



THE ADECCO GROUP

2022 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. Existing voluntary reporting frameworks, such as the Global Reporting Initiative and World Economic Forum Stakeholder Capitalism Metrics, current regulation, and published exposure drafts in the context of sustainability reporting have informed the methodology defined for each of these metrics.

The performance results of our strategic non-financial metrics are published in our 2022 Annual Report, which is available on www.adeccogroup.com.

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 2022, available on www.adeccogroup.com.

Exceptions to this methodology are described in the section “Acquisitions and divestitures” below.

Acquisitions and divestitures

Newly acquired entities are included in the scope of non-financial reporting from the year following the closing of the acquisition. Newly acquired entities during 2022 are therefore considered to be in scope for non-financial reporting purposes from 2023.

Divested entities are excluded from the scope of non-financial reporting from the date of divestiture.

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.

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. Calculation is 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.

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.

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 full-time 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 full-time employment with the client.

3. Number of external individuals re/upskilled

Definitions

Reskilling

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

Upskilling

Upskilling 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.

Methodology

Our re- and upskilling 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 re/upskilled is measured in terms of the number of individuals who participated in re/upskilling 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 are not captured in the reporting of this metric.

Assumptions

The number of individuals re/upskilled represents the number of unique individuals who have participated in a re/upskilling 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 re/upskilled are reported in terms of participants in attendance at the training event as a proxy for unique individuals re/upskilled.

With a view to continuously strengthening our reported non-financial metrics, in 2022 we refreshed our methodology for reporting the number of individuals re/upskilled to reflect updated definitions and calculation methodology. Updated processes were also put in place to

strengthen the harmonisation of reporting across business units, geographies, and brands.

Employee Matters

4. Voluntary turnover

Methodology

Voluntary turnover measures the percentage of employees who left the Group of their own initiative during the reporting period, calculated as the number of voluntary leavers divided by the average employee count during the period.

Scope

Individuals in scope of the reported metric include internal Group employees, 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 consultants invoiced to clients as well as interns.

5. Number of new hires

Methodology

The number of new hires reflects the number of discrete, individual employees hired from external sources during the period, filling either new positions or replacing employees in existing positions.

Scope

Individuals in scope of the reported metric include internal Group employees, as defined in Section 4. Voluntary turnover above.

Environmental Matters

6. Carbon 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 (PFCs), 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 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. Group activities resulting in material greenhouse gas emissions which are currently in scope of reporting include energy consumption, business travel, and office consumables.

More specifically, 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): heating using oil and/or natural gas, business travel by Group-owned automobiles
- Scope 2 (indirect GHG emissions from the generation of purchased electricity consumed by the Group): conventional and/or renewable energy consumption for power, heating, and cooling needs
- 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):
 - o Purchased goods and services (paper and toner);
 - o Capital goods (IT equipment);
 - o Fuel and energy-related activities not included in Scope 1 and 2 (electricity, heating, fuel used by the Group’s car fleet, car fleet lifecycle emissions); and
 - o Business air travel

Employee and associate commuting is also deemed material however will be calculated and reported in a future state.

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

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 21 of our markets plus our Swiss headquarters, representing more than 90% of our workforce and more than 97% 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.

Emission sources and factors

Emission factors used by the Group are derived from the ecoinvent Database v2.2 (2010) 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.

Restatements

Due to ongoing investments in strengthening data quality, methodology, and controls, prior year figures may be restated in order to more accurately represent our progress year over year. Restatements are performed where we consider there to be material changes to the overall Group emissions results, or where the changes are deemed material on a country or on a specific scope basis; such restatements are reflected in our 2022 Annual Report.