
Client Net Promoter Score® increase between 2017-2020

OUR INVESTMENT STORY

Global megatrends are changing the world of work

Global megatrends remain as relevant as ever before, by affecting the way people choose to work and how organisations think about their human capital needs. At the Adecco Group, we have defined four key megatrends for the context in which our business operates and to help shape our strategic thinking: Geopolitical and economic uncertainty, gig and platform economy, human centricity and digitalisation.

The Adecco Group is taking the lead in this transformation

We provide innovative solutions that enable employers to flexibly manage their workforce, and employees to shape their careers. Every year, we enable 3.5 million people to participate in the world of work and support more than 100,000 organisations with their human capital needs. Our 360° ecosystem gives us a clear competitive advantage in this respect.

New employment models bring exciting growth opportunities

We will continue to successfully leverage growth opportunities where they exist, supporting individuals back to work and our clients to adapt to the still rapidly changing environment shaped by the global Covid-19 pandemic. 2020 has proven the strength of our business model while showing that we are able to pivot toward growth areas and support more challenged sectors.

Higher value, lower costs, and efficient capital allocation will drive shareholder returns

In 2020, we showed a resilient financial performance with a strong cash flow and balance sheet in a difficult environment, thanks to our agile cost management and prudent capital structure. Future@Work will continue to increase the upside potential, with ambitious financial goals, building on the progress made during the last strategic cycle.

The pandemic has accelerated existing megatrends

Several megatrends are increasingly impacting the way that people choose to work and the way that organisations think about human capital. Although the megatrends that we identified in 2017 have evolved and accelerated in some areas, they are still driving changes in our industry and actively shaping the market environment and our strategic thinking.

A clear outcome of the megatrends, accelerated by Covid-19, is that flexible ways of working are becoming more common. Individuals are increasingly participating in portfolio careers, made up of shorter gigs and assignments, with more variety of work experiences and greater flexibility over how, when and where they work. Meanwhile companies, recognising that agility is key in a rapidly changing global economy, are organising their workforces in more flexible structures that emphasise having the right skills on demand. The Adecco Group, as a leader in flexible employment solutions, has an important role to play in facilitating this transition.

Another outcome of these megatrends is rising talent scarcity, due to shifting demographics and the pace of technological change. We see our role here as twofold. First, we are an expert at finding talent for around 100,000 clients, across a broad range of sectors and in almost 60 countries and territories. As sourcing the best talent becomes more challenging, our clients rely on our expertise even more, to ensure that scaling the human factor of their business is not an impediment to growth. We should become the trusted partner for human capital solutions, not only by predicting economic developments and the resulting up and reskilling needs, but also by providing the required flexibility in workforce planning.

Second, we play an increasing role in helping candidates to boost their employability, with a focus on training, development and coaching. Pessimism about future employment levels has become commonplace, but we believe it is misplaced. While tasks are automated and roles change, millions of new jobs are created by new technologies.

According to the OECD, more than one billion jobs will be transformed by technology over the next ten years, and, with many of these in industries looking to move towards a lower-carbon, more circular economy, significant reskilling will be required to help with this change.

Supporting candidate employability

New jobs are being created but the workforce is not always ready for them. The Adecco Group is stepping up to meet this challenge with its commitment to upskill and reskill five million people by 2030.

The objective is to enable more individuals, regardless of their background, to learn 21st-century digital skills such as coding, data science and machine learning, to help secure their future employability. The Adecco Group aims to go further than just the 'employment cycle' of an individual in one organisation, and instead move from 'employment' to 'employability' – investing in the skills and lifelong learning of the individual, rather than specific roles, which change quickly.

Across the globe, the very essence of how we earn a living is changing rapidly. Our current policies and business structures are not geared for the future and are failing too many people and companies. That's why it is important to adopt a new social contract which enables everyone to embrace the future of work equally and which supports flexibility.

Lifelong learning is becoming absolutely essential. The Group is already placing over 10,000 apprentices annually to help fuel the virtuous cycle of skilled talent, starting with the youngest workers.

SUSTAINABILITY

Gig and platform economy	Geopolitical and economic uncertainty
Human-centricity	Digitalisation

Read more on pages 16-17

MEGATRENDS SHAPING THE WORLD OF WORK

Driving:

- Rising demand for flexible workforce planning
- Increased customer need for end-to-end workforce partners
- Need for up- and re-skilling to address skills shortages
- Opportunities to leverage scale and scope through digital & data

And, finally, all megatrends require the integration of environmental, social, and governance (ESG) considerations into our processes, complemented by a strong narrative for our clients, candidates and associates as well as other stakeholders. On our way towards our 2030 commitment, the Adecco Group will strive for financial, social and environmental leadership, and the establishment of state-of-the-art sustainable practices.

Digital transformation drives differentiation and scale

Technological change is also transforming the staffing and recruitment industry itself, presenting opportunities for both our traditional services and new value-added solutions.

The Adecco Group completed a major upgrade of our IT infrastructure and digital products as part of the GrowTogether programme and continued to expand our range of digital HR solutions such as Career Assistant, our internally developed chatbot, which conducted a million conversations across 21 countries during 2020, or our Candidate App, which is used by more than 300,000 unique individuals every month in France alone. However, there is still room to build further scale and scope advantage as we continue to create a unique end-to-end solution for customers. As part of this, we have successfully established a global portfolio of digital products – each platform with a dedicated focus on candidates and associates, clients and data insight.

During the Covid-19 pandemic and ensuing lockdowns, and as the 'stay at home' situation led to a massive increase in demand for logistics services around the world, we were able to assist countless clients in a fully digital manner. For example, for one large client in Europe, we built a fully virtual workflow that screened some 200,000 candidates, assessed 64,000 and put 14,000 to work in just four weeks from the initial client request.

As we move forward, we expect the Group's digital evolution to drive increasing economies of scale. The ability to leverage technology investments across a global portfolio and to partner with leading players becomes crucial. Scale will also be key as data-driven insights become more important in the delivery of HR solutions.

This is a significant change for an industry where historically scale advantages were limited and barriers to entry were relatively low. We expect to be able to increasingly differentiate our solutions and service levels from those of the small local competitors that make up the bulk of the market. And there is a very large market opportunity to go after: despite being a global leader in HR solutions, the Adecco Group has less than 5% market share.

MAKING THE FUTURE WORK FOR EVERYONE

We are the world's leading **talent advisory and solutions company**, driven by a powerful purpose: **making the future work for everyone**:

- Helping people fulfil their potential – providing access to work, and improving employability
- Enabling clients to optimise their talent needs and organisations to achieve their goals
- Building a better world of work for all through our advocacy and thought leadership

Future@Work puts purpose at the centre of our strategy.

Market observers may ask: What about new entrants from the technology industry? We believe that, while the HR tech landscape is alive with companies with promising ideas, it is established HR solutions partners with scale, such as the Adecco Group, that are best able to leverage new technologies for the benefit of clients and candidates. It is difficult for others to replicate our broad knowledge of complex labour regulations and customer needs in some 60 markets globally. We also have extensive workforce data and deep business-to-business client relationships, and our ecosystem of brands and solutions allows us to provide holistic solutions to clients, across all their human capital needs. These are assets that new, smaller technology entrants struggle to replicate.

Further, while technology can make certain transactional parts of our services more efficient, our clients need end-to-end solutions. Ultimately, our solutions are about organising and managing people and the human touch remains very important. Technology is an enabler rather than a substitute.

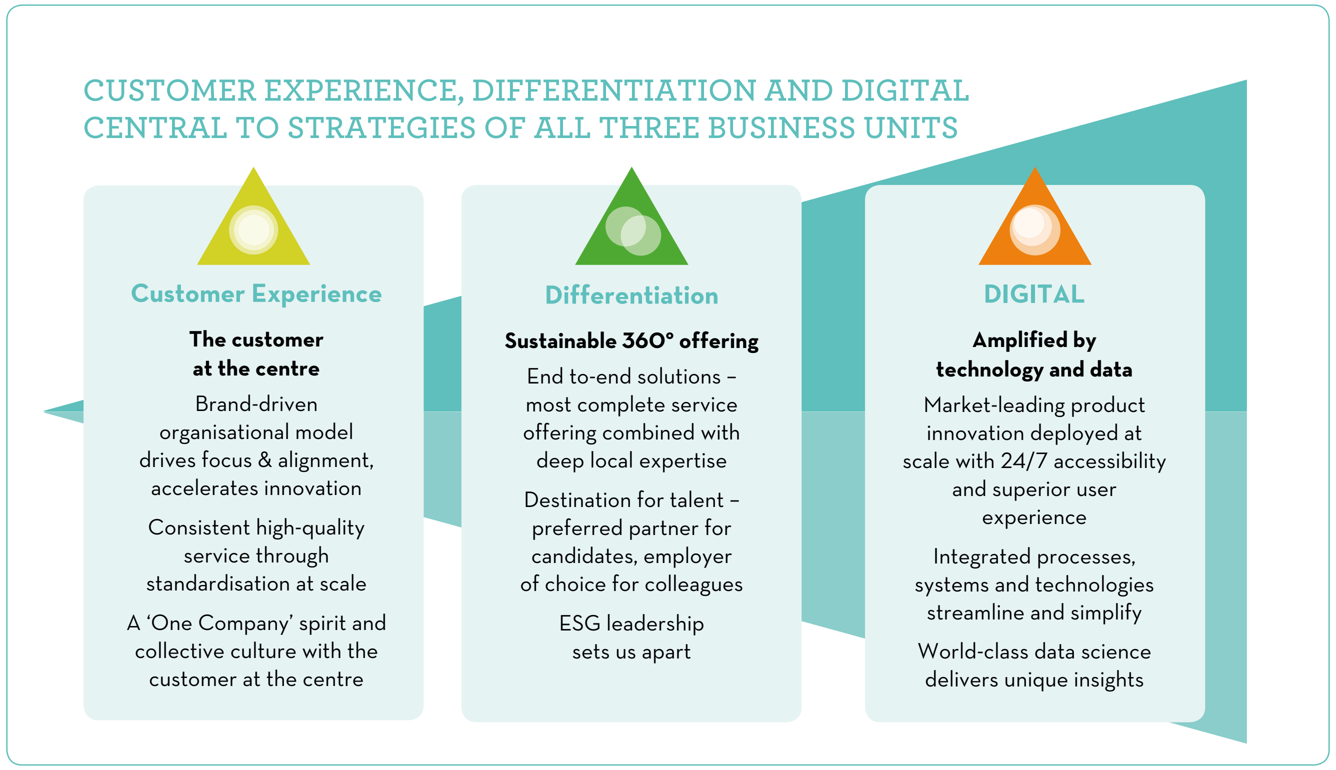
We are now focused on differentiation and our products are increasingly being used by clients and candidates in an end-to-end manner. We have built a global infrastructure, where innovation will come continuously faster to market. And we are convinced that digitalisation will become an even larger part of our strategy going forward.

100,000 clients, across a broad range of sectors and in almost 60 countries and territories

10,000+ apprenticeships placed annually to help fuel the virtuous cycle of skilled talent, starting with the youngest workers

Evolution to a brand-driven business model

During the last cycle we concluded that the distinct value propositions of our different business areas call for specific go-to-market strategies. Further to that, with digitisation becoming a global strategic priority, moving from a geographic to a brand-driven structure is a natural evolution. It allows us to leverage our scale to invest more in innovation and use that innovation across a broader business, to learn and evolve our technology platform faster. That's why from 2021, the Group will be led from three distinct Global Business Units: Adecco, Talent Solutions and Modis.



The new structure will enhance focus, reduce complexity, improve resource allocation, and allow client and candidate strategy to address differences in end-markets thanks to a dedicated client and candidate promise, and to reflect specific transformation needs of the brands.

For Adecco – one of three Global Business Units – the focus is on increasing market share and cost leadership through a digitised omnichannel strategy and superior client and candidate experience. Talent Solutions will drive growth by addressing the end-to-end skills transformation needs of our customers and bringing together the complementary strengths of the various brands. With Modis we are building a leader in technology consulting, focused on Smart Industry.

Underpinning all three Global Business Units is a Group-wide focus on Customer Experience, Differentiation and Digital, as the key enablers of the strategy.

Customer experience is a continuation of the customer-centricity of the prior cycle, with a focus on consistent, high-quality experience through standardisation at scale. Differentiation means leveraging the breadth of the Group to deliver 360° solutions and elevate our services above those of the competition. Digital and data underpin everything we do, driving economies of scale and reinforcing differentiation and customer experience.

Updated financial goals

Our geographic diversity and the breadth of our portfolio have helped protect us against downturns in specific markets. We are playing an important role in facilitating job transitions through the pandemic, with almost 200,000 associates re-employed since the April trough. Building on that strength, we are committed to a series of financial goals for the current strategic cycle. First: A dual strategy to drive revenue growth through market share gains in Adecco and investment in faster-growth segments in Talent Solutions and Modis. Second: Increasing our EBITA margin corridor through the cycle, from 3.0% at the lowest to 6.0% at the peak. Third: A strong cash flow, delivering a cash conversion of more than 90% on average.

Committed to a sustainable future

At the Adecco Group, we want to make the future work for everyone. With the impact of Covid-19, our focus on employability and access to work, diversity and inclusion, and social protection for all has never been more important. As one of the world's largest employers, we have a responsibility and a tremendous opportunity to take a leading role in shaping a positive future – for our business, our stakeholders and the generations to come. Throughout the crisis, our principle has been to put people first, by focusing on securing the wellbeing and safety of our colleagues and associates, and finding work for those whose livelihoods have been impacted by the crisis.
To enable people to improve their employability during quarantine, General Assembly launched the 'Free Fridays' initiative, opening up some of its most popular courses to the public and companies in need of new skills for no charge, while LHH offered pro-bono career transition services for SMEs. Similar services were offered across the Group and our foundations.

And while the Covid-19 pandemic has given a short respite to the environment, at the Adecco Group we continue to stand steadfast in our commitment to safeguarding the planet for future generations and reducing our carbon footprint by 50% by 2030.

Our approach to responsible business conduct is underscored by our continued commitment to the United Nations Global Compact and its ten important principles in the areas of human rights, labour, the environment and anti-corruption, as documented in this report. We are proud of the progress we have made, and excited about the opportunities that lie ahead. To strengthen what we disclose in line with evolving best practices and to continue to build credibility and accountability with stakeholders, the Adecco Group has committed to start reporting against the World Economic Forum International Business Council's 'Measuring Stakeholder Capitalism' framework. This core set of metrics and disclosures aims to bring greater comparability and consistency to non-financial disclosures in mainstream reporting. Please see page 181 for further information.

Looking ahead

As we enter 2021, the economic and geopolitical environment remains uncertain. The Covid-19 pandemic continues to weigh on economic performance across the globe. In this challenging environment, the strength of our market positions, and the breadth and diversity of our portfolio, will allow us to capitalise on growth opportunities where they exist.

We will continue to focus on enhancing our gross margin by moving up the value chain and by scaling up and broadening the deployment of proven digital tools, to drive service differentiation and operational efficiency. Indeed, 2021 is the beginning of a new strategic cycle – Future@Work, a natural evolution from the last one. And, as the leader in the industry, we see tremendous opportunities to accelerate and scale the Group's transformation to a fully customer-driven and digital organisation. The outcome will be a significant upgrade of our capabilities and market positioning, which will future-proof the Adecco Group for years to come, position us for a faster recovery post crisis, and create more opportunities for all our stakeholders.

In short, the Adecco Group has a strong and resilient business model, which has been demonstrated during the current crisis, and we remain committed to helping all our stakeholders navigate, adapt and succeed in the changing world of work. We have established ambitious financial goals, aligned to our new strategy, which are explained over the following pages.
And, aligned to our clear capital allocation policy, our strong cash flow gives us room to invest in the growth of our business as well as providing attractive returns to our shareholders.

Our opportunities are unlimited, our ambitions are bold and our vision is clear: to make the future work for everyone.

300,000
Unique monthly users of candidate app in France

FINANCIAL GOALS

1

Dual revenue growth strategy:
- Market share growth in Adecco
- Investment in faster growth segments Talent Solutions and Modis

2

Higher EBITA margin corridor of 3.0-6.0%:[1]
- Cost savings and productivity
- Mix shift towards higher margin segments Talent Solutions and Modis

3

Strong cash flow: conversion > 90% on average:[1]
- Disciplined capex and M&A
- Progressive dividend and return of excess cash to shareholders

1 Through the business cycle.

Global megatrends shaping the world of work

Global megatrends impact the way that people choose to work and the way that organisations think about human capital. At the Adecco Group, we use four key megatrends to define the context in which our business operates and to shape our strategic thinking.

SUSTAINABILITY

Sustainability is not a megatrend; rather it is a cross-cutting lens through which we consider the impact of, and our reaction to, the four megatrends to ensure long-term shared value creation. Central to our Future@Work strategy, our ambition is to maintain the highest standards of sustainable business conduct and to establish a culture that consistently integrates material environmental, social and governance (ESG) factors across our organisation.

GIG AND PLATFORM ECONOMY

Individuals from across the skills spectrum are increasingly working a portfolio of jobs or gigs, rather than traditional, full-time jobs. For some this is a choice based on lifestyle exposure to a broad range of assignments and workplaces to accelerate their careers. For others it is a necessity. Online platforms can help to effectively match worker needs with employer demands, but the platform economy can also pose risks of exploitation and exclusion. And, as the demand for flexibility among workers and companies grows, society needs to update its social protection systems accordingly.

Our response

Our shift toward technology-enabled platforms allows us to help individuals across an even wider range of skills and backgrounds to find work in ways that suits their needs and to provide end-to-end advisory services and solutions for employers. From freelance to interim management, our platforms connect workers to roles that provide both flexibility and social protection, leveraging the strengths of the entire Adecco Group ecosystem. We want to use our global reach and labour-market know-how to drive the creation and adoption of a new social contract protecting workers.

13%
of US enterprises with +1k employees used platform workers in 2017

36%
plan to explore using platform workers by 2022

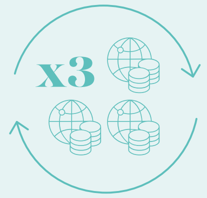
Companies are increasingly participating in the gig and platform economy[1].

GEOPOLITICAL AND ECONOMIC UNCERTAINTY

The influences of globalisation, nationalism, economic openness and social rights can profoundly impact the environment in which the Adecco Group and our clients operate. Uncertainty fuels companies' need to flexibly respond to economic and seasonal cycles and increases the need for a data-driven radar that anticipates future developments. At the same time, candidates and associates seek more security and flexibility. Businesses need more and more agility and resilience to stay ahead and flexible talent solutions are becoming an important source of competitive advantage.

Our response

The Adecco Group's unique 360° ecosystem helps companies to leverage global and local talent pools, and to quickly pivot in the face of geopolitical shifts. Access to flexible work opportunities also helps workers to quickly adapt to their own needs, e.g. by providing for flexible income. Our organisation is structured around three distinct Global Business Units, which provide end-to-end, flexible talent solutions including flexible placement, freelance and full workforce outsourcing. With Adecco, we offer temporary solutions and flexible contract types. In Talent Solutions, we combine professional placement, career transition and up- and reskilling capabilities to meet changing demands. With Modis, we offer a project-based model to support the so-called Smart Industries with technology and digital engineering solutions.



Global economic policy uncertainty increased threefold in the period from 2014-2020[2].

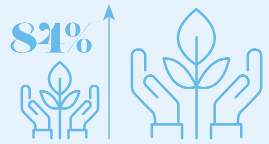
HUMAN-CENTRICITY

With unemployment rising due to the Covid-19 pandemic, there is an ever-increasing need to up- and reskill workers to address the existing skills shortages, create a truly inclusive workforce, and ensure that no one is left behind.

More than one billion jobs, or about a third of jobs worldwide, will be transformed by technology over the next ten years, according to one OECD estimate. It is important to ensure that people in shrinking industries are re-skilled to meet increasing talent demands. This means taking a more personalised approach to skilling and talent development. For example, millennials and Gen Z have very different expectations of work and careers than do older generations, placing more emphasis on variety, flexibility and social purpose. They are more likely to approach their career as a portfolio of projects, rather than a linear series of long-term jobs. Older workers have much to offer but may prefer shorter hours or more flexible working conditions. It is therefore crucial to offer more choice, guidance and self-determination in how people choose and orchestrate their career paths. New ways of working need to leverage all talent pools and find ways to unlock hidden capacity.

Our response

At the Adecco Group, we work closely with our clients to help address skills imbalances, looking for who can be up- or reskilled to meet changing demands and creating pipelines via trainee and apprenticeship programmes. Our personalised approach lets us find untapped pools of talent and connect them to employers. We therefore see shifting demographics as an opportunity to create even more value going forward.



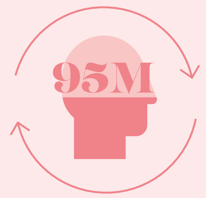
84% say being treated like a person, not a number, is very important to winning their business and 58% are willing to pay for more personalised products[3].

DIGITALISATION

The Covid-19 crisis has accelerated the importance of digital transformation for business continuity. Companies see the necessity of both infrastructure investments and the adoption of a truly digital mindset. This is not just about repetitive tasks increasingly being performed by machines. It frees workers to focus on higher value-added activities and nowhere more so than in the HR services industry. Going forward, we see the combination of automation and flexible HR solutions as the next key driver of productivity for our clients. New distribution channels and data-driven business models are emerging as HR solutions go digital. Organisations increasingly expect seamless, integrated, tech-enabled solutions. Our ability to anticipate what customers want and how they need to be serviced will be crucial to competitiveness going forward.

Our response

For the Adecco Group, process automation and the integration of artificial intelligence into our service offering, alongside the human touch, offers enormous potential to improve efficiency and create more flexible, tailored solutions. Our consultants are equipped with advanced digital tools, which are reducing administrative tasks, improving candidate acquisition and increasing speed and quality of service. Likewise, digitalisation also significantly impacts our customers. Through a combination of internal ventures, partnerships and targeted M&A, we can drive productivity and create innovative new tools that allow us to upgrade existing solutions, expand our addressable market and create more value for both companies and individuals.



375 million workers will need to change jobs by 2030 and 95 million will need reskilling to make the transition[4].

1 Gig and Platform Economy – SIA 2019.
2 Global economic policy uncertainty index.
3 Salesforce "State of the Connected Customer" report, 2018.
4 McKinsey Global Institute 2017.

Evolving our approach for the new world of work

Last year marked the end of the Group's previous strategy cycle, and the transition to 'Future@Work'. This represents a natural evolution and is intended to guide the Group for the next three to five years, and beyond.

The achievements of the previous Perform, Transform and Innovate strategy cycle have helped lay the foundations for the ongoing transformation of the company, while positioning the business for profitable growth and broader stakeholder value creation.

Launched in 2017, the Perform, Transform, Innovate strategic cycle established a clear, long-term direction for the Adecco Group. It focused on strengthening and digitising our business, and enhancing our portfolio, to drive growth and differentiation. Underpinning this was an ambitious investment programme to upgrade the Group's business processes, IT infrastructure and digital capabilities.

These investments were a key reason that the Group was able to navigate the Covid-19 crisis effectively, allowing us to serve our customers in a seamless way even throughout the lockdowns. They have also laid the foundations for the next phase in the Group's development: Future@Work.

A core element of Perform, Transform, Innovate was the GrowTogether transformation programme, which focused on three pillars of service excellence, process optimisation and empowering our people with the best technology. GrowTogether helped drive a material improvement in both client and candidate Net Promoter Scores, which increased by 21 and 9 points respectively, underpinning future growth. Good progress was also made in improving productivity, with GrowTogether delivering EUR 240 million of annual benefits by 2020, close to the original target of EUR 250 million, despite the impact of the crisis. And it also helped accelerate the digitisation of the Adecco Group.

Meanwhile, we established a ventures portfolio to push the boundaries of innovation in the sector. The ventures not only have significant standalone potential, they provide an opportunity to learn and experiment with processes and digital tools that can then be scaled across the wider Group. In this way, they increasingly drive value in our more established brands.

Looking ahead, we see a wealth of opportunity. The Perform, Transform, Innovate strategy began a process of digital transformation and portfolio enhancement that will continue to help us work with all our stakeholders to navigate, adapt and succeed in the changing world of work.

It provides a solid foundation from which to drive structural growth, strengthen our margin and to generate continued strong cash flow, to deliver on our financial goals and on our purpose – to make the future work for everyone.

> "Launched in 2017, the Perform, Transform, Innovate strategic cycle established a clear, long-term direction for the Adecco Group.

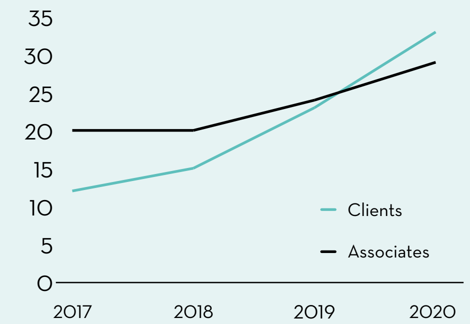
Perform

Operating discipline, strong cashflow generation, and a progressive dividend.

Key programmes: Segmentation, Pricing, PERFORM

Perform aimed at driving growth in a cost-disciplined, returns-focused way. It was about how we delivered the results, not just the outcome. It embedded proven concepts such as segmentation, expanding higher-value solutions, and realising greater value through the PERFORM (lean) approach.

NPS Performance – Clients & Associates



Transform

Adapting our core business to differentiate and take profitable market share

Key programmes: Grow Together

Transform focused on strengthening our core businesses, driving growth by enhancing client and candidate experiences, and expanding into new segments. It was also about transforming our cost structure and improving productivity, by leveraging technology and digital solutions.

Service excellence
Put customer-centricity at the heart of what we do

Process optimisation
Transform the way we perform

Technology
Increase our value proposition and reduce cost-to-serve

Innovate

Capturing new growth opportunities, leveraging the megatrends

Key programmes: Ventures

Through Innovate, we focused on using the Group's ecosystem of brands and solutions to bring greater value to clients and candidates. It meant driving synergies and collaboration between existing brands and building new businesses in attractive adjacent markets, to capture opportunities in high-growth, high-margin segments.

Leveraging our ecosystem of brands

Our 360° ecosystem of brands and solutions continued to be a real differentiator throughout 2020. With Future@Work, we will create even more value for all our stakeholders.

GENERAL ASSEMBLY

LHH

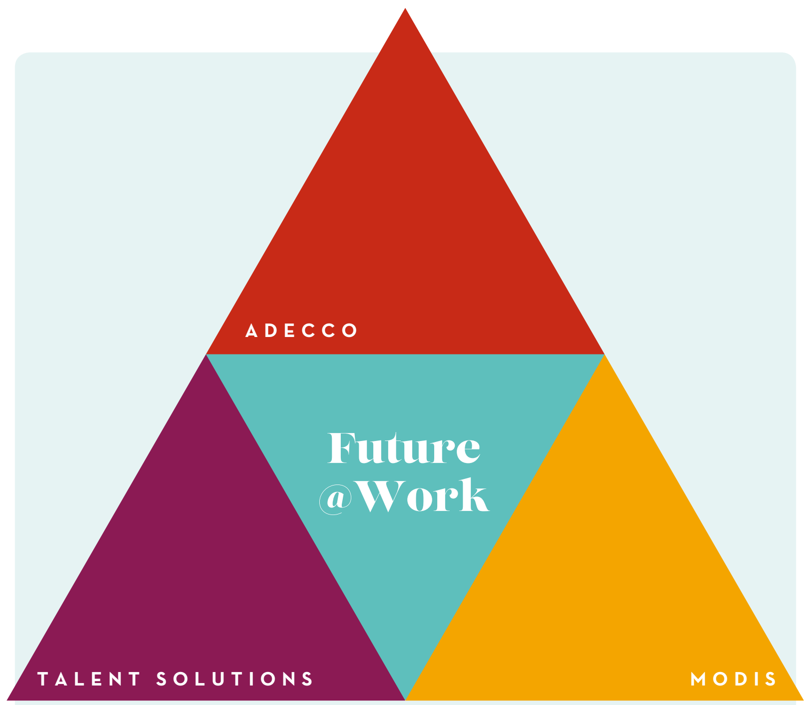
Future@Work

Building on the achievements of our previous cycle, our new strategy aims to enable sustainable and lifelong employability for individuals, and to empower organisations to optimise their workforce. This will create opportunities to improve our growth and margin, and to further embed digital at the core of our business, while delivering shared value for our stakeholders.

2021 marks the beginning of a new strategic cycle for the Adecco Group, which we have called Future@Work. Our new strategy is a natural evolution from the previous one and will guide the Group for the next three to five years, and beyond. While the new strategy has been informed by learnings from the Covid-19 pandemic, it is not a reaction to it, and it represents an important next step in the ongoing transformation of the Adecco Group.

Perform, Transform, Innovate improved the way we work, both internally and with our customers.

We will further accelerate the momentum with **Future@Work**



Our purpose of making the future work for everyone...

...translates into a bold strategic vision of enabling sustainable and lifelong employability for individuals and empowering organisations to optimise their workforces...

...and is brought to life through our Future@Work strategy:

- Shifting from a country-centric to a globally brand-driven approach
- Distinct strategies for our three Global Business Units
- Three transformation enablers: Customer Experience, Differentiation, Digital

Future @Work

Distinct strategies for our different business units, underpinned by three transformation enablers.

Adecco	**Talent Solutions**	**Modis**
See more p.22-23	See more p.24-25	See more p.26-27
Digitally enhanced omnichannel strategy to expand **market share** and **profitability**	**Solutions-driven** talent partner, addressing skills and transformation needs to drive **growth**	Build a **market leader** in technology **consulting**, focused on high-growth smart industry segments

Customer Experience – seamless across brand ecosystem

Differentiation – superior portfolio offering, preferred choice for talent

Digital – to enhance productivity and capture growth

Through Future@Work, we will positively impact the work lives of even more individuals and continue to play an important role in supporting the growth and performance of our clients and the wider economies in which we operate. A key element of the updated strategy is the creation of three distinct Global Business Units: Adecco, Talent Solutions and Modis. This new brand-driven organisational structure will improve focus and resource allocation to deliver faster, digitally-enabled client and candidate solutions.

Underpinning these three distinct go-to-market strategies are an ongoing and Group-wide focus on strengthening customer experience, delivering differentiated services and the digital enablement of everything we do. Delivering social impact is also at the heart of the Adecco Group and our approach to sustainability is firmly embedded into the Future@Work strategy, ensuring greater employability for the individuals in the communities where we live and work and a more inclusive workforce for ourselves and our clients, alongside a strong commitment to continue to reduce our environmental footprint.

Future@Work will further drive our financial performance through a firm commitment to deliver both growth and improved margins in order to provide attractive returns to our shareholders.

MAKING THE FUTURE WORK: WORKFORCE SOLUTIONS

Christophe Catoir, President Adecco

“Our ambition is to reinforce our leadership in workforce solutions and place as many people as possible into work each day, all around the world.

Adecco

Adia

Digitally enhanced omnichannel strategy to expand market share and profitability

Adecco is one of the Adecco Group’s Global Business Units (GBUs) and is a leader in workforce solutions, specialising in flexible placements, permanent placements, outsourcing and training. In 2020, the Adecco GBU contributed 80% of Group revenues and 60% of gross profit. With its largest presence in France and the US, and a growing exposure in Japan, Adecco focuses on building an inclusive society where everyone has the opportunity to contribute to the workforce.

CHRISTOPHE CATOIR

Christophe became President of the Adecco Global Business Unit in January 2021. He was previously Regional Head of France and Northern Europe. Christophe joined the Adecco Group as an internal auditor in 1995, holding several positions over the years including Finance Manager and Regional Manager, as well as Head of Permanent Placement and Managing Director for Professional Staffing in France.

Can you share your vision for Adecco going forward?

We want to unleash everyone’s potential and truly shift the way the world of work currently operates.

Today, most of the so-called ‘market matching’ is limited to diplomas or qualifications only. That is what we want to change in a pragmatic way: we want to consider people’s soft skills, potential and motivation to achieve a proper matching that fits the culture and the purpose of the client – and not just the job description.

This conviction lies at the heart of Adecco’s strategy and is a real game-changer in managing the disconnect between the offer and the demand for skills. That is how Adecco will contribute to making the future work for everyone and reinforce its leadership in workforce solutions. We will put as many people as possible at work, every day, everywhere. We are currently among the top ten employers in the world, and we want to be in the top five. To reach this ambition, we will need to bring all our stakeholders with us – our colleagues, clients, candidates, shareholders, and even society as a whole. We cannot, and we do not want to, do this alone.

What do clients expect from Adecco?

Because of the rapidly changing environment, our clients expect more than ever before from Adecco. They expect more flexibility on how to manage their workforce – so we need to strengthen our offering beyond flexible placement. They also want more qualified people to address skills shortages, which essentially means Adecco being able to deliver training at scale. They want to increase their social impact as sustainability becomes a strategic focus. And they want speed and competitiveness, leveraging technology.

We will deliver on their expectations by enabling efficient transactions; connecting clients and candidates through the use of new technology and products, such as the roll-out at scale of our client and candidate apps. We will differentiate ourselves through the diversification of our offering, leveraging the Adecco Group ecosystem, strengthening our omnichannel footprint and offering proximity to all our customers.

This is a very ambitious journey, and we need to ensure we deliver with speed and agility.

Where do you see the biggest growth opportunities?

We started to implement a transformation plan with a targeted approach tailored to each respective country’s maturity and potential. We want to keep on growing in countries delivering outstanding performance today – such as Italy, France or Japan – and to continue to be at the forefront of innovation. In other countries we want to fuel profitable growth by focusing on relevant key priorities, such as delivery efficiency and productivity.

How do you leverage the so-called ‘transformation enablers’ to reach these expectations?

Let’s start with the first enabler: customer experience. As a customer-centric organisation, meeting our clients’ expectations is our top priority. We already have a strong foundation, but we want to do even more.

As I mentioned already, skills shortages are one of the main drivers of the market, with approximately 20% of roles not being filled at any point in time. Addressing scarcity is an opportunity to drive our business forward.

In view of the increasing level of uncertainty, as clearly illustrated by the Covid-19 pandemic, we will provide additional services to our customers, enabling more flexibility in the way they manage their workforces, for example by leveraging the model of long-term-learning contracts, or apprenticeships, that France has developed.

Moreover, our clients want to demonstrate that they generate a true social impact. At Adecco, we can contribute not only through our inclusive solutions but also by providing training on how to manage diversity effectively. Finally, clients who are operating in a competitive landscape are looking for speed and price transparency. Our technology roadmap and ‘lean’ methodology are crucial in this respect.

Meeting these expectations will translate into additional growth – generating additional revenue in new markets and increasing the loyalty of our customers thanks to the outstanding experience we deliver.

In terms of differentiation, the second enabler, we are deploying new business units in our seven largest markets. These business units are Adecco Outsourcing, Adecco Training, Adecco Diversity and Inclusion and Adecco Academy. The new units will expand our competitive advantage as we will be providing unique value to our customers. We will deploy at scale, leveraging learnings from leading countries such as Japan or France. Developing these new segments for existing clients provides a great opportunity in terms of business expansion.

When it comes to digital, the last transformation enabler, our focus is not only on efficiency and productivity but also on client acquisition. We plan to continue the digitisation journey we started with GrowTogether by implementing integrated front-to-end solutions across our markets. This, coupled with an innovative approach to data and products, will enable Adecco to provide our customers with transformative insights.

Where do you see Adecco in five years?

We will completely shift people’s mindset about workforce solutions.

Our customers will embrace the new world of work, making the future work for everyone.

Within Adecco, we will source the best candidates through an innovative ecosystem of solutions, in the most cost-effective way, by leveraging our integrated tech systems, and delivering best-in-class omnichannel services to our clients.

Personally, I am very excited about our developments and prospects.

Workforce Solutions

Market size:
EUR 250bn

Market growth:
in line with
GDP

Market share:
7.5%

Office, industrial and service sector flexible placement, permanent placement, and outsourcing

BECOMING A TRULY DIGITAL HR SOLUTIONS COMPANY

Speed and efficiency of transactional business

- Scaling front-to-end solution landscape globally
- Integrating digital products across value chain
- Developing zero-touch digital channels

Digital drives scale economies

- Customer proximity is being re-defined
- Candidate app in France now with more than 300k active monthly users

Converts data into actionable insight

- Advanced matching, value-based pricing, predictive analytics

2 MAKING THE FUTURE WORK: TALENT SOLUTIONS

Sergio Picarelli, President Talent Solutions

> **"In Talent Solutions, we will drive growth by addressing the end-to-end skills transformation needs of our customers.**

TALENT SOLUTIONS

LHH · GENERAL ASSEMBLY · Spring Professional · VETTERY · BADENOCH + CLARK · pontoon

Solutions-driven talent partner, addressing skills and transformation needs to drive growth

Talent Solutions comprises a portfolio of market-leading brands, each offering integrated talent advisory services to businesses and people all over the world. We cover a broad range of human capital solutions – career transition, workforce transformation, training, upskilling and reskilling, and professional search – through LHH, General Assembly (GA), Badenoch + Clark, Vettery, Spring Professional, additional specialist recruiting brands, and Pontoon. In 2020, Talent Solutions represented 9% of Group revenues and 27% of gross profit.

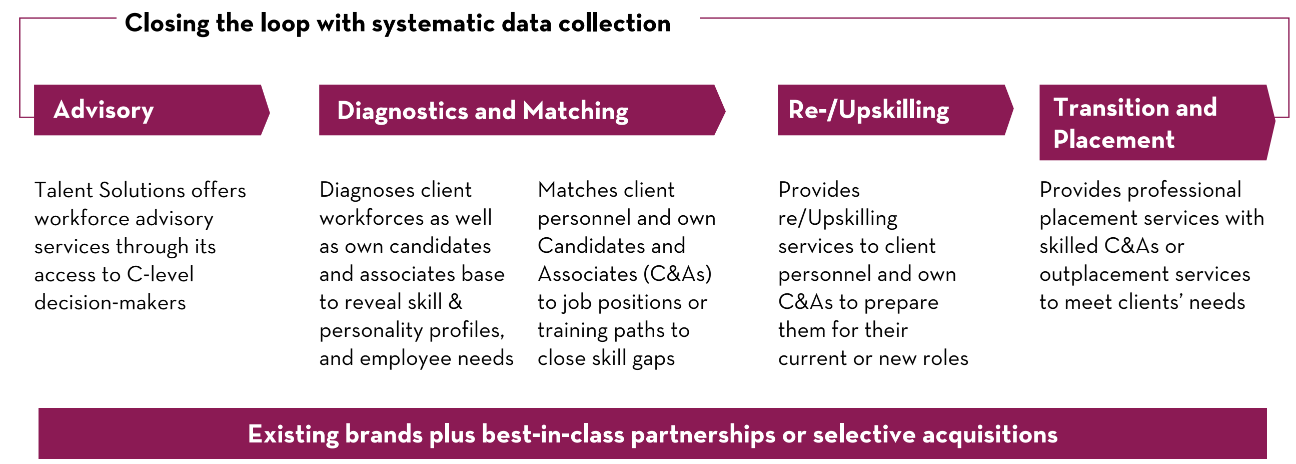
SERGIO PICARELLI

Sergio was promoted to President of Talent Solutions as of 2021. He joined Adecco in Italy in 1993 and was appointed Chief Sales and Marketing Director in Italy four years later. Over the years, he has held several senior roles including Regional Head for Central Europe and Chief Operating Officer of the global Adecco Staffing Division. In 2018, Sergio took over the leadership of LHH, Spring Professional and Badenoch + Clark.

Can you explain the origins of Talent Solutions?

It started just over two years ago when I was asked to take over LHH, GA (which had just been acquired at the time), and our professional recruiting brands including Spring Professional and Badenoch + Clark. We immediately identified ways of focusing the combined strength of our brands on the evolution of the market to better respond to companies' transformation needs. As a result, we are now able to offer integrated, end-to-end services, all the way from talent advisory and diagnostics through to career transition. In short, we have built a new, verticalised suite of solutions which are united by a more customer-centric approach.

THE TALENT SOLUTIONS ECOSYSTEM



What makes Talent Solutions unique?

In Talent Solutions, we drive growth by addressing the end-to-end skills transformation needs of our customers, bringing together the complementary strengths of the various brands we represent. This helps us create material synergies. We are a leading player in permanent placement across most markets in Europe and North America. LHH is the global market leader in career transition, talent development and coaching. GA is a growing force in up- and reskilling, with an emphasis on digital skills. Pontoon is already one of the three largest players in process outsourcing for flexible workforce management and recruitment. Now, we are able to offer combined solutions from LHH, GA, Badenoch + Clark, Spring Professional and Pontoon, coupling career transition with up- and reskilling as well as professional recruitment. As a result, we are creating integrated solutions that meet the needs of both client organisations and individuals.

What key trends will shape the industry in future?

The industry in which Talent Solutions operates is large and growing, but highly fragmented. In this type of environment, scale is crucial. Over the past year, we delivered about ten million hours of up- and reskilling, made more than 30,000 placements and facilitated some 500,000 career transitions. This gives us a strong foundation to achieve our ambition of leading change in the human capital market, supporting the transformation needs of our customers. The so-called 'fourth industrial revolution' will undoubtedly accelerate growth in our industry. More than 375 million workers are set to change jobs by 2030; that's about 14% of the global workforce. Nearly 25% of them will need up- and reskilling to help them find their next jobs. With our broad Talent Solutions offerings, we are ready to become the transformation partner of choice in this era of change.

Where do you see the main growth opportunities?

The Covid-19 pandemic has certainly accelerated the ongoing workforce transformation. But it has also created many new opportunities. Organisations now require much broader, more integrated and more complex HR capabilities. And to develop these, they need a partner who can provide end-to-end human HR support. We are the only company today that can provide this kind of support. We are confident that Talent Solutions can fill this underserved market space, driving growth by bringing together the complementary strengths of our various brands.

This will require a multi-step approach. For each brand, we have developed a dedicated portfolio offering:

- optimising the talent ecosystem is being addressed by Advisory;
- leveraging strategic workforce planning is the focus of Diagnostics and Matching; and
- shaping the future talent pipeline through up- and reskilling is the focus of Transition and Placement.

But, in order to become the partner of choice for our clients' transformation needs, we also need to enhance our existing brands further with partnerships and selective acquisitions. We are already bringing the various offerings closer together through integrated management of data. In transforming ourselves through this process, we will be in a better position to offer integrated solutions that support the entire talent journey and change the human capital market. In short, we see a huge potential and great opportunities as we continue to grow the business.

Talent Solutions

Market size:
EUR 255bn

Market growth:
6–9% pa

Market share:
1.0%

Professional recruitment and solutions; career transition; HR advisory and consulting; up- and reskilling

MAKING THE FUTURE WORK: TECHNOLOGY SOLUTIONS

Jan Gupta, President Modis

> **"At Modis, we live for technology but at the same time we put people at the heart of our Smart Industry solutions.**

modis

Build a market leader in technology consulting, focused on high-growth Smart Industry segments

Modis delivers cross-industry expertise in technology and digital engineering consulting, talent services and skilling, to enable digital transformation and accelerate innovation. With a strategic focus on Smart Industry segments, Modis contributed 11% of Group revenues and 13% of gross profit in 2020, and has 3,000 internal employees in 20 countries. More than half of its sales were generated by flexible placements, including some freelancer business, for example in Japan and Germany. Approximately 40% of the business focuses on consulting services, offering technology solutions to customers, with a strong focus on Asia Pacific, particularly Japan and Australia. Around the globe, 30,000 Modis engineers and IT experts provide cutting-edge technology and digital engineering services.

JAN GUPTA

Jan was appointed President of Modis in 2019. He brings extensive experience of managing global teams in engineering and technology businesses. With a strong academic background in mechanical engineering and economics, his career spans more than 20 years in the technology industry.

What are some key trends you have observed since joining Modis in 2019?

We have seen huge technological developments, based particularly on newer and more powerful mobile processors, data management, cloud systems and high-speed data connections such as 5G.

We can generally say that industrial markets are experiencing a massive transformation. The pace of change and scale of developments are similar to those during the first industrial revolution. There are no real limitations or technological boundaries anymore. Smart Industry is shaping the future and will dominate growth in the tech area for years to come, influencing not only specific industries but our whole society.

At Modis, we have mainly operated in the traditional engineering and IT markets with our flexible placement and consulting services. These markets have a global addressable size of EUR 175 billion and an average yearly growth of 3-6%.

Our current market share is about 1.5%, giving us huge opportunities to expand further. The Smart Industry sector alone has grown more than 40% on average over the past few years, with the Covid-19 pandemic only accelerating existing technological trends. We are looking at a Smart Industry market of about EUR 360 billion of which only a small part is outsourced today. At the moment there is no global market player and we see a lot of small and medium-sized companies operating in the field. At Modis, we have a so-called 'speed-boat' strategy – while we are still small, we will be fast. And we want to position ourselves as the future leading brand and thought leader in the industry.

What strategy do you pursue to expand market share at Modis?

Our strategy is simple. We will focus our global business on five cutting-edge technologies, five industries which will transform the most in the years to come, and three business lines: Tech Consulting, Tech Talent Services and our Tech Academy.

In Tech Consulting we offer technology and know-how to support the transformation process of our customers. Through Tech Talent Services we offer agility and flexibility by bundling together all flexible and permanent placement for high-skilled technology experts around the globe. And finally, we up- and reskill professionals around the globe through our Tech Academy, looking to future-proof organisations' talent and drive their performance. There is a huge demand to up- and reskill engineers and IT professionals, for example in data analytics and artificial intelligence. By 2025, more than 100 million new jobs will have been created in artificial intelligence – that is a staggering number and a huge opportunity for both the world and for Modis.

Can you share an example of how Modis brings value to clients?

One great example is a Smart Industry consulting project we are undertaking with an Original Equipment Manufacturer (OEM) in the automotive industry. We are focusing our consulting services on the future 'E' (i.e. electromobility) or fuel-cell-driven, autonomous and connected cars of tomorrow. We are integrating the newest sensor technology in tyres and are using data analytics and artificial intelligence to create a more sustainable mobility. With our connected wire solution, we have reduced tyre-related incidents by 90% and have also managed to lower fuel consumption. This Smart Industry solution will also help reduce the carbon impact.

Modis' contribution to a sustainable tomorrow is also illustrated by our partnership with Mercedes, which began in 2020. Modis is the official engineering partner of the Mercedes-Benz EQ Formula E racing team, which is a great achievement and a testament to our strength. We also partnered at an earlier stage with the Formula E organisation to support the overall racing series. These partnerships are a great example of our passion for technology and talent combined.

Another differentiator we offer is our ability to join forces with brands across the Adecco Group ecosystem. To give one example, we have been working on a project with a world-leading map provider in collaboration with the Adecco Global Business Unit. The updating and optimisation of the map data was outsourced to Modis: we took over the project management and software development, while our colleagues at Adecco provided thousands of drivers to collect data around the globe. None of our competitors were able to provide this type of comprehensive one-stop service to clients.

What role does the Modis Tech Academy play?

We founded our first Tech Academy a couple of years ago in Japan and later established additional ones in Italy, the Netherlands and the US. All Modis Tech Academies will focus more and more on Smart Industry skills and technologies, and currently we're training more than 2,000 professionals per year. This gives us a great competitive edge given the shortage of Smart Industry talent. And I am very excited to say that in 2021, we will open two additional Academies in Germany and France, focusing on smart ecosystems for the automotive industry and 'Industry 4.0'.

You mentioned 'passion for technology and talent'. Can you elaborate on what this means for the business and for people?

At Modis, we live for technology but at the same time we put people at the heart of our Smart Industry solutions. While technology enables the future, it is people that make it happen – passionate people who are part of shaping the future and building a smarter and more sustainable tomorrow. Together with our clients, candidates and consultants we are engineering a smarter future, and delivering capabilities and technologies that improve businesses, the communities they serve, and the world we live in. This is really how we are making the future work for everyone.

Technology Solutions

Market size:
EUR 175bn

Market growth:
3-6% pa

Market share:
1.5%

Talent services (IT and engineering flexible and permanent placement); engineering, research and development (ER&D) consulting and projects

FOCUSED GLOBAL MODIS STRATEGY

Modis operates at the convergence of IT and engineering, with a clear focus on future industries and technologies.

5
Technology practices

- Cognitive Technologies
- Digital Transformation
- Cloud & Infrastructure
- Smart Ecosystems
- Industry 4.0

5
Transforming global industries

- Automotive & Transportation
- Environmental & Energy
- Software, Internet & Communications
- Financial Services
- Industrial Manufacturing

3
Business lines

- Tech Consulting
- Tech Talent Services
- Tech Academy

Providing 360° HR solutions

Since 2017, the Adecco Group has been on a journey to continuously strengthen its focus on customers – to help individuals fulfil their potential, and to enable clients to optimise their talent needs and organisations to achieve their goals.

As the world's leading talent advisory and solutions company, we see tremendous opportunities to further build on the achievements of our last strategy cycle. Through our 360° ecosystem we are offering a seamless customer experience, catering to complex needs in a challenging environment, while fostering a culture of collaboration and high performance. Our objective is to support companies through all stages of their development and over their entire business cycle, alongside supporting candidates and associates throughout their careers.

Over the past years, the Group has established the most comprehensive portfolio of HR solutions in the industry, providing essential, dynamic and efficient solutions in some 60 countries and territories worldwide.

We place almost 600,000 associates (c.1.5 million including China Joint Venture) in work every day and support around 100,000 companies and organisations in sourcing the talent they need to thrive. We were able to find permanent roles for some 80,000 candidates during 2020, with our ecosystem of brands supporting 500,000 career transitions. In so doing, the Group plays a vital role in the global economy and supports job creation, employability and employment around the world.

Through our new Future@Work strategy, we will further advance our business focus. We are supporting our clients through a comprehensive offering of flexible human capital solutions, including advisory services in Talent Solutions and workforce transformation at LHH. With the Adecco Global Business Unit, we have the leader in workforce solutions, specialising in flexible placements. We are developing new and flexible reskilling solutions through GA, while Modis provides unique talent services and consulting in the technology area.

All taken together, the business units enable us to work towards one powerful purpose: making the future work for everyone.

Contribution to the UN Sustainable Development Goals through our core services

Diverse service lines

FP

Flexible Placement

We place associates with organisations on a temporary basis, providing flexibility to employers and new opportunities to candidates. The Adecco Group manages the entire recruitment process from candidate search and screening, through onboarding and training, to payroll and administration. Associates are employed by the Group while on assignments, which often run consecutively to provide continuous employment. In some countries, associates are employed by the Adecco Group on a permanent basis and seconded to clients.

PP

Permanent Placement

We help employers recruit talent for permanent roles, securing the skills needed for an organisation's ongoing success. Activities include sourcing candidates, screening CVs, conducting interviews and assessments, and advising hiring managers. The Group's brands have access to a wide range of talent, including hard-to-reach professionals who are not actively looking for a new job.

CT

Career Transition

We support organisations and their employees through changes that require individuals to transition out of their existing roles. Through expert coaching and training, the Group helps individuals find new opportunities both within and outside their existing company, ensuring positive outcomes for all. Our LHH brand is the world's leading career transition and talent development company.

OC

Outsourcing, Consulting & Other Services

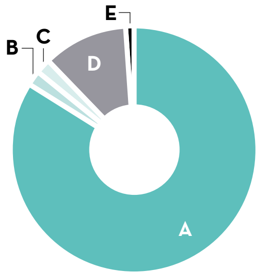
We also offer a full spectrum of complementary HR solutions, including: Outsourcing – staffing and managing the entirety of a labour-intensive activity, such as warehouse logistics or IT support; Consulting – providing technical experts for project-related work; Managed Service Programmes (MSPs) – managing all parts of the flexible workforce at organisations using a large number of contingent workers; and Recruitment Process Outsourcing (RPO) – handling the entire hiring process for employers recruiting large numbers of permanent employees.

TR

Training, Upskilling & Reskilling

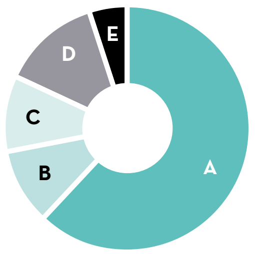
We offer training, upskilling and reskilling both as standalone services and in combination with other solutions, such as placements or as a part of a broader workforce transformation offering. Adecco is a leading provider of work-based training. Our General Assembly brand is a leader in upskilling and reskilling in high-demand digital skills, while our Modis Tech Academy offers candidates the opportunity to upskill in technology and digital-engineering-related fields to increase their employability and to create a supply of in-demand candidates for our clients.

Revenue (%)



A – Flexible placement – 84%
B – Permanent placement – 2%
C – Career transition – 2%
D – Outsourcing, consulting and other services – 11%
E – Training, upskilling & reskilling – 1%

Gross profit (%)



A – Flexible placement – 62%
B – Permanent placement – 10%
C – Career transition – 10%
D – Outsourcing, consulting and other services – 13%
E – Training, upskilling & reskilling – 5%

Delivering value in the world of work

We combine a clear purpose and strategy with differentiated solutions and focused execution, to deliver long-term sustainable value for all our stakeholders.

Market context

Gig and platform economy | Geopolitical and economic uncertainty | Human-centricity | Digitalisation

Inputs

Talent
Finding and attracting skilled and motivated people and inspiring them to grow with us and our clients, by providing meaningful employment and lifelong development.

Relationships
Building enduring, collaborative and mutually beneficial relationships with candidates, clients, governments and social partners.

Innovation
Developing new digital solutions to build competitive advantage and enhance our future prospects.

Infrastructure
Maintaining a network of branches, back-offices and IT infrastructure to effectively serve our candidates, associates and clients.

Financial capital
Generating strong cash flow and maintaining a strong balance sheet to support the growth of our business.

Read more on pages 10-15

Our service lines

Flexible placement
Placing associates with organisations on a temporary basis, providing flexibility to employers and new opportunities to individuals.

Permanent placement
Helping employers recruit talent for permanent roles, securing the skills needed for an organisation's ongoing success and fulfilling employment for individuals.

Read more on page 29

Career transition
Supporting organisations and their employees through changes that require individuals to transition out of their existing roles, underpinned by expert coaching and training.

Outsourcing, consulting & other
A broad range of complementary HR solutions, including: outsourcing; consulting; managed service programmes (MSPs); and recruitment process outsourcing (RPO).

Training, upskilling & reskilling
We offer end-to-end workforce transformation solutions. These bring together career transition and up- and reskilling to address challenges faced by organisations, while supporting individuals through training and coaching.

Our new strategy

Future@Work

Read more on pages 20-27

WORKFORCE SOLUTIONS
Adecco
Adia

TALENT SOLUTIONS
TALENT SOLUTIONS
LHH
BADENOCH + CLARK
Vettery
Spring Professional
GENERAL ASSEMBLY
pontoon

TECHNOLOGY SOLUTIONS
modis

Performance management

- Revenue growth
- Gross margin
- Conversion ratio
- EBITA margin
- Days sales outstanding
- Cash conversion
- Great Place To Work®
- Net Promoter Score®

Read more on pages 32-33

Underpinned by our people, values and culture

Read more on page 39

Passion | Entrepreneurship | Customer-centricity | Responsibility | Team spirit

Value created and shared

Investors
We benefit from attractive industry dynamics; by managing our capital with care, we are able to grow our profits, cash flow and returns. This supports our progressive dividend policy and our aim of delivering attractive total returns for our investors.

EUR 381m
Dividends paid

Employees
We provide rewarding employment for our colleagues. We invest in our talent and create an environment which enables and empowers everyone to achieve their career goals.

7th
Among the best workplaces in the world, according to the Great Place to Work® survey in 2020

Candidates and Associates
Our expertise, tools and network connect people with job opportunities, providing them with purposeful work in a safe environment. We advise people on their careers, and help them develop their talents with training and lifelong learning.

c. 600,000
Associates working each day

c. 80,000
Permanent placements

Clients
As a trusted advisor on HR solutions, we help clients to structure and manage their workforce for flexibility, productivity and growth. We work with and for our clients to find, hire, develop and transition people, according to their needs.

33
Client Net Promoter Score®

Suppliers
We build strong partnerships of mutual trust with our suppliers, many of whom are also our clients.

71/100
2020 EcoVadis Gold rating

Governments and social partners
We are trusted advisors and active enablers, sharing our labour market insights and experience to support and shape sustainable and responsible growth and job creation.

EUR 290m
Income taxes paid

Performance management framework

Non-financial performance indicators

Number of clients	
Number of candidates	
Net Promoter Score®	KPI
Great Place to Work® ranking	KPI
Sustainability impact	
Compliance training	

Financial performance indicators

Volumes	
Bill rate	
Gross margin	KPI
Conversion ratio	KPI
Days sales outstanding	KPI
Capital expenditure	
Funding cost	
Tax rate	

Financial results

Revenue growth	Target
EBITA margin	Target
Cash conversion	Target
Interest and tax paid	

FREE CASH FLOW

Financial outcomes

Investing in the business	• Organic • M&A
Maintaining financial strength	• Net debt/ EBITDA • Credit rating
Returning capital to shareholders	• Dividend • Share buyback

Key performance indicators

Great Place to Work® ranking
7th

Europe ranking

20	6
19	2

World ranking

20	7
19	11

Inspiring talented people to join and grow with us in a high-performing and engaging environment

Client Net Promoter Score®
33

20	33
19	23
18	15
17	12

Transformation and innovation is driving improved client experience

Gross margin
19.4%

20	19.4
19	19.2
18	18.6
17	18.4
16	18.8

Adding value to clients that is reflected in the price we are paid for our services

Conversion ratio[1] excluding one-offs
18.7%

20	18.7
19	23.7
18	24.4
17	26.7
16	26.5

Driving productivity and efficiency to maximise our conversion of gross profit into EBITA

Days Sales Outstanding
52 days

20	52
19	53
18	53
17	52
16	52

Collecting accounts receivable promptly to drive cash generation and optimise return on capital

Financial targets

Organic revenue growth
-14%

20	-14
19	-3
18	3
17	6
16	4

Target: Dual growth strategy, market share in Adecco and investment in faster growth Talent Solutions and Modis

EBITA margin excluding one-offs
3.6%

20	3.6
19	4.6
18	4.5
17	4.9
16	5.0

Target: Higher EBITA margin corridor of 3.0-6.0% (from 2.5-5.0% during the previous cycle)

Cash conversion
123%

20	123
19	93
18	84
17	81
16	83

Target: Greater than 90% on average through-the-cycle, to support investments and progressive dividend

Net debt to EBITDA excluding one-offs
0.4x

20	0.4
19	0.3
18	1.0
17	0.8
16	0.7

Strong balance sheet, supported by robust through-the-cycle cash generation

Dividend per share
CHF 2.50

20	2.50
19	2.50
18	2.50
17	2.50
16	2.40

Maintained during the crisis and complemented by EUR 600 million share buyback

1 Conversion ratio is a non-US GAAP measure and is calculated as EBITA excluding one-offs divided by gross profit.

Mahbuba Kabir
Adecco Singapore associate
and future recruiter

EQUAL ACCESS TO WORK FOR ALL

Recognising, assessing, and unlocking talent

Mahbuba's story

"During the Covid-19 lockdown in 2020, I lost my job at Singapore airport. As a single mother and sole breadwinner for my family, I felt helpless at the time. Adecco provided me with a lifeline by offering me the opportunity to work in administrative support. They also helped me think about my career, giving me the courage to move in a different direction through upskilling programmes – which led me to becoming a Recruitment Specialist with them. The whole team at Adecco was extremely supportive throughout the entire journey. You can really see that they love what they do. That has always been my dream: to work in an environment where I feel truly supported and valued as a team member and know my contributions count."

Reducing inequalities

From catering to aeronautics, most industries suffered from the effects of the Covid-19 pandemic, leading to the loss of millions of jobs across the globe. By one International Labour Organization (ILO) estimate, 195 million jobs may have disappeared during the second half of 2020.

Job disruption is not new, with technology in particular having an impact on how and where we work, long before the pandemic struck, but the speed and scale this time has been unprecedented. Covid-19 has also further increased inequalities across the world by putting the most vulnerable workers at risk of losing their livelihood. The Adecco Group's teams are at the front-line of helping reduce this gap and meeting the changing needs of the labour market through their extensive knowledge and training solutions.

Lifelong learning for a fair labour market

To create the skills that are needed for the future, the Adecco Group focuses on improving the employability of associates through upskilling and reskilling opportunities throughout their careers, helping ensure that they can keep up with an ever-changing job market.

During the pandemic, the Adecco Group created a new solution that acted as a bridge between companies that were in difficulty and under pressure to reduce their workforce and those who were in a position to recruit. In Germany, for example, LHH and Modis joined forces to move workers temporarily from an aeronautics company to an e-commerce provider, responding to changed market demands, while ensuring that people remained in employment, with an opportunity to gain new skills.

In 2020, the Group set the goal to upskill and reskill five million people by 2030, through its ecosystem of brands and solutions including GA, LHH, Modis and Adecco.

Coaching and inspiring our associates

Mahbuba Kabir has first-hand experience of what it means to receive the Adecco brand's best-in-class services:

"Adecco is the only company who gave me the chance to truly prove my ability. They were fully supportive and extremely patient in guiding me to where I am now," Mahbuba says. "With Adecco on my side, I am now self-studying to take the official recruiter exam. My goal is to join Adecco as part of the recruitment team and give a little bit back to society in terms of the career help I received during a very difficult period of my life."

> "That has always been my dream: to work in an environment where I feel truly supported and know my contributions count.

People and Culture

The world as we know it is changing rapidly, with employment markets profoundly altered as a result of the Covid-19 pandemic. New opportunities have been revealed and accelerated for both employers and employees. This change has altered the way we work and the way we need to work to enable us to successfully deliver our future strategy and meet the evolving needs of our clients.

At the Adecco Group, we have an incredible human-centric 360° HR solution which truly demonstrates the value of being part of a global organisation. This unique offering benefits not only our clients, but also our colleagues. We provide rich experiences, helping our people thrive and develop across multiple brands and geographies. And we have the data, from the various surveys we run across the organisation, to define what matters most to our people. This ensures we put in place activities and actions to drive employee engagement and performance that are based on fact, and both celebrate and leverage our brand ecosystem.

Our ambition is to set the standard as a world-class employer, investing in our talent and creating an environment which enables and empowers everyone to contribute to our business transformation and growth agenda. For the fifth consecutive year, we've once more been recognised as a Great Place to Work®, reinforcing our reputation as one of the most attractive and rewarding global employers.

Our People Strategy focuses on driving an engaged, empowered and high-performing workforce, as explained in the following sections.

GET

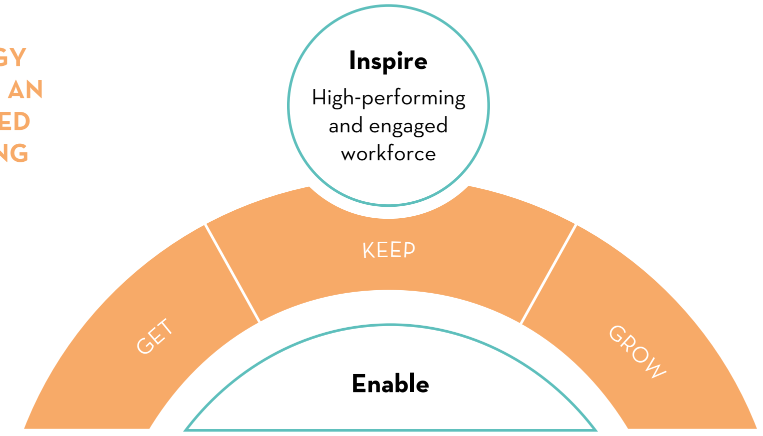
ATTRACTING AND DEVELOPING AN EMPOWERED, ENGAGED AND HIGH-PERFORMING WORKFORCE

Now more than ever, it is critical that we attract and develop the right people with agile, curious and creative mindsets, to help our business and clients win.

To support our business transformation, we continue to build concrete global foundations. In 2020, we launched a global applicant tracking system powering our award-winning careers portal and giving visibility of all open career opportunities – both externally and internally. For our colleagues, this means visibility of internal career opportunities to power our open job market. For the business, it means consistency and efficiencies in our approach to hiring and recruiting the right talent, in the right place, at the right time. This approach leverages a standardised global process that can be scaled to enable future business transformation and the creation of shared talent pools to support a brand-centric organisation.

To build on these foundations and support the proactive matching of candidate data to new opportunities, 2020 also saw the launch of our global Candidate Relationship Management tool. This is driving further efficiencies in our recruitment processes and candidate management and, most importantly, ensures the right fit for each role both now and for our future organisation.

OUR PEOPLE STRATEGY FOCUSES ON DRIVING AN ENGAGED, EMPOWERED AND HIGH-PERFORMING WORKFORCE



Get the best talent	Keep this talent	Grow our talent	Enable our talent	Inspire our people
by improving our recruitment processes and being the most attractive employer brand in the professional services industry	by offering opportunity, work-life balance, state-of-the-art workplaces, appropriate rewards and a sense of purpose	through experiential development, career progression, engagement and innovation	to deliver a personal best each year with the right tools, services, support and strategy	with a purpose and Company values that resonate, engaged leadership, and a positive team spirit

The Covid-19 pandemic has forced us to take to the virtual world – reimagining entire ways of working. As we move to more digital interactions and remote working, we must provide an engaging and positive professional experience right from the very start. In July 2020, we built a virtual onboarding experience hosted through our new global Learning Management System, allowing new joiners to feel part of our community, explore our global story and experience our work from their very first day.

Furthermore, we attract early career talent to the Company by leveraging the success of our 'CEO for One Month' programme. In 2020, we received a record number of applications – more than 205,000, from young aspiring leaders around the world. In addition to boosting youth employability, this programme helps identify high-potential talent, and the continuously high application rate – despite the pandemic – is testament to the strong employer brand of the Group. Please see pages 44-45 for more information on the CEO for One Month programme.

All of this is combined with putting engagement and inclusion at the forefront of everything we do when it comes to accessibility for all and driving an inclusive culture. In 2017, we aligned on a clear Company purpose for the Adecco Group: make the future work for everyone. And when we say everyone, we mean everyone – including people of colour, women, the LGBTQ+ community, persons with disabilities and more – indeed, anyone who embraces this vision of a diverse and inclusive culture. Please see pages 39-41 for more information on our Diversity and Inclusion agenda.

KEEP

POWERING OUR OPEN JOB MARKET

As an organisation we are transforming: reimagining our business solutions, delivering more for our customers and pioneering new initiatives in the digital space. And our 360° ecosystem of brands means we have the foundations and solutions in place to deliver this transformation at pace. Externally our world has shifted, so we must always expect the unexpected and be nimble and responsive to the unpredictable landscape that surrounds us.

Our people are fundamental to the success of our strategy in the current climate of volatility, uncertainty, complexity and ambiguity (VUCA), and so we continue to prioritise the growth, development and retention of our colleagues through our open talent market culture.

Our global internal careers site, launched in early 2020, provides increased visibility of all open career opportunities to our colleagues and supports the dynamic movement of our people across our organisation. This drives the growth and development of our colleagues across our brand ecosystem and provides them with varied career experiences and a more robust and holistic understanding of our end-to-end business solutions.

Our newly launched Candidate Relationship Management (CRM) tool enables the proactive and automated matching of open roles and talent internally, and encourages our colleagues to look for personal growth and new opportunities within the organisation. This allows our people to deliver in times of change, address skills shortages through internal growth of capabilities, identify future competencies that we are not even yet able to define, and ultimately fuel a virtuous talent cycle – preparing our next generation of leaders.

Furthermore, the global roll out of our engagement survey provides us with critical insights on where people are more engaged and where there is potential for improvement. This fosters an environment where we give our people a voice to express their experiences and drive a culture that promotes transparency, openness and insight-led decision-making. Specifically, through the introduction of regular 'pulse' surveys, we have been able to identify and quickly respond to the needs of our colleagues throughout the pandemic. Based on these insights, our focus in 2021 will be on aligning colleagues' individual roles to our new strategy and providing clearly defined career opportunities, career pathing, and clarity around the reward framework for individual performance.

GROW

GIVING OUR COLLEAGUES THE TOOLS AND EXPERIENCE THEY NEED TO SUCCEED

We know there is a substantial need for up- and reskilling. As many as 375 million workers may need to change their occupation by 2030. Through our General Assembly and LHH offerings, we at the Adecco Group, are fully equipped to support our clients, customers and candidates through this journey.

To further accelerate our transformation, 2020 saw the launch of our global Learning Management system where our colleagues can access courses, content and experiential learning to further enhance their own growth and development.

Additionally, we support the growth of our colleagues through a variety of developmental offerings such as:

- our AIM platform, which matches mentors to mentees;
- Speexx, a digital platform providing language training for those keen to improve their fluency in other languages;
- the 'Digital Foundations' programme offered through General Assembly, to upskill and prepare our colleagues for the digital transformation; and
- the 'GetAbstract' library of online learning resources across a broad range of topics, including podcasts, TED talks, articles and more.

Furthermore, we have enhanced our global functional and technical training programmes through our IT, Finance and Sales Academies.

Within the Group, and looking to the future, we will launch The Adecco Group University ('TAG U'), which will bring together the best of the Group's 360° offerings, as well as external experts to create dedicated curricula for all colleagues across functions and hierarchies.

ENABLE

GLOBAL TALENT REVIEWS

To ensure we are fit for the future, our leaders of tomorrow must be nurtured today. Healthy succession planning is paramount to safeguarding ongoing business continuity. Through our Global Talent Reviews, we are strengthening and further embedding processes that identify our critical talent and skills gaps, establishing how and where we build, buy and borrow the talent to strengthen these pipelines. Through these regular talent discussions and consistent tracking, we have increased our global leader succession coverage by 20%. This effective corporate succession planning process, applied throughout our organisation, increases the availability of capable individuals prepared to assume such roles as they become available. Without this pipeline, Company growth is at risk of slowing or coming to a halt. Conversely, with a robust process in place, leadership roles can easily be filled as senior executives retire or if senior management positions are vacated.

Building pipelines of talent is not only crucial at the top of the organisation, but nurturing our early-in-career colleagues is equally, if not more, important. Our International Future Leaders (IFL) Programme is just one example of how we focus on the development and acceleration of our high-potential talent to strengthen our future pipeline of leaders.

INSPIRE

DEFINING A NEW ERA OF WORK

We take pride in leveraging our own 360° ecosystem of brands and innovative solutions to deliver an excellent employee experience and continue building a world-class HR function. This not only serves our colleagues and accelerates our business transformation, but also showcases our 'best-in-class' solutions to our clients.

Some examples of this include:

- partnering with Pontoon to power our new Recruitment eXperience Outsourcing (RXO) solution for 2021 and beyond – transforming our recruitment processes and delivering a best-in-class end-to-end technology stack to drive further efficiencies and a world-class candidate experience;
- working with LHH and its coaching tool Ezra to support the development of our top talent such as our International Future Leaders (IFL) and participants in our Female Sponsorship programme;
- leveraging General Assembly's online learning courses in digital capabilities throughout the pandemic and beyond, to support the ongoing up- and reskilling of our colleagues through the crisis.

HR highlights

Group retention

Q4 2019	71.5%
Q4 2020	73%

% Global Leaders with at least 2 successors
Top 300 leaders within the organisation

+17% year on year

2019	51%
2020	68%

% Internal promotion to Global Leaders positions

+5% year on year

2019	68%
2020	73%

Great Place to Work®
Global ranking

#11 → #7

2019 Score: 76
2020 Score: 78

Peakon – employee engagement survey

Engagement score
7.8
New annual target (at industry benchmark)

Peakon eNPS®
33
(11 points above industry benchmark)

External career site visits
469,961
+37% year on year

Internal career site visits
31,063

DELIVERING THROUGH DIVERSITY AND INCLUSION

Making the future work for everyone

By saying we are committed to making the future work for everyone, we mean everyone. As a people business we put our expertise and energy into improving everyone's chances of being part of the world of work. The path to inclusion starts with a single-minded focus on skills: on what each candidate or employee can do, rather than e.g. their nationality, gender, race, age, background, religion, ableness, or sexual orientation. Through leveraging the power of diversity, we can drive more innovative decisions significantly faster, truly understand and represent our global customers, and improve our Company culture, employee satisfaction and ultimately productivity and performance. We have a firm commitment to promoting equal opportunities for everyone working with or through the Adecco Group.

To achieve a fully effective Diversity & Inclusion agenda, we are deliberate in how we shape our culture and operations, promoting a fully inclusive environment for all groups of individuals. We seek to establish and sustain a culture that powers belonging, trust and participation amongst ourselves, recognising and valuing differences to help our business, communities and clients win.

Like many others, we are on a journey to make this vision come to life. As one of the largest employers in the world, we recognise that we have a responsibility and opportunity to make a real difference in the area of inclusion in the workplace.

Our Diversity and Inclusion agenda: We believe in talent, not labels

We envision a world in which talent matters, not labels, and where everyone has a chance to be part of the world of work.

Our approach encompasses multiple pillars:

Attract, recruit, and retain a diverse range of talent
Bringing more perspectives, experience, and skillsets into our business to create better results for our customers.

Consciously inclusive
Driving an inclusive culture and dialogue across our entire organisation, through our behaviours, actions and continuous learning.

Inclusive leadership
Ensuring diverse thinking is respected, managed and applied at leadership levels.

Equity by design
Enabling accessibility and equality for all through our processes and initiatives; minimising barriers in order to maximise our collective potential for success.

Put wellbeing at the heart of everything we do
Placing value on mental, physical and cultural wellbeing and providing services and support appropriate for the needs of everyone in the Adecco Group.

HIGHLIGHTS OF THIS AGENDA IN 2020

Key highlights from 2020 which continue to drive this agenda include:

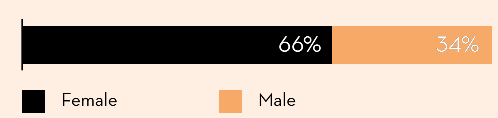
- **Female talent programme** – A female sponsorship programme encompassing Executive Committee-level sponsorship, acceleration to Global Leader roles, and a 6-month programme with Ezra, LHH's virtual coaching tool.
- **Gender KPI** – We aligned our target for gender equality to the Short Term Incentive (STI) plan of our Executive Leaders (see also pages 102-104 of this report).
- **Pay parity review** – We monitor gender pay equity for all key populations including for our Global Leadership on a regular basis. This helps ensure that the topic receives sufficient focus both locally and globally. Should a gender pay gap be identified in a particular country or population, a robust and clear action plan must be put in place specifying how and when the relevant gap will be closed.
- **Global inclusion training series** – We believe in the power of continuous education and lifelong learning. Understanding our own inherent biases is the first step to addressing them, whether in our private lives, or at work when hiring, collaborating and working with colleagues, candidates, associates or clients. In Q3 2020, we launched a global tailored inclusion series for leaders, managers and colleagues. This provides relatable concepts and common language to assist our people in leading and engaging in discussions on topics of diversity and inclusion. The training provides a solid foundation for developing a more open, mindful and inclusive culture – a culture that can leverage and unleash the power of human differences.
- **Diversity and inclusion engagement survey** – To support our diversity and inclusion agenda and accelerate our priorities, we introduced diversity-and-inclusion-specific questions into our quarterly engagement survey, helping us identify areas of opportunity and continuous improvement.
- **Celebrating diversity** – Our people are at the heart of our business. We are dedicated to creating an inclusive culture for everyone to feel supported in their day-to-day work and during their development throughout their career. To support this, we launched a Diversity & Inclusion portal on Unily (our Group intranet) as well as a communications calendar celebrating key diversity and inclusion events, activities, and ambassadors throughout the year. In 2020 for example, we launched internal and external campaigns around International Women's Day, Pride Month, Mental Health Month, and the International Day of Persons with Disabilities.
- **Internal social forum** – We launched this platform to provide a safe and open space for colleagues to engage in a dialogue around the topic of diversity and inclusion, including the opportunity to ask questions, listen, learn and share experiences.
- **Thought leadership** – To raise awareness of pertinent issues and potential solutions, we published a number of papers exploring, for example, the opportunities companies have to durably increase diversity as they prepare for the post-Covid world ("The Inclusion Imperative") or the need to jointly develop inclusive policies and innovative human-centred solutions to empower a smooth workforce transformation towards a post-pandemic economy ("Future of Work post-Covid – Bridging divides for shared prosperity"). For more insights, please visit www.adeccogroup.com/future-of-work.

OUR GLOBAL PARTNERSHIPS

Complementing our internally-focused activities, we engage with employers to develop programmes and pathways that embrace diverse talent. We also campaign for more inclusive employment worldwide through a range of global partnerships, associations and other initiatives, including:

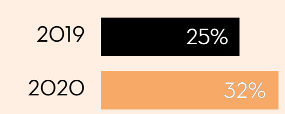
- **Paradigm for Parity®:** A business coalition focused on eliminating the gender gap in corporate leadership. As part of our commitment we have agreed to achieve gender parity in leadership levels by 2030. Currently, 66% of our total employees are female, while representation at our global leadership level is 32% (25% in 2019), and female representation at Board of Directors level is 43%.
- **Valuable 500:** We joined this global movement which puts disability inclusion on the global business leadership agenda in 2019. Hundreds of global leaders are uniting to unlock the business, social and economic value of the 1.3 billion people living with disabilities around the world. As part of our membership, we will continue to champion the integration of people with a disability in the labour market, to help them overcome barriers to entering the workforce by strengthening their employability, and progressively adapt our own employment policies and practices to reduce these same barriers.
- **ILO Global Business and Disability Network (GBDN):** This is a unique platform for business-to-business support and peer-to-peer learning to promote the inclusion of people with disabilities in workplaces, and on whose Steering Committee we sit. In 2020, the focus of the Network was particularly on how to ensure that disability inclusion remains a priority for companies, during and after the Covid-19 pandemic, seeing that people with disabilities are one of the groups most impacted.
- **European Network Against Racism's Equal@work:** A multi-stakeholder network that brings together businesses, social partners, NGOs, public authorities and academics committed to diversity and inclusion, to find solutions to increase the participation of ethnic minorities and migrants in the labour market. Driven not least by the need to improve diversity and inclusion policies in the area of racial justice and equality following the Black Lives Matter protests. Conversations in 2020 focused specifically on the need for and challenges associated with the collection of equality data necessary to design insights-based strategies for improvement and to measure progress towards objectives.
- **Tent Partnership for Refugees:** Tent was founded to mobilise the private sector to improve the lives and livelihoods of more than 25 million men, women and children forcibly displaced from their home countries, by helping businesses identify and understand opportunities to help refugees. We joined this movement in 2020, because as one of the largest employers in the world, we believe work is a social integrator and recognise the opportunity and responsibility we have to contribute to the labour market integration of refugees.

Company-wide gender split



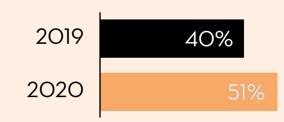
Global Leader gender parity
We are committed to achieve 50:50 by 2030

+7% year on year



Female successors at Global Leader level

+11% year on year



Great Place to Work® Diversity & Inclusion score

86

2019 D&I Score 85

Diversity & Inclusion Peakon employee engagement score

8.2

(0.1 above industry average)

HOW DO WE ADAPT WHEN THE GAME CHANGES?

Impact of Covid-19

Our world has been turned upside down by the Covid-19 pandemic. It has had a universal impact – from individuals to families, from small businesses to huge enterprises, from leisure to economic activity. With offices and stores being forced to close, working practices flexed to adapt, and business as usual put on hold, these times are anything but ordinary for our working society. For many companies, it's important to take steps that ensure their survival, both now and in the future.

These measures and the impact of Covid-19 have seen rapid changes in behaviour from employers and employees alike. The way we work has completely shifted – with more people communicating and interacting online and remotely, employees balancing work with home schooling, and individuals finding new ways to manage their wellbeing and develop their skills within the confines of their own home.

How we supported our people

It's been a challenging time, but also one of opportunity. We have seen our organisation come together in a collaborative, agile and innovative way – leveraging our 360° ecosystem to quickly put in place a number of guiding principles and protocols to provide the required support to our colleagues, clients, associates and candidates across the world. This is something we are immensely proud of: we are living our vision by making the future work safely for everyone.

To deal with the ongoing crisis, we have put a number of steps in place. 'people first' is our number one priority, and that is exactly what we have done.

1. Listening to our people

In order to best serve our colleagues, we collated their feedback through regular 'pulse' surveys throughout the past year. Our people have shared their views, concerns and needs, as well as feedback on actions taken. The questions evolved in parallel with the shifting world around us, but always focused on the same topics:

- wellbeing;
- clarity around business continuity plans;
- resources for continued development and growth;
- clarity on external support and guidance (for example, governmental policies); and
- tools and technology support.

'Pulse' survey results:

- Average 59% response rate (taking into account those on furlough or reduced hours).
- Achieved high scores across all categories of between 7.2 to 9.2 (out of 10).

High scores indicate that not only have we put the correct measures in place to keep our colleagues and customers safe as we develop new ways of working, but also show that the increased autonomy and flexibility are appreciated by colleagues, driving new responsibility and providing a way for our colleagues to manage work differently.

2. Wellbeing

To support our colleagues in managing the transition to working remotely, our online 'Supporting our People' portal provides access to useful resources and tools to aid in adjusting to life during Covid-19 and beyond. They focus specifically on:

- working remotely and maintaining productivity – including resources from partners such as GetAbstract and LinkedIn, as well as security guidance from our IT function;
- upskilling and development opportunities – leveraging our own 360° ecosystem of HR solutions, including General Assembly digital courses and our LHH Covid-19 resource hub;
- physical wellbeing – including at-home workouts and nutrition advice led by our own Win4Youth team;
- mental wellbeing – providing tips and tricks on how to manage mindfulness, stress and anxiety, and free access to global wellbeing apps including Headspace and Calm;
- emotional support – for those whose families or loved ones have been impacted by Covid-19, by directing our global community to local schemes providing virtual psychological support, taking into account geographical, language and cultural nuances;
- access to our 'Covid doctor' – providing answers on burning questions related to the Covid-19 outbreak from a public health and epidemiology (pandemic) specialist;
- access to our 'Covid Protect' app – available to all clients, colleagues and associates, our 'Covid Protect' app provides the latest information and guidance around Covid-19, including:
  - e-learning on health and safety – how to recognise and react to symptoms and protect oneself and others
  - guidance on how to ensure a safe return to in-person working
  - podcasts to help manage mental wellbeing.

3. Workforce measures

To help steer our business and colleagues through the crisis, we introduced the following workforce measures:

- Where possible, we re-deployed colleagues into areas where we saw business growth, for example in e-commerce.
- We leveraged government support measures, with 17 countries using short-time work for colleagues.
- We implemented additional workforce measures, such as hiring freezes, voluntary part-time working/sabbaticals/furlough/holidays, deferment of incremental salary increases, and redundancies where needed, as determined by each country.
- We offered global outplacement services from our LHH brand in support of all colleagues transitioning out of the organisation during this time.
- Our CEO, Executive Committee and senior leaders took voluntary salary reductions.
- Where feasible, we implemented on-site reductions, e.g. rent reductions and reduced office services.

4. Client offering

For us at the Adecco Group, it is of utmost importance to share our expertise and learnings also for the benefit of our customers, to support them during these turbulent times. We therefore created two guides for HR leaders within our clients' own companies, offering insights and packaging up our approach, frameworks and solutions to help them support their own employees through Covid-19 and beyond.

5. 'New World Working'

Recognising the impact the current climate has had on our ways of working, we must remain agile in our current practices as well as look ahead and seize the opportunity to transform our culture and business solutions to compete successfully in this fast-moving environment. To support us in this journey, we asked colleagues across the globe to share their reflections and experiences of working life during the pandemic. These have helped us develop longer-term and sustainable solutions and frameworks for managing productivity levels, fostering internal collaboration and maintaining organisational cohesion in a virtual world. We have created a set of guiding principles to help us navigate this shifting landscape and prioritise key activities to manage the wellbeing of our people and drive continued business performance.

We will continue to build upon these principles during 2021, while also advancing other areas impacted by these changing times, such as our real estate and technology infrastructure, and how we upskill and reskill our people to thrive in this new environment.

New World Working
Our guiding principles

Hybrid Working – A balance between office and remote work

Establishing a healthy balance between in-person and virtual working. Recognising that the more collaborative relationship building, and informal connection activities are better done in the physical space.

Delivering Results – Clear measures of productivity based on output and merit

Prioritising a results-based culture. Providing clarity on what we mean by productivity, how it is measured and the frequency with which we measure it. We demonstrate a pioneering spirit, by identifying new opportunities through collective learning and pushing the limits of what can be done.

Smart Planning – Goal-based flexibility

We use 'smart planning' to guide our decision-making processes – leveraging technology to help us. For example, working in the office when the whole team is there to more effectively carry out tasks better done in person. We respect the Adecco Group operating hours to continue to drive connectivity, business continuity and collaboration in a volatile landscape, while acknowledging the need, at times, for flexibility in working hours (due to personal circumstances, client needs, global collaboration etc).

Wellbeing – Taking deliberate action

We take deliberate and accountable action to drive wellbeing – for ourselves and others. We respect our colleagues, their needs and the balance of blended working.

Agile Working – Role-modelling the right behaviours, culturally and operationally

We prioritise client- and candidate-centricity and we role-model behaviours that drive agility and add value to the ways we work. We provide ongoing training and development opportunities to adapt to new ways of leading and delivering in a virtual way.

GETTING A FOOT ON THE CAREER LADDER

Youth employability

In a highly competitive labour market, made more intense by the pressures of Covid-19, young people can struggle to get noticed. Often without industry experience, specific qualifications or impressive references, they can find themselves at a disadvantage.

The Adecco Group's CEO for One Month programme helps increase the work-readiness of young people by leveraging the skills and know-how of the Adecco Group. The programme, run in more than 40 countries, helps candidates to develop and showcase their leadership potential, learn what it takes to succeed as a business leader, and acquire the skills and experience needed to get a foot on the career ladder. For one individual, the reward at the end of the process is a once-in-a-lifetime opportunity to spend a month shadowing the CEO of the Adecco Group, Alain Dehaze.

The experience of a lifetime

In 2016, Sami Itani was riding the subway in Helsinki when he saw an advertisement for the CEO for One Month programme in the newspaper. "I was already aware of the Adecco Group's high level of integrity as an employer and their expertise in the industry. The company culture seemed like a good fit for me, so I decided to apply," says Sami. After undergoing a selection process that included interviews, a bootcamp, and various other tests and assessments, Sami was chosen as Finland's CEO for One Month. This marked the beginning of Sami's career with the Adecco Group. He continued to thrive, taking on various senior roles at the company. Sami became CEO of the Adecco Group Finland at the beginning of 2020 and a key role model for alumni of CEO for One Month. He then helped to foster the next generation of the programme.

Online opportunities

In 2020, the CEO for One Month programme demonstrated its resilience and flexibility in the face of the global Covid-19 pandemic. Going digital and adding value for all applicants were the goals during these trying times, when physical meet-ups were not possible but continuing education became more important than ever. In fact, despite the pandemic, the programme had more than 205,000 applicants in 2020 – all of whom had access to the online Career Centre offered by the Adecco Group Foundation. This resource provides access to a myriad of learning tools including virtual workshops, webinars on topics such as networking and leadership skills, and free digital assessments and feedback reports.

> "The needs of candidates and clients and the technology we use to best serve them are all evolving quickly. It's a fascinating environment that offers a lot of opportunities.

Sami Itani
Sami Itani, CEO Finland,
The Adecco Group

From CEO for One Month to full-fledged CEO – an inspiring success story

Sami's story

"My advice for the next generation of CEO for One Month candidates? Nobody knows the future of this industry with 100% certainty – or of the world itself for that matter, as 2020 has shown us," Sami says. "The needs of candidates and clients and the technology we use to best serve them are all evolving quickly. It's a fascinating environment that offers a lot of opportunities. Just remember to aim for big, bold ideas that challenge our usual way of doing things."

See more online at https://www.youtube.com/watch?v=GW1Tx7gbcuU

PROMOTING DIVERSITY AND INCLUSION

A CULTURE WHERE TALENT MATTERS

As a business whose very reason for existence is the success of people, we want to improve everyone's chances of being part of the workplace and enabling them to get better access to the jobs and life prospects they deserve.

This commitment extends to everyone working with, through or for the Adecco Group, and we are constantly striving to foster a culture of belonging and purpose, in an environment where people can thrive and feel engaged, and where difference is respected and valued.

This is coming to life especially across our North American business, where a new diversity and inclusion (D&I) programme led by Jâlie Cohen, Head of HR for the Americas, is building a culture where talent matters.

"When I joined the Adecco Group, I was asked to partner with all brands in North America to create one Group voice," Jâlie says. "The goal was a diversity and inclusion programme that would demonstrate in both words and actions how we are making the future work for everyone – for all stakeholders, both internal and external."

For the Adecco Group, the commitment to inclusion begins at a global level, with the Executive Committee identifying the issue as a business imperative. Right across the Group, leaders are encouraged to use their voice and platforms to support issues that are close to them, for example gender equality or speaking out against social and racial injustice. At a regional level there is then the flexibility to develop solutions that represent the specific issues and diversity of each area.

In 2020, many of the region's senior leaders took part in a two-day workshop to understand systemic racism. One outcome was the creation of a diversity and inclusion council, whose purpose is to reflect our core beliefs around culture and inclusion and enable us to best serve the needs of our clients and to positively impact the lives of all our stakeholders.

For more details about Diversity & Inclusion please visit, https://adeccogroup.com/future-of-work/latest-insights/there-is-more-that-unites/

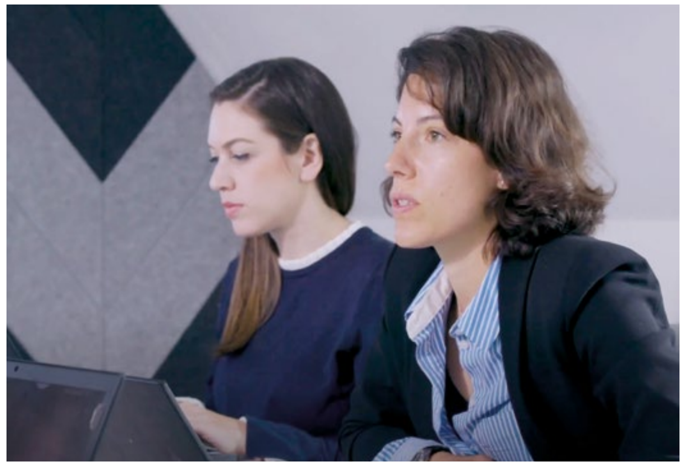
> "We are building a culture where talent matters – not labels – and where everyone has a chance to be a part of the world of work.

Jâlie Cohen
Group Senior Vice President, Human Resources – Americas at The Adecco Group

To elevate the voices of our colleagues, a diversity and inclusion 'listening tour' was launched. It comprised 15 virtual and moderated sessions on a variety of topics aiming to understand what we needed to focus on and to ensure that the full range of voices was represented. Four specific areas were defined that will be used to shape the D&I agenda across North America going forward. These were:

- having a dedicated inclusion leader and team to build out a robust inclusion programme;
- focussing on education and training, both around inclusion and also around hiring and upskilling our diverse talent;
- a company wide commitment to diversifying the leadership teams to mirror the diversity we see in our regions; and
- consistent and effective communication around D&I so that all our stakeholders are clear about our path and progress.

"We are building a culture where talent matters – not labels – and where everyone has a chance to be a part of the world of work," Jâlie says. "We're celebrating countless ideas and experiences that shape us as individuals and as an organisation. Our vision and culture are inspired by our employees, who are inclusive and very proud of who they are."



International Women's Day: Talent without Labels, see https://www.youtube.com/watch?v=KTBk9-HG4NA

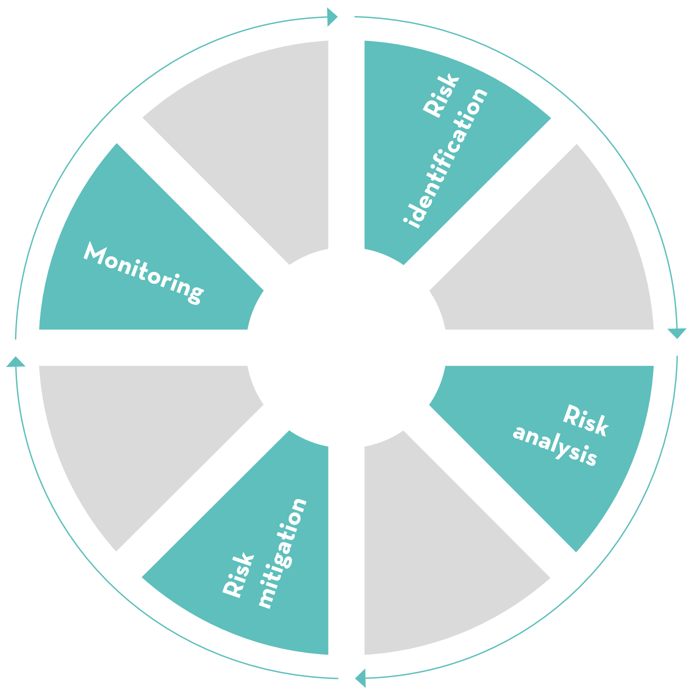
Identify, mitigate and manage risk

Our risk management process is used to identify and mitigate our exposures and, where possible, to turn risks into business opportunities. By effectively managing our risks, we are able to maintain our resilience through challenging periods such as that presented by Covid-19, and ensure we continue to create value for our stakeholders.

Enterprise risk management – an iterative and integrated management practice

Embedded in the strategic planning process, the enterprise risk management process at the Adecco Group is a management practice. It provides assurance to all key stakeholders that we will achieve our performance, profitability, and targets and objectives related to environmental, social and governance (ESG) considerations. While the focus is on analysing, managing and mitigating risks, we pay equal attention to identifying opportunities for business development.

The process is conducted on a regular basis, steered by Group management and overseen and approved by the Board of Directors. Country and business line management teams are involved as well as Group management and corporate functions, to ensure consistency and comprehensive coverage by leveraging the expertise of the people in the organisation close to the risks. This is consolidated through an unbiased and honest view of those risks that can have a significant impact on their operations and their ability to meet objectives. Where needed, action plans are developed, and progress is reviewed during regular operational business meetings. The enterprise risk management assessment, including the action plan, is reported back to the Board of Directors.



Key business risks

The following describes our major business risks and how we manage them. Covid-19 has had a marked impact on the Group during 2020 and the key business risks have been updated to reflect this changing risk environment.

Key business risks	Description	Mitigation
Geopolitical, social and economic uncertainty	Demand for many of our HR solutions is highly correlated with changes in economic activity. Meanwhile, career transition is counter-cyclical in nature. At the same time, we operate in a labour market going through significant change: the workforce skills an organisation requires today may be obsolete in few years' time. Staffing companies must adjust their capacity to fluctuations in demand, which can occur rapidly and over which they may have limited visibility.	The Adecco Group has leading positions in most major geographical markets and HR service lines. The diversity of our exposures provides some natural hedge to the risk of changing economic conditions. Nonetheless, we place a high priority on closely monitoring economic developments, how these influence our clients' demands, and their impact on our financial results. Our crisis management approach, supported by an active dialogue between corporate and regional management, allows us to stay abreast of any business developments and swiftly adjust our capacity levels as required. The response to the Covid-19 pandemic during the year confirmed the Group's readiness for a recession and its ability to ensure a continued stable dividend distribution. This is assessed on an ongoing basis.
Client attraction and retention	The Adecco Group's results and prospects depend on attracting and retaining clients. Client satisfaction, as a result of services we have rendered, is a key driver of client retention and therefore needs to be monitored closely. The changing world of work also provides an opportunity for new sources of growth and the attraction of new clients.	We emphasise the importance of acting as a partner to clients to help them satisfy their workforce solutions needs. On a regular basis we measure client NPS®. The results are used to train and support sales teams, to draft and execute sales action plans, and to further enhance the services we deliver. At the same time, we continuously strive to improve our delivery channels and to optimise sales systems and processes, leading to enhanced client attraction. The customer has been placed as the cornerstone of our new Future@Work strategy, as we seek to leverage 360° HR solutions whilst transforming into a more brand-driven organisation. We recognise our clients' increased expectations as regards responsible business conduct across their supply chain and are intent on meeting their objectives through our integrated sustainability framework.

Key business risks	Description	Mitigation
Associate attraction and retention	We depend on our ability to attract and retain candidates and associates who possess the skills and experience to meet our clients' needs. With talent shortages in some highly qualified skillsets, providing suitably qualified associates can be challenging.	We aim to attract the best talent through various sources, ranging from the traditional physical branch to online platforms and technologies using digital tools responsibly. Our value proposition for candidates and associates goes beyond providing employment opportunities or consecutive assignments. We also provide training and career coaching, and help solve skills shortages with our up- and reskilling solutions which improve access to diverse candidates, including in some of the most in-demand fields such as digital and IT skills. We regularly measure our candidate NPS® to help identify and respond to their needs.
Employee attraction and retention	Our success depends on the talent and motivation of our people. Hiring and retaining the right talent in the right job may significantly influence the business prospects of the Adecco Group. Talent and skills are becoming an increasingly limited resource, as companies compete for the best people. The loss of key colleagues, with valuable experience in the global HR services industry or with strong customer relationships, could cause significant disruption to our business.	At the Adecco Group we have developed a five-pillar talent framework aimed at enabling us to remain the leading employer in our industry. We provide a unique offering and rich experiences, helping our people thrive and develop across multiple brands and geographies. We measure our progress through participation in the annual Great Place to Work® survey, which gauges employees' satisfaction with their workplace, as well as via regular internal employee surveys. In response to Covid-19, we created and rolled out an entire suite of tools and resources to support our colleagues during these challenging times. Find out more on pages 36-47.
Information Technology	IT plays a pivotal role in today's business operations. Key business processes, such as client and candidate management, and search and match between roles and candidates, are dependent on IT systems and infrastructure. Among other consequences, a significant system interruption could result in material disruptions to our business.	We undertake ongoing assessments of our global security and IT infrastructure and continue to holistically improve our approach to security. This includes strengthening data security measures and helping ensure rapid detection and efficient response. To protect business continuity, critical business applications are stored in cloud applications and regional datacentres with failover capability. Regular reviews of agreements with IT service providers and enhancements to service-level and contract management are embedded in our IT processes, as is the continuous improvement of user security awareness.
Changes in regulatory/legal and political environment	The HR solutions industry requires appropriate regulation, with the ultimate goal of enhancing quality standards to the benefit of society, workers, private employment agencies and their clients. A changing political environment might lead to inappropriate or unbalanced regulation, potentially impacting our business model.	The Adecco Group monitors and evaluates, at regional and local level, any changes in the regulatory and legal environment, and promotes actions and initiatives directed at improving working and employability conditions, while ensuring competitiveness and growth of economies. We are a founding member of the World Employment Confederation and hold leadership mandates in the regional and national associations representing our sector. Our engagement extends to global institutions such as the International Labour Organization, the OECD, the International Organisation of Employers and the G20-B20, as well as BusinessEurope. Find out more on page 55.
Compliance with laws and regulations	The Adecco Group is exposed to various legal risks, including possible breaches of law in the areas of employment and discrimination, competition and bribery. The Group holds information on a large number of candidates and associates, bringing additional risks in the rapidly developing area of data privacy laws.	Our global Integrity and Compliance Programme sets our ambition level and overarching framework for our employees to comply with all applicable legislation and internal policies. Training courses on material issues create awareness among employees of the risks of non-compliance. In particular, the Adecco Group requires all employees to adhere to our Code of Conduct. Regular legal updates, as well as periodic audits of branches and local operations, are among our preventive measures. Any issue or concern can be reported confidentially through our publicly available ethics reporting channels. Find out more on pages 50-51.
Disruptive technologies	New distribution channels and data-driven business models are emerging as HR solutions go digital. This creates the risk that some of the Adecco Group's services could in the future be offered differently and / or by new competitors. Over the longer term, these disruptive technologies could present a threat to the market share and profitability of the Adecco Group.	At the Adecco Group, the potential of digital is embraced as part of Future@Work through a combination of internal ventures, partnerships and targeted M&A. Continuous investment in our IT platform allows us to increase our efficiency and effectiveness and provides the infrastructure for a comprehensive and co-ordinated response to the emergence of new technologies. We have also created the Executive Committee position of Chief Digital Officer. This marks the next step in our digital evolution, enabling us to place further emphasis on the growing digital scope of our business and to focus aggressively on new opportunities for growth. At the same time, we will continue to look to build more synergies between the Group's online and offline businesses, and to further develop opportunities with leading technology partners.
Data protection and cyber security	With increasing digitalisation, the ability to provide a data environment meeting the highest security and regulatory standards, such as GDPR, is critical. Any failure to do so, whether due to a lack of appropriate technology, controls or human error, could result in a loss of trust among our candidates, associates, employees and clients, as well as financial penalties.	The Adecco Group is continually investing in cyber-security-related processes and systems. With investments in compliance resources, business processes and technology, the Group is complying with relevant data privacy principles established by law. To mitigate the risks, a global privacy strategy has been defined which consists of embedding privacy in the Group's day-to-day operations, securing compliance with applicable laws, and working to turn data privacy and compliance into a competitive advantage in the long run.
Environmental, social and governance (ESG) factors	The Group needs to identify, manage and respond to ESG risks and opportunities impacting its business and stakeholders, and live up to its public commitments such as towards the UN Global Compact. Demonstrating this ability strengthens the Group's reputation, helps safeguard our licence to operate, drive profitable growth and deliver value for all our stakeholders.	The Group has a long-standing commitment to doing business sustainably. An integrated sustainability framework focused on the issues most material to our business and stakeholders guides our actions and ensures strong alignment between key business and ESG risks and opportunities. Embedded governance structures and a comprehensive measurement framework enable focused implementation, as we move towards a culture that consistently considers ESG dimensions across our business. Find out more on pages 8-9.

Operating responsibly

We are experiencing some of the most significant challenges in recent history: climate change, systemic inequality, the erosion of social cohesion, livelihood crises, the Covid-19 pandemic. These themes may be interlinked or even exacerbated by each other. The private sector has a critical role to play in helping to rebalance our world for the benefit of all.

To thrive in the long term, we need to continuously strengthen our licence to operate by serving the interests of all: being respectful to our stakeholders, the society we are a part of, and the planet we live on. At the Adecco Group, we are committed more than ever to working in alignment with our purpose of making the future work for everyone. Maintaining the highest standards of responsible business conduct and embracing a culture that seeks to consistently integrate environmental, social, and governance (ESG) considerations across our full value chain is an integral part of this approach.

Leading with integrity and compliance

A critical component of long-term value creation and building legitimacy with stakeholders is to conduct ourselves ethically, in line with both the spirit and letter of applicable laws and accepted norms for corporate behaviour. We aspire to positively influence the world of work and set an example by how we conduct our business. Leading with integrity and compliance thus forms the basis of our open culture of mutual respect and trust in a collaborative environment, and of how we behave. This is expressed within our Code of Conduct and everyone within the Adecco Group – from the Board of Directors and Executive Committee, to line managers and colleagues, without exception – is expected to respect this and fulfil their responsibilities accordingly.

In 2020, we continued the roll-out of our Integrity and Compliance Programme, launched in 2019. Its purpose is to ensure the appropriate controls are in place to support the prevention, detection and response to (potential) violations of laws, regulations, Group policies, and public commitments. It does this by providing insight, direction, education, oversight, and guidance to everyone in the Group. A central repository on our new Group intranet ensures that all colleagues have access to important information such as Group policies, information about key topics, our reporting hotline for ethical concerns or potential misconduct, training materials, and the link to our global Learning Management System.

To help us understand our Company's current culture of integrity, in 2020 we conducted our first Group-wide survey on integrity and compliance. This provided our colleagues the opportunity to share their perceptions regarding topics such as integrity, ethics and compliance within our Company, their awareness of integrity and compliance matters, and their perceptions regarding reporting misconduct. More than 18,000 employees participated, with overall positive results. More than 1,200 comments were shared, helping us to fine-tune our priorities for the short, medium and long term. In light of the positive reception and to continuously evaluate progress against our objectives, we now plan to conduct such a survey on an annual basis.

Another focus area in the past year was to further strengthen our approach to conflicts of interest: we rolled out a new global policy including a declaration process for colleagues, global training and corresponding communication materials. We are committed to identifying situations that are or could be perceived as conflicts of interest and disclosing them so they can be managed.

ENSURING RESPONSIBLE TAX PRACTICES

We recognise the important role that companies play in contributing to public finances through paying taxes, helping to finance vital public infrastructure and services and thus to achieve the UN SDGs. We do not engage in artificial tax-driven structures and transactions, but instead seek to comply with both letter and spirit of applicable tax laws. We report revenues and pay taxes in the countries where we operate and where value is created. As the Group is not organised on a country basis, we publicly disclose taxes paid in aggregate form only.

EUR millions	2020[1]
Income taxes paid	290
VAT paid	2,061
Employer social charges paid	2,278

1 2020 is used as the starting year for disclosing these metrics.

For more information on our tax strategy, please refer to page 93.

Transparency is an important part of fostering an environment of mutual trust among all stakeholders. This complements our existing policies and processes on preventing bribery and corruption.

Without good governance, companies lack the supportive context within which to make progress against their ambitions. In 2020, we therefore strengthened and updated our Group's governance structure, including through a new Group commitment policy and related processes. This will ensure a strong foundation for decision-making in our businesses.

As we implement such new initiatives, policies, procedures and tools, we partner with a diverse group of stakeholders from differing functions, business units and geographies across the Group, to make sure they reflect a broad set of experience, expertise and contexts. This helps us to best meet the needs of colleagues at the heart of our organisation and the expectations of other relevant stakeholders.

To support the achievement of our ESG-related objectives, compensation for Adecco Group Executive Committee members is linked to select material ESG measures. For more information on how ESG is embedded in our compensation framework, please refer to page 104.

Our philosophy of doing what is right is under-pinned by our purpose as a Group, our core values, and our commitment to doing business responsibly and in a way that serves the interests of all our stakeholders. Embedding these standards consistently into how and why we conduct our business will ultimately enable us to deliver on our mission to be a driver of positive change and make the future work for everyone.

OVERVIEW OF 2020 COMPLIANCE AND ETHICS REPORTING

At the Adecco Group, we have built and continue to foster an open culture of mutual respect and trust in a collaborative environment where colleagues can seek help or advice, and speak up. Anyone raising concerns in good faith is making the right decision: we will listen and take any issues seriously. Concerns can be raised through management, our global network of integrity and compliance officers, or our 24-hour reporting tools (hotline and website), without fear of retaliation. Maintaining the highest standards of ethical conduct and ensuring we meet our legal obligations are central to the Adecco Group's sustainable success.

Depending on the risk significance (e.g. potential impact on stakeholders, financial impact and / or reputation damage, seniority of the subjects potentially involved), reported cases are divided into red, yellow or green categories, which determines the further handling of a case. Corrective action may include disciplinary measures, training, or process improvements (such as amendment of policies and procedures, awareness campaigns, or implementation of new controls). Relevant information on reports is regularly provided to the Board of Directors' Audit Committee and senior management.

In 2020, the three most reported categories were:

- improper workplace conduct (23%);
- deception (13%), including e.g. embezzlement or time card fraud; and
- discrimination (13%).

	2020	2019
New cases reported	192	195
Red cases	2%	1%
Yellow cases	10%	7%
Green cases	88%	92%
Reported through the ACE hotline	67%	67%
Reported through other channels (e.g. management or integrity and compliance officers across the Group)	33%	33%
Cases closed	171	188
Proven	26%	31%
Not proven	37%	25%
Inconclusive	12%	20%
Not related to misconduct / not appropriate for investigation	25%	24%

Respecting human and labour rights

The pandemic has starkly exposed the vulnerability of workers in a crisis. We believe that our services bring many positive benefits, particularly in the areas of employability and access to work, and thus livelihoods. Our vision is of a world where all people have the right skills to gain, or maintain, access to the world of work and are enabled to reach their full potential, and where every job provides fair remuneration and decent working conditions. This is also reflected in our continued advocacy for a new social contract, to ensure that the structures to organise the labour market are adapted to realities on the ground and that all forms of work are secure and sustainable.

As the leading talent advisory and solutions company and one of the largest employers worldwide, our success begins and ends with our people. Every day, we provide work for hundreds of thousands of colleagues, associates and candidates, and directly and indirectly impact the lives of many more. It is in our interest to ensure that the Adecco Group is not complicit in any human rights abuses, and we are committed to making this a fundamental part of how we operate. We believe that respecting human rights is one of the many ways we bring our purpose and our values to life, and one of the most fundamental contributions organisations can make towards the achievement of the United Nations Sustainable Development Goals (SDGs). Meanwhile, expectations from governments and other stakeholders in this area are only increasing, as evidenced by growing calls for mandatory legislation on human rights due diligence, at national, regional and international levels.

At the Adecco Group, we recognise our responsibility to ensure respect for human and particularly labour rights within our sphere of influence, across our value chain and wherever we do business, and our ability to contribute to positive human rights impacts. In our work, we embrace some of the most authoritative international norms in this field, such as the International Bill of Human Rights and the core labour conventions of the International Labour Organization (ILO). We are also committed to international general and sector-specific standards, such as the UN Global Compact, the World Employment Confederation Code of Conduct, ILO Convention 181 on Private Employment Agencies, and the UN Guiding Principles on Business and Human Rights. A number of global and local internal policies, guidelines and programmes translate these standards into our daily business.

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT AGENDA 2030

In September 2015, all member states of the UN adopted a plan for achieving a better future for all – laying out a path over 15 years to end extreme poverty, fight inequality and injustice, and protect our planet. Achieving the 17 SDGs that lie at the heart of this 'Agenda 2030' requires determined action by all sectors in society – including business. At the Adecco Group, we are fully committed to playing our part. As the world's leading talent solutions and advisory company, we have a tremendous opportunity – and responsibility – to harness our expertise and resources to contribute to the achievement of this important vision. While as a multinational corporation we have touchpoints with almost every SDG, we focus our strategic efforts most closely on those where we can make the biggest difference through our core business: unlocking everyone's potential, facilitating access to work, and enabling economic development, wellbeing, livelihoods and security.

SDG	Goal	Focus target
4 Quality education	**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.**	**Focus Target: 4.4**
5 Gender equality	**Achieve gender equality and empower all women and girls.**	**Focus Target: 5.5**
8 Decent work and economic growth	**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**	**Focus Targets: 8.5, 8.6 and 8.8**
10 Reduced inequalities	**Reduce inequality within and among countries.**	**Focus Targets: 10.2, 10.3, 10.4 and 10.7**

For more details on the SDGs please visit https://sdgs.un.org/

As a talent advisory and solutions company, we particularly focus on: the right to work and to just and favourable conditions of work and associated rights; equality and non-discrimination; physical and mental health; and the right to privacy. We have a zero-tolerance approach to child labour, forced and bonded labour, modern slavery and human trafficking across all our operations, business dealings and relationships. We are also committed to the principle of never charging recruitment fees and costs to job seekers, and we respect the right to freedom of association and collective bargaining.

Social dialogue is not only a labour right in and of itself, but is also an effective way to safeguard human and labour rights per se. This is why we remain fully committed to engaging in social dialogue, with both our colleagues and associates. We engage in sectoral social dialogue for agency workers in numerous countries, and are a partner in the European Sectoral Social Dialogue for Agency Work managed by the World Employment Confederation (WEC) – Europe. Despite travel restrictions, the European Sectoral Social Dialogue remained active, and found a way to have a meaningful dialogue online. As early as April 2020, WEC-Europe and UNI-Europa (the European social partners for the temporary agency work industry) agreed a set of joint recommendations to handle the Covid-19 crisis. Furthermore, in December, the social partners presented the outcome of a joint research project addressing social innovation in the temporary agency work sector, as well as a set of joint recommendations based on this research. These documents are accessible at www.weceurope.org.

Employee relations, including receiving feedback from colleagues on a regular basis, continue to be a focus for the Group and help us shape our people agenda. One of the ways we engage our colleagues is through the Adecco Group European Works Council (AEWC), which enables meaningful social dialogue between the Adecco Group management and European employees through elected employee representatives. Since the start of the pandemic, we have increased the number of AEWC meetings in order to continue our exchanges, engaging in dialogue on the impact of Covid-19 as well as European-level transnational matters. In 2020, we held seven meetings between Company management and the AEWC Steering Group, consisting of five AEWC members who work on behalf of all employee representatives. The Adecco Group management furthermore invited all AEWC employee representatives to two virtual meetings – one exceptional meeting in June 2020 to specifically discuss the Covid-19 pandemic, and the annual plenary meeting in November 2020. Every year, one AEWC employee representative is also invited to attend the Group's Global Leadership Conference – a practice which continued in 2020. Together, management and employee representatives aim to have a positive social dialogue based on the spirit of good faith and mutual trust.

To identify gaps and further strengthen our approach, in 2020 we began mapping material human rights risks and corresponding controls across our organisation, as part of a broader compliance with labour law initiative. This work is complemented by the results of our integrity and compliance survey, which provide the colleague perspective on where we need to focus our efforts. As outlined in other sections of this report, we have launched a comprehensive new diversity, inclusion and wellbeing framework, including training, and have made significant progress in increasing employability and access to work particularly for underserved populations. In our next steps, we will focus on revising our human rights policy, further engaging with our colleagues on these important issues, and addressing in more depth the topic of third-party due diligence across the value chain.

We also collaborate with a number of other stakeholders on human-rights-related questions, where we feel our expertise, convening power or resources may help advance shared objectives. In 2020, we joined the Advisory Council of the International Centre for Sports and Human Rights, to share our expertise on responsible recruitment and the perspectives of the private employment industry, coupled with our expertise related to the world of sports through our long-standing Athletes Programmes (please see www.adeccogroup.com/athleteprogrammes for more information). We also work with clients to change realities on the ground. In Australia, for example, our Modis team has worked with several government agencies and departments to develop capabilities that may be used to reduce the incidence of family and domestic violence.

We understand that human rights due diligence is an ongoing process and are committed to continuously strengthening our practices and engaging with stakeholders on relevant topics and progress.

> "As a people-centric organisation, 'people first' was and continues to be the number one priority at the Adecco Group.

Ensuring workforce wellbeing (including health and safety)

2020 was a time of tremendous uncertainty for people around the world. Many of us witnessed first-hand the impact that stresses such as job loss, being put on short-time work, anxiety around livelihood prospects, mastering the double burden of work and childcare, fear for one's own and loved ones' health, or prolonged isolation were having on our own wellbeing. The world of work will not – and should not – look the same after this crisis. Research that the Adecco Group conducted in May 2020 revealed that employers are now the most trusted to 'reset normal' – above any other institution. In fact, 80% of those surveyed said they trusted their employer with delivering a better working world after Covid-19, and 61% felt confident the company they worked for would support them during any future crises. Having gained this trust, businesses now need to show leadership in actively guiding their people through this period of change.

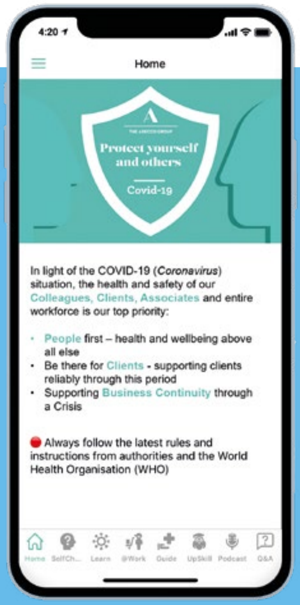
As a people-centric organisation, 'people first' was and continues to be the number one priority at the Adecco Group. Our people were at the heart of every decision and our plans revolved around their wellbeing and success. We needed to be mindful of the needs and expectations of our own colleagues, but also the reality of our associates' experience: our industry is unique, as we do not directly control the work environments we place our associates in. This is acknowledged by applicable legislation, often placing primary responsibility for a healthy and safe working environment with the client company.

But in times like these, day-to-day rules may be easily turned upside down. For us, it remained our priority to be there for our associates, with a focus on the following measures:

- ensuring a safe working environment by supporting our clients to implement comprehensive health and safety protocols;
- creating a best-practice approach to remote work, for roles where this was possible;
- providing virtual access to upskilling and reskilling solutions; and
- accelerating conversations with clients to support our associates to safely find work in sectors that were and are in high demand; the Group's wide and multi-industry client base made us uniquely well positioned to consider such possibilities.

In 2020, we developed the Adecco Group 'Covid Protect' app, available to all clients, colleagues and associates and providing the most up-to-date information and guidance on how to stay safe, including:

- e-learning on health and safety – how to recognise and react to symptoms and protect oneself and others;
- guidance on how to ensure a 'safe' return to in-person working;
- podcasts to help manage mental wellbeing;
- accessible courses to help individuals future-proof their skillsets in an ever-changing world.



For a comprehensive overview of how we supported our colleagues during these challenging times, please see pages 42-43.

By putting structured yet flexible measures in place, we ensured and continue to ensure the best for our people – covering all bases and leading by example. Not only did this build confidence in our handling of the situation, but it also helped people feel safe in the new environment they entered.

However, many companies lack a blueprint to help their workers prioritise their wellbeing, and cope with and harness change – and the resulting deficiencies were clearly felt during the lockdown period. To share some of our expertise and learnings for the benefit of all, our Adecco Group Foundation in 2020 published a methodology that helps leaders develop frameworks that address the holistic wellbeing of their employees. It hinges on four elements of wellbeing (physical, mental, social, and purpose), coupled with four enablers that are needed to make any wellbeing intervention and policy work and last: culture and brand, policy and practice, environment, and technology and tools.

We remain committed to taking every necessary step and precaution to ensure that our people are healthy, safe and in work. Our purpose has always been to make the future work for everyone, and it is now our ambition to make the future work for everyone, safely.

Engaging on public policy

In 2020, the Covid-19 pandemic illustrated clearly the importance of labour market policies that are focused on protecting workers as well as supporting businesses. The Adecco Group's policy analysis has shown unprecedented levels of government intervention in employment and social affairs. In some cases, this intervention was needed to cover existing gaps; in many cases it was to account for the unique situation the world found itself in.

For the Adecco Group, the pandemic has underlined the importance of being closely engaged with policy-makers at all levels – global, regional, national and local. We do so as a trustworthy and reliable partner, in an objective, transparent and fact-based manner. It is our strong conviction that such engagement is and should be a two-way street, via well-informed policy discussions and public opinion-forming. This should lead to optimal outcomes for all: achieving the most enabling policy framework for us to deliver our services, while creating open, dynamic and efficient labour markets for the benefit of all.

Covid-19-related actions

From the outset of the Covid-19 crisis, the Adecco Group undertook several initiatives to engage with policy-makers, starting with detailed analysis of government responses around the world and the various labour market outcomes that resulted from them. In a series of four publications throughout the year, our analysis showed that governments would do well to invest in keeping up economic activity and employment, as well as building out active labour market policies.

When the immediate health measures were in place, the Adecco Group decided to join forces with its industry peers to establish the #Safely Back to Work Alliance. This Alliance, which since July 2020 falls under the remit of the World Employment Confederation (WEC), has been working to identify and share best practices to enable a safe return to workplaces. The Alliance is present in 25 countries around the world and has been a key driver of our discussions with our clients and policy-makers.

Further public policy actions

At the start of 2020, the Adecco Group had identified a set of four priority topics in its public affairs work: Regulatory Framework, Future of Work, Skills, and Ecosystem. Despite the massive disruption caused by Covid-19, these priorities remained relevant to our work. Each of these topics was activated in our own direct contacts with policy-makers, as well as via a range of relevant platforms.

Key allies for the Adecco Group are the respective industry federations, both at a national level and globally in the WEC. We are incredibly proud that as of 2020, the Adecco Group's Bettina Schaller has taken up a mandate as President of the WEC.

In addition to our sector involvement, we are also active in the wider business community. We are a partner of the International Organisation of Employers (IOE) and a member of BusinessEurope, including many of their national member federations. We contribute to several dedicated business communities such as Business at the Organisation for Economic Co-operation and Development (OECD), and the G20/B20 process. These relationships support our outreach to regional and national policy-makers, and regional and global bodies, including institutions of the European Union, the International Labour Organization (ILO), the OECD, the G20 and the G7.

For the Adecco Group, the pandemic has underlined the importance of being closely engaged with policy-makers at all levels – global, regional, national and local.

Recommendations to policy-makers:

Towards a "reset normal"

The opportunity has never been greater to lay the foundations for a "reset normal" that leads to a new Social Contract, reflecting the new sets of expectations and responsibilities of workers, businesses and governments alike.

BE WISE	BE OPEN	BE GENEROUS	BE BOLD
Protect skills not jobs	Unleash the potential of the labour market	Redirect the funds in employment	Return to an open economy
Put in place Active Labour Market Policies instead of strict job protection legislation Strengthen skilling by setting up Individual Learning Accounts	Enhance flexibility and allow for diverse forms of work Set up the framework to fully enable digital HR solutions Promote partnerships between public and private employment services	Benefit workers by extending unemployment benefits to all types of work Benefit businesses by reducing taxes and charges on labour	Modernise labour migration policy to be smart and demand-driven

BE NIMBLE
Avoid bureaucratic hurdles

BE INCLUSIVE
Build policies in dialogue with social partners, and in lockstep with the global institutional framework

BE SMART
Base policies on evidence and data

Managing environmental opportunities and risks

At the Adecco Group, we are committed to playing our part in safeguarding the planet for future generations. We understand environmental stewardship to be an integral part of our purpose as an organisation. In 2020, our strengthened approach to climate risk and opportunity management was recognised by the CDP – the leading global climate disclosure system driven by investors and purchasers – with a Climate Change score of B- (compared to a C in 2019).

In our efforts, we continue to focus on the following two pillars:

I. Skills for a Green Transition

Climate change is indisputably among the defining challenges and most complex risks of our time. A transition towards greener, more circular ways of living, working and doing business is therefore a vital – and ever more urgent – necessity if we are to still mitigate the worst outcomes for people and the planet. At the Adecco Group, we are convinced that robust labour markets and the skills these offer will be decisive components enabling this transformation. We believe that human behaviour should not only be seen as the cause of the problem, but must also be the key solution to it. Whether it is about phasing out fossil fuels, delivering climate-friendly business practices, accelerating digitisation and automation, or developing new work models, we need skilful individuals to design innovative and responsible solutions – and corresponding, forward-looking skilling approaches across the larger workforce. We need to ensure that our economies and societies have the skills needed to deliver the Green Transition, while making sure that those whose livelihoods currently depend on non-sustainable business practices or whose jobs are in sectors undergoing fundamental changes are not left behind. As the world's leading talent advisory and solutions company, we believe we can play a key role in helping to facilitate this transition.

We recently published a policy paper, 'Skills for the Green Economy', describing how investing in the right skills is an essential condition for achieving this urgently needed Green Transition. In the paper, we outline a set of tangible actions that stakeholders – governments, employers, employee representatives and individuals – can and should take to mitigate negative impacts and ready labour markets for the future, each at their own level. We illustrate this by sharing concrete examples from the energy and automotive sectors.

At the Adecco Group, we are committed to playing our part. Our automotive industry experts at Modis, for example, have launched a state-of-the-art E-Mobility Academy. The Academy enables automotive producers and Original Equipment Manufacturers (OEMs) to close the skills gap in e-mobility and to prepare their workforce for the challenges of tomorrow by offering an innovative service approach leading to individual skilling solutions. Based on skills assessments conducted in close cooperation with our clients, Modis designs individualised skills curricula and career maps for all candidates. Through a tailored, project-based reskilling programme, the Modis E-Mobility Academy readies candidates for the new requirements of their existing roles or provides a smooth transition towards new roles, by leveraging its highly efficient blended approach of online courses, homework and expert-taught in-class lectures. A collaborative and inclusive approach is key to success.

II. Managing our own environmental footprint

We are conscious of the environmental impact our operations can have and the difference we are able to make by acting responsibly. In 2019, we committed to becoming carbon-neutral as an organisation by 2030, and in 2020 substantiated this by announcing a new carbon emissions reduction target of 50% by 2030 (with 2018 as the baseline), both in terms of absolute emissions and intensity (per unit of revenue and FTE, for Scopes 1 and 2). Remaining emissions will be offset. This ambitious reduction target was set in line with the methodology of the Science-Based Targets Initiative, consistent with the level of decarbonisation required to keep global temperature increase to 1.5° C compared with pre-industrial levels.

We focus our efforts particularly on those areas where we see the biggest reduction potential, based on our industry and footprint: providing sustainable offices and taking a responsible approach to business travel. We are continuously seeking to strengthen our efforts in these areas, as well as expanding them to as-yet-unexplored areas such as employee and associate commuting, as well as up- and downstream emissions over time.

We recognise that Covid-19 and the ensuing office closures and restrictions in business travel will significantly impact the total amount of emissions to be reported for 2020, and likely 2021. It is thus of even greater importance to start putting the necessary measures in place now to over time be able to decouple our emissions from business growth once the economy fully emerges again from the current lockdown measures.

50%

In 2020, we announced a new carbon emissions reduction target of 50% by 2030

Our environmental data

The Adecco Group reports in line with the Greenhouse Gas Protocol. Where data is not available, we model and extrapolate this to account for 100% of our operations. Over the course of the reported year (2019[1]), we were able to reduce our emissions by 10% overall, significantly exceeding our target of a year-on-year reduction of 4%. This was principally achieved by a reduction in our own car fleet (-13%), business travel (-11%) and heating and cooling in buildings (-14%). The largest reductions were witnessed in our operations in Italy, the Netherlands, Spain, the UK and the US.

Going forward, we will seek to further increase the comprehensiveness of our data, particularly as regards harder-to-measure Scope 3 emissions, and reduce our reliance on extrapolations.

Absolute CO_2 emissions (metric tonnes, Scopes 1, 2 &3[2])

	2018 (base year)	2019[1]	Change vs base year
Scope 1	64,164	55,716	-13%
Scope 2	31,663	30,944	-2%
Scope 3	74,020	66,568	-10%
Absolute global emissions	**169,847**	**153,228**	**-10%**

1 2020 data will be available in Q2 2021.
2 Scope 1: direct emissions from owned or controlled sources (e.g. business cars, heating using oil and / or natural gas).
Scope 2: indirect emissions from the generation of purchased energy (e.g. conventional and renewable electricity, energy for cooling).
Scope 3: other indirect emissions occurring in the value chain (e.g. air travel).

Ratings and indices

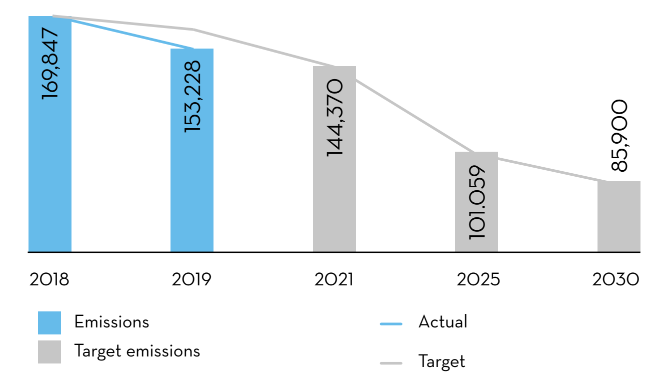
In 2020, our sustainability performance was again recognised with the following rating results and distinctions:

- CDP Climate Change: B-
- EcoVadis: Gold rating (98th Percentile)*
- FTSE4Good Index Series constituent (85th Percentile)
- MSCI ESG rating: AA
- Sustainalytics: 'Outperformer' (95th Percentile)

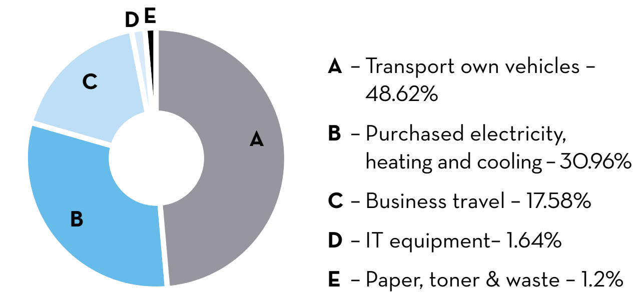
GOLD 2021 ecovadis Sustainability Rating

* The rating is based on our submission in September 2020.

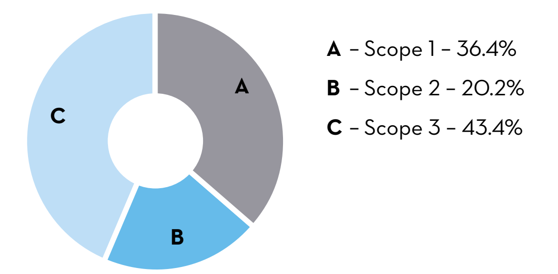
2019 reductions vs target
(metric tonnes, Scopes 1, 2 & 3[2])



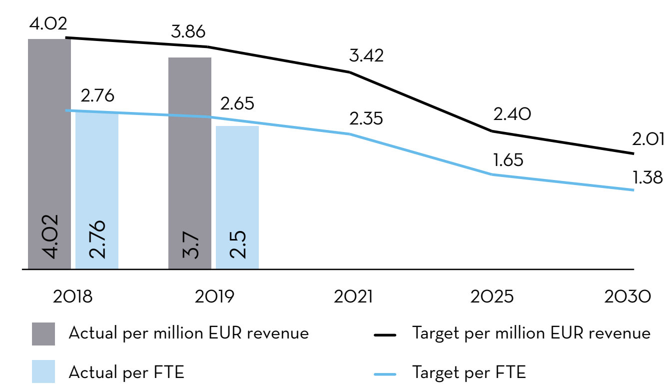
CO_2 emissions split by source (2019[1])



CO_2 emissions split by scope[2] (2019[1])



Intensity performance: Average CO_2 emissions
(metric tonnes, Scopes 1 and 2[2])



Extending our social value creation

In a year of unprecedented challenges, all stakeholders have been working hard to find solutions to the crises posed by the health threat, economic downturn and social disparities. As a globally connected organisation and champion of people, the Adecco Group can play a key role as a convenor of actors. Across our corporate activities, the work of our global and national foundations, and our flagship programmes and local initiatives, we seek to ensure that social considerations and value creation are consistently reflected in our decision-making, operations, partnerships and culture.

The Adecco Group Foundation

The Adecco Group Foundation is the global Foundation of the Group, complementing the local impact of our five national foundations (Spain, Italy, France, Germany and the US) and numerous local community programmes. The global Foundation runs not as a grant-giving body, but as a social innovation lab. This entails identifying complex problems in the world of work and using its unique lab methodology to create tangible solutions. This work is done in partnership with experts and other organisations using a combination of research, design thinking and co-creation. The resulting solutions, services or ways of doing business are then shared publicly and scaled through partnerships. In complement to the lab, the Foundation has historically also run the flagship programmes described below.

From 2021 forward, the Foundation will roll out a new strategy, focused specifically on social innovation, with the aim of helping underserved populations to achieve sustainable livelihoods by increasing their employability and access to labour markets. The new structure will allow the Foundation to scan the landscape to identify underserved populations, run projects to co-create practical solutions, and then take these solutions out into the world through implementation partnerships.

Flagship programmes 2020:

- **CEO for One Month:** Despite Covid-19, the programme continued to offer work-based learning opportunities. At the national level, 34 talented young individuals were selected as CEOs for One Month, shadowing their Country CEO and learning how to lead an organisation in times of crisis and uncertainty. Jordan Topoleski, the CEO for One Month in the US, was then selected as the Global CEO for One Month and will shadow Alain Dehaze in 2021.

  In response to the Covid-19-accelerated need for continuing education, the programme added digital learning tools for all programme applicants in the form of free online assessments, virtual workshops, webinars, and feedback reports.

  As a complement to the programme, our Experience Work Day initiative went fully virtual with nearly 80 hours of content, in 18 different languages, reaching over 5,000 participants; it also included corporate partners. Our partners and employees became mentors and teachers to young people, giving them the inside scoop on what it's really like to be in a job.

  For an inspiring success story from the CEO for One Month programme, please see pages 44-45.

- **Win4Youth:** In response to the pandemic, this programme pivoted from an employee engagement programme focused on sports to an all-activity campaign to keep colleagues active during lock-downs. The programme's ambassadors served as champions of wellbeing across the Group, giving them a strong purpose despite cancellation of the bootcamp and triathlon they would normally have joined. The number of active participants in the programme rose to 8,977, up from 3,602 last year, of which 873 were associates and 360 were clients and partners. Across the Group, we logged 1.326m activity hours against the original target of 1.5m – an amazing feat in the context of Covid-19. This resulted in a donation of CHF 500,000 to Plan International to support youth employability programming.

Social innovation projects:

- **Workforce Vitality:** Employee wellbeing has never been more important, and employers play a critical role in supporting their people to be holistically healthy in this time of stress. The Workforce Vitality model, the first product of the Foundation's social innovation lab, provides this. The simple model hinges on four elements of wellbeing: physical, mental, social and purpose. It marries these with four enablers: culture and brand; policy and practice; technology and tools; and environment (built and organisational). This combination allows employers to evaluate their existing programmes or identify new needs, all in a people-centric, bottom-up manner. A research paper first published at the height of the first Covid-19 lockdown details this model and the social innovation methodology, and is now being followed by a series of case studies showing how the model works in practice.
- **Portfolio Career:** This second social innovation project focuses on unlocking hidden pools of talent – leveraging the curriculum and approach of the Group's Athlete Programmes – to prepare members of two different underserved populations, musicians and people with disabilities, for the world of work. In partnership with the Lucerne and Davos Festivals, the training of young musicians was taken fully online, supporting performers whose livelihoods and trainings were brought to a halt due to Covid-19. Similarly, the partnership with the International Committee of the Red Cross (ICRC) Physical Rehabilitation Programme continued to train over 30 ICRC inclusion officers around the world, at a time when people with disabilities are at higher risk of exclusion due to the global pandemic.

CHF 500,000+

to Plan International to support youth employability programming.

For more details please visit, https://adeccogroupfoundation.org

Adecco Group Athlete Programmes

With a renewed focus on the employability of athletes as they transition from the world of competitive sports into the broader labour market, the Athlete Programmes expanded beyond their traditional Olympic and Paralympic audiences to support a broader community of athletes whose livelihoods were threatened by the cancellation and postponement of major sporting events. This included a pilot with Women in Football in the UK and new partnerships with the International Labour Organization and the Centre for Sports and Human Rights. Overall, nearly 1,000 athletes were supported, of which 113 were Para athletes. New digital resources include an online talent assessment tool developed in collaboration with the Group's LHH business and HR tech solutions company SHL.

Global partnerships

Collaboration is at the heart of the Adecco Group and its foundations. We cannot create change alone and believe that multi-stakeholder collaboration is the key to lasting impact. Our partners in programming, research and co-creation include universities, NGOs, think tanks, networks, and other consortia who bring complementary skills and know-how to the table, e.g.:

- **Plan International:** The Foundation's Fit for Future programme continued with Plan International as the Win4Youth NGO partner and achieved significant progress, despite the school closures due to the pandemic. Since the launch of the programme, 7,800 disadvantaged youths in Vietnam have been given exposure to the world of work and issues of gender equality via IT courses, job opportunities and internships. Moreover, 397 disadvantaged youths received training on one of the technical courses and in job readiness, and 112 new students started their IT training in October 2020. Our Adecco Vietnam colleagues have also supported the programme through targeted talks, attended by over 500 young people.
- **The Global Alliance for YOUth:** In January 2020, the Global Alliance for YOUth reached its initial target of impacting six million young people and announced a new ambition to support 15 million youths to get the necessary skills to thrive in the world of work, by 2022. As one of 20 partners in this business-driven movement, we support the Alliance in its important mission to help young people build their skills for the future.
- **The Global Apprenticeship Network (GAN):** The Adecco Group and the Foundation continued to support GAN to address skill shortages and create opportunities for young people by improving and advocating for work-based learning, including apprenticeships, plus calling for greater investments in work-based training. Adecco Group CEO, Alain Dehaze, continues to sit on the board of GAN, underscoring our commitment to this critical venture.
- **AIESEC:** this international youth-run organisation, focused on empowering young people to make a progressive social impact, partnered with the Adecco Group, BCG and Microsoft on the digital Future of Work conference, FU.SE 2020. Young leaders from AIESEC participated in design thinking workshops, high-level sessions and panels, and shared their perspectives on the challenges that young people are facing as they enter the labour market.
- **World Economic Forum (WEF)**: The Adecco Group is a Strategic Partner of the WEF, playing a particularly active role in the 'New Economy and Society' platform. In addition, the Group contributes expertise and insights to the Reskilling Revolution, International Business Council, Community of Chairpersons and four of the Global Future Councils.

Alain Dehaze served as one of the Co-Chairs of the WEF's inaugual Job Reset Summit in 2020, focused on shaping a new agenda for growth, jobs, skills and equity.

Sharing our knowledge and insights

As befits the world's leading talent advisory and solutions company, the Adecco Group's thought leadership provides robust data and insight to help our stakeholders make informed decisions about the future of work, and the challenges and opportunities associated with it.

In response to the Covid-19 crisis, the Adecco Group convened events, published practical content, and drove research to shed light on the changing work landscape. Topics included implications for diversity and inclusion, bridging the skills gap, and the challenges of human/machine collaboration. Our four flagship research pieces were the Global Talent Competitiveness Index, Reset Normal, Safely Back to Work and the Workforce Transformation Survey. Issues addressed in the research were further explored through large and small events, including the FU.SE webinar series, the FU.SE online 24-hour design sprint, and the Monocle 24 podcast series, 'The Way to Work'.

The Group's Future of Work platform serves as the vehicle to take our data and insight out to the business community and the public at large. A monthly #FutuHRelnsight newsletter provides a deeper dive into our topics and research. To get access to our latest insights on the future of work, sign up at www.adeccogroup.com/sign-up-for-alerts/.

For more details please visit, https://www.adeccogroup.com/future-of-work/

Ranjit de Sousa
President of LHH

A CUSTOMISED APPROACH FOR TAILOR-MADE SOLUTIONS

Companies with the strongest employer brands know the real challenge is how to future-proof their workforces while minimising disruption to employees. They can only do this by figuring out whether they have the right people in the right jobs now, and what kinds of skills will be needed going forward. It's clear that post-pandemic, we need a different approach to workforce investment; one that supports employees during periods of crisis and helps organisations to build a highly skilled workforce.

Career transition and re-employment firms can help build a workforce fit for the future, by supporting the acquisition of new skills.

A global partner for local solutions

The automotive industry is experiencing a period of profound transformation. Technology-driven disruption is reshaping the fundamental tenets of vehicle design, shaped by increasing demand for electric cars and longer battery lives. It is forcing the industry to revisit traditional business models, human capital needs and organisational structures; and finding the right HR partner in a technologically fuelled future is crucial.

As a long-standing customer of the Adecco Group, global car manufacturer Groupe PSA relies on the expertise of Adecco, LHH, Spring, Pontoon, Adecco Medical and Modis to tackle the workforce challenges that it faces.

Social innovation and sustainable performance

With Covid-19 accelerating many existing trends, Groupe PSA found itself having to adjust to leaner, more flexible, and more innovative and collaborative structures.

As a 360° HR solutions provider, the Adecco Group was able to offer workforce solutions and support that facilitated transition and re-employment. LHH, the world's leading career transition and talent development company, joined forces with the French company by developing so-called skills passports, which provided employees with access to verifiable, occupation-relevant training records and qualifications. Through its industry-leading, innovative solutions, LHH was able to help individuals build their capabilities to drive better performance.

"We have a unique offering that no competitor can match when we leverage the knowledge and solutions from our entire Adecco Group ecosystem," says LHH President Ranjit de Sousa. "At LHH, we have the scale, the expertise and the insight to transform workforces and deliver opportunities for people when they need it most, especially in these turbulent times."

> "Social innovation is in our DNA, and we are very proud to work with companies on new solutions to answer their specific needs.

in millions, except share and per share information

Resilient performance and strategic continuity through the crisis

Note: all growth rates are year on year on an organic basis, unless otherwise stated

Overview

The Adecco Group delivered a resilient performance in 2020, despite the public health and economic crisis linked to Covid-19. While revenues declined, gross margin remained strong and EBITA margin was well protected, thanks to the strength and balance of the portfolio and agile cost management. Meanwhile, investments in the digitalisation and transformation of the Group were maintained.

Revenues decreased by 17% on a reported basis, and were down 14% organically. In March, many countries imposed strict lockdown measures to contain the Covid-19 pandemic. These measures had a material impact on economic activity in many of the countries in which the Adecco Group operates, leading to a decline in demand for HR solutions. Nevertheless, after a decline of 33% trading days adjusted (TDA) in April, the trend improved through the year with December down only 2% TDA as the Group re-focused resources on areas of growth, such as e-commerce.

Gross margin was up 20 basis points (bps) in reported terms, and up 30 bps organically, supported by price discipline and strong growth in the higher margin LHH business. EBITA margin excluding one-offs was 3.6%, down 100 bps, or 80 bps organically, with the impact of the revenue decline offset to a significant extent by agile cost management and the benefit of structural productivity improvements from the GrowTogether programme.

Free cash flow was EUR 563 million, illustrating the resilience and partly counter-cyclical nature of cash generation. DSO was 52 days, 1 day below 2019. During the year the Group distributed EUR 381 in dividends. Net debt ended the year at EUR 376, representing a ratio of 0.4x net debt to EBITDA excluding one-offs.

Revenues declined by 5% in Q4 2020, organically and TDA, improving through the quarter. Revenues in January 2021 were down 2% year on year, organically and TDA, and volume trends in February indicated a similar trend. Expanded Covid-19 lockdowns across much of Europe in early 2021 have not materially impacted demand for the Group's services to date, albeit sequential improvement has slowed and economic uncertainty remains high.

The Group will continue to manage its cost base with agility, while maintaining investments in its transformation and in areas of growth.

in EUR millions unless stated	FY 2020	FY 2019	Variance Reported	Variance Organic
Summary of income statement information				
Revenues	19,561	23,427	-17%	-14%
Gross profit	3,789	4,504	-16%	-13%
EBITA excluding one-offs	709	1,069	-34%	-29%
EBITA	570	988	-42%	-38%
Net income/(loss) attributable to Adecco Group shareholders	(98)	727	-114%	
Diluted EPS (EUR)	(0.61)	4.47	-114%	
Dividend per share[1] (CHF)	2.50	2.50	0%	
Gross margin	19.4%	19.2%	20 bps	30 bps
EBITA margin excluding one-offs	3.6%	4.6%	-100 bps	-80 bps
EBITA margin	2.9%	4.2%	-130 bps	-110 bps
Summary of cash flow and net debt information				
Free cash flow before interest and tax paid (FCFBIT)	873	999		
Free cash flow (FCF)	563	724		
Net debt	376	398		
Days sales outstanding	52	53		
Cash conversion	123%	93%		
Net debt to EBITDA excluding one-offs	0.4x	0.3x		

1 Dividend per share for 2020 as proposed by the Board of Directors.

Income Statement

Revenues

Full year 2020 revenues of EUR 19,561 were down 14% year on year. Currency fluctuations had a negative impact of approximately 1%, while acquisitions and divestments had a negative impact of 2%.

Performance by service line varied significantly, reflecting the crisis. Temporary staffing revenues were down 15% to EUR 16,704, comprising a 17% decline in temp hours sold, partly offset by a 1% increase in the average bill rate. Permanent placement revenues were down 28% versus the prior year, at EUR 406. Counter-cyclical Career Transition revenues increased strongly, up 12%, to EUR 386. Revenues in outsourcing and other activities decreased by 2% to EUR 2,065 million.

Note that since 1 January 2021, the service line reporting has been adjusted to reflect the evolution of the Group's business and strategic priorities. From 2021, the service lines will be Flexible Placement; Permanent Placement, Career Transition; Outsourcing, Consulting and Other Services; and Training, Upskilling and Reskilling. Service line reporting throughout the rest of the Company Report has been aligned to the new format.

In Workforce Solutions (Adecco brand), revenues declined by 14%. In Professional Solutions, revenues declined by 18%, comprising a decrease of 7% in Modis, 20% in Badenoch + Clark / Spring Professional, 32% in Other Professional Brands. In Talent Solutions and Ventures, revenues were flat, comprising an increase of 7% in LHH, an increase of 3% in Pontoon, and a decrease of 20% in Ventures.

Gross profit

Gross profit amounted to EUR 3,789, down 13%. The gross margin was 19.4%, up 20 bps compared to 2019 in reported terms. Currency had a neutral impact, while acquisitions and divestments had a 10 bps negative impact. On an organic basis, the gross margin was therefore up 30 bps.

The 30 bps increase in organic gross margin in 2020 comprised: an increase in temporary staffing gross margin of approximately 20 bps; a negative impact of 40 bps from permanent placement; and a positive impact of 50 bps from Career Transition. Outsourcing and other services had a broadly neutral impact.

Gross margin drivers YoY

in basis points	2020	2019
Temporary staffing	20	20
Permanent placement	(40)	10
Career transition	50	10
Organic	30	40
Acquisitions & divestments	(10)	10
Currency	0	10
Reported	20	60

Selling, general, and administrative expenses

Selling, general, and administrative expenses (SG&A) excluding one-offs were EUR 3,100 in 2020 (excludes EUR 20 proportionate net income of equity method investment in FESCO Adecco), down 7% compared to 2019. SG&A excluding one-offs as a percentage of revenues was 15.8% in 2020, compared to 14.7% in 2019. The increase year-on-year was driven by the impact of the revenue decline. In 2020, FTE employees decreased by 11% year on year. Compared to 2019, the branch network decreased by 5%.

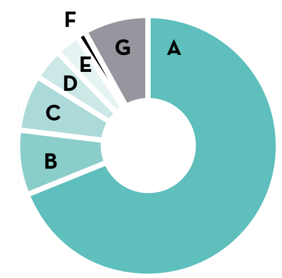
In 2020, one-offs amounted to EUR 139 (comprising restructuring costs of EUR 129, M&A-related costs of EUR 9, and other one-offs of EUR 1), of which: EUR 6 were in France; EUR 17 in North America, UK & Ireland General Staffing; EUR 22 in North America, UK & Ireland Professional Staffing; EUR 55 in Germany, Austria, Switzerland; EUR 9 in Benelux & Nordics; EUR 6 in Iberia; EUR 7 in Rest of World; EUR 17 in Career Transition and Talent Development.

In 2019, one-offs amounted to EUR 81 (comprising restructuring costs of EUR 70 and M&A-related costs of EUR 11), of which: EUR 6 were in France; EUR 3 in North America, UK & Ireland General Staffing; EUR 16 in North America, UK & Ireland Professional Staffing; EUR 17 in Germany, Austria, Switzerland; EUR 2 in Benelux & Nordics; EUR 1 in Italy; EUR 1 in Iberia; EUR 3 in Rest of World; EUR 27 in Career Transition and Talent Development; and EUR 5 in Corporate.

Remuneration expenses were EUR 2,233 in 2020, representing 69% of total SG&A, compared to EUR 2,557 in 2019, representing 73% of total SG&A. Marketing expenses were EUR 88 in 2020, compared to EUR 105 in 2019. Bad debt expense was EUR 31 in 2020 compared to EUR 25 in 2019.

SG&A breakdown

FY 2020



A – Remuneration expenses – 69%
B – Premise expenses – 8%
C – Office & adminisrative expenses – 7%
D – Depreciation – 4%
E – Marketing – 3%
F – Bad debt expense – 1%
G – Other – 8%

EBITA

EBITA excluding one-offs was EUR 709 in 2020, down 29% compared to 2019. The EBITA margin excluding one-offs was 3.6% in 2020, compared to 4.6% in 2019, as the higher gross margin and SG&A reductions were more than offset by the impact of the revenue decline and continuing investments in the Group's strategic initiatives.

The EBITA conversion ratio excluding one-offs (EBITA excluding one-offs divided by gross profit) was 18.7% in 2020 compared to 23.7% in 2019.

One-offs amounted to EUR 139 in 2020 and EUR 81 in 2019. EBITA was EUR 570 in 2020 compared to EUR 988 in 2019. The EBITA margin was 2.9% in 2020 and 4.2% in 2019.

Amortisation of intangible assets and impairment of goodwill

Amortisation of intangible assets was EUR 81 compared to EUR 64 in 2019. In 2020, a goodwill impairment for EUR 362 was recognised, relating to the Germany, Austria, Switzerland reporting segment and an intangible asset impairment of EUR 9 was recognised in conjunction with the acquisition of Hired. In 2019, an impairment of intangible assets for EUR 20 was recognised, in connection with the ongoing rationalisation of the Group's brand portfolio.

in millions, except share and per share information

Operating income

Operating income was EUR 118 in 2020 compared to EUR 904 in 2019, driven by the lower EBITA and the impairment of goodwill.

Interest expense and other income/(expenses), net

Interest expense was EUR 30 in 2020, compared to EUR 35 in 2019. Other income/(expenses), net includes interest income, foreign exchange gains and losses, proportionate net income of investee companies, and other non-operating income/(expenses), net. In 2020, other income/(expenses), net amounted to an expense of EUR (20). In 2019, other income/(expenses), net amounted to an income of EUR 207, including a gain on sale of EUR 248 relating to the divestment of Soliant Health Inc., a EUR 25 contribution to the Adecco Group Foundation, and a EUR 10 expense relating to the exit of the Group's call centre outsourcing operations in Spain.

Provision for income taxes

Provision for income taxes was EUR 165 in 2020, compared to EUR 348 in 2019. The effective tax rate is impacted by recurring items, such as tax rates in the different jurisdictions where the Company operates, and the income mix within jurisdictions. It is also affected by discrete items which may occur in any given year but are not consistent from year to year. In 2020, the effective tax rate excluding goodwill impairment was 38%. Discrete events increased the effective tax rate by around 1%. In 2019, the effective tax rate was 32%. Discrete events reduced the effective tax rate by around 3%, while taxes payable on the Soliant Health Inc. divestment increased the effective tax rate by around 3%.

Net income attributable to Adecco Group shareholders and basic EPS

Net income/(loss) attributable to Adecco Group shareholders in 2020 was EUR (98), compared to EUR 727 in 2019, with the decrease driven by the lower EBITA and the impairment of goodwill. Basic earnings per share (EPS) was EUR (0.61) in 2020 compared to EUR 4.48 in 2019.

Cash flow statement and net debt

Analysis of cash flow statements

The following table illustrates cash flows from or used in operating, investing, and financing activities:

in EUR millions	2020	2019
Summary of cash flow information		
Cash flows from operating activities	720	880
Cash flows from/(used in) investing activities	(162)	324
Cash used in financing activities	(290)	(524)

Cash flows from operating activities were EUR 720 in 2020, compared to EUR 880 in 2019. DSO was 52 days for the full year 2020 and was 53 days in 2019.

Cash from/(used in) investing activities totalled EUR (162), compared to cash from investing activities of EUR 324 in 2019. In 2020, cash settlements on derivative instruments was an inflow of EUR 24 compared to an outflow of EUR 39 in 2019. Capital expenditures amounted to EUR 157 in 2020 and EUR 156 in 2019. In 2020, acquisitions, divestments, and other investing activities totalled a net outflow of EUR 29. In 2019, acquisitions, divestments, and other investing activities totalled a net inflow of EUR 519, including an inflow of EUR 544 from the divestiture of Soliant.

Cash used in financing activities totalled EUR 290, compared to EUR 524 in 2019. In 2020, the Company issued long-term debt of EUR 259, net of issuance costs, and repaid long-term debt of EUR 117. In 2019, the Company issued long-term debt of EUR 353, net of issuance costs, and repaid long-term debt of EUR 215. The Company paid dividends of EUR 381 in 2020 and EUR 360 in 2019, and purchased treasury shares for EUR 72 in 2019 (under the 2018 share buyback programme).

Net debt

Net debt decreased by EUR 23 to EUR 376 as at 31 December 2020. The ratio of net debt to EBITDA excluding one-offs was 0.4x, compared to 0.3x at 31 December 2019. The following table presents the calculation of net debt based upon financial measures in accordance with US GAAP:

in EUR millions	2020	2019
Net debt		
Short-term debt and current maturities of long-term debt	294	172
Long-term debt, less current maturities	1,567	1,577
Total debt	1,861	1,749
Less:		
Cash and cash equivalents	1,485	1,351
Short-term investments	–	–
Net debt	376	398

During 2020, the Group took advantage of favourable conditions in the debt markets to issue NOK 500 10.25-year notes with a 2.65% coupon and CHF 225 5.5-year notes with a 0.875% coupon.

Planned cash outflows in 2021 include distribution of dividends for 2020 in the amount of CHF 2.50 per share. The maximum amount of dividends payable based on the total number of outstanding shares (excluding treasury shares), as at 31 December 2020 of 161,144,408 is CHF 403. Payment of dividends is subject to approval by shareholders at the Annual General Meeting.

Segment performance

All growth rates are year on year on an organic basis, unless otherwise stated.

France

In 2020, revenues in France decreased by 21%, to EUR 4,291, reflecting the market decline. Temporary staffing revenues declined by 22% and permanent placement revenues by 26%.

Revenues were down 22% in Workforce Solutions, which accounts for around 95% of revenues, and declined by 17% in Professional Solutions. The year-on-year decline was driven by lower demand from clients in the manufacturing, automotive and construction sectors while logistics, healthcare and pharmaceuticals were more resilient. Having reported the steepest decline in Q2 2020, linked to the strictness of the local lockdown, France witnessed a strong recovery starting in Q3 2020, as the economy reopened.

EBITA excluding one-offs amounted to EUR 200 in 2020, down 43% year on year. Reported EBITA of EUR 194 included one-offs of EUR 6. In 2020 the EBITA margin excluding one-offs was 4.7%, a decrease of 180 basis points year on year. Agile cost management partly offset the negative impact of lower revenues, resulting in a resilient EBITA margin compared to 2019.

North America, UK & Ireland General Staffing

Revenues in North America, UK & Ireland General Staffing were EUR 2,628 in 2020, down 12% compared to the prior year. Temporary staffing revenues were down 12% while permanent placement revenues were down 39%.

In North America, representing 71% of the segment, revenues declined by 15%, led by lower demand primarily from clients in the manufacturing, technology and financial services sectors. The UK & Ireland, representing 29% of the segment, was more resilient and revenue decline was 3%, supported by growing demand from retail and e-commerce clients.

In 2020, EBITA excluding one-offs was EUR 84, a decline of 8% year on year. EBITA of EUR 67 included one-offs of EUR 17. The EBITA margin excluding one-offs was 3.2% in 2020, compared to 3.0% in 2019 with business mix improvement and cost management mitigating the impact of declining revenues.

North America, UK & Ireland Professional Staffing

In 2020, revenues in North America, UK & Ireland Professional Staffing were EUR 2,293, down 23% year on year. Temporary staffing revenues were down 22% and permanent placement revenues were down 29%.

In North America, representing 63% of the segment, revenues decreased by 16%. The decline was led by the professional recruitment brands (Finance, Office, Legal), and Entegee (Engineering), while Modis (IT) was more resilient. In UK & Ireland, which comprises 37% of the segment, revenues decreased by 32%, impacted by the anticipation of regulatory changes (IR35) and Brexit-related uncertainty.

EBITA excluding one-offs amounted to EUR 69 in 2020, down 43% versus the prior year. EBITA of EUR 47 included one-offs of EUR 22. The EBITA margin excluding one-offs was 3.0% in 2020, down 230 basis points compared to 2019, driven by the decline in revenues, particularly in permanent placement.

Germany, Austria, Switzerland

In Germany, Austria, Switzerland, revenues were EUR 1,586 in 2020, down 18%. Temporary staffing revenues declined by 19% and permanent placement revenues declined by 29%.

Revenues in Workforce Solutions, which accounts for around 70% of total revenues, were down 17%, driven by lower demand from clients in the automotive, manufacturing and aerospace industries. Revenues in Professional Solutions declined by 20%.

EBITA excluding one-offs amounted to EUR 3 in 2020, down 91% compared to 2019, driven by the revenue decline and negative operating leverage. Reported EBITA of EUR (52) included one-offs of EUR 55. In 2020, the EBITA margin excluding one-offs was 0.2%, compared to 1.6% in 2019, impacted by the declining revenues and higher bench costs.

Benelux & Nordics

In 2020, revenues in Benelux & Nordics were EUR 1,423, down 23%. Temporary staffing revenues declined by 24%, permanent placement revenues declined by 39%, outsourcing and other activities declined by 13%. In Benelux, revenues decreased by 22%, with Belgium declining by 18% and the Netherlands by 25%. In the Nordics, revenues were down 25%, led by Sweden. The declines were driven by lower demand in the manufacturing, automotive, retail and logistics sectors.

EBITA excluding one-offs amounted to EUR 48 in 2020, down 20% year on year. Reported EBITA of EUR 39 included one-offs of EUR 9. In 2020, the EBITA margin excluding one-offs was 3.4%, compared to 3.3% in 2019. The margin improvement was driven by improved client mix, agile cost management and the impact of Covid-19 employment support schemes.

Italy

Revenues in Italy decreased by 7% in 2020, to EUR 1,772, driven by lower demand in the manufacturing and automotive industries. Temporary staffing revenues declined by 7% and permanent placement by 19%.

EBITA excluding one-offs in 2020 was EUR 109, down 27% compared to the previous year. The EBITA margin excluding one-offs was 6.2% in 2020, compared to 7.8% in 2019, with the decline driven by lower revenues and unfavourable business mix.

Japan

In Japan, revenues in 2020 were EUR 1,548, up 4%. Revenues increased by 2% in temporary staffing, by 17% in outsourcing and decreased by 19% in permanent placement.

In Workforce Solutions, revenues were up 3%. In Professional Solutions, which represents around 30% of revenues, growth was 7%.

EBITA amounted to EUR 115 in 2020, up 6% year on year. In 2020, the EBITA margin excluding one-offs was 7.4%, compared to 7.3% in 2019.

in millions, except share and per share information

Iberia

Revenues in Iberia were EUR 1,009 in 2020, a decrease of 9% compared to the previous year, driven by declines in the manufacturing and automotive industries. Revenues decreased by 10% in temporary staffing, 27% in permanent placement and 5% in outsourcing.

EBITA excluding one-offs amounted to EUR 40 in 2020, down 33% year on year. Reported EBITA of EUR 34 included one-offs of EUR 6. In 2020, the EBITA margin excluding one-offs was 4.0%, compared to 5.0% in 2019, impacted by the revenue decline and unfavourable business mix.

Rest of World

In 2020, revenues in Rest of World decreased by 3% to EUR 2,469. Revenues in Australia & New Zealand were down 6%, Asia was down 8%, and India was down 32%, while Latin America was up 9%, and Eastern Europe & MENA was up 3%.

EBITA excluding one-offs amounted to EUR 96 in 2020, up 8% versus the prior year. Reported EBITA of EUR 89 included one-offs of EUR 7. In 2020, the EBITA margin excluding one-offs was 3.9%, compared to 3.5% in 2019.

Career Transition & Talent Development

Career Transition & Talent Development comprises the global lead brands Lee Hecht Harrison and General Assembly. Revenues in 2020 were EUR 542, up 4% year on year. Growth was 7% in Lee Hecht Harrison, as demand for career transition services increased during the second half. General Assembly declined by 6% impacted by the temporary closure of its campuses globally, linked to Covid-19.

EBITA excluding one-offs was EUR 110 in 2020, up 21% year on year. Reported EBITA of EUR 93 included one-off costs of EUR 17. The EBITA margin excluding one-offs was 20.2% in 2020 compared to 17.4% in 2019, supported by the strong growth in LHH.

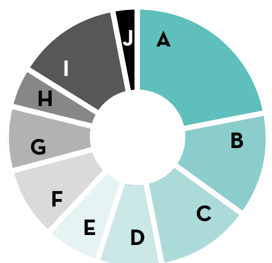
Outlook

Revenues declined by 5% in Q4 2020, organically and trading days adjusted, improving through the quarter, with December down 2% TDA. Revenues in January 2021 were also down 2% organically and trading days adjusted, and volume trends in February indicate a similar trend.

Expanded Covid-19 lockdowns across much of Europe in early 2021 have not materially impacted demand for the Group's services to date, albeit sequential improvement has slowed and economic uncertainty remains high.

The Group will continue to manage its cost base with agility, while maintaining investments in its transformation and in areas of growth.

2020 revenue split by segment



- **A** – France – 22%
- **B** – North America, UK & Ireland General Staffing – 13%
- **C** – North America, UK & Ireland Professional Staffing – 12%
- **D** – Germany, Austria, Switzerland – 8%
- **E** – Benelux and Nordics – 7%
- **F** – Italy – 9%
- **G** – Japan – 8%
- **H** – Iberia – 5%
- **I** – Rest of World – 13%
- **J** – Career Transition and Talent Development – 3%

Temporary staffing organic variance YoY by segment

	Organic variance		
	Hours sold	Bill rate	Revenues
France	-23%	2%	-22%
N. America, UK&I General Staffing	-14%	2%	-12%
N. America, UK&I Professional Staffing	-22%	1%	-22%
Germany, Austria, Switzerland	-20%	1%	-19%
Benelux & Nordics	-26%	3%	-24%
Italy	-7%	1%	-7%
Japan	-4%	7%	2%
Iberia	-13%	3%	-10%
Rest of World	-16%	14%	-4%
Adecco Group	-17%	1%	-15%

Revenues by segment

	Revenues in EUR millions		Variance				% of total revenues	
	2020	2019[2]	EUR	Constant currency	Organic	Organic TDA[1]	2020	2019[2]
France	**4,291**	5,466	-21%	-21%	-21%	-22%	**22%**	23%
N. America, UK&I General Staffing	**2,628**	3,031	-13%	-12%	-12%	-12%	**13%**	13%
N. America, UK&I Professional Staffing	**2,293**	3,333	-31%	-30%	-23%	-23%	**12%**	15%
Germany, Austria, Switzerland	**1,586**	1,918	-17%	-18%	-18%	-19%	**8%**	8%
Benelux & Nordics	**1,423**	1,883	-24%	-23%	-23%	-24%	**7%**	8%
Italy	**1,772**	1,910	-7%	-7%	-7%	-7%	**9%**	8%
Japan	**1,548**	1,480	5%	4%	4%	4%	**8%**	6%
Iberia	**1,009**	1,163	-13%	-13%	-9%	-9%	**5%**	5%
Rest of World	**2,469**	2,716	-9%	-3%	-3%	-3%	**13%**	12%
Career Transition & Talent Development	**542**	527	3%	5%	4%	4%	**3%**	2%
Adecco Group	**19,561**	23,427	-17%	-16%	-14%	-15%	**100%**	100%

1 TDA = trading days adjusted.
2 2019 N. America, UK & I. General Staffing and N. America, UK & I. Professional Staffing have been restated to conform with current period presentation.

Organic revenue variance YoY, trading days adjusted

	2020				
	Q1	Q2	Q3	Q4	FY
France	-14%	-44%	-18%	-10%	-22%
North America, UK&I General Staffing	-15%	-28%	-12%	6%	-12%
North America, UK&I Professional Staffing	-13%	-28%	-28%	-22%	-23%
Germany, Austria, Switzerland	-14%	-30%	-22%	-11%	-19%
Benelux & Nordics	-15%	-35%	-26%	-19%	-24%
Italy	-6%	-23%	-8%	9%	-7%
Japan	8%	5%	4%	0%	4%
Iberia	1%	-26%	-17%	6%	-9%
Rest of World	1%	-10%	-6%	2%	-3%
Career Transition & Talent Development	4%	-4%	9%	9%	4%
Adecco Group	-9%	-28%	-15%	-5%	-15%

The Adecco Group in the market context, 2020

	Adecco Group		Market		Adecco Group	
	Revenues EUR millions	Organic variance	Revenues EUR billions	Variance in constant currency	Market Share	Market Position
France	4,291	-21%	20	-22%	22%	1
North America, UK&I	4,921	-17%	148	-17%	3%	2
Germany, Austria, Switzerland	1,586	-18%	30	-20%	5%	2
Benelux & Nordics	1,423	-23%	29	-12%	5%	2
Italy	1,772	-7%	11	-9%	17%	1
Japan	1,548	4%	126	0%	1%	4
Iberia	1,009	-9%	6	-12%	17%	2
Rest of World	2,469	-3%	89	-3%	3%	2
Career Transition & Talent Development	542	4%	16	1%	3%	1
Adecco Group	19,561	-14%	475	-10%	4%	2

in millions, except share and per share information

Revenues by brand[1]

	Revenues in EUR millions		Variance			% of total revenues	
	2020	2019	EUR	Constant currency	Organic	2020	2019
Adecco	14,890	17,533	-15%	-14%	-14%	76%	75%
Workforce Solutions	14,890	17,533	-15%	-14%	-14%	76%	75%
Modis	1,865	2,030	-8%	-7%	-7%	10%	9%
Badenoch + Clark / Spring Professional	1,233	1,548	-20%	-20%	-20%	6%	6%
Other Professional Brands	824	1,559	-47%	-47%	-32%	4%	6%
Professional Solutions	3,922	5,137	-24%	-23%	-18%	20%	21%
LHH	441	419	5%	7%	7%	2%	2%
Pontoon	182	178	2%	3%	3%	1%	1%
Ventures	126	160	-21%	-20%	-20%	1%	1%
Talent Solutions and Ventures	749	757	-1%	1%	0%	4%	4%
Adecco Group	19,561	23,427	-17%	-16%	-14%	100%	100%

1 As part of the transition to three Global Business Units from 1 January 2021, certain local brands and businesses were re-allocated between the global brands. Hence, reporting by Global Business Unit from 2021 will not directly correspond to the above Revenue by brand reporting structure.

EBITA, one-offs, and EBITA excluding one-offs by segment

in EUR millions	EBITA excluding one-offs		One-offs		EBITA	
	2020	2019	2020	2019	2020	2019
France	200	353	(6)	(6)	194	347
N. America, UK&I General Staffing	84	93	(17)	(3)	67	90
N. America, UK&I Professional Staffing	69	176	(22)	(16)	47	160
Germany, Austria, Switzerland	3	32	(55)	(17)	(52)	15
Benelux and Nordics	48	61	(9)	(2)	39	59
Italy	109	150	–	(1)	109	149
Japan	115	107	–	–	115	107
Iberia	40	59	(6)	(1)	34	58
Rest of World	96	95	(7)	(3)	89	92
Career Transition & Talent Development	110	92	(17)	(27)	93	65
Corporate	(165)	(149)	–	(5)	(165)	(154)
Adecco Group	709	1,069	(139)	(81)	570	988

EBITA and EBITA margin excluding one-offs by segment

	EBITA excluding one-offs in EUR millions				EBITA margin excluding one-offs		
			Variance				Variance
	2020	2019	EUR	Constant currency	2020	2019	bps
France	200	353	-43%	-43%	4.7%	6.5%	(180)
North America, UK&I General Staffing	84	93	-9%	-8%	3.2%	3.0%	20
North America, UK&I Professional Staffing	69	176	-61%	-60%	3.0%	5.3%	(230)
Germany, Austria, Switzerland	3	32	-91%	-91%	0.2%	1.6%	(140)
Benelux & Nordics	48	61	-21%	-20%	3.4%	3.3%	10
Italy	109	150	-27%	-27%	6.2%	7.8%	(160)
Japan	115	107	7%	6%	7.4%	7.3%	10
Iberia	40	59	-30%	-30%	4.0%	5.0%	(100)
Rest of World	96	95	0%	8%	3.9%	3.5%	40
Career Transition and Talent Development	110	92	19%	21%	20.2%	17.4%	280
Corporate	(165)	(149)	11%	6%			
Adecco Group	709	1,069	-34%	-32%	3.6%	4.6%	(100)

EBITA and EBITA margin by segment

	EBITA in EUR millions				EBITA margin		
			Variance				Variance
	2020	2019	EUR	Constant currency	2020	2019	bps
France	194	347	-44%	-44%	4.5%	6.3%	(180)
North America, UK&I General Staffing	67	90	-26%	-24%	2.5%	3.0%	(50)
North America, UK&I Professional Staffing	47	160	-71%	-70%	2.0%	4.8%	(280)
Germany, Austria, Switzerland	(52)	15	n.m.	n.m.	-3.3%	0.8%	(410)
Benelux & Nordics	39	59	-34%	-33%	2.7%	3.2%	(50)
Italy	109	149	-27%	-27%	6.2%	7.8%	(160)
Japan	115	107	7%	6%	7.4%	7.2%	20
Iberia	34	58	-40%	-40%	3.4%	4.9%	(150)
Rest of World	89	92	-3%	6%	3.6%	3.4%	20
Career Transition and Talent Development	93	65	42%	45%	17.1%	12.4%	470
Corporate	(165)	(154)	8%	3%			
Adecco Group	570	988	-42%	-41%	2.9%	4.2%	(130)

in millions, except share and per share information

FTE employees and branches by segment

	FTE employees				Branches			
			Variance				Variance	
	2020	2019[1]	Reported	Organic	2020	2019[1]	Reported	Organic
France	4,537	5,336	-15%	-15%	1,071	1,121	-4%	-4%
North America, UK&I General Staffing[1]	3,642	4,169	-13%	-13%	796	801	-1%	-1%
North America, UK&I Professional Staffing	3,557	5,122	-31%	-23%	274	404	-32%	-31%
Germany, Austria, Switzerland	2,318	2,589	-10%	-10%	443	455	-3%	-3%
Benelux & Nordics	2,008	2,491	-19%	-19%	392	443	-12%	-12%
Italy	2,027	2,164	-6%	-6%	466	433	8%	8%
Japan	2,131	2,153	-1%	-1%	143	139	3%	3%
Iberia	1,483	1,781	-17%	-16%	399	412	-3%	-1%
Rest of World	5,239	5,676	-8%	-7%	569	618	-8%	-7%
Career Transition and Talent Development	2,472	2,406	3%	2%	254	262	-3%	-4%
Corporate	850	774	10%	10%				
Adecco Group	30,264	34,662	-13%	-11%	4,807	5,088	-5%	-5%

1 2019 N. America, UK&I. General Staffing and N. America, UK&I. Professional Staffing have been restated to conform with current period presentation.

Controls and compliance

The Company is committed to maintaining the highest standards of ethical business conduct. The Company's Chief Human Resources Officer and the Head of Group Compliance Reporting oversee worldwide business ethics and compliance practices and report regularly on these topics, depending on their nature, to the Audit Committee or to the Governance and Nomination Committee. In addition, the Company's Head of Group Internal Audit reports directly to the Audit Committee.

The Board of Directors and management of the Company are responsible for establishing and maintaining adequate Internal Control Over Financial Reporting. Management has assessed the effectiveness of the Company's Internal Control Over Financial Reporting as at 31 December 2020. In making this assessment, management used the principles established in the updated Internal Control – Integrated Framework (May 2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as at 31 December 2020, the Company's Internal Control Over Financial Reporting is effective.

The Company's internal control system is designed to provide reasonable assurance to the Company's management and the Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statements preparation and presentation. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Forward-looking statements

Information in this Annual Report may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this Annual Report are based on information available to the Company as at 10 March 2021, and the Company assumes no duty to update any such forward-looking statements. The forward-looking statements in this Annual Report are not guarantees of future performance, and actual results could differ materially from the Company's current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things:

- global GDP trends and the demand for temporary work;
- changes in regulation affecting temporary work;
- intense competition in the markets in which the Company operates;
- integration of acquired companies;
- changes in the Company's ability to attract and retain qualified internal and external personnel or clients;
- the potential impact of disruptions related to IT; and
- any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

Open and transparent communications

Our communications policy

The Adecco Group focuses on providing transparent and consistent information and interactive communication. We strive for an open dialogue with the financial community, the media and all key stakeholders to enhance understanding of the business as well as to explain the risks and opportunities.

The Adecco Group is committed to providing regular updates on key value drivers, business strategy and key ratios used by the Group to track its own performance. We are dedicated to providing true, fair and up-to-date information to every interested stakeholder, so that the share price reflects the inherent value of the Adecco Group.

Investor Relations activities in 2020

We formally communicate our financial performance in our comprehensive quarterly results, which management discusses with the financial community and the media via a conference call and webcast. We also offer meetings with management and Investor Relations at roadshows, conferences and at our headquarters. In addition, we strive to ensure clear and transparent communication of other price-sensitive information through press releases and comprehensive content on our website at https://www.adeccogroup.com/investors. We respect the legal obligations relating to confidentiality and disclosure, and make every effort to guarantee equal distribution of price-sensitive information.

In keeping with our approach, we continue to maintain an open dialogue with the financial community through our Investor Relations activities. In December 2020, we hosted a virtual Capital Markets Day, at which Management provided an overview about the achievements of the last strategic cycle, Perform, Transform and Innovate, and introduced the new strategy, Future@Work. During the year, we devoted 23 days to market communication, often following our quarterly results releases or when participating in broker conferences. In total, we met with more than 250 investors during the year.

Analyst coverage

The Adecco Group's development is closely monitored by the financial community. Currently 19 brokers actively cover the Group, maintaining regular contact with management and the Investor Relations team. They comprise: ABN Amro – ODDO BHF, Alpha Value/Baader, Bank of America, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, HSBC, JP Morgan, Jefferies, Kepler Cheuvreux, MainFirst, Morgan Stanley, Morningstar, RBC Capital Markets, UBS and Zürcher Kantonalbank.

Of the brokers covering the Adecco Group at the start of 2020, 50% had buy recommendations, 25% had a neutral view, and 25% recommended selling shares. Of the brokers covering the Adecco Group at the end of 2020, 56% had buy recommendations, 31% had a neutral view, and 13% recommended selling shares.

Shareholder base

The Adecco Group continues to have a broad investor base, made up of approximately 16,000 shareholders. Our top 20 shareholders held approximately 50% of the issued and outstanding share capital as of year end 2020. European institutional investors owned 62% of shares issued at the end of 2020, compared to 66% at the end of 2019. The percentage held by North American institutions increased to 21%, compared to 19% at the end of 2019. The number of shares in issue at year end 2020 was 163,124,177, including treasury shares.

Shareholder concentration

as of year end 2020	in % of shares issued
Top 5 investors	22%
Rest of top 10 investors	13%
Rest of top 20 investors	15%
Rest of top 50 investors	19%
Others	31%

Shareholder structure

as of year end, in % of shares issued	2020	2019
Institutional		
· Europe	62%	66%
· North America	21%	19%
· Rest of World	3%	3%
Retail	5%	4%
Insider and Treasury	1%	1%
Unassigned	8%	7%

Share performance report

During 2020, the Adecco Group share price decreased by 3%, underperforming the SMI by 4 percentage points and outperforming a basket of our key competitors[1] by 6 percentage points.

Adecco Group shares had a soft start to 2020, as the global stock markets weakened on lingering concerns of a slowing global economy.

On 26 February, the solid Q4 2019 results, which confirmed increasing benefits from the GrowTogether programme and effective execution of the Company's strategy, provided support to the Adecco Group shares.

At the beginning of March, when Covid-19 first began to spread in Europe and North America, the risks that the health emergency could have triggered an economic and financial crisis resulted in a sharp decline of the equity markets around the world.

As the month progressed, monetary and fiscal support measures were progressively announced by the central banks and governments, reducing the perceived risk and lifting the stock markets. The Adecco Group shares, after reaching their low of the year on 23 March, at CHF 31.50, started their recovery and closed the first quarter on 31 March at 38.14 CHF.

In April, the Group's strong balance sheet and cash flow generation allowed the payment of the dividend for the year 2020, on 23 April, and the Q1 2020 results, on 5 May, confirmed disciplined focus and strategic continuity during the crisis.

The recovery in the share price continued in sync with the equity markets, reaching a temporary peak on 5 June at CHF 51.64. From that point, the worsening Covid-19 health crisis weighed on the share price, which closed the second quarter on 30 June at CHF 44.46 CHF.

During the summer, the improvement in the Covid-19 situation in Europe and the benefits from the measures put in place to help the economy provided support to the shares. The Group's Q2 2020 results on 6 August showed resilience and agility with a strong EBITA margin and cash flow performance. These led to a continued steady increase in the share price, which closed the third quarter on 30 September at CHF 48.68.

At the beginning of the autumn, the arrival of a "second wave" of Covid-19 infections in many large countries impacted market sentiment, which became more cautious. Nevertheless, the Group's Q3 2020 results on 3 November showed a continued strong performance in an uncertain environment, with an improving revenue trend and very resilient EBITA margin.

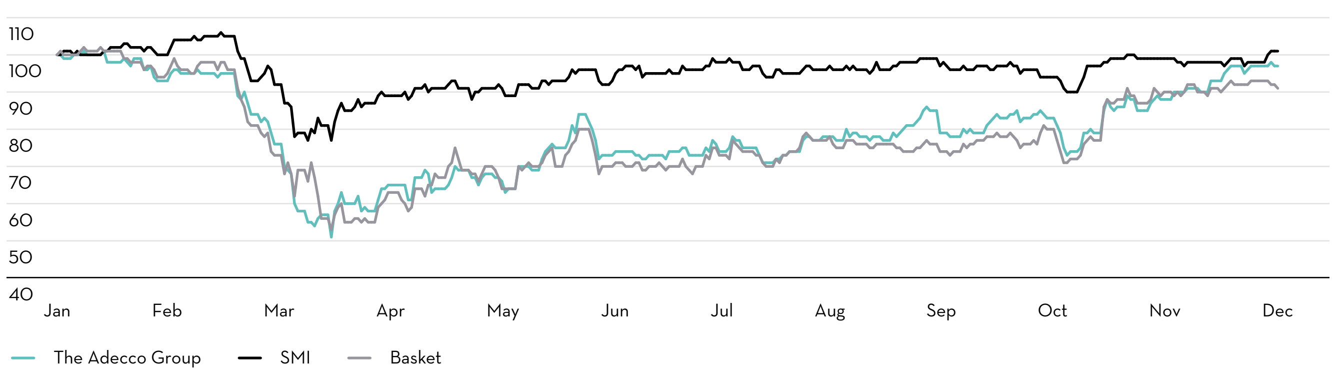
During November, positive news on the results of the trials on Covid-19 vaccines lifted the equity markets and the Adecco Group shares. On 1 December, at the virtual Capital Markets Day, the Group presented its Future@Work strategy and the new financial targets.

Following the Capital Markets Day, the shares continued to rally, closing the year at CHF 59.16, on 30 December.

This represents a share price decrease of 3% and a total shareholder return (TSR) of 3%, when measured in Swiss Francs. Translated into Euros the share price decrease was 3%. The Adecco Group's market capitalisation, based on issued shares, was CHF 9.7 billion at the end of 2020, compared with CHF 10.0 billion at the end of 2019.

Adecco Group share price 2020 in CHF

Share price performance comparison 2020 in CHF, indexed to 100



1 Randstad and Manpower Group (market capitalisation weighted, in CHF).

Dividend policy

We have a progressive dividend policy, which comprises two components. First, as earnings grow over time, our dividend per share (DPS) will also grow, within the bounds of a payout ratio of 40-50% of adjusted earnings per share (EPS). Second, we are committed to holding our Swiss Franc DPS at least in line with the prior year, even if EPS temporarily declines and the payout ratio is exceeded.

For 2020, a dividend of CHF 2.50 will be proposed to shareholders at the Annual General Meeting on 8 April 2021, representing a payout ratio of 82% of 2020 adjusted EPS.

Additional capital returns

In addition to our annual dividend payments, at the end of each year we review our financial position and return excess capital to shareholders. The Adecco Group has previously undertaken capital returns by way of five share buyback programmes:

- EUR 400 million in June 2012 (completed in September 2013);
- EUR 250 million in September 2013 (completed in November 2014);
- EUR 250 million in November 2014 (completed in January 2016);
- EUR 300 million in March 2017 (completed in March 2018);
- EUR 150 million In March 2018 (completed in March 2019).

The Adecco Group ended 2020 with a strong financial position. Net debt amounted to EUR 376 million and the ratio of net debt to EBITDA excluding one-offs was 0.4x at 31 December 2020.

In February 2020, the Board of Directors approved a share buyback programme of up to EUR 600 million, to be executed during 2020 and 2021. This programme was subsequently paused before initiation, due to the onset of the Covid-19 crisis.

Given the continued strength of the Group's financial position, the Board of Directors considers it appropriate to resume the programme. Due to the ongoing economic uncertainty relating to Covid-19, the share buyback will be executed in a phased approach over up to three years. Shares repurchased under the programme are intended for subsequent cancellation, following shareholder approval.

Share valuation data

	2020	2019	2018	2017	2016
Valuation metrics					
P/E ratio	**n.m.**	**12.3**	14.7	13.6	14.8
EV/EBITA ratio	**16.3**	**9.5**	8.0	10.3	10.5
Dividend yield	**4.2%**	**4.1%**	5.4%	3.4%	3.6%
Share price (CHF)					
Year end	**59.16**	**61.22**	45.93	74.55	66.65
Year high	**61.60**	**62.84**	79.58	79.15	67.90
Year low	**31.50**	**43.56**	44.66	67.55	45.01
Total shareholder return					
TSR in CHF	**3%**	**39%**	-36.0%	15.5%	-0.9%
TSR in EUR	**3%**	**37%**	-33.5%	5.8%	1.5%
In CHF millions					
Market capitalisation[1]	**9,650**	**10,000**	7,651	12,760	11,408
Enterprise value[2]	**10,055**	**10,434**	8,916	13,923	12,357
In EUR millions[3]					
Market capitalisation[1]	**8,936**	**9,174**	6,798	10,906	10,662
Enterprise value[2]	**9,311**	**9,572**	7,922	11,900	11,549

1 Market capitalisation based on issued shares, at year end.

2 Enterprise value equals market capitalisation plus net debt, at year end.

3 Exchange rates EUR/CHF 2020: 1.08; 2019: 1.09; 2018: 1.13; 2017: 1.17; 2016: 1.07.

Corporate Governance

Applicable Corporate Governance standards

This Corporate Governance disclosure reflects the requirements of the Directive on Information Relating to Corporate Governance, issued by the SIX Swiss Exchange as amended on 20 June 2019 and entered into force 2 January 2020. The principles and the more detailed rules of Adecco Group AG's Corporate Governance are defined in Adecco Group AG's Articles of Incorporation (AoI; https://aoi.adeccogroup.com), its internal policies and organisational rules, and in the Charters of the Committees of the Board of Directors (Board) which are outlined in sections 3.4.1 to 3.4.4 (see pages 83 to 85 of this Annual Report). Adecco Group AG's principles as a general rule take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance as amended in 2016 (published on 29 February 2016; https://www.economiesuisse.ch/de/publikationen/swiss-code-best-practice-corporate-governance).

Additionally, on 20 November 2013, the Swiss Federal Council approved the Ordinance Against Excessive Compensation at Listed Corporations (the Ordinance) which entered into force on 1 January 2014. The Ordinance was issued to implement the key elements of the so-called Minder-Initiative, a constitutional amendment approved by the Swiss electorate in March 2013. The Ordinance is applicable to listed companies with a registered office in Switzerland and has introduced a number of obligations and requirements such as (i) the individual and yearly election of the members of the Board, the Chair, the members of the remuneration committee and the independent proxy agent by the shareholders, (ii) the amendment of the AoI (https://aoi.adeccogroup.com), (iii) the content of the Remuneration Report, (iv) an annual binding say of the shareholders on the compensation of the members of the Board and of the Executive Committee (EC), and (v) provisions regarding employment terms. The Ordinance forbids certain compensation payments (such as severance payments) and obliges pension funds to exercise their voting rights and to disclose their voting behaviour. Non-compliance with the provisions of the Ordinance may entail criminal sanctions.

Statements throughout this Corporate Governance disclosure using the term 'the Company' refer to the Adecco Group, which comprises Adecco Group AG, a Swiss corporation, its consolidated subsidiaries, as well as variable interest entities for which the Adecco Group is considered the primary beneficiary.

Corporate Governance information is presented as of 31 December 2020, unless indicated otherwise, as the statutory fiscal year of Adecco Group AG is the calendar year.

The Corporate Governance information included in this report is presented in Euro, except for information on shares, share capital and dividends, which is provided in Swiss Francs. Income, expenses and cash flows are translated using average exchange rates for the period, or at transaction exchange rates, and assets and liabilities are translated using the year-end exchange rates.

Structure, shareholders and capital

1. Structure and shareholders

1.1 Legal and management structure

Adecco Group AG is a stock corporation (Aktiengesellschaft) organised under the laws of Switzerland with its registered office at Bellerivestrasse 30, 8008 Zürich, Switzerland.

Adecco Group AG is listed on the SIX Swiss Exchange (symbol ADEN, security number 1213860; ISIN CH0012138605). As of 31 December 2020, the market capitalisation of Adecco Group AG, based on the number of shares issued, including treasury shares, and the closing price of shares on the SIX Swiss Exchange, amounted to approximately CHF 9.7 billion. On 1 March 2021, this market capitalisation amounted to approximately CHF 9.5 billion.

The Company is the world's leading provider of human capital solutions including flexible placement, permanent placement, career transition, outsourcing, consulting, training, up-/reskilling, and other services.

The Company is organised in three Global Business Units – Adecco, Talent Solutions and Modis – which correspond to the primary segments. This structure is complemented by service lines.

The primary segments consist of: Adecco France; Adecco Northern Europe; Adecco DACH; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; Talent Solutions; and Modis.

The service lines consist of: Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting & Other Services; and Training, Upskilling & Reskilling.

The Company provides services to businesses and organisations located throughout Europe, North America, Asia Pacific, Latin America and North Africa.

Prior to 1 January 2021, the Company was organised in a geographical structure plus the global business Career Transition & Talent Development, which corresponded to the primary segments. This structure was complemented by business lines. The segments consisted of: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Career Transition & Talent Development; and the Rest of World segments (comprising Australia & New Zealand; Latin America; Eastern Europe and Middle East & North Africa; Asia; and India). The business lines consisted of: Workforce Solutions (comprising the Adecco brand); Professional Solutions (comprising Modis, Badenoch + Clark/Spring Professional, and Other Professional Brands); and Talent Solutions & Ventures (comprising LHH, Pontoon, and Ventures). As part of the transition to three Global Business Units from 1 January 2021, certain local brands and businesses were reallocated between the global brands. Hence, reporting by brand prior to 2021 does not directly correspond to the new Global Business Unit reporting structure.

As of 1 January 2021, the Company's EC was composed as follows (for more details as of 31 December 2020, see section 4.1):

- Alain Dehaze, Chief Executive Officer;
- Coram Williams, Chief Financial Officer;
- Christophe Catoir, President of Adecco;
- Sergio Picarelli, President of Talent Solutions;
- Jan Gupta, President of Modis;
- Valerie Beaulieu, Chief Sales and Marketing Officer;
- Stephan Howeg, Chief of Staff and Communications Officer;
- Gordana Landen, Chief Human Resources Officer;
- Teppo Paavola, Chief Digital Officer; and
- Ralf Weissbeck, Chief Information Officer.

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries of the Adecco Group are listed on page 172 of this Annual Report. No subsidiary has shares listed on a stock exchange.

1.2 Significant shareholders

As of 31 December 2020, the total number of shareholders directly registered with the share register of Adecco Group AG was approximately 16,000; the major shareholders during 2020 and their shareholdings were disclosed to Adecco Group AG as listed in the following table, which shows the last notifications published on the SIX website up to 31 December 2020.

Please note that percentages of shareholdings refer to the date of disclosure unless indicated otherwise, up to 31 December 2020, and may have changed in the meantime.

For further details pertaining to the below-listed disclosures, refer to the following websites:

https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=ADECCO
or
http://adeccogroup.com/investors/shareholder-debt-info/disclosure-shareholding/
or
http://ir.adeccogroup.com/.

Investor	Date of SIX publication	Percentage of voting rights as disclosed
Akila Finance S.A.	28.05.2014	4.31% equity, 0.26% sale positions[1]
Group BlackRock Inc.	18.10.2019	5.19% purchase positions, 0.07% sale positions[2]
Invesco Limited	20.11.2020	Falling below threshold of 3%
Norges Bank	31.12.2020	Falling below threshold of 3%
Silchester International Investors LLP	05.11.2020	4.95%
UBS Fund Management (Switzerland) AG	26.08.2020	3.09%

1 As per current share capital: 5.00% equity, 0.31% sale positions. Beneficial owners have been disclosed.

2 As per current share capital: 5.20% equity, 0.07% sale positions.

As of 31 December 2020, Adecco Group AG is not aware of any person or legal entity, other than those stated above, that directly or indirectly owned 3% or more of voting rights in Adecco Group AG, as defined by the Swiss disclosure requirements. Adecco Group AG is not aware of shareholders' agreements, other than those described in the aforementioned disclosures, between its shareholders pertaining to Adecco Group AG shares held.

According to Art. 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA; applicable since 1 January 2016), anyone who directly or indirectly or acting in concert with third parties acquires or disposes of shares or acquisition or sale rights relating to shares of a company with its registered office in Switzerland whose equity securities are listed in whole or in part in Switzerland, or of a company with its registered office abroad whose equity securities are mainly listed in whole or in part in Switzerland, and thereby reaches, falls below or exceeds the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50% or 66⅔% of the voting rights, whether exercisable or not, must notify this to Adecco Group AG and to the Disclosure Office of the SIX Swiss Exchange. Such notification must be made no later than four trading days after the obligation to disclose arises.

For further information refer to section 7.1.

1.3 Cross-shareholdings

As of 31 December 2020, there were no cross-shareholdings exceeding 5% of a party's share capital.

2. Capital structure

2.1 Share capital

At the Annual General Meeting of Shareholders (AGM) of 16 April 2020, the Company's shareholders approved the cancellation of 220,000 treasury shares acquired under the share buyback programme and the corresponding reduction of Adecco Group AG's share capital by 220,000 registered shares with a nominal value of CHF 0.10 each.

The cancellation of 220,000 treasury shares was effective 6 July 2020. Since 6 July 2020, the share capital of the Company amounts to CHF 16,312,417.70 divided into 163,124,177 shares.

As of 31 December 2020, the share capital of Adecco Group AG registered with the Commercial Register amounted to CHF 16,312,417.70 divided into 163,124,177 fully paid up registered shares with a nominal value of CHF 0.10 per share.

2.2 Authorised and conditional capital

The Board of Directors is authorised to increase the share capital in an amount not to exceed CHF 816,720.00 through the issuance of up to 8,167,200 fully paid registered shares with a nominal value of CHF 0.10 per share by not later than 30 April 2021. Authorised capital amounts to a maximum of CHF 816,720.00, which equates to 5.01% of the existing share capital of CHF 16,312,417.70. Increases in partial amounts shall be permitted. For details on the terms and conditions of the issuance/creation of shares under authorised capital, refer to Art. 3[bis] of the AoI (https://aoi.adeccogroup.com).

The conditional capital of CHF 1,540,000 divided into 15,400,000 registered shares with a nominal value of CHF 0.10 each is reserved for the exercise of option or conversion rights granted in relation to financial instruments such as bonds or similar debt instruments of Adecco Group AG or its affiliates. Conditional capital amounts to a maximum of CHF 1,540,000, which equates to about 9.44% of the existing share capital of CHF 16,312,417.70. The subscription rights of the shareholders regarding the subscription of the shares are excluded. The shareholders' preferential bond subscription rights in the issue of the bonds or similar debt instruments may be limited or excluded by the Board. The conditional capital is available for share issuance upon conversion of financial instruments Adecco Group AG or its subsidiaries may issue in the future. For details on the terms and conditions of the issuance/creation of shares under conditional capital, refer to Art. 3[quater] of the AoI (https://aoi.adeccogroup.com).

If both, the authorised and the conditional capital were utilised as of 31 December 2020, the total increase would amount to a maximum of CHF 2,356,720.00, which is equal to approximately 14.45% of the existing share capital of CHF 16,312,417.70.

The Board will only make use of the authorizations to increase the share capital excluding pre-emptive rights up to 10% of the registered share capital.

2.3 Changes in capital

Adecco Group AG's share, authorised and conditional capital structure as of the dates indicated below were as follows:

	Issued shares		Authorised capital		Conditional capital	
in CHF millions, except shares	Shares	Amount	Shares	Amount	Shares	Amount
1 January 2017	171,156,187	171.2	–	–	19,566,804	19.6
Changes in nominal amount and in authorised and conditional capital		(154.1)	8,557,809	0.9	(4,166,804)	(18.1)
31 December 2017	**171,156,187**	**17.1**	**8,557,809**	**0.9**	**15,400,000**	**1.5**
Share cancellation and change in authorised capital	(4,580,260)	(0.5)	(229,013)	(0.02)	n.a.	n.a.
31 December 2018	**166,575,927**	**16.6**	**8,328,796**	**0.8**	**15,400,000**	**1.5**
Share cancellation and change in authorised capital	(3,231,750)	(0.3)	(161,596)	(0.02)	n.a.	n.a.
31 December 2019	**163,344,177**	**16.3**	**8,167,200**	**0.8**	**15,400,000**	**1.5**
Share cancellation	(220,000)	(0.02)	(11,000)	(0.0011)	n.a.	n.a.
31 December 2020	**163,124,177**	**16.3**	**8,156,200**	**0.8**	**15,400,000**	**1.5**

2.4 Shares and participation certificates

Adecco Group AG shares have a nominal value of CHF 0.10 each. All shares are fully paid registered shares and bear the same dividend and voting rights. Pursuant to Art. 7 of the AoI (https://aoi.adeccogroup.com), the right to vote and all other rights associated with a registered share may only be exercised by a shareholder, usufructuary or nominee who is registered in the share register as the shareholder, usufructuary or nominee with right to vote.

As of 31 December 2020, there were no outstanding participation certificates.

2.5 Bonus certificates

Adecco Group AG has not issued bonus certificates (Genussscheine).

2.6 Limitations on registration, nominee registration and transferability

Each Adecco Group AG share represents one vote.

Acquirers of registered shares are recorded in the share register as shareholders with the right to vote upon request, provided that they declare explicitly to have acquired the registered shares in their own name and for their own account (Art. 4 sec. 2 of the AoI; https://aoi.adeccogroup.com). Upon such declaration, any person or entity will be registered with the right to vote.

The Board may register nominees with the right to vote in the share register to the extent of up to 3% of the registered share capital as set forth in the Commercial Register. Registered shares held by a nominee that exceed this limit may be registered in the share register if the nominee discloses the names, addresses and the number of shares of the persons for whose account the nominee holds 0.5% or more of the registered share capital as set forth in the Commercial Register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account or with whom the Board has entered into a corresponding agreement (refer to Art. 4 sec. 3 of the AoI; https://aoi.adeccogroup.com). The Board may grant exemptions to this registration restriction (refer to Art. 4 sec. 6 of the AoI; https://aoi.adeccogroup.com). In 2020, there were no such exemptions granted.

Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management, or otherwise linked, as well as individuals or corporate bodies and partnerships who act together to circumvent the regulations concerning the nominees (especially as syndicates), are treated as one nominee, respectively as one person within the meaning of this article (refer to Art. 4 sec. 4 of the AoI; https://aoi.adeccogroup.com).

For further information regarding the procedure and conditions for cancelling statutory privileges and limitations on transferability of shares, refer to the AoI; https://aoi.adeccogroup.com.

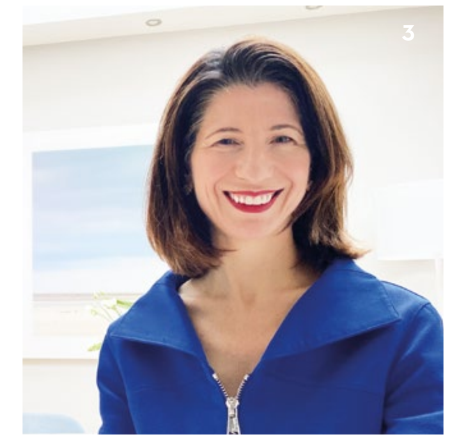
2.7 Convertible bonds and options

Adecco Group has no outstanding convertible bonds or options.

Board of Directors, Executive Committee and compensation

3. Board of Directors

As of 31 December 2020, the Board of Directors of Adecco Group AG consisted of seven members. All members qualify as independent and non-executive members (see below 3.2). Committee memberships are shown as of 31 December 2020.



1. Jean-Christophe Deslarzes, 2. Alexander Gut, 3. Ariane Gorin, 4. Kathleen Taylor, 5. Didier Lamouche, 6. David Prince, 7. Regula Wallimann

3.1 Biographies of members of the Board of Directors

The following sets forth the name, year of birth, entry date, nationality, professional education and principal positions of those individuals who served as members of the Board as of 31 December 2020. All members are elected for a one-year term of office until the end of the next Annual General Meeting of Shareholders.

Jean-Christophe Deslarzes

- Swiss national, born 1963.
- Jean-Christophe Deslarzes has been a member (non-executive) of the Board of Directors since April 2015. He has been Chair of the Board of Directors since April 2020 and a member of the Governance and Nomination Committee since April 2018. He was Chair of the Compensation Committee from April 2018 until April 2020 (member since April 2016) and a member of the Audit Committee from April 2015 until April 2018.
- Jean-Christophe Deslarzes holds a Master's degree in Law from the University of Fribourg, Switzerland.
- Jean-Christophe Deslarzes began his career in 1991 as a tax and legal consultant at Arthur Andersen in Switzerland. From 1994 to 2010, he worked at Rio Tinto and its predecessor companies, Alcan and Alusuisse, in human resources and general management roles in Europe and Canada, including as Senior Vice President Human Resources and member of the Executive Committee of Alcan Group as well as President and CEO, Downstream Aluminium Businesses, Rio Tinto, based in Canada. He served as Chief Human Resources and Organisation Officer and member of the Executive Board at Carrefour Group, based in France, from 2010 to 2013. From 2013 to 2019, Jean-Christophe Deslarzes was Chief Human Resources Officer and member of the Executive Committee of ABB Group, based in Switzerland.
- From February 2018 until February 2021, he was Chairman of the Board of Directors of ABB India Limited[1], India. Since January 2021, he has been Special Advisor to the Board of Directors of Constellium[1], (NYSE, headquartered in France). Since January 2021, Jean-Christophe Deslarzes has been a Member of the Executive Faculty at the University of St. Gallen.

Kathleen Taylor

- Canadian national, born 1957.
- Kathleen Taylor has been a member (non-executive) of the Board of Directors and a member of the Audit Committee since April 2015, and since April 2017 Vice-Chair of the Board of Directors and a member of the Compensation Committee and the Governance and Nomination Committee. Furthermore, she has been a member of the Digital Committee since April 2019.
- Kathleen Taylor obtained a Master's degree in Business Administration from Schulich School of Business, a law degree from Osgoode Hall Law School and a Bachelor of Arts (Honours) degree from the University of Toronto, all in Canada.
- Kathleen Taylor is the former President and Chief Executive Officer of Four Seasons Hotels and Resorts, Canada, where she served in a variety of senior leadership roles from 1989 to 2013.
- Kathleen Taylor has been a member of the Board of the Royal Bank of Canada[1] since November 2001, and its Chair since January 2014. She has also served as Chair of Altas Partners, Canada, since April 2019. She has been a director of the Canada Pension Plan Investment Board since October 2013 and a director of Air Canada[1] since May 2016.
- Kathleen Taylor is a member of the Board of Trustees of the Hospital for Sick Children and a director and immediate past Chair of the Board of the SickKids Foundation, Canada. She is also a member of the Principal's International Advisory Board of McGill University and of the Dean's Advisory Council of the Schulich School of Business of York University, both in Canada. She is a member of the National Council of the C.D. Howe Institute, Canada, and the Co-Chair of its Human Capital Policy Council.

Ariane Gorin

- French and United States national, born 1974.
- Ariane Gorin has been a member (non-executive) of the Board of Directors and a member of the Audit Committee since April 2017 and has been Chair of the Digital Committee since April 2019.
- She obtained an MBA degree from Kellogg School of Management, Northwestern University, Evanston, IL, USA and a Bachelor's degree in Economics from University of California, Berkeley, CA, USA.
- Since 2013, Ariane Gorin has been a member of the management team of Expedia Group[1], headquartered in the USA. In December 2019 Ariane Gorin was named President of the Expedia Business Services brand. She previously was President of the Expedia Partner Solutions and Senior Vice President and General Manager, Expedia Affiliate Network brand, based in the UK. She is a member of Expedia's Travel Leadership Team.
- From 2000 to 2002 Ariane Gorin served as consultant at The Boston Consulting Group in France and in the USA.
- From 2003 to 2013, Ariane Gorin served in various functions at Microsoft Corporation, USA: initially as Strategic Initiatives Manager for the Enterprise Services Division in Europe, Middle East and Africa, thereafter as Business Manager Western Europe, from 2007 to 2010 as Marketing Director and then Sales Director Small and Midmarket Business and Distribution for France, and finally from 2010 to 2013 as Director Office Products and Services for France, based in France. From December 2019 until February 2021, Ariane Gorin was a member of the Supervisory Board of Trivago[1], Germany.

Alexander Gut

- British and Swiss national, born 1963.
- Alexander Gut has been a member (non-executive) of the Board of Directors since May 2010. He has been Chair of the Governance and Nomination Committee since April 2018 and a member of the Digital Committee since April 2019. He was a member of the Compensation Committee from April 2015 until April 2019.
- Alexander Gut holds a doctorate degree in business administration (Dr. oec. publ.) from the University of Zurich, Switzerland, and is a Swiss Certified Public Accountant.
- From 1991 to 2001 he was with KPMG in Zurich and London and from 2001 to 2003 with Ernst & Young in Zurich, where he became a partner in 2002. From 2003 to 2007 he was a partner with KPMG in Zurich, where he became a member of the Executive Committee of KPMG Switzerland in 2005. Until June 2019 he was a member of the Board of Directors of SIHAG Swiss Industrial Holding AG, Switzerland.
- Alexander Gut is the founder and managing partner of Gut Corporate Finance AG. Furthermore, he was a member of the Board of Directors of Credit Suisse Group[1] and Credit Suisse (Switzerland) AG from 2016 until April 2020, both in Switzerland.

1 For current mandates: Listed company.

Didier Lamouche

- French national, born 1959.
- Didier Lamouche has been a member (non-executive) of the Board of Directors since April 2011. He has been Chair of the Compensation Committee since April 2020 (member since April 2019) and a member of the Digital Committee since April 2019. He was a member of the Audit Committee from April 2017 until April 2019 and of the Corporate Governance Committee from April 2011 until April 2017.
- Didier Lamouche obtained a PhD and Engineering degree in semiconductor technology from the Ecole Centrale de Lyon, France.
- He was CEO of Altis Semiconductor from 1998 to 2003. From 2003 to 2005, he held the position of Vice President of Worldwide Semiconductor Operations at IBM Microelectronics. From 2005 to 2010, Didier Lamouche was Chairman and Chief Executive Officer at Bull. From 2006 he held various Board and Executive roles at STMicroelectronics, Switzerland and from December 2011 until March 2013, he was President of the Executive Board and CEO of ST-Ericsson S.A., Switzerland. From April 2013 to October 2018, he was CEO of Idemia (formerly Oberthur Technologies), France.
- Since 2019, Didier Lamouche has been chairman of the Boards of UTIMACO, Germany and QUADIENT[1], France. He has been a member of the Supervisory Board of ASM International[1], the Netherlands, since May 2020.
- Didier Lamouche has held mandates as non-executive director on boards of various listed and non-listed companies.

David Prince

- British national, born 1951.
- David Prince has been a member (non-executive) of the Board of Directors since June 2004. He has served on various committees and was Chair of the Audit Committee from April 2015 until April 2019 where he is still a member. Since April 2017 he has been a member of the Governance and Nomination Committee.
- David Prince is an associate member of the Chartered Institute of Management Accountants (CIMA) and the Chartered Institute of Purchasing and Supply (CIPS).
- He started his career in the oil and gas industry as part of a management trainee scheme at British Gas, later attending business school in the UK. Following accountancy roles at Philips Industries and TRW, he joined Cable & Wireless, holding accountancy, general management and group marketing positions in the UK and in Hong Kong. From 1994 to 2000, he worked for Hong Kong Telecom plc (HKT) as Group Finance Director, followed by an appointment as Deputy CEO. In 2000, David Prince became Group CFO of PCCW plc, Hong Kong. From 2002 to 2004, he worked for Cable & Wireless as Group Finance Director. Since 2004 he has acted as investment advisor to companies based in Asia, China and Australia. David Prince was a member of the Board of Directors and Chairman of the Audit Committee of ARK Therapeutics, UK until March 2013.
- He is a member of the Board of Directors of SmarTone Telecommunications Holdings Ltd[1], Hong Kong and of various companies in the Wilson Parking Group, Australia. He has been a non-executive director of the Board of Sunevision Holdings Ltd.[1], Cayman Islands since October 2016. During 2020 he was appointed to the China Joint Venture Boards of FESCO Adecco as a non-executive Director.

Regula Wallimann

- Swiss national, born 1967.
- Regula Wallimann has been a member (non-executive) of the Board of Directors since April 2018. She has been Chair of the Audit Committee since April 2019 (member since April 2018).
- She obtained a business degree (lic. oec. HSG) from University of St. Gallen, Switzerland and is a Certified Public Accountant, both Swiss and US.
- From 1993 to 2017, Regula Wallimann worked for KPMG Switzerland, where she acted during 14 years as global lead partner for various large listed and non-listed international and national clients. From 2012 to 2014, Regula Wallimann was a member of KPMG Switzerland's strategic Partners' Committee.
- Regula Wallimann has been a non-executive board member and member of the audit committee of Straumann Holding AG[1], Switzerland since 2017, and Chair of the audit and risk committee since April 2019 and member of the HR and compensation committee since April 2020. In addition, she has been a non-executive board member and head of the finance and audit committee of Swissgrid AG since 2017, Switzerland. Furthermore, she has been a non-executive board member and member of the audit committee since April 2018 and member of the nomination committee since April 2019 of Helvetia Holding AG[1], Switzerland. She has been a member of the supervisory board of the institute for Accounting, Control and Auditing of the University of St. Gallen, Switzerland, since 2010.

Member of the Board of Directors who left in 2020

Rolf Dörig

- Swiss national, born 1957.
- Rolf Dörig was a member (non-executive) of the Board of Directors from May 2007 until April 2020. He served on various committees and was Chair of the Board of Directors from January 2009 until April 2020 and member of the Governance and Nomination Committee from April 2017 until April 2020.
- Rolf Dörig obtained a doctorate degree in law (Dr. iur.) from the University of Zurich, Switzerland, and was subsequently admitted to the Bar. He also completed the Advanced Management Program at Harvard Business School (Boston), USA.
- After joining Credit Suisse in 1986, he held a number of executive positions in various areas of banking and different geographical markets. As a member of the Group Executive Board, he was assigned responsibility for Swiss corporate and retail banking from 2000 onwards. In 2002, he held the position of Chairman Switzerland. Rolf Dörig was Chief Executive Officer of the Swiss Life Group from November 2002 until May 2008, when he was elected to the Board of Directors.
- Rolf Dörig is Chairman of the Board of Directors of Swiss Life Holding AG[1], a member of the Board of Directors of Emil Frey Holding AG, both in Switzerland, and a member of the Supervisory Board of Danzer Holding AG in Austria. He was a member of the Board of Directors of dormakaba Holding AG[1] until October 2020. Since June 2017, Rolf Dörig has been a member of the Swiss Insurance Association (SIA). Furthermore, he is a member of the Board Committee of economiesuisse, Switzerland.
- Rolf Dörig did not stand for re-election at the Annual General Meeting of Shareholders on 16 April 2020.

1 For current mandates: Listed company.

3.2 Other activities and vested interests of the Board of Directors

Except for those described in section 3.1 'Biographies of members of the Board of Directors', no permanent management/consultancy functions for significant domestic or foreign interest groups, and no significant official functions or political posts, are held by the members of the Board of Adecco Group AG. The Board regularly assesses the independence of its members.

As of 31 December 2020, all members of the Board were independent and non-executive, none of them (i) having held an executive function with the Company during the past three years, or (ii) having any other significant or important business relation with the Adecco Group, or (iii) having served directly or indirectly as or for the auditors of the Adecco Group.

The Company provides services in the normal course of business on arm's length terms to entities that are affiliated with certain of its officers, members of the Board and significant shareholders through investment or board directorship.

The AoI (Art. 16 sec. 4 of the AoI; https://aoi.adeccogroup.com) limit the number of mandates that may be assumed by members of the Board in directorial bodies of legal entities not affiliated with the Company. All members of the Board have complied with these requirements.

3.3 Elections and terms of office

Pursuant to the AoI, the Board consists of at least five members (Art. 16 sec. 1 of the AoI; https://aoi.adeccogroup.com). Members of the Board are elected individually for a term of office of one year, until the end of the next AGM, and may be re-elected for successive terms (Art. 16 sec. 2 of the AoI; https://aoi.adeccogroup.com). Adecco Group AG's AoI (https://aoi.adeccogroup.com) do not limit the number of terms a member may be re-elected to the Board. Candidates to be elected or re-elected to the Board are proposed by the Board to the AGM. For succession-planning considerations, see section 3.4.1.

In advance of any candidates of the Compensation Committee being proposed by the Board to the AGM for individual election, the Board reviews and confirms the specific independence of the Committee's members-to-elect.

The AGM elects individually the members of the Board, its Chair and the members of its Compensation Committee.

As of 31 December 2020, the Board is composed of seven members.

3.4 Internal organisational structure

The Board holds the ultimate decision-making authority of Adecco Group AG for all matters except those reserved by law or the AoI (https://aoi.adeccogroup.com) to the shareholders. It determines the overall strategy of the Company and supervises the management of the Company.

The Chair of the Board of Directors is a non-executive member of the Board. He performs his role on a part-time basis, providing leadership to the Board which operates under his direction. The Chair sets the agenda of the Board's meetings and drives key Board topics, especially regarding the strategic development of the Adecco Group. Any member of the Board may request that an item be included on the agenda. The Chair works with the Committee chairs to coordinate the tasks of the Committees and regularly attends Committee meetings as a guest without voting power (except for the Governance and Nomination Committee where he is a regular member). The Chair further ensures that the members of the Board are provided, in advance of meetings, with adequate materials to prepare for the items tabled. The Board recognises the importance of being fully informed on material matters involving the Company and seeks to ensure that it has sufficient information to take appropriate decisions by, at the decision of the Chair, inviting members of management or other individuals to report on their areas of responsibility, conducting regular meetings of the respective Committees of the Board with management, and retaining outside consultants and independent auditors (Auditors) where appropriate, and ensuring regular distribution of important information to its members. On behalf of the Board, the Chair exercises the ongoing overall supervision and control of the course of business and the activities of the CEO and the EC and he conducts regular exchanges with the CEO and other members of the EC. In urgent situations, the Chair may also determine necessary measures and take steps falling within the scope of the competencies of the Board until the Board of Directors takes a decision. If a timely decision cannot be reached by the Board, the Chair is empowered to take a decision. The Chair is also in charge of chairing the AGM and, together with the CEO, takes an active role in representing the Adecco Group to key shareholders, investors, regulators and industry associations as well as other external stakeholders.

The Board's committees are the Audit Committee (AC), the Governance and Nomination Committee (GNC), the Compensation Committee (CC), and the Digital Committee (DC, formerly Digital Platform and Technology Committee).

At its meetings, the Board receives reports on its committees' work, findings, proposals and decisions. Decisions are taken by the Board as a whole, with the support of the respective committee. The Chair has a casting vote. If a member of the Board has a personal interest in a matter, other than an interest in his/her capacity as a shareholder of Adecco Group AG, suitable measures are taken; such measures may include abstention from voting, where adequate. The Board has established numerous policies and rules. The awareness of and compliance with them is closely monitored.

Each committee has a written charter outlining its duties and responsibilities, and regularly meets with management and, where appropriate, outside consultants. Committee members are provided, in advance of meetings, with adequate materials to prepare for the items on their agenda.

The Board of Directors, in line with best practice, regularly reviews the allocation of tasks of its committees.

The Adecco Group pursues an integrated approach to purpose, responsible and sustainable business conduct, and shared value creation. Issues considered material from an ESG and stakeholder perspective are aligned with and embedded in the Adecco Group's overall strategic priorities and business objectives, as outlined in the Adecco Group's respective policies and rules regarding ESG. With its members as stewards of the Company, the Board has thus ultimate responsibility for the overall strategic direction and oversight of these matters, but has assigned certain of these duties and responsibilities to its Governance and Nomination Committee. There is regular engagement between this Board committee and the relevant management functions who address these issues on a day-to-day basis, with the Board receiving formal updates at least twice a year.

The Adecco Group Board members thereby contribute based on their diverse backgrounds, industry experience, professional roles, and viewpoints. Board members' experience in human resources and senior leadership roles provide, for example, valuable insights towards the Adecco Group's strategic priorities of up- and reskilling individuals, attracting, engaging and retaining talent, and promoting inclusion and diversity. Specific expertise in the information technology industry helps to address challenges and opportunities tied to driving responsible digital transformation. Backgrounds in the travel, hospitality, and extractive industries support in achieving solutions related to topics such as human rights, health and safety, and environmental impact. Board members' risk management, financial and audit knowledge provide the basis for ensuring responsible, sustainable business conduct overall. Taken together, these comprehensive capabilities position the Board of Adecco Group AG to support the Company's vision of making the future work for everyone.

In 2020, the Board held 15 meetings in person and via phone/video conferences.

Number and duration of meetings and phone/video conferences during 2020:

	Full Board of Directors	Audit Committee	Governance and Nomination Committee	Compensation Committee	Digital Committee
Number of meetings in person[1]	6	5	5	5	5
Number of phone/video conferences	9	7	1	3	
Total number of meetings	**15**	**12**	**6**	**8**	**5**
Average duration in hours:					
· Meetings in person[1]	6½	2½	2	2½	1½
· Phone/video conferences	1	1	1	1½	

1 Due to the Covid-19 situation not all Board members could travel, and therefore joined remotely some of the meetings that are typically held in person.

Attendance at meetings and phone/video conferences during 2020:

	Full Board of Directors	Audit Committee[2]	Governance and Nomination Committee	Compensation Committee	Digital Committee
Number of meetings in total	**15**	**12**	**6**	**8**	**5**
Jean-Christophe Deslarzes[3]	15	7[4]	5	8[4]	3[4]
Kathleen Taylor	15	12	6	8	5
Ariane Gorin	14	12			5
Alexander Gut	15	4[4]	6		5
Didier Lamouche	13	3[4]		8	5
David Prince	15	12	6		
Regula Wallimann	15	12			
Rolf Dörig[5]	4	5[4]	3	4[4]	2[4]

2 In four Audit Committee meetings, Board members not being members of the Audit Committee attended as guests without voting rights.

3 Chair of the Compensation Committee until 16 April 2020. Chair of the Board of Directors since 17 April 2020.

4 Guest, without voting right.

5 Chair and member of the Board of Directors until 16 April 2020.

The Board discussed and assessed its own (including its committees') and its members' performance in 2020, as every year. The Board concluded that the Board performed well and has the necessary resources and capacities available.

3.4.1 Governance and Nomination Committee (GNC)

The GNC's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to ESG, public affairs, business environment, relations with shareholders and other stakeholders, nomination, succession and talent development. The GNC is amongst other duties charged with:

- Reviewing the Company's corporate governance structures and principles and independence rules, including principles and measures on ESG, as well as reassessing such principles and rules, including the Company's Code of Conduct https://www.adeccogroup.com/our-company/code-of-conduct/, to ensure that they remain relevant and in line with legal and stock exchange requirements;
- Recommendations as to best practice are also reviewed to ensure compliance;
- Overseeing the Company's monitoring of market and regulatory developments, including questions of market-related risks;
- Analysing the composition and type of shareholders;
- Overseeing the Company's initiatives and reviewing the principles related to ESG and responsible business conduct, by identifying and prioritising the Company's social, regulatory, economic and ecological challenges and opportunities and reporting on its efforts;

- Providing recommendations to the Board regarding its size and composition. For this purpose, the GNC has developed and monitors, based on the needs of the Board and the attributes of its members, criteria such as independence and diversity in all its aspects including senior leadership experience in a global enterprise, experience in areas of strategic importance for the Company, in particular in HR, Digital and IT or in geographical regions of importance, financial expertise, transformation and change expertise as well as gender for the selection of potential candidates to be elected or re-elected as members of the Board and its committees. The GNC is mandated to identify individuals who meet such criteria and to recommend them to the Board as candidates for election to ensure that the long-term succession planning provides for a balance of necessary competencies and an appropriate diversity of its members over time. The candidates to the Board must possess the necessary profile, qualifications and experience to discharge their duties. Newly appointed Board members receive an appropriate induction into the business and affairs of the Company. Furthermore, the GNC is mandated to review candidates proposed and to assess and advise the Board on whether they meet such criteria;
- Providing recommendations to the Board regarding the selection of candidates for the EC;
- Assuring talent development including retention and succession planning;
- Ensuring that self-evaluations of the Board and of its committees are carried out and monitored, with a view to appropriate measures of improvement.

The GNC defines its annual programme and roadmap according to focus topics of the year. In 2020, the GNC held six meetings. The CEO represents the EC in the meetings. The Chief Human Resources Officer typically participates in the meetings for specific topics.

All members of the GNC, including the Chair, are considered independent as per paragraphs 1 and 2 of section 3.2 and the independence requirements of the Swiss stock exchange.

As of 31 December 2020, the members of the GNC were:

Name	Position
Alexander Gut	Chair of the GNC
Jean-Christophe Deslarzes	Member
David Prince	Member
Kathleen Taylor	Member

3.4.2 Audit Committee (AC)

The AC's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to the Company's accounting policies, internal controls and financial reporting practice, thus overseeing management regarding the:

- Integrity of the Company's financial statements and other financial reporting and disclosure to any governmental or regulatory body and to the public and other users thereof;
- Adequacy and effectiveness of the systems of the Internal Controls Over Financial Reporting (ICOFR) and of the disclosure controls;
- Performance of the Company's internal audit function;
- Qualifications, engagement, compensation, independence and performance of the Company's Auditors, their conduct of the annual audit and their engagement for any other services (refer to section 8. 'Auditors');
- Company's compliance with legal and regulatory requirements relating to accounting, auditing, financial reporting and disclosure, or other financial and non-financial matters.

The AC has established a roadmap which determines the Committee's main discussion topics throughout the year. In 2020, the AC held 12 meetings and phone conferences. For specific topics, the CEO represents the EC in the meetings. The Chief Financial Officer (CFO), the Head of Group Internal Audit, the Group General Counsel and the partners of the Auditors typically participate in the meetings. For compliance reporting matters, the Head of Group Compliance Reporting participates in the meetings. Usually, the Board's Chair participates in the Committee's meetings as guest without voting right.

All members of the AC, including the Chair, are considered independent as per paragraphs 1 and 2 of section 3.2 and the independence requirements of the Swiss stock exchange.

As of 31 December 2020, the members of the AC were:

Name	Position
Regula Wallimann	Chair of the AC
Ariane Gorin	Member
David Prince	Member
Kathleen Taylor	Member

3.4.3 Compensation Committee (CC)

The CC's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to the Company's compensation matters at executive level. In case of discussions and negotiations on individual compensation packages of the EC, the CC exclusively considers the best interest of the Company. The CC is mainly responsible for the following functions:

- Providing recommendations to the Board regarding the general compensation policy of the Company, including incentive compensation plans and equity-based plans, including plan details pertaining to e.g. holding periods, adjustment procedures, reclaim provisions and cancellation of payments;
- Assisting the Board in preparing the proposals to be presented to the AGM for approval of remuneration of the Board and of the EC.

In addition to being independent as per paragraphs 1 and 2 of section 3.2 and the independence requirements of the Swiss stock exchange, no member has accepted any consulting, advisory or other compensatory fee from the Company (other than fees for service on the Board). As the members of the CC are also not affiliated persons of the Company, they are independent.

The CC has established a roadmap which determines the Committee's main discussion topics throughout the year. In 2020, the CC held eight meetings. For specific subjects, the CEO represents the EC in the meetings. The Chief Human Resources Officer and the Head of Rewards typically participate in the meetings. Members of management do not participate in CC meetings when their individual compensation matters are discussed. Usually, the Board's Chair participates in the Committee's meetings as guest without voting right.

As of 31 December 2020, the members of the CC were:

Name	Position
Didier Lamouche	Chair of the CC
Kathleen Taylor	Member

3.4.4 Digital Committee (DC)

The DC's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to the Company's digital and technology strategy, particularly relating to:

- Oversee management's investments in development and adoption of digital capabilities, either as a disrupter or as an enabler to increase efficiency, improve client and candidate satisfaction and drive growth in the core business;
- Digital ventures: Oversee the performance of and investment in current and future digital ventures, whether acquisitions or organic investments; Oversee management's plan for how the digital ventures and global Adecco Group brands interact and leverage each other's capabilities;
- Data: Oversee management's investment in data and data science as an enabler to differentiate and outperform, ensuring data use abides by relevant regulatory frameworks;
- Partnerships: Oversee management's structuring of relationships with global technology platforms;
- Receive updates on emerging technologies and trends, their potential impact on or application within the Adecco Group, and management's plan for capitalising on these.

The DC has established a roadmap which determines the Committee's main discussion topics throughout the year, structured around the focus areas above. In 2020, the DC held five meetings. The CEO, the CFO, the Chief Digital Officer, the Chief Information Officer, the CHRO and the Chief of Staff and Communications Officer typically participate in the DC meetings. Usually, the Board's Chair participates in the Committee's meetings as guest without voting right.

As of 31 December 2020, the members of the DC were:

Name	Position
Ariane Gorin	Chair of the DC
Alexander Gut	Member
Didier Lamouche	Member
Kathleen Taylor	Member

3.5 Responsibilities of the Board and the CEO

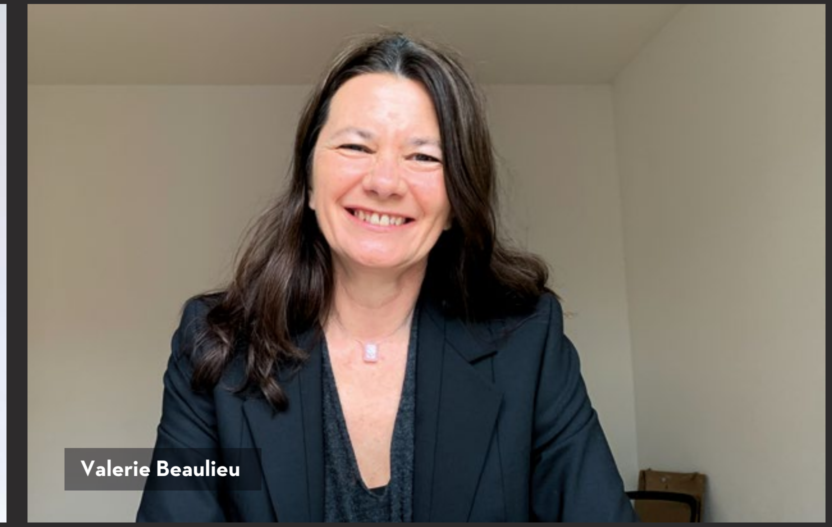
In addition to the determination of the overall strategy of the Company and the supervision of management, the Board addresses key matters such as acquisitions and divestitures, long-term financial commitments, management structure, risk management, budget approval, compensation policy, corporate identity policy, guidelines and policy statements. The Board determines the strategy and objectives of the Company and the overall structure of the Adecco Group developed by the CEO together with the EC. With the support of the AC, it reviews and approves the statutory financial statements of Adecco Group AG and the consolidated financial statements of the Adecco Group. The Board also considers other matters of strategic importance to the Company. Subject to the powers reserved to the Board, the Board has delegated the coordination of the day-to-day business operations of the Company to the CEO (Art. 16 sec. 3 of the AoI; https://aoi.adeccogroup.com). The CEO is responsible for the implementation of the strategic and financial plans approved by the Board and represents the overall interests of the Company vis-à-vis third parties.

3.6 Information and control instruments

The Board's instruments of information and control vis-à-vis management consist of the following main elements:

- All members of the Board regularly receive information about current developments;
- The CEO reports to the Chair of the Board on a regular basis, and extraordinary events are communicated immediately;
- Formal meetings of the Board and of the Board's committees include sessions with the CEO and with other members of the EC or other individuals, at the invitation of the Chair;
- Informal meetings and phone conferences are held between members of the Board and the CEO, as well as with other members of the EC;
- The management information system of the Company which includes (i) the monthly financial results including key performance indicators and (ii) a structured quarterly operational review of the major business units. Summarised consolidated monthly reports are distributed to each member of the Board; further details are provided to the members of the Board upon request;
- The Group Internal Audit function as established by the Board; the Head of Group Internal Audit reports to the AC and has periodic meetings with its Chair; the responsibilities of Group Internal Audit are defined by the AC as part of its oversight function in coordination with the CEO and CFO. Group Internal Audit is concerned with the assessment of how the Company (i) complies with pertinent laws, regulations and stock exchange rules relating to accounting, auditing, financial reporting and disclosure or other financial matters, (ii) conducts its related affairs, and (iii) maintains related controls;
- The Company has a risk management process in place which is adequate for the size, complexity and risk profile of Adecco Group AG and focuses on managing risks as well as identifying opportunities: refer to the Company Report, section 'Risk management and principal risks' and to Note 21 'Enterprise risk management' to the consolidated financial statements of the Adecco Group. The process is embedded in the Company's strategic and organisational context and covers the significant risks for the Company including financial, operational and strategic risks. The Board oversees management's risk analysis and the key measures taken based on the findings of the risk review process;
- External Audit: refer to section 8. 'Auditors'.

4. Executive Committee



Members of the Executive Committee (as of 1 January 2021)

Alain Dehaze
Chief Executive Officer

Coram Wiliams
Chief Financial Officer

Christophe Catoir
President of Adecco

Sergio Picarelli
President of Talent Solutions

Jan Gupta
President of Modis

Valerie Beaulieu
Chief Sales and Marketing Officer

Stephan Howeg
Chief of Staff and Communications Officer

Gordana Landen
Chief Human Resources Officer

Teppo Paavola
Chief Digital Officer

Ralf Weissbeck
Chief Information Officer

4. Executive Committee

4.1 Biographies of the members of the Executive Committee

The following sets forth the name, year of birth, year of entry to the Company, nationality, professional education and principal positions of those individuals who served as members of the EC of the Company as per 31 December 2020.

Alain Dehaze

- Belgian national, born 1963.
- Chief Executive Officer since September 2015, Regional Head of France from August 2011 to August 2015, Regional Head of Northern Europe from October 2009 to July 2011. Member of the EC since October 2009.
- Alain Dehaze joined the Adecco Group in September 2009 as Regional Head of Northern Europe.
- Alain Dehaze trained as a commercial engineer at the ICHEC Brussels Management School, Belgium.
- From 1987 until 2000, Alain Dehaze held senior positions in a number of European countries at Henkel and ISS. In 2000, he became Managing Director of Creyf's Interim in Belgium (now Start People). From 2002 to 2005, he was Chief Executive Officer of Solvus. Following the acquisition of Solvus by USG People, the Netherlands, in 2005, he became the Chief Operating Officer of USG People, with overall responsibility for operations, including the integration of Solvus. From September 2007 until 2009, he was CEO of the staffing services company Humares, the Netherlands. Since January 2016, Alain Dehaze has been a member of the board of the Global Apprenticeship Network (GAN). Furthermore, Alain Dehaze was Vice President of the Board of the European Confederation of Private Employment Agencies (Eurociett) and member of the Board of the International Confederation of Private Employment Agencies (Ciett) between December 2010 and December 2015. From August 2017 until January 2019, he was a member of the ILO Global Commission on the Future of Work. He also serves as steward of the World Economic Forum's (WEF) New Economy and Society Platform and is a member of the WEF's International Business Council (IBC).

Coram Wiliams

- British national, born 1974.
- Chief Financial Officer and member of the EC since May 2020.
- Coram Williams joined the Adecco Group in May 2020 as Chief Financial Officer.
- Coram Williams holds an MBA from London Business School and a BA (Hons) from the University of Oxford, both in Great Britain.
- Coram Williams trained as an auditor with Arthur Andersen and held several other senior leadership positions in finance and operations at Pearson Plc until 2013. Coram Williams was CFO of Penguin Random House from 2013 to 2015, based in New York, US. From 2015 until April 2020 he served as CFO of Pearson Plc.
- Coram Williams has been a non-executive member of the board of the Guardian Media Group[1], UK, since 2017, and is chair of its audit committee.

Christophe Catoir

- French national, born 1972.
- Regional Head of France and Northern Europe from September 2015 until December 2020. Member of the EC since September 2015 and President of Adecco since January 2021.
- Christophe Catoir joined Groupe Adecco France as Internal Auditor in 1995.
- Christophe Catoir graduated from the IESEG School of Management, France.
- Between 1995 and 2005, Christophe Catoir held positions as Finance Manager and Regional Manager. In 2005, he was appointed Head of Permanent Placement activities in France and became a member of the Groupe Adecco France management team in 2007. In 2009, Christophe Catoir was appointed Managing Director of Adecco South-East France. In 2012, he was appointed Managing Director for Professional Staffing Groupe Adecco France.

Sergio Picarelli

- Italian national, born 1967.
- Regional Head of North America, UK and Ireland Professional Staffing and global oversight of Lee Hecht Harrison, General Assembly, Badenoch + Clark, Spring Professional and Pontoon from January 2019 until December 2020. Member of the EC since October 2009 and President of Talent Solutions since January 2021.
- Sergio Picarelli graduated in business administration from Bocconi University, Milan, Italy.
- In 1993, Sergio Picarelli joined the Adecco Group in Italy, starting as Managing Director of an Adecco Group Company (Permanent Placement). In 1997, he was appointed Chief Sales and Marketing Director Italy. From 2002 to 2004 Sergio Picarelli served as Regional Head for Central Europe and was thereafter appointed Chief Operating Officer of the Adecco Group Staffing Division Worldwide. From 2005 to 2009 he served as Country Manager of Adecco Italy & Switzerland (Switzerland until the end of 2008). He was Regional Head of Italy, Eastern Europe and MENA and India from October 2015 until December 2018 (India until December 2017) and Chief Sales Officer from October 2009 to September 2015.

Jan Gupta

- German national, born 1967.
- President of Modis and member of the EC since May 2019.
- Jan Gupta jointed the Adecco Group in May 2019 as President of Modis.
- Jan Gupta graduated in Engineering and Economics and holds a PhD in Mechanical Engineering, both from Aachen University, Germany.
- From 1997 to 2014, Jan Gupta held various senior leadership positions at global division level with Freudenberg Group, Germany. From 2014 to 2018, Jan Gupta served as Chief Operating Officer and member of the board of Schunk Group, Germany.
- From 2014 to 2018, Jan Gupta led two advisory boards of small high-tech companies in the automotive and semiconductor industry in Austria and the Netherlands.

1 For current mandates: Listed company.

Valerie Beaulieu

- French national, born 1967.
- Chief Sales and Marketing Officer and member of the EC since 16 November 2020.
- Valerie Beaulieu joined the Adecco Group as Chief Sales and Marketing Officer in November 2020.
- Valerie Beaulieu holds a Master's in English from Université de Haute-Bretagne, France and an International Commerce degree from the Chamber of Commerce & Industry, Réunion Island.
- Valerie Beaulieu started her career as a journalist working at Radio France and the French daily newspaper Ouest-France. She was Marketing Director at ECS-Allium from 1991 until 1996. Valerie Beaulieu held various leadership roles at Microsoft across North America, Asia and Europe from 1996 and was Chief Marketing Officer of Microsoft US from October 2018 until October 2020.
- Valerie Beaulieu is a member of the Board of Directors of ISS AS[1], Denmark.

Stephan Howeg

- Swiss and German national, born 1965.
- Chief of Staff & Communications Officer since January 2020 and member of the EC since September 2015.
- He is a member of the Board of Trustees of the Adecco Group Foundation, Switzerland.
- Stephan Howeg joined the Adecco Group in February 2007 as Senior Vice President of Corporate Communications and Global Marketing Partnerships. In 2008, he was appointed Global Head of Group Communications and in September 2015 Chief Marketing & Communications Officer and member of the EC.
- Stephan Howeg has a Master's degree in History, Philosophy & Sociology from the University of Zurich, Switzerland, as well as having completed a four-year apprenticeship in mechanics, and executive programs in general management, leadership and digital marketing at IMD, INSEAD and Harvard Business School.
- Between 1997 and 2001, Stephan Howeg was Head of Corporate Communications & Marketing at Sunrise Communications, Switzerland. In 2001 he joined Ascom, Switzerland, as Global Head Marketing, Corporate Communications & Investor Relations. From 2003 to 2007, he served as Head of Corporate Communications & Public Affairs for Cablecom (today UPC), Switzerland.
- Since 2018, Stephan Howeg has been a member of the Board of economiesuisse, and he has been a member of the Board of Trustees of the Fritz-Gerber Stiftung since 2020, both in Switzerland.

Gordana Landen

- Swedish national, born 1964.
- Chief Human Resources Officer and member of the EC since January 2019.
- Gordana Landen joined the Adecco Group as Chief Human Resources Officer in January 2019.
- Gordana Landen holds a Bachelor's degree in Human Resource Development and Labour Relations from Stockholm University, Sweden.
- Gordana Landen held a number of senior positions at Ericsson in Sweden, the UK and the United States from 1993 to 2008. Between 2008 and 2015, she was Senior Vice President Group Human Resources and a member of the Executive Management Team at Svenska Cellulosa Aktiebolaget (SCA), Sweden. From 2015 to 2018, Gordana Landen served as Group Chief Human Resources Officer at Signify (formerly Philips Lighting), The Netherlands.

Teppo Paavola

- Finnish national, born 1967.
- Chief Digital Officer and member of the EC since January 2019.
- Teppo Paavola joined the Adecco Group as Chief Digital Officer in January 2019.
- Teppo Paavola holds an MBA from INSEAD, France and a Master's degree in Economics from Helsinki School of Economics, Finland.
- Teppo Paavola held several executive positions at Nokia between 2004 and 2012, Finland, including Vice President and General Manager of Mobile Financial Services. From 2012 to 2014 he was Vice-President, Head of Global Business Development, M&A and Developer Relations at PayPal, United States and from 2014 to 2018 Chief Development Officer at BBVA Group, Spain.
- He is a board member of 3 Step IT and Fortum[1], both in Finland.

Ralf Weissbeck

- German national, born 1969.
- Chief Information Officer since January 2020 and member of the EC since January 2021.
- Ralf Weissbeck joined the Adecco Group as Chief Technology Officer in February 2019.
- Ralf Weissbeck holds a BA Hons in Industrial Engineering from the University of Applied Sciences Würzburg-Schweinfurt, Germany.
- Ralf Weissbeck was Vice-President Projects, Planning and Quality at Schenker AG, Germany from 2002 until 2005. From 2005 until 2013 he was, among other positions, Executive Vice President IT Services and CIO Global Forwarding, Freight at Deutsche Post DHL, Germany. From 2013 until 2019 he was, among other positions, CIO Maersk Group IT Infrastructure Services, Maidenhead, UK, and CIO at APM Terminals, The Hague, the Netherlands, at A.P. Moller Maersk Group.

Ian Lee

- Until December 2020. Refer to biography on page 90.

Corinne Ripoche

- Until December 2020. Refer to biography on page 90.

Enrique Sanchez

- Until December 2020. Refer to biography on page 90.

1 For current mandates: Listed company.

Members of the Executive Committee who left the Group in 2020

Hans Ploos van Amstel

- Dutch national, born 1965.
- Chief Financial Officer and member of the EC from September 2015 until June 2020.
- Hans Ploos van Amstel holds a BA from the Economische Hogeschool of Eindhoven, and an MBA in Marketing & Finance from the University of Brabant, both in the Netherlands.
- Hans Ploos van Amstel started his career in Finance at Procter & Gamble (P&G) in the Netherlands in 1989. Between 1992 and 2003, he held positions of increasing responsibility in P&G across Saudi Arabia, Germany, Belgium and Switzerland. In 2003, he joined Levi Strauss & Co. in Belgium, as Vice President Finance & Operation Europe, and moved to the USA as global Chief Financial Officer in 2005. In his most recent position, Hans Ploos van Amstel was CFO of COFRA Group from 2009 to 2013, before acting as co-CEO of C&A Europe for a transition period until 2015.
- Hans Ploos van Amstel left the Adecco Group on 31 May 2020.

Federico Vione

- Italian national, born 1972.
- Regional Head of North America, UK & Ireland General Staffing from April 2017 until June 2020 and of Latin America from January 2019 until June 2020, Chief Sales & Innovation Officer from October 2015 to March 2017. Regional Head of Italy, Eastern Europe & India from September 2011 to September 2015 (including MENA as of 2012), Regional Head of Italy & Eastern Europe from October 2009 to August 2011. Member of the EC since October 2009.
- Federico Vione graduated in economics from Università G. D'Annunzio in Pescara, Italy.
- Federico Vione joined the Adecco Group in 1999 as Branch Manager and was subsequently appointed Manager of the Abruzzo-Molise area. In 2001, he became the National Key Account Manager for the Chemical and Pharma sector, and subsequently for the Large-Scale Trade sector. After various roles in Ajilon in Europe, and further functions at Group level and as Head of Eastern Europe, he was appointed Country Manager Italy in 2009.
- Federico Vione was Vice President of Assolavoro (Associazione Nazionale delle Agenzie per il Lavoro), Italy, between 2010 and 2012.
- Federico Vione left the Adecco Group on 30 June 2020.

Ian Lee

- Singapore national, born 1962.
- Regional Head of Asia Pacific including Australia, New Zealand and India, and member of the EC from January 2018 until December 2020.
- Ian Lee joined the Adecco Group in September 2017.
- Ian Lee gained his Bachelor's degree in Finance with Honours (magna cum laude) in 1989 and an MBA in Finance in 1990, both from the Indiana University Kelley School of Business in the USA.
- Ian Lee started his career with Procter & Gamble (P&G) in 1990 in Cincinnati, USA, and subsequently held positions of increasing responsibility in the USA, China and Taiwan. In 2003 he joined the Whirlpool Corporation, holding various positions including VP of Corporate Affairs and Business Development, VP of Asia North, VP and General Manager of China and VP and CFO of Asia.
- Ian is part of the Global Dean's Advisory Council at Indiana University Kelley School of Business, USA, and was also Adjunct Professor of Business at Nanjing University, China, from 2010 to 2012.
- Ian Lee left the Executive Committee on 31 December 2020 and has been Regional President Workforce Solutions Asia Pacific since January 2021.

Corinne Ripoche

- French national, born 1969.
- Regional Head of North America General Staffing and Latin America and global oversight of Pontoon and member of the EC from July 2020 until 31 December 2020.
- Corinne Ripoche joined the Adecco Group as Branch Manager in 1993.
- Corinne Ripoche holds a Master's from IFG Executive Education, France and has also completed executive programs at HEC, INSEAD and IESE.
- Corinne Ripoche has held senior positions in both staffing and solutions business lines at the Adecco Group. These include leading the sales organisation across Eastern Europe, Chief Operating Officer of Small and Medium Business Solutions in France, Global Practice Leader of Large Onsite Solutions and recently President of Pontoon Solutions from September 2017 to June 2020.
- Corinne Ripoche left the Executive Committee on 31 December 2020 and has been Regional President Workforce Solutions North America, Latin America and global oversight of Pontoon since January 2021.

Enrique Sanchez

- Spanish national, born 1967.
- Regional Head of Iberia, Italy, Eastern Europe & MENA from January 2019 until December 2020. Regional Head of Iberia and Latin America from 2009 to 2018. Member of the EC from October 2009 until December 2020. He is President of the Board of Trustees of the Adecco Spain Foundation.
- Enrique Sanchez obtained a degree in business psychology at Complutense University, Madrid, Spain. He has taken executive programs in business management and leadership at IESE, IMD, IE and INSEAD.
- Enrique Sanchez joined the Adecco Group in 1993 as Sales Representative, became Branch Manager in 1994, Regional Manager of Madrid in 1996 and in 1998 was appointed Operations Manager of Adecco Spain, in charge of the Staffing Business. In 2001 he became Country Manager of Adecco Spain and Portugal. From 2003 to 2005, Enrique Sanchez was General Manager for Spain and Portugal, and was also responsible for the development of the Company in Latin America and Eastern Europe. In 2004 and 2005, he also held responsibility for Italy and the Netherlands.
- Enrique Sanchez left the Executive Committee on 31 December 2020 and has been Regional President Workforce Solutions of Iberia, Italy, Eastern Europe & MENA since January 2021.

4.2 Other activities and vested interests

Except those described above in 4.1 'Biographies of the members of the Executive Committee', no further permanent management/consultancy functions for significant domestic or foreign interest groups, and no significant official functions or political posts are held by the members of the EC of Adecco Group AG.

The AoI (Art. 16 sec. 4; https://aoi.adeccogroup.com) limit the number of mandates that may be assumed by members of the EC in directorial bodies of legal entities not affiliated with the Company and its subsidiaries. The members of the EC have complied with these requirements.

4.3 Management contracts

There are no management contracts between the Company and external providers of services.

5. Compensation, shareholdings and loans

Please refer to the Remuneration Report (pages 94 to 115).

The AoI (Art. 14bis of the AoI; https://aoi.adeccogroup.com) define the principles of the AGM's say on pay.

The AoI (Art. 20bis of the AoI; https://aoi.adeccogroup.com) define the principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options, as well as the additional amount for payments to members of the EC appointed after the AGM's vote on pay.

In Art. 20 sec. 1 and 20bis sec. 1, the AoI (https://aoi.adeccogroup.com) determine rules on post-employment benefits for members of the Board and of the EC.

The AoI do not foresee the granting of loans and credit facilities to members of the Board and of the EC; advances for this group of individuals in connection with administrative or judicial proceedings are allowed (AoI; Art. 20 sec. 2 of the AoI; (https://aoi.adeccogroup.com)).

Further information

6. Shareholders' rights

Please also refer to the AoI (https://aoi.adeccogroup.com).

Information rights

Swiss law allows any shareholder to obtain information from the Board during the General Meeting of Shareholders provided that no preponderant interests of Adecco Group AG, including business secrets, are at stake and the information requested is required for the exercise of shareholders' rights. Shareholders may only obtain access to the books and records of Adecco Group AG if authorised by the Board or the General Meeting of Shareholders. Should Adecco Group AG refuse to provide the information rightfully requested, shareholders may seek a court order to gain access to such information. In addition, if the shareholders' inspection and information rights prove to be insufficient, each shareholder may petition the General Meeting of Shareholders to appoint a special commissioner who shall examine certain specific transactions or any other facts in a so-called special inspection. If the General Meeting of Shareholders approves such a request, Adecco Group AG or any shareholder may within 30 days ask the court of competent jurisdiction at Adecco Group AG's registered office to appoint a special commissioner. Should the General Meeting of Shareholders deny such a request, one or more shareholders who hold at least 10% of the equity capital, or shares with an aggregate nominal value of at least CHF 2 million, may within three months petition the court of competent jurisdiction to appoint a special commissioner. Such request must be granted and a special commissioner appointed if the court finds prima facie evidence that the Board has breached the law or did not act in accordance with Adecco Group AG's AoI (https://aoi.adeccogroup.com). The costs of the investigation are generally allocated to Adecco Group AG and only in exceptional cases to the petitioner(s).

Dividend payment

Adecco Group AG may only pay dividends from statutory reserves from capital contribution, and statutory and voluntary retained earnings, in accordance with Art. 675 of the Swiss Code of Obligations.

Companies whose principal purpose consists of participations in other companies may freely use the statutory reserves from capital contribution and statutory retained earnings to the extent they exceed 20% of the paid-in share capital. Pursuant to Art. 671 para. 1 of the Swiss Code of Obligations, 5% of the annual profits shall be allocated to the statutory retained earnings until the statutory reserves from capital contribution and the statutory retained earnings have reached 20% of the paid-in share capital. In addition, pursuant to Art. 671 para. 2 and para. 4 of the Swiss Code of Obligations, companies whose principal purpose consists of participations in other companies shall allocate to the statutory reserves from capital contribution and statutory retained earnings the following: (1) any surplus over nominal value upon the issue of new shares after deduction of the issuance cost, to the extent such surplus is not used for depreciation or welfare purposes; (2) the excess of the amount which was paid-in on cancelled shares over any reduction on the issue price of replacement shares. The statutory reserves from capital contribution and statutory retained earnings amounted to CHF 409 million as of both 31 December 2020 and 31 December 2019, thereby exceeding 20% of the paid-in share capital in both years.

In 2020 the AGM approved a dividend of CHF 2.50 per share outstanding (totalling CHF 404 million, EUR 381 million). For 2020, the Board of Directors of Adecco Group AG will propose a dividend of CHF 2.50 per share outstanding for the approval of shareholders at the 2021 AGM.

Say on pay

Each year, the AGM will be asked to approve the proposals submitted by the Board concerning the Maximum Total Amounts of Remuneration (MTAR) of the Board and of the EC (Art. 14bis of the AoI; https://aoi.adeccogroup.com).

Liquidation and dissolution

The AoI do not limit Adecco Group AG's duration (https://aoi.adeccogroup.com).

Adecco Group AG may be dissolved and liquidated at any time by a resolution of a General Meeting of Shareholders taken by at least two-thirds of the votes. Under Swiss law, Adecco Group AG may also be dissolved by a court order upon the request of holders of Adecco Group AG shares representing at least 10% of Adecco Group AG's share capital who assert significant grounds for the dissolution of Adecco Group AG. The court may also grant other relief. The court may at any time, upon request of a shareholder or obligee, decree the dissolution of Adecco Group AG if the required corporate bodies are missing. Adecco Group AG may also be dissolved following bankruptcy proceedings.

Swiss law requires that any net proceeds from a liquidation of Adecco Group AG, after all obligations to its creditors have been satisfied, be used first to repay the nominal equity capital of Adecco Group AG. Thereafter, any remaining proceeds are to be distributed to the holders of Adecco Group AG shares in proportion to the nominal value of those Adecco Group AG shares.

Further capital calls by Adecco Group AG

Adecco Group AG's share capital is fully paid up. Hence, the shareholders have no liability to provide further capital to Adecco Group AG.

Subscription rights

Under Swiss law, holders of Adecco Group AG shares have pre-emptive rights to subscribe to any issuance of new Adecco Group AG shares in proportion to the nominal amount of Adecco Group AG shares held by that holder. A resolution adopted at an AGM with a supermajority may suspend these pre-emptive rights for material reasons only. Pre-emptive rights may also be excluded or limited in accordance with Adecco Group AG's AoI (Art. 3bis sec. 4, Art. 3^{quater} sec. 2 and Art. 14 sec. 3 of the AoI; https://aoi.adeccogroup.com).

6.1 Voting rights and representation restrictions

For further details refer to section 2.6 'Limitations on registration, nominee registration and transferability'. The AoI (https://aoi.adeccogroup.com) do not foresee any other restrictions to voting rights.

Pursuant to the AoI, a duly registered shareholder may be represented by (i) the shareholder's legal representative, (ii) a third person who needs not be a shareholder with written proxy, or (iii) the Independent Proxy Representative based on a proxy fulfilling the requirements as set out in the invitation to the AGM (Art. 13 sec. 2 of the AoI; https://aoi.adeccogroup.com). At an AGM, votes are taken by poll.

6.2 Legal and statutory quorums

The AGM shall constitute a quorum regardless of the number of shareholders present and regardless of the number of shares represented (Art. 14 sec. 1 of the AoI; https://aoi.adeccogroup.com).

There are no quorums in Adecco Group AG's AoI which require a majority greater than set out by applicable law (Art. 14 sec. 3 of the AoI; https://aoi.adeccogroup.com). Note, however, that any vote with respect to maximum compensation approvals is subject to an absolute majority of votes cast whereby abstentions shall not be counted as votes cast (Art. 14bis sec. 3 of the AoI; https://aoi.adeccogroup.com).

In addition to the powers described above, the AGM has the power to vote on amendments to Adecco Group AG's AoI (including the conversion of registered shares into bearer shares), to elect the members of the Board, the Chair of the Board, the members of the Compensation Committee, the Independent Proxy Representative, the statutory auditors and any special auditor for capital increases, to approve the Annual Report, including the statutory financial statements and the consolidated financial statements of the Adecco Group, and to set the annual dividend. In addition, the AGM has competence in connection with the special inspection and the liquidation of Adecco Group AG.

6.3 Convocation of the General Meeting of Shareholders

Notice of a General Meeting of Shareholders must be provided to the shareholders by publishing a notice of such meeting in the 'Swiss Official Gazette of Commerce' ('Schweizerisches Handelsamtsblatt') at least 20 days before the meeting. The notice must state the items on the agenda and the proposals of the Board and the shareholders who demanded that a General Meeting of Shareholders be called or asked for items to be put on the agenda. Admission to the General Meeting of Shareholders is granted to any shareholder registered in Adecco Group AG's share register with voting rights at a certain record date, which will be published together with the invitation to the General Meeting of Shareholders in the 'Swiss Official Gazette of Commerce' ('Schweizerisches Handelsamtsblatt').

6.4 Agenda of the General Meeting of Shareholders

Under Swiss corporate law, an ordinary General Meeting of Shareholders shall be held within six months after the end of each fiscal year (Annual General Meeting of Shareholders). Extraordinary General Meetings of Shareholders may be called by the Board or, if necessary, by the statutory auditors. In addition, an Extraordinary General Meeting of Shareholders may be called by a resolution of the shareholders adopted during any prior General Meeting of Shareholders or, at any time, by holders of shares representing at least 10% of the share capital.

The Swiss Code of Obligations governs the right to request that a specific item be put on the agenda of a General Meeting of Shareholders and discussed and voted upon. Holders of Adecco Group AG shares whose combined shareholdings represent an aggregate nominal value of at least CHF 100,000 (Art. 11 sec. 2 of the AoI; https://aoi.adeccogroup.com) or holders of Adecco Group AG shares representing at least 10% of the share capital have the right to request that a specific proposal be discussed and voted upon at the next General Meeting of Shareholders; such inclusion must be requested in writing at least 40 days prior to the meeting and shall specify the agenda items and proposals of such shareholder(s) (Art. 11 sec. 2 of the AoI; https://aoi.adeccogroup.com).

6.5 Registration in the share register

Shareholders will be registered in the share register of Adecco Group AG until the record date defined in the invitation to a General Meeting of Shareholders to be published in the 'Swiss Official Gazette of Commerce' ('Schweizerisches Handelsamtsblatt'). Only shareholders who hold shares registered in the share register with a right to vote at a certain date, or their representatives, are entitled to vote. There are no specific rules regarding the granting of exemptions from the above deadline.

7. Changes of control and defence measures

7.1 Duty to make an offer

The AoI of Adecco Group AG do not contain any opting-up clause in the sense of Art. 135 para. 1 FMIA as in force since 1 January 2016 (https://aoi.adeccogroup.com). Therefore, pursuant to the applicable provisions of the FMIA, if any person acquires shares of Adecco Group AG, whether directly or indirectly or acting together with another person, which, added to the shares already owned, exceed the threshold of 33⅓% of the voting rights of Adecco Group AG, irrespective of whether the voting rights are exercisable or not, that person must make an offer to acquire all of the listed equity securities of Adecco Group AG. There is no obligation to make a bid under the foregoing rules if the voting rights in question are acquired as a result of a donation, succession or partition of an estate, a transfer based upon matrimonial property law, or execution proceedings, or if an exemption is granted.

7.2 Change of control clause

There are no change of control clauses in place in favour of members of the Board or members of the EC. In accordance with the Company's AoI (https://aoi.adeccogroup.com), long-term incentive plans of the Company may provide for an accelerated vesting in case of a change of control (see section 4.4 'Long-Term Incentive Plan' in the Remuneration Report).

8. Auditors

Each year, the AGM of Adecco Group AG elects the statutory auditor (Auditors). On 16 April 2020, the AGM elected Ernst & Young Ltd, Zürich, as statutory auditor of the Company for the business year 2020.

Ernst & Young Ltd has served the Company as its Auditor since 2002, the engagement being renegotiated annually. In line with Swiss regulation, periodic rotation of the auditor in charge (lead auditor) of maximum seven years is executed. Jolanda Dolente, licensed audit expert, is in her second year as the lead auditor. Roland Ruprecht has for the second time assumed the global co-coordinating partner role.

The total fee for the Group audit of the Company and for the statutory audits of the Company's subsidiaries for the fiscal year 2020 amounted to EUR 6.7 million.

For the fiscal year 2020, additional fees of EUR 0.4 million were charged for audit-related services such as advice on matters not directly related to the Group audit and primarily relate to certifications required by tax and government authorities to confirm the correct application of specific tax and government rules. Fees for tax services and other services amounted to EUR 0.1 million, mainly related to the application for an employee wage subsidy.

The AC oversees the Company's financial reporting process on behalf of the Board. In this capacity, the AC discusses, together with the Auditors, the conformity of the Company's financial statements with accounting principles generally accepted in the United States, and the requirements of Swiss law.

The AC regularly meets with the Auditors, at least eight times a year, to discuss the results of their examinations, and the overall quality of the Company's financial reporting. During 2020, the Auditors attended all meetings and phone conferences of the AC. The Auditors regularly have private sessions with the AC, without the CEO, the CFO, or any other member of the EC attending. The AC assessed with the Company's Auditors the overall scope and plan for the 2020 audit of the Company. The Auditors are responsible for expressing an opinion on the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States and the requirements of Swiss law. Further, the Auditors are required, under the auditing standards generally accepted in the United States, to discuss, based on written reports, with the AC their judgements as to the quality, not just the acceptability, of the Company's accounting policies as applied in the Company's financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and disclosures. Further, the Auditors are responsible for expressing opinions on the standalone financial statements of Adecco Group AG.

The AC oversees the work of the Auditors and it reviews and assesses, at least annually, their independence, qualification, performance and effectiveness. It discusses with the Auditors the Auditors' independence from management and the Company, and monitors audit partner rotation. The AC considers the compatibility of non-audit services with the Auditors' independence and pre-approves all audit and non-audit services provided by the Auditors. Services may include audit-related services, tax services and other services.

The AC proposes the Auditors to the Board for election by the General Meeting of Shareholders and is responsible for approving the audit fees. Each year a proposal for fees for audit services is submitted by the Auditors and validated by the CFO, before it is submitted to the AC for approval.

9. Information policy

The AGM for the fiscal year 2020 is planned to be held on 8 April 2021, and due to the Covid-19 situation the AGM will be held without shareholders being physically present. Shareholders can only exercise their voting rights via the Independent Proxy Representative. The details will be published in the 'Swiss Official Gazette of Commerce' ('Schweizerisches Handelsamtsblatt') at least 20 days before the meeting.

Adecco Group AG provides quarterly media releases on the Company's consolidated and divisional results as per the following agenda:

4 May 2021	Q1 2021 results;
5 August 2021	Q2 2021 results;
2 November 2021	Q3 2021 results.

For further investor information, including to subscribe to notifications, refer to http://ir.adeccogroup.com.

To order a free copy of this Annual Report and for further information, please refer to the contact addresses listed on the inside back cover of the Annual Report (http://ir.adeccogroup.com). The Company's registered office is: Adecco Group AG, Bellerivestrasse 30, CH-8008 Zürich.

10. Tax strategy

The Company operates a Group-wide policy on tax that is regularly reviewed by the Board's AC. Relevant processes and controls have been defined and implemented throughout the Company. Tax matters are regularly discussed at the AC meetings. The Company reports revenues and pays taxes in the countries where it operates and value is created. The Company seeks to protect value for its shareholders and fully complies with both the tax law in all countries where it operates and international standards, namely OECD standards. The Company's internal transfer pricing guidelines stipulate that all intercompany transactions must be performed at arm's length. These guidelines are under constant review and follow the recommendations issued by the OECD. By communicating in a transparent way, the Company works towards fostering mutually constructive and open relationships with tax authorities and also with the purpose of reducing the risk of challenge and dispute. The Company also seeks to remove uncertainty and financial risk by entering into contemporaneous tax audit programmes or advanced agreements with tax authorities where possible. The Company does not engage in artificial tax-driven structures and transactions.

The Company files the Country by Country Report (CBCR) in Switzerland. The information is automatically exchanged with the tax authorities of the majority of the countries where the Company operates. By filing an accurate and comprehensive CBCR, the Company ensures that the relevant tax information is appropriately disclosed. Since the information is automatically exchanged, the Company considers that it is not necessary to publish the CBCR on its website. In addition, the structure of the CBCR is not aligned with the way the Company is managed. The CBCR follows a geographical approach; the report is based on country information without any aggregation or any brand differentiation. The Company has historically reported on a regional and brand basis, rather than by country. Since 1 January 2021, the Company is organised and reports entirely on a brand basis, with underlying geographic reporting by regions for only some of the brands. Publishing the CBCR could therefore be potentially misleading. The Company has also implemented the EU Mandatory Disclosure Directive (DAC 6) allowing to ensure local compliance in the countries where the Company is required to report directly.

Remuneration Report

Remuneration Report

1. Introduction

Dear Shareholders,

On behalf of the Board of Directors (Board) and the Compensation Committee, I am pleased to present the Remuneration Report of the Adecco Group for 2020.

Overview of 2020

During the year, we appreciated the opportunity to engage in direct dialogue with shareholders and proxy advisors to gather feedback on the compensation structure for our Executive Committee (EC) and on our Remuneration Report. We assessed all the points raised and reflected recommendations in our decisions, with the goal to enhance the effectiveness of our programmes and transparency of our Remuneration Report. It was also a unique occasion to exchange views on the year in motion and how to apply judgement to the short-term incentive plan (STIP) achievements given the extraordinary circumstances.

It has indeed been a year like no other. The swiftness and complexity of the Covid-19 pandemic took the world by surprise, and global economies entered into a virtual shutdown during the first quarter. This brought about a complete change of focus for the Adecco Group, shifting of priorities, and redirection of action plans for our more than 30,000 employees, just a few months after our initial goals and objectives for 2020 had been set.

Our primary focus as the crisis unfolded in the first half of 2020 was to protect and support our people, clients and communities, while ensuring business continuity. We also continued to invest in the future of our Company, offering innovative solutions and services while transforming the business through our GrowTogether programme. It is also clear that all Colleagues demonstrated outstanding dedication and incredible levels of effort in order to help the Adecco Group navigate the crisis in the best possible way.

In this context, assessing executive performance has been a real challenge for many companies including ours. We appreciated the direct dialogue with shareholders and proxy advisors to collect feedback and help align our views. The Board decided to keep the initial financial targets unchanged, assess performance against those and ensure all stakeholders would bear their fair share of the crisis impact.

Executive Performance

The overall achievement of the STIP for the EC amounts to less than half of the on-target achievement.

We then assessed actual executive performance, in the Covid-19 context, across three main areas of focus: the protection of employees and customers, the preservation of our shareholders' value and the operational results both in absolute terms and compared to our closest competition. Our conclusion is that the Adecco Group performed well on all fronts:

- We demonstrated remarkable results when it came to preserving the health of our employees, while maintaining client support and ensuring IT security. More than 90% of our employees were able to work remotely in an incredibly short period of time, enabling outstanding business continuity as demonstrated by customer satisfaction surveys.
- An exceptional worldwide focus on cash collection led to days sales outstanding (DSO) performance meeting initial goals and enabling the Group to pay a stable dividend of CHF 2.50 in April 2020, protecting the interest of our shareholders.
- From an operational standpoint, the revenue trend improved sharply, right after the peak of the pandemic, and the profitability level was more resilient than in the 2008 financial crisis, leading to stronger profits compared to the rest of the industry. These observations, among others, combined with a strong cash flow through the year helped the share price to recover to the pre-Covid-19 values.

Given these facts and as explained during our dialogue with shareholders and proxy advisors, the Compensation Committee proposed, and the Board approved, no changes nor any discretion to be applied to the STIP or long-term incentive plan (LTIP).

However, it is planned to reward selected members of the EC through a one-off LTIP grant in 2021 for their outstanding performance. The one-off grants will be very limited in size and awarded as part of the 2021 LTIP grant in the form of performance share units and subject to the usual service and performance conditions. In the aggregate, the estimated fair value of the one-off grants is approximately 4% of the 2020 conferred remuneration of the EC. The benefits of the one-off awards are effectively deferred for five years, taking into account the normal three-year LTIP performance period and two-year blocking period. Details will be disclosed in the 2021 Remuneration Report.

The decision to acknowledge the contribution of selected EC members with a forward-looking incentive was made after careful and balanced consideration of all stakeholder interests and taking into account the global economic context, the efforts made, and the results obtained. These rewards will materialise in the future along with the results from our strategic decisions taken during this challenging year.

Enhanced Remuneration Report and Outlook 2021

Considering the feedback received, we enhanced this year's Remuneration Report by explaining our compensation decisions in more detail, describing more fully our approach to market benchmarking and STIP performance metrics and providing more clarity on our approach to environmental, social and governance (ESG) criteria and how they relate to executive remuneration.

Our exchanges with shareholders and proxy advisors also led us to proactively discuss prospective changes to the LTIP in order to further improve its alignment with both our new strategic cycle, Future@Work, and shareholder interests by introducing additional financial performance metrics. Our proposed structure for 2021 reflects a good balance of the ideas exchanged. From this perspective, and in line with the stakeholder engagement discussed, additional adjustments to the design of the short-term and long-term incentive plans are foreseen for the year 2021, as described in section 6. These changes will have no impact on the EC compensation budget approved at the Annual General Meeting (AGM) 2020.

More detailed information on the Compensation Committee's activities and on our compensation approach is contained within this Remuneration Report. The report will be submitted to a non-binding, consultative vote by shareholders at the AGM 2021. We trust that you will find this report informative and thank you for your support.

Sincerely,

Didier Lamouche
Chair of the Compensation Committee

Remuneration at a glance

Remuneration structure

Remuneration principles for the EC

Reward for performance
The STIP and LTIP seek to recognise and reward Group, as well as geographic or brand performance. Thus, as a general rule, individual targets are not used in the incentive plans. The STIP incentivises management for achieving the annual financial targets and for attaining strategic and functional goals over a time horizon of one year, and fosters collaboration between the business units. The LTIP incentivises management to create long-term shareholder value.

Alignment to shareholders' interests
The LTIP is delivered in the form of share-based remuneration and thus aligns the interests of management with those of shareholders. Furthermore, based on the shareholding guideline, EC members are required to hold a minimum number of Adecco Group shares over time which encourages an owner-manager culture.

Internal fairness and external competitiveness
The remuneration is internally consistent and externally competitive. Base salaries are generally set at the median level of the relevant function in the reference market, which is either local, regional or global. Local benefits are defined in line with local regulations and competitive practice. Total remuneration is reviewed periodically to ensure competitiveness in attracting and retaining talent while maintaining internal equity.

ANNUAL BASE SALARY
See more page 101
CHF 7.2 million

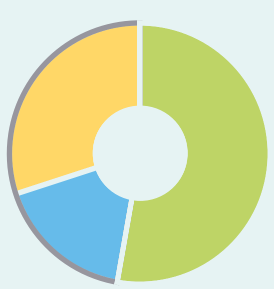
SHORT-TERM INCENTIVE PLAN (STIP)
See more page 101
CHF 3.1 million

LONG-TERM INCENTIVE PLAN (LTIP)
See more page 105
CHF 5.1 million

BENEFITS
See more page 107
CHF 2.7 million

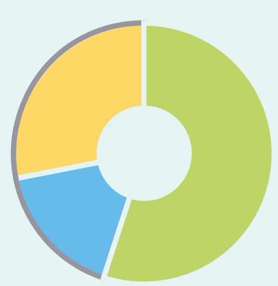
Actual executive pay mix for the financial year 2020

CEO



- Annual Base Salary and Benefits – 53%
- STIP – 17%
- LTIP – 30%
- At risk pay – 47%

Total EC



- Annual Base Salary and Benefits – 55%
- STIP – 17%
- LTIP – 28%
- At risk pay – 45%

Executive summary

Remuneration Governance

The Board has entrusted the Compensation Committee to provide support in establishing and reviewing remuneration principles and plans which are approved by the Board and applied when determining the remuneration of the EC and Board members and in preparing proposals put forward at the AGM. Shareholders approve the Maximum Total Amount of Remuneration (MTAR) of the EC and the Board in an annual binding prospective vote. Furthermore, they have the opportunity to express their opinion on the remuneration actually awarded for the reporting year in a retrospective consultative vote on the Remuneration Report.

Remuneration of the Executive Committee

Framework

The remuneration of the EC consists of the following components: annual base salary, short-term incentive, long-term incentive and benefits. The variable portion is performance-related and consists of short-term and long-term performance metrics.

Performance metrics are derived from the Company's business strategy. Sustainability is an integral part of the Company's business strategy and is embedded into the remuneration framework of the EC. See section 4.3 for more details.

Remuneration 2020

Total remuneration for the CEO amounted to CHF 3.4m (2019: CHF 3.8m). Total EC members' remuneration amounted to CHF 18.1m (2019: CHF 22.2m).

These amounts comprise the annual base salary, the annual bonus, share awards granted in 2020, remuneration in kind and social contributions.

Outlook 2021

The overall compensation plans for the EC will remain in place as currently structured. However, specific amendments to the STIP and LTIP design features will be made in 2021.

Feedback from shareholders and proxy advisors, and the evolving environment in which the Company operates, have been taken into account.

Remuneration of the Board

The members of the Board receive fixed remuneration for their work on the Board and in the Committees of the Board. The remuneration is delivered in the form of cash and shares.

The remuneration system of the Board of Directors' is unchanged compared to 2019 and has remained consistent for six years.

The Adecco Group's Remuneration Report is written in accordance with the requirements of the Ordinance against Excessive Compensation with respect to Swiss Stock Exchange Listed Companies and the Directive on Information relating to Corporate Governance, issued by the SIX Swiss Exchange. The Adecco Group's principles regarding remuneration further take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance as last published on 29 February 2016. In addition, the Remuneration Report comprises information as required under the Swiss Code of Obligations (Art. 663c para. 3).

Statements throughout this Remuneration Report using the terms "the Company" or "the Group" refer to the Adecco Group, which comprises Adecco Group AG, a Swiss corporation, its consolidated subsidiaries, as well as variable interest entities for which the Adecco Group is considered the primary beneficiary.

2. Remuneration governance

2.1 Role of shareholders

Firstly, shareholders annually and prospectively approve the MTAR. For the EC, the amount is approved for the following financial year and for the Board it is approved for the period from this AGM until the next AGM. Secondly, the shareholders vote for the Remuneration Report in a retrospective consultative manner. Certain principles of remuneration are governed by the Articles of Incorporation (AoI), which have been approved by the shareholders.

The AoI (http://aoi.adeccogroup.com) include provisions governing the following areas:

- Principles of remuneration applicable to the EC and the Board (Art. 20 and 20bis);
- Shareholders' vote on remuneration (Art. 14bis);
- Supplementary payments for new EC members (Art. 14bis); and
- Post-employment benefits (Art. 20).

According to the AoI, the following limits are applicable to EC variable compensation:

- At target, the EC may earn up to 125% of its aggregate annual base salary as an annual cash bonus (short-term incentive) and for the CEO, up to 120% of their annual base salary. If targets are exceeded, the EC may earn up to 150% of its aggregate annual base salary as an annual cash bonus (short-term incentive) and for the CEO, up to 140% of their annual base salary.
- Long-term incentive plans foresee remuneration in the form of restricted shares or rights to shares in the Adecco Group. At grant, the fair value of the awarded share units shall not exceed 150% of the aggregate annual base salary of the EC nor shall it exceed 160% of the aggregate annual base salary of the CEO. Vesting is to be conditional upon the fulfilment of certain conditions over a number of financial years.

2.2 Role of the Board and Compensation Committee

In line with the provisions of the AoI, the Board has entrusted the Compensation Committee to provide support in establishing and reviewing the Company's remuneration principles and plans, in preparing the remuneration proposals put forward at the AGM, in determining the remuneration of the EC and the Board members and in setting and assessing the performance objectives relevant for the remuneration of EC members.

The Compensation Committee is composed entirely of independent Board members who are elected individually by the shareholders at the AGM, for a term of office of one year ending after completion of the next AGM. Further details on the Compensation Committee's composition, responsibilities and activities are provided in the Corporate Governance Report, section 3.4.3.

The Compensation Committee generally acts in a preparatory and advisory capacity while the Board retains the decision-making authority on remuneration matters, except for the MTAR of the EC and the Board, which are subject to the approval of the shareholders at the AGM. The authority levels of the different bodies on remuneration matters are outlined in Illustration 1.

The Compensation Committee is composed of two independent Board members for the period AGM 2020 - AGM 2021. The Chair of the Board is a permanent invitee and participates in the Compensation Committee's meetings as a guest without voting rights. The Board does intend to extend the current composition of the Compensation Committee to comprise three independent Board members for the period AGM 2021 - AGM 2022.

The Chief Executive Officer (CEO), the Chief Human Resources Officer (CHRO) and the Group Head of Reward usually attend the Compensation Committee meetings. The Chair of the Compensation Committee may decide to invite other executives, as appropriate. Members of management do not participate in Compensation Committee meetings when their individual remuneration matters are discussed.

The Compensation Committee meets as often as business requires, but at least four times a year. In 2020, the Compensation Committee held eight meetings. Details on meeting attendance of the individual Compensation Committee members are provided in the Corporate Governance Report, section 3.4.

The Chair of the Compensation Committee reports to the full Board after each Compensation Committee meeting. The minutes and the materials of the meetings are available to all members of the Board.

2.3 Role of external advisors

The Compensation Committee may decide to consult external advisors, mandated by management, from time to time for specific remuneration matters. In 2020, the Compensation Committee retained Willis Towers Watson, an international independent external consultant, to provide compensation benchmark data, and Obermatt, an independent Swiss financial research firm, to calculate the achievement and vesting level under the LTIP. These consultancies' independence and performance are reviewed periodically by management, on behalf of the Compensation Committee, to determine whether to renew or rotate the advisors. In 2020, Willis Towers Watson also provided compensation benchmark data for the broader Adecco population but Obermatt had no other mandate with the Adecco Group.

Illustration 1: Authority levels in remuneration matters[1]

	CEO	Compensation Committee	Board	AGM
Remuneration philosophy and principles	Proposes	Reviews	Approves	
Remuneration plans including incentive plans	Proposes	Reviews	Approves	
MTAR of the EC		Proposes	Reviews	Approves prospectively
CEO remuneration		Proposes	Approves	
Individual remuneration of EC members	Proposes	Reviews	Approves	
MTAR of the Board		Proposes	Reviews	Approves prospectively
Individual remuneration of Board members		Proposes	Approves	
Remuneration Report		Proposes	Approves	Retrospective consultative vote

1 Within the framework set out in the AoI

3. Remuneration philosophy and principles

The Adecco Group remuneration philosophy and principles

The Adecco Group's remuneration philosophy is to appropriately recognise and reward performance. It reflects the Company's commitment to attract, motivate and retain talent in order to support the achievement of the Company's business objectives. The remuneration philosophy translates into principles that support this fundamental objective. These principles are summarised in Illustration 2.

Illustration 2: Remuneration principles

Reward for performance	The STIP and LTIP seek to recognise and reward Group, as well as geographic or brand performance. Thus, as a general rule, individual targets are not used in the incentive plans. The STIP incentivises management for achieving the annual financial targets and for attaining strategic and functional goals over a time horizon of one year, and fosters collaboration between the business units. The LTIP incentivises management to create long-term shareholder value.
Alignment to shareholders' interests	The LTIP is delivered in the form of share-based remuneration and thus aligns the interests of management with those of shareholders. Furthermore, based on the shareholding guideline, EC members are required to hold a minimum number of Adecco Group shares over time which encourages an owner-manager culture.
Internal fairness and external competitiveness	The remuneration is internally consistent and externally competitive. Base salaries are generally set at the median level of the relevant function in the reference market, which is either local, regional or global. Local benefits are defined in line with local regulations and competitive practice. Total remuneration is reviewed periodically to ensure competitiveness in attracting and retaining talent while maintaining internal equity.

3.1 Approach to remuneration-setting

The Board reviews the individual remuneration levels of the CEO, other EC members and its own members periodically, based on a proposal by the Compensation Committee. The Compensation Committee reviews the remuneration of the CEO and other EC members prior to submission to the Board. Pay is looked at in comparison to the relevant remuneration levels of similar positions at external peer companies, leveraging data provided by an external, specialised company. This is conducted on an annual basis for EC members and on a biennial basis for Board members.

During all these reviews, the Board focuses on the specific needs of the business, affordability for the Company and the individual's profile (i.e. experience and skills). Individual performance and growth potential are also taken into account.

For the CEO and other EC members, target direct compensation (i.e. annual base salary, the target annual cash incentive and the target long-term incentive) is presently positioned around the market median, also considering 25th and 75th percentiles, reflecting comparable roles within the peer group. This aims to ensure that the compensation mix and compensation levels at the Adecco Group remain competitive and are performance-driven. In 2020, target direct compensation of the EC, including the CEO, ranged from 63% to 119% of the market median of the pan-European peer group.

The remuneration of Board members is set to attract and retain diverse, high-calibre individuals with international experience whose skills match the Company's strategy and needs. The remuneration of individual Board members is set to be competitive against benchmark companies and to reflect the time and effort required from Board members in fulfilling their Board and Committee responsibilities for the Adecco Group. The remuneration of Board members, including the Chair of the Board, is reviewed by the Compensation Committee against relevant benchmark data on a biennial basis.

3.2 Approach to peer group selection

Peer groups are a critical tool for assessing the appropriateness of individual remuneration levels and relative business performance. Each peer group is designed in accordance with the respective critical purpose and requirements, hence the different peer groups. Proposing the appropriate peer groups for benchmarking remuneration and performance analysis is an important activity for the Compensation Committee. Annually, the suitability and composition of each peer group, outlined in Illustration 3, are reviewed to ensure that the selected peer groups continue to be relevant and meet the criteria defined by the Compensation Committee.

Illustration 3: Peer groups for benchmarking and performance analysis

Purpose	Remuneration benchmarking (EC)	Relative revenue growth performance benchmarking (EC)	Relative TSR performance benchmarking (EC)	Remuneration benchmarking (BoD)
Peer Group	Pan-European companies	Peers operating in the same sector	Industry affiliates	Swiss-listed companies
Rationale	Companies selected represent market for talent (where the Company looks to recruit executives, and those to which the Company loses talent to)	To analyse financial performance relative to peer group financial performance and validate financial performance goals	Peer group for TSR performance should reflect the business and risk profile of the Adecco Group	Comparability of Swiss legal requirements, including responsibility and individual liability under Swiss regulation
Criteria	Organisational size (in terms of revenue), number of full-time employees, total assets and, to some extent, industry type	Direct competitor operating in same industry, similar business model and operational size (in terms of revenue)	Business and economic cycle similarity, operating in professional services and specifically in human resources or employment services	Operating in similar regulatory environment, subject to similar complexities, joint responsibility and personal accountability under applicable legal framework
Composition	Please refer to Illustration 4	Randstad, ManpowerGroup	Amadeus FiRe, ASGN, Hays, Kelly Services, Korn Ferry, ManpowerGroup, PageGroup, Persol, Randstad, Robert Half, Synergie, TrueBlue	ABB, Credit Suisse, DKSH, Kuehne+Nagel, LafargeHolcim, Novartis, Richemont, Roche, Schindler, Swiss Life, Swiss Re, Swisscom, Swatch, UBS, Zurich
Last reviewed by the Compensation Committee	November 2020	February 2020	February 2020	August 2020

Finally, peer groups are set so that the Adecco Group is positioned around the market median in terms of revenue for the EC and the Board.

As far as the remuneration of the CEO and other EC members is concerned, this is benchmarked against a peer group of 34 companies which are selected from various industry groups such as business support services, retail, and other general industry sectors (see Illustration 4). The Adecco Group aims to hire executives from a wide range of industries and markets. Several of the current EC members were hired on the European market. The Compensation Committee believes that, in order to maintain competitiveness, it is important to benchmark EC remuneration against a representative number of Swiss and European companies. In its annual review, the Compensation Committee decided to streamline the existing peer group to restrict it to European-based companies, and hence exclude companies based in the US and Japan. The amendment aligned the peer group more closely to its purpose i.e. to reflect its market for executive talent.

Illustration 4: Pan-European peer group

ABB	Coca-Cola	Henkel	Scania
Acciona	Deutsche Post	Ipsen	Schindler
Accor	Diageo	Wood	Serco
Adidas	Engie	Lonza	SITA
Barry Callebaut	Ericsson	Merck	Sodexo
Bunzl	Experian	Novartis	Sulzer
Bureau Veritas	Ferguson	Randstad	TUI
Capgemini	Ferrovial	Royal Mail	
Carrefour	Geberit	Sanofi	

The remuneration of the Board is compared to a peer group of Swiss-listed companies of similar size and complexity. In Switzerland, the Board of Directors is the ultimate supervisory and organisational body, assuming responsibility for all matters not expressly reserved to other corporate bodies. Swiss law stipulates the non-transferable, absolute duties of the Board of Directors. These duties present certain risks, joint responsibility and to a certain extent personal liability and accountability for the Company's actions, specific to Swiss law. Therefore, the peer group for Board remuneration is composed exclusively of companies based in Switzerland due to the comparability of Swiss legal requirements, including individual and joint liabilities under Swiss law.

Finally, financial performance may be assessed relative to competitors or peers. The outcome is analysed based on peer comparison. This analysis enables the Compensation Committee to measure the alignment of EC remuneration with the achievement of key financial performance indicators relative to the comparator peer groups. This is essentially applied to two metrics used in the STIP and LTIP calculations: relative organic revenue growth and relative total shareholder return (rTSR).

The Compensation Committee also periodically reviews the composition of its peer groups used for revenue growth and rTSR performance benchmarking. For revenue growth, the Compensation Committee believes that comparing the Adecco Group to its direct competitors, Randstad and ManpowerGroup, is in the best interest of shareholders as other companies, operating in a similar industry, are not comparable in terms of size. For rTSR performance benchmarking, a shareholder view is applied in term of business similarity, investment profile and risk criteria, in order to define the peer group. Company size becomes less important while business similarity and risk profile become more important.

4. Executive Committee's remuneration

The remuneration structure for the EC members includes fixed and variable elements:

Illustration 5: Elements of EC remuneration

	Element	Purpose	Drivers	Performance measures
Annual base salary	Salary, typically paid in monthly instalments	· Pay for the role · Attract and retain	· Role and function · Market value · Skills and experience · Individual performance	· Annual reviews
Short-term incentive plan (STIP)	Annual cash bonus	· Pay for performance	· Achievement of annual business objectives	· Revenues · EBITA margin · DSO · Strategic and functional objectives
Long-term incentive plan (LTIP)	Performance Share Awards with three-year cliff-vesting and additional two-year blocking period	· Reward long-term performance · Align to shareholders' interests · Retain	· Group performance	· rTSR
Benefits	Social contributions, retirement plans and other benefits	· Attract and retain · Protect against risk	· Market practice · Local regulations	

4.1 Annual base salary

The annual base salary reflects the scope of the role and its responsibilities, the experience and skills required to perform the role and the profile of the incumbent in terms of their seniority and experience. The annual base salary is paid in cash, typically in monthly instalments, and serves as a reference for determining the target STI and LTI.

4.2 Short-term incentive plan (STIP)

The STIP, a cash-based incentive, is based on a short-term incentive target (STI target) expressed as a percentage of the annual base salary. The STI target is linked to business performance to ensure accountability for the Adecco Group's results. The Adecco Group uses a financial, a non-financial and an overall assessment to determine business performance over a time horizon of one year.

4.2.1 On-target opportunities

The STI target is the amount paid if performance targets are met. For the CEO, the STI target corresponds to 80% of annual base salary (2019: 80%). For the other EC members, the STI targets are in the range of 75% to 85% of annual base salary (2019: 60% to 85%). No EC member received any STI target increase in 2020. The variance in the STI target spread from 2019 to 2020 is due to changes in the composition of the EC.

Achievement may exceed performance targets. The amount paid if achievement exceeds performance targets is capped at 150% of the STI target. For the CEO, the STI cap corresponds to 120% (2019: 120%) of annual base salary. For the other EC members, the STI caps are in the range of 113%-128% (2019: 90%-128%) of annual base salary. The AOI limit the STI amount paid in percentage terms of annual base salary for the CEO and other EC members.

4.2.2 Performance measures

The CEO and each EC member receive a STIP balanced scorecard containing financial and non-financial objectives i.e. strategic and functional objectives. Each EC member's scorecard is composed of financial objectives (weight: 70%) and non-financial strategic and functional objectives (weight: 30%). The selection and weight of individual financial and non-financial objectives depends on the role of the EC member. Financial objectives are related to the Group, geographical region or brand financial performance. Strategic objectives include performance goals encompassing customer satisfaction and social responsibility (the "social factor" in environmental, social and governance standards, as presented in section 4.3). Functional objectives are related to the EC member's area of responsibility. The number of strategic and functional metrics is limited to three with the aim of supporting collective goals among the EC as the Company continues its transformation journey.

4.2.3 Target setting

Financial targets are set at the beginning of each financial year and aligned with the business' strategic budget proposed by management to the Board for approval. Non-financial strategic and functional targets are aligned with the most important priorities in any performance year.

4.2.4 Annual bonus payout

For each performance objective, a target level of performance is determined, which represents the expected performance (target), as well as a minimum level of performance (baseline), below which the payout is 0%, and a maximum level of performance (cap) above which the payout is capped at 150%. The targets are set as a function of the Company's goals (as approved by the Board), business environment, tactical focus and yearly milestones in the context of the strategic plan. While actual performance could exceed the maximum defined in the STIP, payout is capped at 150%. As announced in last year's Remuneration Report, the design of the STIP has been adjusted in 2020. The STIP continues to include annual Group, regional or brand financial performance metrics with a weight of 20%-60% on Group achievement for all roles.

However, in 2020 a simplified matrix combines two key financial measures: relative revenue growth and earnings before interest, taxes, and amortisation (EBITA) margin. These two metrics were selected to increase shareholder value by driving market share and profitability. Revenue growth is measured relative to our main competitors operating in the same industry, and comparable in terms of size and service offering. EBITA margin is an absolute measure.

A 100% payout is obtained when each objective is achieved at target level. A payout of 150% requires an achievement at or above the maximum level on both financial objectives. An achievement level below the baseline on either objective results in a 0% payout. Different combinations of relative revenue growth and EBITA margin achievements within those ranges lead to payouts between 0% and 150% ranked according to their economic value generation for the Company.

The Board, upon recommendation of the Compensation Committee, retains discretion to adjust STIP payments (positively and negatively) in the case of extraordinary events or developments. This allows for special situations that were not sufficiently factored into the targets previously set to be taken into account. However, this does not include generally unfavourable market developments.

Discretion is bound by the limits defined in the AoI for short-term incentives.

The STIP includes malus as well as claw-back provisions in the event of fraudulent behaviour or other types of intentional misconduct.

Illustration 6: 2020 key performance indicators (KPIs)

	CEO	CFO	CHRO	CoSCO	Regional Heads	President Modis	CDO
Financial KPIs (70%)							
Revenue growth (relative to average peers) x EBITA margin (group level)	✓	✓	✓	✓	✓	✓	✓
Revenue growth x EBITA margin (regional or brand level)					✓	✓	
Ventures gross profit							✓
Days sales outstanding, DSO (group or regional level)	✓	✓			✓	✓	
GrowTogether (group level)			✓	✓			✓
Strategic and Functional KPIs (30%)							
Colleague retention rate (group level)	✓	✓	✓	✓	✓	✓	✓
Net promoter score, NPS® (group, regional or brand level)	✓	✓		✓	✓	✓	✓
Gender parity in the global leadership (group level)	✓	✓	✓	✓	✓	✓	✓
Great place to work, GPTW® (group level)			✓				

4.2.5 2020 STIP balanced scorecard

This section presents the STIP balanced scorecard for the CEO and other EC members and introduces the KPIs. The Board follows a robust process to select appropriate KPIs and set financial targets. In addition to the financial targets, each EC member has three strategic and functional targets, all of which are related to the Adecco Group's environmental, social and governance (ESG) priorities. Financial targets were set pre-Covid-19 and not met, with the exception of DSO and GrowTogether. No adjustments to the targets or achievements were made as a result of Covid-19 nor did the Board apply any discretion in the 2020 STIP.

Illustration 7: 2020 STIP balanced scorecard

	KPI weight for CEO	KPI weight range for other EC members	Achievement versus target
Financial KPIs (70%)			
Revenue growth (relative to average peers) x EBITA margin (group level)	60%	20%-60%	Below
Revenue growth x EBITA margin (regional or brand level)	–	20%	Below
Ventures gross profit	–	40%	Below
Days sales outstanding, DSO (group level)	10%	10%	Met
GrowTogether (group level)	–	10%	Above
Strategic and Functional KPIs (30%)			
Colleague retention rate (group level) The colleague retention rate measures the capacity of the Company to keep colleagues retained during a defined measurement period. The colleague retention rate tracks our ability to retain talent, knowledge and skills within our business. Furthermore, it tracks our capacity to upgrade and reskill our workforce to further accelerate our transformation and Future@Work strategy. Across 2020, we achieved 73% and saw an overall improvement of around one percentage point compared to 2019 but slightly below target. Finally, we are leveraging our own internal data and employee engagement surveys, in order to identify further areas of opportunity to support Group-wide retention.	10%	10%	Slightly below
Net promoter score, NPS® (group level) NPS® measures customer experience linked to business growth. This proven metric provides the core measurement for our customer experience management programmes. An independent third-party provider ensures that feedback from our customers is collected in consistent and reliable fashion. It is the Adecco Group's objective to continuously improve its NPS®. Becoming a truly customer-centric business is one of the main pillars of the Perform, Transform, and Innovate strategy and customer-centricity remains at the centre of the Future@work strategy. The NPS score improved significantly across our key regions as well as at group level in 2020.	10%	10%	Significantly above
Gender parity in the global leadership (group level) The Adecco Group made a public commitment through Paradigm for Parity to have 50% of women at the global leadership level by 2030. The representation at our global leadership level increased to 32% in 2020. To ensure progression, our focus is on both the pipeline of women below global leadership level and the women currently in the global leadership population.	10%	10%	Significantly above
Great place to work survey, GPTW® survey (group level) Our people are our biggest strength and we have made it one of our global strategic priorities to build a positive and inspiring work environment. We are committed to making the Adecco Group a great place to work for all our colleagues. One way we track this is via the GPTW® survey. The GPTW® survey supports organisations to quantify company culture and increase employee engagement. We are proud to once again be recognised in the World's Best Workplaces list based on the GPTW® surveys. For the 2020 ranking, we rose to the no. 7 spot, making it the fifth consecutive year that we have made the list of the top 25 multinational companies to work for.	–	10%	Above

4.3 Environmental, social and governance (ESG) considerations embedded into our compensation framework

Sustainability – the consistent embedding of environmental, social and governance (ESG) considerations into what we do, across our organisation – is an integral part of the Adecco Group's business strategy. Ultimately, this helps deliver economic value for our shareholders and other stakeholders, and positive impact for global and local economies. To support the achievement of our related objectives, compensation for EC members is linked to select material ESG measures. As a service company, our ESG goals are naturally geared towards the social aspect of ESG issues. The STIP of the EC members contains, in addition to the core financial, strategic and functional goals, specific performance objectives that are related to the main ESG goals and priorities of the Group, as set out below:

Employability and access to work

Through our core business, we help people fulfil their potential – improving employability by equipping individuals with the skills they need to succeed in the labour market and providing access to work by offering flexible and permanent placement into jobs. Skills investment and development are also decisive factors in enabling the transition to a low-carbon, green economy. Revenue growth is a strong indication that our services are reaching more customers, ensuring sustainable and productive employment. This KPI, combined with EBITA margin, is part of the performance objectives of the 2020 STIP for each EC member.

Employer of choice

Our success begins and ends with our people. To lead the world of work and create value for all our stakeholders, we want to set the standard as a world-class employer for our current and future talent. Our ambition is to create a positive, respectful and healthy work environment that inspires and enables a diverse, engaged and talented team, united by our purpose of making the future work for everyone. Depending on their role and function, specific EC members are assessed on their leadership and people performance. For example, the CHRO is measured against our GPTW® survey score.

Trusted partners to clients

Customer-centricity is key to building a sustainable long-term business. We want to be our clients' trusted long-term partner, building on a deep understanding of their needs and a shared commitment to doing business responsibly. We support them in areas such as their journey to building more inclusive, diverse talent pools, as well as by providing them with the skills and expertise to help them transform the way we power our homes, businesses, and lifestyles towards more progressive, sustainable models. In line with global best practice standards, we use the NPS® methodology to measure and benchmark customer satisfaction. This KPI is part of the performance objectives of the 2020 STIP for most EC members.

Promoting inclusion and diversity

When we say we want to make the future work for everyone, we mean everyone. Our commitment is to equal opportunity for everyone working with, through or for the Adecco Group, and we are putting our expertise and energy into improving everyone's chances of being part of the world of work. We seek to foster a culture of belonging and purpose, in an environment where everyone can thrive and feel engaged, and where difference is respected and valued. As part of this, we have committed to achieving full gender parity in global leadership levels by 2030. As of 2020, work towards gender parity is part of the STIP performance KPIs for all our EC members.

In the years ahead, and aligned with our global ambitions, we are committed to further reflecting material environmental, social and governance considerations in our compensation practices as considered conducive to our purposes and stakeholders. For more details on the Adecco Group's approach to ESG, please visit www.adeccogroup.com/sustainability

4.4 Long-term incentive plan (LTIP)

The purpose of the LTIP is to reward long-term value creation and to enhance alignment of the interests of EC members with those of shareholders. The LTIP is a performance share award plan providing for conditional rights to receive a certain number of Adecco Group AG shares after a three-year cliff-vesting period, subject to fulfilling the rTSR performance condition and upon continued employment of the participant at the vesting date.

rTSR was chosen as the key performance metric because it is considered an appropriate performance metric to link the long-term remuneration of management to value creation for shareholders.

For the grant awarded in 2020, the performance period started on 1 January 2020 and ends on 31 December 2022.

4.4.1 2018-2020 LTIP performance cycle

The 2018 LTIP award is subject to rTSR performance of the Adecco Group compared to a peer group of companies. The percentile ranking of the Adecco Group TSR against the peer group is measured at the end of each year of the three-year performance period and the annual percentile ranking determines the vesting level for that year.

At the end of the performance period, the average vesting level over the three-year performance period is calculated to determine the overall vesting level for the award.

Illustration 8 presents the annual ranking achievement, corresponding annual vesting levels and overall vesting level, based on the average of annual vesting levels for the 2018 LTIP award.

Illustration 8: Final vesting 2018 LTIP award

Year	Percentile	Vesting (as % of target)
2018	0.0	0.0
2019	64.7	69.4
2020	58.8	57.6
Overall vesting level		42.3

For the 2018 LTIP award vesting in 2021 (LTIP 2018–2020), the vesting level was 42.3% considering the Adecco Group TSR performance against the peer group. Therefore, out of the 106,820 PSUs granted in 2018 to the current EC members (including the CEO), 45,189 have vested, with an estimated vesting value of CHF 2.7 million based on the share price at year-end 2020. Illustration 9 presents the historical annual overall vesting level (as % of target).

Illustration 9: Vesting level for performance share awards granted

Grant year	Vesting year	Overall vesting level (as % of target)
2013	2016	33%
2014	2017	58%
2015	2018	58%
2016	2019	17.5%
2017	2020	35.2%
2018	2021	42.3%
2019	2022	Pending[1]

1 Performance period is still ongoing. Numbers will be available after the end of the performance period.

4.4.2 2020 LTIP improvements

The Compensation Committee evaluated the LTIP to ensure its design and performance measurement were aligned to the Adecco Group's business strategy and market practice, and reflected feedback received from shareholders.

While the LTIP largely supports the Adecco Group's existing business strategy, the Compensation Committee believes that there is potential to further align the existing LTIP to market practice and best-in-class long-term incentive plans. To this effect, the Compensation Committee benchmarked the LTIP against general market practice across the Swiss Market Index and other companies in Europe with the support of an external, independent advisor.

Based on its assessment and coupled with feedback received from shareholders and proxy advisors, the Compensation Committee decided to make the following enhancements to the LTIP for the 2020-2022 LTIP performance cycle:

- The rTSR performance peer group was rebalanced for the 2020 LTIP to produce a more human-resources-focused industry peer group, reducing the concentration on peers operating primarily in the professional staffing industry.
- rTSR performance measurement will be assessed via a ranking table and the rTSR calculation approach changed from being measured for each year of the three-year performance period (based on a 365-day average share price) to a point-to-point calculation (one-month average share price before the start and end of the overall three-year period).
- rTSR performance measurement will move from a local currency approach to a common currency approach across all companies in the rTSR performance peer group to reflect the experience of an individual investor owning shares in Adecco Group and other companies operating in the same industry.
- The use of a multiplier of two to arrive at the final number of performance share units (PSUs) to be granted is discontinued while keeping individual LTIP target values (as a % of annual base salary) unchanged.
- The vesting schedule was amended to implement more gradual vesting parameters (see Illustration 13) from vesting of 40% to 200% (2019: 20% to 100%), with vesting of 40% at a performance standard of 33 1/3rd percentile against the defined peer group (position 9 in the ranking table) and maximum vesting of 200% being given with a performance standard at or above the 75th percentile against the defined peer group (positions 1 to 4 in the ranking table).
- The three-year average daily closing price of the share is replaced with the 20-trading day (TD) average price of the share prior to grant and using the average of the corresponding daily exchange rates over the same reference period, to determine the target number of PSUs to be granted.

4.4.3 LTIP structure and performance conditions

The 20-TD average share price is calculated as the arithmetic mean of daily closing share prices 20 days prior to grant on 16 March each year.

For the grant awarded in 2020, 13 March was the last trading day prior to grant. The period of 20 days selected for the final calculation was, therefore, 17 February 2020 to 13 March 2020. The resulting average share price was CHF 50.16.

For the 2020 LTIP and going forward, the formula to determine the number of PSUs to be granted is, as follows:

Illustration 10: Calculation formula

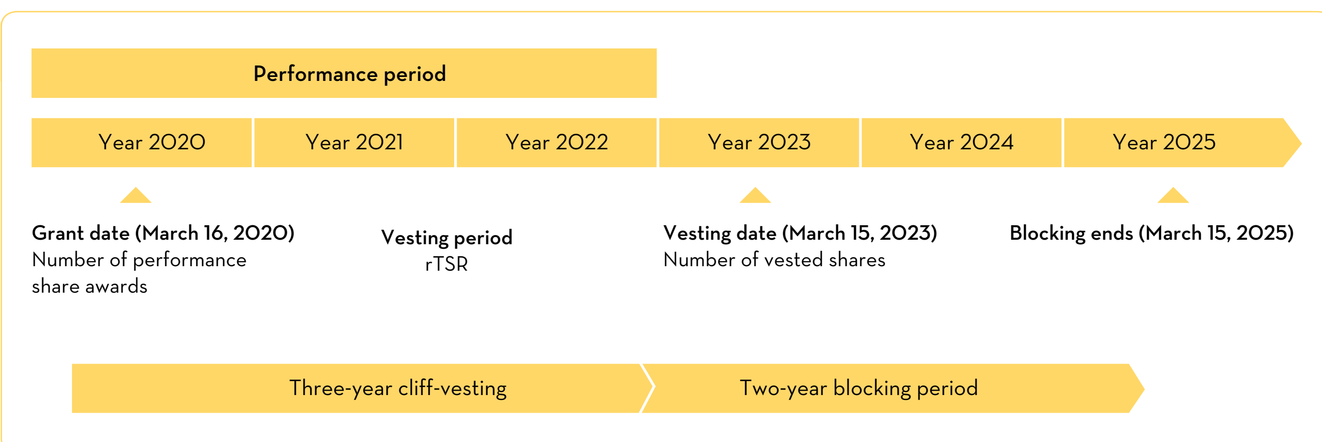
STEP 1
Annual base salary x LTI target (%) = Grant value
STEP 2
Grant value/20-TD average share price = Target number of PSUs

The performance share awards are subject to three-year cliff-vesting based on the rTSR performance of the Adecco Group compared to a peer group of companies. The peer group comprises the 12 companies listed in Illustration 11. The peer group is fixed for the duration of the LTIP grant cycle. The Compensation Committee periodically reviews the composition of the peer group and may propose the substitution of alternative peer companies due to corporate events such as merger, acquisition, divestiture, delisting or bankruptcy of peer companies. Adjustments, if any, to the existing rTSR performance benchmarking peer group are applied prospectively.

Illustration 11: Peer companies for rTSR performance

Amadeus FiRe	Korn Ferry	Randstad
ASGN	ManpowerGroup	Robert Half
Hays	PageGroup	Synergie
Kelly Services	Persol	TrueBlue

Illustration 12: Structure of the 2020 LTIP



Company shares vested under the LTIP plan are subject to an additional two-year blocking period.

The structure of the LTIP is shown in Illustration 12.

The vesting level of the performance share awards is determined based on the percentile ranking of the Adecco Group compared to its peer companies over a period of three years, as shown in Illustration 13. The vesting is capped at 200% upon reaching the 75th percentile. The achievement and vesting level are calculated by Obermatt; see section 2.3. The TSR calculation, provided by an independent third party, is based on a one-month average share price before the start and end of the overall three-year period for both Adecco Group's TSR and its peers' TSR, taking into consideration dividends for the period under review.

The plan foresees that participants who, before the end of the performance period, terminate their employment with the Company of their own volition, and those who receive notice of termination for cause, will no longer be entitled to the vesting of awards made under the LTIP. In case of termination by the employer without cause, a time-weighted pro-rata portion of the unvested performance share awards will vest at the regular vesting date in accordance with the level of target achievement.

In line with Art. 20bis para 3 of the AoI (http://aoi.adeccogroup.com) and as specified in the LTIP, in the case of a predefined Change of Control before an award under the LTIP has vested, the time-weighted pro-rata portion of the unvested performance share award may vest on the Change of Control date depending on the level of target achievement at the date of the relevant corporate event, as determined by the Compensation Committee.

Performance share awards that do not vest due to lack of fulfilment of the performance conditions lapse immediately. These plan rules are subject to the applicable law in the given country of employment.

Illustration 13: Vesting schedule for rTSR performance under the LTIP

Rank	Percentile	Vesting (as % of target)
1	100.0	200
2	91.7	200
3	83.3	200
4	75.0	200
5	66.7	160
6	58.3	120
7	50.0	80
8	41.7	60
9	33.3	40
10	25.0	0
11	16.7	0
12	8.3	0
13	0.0	0

Vesting below the median remains not uncommon in Switzerland. Pay is matched to performance with vesting percentages increasing relative to the Adecco Group's rank among its peers. The Adecco Group continues to allow gradual vesting as this helps to dissuade participants from taking excessive risks.

Furthermore, the LTIP includes claw-back provisions for any award or any benefit received or entitled to be received in the case of fraudulent behaviour or other types of intentional misconduct.

The CEO and other EC members may not use personal investment strategies to undermine or hedge the risk alignment effects of unvested deferred remuneration or any vested shares subject to the blocking period.

At grant date, the LTIP target amounts to 130% of the annual base salary for the CEO (2019: 130%) and ranges from 75% to 100% for the other EC members (2019: 50% to 100%). One EC member received an increase of 25% in their LTIP target for the 2020 LTIP grant to reflect both their new role and responsibilities and to more closely align their pay mix to that of the other members of the EC. The individual's 2019 pay mix still reflected their former, pre-EC-member role.

On the CEO's appointment, the Board established his compensation initially below that of his predecessor and below market. The LTIP target was then gradually increased to 130% last year. The Board decided not to further increase the 2020 LTIP target for the CEO.

4.5 Shareholding guideline

A shareholding guideline was implemented as of business year 2018. EC members are required to own a minimum number of Adecco Group AG shares within five years of appointment to the EC, as set out in the table below:

CEO	40,000 shares
Other EC members	10,000 shares

In order to determine whether the minimum holding requirement is met, all vested shares are considered as beneficially owned, regardless of whether they are blocked or not.

Unvested awards are excluded. If the holding requirements are not reached within five years, the Board may decide to either extend the blocking period of the shares already vested until the required level is met or require EC members to purchase shares from the market. The Compensation Committee reviews compliance with the shareholding guideline on an annual basis.

4.6 Benefits

As the EC is international in its nature, its members participate in the benefit plans available in the country of their employment contract. Benefits consist mainly of retirement, insurance and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependants in case of retirement, death or disability.

The EC members with a Swiss employment contract participate in the Adecco Group's pension plans offered to all employees in Switzerland. Pension contributions are based on base salary, excluding variable cash remuneration. EC members under foreign employment contracts are insured commensurately with the market and with their position. Each plan varies in line with the local competitive and legal environment and has been designed, as a minimum, in accordance with the legal requirements of the country in question.

Depending on whether they work in their home country or abroad, EC members are also provided with certain additional benefits such as a Company car allowance, car lease, housing allowance, relocation costs, education costs, representation allowance or health insurance. The monetary value of these other elements of remuneration is disclosed at fair value in the remuneration tables.

4.7 Contractual agreements

EC members have employment contracts of unlimited duration which are all subject to a notice period of up to 12 months. EC members are not contractually entitled to sign-on awards nor severance payments based on their individual contracts (but may be entitled to seniority-related payments due to foreign laws as applicable), or to Change of Control payments (for LTIP vesting see section 4.4.3). Their contract may foresee non-competition provisions of up to one year post termination of their contract.

5. Remuneration and shareholding of members of the EC

5.1 EC membership changes in 2020

Twelve EC members were in office on 31 December 2020, including three new EC members who joined the EC during the year.

Coram Williams was appointed as the Group Chief Financial Officer (CFO) in May 2020 succeeding Hans Ploos van Amstel, who stepped down in June 2020.

Corinne Ripoche, became an EC member effective as of 1 July 2020 replacing Federico Vione who stepped down as Regional Head of North America General Staffing and Latin America. In addition, Corinne Ripoche retained the global oversight of Pontoon.

Valerie Beaulieu was appointed Chief Sales and Marketing Officer (CSMO) in November 2020, supporting the newly announced Group organisation articulated around three main business units.

In determining the compensation for departing EC members, the Compensation Committee ensures that contractual entitlements as described in section 4.7 are respected and that all payments are in line with our plan rules and the Swiss Ordinance against Excessive Compensation in Listed Companies.

5.2 Replacement awards

When an individual forfeits compensation at a former company as a result of joining the Adecco Group, the Board may offer replacement awards on a comparable basis to mirror the value of compensation forfeited. Restricted share units (RSUs) are awarded to replace share-based awards forfeited and due to vest in the year employment with the Adecco Group begins. In all other cases, performance share units (PSUs) are awarded to replace share-based awards forfeited. The Board aims to compensate what is required to match the economic value of awards forfeited by the individual, taking into account relevant factors. These relevant factors include the replacement vehicle (i.e. cash, restricted share units or performance share units), whether the award is contingent on meeting performance conditions or not, the expected value of the forfeited award, the timing of forfeiture and the termination conditions.

In 2020, one newly appointed EC member was granted a replacement award in the form of RSUs and PSUs to replace forfeited compensation at the former company. The RSUs were granted in place of PSUs which were due to vest in May 2020 but forfeited upon the termination from the former company in March 2020, at the expected vesting level of the outstanding PSUs. The level of awards is detailed in Illustration 14; PSUs are subject to the same performance metric and performance period as the Adecco Group's corresponding grants. They are subject to cliff vesting, rTSR performance and a two-year blocking period following vesting. The first tranche of RSUs awarded, representing 50% of units granted, will vest two years after grant and the second tranche of the award, representing the remaining 50%, will vest three years after grant. Should employment terminate prior to vesting, vesting of awards will occur subject to the terms and conditions described in the LTIP rules.

Illustration 14: Replacement Awards

Replacement awards	Vesting period	Blocking period	Total value of grant (CHF)
9,276 RSUs	2020-2023 (50% after 2 years; 50% after 3 years)	–	442,569
40,111 PSUs	2020-2022	Two-years	898,777
Total			**1,341,346**

5.3 EC remuneration for the financial year 2020

In 2020, EC members' total remuneration amounted to CHF 18.1 million (2019: CHF 22.2 million). This amount consisted of base salaries of CHF 7.2 million (2019: CHF 8.9 million), short-term incentives of CHF 3.1 million (2019: CHF 3.9 million), long-term incentives of CHF 5.1 million (2019: CHF 4.6 million), other remuneration of CHF 0.8 million (2019: 0.7 million), and social contributions and post-employment benefits of CHF 1.9 million (2019: CHF 2.6 million). EC members' total remuneration decreased by 19% compared to 2019. Looking at the different components, the following elements can be noted:

The total amount paid as base salary decreased by 19% compared to the amount of base salary paid in 2019. This is mainly due to temporary voluntary salary reductions in 2020, in the context of the Covid-19 crisis. The CEO voluntarily waived 20% of his annual base salary and nearly all other EC members voluntarily waived 15% of their annual base salaries for a period of six months in 2020.

In 2020, the STIP payout for the CEO was 47.3% of target (2019: 49.7%) and ranged from 38% to 53% for the other EC members (2019: 17.5% to 88.9%), giving an average of less than 50% for the entire EC including the CEO (2019: 53%).

The decrease in the "other remuneration" payments is mainly due to Covid-19-related relocation restrictions which impacted the amount of assistance provided to incoming EC members in 2020.

The total value of the share awards granted was slightly higher (11%) in 2020 than in 2019. This is mainly due the one-time replacement award for an incoming EC member in 2020 to replace share-based awards forfeited at their former employer; see section 5.2 for details.

At the AGM of 16 April 2019, shareholders approved an MTAR of CHF 35 million for the financial year 2020. The total remuneration paid to the EC, including remuneration of former members (see section 9.3), for this term was CHF 18.8 million and is therefore within the approved limits.

For the CEO, his actual direct cash compensation was 71% of his target direct cash compensation, excluding the target long-term incentive (see Illustration 15).

For the financial year 2020, the variable component (annual bonus, share awards at grant value) represented 45% of the total remuneration of the EC (2019: 45%) and 114% of the base salary (2019: 112%).

This is aligned with the pay-for-performance philosophy of the Adecco Group and reflects the alignment of remuneration plans to shareholders' interests.

Illustration 15: CEO remuneration versus target for annual base salary and annual STI

	Target (CHF)	Actual (CHF)	Actual received (%)
Annual base salary	1,500,000	1,350,000[1]	90%
Annual STI	1,200,000	567,164	47%
Total	**2,700,000**	**1,917,164**	**71%**

1 The CEO voluntarily waived 20% of his annual base salary for a period of 6 months in 2020.

Illustration 16: EC remuneration for the financial year 2020 and 2019 (audited)

in CHF	Alain Dehaze, CEO[1] 2020	Alain Dehaze, CEO[1] 2019	Total Executive Committee[2] 2020	Total Executive Committee[2] 2019
Gross cash remuneration[3]:				
· Annual base salary[4]	**1,350,000**	1,500,000	**7,204,738**	8,867,101
· Annual bonus	**567,164**	595,914	**3,051,589**	3,893,820
· Supplemental one-time cash performance bonus[5]	**–**	–	**–**	1,416,459
Remuneration in kind and other[6]	**147,675**	154,272	**771,692**	749,994
Share awards granted in 2020 and 2019[7]:				
· Relative TSR awards (PSUs) under the LTIP	**1,043,928**	1,080,000	**3,788,566**	3,957,010
· Replacement award granted to a new EC member (PSUs and RSUs)[8]			**1,341,346**	667,858
Social contributions:				
· Old age insurance/pensions and other	**229,472**	257,909	**1,427,910**	1,788,227
· Additional health/accident insurance	**14,374**	15,130	**100,317**	95,922
· On LTIP awards granted in 2020 and 2019, potentially vesting in later periods, estimated (based on closing price at grant)	**73,075**	206,919	**363,606**	748,161
Total conferred	**3,425,688**	**3,810,144**	**18,049,764**	**22,184,552**
Conferred to an EC member, who ceased to be an EC member during 2020[9]			**548,054**	–
Conferred, grand total			**18,597,818**	22,184,552

1 Highest conferred individual compensation in 2020 and 2019.

2 Including the CEO. Notice periods of up to 12 months apply. For certain members of the EC, based on foreign law, additional, mostly seniority-related payments may become due in case of termination.

3 Including employee's social contributions.

4 CEO voluntarily waived 20% of his annual base salary and nearly all other EC members voluntarily waived 15% of their annual base salaries for a period of 6 months in 2020.

5 Supplemental one-time cash performance bonus for one EC member in 2019.

6 Includes car allowance for private use, car lease financed by the Company, housing allowance, relocation, education, health insurance, voluntary pension contributions, representation allowance and benefits.

7 Value in CHF of Adecco Group AG share awards granted in 2020 under the LTIP 2020 with grant date 16 March 2020 (LTIP 2019 grant date: 16 March 2019).

Valuation of the share awards granted on 16 March 2020 (2019: 16 March 2019):

- The grant date values of the rTSR awards are calculated based on the closing price of the Adecco Group AG share on the day of grant multiplied by the respective probability factors. These factors reflect the likelihood that the respective rTSR targets will be met at the end of the performance period. For 2020, the probability factor is 101.4% (2019: 42.9%). The probability factor for rTSR awards has been determined using a binomial model. The probability factor in 2020 is higher due to the change in calculation methodology in 2020. Refer to section 4.4.2 for a summary of improvements made to the LTIP in 2020. A discount of 12% is applied which takes into consideration that rTSR awards are not entitled to dividends during the vesting period, and an additional discount of 11% is applied to take into account the two-year post-vesting restriction. The per-share value of rTSR awards granted in 2020 amounts to CHF 26.85 (2019: CHF 17.66).

Valuation of the share awards granted on 16 September 2020 (replacement award):

- For 2020, the probability factor on the day of grant is 102.1%. The probability factor for rTSR awards has been determined using a binomial model. A discount of 12% is applied which takes into consideration that rTSR awards are not entitled to dividends during the vesting period, and an additional discount of 11% is applied to take into account the two-year post-vesting restriction. The per-share value of rTSR awards granted in 2020 amounts to CHF 41.47.

8 Replacement award granted on 16 September 2020 to one EC member comprised of 40,111 PSUs and 9,276 RSUs.

The PSUs are subject to the same performance metric and period as Adecco's 2018 LTIP grant (19,132 PSUs) and 2019 LTIP grant (20,979 PSUs).

- For 2018, the probability factor on the day of grant is 42.2%. An additional discount of 11% is applied to take into account the two-year post-vesting restriction. The per-share value of rTSR awards granted in 2020 subject to the same performance metric and performance period as the 2018 LTIP grant is CHF 19.48.
- For 2019, the probability factor as of the grant date is 56.6%. A discount of 4% is applied which takes into consideration that rTSR awards are not entitled to dividends during the vesting period, and an additional discount of 11% is applied to consider the two-year post-vesting restriction. The per-share value of rTSR awards granted in 2020 subject to the same performance metric and performance period as the 2019 LTIP grant is CHF 25.08.
- The grant date value of the RSU award is calculated based on the closing price of the Adecco Group AG share on the day of grant. A discount of 8% is applied to take into consideration that the RSU award is not entitled to dividends during the three-year vesting period. The per-share value of the RSU awards granted in 2020 amounts to CHF 47.71.

9 The employment relationships of certain officers who ceased to be members of the EC in the course of 2020 (2019) formally terminate in the course of 2020 (2019) in accordance with the respective termination agreements.

6. Outlook 2021

The EC remuneration system is reviewed by the Compensation Committee on a regular basis to ensure alignment with strategic business objectives, the external market and best practice in compensation design. Throughout 2020, the Compensation Committee carefully evaluated the effectiveness of the current variable incentive plans in helping drive the Company's financial and non-financial goals for the new strategic cycle. A series of roadshows were organised in November 2020 to meet shareholders and engage them in constructive dialogue, and to respond to their interests concerning executive remuneration. In deciding on refinements to the existing variable incentive programmes for 2021, feedback received from shareholders and our external compensation advisors as well as the evolving environment in which the Company operates have been taken into account. The following table outlines key changes to the design of the variable incentive plans for 2021:

Variable incentive Plan	Outlook 2021
Short-term incentive	The STIP will retain its balance between financial and non-financial objectives. Financial objectives remain essentially unchanged and key performance metrics are retained, i.e. revenue growth (relative to average peers), EBITA margin and DSO. The way revenue growth (relative to average peers) and EBITA margin performance are measured at the Group and business unit level will change. Beginning in 2021, the design of the STIP will be further simplified and the framework more closely aligned with market practice. An additive performance assessment mechanism will replace the current, two-dimensional performance matrix to incentivise and measure financial performance. In the new design, relative organic revenue growth and EBITA margin remain pivotal features. Relative organic revenue growth and EBITA margin are independently measured against targets to determine achievement. The achievement of these metrics combined with the achievement of other metrics results in the aggregate achievement relative to targets. The link between pay and performance will remain fully intact and robust but will be more straightforward. Some non-financial performance objectives have also been updated to support the ongoing business transformation and build on progress the Company has been making in key strategic and social initiatives, such as gender parity and colleague engagement (refer to section 4.3 to read more about these and other ESG measures in the STIP for EC members).
Long-term incentive	From 2021, in addition to rTSR, the LTIP will introduce two additional performance metrics, return on invested capital (ROIC) and cash conversion ratio (CCR), to align more effectively the long-term financial performance objectives of the EC with Future@Work, the strategic cycle of the Company updated on 1 December 2020. While rTSR remains part of the LTIP for 2021, the addition of ROIC will help drive long-term financial productivity and CCR will incentivise strong cash flow to support the transformation of the business, grow market share and generate long-term value for shareholders. These performance metrics are fully in line with the renewed strategy, Future@Work. The Adecco Group does not disclose forward-looking targets for the LTIP due to the commercial sensitivities of disclosing such targets. The vesting boundaries (i.e. 40% at threshold, 100% at target and 200% at cap) used for rTSR will also be used for ROIC and CCR performance metrics. The amendments described above will enhance the robustness of the existing variable incentive programmes and strengthen the link between the business strategy, pay and performance.

7. Shares owned by EC members at 31 December 2020 and 31 December 2019

The CEO is required to hold a minimum of 40,000 Adecco Group AG shares (other EC members: 10,000 Adecco Group AG shares) within five years of appointment. EC members with no shareholdings below have been appointed in 2018 or later. All EC members, with the exception of Valerie Beaulieu who joined in November 2020, have received unvested share units via the LTIP. The earliest grant for newly appointed EC members (i.e. the 2018 LTIP) is due to vest in March 2021. The reported share ownership and unvested share units of the active members of the EC, including related parties, is presented in Illustration 17.

Illustration 17: Shares/Unvested units owned by EC members as at 31 December 2020 and 31 December 2019

(in shares/unvested units)

Name	**Shareholding as at 31 December 2020[1]**	Unvested PSUs/RSUs as at 31 December 2020	**Total as at 31 December 2020**	Shareholding as at 31 December 2019[1]	Unvested PSUs/RSUs as at 31 December 2019	Total as at 31 December 2019
Alain Dehaze	**70,010**	144,380	**214,390**	49,360	157,829	207,189
Coram Williams[2]		49,250	**49,250**			
Christophe Catoir	**12,479**	31,979	**44,458**	9,469	33,256	42,725
Sergio Picarelli	**28,400**	49,166	**77,566**	22,531	54,160	76,691
Jan Gupta		16,450	**16,450**			
Stephan Howeg	**12,957**	23,213	**36,170**	9,265	22,596	31,861
Gordana Landen		48,022	**48,022**		31,369	31,369
Teppo Paavola		36,988	**36,988**		18,821	18,821
Enrique Sanchez	**17,837**	38,074	**55,911**	15,633	39,319	54,952
Ian Lee		26,049	**26,049**		17,056	17,056
Corinne Ripoche[3]	**1,843**	8,576	**10,419**			
Hans Ploos van Amstel[4]				8,483	67,506	75,989
Federico Vione[4]				15,469	47,008	62,477
Robert James[5]				1,712	24,626	26,338
Total	**143,526**	472,147	**615,673**	131,922	513,546	645,468

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

2 Appointed as EC member as of May 2020.

3 Appointed as EC member as of July 2020.

4 Ceased to be a member of the EC in 2020.

5 Ceased to be a member of the EC in 2019.

7.1 Share awards held by and granted to EC members as at 31 December 2020

This section provides information on the share awards granted to EC members in 2020 and held as at 31 December 2020.

Illustration 18: Awards granted in 2020

Share awards held as at 31 December 2020 granted in 2020 under the LTIP:

Name	Share awards
Alain Dehaze	38,880
Total EC	**184,565**

8. Remuneration of the Board of Directors

8.1 Remuneration system

The remuneration system for the Board of Directors is unchanged compared to 2019 and has remained consistent for six years. In order to ensure independence in exercising their supervisory duties over executive management, the members of the Board receive fixed remuneration for their Board term of office without entitlement to variable remuneration. Two thirds of the Board fee is paid in cash and one third is paid in shares subject to a three-year blocking period. The blocking period supports the alignment of Board members' interests with those of the shareholders.

The remuneration in cash is paid out quarterly (for the Chair of the Board: monthly) and is subject to regular contributions to social security where applicable. The shares are transferred on a quarterly basis. Board members are not insured under the Company retirement plans.

When determining the individual Board members' remuneration, their various functions and responsibilities within the Board and its Committees are taken into consideration. The remuneration levels for the term of office from AGM 2020 - AGM 2021 are summarised in Illustration 19.

8.2 Shareholding guideline

Effective since AGM 2019, the Board members are required to hold a minimum of 5,000 Company shares within three years of introduction of the shareholding guideline (approved in 2019) or within three years of their first election to the Board. To calculate whether the minimum holding requirement is met, all shares granted as part of their remuneration are considered as beneficially owned, regardless of whether they are blocked or not. All Board members reached the minimum shareholding requirements by the end of 2020. The Board reviews compliance with the shareholding guideline on an annual basis.

8.3 Outlook for the term from AGM 2021 - AGM 2022

For the term from AGM 2021 - AGM 2022, it is anticipated that the remuneration structure for the Board will remain the same as for the term from AGM 2020 - AGM 2021.

8.4 Remuneration of the Board of Directors for 2020 and shareholdings as at 31 December 2020

For the amounts paid to the individual members of the Board in the period under review (1 January to 31 December 2020), refer to Illustration 20.

In 2020, the Board's total remuneration amounted to CHF 4.58 million (2019: CHF 4.78 million). Of this total, CHF 2.82 million was paid out in cash (2019: CHF 2.95 million), CHF 1.43 million was awarded in restricted shares (2019: CHF 1.5 million) and social contributions amounted to CHF 0.32 million (2019: CHF 0.33 million). While the remuneration structure (annual Board fee and Committee fees) remained unchanged, the total Board remuneration slightly decreased by 4% (excluding social contributions) versus the previous year. This is due to the composition of the Board of Directors in 2020 (seven members) versus 2019 (eight members).

At the AGM of 16 April 2019, shareholders approved an MTAR of CHF 5.1 million for the Board for the term from AGM 2019 until AGM 2020. The remuneration paid to the Board for that term was CHF 4.8 million and is therefore within the approved limits.

At the AGM of 16 April 2020, shareholders approved an MTAR of CHF 5.1 million for the Board for the term from AGM 2020 until AGM 2021. The remuneration paid to the Board for this ongoing term is anticipated to be approximately CHF 4.5 million. The final amount will be disclosed in the Remuneration Report 2021.

Illustration 19: Structure and levels of remuneration for the Board of Directors

	Cash (in CHF)	Shares[1] (in CHF)
Fees for the Board term (gross)		
Chair of the Board[2]	960,000	500,000
Vice-Chair of the Board[2]	300,000	150,000
Other members of the Board	166,670	83,330
Additional Committee fees (gross)		
Audit Committee Chair[3]	133,333	66,667
Other Committee Chairs[3]	100,000	50,000
Other Committee members	33,330	16,670

1 Paid in Adecco Group AG shares with a three-year blocking period.

2 No entitlement to additional fee for Committee work.

3 Amount includes fee for Committee membership for the Committee Chair.

Illustration 20: Board of Directors' remuneration for the financial year 2020 and 2019 (audited)

in CHF

Name	Function[1]	Remuneration period	Remuneration in cash	Remuneration in shares[2]	Total remuneration[3]	Social contributions[4]
Jean-Christophe Deslarzes[5]	Chair	2020	755,000	412,565	1,167,565	75,718
	CC Chair	2019	300,000	150,000	450,000	29,151
Kathleen Taylor	Vice-Chair	2020	300,000	150,139	450,139	29,836
	Vice-Chair	2019	300,000	150,000	450,000	29,151
Ariane Gorin	DC Chair	2020	300,000	150,139	450,139	60,638
	DC Chair	2019	283,333	141,667	425,000	57,138
Alexander Gut	GNC Chair	2020	300,000	150,139	450,139	29,836
	GNC Chair	2019	300,000	150,000	450,000	29,151
Didier Lamouche[6]	CC Chair	2020	283,333	141,804	425,137	0
	Member	2019	225,000	112,500	337,500	0
David Prince[7]	Member	2020	300,000	150,139	450,139	62,985
	Member	2019	308,333	154,167	462,500	64,577
Regula Wallimann	AC Chair	2020	300,000	150,139	450,139	29,836
	AC Chair	2019	275,000	137,500	412,500	26,792
Rolf Dörig[8]	Former Chair	2020	280,000	125,026	424,880	27,800
	Chair	2019	960,000	500,000	1,460,000	92,429
Total 2020			**2,818,333**	**1,430,090**	**4,268,277**	**316,649**
Total 2019			2,951,666	1,495,833	4,447,499	328,389

1 For more information on the functions of the individual members of the Board in the Board's Committees, refer to the Corporate Governance Report, section 3.4.

2 For 2020, paid with 32,050 Adecco Group AG shares at an average price of CHF 46.25 per share; for 2019, paid with 26,559 Adecco Group AG shares at an average price of CHF 56.54 per share.

3 Gross amounts, including Directors' social contributions required by law. Total remuneration for Rolf Dörig includes benefits-in-kind amounting to CHF 19,854.

4 Company's social contributions required by law. No contributions are paid to pension plans. No social contributions made in France for Didier Lamouche in 2020 or 2019.

5 Board Chair since April 2020.

6 Compensation Committee (CC) Chair since April 2020.

7 The total remuneration includes remuneration received for membership in the China Joint Venture Boards of FESCO Adecco as a non-executive Director in the amount of CHF 100,000.

8 Did not stand for re-election at AGM 2020. The remuneration covers the period January to April 2020.

8.5 Shares owned by Board members as at 31 December 2020 and 31 December 2019

The members of the Board are required to disclose to the Company any direct or indirect purchases and sales of equity-related securities of Adecco Group AG. The reported share ownership of the members of the Board, including related parties, is presented in Illustration 21.

Illustration 21: Shares owned by Board members as at 31 December 2020 and 31 December 2019

(in shares)

Name	Shareholding as at 31 December 2020[1]	Shareholding as at 31 December 2019[1]
Jean-Christophe Deslarzes	18,461	9,769
Kathleen Taylor	13,310	9,963
Ariane Gorin	8,924	5,577
Alexander Gut	29,666	26,319
Didier Lamouche	12,386	9,273
David Prince	16,652	18,753
Regula Wallimann	7,215	3,868
Rolf Dörig[2]		90,238
Total	106,614	173,760

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

2 Member of the Board of Directors until 16 April 2020.

9. Additional disclosures for the EC and Board members

9.1 Additional fees and remuneration of the EC and Board members (audited)

Apart from the remuneration disclosed in sections 5.3, 7.1 and 8.4, no member of the EC and Board has received any additional remuneration in 2020.

9.2 Loans granted to the EC and Board members (audited)

In 2020, the Company did not grant any guarantees, loans, advances or credits to current or former EC members or Board members. No such loans were outstanding as of 31 December 2020.

9.3 Remuneration of former members of the EC and Board (audited)

Under the former EC members' contracts and in line with LTIP rules, payments amounting to CHF 188,438 (2019: 951,298) were made to three former EC members. No other payments (or waivers of claims) were made to EC members, Board members or closely linked parties.

9.4 Shares allocated to members of the EC, Board and closely linked parties (audited)

In 2020, part of the remuneration of the Board members was paid in Adecco Group AG shares (refer to Illustration 20: Remuneration of the Board of Directors' for the financial year 2020 and 2019), and under the LTIP, shares were allocated to EC members (refer to Illustration 16: EC remuneration for the financial year 2020 and 2019).

No further Adecco Group AG shares were allocated to current or former members of the EC and Board or closely linked parties.

9.5 Remuneration or loans to closely linked parties (audited)

In 2020, no remuneration was paid out, no shares allocated, and no guarantees, loans, advances or credits were granted to closely linked parties. No such loans were outstanding as at 31 December 2020.

We have audited the remuneration report of Adecco Group AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited" on pages 109 to 114 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 December 2020 of Adecco Group AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

/s/ Jolanda Dolente

Jolanda Dolente
Licensed audit expert
(Auditor in charge)

/s/ Roland Ruprecht

Roland Ruprecht
Licensed audit expert

Zurich, 10 March 2021

Financial statements

Financial Statements

Selected financial information

in millions, except share and per share information

For the fiscal years (in EUR)	2020	2019	2018	2017	2016
Statements of operations					
Revenues	**19,561**	23,427	23,867	23,660	22,708
Amortisation of intangible assets	**(81)**	(64)	(52)	(32)	(34)
Impairment of goodwill	**(362)**		(270)		
Impairment of intangible assets	**(9)**	(20)		(129)	
Operating income	**118**	904	665	990	1,064
Net income/(loss) attributable to Adecco Group shareholders	**(98)**	727	458	788	723

As of (in EUR)	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Balance sheets					
Cash and cash equivalents and short-term investments	**1,485**	1,351	652	962	1,128
Trade accounts receivable, net	**3,870**	4,310	4,432	4,440	4,268
Operating lease right-of-use assets	**395**	432			
Goodwill	**2,339**	2,846	2,994	2,895	3,051
Total assets	**9,792**	10,571	9,718	9,890	10,099
Short-term debt and current maturities of long-term debt	**294**	172	267	394	345
Accounts payable and accrued expenses	**3,990**	4,106	4,084	4,066	4,031
Total operating lease liabilities	**429**	461			
Long-term debt, less current maturities	**1,567**	1,577	1,509	1,562	1,670
Total liabilities	**6,574**	6,623	6,129	6,308	6,377
Total shareholders' equity	**3,218**	3,948	3,589	3,582	3,722

For the fiscal years (in EUR)	2020	2019	2018	2017	2016
Cash flows from operations					
Cash flows from operating activities	**720**	880	727	737	694
Cash flows from/(used in) investing activities	**(162)**	324	(344)	(113)	(132)
Cash used in financing activities	**(290)**	(524)	(682)	(695)	(589)
Other indicators					
Capital expenditures	**157**	156	158	100	76

As of	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Other indicators					
Net debt (in EUR)[1]	**376**	398	1,124	994	887
Additional statistics					
Number of FTE employees at year end (approximate)	**30,000**	35,000	35,000	34,000	33,000

1 Net debt is a non-US GAAP measure and comprises short-term and long-term debt, less cash and cash equivalents and short-term investments. The calculation of net debt based upon financial measures in accordance with US GAAP is presented on page 64.

Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	31.12.2020	31.12.2019
Assets			
Current assets:			
• Cash and cash equivalents		1,485	1,351
• Trade accounts receivable, net	4	3,870	4,310
• Other current assets		399	282
Total current assets		**5,754**	**5,943**
Property, equipment, and leasehold improvements, net	5	305	318
Operating lease right-of-use assets	9	395	432
Equity method investments	8	109	83
Other assets		645	617
Intangible assets, net	3, 6	245	332
Goodwill	3, 6	2,339	2,846
Total assets		**9,792**	**10,571**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		766	829
• Accrued salaries and wages		657	668
• Accrued payroll taxes and employee benefits		1,244	1,253
• Accrued sales and value-added taxes		493	467
• Accrued income taxes		52	164
• Other accrued expenses	7	778	725
• Total accounts payable and accrued expenses		3,990	4,106
• Current operating lease liabilities	7, 9	178	196
• Short-term debt and current maturities of long-term debt	10	294	172
Total current liabilities		**4,462**	**4,474**
Operating lease liabilities	7, 9	251	265
Long-term debt, less current maturities	10	1,567	1,577
Other liabilities		294	307
Total liabilities		**6,574**	**6,623**
Shareholders' equity			
Adecco Group shareholders' equity:			
• Common shares	11	10	10
• Additional paid-in capital	11	582	580
• Treasury shares, at cost	11	(89)	(66)
• Retained earnings		3,139	3,629
• Accumulated other comprehensive income/(loss), net	11	(433)	(213)
Total Adecco Group shareholders' equity		**3,209**	**3,940**
Noncontrolling interests		9	8
Total shareholders' equity		**3,218**	**3,948**
Total liabilities and shareholders' equity		**9,792**	**10,571**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of operations

in millions, except share and per share information

For the fiscal years ended 31 December (in EUR)	Note	2020	2019	2018
Revenues	2, 19	19,561	23,427	23,867
Direct costs of services		(15,772)	(18,923)	(19,434)
Gross profit		**3,789**	**4,504**	**4,433**
Selling, general, and administrative expenses	7	(3,239)	(3,519)	(3,446)
Proportionate net income of equity method investment FESCO Adecco	8	20	3	
Amortisation of intangible assets	6	(81)	(64)	(52)
Impairment of goodwill	6	(362)		(270)
Impairment of intangible assets	6	(9)	(20)	
Operating income	19	**118**	**904**	**665**
Interest expense		(30)	(35)	(38)
Other income/(expenses), net	16	(20)	207	100
Income before income taxes		**68**	**1,076**	**727**
Provision for income taxes	17	(165)	(348)	(267)
Net income/(loss)		**(97)**	**728**	**460**
Net income attributable to noncontrolling interests		(1)	(1)	(2)
Net income/(loss) attributable to Adecco Group shareholders		**(98)**	**727**	**458**
Basic earnings/(loss) per share	18	**(0.61)**	**4.48**	**2.77**
Basic weighted-average shares	18	161,426,423	162,211,290	165,394,453
Diluted earnings/(loss) per share	18	**(0.61)**	**4.47**	**2.77**
Diluted weighted-average shares	18	162,011,135	162,542,226	165,681,920

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of comprehensive income

in millions, except share and per share information

For the fiscal years ended 31 December (in EUR)	Note	2020	2019	2018
Net income/(loss)		(97)	728	460
Other comprehensive income/(loss), net of tax:				
• Currency translation adjustment of long-term intercompany loans (net of tax of, 2020: EUR 1, 2019: less than EUR (1), 2018: less than EUR 1)		(9)	4	(9)
• Currency translation adjustment of net investment hedges (net of tax of, 2020: EUR (5), 2019: EUR (1), 2018: less than EUR 1)	14	52	9	(4)
• Currency translation adjustment related to share cancellation			2	(8)
• Currency translation adjustment excluding long-term intercompany loans, net investment hedges, and share cancellation (net of tax of, 2020: less than EUR (1), 2019: EUR 2, 2018: less than EUR 1)		(234)	61	60
• Change in pension prior years' service costs (net of tax of, 2019: EUR 4)	13		(4)	
• Change in net actuarial gain/(loss) on pensions (net of tax of, 2020: EUR 2, 2019: EUR 1, 2018: EUR 5)	13	(14)	(10)	(20)
• Change in fair value of securities (net of tax of, 2020: less than EUR (1), 2019: less than EUR (1), 2018: less than EUR 1)	14	1	1	
• Change in fair value of cash flow hedges (net of tax of, 2020: EUR 5, 2019: EUR 2, 2018: less than EUR 1)	14	(16)	(3)	(1)
Total other comprehensive income/(loss)		(220)	60	18
Total comprehensive income/(loss)		**(317)**	**788**	**478**
Less comprehensive income attributable to noncontrolling interests		(1)	(1)	(2)
Comprehensive income/(loss) attributable to Adecco Group shareholders		**(318)**	**787**	**476**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

in millions, except share and per share information

For the fiscal years ended 31 December (in EUR)	2020	2019	2018
Cash flows from operating activities			
Net income/(loss)	(97)	728	460
Adjustments to reconcile net income/(loss) to cash flows from operating activities:			
• Depreciation and amortisation	209	171	138
• Impairment of goodwill	362		270
• Impairment of intangible assets	9	20	
• Gain on divestiture of Soliant		(248)	
• Gain on divestiture of Beeline			(113)
• Loss on buyback of long-term debt		10	
• Bad debt expense	33	25	20
• Stock-based compensation	16	12	12
• Deferred tax provision/(benefit)	(12)	(54)	(25)
• Other, net	49	70	49
Changes in operating assets and liabilities, net of acquisitions and divestitures:			
• Trade accounts receivable	235	91	19
• Accounts payable and accrued expenses	38	57	(112)
• Other assets and liabilities	(122)	(2)	9
Cash flows from operating activities	**720**	**880**	**727**
Cash flows from investing activities			
Capital expenditures	(157)	(156)	(158)
Proceeds from sale of property and equipment	2	1	
Acquisition of Vettery, net of cash and restricted cash acquired			(77)
Acquisition of General Assembly, net of cash and restricted cash acquired			(316)
Proceeds from divestiture of Soliant, net of cash and restricted cash divested		544	
Proceeds from divestiture of Beeline, net of cash and restricted cash divested			226
Cash settlements on derivative instruments	24	(39)	(4)
Purchase of short-term investments			(1)
Proceeds from sale of short-term investments			4
Other acquisition and investing activities, net of cash and restricted cash acquired	(31)	(26)	(18)
Cash flows from/(used in) investing activities	**(162)**	**324**	**(344)**

Consolidated statements of cash flows (continued)

in millions, except share and per share information

For the fiscal years ended 31 December (in EUR)	2020	2019	2018
Cash flows from financing activities			
Borrowings of short-term debt under the commercial paper programme	25		370
Repayment of short-term debt under the commercial paper programme	(25)		(370)
Other net increase/(decrease) in short-term debt	(2)		
Borrowings of long-term debt, net of issuance costs	259	353	135
Repayment of long-term debt	(117)	(215)	(350)
Buyback of long-term debt		(211)	
Dividends paid to shareholders	(381)	(360)	(350)
Purchase of treasury shares	(46)	(87)	(115)
Other financing activities, net	(3)	(4)	(2)
Cash used in financing activities	**(290)**	**(524)**	**(682)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(116)**	**18**	**14**
Net increase/(decrease) in cash, cash equivalents and restricted cash	**152**	**698**	**(285)**
Cash, cash equivalents and restricted cash:			
• Beginning of year	1,416	718	1,003
• End of year	1,568	1,416	718

The following table provides a reconciliation of cash, cash equivalents and restricted cash to the amounts reported in the Company's consolidated balance sheets:

For the fiscal years ended 31 December (in EUR)	2020	2019	2018
Reconciliation of cash, cash equivalents and restricted cash at beginning of year:			
Current assets:			
• Cash and cash equivalents	1,351	652	958
• Restricted cash included in Other current assets	18	10	8
Non-current assets:			
• Restricted cash included in Other assets	47	56	37
Cash, cash equivalents and restricted cash at beginning of year	1,416	718	1,003
Reconciliation of cash, cash equivalents and restricted cash at end of year:			
Current assets:			
• Cash and cash equivalents	1,485	1,351	652
• Restricted cash included in Other current assets	42	18	10
Non-current assets:			
• Restricted cash included in Other assets	41	47	56
Cash, cash equivalents and restricted cash at end of year	1,568	1,416	718
Supplemental disclosures of cash paid			
Cash paid for interest	20	19	44
Cash paid for income taxes	290	256	290

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in shareholders' equity

in millions, except share and per share information

in EUR	Common shares	Additional paid-in capital	Treasury shares, at cost	Retained earnings	Accumulated other comprehensive income/(loss), net	Noncontrolling interests	Total shareholders' equity
1 January 2018	**11**	**579**	**(338)**	**3,594**	**(291)**	**8**	**3,563**
Comprehensive income:							
Net income				458		2	460
Other comprehensive income/(loss)					18		18
Total comprehensive income							**478**
Stock-based compensation		12					12
Vesting of share awards		(14)	15				1
Treasury shares purchased on second trading line			(113)				(113)
Other treasury share transactions			(5)				(5)
Cash dividends, CHF 2.50 per share				(353)			(353)
Share cancellation	(1)		300	(292)			7
Other		1				(2)	(1)
31 December 2018	**10**	**578**	**(141)**	**3,407**	**(273)**	**8**	**3,589**
Comprehensive income:							
Net income				727		1	728
Other comprehensive income/(loss)					60		60
Total comprehensive income							**788**
Stock-based compensation		12					12
Vesting of share awards		(11)	11				
Treasury shares purchased on second trading line			(61)				(61)
Other treasury share transactions			(15)				(15)
Cash dividends, CHF 2.50 per share				(363)			(363)
Share cancellation			140	(142)			(2)
Other		1				(1)	
31 December 2019	**10**	**580**	**(66)**	**3,629**	**(213)**	**8**	**3,948**
Comprehensive income:							
Net loss				(98)		1	(97)
Other comprehensive income/(loss)					(220)		(220)
Total comprehensive loss							**(317)**
Stock-based compensation		16					16
Vesting of share awards		(14)	13				(1)
Other treasury share transactions			(46)				(46)
Cash dividends, CHF 2.50 per share				(381)			(381)
Share cancellation			10	(11)			(1)
31 December 2020	**10**	**582**	**(89)**	**3,139**	**(433)**	**9**	**3,218**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to consolidated financial statements

in millions, except share and per share information

Note 1 – The business and summary of significant accounting policies

Business

The consolidated financial statements include Adecco Group AG, a Swiss corporation, its consolidated subsidiaries, as well as variable interest entities in which the Adecco Group is considered the primary beneficiary (collectively, the Company). The Company's principal business is providing human resource services including temporary staffing, permanent placement, career transition, and other services to businesses and organisations throughout Europe, North America, Asia Pacific, South America, and North Africa. At the end of 2020, the Company's worldwide network consists of approximately 4,800 branches and more than 30,000 full-time equivalent (FTE) employees in 60 countries and territories.

The Company is organised in a geographical structure plus the global 'Career Transition & Talent Development' (CTTD) business, which corresponds to the primary segments. This structure is complemented by secondary segment reporting (brands). The segments consist of: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Career Transition & Talent Development; and the Rest of World segments that comprise Australia & New Zealand; Latin America; Eastern Europe and Middle East & North Africa; Asia; and India segments. Effective 1 January 2020, the Company updated its secondary segment reporting to better align with its go-to-market strategy and its global brand structure. The brand structure consists of: Workforce Solutions (comprising the Adecco brand); Professional Solutions (comprising Modis, Badenoch + Clark/Spring Professional, and Other Professional Brands); and Talent Solutions & Ventures (comprising LHH, Pontoon, and Ventures). This change had no impact on the Company's primary segment reporting.

Effective 1 January 2021, the Company has updated its primary segment reporting to align with the changes in Executive Committee responsibilities. The primary segment reporting will transition to a brand-driven organisational model structured around solutions-based business groups comprising Adecco (Americas; France; Northern Europe; DACH (Germany, Austria, Switzerland); Southern Europe & EEMENA; and Asia Pacific), Modis, and Talent Solutions. The structure will be complemented by secondary segment reporting of service lines (comprising Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting & Other Services; and Training, Upskilling & Reskilling).

Basis of presentation

The consolidated financial statements are prepared in accordance with US generally accepted accounting principles (US GAAP) and the provisions of Swiss law.

Reporting currency

The reporting currency of the Company is the Euro, which reflects the significance of the Company's Euro-denominated operations. Adecco Group AG's share capital is denominated in Swiss Francs and the Company declares and pays dividends in Swiss Francs.

Foreign currency translation

The Company's operations are conducted in various countries around the world and the financial statements of foreign subsidiaries are reported in the applicable foreign currencies (functional currencies). Financial information is translated from the applicable functional currency to the Euro, the reporting currency, for inclusion in the Company's consolidated financial statements. Income, expenses, and cash flows are translated at average exchange rates prevailing during the fiscal year or at transaction exchange rates, and assets and liabilities are translated at fiscal year-end exchange rates. Resulting translation adjustments are included as a component of accumulated other comprehensive income/(loss), net, in shareholders' equity. Exchange gains and losses on intercompany balances that are considered permanently invested are also included in equity.

Hyperinflationary economies

Local subsidiaries in hyperinflationary economies are required to use the Euro as their functional currency and remeasure the monetary assets and liabilities not denominated in Euro using the applicable rate in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 830, "Foreign Currency Matters" (ASC 830). All exchange gains and losses resulting from remeasurement are recognised in net income.

Principles of consolidation

The consolidated financial statements include 100% of the assets, liabilities, revenues, expenses, income, loss, and cash flows of Adecco Group AG, its consolidated subsidiaries and entities for which the Company has been determined to be the primary beneficiary under ASC 810, "Consolidation" (ASC 810). As of 31 December 2020, the consolidated subsidiaries include all majority-owned subsidiaries of the Company. Noncontrolling interests for entities fully consolidated but not wholly owned by the Company are accounted for in accordance with ASC 810 and are reported as a component of equity. Intercompany balances and transactions have been eliminated in the consolidated financial statements.

The Company accounts for variable interest entities (VIEs) in accordance with ASC 810, which requires the consolidation of a VIE in which an entity is considered the primary beneficiary. The primary beneficiary of a VIE is the enterprise that has both the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. An entity is required to perform a qualitative and a quantitative analysis to determine whether it has a controlling financial interest in a VIE.

Investments

The Company records investments in affiliates over which it is able to exercise significant influence using the equity method of accounting. Under the equity method of accounting, investments are recorded at cost and are subsequently increased or reduced to reflect the Company's share of income or losses of the investee. The proportionate share of earnings is presented within "Other income/(expenses), net", unless the investee is considered integral to the Company's operations, in which case the proportionate share of earnings is presented as a separate component of operating income on the face of the Consolidated statements of operations. Profits on transactions with equity affiliates are eliminated to the extent of the Company's ownership in the investee. Dividends from equity method investees are reflected as reductions of the carrying values of the applicable investments.

The cost method of accounting is applied for investments in entities which do not have readily determinable fair values and over which the Company is not able to exercise significant influence (generally investments in which the Company's ownership is less than 20%).

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make judgements, assumptions, and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to allowance for doubtful accounts, accruals and provisions, impairment of goodwill and indefinite-lived intangible assets, contingencies, pension accruals, and income taxes. The Company bases its estimates on historical experience and on various other market-specific assumptions that are believed to be reasonable under the circumstances. Due to the continuing effects of the Covid-19 pandemic and related government response measures there is currently a higher degree of uncertainty in making the judgements, assumptions and estimates required in the consolidated financial statements and accompanying notes. Given the dynamic nature of these circumstances, more frequent and potentially more significant reassessments and adjustments to estimates in future periods may occur. The results of management's estimates form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

Recognition of revenues

The Company generates revenues from sales of temporary staffing services, permanent placement services, career transition, and other services. Refer to Note 2 for further details.

Marketing expenses

Marketing expenses totalled EUR 88, EUR 105 and EUR 101 in 2020, 2019, and 2018, respectively. These costs are included in selling, general, and administrative expenses (SG&A) and are generally expensed as incurred.

Government subsidies and grants

Government subsidies and grants are recognised when it is probable that the Company will comply with the respective qualifying conditions set forth by the grantor. Government subsidies and grants earned, which are intended to compensate for expenses incurred, are recorded net against the related expenses in the same period in which those expenses are incurred.

Cash, cash equivalents, restricted cash and short-term investments

Cash equivalents consist of highly liquid instruments having an original maturity at the date of purchase of three months or less.

The Company's policy is to invest excess funds primarily in investments with maturities of 12 months or less, and in money market and fixed income funds with sound credit ratings, limited market risk, and high liquidity.

Restricted cash balances generally consist of deposits made in connection with lease/rent agreements and other refundable deposits, legal claims, cash received from customers but owed to subcontractors, cash subsidies received from authorities but owed to third parties, and funds set aside in connection with outstanding options and warrants arising from acquisitions.

Trade accounts receivable

Trade accounts receivable are recorded at net realisable value after deducting an allowance for doubtful accounts. The Company makes judgements on an entity-by-entity basis as to its ability to collect outstanding receivables and provides an allowance for doubtful accounts based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing percentages based on the age of the receivable. In determining these percentages, the Company analyses its historical collection experience and current economic trends. Where available and when cost effective, the Company utilises credit insurance. Accounts receivable balances are written-off when the Company determines that it is unlikely that future remittances will be received, or as permitted by local law.

Property, equipment, and leasehold improvements

Property and equipment are carried at historical cost and are depreciated on a straight-line basis over their estimated useful lives (generally three to ten years for furniture, fixtures, and office equipment; three to five years for computer equipment and software; and 20 to 40 years for buildings). Leasehold improvements are stated at cost and are depreciated over the shorter of the useful life of the improvement or the remaining lease term, which includes the expected lease renewal. Expenditures for repairs and maintenance are expensed as incurred.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Capitalised software costs

The Company capitalises purchased software as well as internally developed software. Internal and external costs incurred to develop internal use software during the application development stage are capitalised. Application development stage costs generally include software configuration, coding, installation, and testing. Costs incurred for maintenance, testing minor upgrades, and minor enhancements are expensed as incurred. Capitalised software costs are included in property, equipment, and leasehold improvements, net. Capitalised costs are depreciated on a straight-line basis over the estimated useful life commencing once the software is ready for its intended use, generally three to five years.

Goodwill and indefinite-lived intangible assets

Goodwill represents the excess of the purchase price in a business combination over the value assigned to the net tangible and identifiable intangible assets of businesses acquired less liabilities assumed. We complete our final assessments of the fair value of the acquired assets and assumed liabilities and our final evaluations of uncertain tax positions and contingencies within one year of the acquisition date. In accordance with ASC 350, "Intangibles – Goodwill and Other" (ASC 350), goodwill and indefinite-lived intangible assets are not amortised. Rather, the carrying value of goodwill and indefinite-lived intangible assets is tested annually for impairment.

Goodwill is tested on a reporting unit level using a quantitative impairment test. Reporting units may be operating segments as a whole or an operation one level below an operating segment, referred to as a component. The carrying value of each reporting unit is compared to the reporting unit's fair value as determined using a combination of comparable market multiples, additional market information, and discounted cash flow valuation models. If the fair value of the reporting unit is lower than the carrying value of the reporting unit, an impairment charge is recorded in operating income.

Indefinite-lived intangible assets are tested by comparing the fair value of the asset to the carrying value of the asset. In the event that the carrying value exceeds the fair value, an impairment charge is recorded in operating income.

Definite-lived intangible assets

In accordance with ASC 805, "Business Combinations" (ASC 805), purchased identifiable intangible assets are capitalised at fair value as of the acquisition date. Intangible assets with definite lives, primarily marketing-related (trade names), and customer relationships, are generally amortised on a straight-line basis over the estimated period in which benefits are received, which generally ranges from one to ten years.

Impairment of long-lived assets including definite-lived intangible assets

The Company evaluates long-lived assets, including intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with ASC 360-10-35-15, "Impairment or Disposal of Long-Lived Assets". The asset is regarded as not recoverable if the carrying amount exceeds the undiscounted future cash flows. The impairment loss is then calculated as the difference between the asset's carrying value and its fair value, which is calculated using a discounted cash flow model.

Accounting for restructuring costs

In recording severance reserves for ongoing benefits, the Company accrues a liability when the following conditions have been met: the employees' rights to receive compensation are attributable to employees' services already rendered; the obligation relates to rights that vest or accumulate; payment of the compensation is probable; and the amount can be reasonably estimated. For one-time termination benefits which require employees to render services beyond a "minimum retention period", liabilities associated with employee termination benefits are recorded as employees render services over the future service period. Otherwise, liabilities associated with employee one-time termination benefits are recorded at the point when management has taken a decision to terminate a specific group of employees, the employees have been notified of the decision, and the type and amount of benefits to be received by the employees is known. Liabilities for non-lease related contract termination and other exit costs are recorded at fair value when a contract is formally terminated in accordance with the contract term, or the Company ceases using the right conveyed by the contract.

Operating leases

The Company enters into operating lease contracts mainly for real estate and motor vehicles resulting in Operating lease right-of-use assets, Current operating lease liabilities and Operating lease liabilities as presented in the Company's consolidated balance sheets. Operating lease right-of-use assets represent the Company's right to use underlying assets for the lease term. Current operating lease liabilities and Operating lease liabilities represent the Company's current and long-term obligations arising from operating lease contracts.

Nonlease components are separated from lease components for real estate lease contracts, while there is no separation between lease and nonlease components for motor vehicle lease contracts. The Company considers consideration paid in relation to separated nonlease components to already reflect the market value of the leased property and accordingly no further allocation of the lease component consideration is undertaken. The remaining lease terms of operating leases vary from one year to 13 years; some contain options to extend the lease term or to terminate the lease with a notice period. The Company considers lease and nonlease components as well as extension options to lease terms in order to establish its Operating lease right-of-use assets and the corresponding current and long-term obligations. For most of the Company's operating leases, an implicit rate is not readily determined. To determine the present value of future lease payments at the commencement date of an operating lease contract, the Company uses its incremental borrowing rate. The Company applies the incremental borrowing rate using the portfolio approach to portfolios of similar assets. The incremental borrowing rate is estimated to approximate the external interest rate for the Company and is adjusted based on the economic environment where the leased asset portfolio is located.

Operating lease right-of-use assets are measured at the commencement date of the operating lease contract at the value of the arising operating lease obligations. Operating lease right-of-use assets are further adjusted for any lease prepayments, lease incentives received, initial direct costs, and impairment charges incurred. Payments made by the Company to settle operating lease obligations are primarily fixed; however, certain operating lease contracts contain variable payments which are determined based on variable indicators such as the Consumer Price Index, fluctuating property tax rates in a real estate lease, or the mileage consumed in a motor vehicle lease. Variable payments are expensed as incurred and are not included in the Operating lease right-of-use assets or Operating lease obligations measurement. Payments made in lease arrangements where the lease term is 12 months or less and where an option to purchase the underlying asset does not exist are similarly expensed as incurred. Operating lease expenses are recognised on a straight-line basis over the lease term and recorded in the consolidated statements of operations, in Direct costs of services, or Selling, general, and administrative expenses, depending on the nature of the expenses.

Income taxes

The Company accounts for income taxes and uncertainty in income taxes recognised in the Company's financial statements in accordance with ASC 740, "Income Taxes" (ASC 740). ASC 740 prescribes a recognition threshold and measurement attribute for the financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Current liabilities and assets are recognised for the estimated payable or refundable taxes on the tax returns for the current year. Deferred tax assets and liabilities are determined based on temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and includes the future tax benefit of existing net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws expected to be in effect in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets in those cases when management does not believe that the realisation is more likely than not. While management believes that its judgements and estimates regarding deferred tax assets and liabilities are appropriate, significant differences in actual experience may materially affect the Company's future financial results.

In addition, significant judgement is required in determining the worldwide provision for income taxes. In the ordinary course of a global business, there are many transactions for which the ultimate tax outcome is uncertain. Many of these uncertainties arise as a consequence of intercompany transactions and arrangements. Although management believes that its tax return positions are supportable, no assurance can be given that the final outcome of these matters will not be materially different from amounts reflected in the income tax provisions and accruals. Such differences could have a material effect on the income tax provisions or benefits in the periods in which such determinations are made.

Earnings per share

In accordance with ASC 260, "Earnings per Share" (ASC 260), basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to Adecco Group shareholders by the number of weighted-average shares for the fiscal year. Diluted earnings/(loss) per share reflects the maximum potential dilution that could occur if dilutive securities, such as stock options, non-vested shares or convertible debt, were exercised or converted into common shares or resulted in the issuance of common shares that would participate in net income attributable to Adecco Group shareholders.

Financial instruments

In accordance with ASC 815, "Derivatives and Hedging" (ASC 815), all derivative instruments are initially recognised at fair value as either Other current assets, Other assets, Other accrued expenses, or Other liabilities in the accompanying consolidated balance sheets regardless of the purpose or intent for holding the derivative instruments. The derivatives are subsequently remeasured to fair value at the end of each reporting period. For derivative instruments designated and qualifying as fair value hedges, changes in the fair value of the derivative instruments as well as the changes in the fair value of the hedged item attributable to the hedged risk are recognised within the same line item in earnings. Any cash flow impact on settlement of these contracts is classified within the consolidated statements of cash flows according to the nature of the hedged item. For derivative instruments designated and qualifying as cash flow hedges, the effective portion of the changes in the fair value of derivative instruments is initially recorded as a component of Accumulated other comprehensive income/(loss), net, in shareholders' equity and reclassified into earnings in the period during which the hedged transaction impacts earnings. The ineffective portion of the change in fair value of the derivative instruments is immediately recognised in earnings. The cash flow impact on settlement of these contracts is classified according to the nature of the hedged item. For derivative instruments designated and qualifying as net investment hedges, changes in the fair value of the derivative instruments are recorded as a component of Accumulated other comprehensive income/(loss), net, in shareholders' equity to the extent they are considered effective. These gains or losses will remain in equity until the related net investment is sold or otherwise disposed of. The cash flow impact on settlement of these contracts is classified as cash flows from investing activities.

For derivative instruments that are not designated or that do not qualify as hedges under ASC 815, the changes in the fair value of the derivative instruments are recognised in Other income/(expenses), net, within the consolidated statements of operations. Any cash flow impact on settlement of these contracts is classified as cash flows from investing activities.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Fair value measurement

The Company accounts for assets and liabilities which are required to be recorded at fair value in accordance with ASC 820, "Fair Value Measurements" (ASC 820). Fair value is defined by ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritises the inputs used to measure fair value. The hierarchy requires entities to maximise the use of observable inputs and minimise the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The Company measures fair value using unadjusted quoted market prices. If quoted market prices are not available, fair value is based upon internally developed models that use, whenever possible, current market-based parameters, such as interest rate curves and currency exchange rates. The Company also utilises independent third-party pricing services. When appropriate, valuations are adjusted to reflect credit considerations, generally based on available market evidence.

Investments in private equity, real estate and collective funds held within our pension plans are generally valued using the net asset value (NAV) per share as a practical expedient for fair value provided certain criteria are met. The NAVs are determined based on the fair values of the underlying investments in the funds. These assets are not classified in the fair value hierarchy but are separately disclosed.

CICE (tax credit for competitiveness and employment)

At the end of 2012, the French government introduced a tax relief programme known as CICE (tax credit for competitiveness and employment) for all companies operating in France. This provided employers with a tax credit on employee salaries up to 2.5 times the minimum wage, with CICE earned creditable against current income tax payable in France with any remaining amount paid after three years from earning. For 2018 the rate of the tax credit was 6%. In 2019 CICE was replaced by social charge reductions.

New accounting guidance

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13). The new guidance requires the use of a "current expected credit loss" model for most financial assets. Under the new model, an entity recognises as an allowance its estimate of expected credit losses, rather than the current methodology requiring delay of recognition of credit losses until it is probable a loss has been incurred. The new guidance is effective for the Company for fiscal years beginning after 15 December 2022 including interim periods within those fiscal years. The Company plans to adopt this guidance as of 1 January 2023 and is currently assessing the impact of this guidance on the consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes", which, among other things, removes specific exceptions for recognising deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods, as well as targeted impacts to the accounting for taxes under hybrid tax regimes. The Company early-adopted ASU 2019-12 in 2020 with no material impact on the consolidated financial statements.

Presentation and reclassifications

Certain reclassifications have been made to prior years' amounts or balances in order to conform to the current year presentation.

Other disclosures required by Swiss law

The detailed disclosures regarding the executive remuneration that are required by Swiss law are included in the Remuneration Report.

Note 2 – Revenues

Recognition of revenues

Revenues are recognised as the Company satisfies its obligations under a contract with a customer, which is when control of the promised services is transferred to the customer and in an amount that reflects the expected consideration the Company is entitled to in exchange for those services. Revenues are recognised and reported net of any sales taxes.

The following table presents the Company's revenues disaggregated by type of service provided:

in EUR	2020	2019[1]	2018[1]
Temporary staffing	16,704	20,317	20,986
Permanent placement	406	578	567
Career transition	386	349	335
Other	2,065	2,183	1,979
Total revenues	**19,561**	**23,427**	**23,867**

1 2018 and 2019 Temporary staffing and Other have been restated to conform with the current period presentation. In the Rest of World region, a category of Other activities was reclassified to Temporary staffing.

In Note 19, revenues are additionally disaggregated by segment, country and brand.

Temporary staffing

Revenues related to temporary staffing services are generally negotiated and invoiced on an hourly basis. Associates record the hours they have worked and these hours, at the rate agreed with the customer, are then accumulated and billed according to the agreed terms. Temporary staffing contract durations can range from less than one month to multiple years but generally may be terminated earlier if appropriate notice is provided. Temporary staffing service revenues are recognised over time upon rendering the services and in line with the Company's right to invoice the customer. The Company provides temporary services in the following operating segments: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Australia & New Zealand; Latin America; Eastern Europe, Middle East & North Africa; Asia; and India.

Permanent placement

Revenues related to permanent placement services are generally recognised at the point in time the candidate begins full-time employment, or once the fee is earned and the Company has no further obligations to the customer. Allowance provisions are established based on historical information for any non-fulfilment of permanent placement obligations and presented in Other accrued expenses and recorded as a reduction of revenue. The Company provides permanent placement services in the following operating segments: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Australia & New Zealand; Latin America; Eastern Europe, Middle East & North Africa; Asia; India; and Career Transition & Talent Development.

Career transition

Revenues related to career transition are negotiated with the client on a project basis and are generally recognised over time upon rendering the services, such as consulting services where revenue is billed and recognised on an hourly basis or workshops and coaching sessions with stated fees per service. The Company also offers multi-month career transition packages or similar services in which participants are offered a range of services for a fixed price. Fees invoiced prior to providing services are deferred and recorded in Other accrued expenses until the services are rendered. These revenues are recognised based on historical usage of offered services by the participants over the duration of service period to best depict the transfer of services to the customer. Additionally, certain contracts may contain multiple performance obligations, in which case the Company allocates revenue to each performance obligation based on the standalone selling prices, generally determined based on the prices it would charge to other customers in similar circumstances. The Company provides career transition services in the following operating segments: Italy; Eastern Europe, Middle East & North Africa; India; and Career Transition & Talent Development.

Other services

Revenues related to other services include outsourcing, Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO), and talent development. Other services are generally recognised over time as the services are performed in the amount to which the Company has a right to invoice. Fees invoiced prior to providing services are deferred and recorded in Other accrued expenses until the services are rendered. The Company provides other services in the following operating segments: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Career Transition & Talent Development; Australia & New Zealand; Latin America; Eastern Europe, Middle East & North Africa; Asia; and India.

Principal vs agent

The Company determines whether it is a principal or an agent by evaluating whether it obtains control of the specified services within an arrangement. For contracts with customers in which the Company is the principal, the Company reports gross revenues and gross direct costs. Under arrangements where the Company is an agent, as is generally the case in most MSP contracts, revenues are reported on a net basis.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Discounts, rebates, and other transaction price adjustments are estimated at contract inception and recognised as reductions to sales over the duration of the contract. The Company uses historical experience to estimate these types of variable consideration and records a liability as the related revenues are recognised. The Company does not expect significant changes to its estimates of variable consideration to occur.

The Company's payment terms in its contracts vary by type and location of our customer and the services offered. The Company's client contracts are generally short-term in nature with a term of one year or less. The Company provides services in the normal course of business on arm's-length terms to entities that are affiliated with certain of its officers, Board members, and significant shareholders through investment or board directorship.

Upon rendering services to its customers, the Company generally recognises its unconditional rights to consideration as receivables presented as Trade accounts receivable, net. The period between when services are performed, the customer is billed, and when payment is due is not significant.

Practical expedients and exemptions

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected duration of one year or less and (ii) contracts for which the Company recognises revenue at the amount to which it has the right to invoice for services performed. Revenues from contracts which do not meet one of these two exemptions are not significant. Revenues from long-term temporary staffing and outsourcing contracts will generally be recognised over the next one to three years based on the agreed-upon rates and levels of services performed.

Additionally, the Company recognises incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the contract asset would be one year or less.

Note 3 – Acquisitions

The Company made acquisitions in 2020, 2019, and 2018. The Company does not consider any of its 2020, 2019, and 2018 acquisition transactions to be material, individually or in the aggregate, to its consolidated balance sheets or statements of operations.

The aggregate impact of acquisitions in 2020 and 2019 is as follows:

in EUR	2020	2019
Impact of acquisitions		
Net tangible assets/(liabilities) acquired	(3)	2
Identified intangible assets	10	8
Goodwill	19	2
Deferred tax assets/(liabilities), net		(1)
Total consideration	**26**	**11**

Total acquisition-related costs expensed in 2020, 2019, and 2018 were not significant. Acquisition-related costs are included in SG&A within the consolidated statements of operations.

Note 4 – Trade accounts receivable

in EUR	31.12.2020	31.12.2019
Trade accounts receivable	3,942	4,385
Allowance for doubtful accounts	(72)	(75)
Trade accounts receivable, net	**3,870**	**4,310**

Note 5 – Property, equipment, and leasehold improvements

in EUR	31.12.2020 Gross	31.12.2020 Accumulated depreciation	31.12.2019 Gross	31.12.2019 Accumulated depreciation
Land and buildings	3	(2)	3	(2)
Furniture, fixtures, and office equipment	106	(81)	118	(88)
Computer equipment	162	(121)	191	(144)
Capitalised software	634	(467)	606	(428)
Leasehold improvements	205	(134)	216	(154)
Total property, equipment, and leasehold improvements	**1,110**	**(805)**	**1,134**	**(816)**

Depreciation expense was EUR 128, EUR 107 and EUR 86 for 2020, 2019, and 2018, respectively.

In 2020, a write-down of EUR 18 due to changes in the expected use of certain capitalised software was recorded across multiple segments and included in SG&A within the consolidated statements of operations.

The Company recorded EUR 73, EUR 52, and EUR 35 of depreciation expense in connection with capitalised software in 2020, 2019, and 2018, respectively. The estimated future depreciation expense related to computer software is EUR 71 in 2021, EUR 57 in 2022, EUR 33 in 2023, EUR 5 in 2024 and EUR 1 in 2025.

Note 6 – Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended 31 December 2020 and 31 December 2019 are as follows:

in EUR	France	N. America, UK & I. General Staffing	N. America, UK & I. Professional Staffing	Germany, Austria, Switzerland	Japan	Italy	Benelux & Nordics	Career Transition & Talent Development	Other	Total
Changes in goodwill										
1 January 2019	**235**	**389**	**1,004**	**361**	**91**	**–**	**246**	**601**	**67**	**2,994**
Additions				1				1		2
Allocation to disposals/deconsolidations			(216)							(216)
Currency translation adjustment		13	34		2			18	(1)	66
31 December 2019	**235**	**402**	**822**	**362**	**93**	**–**	**246**	**620**	**66**	**2,846**
Additions	6		11					2		19
Allocation to disposals/deconsolidations							(22)		(4)	(26)
Impairment charge				(362)						(362)
Currency translation adjustment		(30)	(63)		(3)		(3)	(39)		(138)
31 December 2020	**241**	**372**	**770**	**–**	**90**	**–**	**221**	**583**	**62**	**2,339**

As of 31 December 2020 and 31 December 2019, the gross goodwill amounted to EUR 3,888 and EUR 4,037, respectively.

As of 31 December 2020, accumulated impairment charges amounted to EUR 1,549 of which EUR 1,405 in Germany, Austria, Switzerland, EUR 82 in Australia & New Zealand, EUR 16 in N. America, UK & I. General Staffing, EUR 38 in N. America, UK & I. Professional Staffing, and EUR 8 in India, impacted by fluctuations in exchange rates.

As of 31 December 2019, accumulated impairment charges amounted to EUR 1,191 of which EUR 1,043 in Germany, Austria, Switzerland, EUR 82 in Australia & New Zealand, EUR 17 in N. America, UK & I. General Staffing, EUR 40 in N. America, UK & I. Professional Staffing, and EUR 9 in India, impacted by fluctuations in exchange rates.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Goodwill is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount of goodwill may be impaired. In March 2020, the Company performed an interim goodwill impairment test based on management's revised five-year projections for sales and earnings and consequently recognised an impairment in Germany, Austria, Switzerland of EUR 362. The revision of management's five-year projections for sales and earnings was driven by the unprecedented degree of uncertainty related to Covid-19, compounding already challenging market dynamics in Germany. The Company performed its annual impairment test of goodwill in the fourth quarter of 2020, 2019, and 2018. The annual impairment test of goodwill in the fourth quarter of 2020 reflected management's latest projections considering its best estimates of the continued effects of and responses to the global Covid-19 pandemic. No indication of further impairment was identified. During the annual impairment test in the fourth quarter of 2019, no indication of impairment was identified. The annual impairment test of goodwill in the fourth quarter of 2018 resulted in an impairment charge in Germany, Austria, Switzerland of EUR 270.

In determining the fair value of the reporting units, the Company uses expected future revenue growth rates and profit margins, and for the long-term value a long-term growth rate of maximum 2.0%. For each reporting unit, projected cash flows are discounted to their net present values. Discount rates used during the Company's goodwill impairment tests in 2020, 2019, and 2018 ranged from 6.4% to 8.2%.

The carrying amounts of other intangible assets as of 31 December 2020 and 31 December 2019 are as follows:

	31.12.2020		31.12.2019	
in EUR	Gross	Accumulated amortisation	Gross	Accumulated amortisation
Intangible assets				
Marketing-related (trade names)	263	(61)	273	(32)
Customer base	164	(141)	193	(150)
Contract	34	(19)	57	(24)
Acquired technology	24	(19)	29	(15)
Other	3	(3)	3	(2)
Total intangible assets	**488**	**(243)**	**555**	**(223)**

Amortisation expense was EUR 81, EUR 64, and EUR 52 for 2020, 2019, and 2018, respectively.

The carrying amount of indefinite-lived intangible assets was EUR 130 and EUR 131 as of 31 December 2020 and 31 December 2019, respectively. Indefinite-lived intangible assets consist of trade names.

The Company performed its annual impairment test of indefinite-lived intangible assets in the fourth quarter of 2020, 2019, and 2018. The Company's November 2020 acquisition of Hired and the resulting strategic shift of existing digital business to the acquired technological platform triggered an impairment charge of EUR 9 in relation to certain existing definite-lived intangible assets (acquired technology, contracts and trade name) in the fourth quarter of 2020. In 2020, there was no other indication of impairment. In 2019 an impairment of intangible assets (trade names) of EUR 20 was recognised as the Company continues to streamline its brand portfolio. In 2018 the Company determined that there was no indication of impairment.

The estimated future amortisation expense related to definite-lived intangible assets is EUR 63 in 2021, EUR 43 in 2022, EUR 8 in 2023 and EUR 1 in 2024. The weighted-average amortisation period for customer base intangible assets is five years.

Note 7 – Restructuring

In 2020, the Company initiated several restructuring plans in response to the unprecedented economic impact created by the Covid-19 pandemic. Additionally, in 2017 the Company launched the GrowTogether programme to strengthen the core of its business in order to accelerate profitable growth, improve client and candidate experience, and enhance productivity.

Total restructuring costs incurred by the Company in 2020 and 2019 amounted to EUR 129 and EUR 70, respectively. Restructuring expenses are recorded in SG&A and mainly represent headcount reductions and branch optimisation. Given the dynamic nature of the Covid-19 pandemic, the amount of future restructuring expenses in connection with this programme is currently uncertain.

The following table shows the total amount of restructuring costs incurred by segment:

in EUR	2020	Cumulative costs incurred to 31.12.2020
Restructuring costs		
France	6	16
N. America, UK & I. General Staffing	17	23
N. America, UK & I. Professional Staffing	19	33
Germany, Austria, Switzerland	55	98
Benelux & Nordics	9	17
Italy		1
Japan		
Career Transition & Talent Development	11	35
Other	12	22
Corporate		13
Total restructuring costs	**129**	**258**

The changes in restructuring liabilities for the years ended 31 December 2020 and 31 December 2019 are as follows:

in EUR	2020	2019
1 January	**38**	**30**
Restructuring costs	129	70
Cash payments	(72)	(48)
Write-off of fixed assets, impairment of operating lease right-of-use assets, and other	(28)	(14)
31 December	**67**	**38**

As of 31 December 2020 and 31 December 2019, restructuring liabilities in connection with these initiatives of EUR 67 and EUR 38, respectively, were recorded in Other accrued expenses. As of 31 December 2020 and 31 December 2019, the remaining liability related to onerous leases of EUR 23 and EUR 9, respectively, was recorded in Current operating lease liabilities and Operating lease liabilities.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 8 – Equity method investments

Investments in equity affiliates as of 31 December 2020 and 31 December 2019 primarily include a 49% interest in FESCO Adecco Human Resource Services Shanghai Co., Ltd, a leading human resources provider in China. From 1 October 2019, the FESCO Adecco investments are considered to be integral to the Company's operations. As such, the Company's proportionate share of FESCO Adecco's earnings is presented separately as a component of operating income within the consolidated statements of operations.

The changes in the carrying amount of investments in equity affiliates for the years ended 31 December 2020 and 31 December 2019 are as follows:

in EUR	2020	2019
1 January	**83**	**76**
Additional equity method investments	15	2
Proportionate net income/(loss) of investee companies	20	17
Dividends and distributions received	(5)	(9)
Currency translation adjustment and other	(4)	(3)
31 December	**109**	**83**

Note 9 – Operating leases

in EUR	2020	2019
The components of Operating lease expenses in accordance with ASC Topic 842 – "Leases" are as follows:		
• Operating lease expenses	223	229
• Short-term lease expenses	8	12
• Variable lease expenses	2	1
• Sublease income	(8)	(8)
Total operating lease expenses	**225**	**234**

For the fiscal year ended 31 December (in EUR)	2020	2019
Supplemental information related to operating leases is as follows:		
• Cash paid for amounts included in the measurement of operating lease liabilities	237	228
• Operating lease right-of-use assets obtained in exchange for operating lease liabilities	194	195

As of 31 December (in EUR)	2020	2019
Operating leases weighted average:		
• Lease term	3.5 years	3.6 years
• Discount rate	3.3%	4.0%

Maturities of operating lease liabilities as of 31 December 2020 are as follows:

in EUR	31.12.2020
2021	183
2022	106
2023	70
2024	46
2025	28
Thereafter	24
Total future undiscounted lease payments	**457**
• Less imputed interest	(28)
Total operating lease liabilities	**429**
Current operating lease liabilities	178
Long-term operating lease liabilities	251

As of 31 December 2020, future undiscounted operating lease payments that have not yet commenced and are not included in the table above amounted to EUR 5. The Company has certain rights and obligations for these operating leases but has not recognised an operating lease right-of-use asset or an operating lease liability in the consolidated balance sheet as these operating leases have not yet commenced.

Supplemental information for comparative periods

Total rent expense under operating leases in accordance with ASC Topic 840, "Operating Leases" amounted to EUR 241 in 2018.

Note 10 – Financing arrangements

Short-term debt

As of 31 December 2020 and 31 December 2019, bank overdrafts and other short-term borrowings amounted to EUR 45 and EUR 56, respectively.

French commercial paper

In August 2010, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, established a French commercial paper programme ("Billet de Trésorerie programme"). Under the programme, Adecco International Financial Services BV may issue short-term commercial paper up to a maximum amount of EUR 500, with maturity per individual paper of 365 days or less. The proceeds are used to fund short-term working capital and borrowing requirements. The paper is usually issued at a discount and repaid at nominal amount at maturity. The discount represents the interest paid to the investors on the commercial paper. The programme is guaranteed by Adecco Group AG. No commercial paper was outstanding as of 31 December 2020 or 31 December 2019.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Long-term debt

The Company's long-term debt as of 31 December 2020 and 31 December 2019 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2020	31.12.2019
20-year guaranteed Japanese Yen fixed rate notes	JPY 7,000	2039	1.14%	55	57
15-year guaranteed Japanese Yen fixed rate notes	JPY 6,000	2033	1.05%	47	49
10.25-year guaranteed Norwegian Krone fixed rate notes	NOK 500	2030	2.65%	48	
10.5-year guaranteed Euro medium-term notes	EUR 300	2029	1.25%	311	302
8-year Swiss Franc fixed rate notes	CHF 100	2026	0.875%	93	92
5.5-year Swiss Franc fixed rate notes	CHF 225	2025	0.875%	207	
8-year guaranteed Euro medium-term notes	EUR 500	2024	1.0%	504	506
7-year guaranteed Euro medium-term notes	EUR 300	2022	1.5%	300	301
4-year guaranteed USD medium-term notes	USD 300	2021	2.625%	249	270
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%		115
Other				2	1
				1,816	1,693
Less current maturities				(249)	(116)
Long-term debt, less current maturities				**1,567**	**1,577**

20-year guaranteed Japanese Yen fixed rate notes due 2039

On 12 April 2019, Adecco Financial Services (North America), LLC, a wholly owned subsidiary of the Company, issued JPY 7,000 medium-term 20-year notes with a coupon of 1.14% (2039 notes), guaranteed by Adecco Group AG, due on 12 April 2039. The notes were issued within the framework of the Euro Medium-Term Note Programme. The proceeds were used for general corporate purposes.

The Company has entered into cash flow hedges of the 2039 notes, which are further discussed in Note 14.

15-year guaranteed Japanese Yen fixed rate notes due 2033

On 3 October 2018, Adecco Financial Services (North America), LLC, a wholly owned subsidiary of the Company, issued JPY 6,000 medium-term 15-year notes with a coupon of 1.05% (2033 notes), guaranteed by Adecco Group AG, due on 3 October 2033. The notes were issued within the framework of the Euro Medium-Term Note Programme. The proceeds were used for general corporate purposes.

The Company has entered into cash flow hedges of the 2033 notes, which are further discussed in Note 14.

10.25-year guaranteed Norwegian Krone fixed rate notes due 2030

On 29 May 2020, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued NOK 500 fixed rate notes with a coupon of 2.65% (2030 notes), guaranteed by Adecco Group AG, due on 29 August 2030. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes.

The Company has entered into cash flow hedges of the 2030 notes, which are further discussed in Note 14.

10.5-year guaranteed Euro medium-term notes due 2029

On 20 May 2019, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 300 medium-term 10.5-year notes with a coupon of 1.25% (2029 notes), guaranteed by Adecco Group AG, due on 20 November 2029, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were primarily used to partially buyback the 2022 notes.

The Company has entered into fair value hedges of the 2029 notes, which are further described in Note 14.

8-year Swiss Franc fixed rate notes due 2026

On 18 September 2018, Adecco Group AG issued CHF 100 fixed rate notes with a coupon of 0.875% (2026 notes) due on 18 September 2026, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

The Company has entered into fair value hedges of the 2026 notes, which are further discussed in Note 14.

5.5-year Swiss Franc fixed rate notes due 2025

On 27 May 2020, Adecco Group AG issued CHF 225 fixed rate notes with a coupon of 0.875% (2025 notes) due on 27 November 2025, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

The Company has entered into fair value hedges of the 2025 notes, which are further discussed in Note 14.

8-year guaranteed Euro medium-term notes due 2024

On 2 December 2016, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term 8-year notes with a coupon of 1.0% (2024 notes), guaranteed by Adecco Group AG, due on 2 December 2024, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were primarily used to partially buyback long-term debt that matured in 2018 and 2019.

The Company has entered into fair value hedges of the 2024 notes, which are further described in Note 14.

7-year guaranteed Euro medium-term notes due 2022

On 18 May 2015, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term 7-year notes with a coupon of 1.5% (2022 notes), guaranteed by Adecco Group AG, due on 22 November 2022, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes. In May 2019, the Company bought back EUR 200 nominal value at 105.223% of the outstanding 2022 notes and incurred a loss of EUR 10 on the buyback included in Other income/(expenses), net. The buyback reduced the nominal value of the outstanding principal of the 2022 notes to EUR 300.

The Company has entered into fair value hedges of the 2022 notes, which are further described in Note 14.

4-year guaranteed USD medium-term notes due 2021

On 21 November 2017, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued USD 300 medium-term 4-year notes with a coupon of 2.625% (2021 notes), guaranteed by Adecco Group AG, due on 21 November 2021, but callable by the Company at par within two months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes.

The Company has entered into fair value hedges of the 2021 notes, which are further described in Note 14.

8-year Swiss Franc fixed rate notes due 2020

On 18 July 2012, Adecco Group AG issued CHF 125 fixed rate notes with a coupon of 2.625% due on 18 December 2020. The notes were issued within the framework of the Euro Medium-Term Note Programme and traded on the SIX Swiss Exchange. The proceeds were used to fund the share buyback programme approved by the Board of Directors in June 2012.

On 18 December 2020, the Company repaid the 2020 notes at maturity.

Payments of long-term debt translated using 31 December 2020 exchange rates are due as follows:

in EUR	2021	2022	2023	2024	2025	Thereafter	Total
Payments due by year	249	301	–	505	207	554	1,816

Other credit facilities

Committed multicurrency revolving credit facility

The Company maintains a committed 5-year EUR 600 multicurrency revolving credit facility with two 1-year extension options, with a maturity date of April 2023. In March 2020, the second 1-year extension option was exercised, and the maturity date of the credit facility was extended to April 2025. The facility is used for general corporate purposes including refinancing of advances and outstanding letters of credit. The interest rate is based on LIBOR, or EURIBOR for drawings denominated in Euro, plus a margin between 0.225% and 0.55% per annum, depending on certain net debt-to-EBITDA ratios. The applicable margin levels set out above will be subject to further variation in accordance with certain "ESG Score" provisions. In addition to the interest rate costs, a utilisation fee of 0.075%, 0.15%, or 0.30% applies for total utilisation of up to 33.33%, 66.67%, and above 66.67% of the facility amount, respectively. No utilisation fee shall be payable while the facility is unutilised. The letter of credit fee equals the applicable margin, and the commitment fee equals 35% of the applicable margin. As of 31 December 2020 and 31 December 2019, there were no outstanding borrowings under the credit facility.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 11 – Shareholders' equity

Authorised shares and appropriation of available earnings

As of 31 December 2020, Adecco Group AG had 186,680,377 authorised shares, of which 163,124,177 were registered and issued. As of 31 December 2019, Adecco Group AG had 186,911,377 authorised shares, of which 163,344,177 were registered and issued. As of 31 December 2018, Adecco Group AG had 190,304,723 authorised shares, of which 166,575,927 were registered and issued.

Adecco Group AG may only pay dividends based on the requirements of the Swiss Code of Obligations, Articles of Incorporation, and based on the shareholders' equity reflected in the standalone financial statements of Adecco Group AG, the holding company of the Adecco Group, prepared in accordance with Swiss law. As of 31 December 2020, the standalone financial statements of Adecco Group AG included shareholders' equity of CHF 3,759 (EUR 3,477), of which CHF 16 represent share capital, CHF (97) represent treasury shares, and CHF 3,840 represent reserves and retained earnings. Of the CHF 3,840 balance, an amount of CHF 3 representing 20% of share capital, is restricted based on the Swiss Code of Obligations and cannot be distributed as dividends.

At the 2020 Annual General Meeting of Shareholders (AGM), the shareholders approved a dividend of CHF 2.50 per share outstanding in respect of the fiscal year 2019. The entire dividend of EUR 381 was directly distributed to shareholders from voluntary retained earnings in April 2020.

For 2020, the Board of Directors of Adecco Group AG will propose a dividend of CHF 2.50 per share outstanding for the approval of shareholders at the 2021 AGM of Shareholders to be distributed from voluntary retained earnings to the shareholders.

Treasury shares

In 2020, 2019, and 2018, the number of treasury shares acquired on the regular trading line amounted to 1,215,000, 319,583, and 84,423, respectively, and the net consideration paid amounted to EUR 46, EUR 15, and EUR 5, respectively.

In 2020, 2019 and 2018, the Company awarded 32,050 treasury shares, 26,559 treasury shares, and 25,960 treasury shares, respectively, to the Board of Directors as part of their remuneration package (refer to section 8.4, "Remuneration of the Board of Directors for 2020 and shareholding as at 31 December 2020" within the Remuneration Report). In addition, in 2020, 2019, and 2018, 244,506 treasury shares, 191,168 treasury shares, and 237,347 treasury shares, respectively, were used to settle share awards under the long-term incentive plan (LTIP).

As of 31 December 2020, the treasury shares are intended to be used for the settlement of the Company's LTIP (for further details refer to Note 12) as well as for the Board of Directors' remuneration.

The Company launched the following share buyback programmes on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 150 announced in March 2018 (completed in March 2019); and
- EUR 600 announced in February 2020 (not yet commenced).

As of 31 December 2020, 31 December 2019, and 31 December 2018, Adecco Group AG held no shares, 220,000 shares, and 2,073,000 shares, respectively, acquired under the share buyback programmes. The Company acquired no shares in 2020, 1,378,750 shares for EUR 61 in 2019, and 2,451,760 shares for EUR 113 in 2018, respectively, under the share buyback programmes.

At the 2020 AGM, the shareholders approved the cancellation of 220,000 treasury shares acquired under the share buyback programme (completed in March 2019) and the corresponding reduction of Adecco Group AG's share capital by 220,000 registered shares with a nominal value of CHF 0.10 each. The cancellation of 220,000 treasury shares was completed on 6 July 2020. Effective 6 July 2020 the share capital of the Company amounts to CHF 16 divided into 163,124,177 shares.

No dividends are distributed in relation to treasury shares.

Accumulated other comprehensive income/(loss), net

The components of Accumulated other comprehensive income/(loss), net of tax, are as follows:

in EUR	31.12.2020	31.12.2019	31.12.2018
Currency translation adjustment	(355)	(112)	(179)
Change in fair value of marketable securities	2	1	
Change in fair value of cash flow hedges	(20)	(4)	(1)
Currency translation adjustment of net investment hedges	13	(39)	(48)
Pension-related adjustments	(73)	(59)	(45)
Accumulated other comprehensive income/(loss), net	**(433)**	**(213)**	**(273)**

In 2020, 2019, and 2018, an amount of EUR 3 (net of tax of EUR 1), EUR 3 (net of tax of EUR 2), and EUR 1 (net of tax of less than EUR 1), respectively, was reclassified from Accumulated other comprehensive income/(loss), net to line item "Other income/(expenses), net" in the statement of operations, in connection with pension-related adjustments. Additionally, an amount of EUR 11 (net of tax of EUR 2), EUR 3 (net of tax of less than EUR 1) and EUR 1 (net of tax of EUR 1) was reclassified from accumulated other comprehensive income/(loss), net to "Other income/(expenses), net" and "Interest expense" in the statement of operations in connection with cash flow hedging activities in 2020, 2019 and 2018, respectively.

Note 12 – Stock-based compensation

As of 31 December 2020, the Company had non-vested share awards outstanding relating to its common shares. Compensation expense of EUR 16, EUR 12, and EUR 12, was recognised in 2020, 2019, and 2018, respectively, in connection with the non-vested share awards granted in 2020, 2019, and 2018. The total income tax benefit recognised related to stock compensation amounted to EUR 2 in 2020, EUR 2 in 2019, and EUR 2 in 2018.

Non-vested share award plans

Performance share awards were granted in March 2020, 2019, and 2018 to the members of the Executive Committee (EC) under the Company's LTIP. The awards contain an undertaking to deliver a number of Adecco Group AG shares to the participants of the plan after the end of the performance period (end of performance period for the 2020, 2019, and 2018 awards 31 December 2022, 31 December 2021, and 31 December 2020, respectively). The requisite service period represents three calendar years starting on 1 January 2020, 1 January 2019, and 1 January 2018, respectively. The delivery of the shares will be made provided and to the extent that the predefined market and performance targets are met. Those awards that do not vest due to lack of fulfilment lapse immediately.

The awards granted in 2020, 2019, and 2018 relate to the relative change in the Company's shareholder value including reinvested dividends (total shareholder return (TSR)), compared to that of a predefined group of peers (relative TSR awards).

In addition, service condition awards (restricted share unit awards (RSU awards)) were granted in 2020, 2019, and 2018 to a further group of senior managers (approximately 270 individuals in total in each respective year) under the LTIP. The vesting of the RSU awards is not subject to performance targets, but to forfeiture provisions. Provided that the employment relationship continues:

- RSU awards granted to non-French employees will vest in equal portions over a period of three years at the anniversary of the date of grant.
- RSU awards granted to French employees cliff-vest at the second anniversary of the date of grant and their requisite service period represents two calendar years starting on 1 January 2020 for 2020 awards, 1 January 2019 for 2019 awards, and 1 January 2018 for 2018 awards.

In 2020, special RSU awards (sRSU awards) were granted to a group of senior managers (281 individuals in total). The vesting of the sRSU awards is not subject to performance targets, but to forfeiture provisions. Provided that the employment relationship continues:

- sRSU awards granted to non-French employees will vest in equal portions over a period of three years at the anniversary of the date of grant.
- sRSU awards granted to French employees are subject to a 3-year tiered vesting period, with 67% of the awards vesting after two years and the remaining 33% vesting after three years at the anniversary of the date of grant.

In 2020, a new EC member received replacement awards in the form of RSUs (RSU replacement awards) and TSR awards (TSR replacement awards) and nine new employees received RSU replacement awards to compensate for outstanding deferred awards forfeited as a result of joining the Company. RSU replacement awards granted to the new EC member are subject to a 3-year tiered vesting period, with 50% of the awards vesting after two years and the remaining 50% vesting after 3 years at the anniversary of the date of grant. TSR replacement awards granted to the new EC member are subject to a 1.5-year tiered vesting period, with 48% of the awards vesting after 0.5 years and the remaining 52% vesting after 1.5 years at the anniversary of the date of grant. RSU replacement awards granted to non-EC members vest in equal portions over a period of 3 years at the anniversary of the date of grant.

In 2019, a new EC member and two new employees received replacement awards in the form of RSUs (RSU replacement awards) to compensate for outstanding deferred awards forfeited as a result of joining the Company. RSU replacement awards granted to the new EC member are subject to a 3-year tiered vesting period, with 50% of the awards vesting after two years and the remaining 50% vesting after 3 years at the anniversary of the date of grant. RSU replacement awards granted to non-EC members vest in equal portions over a period of 3 years at the anniversary of the date of grant.

The plan foresees that participants who terminate their employment with the Company at their own will and those who receive notice of termination for cause before the end of the performance period (in the case of performance share awards) and before the end of the vesting period (in the case of RSU awards), will no longer be entitled to the vesting of the awards. In case of an involuntary termination without cause before the end of the performance period, a time-weighted pro-rata portion of the unvested performance share awards granted in 2020, 2019, and 2018 will vest at the regular vesting date, depending on the level of target achievement. In case of an involuntary termination without cause before the end of the vesting period, a time-weighted pro-rata portion of the unvested RSU awards will vest at the regular vesting date. The Company bases its forfeiture rate estimations on historically observed rates as well as on employment trends of the plan participants.

TSR awards

The fair value of the relative TSR awards was determined based on the grant date market price of the Adecco Group AG share, less a discount for not being entitled to any dividends over the vesting period, multiplied by the probability factor estimated on the date of grant using the Monte Carlo simulation, with an additional discount applied due to a 2-year post-vesting restriction on the sale of share awards. The Monte Carlo simulation runs a very large number of share price simulations based on various parameters (share prices, volatilities, dividends, expected returns, etc.). The average result of these simulations provides the probability that the Company's TSR targets will be achieved. The implied volatility was determined by reference to the implied volatilities of the Company's peer group as provided by Standard & Poor's financial research database CapitalIQ. The expected dividend yield is based on actual dividends paid.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

The risk-free rate is extracted from the Swiss government bond yield curve, which is constructed by interpolation out of the observed trading prices of various Swiss government bonds. The assumptions used are as follows:

	2020	2019	2018
Assumptions used for the estimation of the fair value of the TSR awards			
Implied at-the-money volatility	**24.5%**	21.1%	19.8%
Expected dividend yield	**4.04%**	4.70%	3.60%
Expected term	**3 years**	3 years	3 years
Risk-free rate	**n/a**	n/a	n/a

Since the probability of the market condition being met is considered in the fair value of the TSR awards, compensation expense is recognised on a straight-line basis over the requisite service period regardless of fulfilment of the market condition.

A summary of the status of the Company's non-vested TSR awards as of 31 December 2020, 31 December 2019, and 31 December 2018 and changes during those years is as follows:

	Relative TSR awards	
	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of the non-vested TSR awards		
Non-vested share awards outstanding as of 1 January 2018	**392,395**	**25**
Granted	205,475	22
Forfeited	(19,498)	23
Lapsed	(13,469)	31
Vested		
Non-vested share awards outstanding as of 31 December 2018	**564,903**	**24**
Granted	224,117	18
Forfeited	(5,638)	22
Lapsed	(158,507)	24
Vested	(33,629)	24
Non-vested share awards outstanding as of 31 December 2019	**591,246**	**22**
Granted[1]	181,997	27
Forfeited	(25,716)	21
Lapsed	(117,551)	27
Vested	(63,862)	27
Non-vested share awards outstanding as of 31 December 2020	**566,114**	**22**

1 Includes TSR replacement awards

EBITA margin awards and EPS awards

The fair value of the EBITA margin awards and the EPS awards were determined based on the grant date market price of the Adecco Group AG share less a discount for not being entitled to any dividends over the vesting period. An additional discount is applied to determine the fair value of the EBITA margin awards and EPS awards granted to French participants due to a 2-year post-vesting restriction on the sale of share awards. Compensation expense of such performance condition share awards is recognised on a straight-line basis over the requisite service period, based on estimated achievement which is assessed on a quarterly basis. The expense impact of changes in the estimated attainment is recognised in the quarter of change as a cumulative adjustment to prior quarters' expense. No EBITA margin awards or EPS awards were awarded in 2020, 2019, or 2018. There were no EBITA margin awards or EPS awards outstanding as of 31 December 2018.

A summary of the Company's non-vested EBITA margin awards and EPS awards as of 31 December 2018 is as follows:

	EBITA margin awards		EPS awards	
	Number of shares	Weighted-average grant date fair value per share (in CHF)	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of the non-vested EBITA margin awards and EPS awards				
Non-vested share awards outstanding as of 1 January 2018	**26,938**	**72**	**26,938**	**72**
Granted				
Forfeited				
Lapsed	(14,542)	72		
Vested	(12,396)	72	(26,938)	72
Non-vested share awards outstanding as of 31 December 2018	**–**	**–**	**–**	**–**

RSU awards

The fair value of the RSU awards was determined based on the grant date market price of the Adecco Group AG share less a discount for not being entitled to any dividends over the vesting period. An additional discount is applied to determine the fair value of the RSU awards granted to all participants due to a 2-year post-vesting restriction on the sale of share awards. The discount is not applied to determine the fair value of the RSU replacement awards and the sRSU awards as no post-vesting restriction applies. Compensation expense of such service condition share awards is recognised on a straight-line basis over the requisite service period, taking into account estimated employee forfeitures.

A summary of the status of the Company's non-vested RSU awards as of 31 December 2020, 31 December 2019, and 31 December 2018 and changes during those years are as follows:

	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of non-vested RSU awards		
Non-vested share awards outstanding as of 1 January 2018	**365,788**	**60**
Granted	206,379	51
Forfeited	(42,884)	53
Cancelled	(1,116)	56
Vested	(198,013)	58
Non-vested share awards outstanding as of 31 December 2018	**330,154**	**52**
Granted[1]	276,066	38
Forfeited	(38,441)	44
Cancelled		
Vested	(157,539)	52
Non-vested share awards outstanding as of 31 December 2019	**410,240**	**42**
Granted[1,2]	870,431	30
Forfeited	(106,637)	31
Cancelled	(3,730)	24
Vested	(180,644)	44
Non-vested share awards outstanding as of 31 December 2020	**989,660**	**31**

1 Includes RSU replacement awards

2 Includes sRSU awards

As of 31 December 2020, the total unrecognised compensation expense related to non-vested share awards amounted to EUR 24. The cost is expected to be recognised over a weighted-average period of one and a half years. The total fair value of share awards vested in 2020, 2019, and 2018 amounted to EUR 8, EUR 9, and EUR 15, respectively.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 13 – Employee benefit plans

In accordance with local regulations and practices, the Company has various employee benefit plans, including defined contribution and both contributory and non-contributory defined benefit plans.

Defined contribution plans and other arrangements

The Company recorded an expense of EUR 73 in 2020, EUR 85 in 2019, and EUR 100 in 2018 in connection with defined contribution plans, and an expense of EUR 66, EUR 65, and EUR 68 in connection with the Italian employee termination indemnity arrangement in 2020, 2019, and 2018, respectively.

The Company sponsors several non-qualified defined contribution plans in the USA for certain of its employees. These plans are partly funded through Rabbi trusts, which are consolidated in the Company's financial statements. As of 31 December 2020 and 31 December 2019, the assets held in the Rabbi trusts amounted to EUR 142 and EUR 144, respectively. The related pension liability totalled EUR 132 and EUR 141 as of 31 December 2020 and 31 December 2019, respectively.

Certain employees in Sweden are covered under the ITP multi-employer pension plan (employer identification number 55927) administered by a union. The data available from the administrator of the plan (Alecta) is not sufficient to determine the projected benefit obligation or the net assets attributable to the Company. Consequently, this plan is reported as a defined contribution plan. As of 31 December 2020 and 31 December 2019, Alecta managed approximately EUR 84,500 and EUR 75,900, respectively, of plan assets on behalf of 2.6 million private individuals and 35,000 companies. Total contributions made by all plan members to this plan in 2019 amounted to EUR 4,996. The information on total contributions made by all plan members in 2020 has not yet been published by Alecta. Contributions made to this plan by the Company amounted to EUR 2 in 2020, EUR 2 in 2019, and EUR 2 in 2018.

Defined benefit plans

The Company sponsors defined benefit plans principally in Switzerland, India and the UK. These plans provide benefits primarily based on years of service and level of compensation, and are in accordance with local regulations and practices. The defined benefit obligations and related assets of all major plans are reappraised annually by independent actuaries. The measurement date in 2020 and 2019 for all defined benefit plans was 31 December. Plan assets are recorded at fair value, and consist primarily of equity securities, debt securities, and alternative investments. The projected benefit obligation (PBO) is the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future pay increases. The accumulated benefit obligation (ABO) is the actuarial present value of benefits attributable to employee service rendered to date, but excluding the effects of estimated future pay increases.

Actuarial gains and losses are recognised as a component of Other comprehensive income/(loss), net, in the period when they arise. Those amounts are subsequently recognised as a component of net periodic pension cost using the corridor method.

The components of pension expense, net, for the defined benefit plans are as follows:

	Swiss plan			Non-Swiss plans		
in EUR	2020	2019	2018	2020	2019	2018
Components of pension expense						
Service cost	19	19	19	13	13	7
Interest cost	1	2	1	10	10	2
Expected return on plan assets	(8)	(6)	(6)	(11)	(9)	(2)
Amortisation of prior years' service costs	(1)	(1)	(1)	2	1	1
Amortisation of net actuarial (gain)/loss		1		3	2	1
Pension expense, net	**11**	**15**	**13**	**17**	**17**	**9**

All components of pension expense, net, other than service cost, are included in the line item "Other income/(expenses), net" in the statement of operations.

The following table provides a reconciliation of the changes in the benefit obligations, the change in the fair value of plan assets, and the funded status of the Company's defined benefit plans as of 31 December 2020 and 31 December 2019:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Pension liabilities and assets				
Projected benefit obligation, beginning of year	**340**	**284**	**273**	**228**
Service cost	19	19	13	13
Interest cost	1	2	10	9
Participants' contributions	66	66	6	14
Plan amendments				8
Net actuarial (gain)/loss	16	34	6	18
Benefits paid	(86)	(76)	(17)	(18)
Settlement				(1)
Foreign currency translation	1	11	(16)	2
Projected benefit obligation, end of year	**357**	**340**	**275**	**273**
Plan assets, beginning of year	**364**	**296**	**178**	**160**
Actual return on assets	8	45	9	11
Employer contributions	20	21	4	8
Participants' contributions	66	66	6	14
Benefits paid	(86)	(76)	(10)	(15)
Settlement				(1)
Foreign currency translation	2	12	(15)	1
Plan assets, end of year	**374**	**364**	**172**	**178**
Funded status of the plan	**17**	**24**	**(103)**	**(95)**
Accumulated benefit obligation, end of year	**349**	**333**	**261**	**263**

The following amounts are recognised in the consolidated balance sheets as of 31 December 2020 and 31 December 2019:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Pension-related assets				
Other assets	17	24	5	5
Pension-related liabilities				
Other accrued expenses			(3)	(3)
Other liabilities			(105)	(97)
Total	**17**	**24**	**(103)**	**(95)**

As of 31 December 2020, the Company recognised a net actuarial loss of EUR 44 and EUR 41 for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively, in Accumulated other comprehensive income/(loss), net. Furthermore, a net gain of EUR 1 and a net loss of EUR 9 of prior years' service costs were recognised in Accumulated other comprehensive income/(loss), net, as of 31 December 2020, for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

As of 31 December 2019, the Company recognised a net actuarial loss of EUR 23 and EUR 32 for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively, in accumulated other comprehensive income/(loss), net. Furthermore, a net gain of EUR 1 and a net loss of EUR 5 of prior years' service costs were recognised in Accumulated other comprehensive income/(loss), net, as of 31 December 2019, for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively.

For plans with a PBO in excess of the fair value of plan assets as of 31 December 2020 and 31 December 2019, the total PBO was EUR 175 and EUR 167, respectively, and the fair value of the plan assets of those plans was EUR 68 and EUR 67, respectively.

For plans with an ABO in excess of the fair value of plan assets as of 31 December 2020 and 31 December 2019, the total ABO was EUR 162 and EUR 157, respectively, and the fair value of the plan assets of those plans was EUR 68 and EUR 67, respectively.

The overall expected long-term rate of return on plan assets for the Company's defined benefit plans is based on inflation rates, inflation-adjusted interest rates, and the risk premium of equity investments above risk-free rates of return. Long-term historical rates of return are adjusted when appropriate to reflect recent developments.

The assumptions used for the defined benefit plans reflect the different economic conditions in the various countries. The weighted-average actuarial assumptions are as follows:

	Swiss plan			Non-Swiss plans		
in %	2020	2019	2018	2020	2019	2018
Weighted-average actuarial assumptions						
Discount rate	0.0	0.1	0.8	2.2	3.1	1.9
Rate of increase in compensation levels	2.1	2.1	2.1	2.1	2.2	1.5
Expected long-term rate of return on plan assets	2.2	2.2	2.2	6.2	6.6	3.6
Weighted-average interest crediting rate	1.0	1.0	1.0	8.5	8.7	

The investment policy and strategy for the assets held by the Company's pension plans focus on using various asset classes in order to achieve a long-term return on a risk-adjusted basis. Factors included in the investment strategy are the achievement of consistent year-over-year results, effective and appropriate risk management, and effective cash flow management. The investment policy defines a strategic asset allocation and a tactical allocation through bands within which the actual asset allocation is allowed to fluctuate. The strategic asset allocation has been defined through asset-liability studies that are undertaken at regular intervals by independent pension fund advisors or by institutional asset managers. Actual invested positions change over time based on short- and long-term investment opportunities. Equity securities include publicly traded stock of companies located inside and outside Switzerland. Debt securities include corporate bonds from companies from various industries as well as government bonds. Alternative investments include interest rate risk management funds (liability-driven investments) and foreign exchange forwards used to hedge the foreign exchange risk of alternative investments. Real estate funds primarily consist of investments made through a single real estate fund with daily pricing and liquidity.

The Swiss and non-Swiss pension plans' target weighted-average asset allocations as of 31 December 2020 and 31 December 2019, by asset category, are as follows:

	Swiss plan	Non-Swiss plans
in %	Target allocation range	Target allocation range
Weighted-average asset allocations		
Equity securities	20-50	0-5
Debt securities	15-50	45-80
Real estate	10-30	0-5
Other	0-50	0-100

The actual asset allocations of the plans are in line with the target asset allocations.

The table below sets forth the fair value of the Company's pension plan assets as of 31 December 2020 and as of 31 December 2019. Certain investments that are measured at fair value using the Net Asset Value (NAV) per share as a practical expedient have not been categorised in the fair value hierarchy. The fair value amounts presented in this table provide a reconciliation of the fair value hierarchy to the total value of plan assets.

31 December 2020

	Swiss plan				Non-Swiss plans			
in EUR	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category								
Cash and cash equivalents	28			28	17			17
Equity securities:								
• Switzerland	68			68				
• Rest of the World	83			83	4			4
Debt securities:								
• Government bonds	23			23	27	15		42
• Corporate bonds	72			72	58	4		62
Alternative investments:								
• Commodity funds/private equity	10			10	5			5
• Alternative investment funds	1	12		13	3	16		19
Real estate funds	54			54				
Other					1		22	23
Net plan assets subject to levelling	**339**	**12**		**351**	**115**	**35**	**22**	**172**
Investments using NAV as a practical expedient:								
Alternative investments:								
• Commodity funds/private equity				10				
Real estate funds				13				
Investments at fair value				**374**				**172**

Notes to consolidated financial statements (continued)

in millions, except share and per share information

31 December 2019

in EUR	Swiss plan Level 1	Swiss plan Level 2	Swiss plan Level 3	Swiss plan Total	Non-Swiss plans Level 1	Non-Swiss plans Level 2	Non-Swiss plans Level 3	Non-Swiss plans Total
Asset category								
Cash and cash equivalents	12			12	9			9
Equity securities:								
• Switzerland	65			65				
• Rest of the World	92			92				
Debt securities:								
• Government bonds	19			19	46	14		60
• Corporate bonds	75			75	51	4		55
Alternative investments:								
• Commodity funds/private equity	16			16	9			9
• Alternative investment funds		11		11	4	17		21
Real estate funds	52			52				
Other					4		20	24
Net plan assets subject to levelling	**331**	**11**		**342**	**123**	**35**	**20**	**178**
Investments using NAV as a practical expedient:								
Alternative investments:								
• Commodity funds/private equity				11				
Real estate funds				11				
Investments at fair value				**364**				**178**

A reconciliation of the change in the fair value measurement of the defined benefit plans' consolidated assets using significant unobservable inputs (Level 3) during the years ended 31 December 2020 and 31 December 2019 is as follows:

in EUR	Non-Swiss plans
Balance as of 1 January 2019	**20**
Purchases, sales, and settlements, net	
Balance as of 31 December 2019	**20**
Purchases, sales, and settlements, net	2
Balance as of 31 December 2020	**22**

The Company expects to contribute EUR 21 to its pension plan in Switzerland and EUR 5 to its non-Swiss plans in 2021.

Future benefit payments, which include expected future service, are estimated as follows:

in EUR	Swiss plan	Non-Swiss plans
Future benefit payments		
2021	28	46
2022	25	32
2023	22	24
2024	21	19
2025	19	16
2026–2030	74	61

Note 14 – Financial instruments

Risk and use of derivative instruments

The Company conducts business in various countries and funds its subsidiaries in various currencies and is therefore exposed to the effects of changes in foreign currency exchange rates. In order to mitigate the impact of currency exchange rate fluctuations, the Company assesses its exposure to currency risk and hedges certain risks through the use of derivative instruments.

As the Company is exposed to interest rate risk through its financial investments and borrowings, the Company manages this risk using derivative financial instruments such as interest rate swaps. Using inputs such as management guidance, macro environment and financial market conditions as well as underlying exposure duration, the Company endeavours to optimise its fixed/floating rate mix profile and optimally manage interest expense. The Company has entered into interest rate swaps to hedge or offset the fixed interest rates on the hedged item, matching the amount and timing of the hedged item and subsequently allowing it to adapt the profile of its outstanding debt.

The main objective of holding derivative instruments is to minimise the volatility of earnings arising from these exposures in the absence of natural hedges. The responsibility for assessing exposures as well as entering into and managing derivative instruments is centralised in the Company's treasury department. The activities of the treasury department are covered by corporate policies and procedures approved by the Board of Directors, which limit the use of derivative instruments for trading and speculative purposes. Group management approves the hedging strategy and monitors the underlying market risks.

Fair value of non-derivative financial instruments

The following table shows the carrying value and the fair value of non-derivative financial instruments as of 31 December 2020 and 31 December 2019:

in EUR	31.12.2020 Carrying value	31.12.2020 Fair value	31.12.2019 Carrying value	31.12.2019 Fair value
Non-derivative financial instruments				
Current liabilities:				
• Current maturities of long-term debt	249	253	116	120
Non-current liabilities:				
• Long-term debt, less current maturities	1,567	1,647	1,577	1,601

The Company uses the following methods and assumptions to estimate the fair value of each class of non-derivative financial instruments:

- Cash equivalents, trade accounts receivable, net, accounts payable, and short-term debt: the carrying amount approximates the fair value given the short maturity of such instruments.
- Long-term debt, including current maturities: the fair value of the Company's publicly traded long-term debt is estimated using quoted market prices (refer to Note 10 for details of debt instruments).

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Fair value of derivative financial instruments

The following table shows the notional amount and the fair value of derivative financial instruments as of 31 December 2020 and 31 December 2019:

in EUR	Balance sheet location	Notional amount 31.12.2020	Notional amount 31.12.2019	Fair value 31.12.2020	Fair value 31.12.2019
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	580	997	12	21
• FX options	Other current assets	205		2	
• Interest rate swaps	Other current assets	246		5	
• Interest rate swaps	Other assets	442	618	17	13
• Cross-currency interest rate swaps	Other assets	48		1	
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	796	60	8	
• Cross-currency interest rate swaps	Other assets	48	49	6	3
Derivative liabilities					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	473	198	2	1
• FX options	Other accrued expenses	205			
• Interest rate swaps	Other liabilities	208		1	
• Cross-currency interest rate swaps	Other liabilities	103	107	16	5
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	401	439	9	13
• Cross-currency interest rate swaps	Other liabilities	48	337	6	24
Total net derivative asset/(liability)				17	(6)

In addition, accrued interest receivable on interest rate swaps of EUR 1 and less than EUR 1 was recorded in Other current assets as of 31 December 2020 and 31 December 2019, respectively. As of 31 December 2020, accrued interest receivable and payable on cross-currency interest rate swaps of less than EUR 1 and EUR (1) was recorded in Other current assets and Other accrued expenses, respectively. As of 31 December 2019, accrued interest receivable and payable on cross-currency interest rate swaps of less than EUR 1 and less than EUR (1) was recorded in Other current assets and Other accrued expenses, respectively.

The fair values of interest rate swaps and foreign currency contracts are calculated using the present value of future cash flows based on observable market inputs. FX options are valued based on a Black-Scholes model, using major observable market inputs, such as volatility and exercise price. The Company adds an adjustment for non-performance risk in the recognised measure of fair value of derivative instruments. The non-performance adjustment reflects the Credit Default Swap (CDS) applied to the exposure of each transaction. The Company uses the counterparty CDS spread in the case of an asset position and its own CDS spread in the case of a liability position. As of 31 December 2020 and 31 December 2019, the total impact of non-performance risk and liquidity risk was an adjustment of less than EUR 1.

Fair value hedges

Interest rate swaps that contain a receipt of fixed interest rate amounts and payment of floating interest rate amounts have been designated as fair value hedges for a portion of the EUR and USD notes issued by Adecco International Financial Services BV and the CHF notes issued by Adecco Group AG.

The following table shows the gain/(loss) recognised in earnings related to the fair value hedges and the hedged items as of 2020, 2019, and 2018:

in EUR	Location of gain/(loss) in Consolidated statements of operations	2020 Recognised on derivatives	2020 Recognised on hedged items	2019 Recognised on derivatives	2019 Recognised on hedged items	2018 Recognised on derivatives	2018 Recognised on hedged items
Derivatives designated as fair value hedges							
• Interest rate swap	Interest expense	9	(8)	18	(17)	8	(8)

In addition, the Company recorded a gain of EUR 3 in 2020, EUR 1 in 2019, and less than EUR 1 in 2018, in Interest expense related to the amortisation of terminated hedges.

Furthermore, the net swap settlements that accrue each period are also reported in Interest expense. No significant gains or losses were recorded in 2020, 2019, or 2018, due to ineffectiveness in fair value hedge relationships. No significant gains or losses were excluded from the assessment of hedge effectiveness of the fair value hedges in 2020, 2019, or 2018.

The following table shows the amounts recorded in the consolidated balance sheets related to cumulative basis adjustments for fair value hedges as of 2020, 2019, and 2018:

in EUR	2020 Carrying amount of hedged items	2020 Cumulative amount of fair value hedging adjustment gain/(loss) included in the carrying amount of the hedged items	2020 Cumulative amount of fair value hedging adjustment remaining for which hedge accounting has been discontinued	2019 Carrying amount of hedged items	2019 Cumulative amount of fair value hedging adjustment gain/(loss) included in the carrying amount of the hedged items	2019 Cumulative amount of fair value hedging adjustment remaining for which hedge accounting has been discontinued	2018 Carrying amount of hedged items	2018 Cumulative amount of fair value hedging adjustment gain/(loss) included in the carrying amount of the hedged items	2018 Cumulative amount of fair value hedging adjustment remaining for which hedge accounting has been discontinued
Current liabilities:									
Current maturities of long-term debt	249	(4)							
Non-current liabilities:									
Long-term debt, less current maturities	660	(13)	(9)	623	(9)	(11)	563	(6)	(1)

Cash flow hedges

Cross-currency interest rate swaps designated as cash flow hedges are used to offset foreign currency exchange rate fluctuations on long-term debt instruments. The Company has also entered into foreign currency contracts designated as cash flow hedges to mitigate exposure to foreign currency exchange rate volatility arising from intercompany cash flow within the next 12 months denominated in other currencies than Swiss Francs.

For derivative instruments designated as cash flow hedges, the effective portion of the changes in the fair value of derivative instruments is reclassified into earnings in the same period as the hedged transaction impacts earnings.

The following table shows the gain/(loss) recorded in Other comprehensive income/(loss) and reclassified from Other comprehensive income/(loss) to earnings related to derivatives designated as cash flow hedges as of 2020, 2019, and 2018:

in EUR	Location of gain/(loss) in Consolidated statements of operations	2020 Recognised gain/(loss) in Other comprehensive income/(loss)	2020 Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	2019 Recognised gain/(loss) in Other comprehensive income/(loss)	2019 Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	2018 Recognised gain/(loss) in Other comprehensive income/(loss)	2018 Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings
Derivatives designated as cash flow hedges							
• Foreign currency contracts	Other income/(expenses), net	(6)	4	1	1		
• Cross-currency interest rate swaps	Other income/(expenses), net	(28)	9	(7)	2	(1)	

No significant gains or losses were recorded in 2020, 2019, or 2018, due to ineffectiveness in cash flow hedge relationships. In 2020, 2019, and 2018, no significant gains or losses were excluded from the assessment of hedge effectiveness of the cash flow hedges. Within the next 12 months, the Company expects to reclassify EUR 1 currently reported in Accumulated other comprehensive income/(loss), net into Other income/(loss), net from cash flow hedges.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Net investment hedges

In 2020, 2019, and 2018, the Company entered into certain derivative contracts that are designated as net investment hedges under ASC 815. Foreign currency contracts and FX options are used to hedge a portion of certain investments with operations in different currencies against Swiss Francs.

The following table shows the gain/(loss) recorded in Other comprehensive income/(loss) and reclassified from Other comprehensive income/(loss) to earnings related to derivatives designated as net investment hedges as of 2020, 2019, and 2018:

		2020		2019		2018	
in EUR	Location of gain/(loss) in Consolidated statements of operations	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings
Derivatives designated as net investment hedges							
• Foreign currency contracts	Other income/(expenses), net	56		9		(4)	
• FX options	Other income/(expenses), net	1					

Other hedge activities

The Company has entered into certain derivative contracts that are not designated or do not qualify as hedges under ASC 815. Foreign currency contracts and cross-currency interest rate swaps are used to hedge the net exposure of subsidiary funding advanced in the local operations' functional currency. Contracts are entered into in accordance with the Company's approved treasury policies and procedures and represent economic hedges. Gains and losses on these contracts are recognised in earnings and are included in Other income/(expenses), net, in the accompanying consolidated statements of operations.

The following table shows the gain/(loss) recognised in earnings related to derivatives not designated as hedging instruments as of 2020, 2019, and 2018:

		Gain/(loss) on derivatives recognised in earnings		
in EUR	Location of gain/(loss) in Consolidated statements of operations	2020	2019	2018
Derivatives not designated as hedging instruments				
• Foreign currency contracts	Other income/(expenses), net	(1)	(14)	(12)
• Cross-currency interest rate swaps	Other income/(expenses), net		(9)	(7)

Credit risk concentration

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash investments, short-term investments, trade accounts receivable and derivative financial instruments. The Company places its cash and short-term investments in major financial institutions throughout the world, which management assesses to be of high credit quality, in order to limit the exposure of each investment.

Credit risk, with respect to trade accounts receivable, is dispersed due to the international nature of the business, the large number of customers, and the diversity of industries serviced. The Company's receivables are well diversified and management performs credit evaluations of its customers and, where available and cost-effective, utilises credit insurance.

To minimise counterparty exposure on derivative instruments, the Company enters into derivative contracts with several large multinational banks and limits the level of exposure on short-term investments with each counterparty.

Note 15 – Fair value measurement

The following table represents the Company's assets and liabilities that are measured at fair value on a recurring basis as of 31 December 2020 and 31 December 2019, consistent with the fair value hierarchy provisions of ASC 820:

in EUR	Level 1	Level 2	Level 3	Total
31 December 2020				
Assets				
Available-for-sale securities			8	8
Derivative assets		51		51
Liabilities				
Derivative liabilities		34		34
31 December 2019				
Assets				
Available-for-sale securities			6	6
Derivative assets		37		37
Liabilities				
Derivative liabilities		43		43

Note 16 – Other income/(expenses), net

For the years 2020, 2019, and 2018 Other income/(expenses), net, consist of the following:

in EUR	2020	2019	2018
Foreign exchange gain/(loss), net	(14)	(9)	(9)
Interest income	11	14	9
Proportionate net income of equity method investments		14	12
Other non-operating income/(expenses), net	(17)	188	88
Total other income/(expenses), net	**(20)**	**207**	**100**

In 2020, Foreign exchange gain/(loss), net includes a loss of EUR 4 from the designation of Argentina as a highly inflationary economy. Other non-operating income/(expense), net includes a EUR 17 loss related to assets held for sale in Denmark, Slovakia and Croatia.

In 2019, Foreign exchange gain/(loss), net includes a loss of EUR 3 from the designation of Argentina as a highly inflationary economy. Other non-operating income/(expense), net includes a EUR 248 gain on sale of Soliant Health Inc. and a EUR 25 expense to The Adecco Group Foundation.

In 2018, Foreign exchange gain/(loss), net includes a loss of EUR 2 resulting from the designation of Argentina as a highly inflationary economy on 1 July 2018 and the related adoption of the EUR as the reporting currency of the Company's Argentinian subsidiary. Other non-operating income/(expense), net includes a EUR 113 gain from the sale of the remaining ownership interest in IQN/Beeline Holdings, LLC, and a EUR 25 expense to establish the Adecco Group US Foundation, Inc. and The Adecco Group US Charities, Inc.

Note 17 – Income taxes

Adecco Group AG is incorporated in Switzerland and the Company operates in various countries with differing tax laws and rates. A substantial portion of the Company's operations are outside Switzerland. Since the Company operates worldwide, the weighted-average effective tax rate will vary from year to year depending on the earnings mix by country. The weighted-average tax rate is calculated by aggregating pre-tax income or loss in each country in which the Company operates multiplied by the country's statutory income tax rate. Income before income taxes in Switzerland totalled EUR 267, EUR 301, and EUR 295, in 2020, 2019, and 2018, respectively. Foreign source income/(expense) before income taxes amounted to EUR (199), EUR 775, and EUR 432 in 2020, 2019, and 2018, respectively.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

The provision for income taxes consists of the following:

in EUR	2020	2019	2018
Provision for income taxes			
Current tax provision:			
Domestic	27	31	16
Foreign	150	371	276
Total current tax provision	**177**	**402**	**292**
Deferred tax provision/(benefit):			
Domestic	17	(14)	18
Foreign	(29)	(40)	(43)
Total deferred tax provision/(benefit)	**(12)**	**(54)**	**(25)**
Total provision for income taxes	**165**	**348**	**267**

The difference between the provision for income taxes and the weighted-average tax rate is reconciled as follows for the fiscal years:

in EUR	2020	2019	2018
Tax rate reconciliation			
Income taxed at weighted-average tax rate	1	225	127
Items taxed at other than weighted-average tax rate	48	131	47
Non-deductible expenses and other permanent items	7	29	13
Non-deductible impairment of goodwill	78		86
Net change in valuation allowance	45	210	(9)
Intangible assets tax basis in excess of book basis	(17)	(216)	
Other, net	3	(31)	3
Total provision for income taxes	**165**	**348**	**267**

In 2020, 2019, and 2018, the reconciling item "items taxed at other than weighted-average tax rate" includes the French business tax. In accordance with French legislation, a portion of the business tax is computed based on added value and consequently, under US GAAP, this component is reported as income tax. Furthermore, in 2020, 2019, and 2018, the reconciling item "items taxed at other than weighted-average tax rate" includes positive impacts related to prior year movements in tax contingencies of EUR 15, EUR 6 and EUR 7, respectively. Additionally, 2018 includes the impact of CICE (tax credit for competitiveness and employment), which is non-taxable.

In 2020, 2019, and 2018, the reconciling item "non-deductible expenses and other permanent items" includes permanent items primarily related to intercompany provisions, foreign exchange, and other write-offs that are deductible for tax purposes, but have no impact on the consolidated financial statements.

In 2020, the negative impact of the reconciling item "net change in valuation allowance" is mainly related to a EUR 17 increase from changes in temporary differences in Switzerland and a EUR 35 increase in valuation allowance on prior year and current year losses in Germany, Denmark, the Netherlands and Sweden. This was partially offset by a EUR 7 decrease in valuation allowance on temporary differences and prior year losses in Australia.

In 2019, the negative impact of the reconciling item "net change in valuation allowance" is mainly related to a EUR 210 increase due to changes in temporary differences in Switzerland.

In 2018, the positive impact of the reconciling item "net change in valuation allowance" is mainly related to a EUR 17 decrease in valuation allowance on prior year and current year losses in Belgium, and a EUR 4 decrease in changes in temporary differences in France and Australia. This was partially offset by a EUR 11 increase in valuation allowance on prior year losses in the Netherlands.

In 2020 and 2019, the reconciling item "intangible assets tax basis in excess of book basis" represents a positive impact of EUR 17 and EUR 216, respectively, due to the recognition of intangible assets in Switzerland.

In 2019, the positive impact of the reconciling item "other, net" includes a positive EUR 25 impact due to changes in deferred taxes primarily due to the sale of Soliant Health Inc., and a positive EUR 4 impact due to tax rate changes on deferred taxes.

As of 31 December 2020 and 31 December 2019, a deferred tax liability of EUR 18 and EUR 18, respectively, has been provided for non-Swiss withholding taxes and additional Swiss taxes due upon the future dividend payment of cumulative undistributed earnings which are not considered permanently reinvested. Furthermore, in 2020 and 2019, the Company has not provided for income and withholding taxes on certain non-Swiss subsidiaries' undistributed earnings as such amounts are considered permanently reinvested. As of 31 December 2020 and 31 December 2019, such earnings amounted to approximately EUR 697 and EUR 848, respectively. It is not practicable to estimate the amount of taxes that would be payable upon remittance of these earnings.

Temporary differences that give rise to deferred income tax assets and liabilities are as follows:

in EUR	31.12.2020	31.12.2019
Temporary differences		
Net operating loss carryforwards and capital losses	209	208
Tax credits	9	3
Depreciation	3	7
Deferred compensation and accrued employee benefits	93	88
Allowance for doubtful accounts	8	10
Accrued expenses	85	79
Elimination of intercompany transactions	13	13
Intangible assets tax basis in excess of book basis	244	216
Operating leases	109	111
Other	19	19
Gross deferred tax assets	**792**	**754**
Unrecognised tax benefits provision, net	(62)	(65)
Valuation allowance	(366)	(319)
Deferred tax assets, net	**364**	**370**
Intangible assets book basis in excess of tax basis	(49)	(60)
Tax amortisation in excess of financial amortisation	(62)	(71)
Undistributed earnings of subsidiaries	(18)	(18)
Operating leases	(102)	(110)
Other	(6)	
Deferred tax liabilities	**(237)**	**(259)**
Deferred tax assets/(liabilities), net	**127**	**111**

Management's assessment of the realisation of deferred tax assets is made on a country-by-country basis. The assessment is based upon the weight of all available evidence, including factors such as the recent earnings history and expected future taxable income. A valuation allowance is recorded to reduce deferred tax assets to a level which, more likely than not, will be realised.

Valuation allowance on deferred tax assets of foreign and domestic operations increased by EUR 47 to EUR 366. Included in the change of the valuation allowance is a net increase of EUR 12 due to changes in temporary differences primarily in Switzerland, a net increase of EUR 33 for current and prior years' losses, and a net increase of EUR 2 related to changes in enacted tax rates and foreign currency fluctuations.

The following table summarises the deferred tax assets and deferred tax liabilities reported by the Company as of 31 December 2020 and 31 December 2019:

in EUR	Balance sheet location	31.12.2020	31.12.2019
Deferred tax assets	Other assets	175	155
Deferred tax liabilities	Other liabilities	(48)	(44)
Deferred tax assets/(liabilities), net		**127**	**111**

Notes to consolidated financial statements (continued)

in millions, except share and per share information

As of 31 December 2020, the Company had approximately EUR 786 of net operating loss carryforwards and capital losses. These losses will expire as follows:

in EUR	2021	2022	2023	2024	2025	Thereafter	No expiry	Total
Expiration of losses by year	18	15	4	7	36	120	586	786

The largest net operating loss carryforwards and capital losses are EUR 743 as of 31 December 2020 in Germany, France, the USA, the Netherlands, the UK, Norway, Denmark, Australia, Brazil, Switzerland, Sweden, and Hong Kong. The losses in Norway, Switzerland, the Netherlands, and the USA begin to expire in 2024, 2024, 2026, and 2034, respectively. The losses in Germany, France, the UK, Denmark, Australia, Brazil, Sweden, Hong Kong, and a portion of the losses in the USA do not expire. In addition, tax credits of EUR 9 are mainly related to the USA and Argentina operations and begin to expire in 2025 for Argentina. Tax credits in the USA do not expire.

As of 31 December 2020, the amount of unrecognised tax benefits including interest and penalties is EUR 99, of which EUR 85 would, if recognised, decrease the Company's effective tax rate. As of 31 December 2019, the amount of unrecognised tax benefits including interest and penalties is EUR 105, of which EUR 92 would, if recognised, decrease the Company's effective tax rate.

The Company recognises interest and penalties related to unrecognised tax benefits as a component of the Provision for income taxes. As of 31 December 2020 and 31 December 2019, the amount of interest and penalties recognised in the balance sheet amounted to EUR 4 and EUR 3, respectively. The total amount of interest and penalties recognised in the statement of operations was a net expense of EUR 1 in 2020, a net expense of EUR 1 in 2019, and a net benefit of less than EUR 1 in 2018.

The following table summarises the activity related to the Company's unrecognised tax benefits excluding interest and penalties:

in EUR	Unrecognised tax benefits
Balance as of 1 January 2018	**84**
Increases related to current year tax positions	19
Expiration of the statute of limitations for the assessment of taxes	(10)
Additions to prior years	2
Decreases to prior years	(1)
Foreign exchange currency movement	1
Balance as of 31 December 2018	**95**
Increases related to current year tax positions	15
Expiration of the statute of limitations for the assessment of taxes	(5)
Settlements with tax authorities	(1)
Additions to prior years	1
Decreases to prior years	(2)
Foreign exchange currency movement	(1)
Balance as of 31 December 2019	**102**
Increases related to current year tax positions	13
Expiration of the statute of limitations for the assessment of taxes	(4)
Settlements with tax authorities	(3)
Decreases to prior years	(12)
Foreign exchange currency movement	(1)
Balance as of 31 December 2020	**95**

The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statutes of limitations. The open tax years by major jurisdiction are as follows:

Country	Open tax years
Australia	2019 onwards
Belgium	2018 onwards
Canada	2016 onwards
France	2013 onwards
Germany	2010 onwards
Italy	2017 onwards
Japan	2014 onwards
Mexico	2015 onwards
Netherlands	2015 onwards
Spain	2014 onwards
UK	2015 onwards
USA	2019 onwards

In certain jurisdictions, the Company may have more than one tax payer. The table above reflects the statutes of limitations of years open to examination for the major tax payers in each major tax jurisdiction.

Based on the outcome of examinations, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognised tax benefits for tax positions taken regarding previously filed tax returns could materially change in the next 12 months from those recorded as liabilities for uncertain tax positions in the financial statements. An estimate of the range of the possible changes cannot be made until issues are further developed or examinations close.

Significant estimates are required in determining income tax expense and benefits. Various internal and external factors may have favourable or unfavourable effects on the future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, results of tax audits, and changes in the overall level of pre-tax earnings.

Note 18 – Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

	2020		2019		2018	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Net income/(loss) attributable to Adecco Group shareholders	**(98)**	**(98)**	**727**	**727**	**458**	**458**
Denominator						
Weighted-average shares	**161,426,423**	**161,426,423**	**162,211,290**	**162,211,290**	**165,394,453**	**165,394,453**
Incremental shares for assumed conversions:						
• Employee stock-based compensation		584,712		330,936		287,467
Total average equivalent shares	**161,426,423**	**162,011,135**	**162,211,290**	**162,542,226**	**165,394,453**	**165,681,920**
Per share amounts						
Net earnings/(loss) per share	**(0.61)**	**(0.61)**	**4.48**	**4.47**	**2.77**	**2.77**

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 19 – Segment reporting

The Company is organised in a geographical structure plus the global Career Transition & Talent Development business, which corresponds to the primary segments. This structure is complemented by secondary segment reporting (brands). The segments consist of France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Career Transition & Talent Development; and the Rest of World segments that comprise Australia & New Zealand; Latin America; Eastern Europe and Middle East & North Africa; Asia; and India segments. Effective 1 January 2020, the Company updated its secondary segment reporting to better align with its go-to-market strategy and its global brand structure. The brand structure consists of: Workforce Solutions (comprising the Adecco brand); Professional Solutions (comprising Modis, Badenoch + Clark/Spring Professional, and Other Professional Brands); and Talent Solutions & Ventures (comprising LHH, Pontoon, and Ventures). This change had no impact on the Company's primary segment reporting.

Effective 1 January 2021, the Company has updated its primary segment reporting to align with the changes in Executive Committee responsibilities. The primary segment reporting will transition to a brand-driven organisational model structured around solutions-based business groups comprising Adecco (Americas; France; Northern Europe; DACH (Germany, Austria, Switzerland); Southern Europe & EEMENA; and Asia Pacific), Modis, and Talent Solutions. The structure will be complemented by secondary segment reporting of service lines (comprising Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting & Other Services; and Training, Upskilling & Reskilling).

The Company evaluates the performance of its segments based on operating income before amortisation and impairment of goodwill and intangible assets, which is defined as the amount of income before amortisation and impairment of goodwill and intangible assets, interest expense, other income/(expenses), net, and provision for income taxes. Corporate items consist of certain assets and expenses which are separately managed at the corporate level. Segment assets include current assets, property, equipment, and leasehold improvements, net, equity method investments, other assets, intangible assets, net, and goodwill, but exclude investments in subsidiaries and intercompany balances. The accounting principles used for the segment reporting are the same as those used by the Company.

Revenues derived from temporary staffing represented 85% in 2020, 87% in 2019, and 88% in 2018 of the Company's revenues. The remaining portion was derived from permanent placement, career transition, and other services.

in EUR	France	N. America, UK & I. General Staffing	N. America, UK & I. Professional Staffing	Germany, Austria, Switzerland	Benelux & Nordics	Italy	Japan	Career Transition & Talent Development	Other	Corporate	Total
2020 segment reporting											
Revenues	4,291	2,628	2,293	1,586	1,423	1,772	1,548	542	3,478		19,561
Depreciation	(27)	(16)	(8)	(10)	(8)	(6)	(13)	(10)	(13)	(17)	(128)
Operating income before amortisation and impairment of goodwill and intangible assets	194	67	47	(52)	39	109	115	93	123	(165)	570
Amortisation of intangible assets											(81)
Impairment of intangible assets											(9)
Impairment of goodwill											(362)
Operating income											118
Interest expense and other income/(expenses), net											(50)
Provision for income taxes											(165)
Net loss											**(97)**
Capital expenditures	(36)	(21)	(3)	(5)	(2)	(6)	(16)	(13)	(19)	(36)	(157)
Equity method investments	6					1			91	11	109
Segment assets	1,653	2,394	1,214	482	583	449	656	833	1,177	351	9,792
Long-lived assets[1]	324	228	51	78	52	63	75	76	138	85	1,170

1 Long-lived assets include fixed assets, operating lease right-of-use assets and other assets excluding deferred tax assets.

in EUR	France	N. America, UK & I. General Staffing[1]	N. America, UK & I. Professional Staffing[1]	Germany, Austria, Switzerland	Benelux & Nordics	Italy	Japan	Career Transition & Talent Development	Other	Corporate	Total
2019 segment reporting											
Revenues	5,466	3,031	3,333	1,918	1,883	1,910	1,480	527	3,879		23,427
Depreciation	(18)	(14)	(8)	(9)	(7)	(5)	(5)	(9)	(13)	(19)	(107)
Operating income before amortisation and impairment of goodwill and intangible assets	347	90	160	15	59	149	107	65	150	(154)	988
Amortisation of intangible assets											(64)
Impairment of intangible assets											(20)
Operating income											904
Interest expense and other income/(expenses), net											172
Provision for income taxes											(348)
Net income											**728**
Capital expenditures	(24)	(20)	(6)	(7)	(6)	(5)	(13)	(9)	(16)	(50)	(156)
Equity method investments	5								75	3	83
Segment assets	1,720	2,611	1,492	910	692	405	561	900	1,180	100	10,571
Long-lived assets[2]	290	238	79	95	62	58	73	89	140	88	1,212

1 N. America, UK&I General Staffing and N. America, UK&I Professional Staffing have been restated to conform with the current period presentation.

2 Long-lived assets include fixed assets, operating lease right-of-use assets and other assets excluding deferred tax assets.

in EUR	France	N. America, UK & I. General Staffing[1]	N. America, UK & I. Professional Staffing[1]	Germany, Austria, Switzerland	Benelux & Nordics	Italy	Japan	Career Transition & Talent Development	Other	Corporate	Total
2018 segment reporting											
Revenues	5,657	3,054	3,352	2,148	2,075	1,997	1,289	447	3,848		23,867
Depreciation	(15)	(11)	(7)	(8)	(6)	(3)	(5)	(6)	(11)	(14)	(86)
Operating income before amortisation and impairment of goodwill and intangible assets	352	96	181	22	44	163	90	76	151	(188)	987
Amortisation of intangible assets											(52)
Impairment of goodwill											(270)
Operating income											665
Interest expense and other income/(expenses), net											62
Provision for income taxes											(267)
Net income											**460**
Capital expenditures	(22)	(18)	(10)	(11)	(10)	(6)	(11)	(6)	(15)	(49)	(158)
Equity method investments	5								70	1	76
Segment assets	1,720	1,835	1,709	895	714	382	483	855	1,064	61	9,718
Long-lived assets[2]	267	175	22	47	22	18	32	31	67	75	756

1 N. America, UK&I General Staffing and N. America, UK&I Professional Staffing have been restated to conform with the current period presentation.

2 Long-lived assets include fixed assets and other assets excluding deferred tax assets.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Information by country is as follows:

in EUR	France	USA	UK	Germany	Japan	Italy	Switzerland	Rest of World	Total
Revenues									
2020	4,355	3,341	1,630	1,109	1,551	1,774	426	5,375	19,561
2019	5,529	4,266	2,059	1,339	1,482	1,912	502	6,338	23,427
2018	5,728	4,232	2,073	1,564	1,292	2,000	519	6,459	23,867
Long-lived assets[1]									
2020	348	291	41	46	75	63	96	210	1,170
2019	321	333	43	50	74	58	104	229	1,212
2018	291	200	19	25	32	18	73	98	756

1 Long-lived assets include fixed assets and other assets excluding deferred tax assets. In 2020 and 2019 Long-lived assets also include operating lease right-of-use assets.

Revenues by brand are as follows:

in EUR	Adecco	Modis	Badenoch + Clark/Spring Professional	Other Professional Brands	LHH	Pontoon	Ventures	**Total**
2020	14,890	1,865	1,233	824	441	182	126	19,561
2019	17,533	2,030	1,548	1,559	419	178	160	23,427
2018	18,090	2,060	1,639	1,431	401	162	84	23,867

Note 20 – Commitments and contingencies

As of 31 December 2020, the Company has future purchase and service contractual obligations of approximately EUR 106, primarily related to IT development and maintenance agreements, marketing sponsorship agreements, equipment purchase agreements, and other supplier commitments. Future payments under these arrangements translated using 31 December 2020 exchange rates are as follows:

in EUR	2021	2022	2023	2024	2025	Thereafter	Total
Purchase and service contractual obligations	74	25	4	2	1	–	106

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 783. The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. Other guarantees relate to operating leases and credit lines. The standby letters of credit mainly relate to workers' compensation. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties, then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

Contingencies

In the ordinary course of business, the Company is involved in various legal actions and claims, including those related to social security charges, other payroll-related charges, and various employment-related matters. Although the outcome of the legal proceedings cannot be predicted with certainty, the Company believes it has adequately reserved for such matters.

Note 21 – Enterprise risk management

The Company's Board of Directors, who are ultimately responsible for the risk management of the Company, has delegated its execution to Group management whilst maintaining oversight.

The enterprise risk management process is embedded into the Company's strategic and organisational context. The process is focused on managing risks as well as identifying opportunities. The Company's risk management process covers the significant risks for the Company including financial, operational and strategic risks. All segments perform the risk management process on a regular basis and report their results to Group management. The Company's risk management activities consist of risk identification, risk analysis, risk mitigation and risk monitoring.

Group management has provided an extensive risk catalogue, defining risk categories which can have a significant impact on the Company's results. These were updated to reflect the learnings and impact of Covid-19 and the changes associated with the introduction of the new Future@Work strategy. Those key recurring risk categories are, amongst others, geopolitical, social and economic uncertainty, client attraction and retention, associate attraction and retention, employee attraction and retention, information technology, changes in regulatory/legal and political environment, compliance with laws and regulations, disruptive technologies, data protection, and cyber security and sustainability. All risk categories are considered in the assessment performed by all segments within the Company.

The risk assessment includes the following steps: identification of risks that could impact on the financial results or strategic achievements, assessment of the likelihood of the risk occurrence, assessment of the effectiveness of existing internal controls, and development of action plans needed to mitigate the risk to an acceptable level.

The risk assessment is aligned with the Company's organisational structure. The segments report to Group management a comprehensive risk assessment, including mitigating actions. At Group management level, the individual segment results are reviewed and discussed with segment management before being consolidated.

The financial reporting risk includes the failure to comply with external reporting requirements due to failure of internal controls and/or lack of knowledge of financial reporting requirements relating to accounting and reporting. The Company has implemented a Group Policy environment as well as an Internal Control System in order to mitigate the risk of failure to comply with financial reporting requirements. The Company's Internal Control System is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements.

The financial market risk primarily relates to foreign currency exchange rates and interest rates and is further discussed in Note 14. These exposures are actively managed by the Company in accordance with written policies approved by the Board of Directors. The Company's objective is to minimise, where deemed appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates and interest rates. It is the Company's policy to use a variety of derivative financial instruments to hedge these exposures in the absence of natural hedges.

The Company concluded that the risk management process has worked properly throughout 2020.

Note 22 – Subsequent events

The Company has evaluated subsequent events through 10 March 2021, the date the consolidated financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date, but prior to 10 March 2021, that would have a material impact on the consolidated financial statements.

As statutory auditor, we have audited the consolidated financial statements of Adecco Group AG (the Company), which comprise the consolidated balance sheets as of 31 December 2020 and 2019, and the related consolidated statements of operations, comprehensive income, cash flows and changes in shareholders' equity for each of the three years in the period ended 31 December 2020 and the related notes to the consolidated financial statements (pages 118 to 159).

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Swiss law and Swiss Auditing Standards and auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Adecco Group AG as of 31 December 2020 and 2019, and the consolidated results of its operations and its cash flows for each of the three years in the period ended 31 December 2020 in conformity with U.S. generally accepted accounting principles and comply with Swiss law.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Revenue recognition and recoverability of trade accounts receivable

Area of focus

The Company applies judgment regarding the recognition of complex service contracts and in determining whether a sales arrangement needs to be recognized on a gross or on a net basis (principal versus agent considerations). Judgment is also applied when accruing revenue. Trade accounts receivable represent 40% of the Group's total assets and 120% of the Group's total shareholders' equity as of December 2020. The Company applies judgment to its ability to collect outstanding receivables on an entity-by-entity basis. Due to the significance of revenues and the carrying values for trade accounts receivable and the judgment involved also considering the unprecedented economic environment due to Covid-19 outbreak, this matter was considered significant to our audit. Refer to Note 2 and Note 4 to the consolidated financial statements for the Company's disclosures on revenue and trade accounts receivable respectively.

Our audit response

We assessed the Company's internal controls over its significant revenue and trade accounts receivable processes, also considering the applicable accounting policy for revenue recognition.

We selected samples of service contracts and revenue transactions to assess their occurrence, completeness and measurement. We performed procedures concerning the existence and valuation of trade accounts receivable, including debtor circularization. To assess the net realizable value of trade accounts receivable, we evaluated specific individual circumstances of a debtor, the aging of receivables, historical collection data and current economic trends. Our audit procedures did not lead to any reservations concerning the recognition of revenues and recoverability of trade accounts receivables.

Goodwill and indefinite-lived intangible assets

Area of focus

Goodwill and indefinite-lived intangible assets represented 25% of the Group's total assets and 77% of the Group's total shareholders' equity as of December 2020. As stated in Note 1 to the consolidated financial statements, the carrying value of goodwill and indefinite-lived intangible assets is tested at least annually for impairment.

As of Q1 2020, the Company performed an interim impairment which resulted in a goodwill impairment of EUR 362 million, relating to the Germany, Austria, Switzerland reporting segment. The impairment was driven by management's revised five-year projections for sales and earnings on the unprecedented degree of uncertainty related to Covid-19, compounding to the already challenging market dynamics in Germany.

Furthermore, the Company performed its annual impairment test of goodwill and indefinite-lived intangible assets in the fourth quarter of 2020 and determined that there was no impairment.

Key assumptions concerning the impairment test are disclosed in Note 6 to the consolidated financial statements. In determining the fair value of reporting units and indefinite-lived intangible assets, the Company must apply judgment in estimating – amongst other factors – future revenues and profit margins, long-term value and long-term growth, and discount rates taking into consideration the extraordinary economic environment due to Covid-19 pandemic. Due to the significance of the carrying values for goodwill and indefinite-lived intangible assets and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

Our audit response

We assessed the Company's internal controls over its annual impairment test and key assumptions applied. We evaluated Management's interpretation of reporting units. We involved EY valuation specialists to assist in examining the Company's valuation model and analyzing the underlying key assumptions, including long-term growth and discount rates.

We assessed future revenues and margins, the historical accuracy of the Company's estimates and its ability to produce accurate long-term forecasts also considering the unprecedented economic environment. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including industry reports, economic outlooks, analyst reports and data from competitors. Our audit procedures did not lead to any reservations concerning the recoverability of goodwill and indefinite-lived intangible assets.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Jolanda Dolente

Jolanda Dolente

Licensed audit expert
(Auditor in charge)

/s/ Roland Ruprecht

Roland Ruprecht

Licensed audit expert

Zürich, Switzerland
10 March 2021

Balance sheets

in millions, except share and per share information

As of (in CHF)	Note	31.12.2020	31.12.2019
Assets			
Current assets:			
• Cash and cash equivalents		7	23
• Receivables			
• from subsidiaries		82	158
• from third parties		8	5
• Current financial assets		23	23
• Other current assets		15	10
Total current assets		**135**	**219**
Non-current assets:			
• Loans to subsidiaries, net		1,581	1,893
• Investments in subsidiaries, net	2	9,716	9,713
• Software and other intangible assets, net		40	34
• Fixed assets, net		1	2
• Non-current financial assets		7	4
• Other non-current assets		22	17
Total non-current assets		**11,367**	**11,663**
Total assets		**11,502**	**11,882**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Payables			
• to subsidiaries		19	19
• to third parties		16	13
• Current maturities of long-term interest-bearing debt	4		125
• Other current liabilities		144	82
Total current liabilities		**179**	**239**
Non-current liabilities:			
• Long-term interest-bearing debt			
• from subsidiaries		7,197	7,505
• from third parties	4	325	100
• Other non-current liabilities		42	72
Total non-current liabilities		**7,564**	**7,677**
Total liabilities		**7,743**	**7,916**
Shareholders' equity			
Share capital		16	16
Statutory reserves from capital contribution	7	2	2
Statutory retained earnings	7	407	407
Voluntary retained earnings	7	3,431	3,616
Treasury shares	8	(97)	(75)
Total shareholders' equity		**3,759**	**3,966**
Total liabilities and shareholders' equity		**11,502**	**11,882**

The accompanying notes are an integral part of these financial statements.

Statements of operations

in millions, except share and per share information

For the fiscal years ended 31 December (in CHF)	Note	2020	2019
Royalties and licence fees		358	437
Charges to affiliated companies		295	229
Dividends from subsidiaries		4	328
Interest income from subsidiaries		43	52
Interest income from third parties		8	16
Total income		**708**	**1,062**
Interest expense to subsidiaries		(26)	(30)
Interest expense to third parties		(8)	(5)
Salaries and social charges		(79)	(90)
Other expenses		(310)	(251)
Depreciation and amortisation		(24)	(17)
Change of provisions on loans and investments, net		(62)	(18)
Financial income/(expenses), net	12	45	7
Other income		12	14
Income/(loss) before taxes		**256**	**672**
Direct taxes		(26)	(26)
Net income/(loss)		**230**	**646**

The accompanying notes are an integral part of these financial statements.

Notes to financial statements

in millions, except share and per share information

Note 1 – Summary of significant accounting principles

Adecco Group AG (Zürich, Switzerland) is the parent company of the Adecco Group.

In 2020, Adecco Group AG had on average 244 full-time employees. In 2019, Adecco Group AG had on average 261 full-time employees.

Basis of presentation

The statutory financial statements have been prepared in accordance with the Swiss Code of Obligations (SCO).

Foreign currencies

Foreign currency transactions are accounted for at the exchange rates at the date of the transactions. The gains and losses resulting from the settlement of such transactions and from the remeasurement of current assets and liabilities denominated in foreign currencies are recognised in financial income/(expenses), net.

Financial assets

Current and non-current financial assets contain foreign currency contracts and cross-currency interest rate swaps, and are measured at market price. Movements in market prices are recorded in financial income/(expenses), net.

Investments in subsidiaries

Investments in subsidiaries are valued at the lower of cost or fair value, using generally accepted valuation principles.

Share-based payments

Adecco Group AG records a provision for share-based compensation in other non-current liabilities for subsequent settlement with treasury shares. Any differences between the provision and the acquisition costs for treasury shares are recorded in other expenses at settlement.

Note 2 – Investments in subsidiaries

As of 31 December 2020 and 31 December 2019, the investments in subsidiaries amount to CHF 10,636 and CHF 10,611, respectively, and are shown net of a provision of CHF 920 and CHF 898, respectively. In 2020, the net increase of the provisions on investments of CHF 22 consists of an increase of provisions of CHF 26 and a release of provisions of CHF 4. In 2019, the net increase of the provisions on investments of CHF 31 consists of an increase of provisions of CHF 47 and a release of provisions of CHF 16.

Direct investments as of 31 December 2020 and 31 December 2019

Country	Registered office	Name of legal entity	2020 Ownership & voting power	2019 Ownership & voting power
Andorra	Andorra la Vella	Adecco Recursos Humans SA	67%	67%
Argentina	Buenos Aires	Adecco Argentina SA	81%	81%
Australia	Melbourne	Adecco Holdings Pty Ltd	100%	100%
Austria	Vienna	Adecco Holding GmbH	100%	100%
Austria	Vienna	Tuja Holding GmbH	100%	100%
Belgium	Groot-Bijgaarden	Adecco Construct NV	100%	100%
Belgium	Groot-Bijgaarden	Adecco Personnel Services NV	100%	100%
Belgium	Groot-Bijgaarden	Adecco Professional Staffing NV	58%	100%
Belgium	Antwerp	Beeple NV	63%	50%
Bermuda	Hamilton	Adecco Reinsurance Company Limited	100%	100%
Brazil	São Paulo	Adecco Recursos Humanos SA	100%	100%
Bulgaria	Sofia	Adecco Bulgaria EOOD	100%	100%
Bulgaria	Sofia	Modis Bulgaria EOOD	100%	100%
Canada	Toronto, ON	Adecco Employment Services Limited	100%	100%
Croatia	Zagreb	Adecco d.o.o. za zaposljavanje	100%	100%
Croatia	Zagreb	Adecco Hrvatska d.o.o.[3]		100%
Croatia	Zagreb	Adecco Outsourcing d.o.o.	100%	100%
Czech Republic	Prague	Adecco EMEA Business Solutions S.R.O.	100%	100%
Czech Republic	Prague	Adecco SPOL. S.R.O.	100%	100%
Finland	Helsinki	Adecco Finland Oy	100%	100%
France	Villeurbanne	Adecco Holding France	100%	100%
France	Villeurbanne	Adecco IT Services	100%	100%
Germany	Düsseldorf	Adecco Beteiligungs GmbH	100%	100%
Germany	Berlin	Adecco Group Technology Center GmbH[1]	100%	
Greece	Athens	Adecco HR SATW	100%	100%
Hong Kong	Hong Kong	Lee Hecht Harrison HK Limited	100%	100%
Hungary	Budapest	Adecco Szemelyzeti Kozvetito Kft	100%	100%
India	Bangalore	Adecco India Private Limited	1%	1%
Japan	Tokyo	Adecco Ltd	100%	100%
Luxembourg	Bertrange	Adecco Luxembourg SA	100%	100%
Luxembourg	Luxembourg	Spring Professional Luxembourg SA	100%	100%
Luxembourg	Luxembourg	Alexandre Tic (Luxembourg) SA	100%	100%
Malaysia	Kuala Lumpur	Spring Professional (Malaysia) Sdn. Bhd.	49%	49%
Malaysia	Kuala Lumpur	Adecco Asia Business Solutions Sdn. Bhd.	100%	100%
Mexico	México, D.F.	Adecco Latam Business Solutions S.A. de CV	100%	100%
Netherlands	Utrecht	Adecco International Financial Services BV	100%	100%
New Zealand	Auckland	Adecco New Zealand Ltd	100%	100%
Norway	Oslo	Adecco Group Norway AS	100%	100%
Poland	Warsaw	Adecco Poland Sp. z o.o.	100%	100%
Poland	Warsaw	Lee Hecht Harrison Polska Sp. z o.o.[1]	100%	
Portugal	Lisbon	Adecco Recursos Humanos	100%	100%
Puerto Rico	Manati	Adecco Personnel Services Inc.	100%	100%
Romania	Bucharest	Adecco Resurse Umane SRL	99%	99%
Romania	Bucharest	Adecco Romania SRL	100%	100%
Romania	Timisoara	Modis ITO SRL[1]	99%	

Notes to financial statements (continued)

in millions, except share and per share information

Country	Registered office	Name of legal entity	2020 Ownership & voting power	2019 Ownership & voting power
Serbia	Belgrade	Adecco Outsourcing d.o.o. Beograd	100%	100%
Singapore	Singapore	Adecco Group Apac Pte Ltd	100%	100%
Singapore	Singapore	Lee Hecht Harrison Pte Ltd	100%	100%
Slovakia	Bratislava	Adecco Slovakia, s.r.o	100%	100%
Slovenia	Ljubljana	Adecco H.R. d.o.o	100%	100%
South Korea	Seoul	Adecco Korea Co. Ltd.	100%	100%
Spain	Madrid	Adecco Iberia SA	100%	100%
Sweden	Stockholm	Adecco Sweden AB	100%	100%
Switzerland	Lausanne	Adecco Ressources Humaines S.A.	100%	100%
Switzerland	Lausanne	Lee Hecht Harrison Sàrl	100%	100%
Switzerland	Lucerne	Adecco Germany Holding Management S.A.	100%	100%
Switzerland	Lucerne	Adecco Invest S.A.	100%	100%
Switzerland	Zug	Adecco Group X AG	100%	100%
Switzerland	Zug	Adecco International AG	100%	100%
Switzerland	Zug	Modis International AG[1]	100%	
Switzerland	Zurich	Adecco Liquidity Services AG	100%	100%
Switzerland	Zurich	Just in time staffing AG	100%	100%
Thailand	Bangkok	Adecco Bangna Limited	19%	19%
Thailand	Bangkok	Adecco Consulting Limited	48%	48%
Thailand	Bangkok	Adecco Eastern Seaboard Recruitment Limited	9%	9%
Thailand	Bangkok	Adecco Recruitment (Thailand) Limited	48%	48%
Thailand	Bangkok	Adecco New Petchburi Limited	48%	48%
Thailand	Bangkok	Adecco Phaholyothin Recruitment Limited	8%	8%
Thailand	Bangkok	Adecco Praram 4 Recruitment Limited	48%	48%
Thailand	Bangkok	Spring Professional Recruitment (Thailand) Limited	48%	48%
Turkey	Istanbul	Adecco Hizmet ve Danismanlik AS	0%	0%
United Kingdom	London	Tempfair Limited[2]	23%	
USA	Wilmington, DE	Adecco, Inc	100%	100%
USA	San Francisco, CA	Mya Systems, Inc	3%	4%
USA	Wilmington, DE	Revere Parent, Inc.[4]		5%
USA	Wilmington, DE	BH Acquisition Purchaser, Inc.[2]	<1%	
Vietnam	Ho Chi Minh City	CÔNG TY CỔ PHẦN ADECCO VIỆT NAM	100%	100%

1 New company in 2020.
2 Acquired in 2020.
3 Merged in 2020.
4 Sold in 2020.

All significant indirect investments of Adecco Group AG are listed in the section "Major consolidated subsidiaries of the Adecco Group".

Note 3 – Payables to Adecco Pension Fund

Adecco Group AG has total payables to the Adecco Pension Fund of less than CHF 1 as of 31 December 2020 and CHF 1 as of 31 December 2019.

Note 4 – Long-term interest-bearing debt

The long-term debt issued by Adecco Group AG as of 31 December 2020 and 31 December 2019 consists of the following:

in CHF	Principal at maturity	Maturity	Fixed interest rate	31.12.2020	31.12.2019
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%		125
5.5-year Swiss Franc fixed rate notes	CHF 225	2025	0.875%	225	
8-year Swiss Franc fixed rate notes	CHF 100	2026	0.875%	100	100
Total long-term debt				**325**	**225**
Less current maturities					125
Long-term debt, less current maturities				**325**	**100**

8-year Swiss Franc fixed rate notes due 2020

On 18 July 2012, Adecco Group AG issued CHF 125 fixed rate notes with a coupon of 2.625% due on 18 December 2020. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used to fund the share buyback programme approved by the Board of Directors in June 2012.

On 18 December 2020, the Company repaid the 2020 notes at maturity.

5.5-year Swiss Franc fixed rate notes due 2025

On 27 May 2020, Adecco Group AG issued CHF 225 fixed rate notes with a coupon of 0.875% due on 27 November 2025, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

8-year Swiss Franc fixed rate notes due 2026

On 18 September 2018, Adecco Group AG issued CHF 100 fixed rate notes with a coupon of 0.875% due on 18 September 2026, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

Note 5 – Lease commitments

Adecco Group AG has total lease commitments of CHF 3 as of 31 December 2020 of which CHF 1 are due within the next 12 months and CHF 2 are due after 12 months. Adecco Group AG had total lease commitments of CHF 5 as of 31 December 2019 of which CHF 2 were due within the next 12 months and CHF 3 were due after 12 months.

Note 6 – Contingent liabilities

The contingent liabilities including guarantees and letters of comfort amount to CHF 2,561 as of 31 December 2020 and to CHF 2,293 as of 31 December 2019.

Adecco Group AG has irrevocably and unconditionally guaranteed the 2039 notes of CHF 60 (JPY 7,000) and accrued interest of less than CHF 1, and the 2033 notes of CHF 52 (JPY 6,000) and accrued interest of less than CHF 1, issued by Adecco Financial Services (North America), LLC, a wholly owned subsidiary of Adecco Group AG.

Adecco Group AG has irrevocably and unconditionally guaranteed the 2030 notes of CHF 52 (NOK 500) and accrued interest of less than CHF 1, the 2029 notes of CHF 325 (EUR 300) and accrued interest of less than CHF 1, the 2024 notes of CHF 541 (EUR 500) and accrued interest of less than CHF 1, the 2022 notes of CHF 541 (EUR 500) and accrued interest of CHF 1, and the 2021 notes of CHF 266 (USD 300) and accrued interest of CHF 1, issued by Adecco International Financial Services BV, a wholly owned subsidiary of Adecco Group AG.

Approximately CHF 629 of the credit facilities issued to several subsidiaries in Europe, North America, South America, Asia and Australia have been guaranteed for operational needs.

Additionally, Adecco Group AG has provided guarantees and letters of comfort amounting to CHF 95 relating to government requirements for operating a temporary staffing business and for operating leases of its subsidiaries, mainly in the USA.

Adecco Group AG is jointly and severally liable for the liabilities of the Swiss VAT group.

Notes to financial statements (continued)

in millions, except share and per share information

Note 7 – Shareholders' equity

Statutory reserves from capital contribution and voluntary retained earnings

Pursuant to Swiss tax legislation, the statutory reserves from capital contribution amounted to CHF 2 and CHF 2 as of 31 December 2020 and as of 31 December 2019, respectively.

At the Annual General Meeting of Shareholders of Adecco Group AG held on 16 April 2020 (2020 AGM), the shareholders approved a dividend of CHF 2.50 per share outstanding in respect of the fiscal year 2019. The dividend of CHF 404 (EUR 381) was directly distributed to shareholders from voluntary retained earnings in April 2020.

For 2020, the Board of Directors of Adecco Group AG will propose a dividend of CHF 2.50 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders to be directly distributed from voluntary retained earnings to shareholders.

Conditional capital

As of 31 December 2020, Adecco Group AG had conditional capital under Art. 3^{quater} of the Articles of Incorporation of Adecco Group AG of 15,400,000 shares, for a maximum aggregate amount of CHF 1.5 for issue of a maximum of 15,400,000 registered shares, which shall be fully paid by the exercise of option and conversion rights to be granted in relation to bond issues or other obligations of Adecco Group AG or affiliated companies. The shares represent conditional capital authorised without time limitation and remain available for issuance upon conversion of any financial instruments that Adecco Group AG or its subsidiaries may issue in the future.

Authorised capital

As of 31 December 2020, and 31 December 2019, the Board of Directors are authorised, until 30 April 2021, to increase the share capital to a maximum of CHF 1 and CHF 1, respectively through the issuance of up to 8,156,200 and 8,167,200 shares, respectively with a nominal value of CHF 0.10 per share, as approved by the shareholders at the Annual General Meeting of Shareholders of Adecco Group AG held on 16 April 2019 (2019 AGM).

Note 8 – Treasury shares

As of 31 December 2020 and 31 December 2019 all treasury shares held by the Adecco Group are held by Adecco Group AG.

	Carrying value (in CHF millions)	Number of shares	Average price per share (in CHF)
1 January 2019	**160**	**3,012,469**	
Purchases	17	319,583	53
Purchased over second trading line (share buyback)	69	1,378,750	50
Share cancellation	(157)	(3,231,750)	49
Utilisation for stock-based compensation settlement	(14)	(217,727)	62
31 December 2019	**75**	**1,261,325**	
Purchases	49	1,215,000	40
Share cancellation	(11)	(220,000)	49
Utilisation for stock-based compensation settlement	(16)	(276,556)	57
31 December 2020	**97**	**1,979,769**	

In 2020 and 2019, the number of treasury shares acquired by Adecco Group AG on the regular trading line amounted to 1,215,000 and 319,583, respectively. The highest and lowest price per share paid for the shares acquired in 2020 amounted to CHF 51 and CHF 32, respectively, and for the shares acquired in 2019 CHF 54 and CHF 51, respectively.

In 2020 and 2019, Adecco Group AG awarded 32,050 and 26,559 treasury shares, respectively, to the Board of Directors as part of their remuneration package (refer to section 8.4 "Remuneration of the Board of Directors for 2020 and shareholding as at 31 December 2020" in the Remuneration Report). In addition, in 2020 and 2019, 244,506 treasury shares and 191,168 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

As of 31 December 2020, the treasury shares, excluding those acquired on a second trading line with the aim of subsequently cancelling the shares and reducing share capital, are intended to be used for the settlement of the Company's long-term incentive plan (for further details refer to Note 12 of the Adecco Group consolidated financial statements) as well as for the Board of Directors' remuneration.

Adecco Group AG launched the following share buyback programmes on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 150 announced in March 2018 (completed in March 2019)
- EUR 600 announced in February 2020 (not yet commenced).

As of 31 December 2020 and 31 December 2019, Adecco Group AG held no shares and held 220,000 shares, respectively, acquired under the share buyback programmes. Adecco Group AG acquired no shares in 2020, and acquired 1,378,750 shares for CHF 69 (EUR 61) in 2019 under the share buyback programmes. The highest and lowest price per share paid under the share buyback programmes in 2019 amounted to CHF 54 and CHF 46.

At the 2020 AGM, the shareholders approved the cancellation of 220,000 treasury shares acquired under the share buyback programme and the corresponding reduction in the Adecco Group AG's share capital by 220,000 registered shares with a nominal value of CHF 0.10 each. The cancellation of 220,000 treasury shares was completed on 6 July 2020. Effective 6 July 2020 the share capital of the Company amounts to CHF 16 divided into 163,124,177 shares.

Notes to financial statements (continued)

in millions, except share and per share information

Note 9 – Significant shareholders

Adecco Group AG has only registered shares. Not all shareholders register with Adecco Group AG's share register.

On 31 December 2020, BlackRock Inc.'s shareholding in Adecco Group AG remained above 5%. BlackRock Inc. held 8,455,140 shares as of 18 October 2019.

Silchester International Investors LLP's shareholding in Adecco Group AG reduced to 4.95%. Silchester International Investors LLP held 8,069,166 shares as of 5 November 2020.

For further detailed information, refer to the links listed under section 1.2 "Significant shareholders" of the Corporate Governance Report.

Note 10 – Board of Directors and Executive Committee shareholdings

Board of Directors' shareholdings

Name and function	Shareholding as of 31 December 2020[1]	Shareholding as of 31 December 2019[1]
Jean-Christophe Deslarzes, Chair	18,461	9,769
Kathleen Taylor, Vice-Chair	13,310	9,963
Ariane Gorin	8,924	5,577
Alexander Gut	29,666	26,319
Didier Lamouche	12,386	9,273
David Prince	16,652	18,753
Regula Wallimann	7,215	3,868
Rolf Dörig[2]		90,238
Total	**106,614**	**173,760**

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

2 Member of the Board of Directors until 16 April 2020.

Executive Committee's shareholdings

Name	Shareholding as of 31 December 2020[1]	Shareholding as of 31 December 2019[1]
Alain Dehaze	70,010	49,360
Coram Williams[2]		
Christophe Catoir	12,479	9,469
Sergio Picarelli	28,400	22,531
Jan Gupta		
Valerie Beaulieu[4]		
Stephan Howeg	12,957	9,265
Gordana Landen		
Teppo Paavola		
Enrique Sanchez	17,837	15,633
Ian Lee		
Corinne Ripoche[3]	1,843	
Hans Ploos van Amstel[6]		8,483
Federico Vione[6]		15,469
Rob James[5]		1,712
Total	**143,526**	**131,922**

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

2 Appointed as EC member as of May 2020.

3 Appointed as EC member as of July 2020.

4 Appointed as EC member as of November 2020.

5 Ceased to be a member of the EC in 2019.

6 Ceased to be a member of the EC in 2020.

The members of the Board of Directors and of the Executive Committee are required to disclose to Adecco Group AG direct or indirect purchases and sales of equity-related securities of Adecco Group AG in accordance with the requirements of the SIX Swiss Exchange.

Note 11 – Granted participation rights

In 2020, Adecco Group AG granted to the Executive Committee members employed by Adecco Group AG 147,888 treasury shares for CHF 4 and to other employees employed by Adecco Group AG 171,779 treasury shares for CHF 6 under the Adecco Group long-term incentive plan. In 2019, Adecco Group AG granted to the Executive Committee members employed by Adecco Group AG 177,821 treasury shares for CHF 4 and to other employees employed by Adecco Group AG 60,412 treasury shares for CHF 1 under the Adecco Group long-term incentive plan. For the total number of shares granted in 2020 and in 2019 under the Adecco Group long-term incentive plan refer to Note 12 of the Adecco Group consolidated financial statements.

Note 12 – Financial income/(expenses), net

Financial income/(expenses), net

	2020	2019
Foreign exchange gain	27	85
Foreign exchange loss	(41)	(22)
Gain/(loss) from Group hedging	59	(56)
Total	**45**	**7**

Major consolidated subsidiaries of The Adecco Group

Country	Registered office	Name of legal entity	Ownership[1]	Type[2]	Currency of share capital	Share capital in thousands
Australia	Melbourne	Adecco Australia Pty Ltd	100%	O	AUD	200
Australia	Melbourne	Adecco Industrial Pty Ltd	100%	O	AUD	5
Belgium	Groot-Bijgaarden	Adecco Personnel Services NV[4]	100%	O	EUR	21,651
Canada	Toronto	Adecco Employment Services Limited[4]	100%	O	CAD	90,615
Canada	Toronto	Modis Canada Inc.	100%	O	CAD	14,884
Colombia	Bogotá	Adecco Colombia SA	100%	O	COP	111,700
France	Villeurbanne	Adecco Holding France[4]	100%	H	EUR	602,503
France	Villeurbanne	Adecco France	100%	O	EUR	89,472
France	Villeurbanne	Adecco Medical	100%	O	EUR	6,925
France	Villeurbanne	Modis France	100%	O	EUR	17,126
France	Paris	Altedia	100%	O	EUR	4,437
Germany	Düsseldorf	Adecco Beteiligungs GmbH[4]	100%	H	EUR	25
Germany	Düsseldorf	Adecco Personaldienstleistungen GmbH	100%	O	EUR	31
Germany	Düsseldorf	DIS AG	100%	O	EUR	12,300
Germany	Düsseldorf	Modis GmbH	100%	O	EUR	540
India	Bangalore	Adecco India Private Limited[4]	100%	O	INR	23,806
Italy	Milan	Adecco Italia S.p.A.	100%	O	EUR	2,976
Japan	Tokyo	Adecco Ltd[4]	100%	O	JPY	5,562,863
Japan	Tokyo	VSN, Inc.	100%	O	JPY	1,063,772
Mexico	Mexico City	Entreprise Adecco, SA de CV	100%	O	MXN	101,854
Mexico	Mexico City	Performance Adecco SA de CV	100%	O	MXN	62,550
Netherlands	Utrecht	Adecco International Financial Services BV[4]	100%	F	EUR	2,500
Netherlands	Utrecht	Adecco Holding Europe BV	100%	H	EUR	18,807
Netherlands	Utrecht	Adecco Personeelsdiensten BV	100%	O	EUR	259
Netherlands	Utrecht	Adecco HR Solutions BV	100%	O	EUR	2
Norway	Oslo	Adecco Norge AS	100%	O	NOK	51,000
Poland	Warsaw	Adecco Poland Sp. z o.o.[4]	100%	O	PLN	50
Singapore	Singapore	Adecco Personnel Pte Ltd	100%	O	SGD	100
Spain	Madrid	Adecco TT SA Empresa de Trabajo Temporal	100%	O	EUR	1,759
Spain	Madrid	Atlas Servicios Empresariales SA	100%	O	EUR	60
Spain	Madrid	Adecco Outsourcing SA	100%	O	EUR	120
Sweden	Stockholm	Adecco Sweden AB[4]	100%	O	SEK	3,038
Switzerland	Zurich	Adecco Liquidity Services AG[4]	100%	F	CHF	100
Switzerland	Lucerne	Adecco Invest SA[4]	100%	H	CHF	100
Switzerland	Lausanne	Adecco Ressources Humaines SA[4]	100%	O	CHF	7,000
United Kingdom	London	Spring Technology Staffing Services Limited	100%	O	GBP	18,831
United Kingdom	London	Adecco UK Limited	100%	O	GBP	99,600
United Kingdom	London	Olsten (U.K.) Holdings Ltd	100%	H	GBP	9,213
United Kingdom	London	Pontoon Europe Limited	100%	O	GBP	2,574
United States	Wilmington, DE	Adecco Financial Services (North America)[3]	100%	S	USD	n.a.
United States	Wilmington, DE	Adecco, Inc[4]	100%	H	USD	<1
United States	Wilmington, DE	Adecco USA, Inc	100%	O	USD	<1
United States	Burlington, MA	Entegee, Inc.	100%	O	USD	4,534
United States	Plantation, FL	Modis E & T LLC[3]	100%	S	USD	n.a.
United States	Jacksonville, FL	ADO Professional Solutions, Inc.	100%	O	USD	161
United States	Wilmington, DE	Lee Hecht Harrison LLC[3]	100%	O	USD	n.a.
United States	Jacksonville, FL	Modis, Inc.	100%	O	USD	12,612
United States	Baltimore, MD	Special Counsel, Inc.	100%	O	USD	18
United States	Wilmington, DE	General Assembly Space, Inc.	100%	S	USD	1
United States	Wilmington, DE	Pontoon Solutions, Inc.	100%	O	USD	0

1 Voting rights equal to ownership. Voting rights and ownership refer to the Adecco Group.

2 H – Holding; O – Operating; F – Financial; S – Services.

3 Subsidiary is registered as a Limited Liability Company (LLC). No shares have been issued as LLCs have membership interests rather than shares.

4 Adecco Group AG direct investment.

Proposed appropriation of shareholders' equity

in millions, except share and per share information

in CHF	2020	2019
Voluntary retained earnings		
Voluntary retained earnings of previous years	3,212	3,127
Net income	230	646
Share cancellation	(11)	(157)
Total available voluntary retained earnings	**3,431**	**3,616**
Dividend distribution of CHF 2.50 per share for 2019		(404)
Proposed dividend distribution of CHF 2.50 per share for 2020	(403)[1]	
Total voluntary retained earnings to be carried forward	**3,028**	**3,212**

in CHF	2020	2019
Share capital		
Share capital from previous years	16	17
Share cancellation	(0)[2]	(1)
Share capital, end of year	**16**	**16**

1 This represents the amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) of 161,144,408 as of 31 December 2020.

2 The total impact of the share cancellation was below half a million CHF.

As statutory auditor, we have audited the financial statements of Adecco Group AG, which comprise the balance sheet, statements of operations and notes (pages 162 to 173), for the year ended 31 December 2020.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Recoverability of investments in subsidiaries

Area of focus

Adecco Group AG evaluates its investments in subsidiaries for recoverability annually and records an impairment loss when the carrying amount of such assets exceeds the recoverable amount.

In determining the recoverable amount of the investments, the Company must apply judgement in estimating, among other factors, future revenues and margins, multiples, long-term growth and discount rates, while taking into consideration the extraordinary economic environment due to the Covid-19 pandemic.

Due to the significance of the carrying values of the investments in subsidiaries and the judgement involved in performing the recoverability test, this matter was considered significant to our audit.

Our audit response

We assessed the Company's internal controls over its annual recoverability test and key assumptions applied (e.g., future revenues and margins, long-term growth and discount rates). We involved valuation specialists to assist in examining the Company's valuation model and analysing the underlying key assumptions, multiples, long-term growth and discount rates.

We assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts

We evaluated the key assumptions applied and compared these assumptions to corroborating information, including industry reports, economic outlooks, analyst reports and data from competitors

Our audit procedures did not lead to any reservations concerning the recoverability of investments in subsidiaries.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Jolanda Dolente	/s/ Roland Ruprecht
Jolanda Dolente	**Roland Ruprecht**
Licensed audit expert (Auditor in charge)	Licensed audit expert

Zürich, Switzerland
10 March 2021

Additional information

Additional Information

Non-US GAAP information and financial measures

Non-US GAAP information and financial measures

The Company uses non-US GAAP financial measures for management purposes. The principal non-US GAAP financial measures discussed herein are constant currency, organic growth, EBITA, EBITA excluding one-offs, conversion ratio, free cash flow, cash conversion, net debt, net debt to EBITDA excluding one-offs, and dividend payout ratio, which are used in addition to, and in conjunction, with results presented in accordance with US GAAP.

The aforementioned non-US GAAP financial measures should not be relied upon to the exclusion of US GAAP financial measures, but rather reflect additional measures of comparability and means of viewing aspects of the Company's operations that, when viewed together with the US GAAP results, provide a more complete understanding of factors and trends affecting the Company's business.

Because non-US GAAP financial measures are not standardised, it may not be possible to compare the Company's measures with other companies' non-US GAAP financial measures having the same or a similar name. Management encourages investors to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Bill rate

An average hourly billing rate for temporary staffing services indicating current price levels.

Pay rate

An average hourly payroll rate including social charges for temporary staffing services, indicating current costs.

Constant currency

Constant currency comparisons are calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate. Management believes that constant currency comparisons are important supplemental information because these comparisons exclude the impact of changes in foreign currency exchange rates, which are outside the Company's control, and focus on the underlying growth and performance.

Organic growth

Organic growth figures exclude the impact of currency, acquisitions, and divestitures. Management believes that organic growth comparisons are important supplemental information because these comparisons exclude the impact of changes resulting from foreign currency exchange rate fluctuations, acquisitions, and divestitures.

EBITA

EBITA refers to operating income before amortisation and impairment of goodwill and intangible assets. Management believes that EBITA is important supplemental information because it focuses on the underlying growth and performance of the Company's business.

EBITA excluding one-offs

EBITA excluding one-offs refers to EBITA adjusted for items impacting comparability. Management believes that EBITA excluding one-offs is important supplemental information because it excludes the effect of items that are not expected to recur in future periods, and therefore shows more clearly the underlying performance of the Company's business.

EBITDA

EBITDA refers to operating income before amortisation and impairment of goodwill and intangible assets and depreciation. Management believes that EBITDA is important supplemental information because it focuses on the underlying growth and performance of the Company's business excluding non-cash charges.

EBITDA excluding one-offs

EBITDA excluding one-offs refers to EBITDA adjusted for items impacting comparability. Management believes that EBITDA excluding one-offs is important supplemental information because it excludes the effect of items that are not expected to recur in future periods, and therefore shows more clearly the underlying performance of the Company's business excluding non-recurring charges.

Conversion ratio

EBITA as a percentage of gross profit. Management believes that the conversion ratio is important supplemental information because this ratio displays the efficiency with which gross profit is converted to EBITA. The Company uses this metric to manage productivity and profitability.

Free cash flow (FCF)

FCF comprises cash flow from operating activities less capital expenditures. Management believes that FCF is important supplemental information because it represents the cash generated by the Company after the investments in assets necessary to support existing business activities and to pursue internal growth opportunities.

Cash conversion

Cash conversion is calculated as free cash flow before interest and tax paid (FCFBIT) divided by EBITA excluding one-offs. Management believes that cash conversion is important supplemental information because this represents how much underlying operating profit is converted into cash flows of the Company before the impact of interest and taxes paid.

Days sales outstanding (DSO)

Accounts receivable turnover. Management believes that DSO is important supplemental information as it represents the average time taken to collect accounts receivable.

Net debt

Net debt comprises short-term and long-term debt less cash and cash equivalents and short-term investments. Management believes that net debt is important supplemental information because this is one metric the Company uses to monitor outstanding debt obligations.

Net debt to EBITDA excluding one-offs

Management believes that net debt to EBITDA excluding one-offs is important supplemental information because it is one metric the Company uses to monitor its ability to meet outstanding debt obligations.

Dividend payout ratio

Dividend payout ratio refers to the percentage of adjusted net earnings per share paid to shareholders in dividends. Management believes that dividend payout ratio is important supplemental information because it represents the percentage of the Company's annual profits being paid out to shareholders in the form of an ordinary dividend.

History

The evolution of the Adecco Group is characterised by productive acquisitions, organic growth, industry innovation, and global expansion, creating a story spanning over 60 years. In 1996, the founding companies Adia and Ecco merged to form the global leader in the staffing industry.

1957

Adia SA is founded in Lausanne, Switzerland, by Henri-Ferdinand Lavanchy. The firm grows rapidly in its home country before expanding abroad.

1964

Philippe Foriel-Destezet founds Ecco in Lyon. By the early 1980s, Ecco is the largest supplier of temporary personnel in France.

1961–1980

In the 1960s, Adia opens offices in various European countries and then in 1972 takes a first step overseas, with a branch in Menlo Park, California. In 1974, Lavanchy recruits Martin O. Pestalozzi and a phase of expansion by acquisitions begins. In the next 12 years, Adia buys over 85 companies, tripling in size and gaining footholds in more than a dozen countries. These include France (1975) and the UK (1977), where it buys the market leader: Alfred Marks Bureau Ltd.

Early 1980s

Adia continues to expand overseas, including Australia, New Zealand, Japan, Hong Kong, and Canada. Meanwhile, Ecco is focusing on its home market. By the mid-1980s, it is the market leader in France and a decade later world no. 2. The growth of both companies is part of a wider trend: temporary staffing becomes the world's third-fastest-growing industry in the 1980s.

Late 1980s

Revenues topping USD 1 billion in 1986 make Adia the European leader. Its success is partly down to a focus on quality and high-value services. The 1990s see a growing trend towards specialised skills, e.g. accounting and word-processing, including in-house training programmes.

1990s

Further acquisitions from the late 1980s onwards strengthen the Company's presence in highly skilled, specialised fields. Also, moves are made into socially related programmes for mature workers in the USA, promoting the benefits of temporary work for retirees and the value for companies of tapping into their experience, skills and dedication. In 1991, recognising the importance of the industry's role in job creation and its growth potential, Klaus J. Jacobs invests in Adia on the way to becoming its majority shareholder.

1996

Adia and Ecco merge to form the Adecco Group. Two of the world's top three personnel services firms, with complementary geographical profiles, merge to form a strong global leader with annualised revenues of over EUR 5.4 billion. Operations are combined to form a global network of 2,500 branches. The new company has an exceptional range and quality of services. The core staffing business places around 250,000 people in work each day.

1997–2000

The 1997 acquisition of TAD Resources International strengthens the Adecco Group's technical and IT staffing business in the USA. In 2000, the Adecco Group acquires the IT and general staffing business of the Olsten Corporation to become the no. 1 staffing services business in the USA and worldwide leader in the IT sector. The merged companies' revenues reach over EUR 11.6 billion, reflecting organic growth and successful acquisitions. Partnerships with Monster.com and Jobs.com mark the Adecco Group's intent to be at the forefront of harnessing the web in the recruitment process.

2002

To keep at the forefront of the trend towards increasing demand for professional and expert services, the Adecco Group consolidates its business under three operating divisions: Adecco Staffing; Ajilon Staffing/Managed Services; and Career Services/e-Business. Legislative change in Germany creates a more favourable environment for the growth of temporary staffing, reflecting greater acceptance of the industry's positive role in generating employment and economic growth.

2004

The acquisition of PeopleOne Consulting in India signals the Adecco Group's commitment to play a leading role in the industry's development in the emerging markets. As a result of the delay in the audit of the 2003 financial statements in early 2004, the Adecco Group strengthens its financial reporting and governance structure.

2005–2006

In 2005, Klaus J. Jacobs assumes the Chairman and CEO roles, initiating a strategy review. The Adecco Group's focus on professional staffing services intensifies. To create a strong platform for growth, the Group's existing operations are realigned into global business lines defined by specific occupational fields, complementing the established office and industrial offering with professional staffing lines.

Acquisitions of Altedia and HumanGroup strengthen the Adecco Group's involvement in professional segments in Europe. In 2006, the acquisition of DIS AG in Germany gives the Adecco Group leadership in the German professional staffing industry. Dieter Scheiff is appointed Chief Executive Officer. The Adecco Group adopts a dual strategy focused on professional and general staffing.

2007

Jürgen Dormann is appointed Chairman of the Board. As planned, Klaus J. Jacobs hands back his mandate. The Adecco Group acquires Tuja Group, an industry leader in Germany, one of the world's fastest-growing temporary staffing markets.

2008

The Adecco Group acquires the professional staffing businesses DNC in the Netherlands and IT specialist Group Datavance in France. Country operations take greater responsibility for growing professional business, as the dual professional and general staffing model becomes further embedded.

Klaus J. Jacobs, co-founder and Honorary President of the Adecco Group, passes away.

2009

Rolf Dörig is appointed Chairman of the Board. Patrick De Maeseneire becomes Chief Executive Officer. The Adecco Group acquires Spring Group in the UK, bolstering the Adecco Group's UK professional and general staffing business.

2010

The acquisition of MPS Group, a leading professional staffing firm based in the USA, is completed. With MPS' strength in North America and the UK, the Adecco Group also becomes the world leader in professional staffing.

The Adecco Group sets up a joint venture in Shanghai with leading Chinese HR services company Fesco. FESCO Adecco begins operations on 1 January 2011, with over 100,000 associates and a well-established local and multinational client base.

2011

The Adecco Group acquires US-based Drake Beam Morin Inc., taking the worldwide lead in career transition and talent development services.

2012

The Adecco Group acquires VSN Inc., a leading provider of professional staffing services in Japan. The acquisition expands the professional staffing exposure in the world's second-largest staffing market.

Henri-Ferdinand Lavanchy, the founder of Adia, passes away.

2014

The Adecco Group acquires OnForce to expand its Beeline service offering, creating a unique integrated solution for managing contingent workforces.

The Jacobs Group sells the vast majority of its 18% stake in the Adecco Group.

2015

Alain Dehaze is appointed Chief Executive Officer. The Adecco Group announces a new composition of the Executive Committee.

The Adecco Group acquires Knightsbridge Human Capital Solutions, the market leader in career transition, talent and leadership development, and recruitment services in Canada.

2016

The Adecco Group acquires Penna Consulting Plc, the UK market leader in career transition, talent and leadership development and recruitment services, as well as D4, LLC, a leader in eDiscovery litigation support.

The Adecco Group deconsolidates Beeline upon its merger with IQNavigator, which brings together two of the world's leading providers of Vendor Management Systems.

2017

The Adecco Group launches Adia, a 'recruitment-on-demand' platform for temporary staffing, and freelancer platform YOSS.

The Adecco Group acquires Mullin International, strengthening its career transition services, and BioBridges, enhancing its position in life sciences professional recruitment.

2018

The Adecco Group acquires Vettery, a US-based talent recruitment platform, built to connect top employers with tech, sales and finance talent. In addition, the Adecco Group acquires General Assembly, a pioneer in education and career transformation, focusing on in-demand digital skills. With General Assembly the Adecco Group broadens its portfolio of brands and services, creating a 360° ecosystem and the most comprehensive offering in the HR solutions industry.

The Adecco Group divests its remaining stake in IQN/Beeline Holdings, LLC.

2019

The Adecco Group divests Soliant Health Inc. to concentrate on globally scalable brands and digital solutions. FESCO Adecco investments become integral to the Adecco Group.

2020

The Adecco Group announces its new strategy called Future@Work with three distinct Global Business Units: Adecco, Talent Solutions and Modis.

Key figures

in EUR millions unless stated	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues	**19,561**	23,427	23,867	23,660	22,708	22,010	20,000	19,503	20,536	20,545
Gross profit	**3,789**	4,504	4,433	4,346	4,276	4,179	3,703	3,560	3,674	3,566
EBITA excluding one-offs	**709**	1,069	1,080	1,158	1,134	1,152	966	857	817	833
EBITA	**570**	988	987	1,151	1,098	1,086	929	824	729	813
Net income/(loss) attributable to Adecco Group shareholders	**(98)**	727	458	788	723	8	638	557	377	519
Basic EPS (EUR)	**(0.61)**	4.48	2.77	4.67	4.24	0.05	3.62	3.09	2.00	2.72
Diluted EPS (EUR)	**(0.61)**	4.47	2.77	4.66	4.24	0.05	3.61	3.08	2.00	2.72
Dividend per share (CHF)	**2.50**[1]	2.50	2.50	2.50	2.40	2.40	2.10	2.00	1.80	1.80
EBITDA excluding one-offs	**837**	1,176	1,166	1,235	1,219	1,246	1,058	958	920	926
EBITDA	**698**	1,095	1,073	1,228	1,183	1,180	1,021	925	832	906
Cash flow from operating activities	**720**	880	727	737	694	797	771	531	565	538
Free cash flow before interest and tax paid	**873**	999	903	939	941	993	999	695	799	665
Free cash flow	**563**	724	569	637	618	700	691	450	477	429
Net debt	**376**	398	1,124	994	887	1,039	971	1,091	967	889
Shareholders' equity	**3,218**	3,948	3,589	3,582	3,722	3,346	3,839	3,557	3,699	3,811
Organic revenue growth	**-14%**	-3%	3%	6%	4%	4%	4%	-1%	-4%	10%
Gross margin	**19.4%**	19.2%	18.6%	18.4%	18.8%	19.0%	18.5%	18.3%	17.9%	17.4%
SG&A as % of revenues	**16.6%**	15.0%	14.4%	13.5%	14.0%	14.1%	13.9%	14.0%	14.4%	13.4%
EBITA margin excluding one-offs	**3.6%**	4.6%	4.5%	4.9%	5.0%	5.2%	4.8%	4.4%	4.0%	4.1%
EBITA margin	**2.9%**	4.2%	4.1%	4.9%	4.8%	4.9%	4.6%	4.2%	3.5%	4.0%
Dividend payout ratio	**82%**	52%	48%	46%	50%	45%	49%	47%	49%	45%
Average number of FTE employees	**30,264**	34,662	35,104	33,787	33,391	32,266	31,576	31,329	32,987	32,826
Days sales outstanding	**52**	53	53	52	52	52	53	54	54	55
Cash conversion	**123%**	93%	84%	81%	83%	86%	103%	81%	98%	80%
Net debt/EBITDA excluding one-offs	**0.4x**	0.3x	1.0x	0.8x	0.7x	0.8x	0.9x	1.1x	1.1x	1.0x
Basic weighted-average shares (millions)	**161.4**	162.2	165.4	168.7	170.3	172.5	176.3	180.5	188.4	190.7
Diluted weighted-average shares (millions)	**162.0**	162.5	165.7	169.1	170.5	172.7	176.6	180.8	188.6	190.8
Shares outstanding at year-end (millions)	**161.1**	162.1	163.6	165.8	170.3	170.3	173.4	178.1	184.6	170.4
In CHF, at year-end:										
Share price	**59.16**	61.22	45.93	74.55	66.65	68.90	68.85	70.60	48.04	39.35
Market capitalisation (millions)[2]	**9,650**	10,000	7,651	12,760	11,408	12,021	12,330	13,362	9,092	7,448
Enterprise value (millions)[3,4]	**10,055**	10,434	8,916	13,923	12,357	13,154	13,495	14,704	10,262	8,515
In EUR[4], at year-end:										
Share price	**54.78**	56.17	40.81	63.72	62.29	63.21	57.37	57.40	39.70	32.79
Market capitalisation (millions)[2,4]	**8,936**	9,174	6,798	10,906	10,662	11,028	10,275	10,863	7,514	6,206
Enterprise value (millions)[3,4]	**9,311**	9,572	7,922	11,900	11,549	12,067	11,246	11,954	8,481	7,095

1 Proposed by the Board of Directors.

2 Market capitalisation based on issued shares.

3 Enterprise value equals net debt plus market capitalisation at year-end.

4 Exchange rates EUR/CHF
2020: 1.08; 2019: 1.09; 2018: 1.13; 2017: 1.17; 2016: 1.07; 2015: 1.09; 2014: 1.20; 2013: 1.23; 2012: 1.21 and 2011: 1.20.

Non-financial reporting index

Expectations of investors and stakeholders are increasing as regards the ways that companies measure and demonstrate their contributions towards creating more prosperous, fulfilled societies and a more sustainable relationship with our planet. This builds on the recognition that companies that hold themselves accountable to their stakeholders and increase transparency will be more viable – and valuable – in the long-term.

At the Adecco Group, we have a long-standing commitment to sustainability and reporting on our progress. We have published a stand-alone Sustainability Report since 2008 and have included relevant elements into the Annual Report ever since. To reflect our integrated approach to sustainability and holistic understanding of stakeholder value creation, since the 2019 Annual Report we have folded the Sustainability Report completely into the Annual Report.

As part of our commitment to continuously strengthen what we measure and disclose, in December 2020, the Adecco Group confirmed its commitment to adopt and gradually implement the Stakeholder Capitalism Metrics framework sponsored by the WEF's International Business Council – a core set of metrics and disclosures intended to align mainstream reporting on performance against ESG indicators with the aim of bringing greater comparability and consistency to ESG reporting. This year for the first time we are also reporting against the recommendations of the Task Force on Climate-related Financial Disclosures and the Sustainability Accounting Standards Board framework for the professional & commercial services industry. We are committed to increasing disclosures against these standards in 2021.

The following content index provides references to the Stakeholder Capitalism Metrics (SCM), the TCFD disclosures (TCFD), the SASB disclosures and metrics (SASB), as well as the Sustainability Reporting Standards 2020 of the Global Reporting Initiative (GRI) – an independent organisation that helps businesses worldwide communicate their impact on critical sustainability issues – to help our stakeholders find the information relevant to them. We believe these disclosures provide a reasonable representation of the Adecco Group's contributions towards sustainable development without yet adhering to the standards in their entirety. As our integrated Annual Report also serves as Communication on Progress towards the UN Global Compact (UNGC), the index also maps our disclosures to the UNGC's ten principles.

This content index refers to information disclosed in several locations and formats, mainly the Adecco Group Annual Report 2020 ('AR'), our 2020 CDP submission ('CDP'), as well as on our website www.adeccogroup.com/sustainability (🌐).

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
General disclosures				
1. Organisational profile				
GRI 102-1	Name of the organisation			AR Cover, 76
GRI 102-2	Activities, brands, products and services		1, 4, 8, 10	AR The Adecco Group at a glance (IFC), 28-29, 76
GRI 102-3	Location of headquarters			AR 76, IBC
GRI 102-4	Location of operations			AR The Adecco Group at a glance (IFC), 124, 65-166, 172
GRI 102-5	Ownership and legal form			AR 76-77
GRI 102-6	Markets served			AR The Adecco Group at a glance (IFC), 124, 165-166, 172
GRI 102-7	Scale of the organisation			AR 2-3, 62-64, 67-68, 70
GRI 102-8 SASB SV-PS-000.A	Information on employees and other workers		8, 10	AR 2, 36, 39, 70
GRI 102-10	Significant changes to the organisation			AR 130, 133, 159
GRI 102-11	Precautionary principle or approach			AR 48-49, 56-57
GRI 102-12	External initiatives	1-6	3, 4, 5, 8, 10, 17	AR 41, 52-53, 55, 56-57 🌐
GRI 102-13	Membership of associations	1-6	3, 4, 5, 8, 10, 17	AR 41, 55, 59 🌐

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
2. Strategy				
GRI 102-14	Statement from senior decision-maker			AR 4-7
GRI 102-15 SCM TCFD Sa-b, Ra-c	Key impacts, risks and opportunities	1-6, 8-10	3, 4, 5, 8, 10, 13, 17	AR 8-9, 16-17, 48-49 CDP
3. Ethics and integrity				
GRI 102-16 SASB SV-PS-510a.1	Values, principles, standards and norms of behaviour	1-6, 8, 10	16	AR 6, 30-31, 43, 50-51
GRI 102-17 SCM	Mechanisms for advice and concerns about ethics	1-6, 10	16	AR 50-51
4. Governance				
GRI 102-18	Governance structure		16	AR 79-90
GRI 102-19	Delegating authority			AR 82-85
GRI 102-20 TCFD Gb	Executive-level responsibility for economic, environmental, and social topics		16	AR 82-83, 104
GRI 102-21 SCM	Consulting stakeholders on economic, environmental, and social topics		16	AR 42, 50, 53, 55. 71
GRI 102-22 SCM	Composition of the highest governance body and its committees		5, 16	AR 79-81, 84-85
GRI 102-23	Chair of the highest governance body		16	AR 80
GRI 102-24	Nominating and selecting the highest governance body		5, 16	AR 82, 84
GRI 102-25	Conflicts of interest		16	AR 82
GRI 102-26 SCM TCFD Ga	Role of highest governance body in setting purpose, values, and strategy		16	AR 82-83
GRI 102-27	Collective knowledge of highest governance body			AR 82-83
GRI 102-28	Evaluating the highest governance body's performance		16	AR 83-84
GRI 102-29 TCFD Sa-b, Ra-b	Identifying and managing economic, environmental, and social impacts		16	AR 8-9, 39-41, 48-59, 82-83
GRI 102-30	Effectiveness of risk management processes		16	AR 48-49, 83, 85, 159
GRI 102-31	Review of economic, environmental, and social topics			AR 82-83
GRI 102-32	Highest governance body's role in sustainability reporting			AR 83
GRI 102-33	Communicating critical concerns	1-6, 10	8, 16	AR 50-51, 70, 83
GRI 102-34	Nature and total number of critical concerns			AR 51
GRI 102-35 SCM	Remuneration policies			AR 94-100
GRI 102-36	Process for determining remuneration			AR 99
GRI 102-37	Stakeholders' involvement in remuneration		16	AR 98

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
5. Stakeholder engagement				
GRI 102-40	List of stakeholder groups			AR 31, 48-49
GRI 102-42	Identifying and selecting stakeholders			AR 30-31, 48-49
GRI 102-43 SCM	Approach to stakeholder engagement			AR 31-32, 39, 41-42, 48-51, 53, 55, 71, 83
GRI 102-44	Key topics and concerns raised			AR 8, 42, 51
6. Reporting practice				
GRI 102-45	Entities included in the consolidated financial statements			AR 124
GRI 102-46	Defining report content and topic boundaries			AR The Adecco Group at a glance (IFC), 8-9, 50, 124
GRI 102-47 SCM	List of material topics	1-10	1, 3, 4, 5, 8, 10, 13	AR 8-9, 48-49
GRI 102-48	Restatements of information			AR 128
GRI 102-49	Changes in reporting			AR 128
GRI 102-50	Reporting period			1 January-31 December 2020
GRI 102-51	Date of most recent report			Published on 16 March 2020
GRI 102-52	Reporting cycle			Annual
GRI 102-53	Contact point for questions regarding the report			AR IBC
GRI 102-54	Claims of reporting in accordance with the GRI Standards			AR 181
GRI 102-55	GRI content index			AR 181-185
GRI 102-56	External assurance			AR 115, 160-161, 174-175
Management approach				
GRI 103-1	Explanation of the material topic and its boundary	1-10		AR 8-9, 39-40, 48-59
GRI 103-2	The management approach and its components	1-10		AR 8-9, 39-40, 48-59
GRI 103-3	Evaluation of the management approach	1-10		AR 6, 8-9, 12-15, 39-40, 48-59
Economic perfomance				
GRI 201-1 SCM	Direct economic value generated and distributed		1, 4, 8, 10	AR 2-3, 50, 58, 62, 67-68, 73, 117-119, 127, 151-155, 163
GRI 201-2 TCFD Sa-b, Ra-b	Financial implications and other risks and opportunities due to climate change	7-9	13	AR 56 CDP
GRI 201-3	Defined benefit plan obligations and other retirement plans			AR 142-146
GRI 201-4 SCM	Financial assistance received from government			AR 43, 125

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
Indirect economic impacts				
GRI 203-2 SCM	Significant indirect economic impacts	6, 8	1, 3, 4, 5, 8, 10	AR 41, 52, 54-55, 58-59
Anti-corruption				
GRI 205-1	Operations assessed for risks related to corruption	10	16	AR 48-49
GRI 205-2 SCM	Communication and training about anti-corruption policies and procedures	10	16	AR 49-51
GRI 205-3 SCM	Confirmed incidents of corruption and actions taken	10	16	AR 51
Tax				
GRI 207-1	Approach to tax		1, 10, 17	AR 50, 93, 127, 151-155
GRI 207-2	Tax governance, control, and risk management		1, 10, 17	AR 84, 93
GRI 207-3	Stakeholder engagement and management of concerns related to tax		1, 10, 17	AR 93
GRI 207-4 SCM	Country-by-country reporting		1, 10, 17	AR 50, 93
Energy				
GRI 302-1	Energy consumption within the organisation	7, 8	7, 8, 12, 13	CDP
GRI 302-2	Energy consumption outside of the organisation	7, 8	7, 8, 12, 13	CDP
GRI 302-3 TCFD Mc)	Energy intensity	7, 8	7, 8, 12, 13	AR 57 CDP
GRI 302-4 TCFD Mc)	Reduction of energy consumption	7, 8	7, 8, 12, 13	CDP
GRI 302-5	Reductions in energy requirements of products and services	7-9	7, 8, 12, 13	CDP
Emissions				
GRI 305-1 SCM TCFD Mb	Direct (Scope 1) GHG emissions	8	3, 12, 13	AR 57 CDP
GRI 305-2 SCM TCFD Mb	Energy indirect (Scope 2) GHG emissions	8	3, 12, 13	AR 57 CDP
GRI 305-3 SCM TCFD Mb	Other indirect (Scope 3) GHG emissions	8	3, 12, 13	AR 57 CDP
GRI 305-4 TCFD Mc	GHG emissions intensity	8	12, 13	AR 57 CDP
GRI 305-5 TCFD Mc	Reduction of GHG emissions	8	12, 13	AR 57 CDP
SCM TCFD Mc	Paris-aligned GHG emissions targets	7, 8	13	AR 56 CDP

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
Environmental compliance				
GRI 307-1	Non-compliance with environmental laws and regulations	8	16	We are not aware of any non-compliance with environmental laws and/or regulations within our operations.
Employment				
GRI 401-1 SCM SASB SV-PS-330a.2	New employee hires and employee turnover	6	5, 8, 10	AR 36, 39, 70
SASB SV-PS-330a.3	Voluntary and involuntary turnover	6	5, 8, 10	AR 39, 70
Occupational health and safety				
GRI 403-1	Occupational health and safety management system	1	3, 8	AR 42-43, 54
GRI 403-2	Hazard identification, risk assessment, and incident investigation	1	3, 8	AR 42-43, 54
GRI 403-3	Occupational health services	1	3, 8	AR 42-43, 54
GRI 403-5	Worker training on occupational health and safety	1	3, 8	AR 42-43, 54
GRI 403-6 SCM	Promotion of worker health	1	3, 8	AR 42-43, 54
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2	3, 8	AR 54
Training and education				
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes		4, 8, 10	AR 9, 12, 22-25, 27, 29, 34-35, 38
Diversity and equal opportunity				
GRI 405-1 SCM SASB SV-PS-330a.1	Diversity of governance bodies and employees	6	5, 8	AR 39-41, 79-81, 84, 86-89
Non-discrimination				
GRI 406-1 SCM	Incidents of discrimination and corrective actions taken	6	5, 8	AR 51
Human rights assessment				
GRI 412-1 SCM	Operations that have been subject to human rights reviews or impact assessments	1, 2	16	AR 52-53
GRI 412-2	Employee training on human rights policies or procedures	1, 2	16	AR 52-53
Local communities				
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes		4, 8, 10, 17	AR 58-59
Public policy				
GRI 415-1 SCM	Political contributions	10	16	
Data security				
SASB SV-PS-230a.1-3	Description of approach to identifying and addressing data security risks and related policies and practices		16	AR 49

Addresses

Registered office
Adecco Group AG
Bellerivestrasse 30
CH-8008 Zürich

Contact details
Adecco Group AG
Bellerivestrasse 30
CH-8008 Zürich
T +41 44 878 88 88

The Adecco Group Investor Relations
T +41 44 878 88 88
investor.relations@adeccogroup.com
adeccogroup.com/investors

The Adecco Group Press Office
T +41 44 878 87 87
media@adeccogroup.com

The Adecco Group on the web:
adeccogroup.com
facebook.com/theadeccogroup
twitter.com/adeccogroup
Instagram.com/adeccogroup
Youtube.com/user/AdeccoGroup
LinkedIn The Adecco Group

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Making the future work for everyone

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