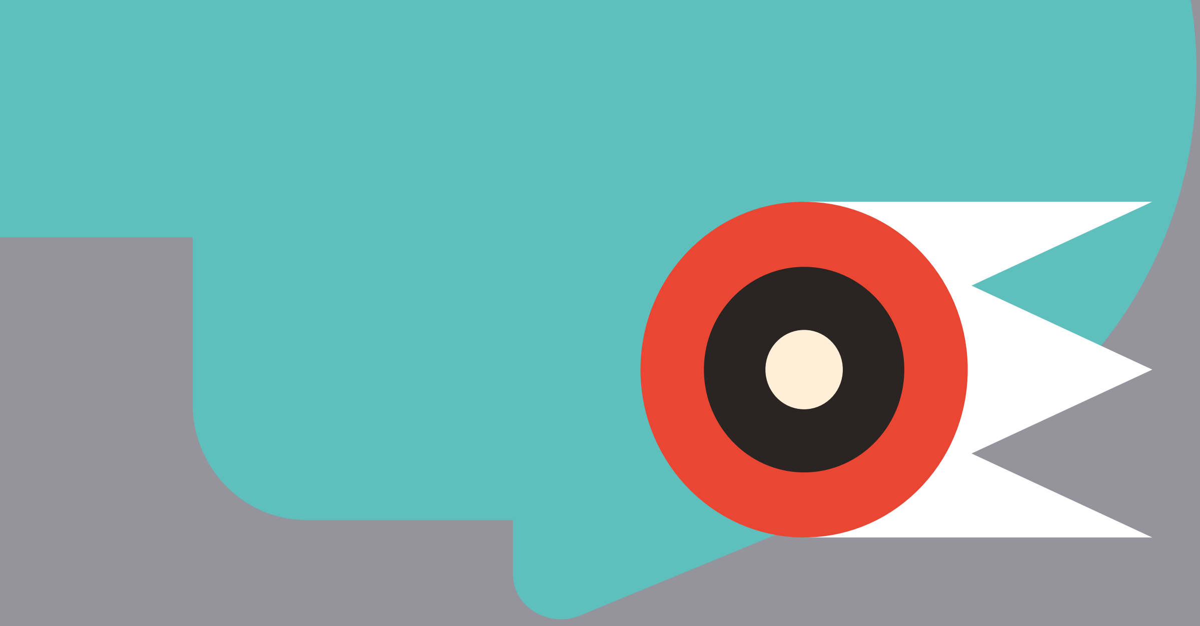
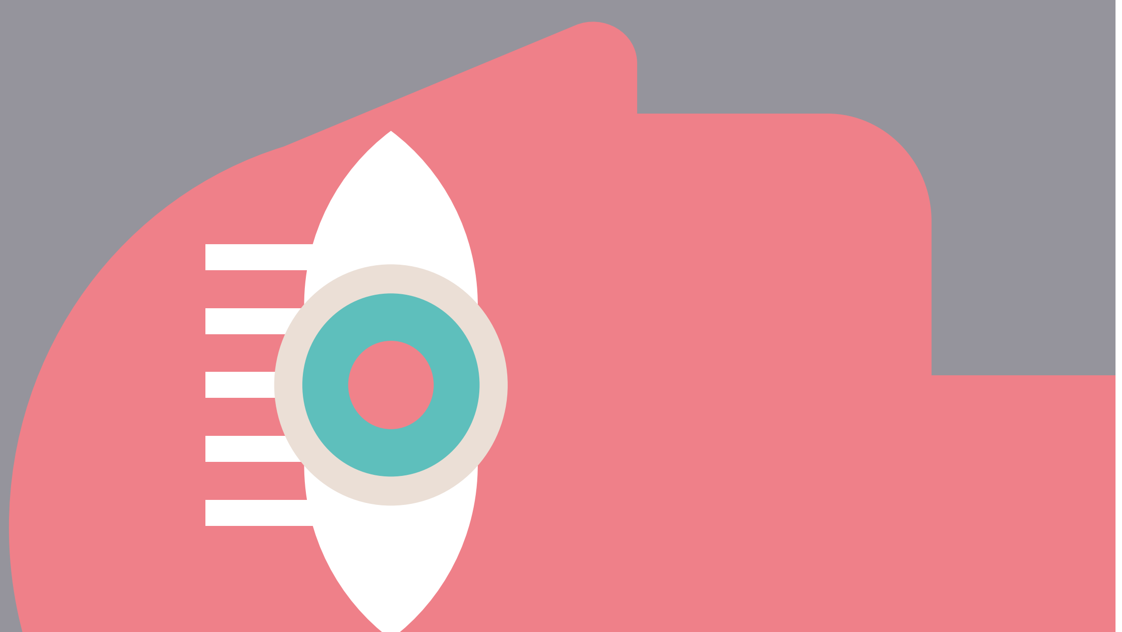
THE ADECCO GROUP

2019 ANNUAL REPORT



Our purpose is to make the future work for everyone, ensuring that people across the globe are inspired, motivated, trained and developed to embrace the future of work. To be in environments where they are empowered to thrive, stimulated to succeed and given every chance to make their individual futures better and brighter than ever before.



Making the future work for everyone

The world of work is being reshaped by a series of megatrends that are forcing companies everywhere to rethink how they build and optimise their 'talentforce'. Today, organisations need access to an evolving set of skills and leadership capabilities, and flexible workforces for business agility. In parallel, employees want to work when, where, and how they wish, doing the work that matches their skills, interests and compensation needs. The Adecco Group is at the nexus of this evolution – our opportunity lies in supporting individuals and companies to navigate the unprecedented rate of change, and make the future work for them.

4 Sustainability goals

To achieve our purpose, we work towards four strategic sustainability goals that address the work-related needs of our core stakeholder groups: candidates and associates, clients, colleagues, and institutions and society more broadly.

EMPLOYABILITY AND ACCESS TO WORK

Unlocking human potential to achieve equal access to decent work for all, by working to lower and remove barriers to work, providing training and career advice, and matching people with quality jobs.

Read more on page 14.

TRUSTED PARTNER TO CLIENTS

Working hand in hand with businesses worldwide to provide tailored workforce solutions, built on a deep understanding of their needs and challenges and a shared commitment to responsible business conduct.

Read more on page 34.

EMPLOYER OF CHOICE

Setting the standard as a world-class employer by creating a positive, respectful and healthy work environment that inspires and enables a diverse, inclusive, engaged and talented team united by one purpose.

Read more on page 38.

SOCIAL PROTECTION FOR ALL

We believe in the value of adequate social protections and decent work for all, regardless of the type of employment contract a person has, to ensure the prosperity of a society that thrives on the value of work, leaving no one behind.

Read more on page 47.

THE ADECCO GROUP

Leadership across the HR spectrum

Our services

TS Temporary staffing

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 that 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.

O M R TD Other services

a. Outsourcing
b. Managed Service Programmes (MSP)
c. Recruitment Process Outsourcing (RPO)
d. Talent Development

We also offer a full spectrum of complementary HR solutions, including: Outsourcing – we staff and manage the entirety of a labour-intensive activity, such as warehouse logistics or IT support; Managed Service Programmes (MSP) – managing all parts of the flexible workforce at organisations using a large number of contingent workers; Recruitment Process Outsourcing (RPO) – handling the entire hiring process for employers recruiting large numbers of permanent employees; and Talent Development – providing training, career development, upskilling and reskilling, both on behalf of organisations and directly to individuals.

Revenue %

Gross profit %

Our strategic focus areas and global brands

Workforce Solutions

We place candidates in skilled and unskilled roles across a wide range of office, industrial and service-sector occupations. Workforce Solutions are delivered under the global Adecco brand, focusing on temporary staffing, permanent placement and outsourcing. Services are tailored according to client size and complexity of need, with small and medium-sized companies served from our network of local branches, and large customer solutions being delivered either from larger hubs or at the client's own location (Onsite). We also offer a 'recruitment on demand' online staffing platform, operating under the Adia brand, mainly focusing on hospitality and events.

TS PP O

Adecco
Adia

Professional Solutions

We support our clients in finding and attracting graduate-level talent for higher-salary roles in IT, engineering, finance, legal, medical and science disciplines. Solutions include staffing/contracting, consulting and permanent placement. Reflecting the specialised nature of professional recruitment, Professional Solutions are delivered by a number of global and local expert brands, including the lead brands Modis, Badenoch + Clark and Spring Professional. We also offer specialist online professional permanent recruitment through the Vettery brand and online freelance solutions through YOSS.

TS PP O

BADENOCH + CLARK
modis
Spring Professional
VETTERY
YOSS

Talent Solutions

We advise organisations and individuals how to succeed in the evolving world of work, helping clients transform their workforces and individuals transform their careers. Solutions include talent development, career transition and HR process outsourcing (MSP and RPO). Talent Solutions are delivered through three global brands: LHH, General Assembly and Pontoon.

LHH is the world's leading career transition and talent development company. General Assembly delivers technical training mainly in coding, data science, and digital marketing. We also offer full HR outsourcing solutions, including MSP and RPO, through Pontoon.

TD CT M R

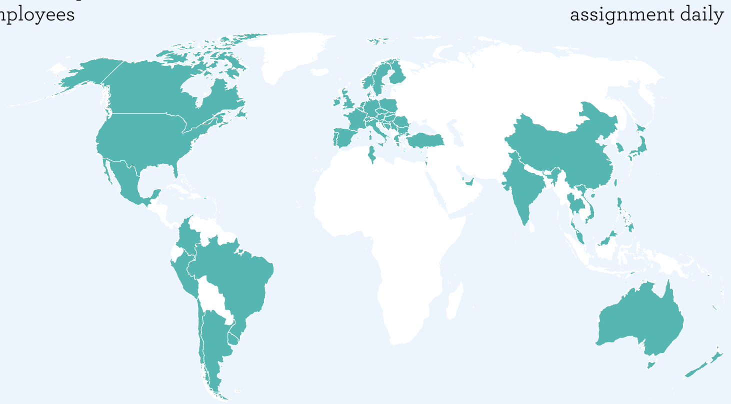
GENERAL ASSEMBLY
pontoon
LHH

Our global footprint

Approximately
35,000
full-time equivalent employees

More than
100,000
clients

Over
600,000
associates on assignment daily



Contribution to Group revenues

Europe
61%

North America
19%

Japan and Rest of World
18%

Talent Development & Career Transition[1]
2%

Europe
France – 23%
UK & Ireland – 9%
Germany, Austria, Switzerland – 8%
Benelux & Nordics – 8%
Italy – 8%
Iberia – 5%

Japan & ROW
Japan – 6%
Latin America – 4%
Eastern Europe & MENA – 3%
Asia – 2%
Australia & New Zealand – 2%
India – 1%

1 Talent Development & Career Transition is managed as a global business line.

Revenue %

Gross profit %

Advancing our business

2019 was a year of continued transformation and strategic progress. While the economic environment was difficult, we did not compromise long-term investments and remained focused on delivering our 'Perform, Transform, Innovate' strategy, to position the business for profitable growth and broader stakeholder value creation.

Revenues

€23.4bn

Down 3% on an organic[1] basis, impacted by slower market growth

Gross margin

19.2%

+60bps YoY driven by improved business mix and value-based pricing

EBITA[2] margin excluding one-offs

4.6%

+10bps YoY supported by GrowTogether productivity savings

Cash conversion[3]

93%

Strong underlying cash flow while continuing to invest

Dividend[4]

CHF 2.50

Stable YoY and representing a 52% payout ratio

Net debt/EBITDA[5]

0.3x

Robust financial position benefiting from free cash flow and divestments

Share buyback

€600m

Returning excess capital to shareholders, in line with our capital allocation policy

Net Promoter Score (Client)

23

Delivering more value to our clients

Great Place to Work® Ranking

11th

Out of more than 8,000 participating companies globally

Permanent placements

100,000+

People placed in permanent employment

Number of associates on assignment

600,000+

Associates provided with flexible employment every day

People trained and coached

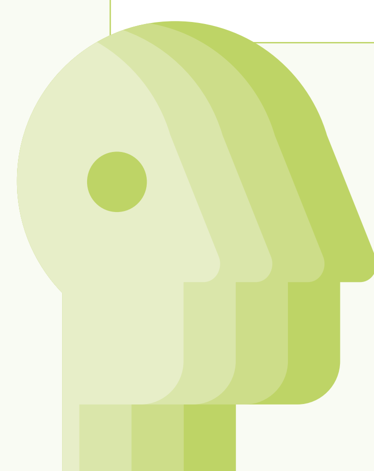
500,000+

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.
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 2019, 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 last 4 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 Free cash flow is a non-US GAAP measure and comprises cash flows from operating activities less capital expenditures.

The Adecco Group delivered a solid financial performance against a backdrop of ongoing economic uncertainty and market slowdown. Despite the challenging conditions that impacted revenues, the Group achieved gross margin and EBITA margin improvement, thanks to a clear focus on customer value and operational efficiency.

			Variance	
in EUR millions unless stated	**FY 2019**	**FY 2018**	**Reported**	**Organic**
Summary of income statement information				
Revenues	**23,427**	23,867	-2%	-3%
Gross profit	**4,504**	4,433	2%	-1%
EBITA excluding one-offs	**1,069**	1,080	-1%	-1%
EBITA	**988**	987	0%	0%
Net income attributable to Adecco Group shareholders	**727**	458	59%	
Diluted EPS (EUR)	**4.47**	2.77	62%	
Dividend per share (CHF)	**2.50**	2.50	0%	
Gross margin	**19.2%**	18.6%	60 bps	40 bps
EBITA margin excluding one-offs	**4.6%**	4.5%	10 bps	10 bps
EBITA margin	**4.2%**	4.1%	10 bps	20 bps
Summary of cash flow and net debt information				
Free cash flow before interest and tax paid (FCFBIT)[6]	**999**	903		
Free cash flow (FCF)[6]	**724**	569		
Net debt	**398**	1,124		
Days sales outstanding	**53**	53		
Cash conversion	**93%**	84%		
Net debt to EBITDA excluding one-offs	**0.3x**	1.0x		



At the forefront of a changing world of work

Dear Adecco Group shareholders and stakeholders

In 2019, the Group delivered a solid performance and made continued meaningful progress on its transformation and innovation agendas. Slowing economic growth in Europe and the United States led to an organic revenue decline of 3%. Nevertheless, the strides we have made to transform the Company, with enhanced digital tools and processes, combined with a focus on moving up the HR solutions value chain, meant that our EBITA margin modestly improved and operating profits were broadly stable year on year. Disciplined fiscal management ensured that cash flow and the balance sheet remained strong, allowing the Group to continue to make important strategic investments in IT and digital, while also returning significant capital to shareholders.

Creating shared value

The Adecco Group is a purpose-driven company and our mission – to Make the Future Work for Everyone – has been designed with long-term shared value creation at its centre. Through our core businesses we inspire, motivate, prepare and develop people across the globe to embrace the future of work.

Every year, the Group's 35,000 colleagues worldwide enable 3.5 million people to participate in the world of work, and support more than 100,000 organisations with their human capital needs, allowing them to invest and grow. In 2019, we provided coaching and training to more than half a million people, enhancing their employability and accelerating their careers. And we also ran programmes in fields where persistent skills shortages exist to 'train and place' candidates; acting as a source of talent, rather than an intermediary. We believe this decade will be defined by a reskilling revolution, and we are committed to doing our part with an ambitious plan to upskill and reskill five million people globally by 2030. In doing so, we will continue to support economic dynamism across the 60 countries in which we operate.

Making the future work for everyone

As a leader in the world of work, we are also vocal advocates for a new social contract, highlighting the need for social security systems to catch up with the way that people work in the 21st century, to guarantee appropriate protections for all workers – permanent, temporary, or freelance. We are also leading the debate on how companies and governments should rethink workforce investment and account for human capital, to incentivise organisations to address skills shortages and employability challenges.

Leveraging our scale and scope

The future success of the Adecco Group will in part be determined by our ability to take advantage of our scale and scope, which is increasingly important in a digital world. As the business evolves from a branch-centric to an omnichannel model, customer solutions become more complex, and data becomes central to the value proposition. The Adecco Group is well-positioned to lead this shift and expand its market share, in what remains a highly fragmented industry.

The Group has the capacity to invest in, and develop, innovative technologies, and to partner with leading tech players. Equally important, we combine this with deep institutional knowledge of complex labour markets, extensive data assets and an unmatched scope of solutions. Thus, the business can make our 360° solutions ecosystem and technology come alive and work for us as a differentiator with candidates and clients.

Investing for the future with strong returns

Since 2017, the Group has embarked on a significant transformation programme, to strengthen and digitalise its core business and to expand its portfolio. Investments in our strategic initiatives continued in 2019, as the Group builds to capitalise on the favourable megatrends and evolving customer needs that are reshaping the world of work.

As we enter the final year of the 2017–2020 cycle, the business can be proud of the progress that has been made and reassured by the returns that are now being generated from earlier investments. During 2019, the GrowTogether programme continued to expand in terms of breadth and depth; embedding a culture of customer-centricity and continuous process improvement, while re-applying and leveraging proven digital tools. As well as driving an improvement in our Net Promoter Score, GrowTogether overachieved its productivity target to deliver EUR 140 million of annual benefits. This provides a solid foundation to realise the EUR 250 million commitment in 2020.

The Group also made good progress with the Ventures. General Assembly, our digital upskilling and reskilling platform, achieved strong growth while also developing important synergies with other Group brands, including LHH and Modis. Thus illustrating how bringing together multiple Group brands enables us to create unique solutions to client problems. Across the rest of the Ventures portfolio, we saw continued growth and promising product development.

Rewarding shareholders

Attractive and resilient cash flow returns are a characteristic of the Adecco Group's businesses. The Group has a clear capital allocation policy that determines how free cash flow is deployed; balancing reinvestment in the business with returns of capital to shareholders.

While we invest in the transformation of the business, the Group is also committed to paying a progressive dividend. This means that we grow the dividend as earnings grow, and commit to maintaining the dividend at least in line with the prior year. Hence, the current proposed dividend of CHF 2.50 becomes the floor for future years, supported by the Group's robust through-the-cycle cash flow generation.

Further to the annual dividend, at the end of each year the Board reviews the financial position of the Company and considers the return of excess cash to shareholders. Thanks to strong underlying cash flow in 2019, as well as proceeds from the divestment of the Group's US healthcare operations, the Board has also approved a share buyback of EUR 600 million.

A decade of progress

At the AGM in April, the leadership of the Board will pass to a new Chair. This succession is a moment to reflect on what the Company has achieved over the last decade, how the market has evolved, and what the next decade may bring. Ten years ago, the Group was grappling with the fallout from the global financial crisis, which had significantly impacted demand for HR solutions. Unemployment was rising, and many commentators were predicting a 'jobless recovery', while at the same time, ageing workforces and rising demand for skilled workers were prompting fears of skills shortages in the longer term. The HR solutions industry was meanwhile predicted by some to be disrupted by the emergence of online professional networks.

In fact, the global economy and our industry bounced back strongly. Record high unemployment rates have been replaced with record low rates in many countries. Skills shortages have become the reality in many sectors. Our business has evolved and, rather than be disrupted, we have embraced new tools and technologies. Our service offering has been expanded to capitalise on the new challenges and opportunities faced by clients and candidates. We are successfully moving up the HR value chain, broadening our scope of solutions beyond traditional general staffing to become a holistic and integrated HR solutions partner, to support businesses that are grappling with rapidly evolving human capital needs.

An exciting future

What will the next ten years bring? Notwithstanding the ever-present economic uncertainties, the Adecco Group will remain resilient, delivering value to all our stakeholders. Skills shortages will persist, and we will increasingly need to provide solutions, with our training and education capabilities supporting lifelong learning for individuals and up/reskilling at scale for organisations.

Disruption is a constant in the HR solutions industry, and we will continue to embrace it with agility. While technologies such as AI, automation and machine learning will become ubiquitous, our strength lies in the power of the human. The pressing challenge is not that there will be no work in the future but that the path will require individuals to acquire new skills: something that the world is waking up to and where the Adecco Group is leading the way.

We are a business of people and for people. Enabling individuals and organisations to realise the potential that can be achieved through humans working in harmony with technology is a key plank in our value proposition. A new social contract, inclusion and engagement in the workplace, shared value creation and purpose-led growth are central to ensuring that the future really does work for everyone.

The prospects for the Adecco Group remain bright. Our Perform, Transform and Innovate strategy is the foundation on which we will further build over the coming decade and beyond. We are on a journey, but our progress has positioned us well for the next steps.

We would like to thank our 35,000 colleagues around the world, whose hard work and passion are the bedrock of this Company, and also our clients, candidates, associates, and shareholders for your continued trust and support.

Rolf Dörig
Chair of the Board

Alain Dehaze
Chief Executive Officer

3.5m
People helped to find work

500,000
People trained and coached

€600m
Share buyback announced

Performing Transforming Innovating

2019 was a year of good execution in a challenging external environment. The business made significant progress on each pillar of its 'Perform, Transform, Innovate' strategy, achieving a solid financial performance and laying the foundations for future profitable growth. We are successfully transforming the Company by improving the business mix, delivering more value to all our stakeholders, and increasing operational efficiency. I am confident that we will build on this progress in 2020 and beyond.

Accelerating momentum in our business transformation

2019 was the third year of the 'Perform, Transform, Innovate' strategic cycle, which was launched in 2017 to drive true growth and differentiation. We continued to invest significantly in our strategic programmes – GrowTogether and the Ventures – with approximately EUR 130 million of related opex investments during 2019, equivalent to more than 10% of EBITA. Even with this investment our conversion ratio (Gross Profit conversion to EBITA) remained industry-leading, and our EBITA margin improved year on year. We see many opportunities to drive profitable growth, as GrowTogether further expands, the Ventures come to profitability and pockets of business underperformance are addressed.

For example, GrowTogether helped drive a material improvement in both client and candidate Net Promoter Score, which should underpin future growth. The programme also over-delivered against its productivity target of EUR 120 million, reaching EUR 140 million of annual benefits. This was a key driver of the solid margin performance in the year and gives us confidence in our ability to deliver the EUR 250 million GrowTogether commitment in 2020.

Meanwhile, the Ventures portfolio continued to grow strongly, with increasing synergies with other Group brands. For example, the addition of General Assembly's up/reskilling capabilities to LHH's workforce transformation offering has created a unique solution that is resonating well with clients. And General Assembly (GA) training programmes are behind the innovative Modis Academy, through which we are incubating scarce skills by training candidates in high-demand fields, creating a supply of talent for our clients and opportunities for our candidates.

The multi-year investment programme and the Group's digital transformation will continue in 2020, 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 our colleagues can thrive.

Executing well in an uncertain market

The external environment presented some challenges in 2019, with the continued slowdown in global economic growth and the HR solutions industry that began in the second half of 2018 gathering pace. This led to an organic revenue decline of 3% for the year, following five consecutive years of growth. Most regions experienced declining revenues, with the exception of Japan and Iberia. In this difficult market environment, the Group performed well, redoubling our focus on what was within our control.

In an environment of declining industry volumes, we focused on progressively moving the business mix towards the higher value activities in our portfolio, such as training, outsourcing, permanent placement and professional staffing. We also ensured that our pricing reflected the fact that it became harder to find candidates, as unemployment rates continued to decline, and specific skills shortages became more acute across many of our markets. Thanks to this focus, gross margin increased by 60 basis points year on year, including an organic increase of 40 basis points. Gross profit was therefore down only slightly year on year organically.

We also executed well on the productivity side, thanks to GrowTogether. Gross profit per FTE increased 1% organically, despite the revenue decline, confirming that process optimisation and the deployment of new digital tools across the front-, middle- and back-offices is driving real productivity gains. The net outcome was that EBITA margin excluding one-offs increased by 10 basis points year on year; a strong result in a challenging market environment.

In 2020, while the economic environment remains uncertain, we expect further benefits from GrowTogether, as we spread and redeploy the PERFORM methodology and technology such as the candidate app and integrated front-office tool. This gives us confidence that we will be able to continue to drive performance in 2020 and beyond.

Strong cash flow and balance sheet

Cash flow remained strong, with cash conversion at 93% for the full year, even as we continued to invest in the business transformation. Robust cash flow returns are a key characteristic of our business, with cash flow being partly counter-cyclical, as working capital falls when revenues decline.

€140m
Annual GrowTogether productivity savings, €20m ahead of target

c.€1bn
Proposed total capital return to shareholders

Our investment story

Global megatrends are changing the world of work

Employees want to work when, where and how they wish, doing the work that matches their skills, interests and compensation needs.

Employers will employ workers to meet carefully defined needs, through a broad range of relationships across all skill levels.

The Adecco Group is taking the lead in this transformation

We are reshaping the world of work, reinventing how we deliver our services, and developing and acquiring new capabilities.

We provide innovative solutions that enable employers to flexibly manage their workforces and employees to flexibly manage their careers, while safeguarding security for all in the labour market.

New employment models bring exciting growth opportunities

We are the leading global provider of HR solutions but have only 5% share of our core market and less than 2% share of the addressable market for flexible and permanent HR solutions.

Strengthening and expanding our service offerings will allow us to grow revenues even if economic growth remains modest.

Higher value, lower costs, less capital will drive shareholder returns

By combining data, technology and talent, we increase our value to clients and candidates and strengthen our competitive position.

Digitising our processes reduces our cost-to-serve, and improves our capital efficiency. This will help us to expand our operating margin and generate strong cash flow.

Financial leverage declined to 0.3x (net debt/EBITDA) at year end benefiting from strong underlying free cash flow and proceeds from the divestment of Soliant. The strong cash flow performance and balance sheet allows us to propose a dividend of CHF 2.50 per share, as well as to announce a new share buyback programme of EUR 600 million, in line with our capital allocation policy. This combined capital return of around EUR 1 billion follows the approximately EUR 2.5 billion returned over the last five years.

Megatrends reshaping the world of work

Several megatrends are increasingly impacting the way that people choose to work and the way that organisations think about human capital. In 2017, we identified six key trends that describe the context in which our business operates, and which shape our strategy: geopolitical and economic uncertainty; the gig economy; skills imbalances; the new demographic mix; automation, AI and machine learning; and digitisation, big data and analytics (see pages 16 to 17 for more details).

A clear outcome of the megatrends is that flexible ways of working are becoming more common. Individuals are increasingly looking for 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.

Our competitive strengths

Some competitors
- Knowledge of complex labour regulations
- Ability to manage large contingent workforces
- Strong brand portfolio

Few competitors
- Global distribution (>100,000 enterprise clients)
- Rich workforce data insights
- Trusted on compliance and data security

Our unique assets
- Widest scope of end-to-end HR solutions (including up/reskilling)
- GrowTogether – a fundamental upgrade of our core solutions, driving differentiation and extending our cost leadership
- Most comprehensive portfolio of digital HR platforms

Another outcome of the megatrends is rising talent scarcity, due to demographics and the pace of technological change. We see our role here as twofold: first, we are an expert at finding talent for our more than 100,000 clients, across a broad range of sectors and in 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.

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. A 2018 report from the World Economic Forum forecast that 133 million jobs would be created in emerging IT and technology roles by 2022; significantly more than the 75 million jobs that would be lost to automation. A lack of jobs is not the challenge – ensuring that the workforce is ready for them is.

The Adecco Group is stepping up to meet this challenge with a 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 Group also already runs apprenticeship programmes, to support young people entering the workforce and, in many countries, provides training to experienced workers through the Adecco temporary staffing business. In Professional Solutions, Modis VSN in Japan trains hundreds of engineers every year, who are then placed with clients. And during 2019 we replicated this model in the US with the launch of Modis Academy, drawing on the up/reskilling capabilities of General Assembly (GA), acquired by the Adecco Group in 2018.

Digital transformation drives differentiation and scale

Technological change is also transforming the staffing and recruitment industry itself, presenting opportunities to both enhance our traditional services and create new value-added solutions. We are taking the lead with a major upgrade of our IT infrastructure and digital tools as part of GrowTogether, and with the launch of a suite of digital HR solutions such as Adia, an online temporary staffing platform, and Vettery, a digital permanent recruitment marketplace, which form part of the Ventures portfolio.

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 technology 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 only a 5% market share of the EUR 500 billion market.

100,000+
Clients across 60 countries and territories

5.0m people
Commitment to up/reskill by 2030

Perform
Read more on pages 20-23

Transform
Read more on pages 24-27

Innovate
Read more on pages 28-31

What about new entrants from the technology industry? While the HR tech landscape is alive with companies with promising ideas, it is established HR solutions partners, such as the Adecco Group, that are most able to leverage new technologies for the benefit of clients and candidates. It is difficult to replicate our broad knowledge of complex labour regulations and customer needs in 60 markets globally. We also have extensive workforce data and deep B2B client relationships. Our ecosystem of brands and solutions allows us to provide holistic solutions to clients, across all their workforce needs. These are assets that new 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, which only begin at the point of the transaction. Ultimately, our solutions are about organising and managing people and the human touch remains very important. Technology is an enabler rather than a substitute.

Our experience is that technology players do not want to manage people. In fact, they already come to us for this. Rapidly scaling workforces is a different challenge to scaling technology, and it is a core competency of the Adecco Group.

Transforming our core with GrowTogether

The GrowTogether programme is at the centre of the Group's transformation agenda. Based on a detailed analysis of our operations, including time-and-motion studies in hundreds of branches and interviews with thousands of clients and candidates, we are reshaping the way we deliver our solutions to bring more value to our customers. In 2019, GrowTogether expanded in breadth and depth, and was further embedded into the organisation. Through multiple initiatives arranged around three key pillars – Service Excellence, Process Optimisation and Technology – the Group is driving improved client and candidate experience, while increasing operational efficiency.

Service Excellence is about considering our clients' and candidates' needs as the foremost driver of business decision-making, recognising that customer-centricity is key to building a sustainable long-term business. To systematise our approach to customer-centricity, we use Net Promoter Score (NPS) to measure and benchmark customer satisfaction. We measured relational NPS periodically in the past but with the deployment of transactional NPS we are now able to understand at a more granular level what our clients and candidates like and dislike about our services. We then create action plans to address pain points and amplify positive experiences. Data is captured in the new front-office tool, with clear branch dashboards encouraging real-time action planning. This approach, combined with the other elements of GrowTogether, supported a further increase in NPS during the year, with client NPS increasing eight points (to 23) and candidate NPS up four points (to 24). While we are still early in the Service Excellence journey, we have embedded customer-centricity at the heart of our operations, providing the foundation of future profitable growth.

Process Optimisation is focused around the deployment of the PERFORM methodology, which brings a lean manufacturing approach to our business. By challenging how we operate and asking how we can optimise, simplify and automate activities along the value chain we free up time for higher-value activities. By year end, 10,000 people had participated in the 12-week training programme, with further rapid expansion planned for 2020. Where deployed we see a more than 10% increase in colleague productivity. PERFORM is fostering a culture of continuous improvement, which should continue to deliver benefits over time.

The GrowTogether Technology roadmap is bringing new digital tools to enhance our value proposition and increase effectiveness in sales, recruiting, and middle- and back-office activities. We have digitalised many middle-office processes, including the majority of timesheet capture and a significant proportion of timesheet interpretation. We are increasingly focusing on driving candidate and client acquisition through digital channels, such as our chatbots, online portals and mobile apps.

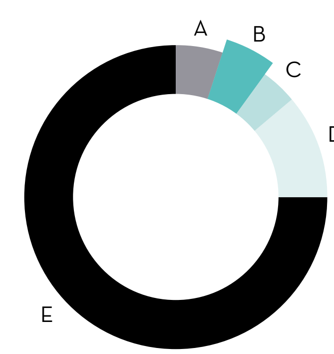
+8 pts
Client Net Promoter Score increase

10,000
FTEs completed the 12-week PERFORM training

Digital and rising complexity will encourage organic consolidation of the highly fragmented industry

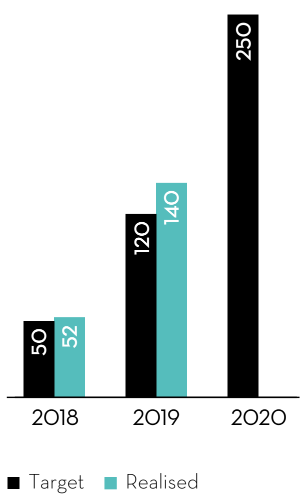
The Adecco Group is a global market leader with only 5% market share

The Group's digital evolution...
- increases economies of scale
- creates opportunities to differentiate
- allows access to new markets/segments



A – Global peer 1: – 5%
B – The Adecco Group – 5%
C – Global peer 2: – 4%
D – Small global and large regional players – 11%
E – Remainder of the market – 75%

GrowTogether is driving strong productivity gains (EURm)



A key product is the Integrated Front Office (InFO) platform, an advanced Customer Relationship Management (CRM) system that sits at the core of activities for our consultants, bringing together all client and candidate data and seamlessly integrating with our digital channels. InFO is now live with 7,500 colleagues across the Group, delivering faster and better-quality candidate matches, and reducing administrative activities. During Q4 2019, we also expanded the global candidate app to the US and Germany, building on the success in France where it is used by around 250,000 candidates every month. Through the app, candidates can self-manage most administrative tasks and even find new work opportunities, driving an enhanced customer experience and improved operational efficiency. In addition, the Group also strengthened its Onsite business during 2019 with the launch of an advanced workforce planning tool, to improve the speed and quality of order fulfilment.

By changing the way we work and giving our colleagues the best technology, we allow them to spend more time with our clients and candidates, which is what ultimately drives our success.

Leveraging the Ventures and the brand ecosystem to create unique solutions

We continued to invest in the Ventures portfolio during 2019, with positive results. General Assembly, the most mature venture, delivered strong double-digit growth, performing well in both B2C and Enterprise. GA was also successfully integrated into the Adecco Group ecosystem, combining with other Group brands to create unique solutions for clients and candidates, as well as revenue synergies. For example, GA's capabilities were combined with LHH to create a complete workforce transformation offering, incorporating workforce assessment, up/reskilling and career transition, which gained good traction with clients. Not only does this reduce costs and disruption for clients, it also leads to better outcomes for employees.

GA also partnered with Modis to create the Modis Academy, which launched in several US cities in the second half of 2019. Through Modis Academy we are upskilling and reskilling candidates in software development and related fields, to increase their employability and to create a supply of in-demand candidates for our clients. We believe there is significant potential for this model, which is similar to what we are already doing with Modis VSN in Japan.

The Group is also developing a portfolio of digital HR solutions platforms. While at an early stage of development these businesses have the potential to make a meaningful contribution to Group profits in the medium to long term.

250,000
Monthly users of candidate app in France

Adia, the Group's online staffing platform, maintained its good growth momentum in Switzerland and successfully launched in the US, where it has developed leading end-to-end digital capabilities. Technology from Adia was also leveraged to improve processes in the Adecco business, for example, relating to workforce scheduling and associate onboarding. Vettery's innovative, subscription-based digital permanent recruitment model continued to gain traction, with placements up 80% in 2019 and strong momentum on the enterprise side. In order to build on the momentum established to date, the Group will continue to invest in the Ventures at approximately the same level as 2019 (EUR 65 million), to support growth in 2020 and beyond.

Committed to sustainable business conduct

At the Adecco Group, we aspire to positively influence the world of work and lead by example in how we conduct our business and address society's most pressing challenges. Through our core business of providing access to livelihoods and opportunity we create social and economic value for our stakeholders. And we play our part in safeguarding the planet for future generations: in 2019, we committed to becoming carbon neutral as an organisation by 2030, by significantly reducing our own carbon footprint and exploring opportunities to offset remaining emissions. 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, environment and anti-corruption, as expressed by this report. We are proud of the progress we have made, and excited about the possibilities that lie ahead.

2020 and beyond

As we enter 2020, the economic and geopolitical environment remains uncertain. Global growth momentum may be further impacted by the outbreak of the COVID-19 coronavirus, impacting growth in the HR solutions market in the short term. In such an 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 on scaling up and broadening the deployment of proven digital tools, to drive service differentiation and operational efficiency. Indeed, we entered 2020 with good momentum in our strategic programmes, giving us reason for cautious optimism. Having over-delivered in 2019, we expect GrowTogether productivity savings to increase again in 2020 to achieve the EUR 250 million target, an incremental benefit of EUR 110 million year on year.

Beyond 2020, we see a wealth of further opportunity. We will continue to help all our stakeholders navigate, adapt and succeed in the changing world of work. The Perform, Transform, Innovate strategy has begun a process of digital transformation and portfolio enhancement that will continue. 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 commitments and on our purpose – to make the future work for everyone.

Alain Dehaze
Chief Executive Officer

€250m
GrowTogether 2020 productivity target

Our commitments 2017–2020

Leading total shareholder return

	1 Drive revenue growth	2 Strengthen margin	3 Deliver strong cash flow
Our commitments	Accelerate structural organic revenue growth	Drive sustained EBITA margin improvement	Maintain a progressive dividend policy
By 2020	Increase GDP revenue multiplier (from 3x to 4x)	EUR 250m p.a. productivity savings[1]	Achieve continued strong free cash flow after investments

1 Equivalent to a reduction in SG&A as a percentage of revenues of 100 bps, compared with the 2016 baseline.

Deliver attractive shareholder returns while investing for the future

Invest in profitable growth

Committed to investment-grade credit rating

Maintain progressive dividend policy with a payout of 40–50% and dividend per share at least in line with prior year

Exploit buy-and-build M&A opportunities

Return excess cash to shareholders

Delivering value in the world of work

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

Market context

Geopolitical and economic uncertainty

Gig economy

Skills imbalances

New demographic mix

Automation, AI and machine learning

Digitisation, big data and analytics

Read more on pages 16-17

Inputs

Talent
Finding and attracting skilled and motivated people; 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 6-11

Our solutions

Temporary staffing
Deploying associates to 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.

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.

Other solutions
A broad range of complementary HR solutions, including: Outsourcing; Managed Service Programmes (MSP); Recruitment Process Outsourcing (RPO); and Talent Development (training, career development, and up/reskilling).

Read more on page 34

Focus areas

Workforce Solutions: Adecco, Adia

Professional Solutions: Badenoch + Clark, modis, Spring Professional, Vettery, YOSS

Talent Solutions: General Assembly, LHH, pontoon

Read more on pages 35-37

Performance management

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

Read more on pages 22-23

Strategic agenda

Read more on pages 20-31

Perform

Transform

Innovate

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 360m
Dividends paid

Employees
We provide rewarding employment for our colleagues. We enable them to achieve their career goals, supported by our continuous investment in training programmes through the Adecco Academy and in co-operation with renowned institutions INSEAD and IMD.

11th
In World's Best Multinational Workplaces Great Place to Work®

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.

600,000+
Associates working each day

100,000+
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.

23
Client Net Promoter Score

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

66/100
2019 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 256m
Income taxes paid

Building skills to access opportunity

Addressing the tech sector talent gap

Talent scarcity is the result of rapid technological progress and an ageing workforce. Reskilling and workforce transformation services will continue to be in high demand as it becomes ever-more challenging to find scarce talent. It is estimated that 375 million employees – 14% of the global workforce – will need to switch roles by 2030. General Assembly, LHH and Modis are on the frontlines of addressing this challenge and driving synergies across these three businesses will continue to be an important part of our strategy.

Leveraging GA across our ecosystem

The Adecco Group launched Modis Academy in 2019 – an alliance between two of our lead brands, Modis and General Assembly – as a digital talent incubator and skills accelerator. Modis Academy offers candidates with a passion for technology the opportunity to upskill themselves and be matched with potential employers.

With a mandate to advance employment opportunities, build talent pools in areas of skills scarcity, and support candidates to the next level of their careers, Modis Academy enrols high-potential individuals to be trained for real-life roles through either a virtual "Remote Flex" programme, or the full-time "Immersive" experience.

Training programmes are tailored based on the exact type of positions that businesses are seeking, so graduates can immediately step into in-demand roles. This talent incubation model enables Modis to support clients in finding talent for hard-to-fill positions in areas such as data science, coding and software development, and artificial intelligence.

The programme is testament to the potential of the Adecco Group's ecosystem, and the Group's focus on harnessing portfolio synergies to create value for our stakeholders.

Opening doors for outstanding candidates

"I'd always wanted to work in tech but never believed it was possible. Modis Academy allowed me to learn at my own pace, and connected me with employers. I got the skills to land my dream job and change my life."

Donya Moxley, Modis Academy graduate and web developer for Georgia MLS, Atlanta US

40,000+
Full- and part-time General Assembly course graduates

90%+
GA graduates find work in their chosen field within six months

10,000+
Hiring partners

5m
People to be upskilled and reskilled by the Adecco Group 2020–2030

> "The Modis Academy team is like family to me. Their support for my success was unwavering.

Donya's story

I am 32 and I started bartending when I was 23. After graduating from the Modis Academy I feel as though I have been given a new start in life. The Modis Academy team is like family to me. Their support for my success was unwavering. After completing the Modis Academy web development course I was able to secure a job as a .net developer for a digital real estate platform in Atlanta. I now no longer have a job, I have a career. Modis and General Assembly have truly changed my life.

Navigating change

1 Geopolitical and economic uncertainty

Organisations recognise that flexibility and agility are the key to prospering in an uncertain and fast-changing world. Having the right skills 'on-demand' is becoming the new normal.

Labour market dynamics are heavily impacted by political and economic developments. Political discussions on topics like globalisation, economic openness and social rights can profoundly impact the environment that the Adecco Group and our clients operate in.

The workforce an organisation requires today may not be the same as in a few years' time. Businesses therefore value agility and flexibility more and more, to stay ahead in a rapidly changing world. Flexible talent solutions are becoming an important source of competitive advantage. Many of our most successful clients adopt as much as 50% flexibility within their workforce.

Our response

The Adecco Group is an expert in advising on and providing flexible HR solutions, whether temporary staffing, freelance or full workforce outsourcing. We provide access to the right talent when it is needed and, with Pontoon, even run parts of our clients' HR teams.

With the shift towards omnichannel delivery models, and with our digital platforms such as Adia and Vettery, we are making it easier for even more clients to access our solutions.

2 The gig economy

People are choosing to work gigs – performing shorter tasks or services – instead of traditional full-time jobs. Online platforms are helping to efficiently match supply and demand.

The rise of the gig economy is redefining the concept of employment. Individuals from across the skills spectrum are choosing to work a portfolio of jobs or gigs, in place of traditional full-time roles, working at times and in ways that fit their lifestyles. Professionals are working as freelancers or on shorter-term projects, to gain exposure to a wide variety of assignments and workplaces, thus accelerating their careers.

The number of people choosing to work freelance or as temps has been steadily increasing. In the US, 30% of the workforce earns some or all of their income from the gig economy.

The flipside of this flexibility for workers and companies is that society needs to update its social protection systems to fit the demands of a changing world. We need to guarantee 'flexicurity' for everyone in the workforce.

Our response

The Adecco Group has been providing workers with secure, quality gigs for more than 50 years. Technology now allows us to help individuals across an even wider range of skills to find work in even more ways. Our online platforms are connecting workers to temporary and freelance roles, leveraging the strengths of the Adecco Group. And with our 'Time to Act' campaign we are advocating for a new social contract for work in the 21st century.

3 Skills imbalances

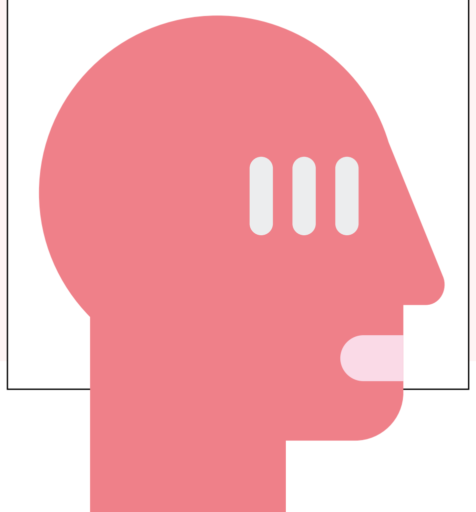
New jobs require new skills, which remain in short supply. A new approach to education, and especially upskilling and reskilling, must be embraced if the economy and society are to prosper.

With unemployment high in many countries it seems counterintuitive that businesses should be complaining of talent shortages. But the reason is clear: available workers have the wrong skills for the new jobs that are being created.

In the US, 1.4 million computer specialist roles will have been created by 2020, yet more than 70% of vacancies go unfilled. Meanwhile, as automation and robotics adoption rises, as many as 14% of the global workforce will need to switch roles by 2030 according to a study by the McKinsey Global Institute.

Our response

We are working closely with our clients to help address skills imbalances. The Adecco Group runs work-readiness programmes in most countries it operates in and also apprenticeship programmes in a number of countries. Modis VSN, in Japan, trains graduates in practical engineering skills. General Assembly is a leader in digital hard-skills training. Meanwhile, LHH is the global leader in supporting organisations to manage workforce transformation.



4 New demographic mix

Populations are ageing and the workforce is shrinking, leading to talent shortages. Individuals are choosing to work in retirement, often flexibly. Millennials expect different things from their careers.

Declining global fertility rates and rising life expectancy are leading to population ageing in most countries. This creates talent shortages, as the working age cohort shrinks. It also impacts the way that people want to work. Individuals now often continue to work through their retirement, choosing to do so on a flexible basis, for example as freelancers or temps.

Meanwhile, by 2020, millennials will comprise 50% of the global workforce. They have different expectations of work, placing more emphasis on variety, flexibility and social purpose. They are more likely to approach their career as a portfolio of projects, rather than as a linear series of long-term jobs.

Our response

At the Adecco Group, every day our consultants advise and help candidates to find flexible work that suits their lifestyles. And sourcing scarce talent for clients is a core competency. We therefore see shifting demographics as an opportunity to create even more value.

Recognising that our candidates are increasingly digital-natives, we are making it easier to interact with the Group online and via mobile applications, such as Adecco & Moi in France and our digital platforms such as Adia, which combine cutting-edge technology with our decades of labour market knowledge.

As a purpose-driven, values-based organisation, we also recognise the importance of having a positive impact on society. Our integrated approach to sustainability and programmes such as Win4Youth and Experience Work Day aim to bring together our colleagues, associates and clients to achieve a common good.

5 Automation, AI and machine learning

Combining automation with flexible HR solutions will drive a step change in productivity, for our clients and for the Adecco Group.

Advances in both manufacturing robots and robotic process automation are transforming many industries. Repetitive tasks are increasingly being performed by machines, allowing workers to focus on higher value-added activities, 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. For example, the automotive industry, with amongst the highest adoption of robotics in manufacturing globally, is also one of the largest users of flexible employment.

Automation will also have a profound impact on the skills that our clients look for in workers.

Our response

For the Adecco Group, process automation and the integration of artificial intelligence into our tools offers enormous potential to improve efficiency. A key element of the GrowTogether programme is equipping our consultants with the most advanced tools; reducing administrative tasks, improving candidate acquisition and increasing speed and quality of service.

With General Assembly, we are now able to train candidates in high-demand 21st century skills to meet the emerging needs of our clients.

6 Digitisation, big data and analytics

New distribution channels and data-driven business models are emerging as HR solutions go digital.

The HR services industry is evolving from branch-based delivery to a combination of online and offline models. More efficient digital models create opportunities to provide staffing services in locations and for job roles that were previously not well served.

Meanwhile, digital marketplaces have the potential to transform permanent recruitment. And new data-driven business models are emerging.

Our response

At the Adecco Group, we are embracing the potential of digital. Our digital team scours the HR tech landscape for promising ideas and partners. Through a combination of internal ventures, partnerships and targeted M&A, we have built a portfolio of digital ventures that leverage the best of HR solutions and the best of tech.

By focusing on driving productivity, building online-native ventures and creating innovative new tools, digital allows us to add more value in existing solutions, expand our addressable market and significantly improve efficiency.

Prioritising and managing what matters most

We are committed to making the future work for everyone. Ultimately, this helps deliver economic value for our shareholders and stakeholders, and positive impact for global and local economies. For us, this translates into working towards four strategic sustainability goals that address work-related needs of our core stakeholder groups – clients, candidates and associates, colleagues, and institutions and society more broadly.

The bedrock to achieving this is a deep understanding of the issues most material to our business and to our stakeholders. We also consider the impact of our activities on sustainable development, along our full value chain, and our ability to contribute to the achievement of the UN Sustainable Development Goals (SDGs). This helps us focus on those ten areas that have the biggest impact on our ability to create value and that are fundamental to safeguarding our licence to operate and business continuity.

1 Purpose

Making the future work for everyone

4 Sustainability goals

Employability and access to work	Trusted partner to clients	Employer of choice	Social protection for all

4 Sustainability priorities

Skilling and enabling workers	Attracting, engaging and retaining talent	Promoting inclusion and diversity	Driving digital transformation

6 Sustainability fundamentals

Integrity and compliance	Human and labour rights	Workforce vitality (incl. health and safety)	Public policy engagement	Environmental stewardship	Corporate citizenship

Read more on pages 46-51

4 Sustainability goals

Employability and access to work

If the economy and society are to prosper, we need to unlock hidden pools of talent and increase the employability for all, so that nobody is left behind. 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. We thus seek to leverage the knowhow and resources of the Group and other stakeholders to unlock human potential so that the future of work is accessible and open to all.

Trusted partner to clients

Our clients are key to our success. We don't just want to be a supplier, but a trusted long-term partner that meets their needs now, as well as considers their ongoing talent requirements. We are committed to working hand in hand to provide tailored service and product offerings, built on a deep understanding of our clients' needs and challenges. We want to be the partner of choice, steadfast in our commitment to responsible business conduct, thus helping our clients meet their own sustainability-related objectives.

Employer of choice

We are only as strong as our people. To lead the world of work and create value for all our stakeholders, we thus need – and want – to set the standard as a world-class employer for our current and future talent. Our ambition is to create an inclusive, positive, respectful and healthy work environment. We want everyone who works with, through or for us to be engaged and feel valued, inspired and empowered to thrive, united by our purpose of making the future work for everyone.

Social protection for all

Adequate social protection schemes are vital to help workers, businesses and government navigate a rapidly changing world. We believe that all workers, in all forms of work, should encounter decent work, with the same social protection parameters. This is what drives our advocacy for a new social contract for work in the 21st century; one that provides security for all and recognises the new ways of working. We want to expand opportunities for all employees and grow the prosperity of society as a whole.

Contribution to the SDGs

4 Sustainability priorities

Skilling and enabling workers

Rapid technological progress, social developments and environmental challenges create substantial talent shortages and require new skills that are in short supply. Our clients turn to us as the leader in workforce transformation as they look to improve their access to talent and skills, and to successfully navigate changing needs. Our role does not end with providing employment: we put a strong focus on training and educating, and are expanding our capabilities in up/reskilling and work-based learning in general, with a particular focus on apprenticeships where feasible. We leverage the knowhow and resources of the Group and work in partnership with global organisations to lower and remove barriers to work. If the economy and society are to prosper we need to increase employability for all.

Attracting, engaging and retaining talent

It's only natural that as a people-focused business we should be focused on our own people too. Our success and business prospects are significantly influenced by our ability to hire, grow and retain the right people in the right jobs – for our own business and for our clients. We work closely with our candidates, associates and colleagues to anticipate and address their needs, recognise and reward them for their commitment and dedication, and provide them with a career path. We promote an open, fair, efficient and collaborative way of working, and strive to create a culture that encourages initiative, empowers personal development and inspires continuous improvement. We want our people to thrive and be able to realise their full potential.

Promoting inclusion and diversity

As a people business focused on providing integrated HR solutions, we put our expertise and energy into improving everyone's chance of being part of the workplace, enabling people to get better access to the jobs and life prospects they deserve. Our commitment is to equal opportunity for everyone working with, through or for the Adecco Group. We seek to foster a culture of belonging and purpose, an environment where everyone can thrive and feel engaged, and where difference is respected and valued. We also engage with employers to develop programmes and pathways that embrace diverse talent and promote more inclusive employment worldwide through partnerships and other initiatives.

Driving digital transformation

We are embracing the potential of digital, adding more value to existing solutions, expanding our market and significantly improving efficiency. We see digitisation as an opportunity to grow employment, improve working conditions, enhance matching and reduce frictions that prevent individuals from entering the labour force. At the same time, we are mindful of potential risks and challenges, such as those linked to AI decision making or data privacy. We are committed to driving the adoption and usage of AI in an ethical manner and treating the security and privacy of data entrusted to us as top priority. By combining the best of the HR solutions industry with the best of the technology industry in a responsible way we seek to become a more valuable service partner for companies and individuals.

Contribution to the SDGs

KENICHIRO KAWASAKI

Ken is Country Head of Japan and President & CEO of VSN Inc. He joined the Adecco Group in 2012, with the acquisition of VSN, where he was CEO. His background is in professional solutions, having begun his career at VSN in 1999 as a consultant and worked his way up through various management positions before being appointed CEO in 2010.

Perform

Perform means continuing to drive growth in a cost-disciplined, returns-focused way. It is about how we deliver the results, not just the outcome. That means embedding proven concepts such as segmentation, expanding our higher-value solutions, and driving value realisation from the PERFORM (lean) approach.

Q. What have been the key drivers of outperformance in Japan in 2019?

The strong performance in Japan, where we grew our market share and expanded our sector-leading margins, comes from focusing on four key drivers: improving the business mix, CCPM (Client and Candidate Portfolio Management), value-based pricing and disciplined cost management.

In terms of business mix, we have been actively shifting the portfolio towards higher-value, faster-growing segments of the market, such as professional staffing and permanent placement. This has delivered strong results, including 12% organic revenue growth in 2019 in professional staffing, which is now around 30% of sales.

The Japanese market is characterised by talent scarcity. In 2019, there were 1.6 open jobs for every applicant. This scarcity is driven by demographics and changing skills requirements, and in many ways is an indication of what markets in Europe and North America might look like in 10–15 years. Talent scarcity drives client demand for permanent recruitment services, to help find hard-to-reach workers, and also for innovative models such as the augmented staffing solutions offered by our Modis VSN business. Here we not only find candidates but essentially 'create' them, taking talented individuals and training them in IT and engineering skills before deploying them to our clients. In this way we increase the employability of individuals and help fill talent gaps for businesses.

In the general staffing business (GS), we also drove good organic growth of 5%, supported by the CCPM approach and our value-based pricing strategy. CCPM provides a framework for client and candidate pipeline management, with clear goals and KPIs and data-driven performance management. It helps us to guide our salespeople and recruiters, balance supply and demand and allocate resources appropriately.

On pricing, there are two elements. First, we have become more sophisticated in our governance and tools. That means dynamically reflecting labour market trends and specifications. Second, we have worked with clients with lower gross margins to understand how we could bring additional services to add more value.

Finally, on the productivity side we have been laser-focused on balancing gross profit growth and FTE growth. We have clear criteria for making headcount investments, based on activity KPIs and our sales pipeline, and also a rigorous process for onboarding new hires and bringing them to productivity.

Q. How far forward is Japan in rolling out PERFORM? What have been the results so far?

So far, around 20% of FTEs in Japan have completed the 12-week PERFORM training, mainly in our general staffing front-office teams. The GS business is competitive and typically lower gross margin, hence efficiency is key. By employing a lean manufacturing approach to our service operations, we encourage our consultants to rethink work processes and allocate resources more effectively. We have seen a notable impact on the team-based problem-solving culture, better communication and improved engagement.

PERFORM roll-out is done in waves and at each stage we measure the impact against a control group and historical benchmarks. This ensures that we are realising value from the programme, which is a considerable investment of time and resources.

In terms of tangible impacts, when we consider the first wave, which began in Q4 2018, after two quarters we saw that placements per FTE increased by 20% and overtime hours reduced by 30%, relative to the control groups. That means more revenues, lower costs and happier clients. And when our colleagues see that the approach works, it becomes a virtuous circle.

Q. How will you drive continued performance?

Growth in 2020 will essentially come from a continuation of our current strategy; driving a customer-centric culture, seizing opportunities in professional staffing and further strengthening our permanent placement capabilities. This will be further supported by our technology roadmap, where we have been heavily investing to underpin long-term profitable growth.

One key example is the launch of our new integrated front-office platform, which went live in Q1 2020. The tool centralises processes that used to be spread across multiple platforms and significantly improves the speed and accuracy of candidate search and match, amongst other improvements.

The Japanese market itself will also go through some changes during 2020, with the implementation of equal pay for temporary associates. We have been working hard with our clients, since early 2019, and are well prepared to navigate this change. We believe that the move will further improve the position of flexible working in Japan, driving continued industry growth.

Performance management framework

We continuously monitor both non-financial and financial indicators to steer our operations and drive value creation.

Non-financial performance indicators

- Number of clients
- Number of candidates
- Net Promoter Score KPI
- Great Place to Work® ranking KPI
- Sustainability impact
- Risk scores
- 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

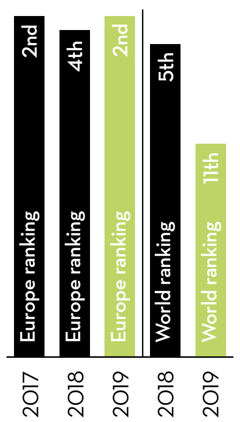
Financial outcomes

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

Key performance indicators

Great Place to Work® ranking

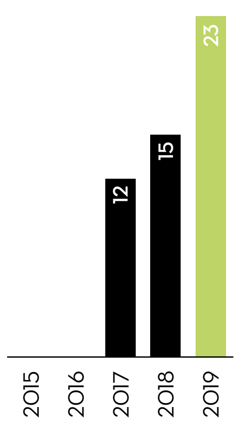
11th



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

Client Net Promoter Score

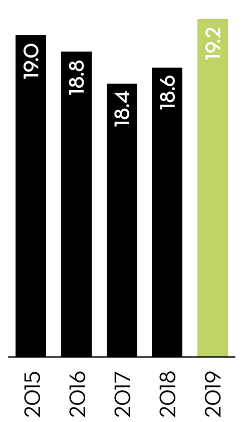
23



Transformation and Innovation is driving improved client experience

Gross margin

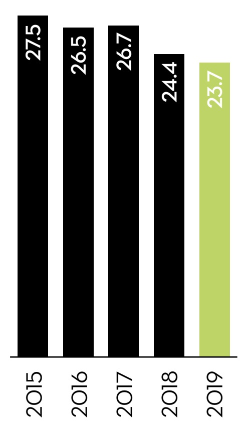
19.2%



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

Conversion ratio[1] excluding one-offs

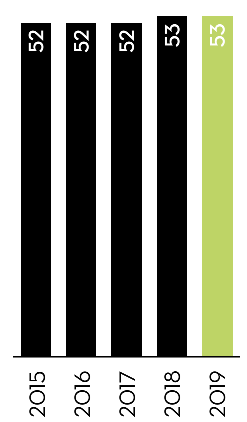
23.7%



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

Days Sales Outstanding

53 days



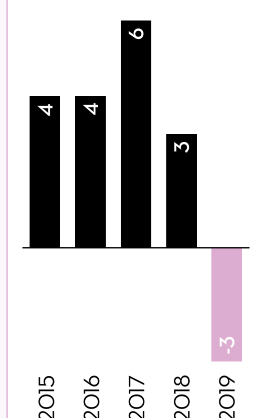
Collecting accounts receivable promptly to drive cash generation and optimise return on capital

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

Financial targets

Organic revenue growth

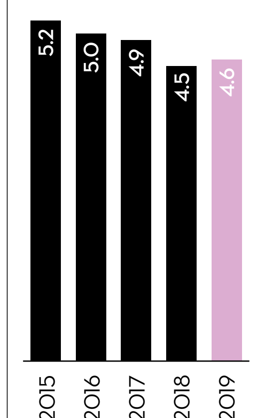
-3%



Target: accelerate structural organic revenue growth, and increase GDP multiplier from 3x to 4x

EBITA margin excluding one-offs

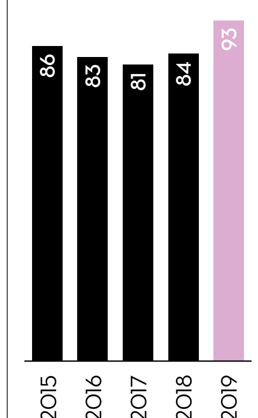
4.6%



Target: drive sustained improvement, with EUR 250 million p.a. productivity savings in 2020[2]

Cash conversion

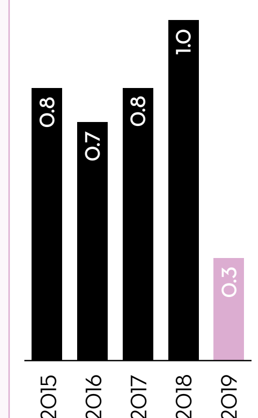
93%



Target: maintain a progressive dividend policy and continued strong FCF after investments

Net debt to EBITDA excluding one-offs

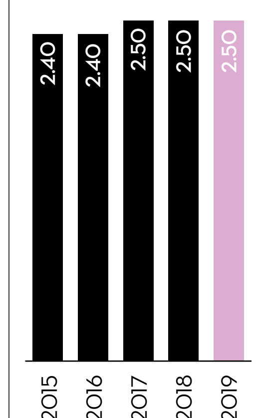
0.3x



Strong balance sheet, supported by FCF and divestment of US Healthcare staffing operations

Dividend per share

CHF 2.50



Complemented by EUR 600 million share buyback, consistent with our capital allocation policy

2 Equivalent to a reduction in SG&A as a percentage of revenues of 100 bps, compared with the 2016 baseline.

CHRISTOPHE CATOIR

Christophe is an Executive Committee member and Regional Head of France and Northern Europe. He has more than 20 years of experience within the Adecco Group, holding various management roles in general staffing, professional staffing and permanent recruitment in France, before being asked to lead the French business in 2015.

ALEX FLEMING

Alex is Country Head of the UK & Ireland. She began her career as a recruitment consultant with Adecco in 1997, in London. Alex rose up through the ranks first as a branch manager, then regional manager and eventually taking on national responsibility for the Adecco brand, in 2013. She was promoted to Country Head in 2018.

Transform

Transform describes how we are strengthening our core businesses, driving growth by enhancing client and candidate experiences, and expanding into new segments. We are also transforming our cost structure and improving productivity, by leveraging technology and digital solutions.

Q. What is the GrowTogether programme?

Christophe Catoir (CC): GrowTogether is a Group-wide transformation programme, launched in 2017, with the aim of strengthening our core business. Its first pillar is service excellence, or customer-centricity: asking what clients, candidates and associates really value. One way we measure that is Net Promoter Score, which we track throughout the value chain to identify what is working well and what is not. With that data, we can determine how to improve our processes and deploy technology to achieve better customer outcomes.

The second pillar is process optimisation and specifically the deployment of a methodology called PERFORM, which brings a lean manufacturing approach to our operations. It focuses on reducing non-value added activities and amplifying the work that our customers really value.

The final pillar is technology: bringing new digital tools into the business to improve the client, candidate and colleague experience, and to increase efficiency. Historically there were a lot of administrative tasks being performed by our people that can be done more effectively with new technology.

Alex Fleming (AF): For me, GrowTogether is all about freeing our consultants to spend more time with our customers. More time recruiting and advising candidates, helping them find a career they love, and more time winning new clients and delivering great value. And of course less time on administration! It's a win-win because we are increasing our customer value and simultaneously improving the efficiency of our operations; more value at a lower cost-to-serve, which will drive profitable growth.

CC: In France, we are also transforming by developing new solutions that address the changing needs of our clients; for example, new forms of flexibility and outsourcing solutions. In fact, more than 25% of our gross profit now comes from solutions other than traditional temp staffing.

Q. How has GrowTogether developed over the last 12 months?

AF: In 2019, the programme really ramped up in terms of activity and impact. At the Group level we overachieved both the productivity goal (by EUR 20 million to reach EUR 140 million annual savings) and the Net Promoter Score target (client NPS +8 points YoY).

We put 10,000 people through the 12-week long PERFORM training, which is a significant undertaking. We rolled out v1 of the integrated front-office (InFO) platform to 7,500 colleagues. We also turned local successes, like the candidate app in France, into global products that we scaled into additional geographies. So it was a busy and productive year which we expect to be followed by an even busier and more productive 2020.

CC: There have also been some key changes to the governance of GrowTogether, which has become more embedded in the business and with the digital organisation. Corporate has set the strategy and direction, and now ownership has transferred to the business, which is a natural evolution.

Part of that process has been the establishment of the product management teams within the digital organisation. Dedicated product managers are responsible for each of the key technology products, for example the candidate app or AI chatbots, managing development and driving adoption in the business.

Q. Which aspects of GrowTogether have had the biggest impact in your countries?

CC: What is interesting about GrowTogether is that there is not one single initiative that dominates. It is a collection of many smaller initiatives that together have a big impact. Having said that, in France an obvious highlight is the candidate mobile app, which is digitalising the way we interact with our candidates and associates, allowing them to manage their availability, search for and accept jobs, and handle the majority of administrative tasks. It has now been downloaded more than 1 million times and we have more than 250,000 monthly active users.

GrowTogether

Service Excellence

Put customer-centricity at the heart of what we do

NPS measurement and activation

- Benchmarking and analysis of pain points and positives in customer journey
- 2019 Net Promoter Score: Clients +8pts, Candidates +4pts

Process Optimisation

Transform the way we perform

PERFORM ('lean') method

- PERFORM method brings a lean manufacturing approach to our business
- 10,000 employees trained across 16 countries
- +10% average productivity increase post-implementation

Technology

Increase our value proposition and reduce cost-to-serve

Consultant tools and commercial solutions

- Sales effectiveness
- Recruitment efficiency
- Middle- /back-office optimisation

CC (cont'd): The client portal, Mon Agence en Ligne, has also improved sales effectiveness, allowing customers to place orders directly, 24/7. For certain tasks it is clear that associates and clients prefer to self-serve, given the option, much like in consumer banking. The branches become a location for higher-value interactions.

Another key focus is digitalising our middle- and back-office. Before GT we used to process more than 30 million hard copies of documents every year. Today we have digitised more than two thirds of these.

Digital initiatives also include: AI chatbots, to perform initial candidate screening; workforce scheduling tools that improve fill rates and increase efficiency; and data analytics to improve our sales processes.

AF: In the UK, we were an early adopter of GrowTogether. In fact, some of the elements, like the process optimisation programme, were first developed here. The two most impactful initiatives for our business have been PERFORM and InFO (called CONNECT in the UK). On PERFORM, the process is deployed to almost 100% of our colleagues. We are now working on how to take it to the next level by digitalising the daily PERFORM rituals (e.g. activity tracking and resource planning) and integrating them with the front-office system. As well as improving the impact of PERFORM itself, it also increases InFO usage and adoption, by encouraging real-time activity logging and the creation of a data-driven culture. That also means my management information is more accurate and timely, which helps us steer the business more effectively.

The second major driver of improved performance in the UK is the integrated front-office platform. It has significantly improved our candidate interaction and consultant productivity. For example, it allows us to carry out automated yet personalised outreach at scale which was not possible in the past. It has also dramatically improved candidate search and match. In the past candidates risked ending up in branch or brand silos, but with InFO they have access to opportunities across the entire UK business. Integration with our marketing automation tools further enhances the impact and we are adding modules that automate certain workflows, like candidate background checks, references, and credit checks.

The combined impact of the various GrowTogether initiatives helped drive a 6% increase in gross profit per FTE in the UK general staffing business, despite the challenging market backdrop.

Q. What does the 2020 Transformation agenda look like?

CC: 2020 is the final year of the current GrowTogether plan and the focus is on spreading proven concepts and tools more widely across the Group. We do not need to re-invent to hit the targets; we just need to take things that are already working and do more of them. Of course, we are also laying the foundations for 2021 and beyond.

Specifically for 2020, we have set ourselves another ambitious NPS improvement target and will bring transactional NPS measurement to more countries and businesses.

With PERFORM, we aim to reach close to 100% deployment in Adecco in our ten largest countries, which will mean approximately 20,000 people trained by year end.

AF: On the technology roadmap, we are rolling out the next version of the integrated front-office platform, which is in progress in France, Spain and Japan. Also, we're scaling up the My Adecco candidate app in the US and Germany, and expanding it to new countries. The other key initiative is our back-office transformation, where we are standardising processes and moving to harmonised technology.

GrowTogether Technology

In 2019, we continued to deliver digital tools and IT solutions, empowering our colleagues with the best technology, to deliver more value to our clients and candidates

1

Sales effectiveness

Reduce cost-to-serve and increase order fill rate

28%
completed

- Roll-out of our CRM solution in majority of key markets, enhancing sales management and client experience
- Integrated front-office solution implemented in France, Spain, US, UK, Japan enabling faster product and services deployment
- Analytics with predictive insights to support sales in US, UK, Italy, Australia

2

Recruitment efficiency

Find the right candidate, faster

34%
completed

- Acceleration in deployment of candidate products. Mobile App live in France, Germany, US and portal live in Nordics, Spain, Italy, Netherlands
- Automated search and match and onsite workforce planning tools
- AI bots further roll-out, from US to Europe, automating candidate screening

3

Middle- & Back-office (MO/BO) optimisation

Industrialising business support activities

40%
completed

- Digital timesheet capture, live in most countries
- Digital timesheet interpretation, continued deployment in Europe, US and Japan
- Paperless process (e.g. e-filing, e-signature) embedded in key markets, incl. France, Spain, and Japan, with initiatives now launched in all countries globally

Candidate Mobile App (My Adecco)

Digital tools to improve candidate experience and efficiency

- Seamless management of assignments, removing the majority of manual processes and paperwork related to timesheets, payroll and legal documentation
- Improves associate engagement and reduces administration in branches
- First launched in France, we have now created a global product that is scaling fast to other markets (e.g. US and Germany), with further roll-out in 2020
- In France, 'Adecco & Moi' has reached more than 1 million downloads and 250k monthly active users

Integrated Front-Office (InFO)

New front-office platform simplifies work processes and centralises data

	Old	InFO	Benefits
1 Sales effectiveness	Multiple outdated legacy systems	Single salesforce-based CRM	• Focus on client-facing activities • Improved sales thanks to integration of sales analytics products
2 Recruiting efficiency	Disjointed candidate databases	Full candidate visibility, powerful search and match tools	• 20% increase in time allocated to recruitment activities • New products supporting search, match, planning and pooling activities
3 MO/BO optimisation	Lots of manual processes and administration	Administrative tasks reduced and moved out of branches	• Accelerator for paperless initiatives (e-filing, e-signature) • Saving 30% of branch time previously focused on admin and payroll activities

Q. GrowTogether comes to an end this year. Will there be a GT 2.0?

AF: GrowTogether has a momentum that will certainly continue. For example, the PERFORM roll-out is not just a one-time benefit; it creates a culture of continuous improvement. So even when we have trained the whole organisation, the benefits will continue. We are already turning the PERFORM lens on our clients' operations too, to bring further value and insights in terms of their human capital management.

CC: From a technology perspective the opportunities ahead are also very interesting. While the most tangible results so far have been related to productivity and efficiency, we have also established a platform onto which we can build more exciting and differentiating things. Ultimately, we want to leverage technology and data to build closer and longer-term relationships with our candidates, associates and clients. Tech should be an enabler of stronger human relationships.

AF: I think we will go places on the technology side that the local competitors cannot follow. Being able to invest in technology globally, at scale, and then deploy locally is a key advantage. Being able to leverage expansive data to drive customer insights will also be an advantage.

CC: That's true. In the past we were less able to leverage our scale because the Group was decentralised, with every country adopting its own IT strategy and many processes being manual and offline. With GrowTogether we have made a lot of progress in terms of ensuring global consistency and digitalisation.

The way we are building digital products is also very different from the past. It has in mind the need to be agile. For example, we are adopting a single code-base approach when developing things like InFO and the candidate app, to avoid local duplication and to allow for a faster rhythm of updates and releases.

AF: So in conclusion, GrowTogether is really a journey where we are coming to the end of the first phase but with plenty of opportunity to come. We can do a lot more in terms of both operational efficiency and customer value. It's very exciting!

Innovate

With the final pillar of our strategy, Innovate, we are focused on leveraging and expanding the Group's ecosystem of brands and solutions, to bring greater value to clients and candidates. We are driving synergies and collaboration between existing brands and building new businesses in attractive adjacent markets, to capture opportunities in high-growth, high-margin segments. We intend to be the innovation leader in our industry, disrupting it from the inside by bringing together the best of HR solutions with the best of technology.

CHARANDEEP CHHABRA

Charandeep is global head of General Assembly's enterprise business, a role he has held since 2019. He joined the Adecco Group in 2008 as a consultant at Modis, in Australia, later being promoted to become General Manager for sales, digital solutions and innovation. In 2017, Charandeep moved to New York in a dual role as global industry lead for engineering and technology, and global head of managed services and solutions.

SARAH DOLLANDER

Sarah is the Managing Director in the Southern Region, US for LHH. She has nearly 20 years of experience with LHH, holding a variety of roles in operations, sales, client relationship management and most recently in regional leadership. Sarah's current focus is leading her regional team at LHH following her promotion into this role in August 2019. She has worked closely with General Assembly on the development of innovative joint solutions.

Q. How did General Assembly perform in its first full year as part of the Adecco Group?

Charandeep Chhabra (CC): GA had a very good year, both in terms of financial performance and in terms of the integration within the Adecco Group. We achieved strong double-digit revenue growth and good profitability across all of our campuses. Investments in content development and growth meant that we remained loss-making for the full year, but the rate of losses improved thanks to the strong growth.

One of our areas of focus in 2019 was addressing affordability challenges for students in our consumer business. We were finding that while the payback for graduates of our programmes was clear, with more than 90% of grads finding a job in their chosen field and a pay increase within six months, many potential students could not afford the upfront enrolment fees. In response, we developed an Income Share Agreement (ISA) scheme with a financial partner that allows qualifying students to take our immersive courses with no upfront cost, and only repay the tuition fees when they have found a well-paid job. Uptake has been strong, allowing many talented individuals to follow their dreams of getting into software engineering. During the year, we also increased our footprint, opening nine new locations in the US. And we innovated with new models to expand our reach to areas where a traditional campus would not be appropriate, with the launch of micro-campuses and growth in our remote immersive offerings.

In terms of integration with the Adecco Group, we also made great progress. At the time of the acquisition, we said we believed there was an opportunity to leverage GA's capabilities to better serve customers across other Group brands, and we are now proving that to be the case. Collaboration with LHH really stepped up, which we will talk about with Sarah in a moment. We also piloted the Modis Academy, in which we are putting Modis candidates through GA full-time and part-time software engineering courses before placing them with clients. This 'hire-train-deploy' model is similar to what the Adecco Group already does in Modis VSN in Japan and is a real differentiator with both candidates, who get to increase their employability, and clients, who gain access to in-demand talent.

Q. How did the collaboration between General Assembly and LHH begin?

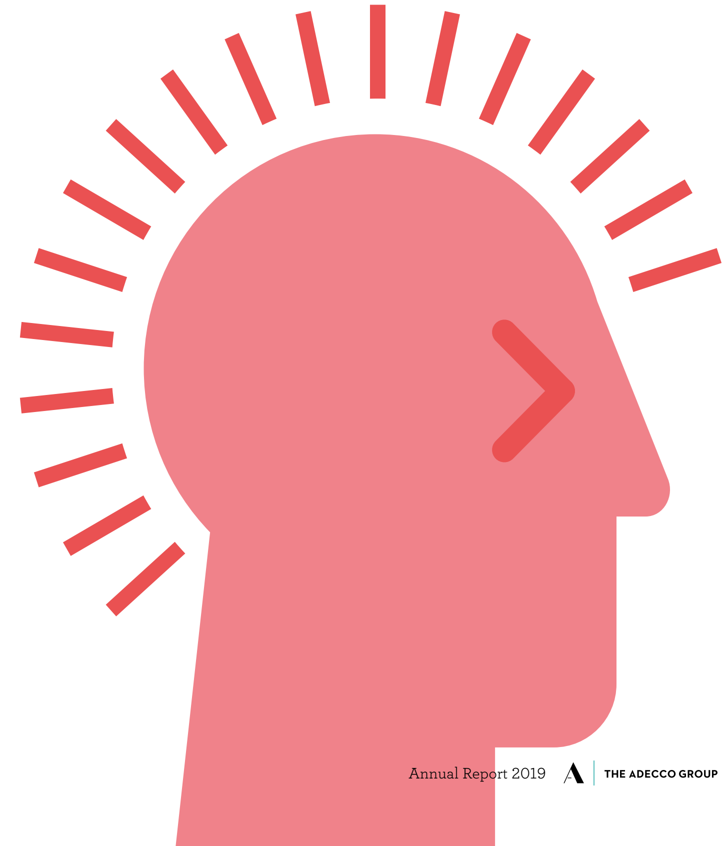
Sarah Dollander (SD): As Charandeep mentioned, right from the beginning we recognised there was a strong complementarity between LHH and GA, and potential to create truly innovative solutions to address the urgent needs of many of the Group's clients. Most companies face a need to adapt to rapidly changing skills requirements and digital disruption. In the past, they would 'fire and re-hire'; lay people off and bring in new employees with the required skills. However, today the pace of change has accelerated and there are shortages of talent in many critical digital fields.

The old model simply doesn't work. New approaches are required to avoid spiralling financial and societal costs. That's where our combined 'workforce transformation' offerings come in. It means, as one of our clients put it, moving from a replaceable workforce to a renewable workforce concept.

Soon after GA joined the Group, we started work on designing and developing the integrated offering, establishing a commercial model and go-to-market strategy.

CC: There are three tiers to the combined offering. Tier 1 offers GA's online foundation training in digital literacy and is included in the LHH Active Placement redeployment portal. Tier 2 allows a deeper dive into the GA curriculum with broader digital training programmes also included on the LHH online portal. Finally, Tier 3 offers full GA immersive programmes, including pre- and post-assessments for targeted employees, plus assistance with practical pathways for redeploying these newly skilled employees.

SD: By integrating the GA curriculum inside our LHH redeployment offering we have the ability to not only coach people how to find a new job inside their organisation but can also now define specific job-to-job transition paths and offer reskilling and upskilling as part of our workforce transformation solution. We've found that this joint offering is considerably more effective than just sharing customer leads. It elevates the customer conversation to the C-suite and results in much deeper engagement.



Q. How does the solution work and what is unique about the customer value proposition?

SD: Our solution begins with employee and manager career coaching. We train managers to have career discussions with their employees and to discuss options when roles have been made redundant. And we help employees who want to proactively engage in career planning for new jobs inside their company. Employees then have access to a career development centre, which includes in-person assessments and coaching, and a digital centre where they can access career development tools, upskilling courses, and be matched to internal jobs.

From there we have different paths for employees. Some will leave the company and enter LHH Active Placement where we work to find them a new role – our typical outplacement programme. Others can take upskilling courses with the aim of qualifying for new roles. And finally, there is the deep, immersive reskilling path where we get them job-ready for the digital roles that their employer requires now or in the near future.

CC: We have a very client-centric approach. Although we have sketched out what a typical programme might look like, we recognise each client will have a slightly different need. Our teams follow a design-thinking approach to tailor the solution to each client's circumstances and requirements.

What is unique is that we can bring together the multiple capabilities of the Adecco Group in an end-to-end solution, combining both consulting and execution. We advise the client on their current and future workforce needs, assess employee aptitude, provide coaching and training, and also match employees to roles both inside and outside the firm. The result is better outcomes for both companies and their employees, at considerably lower financial cost.

SD: The Adecco Group is the only company that can offer this kind of holistic solution. For clients it means dealing with one team, with one contract, and with the quality assurance that comes from working with the leader in the field.

Fuelling workforce transformation

A unique and innovative employee redeployment offering from LHH and General Assembly

GENERAL ASSEMBLY LHH

LHH, the world's leading career transition and talent development company, and General Assembly, a leader in upskilling and reskilling in high-demand digital skills, have combined forces to create a unique workforce transformation solution for Adecco Group customers.

Integrating the GA curriculum and training programmes into the LHH re-deployment offering has created a compelling alternative to traditional outplacement for clients. Employers are able to reduce the number of workers outplaced by leveraging a combination of short up-skilling and intensive re-skilling solutions, to keep talented employees within the company and fill current and future talent needs.

The outcome is reduced costs and access to in-demand talent for our clients, and improved outcomes and employability for their employees. This joint offering has resonated with Adecco Group clients, many of whom are facing the need to transform their workforces in the face of rapid technological change.

Outplacement

Employees are coached and supported to find new roles outside their company. Leveraging LHH's Active Placement platform, most candidates find a new job within a matter of weeks or months.

Redeployment

Employees are provided with short upskilling programmes and advice that allows them to transition to a new role inside the company that is matched to their skills and capabilities.

Reskilling

Employees participate in full-time, immersive reskilling programmes in digital disciplines, such as software engineering or digital marketing, preparing them for newly created roles.

Q. What opportunities are there to collaborate between GA and other brands?

CC: I think we are still only scratching the surface in terms of collaboration. As demographics and technological change drive increasing skills shortages and a need to upskill and reskill millions of workers, the Adecco Group will have an important role to play. It's likely that recruitment and education begin to converge in certain areas where talent scarcity is most acute. Increasingly, we may need to create the talent, not just match individuals with opportunities, and GA will be a key enabler of that. So, the Modis Academy and similar concepts will be important. We've also seen that interest in the GA value proposition has been strong from other brands too. For example, during the second half of 2019, we ran a pop-up micro-campus in Milan in collaboration with the Group's Italian training business Mylia, in response to demand from clients. And of course we are upskilling the Adecco Group team too, to build digital capabilities internally.

SD: There is a huge amount of potential for collaboration across all of the Group's brands, not just with GA. The complexity of workforce organisation continues to increase and that means the opportunities to drive synergies between the brands will rise. The ecosystem concept that we are embedding is about encouraging our salespeople to bring together multiple brands to deliver more sophisticated solutions for our clients and candidates. We can deliver solutions that span the entire HR landscape, which is a real differentiator.

CASE STUDY

1,000 employee reduction announcement

Traditional LHH Solution

Outplacement	x	1,000	@	EUR 1,000 PPU (70% engagement rate)	=	EUR 700k Revenue

New LHH/GA Redeployment and Reskilling Solution

Outplacement	x	800	@	EUR 1,000 PPU (70% engagement rate)	=	EUR 560k Revenue
Redeployment	x	150	@	EUR 1,500 PPU (Portal solution with GA upskilling course)	=	EUR 225k Revenue
Reskilling	x	50	@	EUR 15,000 PPU (Immersive GA solution)	=	EUR 750k Revenue

Client benefit

EUR 835k
Increase in spend with the Adecco Group

Traditional solution
New solution

EUR 3m
Savings on external hiring costs for 200 employees internally redeployed

(75k salary x 20% recruiting)

EUR 2.25m
Savings on severance and separation for 200 people

(75k salary x 15% severance)

Net client savings
EUR 4.4m

Alfredo's story

"When we embarked on our workforce transformation programme we faced multiple challenges. The Adecco Group brought knowledge, expertise and solutions to the table. It was comforting to work with one experienced partner who deeply understood our situation and could not only advise us on the right path, but also deliver the services we needed."

Alfredo Fraile Navas, Head of HR Strategy, Santander España

The 360° ecosystem at work

One partner through the work-life cycle

Following the acquisition of Banco Popular, Banco Santander needed to undergo a large-scale workforce transformation initiative. With a mandate to both minimise the social impact of the programme and improve the future employability of the affected employees, the Adecco Group was uniquely positioned to support the client holistically through our 360° HR solutions ecosystem.

A customised solution to enable client success

To meet the complete needs of the client, the Adecco Group designed a comprehensive solution that covered career transition, upskilling and reskilling, temporary staffing, professional staffing and outsourcing across multiple geographies. Adecco Group brand LHH, the market leader in career transition designed and implemented a professional training programme in collaboration with Adecco Training and Modis to upskill and reskill employees. Through Adecco Outsourcing, we are working to place employees into new roles. In addition, Santander is benefiting from the Group's staffing and professional recruitment expertise through our Adecco and Spring Professional brands in several countries.

Success for the client, a bright future for the workforce

Not only did the programme achieve the workforce transformation and cost-saving objectives for the bank, the Adecco Group has been able to enable new career prospects for more than 3,000 employees. With a more complete service offering than any other human capital company, this success underlines the benefit that the Group's holistic approach can deliver.

3,000
employees given new career prospects

> **"The Adecco Group brought knowledge, expertise and solutions to the table.**

Providing 360° HR solutions

The world of work is complex and constantly changing. The needs of individuals and companies across the globe vary widely, depending on local labour market circumstances, the impact of megatrends, and the health of specific industries. The Adecco Group aims to support companies at all stages of their development and throughout the business cycle, and to support candidates and associates throughout their careers.

The Group has established the most comprehensive portfolio of HR solutions in the industry, providing essential, dynamic and efficient solutions in 60 countries and territories worldwide. Solutions range from placing one employee to providing entire workforce outsourcing, across a wide range of industries and skills profiles, from office administration and logistics to life sciences and finance. We place more than 600,000 candidates in work every day and support over 100,000 companies and organisations in sourcing the talent they need to thrive. In so doing, the Group plays a vital role in the global economy and supports job creation and employment.

The Adecco Group's core services include:

- **Temporary staffing** – placing 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. Temporary staffing represented 86% of Group revenues and 65% of gross profit in 2019.
- **Permanent placement** – helping 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 that are not actively looking for a new job. Permanent placement accounted for 2% of Group revenues and 13% of gross profit in 2019.
- **Career transition** – supporting 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. Career transition represented 2% of Group revenues and 7% of gross profit in 2019.
- **Other services** – the Group also offers a full spectrum of complementary HR solutions, including: Outsourcing – staffing and managing the entirety of a labour-intensive activity, such as warehouse logistics, call centre operations or IT support; Managed Service Programmes (MSP) – managing all parts of the flexible workforce at organisations using a large number of contingent workers; Recruitment Process Outsourcing (RPO) – handling the entire hiring process for employers recruiting large numbers of permanent employees; and Talent Development – providing training, career development, upskilling and reskilling, both on behalf of organisations and directly to individuals. These activities collectively accounted for 10% of Group revenues and 15% of gross profit in 2019.

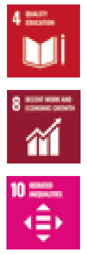
To effectively deliver these solutions and meet the needs of customers, the Group is organised into dedicated global and local brands that focus on specific areas of the labour market, for example delineating between professional and non-professional roles.

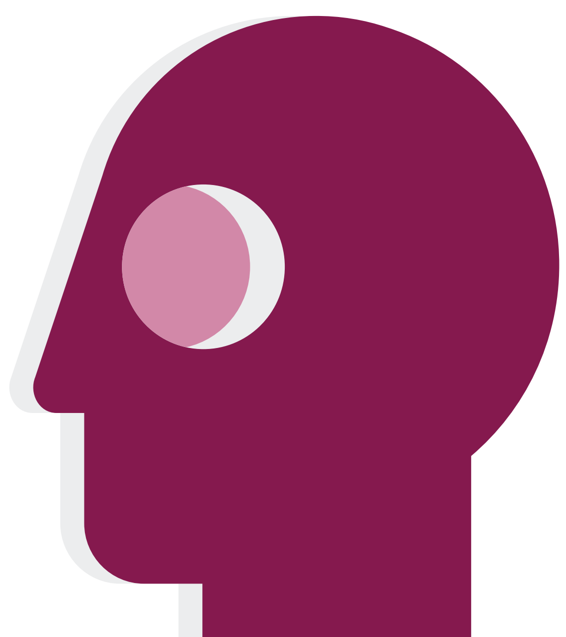
These brands are further grouped into three strategic focus areas (business lines):

- Workforce Solutions
- Professional Solutions
- Talent Solutions

Each focus area plays a crucial role in the successful delivery of the Group's Perform, Transform, Innovate agenda, including the strategic programmes GrowTogether and the Ventures.

Contribution to the SDGs through our core services





Strong and differentiated brands

WORKFORCE SOLUTIONS

Objective

Drive differentiation and profitable growth through process optimisation, digitisation and automation

Outlook

- Good long-term market growth prospects due to economic uncertainty, skills imbalances, and need for flexibility
- Significant scope to expand market share, especially with SMEs

Strategy

- Accelerate transformation through GrowTogether
- Increase organisational efficiency
- Drive differentiation and enhanced candidate and client experience
- Omnichannel approach opens small customer segment

Key brands

Adecco

Adia

PROFESSIONAL SOLUTIONS

Objective

Focus on the most attractive verticals and expand market share by leveraging new technologies

Outlook

- Growth supported by megatrends: skills imbalances, demographics, the gig economy
- Different verticals require different strategies and strong brands

Strategy

- Strengthen global brands in IT and Engineering
- Capitalise on local brand strength in Finance and Legal
- Expand training and up/reskilling to address skills shortages
- Leverage digital in permanent recruitment and freelance

Key brands

BADENOCH + CLARK

VETTERY

modis

YOSS

Spring Professional

TALENT SOLUTIONS

Objective

Strengthen position as global leader in workforce transformation and become the leading total talent solutions partner for large organisations

Outlook

- Pace of workforce change is accelerating, impacted by technological disruption; strategically important for enterprises
- Demand for workforce-related insights is rising as megatrends create more complex working models

Strategy

- Expand market-leading career transition offering with innovative solutions
- Develop leading talent development and reskilling businesses
- Leverage our rich data assets to provide insight for clients
- Become the thought leader in workforce design

Key brands

GENERAL ASSEMBLY

LHH

pontoon

WORKFORCE SOLUTIONS:

Driving service differentiation and efficiency

Workforce Solutions focuses on placing candidates in skilled and unskilled roles across a wide range of office, industrial and service-sector occupations, primarily under the global Adecco brand. Focusing on temporary staffing, outsourcing, permanent placement and online staffing, Workforce Solutions is the Group's largest business, contributing 75% of Group revenues and 59% of gross profit in 2019.

Services are tailored according to client size and complexity of need. Small and medium-sized companies are typically served from an extensive network of local branches, which span metropolitan areas across Europe, the Americas and the Asia Pacific region. Large customers, with typically more complex needs, are served from hubs or 'Onsite', at the client's location. Onsite solutions represented approximately 25% of Workforce Solutions revenues in 2019.

Workforce Solutions is well diversified by client industry, with revenues generally reflecting the composition of the local economy in the 60 countries and territories in which Adecco operates. Industrial (including Service sectors) contributed approximately 52% of Group revenues in 2019, while Office, which focuses on clerical and support personnel, represented 23% of Group revenues.

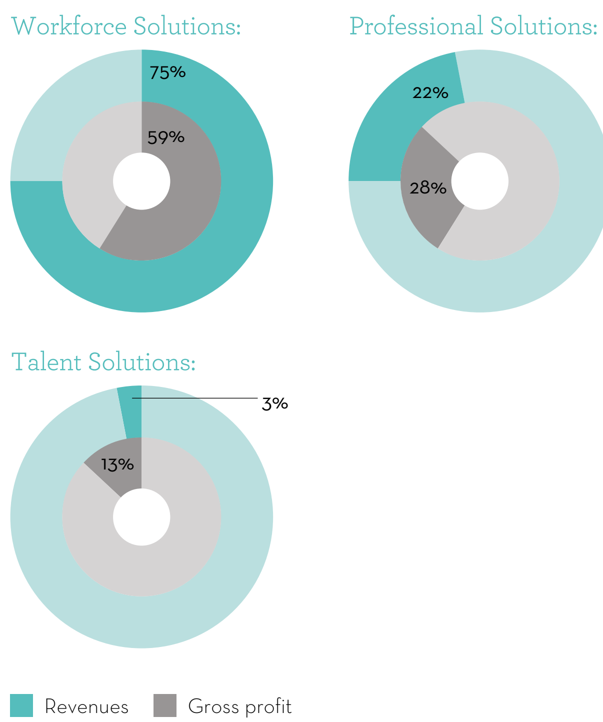
The Group's 'recruitment on demand' online staffing platform operates under the Adia brand. Launched in 2017, Adia offers a comprehensive digital solution for associates and clients primarily in the hospitality and events sector in the US and Switzerland.

The Workforce Solutions market, with its broad exposure to many economic sectors and regions, is expected to continue to grow, benefiting from multiple workforce megatrends. Faced with ongoing geopolitical and economic uncertainty, companies are increasingly looking for ways to build greater flexibility in their workforces. Temporary staffing and outsourcing solutions enable businesses to manage their HR needs in a flexible way, making it possible to manage peaks and troughs in demand, cope with short-term requirements or cover temporary absences of permanent employees. Candidates are also seeking more flexible ways to fit work around their lifestyles and other commitments. Thus, demand for part-time, seasonal or short assignments is expected to remain strong as the gig economy continues to gain traction across the world.

There is significant scope for digitisation, big data and analytics to enhance and expand the services delivered in Workforce Solutions. For example, online staffing platform Adia leverages mobile technology to offer an HR service that can be managed remotely, on the go and at the click of a button by clients and candidates alike. Meanwhile, the Group's analytics solutions leverage big data to help clients plan ahead for changes in labour market supply and demand, to avoid skills and talent shortages. Adecco is also incorporating tools that leverage machine learning and artificial intelligence to improve speed and accuracy of candidate matches.

In addition to this favourable market backdrop, the Group has significant opportunity to expand its market share. GrowTogether is transforming service delivery at Adecco, deploying advanced technologies to empower colleagues and create more value for clients and candidates, driving increased competitive differentiation. Evolution from a purely branch-based to omnichannel delivery, with smarter branches, online solutions, and customer portals, will also allow Adecco to reach smaller clients that were previously uneconomic to serve.

Contribution to Group revenues and gross profit:



PROFESSIONAL SOLUTIONS:

Leveraging strong brands and innovative models

Professional Solutions supports clients in finding and attracting graduate-level talent for higher-salary roles.

Reflecting the specialised nature of professional recruitment, solutions are delivered through a number of global and local expert brands, including the lead brands Modis, Badenoch + Clark and Spring Professional. Solutions include temporary staffing, contracting/freelance, consulting and permanent placement. In 2019, Professional Solutions represented 22% of Group revenues and 28% of gross profit in 2019.

Adopting an 'experts talk to experts' approach, the Group's consultants establish relationships with line managers at enterprises to better understand the skills required of candidates. Different verticals and sectors require different strategies and strong, market-specific brands to attract the brightest talent and best clients.

Key global brands include: Modis, focusing on IT and engineering; and Badenoch + Clark and Spring Professional, which respectively focus on senior management/executive and middle management roles, across a range of sectors. The Group also offers online professional permanent recruitment through the Vettery brand and online freelance solutions through YOSS.

Key disciplines in Professional Solutions are Information Technology (12% of Group revenues), Engineering & Technical (3%), Finance & Legal (4%), and Medical & Science (3%).

The Group is targeting the most attractive verticals and introducing innovative new models. A global structure has been adopted in areas such as IT and engineering, where clients demand it, while at the same time capitalising on the strength of local brands to lead in areas such as finance, medical and legal.

Future growth in Professional Solutions is underpinned by a structural shift towards freelance/contractor models in the professional space, linked in part to the new demographic mix of workers. This is further supported by rising skills imbalances, which increase demand for outsourced recruitment services and create opportunities for 'train and place' models, such as that already offered within Modis.

GrowTogether is enhancing the way services are delivered across Professional Solutions, with significant upgrades to the tools available to our consultants, while also increasing efficiency by reducing the cost and burden of administration.

TALENT SOLUTIONS:

Leading in workforce transformation and HR outsourcing

Through its Talent Solutions brands, the Group advises and supports organisations and individuals to succeed in the evolving world of work.

Solutions include talent development, career transition and HR process outsourcing (MSP and RPO). Solutions are delivered through three global brands – LHH, General Assembly and Pontoon – which collectively contributed 3% of Group revenues and 13% of gross profit in 2019.

LHH is the world's leading career transition and talent development company. Its career transition solutions help organisations faced with the need to transform their workforces to secure positive outcomes for departing employees, maintain business continuity, keep employees engaged, and protect employer brands. Through personalised support and innovative technology, such as the Active Placement online talent exchange, LHH ensures that individuals can successfully move to the next step of their career. Meanwhile, LHH's talent development solutions help organisations improve the effectiveness of leaders and teams, as well as providing individual career coaching and soft skills development. LHH programmes can range from a few individuals to thousands of employees, served from a global network that is able to offer consistent support to complex organisations across multiple countries.

General Assembly (GA) delivers technical training across a broad range of scarce, high-demand 21st century skills, mainly in coding, data science, and digital marketing. Its enterprise programmes help organisations close persistent talent gaps, by upskilling and reskilling existing employees, or finding and training new recruits. GA also offers direct-to-consumer programmes to individuals looking to develop new skills and change career.

Combining the capabilities of LHH and GA, the Adecco Group offers end-to-end workforce transformation solutions. These bring together career transition and up/reskilling to address the challenges faced by organisations as they look to adapt their workforces in an age of accelerating technological change.

Pontoon, a global leader in contingent and permanent workforce planning and talent advisory solutions, offers full HR outsourcing solutions, including Managed Service Programme (MSP) and Recruitment Process Outsourcing (RPO). MSP involves taking over part of the HR function within an organisation to manage its contingent and flexible workforce. RPO enables clients to outsource the entire permanent recruitment process, to harness the full benefit of Pontoon's expertise and experience in hiring large numbers of employees. Pontoon's consultative approach draws on knowledge gained from running hundreds of programmes, across all major industry sectors, ranging from single country operations to those spanning more than 100 countries.

Demand for HR outsourcing solutions and labour-related insights is expected to grow as workforce structures become increasingly complex. The Group has accumulated a vast array of macro- and micro-level data on labour market supply and demand. Leveraging this data, and expertise from across the Group, Pontoon is able to offer unique insights and transformational thinking to its MSP and RPO clients.

Powered by people

As a human capital company, our business is uniquely human-centric. In a world that is being disrupted in every corner by digitalisation and where technology is increasingly commoditised, we know that people are the differentiator. Underpinning our People Strategy is our Fit for Future HR model, our integrated approach to diversity and inclusion, and our values-driven culture. In everything we do, we put people at the centre. We are honoured to be voted among the top 25 global companies to work for, four years in a row, in the Great Place to Work® ranking, defined by the people who choose to work within the Adecco Group.

Get the best talent by improving our recruitment processes and being the most attractive employer brand in the professional services industry

Keep our talent by offering opportunity, work-life balance, state-of-the-art workplaces, appropriate rewards and a sense of purpose

Grow our talent through experiential development, career progression, engagement and innovation

Enable our people to deliver a personal best each year with the right tools, services, support and strategy

Inspire our people with a purpose and company values that resonate, engaged leadership, and a positive team spirit

It is our ambition 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. Our People Strategy focuses on driving an engaged, empowered and high-performing workforce.

GET THE BEST TALENT:

Talent attraction and engagement

In a talent-scarce environment, competition is high when looking for the best people with the right skills and aptitude, to drive performance in a fast-moving digital age.

In 2019, we hired approximately 10,000 new colleagues across the 60 countries in which the Adecco Group operates. We launched an award-winning career portal, leveraging new technology to differentiate the candidate journey and colleague experience, ensuring we are attracting the right skills to set us up for future success.

By redefining our recruitment processes we are driving efficiencies, higher-quality and more tailored experiences and ensuring that we have the right, not just the best, talent for business growth. Equally, we are establishing future-focused ways of working to reflect the needs and wants of next-gen workforces. One example are "portfolio careers", which enable more flexible and agile working solutions such as project participation, job shadowing and role sharing to ensure a more sustainable work-life balance. To further improve understanding of our strategic goals and agenda, we are refreshing our onboarding offering, making use of technology, and sharing our employee value proposition and people stories, resulting in a community of loyal and engaged colleagues from the very start.

Furthermore, we attract early career talent to the Company by leveraging the success of our CEO for One Month programme. In 2019, we received a record number of applications, more than 260,000, from young aspiring leaders around the world. In addition to boosting youth employability, this programme helps identify high- potential talent, and the growing application rate is testament to the strong employer brand of the Group. Please see page 50 for more information on the CEO for One Month programme.

KEEP OUR TALENT:

Open talent market

Our ability to meet our strategic goals is contingent on the retention of talented people and ultimately helping them reach their full potential. Building a culture in which our people feel highly valued and have opportunities to learn, grow and progress their career is critical to our success.

In 2019, we fully committed to an open talent market, launching a global internal careers portal to bring enhanced visibility to internal career opportunities. We continue to foster a culture where colleagues are empowered, encouraged and supported to look internally for personal growth and new possibilities. This allows our people to deliver in times of change, meet skills shortages, identify future competencies that we are not yet able to define and ultimately fuel a virtuous talent cycle by preparing our next generation of leaders.

We embrace data analytics to both monitor and improve our performance in talent retention across our business. This internal analysis gives us the information to build on a retention rate of 72% to ensure we always have capable and passionate talent on board to deliver our strategy.

With Great Place to Work® and Peakon we embrace open feedback through a yearly engagement survey alongside more regular pulse checks, giving us valuable insights. Cultivating an environment where we give our people a voice to express their experiences creates transparency, openness and insight-led decision making. These insights inform our future talent agenda, with a focus on strengthening career paths, better reward transparency and more communication on our strategy.

GROW OUR TALENT:

Tools and experiences to succeed

Our focus on the personal and professional development of our people ensures they have what they need to progress and succeed. As the world of work evolves, investing in the skills of our people has never been more important.

We do this by leveraging a range of initiatives across our local and global networks, expert HR guidance and training options. Our 'AIM' platform matches mentors to mentees; through 'Speexx' we provide language training for those who would like it; we offer 'Digital Foundation' courses through General Assembly (GA) to prepare our people for digital transformation; and for our colleagues interested in deepening their digital skills and capabilities even further we offer access to the wider portfolio of courses offered by GA.

Equally, we have further enhanced our global leadership programmes at manager, senior manager and executive levels by introducing functional and technical global offerings with our IT, Finance and Sales Academies. During 2020, we will launch a new digital global learning platform where our people can access courses, content and experiential learning designed to further enhance their growth and development.

ENABLE OUR PEOPLE:

Support to deliver

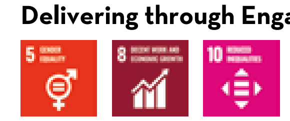
To ensure we are fit for the future, our leaders of tomorrow must be given the support and tools they need to deliver today. Through Global Talent Reviews we have an insight into the health of our talent pipeline. We are strengthening processes and embedding new ones, identifying our critical talent and skills gaps and, more importantly, addressing them. Our International Future Leaders programme is just one example of where we are focusing on the development and growth of our early-in-career, high-potential talents, further strengthening our future leaders talent pool.

INSPIRE OUR PEOPLE:

Fuelling inspiration

We are committed to nurturing a culture of innovation, inclusion and opportunity and to connecting our people to our purpose. We know that our core business of enabling people to succeed in the world of work resonates with our colleagues and intrinsically motivates them. By fuelling their inspiration, we will generate the people power needed to achieve and accelerate our transformation, both culturally and digitally. This includes the articulation, validation and upskilling of capabilities needed for the future and agile career paths enabling portfolio careers.

Delivering through Engagement and Inclusion



When we say 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. We believe that 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. Our commitment is to equal opportunity for everyone working with or through the Adecco Group.

To achieve a fully effective Engagement and Inclusion strategy we are deliberate in how we shape our culture and operations, supporting a fully inclusive culture 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.

Core values:

a renewed focus to define our future

Passion
We change the world of work, one job at a time

Entrepreneurship
We constantly take initiatives to empower people, fuel economies, and enrich societies

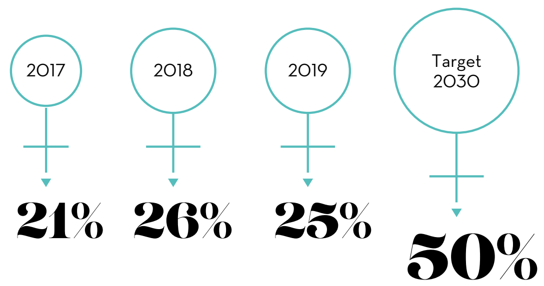
Customer-centricity
We live by and for our customers' success; we want to be their top-of-mind and top-of-heart choice

Responsibility
We are the industry leader; our goal is to provide more work opportunities for more people

Team spirit
We work together as one team

We lead by example. We enable people to gain better access to the jobs and prospects they deserve. We engage with employers to develop programmes and pathways that embrace diverse talent. And we 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. 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 25% and female representation at the Board of Directors level is 37.5%.



- **Valuable 500:** A global movement putting disability inclusion on the global business leadership agenda that we joined in 2019. Hundreds of global leaders 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 commitment, we will continue to champion the integration of people with a disability in the labour market, help them overcome barriers to enter the workforce by strengthening their employability, and progressively adapt our own employment policies and practices to reduce barriers to the inclusion of people with a disability in the world of work.
- **ILO Global Business and Disability Network (GBDN):** 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 2019 we participated again in the GBDN's annual conference focused on the "Future of Work", where we moderated a session highlighting targeted initiatives to provide digital skills to people with disabilities. Our Modis brand in France for example, in collaboration with Grenoble EM Business School, developed a programme dedicated to training Asperger-diagnosed students for the positions of data analysts and data coders, and helping them integrate into their future work environment.

> **"The leadership contract is an important reminder of our shared commitment to the business and to each other. It highlights the importance of being mindful in our daily interactions and has helped guide conversations about what it means, for each one of us, to be a leader within our Company and in our communities. Seeing that message reflected in our global vision has further solidified the notion that we are one team working, growing and succeeding together.**
>
> Laurie Chamberlin, President of Professional Recruitment, US

- **European Network Against Racism's Equal@work Platform:** a multi-stakeholder network that brings together businesses, social partners, NGOs, public authorities and academics committed to diversity and inclusion, to find solutions for the participation of ethnic minorities and migrants in the labour market.

Find out more on how we help underserved populations access the labour market through the work of the Adecco Group Foundation and other initiatives on pages 50 and 51.

Our Leadership Contract

We are building a culture whereby everyone has a responsibility to do the right thing and set an example for others. At the same time, we believe our leadership team must model the behaviours we expect from all of our colleagues.

In 2018, we launched our Leadership Contract, which is a commitment by each leader to be personally accountable for our performance, and our culture. It clearly defines what is expected from leaders within the Adecco Group, and is designed to build a strong leadership core that act as role models for employees across the organisation. Our leaders have embraced the Contract as a tangible framework for positive culture creation.

In 2019, our key country leadership launched the Contract in an interactive way at their regional leadership meetings, following the global launch. Since then we have integrated the Contract behaviours into our performance management and leadership development programmes to ensure we are inspiring the right actions, and we are training our colleagues on how to adopt them in their everyday work life. As we refresh our talent base, we are also making sure we don't dilute the essence of the Contract. All new joiners receive the Contract as a part of their onboarding. It is also included for leaders participating in any Adecco Academy programme and integrated into mandatory ethics training programmes and e-learning programmes. In just six months following launch, two thirds of our new joiners worldwide had signed the contract. As a testament to the early engagement results, more than one third of our global workforce is already familiar with the Leadership Contract.

A great place to work

We are proud that the Adecco Group continues to rank among the top multinationals to work for in the world – for the fourth year running, we have made the list of top 25 multinationals.

Our Great Place to Work® ranking is the result of an independent, credible measure of employee satisfaction that, in 2019, polled 12 million employees from 8,000 companies around the world. It gives us a clear indication of how we are performing as an employer and where we can improve. In 2019, we achieved an 86% global response rate with a record participation of more than 28,000 colleagues. Our 2019 Great Place to Work® score was 74 – our highest global score to date. The result, up one percentage point from 2018, reflects our ongoing focus on strengthening the engagement of our colleagues around the world. Findings from the survey highlighted that we have a strong sense of team spirit, pride, and diversity across our teams, and indicated an appreciation for the way we work together.

> **"We look for leaders who are passionate about delivering on our purpose of "Making the future work for everyone" and who are committed to our core values.**
>
> **The Adecco Group is undergoing an exciting transformation and strong leadership has never been more important. The Leadership Contract defines the qualities that each and every leader needs to embody, to ensure our success.**
>
> Ian Lee, Regional Head of Asia Pacific, Member of the Adecco Group Executive Committee

EMPLOYER OF CHOICE

Empowering our people to do what they love

Digitising our front office

Our new Integrated Front Office (InFO) solution brings together all candidate and client data in one place, and integrates seamlessly with new digital channels such as the global candidate app and client portals. In 2019, we delivered the tool to 7,500 users in 20 countries and we are continuing the roll-out globally in 2020, including in key markets such as France, Spain and Japan. The advanced CRM capabilities are not only enabling our recruiters to manage all customer touchpoints through a single system, the platform is helping to increase our candidate and client intimacy, be more proactive in our engagement, and increase our sales effectiveness. As a result, our branches are more efficient, and our clients and candidates are happier.

Outperforming with PERFORM

The PERFORM way of working was rolled out to 10,000 colleagues globally in 2019, with an aggressive ramp-up plan in place for 2020. The UK was one of the early adopters of the PERFORM methodology and has now taken the next step to digitise the process by fully integrating it with the new front office tool. The initiative has not only improved the impact of PERFORM, it has also increased InFO adoption and delivered significant productivity improvements – resulting in higher client satisfaction.

Delivering a fantastic client and candidate experience

This integration of the GrowTogether tools has improved the quality of branch activity. Transactional NPS is now measured in real-time after every placement and has increased from 15 in 2018 to 23 in 2019, which the team attributes to the new way of working.

7,500
InFO users

10,000
Colleagues trained in the PERFORM methodology

> **“Nothing drives me more than working with our clients to help them secure the best talent. GrowTogether has cut the red tape and given me next-gen tools so I can spend more time helping our clients succeed.**

Laura’s story

“I run the largest Adecco branch in the greater London area. I joined Adecco more than 20 years ago and stayed because I’m passionate about helping people find fulfilling careers. Perhaps the biggest change I have seen in my own career is the shift that GrowTogether has brought to the branches. The combination of the PERFORM way of working with the InFO technology platform, has transformed the branch from analogue to digital. We used to huddle around the white board and then spend time with each team member planning their day. Today we have a data-driven culture. We can assess sales performance based on real-time analytics and have the visibility to know when we need to up our game to make sure we hit our numbers. Client visits are up more than 30%. Behaviour has changed and people are more accountable. But perhaps the most important shift is in how the new digital tools have given us the insights – and the time – to build deeper client and candidate relationships. We feel it in our interactions, and we see it in our Net Promoter Scores. GrowTogether has been a gamechanger.”

Laura Edwards, Executive Business Manager, Adecco Retail London

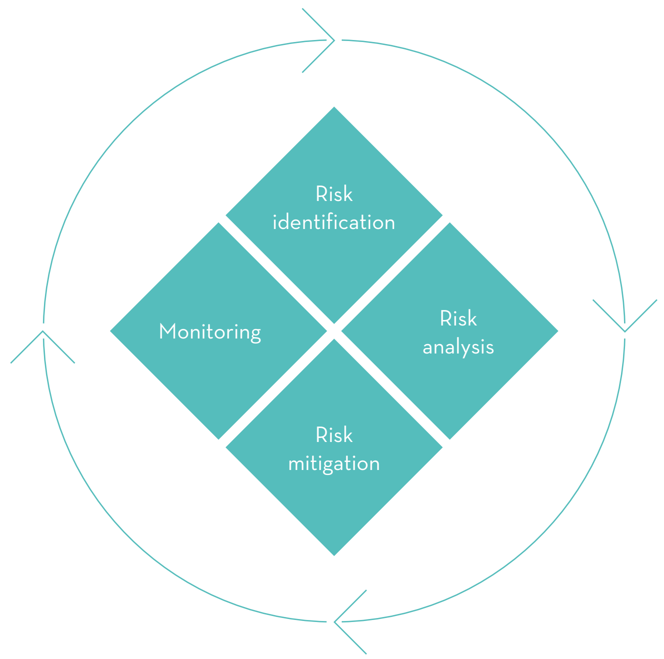
Identify, mitigate and manage

Our risk management process is used to identify and mitigate our exposures and, where possible, to turn risks into business opportunities.

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. This provides assurance to all key stakeholders that we will achieve our performance, profitability and sustainability-related targets and objectives. 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 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 on 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 country assessments and action plans are then consolidated and reported to Group management and a Risk Owner is designated for each risk category identified. The Enterprise Risk Management assessment, including the action plan, is reported back to the Board of Directors.



Key business risks

Key business risks	Description	Mitigation
Geopolitical and economic uncertainty	Demand for many of our HR solutions is highly correlated to 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 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. The readiness for a recession is assessed to ensure a continued stable dividend distribution.
Client attraction and retention	The Adecco Group's results and prospects depend on attracting and retaining clients. Client satisfaction, as a result of our services rendered, is a key indicator for client retention and therefore needs to be monitored closely. The changing world of work 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. 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.
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 skill sets, providing suitably qualified associates can be challenging.	We aim to attract the best talent from various sources, ranging from the traditional physical branch to online platforms and technologies. Our value proposition for candidates and associates goes beyond providing employment opportunities or consecutive assignments. We also provide training and career coaching. And we help solve skills shortages, with reskilling and upskilling solutions that improve access to candidates 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: 1) GET the best talent by improving our recruitment processes; 2) KEEP this talent by offering opportunity, work-life balance, appropriate rewards; 3) GROW our talent through experiential development, career progression, and with programmes like Adecco Academy, intensive skills bootcamps or international exchange programme; 4) ENABLE our people to deliver a personal best with the right tools, services and strategy, through GrowTogether; 5) INSPIRE our people with a purpose and company values, and via programmes like CEO for One Month or Win4Youth. We measure our progress through the annual Great Place to Work® survey that gauges employees' satisfaction with their workplace, as well as with regular internal employee surveys.
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 others, 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 prevention measures and helping ensure rapid detection and efficient response. For business continuity, critical business applications are stored in regional datacentres with failover capability. A review of agreements with IT service providers and enhancement of service-level and contract management are embedded in the 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 is a founding member of the World Employment Confederation and holds leadership mandates in the regional and national associations representing our sector. Our engagement spans to global institutions such as the International Labour Organization, the OECD, the International Organisation of Employers and the G20-B20, as well as BusinessEurope. In key strategic areas, we help shape the agenda with the Global Apprenticeship Network, the Global Forum for Migration and Development, the ILO Global Business and Disability Network and the European Network Against Racism. The Adecco Group monitors and evaluates, at regional and local level, the changes in the regulatory and legal environment, promoting actions and initiatives directed at improving working and employability conditions, while ensuring the competitiveness and growth of economies.
Compliance with laws and regulations	The Adecco Group is exposed to various legal risks, including possible breaches of the 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.	Employees must comply with all applicable legislation and internal policies. In particular, the Adecco Group requires all employees to adhere to our Code of Conduct. Training courses are in place as part of the Adecco Group's Compliance and Ethics (ACE) programme to create awareness among employees on the risks of non-compliance with laws and regulations. Continuous legal updates, as well as periodic audits of branches and local operations, are among our preventive measures. Any issue or concern regarding compliance with laws, regulations or Company policies can be reported confidentially through the ACE website or 24-hour telephone hotline.
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, we are embracing the potential of digital 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 respecting the highest security and regulatory standards like GDPR is critical. Any failure to do so, whether due to a lack of appropriate technology and/or 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 was defined that consists of embedding privacy in the day-to-day operations, securing compliance with applicable laws and aiming to turn data privacy and compliance into a competitive advantage in the long run.

Operating responsibly

Sustainable success as an organisation is contingent on behaving responsibly. What we do is only good for us if it is also good for our stakeholders, the economy and society at large. At the Adecco Group, we are thus committed to maintaining the highest standards of responsible business conduct and are working toward a culture that consistently integrates social, environmental and governance considerations across our full value chain. To ensure we are moving in the right direction, we continuously seek to understand the concerns and expectations of our key internal and external stakeholders, while considering global and industry key trends.

Leading with integrity and compliance

The reputation of the Adecco Group is one of our most valuable assets. We therefore build our business with a commitment to behaving responsibly, ethically and in compliance with the law and internal policies. We aim always to follow not only the letter but also the spirit of applicable rules. All colleagues within the Adecco Group, without exception – from our Board of Directors to the Executive Committee, line managers and colleagues – are asked to respect this responsibility and exercise their duties accordingly.

Put simply, we aim to always do the right thing with regard to our employees, candidates, associates and clients, and for society more broadly.

To ensure our approach continues to meet the highest standards, in 2019 we started the roll-out of a new Integrity and Compliance Programme that sets our ambition level and overarching framework. We are furthermore trialling a new face-to-face integrity and compliance training programme that we will gradually implement across the Group, addressing such topics as conflicts of interest, data privacy, reporting concerns, or anti-corruption and -bribery.

As the leading HR solutions provider, we are convinced that we win because of the quality of our services. We have a zero-tolerance attitude towards bribery and corruption in all its forms. We do not offer, give or tolerate any illegal payments or other benefits to influence someone to give us an improper commercial advantage, irrespective of location or culture. We also do not allow others to exert such undue influence on us. We seek to avoid even the mere appearance of undue influence. Our global bribery and corruption prevention programme sets our standards and procedures, including training, to ensure compliance across the Group.

At the Adecco Group, we have built and continue to foster an open culture of mutual respect and trust where colleagues can seek help, advice and speak up. We maintain a 24-hour whistleblower reporting structure and integrity and compliance investigation framework in order to appropriately respond to any potential misconduct or cases of non-compliance.

We expect the same commitment to legal and ethical behaviour from our business partners. We strive to carefully select third parties and commit them to high ethical, social and environmental standards. We do so to ensure that we are not part of or party to activities, wherever they take place, that do not adhere to our own high standards of conduct and that may expose us and our stakeholders to risks.

Respecting human and labour rights

Every day, we provide work for hundreds of thousands of colleagues and associates and directly and indirectly impact the lives of many more. Ensuring respect for human and particularly labour rights within our sphere of influence, across our value chain and wherever we do business therefore is – and must be – a fundamental part of how we operate. It is a key contribution we can make to help achieve the United Nations (UN) Sustainable Development Goals.

Expectations of a company's business conduct in this regard are not just shaped by laws and regulations, but increasingly by international standards and conventions. We were the first in our industry to sign the UN Global Compact back in 2003, and every year since we confirm our continued commitment to its ten important principles. We embrace some of the most authoritative international norms in this field, such as the core labour conventions of the International Labour Organization (ILO), the UN Guiding Principles for Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. A key element of our commitment as a recruiter is to never charge recruitment fees and costs to job seekers, in compliance with relevant international standards such as the ILO Convention 181 on Private Employment Agencies as well as the World Employment Confederation's Code of Conduct. As an industry leader, we actively contributed to ILO discussions in 2019 seeking to further define "recruitment fees and costs" in this context.

At the Adecco Group, we have numerous commitments, policies and procedures that translate these standards into our daily business. This includes e.g. our Code of Conduct, Human and Labour Rights Guidelines, relevant HR policies, our Supplier Code of Conduct, Data Protection Policy, or our principles for the ethical use of AI. Human rights furthermore form an integral part of our risk management, integrity and compliance, and audit frameworks.

To ensure that our employees are and continue to be aware of the areas in which human rights issues are likely to occur within our industry and the role they can play in addressing these, in 2019 we integrated a dedicated human rights section into a new face-to-face integrity and compliance training we are trialling and will subsequently roll out across the Group. This addresses topics such as the free-of-charge provision of services to jobseekers, non-discrimination in recruitment and employment practices, working time, workplace health and safety or workers' accommodation, transparency of terms of engagement, freedom of association and collective bargaining, or our zero tolerance of any form of forced, compulsory or child labour.

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 are fully committed to engage 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. Our European Works Council in turn enables meaningful exchanges between our global management and European colleagues.

We increasingly seek to collaborate with stakeholders, particularly our clients, on human rights-related questions, given our shared responsibilities and objectives in this area, to change realities on the ground and advance respect for human rights.

Ensuring workforce vitality (incl. health and safety)

Our success begins and ends with our people. We are thus fully committed to their health, safety and wellbeing, and will not compromise our standards. Our aim is to prevent accidents, injuries and illnesses, and to promote wellbeing at work for everyone involved in our business.

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 at the client company. For us, however, it is of utmost importance to ensure they are properly trained and equipped for the respective role ahead. Where relevant we also conduct workplace health and safety due diligence on client premises, may provide for periodic health checks, and work with our partners to check they adhere to excellent safety standards and adequately supervise associates.

Our success begins and ends with our people. We are thus fully committed to their health, safety and wellbeing, and will not compromise our standards.

While activities may vary between countries, we endeavour to provide all our colleagues with workplaces and a work environment that enable them to be healthy and resilient, that help them thrive – as employees and individuals – and reach their full potential. This extends not just to aspects of physical health, but to mental and social wellbeing, as well as purpose. What is needed is a combination of policy, practice, culture, environment, tools and technology to ensure solutions are effectively embedded. In addition, we encourage our people through global and local initiatives such as Win4Youth (see page 50) to engage in sports activities to enhance their holistic wellbeing. At the same time, this contributes to enhanced passion, camaraderie, and team spirit across departments and hierarchies.

A new social contract for a future that works for everyone

The world of work is changing rapidly under the influence of multiple megatrends. The structures to organise the labour markets however have not kept up. The Adecco Group is one of the most fervent advocates of the need for a New Social Contract (see also page 48), rooted in the belief that workers, employers and governments alike can fully leverage the opportunities offered by the future of work and that all forms of work are secure and sustainable. In 2019, we further developed our vision of what this might look like: a set of expectations from all labour market actors with corresponding responsibilities, underscored by good faith collaboration between all stakeholders to achieve mutual benefits for all – and truly make the future work for everyone.

Good faith collaboration between all labour market stakeholders

	Expectations that labour market actors may hold in the world of work				Responsibilities that labour market actors need to take in the world of work		
Individuals	Skills	Flexibility	Income security	◂▸	Take ownership of employability	Fair social security contributions	Commitment to portfolio career
Employers	Access to talent	A pro-growth regulatory environment	Trustworthy institutions	◂▸	Invest in the workforce	Inclusive and decent work for all	Sustainability in the 'DNA' of the company
Governments	Business engagement in training	Fair social and tax contributions	Higher labour force participation	◂▸	Facilitate systems to support lifelong employability	Enable diverse forms of work	Organise social protection for all individuals

Engaging on public policy

As a global Company, we are impacted by a range of local, national and global rules and regulations. On the other hand, we impact the lives of millions of people every year. As the leading global HR solutions provider and the largest private employer in several of our key markets such as France and Italy, we are thus an important stakeholder and partner of policy and policymakers, governments, labour ministries, international institutions and governmental organisations, such as employment offices.

We are committed to contributing our labour market expertise and detailed insights to policy discussions and public opinion-forming on the world of work and the effective implementation of key regulations and frameworks. Our advocacy is focused on creating open, dynamic and efficient labour markets that lead to optimal outcomes for all stakeholders. Understanding the challenges and needs of governments and social partners means to be in constant dialogue. We do so as a trustworthy and reliable partner, in an objective, transparent and fact-based manner.

The Adecco Group takes a leading role in our industry, as well as in the wider business community. We do this via our close involvement in the World Employment Confederation (WEC) and its member federations on a national level. We are a partner of the International Organisation of Employers (IOE) and a member of BusinessEurope, and many of their national member federations. We contribute to several dedicated business communities such as Business at OECD, and the G20/B20 process. These relationships support our outreach to regional and national policymakers, and regional and global bodies, including institutions of the European Union, the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), the G20 and the G7.

2019 saw the release of the Future of Work report by the ILO Global Commission on the Future of Work, to which we had significantly contributed: our Group CEO Alain Dehaze was one of the members of this Commission, calling for a "human-centred agenda" for the future of work. We furthermore continued to advocate for a New Social Contract for the World of Work and provided further details of what that might look like (see page 47). We shared our insights on the impact of artificial intelligence on the workforce and talent acquisition. And we increasingly engaged on the topic of rethinking workforce investment and capturing the value of human capital in financial statements – not as a cost, but as the investment it actually is – while championing a new form of an individualised training account where workers acquire credits to fund training over the course of their careers.

Managing environmental opportunities and risks

At the Adecco Group, we understand our environmental responsibility to be an integral part of our mission to make the future work for everyone. We thereby follow a two-pillared approach:

I. Supporting the transition to a low-carbon economy through our core business

The massive shift caused by climate change is likely to result in more, and more frequent, career transitions as well as geographic shifts in activity. The transition towards a greener, more sustainable and low-carbon economy can potentially create millions of jobs. But this will require significant investments in the up/reskilling of workers' capabilities. We are already working to help address such skills imbalances, e.g. via work-readiness programmes. Through our Modis brand, we are also partnering with clients to deliver relevant services to facilitate this shift: we e.g. provide support with environmental impact studies, we bring in engineers to help re-establish supply chains to include photovoltaic and turbine manufacturing, or we deploy specialists in the production, transportation and distribution of renewable energy. In 2019, Modis was also an official supporter of the Reboot the Earth Hackathon of the UN Technology Innovation Labs – a coding event bringing together young computer programmers, scientists and other interested people to improve upon or build a new software programme that addresses the current climate crisis.

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, the Adecco Group committed to becoming carbon neutral by 2030. We will pursue this by striving to reduce our total carbon emissions by 50% by 2030, with 2018 as the base year, and offsetting remaining emissions. We set this ambitious reduction target 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. This replaces our current target of reducing our CO_2e emissions by 12% by 2022, in terms of absolute emissions and intensity (per revenue and FTE, for Scopes 1 and 2).

To achieve our ambition, we will take decisive action, particularly in those areas where we see the biggest reduction potential: reducing business travel and using lower-carbon alternatives, increasingly decarbonising our car fleet, improving energy efficiency within our facilities, and exploring options as regards employee and associate commuting – playing our part in safeguarding the planet for future generations.

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. In 2019, the methodology used to close data gaps was more stringent and conservative than in previous years, significantly increasing the comprehensiveness of the data and providing a more solid data basis to work from. This to a large part also explains the increase in reported emissions. Going forward, we will seek to further increase the comprehensiveness of our data, particularly as regards harder-to-measure Scope 3 emissions, and enhance data accuracy by reducing the reliance on extrapolations.

Contributing to the Sustainable Development Agenda 2030

Adopted in 2015 under the lead of the United Nations, the Sustainable Development Goals (SDGs) set the roadmap to address the global challenges our world faces and achieve a better, more equitable and sustainable future for all. We strongly believe in their importance and as a multinational Company have an impact on several of these goals. In our strategic efforts we most closely focus on those where we can make the biggest difference through our core business as a HR solutions provider, linked to unlocking everyone's potential, facilitating access to work, and enabling economic development, wellbeing, livelihoods and security.

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 sustainabledevelopment.un.org

Ratings and indices

In 2019, EcoVadis again recognised our sustainability performance with a Gold Rating:

Further ratings and distinctions we received in 2019 include:

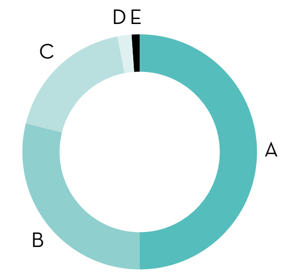
- Sustainalytics rating: "Outperformer"
- MSCI ESG rating: "AA"
- CDP Climate Change score: C
- FTSE4Good Index Series constituent

Environmental data

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

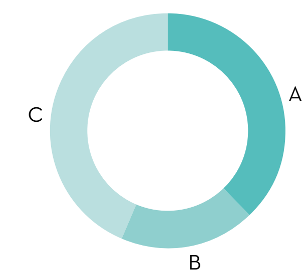
	2012 (base year)	2016	2017	2018[2]
Scope 1	51,562	51,647	59,815	64,164
Scope 2	52,372	29,680	33,045	31,663
Scope 3	45,194	64,704	69,130	74,020
Absolute global emissions	**149,127**	**146,031**	**161,990**	**169,847**

CO_2 emissions split by source (2018[2])



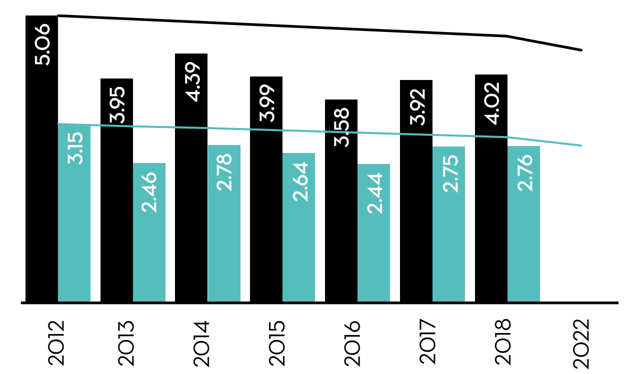
A – Transport own vehicles – 50%
B – Purchased electricity, heating & cooling – 29%
C – Business travel – 18%
D – IT equipment – 2%
E – paper, toner & waste – 1%

CO_2 emissions split by scope[1] (2018[2])



A – Scope 1 – 37.8%
B – Scope 2 – 18.6%
C – Scope 3 – 43.6%

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



Actual per million EUR revenues
Actual per FTE
Target per million EUR revenues
Target per FTE

1 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)
Scope 3: other indirect emissions occurring in the value chain (e.g. air travel); not yet included are emissions from employee/associate commuting.

2 2019 data will be available in Q2 2020.

Creating social value

Approach

As a global organisation, we strive to have a positive impact on society, well beyond the boundary of our day-to-day work. This is reflected in the numerous partnerships we engage in at global, regional and local level. Social value also derives from providing our expert insights to relevant forums, bringing to the table best practices from across the globe as well as new innovative ways of tackling the challenges affecting the broad world of work. Through our global Adecco Group Foundation, national foundations and numerous local programmes, we further work and innovate to improve labour market integration and employability for groups at risk of exclusion and help to ensure the resilience of workers.

The Adecco Group Foundation

The Foundation seeks to accelerate social value creation specifically in the fields of work-readiness for underserved populations and workforce vitality. Through our flagship programmes we drive inclusive, social value creation at the local and global levels. Our social innovation projects then leverage the knowhow of these programmes to pioneer practical solutions to thorny problems in the employment space, acting as incubators to design, build, test and roll out new models and ways of doing business with the goal of creating lasting systemic change and social impact.

Flagship programmes:

- CEO for One Month: Through this programme, we offer young people the unique opportunity to increase their employability and work-readiness through highly effective work-based learning opportunities. At national level, the programme selects one successful candidate from the applicant pool to shadow the Adecco Group's country-level CEO for one full month, gaining a unique insight into the business and the challenges faced by top executives. Since inception, more than 250 candidates have had this amazing opportunity. Each year, ten outstanding national participants are then selected for a global bootcamp and one is chosen to work as Global CEO for One Month alongside the Adecco Group CEO, Alain Dehaze, for one month.

  Since 2014, the programme has grown from 32,000 to a record 260,000 applicants in 2019. The programme is designed to increase the employability of all who apply, not only those who make it to the final rounds. All applicants benefit from an array of advice and information through our Career Centre. Many remain in our broad community, and a number go on to positions in the Group, with our partners, or clients.

  The programme is complemented by Experience Work Day, when offices across the Adecco Group open their doors to thousands of young people to receive real work experience that can help kick start their career. In 2019, 3,000 Adecco Group employees shared their expertise with over 6,000 young people across 46 countries.
- Win4Youth: This year, we celebrated the tenth anniversary of this flagship health and wellbeing engagement programme. Win4Youth inspires individuals all around the world to live an active and healthy life by engaging in sports in order to drive positive impact on the lives of young people around the world. The programme is simple: participants do any kind of sports, log their kilometres or time spent doing this activity, and this translates into a donation to our global NGO partner, Plan International. In 2019, thousands of individuals logged a record of 10.1 million converted kilometres, resulting in a donation of CHF 500,000 to Plan International to support youth employability programming.

  Over the ten years, we have impacted thousands of participants, coached 741 Programme Ambassadors, logged an astounding 33 million kilometres through a variety of sporting activities, and contributed over EUR 3 million to youth-focused social causes.

Innovation projects:

- Workforce Vitality: building on our experience with the Win4Youth programme, this project aims to create a new paradigm of what a good employer does to make the global workforce holistically healthy and fit for purpose (see the feature on page 52). Initial research by the Economist Intelligence Unit (EIU) fuelled a series of design thinking co-creation workshops with a multi-stakeholder working group. This resulted in a new model for how a company can more effectively and holistically engage its employees to create healthy behaviours. We are now testing the model in different contexts to further refine it and anticipate publishing the model and the underlying methodology in 2020.
- Portfolio Career: leveraging the expertise and methodology of the Adecco Group's Athlete Programmes, this innovation project aims to unlock hidden pools of talent by increasing the employability of underserved populations who struggle with career transition. We currently run two pilots, focused on the employability of young musicians and of people with disabilities in emerging markets (see next page). The result will be a replicable model that can be applied to other underserved populations.

The Adecco Group Foundation

Learn more at www.adeccogroupfoundation.org/

10.1m

Kilometres converted, resulting in a

CHF 500k

Donation to Plan International

Adecco Group Athlete Programmes

The Adecco Group envisions a world where athletes are recognised by employers as an unbeatable talent pool achieving meaningful employment. The aim of the Athlete Programmes is to increase the employability of athletes as they transition from the world of competitive sports into the broader labour market. The programmes employ a blend of advice, career training, peer learning, and other tailored services to help prepare athletes for this important journey. In co-operation with the International Olympic Committee (IOC) and the International Paralympic Committee (IPC), a holistic programme model was developed over the past 14 years. We are now poised to take this model beyond Olympians and Paralympians to reach a broader array of athletes, particularly those who are underserved. In 2019, we engaged a total of 5,002 athletes and placed 216 in jobs, compared with 4,536 and 191 respectively in 2018.

Read more about how athletes can help companies stay ahead of the game in our research study "Unbeatable talent" released in 2019: https://www.adeccogroup.com/futuhreinsight/athletes-unbeatable-talent/.

Global partnerships

Wherever possible, the Adecco Group and its Foundation work in consortium to amplify their impact. Partners include global and regional organisations, networks and platforms, aimed at furthering policies, programmes and practices that support employment and skills across specific communities, following an approach of co-creation and shared value. Examples include:

- **Plan International:** Together with Plan International as the Win4Youth NGO partner, the Adecco Group Foundation is developing innovative ways for young people in marginalised groups to acquire the skills and confidence they need to be work-ready. 2019 saw the official launch of the Fit for Future programme in Vietnam. To date, 181 disadvantaged young people were already supported through this programme, benefiting from training, mentoring, coaching, and job placement in the technology sector.
- **The International Committee of the Red Cross:** The Adecco Group Foundation partners with the ICRC's Physical Rehabilitation Programme (PRP) to support individuals with physical disabilities in achieving their full potential in society through our co-developed Career Development Programme. The programme focuses on increasing the employability of people with disabilities who have come through the PRP, while increasing the awareness of employers of the benefits of inclusive employment practices. We engage in developing countries, fragile states and conflict zones, and have trained 31 ICRC Inclusion Officers and National Partners while providing ongoing personal coaching covering 24 countries.
- **The Lucerne and Davos Festivals:** Like athletes, musicians often struggle with career transition. In partnership with these renowned festivals, the Adecco Group Foundation piloted a series of workshops aimed at helping young musicians, in the context of festival academies, to develop the skills, confidence and competencies to increase their employability, within and beyond the arts world. Following on from this success, we are building a multi-year project to extend the methodology to academic institutions to create systemic change regarding how musicians are prepared for the world of work.
- **The Global Alliance for YOUth:** This business-driven movement is committed to helping young people become better prepared to enter the world of work and improve their opportunities in the marketplace. Through the Alliance, we work with other corporate partners to develop a series of joint and individual initiatives to give young people significant work experience through on-the-job training, apprenticeships and traineeships.
- **The Global Apprenticeship Network:** The Adecco Group and the Foundation are committed to promoting and facilitating apprenticeships as an answer to youth unemployment and skills mismatches. Together with the Global Apprenticeship Network, we are combating the stigma of apprenticeships and seeking to bridge the skills gap.

Athlete Programme

Learn more at https://athlete.adecco.com/

Global partnerships

Learn more at https://www.adeccogroup.com/our-company/cooperations/

Sharing our knowledge and insights for the benefit of all

We enable millions of careers every year as the only end-to-end HR solutions company. This provides us with unique access to and understanding of the world of work and the labour markets both locally and globally. It is our ambition to use this deep market expertise and these unique insights to guide public, private and social sectors on the future of work, and the challenges and opportunities associated with it.

In 2019, we launched the Future Series (FU.SE) platform in collaboration with BCG and Microsoft, with the aim of creating real solutions to key questions related to people and skills. Its first convening in February 2019 in Milan brought together a group of more than 150 C-level business executives, heads of governmental and non-governmental institutions, media leaders and entrepreneurs, young and old – not to merely reflect on and exchange ideas, but also to define concrete actions to shape the future of work. To fuel the innovation mindset, we showcased new technologies that are being applied to talent and skills development and shaping the workplace of tomorrow. The FU.SE dialogue has been continued through a series of Jeffersonian dinners, and the next global convening will take place in Zurich, Switzerland in the course of 2020.

2019 also saw the establishment of the Adecco Group's FutuHRe Insight platform, designed to make our knowledge and insights on the topics that matter for the future of work easily available to the public at large.

SOCIAL PROTECTION FOR ALL

Working well

The wellbeing wave

Today's corporate workforce is under enormous pressure from globalisation, regulation, new technology and demographic change. The lines between work time and personal time are blurring, with the concept of work-life balance evolving into a "work-life integration" paradigm. Across sectors and geographies there is growing recognition of the impact of work and its role in worsening or improving health. Wellbeing matters; how employees feel – not only about their job, but also in their personal lives – influences how and where they work. It affects productivity and ultimately financial results. Further, individuals who are thriving, secure, balanced and connected can not only help improve the workforce, but also the world as we know it.

Doing wellbeing well

While the need for companies to look after the health and wellbeing of their employees is widely recognised, many companies are unsure how to craft a workforce wellbeing program that is effective and takes a holistic view of wellbeing. The Adecco Group is no exception. The Adecco Group Foundation's social innovation lab thus set out to tackle this challenge to create a more holistic model that could benefit employers – and employees – across all sectors and industries. At the heart was the necessity to better understand the needs of employees, both permanent and temporary, looking at what employers could do to promote wellbeing at each stage of their journey. To foster broad-based adoption of employee wellbeing practices, the Foundation used research and design-thinking to create the Workforce Vitality model. We are currently testing the model in different contexts to ensure it works effectively across various types of employers, before launching it in the public domain later in 2020. Test groups to date have included Adecco Group brands and country offices, as well as the International Committee of the Red Cross (ICRC).

The Pontoon vitality programme

Involved in the testing is the Adecco Group brand Pontoon, a leader in contingent and permanent workforce planning and talent advisory solutions. As a result, Pontoon has applied the model to transform how they interact with their colleagues, consultants, and their NextGen associates, with wellbeing and vitality at the core. Pontoon President Corinne Ripoche says, "Workforce vitality and employee wellness is an extremely important subject for our customers and a topic we are often consulted on. We wanted to hear from Pontoon colleagues and understand what wellness meant to them. As a customer-obsessed business it is essential to share our own experience to benefit our clients and this project successfully brought together many areas of the Adecco Group working towards a common goal of engaging with our people and helping them thrive at work."

> "A positive working environment has a profound impact on job satisfaction and productivity, and on wider society.

Dan's story

"For me, a key learning was that not every solution needed to be complex or truly innovative. It became clear that our consultants often desired support that was very achievable and which we could quickly and easily implement. We were indirectly improving the value proposition for our clients by providing our consultants with the best environment possible in which to operate."

Dan Credand, Head of Client Services, Pontoon

in millions, except share and per share information

GrowTogether and improved business mix drive margin expansion

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

Overview

The Adecco Group delivered a solid performance in 2019 despite a challenging economic environment. Revenues decreased by 2% on a reported basis, and were down 3% organically. This represented a slowdown when compared to the prior year, driven by weakening demand in most European markets and North America. Nevertheless, gross margin was up 60 basis points ("bps") in reported terms, and up 40 bps organically, thanks to the Group's focus on value-based pricing and improving the business mix. EBITA margin excluding one-offs increased by 10 bps to 4.6%, as the higher gross margin and productivity gains linked to the GrowTogether programme more than offset the impact of the revenue decline. This was achieved even while the Group continued to invest in its digital transformation.

Free cash flow of EUR 724 was above the level of the prior year, helped by a working capital inflow, confirming the partial counter-cyclicality of the Group's cash flow. DSO was 53 days, in line with 2018. During the year the Group distributed EUR 360 in dividends and repurchased shares for a total of EUR 72 to complete the 2018 share buyback programme.

Net debt ended the year at EUR 398, representing a ratio of 0.3x net debt to EBITDA excluding one-offs, benefiting from a cash inflow of EUR 544 for the divestiture of Soliant. During 2019, the Group took advantage of favourable conditions in the debt markets to issue JPY 7 billion 20-year notes with a 1.14% coupon and EUR 300 10.5-year notes with a 1.25% coupon. EUR 200 of the notes maturing in 2022 with a coupon of 1.5% were repurchased following a tender offer.

Revenues in January 2020 were down 5% year on year, organically and trading days adjusted, and volume trends in February indicated a similar trend. The further slowdown in early 2020 reflects continued uncertainty in the global economy, as well as the impact of strikes in France and upcoming regulatory changes in the UK. Management is also mindful of potential disruption as a result of the outbreak of coronavirus and is monitoring the situation.

The Group will continue to closely monitor the economic environment and to steer the business accordingly, as it did successfully in 2019.

in EUR millions unless stated	FY 2019	FY 2018	Variance Reported	Variance Organic
Summary of income statement information				
Revenues	23,427	23,867	-2%	-3%
Gross profit	4,504	4,433	2%	-1%
EBITA excluding one-offs	1,069	1,080	-1%	-1%
EBITA	988	987	0%	0%
Net income attributable to Adecco Group shareholders	727	458	59%	
Diluted EPS (EUR)	4.47	2.77	62%	
Dividend per share[1] (CHF)	2.50	2.50	0%	
Gross margin	19.2%	18.6%	60 bps	40 bps
EBITA margin excluding one-offs	4.6%	4.5%	10 bps	10 bps
EBITA margin	4.2%	4.1%	10 bps	20 bps
Summary of cash flow and net debt information				
Free cash flow before interest and tax paid (FCFBIT)	999	903		
Free cash flow (FCF)	724	569		
Net debt	398	1,124		
Days sales outstanding	53	53		
Cash conversion	93%	84%		
Net debt to EBITDA excluding one-offs	0.3x	1.0x		

1 Dividend per share for 2019 as proposed by the Board of Directors.

Income Statement

Revenues

Full year 2019 revenues of EUR 23,427 were down 3% year on year. Currency fluctuations had a positive impact of approximately 1%, while acquisitions and divestments had a negligible impact.

Revenue performance was varied by service line. Temporary staffing revenues were down 4% to EUR 20,079, comprising a 7% decline in temp hours sold, partly offset by a 3% increase in the average bill rate. Permanent placement revenues were flat versus the prior year, at EUR 578. Revenues from counter-cyclical Career Transition increased by 1% to EUR 349. Revenues in outsourcing and other activities increased by 5% to EUR 2,421 million.

In General Staffing, revenues declined by 4%, with Industrial down 6% and Office down 1%. In Professional Staffing, revenues declined by 1%, comprising an increase of 6% in Medical & Science and 3% in Engineering & Technical, offset by declines of 2% in Information Technology and 5% in Finance & Legal. In Solutions, revenues increased by 5%, comprising growth of 6% in Business Process Outsourcing and an increase of 5% in Career Transition and Talent Development.

Gross profit

Gross profit amounted to EUR 4,504, down 1%. The gross margin was 19.2%, up 60 bps compared to 2018 in reported terms. Currency had a 10 bps positive impact, while acquisitions and divestments also had a 10 bps positive impact. On an organic basis, the gross margin was therefore up 40 bps.

The 40 bps increase in organic margin in 2019 comprised: an increase in temporary staffing gross margin of approximately 20 bps; a positive impact of 10 bps from permanent placement; and a positive impact of 10 bps from Career Transition.

Gross margin drivers YoY

in basis points	2019	2018
Temporary staffing	20	(10)
Permanent placement	10	30
Career transition	10	(10)
Organic	40	10
Acquisitions & divestments	10	20
Currency	10	(10)
Reported	60	20

Selling, general, and administrative expenses

Selling, general, and administrative expenses (SG&A) excluding one-offs were EUR 3,438 in 2019 (excludes EUR 3 proportionate net income of equity method investment in FESCO Adecco), down 1% compared to 2018. SG&A excluding one-offs as a percentage of revenues was 14.7% in 2019, compared to 14.0% in 2018. The increase year on year was primarily due to business mix, with higher gross margin and SG&A activities such as permanent placement and career transition increasing as a proportion of Group revenues, as well as increased investments in the Group's strategic initiatives and IT. In 2019, FTE employees decreased by 2% year on year. Compared to 2018, the branch network decreased by 3%.

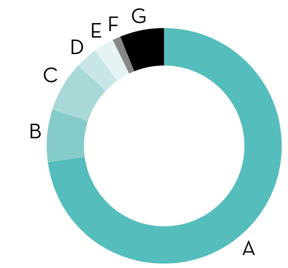
In 2019, one-offs amounted to EUR 81 (comprising restructuring costs of EUR 70 and M&A-related costs of EUR 11), of which: EUR 6 were in France; EUR 3 in North America, UK&I General Staffing; EUR 16 in North America, UK&I Professional Staffing; EUR 17 in Germany, Austria, Switzerland; EUR 2 in Benelux & 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. In 2018, one-offs amounted to EUR 93, of which EUR 4 were in France; EUR 4 in North America, UK&I General Staffing; EUR 8 in North America, UK&I Professional Staffing; EUR 26 in Germany, Austria, Switzerland; EUR 9 in Benelux & Nordics; EUR 1 in Japan; EUR 3 in Iberia; EUR 4 in Rest of World; EUR 6 in Career Transition and Talent Development; and EUR 28 in Corporate.

Remuneration expenses were EUR 2,557 in 2019, representing 73% of total SG&A, compared to EUR 2,489 in 2018, representing 72% of total SG&A. Marketing expenses were EUR 105 in 2019, compared to EUR 101 in 2018. Bad debt expense was EUR 25 in 2019 compared to EUR 20 in 2018.

SG&A breakdown

FY 2019

A – Remuneration expenses – 73%
B – Premises expenses – 7%
C – Office & administrative expenses – 7%
D – Depreciation – 3%
E – Marketing – 3%
F – Bad debt expense – 1%
G – Other – 6%



EBITA

EBITA excluding one-offs was EUR 1,069 in 2019, down 1% compared to 2018. The EBITA margin excluding one-offs was 4.6% in 2019, compared to 4.5% in 2018, as the higher gross margin and productivity gains linked to the GrowTogether programme more than offset 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 23.7% in 2019 compared to 24.4% in 2018, mainly driven by business mix.

One-offs amounted to EUR 81 in 2019 and EUR 93 in 2018. EBITA was EUR 988 in 2019 compared to EUR 987 in 2018. The EBITA margin was 4.2% in 2019 and 4.1% in 2018.

Amortisation of intangible assets and impairment of goodwill

Amortisation of intangible assets was EUR 64 compared to EUR 52 in 2018. The increase was driven by the impact of 2018 acquisitions and the amortisation of certain trademark assets, for which the useful lives were reappraised in connection with the ongoing rationalisation of the Group's brand portfolio. The latter also resulted in a one-time, non-cash write-down of EUR 20 in Q4 2019. In 2018, a goodwill impairment of EUR 270 was recognised in the fourth quarter, relating to the Germany, Austria, Switzerland reporting segment.

in millions, except share and per share information

Operating income

Operating income was EUR 904 in 2019 compared to EUR 665 in 2018, which was negatively impacted by the impairment of goodwill.

Interest expense and other income/(expenses), net

Interest expense was EUR 35 in 2019, compared to EUR 38 in 2018. 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 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. In 2018, other income/(expenses), net amounted to an income of EUR 100, including a EUR 113 gain from the sale of the Group's stake in Beeline, and a EUR 25 expense to establish the Adecco Group US Foundation.

Provision for income taxes

Provision for income taxes was EUR 348 in 2019, compared to EUR 267 in 2018. 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 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%. In 2018, the effective tax rate excluding the impairment of goodwill, which is not tax deductible, was 27%. Discrete events had a positive impact of less than 1%. The increase in the effective tax rate year on year is primarily attributable to higher taxable income in France, resulting from the replacement of the CICE wage subsidies, which were previously tax exempt.

Net income attributable to Adecco Group shareholders and basic EPS

Net income attributable to Adecco Group shareholders in 2019 was EUR 727, compared to EUR 458 in 2018, which was negatively impacted by the impairment of the goodwill. Basic earnings per share (EPS) was EUR 4.48 in 2019 compared to EUR 2.77 in 2018.

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	2019	2018
Summary of cash flow information		
Cash flows from operating activities	880	727
Cash flows from/(used in) investing activities	324	(344)
Cash used in financing activities	(524)	(682)

Cash flows from operating activities were EUR 880 in 2019, compared to EUR 727 in 2018. DSO was 53 days for the full year 2019, in line with 2018. 2018 cash flow included the cash proceeds for the sale of a portion of the CICE receivables of EUR 224, whereas in 2019 the Group elected not to sell the CICE receivable.

Cash from investing activities totalled EUR 324, compared to cash used of EUR 344 in 2018. In 2019, cash settlements on derivative instruments was an outflow of EUR 39 compared to an outflow of EUR 4 in 2018. Capital expenditures amounted to EUR 156 in 2019 and EUR 158 in 2018. 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. In 2018, acquisitions, divestments, and other investing activities totalled a net outflow of EUR 182, including an outflow of EUR 393 for the acquisitions of Vettery and General Assembly, and an inflow of EUR 226 from the disposal of the Group's investment in Beeline/IQNavigator.

Cash used in financing activities totalled EUR 524, compared to EUR 682 in 2018. In 2019, the Company issued long-term debt of EUR 353, net of issuance costs, and repaid long-term debt of EUR 215. In 2018, the Company issued long-term debt of EUR 135, net of issuance costs, and repaid long-term debt of EUR 350. The Company paid dividends of EUR 360 in 2019 and EUR 350 in 2018, and purchased treasury shares for EUR 72 in 2019 (under the 2018 share buyback programme) and EUR 110 in 2018 (of which EUR 77 under the 2018 share buyback programme and EUR 33 under the 2017 share buyback programme).

Net debt

Net debt decreased by EUR 726 to EUR 398, as at 31 December 2019. The ratio of net debt to EBITDA excluding one-offs was 0.3x, compared to 1.0x at 31 December 2018. The following table presents the calculation of net debt based upon financial measures in accordance with US GAAP:

in EUR millions	2019	2018
Net debt		
Short-term debt and current maturities of long-term debt	172	267
Long-term debt, less current maturities	1,577	1,509
Total debt	1,749	1,776
Less:		
Cash and cash equivalents	1,351	652
Short-term investments		
Net debt	398	1,124

During 2019, the Group took advantage of favourable conditions in the debt markets to issue JPY 7 billion 20-year notes with a 1.14% coupon and EUR 300 10.5-year notes with a 1.25% coupon. EUR 200 of the notes maturing in 2022 with a coupon of 1.5% were withdrawn from the market following a tender offer.

Planned cash outflows in 2020 include distribution of dividends for 2019 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 2019 of 162,082,852 is CHF 405. 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 2019, revenues in France decreased by 3%, to EUR 5,466, continuing the slowdown experienced in 2018 and reflecting a declining market. Temporary staffing revenues declined by 4% while permanent placement revenues grew by 3%.

Revenues were down 4% in General Staffing, which accounts for around 93% of revenues, and increased by 11% in Professional Staffing. The revenue decline was most pronounced in the manufacturing, logistics and retail sectors.

EBITA excluding one-offs amounted to EUR 353 in 2019, down 1% year on year. Reported EBITA of EUR 347 included one-offs of EUR 6. In 2019 the EBITA margin excluding one-offs was 6.5%, an increase of 20 basis points year on year. Margin improvement was driven by business mix, pricing and higher productivity linked to the GrowTogether programme, which more than offset the negative impact of lower revenues.

North America, UK&I General Staffing

Revenues in North America, UK&I General Staffing were EUR 2,961 in 2019, down 4% compared to the prior year. Temporary staffing revenues were down 5% while permanent placement revenues were down 7%.

In North America, representing 73% of the segment, revenues declined by 5%. The revenue trend weakened during the course of the year, impacted by a moderation in the US market growth and, in particular, a slowdown in the manufacturing sector, which represents approximately 40% of revenues. In the UK&I, representing 27% of the segment, revenue decline was 1%, impacted by generally weak market conditions, reflecting Brexit-related uncertainty.

In 2019, EBITA excluding one-offs was EUR 91, a decline of 10% year on year. EBITA of EUR 88 included one-offs of EUR 3. The EBITA margin excluding one-offs was 3.1% in 2019, compared to 3.2% in 2018. Higher gross margin and FTE productivity growth from GrowTogether initiatives were offset by the negative operating leverage.

North America, UK&I Professional Staffing

In 2019, revenues in North America, UK&I Professional Staffing were EUR 3,403, down 4% year on year. Temporary staffing revenues were down 5% and permanent placement revenues were up 2%.

In North America, representing 64% of the segment, revenues decreased by 6%. Medical & Science grew by 8% while Engineering & Technical grew by 1%. This was offset by declines in Finance & Legal, down 5%, impacted by the completion of a few large projects in the Legal business, and in IT, down 13%, affected by lower demand at key clients and the repositioning of the business. In UK&I, which comprises 36% of the segment, revenues decreased by 2%, impacted by the economic and political uncertainty related to the Brexit process.

EBITA excluding one-offs amounted to EUR 178 in 2019, down 10% versus the prior year. EBITA of EUR 162 included one-offs of EUR 16. The EBITA margin excluding one-offs was 5.2% in 2019, down 40 basis points compared to 2018. Pricing and GrowTogether had a positive impact on the margin but were offset by negative operating leverage and digital investments.

Germany, Austria, Switzerland

In Germany, Austria, Switzerland, revenues were EUR 1,918 in 2019, down 12%, reflecting ongoing challenging conditions in the German market. Temporary staffing revenues declined by 14% and permanent placement revenues declined by 2%.

Revenues in General Staffing, which accounts for around 78% of total revenues, were down 15%, impacted by continued weakness in the German economy, particularly in the automotive sector, and the impact of regulatory changes in Germany. Revenues in Professional Staffing grew by 1%.

EBITA excluding one-offs amounted to EUR 32 in 2019, down 35% compared to 2018, driven by the revenue decline and negative operating leverage. Reported EBITA of EUR 15 included one-offs of EUR 17. In 2019, the EBITA margin excluding one-offs was 1.6%, compared to 2.2% in 2018.

Benelux & Nordics

In 2019, revenues in Benelux & Nordics were EUR 1,883, down 7%. Temporary staffing revenues declined by 8% and permanent placement revenues declined by 10%, partly offset by growth in outsourcing and other activities. In Benelux, revenues decreased by 9%, impacted by softer market conditions and reduced demand at a few large clients. In the Nordics, revenues were down 5%, with growth in Finland offset by declines in Sweden, Denmark and Norway.

EBITA excluding one-offs amounted to EUR 61 in 2019, up 18% year on year. Reported EBITA of EUR 59 included one-offs of EUR 2. In 2019, the EBITA margin excluding one-offs was 3.3%, compared to 2.5% in 2018. The positive margin development was driven by improving business mix, pricing and cost actions.

Italy

Revenues in Italy decreased by 4% in 2019, to EUR 1,910, driven by weakness in the manufacturing and automotive sectors, reflecting a softer economic environment in the country and the main export markets. Temporary staffing revenues declined by 6% and permanent placement grew by 16%.

EBITA excluding one-offs in 2019 was EUR 150, down 9% compared to the previous year. The EBITA margin excluding one-offs was 7.8% in 2019, compared to 8.2% in 2018, with the decline driven by lower revenues and growth investments.

Japan

In Japan, revenues in 2019 were EUR 1,480, up 7%. Revenues grew by 6% in temporary staffing, by 1% in permanent placement and increased by 10% in outsourcing.

In General Staffing, revenues were up 5%. In Professional Staffing, which represents 29% of revenues, growth was 12%.

EBITA amounted to EUR 107 in 2019, up 10% year on year. In 2019, the EBITA margin excluding one-offs was 7.3%, compared to 7.1% in 2018.

in millions, except share and per share information

Iberia

Revenues in Iberia were EUR 1,163 in 2019, an increase of 3% compared to the previous year, with growth accelerating in the second half of the year. Revenues increased by 5% in temporary staffing, were flat in permanent placement and decreased by 1% in outsourcing.

EBITA excluding one-offs amounted to EUR 59 in 2019, down 3% year on year. Reported EBITA of EUR 58 included one-offs of EUR 1. In 2019, the EBITA margin excluding one-offs was 5.0%, compared to 5.3% in 2018, mainly impacted by business mix and lower profitability in the contact centre outsourcing operations, which were divested at the beginning of 2020.

Rest of World

In 2019, revenues in Rest of World increased by 2% to EUR 2,716. Revenues in Australia & New Zealand were down 2%, Latin America was up 5%, Eastern Europe & MENA was down 1%, while Asia was up 3%, and India was up 4%.

EBITA excluding one-offs amounted to EUR 95 in 2019, flat versus the prior year. Reported EBITA of EUR 92 included one-offs of EUR 3. In 2019, the EBITA margin excluding one-offs was 3.5%, compared to 3.6% in 2018.

Career Transition & Talent Development

Career Transition & Talent Development comprises the global lead brands Lee Hecht Harrison and General Assembly. Revenues in 2019 were EUR 527, up 5% year on year. Growth was 2% in Lee Hecht Harrison, as demand for career transition services increased during the second half. General Assembly, which was acquired in June 2018, was included in organic growth from June 2019 and delivered 28% revenue growth.

EBITA excluding one-offs was EUR 92 in 2019, up 16% year on year. Reported EBITA of EUR 65 included one-off costs of EUR 27, of which EUR 7 were M&A-related costs at General Assembly and EUR 20 were restructuring expenses at LHH. The EBITA margin excluding one-offs was 17.4% in 2019 compared to 18.4% in 2018 impacted by the consolidation of General Assembly, which remains in an investment phase, for a full year in 2019.

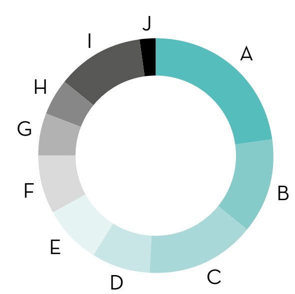
Outlook

Revenues in January 2020 were down 5% year on year, organically and trading days adjusted, slightly below the Q4 2019 rate of decline, and volume trends in February indicate a similar trend. The further slowdown in early 2020 reflects continued uncertainty in the global economy, as well as strikes in France and the impact of upcoming regulatory changes (IR35) in the UK. Management is also mindful of potential disruption as a result of the outbreak of the coronavirus, and is monitoring the situation.

While the economic environment remains uncertain, the Group continues to execute its Perform, Transform, Innovate strategy. Having achieved EUR 140 million GrowTogether productivity savings by the end of 2019, the Group is on track to deliver the EUR 250 million target in 2020. Building on the momentum established to date, the Group will continue to invest in the Ventures at approximately the same level as in 2019 (EUR 65), to support growth in 2020 and beyond.

2019 revenue split by segment

A – France – 23%
B – North America, UK&I General staffing – 13%
C – North America, UK&I Professional staffing – 15%
D – Germany, Austria, Switzerland – 8%
E – Benelux & Nordics – 8%
F – Italy – 8%
G – Japan – 6%
H – Iberia – 5%
I – Rest of the World – 12%
J – Career transition and talent development – 2%



Temporary staffing organic variance YoY by segment

	Organic variance		
	Hours sold	Bill rate	Revenues
France	-6%	2%	-4%
N. America, UK&I General Staffing	-12%	8%	-5%
N. America, UK&I Professional Staffing	-8%	3%	-5%
Germany, Austria, Switzerland	-17%	4%	-14%
Benelux & Nordics	-12%	5%	-8%
Italy	-6%	0%	-6%
Japan	4%	2%	6%
Iberia	3%	2%	5%
Rest of World	-6%	7%	1%
Adecco Group	-7%	3%	-4%

Revenues by segment

	Revenues in EUR millions		Variance				% of total revenues	
	2019	2018	EUR	Constant currency	Organic	Organic TDA[1]	2019	2018
France	**5,466**	5,657	-3%	-3%	-3%	-3%	**23%**	24%
N. America, UK&I General Staffing	**2,961**	2,972	0%	-4%	-4%	-4%	**13%**	12%
N. America, UK&I Professional Staffing	**3,403**	3,434	-1%	-4%	-4%	-4%	**15%**	15%
Germany, Austria, Switzerland	**1,918**	2,148	-11%	-11%	-12%	-12%	**8%**	9%
Benelux & Nordics	**1,883**	2,075	-9%	-8%	-7%	-7%	**8%**	9%
Italy	**1,910**	1,997	-4%	-4%	-4%	-5%	**8%**	8%
Japan	**1,480**	1,289	15%	7%	7%	9%	**6%**	5%
Iberia	**1,163**	1,127	3%	3%	3%	3%	**5%**	5%
Rest of World	**2,716**	2,721	0%	1%	2%	1%	**12%**	11%
Career Transition & Talent Development	**527**	447	18%	14%	5%	5%	**2%**	2%
Adecco Group	**23,427**	23,867	-2%	-3%	-3%	-3%	**100%**	100%

1 TDA = trading days adjusted.

Organic revenue variance YoY, trading days adjusted

	2019				
	Q1	Q2	Q3	Q4	FY
France	-1%	-3%	-6%	-3%	-3%
North America, UK&I General Staffing	2%	-1%	-5%	-11%	-4%
North America, UK&I Professional Staffing	-5%	-4%	-4%	-5%	-4%
Germany, Austria, Switzerland	-10%	-15%	-14%	-11%	-12%
Benelux & Nordics	-6%	-7%	-7%	-9%	-7%
Italy	-4%	-6%	-6%	-6%	-5%
Japan	8%	12%	9%	8%	9%
Iberia	-4%	4%	6%	6%	3%
Rest of World	4%	2%	-2%	1%	1%
Career Transition & Talent Development	0%	-1%	10%	10%	5%
Adecco Group	**-2%**	**-3%**	**-4%**	**-4%**	**-3%**

The Adecco Group in the market context, 2019

	Adecco Group		Market		Adecco Group	
	Revenues EUR millions	Organic variance	Revenues EUR billions	Variance in constant currency	Market Share	Market Position
France	5,466	-3%	25	-2%	22%	1
North America, UK&I	6,364	-4%	180	2%	4%	2
Germany, Austria, Switzerland	1,918	-12%	36	-12%	5%	2
Benelux & Nordics	1,883	-7%	34	-2%	6%	2
Italy	1,910	-4%	12	-3%	16%	1
Japan	1,480	7%	120	5%	1%	4
Iberia	1,163	3%	7	1%	17%	2
Rest of World	2,716	2%	89	3%	3%	2
Career Transition & Talent Development	527	5%	16	0%	3%	1
Adecco Group	**23,427**	**-3%**	**519**	**1%**	**5%**	**2**

in millions, except share and per share information

Revenues by business line[1]

	Revenues in EUR millions		Variance			% of total revenues	
	2019	2018[2]	EUR	Constant currency	Organic	2019	2018
Office	5,522	5,457	1%	-1%	-1%	24%	23%
Industrial	12,009	12,695	-5%	-6%	-6%	51%	53%
General Staffing	**17,531**	18,152	-3%	-4%	-4%	**75%**	76%
Information Technology	2,885	2,860	1%	-2%	-2%	12%	12%
Engineering & Technical	721	683	6%	2%	3%	3%	3%
Finance & Legal	992	1,012	-2%	-5%	-5%	4%	4%
Medical & Science	592	549	8%	4%	6%	3%	2%
Professional Staffing	**5,190**	5,104	2%	-1%	-1%	**22%**	21%
CTTD	527	447	18%	14%	5%	2%	2%
BPO	179	164	10%	6%	6%	1%	1%
Solutions	**706**	611	16%	12%	5%	**3%**	3%
Adecco Group	**23,427**	23,867	-2%	-3%	-3%	**100%**	100%

1 Breakdown of staffing revenues into Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, and Medical & Science is based on dedicated branches. CTTD comprises Career Transition & Talent Development services. BPO comprises Managed Service Programmes (MSP) and Recruitment Process Outsourcing (RPO).

2 2018 Office and Industrial, Information Technology, Engineering & Technical, and Finance & Legal have been restated to conform with current period presentation.

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

	EBITA excluding one-offs		One-offs		EBITA	
in EUR millions	2019	2018	2019	2018	2019	2018
France	353	356	(6)	(4)	347	352
N. America, UK&I General Staffing	91	96	(3)	(4)	88	92
N. America, UK&I Professional Staffing	178	193	(16)	(8)	162	185
Germany, Austria, Switzerland	32	48	(17)	(26)	15	22
Benelux and Nordics	61	53	(2)	(9)	59	44
Italy	150	163	(1)	–	149	163
Japan	107	91	–	(1)	107	90
Iberia	59	60	(1)	(3)	58	57
Rest of World	95	98	(3)	(4)	92	94
Career Transition & Talent Development	92	82	(27)	(6)	65	76
Corporate	(149)	(160)	(5)	(28)	(154)	(188)
Adecco Group	**1,069**	1,080	**(81)**	(93)	**988**	987

EBITA and EBITA margin excluding one-offs by segment

	EBITA excluding one-offs in EUR millions		Variance		EBITA margin excluding one-offs		Variance
	2019	2018	EUR	Constant currency	2019	2018	bps
France	353	356	-1%	-1%	6.5%	6.3%	20
North America, UK&I General Staffing	91	96	-6%	-10%	3.1%	3.2%	(10)
North America, UK&I Professional Staffing	178	193	-7%	-12%	5.2%	5.6%	(40)
Germany, Austria, Switzerland	32	48	-35%	-36%	1.6%	2.2%	(60)
Benelux & Nordics	61	53	16%	17%	3.3%	2.5%	80
Italy	150	163	-9%	-9%	7.8%	8.2%	(40)
Japan	107	91	18%	10%	7.3%	7.1%	20
Iberia	59	60	-3%	-3%	5.0%	5.3%	(30)
Rest of World	95	98	-2%	0%	3.5%	3.6%	(10)
Career Transition and Talent Development	92	82	11%	6%	17.4%	18.4%	(100)
Corporate	(149)	(160)	-7%	-11%			
Adecco Group	**1,069**	1,080	-1%	-2%	**4.6%**	4.5%	10

EBITA and EBITA margin by segment

	EBITA in EUR millions		Variance		EBITA margin		Variance
	2019	2018	EUR	Constant currency	2019	2018	bps
France	347	352	-1%	-1%	6.3%	6.2%	10
North America, UK&I General Staffing	88	92	-4%	-8%	3.0%	3.1%	(10)
North America, UK&I Professional Staffing	162	185	-12%	-17%	4.8%	5.4%	(60)
Germany, Austria, Switzerland	15	22	-33%	-35%	0.8%	1.0%	(20)
Benelux & Nordics	59	44	34%	36%	3.2%	2.1%	110
Italy	149	163	-9%	-9%	7.8%	8.2%	(40)
Japan	107	90	18%	11%	7.2%	7.0%	20
Iberia	58	57	1%	1%	4.9%	5.1%	(20)
Rest of World	92	94	-2%	0%	3.4%	3.5%	(10)
Career Transition and Talent Development	65	76	-15%	-18%	12.4%	17.1%	(470)
Corporate	(154)	(188)	-18%	-21%			
Adecco Group	**988**	987	0%	-1%	**4.2%**	4.1%	10

in millions, except share and per share information

FTE employees and branches by segment

	FTE employees				Branches			
			Variance				Variance	
	2019	2018[1]	Reported	Organic	2019	2018[2]	Reported	Organic
France	**5,336**	5,540	-4%	-3%	**1,121**	1,140	-2%	-1%
North America, UK&I General Staffing	**4,107**	4,294	-4%	-4%	**792**	775	2%	2%
North America, UK&I Professional Staffing	**5,184**	5,239	-1%	-2%	**413**	461	-10%	-10%
Germany, Austria, Switzerland	**2,589**	2,821	-8%	-9%	**455**	475	-4%	-6%
Benelux & Nordics	**2,491**	2,697	-8%	-6%	**443**	478	-7%	-2%
Italy	**2,164**	2,087	4%	4%	**433**	432	0%	0%
Japan	**2,153**	2,081	3%	3%	**139**	144	-4%	-4%
Iberia	**1,781**	1,821	-2%	-2%	**412**	423	-3%	-3%
Rest of World	**5,676**	5,697	0%	0%	**618**	657	-6%	-5%
Career Transition and Talent Development	**2,406**	2,219	8%	1%	**262**	268	-2%	-2%
Corporate	**774**	608	27%	27%				
Adecco Group	**34,662**	35,104	-1%	-2%	**5,088**	5,253	-3%	-3%

1 In 2018 FTE employees were restated due to a change in the count methodology for apprentices in France and internal temps in the Netherlands.

2 In 2018 branches were restated in Switzerland.

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 the nature of the irregularities, 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 2019. 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 2019, 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 11 March 2020, 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 2019

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. During the year, we devoted 26 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 23 brokers actively cover the Group, maintaining regular contact with management and the Investor Relations team. They comprise: ABN Amro, Alpha Value/Baader, Bank of America, Bank Vontobel, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, HSBC, Intermonte, JP Morgan, Jefferies, Kepler Cheuvreux, MainFirst, Mirabaud, Morgan Stanley, Morningstar, Oddo BHF, RBC Capital Markets, UBS and Zürcher Kantonalbank.

Of the brokers covering Adecco Group at the start of 2019, 50% had buy recommendations, 45% had a neutral view, and 5% recommended selling shares. Of the brokers covering Adecco Group at the end of 2019, 50% had buy recommendations, 25% had a neutral view, and 25% recommended selling shares.

Shareholder base

The Adecco Group continues to have a broad investor base, made up of approximately 17,000 shareholders. Our top 20 shareholders held approximately 49% of the issued and outstanding share capital as of year end 2019. European institutional investors owned 66% of shares issued at the end of 2019, compared to 60% at the end of 2018. The percentage held by North American institutions decreased to 19%, compared to 20% at the end of 2018. The number of shares in issue at year end 2019 was 163,344,177, including treasury shares.

Shareholder concentration

as of year end 2019	in % of shares issued
Top 5 investors	21%
Rest of top 10 investors	13%
Rest of top 20 investors	15%
Rest of top 50 investors	21%
Others	30%

Shareholder structure

as of year end, in % of shares issued	2019	2018
Institutional		
• Europe	**66%**	60%
• North America	**19%**	20%
• Rest of World	**3%**	2%
Retail	**4%**	5%
Insider and Treasury	**1%**	2%
Unassigned	**7%**	11%

Improving underlying performance while transforming and innovating

Share performance report

During 2019, the Adecco Group share price increased by 33%, outperforming the SMI by 9% and underperforming a basket of our key competitors[1] by 4%.

Adecco Group shares had a positive start to 2019, as global stock markets rallied in anticipation of easier monetary policy from central banks, in response to slowing economic momentum. The US Federal Reserve duly shifted from a tightening to an easing bias in January, soon followed by other global central banks.

Adecco shares were further supported by solid Q4 2018 results, which confirmed increasing benefits from the GrowTogether programme. The shares reached a first-half 2019 high of CHF 60.06 on 18 April, up by 31% when compared to the end of the previous year.

Emerging concerns about trade wars, plus the continued uncertainty related to the exit of the United Kingdom from the European Union, weighed on the markets during the spring, leading the share price to decline to CHF 53.98 at the end of May, despite strong Q1 2019 results. From that level, anticipation building on Federal Reserve and ECB interest rate cuts helped the shares to recover during the month of June, to close the first half at CHF 58.66.

In July, re-emerging concerns about slowing global growth were compounded by the imposition of trade tariffs between the United States and China. Adecco Group's Q2 2019 results, in August, reflected both the challenging economic environment and also good progress in the delivery of the Group's strategy. While revenue growth decelerated, underlying profitability remained strong. Nevertheless, prevailing concerns on the economy resulted in the shares weakening to a second-half low of CHF 50.46, on 15 August.

In September, the easing of trade tensions between the United States and China, an interest rate cut from the ECB, and continued accommodative US monetary policy initiated a strong recovery in equity markets. Following good Q3 2019 results, the shares continued to rally, reaching a high for the year of CHF 62.84, on 26 November. In the final part of the year the shares were broadly stable, in line with the markets, closing at CHF 61.22 on 30 December.

This represents a share price increase of 33% and a total shareholder return (TSR) of 39%, when measured in Swiss Francs. Translated into Euro the share price increase was 38%. The Adecco Group's market capitalisation, based on issued shares, was CHF 10.0 billion at the end of 2019, compared with CHF 7.7 billion at the end of 2018.

Adecco Group share price 2019 in CHF

Share price performance comparison 2019 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 2019, a dividend of CHF 2.50 will be proposed to shareholders at the Annual General Meeting on 16 April 2020, representing a payout ratio of 52% of 2019 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 2019 with a strong financial position. Net debt amounted to EUR 398 million and the ratio of net debt to EBITDA excluding one-offs was 0.3x at 31 December 2019.

Therefore, a new share buyback of EUR 600 million has been announced, to be completed during 2020 and 2021.

Share valuation data

	2019	2018	2017	2016	2015
Valuation metrics					
P/E ratio	**12.3**	14.7	13.6	14.8	n.m.
EV/EBITA ratio	**9.5**	8.0	10.3	10.5	11.1
Dividend yield	**4.1%**	5.4%	3.4%	3.6%	3.5%
Share price (CHF)					
Year end	**61.22**	45.93	74.55	66.65	68.90
Year high	**62.84**	79.58	79.15	67.90	83.60
Year low	**43.56**	44.66	67.55	45.01	59.35
Total shareholder return					
TSR in CHF	**39%**	-36.0%	15.5%	-0.9%	2.9%
TSR in EUR	**37%**	-33.5%	5.8%	1.5%	13.4%
In CHF millions					
Market capitalisation[1]	**10,000**	7,651	12,760	11,408	12,021
Enterprise value[2]	**10,434**	8,916	13,923	12,357	13,154
In EUR millions[3]					
Market capitalisation[1]	**9,174**	6,798	10,906	10,662	11,028
Enterprise value[2]	**9,572**	7,922	11,900	11,549	12,067

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 2019: 1.09; 2018: 1.13; 2017: 1.17; 2016: 1.07; 2015: 1.09.

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; (http://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 75 to 77 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).

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 (http://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, 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.

CORPORATE GOVERNANCE

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 2019, 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 10.0 billion. On 2 March 2020, this market capitalisation amounted to approximately CHF 8.2 billion.

The Company is the world's leading provider of HR solutions including temporary staffing, permanent placement, outsourcing, career transition and other services.

The Company is organised in a geographical structure plus the global business Career Transition & Talent Development, which correspond to the primary segments. This structure is complemented by business lines.

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 (comprising Australia & New Zealand; Latin America; Eastern Europe and Middle East & North Africa; Asia; and India).

The business lines consist of General Staffing (Office, Industrial) and Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), as well as Solutions. Solutions comprises Career Transition & Talent Development (CTTD), and Business Process Outsourcing (BPO), which includes Managed Service Programmes (MSP) and Recruitment Process Outsourcing (RPO). The classification of a specific branch into a business line for General Staffing and Professional Staffing is determined by the business line generating the largest revenue share in that specific branch. Effective 1 January 2020, the Company has updated its secondary segment reporting (business lines) to better align with its go-to-market strategy and its global brand structure. The updated business lines will consist 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 has no impact on the Company's primary segment reporting in 2020.

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

As of 1 January 2020, the Company's EC was composed as follows (for more details as of 31 December 2019, see section 4.1):

- Alain Dehaze, Chief Executive Officer;
- Hans Ploos van Amstel, Chief Financial Officer (until H1 2020, to be succeeded by Coram Williams);
- Christophe Catoir, Regional Head of France and Northern Europe;
- Ian Lee, Regional Head of Asia Pacific;
- Sergio Picarelli, Regional Head of North America, UK & Ireland Professional Staffing and of Talent Solutions;
- Enrique Sanchez, Regional Head of Iberia, Italy, Eastern Europe & MENA (Middle East & North Africa);
- Federico Vione, Regional Head of North America, UK & Ireland General Staffing and Latin America;
- Jan Gupta, President of Modis;
- Gordana Landen, Chief Human Resources Officer;
- Stephan Howeg, Chief of Staff and Communications Officer;
- Teppo Paavola, Chief Digital Officer.

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries of the Adecco Group are listed on page 159 of this Annual Report. No subsidiary has shares listed on a stock exchange.

1.2 Significant shareholders

As of 31 December 2019, the total number of shareholders directly registered with the share register of Adecco Group AG was approximately 15,500; the major shareholders during 2019 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 2019.

Please note that percentages of shareholdings refer to the date of disclosure unless indicated otherwise, up to 31 December 2019, 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
Marathon Asset Management LLP	04.06.2019	Falling below threshold of 3%
Silchester International Investors LLP	22.11.2019	4.99%

1 As per current share capital: 4.99% equity, 0.31% sale positions. Beneficial owners have been disclosed.

As of 31 December 2019, 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 2019, 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 2019, the Company's shareholders approved the cancellation of 3,231,750 treasury shares acquired under the share buyback programme and the corresponding reduction of Adecco Group AG's share capital by 3,231,750 registered shares with a nominal value of CHF 0.10 each. The cancellation of 3,231,750 treasury shares was effective 3 July 2019. Since 3 July 2019, the share capital of the Company amounts to CHF 16,334,417.70 divided into 163,344,177 shares.

As of 31 December 2019, the share capital of Adecco Group AG registered with the Commercial Register amounted to CHF 16,334,417.70 divided into 163,344,177 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 almost 5% of the existing share capital of CHF 16,334,417.70. Increases in partial amounts shall be permitted.

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 9.43% of the existing share capital of CHF 16,334,417.70. 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.

If both, the authorised and the conditional capital were utilised, the total increase would amount to a maximum of CHF 2,356,720.00, which is equal to approximately 14.43% of the existing share capital of CHF 16,334,417.70. For details on the terms and conditions of the issuance/creation of shares under authorised/conditional capital, refer to Art. 3bis and 3^{quater} of the AoI (http://aoi.adeccogroup.com).

Structure, shareholders and capital (continued)

2.3 Changes in capital

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

in CHF millions, except shares	Issued shares Shares	 Amount	Authorised capital Shares	 Amount	Conditional capital Shares	 Amount
1 January 2016	**174,474,937**	**174.5**	**–**	**–**	**19,566,804**	**19.6**
Share cancellation	(3,318,750)	(3.3)	n.a.	n.a.	n.a.	n.a.
31 December 2016	**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	(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	(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**

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 (http://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 2019, 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; http://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 it 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; http://aoi.adeccogroup.com). The Board may grant exemptions to this registration restriction (refer to Art. 4 sec. 6 of the AoI; http://aoi.adeccogroup.com). In 2019, 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; http://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; http://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 2019, the Board of Adecco Group AG consisted of eight members. All members qualify as independent and non-executive members (see below 3.2). Committee memberships are shown as per 31 December 2019 but may have changed during 2019.

From left to right: Kathleen Taylor (Vice-Chair), Didier Lamouche, Ariane Gorin, Alexander Gut, Rolf Dörig (Chair), Regula Wallimann, David Prince, Jean-Christophe Deslarzes.

For Committee memberships please see sections 3.4.1 to 3.4.3.

Board of Directors, Executive Committee and compensation (continued)

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 2019. All members are elected for a one-year term of office until the end of the next Annual General Meeting of Shareholders.

Rolf Dörig

- Swiss national, born 1957.
- Rolf Dörig has been a member of the Board of Directors since May 2007. He has served on various committees and has been Chair of the Board of Directors since January 2009 and member of the Governance and Nomination Committee since April 2017. Rolf Dörig will not stand for re-election at the AGM of 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], member of the Board of Directors of dormakaba Holding AG[1] (until October 2020), member of the Board of Directors of Emil Frey Holding AG, all in Switzerland, and member of the Supervisory Board of Danzer Holding AG in Austria. In June 2017, Rolf Dörig was appointed Chairman of the Swiss Insurance Association (SIA). Furthermore, he is a member of the Board Committee of economiesuisse, Switzerland.

Kathleen Taylor

- Canadian national, born 1957.
- Kathleen Taylor has been a member of the Board of Directors and a member of the Audit Committee since April 2015 and since April 2017 Vice-Chair and a member of the Compensation Committee and the Governance and Nomination Committee. Furthermore, she has been a member of the Digital Platform and Technology 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 Chair of the Board of the SickKids Hospital Foundation, Canada, and a member of the Hospital's Board of Trustees. 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.

Jean-Christophe Deslarzes

- Swiss national, born 1963.
- Jean-Christophe Deslarzes has been a member of the Board of Directors since April 2015. He has been Chair of the Compensation Committee since April 2018 (member since April 2016) and has been member of the Governance and Nomination Committee since April 2018. He was 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[1], based in Switzerland. Since February 2018, he has been Chairman of the Board of Directors of ABB India Limited[1], India.

Ariane Gorin

- French and United States national, born 1974.
- Ariane Gorin has been a member of the Board of Directors and a member of the Audit Committee since April 2017 and has been Chair of the Digital Platform and Technology Committee since April 2019.
- She obtained an MBA degree from Kellogg School of Management, Northwestern University, Evanston, IL, USA and a Bachelor degree in Economics from University of California, Berkeley, CA, USA.
- Since 2013, Ariane Gorin has been member of the management team of Expedia Group[1], headquartered in the USA. In December 2019 Ariane Gorin was named President of 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 2003 to 2013, Ariane Gorin served in various functions in Microsoft Corporation[1], USA: initially as Strategic Initiatives Manager for the Enterprise Services Division in Europe, Middle East and Africa, thereafter as Business Manager Western Europe, and 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 2000 to 2002 Ariane Gorin served as consultant at The Boston Consulting Group in France and in the USA.
- Ariane Gorin is a member of the Supervisory Board of Trivago, Germany.

1 Listed company.

Alexander Gut

- British and Swiss national, born 1963.
- Alexander Gut has been a member of the Board of Directors since May 2010. He has served on various committees and has been Chair of the Governance and Nomination Committee since April 2018 and a member of the Digital Platform and Technology 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 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.
- Alexander Gut is the founder and managing partner of Gut Corporate Finance AG. Furthermore, he is a member of the Board of Directors of Credit Suisse Group[1] (until April 2020) and Credit Suisse (Switzerland) AG (until April 2020), both in Switzerland. Until June 2019 he was a member of the Board of Directors of SIHAG Swiss Industrial Holding AG, Switzerland.

Didier Lamouche

- French national, born 1959.
- Didier Lamouche has been a member of the Board of Directors since April 2011. He has been a member of the Compensation Committee and the Digital Platform and Technology 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 Engineer Degree in semiconductor technology from 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. As of 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.
- Didier Lamouche has held mandates as non-executive director at boards of various listed and non-listed companies.

David Prince

- British national, born 1951.
- David Prince has been a member of the Board of Directors since June 2004. He has served on various committees and has been Chair of the Audit Committee from April 2015 until April 2019 where he is still a member. Since April 2017 he is 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, and 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.

Regula Wallimann

- Swiss national, born 1967.
- Regula Wallimann has been a member 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 member of KPMG Switzerland's strategic Partners' Committee.
- Regula Wallimann has been non-executive board member and member of the audit committee of Straumann Holding AG[1] since 2017, Switzerland, and Chair of the audit and risk committee since April 2019. In addition, she has been 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 member of the supervisory board of the institute for Accounting, Control and Auditing of the University of St. Gallen, Switzerland, since 2010.

1 Listed company.

Members of the Board of Directors who left in 2019

No member left the Board of Directors in 2019.

Board of Directors, Executive Committee and compensation (continued)

3.2 Other activities and vested interests of the Board of Directors

Except 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 2019, all members of the Board were independent and non-executive, none of them (i) having been in 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 at 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; http://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; http://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; http://aoi.adeccogroup.com). Adecco Group AG's AoI (http://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 2019, the Board is composed of eight non-executive 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 (http://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 co-ordinate the tasks of the Committees and regularly attends Committee meetings as a guest without voting power (except for the GNC 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, as well as through 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; he conducts a regular exchange 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 Adecco to key shareholders, investors, regulators and industry associations as well as other external stakeholders.

The Board's committees are the Audit Committee, the Governance and Nomination Committee, the Compensation Committee, and the 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, adequate 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 practices, is continuously reviewing 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 a sustainability and stakeholder perspective are aligned and embedded with the Adecco Group's overall strategic priorities and business objectives, as outlined in the Adecco Group's respective policies and rules regarding sustainability. 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 experiences, professional roles, and viewpoints. Board members' extensive experience in human resources and senior leadership roles provide, for example, valuable insights towards the Adecco Group's strategic priorities of skilling and enabling workers, attracting, engaging and retaining talent, as well as promoting inclusion and diversity. Specific expertise in the technology industry helps to address challenges and opportunities tied to driving digital transformation. Backgrounds in the travel, hospitality, and extractive industries support in achieving solutions related to topics such as human rights, workforce vitality/health and safety, and environmental impact. Board members' considerable 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 well towards supporting the Company's vision of making the future work for everyone.

In 2019, the Board held 10 meetings in person and phone conferences.

Number and duration of meetings and phone conferences during 2019:

	Full Board of Directors	Audit Committee	Governance and Nomination Committee	Compensation Committee	Digital Platform and Technology Committee
Number of meetings in person	6	5	5	5	5
Number of phone conferences	4	5	2	1	
Total number of meetings	**10**	**10**	**7**	**6**	**5**
Average duration in hours:					
• Meetings in person	5½[1]	2½	2½	2	2
• Phone conferences	½	1	1	1	

Attendance at meetings and phone conferences during 2019:

	Full Board of Directors	Audit Committee[1]	Governance and Nomination Committee	Compensation Committee	Digital Platform and Technology Committee
Number of meetings in total	**10**	**10**	**7**	**6**	**5**
Rolf Dörig	10	10[2]	7	6[2]	5[2]
Kathleen Taylor[3]	10	10	7	6	5
Jean-Christophe Deslarzes	9	2[2]	7	6	1[2]
Ariane Gorin[3]	9	9	1[2]	1[2]	5
Alexander Gut[3,4]	10	3[2]	7	3	5
Didier Lamouche[3,5]	8	7		3	3
David Prince	10	10	7		2[2]
Regula Wallimann	10	10			1[2]

1 In three Audit Committee meetings, Board members not being member of the Audit Committee attended as guests without voting right.

2 Guest, without voting right.

3 Member of the Digital Platform and Technology Committee since 16 April 2019.

4 Member of the Compensation Committee until 16 April 2019.

5 Member of the Audit Committee until 16 April 2019, and member of the Compensation Committee since 16 April 2019.

The Board has discussed and assessed its own (including its committees') and its members' performance in 2019 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 strategy, governance, sustainability and public responsibility, business environment, relations with shareholders and other stakeholders, nomination, succession and talent development. The GNC is amongst others charged with:

- Supporting the preparation of defining strategic opportunities and priorities for the Company;
- Reviewing the Company's corporate governance structures and principles and independence rules, including principles and measures on Corporate Responsibility, 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 the market and regulatory developments, including questions of market-related risks;
- Analysing the composition and type of shareholders and reviewing, amongst others, the Company's dividend policy;

Board of Directors, Executive Committee and compensation (continued)

- Overseeing the Company's initiatives and reviewing the principles related to sustainable 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 age and 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 introduction 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.

After the creation of the Board's new Digital Platform and Technology Committee (DPTC) and the corresponding assignment of responsibilities between the Board committees, beginning with the office period AGM 2019, the GNC has its focus of activities on matters related to Governance, Nomination and Talent Development.

The GNC defines its annual programme and roadmap according to focus topics of the year. In 2019, the GNC held seven 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 paragraph 1 and 2 of section 3.2 and the independence requirements of the Swiss stock exchange.

As of 31 December 2019, the members of the GNC were:

Name	Position
Alexander Gut	Chair of the GNC
Jean-Christophe Deslarzes	Member
Rolf Dörig	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 Committees' main discussion topics throughout the year. In 2019, the AC held ten meetings and phone conferences. For specific subjects, 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 paragraph 1 and 2 of section 3.2 and the independence requirements of the Swiss stock exchange.

As of 31 December 2019, 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 paragraph 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 2019, the CC held six meetings. For specific subjects, the CEO represents the EC in the meetings. The Chief Human Resources Officer typically participates 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 2019, the members of the CC were:

Name	Position
Jean-Christophe Deslarzes	Chair of the CC
Didier Lamouche	Member
Kathleen Taylor	Member

3.4.4 Digital Platform and Technology Committee (DPTC) (as of AGM 2019)

The DPTC'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:

- Digital products and technologies: 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;
- Oversee management's investments in digital capabilities, either as a disrupter or as an enabler to increase the efficiency and improve client and candidate satisfaction in the core business, with a lens on what to build internally versus where to partner;
- 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.

The DPTC has established a roadmap which determines the Committee's main discussion topics throughout the year, structured around the focus areas above. In 2019, the DPTC held five meetings. The CEO, the Chief Digital Officer and the Chief Information Officer typically participate in the DPTC meetings. For specific subjects, the Chief Financial Officer (CFO) participates in the meetings. Usually, the Board's Chair participates in the Committee's meetings as guest without voting right. As of AGM 2020, the DPTC will be named Digital Committee.

As of 31 December 2019, the members of the DPTC were:

Name	Position
Ariane Gorin	Chair of the DPTC
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, 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 co-ordination of the day-to-day business operations of the Company to the CEO. 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, while extraordinary events are communicated immediately;
- Formal meetings of the Board and of the Board's committees including 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 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 countries. 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 their 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 19 "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 the 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".

Board of Directors, Executive Committee and compensation (continued)

4. Executive Committee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1. Jan Gupta, 2. Federico Vione, 3. Sergio Picarelli, 4. Alain Dehaze,
5. Enrique Sanchez, 6. Teppo Paavola, 7. Christophe Catoir, 8. Gordana Landen,
9. Ian Lee, 10. Stephan Howeg, 11. Hans Ploos van Amstel

Board of Directors, Executive Committee and compensation (continued)

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 2019.

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 is 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 has been a member of the ILO Global Commission on the Future of Work. He also serves as Steward of the World Economic Forum (WEF) System on Education, Gender and Work and as Co-Chair of the Governors for the WEF's Professional Services Industry Community.

Hans Ploos van Amstel

- Dutch national, born 1965.
- Chief Financial Officer and member of the EC since September 2015, until H1 2020.
- Hans Ploos van Amstel holds a Bachelor of Arts 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.

Christophe Catoir

- French national, born 1972.
- Regional Head of France and Northern Europe and member of the EC since September 2015.
- 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.

Ian Lee

- Singapore national, born 1962.
- Regional Head of Asia Pacific including Australia, New Zealand and India, and member of the EC since January 2018.
- 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 and was also Adjunct Professor of Business at Nanjing University, China, from 2010 to 2012.

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 since January 2019. Regional Head of Italy, Eastern Europe and MENA and India from October 2015 until December 2018 (India until December 2017). Chief Sales Officer from October 2009 to September 2015. Member of the EC since October 2009.
- 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).

Enrique Sanchez

- Spanish national, born 1967.
- Regional Head of Iberia, Italy, Eastern Europe & MENA since January 2019. Regional Head of Iberia and Latin America from 2009 to 2018. Member of the EC since October 2009. 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 Operation 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 held also responsibility for Italy and the Netherlands.

Federico Vione

- Italian national, born 1972.
- Regional Head of North America, UK & Ireland General Staffing since April 2017 and of Latin America since January 2019, Chief Sales & Innovation Officer from October 2015 to March 2017. Regional Head of Italy, Eastern Europe & India from September 2011 to September 2015 (incl. 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 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.

Jan Gupta

- German national, born 1967.
- Jan Gupta joined the Adecco Group in May 2019 as President of Modis, and member of the EC.
- 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.

Gordana Landen

- Swedish national, born 1964.
- Chief Human Resources Officer and member of the EC since 7 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.
- 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 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.

Stephan Howeg

- Swiss and German national, born 1965.
- Chief Marketing & Communications Officer and member of the EC since September 2015. As of 1 January 2020, Stephan Howeg has assumed the role of Chief of Staff and Communications Officer, member of the EC. 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.

Rob James

- Until December 2019. Refer to biography on page 82.

Board of Directors, Executive Committee and compensation (continued)

Teppo Paavola

- Finnish national, born 1967.
- Chief Digital Officer and member of the EC since 14 January 2019.
- Teppo Paavola joined the Adecco Group as Chief Digital Officer in January 2019.
- Teppo Paavola holds an MBA from INSEAD and a Master's degree in Economics from Helsinki School of Economics.
- Teppo 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 and general manager of New Digital Businesses at BBVA Group, Spain. He is a board member of 3 Step IT.

Members of the Executive Committee who left in 2019

Mark De Smedt

- Belgian national, born 1961.
- Regional Head of Northern Europe since January 2016, Chief Human Resources Officer from January 2014 to April 2016. Member of the EC since January 2014 until 31 March 2019.
- Mark De Smedt has a degree in Commercial Engineering from the Free University of Brussels and has attended MBA/Management programmes in Chicago, Harvard, INSEAD and the London Business School.
- Mark De Smedt joined the Adecco Group in 2009 as Country Manager for Belgium & Luxembourg. He was previously a founder of Professional Staffing specialist XPE Group, acquired by the Adecco Group in 2009. Prior to this, he was responsible for the Adecco Group's Benelux operations between 2002 and 2007. Before Mark De Smedt joined the staffing industry, he held various executive positions at Exxon, Wang, Apple, Citibank, and Scoot in France, Netherlands, Spain and Belgium.
- Mark De Smedt left the Adecco Group on 31 March 2019.

Rob James

- British national, born 1961.
- Chief Information Officer since August 2016 until December 2019 and member of the EC from January 2018 until December 2019.
- Rob James gained his Bachelor of Science Degree in Mathematics with Honours from University College London.
- Rob James started his career in IT at Xerox in Europe in 1984. He subsequently moved to Procter & Gamble (P&G) in Cincinnati and between 1988 and 2002 held positions of increasing responsibility before becoming Global CIO for P&G's Pharmaceutical Division. In 2003 he joined Novartis as US CIO, before moving to Switzerland, where he was Group CIO from 2010 until 2016.
- Rob James left the Executive Committee on 31 December 2019 and took on the leadership of the global flagship Adecco Foundation programme, Win4Youth.

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; http://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.

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

The AoI (Art. 20bis; http://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 (http://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; (http://aoi.adeccogroup.com)).

Further information

6. Shareholders' rights

Please also refer to the AoI (http://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 breached the law or did not act in accordance with Adecco Group AG's AoI (http://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 2019 and 31 December 2018, thereby exceeding 20% of the paid-in share capital in both years.

In 2019 the AGM approved a dividend of CHF 2.50 per share outstanding (totalling CHF 405 million, EUR 363 million). For 2019, 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 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 of the Board and of the EC (AoI; Art. 14bis; http://aoi.adeccogroup.com).

Liquidation and dissolution

The AoI do not limit Adecco Group AG's duration.

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.

6.1 Voting rights and representation restrictions

For further details refer to section 2.6 "Limitations on registration, nominee registration and transferability". The AoI (http://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; http://aoi.adeccogroup.com). At an AGM, votes are taken by poll.

Further information (continued)

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; http://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; http://aoi.adeccogroup.com). Note, however, that any vote with respect to maximum compensation approvals are subject to an absolute majority of votes cast whereby abstentions shall not be counted as votes cast (Art. 14bis sec. 3 of the AoI; http://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

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 is applicable to 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; http://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; http://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. 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 (http://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 4.2.3 "Long-Term Incentive Plan" of the Remuneration Report).

8. Auditors

Each year, the AGM of Adecco Group AG elects the statutory auditor ("Auditors"). On 16 April 2019, the AGM elected Ernst & Young Ltd, Zürich, as statutory auditor of the Company for the business year 2019.

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 first year as the lead auditor, and has replaced the previous lead auditor in accordance with the legal requirements. Jolanda Dolente has previously served as global co-coordinating partner since 2017. Roland Ruprecht has for the first time assumed the global co-coordinating partner role in 2019.

The total fee for the Group audit of the Company and for the statutory audits of the Company's subsidiaries for the fiscal year 2019 amounted to EUR 7.1 million.

For the fiscal year 2019, additional fees of EUR 0.2 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 authorities to confirm application of specific tax rules. Fees for tax services and fees for other services were not significant.

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 five times a year, to discuss the results of their examinations, and the overall quality of the Company's financial reporting. During 2019, 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 2019 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 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 2019 is planned to be held on 16 April 2020 at the Beaulieu Centre de Congrès et d'Expositions, in Lausanne, Switzerland. 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:

5 May 2020	Q1 2020 results;
6 August 2020	Q2 2020 results;
3 November 2020	Q3 2020 results.

For further investor information, including inscription to push and pull services, 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).

10. Tax strategy

The Company operates a group-wide policy on tax that is regularly reviewed by the Board of Directors. Relevant processes and controls have been defined and implemented throughout the Company. Tax matters are regularly discussed at the Audit Committee of the Board of Directors. 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's 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, 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.

Remuneration Report

1. Introduction

Dear Shareholders,

We are pleased to present the Remuneration Report of the Adecco Group for 2019.

2019 was a year of strategic progress in a challenging economic context. As the year progressed, slower economic momentum in Europe and North America led to weaker revenue development. However, strong management of our pricing, an improving revenue mix and increasing benefits from the GrowTogether programme allowed us to deliver a modest improvement in EBITA margin year on year, all while continuing to invest in the development of the digital platforms and General Assembly.

The Remuneration Report explains how these results impacted the incentive payments made to Executive Committee (EC) members under the short- and long-term remuneration plans. Considering the feedback from our investors over the last year, we have also enhanced the report with further details regarding the Group's compensation programmes:

In 2019, the short-term incentive plan (STIP) for EC members and the top 300 leadership roles below EC level (also referred to as Global Leadership) included quarterly financial objectives in addition to annual financial objectives. The concept was implemented to encourage consistent target achievement throughout a year particularly critical for the strategic plan. This disciplined approach allowed EUR 140 million productivity savings in 2019 compared to the 2016 baseline while overachieving on the Client Net Promoter Score (NPS) targets. This design feature is presented in section 4.2.2. Section 5.2 also explains how we applied discretion and adjusted the bonus payout for a very limited number of EC members to recognise individual personal contribution and performance.

The Remuneration Report also provides enhanced disclosure on the approach taken to review compensation for EC members including the CEO.

The Compensation Committee (CC) performed its regular activities throughout the year such as the performance goal setting for EC members at the beginning of the year and the performance assessment following the year end, the determination of the remuneration of Board and EC members, as well as the preparation of the Remuneration Report and of the say-on-pay votes at the Annual General Meeting of Shareholders (AGM).

The CC closely monitors the compensation programmes to ensure that incentives paid are commensurate with the performance of the Company as a whole while fairly rewarding the performance of EC members as a team. From this perspective, further adjustments to the design principles of the short- and long-term incentive plans are foreseen for the years 2020 and 2021, as described in section 4.2.8.

Further information on the CC activities and on our remuneration systems is contained within this Remuneration Report. The report will be submitted to a non-binding, consultative vote by shareholders at the AGM 2020.

Looking ahead, we will continue to regularly assess our remuneration plans to ensure that they are fulfilling their purpose. We trust that you will find this report informative.

The Board of Directors
Zürich, 11 March 2020

REMUNERATION REPORT

Executive summary

Governance Refer to section 2.	The Board has entrusted the CC to provide support in establishing and reviewing the remuneration philosophy, principles and plans, in determining the remuneration of the Board and EC members and preparing the proposals for the AGM. Shareholders approve the Maximum Total Amount of Remuneration (MTAR) of the Board and EC 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 philosophy and principles Refer to section 3.	The Adecco Group's remuneration philosophy is to appropriately recognise and reward performance. It reflects the Company's commitment to attract, retain and motivate employees in order to support the achievement of the Company's business objectives. The remuneration philosophy translates into the following core principles: · Reward for performance · Alignment to shareholders' interests · Internal fairness and external competitiveness
Remuneration of the Board Refer to sections 4.1. and 5.1.	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. Shares are blocked for a period of three years.
Remuneration of the EC Refer to sections 4.2. and 5.2.	In line with the pay-for-performance philosophy, EC remuneration includes the following elements:

Total EC Compensation

Element	Description	Performance measures	in CHF millions
Annual base salary	Reflects the scope of the function and the skill set required to perform the role		
Monthly cash			8.9
Annual bonus with Short-Term Incentive Plan (STIP)	Rewards annual financial performance of the Adecco Group and its businesses, as well as strategy delivery and performance of the function over a time horizon of one year	• EBITA • Revenues • EBITA margin • Days Sales Outstanding (DSO) • Strategic objectives • Functional objectives	
Annual cash			5.3
Long-Term Incentive Plan (LTIP)	Rewards long-term shareholder value creation and promotes a management shareholder culture	• Relative TSR with three-year cliff-vesting and two-year blocking period after vesting	
Share Awards			4.6
Benefits	Provides for a reasonable level of income in case of retirement, death or disability; and fringe benefits reflecting local practice		
Pensions, insurances, fringe benefits			3.4
Total 2019[1]			**22.2**

1 Total conferred, excluding the remuneration conferred to former EC members after having ceased to be an EC member.

To ensure market competitiveness, the Adecco Group regularly conducts benchmark analysis for both Board and EC remuneration.

The Adecco Group's Remuneration Report is written in accordance with the requirements of the Ordinance against Excessive Compensation with respect to 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

First, shareholders annually and prospectively approve the Maximum Total Amount of Remuneration (MTAR) for both the Board and EC. Secondly, they approve the Remuneration Report in a retrospective consultative vote. 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 the following provisions:

- Principles of remuneration applicable to the Board and EC (Art. 20 and 20bis);
- Shareholders' vote on remuneration (Art. 14bis);
- Supplementary amount for new EC members (Art. 14bis);
- Post-employment benefits (Art. 20).

2.2 Role of the Board and CC

In line with the provisions of the AoI, the Board has entrusted the CC to provide support in establishing and reviewing the remuneration principles and plans, in preparing the remuneration proposals to the AGM and in determining the remuneration of the Board and EC members, and in setting and assessing the performance objectives relevant for the remuneration of EC members.

The CC is composed 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 CC composition, responsibilities and activities are provided in the Corporate Governance Report, section 3.4.3 "Compensation Committee".

The CC 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 Board and EC, 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 CC meets as often as business requires, but at least four times a year. In 2019, the CC held five meetings and one conference call. Details on meeting attendance of the individual CC members are provided in the Corporate Governance Report, section 3.4 "Internal organisational structure".

The Chair of the CC reports to the full Board after each CC meeting. The minutes and the material of the meetings are available to all members of the Board. As a general rule, the Chair of the Board participates in the CC's meetings as a guest without voting rights. The Chief Executive Officer (CEO) and the Chief Human Resources Officer (CHRO) attend the CC meetings. The Chair of the CC may decide to invite other executives as appropriate. The Chair of the Board and Executives do not attend the meetings or the parts of the meetings in which their own remuneration and/or performance is being discussed.

2.3 Role of external advisors

The CC may decide to consult external advisors from time to time for specific remuneration matters. In 2019, management on behalf of the CC engaged Willis Towers Watson, an international independent external consultant, to provide compensation and benefits benchmarks, and Obermatt, an independent Swiss financial research firm, to calculate achievement level and vesting payout under the LTIP. Those companies have no other mandates with the Adecco Group. Furthermore, PricewaterhouseCoopers LLP UK (PwC), the UK entity of the global audit firm, provided advice on specific questions relating to incentive plans design. PwC has other mandates with the Adecco Group, essentially limited to support in the areas of cyber security, PERFOM and the finance function.

Illustration 1: Authority levels in remuneration matters[1]

	CEO	CC	Board	AGM
Remuneration philosophy and principles	Proposes	Reviews	Approves	
Remuneration plans including incentive plans	Proposes	Reviews	Approves	
Maximum Total Amount of Remuneration of Board		Proposes	Reviews	Approves prospectively
Individual remuneration of Board members		Proposes	Approves	
Maximum Total Amount of Remuneration of EC		Proposes	Reviews	Approves prospectively
CEO remuneration		Proposes	Approves	
Individual remuneration of EC members	Proposes	Reviews	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's remuneration philosophy is to appropriately recognise and reward performance. It reflects the Company's commitment to attract, retain and motivate employees 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 short-term and long-term incentive plans seek to recognise and reward the Company's and business units' performance. Thus, as a general rule, individual targets are not used in the incentive plans. The STIP incentivises management for achieving the financial targets of the Group and the business units as well as for attaining strategic goals over a time horizon of one year and fosters collaboration between the business units. The LTIP incentivises management for creating 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, EC members are required to hold a minimum number of Adecco Group shares 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 local market. 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.

The level of remuneration of the Board and of the EC members is benchmarked externally every two years to ensure market competitiveness. The remuneration level of the Board is reviewed every two years, and the remuneration level of the EC members is reviewed every year. For this purpose, during the reporting year Willis Towers Watson provided an analysis of EC members' remuneration. The 2017 benchmark analysis served as a basis for the review of EC target remuneration levels for 2018 and 2019, and the 2019 benchmark analysis supported the decisions for the target remuneration 2020.

The benchmark analysis for the remuneration of the Board was last conducted in 2018 by Agnès Blust Consulting AG and was based on a peer group of 15 companies listed on the Swiss stock exchange, comprising: ABB, Credit Suisse, DKSH Holding, Kuehne + Nagel, LafargeHolcim, Novartis, Richemont, Roche Holding, Schindler, The Swatch Group, Swisscom, Swiss Life, Swiss Re, UBS and Zurich Insurance Group. This peer group was chosen based on market capitalisation, revenues and headcount where Adecco Group at the time was positioned around the median for the three criteria.

The definition of the relevant market for the benchmarking of the remuneration of the EC members is consistent with prior years. The remuneration of EC roles is primarily compared with that for similar positions based on a pan-European peer group comprised of the 36 companies listed in Illustration 3. The companies are selected from various industry sectors such as business support services, retail, and other general industry sectors from where the Adecco Group might hire executives. To ensure statistical relevance, the Adecco Group is positioned around the median of the peer group when considering factors such as company revenue, headcount and market capitalisation.

Illustration 3: Pan-European peer group

ABB	Carrefour	Geberit	Sanofi
Acciona	Coca-Cola European Partners	General Electric	Scania
AccorHotels	Deutsche Post DHL	Henkel	Schindler
Adidas	Diageo	Ipsen	Serco Group
John Wood Group[1]	ENGIE	Lonza	SITA
Barry Callebaut	Ericsson	Merck	Sodexo
Bunzl	Experian	Novartis	Sulzer
Bureau Veritas	Ferguson Group Services	Randstad	Shire[2]
Capgemini	Ferrovial	Royal Mail	TUI

1 Formerly AMEC Foster Wheeler.

2 Acquired by Takeda in 2019.

For the CEO, an additional comparison was made against a local Swiss peer group comprised of the following companies: ABB, Dufry, Kuehne + Nagel, LafargeHolcim, Nestlé, Novartis, Richemont, Roche, Schindler and Swisscom.

Generally, factors such as scope and responsibilities of the function, including geographic responsibility, revenues, number of employees and skillset required to perform the role are considered to identify the relevant benchmarks.

4. Remuneration structure

4.1 Board of Directors' remuneration

4.1.1 Remuneration system

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 the Board members' interests with those of the shareholders.

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 2019 to AGM 2020 are summarised in Illustration 4:

Illustration 4: Structure and levels of remuneration of the Board

	Cash (in CHF)	Shares[1] (in CHF)
Fee (gross) for the Board term		
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.

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.

For the amounts paid to the individual members of the Board in the period under review (1 January to 31 December 2019), refer to section 5.1 "Board of Directors' remuneration for 2019 and shareholding as at 31 December 2019".

4.1.2 Shareholding guideline

Effective from AGM 2019, the Board members are required to hold a minimum of 5,000 Company shares within three years of introduction of the share ownership guideline (approved in 2019) or within three years upon election to the Board. To calculate whether the minimum holding requirement is met, all shares granted as part of their remuneration are considered as held, regardless of whether they are blocked or not. Assuming that the same number of shares will be allocated for the first quarter 2020 as for the last quarter 2019, it is anticipated that all Board members will reach the minimum shareholding required by AGM 2020. The Board reviews compliance with the shareholding guideline on an annual basis.

4.1.3 Outlook for the term from AGM 2020 to AGM 2021

For the term from AGM 2020 to AGM 2021, it is anticipated that the remuneration structure for the Board will remain the same as for the term from AGM 2019 to AGM 2020.

4.2 Executive Committee's remuneration

As shown in Illustration 5, the remuneration structure for the EC members includes fixed and variable elements:

- Base salary;
- Short-term incentive in the form of cash, based on ambitious and clearly defined performance objectives over a one-year period (STIP);
- Long-term incentive in the form of share-based remuneration based on relative TSR performance over a three-year period (LTIP);
- Benefits including social contributions, retirement plans, as well as other fringe benefits.

Illustration 5: Elements of EC remuneration

	Element	Purpose	Drivers	Performance measures
Base salary	Salary, typically paid in monthly instalments	· Pay for the role · Attract and retain	· Function · Market value · Skills and experience · Personal performance	· Annual reviews
Short-term incentive	Annual cash bonus	· Pay for performance	· Achievement of annual and quarterly business objectives	· EBITA · Revenues · EBITA margin · DSO · Strategic and functional objectives
Long-term incentive	Performance Share Awards with three-year cliff-vesting and additional two-year blocking period	· Reward long-term performance · Align to shareholders' interests	· Group performance over three years	· Relative TSR
Benefits	Social contributions, retirement plans and fringe benefits	· Attract and retain · Protect against risk	· Market practice · Local regulations	n.a.

4.2.1 Base salary

The 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 base salary is paid in cash, typically in monthly instalments, and serves as a reference for determining the target STI and LTI.

4.2.2 Short-Term Incentive Plan (STIP)

The STIP is a cash incentive plan that rewards executives for the financial performance of the Company and its businesses, as well as for the achievement of non-financial strategic and functional objectives over a time horizon of one year.

In 2019 the plan design was exceptionally enhanced with the introduction of quarterly financial objectives in addition to the annual financial objectives, to encourage consistent and disciplined performance throughout a year particularly critical for the implementation of the strategic plan, especially the GrowTogether transformation programme. The quarterly measurement was primarily introduced for the Global Leadership to strengthen their motivation to deliver outperformance in each quarter in addition to annual performance. It was adopted for the EC members with the mindset of leading by example.

Annual financial performance is measured on the following key value drivers: operating income before interest, tax and amortisation and impairment of goodwill and intangible assets (EBITA), Revenues, EBITA margin and Days Sales Outstanding (DSO). These performance metrics are the key areas that management can influence to increase shareholder value.

The strategic objectives include performance goals around customer satisfaction (such as NPS) and revenue from the Digital businesses, as well as functional objectives for EC members with a functional role.

For each annual performance objective, a target level of performance is determined, which represents the expected performance, as well as a minimum level of performance (baseline), below which the payout is 0%, and a maximum level of performance above which the payout is capped at 150%.

For DSO and for the strategic objectives, achievements between the baseline, the target and the cap are calculated by linear interpolation.

For the profit and loss (P&L) objectives EBITA, Revenues and EBITA margin, a matrix combines the performance on each of the objectives to calculate the payout, thus providing for a balanced focus on both top-line and bottom-line achievements. A payout of 150% would require an achievement above the maximum level on all three objectives. An achievement level below the baseline on any of the three objectives results in a 0% payout. Different combinations of EBITA, Revenues and EBITA margin achievements within those ranges lead to payouts between 0% and 150% ranked according to their economic value generation for the Company. A 100% payout can be obtained where each objective is achieved at target level.

The quarterly financial objectives measure the delivery of EBITA margin and Revenues on a quarterly basis and follow a binary payout formula: the payout may either be 100% if the targets are met or exceeded or 0% if the targets are not met ("hit or miss").

The weighting of financial and strategic objectives, as well as the weighting between Group and regional performance, depends on the role and reflects the level of responsibility as disclosed in Illustration 6. The overall construct of the STIP is presented in Illustration 7, using the CEO as an example.

Illustration 6: Overview of the key 2019 STIP performance objectives

Category	Metric	Rationale	Weight range	Level of measurement	Baseline	Target	Cap	EC Member role[1]
Financial	EBITA, Revenues, EBITA margin combined	Focus on both EBITA and Revenues	37.5% – 52.5% (annually) 20% – 28% (quarterly)	Own P&L and Group P&L	90%	Budget	105%[2]	All EC Members[3]
	Days Sales Outstanding (DSO)	Drive cash generation and optimise return on capital	10%	Own P&L or Group P&L	+1 day	Budget	-1 day	CEO, CFO, Regional Heads
Strategic	Client Net Promoter Score (NPS)	Continuously improve client experience	10% – 20%	Own P&L or Group P&L	2018 NPS	+ 5 points	+ 10 points	All EC Members
	Revenue Digital Business[4]	Support the development of our Digital Businesses	10%		90%	Budget	110%	CEO, Regional Heads, CMCO, CIO
	Indirect costs reduction[4]	Support EBITA margin growth and operational efficiency	10%		Indirect costs at year end compared to prior year actuals			CFO, CHRO, Regional Heads
Functional	Great Place To Work® (GPTW) score	Inspire talented people to join and grow with us in an engaging environment	15%	Group	Improvement of the global GPTW score compared to prior year			CHRO
	Internal promotion rate in Global Leadership	Develop and grow our talented people	15%		Measure the number of internal leadership role vacancies filled from within			CHRO
	Thought Leadership (TL) Index	Help all our stakeholders navigate successfully through the changing world of work	20%		An index measuring the impact of TL activities on business development and sector influence			CMCO
	Reduction of IT System outages / Large Project success rate	Support technology transformation	30%		Reduction of outages compared to prior year / Increase in successful and on time projects delivery			CIO

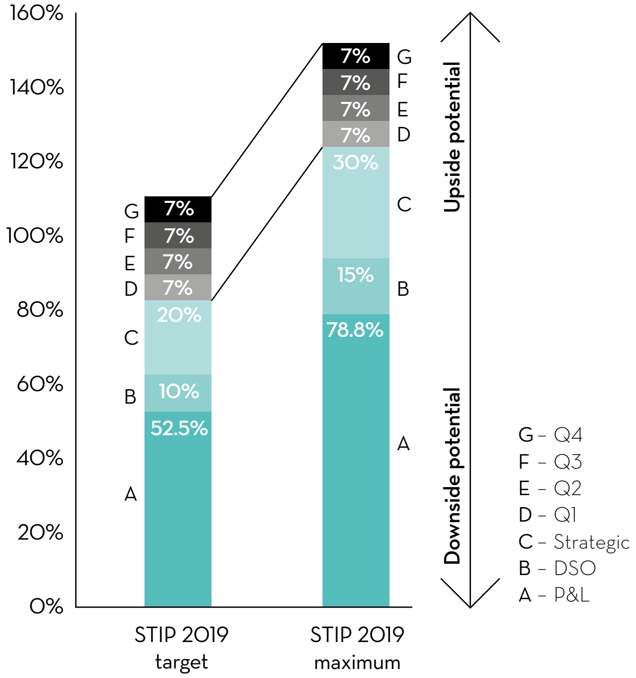
1 EC member role:
CEO: Chief Executive Officer, CFO: Chief Financial Officer, CHRO: Chief Human Resources Officer, CMCO: Chief Marketing & Communications Officer, CIO: Chief Information Officer.

2 For EBITA, the cap is 110%.

3 For the Chief Digital Officer, Gross Profit replaces Revenues at Own P&L level; for Gross Profit, the baseline is set at 80% and the cap at 120% to reflect the higher risks in new business development.

4 Regional Heads have either Revenue Digital Business or Indirect costs reduction depending on the strategic agenda for their respective region.

Illustration 7: STIP 2019 target and maximum potential payout percentage (CEO)



In addition to the quantitative system described above, the Board upon recommendation of the CC retains discretion to adjust STI payments (positively and negatively) when deemed justified, based on the individual performance of the EC members. The exercise of positive discretion for 2019 is described in section 5.2.

The STI target is the STI amount that is paid for a performance achievement of 100%. For the CEO, the STI target corresponds to 80% of annual base salary (2018: 80%). For the other EC members, the STI targets are in the range of 60% to 85% of annual base salary (2018: 60% to 85%). The binary nature of the quarterly targets brings the overall STI target to a range of 82.5%[1] to 110.5%[2] for the CEO (87.5%[1] to 107.5%[2] for the other EC members). The opportunity for the overall achievement to be at slightly above 100% aims at compensating for the binary nature ("hit or miss") and the related risk of the quarterly targets. However, the maximum payout potential remained stable compared to the previous year, considering that the payout is capped at 150% for annual objectives and to 100% for quarterly objectives.

Illustration 8 below provides the ranges for the STI potential maximum as a percentage of annual base salary for the CEO and the other EC members.

Illustration 8: target and maximum STIP in percentage of annual base salary for the CEO and other EC members

2019	STIP target % of ABS	STIP max % of ABS
CEO	80%	120%
Other EC members	60% to 85%	90% to 127.5%

The STIP design will be adjusted for the year 2020, as described in section 4.2.8.

4.2.3 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 the EC members to 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 relative TSR performance condition and upon continued employment of the participant at the vesting date. Relative TSR was chosen because it is considered as an appropriate performance metric to link the long-term remuneration of management to the value creation for shareholders. For the grant awarded in 2019, the performance period started on 1 January 2019 and ends on 31 December 2021.

At grant date, the LTI target amounts to 130% of the annual base salary for the CEO (2018: 120%) and ranges from 50% to 100% for the other EC members (2018: 50% to 100%). At the time of the CEO's appointment in 2015, the Board began a multi-year approach to determine his compensation. The Board established the CEO's compensation below that of his predecessor and intentionally below market, with the plan to adjust the CEO's LTI target remuneration over time, subject to performance and specific achievements related to the Group's strategy. Subsequently, the CEO's LTI target was gradually increased over the last three years (2018: 120%, 2017: 100% and 2016: 80%). However, no increase in the CEO LTI target is planned for 2020.

In order to determine the number of Performance Share Awards to be granted, the LTI target amount is divided by the three-year average daily closing price of the Adecco Group AG share prior to the grant. The three-year average daily closing price of the share used to determine the initial number of Performance Share Awards cannot deviate by more than 20% from the share price at grant. This initial number is multiplied by a factor of two to arrive at the number of Performance Share Awards to be granted. The multiplier is intended to account for the lower probability of vesting under the LTIP design implemented in 2016, which moved from a mix of Restricted Share Units (RSUs) and Performance Share Awards with multiple performance conditions, to Performance Share Awards with a single performance condition.

The Performance Share Awards are subject to three-year cliff-vesting based on the relative TSR performance of the Adecco Group compared to a peer group of companies. The peer group comprises the 17 companies listed in Illustration 9. The CC 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, divesture, delisting or bankruptcy of peer companies.

Company shares vested under the Performance Share Awards plan are subject to an additional two-year blocking period.

The structure of the LTIP is shown in Illustration 10.

Notes:

1 Excluding quarterly objectives.

2 Including quarterly objectives.

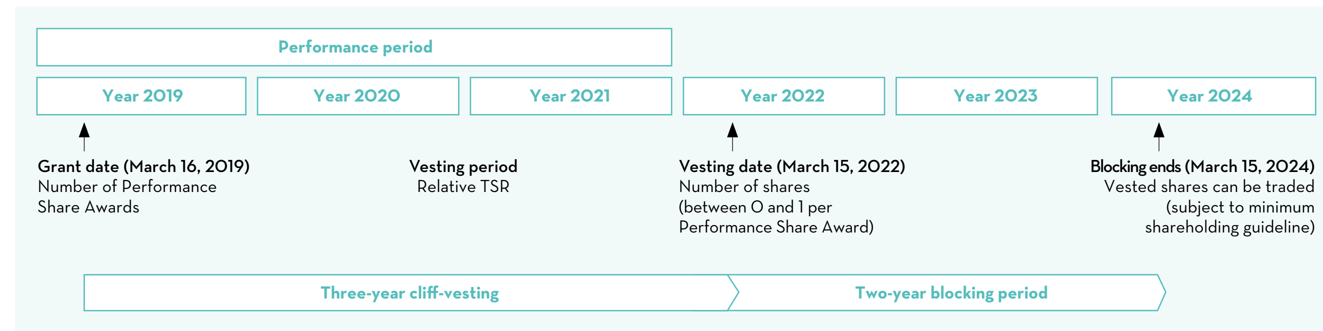
Illustration 9: Peer companies for relative TSR performance under the LTIP

Amadeus Fire	Kforce	Persol Holdings Co.[2]	Robert Walters
ASGN[1]	Manpower Group	Randstad Holding	SThree
Brunel International	Meitec	Recruit Holdings Co.	Synergie Groupe
Hays	Michael Page International	Robert Half International	TrueBlue
Kelly Services			

1 Formerly On Assignment.

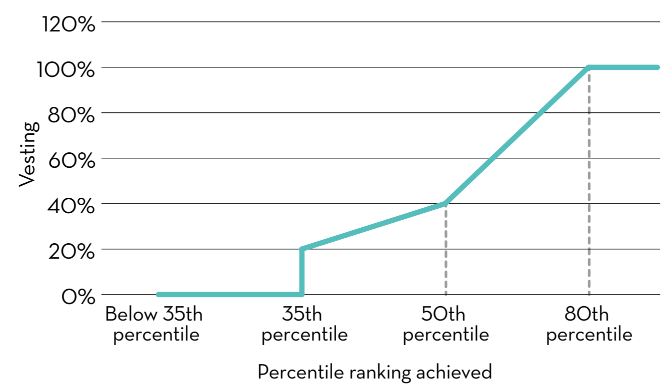
2 Formerly Temp Holdings.

Illustration 10: Structure of the LTIP



The vesting level of the Performance Share Awards is determined based on the percentile ranking of the Adecco Group compared to the peer companies over a period of three years, as shown in Illustration 11. There is no vesting for a ranking below the 35th percentile and the vesting is capped at 100% for reaching the 80th percentile.

Illustration 11: Vesting schedule for relative TSR performance under the LTIP



	Baseline = 20% vesting	40% vesting	Target = 100% vesting (cap)
Relative TSR	35th percentile	50th percentile	80th percentile

The achievement level and the vesting percentage are calculated by an external provider (see section 2.3), based on an average of the percentile ranks. TSR is calculated on the basis of a one-year average share price for both the Adecco Group's TSR and the 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 at their own will, 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 depending on the level of target achievement. In line with Art. 20^{bis} 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 Share Award 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 CC. 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.

Further, the LTIP includes claw-back provisions for any award and any benefit received or entitled to be received in case of fraudulent behaviour or other types of intentional misconduct.

4.2.4 Shareholding guideline
A shareholding guideline was implemented as of business year 2018. EC members are required to own a minimum of Adecco Group AG shares within five years of their first LTI grant, as set out in the table below:

CEO	40,000 shares
Other EC members	10,000 shares

In order to calculate whether the minimum holding requirement is met, all vested shares are considered as held, 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 CC reviews compliance with the shareholding guideline on an annual basis.

4.2.5 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 dependents 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. 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 respective country.

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, membership fees, housing allowance, relocation, education, representation allowance or health insurance. The monetary value of these other elements of remuneration is disclosed at fair value in the remuneration tables.

4.2.6 Contractual agreements
EC members have employment contracts of unlimited duration and are all subject to a notice period of 12 months. EC members are not contractually entitled to severance payments based on their individual contracts (but may be entitled to seniority-related payments due to mandatory foreign laws as applicable) or any change-in-control payments (for LTI vesting see section 4.2.3). Their contract may foresee non-competition provisions that are limited in time to a maximum of one year.

4.2.7 Special contractual agreements
In 2019, a new EC member received a replacement award in the form of RSUs to compensate for outstanding, deferred awards forfeited by the former employer as a result of joining the Adecco Group. The award is subject to a three-year tiered vesting period, with 50% of the award vesting after two years and the remaining 50% vesting after three years. The award is subject to continued employment.

For 2019, one EC member is entitled to an exceptional supplemental one-time cash performance bonus to recognise the particularly critical impact of the EC member's role on the transformation of the Company. The exceptional supplemental performance bonus, payable in March 2020, is subject to performance conditions in relation to the Company's EBITA margin, cost and operational objectives and to continued employment until payment of the bonus.

The replacement award as well as the exceptional supplemental performance bonus are included in Illustration 13.

4.2.8 Outlook 2020
The CC continuously monitors and reviews the compensation programmes to ensure that they remain aligned to the business strategy and to the evolving environment in which the Company operates. In this context, the CC has decided to amend the incentive plans over the coming years.

As from 2020, the design of the STIP is to be simplified. The quarterly targets no longer apply. The STIP continues to include annual Group and regional financial KPIs as well as strategic KPIs; however, the calibration of the performance metrics is harmonised across the EC roles with a higher weight on Group achievements for all EC roles. The number of strategic and functional metrics is limited to a total of four KPIs (of which three are measured at Group level) with the aim of supporting collective goals among the EC as the Company continues its transformation journey. The performance metrics and their weight in the 2020 STIP will be explained in more detail in the 2020 Remuneration Report.

Furthermore, the LTIP will be amended in two steps. For the awards to be granted under the LTIP in 2020, relative TSR remains the only performance metric and some of the parameters are adjusted to better reflect market practice. During the year 2020, the CC will assess if one or more other metrics would be appropriate to complement relative TSR. This process will run concurrently with preparations for the next strategic business plan, with the CC aiming to select the most appropriate long-term performance measures to align with the long-term strategy of the Company.

5. Remuneration and shareholding of members of the Board and EC

5.1 Board of Directors' remuneration for 2019 and shareholding as at 31 December 2019
In 2019, the Board's total remuneration amounted to CHF 4.78 million (2018: CHF 4.57 million). Of this total, CHF 2.95 million was paid out in cash (2018: CHF 2.82 million), CHF 1.5 million was awarded in restricted shares (2018: CHF 1.43 million) and social contributions amounted to CHF 0.33 million (2018: CHF 0.33 million). While the remuneration structure (annual Board retainer and Committee fees) remained unchanged, the total Board remuneration slightly increased by 4.71% (excluding social contributions) versus the previous year. This is due to the constitution of a new Committee of the Board (the Digital Platform and Technology Committee, focusing on the digital and technology strategy of the Company, as further described in the Corporate Governance Report (section 3.4.4) and the corresponding Committee membership fees of the relevant Board members, and an additional fee paid for a separate Board role in a joint venture company of the Adecco Group.

At the AGM of 19 April 2018, shareholders approved an MTAR of CHF 4.7 million for the Board for the term from AGM 2018 until AGM 2019. The remuneration paid to the Board for that term was CHF 4.6 million and is therefore within the approved limits.

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 this ongoing term is anticipated to be approximately CHF 4.8 million. The final amount will be disclosed in the Remuneration Report 2020.

Illustration 12: Board remuneration and shareholding as at 31 December 2019 and 31 December 2018 (audited)

in CHF (except shareholdings)

Name	Function[1]	Remuneration period	Remuneration in cash	Remuneration in shares[2]	Total remuneration[3]	Social contributions[5]	Shareholding as of 31 December[6]
Rolf Dörig	Chair	2019	960,000	500,000	1,460,000	92,429	90,238
	Chair	2018	960,000	500,000	1,460,000	92,392	81,351
Kathleen Taylor	Vice-Chair	2019	300,000	150,000	450,000	29,151	9,963
	Vice-Chair	2018	300,000	150,000	450,000	29,143	7,296
Jean-Christophe Deslarzes	CC Chair	2019	300,000	150,000	450,000	29,151	9,769
	CC Chair	2018	283,333	141,667	425,000	27,573	7,102
Ariane Gorin	DPTC Chair	2019	283,333	141,667	425,000	57,138	5,577
	Member	2018	225,000	112,500	337,500[4]	45,047	3,072
Alexander Gut	GNC Chair	2019	300,000	150,000	450,000	29,151	26,319
	GNC Chair	2018	300,000	150,000	450,000	29,143	24,112
Didier Lamouche	Member	2019	225,000	112,500	337,500	0	9,273
	Member	2018	200,000	100,000	300,000	19,726	7,279
David Prince[7]	Member	2019	308,333	154,167	462,500	64,577	18,753
	AC Chair	2018	325,000	162,500	487,500	67,912	16,005
Regula Wallimann[8]	AC Chair	2019	275,000	137,500	412,500	26,792	3,868
	Member	2018	150,000	75,000	225,000	14,648	1,444
Wanda Rapaczynski[9]	–	–	–	–	–	–	–
	GNC Chair	2018	75,000	37,500	112,500	0	n/a
Total 2019			**2,951,666**	**1,495,833**	**4,447,499**	**328,389**	**173,760**
Total 2018			2,818,333	1,429,167	4,247,500	325,584	147,661

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 2019, paid with 26,559 Adecco Group AG shares at an average price of CHF 56.54; for 2018, paid with 25,960 Adecco Group AG shares at an average price of CHF 56.37 per share.

3 Gross amounts, including Directors' social contributions required by law.

4 Including remuneration paid for additional specific tasks as assigned by the Board temporarily.

5 Company's social contributions required by law. No contributions are paid to pension plans.

6 Not subject to audit. For 2019 indicating the number of registered shares held, with a nominal value of CHF 0.10 each; for 2018 indicating the number of registered shares held, with a nominal value of CHF 0.10 each. 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.

7 AC Chair until Apr. 2019, Member of the AC since Apr. 2019; the total remuneration includes remuneration received for his role as registered supervisor of Adecco Group's joint venture company in China, FESCO Adecco Human Resources Service Shanghai Co., Ltd. In the amount of CHF 100,000.

8 AC Chair since Apr. 2019. For 2018, the remuneration covers the period April to December 2018.

9 Did not stand for re-election at AGM 2018. The remuneration covers the period January to April 2018.

5.2 Executive Committee's remuneration for 2019

In 2019, EC members' total remuneration amounted to CHF 22.2 million (2018: CHF 21.6 million). This amount consisted of fixed salaries of CHF 8.9 million (2018: CHF 8.4 million), annual bonus (excluding the supplemental one-time cash performance bonus) of CHF 3.9 million (2018: CHF 4.5 million), long-term incentives of CHF 4.6 million (2018: CHF 4.3 million), other remuneration of CHF 0.7 million (2018: 0.7 million), and social contributions and post-employment benefits of CHF 2.6 million (2018: CHF 2.7 million).

Overall, the remuneration of the EC is comparable to 2018. Looking at the different components, the following elements can be noted:

- The total amount paid as base salary increased by 6% comparing to the amount of base salary paid in 2018. This is mainly due to the changes in EC composition.
- The Board exercised its discretion and adjusted positively the annual STI payout amount for the CEO and two EC members for a total amount of CHF 350,000 (CEO: CHF 150,000 and for the two other EC members: CHF 200,000 in total). When making its decision, the Board considered tangible facts such as the increase in financial results versus the prior year for their respective areas and the impact of their leadership on the business transformation in their areas of responsibility. Overall, the discretionary STI adjustments resulted in an increase of 9.9% of the total annual STI award for the full EC.
- The annual STIP payout including the positive discretionary adjustments are 13.1% lower in 2019 than in 2018. This demonstrates how the combination of EBITA, Revenue and EBITA margin influence the results of the three metrics: lower revenue being partly offset by a solid margin performance. In 2019, the adjusted STI payout for the CEO was 49.7% of target (2018: 71%) and ranged from 17.5% to 88.9% for the other EC members (2018: 39% to 119%) and reached an average of 53% for the entire EC including the CEO (2018: 72%).
- The total short-term variable component (annual STIP, positive discretionary adjustments and supplemental one-time cash performance bonus paid to one EC member) amounts to CHF 5.3 million. It represents 59.9% of base salary for the entire EC members (2018: 53.6%) and 23.9% of the total remuneration of the EC (2018: 21.9%)
- The increase in the "other remuneration" payments is mainly due to changes in EC composition and one-time relocation costs.
- The total value of the share awards granted was slightly higher (7.4%) in 2019 than in 2018. This is mainly due to the replacement award made to a new EC member.

At the AGM of 19 April 2018, shareholders approved an MTAR of CHF 35 million for the financial year 2019. The remuneration paid to the EC for this term was CHF 22.2 million and is therefore within the approved limits.

For the financial year 2019, the variable component (annual STIP as paid, LTIP at grant value) represented 45% of the total remuneration of the EC (2018: 41%) and 112% of the base salary (2018: 105%). This is aligned with the pay-for-performance philosophy of the Adecco Group and reflects the alignment of the remuneration plans to the shareholders' interests. The achievement of the 2019 STIP metrics for the CEO is presented in Illustration 14 and the achievement of the 2019 STIP metrics for all EC members is presented in Illustration 15

The remuneration mix for the CEO is presented in illustration 16 and the total EC remuneration mix is presented in illustration 17.

Illustration 13: EC remuneration for the year 2019 and 2018 (audited)

in CHF	Alain Dehaze, CEO[1]		Total Executive Committee[2]	
	2019	2018	**2019**	2018
Gross cash remuneration[3]:				
• Base salary	**1,500,000**	1,500,000	**8,867,101**	8,357,934
• Annual bonus[4]	**595,914**	855,200	**3,893,820**	4,483,336
• Supplemental one-time cash performance bonus[5]	**–**	–	**1,416,459**	–
Remuneration in kind and other[6]	**154,272**	157,803	**749,994**	677,372
Share awards granted in 2019 and 2018[7]:				
• Relative TSR awards under the Long-Term Incentive Plan (LTIP)	**1,080,000**	1,133,262	**3,957,010**	4,305,571
• Replacement award granted to a new EC member[8]			**667,858**	
Social contributions:				
• Old age insurance/pensions and other	**257,909**	288,804	**1,788,227**	1,676,466
• Additional health/accident insurance	**15,130**	14,816	**95,922**	104,802
• On LTIP awards granted in 2019 and 2018, potentially vesting in later periods, estimated (based on closing price at grant)	**206,919**	223,749	**748,161**	905,067
Total conferred	**3,810,144**	**4,173,634**	**22,184,552**	**20,510,548**
Conferred to former EC members after having ceased to be an EC member[9]			**–**	1,116,210
Conferred, grand total[10]			**22,184,552**	21,626,758

1 Highest conferred individual compensation in 2019 and 2018.

2 Including the CEO. Notice periods of up to 12 months apply. For certain members of the EC, based on mandatory foreign law, additional payments may become due in case of termination. For certain members of the EC, compensation related to non-compete and non-solicitation obligations after termination of their employment agreement might be due.

3 Including employee's social contributions.

4 Not included are bonus payments due for 2018 (2017) but made during 2019 (2018) as this information is considered 2018 (2017) remuneration and was disclosed in 2018 (2017). The amounts include the Board's positive discretionary adjustments for the CEO and two other EC members.

5 Supplemental one-time cash performance bonus for one EC member, subject to performance and employment conditions as described in section 4.2.7.

6 Includes car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, voluntary pension contributions, representation allowance and benefits.

7 Value in CHF of Adecco Group AG shares awarded in 2019 under the LTIP 2019 with grant date 16 March 2019 (LTIP 2018 grant date: 16 March 2018).

Valuation of the share awards granted:

- The grant date values of the relative TSR 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 relative TSR targets will be met at the end of the performance period. For 2019, the probability factor is 42.9% (2018: 38.4%). The probability factor for relative TSR awards has been determined using a binomial model. A discount of 13.5% is applied which takes into consideration that relative TSR 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 relative TSR awards granted in 2019 amounts to CHF 17.66 (2018: CHF 21.71).

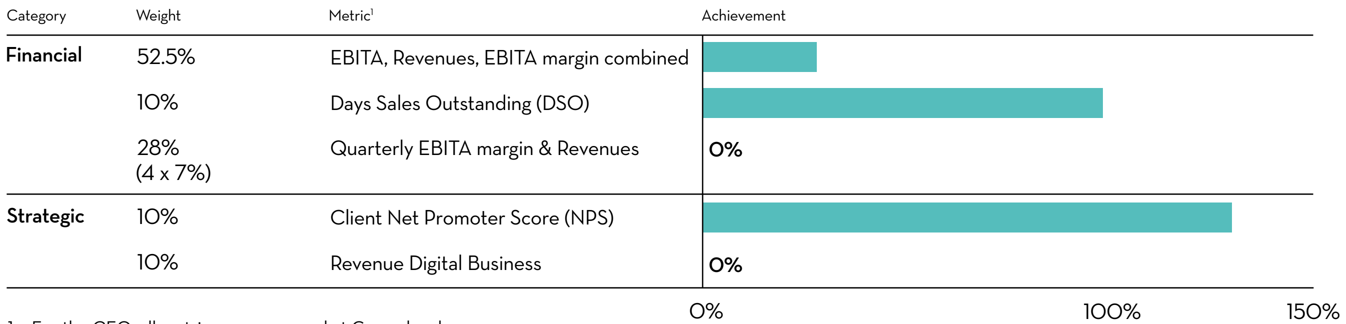
8 RSU replacement award granted to one EC member, subject to continued employment. The grant date value of the RSU award is calculated based on the closing price of the Adecco Group AG share on the day of grant. A discount of 11.5% is applied to take into consideration that the RSU award is not entitled to dividends during the three-year vesting period.

- The per share value of the RSU awards granted in 2019 amounts to CHF 47.31.

9 The employment relationships of certain officers who ceased to be members of the EC in the course of 2019 (2018) formally terminate in the course of 2019 (2018) in accordance with the respective termination agreements. Compensation of former members which is attributable to 2019 (2018) is included in this table, whereas compensation to former members attributable to 2020 will be disclosed in the Remuneration Report for 2020.

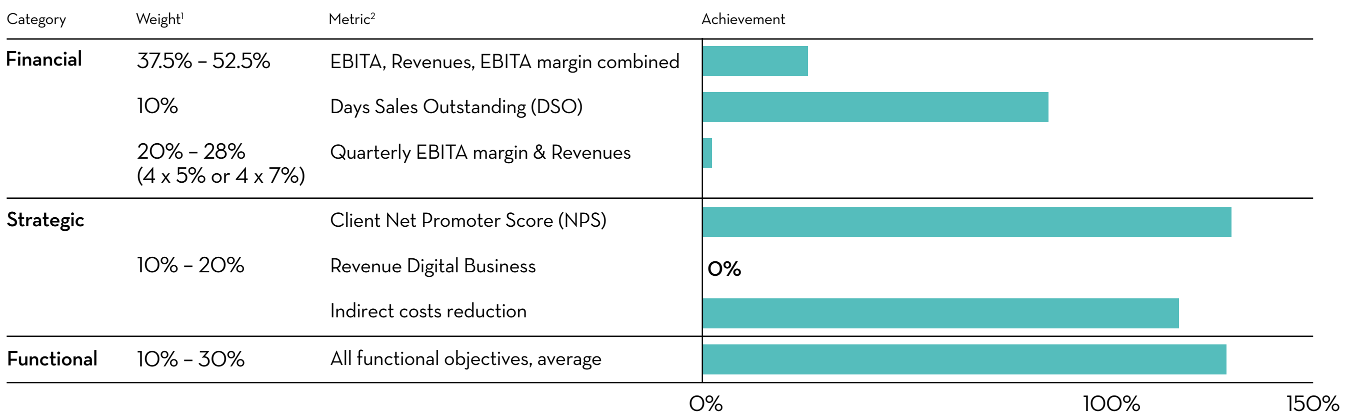
10 Not included are employer's social contributions of CHF 84,888 on LTIP awards granted in previous periods and vested in 2019 (on LTIP awards granted in previous periods and vested in 2018: CHF 174,980).

Illustration 14: Achievement of the key STIP metrics performance versus target, for the CEO



1 For the CEO, all metrics are measured at Group level.

Illustration 15: Achievement of the key STIP metrics performance versus target, for all EC members



1 Weights vary depending on EC member role.
2 Measured at own P&L level.

Illustration 16: CEO Remuneration mix for the year 2019

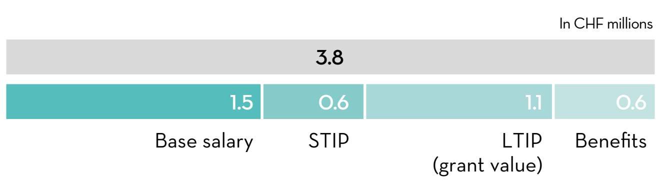
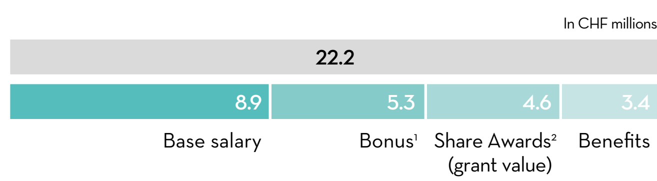


Illustration 17: Total EC Remuneration mix for the year 2019



1 The amount reported under Bonus includes the total adjusted STIP payout and the supplemental one-time cash performance bonus paid to one EC member.
2 The amount reported under Share Awards include the Relative TSR awards under the LTIP and the Replacement Award granted to a new EC member.

5.3 Shareholding of EC members as at 31 December 2019/2018

The reported share ownership of the members of the EC, including related parties, is presented in illustration 18.

Illustration 18: EC shareholding as at 31 December 2019/2018

(in shares)

Name	Shareholding as of 31 December 2019[1]	Shareholding as of 31 December 2018[1]
Alain Dehaze	49,360	43,169
Hans Ploos van Amstel	8,483	5,000
Christophe Catoir	9,469	8,101
Sergio Picarelli	22,531	19,629
Enrique Sanchez	15,633	14,500
Federico Vione	15,469	14,084
Stephan Howeg	9,265	8,181
Ian Lee	–	–
Robert James	1,712	856
Gordana Landén[2]	–	–
Teppo Paavola[2]	–	–
Jan Gupta[3]	–	–
Mark De Smedt[4]	–	10,000
John L. Marshall III[5]	–	7,650
Total	**131,922**	**131,170**

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each as at 31 December 2019 and CHF 0.10 each as at 31 December 2018. The members of the EC are required to disclose to the Company direct or indirect purchases and sales of equity-related securities of the Adecco Group.
2 Appointed as EC member as of January 2019.
3 Appointed as EC member as of May 2019.
4 Ceased to be a member of the EC in 2019.
5 Ceased to be a member of the EC in 2018.

5.4 Share awards held by and granted to EC members as at 31 December 2019

This section provides information on the Share Awards granted to EC members in 2019 and vesting of Performance Share Awards granted prior to 2019 and vested in 2019.

Illustration 19: Awards granted in 2019

Share awards held as at 31 December 2019 granted on 16 March 2019 under the LTIP:

31 December 2019	Share Awards
Alain Dehaze	61,169
Total EC	238,233

Illustration 20: Vesting level for Performance Share Awards granted

Grant year	Vesting year	Overall vesting %[1]
2013	2016	33%
2014	2017	58%
2015	2018	58%
2016	2019	17.5%
2017	2020	35.2%
2018	2021	pending[2]

1 Vesting level of the Performance Share Awards granted to EC members.
2 Performance periods are still ongoing. Numbers will be available after the end of the respective performance period.

For the 2017 LTIP award vesting in 2020 (LTI 2017–2019), considering the Adecco TSR performance against the peer group, the vesting level was 35.2%. Therefore, from the 121,057 units granted in 2017 to the current EC members (including the CEO), 42,614 have vested with an estimated vesting value of CHF 2.6 million based on the share price at year end 2019.

5.5 Additional fees and remuneration of Board and EC members (audited)

Apart from the remuneration disclosed in sections 5.1 and 5.2, no member of the Board or EC has received any additional remuneration in 2019.

5.6 Loans granted to Board and EC members (audited)

In 2019, the Company did not grant any guarantees, loans, advances or credits to current or former Board members or EC members. No such loans were outstanding as at 31 December 2019.

5.7 Remuneration of former members of the Board and EC (audited)

A total of CHF 951,298 was paid in 2019 to former EC members in relation to their work before financial year 2019. The payments are in line with their contractual entitlements. No such payments were made to former Board members.

5.8 Shares allocated to members of the Board, EC and closely linked parties (audited)

In 2019, part of the remuneration of the Board members was paid in Adecco Group AG shares (refer to Illustration 12: "Board remuneration for financial year 2019 and shareholding as at 31 December 2019"), and under the LTIP, shares were allocated to EC members (refer to Illustration 13: "EC remuneration for the year 2019").

No further Adecco Group AG shares were allocated to current or former members of the Board or EC or closely linked parties.

5.9 Remuneration or loans to closely linked parties (audited)

In 2019, 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 2019.

We have audited the Remuneration Report of Adecco Group AG for the year ended 31 December 2019. 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 labelled "audited" on pages 97 to 101 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 2019 of Adecco Group AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

/s/ Jolanda Dolente	/s/ Roland Ruprecht
Jolanda Dolente	**Roland Ruprecht**
Licensed audit expert (Auditor in charge)	Licensed audit expert

Zurich, 11 March 2020

Financial Statements

Selected financial information

in millions, except share and per share information

For the fiscal years (in EUR)	2019	2018	2017	2016	2015
Statements of operations					
Revenues	**23,427**	23,867	23,660	22,708	22,010
Amortisation of intangible assets	**(64)**	(52)	(32)	(34)	(41)
Impairment of goodwill		(270)			(740)
Impairment of intangible assets	**(20)**		(129)		
Operating income	**904**	665	990	1,064	305
Net income attributable to Adecco Group shareholders	**727**	458	788	723	8

As of (in EUR)	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
Balance sheets					
Cash and cash equivalents and short-term investments	**1,351**	652	962	1,128	1,147
Trade accounts receivable, net	**4,310**	4,432	4,440	4,268	3,972
Operating lease right-of-use assets	**432**				
Goodwill	**2,846**	2,994	2,895	3,051	3,018
Total assets	**10,571**	9,718	9,890	10,099	9,596
Short-term debt and current maturities of long-term debt	**172**	267	394	345	354
Accounts payable and accrued expenses	**4,106**	4,084	4,066	4,031	3,777
Total operating lease liabilities	**461**				
Long-term debt, less current maturities	**1,577**	1,509	1,562	1,670	1,832
Total liabilities	**6,623**	6,129	6,308	6,377	6,250
Total shareholders' equity	**3,948**	3,589	3,582	3,722	3,346

For the fiscal years (in EUR)	2019	2018	2017	2016	2015
Cash flows from operations					
Cash flows from operating activities	**880**	727	737	694	797
Cash flows from/(used in) investing activities	**324**	(344)	(113)	(132)	(246)
Cash used in financing activities	**(524)**	(682)	(695)	(589)	(114)
Other indicators					
Capital expenditures	**156**	158	100	76	97

As of	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
Other indicators					
Net debt (in EUR)[1]	**398**	1,124	994	887	1,039
Additional statistics					
Number of FTE employees at year end (approximate)	**35,000**	35,000	34,000	33,000	32,000

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 56.

Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	31.12.2019	31.12.2018
Assets			
Current assets:			
• Cash and cash equivalents		1,351	652
• Trade accounts receivable, net	4	4,310	4,432
• Other current assets		282	231
Total current assets		**5,943**	**5,315**
Property, equipment, and leasehold improvements, net	5	318	282
Operating lease right-of-use assets	9	432	
Equity method investments	8	83	76
Other assets		617	625
Intangible assets, net	3, 6	332	426
Goodwill	3, 6	2,846	2,994
Total assets		**10,571**	**9,718**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		829	793
• Accrued salaries and wages		668	689
• Accrued payroll taxes and employee benefits		1,253	1,341
• Accrued sales and value-added taxes		467	451
• Accrued income taxes		164	48
• Other accrued expenses	7	725	762
• Total accounts payable and accrued expenses		4,106	4,084
• Current operating lease liabilities	7, 9	196	
• Short-term debt and current maturities of long-term debt	10	172	267
Total current liabilities		**4,474**	**4,351**
Operating lease liabilities	7, 9	265	
Long-term debt, less current maturities	10	1,577	1,509
Other liabilities		307	269
Total liabilities		**6,623**	**6,129**
Shareholders' equity			
Adecco Group shareholders' equity:			
• Common shares	11	10	10
• Additional paid-in capital	11	580	578
• Treasury shares, at cost	11	(66)	(141)
• Retained earnings		3,629	3,407
• Accumulated other comprehensive income/(loss), net	11	(213)	(273)
Total Adecco Group shareholders' equity		**3,940**	**3,581**
Noncontrolling interests		8	8
Total shareholders' equity		**3,948**	**3,589**
Total liabilities and shareholders' equity		**10,571**	**9,718**

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	2019	2018	2017
Revenues	2, 19	23,427	23,867	23,660
Direct costs of services		(18,923)	(19,434)	(19,314)
Gross profit		**4,504**	**4,433**	**4,346**
Selling, general, and administrative expenses	7	(3,519)	(3,446)	(3,195)
Proportionate net income of equity method investment FESCO Adecco	8	3		
Amortisation of intangible assets	6	(64)	(52)	(32)
Impairment of goodwill	6		(270)	
Impairment of intangible assets	6	(20)		(129)
Operating income	19	**904**	**665**	**990**
Interest expense		(35)	(38)	(52)
Other income/(expenses), net	16	207	100	1
Income before income taxes		**1,076**	**727**	**939**
Provision for income taxes	17	(348)	(267)	(149)
Net income		**728**	**460**	**790**
Net income attributable to noncontrolling interests		(1)	(2)	(2)
Net income attributable to Adecco Group shareholders		**727**	**458**	**788**
Basic earnings per share	18	**4.48**	**2.77**	**4.67**
Basic weighted-average shares	18	162,211,290	165,394,453	168,745,176
Diluted earnings per share	18	**4.47**	**2.77**	**4.66**
Diluted weighted-average shares	18	162,542,226	165,681,920	169,100,523

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	2019	2018	2017
Net income		728	460	790
Other comprehensive income/(loss), net of tax:				
• Currency translation adjustment of long-term intercompany loans (net of tax of, 2019: less than EUR (1), 2018: less than EUR 1, 2017: EUR 1)		4	(9)	(15)
• Currency translation adjustment of net investment hedges (net of tax of, 2019: EUR (1), 2018: less than EUR 1, 2017: EUR (2))	14	9	(4)	18
• Currency translation adjustment related to the nominal share capital reduction				(44)
• Currency translation adjustment related to share cancellation		2	(8)	
• Currency translation adjustment excluding long-term intercompany loans, net investment hedges, nominal share capital reduction, and share cancellation (net of tax of, 2019: EUR 2, 2018: less than EUR 1, 2017: EUR (1))		61	60	(272)
• Change in pension prior years' service costs (net of tax of, 2019: EUR 4, 2017: less than EUR 1)	13	(4)		(1)
• Change in net actuarial gain/(loss) on pensions (net of tax of, 2019: EUR 1, 2018: EUR 5, 2017: EUR (4))	13	(10)	(20)	14
• Change in fair value of securities (net of tax of, 2019: less than EUR (1), 2018: less than EUR 1, 2017: less than EUR 1)	14	1		(1)
• Change in fair value of cash flow hedges (net of tax of, 2019: EUR 2, 2018: less than EUR 1, 2017: less than EUR 1)	14	(3)	(1)	
Total other comprehensive income/(loss)		60	18	(301)
Total comprehensive income		**788**	**478**	**489**
Less comprehensive income attributable to noncontrolling interests		(1)	(2)	(2)
Comprehensive income attributable to Adecco Group shareholders		**787**	**476**	**487**

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)	2019	2018	2017
Cash flows from operating activities			
Net income	728	460	790
Adjustments to reconcile net income to cash flows from operating activities:			
• Depreciation and amortisation	171	138	109
• Impairment of goodwill		270	
• Impairment of intangible assets	20		129
• Gain on divestiture of Soliant	(248)		
• Gain on divestiture of Beeline		(113)	
• Loss on buyback of long-term debt	10		
• Bad debt expense	25	20	20
• Stock-based compensation	12	12	14
• Deferred tax provision/(benefit)	(54)	(25)	(168)
• Other, net	70	49	13
Changes in operating assets and liabilities, net of acquisitions and divestitures:			
• Trade accounts receivable	91	19	(380)
• Accounts payable and accrued expenses	57	(112)	222
• Other assets and liabilities	(2)	9	(12)
Cash flows from operating activities	**880**	**727**	**737**
Cash flows from investing activities			
Capital expenditures	(156)	(158)	(100)
Proceeds from sale of property and equipment	1		1
Acquisition of BioBridges, net of cash and restricted cash acquired			(37)
Acquisition of Mullin, net of cash and restricted cash acquired			(22)
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	21
Cash settlements on derivative instruments	(39)	(4)	39
Purchase of short-term investments		(1)	(20)
Proceeds from sale of short-term investments		4	19
Other acquisition and investing activities, net of cash and restricted cash acquired	(26)	(18)	(14)
Cash flows from/(used in) investing activities	**324**	**(344)**	**(113)**

For the fiscal years ended 31 December (in EUR)	2019	2018	2017
Cash flows from financing activities			
Borrowings of short-term debt under the commercial paper programme		370	104
Repayment of short-term debt under the commercial paper programme		(370)	(104)
Other net increase/(decrease) in short-term debt			30
Borrowings of long-term debt, net of issuance costs	353	135	255
Repayment of long-term debt	(215)	(350)	(299)
Buyback of long-term debt	(211)		
Dividends paid to shareholders	(360)	(350)	(374)
Purchase of treasury shares	(87)	(115)	(304)
Other financing activities, net	(4)	(2)	(3)
Cash used in financing activities	**(524)**	**(682)**	**(695)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**18**	**14**	**(92)**
Net increase/(decrease) in cash, cash equivalents and restricted cash	**698**	**(285)**	**(163)**
Cash, cash equivalents and restricted cash:			
• Beginning of year	718	1,003	1,166
• End of year	1,416	718	1,003

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)	2019	2018	2017
Reconciliation of cash, cash equivalents and restricted cash at beginning of year:			
Current assets:			
• Cash and cash equivalents	**652**	958	1,123
• Restricted cash included in Other current assets	**10**	8	6
Non-current assets:			
• Restricted cash included in Other assets	**56**	37	37
Cash, cash equivalents and restricted cash at beginning of year	**718**	1,003	1,166
Reconciliation of cash, cash equivalents and restricted cash at end 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 end of year	**1,416**	718	1,003
Supplemental disclosures of cash paid			
Cash paid for interest	**19**	44	44
Cash paid for income taxes	**256**	290	258

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 2017	**106**	**581**	**(40)**	**3,058**	**10**	**7**	**3,722**
Comprehensive income:							
Net income				788		2	790
Other comprehensive income/(loss)					(301)		(301)
Total comprehensive income							**489**
Stock-based compensation		14					14
Vesting of share awards		(16)	16				
Treasury shares purchased on second trading line			(275)				(275)
Other treasury share transactions			(39)				(39)
Cash dividends, CHF 1.50 per share				(235)			(235)
Nominal share capital reduction, CHF 0.90 per share	(95)			2			(93)
Other						(1)	(1)
31 December 2017	**11**	**579**	**(338)**	**3,613**	**(291)**	**8**	**3,582**
Adoption of ASU 2016-16[1]				(19)			(19)
1 January 2018 (upon adoption of ASU 2016-16)	**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**

1 The Company adopted ASU 2016-16 "Income Taxes (Topic740): Intra-Entity Transfers of Assets Other Than Inventory" on 1 January 2018. Upon adoption, the 31 December 2017 "Other assets" were reduced by EUR 19 directly against "Retained earnings" which was also reduced by EUR 19.

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 2019, the Company's worldwide network consists of approximately 5,100 branches and more than 34,000 full-time equivalent (FTE) employees in 59 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 business lines. 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. The business lines consist of General Staffing (Office, Industrial) and Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), as well as Solutions. Solutions comprises Career Transition & Talent Development (CTTD), and Business Process Outsourcing (BPO), which includes Managed Service Programmes (MSP) and Recruitment Process Outsourcing (RPO). The classification of a specific branch into a business line for General Staffing and Professional Staffing is determined by the business line generating the largest revenue share in that specific branch. Effective 1 January 2020, the Company has updated its secondary segment reporting (business lines) to better align with its go-to-market strategy and its global brand structure. The updated business lines will consist 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 has no impact on the Company's primary segment reporting in 2020.

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 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 2019, 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 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.

Notes to consolidated financial statements continued

in millions, except share and per share information

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. The results of these 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 105, EUR 101 and EUR 85 in 2019, 2018, and 2017, respectively. These costs are included in selling, general, and administrative expenses (SG&A) and are generally expensed as 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 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 twenty to forty 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 charged to expense as incurred.

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 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

In February 2016, the FASB issued ASU 2016-02, "Leases" (Topic 842) that establishes a broad principle requiring a lessee to recognise in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The Company adopted the new standard as of 1 January 2019 using the modified retrospective approach electing the three transitional practical expedients package whereby no reassessment was performed on expired or existing contracts to determine whether the contracts contain leases, whether the previous lease classifications remain appropriate, or whether the initial direct costs determination remains appropriate. The most significant effects upon adoption of Topic 842 was the recognition of EUR 477 operating lease right-of-use assets and EUR 491 operating lease liabilities. The adoption of Topic 842 did not have a significant impact on the Company's consolidated statements of operations and cash flows. Prior periods have not been adjusted to conform to the current period presentation.

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 17 years, some of which 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, and initial direct costs 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.

Notes to consolidated financial statements continued

in millions, except share and per share information

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 per share is computed by dividing net income attributable to Adecco Group shareholders by the number of weighted-average shares for the fiscal year. Diluted earnings 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 same 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. 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.

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 provides 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 2017 the rate of the tax credit was 7% and for 2018, the tax credit decreased to 6%. In 2019 CICE was replaced by social charge reductions.

In May 2018, the Company sold a portion of the CICE receivables of EUR 226 for cash proceeds of EUR 224 and in June 2017, the Company sold a portion of the CICE receivables of EUR 180 for cash proceeds of EUR 179. Upon sale, the Company derecognised EUR 226 in May 2018 and EUR 180 in June 2017 of the CICE receivables as these transactions qualified for sale treatment in accordance with ASC 860, "Transfers and Servicing" (ASC 860) and the Company does not have any continuing involvement with the CICE receivables sold. The discount on the CICE receivables sold is recorded in interest expense in the consolidated statements of operations.

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 July 2017, the FASB issued ASU 2017-11, "Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815): I. Accounting for Certain Financial Instruments with Down Round Features; II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Non-public Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception". The amendments in Part I simplify the accounting for certain financial instruments with down round features. Part II replaces today's indefinite deferral of the guidance in Accounting Standards Codification (ASC) 480-102 for certain mandatorily redeemable financial instruments of certain non-public entities and certain mandatorily redeemable noncontrolling interests with a scope exception. The amendments in Part II of this ASU do not require any transition guidance because those amendments do not have an accounting effect. The amendments in this ASU (for Part I) are effective for annual periods, and interim periods within those annual periods, beginning after 15 December 2018. Early adoption is permitted, including adoption in any interim period. The Company adopted this amendment as of 1 January 2019. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815)". The amendments in this ASU provide changes to enable entities to better portray the economics of their risk management activities in the financial statements and enhance the transparency and understandability of hedge results. The amendments also simplify the application of hedge accounting in certain situations. The amendments in this ASU are effective for annual periods, and interim periods within those annual periods, beginning after 15 December 2018. Early adoption is permitted. The amended presentation and disclosure guidance is required prospectively. The Company adopted this amendment as of 1 January 2019. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, "Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income". The amendments in this ASU allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the United States Tax Cuts and Jobs Act of 2017. The amendments in this ASU are effective for annual periods, and interim periods within those annual periods, beginning after 15 December 2018. Early adoption is permitted. The Company adopted this amendment as of 1 January 2019. The adoption of this guidance did not have a material impact on the Company's 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.

Notes to consolidated financial statements continued

in millions, except share and per share information

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)	2019	2018	2017
Temporary staffing	20,079	20,704	20,694
Permanent placement	578	567	494
Career transition	349	335	369
Other	2,421	2,261	2,103
Total revenues	**23,427**	**23,867**	**23,660**

In Note 19, revenues are additionally disaggregated by segment, country and business lines.

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 Italy, Benelux & Nordics, India and Career Transition & Talent Development operating segments.

Other services

Revenues related to other services include outsourcing, Managed Service Programmes (MSP), and 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 if 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.

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 the 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 at 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 2019, 2018 and 2017. The Company does not consider any of its 2019, 2018 and 2017 acquisition transactions to be material, individually or in the aggregate, to its consolidated balance sheets or statements of operations.

The following table illustrates the aggregate impact of the 2019 and 2018 acquisitions:

in EUR	2019	2018
Impact of acquisitions		
Net tangible assets acquired	2	21
Identified intangible assets	8	98
Goodwill	2	307
Deferred tax assets/(liabilities), net	(1)	7
Total consideration	**11**	**433**

In February 2018, the Company acquired all outstanding shares of Vettery, Inc. (Vettery) which operates as a digital professional permanent recruitment marketplace for EUR 77, net of EUR 1 cash acquired. Goodwill of EUR 56 and intangible assets of EUR 22 were recorded in connection with Vettery. Vettery was consolidated by the Company as of 20 February 2018, and the results of Vettery operations have been included in the consolidated financial statements since 20 February 2018. The goodwill arising from the acquisition consists largely of acquired expertise and increased penetration in the US digital professional permanent recruitment market.

In May 2018, the Company acquired all outstanding shares of General Assembly Space, Inc. (General Assembly) for EUR 316, net of EUR 5 cash and EUR 7 restricted cash acquired. Goodwill of EUR 236 and intangible assets of EUR 66 were recorded in connection with General Assembly. General Assembly was consolidated by the Company as of 31 May 2018, and the results of General Assembly operations have been included in the consolidated financial statements since 31 May 2018. The goodwill arising from the acquisition consists largely of acquired expertise and increased penetration in the career transformation markets.

Total acquisition related costs expensed in 2019, 2018 and 2017 were not significant. Acquisition related costs are included in SG&A within the consolidated statements of operations.

Note 4 – Trade accounts receivable

in EUR	31.12.2019	31.12.2018
Trade accounts receivable	4,385	4,498
Allowance for doubtful accounts	(75)	(66)
Trade accounts receivable, net	**4,310**	**4,432**

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Note 5 – Property, equipment, and leasehold improvements

in EUR	31.12.2019 Gross	31.12.2019 Accumulated depreciation	31.12.2018 Gross	31.12.2018 Accumulated depreciation
Land and buildings	3	(2)	4	(2)
Furniture, fixtures, and office equipment	118	(88)	118	(86)
Computer equipment	191	(144)	169	(129)
Capitalised software	606	(428)	601	(457)
Leasehold improvements	216	(154)	222	(158)
Total property, equipment, and leasehold improvements	**1,134**	**(816)**	**1,114**	**(832)**

Depreciation expense was EUR 107, EUR 86, and EUR 77 for 2019, 2018, and 2017, respectively.

In 2018, a write-down of EUR 16 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 52, EUR 35, and EUR 36 of depreciation expense in connection with capitalised software in 2019, 2018, and 2017, respectively. The estimated aggregate depreciation expense related to computer software is EUR 65 in 2020, EUR 54 in 2021, EUR 34 in 2022, EUR 15 in 2023 and EUR 10 in 2024.

Note 6 – Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended 31 December 2019 and 31 December 2018 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 2018	**237**	**378**	**910**	**630**	**76**	**–**	**247**	**350**	**67**	**2,895**
Additions			58		8		6	235		307
Allocation to disposals/deconsolidations	(2)						(5)			(7)
Impairment charge				(270)						(270)
Currency translation adjustment		11	36	1	7		(2)	16		69
31 December 2018	**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**

As of 31 December 2019 and 31 December 2018, the gross goodwill amounted to EUR 4,037 and EUR 4,181, respectively.

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.

As of 31 December 2018, accumulated impairment charges amounted to EUR 1,187 of which EUR 1,043 in Germany, Austria, Switzerland, EUR 81 in Australia & New Zealand, EUR 16 in N. America, UK & I. General Staffing, EUR 38 in N. America, UK & I. Professional Staffing, and EUR 9 in India, impacted by fluctuations in exchange rates.

Goodwill is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount of goodwill may be impaired. The Company performed its annual impairment test of goodwill in the fourth quarter of 2019, 2018, and 2017. From the annual impairment test of goodwill 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 based on management's revised five-year projections for sales and earnings on recent and proposed regulatory changes in Germany and the weaker macroeconomic outlook in certain markets of the Company's business in the fourth quarter of 2018 compared to the first, second and third quarter of 2018 and the end of 2017 and 2016.

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 2019, 2018, and 2017 ranged from 6.4% to 8.2%.

The carrying amounts of other intangible assets as of 31 December 2019 and 31 December 2018 are as follows:

in EUR	31.12.2019 Gross	31.12.2019 Accumulated amortisation	31.12.2018 Gross	31.12.2018 Accumulated amortisation
Intangible assets				
Marketing-related (trade names)	273	(32)	312	(24)
Customer base	193	(150)	386	(314)
Contract	57	(24)	57	(16)
Acquired technology	29	(15)	28	(6)
Other	3	(2)	4	(1)
Total intangible assets	**555**	**(223)**	**787**	**(361)**

Amortisation expense was EUR 64, EUR 52, and EUR 32 for 2019, 2018, and 2017, respectively.

The carrying amount of indefinite-lived intangible assets was EUR 131 and EUR 267 as of 31 December 2019 and 31 December 2018, respectively. Indefinite-lived intangible assets consist of trade names.

In the third quarter of 2017, the Company performed an interim impairment test of indefinite-lived intangible assets based on the Company's strategy to streamline its brand portfolio. As a result of this strategy an impairment of intangible assets (trade names) of EUR 129 was recognised.

The Company performed its annual impairment test of indefinite-lived intangible assets in the fourth quarter of 2019, 2018, and 2017. 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 and 2017 the Company determined that there was no indication of impairment.

The estimated aggregate amortisation expense related to definite-lived intangible assets is EUR 78 in 2020, EUR 63 in 2021, EUR 41 in 2022, EUR 5 in 2023, EUR 2 in 2024, and EUR 12 thereafter. The weighted-average amortisation period for customer base intangible assets is five years.

Note 7 – Restructuring

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 2019 and 2018 amounted to EUR 70 and EUR 59, respectively. Restructuring expenses are recorded in SG&A and mainly represent headcount reductions and branch optimisation. The Company expects to incur approximately EUR 70 in 2020 in connection with this programme.

The following table shows the total amount of restructuring costs incurred by segment:

in EUR	2019	Cumulative costs incurred to 31.12.2019
Restructuring costs		
France	8	10
N. America, UK & I. General Staffing	4	6
N. America, UK & I. Professional Staffing	9	14
Germany, Austria, Switzerland	18	43
Benelux & Nordics	3	8
Italy	1	1
Japan		
Career Transition & Talent Development	19	24
Other	4	10
Corporate	4	13
Total restructuring costs	**70**	**129**

Notes to consolidated financial statements continued

in millions, except share and per share information

The changes in restructuring liabilities for the year ended 31 December 2019 are as follows:

in EUR	Restructuring liabilities
1 January 2019	**30**
Restructuring costs	70
Cash payments	(48)
Write-off of fixed assets, impairment of operating lease right-of-use assets, and other	(14)
31 December 2019	**38**

As of 31 December 2019, restructuring liabilities in connection with these initiatives of EUR 38 were recorded in Other accrued expenses. As of 31 December 2019, the remaining liability related to onerous leases of EUR 9 was recorded in Current operating lease liabilities and Operating lease liabilities.

Note 8 – Equity method investments

Investments in equity affiliates as of 31 December 2019 and 31 December 2018 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.

As part of the Company's strategy to bring more focus and discipline to portfolio management, the ownership interest in IQN/Beeline Holdings, LLC was divested in August 2018 resulting in a gain on sale of EUR 113.

The changes in the carrying amount of investments in equity affiliates for the years ended 31 December 2019 and 31 December 2018 are as follows:

in EUR	2019	2018
1 January	**76**	**173**
Additional equity method investments	2	3
Divestiture of IQN/Beeline ownership interest		(113)
Proportionate net income of investee companies	17	12
Dividends and distributions received	(9)	(3)
Currency translation adjustment and other	(3)	4
31 December	**83**	**76**

Note 9 – Operating leases

Adoption of ASC Topic 842 – "Leases"

The Company adopted ASC Topic 842 as of 1 January 2019 using the modified retrospective approach. The Company's results for reporting periods beginning 1 January 2019 or later are presented under this guidance, while prior periods are not retrospectively adjusted and are presented in accordance with the Company's previous accounting policy under ASC Topic 840.

in EUR	2019
The components of Operating lease expenses in accordance with Topic 842 – "Leases" are as follows:	
• Operating lease expenses	229
• Short-term lease expenses	12
• Variable lease expenses	1
• Sublease income	(8)
Total operating lease expenses	**234**

For the fiscal year ended 31 December (in EUR)	2019
Supplemental information related to operating leases are as follows:	
• Cash paid for amounts included in the measurement of operating lease liabilities	228
• Operating lease right-of-use assets obtained in exchange for operating lease liabilities	195

As of 31 December (in EUR)	2019
Operating leases weighted average:	
• Lease term	3.6 years
• Discount rate	4.0%

Maturities of operating lease liabilities as of 31 December 2019 are as follows:

in EUR	
2020	199
2021	116
2022	74
2023	47
2024	29
Thereafter	29
Total future undiscounted lease payments	**494**
Less imputed interest	(33)
Total operating lease liabilities	**461**
Current operating lease liabilities	196
Long-term operating lease liabilities	265

As of 31 December 2019, future undiscounted operating lease payments that have not yet commenced and are not included in the table above amounted to EUR 37. 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 840 Operating Leases amounted to EUR 241 in 2018 and EUR 225 in 2017. Future minimum annual lease payments under operating leases translated using 31 December 2018 exchange rates were as follows:

in EUR	2019	2020	2021	2022	2023	Thereafter	Total
Operating leases	195	132	90	55	38	41	551

Note 10 – Financing arrangements

Short-term debt

As of 31 December 2019 and 31 December 2018, bank overdrafts and other short-term borrowings amounted to EUR 56 and EUR 52, 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 2019 and 31 December 2018.

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 2019 and 31 December 2018 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2019	31.12.2018
20-year guaranteed Japanese Yen fixed rate notes	JPY 7,000	2039	1.14%	57	
15-year guaranteed Japanese Yen fixed rate notes	JPY 6,000	2033	1.05%	49	48
10.5-year guaranteed Euro medium-term notes	EUR 300	2029	1.25%	302	
8-year Swiss Franc fixed rate notes	CHF 100	2026	0.875%	92	89
8-year guaranteed Euro medium-term notes	EUR 500	2024	1.0%	506	499
7-year guaranteed Euro medium-term notes	EUR 300	2022	1.5%	301	501
4-year guaranteed USD medium-term notes	USD 300	2021	2.625%	270	260
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%	115	111
6-year guaranteed Euro medium-term notes	EUR 214	2019	2.75%		214
Other				1	2
				1,693	1,724
Less current maturities				(116)	(215)
Long-term debt, less current maturities				**1,577**	**1,509**

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 primarily 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 primarily used for general corporate purposes.

The Company has entered into cash flow hedges of the 2033 notes, which are further discussed in Note 14.

10.5-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 3 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% due on 18 September 2026, but callable by the Company at par within 3 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 primarily used for general corporate purposes.

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 3 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 2018 and 2019 notes.

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 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.

6-year guaranteed Euro medium-term notes due 2019

On 16 July 2013, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 400 medium-term 6-year notes with a coupon of 2.75% (2019 notes), guaranteed by Adecco Group AG, due on 15 November 2019, but callable by the Company at par within 3 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 the refinancing of the 5-year guaranteed Euro medium-term notes due on 28 April 2014 and for general corporate purposes.

In December 2016, the Company bought back EUR 186 nominal value at 107.571% of the outstanding 2019 notes and incurred a loss of EUR 15 on the buyback included in other income/(expenses), net. The buyback reduced the nominal value of the outstanding principal of the 2019 notes to EUR 214.

On 20 August 2019, the Company exercised its call option and repaid the 2019 notes.

Payments of long-term debt translated using 31 December 2019 exchange rates are due as follows:

in EUR	2020	2021	2022	2023	2024	Thereafter	Total
Payments due by year	116	270	301		506	500	1,693

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 2019, the first 1-year extension option was exercised, and the maturity date of the credit facility was extended to April 2024. 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 shall 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 2019 and 31 December 2018, there were no outstanding borrowings under the credit facility.

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Note 11 – Shareholders' equity

The summary of the components of authorised shares as of 31 December 2019, 31 December 2018, and 31 December 2017 and changes during those years are as follows:

	Outstanding shares	Treasury shares	Issued shares	Conditional capital	Authorised capital	Authorised shares
Changes in components of authorised shares						
1 January 2017	**170,346,804**	**809,383**	**171,156,187[1]**	**19,566,804**		**190,722,991**
Changes in conditional and authorised capital				(4,166,804)	8,557,809	4,391,005
Purchased over second trading line (share buyback)	(4,201,500)	4,201,500				
Other treasury share transactions	(308,970)	308,970				
31 December 2017	**165,836,334**	**5,319,853**	**171,156,187[2]**	**15,400,000**	**8,557,809**	**195,113,996**
Share cancellation		(4,580,260)	(4,580,260)		(229,013)	(4,809,273)
Purchased over second trading line (share buyback)	(2,451,760)	2,451,760				
Other treasury share transactions	178,884	(178,884)				
31 December 2018	**163,563,458**	**3,012,469**	**166,575,927[2]**	**15,400,000**	**8,328,796**	**190,304,723**
Share cancellation		(3,231,750)	(3,231,750)		(161,596)	(3,393,346)
Purchased over second trading line (share buyback)	(1,378,750)	1,378,750				
Other treasury share transactions	(101,856)	101,856				
31 December 2019	**162,082,852**	**1,261,325**	**163,344,177[2]**	**15,400,000**	**8,167,200**	**186,911,377**

1 Shares at CHF 1 nominal value.

2 Shares at CHF 0.10 nominal value.

Authorised shares and appropriation of available earnings

As approved by the shareholders at the Annual General Meeting of Shareholders of Adecco Group AG held on 20 April 2017 (2017 AGM), the 4,166,804 shares of conditional capital reserved for issuance of common shares to employees and members of the Board of Directors upon the exercise of stock options were cancelled on 18 July 2017. As of 31 December 2019, 31 December 2018, and 31 December 2017, Adecco Group AG was authorised by its shareholders to issue up to 15,400,000 shares in connection with the issuance of financial instruments, principally convertible bonds. The shares represent conditional capital authorised without time limitation and remain available for share issuance upon conversion of financial instruments issued or to be issued in the future.

As of 31 December 2019, the Board of Directors are authorised, until 30 April 2021, to increase the share capital to a maximum of CHF 1 through the issuance of up to 8,167,200 shares 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). As of 31 December 2018 and 31 December 2017, the Board of Directors were authorised, until 30 April 2019, to increase the share capital to a maximum of CHF 1 through the issuance of up to 8,328,796 shares and 8,557,809 shares with a nominal value of CHF 0.10 per share, as approved by the shareholders at the 2017 AGM.

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 2019, the standalone financial statements of Adecco Group AG included shareholders' equity of CHF 3,966 (EUR 3,654), of which CHF 16 represent share capital, CHF (75) represent treasury shares, and CHF 4,025 represent reserves and retained earnings. Of the CHF 4,025 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 2019 AGM, the shareholders approved a dividend of CHF 2.50 per share outstanding in respect of the fiscal year 2018. The entire dividend of EUR 363 was directly distributed to shareholders from voluntary retained earnings in April 2019.

For 2019, 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 distributed from voluntary retained earnings to the shareholders.

Treasury shares

In 2019, 2018, and 2017, the number of treasury shares acquired on the regular trading line amounted to 319,583, 84,423, and 597,279, respectively, and the net consideration paid amounted to EUR 15, EUR 5, and EUR 39, respectively.

In 2019, 2018 and 2017, the Company awarded 26,559 treasury shares, 25,960 treasury shares, and 19,684 treasury shares, respectively, to the Board of Directors as part of their remuneration package (refer to section 5.1 "Board of Directors' remuneration and shareholding" within the Remuneration Report). In addition, in 2019, 2018, and 2017, 191,168 treasury shares, 237,347 treasury shares, and 268,625 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

As of 31 December 2019, the treasury shares, excluding those acquired on the 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) 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 300 announced in March 2017 (completed in March 2018)
- EUR 150 announced in March 2018 (completed in March 2019)

As of 31 December 2019, 31 December 2018, and 31 December 2017, Adecco Group AG held 220,000 shares, 2,073,000 shares, and 4,201,500 shares, respectively, acquired under the share buyback programmes. The Company acquired 1,378,750 shares for EUR 61 in 2019, 2,451,760 shares for EUR 113 in 2018, and 4,201,500 shares for EUR 275 in 2017, respectively, under the share buyback programmes.

At the 2019 AGM, the shareholders approved the cancellation of 3,231,750 treasury shares acquired under the share buyback programme and the corresponding reduction of Adecco Group AG's share capital by 3,231,750 registered shares with a nominal value of CHF 0.10 each. The cancellation of 3,231,750 treasury shares was completed on 3 July 2019. Effective 3 July 2019 the share capital of the Company amounts to CHF 16 divided into 163,344,177 shares.

The Board of Directors of Adecco Group AG will propose to the Annual General Meeting of Shareholders of 16 April 2020 a reduction of share capital through the cancellation of the remaining 220,000 shares repurchased under the EUR 150 share buyback programme.

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	31.12.2019	31.12.2018	31.12.2017
Currency translation adjustment	(151)	(227)	(266)
Change in fair value of marketable securities	1		
Change in fair value of cash flow hedges	(4)	(1)	
Pension-related adjustments	(59)	(45)	(25)
Accumulated other comprehensive income/(loss), net	**(213)**	**(273)**	**(291)**

In 2019, 2018, and 2017, an amount of EUR 3 (net of tax of EUR 2), EUR 1 (net of tax of less than EUR 1), 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 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 2019 and 2018, respectively, whereas no significant amounts were reclassified in 2017.

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Note 12 – Stock-based compensation

As of 31 December 2019, the Company had non-vested share awards outstanding relating to its common shares. Compensation expense of EUR 12, EUR 12, and EUR 14, was recognised in 2019, 2018, and 2017, respectively, in connection with the non-vested share awards granted in 2019, 2018, and 2017. The total income tax benefit recognised related to stock compensation amounted to EUR 2 in 2019, EUR 2 in 2018, and EUR 3 in 2017.

Non-vested share award plans

Performance share awards were granted in March 2019, 2018, and 2017 to the members of the Executive Committee under the Company's long-term incentive plan (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 2019, 2018, and 2017 awards 31 December 2021, 31 December 2020, and 31 December 2019, respectively). The requisite service period represents three calendar years starting on 1 January 2019, 1 January 2018, and 1 January 2017, 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 2019, 2018, and 2017 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 2019, 2018, and 2017 to a further group of senior managers (approximately 255 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 2019 for 2019 awards, 1 January 2018 for 2018 awards, and 1 January 2017 for 2017 awards.

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 case of performance share awards) and before the end of the vesting period (in 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 2019, 2018, and 2017 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 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 (2017 binomial model), with an additional discount applied due to a 2-year post-vesting restriction on the sale of share awards granted in 2019 and 2018. 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.

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:

	2019	2018	2017
Assumptions used for the estimation of the fair value of the TSR awards			
Implied at-the-money volatility	**21.1%**	19.8%	22.3%
Expected dividend yield	**4.70%**	3.60%	3.57%
Expected term	**3 years**	3 years	3 years
Risk-free rate	**n/a**	n/a	-0.68%

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 2019, 31 December 2018, and 31 December 2017 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 2017	**228,992**	**24**
Granted	186,217	27
Forfeited	(7,185)	24
Lapsed	(15,629)	27
Vested		
Non-vested share awards outstanding as of 31 December 2017	**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**

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 2019, 2018, or 2017. There were no outstanding 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 and 31 December 2017 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 2017	**58,194**	**68**	**58,194**	**68**
Granted				
Forfeited				
Lapsed	(7,811)	65	(9,685)	65
Vested	(23,445)	65	(21,571)	65
Non-vested share awards outstanding as of 31 December 2017	**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	–	–	–	–

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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 granted in 2019 and 2018. The discount is not applied to determine the fair value of the RSU replacement 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 2019, 31 December 2018, and 31 December 2017 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 2017	**440,304**	**60**
Granted	188,676	55
Forfeited	(39,274)	56
Cancelled	(309)	55
Vested	(223,609)	61
Non-vested share awards outstanding as of 31 December 2017	**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**

1 Includes RSU replacement awards.

As of 31 December 2019, the total unrecognised compensation expense related to non-vested share awards amounted to EUR 12. 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 2019, 2018, and 2017 amounted to EUR 9, EUR 15, and EUR 16, respectively.

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 99 in 2019, EUR 100 in 2018, and EUR 84 in 2017 in connection with defined contribution plans, and an expense of EUR 65, EUR 68, and EUR 63 in connection with the Italian employee termination indemnity arrangement in 2019, 2018, and 2017, 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 2019 and 31 December 2018, the assets held in the Rabbi trusts amounted to EUR 144 and EUR 129, respectively. The related pension liability totalled EUR 141 and EUR 128 as of 31 December 2019 and 31 December 2018, 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 2019 and 31 December 2018, Alecta managed approximately EUR 75,900 and EUR 75,400, respectively, of plan assets on behalf of 2.5 million private individuals and 35,000 companies. Total contributions made by all plan members to this plan in 2018 amounted to approximately EUR 4,700. The information on total contributions made by all plan members in 2019 has not yet been published by Alecta. Contributions made to this plan by the Company amounted to EUR 2 in 2019, EUR 2 in 2018, and EUR 2 in 2017.

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 2019 and 2018 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 period 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	**2019**	2018	2017	**2019**	2018	2017
Components of pension expense						
Service cost	19	19	17	13	7	7
Interest cost	2	1	2	10	2	2
Expected return on plan assets	(6)	(6)	(6)	(9)	(2)	(1)
Amortisation of prior years' service costs	(1)	(1)	(2)	1	1	1
Amortisation of net (gain)/loss	1		1	2	1	1
Pension expense, net	**15**	**13**	**12**	**17**	**9**	**10**

All other components of net defined pension expense except service costs are included in the line item "Other income/(expenses), net" in the statement of operations.

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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 2019 and 31 December 2018:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Pension liabilities and assets				
Projected benefit obligation, beginning of year	**284**	**259**	**228**	**205**
Service cost	19	19	13	7
Interest cost	2	1	9	2
Participants contributions	66	63	14	1
Plan amendments			8	
Actuarial (gain)/loss	34	2	18	(1)
Effect of acquisitions, divestments or transfers				19
Benefits paid	(76)	(72)	(18)	(5)
Settlement			(1)	(1)
Foreign currency translation	11	12	2	1
Projected benefit obligation, end of year	**340**	**284**	**273**	**228**
Plan assets, beginning of year	**296**	**287**	**160**	**142**
Actual return on assets	45	(14)	11	
Employer contributions	21	21	8	4
Effect of acquisitions, divestments or transfers				18
Participants contributions	66	63	14	1
Benefits paid	(76)	(72)	(15)	(3)
Settlement			(1)	(1)
Foreign currency translation	12	11	1	(1)
Plan assets, end of year	**364**	**296**	**178**	**160**
Funded status of the plan	**24**	**12**	**(95)**	**(68)**
Accumulated benefit obligation, end of year	**333**	**278**	**263**	**126**

The following amounts are recognised in the consolidated balance sheets as of 31 December 2019 and 31 December 2018:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Pension-related assets				
Other assets	24	12	5	1
Pension-related liabilities				
Other accrued expenses			(3)	(1)
Other liabilities			(97)	(68)
Total	**24**	**12**	**(95)**	**(68)**

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. The net loss to be amortised from accumulated other comprehensive income/(loss), net, into earnings, over the next fiscal year amounts to EUR 3 for the non-Swiss defined benefit plans. In addition, a EUR 1 gain and EUR 2 loss of prior years' service costs related to the Swiss defined benefit plan and non-Swiss defined benefit plans, respectively, are to be amortised into earnings from accumulated other comprehensive income/(loss), net, over the next fiscal year.

As of 31 December 2018, the Company recognised a net actuarial loss of EUR 26 and EUR 19 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 2 and a net loss of EUR 2 of prior years' service costs were recognised in accumulated other comprehensive income/(loss), net, as of 31 December 2018, for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively. The net actuarial loss to be amortised from accumulated other comprehensive income/(loss), net, into earnings, over the next fiscal year amounts to EUR 1 for the Swiss defined benefit plan and EUR 1 for the non-Swiss defined benefit plans. In addition, a EUR 1 gain and EUR 1 loss of prior years' service costs related to the Swiss defined benefit plan and non-Swiss defined benefit plans, respectively, are to be amortised into earnings from accumulated other comprehensive income/(loss), net, over the next fiscal year.

For plans with a PBO in excess of the fair value of plan assets as of 31 December 2019 and 31 December 2018, the total PBO was EUR 272 and EUR 128, respectively, and the fair value of the plan assets was EUR 176 and EUR 59, respectively.

Certain of the Company's pension plans have an ABO that exceeds the fair value of plan assets. For plans with an ABO that exceeds the fair value of plan assets, the aggregated ABO was EUR 261 and EUR 125 as of 31 December 2019 and 31 December 2018, respectively, and the fair value of the plan assets of those plans was EUR 176 and EUR 61, 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 %	2019	2018	2017	2019	2018	2017
Weighted-average actuarial assumptions						
Discount rate	0.1	0.8	0.6	3.1	1.9	1.8
Rate of increase in compensation levels	2.1	2.1	2.1	3.0	1.5	1.5
Expected long-term rate of return on plan assets	2.2	2.2	2.2	6.6	3.6	3.7

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 2019 and 31 December 2018, 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	55–80
Real estate	5–30	0–5
Other	0–50	0–100

The actual asset allocations of the plans are in line with the target asset allocations.

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The table below sets forth the fair value of the Company's pension plan assets as of 31 December 2019 and as of 31 December 2018. 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 2019

	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	12			12	9			9
Equity securities:								
• Switzerland	65			65				
• Rest of the world	92			92				
Debt securities:								
• Government bonds	19			19	60			60
• Corporate bonds	75			75	55			55
Alternative investments:								
• Commodity funds/private equity	16			16	9			9
• Alternative investment funds		11		11	21			21
Real estate funds	52			52				
Other					4		20	24
Net plan assets subject to levelling	**331**	**11**		**342**	**158**		**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**

31 December 2018

	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	13			13	6			6
Equity securities:								
• Switzerland	47			47				
• Rest of the world	72			72				
Debt securities:								
• Government bonds	15			15	15			15
• Corporate bonds	61			61	2			2
Alternative investments:								
• Commodity funds/private equity	14			14				
• Alternative investment funds		10		10	16			16
Real estate funds	41			41				
Other					4		20	24
Net plan assets subject to levelling	**263**	**10**		**273**	**43**		**20**	**63**
Investments using NAV as a practical expedient:								
Alternative investments:								
• Commodity funds/private equity				11				
Real estate funds				12				
Investments at fair value				**296**				**63**

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 2019 and 31 December 2018 is as follows:

in EUR	Non-Swiss plans
Private equity funds	
Balance as of 1 January 2018	
Purchases, sales, and settlements, net	20
Balance as of 31 December 2018	**20**
Purchases, sales, and settlements, net	
Balance as of 31 December 2019	**20**

The Company expects to contribute EUR 22 to its pension plan in Switzerland and EUR 8 to its non-Swiss plans in 2020.

Future benefits payments, which include expected future service, are estimated as follows:

in EUR	Swiss plan	Non-Swiss plans
Future benefits payments		
2020	77	18
2021	25	17
2022	21	17
2023	20	18
2024	19	19
Years 2025–2029	71	102

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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 our 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 2019 and 31 December 2018:

	31.12.2019		31.12.2018	
in EUR	Carrying value	Fair value	Carrying value	Fair value
Non-derivative financial instruments				
Current assets:				
• Cash and cash equivalents	1,351	1,351	652	652
• Trade accounts receivable, net	4,310	4,310	4,432	4,432
Current liabilities:				
• Accounts payable	829	829	793	793
• Short-term debt	56	56	52	52
• Current maturities of long-term debt	116	120	215	222
Non-current liabilities:				
• Long-term debt, less current maturities	1,577	1,601	1,509	1,758

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).

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 2019 and 31 December 2018:

		Notional amount		Fair value	
in EUR	Balance sheet location	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	997	44	21	1
• Interest rate swaps	Other assets	618	300	13	6
• Cross-currency interest rate swaps	Other assets		48		
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	60	310		6
• Cross-currency interest rate swaps	Other assets	49		3	
Derivative liabilities					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	198	314	(1)	(12)
• Interest rate swaps	Other liabilities		262		
• Cross-currency interest rate swaps	Other liabilities	107		(5)	
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	439	669	(13)	(13)
• Cross-currency interest rate swaps	Other accrued expenses		44		(1)
• Cross-currency interest rate swaps	Other liabilities	337	200	(24)	(10)
Total net derivatives				(6)	(23)

In addition, accrued interest receivable on interest rate swaps of less than EUR 1 was recorded in other current assets as of 31 December 2019 and less than EUR 1 as of 31 December 2018. 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. As of 31 December 2018, accrued interest receivable on cross-currency interest rate swaps of less than EUR 1 was recorded in other current assets.

The fair value of interest rate swaps and foreign currency contracts are calculated using the present value of future cash flows based on observable market inputs. 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 case of an asset position and its own CDS spread in case of a liability position. As of 31 December 2019 and 31 December 2018, the total impact of non-performance risk and liquidity risk was an adjustment of less than EUR 1 in both years.

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 a fair value hedges for a portion of the EUR and USD notes issued by Adecco International Financial Services BV.

The following table shows the gain/(loss) recognised in earnings related to the fair value hedges and the hedged items as of 2019, 2018, and 2017:

		2019		2018		2017	
in EUR	Location of gain/(loss) in Consolidated statements of operations	Recognised on derivatives	Recognised on hedged items	Recognised on derivatives	Recognised on hedged items	Recognised on derivatives	Recognised on hedged items
Derivatives designated as fair value hedges							
• Interest rate swap	Interest expense	18	(17)	8	(8)	(1)	

In addition, the Company recorded a gain of EUR 1 in 2019, less than EUR 1 in 2018, and less than EUR 1 in 2017, 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 2019, 2018, and 2017, 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 2019, 2018, and 2017.

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The following table shows the amounts recorded in the consolidated balance sheets related to cumulative basis adjustments for fair value hedges as of 2019, 2018, and 2017:

	2019			2018			2017		
in EUR	Carrying amount of hedged items	Cumulative amount of fair value hedging adjustment gain/(loss) included in the carrying amount of the hedged items	Cumulative amount of fair value hedging adjustment remaining for which hedge accounting has been discontinued	Carrying amount of hedged items	Cumulative amount of fair value hedging adjustment gain/(loss) included in the carrying amount of the hedged items	Cumulative amount of fair value hedging adjustment remaining for which hedge accounting has been discontinued	Carrying amount of hedged items	Cumulative amount of fair value hedging adjustment gain/(loss) included in the carrying amount of the hedged items	Cumulative amount of fair value hedging adjustment remaining for which hedge accounting has been discontinued
Liabilities									
Non-current liabilities:									
Long-term debt, less current maturities	684	(20)	(2)	614	(6)	(1)	50		(1)

Cash flow hedges

Cross-currency interest rate swaps, that contain a receipt of fixed interest rate amount in JPY and payment of fixed interest rate amount in USD, have been designated as cash flow hedges of the JPY notes issued by Adecco Financial Services (North America), LLC.

Further, the Company entered into foreign currency contracts, that have been designated as cash flow hedges, to mitigate exposure to foreign currency exchange rate volatility arising from intercompany cash flows within the next 12 months denominated in other currencies than 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 cash flow hedges as of 2019, 2018, and 2017:

		2019		2018		2017	
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 cash flow hedges							
• Foreign currency contracts	Other income/(expenses), net	1	1				
• Cross-currency interest rate swap	Other income/(expenses), net	(7)	2	(1)			

No significant gains or losses were recorded in 2019, 2018, and 2017, due to ineffectiveness in cash flow hedge relationships. In 2019, 2018, and 2017, 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 reclass EUR 2 that are reported in accumulated other comprehensive income/(loss), net into other income/(loss), net from cash flow hedges.

Net investment hedges

In 2019 and 2018, the Company has entered into certain derivative contracts that are designated as net investment hedges under ASC 815. Foreign currency forward contracts are mainly 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 2019, 2018 and 2017:

		2019		2018		2017	
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	9		(4)		18	

In 2019, 2018, and 2017, losses of EUR 11, EUR 4, and EUR 4, respectively were excluded from the assessment of hedge effectiveness of the net investment hedges.

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 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 2019, 2018, and 2017:

		Gain/(loss) on derivative recognised in earnings		
in EUR	Location of gain/(loss) in Consolidated statements of operations	2019	2018	2017
Derivatives not designated as hedging instruments				
• Foreign currency contracts	Other income/(expenses), net	(14)	(12)	51
• Cross-currency interest rate swaps	Other income/(expenses), net	(9)	(7)	(2)

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 exposure in combination with the short-term investments with each counterparty.

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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 2019 and 31 December 2018, consistent with the fair value hierarchy provisions of ASC 820:

in EUR	Level 1	Level 2	Level 3	Total
31 December 2019				
Assets				
Available-for-sale securities			6	6
Derivative assets		37		37
Liabilities				
Derivative liabilities		43		43
31 December 2018				
Assets				
Available-for-sale securities			3	3
Derivative assets		13		13
Liabilities				
Derivative liabilities		36		36

Note 16 – Other income/(expenses), net

For the years 2019, 2018, and 2017 other income/(expenses), net, consist of the following:

in EUR	2019	2018	2017
Foreign exchange gain/(loss), net	(9)	(9)	(4)
Interest income	14	9	7
Proportionate net income of equity method investments	14	12	8
Other non-operating income/(expenses), net	188	88	(10)
Total other income/(expenses), net	**207**	**100**	**1**

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.

In 2017, Other non-operating income/(expenses), net includes a EUR 12 loss related to the sale of OnForce.

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 301, EUR 295, and EUR 180, in 2019, 2018, and 2017, respectively. Foreign source income before income taxes amounted to EUR 775, EUR 432, and EUR 759 in 2019, 2018, and 2017, respectively.

The provision for income taxes consists of the following:

in EUR	2019	2018	2017
Provision for income taxes			
Current tax provision:			
Domestic	31	16	12
Foreign	371	276	305
Total current tax provision	**402**	**292**	**317**
Deferred tax provision/(benefit):			
Domestic	(14)	18	16
Foreign	(40)	(43)	(184)
Total deferred tax provision/(benefit)	**(54)**	**(25)**	**(168)**
Total provision for income taxes	**348**	**267**	**149**

The difference between the provision for income taxes and the weighted-average tax rate is reconciled as follows for the fiscal years:

in EUR	2019	2018	2017
Tax rate reconciliation			
Income taxed at weighted-average tax rate	225	127	239
Items taxed at other than weighted-average tax rate	131	47	43
Non-deductible expenses and other permanent items	29	13	22
Non-deductible impairment of goodwill		86	
Tax treaty adjustment			(1)
Net change in valuation allowance	210	(9)	(143)
Intangible assets tax basis in excess of book basis	(216)		
Other, net	(31)	3	(11)
Total provision for income taxes	**348**	**267**	**149**

In 2019, 2018, and 2017, 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 2019, 2018, and 2017, the reconciling item "items taxed at other than weighted-average tax rate" includes EUR 6 positive impact related to prior year movements in tax contingencies, EUR 7 positive impact, and EUR 24 negative impact, respectively. Additionally, 2018 and 2017 includes the impact of CICE (tax credit for competitiveness and employment), which is non-taxable.

In 2019, 2018, and 2017, 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 2017, the reconciling item "tax treaty adjustment" relates to an adjustment to income tax expense based on a double taxation treaty between two tax jurisdictions.

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 2017, the positive impact of the reconciling item "net change in valuation allowance" is mainly related to a EUR 115 decrease in valuation allowance on prior year and current year losses and changes in temporary differences in France due to tax law changes, and a EUR 22, EUR 3, EUR 2, and EUR 2 decrease in valuation allowance on prior year losses in Switzerland, Denmark, Australia, and Brazil respectively.

In 2019, the positive impact of the reconciling item "Intangible assets tax basis in excess of book basis" is related to a positive EUR 216 impact 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.

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In 2017, the positive impact of the reconciling item "Other, net" includes a positive EUR 16 impact due to tax rate changes on deferred taxes offset by the one-time transition tax as a result of the US Tax Cuts and Jobs Act enacted on 22 December 2017.

As of 31 December 2019 and 31 December 2018, a deferred tax liability of EUR 18 and EUR 17, 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. In 2019 and 2018, the Company has not provided for Swiss income taxes on one of its Swiss subsidiaries' undistributed earnings as such amounts are considered permanently reinvested. As of 31 December 2019 and 31 December 2018, such earnings amounted to approximately EUR 4,056 and EUR 3,687, respectively. Furthermore, in 2019 and 2018, 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 2019 and 31 December 2018, such earnings amounted to approximately EUR 903 and EUR 269, 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	31.12.2019	31.12.2018
Temporary differences		
Net operating loss carryforwards and capital losses	208	229
Tax credits	3	3
Depreciation	7	8
Deferred compensation and accrued employee benefits	88	75
Allowance for doubtful accounts	10	9
Accrued expenses	79	69
Elimination of intercompany transactions	13	12
Intangible assets tax basis in excess of book basis	216	
Operating leases	111	
Other	19	9
Gross deferred tax assets	**754**	**414**
Unrecognised tax benefits provision, net	(65)	(58)
Valuation allowance	(319)	(103)
Deferred tax assets, net	**370**	**253**
Intangible assets book basis in excess of tax basis	(60)	(85)
Tax amortisation in excess of financial amortisation	(71)	(81)
Undistributed earnings of subsidiaries	(18)	(17)
Operating leases	(110)	
Investment book basis in excess of tax basis		(11)
Deferred tax liabilities	**(259)**	**(194)**
Deferred tax assets/(liabilities), net	**111**	**59**

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 216 to EUR 319. Included in the change of the valuation allowance is a net increase of EUR 206 due to changes in temporary differences primarily in Switzerland, a net increase of EUR 4 for current and prior years' losses, and a net increase of EUR 7 related to changes in enacted tax rates and foreign currency fluctuations, offset by a net decrease of EUR 1 related to current and prior years' losses arising from acquisitions.

The following table summarises the deferred tax assets and deferred tax liabilities reported by the Company as of 31 December 2019 and 31 December 2018:

in EUR	Balance sheet location	31.12.2019	31.12.2018
Deferred tax assets	Other assets	155	151
Deferred tax liabilities	Other liabilities	(44)	(92)
Deferred tax assets/(liabilities), net		**111**	**59**

As of 31 December 2019, the Company had approximately EUR 761 of net operating loss carryforwards and capital losses. These losses will expire as follows:

in EUR	2020	2021	2022	2023	2024	Thereafter	No expiry	Total
Expiration of losses by year	18	15	18	5	9	137	559	761

The largest net operating loss carryforwards and capital losses are EUR 711 as of 31 December 2019 in Germany, France, the Netherlands , the USA, the UK, Norway, Australia, Brazil, Denmark and Switzerland. The losses in the Netherlands, Norway, Switzerland and the USA begin to expire in 2020, 2024, 2024, and 2035, respectively. The losses in Germany, France, the UK, Australia, Brazil, Denmark, and a portion of the losses in the USA do not expire. In addition, tax credits of EUR 3 are mainly related to the USA, Spain, and Argentina operations and begin to expire in 2020.

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. As of 31 December 2018, the amount of unrecognised tax benefits including interest and penalties was EUR 97, of which EUR 81 would have, if recognised, decreased 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 2019 and 31 December 2018, the amount of interest and penalties recognised in the balance sheet amounted to EUR 3 and EUR 2, respectively. The total amount of interest and penalties recognised in the statement of operations was a net expense of EUR 1 in 2019, a net benefit of less than EUR 1 in 2018 and less than EUR 1 in 2017, respectively.

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 2017	**47**
Increases related to current year tax positions	15
Expiration of the statute of limitations for the assessment of taxes	(6)
Additions to prior years	33
Decreases to prior years	(2)
Foreign exchange currency movement	(3)
Balance as of 31 December 2017	**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**

In 2017, the item "additions to prior years" includes a EUR 24, EUR 5, and EUR 3 increase related to prior year tax positions in France, Denmark, and Switzerland, respectively, mainly related to changes in estimates due to current year audit activity. The item "decreases to prior years" includes a favourable impact of EUR 2 to income tax expense, mainly due to various settlements of contingencies.

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The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statute of limitations. The open tax years by major jurisdiction are as follows:

Country	Open tax years
Australia	2014 onwards
Belgium	2017 onwards
Canada	2015 onwards
France	2012 onwards
Germany	2010 onwards
Italy	2015 onwards
Japan	2013 onwards
Mexico	2014 onwards
Netherlands	2014 onwards
Spain	2015 onwards
UK	2015 onwards
USA	2018 onwards

In certain jurisdictions, the Company may have more than one tax payer. The table above reflects the statute 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:

	2019		2018		2017	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Net income attributable to Adecco Group shareholders	727	727	458	458	788	788
Denominator						
Weighted-average shares	162,211,290	162,211,290	165,394,453	165,394,453	168,745,176	168,745,176
Incremental shares for assumed conversions:						
• Employee stock-based compensation		330,936		287,467		355,347
Total average equivalent shares	162,211,290	162,542,226	165,394,453	165,681,920	168,745,176	169,100,523
Per share amounts						
Net earnings per share	4.48	4.47	2.77	2.77	4.67	4.66

Note 19 – Segment reporting

The Company is organised in a geographical structure plus the global business CTTD, which corresponds to the primary segments. This structure is complemented by business lines. 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. The business lines consist of General Staffing (Office, Industrial) and Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), as well as Solutions. Solutions comprises Career Transition & Talent Development (CTTD), and Business Process Outsourcing (BPO) which includes Managed Service Programmes (MSP) and Recruitment Process Outsourcing (RPO). The classification of a specific branch into a business line for General Staffing and Professional Staffing is determined by the business line generating the largest revenue share in that specific branch. Effective 1 January 2020, the Company has updated its secondary segment reporting (business lines) to better align with its go-to-market strategy and its global brand structure. The updated business lines will consist 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 has no impact on the Company's primary segment reporting in 2020.

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 those used by the Company.

Revenues derived from temporary staffing represented 86% in 2019, 87% in 2018, and 87% in 2017 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
2019 segment reporting											
Revenues	5,466	2,961	3,403	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	88	162	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[1]	290	238	79	95	62	58	73	89	140	88	1,212

1 Long-lived assets include fixed assets, operating lease right-of-use assets and other assets excluding deferred tax assets.

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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
2018 segment reporting											
Revenues	5,657	2,972	3,434	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	92	185	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[1]	267	175	22	47	22	18	32	31	67	75	756

1 Long-lived assets include fixed assets and other assets excluding deferred tax assets.

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
2017 segment reporting											
Revenues	5,350	3,017	3,608	2,185	2,079	1,837	1,276	424	3,884		23,660
Depreciation	(18)	(9)	(6)	(6)	(5)	(3)	(3)	(4)	(12)	(11)	(77)
Operating income before amortisation and impairment of goodwill and intangible assets	344	93	208	91	72	141	86	119	148	(151)	1,151
Amortisation of intangible assets											(32)
Impairment of intangible assets											(129)
Operating income											990
Interest expense and other income/(expenses), net											(51)
Provision for income taxes											(149)
Net income											**790**
Capital expenditures	(15)	(14)	(6)	(8)	(7)	(4)	(3)	(2)	(14)	(27)	(100)
Equity method investments	4		108						59	2	173
Segment assets	1,831	1,507	1,775	1,187	748	385	406	547	1,075	429	9,890
Long-lived assets[1]	294	167	13	54	18	13	18	14	59	40	690

1 Long-lived assets include fixed assets and other assets excluding deferred tax assets.

Information by country is as follows:

in EUR	France	USA	UK	Germany	Japan	Italy	Switzerland	Rest of the world	Total
Revenues									
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
2017	5,426	4,362	2,121	1,645	1,279	1,841	480	6,506	23,660
Long-lived assets[1]									
2019	321	333	43	50	74	58	104	229	1,212
2018	291	200	19	25	32	18	73	98	756
2017	301	174	11	13	18	13	76	84	690

1 Long-lived assets include fixed assets and other assets excluding deferred tax assets. In 2019 Long-lived assets also include operating lease right-of-use assets.

Revenues by business line are as follows:

in EUR	Office	Industrial	Information Technology	Engineering & Technical	Finance & Legal	Medical & Science	Solutions	Total
Revenues								
2019	5,522	12,009	2,885	721	992	592	706	23,427
2018	5,457	12,695	2,860	683	1,012	549	611	23,867
2017	5,606	12,301	2,984	674	999	503	593	23,660

Note 20 – Commitments and contingencies

As of 31 December 2019, the Company has future purchase and service contractual obligations of approximately EUR 121, 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 2019 exchange rates are as follows:

in EUR	2020	2021	2022	2023	2024	Thereafter	Total
Purchase and service contractual obligations	69	29	21	2			121

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 799. 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 in the USA. 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.

Notes to consolidated financial statements continued

in millions, except share and per share information

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.

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. Those key recurring risk categories are, amongst others, geopolitical and economic uncertainty, client attraction and retention, associate attraction and retention, employee attraction and retention, financial risk, Information Technology, changes in regulatory/legal and political environment, compliance with laws, disruptive technologies, data protection, and cyber security. 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 the segments before being consolidated.

The financial reporting risk includes the failure to comply with external reporting requirements due to failure of internal controls and 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 2019.

Note 22 – Subsequent events

The Company has evaluated subsequent events through 11 March 2020, the date the consolidated financial statements were available to be issued. Subsequent to 31 December 2019, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. The duration and intensity of the impact of COVID-19 and resulting disruption to the Company's operations is uncertain. Given the dynamic nature of these circumstances, it is unknown how the Company may be affected if such an epidemic persists for an extended period. While not yet quantifiable, the Company believes this situation could have a material adverse impact to its operating results in the short-term and continues to assess the financial impact for the remainder of the year.

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 2019 and 2018, 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 2019 and the related notes to the consolidated financial statements (pages 105 to 146).

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 2019 and 2018, and the consolidated results of its operations and its cash flows for each of the three years in the period ended 31 December 2019 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 41% of the Group's total assets and 109% of the Group's total shareholders' equity as of December 2019. 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, 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 28% of the Group's total assets and 75% of the Group's total shareholders' equity as of December 2019. As stated in Note 1 to the consolidated financial statements, the carrying value of goodwill and indefinite-lived intangible assets is tested annually for impairment. The Company performed its annual impairment test of goodwill and indefinite-lived intangible assets in the fourth quarter of 2019 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. 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 analysing 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. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compare 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	/s/ Roland Ruprecht
Jolanda Dolente	**Roland Ruprecht**
Licensed audit expert (Auditor in charge)	Licensed audit expert

Zürich, Switzerland
11 March 2020

Balance sheets

in millions, except share and per share information

As of (in CHF)	Note	31.12.2019	31.12.2018
Assets			
Current assets:			
• Cash and cash equivalents		23	58
• Receivables			
• from subsidiaries		158	163
• from third parties		5	8
• Current financial assets		23	8
• Other current assets		10	11
Total current assets		**219**	**248**
Non-current assets:			
• Loans to subsidiaries, net		1,893	2,140
• Investments in subsidiaries, net	2	9,713	9,744
• Software and other intangible assets, net		34	33
• Fixed assets, net		2	4
• Non-current financial assets		4	
• Other non-current assets		17	16
Total non-current assets		**11,663**	**11,937**
Total assets		**11,882**	**12,185**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Payables			
• to subsidiaries		19	94
• to third parties		13	38
• Current maturities of long-term interest-bearing debt	4	125	
• Other current liabilities		82	95
Total current liabilities		**239**	**227**
Non-current liabilities:			
• Long-term interest-bearing debt			
• from subsidiaries		7,505	7,903
• from third parties	4	100	225
• Other non-current liabilities		72	32
Total non-current liabilities		**7,677**	**8,160**
Total liabilities		**7,916**	**8,387**
Shareholders' equity			
Share capital		16	17
Statutory reserves from capital contribution	7	2	2
Statutory retained earnings	7	407	407
Voluntary retained earnings	7	3,616	3,532
Treasury shares	8	(75)	(160)
Total shareholders' equity		**3,966**	**3,798**
Total liabilities and shareholders' equity		**11,882**	**12,185**

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	2019	2018
Royalties and licence fees		437	458
Charges to affiliated companies		229	176
Dividends from subsidiaries		328	468
Interest income from subsidiaries		52	54
Interest income from third parties		16	4
Total income		**1,062**	**1,160**
Interest expense to subsidiaries		(30)	(42)
Interest expense to third parties		(5)	(5)
Salaries and social charges		(90)	(83)
Other expenses		(251)	(254)
Depreciation and amortisation		(17)	(13)
Change of provisions on loans and investments, net		(18)	7
Financial income/(expenses), net	12	7	(18)
Other income		14	18
Income/(loss) before taxes		**672**	**770**
Direct taxes		(26)	(9)
Net income/(loss)		**646**	**761**

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 2019, Adecco Group AG had on average 261 full-time employees. In 2018, Adecco Group AG had on average 237 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 2019 and 31 December 2018, the investments in subsidiaries amount to CHF 10,611 and CHF 10,611, respectively, and are shown net of a provision of CHF 898 and CHF 867, respectively. 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. In 2018, the net release of the provision on investments of CHF 137 consists of an increase of provisions of CHF 229 and a release of provisions of CHF 366.

Notes to financial statements continued

in millions, except share and per share information

Direct investments as of 31 December 2019 and 31 December 2018

Country	Registered office	Name of legal entity	2019 Ownership & voting power	2018 Ownership & voting power
Andorra	Andorra la Vella	Adecco Recursos Humans SA	67%	67%
Argentina	Buenos Aires	Adecco Argentina S.A.	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	100%	100%
Belgium	Antwerp	Beeple NV	50%	50%
Bermuda	Hamilton	Adecco Reinsurance Company Limited	100%	100%
Brazil	São Paulo	Adecco Recursos Humanos S.A.	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 privremeno zaposljavanje	100%	100%
Croatia	Zagreb	Adecco Hrvatska d.o.o.	100%	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%
Czech Republic	Prague	Chronos International srl[4]	n.a.	10%
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%
Greece	Athens	Adecco HR SATW	100%	100%
Hong Kong	Hong Kong	Lee Hecht Harrison Pty 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	Ajilon 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 C.V.	100%	100%
Netherlands	Utrecht	Adecco International Financial Services BV	100%	100%
New Zealand	Auckland	Adecco New Zealand Ltd	100%	100%
Norway	Oslo	Olsten Norway AS[3]	n.a.	100%
Norway	Oslo	Adecco Management Norge AS.[1]	100%	n.a.
Poland	Warsaw	Adecco Poland Sp. z o.o.	100%	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%
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	Zurich	Just in time staffing AG	100%	100%
Switzerland	Zug	Adecco Group X AG	100%	100%
Switzerland	Zug	Adecco International AG	100%	100%
Switzerland	Zurich	Adecco Liquidity Services AG[1]	100%	n.a.
Thailand	Bangkok	Adecco Bangna Limited	19%	20%
Thailand	Bangkok	Adecco Consulting Limited	48%	49%
Thailand	Bangkok	Adecco Eastern Seaboard Recruitment Limited	9%	10%
Thailand	Bangkok	Adecco Recruitment (Thailand) Limited	48%	49%
Thailand	Bangkok	Adecco New Petchburi Limited	48%	49%
Thailand	Bangkok	Adecco Phaholyothin Recruitment Limited	8%	9%
Thailand	Bangkok	Adecco Praram 4 Recruitment Limited	48%	49%
Thailand	Bangkok	Spring Professional Recruitment (Thailand) Limited	48%	50%
Turkey	Istanbul	Adecco Hizmet ve Danismanlik AS	0%	0%
USA	Wilmington, DE	Adecco, Inc	100%	100%
USA	San Francisco, CA	Mya Systems, Inc	4%	4%
USA	Chicago, IL	Talent Rover LLC[5]	0%	5%
USA	Delaware, DE	Revere Parent, Inc.[2]	5%	0%
Vietnam	Ho Chi Minh City	CÔNG TY CỔ PHẦN ADECCO VIỆT NAM	100%	100%

1 New company in 2019.
2 Acquired in 2019.
3 Merged in 2019.
4 Liquidated in 2019.
5 Sold in 2019.

All significant indirect investments of Adecco Group AG are listed in section "Major consolidated subsidiaries of the Adecco Group".

Notes to financial statements continued

in millions, except share and per share information

Note 3 – Payables to Adecco Pension Fund

Adecco Group AG has total payables to the Adecco Pension Fund of CHF 1 as of 31 December 2019 and CHF 1 as of 31 December 2018.

Note 4 – Long-term interest-bearing debt

The long-term debt issued by Adecco Group AG as of 31 December 2019 and 31 December 2018 consists of the following:

in CHF	Principal at maturity	Maturity	Fixed interest rate	31.12.2019	31.12.2018
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%	125	125
8-year Swiss Franc fixed rate notes	CHF 100	2026	0.875%	100	100
Total long-term debt				**225**	**225**
Less current maturities				125	
Long-term debt, less current maturities				**100**	**225**

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.

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 3 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 primarily used for general corporate purposes.

Note 5 – Lease commitments

Adecco Group AG has total lease commitments of CHF 5 as of 31 December 2019 of which CHF 2 are due within the next 12 months and CHF 3 are due after 12 months. Adecco Group AG had total lease commitments of CHF 8 as of 31 December 2018 of which CHF 2 were due within 2019 and CHF 6 afterwards.

Note 6 – Contingent liabilities

The contingent liabilities including guarantees and letters of comfort amount to CHF 2,293 as of 31 December 2019 and to CHF 2,423 as of 31 December 2018.

Adecco Group AG has irrevocably and unconditionally guaranteed the 2039 notes of CHF 62 (JPY 7,000) and accrued interest of less than CHF 1, and the 2033 notes of CHF 53 (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 2029 notes of CHF 326 (EUR 300) and accrued interest of less than CHF 1, the 2024 notes of CHF 543 (EUR 500) and accrued interest of less than CHF 1, the 2022 notes of CHF 326 (originally EUR 500 and EUR 300 after bond buyback) and accrued interest of CHF 1, and the 2021 notes of CHF 290 (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 597 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 92 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.

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 2019 and as of 31 December 2018, respectively.

At the Annual General Meeting of Shareholders of Adecco Group AG held on 16 April 2019 (2019 AGM), the shareholders approved a dividend of CHF 2.50 per share outstanding in respect of the fiscal year 2018. The dividend of CHF 405 (EUR 363) was directly distributed to shareholders from voluntary retained earnings in April 2019.

For 2019, 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 2019, 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 2019, the Board of Directors are authorised, until 30 April 2021, to increase the share capital to a maximum of CHF 1 through the issuance of up to 8,167,200 shares with a nominal value of CHF 0.10 per share, as approved by the shareholders at the 2019 AGM.

As of 31 December 2018, the Board of Directors were authorised, until 30 April 2019, to increase the share capital to a maximum of CHF 1 through the issuance of up to 8,328,796 shares 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 20 April 2017 (2017 AGM).

Notes to financial statements continued

in millions, except share and per share information

Note 8 – Treasury shares

As of 31 December 2019 and 31 December 2018 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 2018	**380**	**5,319,853**	
Purchases	6	84,423	69
Purchased over second trading line (share buyback)	129	2,451,760	53
Share cancellation	(338)	(4,580,260)	74
Utilisation for stock-based compensation settlement	(17)	(263,307)	66
31 December 2018	**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**	

In 2019 and 2018, the number of treasury shares acquired by Adecco Group AG on the regular trading line amounted to 319,583 and 84,432, respectively. The highest and lowest price per share paid for the shares acquired in 2019 amounted to CHF 54 and CHF 51, respectively, and for the shares acquired in 2018 CHF 70 and CHF 69, respectively.

In 2019 and 2018, Adecco Group AG awarded 26,559 and 25,960 treasury shares, respectively, to the Board of Directors as part of their remuneration package (refer to section 5.1 "Board of Directors' remuneration and shareholding" in the Remuneration Report). In addition, in 2019 and 2018, 191,168 treasury shares and 237,347 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

As of 31 December 2019, the treasury shares, excluding those acquired on the 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 300 announced in March 2017 (completed in March 2018)
- EUR 150 announced in March 2018 (completed in March 2019)

As of 31 December 2019 and 31 December 2018, Adecco Group AG held 220,000 and 2,073,000 shares, respectively, acquired under the share buyback programmes. Adecco Group AG acquired 1,378,750 shares for CHF 69 (EUR 61) in 2019, and 2,451,760 shares for CHF 129 (EUR 113) in 2018 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, respectively, and in 2018 CHF 80 and CHF 45, respectively.

At the 2019 AGM, the shareholders approved the cancellation of 3,231,750 treasury shares acquired under the share buyback programme and the corresponding reduction of the Adecco Group AG's share capital by 3,231,750 registered shares with a nominal value of CHF 0.10 each. The cancellation of 3,231,750 treasury shares was completed on 3 July 2019. Effective 3 July 2019 the share capital of the Company amounts to CHF 16 divided into 163,344,177 shares.

The Board of Directors of Adecco Group AG will propose to the Annual General Meeting of Shareholders of 16 April 2020 a reduction of share capital through the cancellation of 220,000 shares repurchased under the EUR 150 share buyback programme.

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 2019, Group BlackRock Inc.'s shareholding in Adecco Group AG remained above 5%. Group BlackRock Inc. held 8,455,140 shares as of 18 October 2019.

Silchester International Investors LLP's shareholding in Adecco Group AG reduced to 4.99%. Silchester International Investors LLP held 8,150,667 shares as of 22 November 2019.

For further detailed information, refer to the links listed under item 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 2019**[1]	Shareholding as of 31 December 2018[1]
Rolf Dörig, Chair	90,238	81,351
Kathleen Taylor, Vice-Chair	9,963	7,296
Jean-Christophe Deslarzes	9,769	7,102
Ariane Gorin	5,577	3,072
Alexander Gut	26,319	24,112
Didier Lamouche	9,273	7,279
David Prince	18,753	16,005
Regula Wallimann	3,868	1,444
Total	**173,760**	**147,661**

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

Notes to financial statements continued

in millions, except share and per share information

Executive Committee's shareholdings

Name	Position	Shareholding as of 31 December 2019[1]	Shareholding as of 31 December 2018[1]
Alain Dehaze	Chief Executive Officer	49,360	43,169
Hans Ploos van Amstel	Chief Financial Officer	8,483	5,000
Christophe Catoir	Regional Head of France and Northern Europe	9,469	8,101
John L. Marshall III	Regional Head of North America, UK & Ireland Professional Staffing[2]		7,650
Mark De Smedt	Regional Head of Northern Europe[3]		10,000
Sergio Picarelli	Regional Head of North America, UK & Ireland Professional Staffing & global oversight of Lee Hecht Harrison, General Assembly, Badenoch + Clark, Spring Professional and Pontoon	22,531	19,629
Enrique Sanchez	Regional Head of Iberia, Italy, Eastern Europe & MENA	15,633	14,500
Federico Vione	Regional Head of North America, UK & Ireland General Staffing & Latin America	15,469	14,084
Stephan Howeg	Chief Marketing & Communication Officer	9,265	8,181
Ian Lee	Regional Head of Asia Pacific including Australia, New Zealand and India		
Rob James	Chief Information Officer[4]	1,712	856
Gordana Landen	Chief Human Resources Officer[5]		
Teppo Paavola	Chief Digital Officer[5]		
Jan Gupta	President of Modis[5]		
Total		**131,922**	**131,170**

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

2 Ceased to be a member of the EC in 2018.

3 Ceased to be a member of the EC in 2019.

4 Ceased to be a member of the EC on 31 December 2019.

5 Appointed as EC member in 2019.

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 2019, Adecco Group AG has 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. In 2018, Adecco Group AG has granted to the Executive Committee members employed by Adecco Group AG 205,475 treasury shares for CHF 4 and to other employees employed by Adecco Group AG 50,138 treasury shares for CHF 3 under the Adecco Group long-term incentive plan. For the total number of shares granted in 2019 and in 2018 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

	2019	2018
Foreign exchange gain	85	123
Foreign exchange loss	(22)	(74)
Gain/(loss) from Group hedging	(56)	(67)
Total	**7**	**(18)**

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
Austria	Vienna	Adecco Personalbereitstellungs GmbH	100%	O	EUR	37
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
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, S.A. de C.V.	100%	O	MXN	101,854
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 B.V.	100%	O	EUR	2
Netherlands	Utrecht	Adecco Payroll B.V.	100%	O	EUR	18
Norway	Oslo	Adecco Norge AS	100%	O	NOK	51,000
Poland	Warsaw	Adecco Poland Sp. z o.o.[4]	100%	O	PLN	50
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	6,010
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 S.A.[4]	100%	H	CHF	100
Switzerland	Lausanne	Adecco Ressources Humaines S.A.[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	Badenoch + Clark Limited	100%	O	GBP	4
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	Accounting Principals, 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	Jacksonville, FL	VendorPass, Inc.[3]	100%	S	USD	n.a.
United States	Wilmington, DE	General Assembly Space, Inc.	100%	S	USD	<1
United States	Wilmington, DE	Pontoon Solutions, Inc.	100%	O	USD	n.a.

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	2019	2018
Voluntary retained earnings		
Voluntary retained earnings of previous years	3,127	3,109
Net income/(loss)	646	761
Share cancellation	(157)	(338)
Total available voluntary retained earnings	**3,616**	**3,532**
Dividend distribution of CHF 2.50 per share for 2018		(405)
Proposed dividend distribution of CHF 2.50 per share for 2019	(405)[1]	
Total voluntary retained earnings to be carried forward	**3,211**	**3,127**

in CHF	2019	2018
Share capital		
Share capital from previous years	17	17
Share cancellation	(1)	0[2]
Share capital, end of year	**16**	**17**

1 This represents the amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) of 162,082,852 as of 31 December 2019.

2 The total impact of the share cancellation is 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 149 to 160), for the year ended 31 December 2019.

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 2019 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	Investments in subsidiaries represented 82% of Adecco Group AG's total assets and 245% of Adecco Group AG's total shareholders' equity as of 31 December 2019. Adecco Group AG performed an annual recoverability test of all significant investments in the fourth quarter of 2019. In determining the fair value of the investments, Adecco Group AG must apply judgment in estimating, amongst other factors, future revenues and margins, multiples, long-term growth and discount rates. Due to the significance of the carrying values for investments in subsidiaries and the judgment involved in performing the impairment test, this matter was considered significant to our audit. Refer to Note 2 of Adecco Group AG's financial statements for the company's disclosures on investments in subsidiaries.
Our audit response	We assessed the Company's internal controls over its annual recoverability test and key assumptions applied. We involved valuation specialists to assist in examining the Company's valuation model and analyzing the underlying key assumptions, including future revenues and margins, 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

Jolanda Dolente

Licensed audit expert
(Auditor in charge)

/s/ Roland Ruprecht

Roland Ruprecht

Licensed audit expert

Zürich, Switzerland
11 March 2020

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 pay-out 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)

Free cash flow (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 pay-out ratio

Dividend pay-out ratio refers to the percentage of adjusted net earnings per share paid to shareholders in dividends. Management believes that dividend pay-out 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 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.

Key figures

In EUR millions unless stated	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues	**23,427**	23,867	23,660	22,708	22,010	20,000	19,503	20,536	20,545	18,656
Gross profit	**4,504**	4,433	4,346	4,276	4,179	3,703	3,560	3,674	3,566	3,329
EBITA excluding one-offs	**1,069**	1,080	1,158	1,134	1,152	966	857	817	833	754
EBITA	**988**	987	1,151	1,098	1,086	929	824	729	813	721
Net income attributable to										
Adecco Group shareholders	**727**	458	788	723	8	638	557	377	519	423
Basic EPS (EUR)	**4.48**	2.77	4.67	4.24	0.05	3.62	3.09	2.00	2.72	2.20
Diluted EPS (EUR)	**4.47**	2.77	4.66	4.24	0.05	3.61	3.08	2.00	2.72	2.17
Dividend per share (CHF)	**2.50**[1]	2.50	2.50	2.40	2.40	2.10	2.00	1.80	1.80	1.10
EBITDA excluding one-offs	**1,176**	1,166	1,235	1,219	1,246	1,058	958	920	926	841
EBITDA	**1,095**	1,073	1,228	1,183	1,180	1,021	925	832	906	808
Cash flow from operating activities	**880**	727	737	694	797	771	531	565	538	449
Free cash flow before interest and tax paid	**999**	903	939	941	993	999	695	799	665	537
Free cash flow	**724**	569	637	618	700	691	450	477	429	344
Net debt	**398**	1,124	994	887	1,039	971	1,091	967	889	748
Shareholders' equity	**3,948**	3,589	3,582	3,722	3,346	3,839	3,557	3,699	3,811	3,567
Organic revenue growth	**-3%**	3%	6%	4%	4%	4%	-1%	-4%	10%	12%
Gross margin	**19.2%**	18.6%	18.4%	18.8%	19.0%	18.5%	18.3%	17.9%	17.4%	17.8%
SG&A as % of revenues	**15.0%**	14.4%	13.5%	14.0%	14.1%	13.9%	14.0%	14.4%	13.4%	14.0%
EBITA margin excluding one-offs	**4.6%**	4.5%	4.9%	5.0%	5.2%	4.8%	4.4%	4.0%	4.1%	4.0%
EBITA margin	**4.2%**	4.1%	4.9%	4.8%	4.9%	4.6%	4.2%	3.5%	4.0%	3.9%
Dividend pay-out ratio	**52%**	48%	46%	50%	45%	49%	47%	49%	45%	30%
Average number of FTE employees	**34,662**	35,104	33,787	33,391	32,266	31,576	31,329	32,987	32,826	31,279
Days sales outstanding	**53**	53	52	52	52	53	54	54	55	54
Cash conversion	**93%**	84%	81%	83%	86%	103%	81%	98%	80%	71%
Net debt/EBITDA excluding one-offs	**0.3x**	1.0x	0.8x	0.7x	0.8x	0.9x	1.1x	1.1x	1.0x	0.9x
Basic weighted-average shares (millions)	**162.2**	165.4	168.7	170.3	172.5	176.3	180.5	188.4	190.7	192.1
Diluted weighted-average shares (millions)	**162.5**	165.7	169.1	170.5	172.7	176.6	180.8	188.6	190.8	195.6
Shares outstanding at year end (millions)	**162.1**	163.6	165.8	170.3	170.3	173.4	178.1	184.6	170.4	174.7
In CHF, at year end:										
Share price	**61.22**	45.93	74.55	66.65	68.90	68.85	70.60	48.04	39.35	61.25
Market capitalisation (millions)[2]	**10,000**	7,651	12,760	11,408	12,021	12,330	13,362	9,092	7,448	11,592
Enterprise value (millions)[3,4]	**10,434**	8,916	13,923	12,357	13,154	13,495	14,704	10,262	8,515	12,527
In EUR[4], at year end:										
Share price	**56.17**	40.81	63.72	62.29	63.21	57.37	57.40	39.70	32.79	49.00
Market capitalisation (millions)[2,4]	**9,174**	6,798	10,906	10,662	11,028	10,275	10,863	7,514	6,206	9,274
Enterprise value (millions)[3,4]	**9,572**	7,922	11,900	11,549	12,067	11,246	11,954	8,481	7,095	10,022

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 2019: 1.09; 2018: 1.13; 2017: 1.17; 2016: 1.07; 2015: 1.09; 2014: 1.20; 2013: 1.23; 2012: 1.21; 2011: 1.20 and 2010: 1.25.

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