



THE ADECCO GROUP

2023 Reporting Scope and Methodology

Strategic Non-Financial Key
Performance Indicators

Introduction

This document outlines the criteria against which the Adecco Group (“the Group”) measures and reports our strategic non-financial key performance indicators (KPIs), which form a subset of our broader sustainability reporting framework.

The selected non-financial KPIs provide insights into the topics and indicators that are most material to both our business and our key stakeholders and/or conducive to our current efforts. Current and upcoming regulation in the context of sustainability reporting, together with existing voluntary reporting frameworks, such as the Global Reporting Initiative and World Economic Forum Stakeholder Capitalism Metrics, have informed the methodology defined for each of these metrics.

The performance results of our strategic non-financial metrics are published in our 2023 Non-Financial Report, disclosed as part of our Annual Report, which is available on <https://adeccogroup.com/our-group/sustainability/measurement-reporting/>.

Scope

Scope of consolidation

The scope of reporting of our strategic non-financial KPIs is aligned to the scope of the Group’s consolidated financial statements prepared in accordance with US generally accepted accounting principles (US GAAP). A list of major consolidated subsidiaries is presented in the Adecco Group Annual Report 2023.

Acquisitions and divestitures

Newly acquired entities are included in the scope of non-financial reporting from the date of acquisition. Divested entities are excluded from the scope of non-financial reporting from the date of divestiture. Exceptions to this methodology are noted below.

Data Collection

Data is collected and reported on a calendar-year basis in alignment with the financial reporting period. All data is extracted from Group systems or from third parties with their authorisation when and where relevant. For environmental indicators, data for 2023 is based on nine months of actual data (as at 30 September), which are then extrapolated to annual estimated values (see Section 8 below for details).

Strategic Non-Financial Key Performance Indicators

Social Matters

1. Number of flexible placements

Definition

A flexible placement comprises the placement of an individual to a client for a fixed period of assignment.

Methodology

Flexible placements are measured in terms of the number of individuals placed in a flexible employment arrangement per day. Flexible placements are calculated based on flexible placement volume, taking into consideration flexible placement hours sold as well as flexible assignments sold. Country-specific considerations with respect to standard trading hours and working days are addressed in the respective calculations.

Flexible placements by gender reflect the proportion of unique individuals placed during the year by gender, as determined by the respective individual placed. The gender representation calculation does not include individuals for which no gender representation data is reported.

Flexible placements by age group reflect the proportion of unique individuals placed during the year by age group, as determined by the month and year of birth of the respective individual placed.

Scope

All flexible placements for which the Group places an individual with a client organisation, regardless of the length of the assignment, are included in the reported metric.

Flexible placements by gender and age group are reported for markets comprising 68% of total flexible placement revenues.

2. Number of permanent placements

Definition

A permanent placement comprises the placement of an individual with a client's organisation on a permanent basis.

Methodology

Permanent placements are measured in terms of the number of individuals placed with a client in a permanent employment arrangement. Individuals are generally considered placed once the individual begins employment with the client, or when the Group has no further obligation to the client.

Scope

Permanent placements reflect all individuals placed by the Group with a client organisation, including individuals placed through our Recruitment Process Outsourcing (RPO) business.

Assumptions

The reporting of permanent placements originating from the RPO business is dependent on the data definitions utilised by our respective clients; judgment may therefore be required to determine at which point an individual begins employment with the client.

3. Number of external individuals up-/re-skilled

Definitions

Up-skilling

Up-skilling refers to the development and training of individuals with the purpose of enhancing their skill sets to enable better performance in their current positions, and/or equipping individuals with the skills and opportunities required to advance in their chosen career path.

Re-skilling

Re-skilling refers to services which involve targeted training in new skills that enable individuals to take on new roles.

Methodology

Our up- and re-skilling services are provided with the purpose of enhancing on-the-job skills and/or enabling career advancement, ultimately contributing to the sustainable employability of the individual served. The number of individuals up-/re-skilled is measured in terms of the number of individuals who participated in up-/re-skilling events delivered by the Group.

Scope

Individuals in scope of the reported metric reflect those individuals who are considered external to the Group, primarily our candidates and associates, client employees, and private individuals. Internal Group employees, including consultants, are not captured in the reporting of this metric.

Assumptions

The number of individuals up-/re-skilled represents the number of unique individuals who have participated in an up-/re-skilling event during the annual reporting period.

Where training is provided to individuals with no direct employment or formal education agreement with any Group entity, the Group typically does not capture personal information for each unique individual trained. In such cases, individuals up-/re-skilled are reported in terms of participants in attendance at the training event as a proxy for unique individuals up-/re-skilled.

Employee Matters

4. Employees, including consultants, by gender, geography, and age group

Methodology

The number of Group employees, including consultants, is calculated based on headcount as at the final date of the reporting period. Headcount factors one individual as one employee. Any attributes or distinctions of an individual such as skills or hours are not considered; both part-time and full-time employees are individually represented and counted.

The respective gender distribution illustrates the headcount by gender, as defined by the employee, as at the end of reporting period. The gender representation calculation does not include individuals for which no gender representation data is reported.

The respective age distribution illustrates the headcount by age group, as determined by the date of birth of the employee, as at the end of the reporting period.

The respective country illustrates the headcount by country location, being the specific physical workplace for the employee.

Scope

Individuals in scope of the reported metric include internal Group employees, including consultants, i.e., individuals who are under employment contract/engagement, subject to local government employment law, working for the Adecco Group legal entity, and under the supervision, direction, and control of the Adecco Group. The metric excludes interns, temporary, and seasonal workers¹.

Assumptions

For a subset of our employees, including consultants, gender and age attributes are reported based on headcount as at September 2023. Where, owing to the ongoing integration of our Human Resources Information System (HRIS), gender and age attributes were not available at the consolidated reporting level at September 2023 or year-end, reported gender and age distributions have been allocated to total headcount on a pro-rata basis; this approach accounts for less than 10% of headcount at year-end.

5. Turnover of employees, including consultants**Methodology**

Turnover measures the percentage of employees, including consultants, who left the Group during the reporting period, calculated as the number of leavers divided by the average headcount during the period. Both voluntary and involuntary leavers are included in the calculation.

Scope

Individuals in scope of the reported metric include employees, including consultants, aligned to the scope of reporting as per Section 4 above.

6. Global Leaders gender parity**Methodology**

Global Leaders are senior strategic leaders at the Adecco Group, defined by our internal organisational architecture, contributing to the implementation of the Group strategy and its results.

Global Leaders gender parity reflects the percentage of female representation in the Global Leaders organisational leadership group as at year-end.

Human Rights and Anti-bribery and Corruption Matters**7. New misconduct cases reported****Methodology**

Misconduct cases reflect the number of reports received by the Group relating to actual, suspected, or alleged workplace wrongdoing by employees or third parties acting on behalf of the Group. Concerns may be raised and respective reports may be submitted through various channels, including anonymously.

Allegations are classified into the following categories: Accounting irregularities, bribery and corruption, conflicts of interest, data privacy, deception, discrimination, improper competitive practices, improper gifts, gratuities and entertainment, insider trading, improper workplace conduct, local office financial violations, misuse of internal company systems, money laundering, regulatory non-compliance, retaliation of whistleblowers, third-party violation, violation of confidential or proprietary information rules, violation of health and safety rules, and violation of procurement rules.

Misconduct cases which include allegations of discrimination and harassment reflect those wherein an employee or third party acting on behalf of the Group is alleged to have engaged in misconduct on the basis of discrimination in relation to a characteristic held by an individual which falls under a protected category under the applicable law, or engaged in unwanted or improper conduct in breach of internal policy in the form of harassment.

Environmental Matters**8. Greenhouse Gas emissions (Scope 1, 2, and 3)****Methodology**

The Group reports carbon emissions in line with the internationally acknowledged standard 'The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard' by the World Resources Institute (WRI, 2004; 'GHG Protocol'), reflecting emissions from carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). As these greenhouse gases may have different global warming potential, the Group follows standard market practice in expressing greenhouse gas emissions as a weight of carbon dioxide equivalent (CO₂e) in order to

¹ Temporary and seasonal workers are those who are employed for a short-term period to support with increased work demands and typically concludes in alignment with a specified project or assignment.

report a consolidated absolute carbon emissions result at Group level.

The Group applies the “operational control” approach in defining the organisational boundaries for which carbon emissions are reported. Under this approach, the Group accounts for 100% of emissions from operations over which the Group or one of its consolidated subsidiaries has operational control. As the Group seeks to align environmental and financial reporting, the Group is considered to have operational control over those entities which are consolidated for financial reporting purposes.

In order to identify the activities which lead to material direct and indirect emissions, the Group considers the magnitude of GHG emissions for specific activities, as well as the Group’s influence over the activity, the contribution of the activity to the Group’s risk exposure, the importance of the activity to stakeholders, and relevant industry/sector guidance.

The Group considers material direct and indirect emissions to arise from the following activities:

- **Scope 1** (direct GHG emissions from sources that are owned or controlled by the Group): stationary combustion of heating fuels, such as natural gas or heating oil, for the purposes of heating and/or cooling, and those from mobile combustion of fuels in company-owned automobiles.
- **Scope 2** (indirect GHG emissions from the generation of purchased electricity consumed by the Group): conventional and/or renewable electricity consumption.
- **Scope 3** (other indirect GHG emissions which are a consequence of the activities of the Group, but occur from sources not owned or controlled by the Group):
 - **Scope 3, Category 1: Purchased goods and services.** Upstream (cradle-to-gate) emissions related to the purchase of non-capital goods and services, i.e., office supplies including paper and toner.
 - **Scope 3, Category 2: Capital goods.** Upstream (cradle-to-gate) emissions related to the purchase of capital goods, i.e., IT equipment.

- **Scope 3, Category 3: Fuel and energy-related activities not included in Scope 1 and 2.** Upstream (cradle-to-gate) emissions related to the production, transportation, transmission, and distribution of purchased fuels and energy, i.e., upstream emissions from purchased electricity, heating fuels and automotive fuels, and lifecycle emissions of fleet vehicles.
- **Scope 3, Category 6: Business Travel.** Emissions related to the transportation of employees for business-related activities in vehicles owned or operated by third parties, i.e., aircraft, rental, or short-term lease cars.
- **Scope 3, Category 7: Employee Commuting.** Emissions related to the transportation of employees, consultants, and associates between their homes and their worksites.
- **Scope 3, Category 13: Downstream leased assets.** Emissions not included in Scope 1 and 2 from the operation of assets owned by the Adecco Group and leased to other entities in the reporting year.

Reported categories may be updated over time in line with evolving measurement methodologies and external standards.

Consumption of purchased electricity

Purchased electricity consumed by Group office locations is measured based on reported kilowatt hours of consumption from renewable or non-renewable sources.

Renewable sources of electricity refer to electricity derived from inexhaustible sources, including solar, wind, water, geothermal energy, and biofuels. Volumes of consumed renewable electricity are allocated lower Scope 2 and Scope 3 emission factors than conventional electricity in our greenhouse gas accounting only when necessary quality criteria for underlying contractual arrangements and consumption certifications are met, following the Scope 2 quality criteria included in the GHG Protocol. Wherever certificates or documentation of the contractual arrangements are not available or do not meet the defined quality criteria, consumed volumes are allocated the locally (country-specific) applicable emission factor for conventional electricity.

Assumptions

Given the global organisational footprint and decentralised data collection capabilities, data is not currently collected for all locations globally. The scope of our data collection includes 20 of our markets plus our Swiss headquarters, representing 90% of our employees, excluding consultants, and more than 91% of global revenues.

Primary activity data is collected for these markets across the material activities defined above; where primary data is not available in a specific market, we model the relevant data point using benchmarks developed by an external consultancy considering (for example) office square footage or number of FTEs, prior year activity data, or average Group consumption based on relevant FTEs. Data gaps related to the consumption of heating fuels and electricity for the purpose of heating and cooling of office spaces are addressed using Heating Degree Days (HDD) models.

To account for the remaining markets, the total activity data for all reporting markets, collected or modelled as outlined above, is then extrapolated for non-reporting markets of the Group based on FTEs. Approximately 10% of our total Group emissions are calculated on this basis.

The measurement of emissions from the commuting of employees, consultants, and associates was calculated based on surveys conducted with each population, having received feedback from 22 countries, enhanced with publicly available benchmarks and databases. A country-specific commuting distance per FTE was applied, reflecting commuting options including travel by walking/cycling, public transportation, and automobile (divided into different engine configurations). Data was extrapolated to account for our full global commuting population.

All primary activity data collected for the 2023 reporting period is based on nine months of actual data (as at 30 September), which are then extrapolated to annual estimated values using a straight-line approach.

Emission sources and factors

Emission factors used by the Group are derived from the ecoinvent Database v3.6 (2019) and an emission factor database proprietary to and operated by an external consultancy, which includes additional data points extracted from scientific studies, country-specific databases, and other global databases deemed relevant to supplement the data maintained by ecoinvent. The Group, together with an external consultancy, review all emission factors applied for material emission categories on an annual basis. Emissions reported in our 2022 Annual Report and previously were calculated based on emission factors derived from the ecoinvent Database v2.2 (2010).

Restatements

In instances where, due to a change in calculation methodology, improvements to data accuracy, structural changes to the Group or the identification of an error in prior period reporting, emissions are determined to be materially misstated, the Group shall restate the relevant reported emissions for all reporting years impacted in the subsequent reporting cycle.

Where material structural changes occur during the reporting period, current period emissions shall be reflected for the entire year, i.e., for businesses acquired during the year, full-year emissions of the acquired entity are included in Group emissions; for businesses divested during the year, full-year emissions from the divested entity are excluded from Group emissions. If it is not possible to calculate full-year emissions for the acquired/divested entity in the year of the structural change, an estimate shall be carried out in the year of structural change and a recalculation shall be carried out in the following year. Prior period emissions shall be restated on a full-year basis.

Following further investments in expanding our measurement capabilities and emissions inventory, prior year figures have been restated in the 2023 Non-Financial Report to reflect more recent emission factors, reflect the acquisition of AKKA Technologies, and include emissions from commuting. Historical emissions arising from the acquisition of AKKA Technologies have been measured based on historical activity data supplemented by modelled data based on AKKA FTEs per the respective reporting year. Historical emissions from commuting have been measured based on average commuting distances per mode of transportation and country surveyed in 2023, multiplied by employee, consultant, and associate FTEs per the respective reporting year.