ANNUAL REPORT 2021

THE ADECCO GROUP

Our vision for the future of work

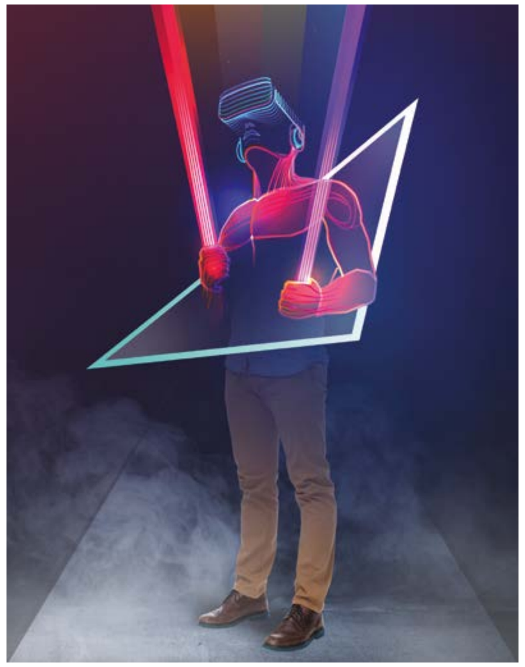
We invited our creative teams from across the world to share their vision for the future of work.

To succeed we must all embrace the changes ahead to make the future work for everyone.

Cover art: 'Enter, Return'

Each piece of art in this Annual Report is a response to the brief we gave our creative colleagues. We asked them to interpret the Future@Work. None of the artworks is intended to represent a particular section of the report.

For more information on the artworks displayed in this report, head to pages 181-185



Our Future@Work strategy
pages 12-16

Our 360o ecosystem in action
pages 24-25

Committed to enabling a sustainable future
pages 38-40

Operating responsibly
pages 41-49

Making the future work for everyone

The Adecco Group is the world's leading talent solutions and advisory company, driven by a powerful purpose – to make the future work for everyone. We are building on our unique 360° ecosystem of talent solutions and advisory to bring to life our vision of enabling sustainable and lifelong employability for individuals and empowering organisations to optimise their workforces.

To move us ever closer to this goal, in 2021, we began putting in place key elements of our Future@Work strategy, including the creation of our three Global Business Units and strategic advancement of the underlying enablers. Delivery of our strategy will enable the Adecco Group to make a positive impact on the lives of even more people, while we continue to support the sustainable growth of our clients and contribute to more prosperous, inclusive societies at large.

In this report

'My workplace, my choice' – For more information on this artwork, head to pages 181-185

Implementing the Future@Work strategy while performing in uncertain times

The stop-start recovery from the Covid-19 pandemic set the backdrop for 2021, overlaid by supply chain interruptions and skills shortages globally. Despite this, the Adecco Group implemented key elements of its Future@Work strategy, starting with the creation of three market-leading Global Business Units. At the same time, the Group delivered a resilient business performance as it adapted to the new world of work, providing innovative solutions that enabled clients, associates, candidates and the wider economies where it operates, to better navigate within this new environment.

Revenues

€20.9bn

Up 9% year on year organic, TDA, furthering progress to pre-pandemic levels

Gross margin

20.4%

+100 bps year on year, supported by strategic actions to shift the portfolio, favourable mix, and supportive pricing

EBITA[1] margin excluding one-offs

4.6%

+100 bps year on year – a strong return to pre-pandemic levels

Cash conversion[2]

83%

Strong underlying cash flow while emphasising the partly counter-cyclical nature of cash generation

Dividend[3]

CHF 2.50

In line with our progressive dividend policy

Net debt/EBITDA[4]

0.0x

Strong financial position

Total taxes paid[5]

€5,381m

Contributing to public finances through responsible tax practices

Net Promoter Score® (clients)

26

Being there for our clients during a turbulent 2021

Peakon eNPS® (employees)[6]

38

14 pts above industry benchmark and +5 pts year on year

People placed – permanent

c.115,000+

People placed in permanent employment. Increase of 44% year on year

People placed – flexible

c.500,000+

Associates provided with flexible employment every day excl. joint ventures

External individuals up/reskilled

750,000+

Enhancing their employability and accelerating their careers

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1 EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.

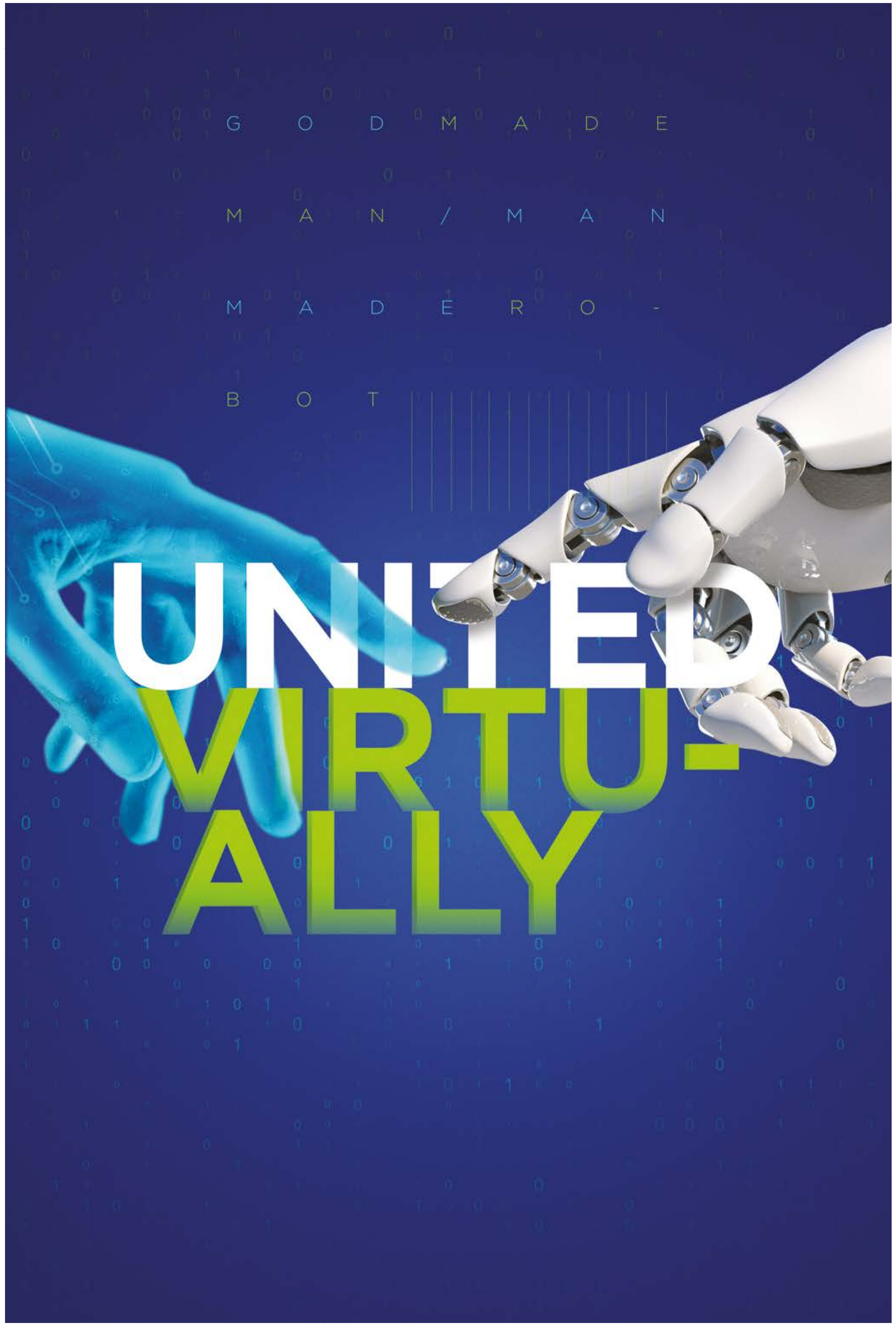
2 Cash conversion is a non-US GAAP measure and is calculated as free cash flow before interest and tax paid divided by EBITA excluding one-offs. Free cash flow is a non-US GAAP measure and is calculated as cash flows from operating activities less capital expenditures.

3 For 2021, as proposed by the Board of Directors. CHF 1.25 (50%) from reserves not subject to withholding tax.

4 Net debt to EBITDA is a non-US GAAP measure and is calculated as net debt at period end divided by the last four quarters, EBITA excluding one-offs plus depreciation. Net debt is a non-US GAAP measure and comprises short-term and long-term debt less cash and cash equivalents and short-term investments. The lower net debt level is mainly a result of the funding secured in September 2021 for the acquisition of AKKA Technologies in 2022.

5 Total taxes paid is the aggregate total of income taxes paid, sales taxes paid, and employer payroll and social security taxes paid.

6 Peakon eNPS® – the Workday Peakon Employee Voice survey the Group uses to gather employee feedback on their experience at work.



'The Creation-19' – For more information on this artwork, head to pages 181-185

Building resilience

DEAR ADECCO GROUP STAKEHOLDERS

Fundamental changes to the world of work have characterised the past two years. During 2021, together with our families, many of us witnessed and experienced further changes in our work and how we live. Some of these changes resulted directly from the effects of the continuing Covid-19 crisis, while others were generated by the impact of accelerating megatrends across the world.

Against this backdrop, the Adecco Group continued to adapt the way we worked, focusing on business continuity and building resilience across the Company. This enabled us to maintain high levels of service to our clients, associates and candidates, as well as supporting them to adjust to the upcoming trends of the future of work. This is testament to the dedication of our more than 32,000 employees in 60 countries and we sincerely thank them for their commitment.

At the beginning of what proved to be a challenging 2021, we also embarked on our Future@Work strategy implementation by setting the agenda for the business for the coming three to five years.

Financial performance

The Adecco Group delivered a solid performance in 2021, despite the continuing public health crisis linked to Covid-19. Revenues, gross margin and EBITA margin all improved when compared to the previous year, driven by the delivery of the strategy and the economic recovery. Meanwhile, investments in the digitalisation and transformation of the Group continued.

Revenues increased by 7% on a reported basis, and were up 9% organically, driven by a broad-based recovery across client industries.

The EBITA margin excluding one-offs was 4.6%, up 100 bps, with the gross margin expansion partly offset by the investments in digital transformation and in sales capacity to capture the growing demand as economies recovered.

On the other hand, we have identified some areas of underperformance, particularly in the United States, which we are addressing.

Megatrends and the Covid-19 crisis continue to impact the world of work

The advancement of the gig and platform economy; geopolitical and economic uncertainty; the continued growth of the use of big data, digital applications, Artificial Intelligence (AI) and machine learning; changes in the demographic mix and skills imbalances are some of the megatrends that continue to drive change in the world of work. Some of these have been exacerbated or accelerated by the crisis and continue to influence global, national and local economies. Businesses – ranging from multi-national corporations, small and medium-size enterprises, to the owner-managed business – as well as individuals are challenged to remain flexible and continuously adapt.

Supply chain dislocations certainly shook confidence in some sectors, even as the economic recovery gained momentum, with surprising speed in some regions. This had a knock-on effect on the labour market which, in 2021, was especially dynamic. It was characterised by acute scarcity of workers in some sectors, like transport and logistics, health and social care as the fourth Covid-19 wave added further challenges and employees were re-evaluating their work environments and prospects.

During these turbulent times, we at the Adecco Group have made it our mission to support our stakeholders by being even more resilient, innovative, and responsive. Our Future@Work strategy and corresponding organisational transformation are positioning the Group as the partner of choice to clients as the only company in the sector that can offer a truly differentiated set of solutions across all their HR-related needs and thus help them navigate these all-embracing megatrends. In turn, these partnerships enable the Group to attract higher value-added, higher margin work in higher growth sectors.

Our 360° ecosystem, which brings together the complementary expertise and capabilities of the three Global Business Units (GBUs), delivers these holistic solutions to help individuals develop their careers and clients transform their workforce. We do this by providing the best mix of filling permanent and flexible vacancies at scale, recruitment, outsourcing, up-skilling and re-skilling – combined with transition coaching. We facilitate digital matching of job seekers to vacancies and in the technology and engineering sectors, we additionally supply talent, technology and engineering research and development services, including consulting, across all stages of Smart Industry implementation.

▶

Jean-Christophe Deslarzes
Chair of the Board
(right)

Alain Dehaze
Chief Executive Officer

Resetting Normal

Defining the New Era of Work 2021

15,000

Surveyed nearly 15,000 knowledge-workers across 25 countries

Three key outputs:

1. **Hybrid is here to stay**
2. **Workers want to be measured by results and not on hours input**
3. **Deteriorating mental health is a major issue**

[Find out more on: www.adeccogroup.com/reset-normal/](www.adeccogroup.com/reset-normal/)

Key insights into global workforce trends

At the Adecco Group, we constantly keep our finger on the pulse so we can predict and stay ahead of the changes in the labour market. Our updated research, "Resetting Normal 2021", surveyed nearly 15,000 knowledge workers across 25 countries and gave clear insights into working practices, behaviours and attitudes towards work. It had a particular focus on hybrid and remote working, productivity, mental health and leadership. Here are the key insights:

First, hybrid work is here to stay. But one person's ideal proportion of office and remote working will not suit another. How that mix of working is executed requires considerable thought and flexibility across the business and on an individual basis. Special focus must be paid to re-integrating returning parents back into the workforce.

Second, workers want to be measured by results and not on hours input. Leaders must recognise this and adapt their success criteria and the way they manage remote or hybrid teams. Workers on the whole don't give their leaders a good score for their performance or empathy in 2021, and these leadership skills and knowledge gaps must be closed. Our Group has constantly evolved new ways of leading and our leadership development and coaching solutions through LHH (Talent Solutions), and in particular Ezra, are attracting increasing interest.

And finally, deteriorating mental health is a major issue, which can be tied both to the leadership deficit, and to young leaders themselves experiencing burnout, as well as the blurring of home and work life when working remotely.

The results of Resetting Normal are a call to action for companies to proactively manage the new world of work and to focus on the key issues. The rewards for adopting the right approach – in terms of attraction, retention and productivity – are huge. The penalties of a weak or reactive approach include loss of key staff resulting in business disruption, together with excessive and avoidable hiring and onboarding costs.

Future@Work – laying firm foundations

During 2021, we made considerable progress in deploying key elements of our Future@Work strategy implementation, which we launched at the start of the year. At the same time, we established three Global Business Units (GBUs), each with their own business and market strategy, while also being integral parts of the overall Group transformation efforts.

As we touched on before, the combined capabilities, domain knowledge and expertise from each of the Global Business Units also contribute to the Adecco Group's 360° ecosystem – addressing client needs from all angles – and developing solutions across a range of HR services to meet specific needs in a tailored way. Three key enablers: digitisation, differentiation and customer experience, support our development across the Global Business Units and in Group-supported sales and marketing efforts as we refine and focus our market presence.

A cornerstone of the Future@Work strategy has been the intention to grow and build-out our capability in higher value-added solutions in higher margin segments – both organically and through acquisition – across the full HR services, for the benefit of our clients, candidates and associates globally.

In the middle of the year, we initiated the largest transaction since the formation of the Adecco Group in 1996. In a major acceleration of our Future@Work strategy, we announced the proposed acquisition of AKKA Technologies, a world leader in engineering, research and development in the Smart Industry sector. In mid-September, we were able to announce the completion of a balanced financing package in advance of the expected closing of the deal in early 2022. This acquisition is both strategically and financially compelling and is clear evidence of our stated Future@Work ambition to form a global powerhouse in Smart Industry. The combined business of our Global Business Unit Modis and AKKA will do just that.

In August, work started to implement plans to simplify the market presence of the multiple brands that form our Talent Solutions Global Business Unit, under one combined global LHH brand. Pilot projects to test the strength of the new brand show that stakeholders will quickly recognise LHH as a leader in its field and the brand will gain rapid recognition for the quality and breadth of its HR services and solutions. At the same time, we announced the acquisition of BPI Group in France which enables LHH to extend its leading market position and broaden its advisory offering.

In September, the Group announced the acquisition of QAPA, the number two provider of fully digital workforce solutions in France. QAPA, which joins the Adecco Global Business Unit, deploys the latest digital technologies, particularly artificial intelligence and cloud architecture, to provide fast, flexible, and reliable candidate sourcing, matching, and back-office processing at a low cost and 100% online, remotely and automatically, in real time.

All these acquisitions are in full alignment with our Future@Work strategy and represent major proof points of our intention to truly differentiate and to invest in faster growth, higher margin sectors.

Our strong, continued purpose

What unites and drives our efforts is our powerful purpose of making the future work for everyone. Our unrelenting focus on enabling the sustainable and lifelong employability of individuals and supporting clients with their workforce-related needs has rarely been more important than now, as many people are still grappling with the impact of the Covid-19 crisis on their livelihoods while others are re-evaluating what they want to do with their work lives. Our vision is of a world in which everyone has the opportunity to access and remain in employment – regardless of where they started, what has happened to them or where they are right now.

To respond to these needs, in 2021 we launched Adecco Inclusion, a new service line dedicated to scaling-up our existing offerings, focused on enabling underrepresented communities to access the labour market. In France, we committed to increasing the Adecco Inclusion Network by 50% to 150 agencies and thereby double the people supported from 7,500 to 15,000 per year. In Italy, we launched a new Diversity & Inclusion hub, a team of specialised consultants entirely dedicated to placing candidates belonging to protected categories. In the US, we partnered with OneTen, a coalition of leading CEOs and organisations committed to up-skilling, hiring and advancing one million Black individuals into jobs over the next decade.

In light of the crisis in Afghanistan we redoubled our existing efforts to integrate more refugees in the labour market. In Germany for example 10,000 refugees were provided employment opportunities within client organisations last year. In France we co-founded the initiative "Refugees are Talents" as well as committed to mentoring 100 refugee women. In the UK, General Assembly announced a new partnership with Breaking Barriers, focused on enhancing career opportunities for individuals from refugee backgrounds through targeted up-skilling and re-skilling in key digital and technology disciplines.

Our commitment to shared value creation and doing business responsibly is an integral part of our Future@Work strategy. It is further embodied in our continued commitment to the UN Global Compact's universally accepted and relevant-as-ever principles on human and labour rights, the environment and anti-corruption, as expressed in this report and on our website.

Looking to the future

During 2022 we will build on the foundations we have established as we continue to roll out the key elements of our Future@Work strategy. On the operational front, our focus will be to accelerate our growth, improve our performance particularly in the United States, integrate AKKA and Modis and continue to focus on the implementation and adoption of digital systems and processes to support growth and efficiency.

During 2021, we distributed EUR 365million in dividend payments, and this year, in line with our continuing commitment to delivering a sustainable dividend, we propose to maintain that dividend at CHF2.50 per share.

Through our Global Business Units, the Group is uniquely positioned – even more so thanks to the AKKA & Modis combination – to create significant value.

Our Adecco Group 360° ecosystem brings together a unique and differentiated capability as we continue to meet customer demands and expectations for a more tailored, holistic and wide-ranging suite of human resources solutions, as well as technology and digital engineering services.

We would like to once again extend our deepest thanks to all our colleagues and leaders around the world for their continuing commitment and resilience and we look forward to working together to deliver our Future@Work strategy.

Jean-Christophe Deslarzes
Chair of the Board of Directors

Alain Dehaze
Chief Executive Officer

Inclusion and environment

+50%

increase in the Adecco Inclusion Network across 150 agencies

10,000

refugees were assigned to clients last year

50% by 2030

carbon footprint reduction target

Delivering global HR solutions with local reach

OUR PURPOSE

Making the future work for everyone

Sustainability sits at the heart of Future@Work

Making the future work for everyone by addressing the work-related sustainability needs of our key stakeholders and safeguarding the planet for future generations.

Read more about our Future@Work strategy on pages: 13-16

OUR SUSTAINABILITY GOALS

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

OUR GLOBAL BUSINESS UNITS

Adecco

We are the world's leading workforce solutions company, offering flexible placement, permanent placement, outsourcing and managed services across all sectors.

FP PP OC TR

LHH

We help future-proof organisations and careers by building the right capabilities and enabling workforce transformation.

We offer personalised and integrated organisational and talent advisory services to businesses and people all over the world.

CT TR PP FP

modis

We power digital transformation and accelerate innovation with our cross-industry technology and digital engineering consulting, talent services and skilling.

OC FP TR

GLOBAL MEGATRENDS SHAPING THE WORLD OF WORK

Gig and platform economy

Individuals from across the skills spectrum are increasingly working a portfolio of jobs or gigs, rather than traditional, full-time jobs. For some this is a choice based on lifestyle exposure to a broad range of assignments and workplaces to accelerate their careers. For others it is a necessity.

Online platforms can help to effectively match worker needs with employer demands, but the platform economy can also pose risks of exploitation and exclusion. And, as the demand for flexibility among workers and companies grows, society needs to update its social protection systems accordingly.

Geopolitical and economic uncertainty

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

Human-centricity

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

More than one billion jobs, or about a third of jobs worldwide, will be transformed by technology over the next ten years, according to one OECD estimate. It is important to ensure that people in shrinking industries are re-skilled to meet increasing talent demands. This means taking a more personalised approach to skilling and talent development.

Digitalisation

The Covid-19 crisis has accelerated the importance of digital transformation for business continuity. Companies see the necessity of both infrastructure investments and the adoption of a truly digital mindset. This is not just about repetitive tasks increasingly being performed by machines. It frees workers to focus on higher value-added activities and nowhere more so than in the HR services industry.

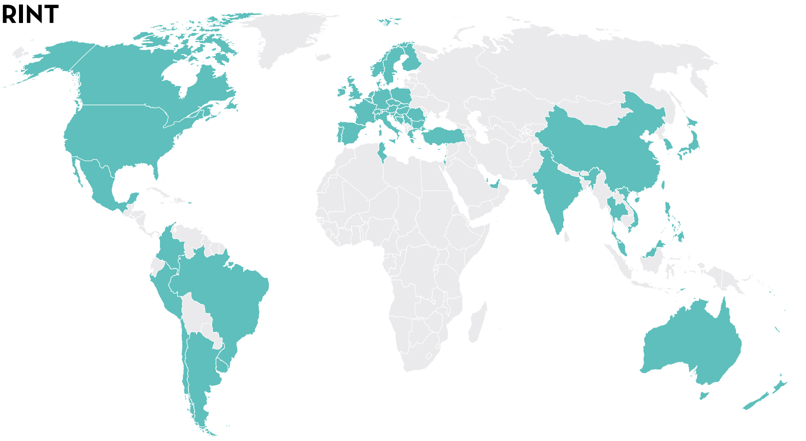
Going forward, we see the combination of automation and flexible HR solutions as the next key driver of productivity for our clients.

OUR GLOBAL FOOTPRINT

More than
32,000
full-time equivalent employees globally

Approximately
100,000
clients

Approximately
2 million
associates on assignment every day, including in our joint ventures



Contribution to Group revenues

Europe, Middle East & Africa
67%

Americas
20%

Asia Pacific
13%

OUR SERVICE LINES

FP Flexible Placement

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

PP Permanent Placement

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

CT Career Transition

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

OC Outsourcing, Consulting & Other Services

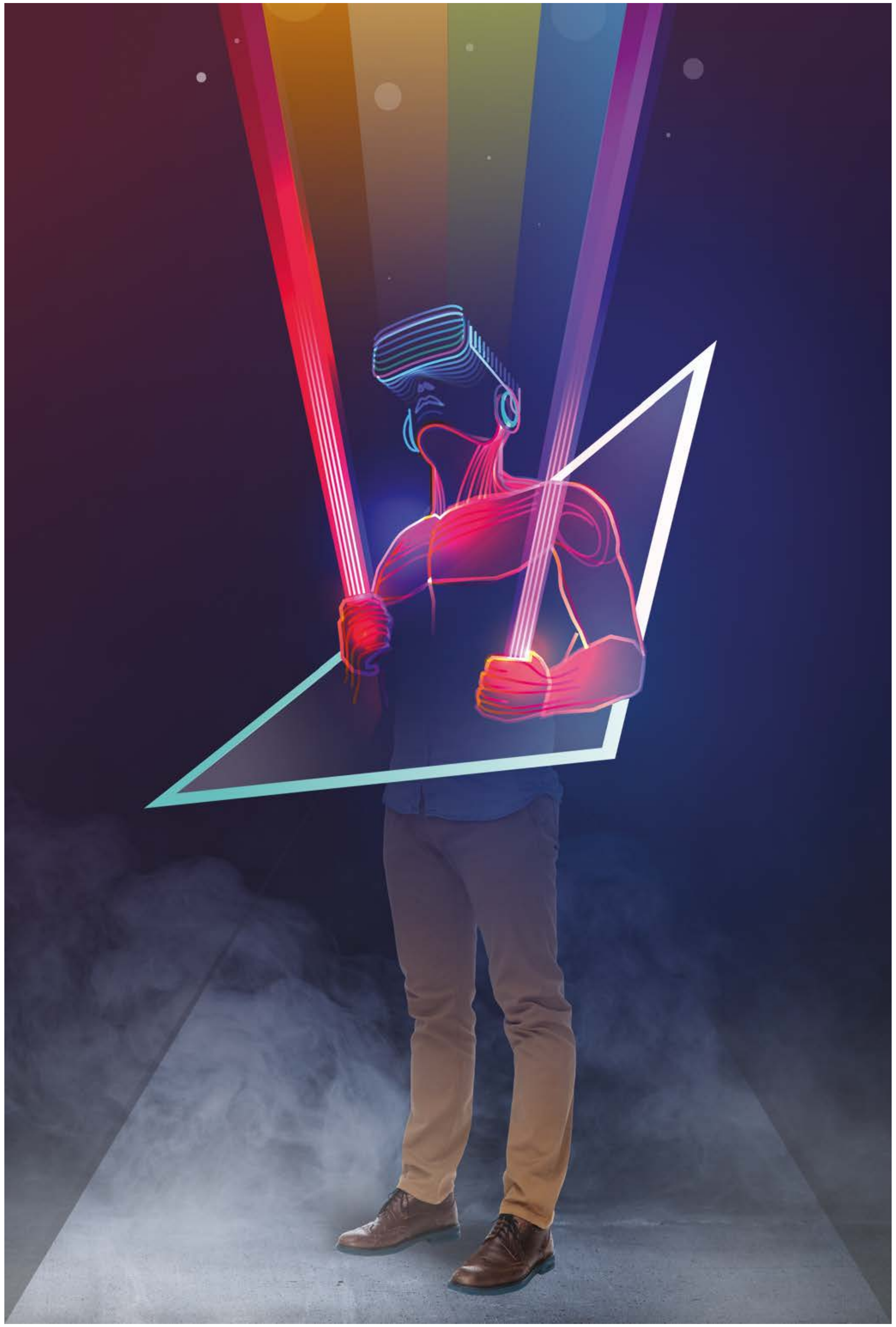
We also offer a full spectrum of complementary HR solutions, including: Outsourcing – staffing and managing the entirety of a labour-intensive activity, such as warehouse logistics or IT support; Consulting – providing technical experts for project-related work; Managed Service Programmes (MSPs) – managing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

TR Training, Up-skilling & Re-skilling

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

Gross profit (%)

Revenue (%)



'TAG Prisma' – For more information on this artwork, head to pages 181-185

How we are making the future work for everyone

2021 marked the first year of the Group's new strategy, Future@Work. The resulting business transformation will enable the Adecco Group to continuously meet the demands of a changing world and bring to life our purpose of making the future work for everyone.

All this is driven by our bold strategic vision: to enable sustainable and lifelong employability for individuals and empower organisations to optimise their talent needs and organisational models to achieve their goals. Future@Work is fuelled by three enablers that underpin and unite the transformation across our Global Business Units.

OUR PURPOSE

Making the future work for everyone

STRATEGIC VISION

Enable sustainable & lifelong employability for individuals and empower organisations to optimise their talent needs and organisational models

AMBITIONS

Adecco
Reinvent workforce solutions for a resilient economy

LHH (Talent Solutions)
Create the talent platform to address the ever-changing landscape of skills shortage & transformation

Modis
Develop & provide the capabilities for the Smart Industry

ENABLERS

Customer Experience
The Customer at the Centre
We will deliver the future of customer experience, by unifying the way we work.

Differentiation
Sustainable 360° Offering
We will differentiate the future of our offer, by uniting our unique ecosystem of solutions and leading sustainability approach.

Digital
Amplified by Technology & Data
We will digitalise the future, by deploying product innovation, at scale.

CULTURE

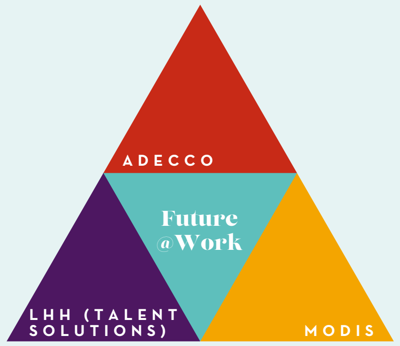
See more page 17

People First

Growth Mindset

Collective Spirit

Future@Work



Our strategy

The Adecco Group's Future@Work strategy was launched at the end of 2020 and implementation began in 2021.

It consists of three core elements:

1. The establishment of a brand-driven business with the Global Business Units, Adecco, LHH (Talent Solutions) and Modis.
2. Three Global Business Units, each with their own bold vision, contribute to – and benefit from – the Group's tailored 360° ecosystem offerings.
3. A transformation programme to optimise efficiencies and innovation across the businesses and Group, underpinned by a focus on three enablers: superior customer service, differentiated portfolio offering and a digitally optimised business model.

Adecco

Our workforce solutions offering is unmatched in its global scale, local knowledge, and innovative use of digital tools. We place more than 600,000 associates into roles daily, enabling flexibility and agility for our clients. As a career partner, we support the employability of our associates and are committed to their success. We stand out in our commitment to operating responsibly, in our belief in the potential of people, and by always being there when needed.

LHH (Talent Solutions)

This Global Business Unit entered 2021 as a portfolio of brands under Talent Solutions and concluded the year as LHH (Talent Solutions) and well on its way to transform and consolidate under a single global brand. LHH (Talent Solutions) helps organisations and individuals succeed in the world of work by transforming workforces, coaching and building new skills and capabilities, and matching talent with opportunity. As both an advisory firm and a solutions delivery partner, we support organisations across the full HR spectrum and individuals throughout their entire career journey. We specialise in building employability, and optimising talent models.

Modis

Modis delivers cross-industry expertise in technology and digital-engineering consulting, talent services and skilling to enable digital transformation and accelerate innovation. The landmark merger of Modis with AKKA, announced mid-2021, will create the global number two player in the engineering research and development services market, and a powerful platform from which the business can drive future Smart Industry leadership.

AKKA is a global leader in engineering R&D services and has a strong presence in Europe and in the mobility sector (automotive, aerospace, railway). The combined AKKA & Modis, branded Akkodis for 2022, will support its clients by leveraging the power of connected data to accelerate innovation and drive our ambition to be first choice for customers in the Smart Industry sector.

NOTE: On February 24, 2022, the Adecco Group announced it had acquired a majority stake in AKKA Technologies from the Ricci Family Group and SWILUX S.A., a wholly owned subsidiary of Compagnie Nationale à Portefeuille SA, bringing its total holding to 64.72 percent.

Megatrends that impact our business

External trends are impacting our business and our customers – all of whom are facing fundamental change in the world of work.

Political and economic uncertainty, digitisation, personalisation of services and the rise of the gig and platform economy mean people are forced to rethink their attitudes towards work and are more likely to consider temporary or freelance opportunities. Businesses have to be more agile, flexible and responsive. Many of these trends have been amplified by the Covid-19 global pandemic. Individuals, clients, governments, institutions and society at large continue to turn to us to advise and support them in navigating this dramatically changing world of work.

Read more about our Global Business Units on pages 26 to 37

> "Our Future@Work efforts will strengthen the Group's future as the premier global leader for talent advisory & solutions."

Implementing our Future@Work strategy

As we ended one strategic business cycle in 2020, all these factors and megatrends fed into the development of our multi-year Future@Work strategy and transformation across the entire Adecco Group. Work started on our transformation journey in January 2021 and included our Global Business Units, enabling functions, regions and countries. Our Future@Work efforts will strengthen the Group's future as the premier global leader for talent solutions and advisory. The implementation of our strategy will address the shifts in the world of work, and within our business, ensuring the Adecco Group is fit for the future.

The strategic vision that will guide our company for the coming period: 'Together we will enable sustainable and lifelong employability for individuals, and empower organisations to optimise their talent needs and organisational models to achieve their goals.'

> "The Adecco Group's Future@Work strategy was launched at the end of 2020 and implementation began in 2021."

This means supporting people to find and stay in gainful employment to support themselves and their families, and advising organisations to meet their changing talent needs as the demands on their workforces shift to be more digitally-enabled. It enables us to meet the needs of our stakeholders and society at large and helps us deliver against our purpose of "making the future work for everyone."

Three transformation enablers underpin our Future@Work strategy and those of each of our Global Business Units:

- Customer Experience – putting the customer at the centre of everything we do, delivering a superior customer experience by unifying the way we work.
- Differentiation – we differentiate ourselves from the competition through our unmatched scale and scope and our ability to use our unique 360° ecosystem to power our clients' transformations, and our candidates' and associates' employability and ongoing skills development.
- Digital – digitising our business and the way we work by taking the advantage of technology and data. Deploying leading product innovation, at scale, for the benefit of our clients, candidates, associates – and for ourselves.

With our Future@Work strategy, we are putting long-term, shared value creation at the centre of our strategy. We are committed to embracing a culture that consistently embeds material environmental, social and governance (ESG) considerations across our operations and value chain, in the interest of all our stakeholders, the society we are a part of, and the planet we live on.

ENABLERS

Customer Experience
The Customer at the Centre

Differentiation
Sustainable 360° Offering

Digital
Amplified by Technology & Data

People First	Growth Mindset	Collective Spirit
Entrepreneurial, diverse, equal and inclusive	**Customer first, agile, and thinking unlimited**	**One vision, collaborative, and innovation at scale**
This means putting the wellbeing of our people first – always. We enable a diverse, equal and inclusive culture for people from all walks of life (e.g. regardless of gender, ethnicity, lifestyle orientation, disability or age), whilst ensuring the health and safety of our people remains paramount.	We nurture our powerful entrepreneurial culture and further build on it, ensuring we offer our customers the solutions they need to solve their biggest challenges. We quickly respond and adapt to change with agile ways of working in a culture that allows us all to think without limits or bias.	We embrace a one-company, one-culture mindset whilst recognising our differences. We work together towards our common purpose – Making the Future Work for Everyone. We deliver innovation at scale by collaborating to delight our customers as we further develop our unparalleled portfolio of solutions.

Combining the skills and capabilities of our Global Business Units

From a practical perspective, the implementation of our strategy and transformation has five elements:

The first three cover the formation of our three Global Business Units, each with its individual ambition and go-to-market strategy.

Next is the development and deployment of our 360° ecosystem.

The fifth and final element is the positioning of the Adecco Group as the strategic parent, transforming the services we provide to the Global Business Units.

Let's look at each of these elements in a little more detail, starting with the strategies of the three Global Business Units.

The Adecco Global Business Unit is being turned into a global omnichannel partner for workforce solutions, focusing on growing market share and margins through accelerating digitalisation and cost improvement. The Global Business Unit concentrates its efforts on five industries and five service offerings, delivered through a 24/7 omnichannel platform. Our ambition for Adecco is to be the global number one player in workforce solutions and one of the world's top five employers, with 850,000 people at work. You can read more about the Adecco Global Business Unit on page 26.

When we started the year, our Talent Solutions Global Business Unit (now LHH (Talent Solutions)) began to deploy a differentiation strategy under one global LHH (Talent Solutions) brand umbrella, providing end-to-end services from recruitment, training and development through to permanent placement addressing the complex skills and transformation needs of companies. Expectations for LHH (Talent Solutions) are that they lead the change in the human capital market, addressing skill shortages and transformation needs along the entire talent journey with the ambition that they will double in size by the end of this strategic cycle. You can read more about the LHH (Talent Solutions) Global Business Unit on page 30.

And Modis is deploying a specialist strategy to become the global leader in the Smart Industry market. Modis aims at delivering cutting-edge technology, digital engineering and cross-industry expertise to empower societies, organisations, and people to create a smarter and more sustainable tomorrow. The soon to be combined AKKA/Modis, will be the world number two in the outsourced R&D and engineering services market, with the potential and ambition to take the leadership position during the current strategic cycle. You can read more about the Modis Global Business Unit on page 34.

In addition to defining clear strategy and transformation plans for the newly-formed Global Business Units, our Future@Work strategy also focuses on driving the synergies and opportunities for efficiencies across the business units and functions. By combining the skills and capabilities of our three Global Business Units into unique customer-centric solutions, we can create differentiation and ultimately superior value for all our stakeholders.

> **"Cross-Global Business Unit collaboration and high performance is the very heart of the Adecco Group's differentiation."**

Offering a seamless customer experience

Through our 360° ecosystem, we aim to offer a seamless customer experience while fostering a culture of cross-Global Business Unit collaboration and high performance.

This is the very heart of the Adecco Group's differentiation and its successful growth is critical to demonstrating the value added by the Group. The 360° nature of our solutions ecosystem increases our relevance with customers, enabling us to be the strategic partner of choice for talent needs across entire organisations.

Finally, we are positioning the Adecco Group as the Strategic Parent, transforming the services we provide to the Global Business Units. As the Global Business Units are the operators of their businesses, the Group is focusing on five key roles, namely:

1. Delivering and operationalising the strategy
2. Allocating capital and managing talent across the Group
3. Promoting an internal and external connected ecosystem
4. Developing shared services at scale and other Group-wide services
5. Driving social impact and thought leadership.

The Group is also transforming the remaining services and key Group-wide initiatives it provides to the Global Business Units, to ensure these individual business transformations are successful.

Our purpose of making the future work for everyone is our North Star, while our culture sets our compass for how we deliver on our strategy:

People First – prioritises an entrepreneurial, diverse, equal, and inclusive workforce.

Growth Mindset – focuses on and supports agile and unlimited thinking to better serve our customers' needs.

Collective Spirit – having one united vision and demonstrating collaboration and innovation at scale.

You can read more about these cultural drivers in the People and Culture section on pages 17-21

People and culture

The way we work has completely shifted and continues to do so. More people are communicating and interacting online and remotely, employees are balancing work with home life, and individuals are finding new ways to manage their wellbeing and develop their skills within the confines of their own home.

People First	Growth Mindset	Collective Spirit
Entrepreneurial, diverse, equal and inclusive	**Customer first, agile, and unlimited thinking**	**One vision, collaborative, and innovation at scale**

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

As a global leader in HR solutions, we must continue this momentum as we look to the future and evolve more sustainable ways of working. Hybrid working is here to stay, and our approach highlights how we are proactively responding and adapting to this ever-evolving environment. We are placing emphasis on how we prioritise key activities to drive business performance, whilst continuously managing the wellbeing of our colleagues.

In parallel with the changes happening around us, our Future@Work strategic transformation is all about reimagining how we operate as a business to better serve our clients and customers. We will further advance our business focus, working effectively through agile and hybrid ways of working to stay closer to our clients, candidates, associates, and colleagues. Our people are critical to the success of this transformation and so we will be deliberate around the behaviours we need to prioritise to meet the changing needs of our clients. Using agility, curiosity, creativity and collaborative listening, we are prioritising how we upskill our people to deliver in this new environment and adopt the technology and digitalisation that is available to us.

Attracting and recruiting an empowered, entrepreneurial, and high-performing workforce

We must attract and retain the right people with imaginative and customer-centric mindsets, who can help our business and clients win – and so we can deliver our strategic transformation. To increase visibility of our global career opportunities, both internally and externally, we launched a new global careers website in 2020. Across 2021, this platform has undergone a refresh to reflect our new Employee Value Proposition. This has been redefined to communicate our new strategy and tell our story on what experiences and opportunities this will deliver to our people through a flexible brand narrative that can be tailored to the nuances of our business – be that by Global Business Unit, Function or Geography.

With this visibility now in place, As of Q1 2022, we launched our new Recruitment Experience Outsourcing Solution (RXO), in partnership with our own brand, Pontoon. These improved processes, technology, and global efficiencies, will transform how we recruit colleagues into and across our organisation and will ensure we are hiring and retaining the right people, at the right time and for the right role.

> **"As a global leader in HR solutions, we must continue this momentum as we look to the future and evolve more sustainable ways of working."**

Powering an engaged, inclusive, and healthy community

A key cultural driver in our Future@Work strategy is 'People First' which prioritises an entrepreneurial, diverse, equal, and inclusive workforce. As we continue to build a culture that allows our people to thrive and our organisation to flourish, we are continuing to listen, understand, and respond to the needs of our people. Our annual employee engagement survey provides us with critical insights on where people are more and less engaged. This is a key element of fostering an environment where we give our colleagues regular opportunity throughout the year to express their experiences and drive a culture that promotes transparency and insight-led decision-making – setting the foundations for a continuous and open dialogue.

A key strategic focus and critical to the success of our F@W transformation is in the retention and collective power of an engaged, high-performing workforce. We continue to prioritise our efforts on lowering attrition risk and addressing areas that lead to low engagement. When assessing attrition risk, we look across five key factors:

1. Engagement
2. Loyalty
3. Growth
4. Responsiveness
5. Tenure

Using this insight, across 2021 we have made significant progress in three key areas, identified through our employee engagement survey, that contributed to our turnover. Specifically – aligning colleagues' individual roles to our new strategy (+4 eNPS since Jan 2021), clearly defining career opportunities and career paths (+8 eNPS since Jan 2021), and clarity around how the reward framework links to individual performance (+1 eNPS since Jan 2021). Moving into 2022, we will continue our focus on these priorities and, at the same time, leverage the foundations and strategies in place to ensure our people can continue to deliver whilst placing a stronger emphasis on their health and wellbeing.

In 2021, we built upon our New World Working principles – established in 2020, to help navigate the changing external landscape and build more sustainable working models for the future. We have since launched the New World Working toolkit and delivered an e-learning for new joiners and managers to support our leaders, colleagues, and countries in applying and measuring the impact of these principles within everyday practices – adapting them for cultural variances as well as both professional and personal needs.

As we continue to review and develop our wellbeing agenda, we have taken the time to speak with people from across the business to build on our engagement survey data, understand their needs more specifically and gain insight into how we can truly make a positive impact. This looks both at wellbeing from an organisational support perspective and equally from the individual person's perspective. Using the Adecco Group Foundation's Workforce Vitality Model as one of our building blocks, we are working to deliver a global framework that educates, structures, supports, empowers, and communicates wellbeing practices that are integrated with our daily ways of working and delivers results across the full spectrum of purpose, mental, physical, and social wellbeing.

To support this shift, our Win4Youth programme has now transferred from the Adecco Group Foundation into the Human Resources function at Group level, so that we can redefine the focus to incorporate broader areas of wellbeing. Over the past year, the programme's ambassadors served as champions of wellbeing across the Group, continuing to drive activity of any sort – from walking to yoga to meditation. Each ambassador also had the opportunity to take part in a life-changing experience – including our virtual bootcamp, and a triathlon in Lanzarote, Spain. The number of active participants in the programme across 2021 was 12,718, of which 1,193 were associates and 526 were clients and partners. Across the Group, we logged 1,287,680 activity hours which resulted in a donation of CHF 500,000 to Plan International to support youth employability programmes. To further the evolution of Win4Youth into the broader spectrum of wellbeing, in 2022 we will develop the ambassador programme into a two-year experience with the first year focusing on Win4Youth activities and the second developing them into Wellbeing Champions who look more holistically at driving wellbeing activities and awareness in countries.

All of this is combined with putting equality and inclusion at the heart of everything we do when it comes to accessibility for all and driving an inclusive culture. In 2017 we aligned on a clear company purpose: Make the Future Work for Everyone. This means the Adecco Group strives to make the future work for everyone – including people of colour, women, the LGBTQ+ community, persons with disabilities and more – and for anyone who embraces this vision of a diverse and inclusive culture, demonstrating that we believe in talent not in labels. Please see page 20 for more information on our Diversity and Inclusion agenda.

Giving our colleagues the platforms and experiences they need to reach their potential

Our second cultural driver, Growth Mindset, focuses on displaying agile and unlimited thinking to better serve our customers' needs. In 2021 we launched the Adecco Group University (TAG U) to prioritise the development, through learning, of our colleagues and leaders, focusing on the critical transformational and behavioural skills we need to successfully deliver our Future@Work strategy. TAG U provides a robust learning ecosystem that promotes a culture for continuous growth and development. By the end of the year, more than 1,000 of our colleagues had participated in learning journeys aligned to our critical skills topics including Sales, Pricing, Agile, Digital and Leadership Development. With our unique 'human-centric' 360° HR solutions, we can leverage the best learning experiences our brands have to offer. In short, we leverage and apply our own ecosystem. For example, General Assembly delivered a curriculum on Digital Foundations and our 330 Global Leaders are taking part in a six-month Leadership journey which has been co-created with LHH.

In early 2022, we launched our TAG U Digital Campus, driven by a digital learning and development platform, which will be a one-stop shop for learning, accessible to all our colleagues worldwide, anywhere at any time.

And it is not just about strengthening the leaders of today but also building the leaders of tomorrow. Our International Future Leaders Programme nurtures our early-in-career colleagues, equipping a pipeline of strong, commercially minded leaders with the skills, experience, and passion to deliver tangible business performance, drive the pace of transformation and successfully foster a culture of innovation across the Group.

Equipping our talent with the tools to grow and succeed

To ensure we are fit for future, our leaders of tomorrow must be nurtured today – and for ongoing business continuity, healthy succession planning is paramount. Through our Global Talent Reviews, we are strengthening and further embedding processes that identify our critical talent and skills gaps, establishing how and where we recruit and develop the talent needed to strengthen these pipelines.

Harnessing our own strength

Our third cultural driver of Collective Spirit promotes a united vision through collaboration and innovation at scale. We take pride in leveraging our own unique portfolio of brands and solutions to deliver an excellent employee experience and continue building a world-class HR function. In addition to serving our colleagues and accelerating our business transformation, it also showcases best-in-class practices to our clients. Some examples of how we have demonstrated this across 2021 include:

- Partnering with Pontoon to deliver our Recruitment Experience Outsourcing (RXO) solution where we redefine how we recruit colleagues into and across our business globally.
- Working with LHH to collaborate on our leadership development programme, assessments and change management approach. As well as utilising LHH coaching tool Ezra – to support our global development initiatives such as our International Future Leaders Programme, our Female Talent Programme and our Global Leadership Programme.
- We partnered with General Assembly to pilot Digital learning journeys for our colleagues, that will ultimately form, a part of our TAG U curriculum.

Making the future work for everyone. We believe in talent, not labels

At the Adecco Group, we are committed to making the future work for everyone. As a people business focused on providing talent solutions and advisory services, we envision a world in which everyone has the chance to participate in the world of work. 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 believe our commitment and active drive to improve everyone's chances of being part of the world of work is both a critical business advantage and a non-negotiable, integral part of who we are.

As one of the world's largest employers, we have a responsibility and opportunity to make a real difference in the fight against racism and have an unwavering commitment to standing up against discrimination of any kind. At the Adecco Group, we believe in talent, not labels, and focus on the diverse and unique skills our people bring. We have zero tolerance for any unlawful discrimination or harassment against any employee, associate or candidate, at any stage of that person's journey with us, on the basis of gender, sexual orientation/LGBTQIA/gender identity or gender expression, family/marital status, age, race, ethnicity, heritage, nationality, social or economic background or origin, religion/creed, political opinion, disability (visible or invisible), or any other characteristics protected by applicable laws where the Adecco Group operates.

We regularly ask our people to tell us how we are doing and tell us how they feel about us as an employer. We act on their feedback and report back to them on what we are doing to continually strengthen who we are and what we do. We also provide the opportunity for anyone working for the Adecco Group who has individual concerns or worries to raise these in a confidential or neutral environment. More information can be found here: https://www.adeccogroup.com/our-group/about-us/reporting-misconduct/

Our commitment to equity, equal opportunity, inclusion, and diversity is part of our broader commitment to respecting fundamental human rights across our value chain. It reflects our long-standing pledge to the ten important principles of the United Nations Global Compact and represents an important contribution we can make toward the achievement of the UN Sustainable Development Agenda.

Our approach – Striving for equity by design

We work actively to create the conditions that support a culture and work environment of belonging, trust, and participation. To achieve our objectives, we focus particularly on the following four pillars:

- **Attract, recruit, and retain a diverse range of talent.** This not only facilitates the labour market integration of underrepresented groups but also enables us to bring more perspectives, experience, and skillsets into our business to create better results for our people and our customers.
- **Drive a consciously inclusive culture through our mindset, decision-making and behaviours.** We drive inclusive leadership by ensuring diverse thinking is respected, managed, heard and applied. To support this, we have an active programme of global inclusion training, for both leaders and all employees on the thinking and actions that encourage and promote an inclusive and diverse working environment.
- **Enable accessibility and equality for all.** We believe in equity by design to minimise barriers and maximise our collective potential for success. We are committed to bias-free and fully inclusive recruitment, talent management and development, reward and recognition, and promotion processes, and continue to invest time and resources in the best technology to create the environments that deliver this.
- **Put wellbeing at the heart of everything we do.** We are convinced that wellbeing is a cornerstone of an inclusive work environment, valuing mental, physical and cultural wellbeing. We actively provide a range of services and support for needs of everyone in the Adecco Group. We continue to strengthen and develop our approach by using the lessons we have learned to support the wellbeing at work of all our people.

Partnering for impact

As part of our commitment, we campaign for more inclusive pathways to employment worldwide. To this end, we collaborate with various recognised organisations to continually strengthen our approach, share best practices, and to amplify our impact for the benefit of the wider community. Our global engagements include for example Paradigm for Parity, the International Labour Organization's Global Business and Disability Network, the Valuable 500, the European Network Against Racism's Equal@Work Platform, and the Tent Partnership for Refugees, and we are signatories to the United Nations' LGBTI Standards of Conduct.

> "As a people business focused on providing talent solutions and advisory services, we envision a world in which everyone has the chance to participate in the world of work."

HR highlights

Group retention

Engagement Peakon eNPS – employee engagement survey

Peakon eNPS®

38
+5 from 2020

(14 points above industry benchmark)

External career site visits

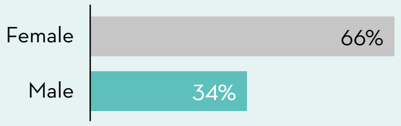
681,714
+45% year on year

Internal career site visits

93,340
+213% from prior year

Diversity and Inclusion highlights

Company-wide gender split



Global Leaders Gender parity

36% female
+4% from previous year

Peakon – employee engagement survey

Diversity and Inclusion Peakon eNPS

42

(11 above industry benchmark).
*NEW In top 25% Professional Services

Delivering sustainable value in the world of work

Our purpose is making the future work for everyone and our strategic vision is to enable sustainable, life-long employability for individuals and empower organisations to optimise their workforces.

Market context

Sustainability

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

Inputs

Talent

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

Relationships

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

Innovation

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

Infrastructure

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

Financial capital

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

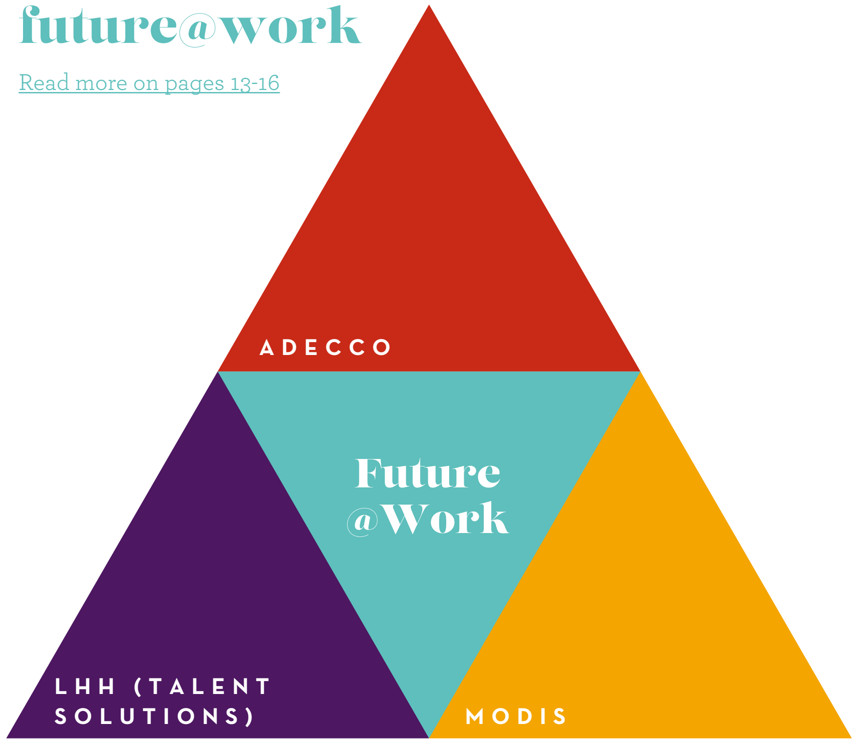
Our service lines

- FP Flexible placement
- PP Permanent placement
- CT Career transition
- OC Outsourcing, consulting & other
- TR Training, up-skilling & re-skilling

Our Strategy

future@work

Read more on pages 13-16



Strategic Enablers

Customer Experience
The Customer at the Centre

Differentiation
Sustainable 360° Offering

Digital
Amplified by Technology & Data

Performance management

- Revenue growth
- Gross margin
- Conversion ratio
- EBITA margin
- Days sales outstanding
- Cash conversion
- Peakon eNPS®
- Net Promoter Score®

CULTURE

People First

Growth Mindset

Collective Spirit

See more page 17-21

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 365m
Dividends paid

Employees

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

38
Peakon – Employee Engagement Survey

Candidates and Associates

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

c. 2 million
Associates at work every day, including in our joint ventures

c. 115,000
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.

26
Client Net Promoter Score®

Suppliers

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

71/100
2021 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 5,381m
Total taxes paid

'The Way' – For more information on this artwork, head to pages 181-185

360° ecosystem

Creating a truly differentiated experience for our clients

The pandemic and its aftershock have been pushing companies to re-assess their priorities, sometimes even their entire business model to keep their competitive edge. All sectors have been disrupted, accelerating the shift to more digitalisation, more focus on building resilience, faster transition to smarter industry and real commitment to sustainability.

Collectively, we are still trying to grasp the full impact on the world of work and some of our clients are struggling to cope with the "new normal".

The war for talent is raging; hybrid work is here to stay; fit-for-future skills are an elusive target; while diversity and inclusion have become imperative for all. In the recent months, the end-to-end people agenda has become the top priority of many CEOs.

And this is where the Adecco Group has a lot to offer. Our 360° ecosystem of services is one of the most comprehensive in the industry and across the world. In the past year, our conversations have shifted to more strategic engagement with our customers, understanding their emerging challenges and opportunities, brainstorming with them on how to support their needs even before they fully verbalise them. While some companies continue to require the immediate, tactical supply of flexible and permanent staff, many more are looking for innovative solutions spanning the entire talent spectrum. In this unchartered era, even old questions require new answers. Today, clients in need of capabilities for their business may be better served by a combination of re-skilling existing staff, hiring new talents and outsourcing the rest. And already 91% of our global strategic customers are leveraging services from across the Adecco Group business units.

Bringing the value of our industry-leading 360° ecosystem to clients is about putting them at the centre, and developing uniquely tailored solutions, built from the range of services from across our Global Business Units. This was our approach for a client in the automotive industry.

Holistic approach helps client pivot to a software focus for the future

With the acceleration towards smart, connected, electric-powered vehicles, they were facing the challenge of transforming from a predominantly mechanical engineering and manufacturing company into a software company. As an Original Equipment Manufacturer, this has been driving a significant impact on the skills they require today and for the future. Together with their teams, we created a solution combining career planning from LHH (Talent Solutions) and re-skilling in e-mobility from Modis. By the end of 2021, we had already trained 2,000 internal trainers who in turn will re-skill and up-skill some 30,000 of their fellow employees into the jobs of the future. A very concrete example of making the future work for our client and their employees, ensuring their continued employability and business relevance.

For the Adecco Group, customer centricity is at the core of any meaningful customer conversation. And while it can translate into highly customised offers, it often leads to a smart assemblage of our broad set of services to unlock customer value. In the past year for example, we turned what was a commoditised flexible workforce management brief from a global financial services company into a total talent engagement leveraging LHH (Talent Solutions), our online platform Hired, and Modis. It optimised the impact for the client's business and ultimately their people. It also enabled us to develop a higher value-adding partnership focused on anticipating their current and evolving workforce needs.

Last, but not least, our clients expect a consistent and predictable experience across brands and countries. This is our commitment to be recognised as a truly global and strategic partner to them.
To deliver on that promise, we have made considerable progress on developing deep client and industry expertise and insights, together with training on all the Global Business Units' offerings. Through our TAG U online learning platform, we also offer 'self-served' micro learning sessions to all our employees to support their up-skilling; these received more than 5,000 views during the year.

The 360° ecosystem in action

Our clients welcome the new solutions our shift to a more advisory approach provides, exemplified by a client company in the automotive industry. This sector is facing huge challenges as it moves from manufacturing traditional petrol-driven cars to smart, connected, electric-powered vehicles. Our client works as an Original Equipment Manufacturer (OEM) in this sector and is transforming from a predominantly mechanical engineering and manufacturing company to a software company, with significant impact on the skills they will require for the future. We worked with them to jointly create a solution combining career planning from LHH (Talent Solutions) and re-skilling in e-mobility from Modis. By the end of 2021, we had already trained 2,000 internal trainers who in turn will re-skill and up-skill some 30,000 of their fellow employees into the jobs of the future, thus making the future work for them by ensuring their continued employability.

1 Connected cars & internet of things (IOT) platforms
2 Autonomous cars
3 Shared mobility
4 Electric vehicles
5 Digital enterprise
6 Industry 4.0 to industry 5.0
7 Shift to digital retailing
8 Road to zero
9 New business models
10 Gen Zers as decision-makers

1 Making the future work: Adecco

> “We will continue to invest in technology and in our people to ensure we deliver the best customer experience in the market”
>
> **Christophe Catoir, President Adecco**

CHRISTOPHE CATOIR

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

After one year, can you share what makes you proud at the end of 2021?

Even facing the Covid-19 outbreak, we were able to put people first while introducing our ambitious Future@Work plan that will deeply change our future and the ways we support not only our clients and associates, but also society as a whole. I’m very proud of our 23,500 colleagues all around the world – in 48 countries and 3,620 branches, who worked in an exemplary way throughout what was again a very tough year.

In terms of economic results, 2021 is a real transformation year, with key investments. Of course, we have room for improvement, but we have laid the foundations for our immediate future success.

What were your priorities in 2021?

We had clear priorities, and each demonstrated clear progress during the year.

Growth Obsession: We have reinforced our sales discipline in order to deliver sustainable growth and, by leveraging our segmentation strategy in our main countries, we have been able to reach our goals and support our strategic clients as well as our medium-sized and small local partners.

Qualitative Hiring: In order to strengthen our own workforce, we have hired thousands of new colleagues who discovered the “Power to change lives” by becoming part of our company. By offering real added value to society, we are more attractive than ever to young talents.

Omnichannel: Reinforcing a modern HR customer service (intimacy, advice, coaching, training and safety) for clients and associates, we have created a full set of new ways to deliver our services mixing online and offline.

Unique solutions portfolio: We have set up a global Solutions organisation, leading Adecco Outsourcing, Adecco Training, Adecco Inclusion, and our Flexible and Permanent Placement activities. Developing these new segments for existing clients represents a great business expansion opportunity as we better meet their evolving needs. This new structure facilitates the delivery of tailored sets of services, according to needs (personalisation), and with more room for innovation. We thus provide a unique value to our customers, and we are ready to expand our competitive advantage.

Technology Adoption: Digitalisation is at the core of our strategy and instrumental in the transformation of our business.

Alongside this, we see the growing impact of our innovations with, for example, digital engagements with candidates through Career Assistant growing from 1.1 million in the first quarter 2021 to 2.5 million in the last quarter of 2021.

In data and AI, we have made many developments to our products, making them smarter, more intuitive and easier to use so that our conversational AI bot reached 200,000 potential candidates a month with a quarter of those making an application for temporary or permanent placements.

We also established our global data platform which means that we can now share and analyse our candidate data more effectively including a total of 1.1 million assessments, surveys and training courses completed in 2021.

An Efficient Governance: Adecco is organised around a strong and effective Management Team at global and local level. The Leadership Team has been reinforced and members of the team can now focus on their areas of responsibility, with more proximity to our clients and delivery networks.

5 CHANNELS	5 SOLUTIONS	5 INDUSTRIES
Urban Hubs	Permanent Placement	Logistics
Onsite	Flexible Placement	Mobility
Rural Branch Network	Training	Life Science & Medical
Adecco Career Centers	Outsourcing	Energy
Adecco Direct	Diversity & Inclusion	Tech

Adecco

Digitally enhanced omnichannel strategy to expand market share and profitability

Workforce Solutions

Market size:
EUR 250bn

Market growth:
in line with
GDP

Revenues:
EUR 16.9bn

Colleagues:
23,500

Countries:
48

Branches
3,620

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

In 2021, QAPA joined the Adecco Group. Can you tell us more about this acquisition?

The market for 100% digital recruitment solutions has increased eightfold in the last two years. This acquisition will enable us to accelerate the deployment of a digital offering to meet the needs of our user companies and complete our service offering. Thanks to its technology, QAPA can provide candidates and companies with the right offers and profiles in record time: one hour, on average! QAPA already has several hundred clients and a solid candidate base with nearly 4.5 million profiles. This powerful capability will strengthen our leadership. It is also a great opportunity for Adecco to rapidly gain market share by simply meeting our clients' needs better. Based in France, QAPA will be a laboratory and a model for our global Adecco Direct offer.

What do clients expect from Adecco?

The most important value for our clients, but also for our associates, is trust. They expect from us the capacity to support their path to success with agility, transparency, compliance, and the capacity to provide end-to-end solutions and not only transactional interactions. For example, Permanent Placement – but also up-skilling and re-skilling through Adecco Training – are key differentiators for our clients and for our associates. It is also a way to attract the best candidates.

How do you see 2022?

We will still have to deal with the pandemic and continue to protect our colleagues, associates and clients. But we consider that we have learned so much during the last two years – and we have created so many new ways to deliver our services – that we are now fully prepared to grow despite this context. Clients and associates value Adecco's ability to help them through the challenges of global scarcity of talent, tension on wages – where clients will need our consultancy – global expectations for more wellbeing and safety at work, local and global combined services and huge training needs. Combined, these capabilities represent a clear competitive differentiator for us in the market. We will continue to invest in technology and in our people to ensure we deliver the best customer experience.

Adecco: at the centre of the transformation of the world of work and making the difference for our candidates and clients

- Demographic shift and skill shortage: by combining our Training and Inclusion capacity, we consider that our social impact is a huge opportunity as clients can meet the need for varied competencies in different ways, and can help candidates to choose new career paths
- Technological Breakthroughs: our past years' investments put us in the position to propose new efficient types of services
- Reindustrialisation of strategic industries: 50% of our clients are global and with our new omnichannel approach we can support our clients' development worldwide
- Resource scarcity and climate change: Our global approach, combined with the agility that our Solutions deliver allow us to generate new ways to mobilise loyal and expert workforces just when our clients need them, reducing resource consumption and delivering financial efficiency.

Amin Seido Khudeida (27)

27 year-old Syrian Amin Seido Khudeida arrived in Germany in December of 2015 as a refugee. After learning German during temporary work, he was able to apply for a logistics job through Adecco. He did well in this job and was well-liked by everyone and, in 2021, when Adecco sought a team member for staff support and shift planning, Amin was asked to join the internal Adecco team – a role which he has enthusiastically embraced.

Full story here:
www.adeccogroup.com/future-of-work/latest-insights/inside-the-shifting-talent-pipeline-strategy/

'Sharing the Future' – For more information on this artwork, head to pages 181-185

2

Making the future work: LHH (Talent Solutions)

> “We will continue to build our end-to-end offering to support our clients along the skill transformation journey”
>
> **Gaëlle de la Fosse, President LHH (Talent Solutions)**

ABOUT SERGIO PICARELLI

Sergio has been a member of the Adecco Group Executive Committee since 2009, serving as President of LHH (Talent Solutions) in 2021 and guiding the company through a dynamic period of transformation. In a career that has spanned three decades, Sergio has lent his expertise and steady leadership to a broad range of practice areas, including sales, talent solutions and professional recruitment. In April 2022, he will assume leadership for the newly-formed LHH Recruitment Solutions.

ABOUT GAËLLE DE LA FOSSE

The newly appointed President of LHH, Gaëlle, joined LHH (Talent Solutions) in February 2022, to start the latest chapter in a successful career of more than 20 years in consulting, business transformation, digitalisation and brand development. She has gained executive-level experience in countless sectors across many different countries, including France, the United States, Italy, Iberia, and countries in Asia and Latin America. Gaëlle has a proven ability to help client organisations in areas such as recruitment, learning, transition and re-skilling and has a strong track record in executing profitable growth has strategies.

As this Annual Report went to press during the period of the leadership transition, both Sergio and Gaëlle respectively reflect on 2021 and look forward to 2022.

Sergio, throughout 2021, Talent Solutions/ LHH (Talent Solutions) delivered talent advisory services to companies around the world under very difficult circumstances. What did you learn about the world of work?

As 2021 began, everyone assumed we would be returning to a certain degree of “normality.” But we quickly realised this wasn’t to be the case. The world around us had become an even more volatile, uncertain, complex, ambiguous place. Obviously, that had impacts for the world of work.

Many employees began to rethink their career and life choices, particularly as hybrid working opportunities became more common. However, freed from our daily commute into the office, many of us found it harder to draw hard lines between our personal and professional lives. Work-related stress and burnout have increased, and many businesses have been pushed to the brink by acute labour shortages.

To succeed in this environment, companies must transform their workforces so they have the right number of workers with the right skills in the right locations. We can do this by moving away from traditional workforce planning and career management and embracing new tools and strategies. Employers, many of whom are in a war for talent, must offer more flexible career journeys, dynamic re-/ up-skilling pathways and create a new blend of permanent and flexible staffing options to meet their need for skilled talent.

After consolidating under the Talent Solutions brand, the company has gone further with development of a global LHH brand. Sergio, why did you decide to do this?

Although “Talent Solutions” was an apt description of what we do, we didn’t initially intend to use the LHH brand for clients or candidates. Our market research showed that with more than ten independent brands in our portfolio, it would be easier for our clients and candidates to navigate our offerings if we consolidated under one brand. Once we made that decision, research showed that LHH was the perfect, unified brand.

Why? Because LHH enjoys very high brand recognition in the HR services space. The move to the LHH brand is designed to elevate our external profile, and drive growth across the portfolio through an integrated target operating model. Finally, by consolidating around one global brand, we will be much more efficient and effective in our marketing activities.

Sergio, can you tell me more about HIRED and Ezra, the smaller businesses within the Global Business Unit?

Simply put, HIRED and Ezra are digital ventures that have become significant growth platforms for LHH (Talent Solutions).

Launched in 2019, Ezra is a digital platform that delivers professional coaching at scale. Ezra has become a rapidly growing global business. In both 2020 and 2021, Ezra revenues grew by more than 300%, as its client base expanded to include some of the largest and best-known companies in the world. In 2021, Ezra delivered more than 100,000 coaching sessions to leaders working in 80 countries. Despite this success, Ezra has continued building out its platform. Most recently, it created “The Ezra Measure,” which allows client organisations to measure the impact of leadership coaching. Ezra is clearly positioned to enjoy even more growth in 2022.

Hired is the world’s largest AI-driven marketplace for top tech and sales talent. Hired combines intelligent job matching with unbiased career counselling to help people find jobs that allow them to reach their full potential. By providing real-time information and access to equal opportunities, the Hired platform is essential for hiring managers, recruiters, and C-level executives who want to build ambitious, diverse teams. Hired is committed to eliminating unconscious bias in all aspects of hiring by utilising more representative talent pools, diversity goals, customised assessments and salary bias alerts.

LHH

Hired
GENERAL ASSEMBLY
ezra.
BADENOCH + CLARK
Spring Professional
pontoon

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

Talent Solutions

Market size:

EUR 530bn

Market growth:

11–16%:pa

Revenues:

EUR 1.8bn

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

As we look forward, Gaëlle, what business units will drive growth for LHH (Talent Solutions) in 2022?

We see substantial opportunity in our Recruitment Solutions business. The recruitment market is very active and we should earn benefits both from the new unified LHH brand and from ongoing investments in digital capabilities.

Our Learning and Development business should also see significant growth given the insatiable global demand for digital re-/up-skilling and soft-skill development. We will continue to invest in these areas to provide the best possible content and delivery formats to our clients.

Although Career Transition faces a softer market, mainly driven by low unemployment rates and labour shortages, we are successfully transitioning our product to an internal job mobility solution, which has sparked keen interest from our clients.

On top of capitalising on these trends, we will continue to build our end-to-end offering to support our clients along the skills transformation journey and will look to add new capabilities – especially in HR advisory services and selective digital offerings.

> “We will continue to invest in areas that provide the best possible content and delivery formats to our clients.”

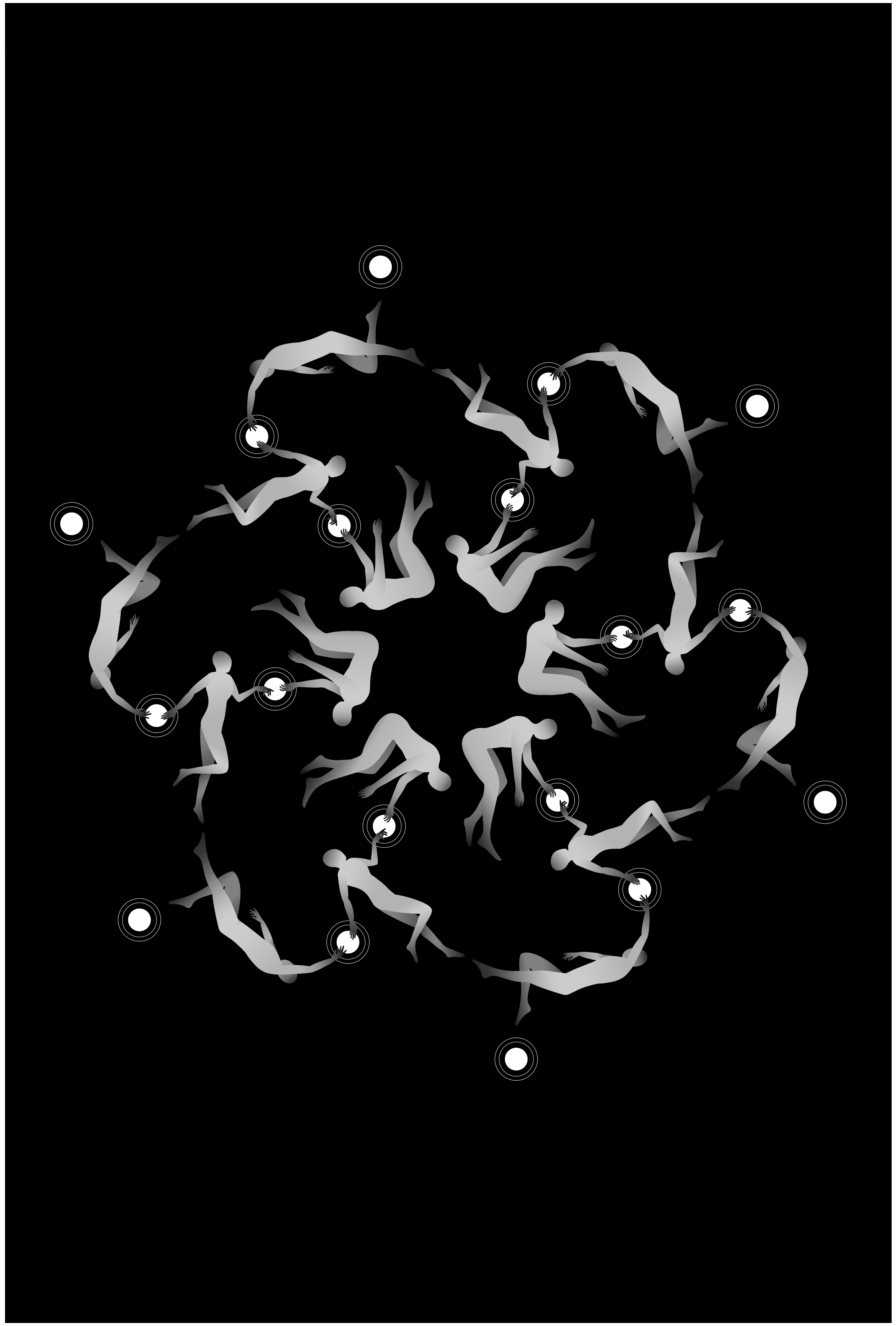
Hazel Mayers

Hazel is an Adjunct Professor at Fordham School of Law. She was recently accepted for a General Counsel and Corporate Secretary position at a leading Ed-Tech company in the US following a career break.

“The team from the LHH (Talent Solutions) International Center for Executive Options taught me how to own the marketing of my skills and competencies in professional environments.” The most memorable part of her experience has been working with the phenomenal team, from her inspirational peer advisor, and social media guru, to her superb résumé writer and the big research team, offering support and practical guidance.

Hazel suggests taking a career pause isn’t easy, whether it’s a self-imposed point of reflection, as it was for her, or an because of an unexpected departure. The LHH (Talent Solutions) team brings structure to a chaotic time, by helping executives focus on the heavy lifting early, so they are properly prepared for their search.

Full story here: www.adeccogroup.com/future-of-work/latest-insights/inside-the-shifting-talent-pipeline-strategy/



‘The Labor of Cost’ – For more information on this artwork, head to pages 181-185

3 Making the future work: Modis

> “It is an exciting period for all of us as we are in the unique position of shaping a company that has fantastic opportunities ahead”
>
> **Jan Gupta, President Modis**

ABOUT JAN GUPTA

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

Your focus is on Smart Industry – what is it and why is it an attractive market to be in?

The world is getting smarter – with smart products, processes, homes – while data analytics and AI are having a major impact as drivers of change. Our clients face these megatrends, including shifting demographics, climate change, digitalisation, shorter product lifecycles, scarcity of skills and automation, which leads them to rethink their strategies and rebuild their operating models. Some examples are:

- The transformation in the transportation and mobility sector, with electric, connected and autonomous vehicles
- The need to develop new technologies for energy production, like mobile fuel cells
- The aerospace industry facing the challenge to build planes with much lower CO_2 emissions
- The need for smart automated production facilities, where our manufacturing and logistics clients are building “dark” factories, highly dependent on the Internet of Things and artificial intelligence

Today, engineering skills, IT skills and Big Data are strongly intertwined, and these examples are just a few areas where our combined competences will make the difference.

We call this market the Smart Industry, and this rapidly growing sector is, in short, where IT and engineering technologies converge into a digital and connected world. The traditional IT and engineering markets are growing in general between 3-6% whereas the Smart Industry sector is growing all over the globe by more than 20% every year. The volume of tech services in the Smart Industry offers major opportunities and has already a size of more than EUR 72 billion.

So we are witnessing a big shift from demand for traditional engineering to digital engineering skills in very specialised areas. With our expertise, know-how and cross-industry capability, we can meet this growing demand from customers facing technological disruptions who need our services and skills to scale their transformation. It is about accelerating innovation and time to market for our clients and partners – working together towards a sustainable tomorrow.

We hear a lot about the combination of AKKA Technologies with Modis, what is the rationale behind this?

Our vision for Modis and AKKA combined is to become a strategic partner of choice for leading companies embracing the Smart Industry.

Combining AKKA as a global engineering and R&D services company with Modis being focused on IT and digital will amplify our strategy. With an incredible portfolio of clients, we will accelerate innovation and drive the future of the Smart Industry and together become a global engineering and digital solutions powerhouse in the market.

Our target remains unchanged: to be a leading enabler of the Smart Industry and the partner of choice for companies, to scale their innovation, improve productivity and accelerate their digital transformation. Our merger with AKKA will help accelerate our ambition to be a global leader in this sector.

With a unique footprint across all major regions – EMEA, North America and APAC – and local presence in over 30 countries and around 50.000 highly experienced engineers and tech experts combined, we have a strong platform to meet our ambitious targets.

For the Adecco Group, the combined AKKA and Modis business increases the exposure to high-value technology-led sectors. AKKA & Modis will be a key element in extending and delivering an even broader and deeper 360° ecosystem to more clients, combining the Group’s skills and capabilities into unique customer-centric solutions. It will strengthen the Group’s world-leading ability to meet the transformation needs of customers, underpinned by talent.

modis

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

Technology Solutions

Market size:

EUR 175bn

Market growth:

3-6% pa

Revenues:

EUR 2.2bn

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

Could you share more about the strategy of the combination of Modis and AKKA?

By combining AKKA & Modis, a global market leader in technology and digital engineering will be created to capture the accelerating demand for digital transformation – the desired partner that so many organisations are looking for – helping clients rethink what and how they produce and generate value out of data.

Blending complementary skills and a global footprint, Modis and AKKA will create a powerful platform to be a global leader in the Smart Industry. We look forward to joining forces with AKKA as they are as passionate about technology as we are. This combination of talent and skills will unleash an extraordinary offering of end-to-end solutions, based on our extensive technology capabilities, cross-sector expertise, and joint strong experience in some of the largest digital engineering sectors. Together we will have a uniquely broad service offering in this field and therefore the answer to all challenges our clients are facing.

We are bringing together colleagues who are experts in engineering, product development, digital twin technology, data analytics, artificial intelligence, and other cutting-edge technologies, along with colleagues who are experts in automotive, aerospace, software and telecom, life science, energy or the financial services. Our focus is on industries that are in huge transformation with a need for digital transformation and high growth rates. Together we will have the chance to work on the most interesting engineering and IT projects in the world.

Our strategy is summarised in a 7x7x4 business matrix (see Figure 1) which displays our focus on seven key growth technologies, seven defined global industries, and four service lines. We have added Emerging Technologies to stay on top of key technology trends such as blockchain or virtual reality. And we keep focusing on key global industries in Smart Industry related sectors; a balanced industry split which makes us more resilient against future economic crises, as all the industries have different economic cycles.

The matrix also clarifies our four key offerings, where our 'Solutions' service line enables us to work alongside the full value chain of our clients, from design to prototyping, testing and optimisation of production, allowing for unique customer intimacy.

There is a big integration project to complete during 2022, how are you approaching this?

The integration is a major undertaking and multiple cross-functional teams and a range of workstreams have been established, coordinated by an Integration Management team, led by representatives from Modis, AKKA and The Adecco Group.

From the day we acquired a controlling stake, subject to regulatory approval, we started to establish joint executive leadership, act jointly with clients and work on joint offerings. From that date, we were also able to start to connect our infrastructure, which will be important going forward to operate efficiently. Our diverse global leadership team brings deep knowledge and experience from different industries.

We have scoped the work to be done across many different areas to ensure we maximise our future success. This covers all areas from confirming the organisational structure to how we will go to market, shape our client offering, and combine our delivery and operations.

It is an exciting period for all of us as we are in a unique position to shape a company that has fantastic opportunities ahead. AKKA & Modis, coming together as Akkodis, will support clients, partners and society in their digital transformation journey towards a sustainable tomorrow, through a shared passion for technology and talent, as we engineer a smarter future together.

> **"AKKA & Modis combined, will support clients, partners and society in their digital transformation journey towards a sustainable tomorrow."**

Figure 1: Focused strategy, where Modis together with AKKA will operate at the convergence of IT and Engineering, with a clear focus on future industries and technologies

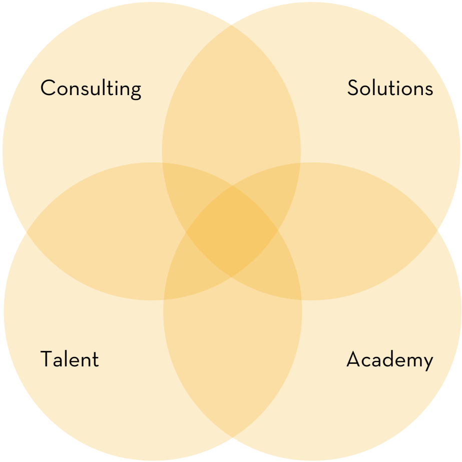
7 KEY TECHNOLOGIES

- Data & AI
- Software & Application
- Cloud & Infrastructure
- Cybersecurity & Data Protection
- Product Design & Assurance
- Industry 4.0 & Connected Products
- Emerging Technologies

7 KEY GLOBAL INDUSTRIES

- Automotive & Transportation
- Energy & Clean Technology
- Telecom & Media
- Life Science & Healthcare
- Banking & Financial Services
- Manufacturing & Logistics
- Aerospace & Defense

4 SERVICE LINES



Shreyas Raman (22)

Modis joined forces with its strategic engineering partner Mercedes-EQ Formula E Team to launch a unique campaign: Lead the Charge. Out of 2,000 applicants from 66 countries assessed by Modis' global recruiting teams, Shreyas Raman was chosen to lead the campaign as the perfect candidate for this unique opportunity. Shreyas moved to Brackley in the United Kingdom and is currently working with the Mercedes-EQ Formula E Team at the headquarters of not only Mercedes Formula E but also Mercedes F1. His main aim is to support the Mercedes-EQ Formula E Team in its third season of the ABB FIA Formula E World Championship. Furthermore, as a member of the Mercedes-EQ Formula E sustainability board, he is driving sustainable change, creating an initial spark for innovation and contributing to a better life.

Full story here: www.adeccogroup.com/future-of-work/latest-insights/inside-the-shifting-talent-pipeline-strategy/

'Today & Tomorrow' – For more information on this artwork, head to pages 181-185

Enabling a sustainable future

We are a world in transition, faced with extraordinary shifts that continue to upend the current way business is, and should be, done – from climate change and Covid-19 to societal movements for more equity, access, and equality. The private sector has a critical role to play in helping to rebalance the world for the benefit of all. As a leading talent solutions and advisory company, and one of the largest employers worldwide, we want to lead by example in how we conduct our business, help our stakeholders navigate through these turbulent times, and take an active role in creating brighter futures for all. We want nothing less than to make the future work for everyone. This is our starting and end point for what we do.

Sustainability sits at the heart of Future@Work

In 2021, we have made our approach to responsible, sustainable business conduct an integral part of our Future@Work strategy. Sustainability for us is not a one-off effort or something that sits separate from the business. It is – and must be – an integral part of how we do business. We can only be successful as an organisation if we are mindful of the broader impact of our activities and consistently embed material environmental, social and governance (ESG) considerations into all that we do, across our value chain. Ultimately, this will help deliver economic value for our shareholders and stakeholders, and positive impact for global and local economies.

To remain focused, we have translated our purpose into strategic goals that address the work-related sustainability needs of our core stakeholders. For us as a people business, focus is particularly on all sustainable employment-related challenges and opportunities. Recognising the need for a stronger human-centric approach to climate change mitigation and adaptation, in 2021 we have elevated our commitment to climate protection to one of these now five overarching goals.

OUR PURPOSE

Making the future work for everyone

OUR GOALS

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

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

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

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

Climate protection
Helping to safeguard the planet for future generations

OUR LEVERS FOR IMPACT

Embedding material environmental, social and governance considerations across our operations, solutions and value chain

(see pages 42-49)

Measuring and disclosing transparently and holistically our stakeholder value creation

(see pages 40 and 175ff.)

Strengthening ESG governance and accountability

(see pages 40, 72ff. and 96f.)

ADECCO GROUP BOARD OF DIRECTORS
Ultimate oversight of ESG, including the Group's non-financial reporting

CEO & GROUP EXECUTIVE COMMITTEE
Approves and reviews the Group's ESG ambitions, approach, policies and targets. Ensures inclusion in the Group strategy, and is accountable for implementation

NEW

ESG STEERING COMMITTEE
Ensures that the Group's ESG approach is effectively integrated in the way we do business and we achieve our ESG objectives

GROUP SUSTAINABILITY FUNCTION
Develops the strategic sustainability direction for the Group together with key stakeholders. Responsible for driving and coordinating efforts, ensuring alignment across the Group, engaging with stakeholders, and reporting on progress

Collaboration, consultation, alignment and reporting

GLOBAL TOPIC LEADS
Define approaches, policies, processes and targets for specific topics in line with the overarching Group ESG approach

REGIONAL / COUNTRY LEADS
Translate the global frameworks into meaningful local action and implement relevant policies, processes, targets and actions at regional/country level

ALL COLLEAGUES

Strengthening how we measure our ambition

We are serious about our commitments and hold ourselves accountable for our progress towards our goals and commitments. In 2021, we introduced a new ESG Scorecard to better enable us to consistently track progress towards our goals. For each goal, we have identified the most immediate drivers that will help determine success and for each such metric, we have set short-term (annual) and medium-term (2025) targets to chart a clear path forward and ensure continuous progress. Long-term (2030) targets are set for metrics where we already have a consistent track record to extrapolate from.

These metrics are in turn reflected in the Group, Global Business Unit and/or Function scorecards. This allocates responsibility for implementation at source and underscores our integrated approach to addressing ESG-related issues. Select ESG-related performance metrics are furthermore included in the compensation framework of the Group Executive Committee members (see pages 96-97 for more details).

Given the sensitive nature of some of these targets, particularly those that pertain to our core business, the Scorecard as such is not public. However, we remain committed to continuously strengthening what we measure and disclose in line with evolving expectations and regulation and in conversation with key stakeholders.

Evolving how we govern our approach

Clearly assigned responsibilities at every level of the organisation are a must if we are to deliver on our ambition and commitments. This starts at the top.

To further strengthen accountability for the delivery of our objectives, in 2021 we introduced a new ESG Steering Committee. It is chaired by the Group CFO and consists of senior representatives from the three Global Business Units as well as select leaders of relevant Group functions, such as HR, Sales, Finance, Public Affairs and Sustainability, all reporting either directly to the Group CEO or to Executive Committee members. In 2021, it met four times, developing the ESG Scorecard and its targets, reviewing progress and identifying gaps to close, agreeing a new due diligence framework, and defining priorities for 2021/2022.

How we conduct our business comes down to the decisions and actions that each of our employees takes, day to day. In 2021, we thus embarked on a journey to increase the awareness and understanding among our colleagues of our approach to sustainable business conduct and the role they can play in helping to drive progress. For example, we integrated ESG in a number of global townhalls, issued an ESG newsletter with best practices from across the Group, and launched new intranet pages that provide tangible actions that all employees can take, as well as examples dependent on role (e.g. for people managers) or area of responsibility (e.g. people working in HR, or IT). We plan to further build on this in 2022 through raising awareness and education activities on ESG-related issues. Because to make the future work for everyone, we need everyone.

'Virtual Root' – For more information on this artwork, head to pages 181-185

Operating responsibly

At the Adecco Group, our most material contributions to sustainable development are those that we strategically advance through our core business. As a leading talent solutions and advisory company we prioritise two areas: enabling the sustainable and lifelong employability of individuals and providing them with access to quality employment, and enabling organisations to optimise their talent models to achieve their own long-term goals, as outlined in previous sections of this report. In a time when the world of work is undergoing such significant change, we believe this role is more important than ever.

This is supported by an unwavering commitment to maintaining the highest standards of responsible and sustainable business conduct. Our ambition is to establish a culture that consistently integrates material environmental, social and governance (ESG) considerations – risks, opportunities and impacts both of and on our business – across our full value chain. We continuously evaluate with key internal and external stakeholders whether our focus areas continue to be the right ones and seek to evolve and strengthen our approach in line with evolving legislation, practices, and expectations. We will continue to challenge ourselves and strive to be at the forefront of delivering better futures for all.

Leading with integrity and compliance

To be trusted by our stakeholders, we seek to conduct ourselves ethically in everything that we do, in line with both the spirit and letter of applicable laws and accepted norms for corporate behaviour. The ambition of our Integrity and Compliance Programme, launched in 2019, is to help create such a value-based culture: a culture that enables and encourages decision-making and business practice that considers not just what is legal, but what is conduct with integrity, and which demonstrates that our profitability and growth are achieved both in a sustainable way and in accordance with our values. The Board of Directors, through its Audit Committee, exercises oversight over the programme's implementation, ongoing management, and effectiveness.

Our Code of Conduct sets the frame of reference to which each and every colleague has personally committed, and which underlies the business decisions we make every day. To ensure our Code of Conduct remains fit for purpose, in 2021, we embarked on the critical journey of updating this seminal document. We created a steering committee and stakeholder panel made up of colleagues from across our Global Business Units and enabling functions that guide the drafting. We will ensure we invest the necessary time in this process, recognising that this will set the tone from the top as regards the expected behaviour from our people and those working with and for us for years to come. We expect this extensive process to conclude in 2022.

All new joiners are asked to complete onboarding training in integrity and compliance, complemented by online training on various related topics that all colleagues are required to complete on a regular basis. At the end of 2021, global completion rate was at 77% for all courses. In 2021, we launched a new Group e-learning module on preventing bribery and corruption in all its forms, in support of our zero-tolerance policy. The e-learning reinforces our expectations in this respect and is mandatory for all employees. The phased roll-out was completed in November 2021, with a global year-end completion rate of 63%; this will continue into 2022. We also launched a new course for line managers on our revised Group Commitment Policy to ensure proper decision-making in the interest of the Adecco Group, outlining decision-making authorities and thresholds across the Group.

Building on the valuable experience and insights gained the previous year, we conducted our second Group-wide survey on integrity and compliance, providing our colleagues with the opportunity to share their perceptions of how our company lives up to our respective commitments. Close to 18,000 employees participated (51% of the invited population) and shared their honest feedback, leaving 8,700 comments. Results showed an improvement over the prior year, and nearly all items with benchmarks scored above the respective services industry and global high-performing companies benchmarks. Focus in 2022 will be on strengthening the response rate to increase representation, fostering more awareness for our ethics reporting tools, and building trust in the underlying process. As a first step, we trained our integrity and compliance colleagues in how to conduct investigations, building capacity and expertise on proper investigation protocols at local levels.

We recognise that our commitment to responsible business conduct needs to extend across our value chain. In 2021, we thus embarked on a journey to strengthen our existing practices, laying out a project framework for action, with implementation starting in 2022. This will enable us to ensure that we are not part of or party to activities, wherever they take place, that do not adhere to high social and ethical conduct, but rather that we work with business partners that share our standards.

To better support and track the implementation of new policies, initiatives, and trainings across the Group, we deployed a governance and reporting tool for the Integrity and Compliance function. In an effort to further strengthen audit trails and accountability, we are working on complementing this with new tools that will allow us to better capture processes such as conflict of interest disclosures and policy attestations. As we implement such new initiatives, we partner with a diverse group of stakeholders from differing functions, Global Business Units, and geographies, to make sure they reflect a broad set of experiences, expertise and contexts.

Ensuring responsible tax practices

At the Adecco Group, we believe that contributing to public finances through responsible tax practices is an integral part of how we seek to make the future work for everyone and a key contribution we as a business can make towards helping achieve the UN Sustainable Development Agenda. For most countries, tax contributions are the main source of funding. By seeking to comply with both the letter and spirit of applicable tax laws, we ensure we pay our share so that governments can fund critical public services such as education, infrastructure, or healthcare.

We do not engage in artificial tax-driven structures and transactions, and we report revenues and pay taxes in the countries where we operate and where value is created.

EUR millions	2021	2020	2019
Income taxes paid	195	290	256
Sales taxes paid	2,460	2,061	2,535
Employer payroll and social security taxes paid	2,726	2,278	3,049
Total taxes paid	**5,381**	**4,629**	**5,840**

For more information on our tax strategy, please refer to page 83.

Transparency in compliance and ethics reporting

Our reputation is one of our most valuable assets, determined not least by the way each of our employees conducts their respective work responsibilities. Unlawful or improper behaviour by even a single person can cause the Adecco Group and its stakeholders considerable harm. We therefore seek to foster an open culture of mutual respect and trust, where people feel encouraged and safe to seek guidance, to raise any concerns they have relating to possibly improper business conduct, and to report any actual or suspected misconduct. Concerns can be raised through various channels, around the clock, including anonymously.

Anyone raising concerns in good faith is making the right decision: we will listen and take any issues seriously, taking remediating action as required to ensure our practices are in line with our values and ambitions for responsible business conduct. This may include disciplinary measures, training, or process improvements (such as amendment of policies and procedures, awareness campaigns, or implementation of new controls).

Depending on the risk significance (e.g., potential impact on stakeholders, financial impact and/or reputation damage, seniority of the subjects potentially involved), reported cases are divided into red, yellow, or green categories, which determines the further handling of a case. Relevant information on reports is regularly provided to the Board of Directors' Audit Committee and senior management.

In 2021, the two most reported categories were:

- improper workplace conduct (26%);
- deception (15%), including e.g. embezzlement or time card fraud.

	2021	2020	2019
New cases reported	**146**	192	195
Red cases	**3%**	2%	1%
Yellow cases	**14%**	10%	7%
Green cases	**83%**	88%	92%
Reported through the Adecco Group Compliance & Ethics hotline	**68%**	67%	67%
Reported through other channels (e.g. management or integrity and compliance officers across the Group)	**32%**	33%	33%
Cases closed	**100**	171	188
Proven	**35%**	26%	31%
Not proven	**30%**	37%	25%
Inconclusive	**7%**	12%	20%
Not related to misconduct / not appropriate for investigation	**28%**	25%	24%

Respecting human and labour rights

We are a business of people for people, touching the working lives of hundreds of thousands of people every day. We are committed to embedding fair and ethical recruitment practices and the respect for workers' rights in our daily business operations across the world. In our commitments and activities, we are guided by some of the most authoritative international resources, such as the core labour conventions of the International Labour Organization (ILO) or the UN Guiding Principles for Business and Human Rights, as well as sector-specific standards such as the World Employment Confederation Code of Conduct and ILO Convention 181 on Private Employment Agencies. We continue to be a steadfast participant in the UN Global Compact, and annually confirm our continued commitment to its ten important principles, ever since first signing up in 2003.

Numerous policies and procedures translate these expectations into our daily business. In 2021, we embarked on an extensive process to revise and strengthen our human and labour rights policy to ensure it remains fit for purpose, to better articulate our longstanding commitments and activities, as well as to reflect evolved expectations as regards a company's stance and conduct in this fundamental area. We are thereby engaging with a broad range of stakeholders, enabling us to consider a multitude of perspectives and seeking to avoid potential blind spots. Sign-off and roll-out of the new policy is expected in 2022. The respect for human and labour rights will also play a leading role in our revised Code of Conduct, as outlined in the previous section.

We believe that our services and solutions bring many benefits, particularly in the areas of employability and access to work, and thus livelihoods. In 2021, we for example launched Adecco Inclusion and several new partnerships that will enable us to scale up our existing offering focused on increasing the labour market participation of currently underrepresented groups through up- and re-skilling and placing them into jobs with our clients. We also work with our clients to create the enabling environment for diverse talent to thrive.

But we are also mindful of the potential risks to human rights in the context of our business operations. In 2020, we began with the comprehensive mapping of material labour law and human rights risks and corresponding controls in our flexible and permanent placement business in the APAC region. In 2021, we expanded this to our markets in Eastern Europe and the Middle East, with completion in Western Europe and the Americas expected in the first half of 2022. This will enable us to develop a more comprehensive risk matrix and corresponding strategy to reduce the most common risks across our operating countries.

For example, the risk for discrimination in our industry is real. This was one of the key insights gained from our integrity and compliance survey. In response to this, in 2021 we provided guidance to all our employees about what to do if they feel pressured to recruit in a discriminatory way or in a way that is against our values. The guidance focuses on reaching out for support, focusing conversations with clients on their business outcomes and how our services are delivering against these expectations with quality and predictability – and ultimately walking away if necessary. As one of the world's largest employers, we have a responsibility and opportunity to make a real difference in the fight against racism and have an unwavering commitment to standing up against discrimination of any kind, as expressed in our new global D&I statement, available on our website.

Following the roll-out to managers in 2020, our conscious inclusion training has in the meantime been delivered to 75% of the organisation. Recognising that pictures sometimes speak louder than words, we furthermore issued inclusive imagery guidance to our marketing community, to ensure the photo-/videography we source, produce and/or use represents and speaks to a diverse range of people across the globe and reflects our commitment to diversity and inclusion. This went hand in hand with an audit of imagery already in use.

With 'People First' as one of our three cultural drivers, the concern for the health and wellbeing of our people remained a top priority in 2021, recognising the critical responsibility we have to keep those that enable our success safe. Our industry is unique, as we typically do not directly control the work environment we place our associates in. This is acknowledged by applicable legislation, often placing primary responsibility for a healthy and safe workplace with the client. Nevertheless, we seek to ensure they are properly trained and equipped for the respective role ahead. In 2021, we formed an Occupational Health and Safety Community, initially in our six largest markets, to share best practices, streamline metrics and measurement to be able to identify improvement areas, and innovate new approaches. In partnership with Adecco Training, they developed a quiz for associates to build their awareness for healthy and safe practices at work, tailored to different industry needs; roll-out has already been completed for three markets. For an overview of how we seek to ensure the wellbeing of our colleagues, please see page 18.

We recognise the important role that social dialogue plays in safeguarding human and labour rights. In 2021, we continued our active engagement in social sectoral dialogue for agency workers in numerous countries and as a partner at the European Sectoral Social Dialogue for Agency Work facilitated by the European Commission. On the European level, social partners WEC-Europe and UNI-Europa agreed their new work programme for 2021-2023. Additionally, the sector contributed to a joint statement by all social partners in the services industry. Our Adecco Group European Works Council (AEWC) continued to enable meaningful social dialogue between the Adecco Group management and European employees through elected employee representatives, based on the spirit of good faith and mutual trust. In 2021, we had several meetings to continue our exchanges including dialogue on the impact of Covid-19 as well as European-level transnational matters. We had seven meetings between the management and the AEWC Steering Group, consisting of five members who work on behalf of all employee representatives. The Adecco Group organised two meetings for all AEWC employee representatives – one exceptional virtual meeting to discuss the business and ongoing impact of Covid-19, and one hybrid annual plenary meeting at which we signed a joint summary with commitments for the future.

75%

of the organisation has received our conscious inclusion training

Contributing to the Sustainable Development Agenda 2030

The 'Agenda 2030' and its underlying 17 Sustainable Development Goals, adopted by the member states of the UN in 2015, set out a clear path towards ending extreme poverty, fighting inequality and injustice, and protecting our planet. There are many touchpoints between the SDGs and the world of work, which connects all social partners and is the principal provider of livelihoods and security. It's crucial, now more than ever, for labour market stakeholders to come together and realise the tremendous opportunity – and responsibility – they have to create a more sustainable future. As one of its prominent actors, we are fully committed to playing our part, to harness our expertise and resources to contribute to the achievement of this important vision. We focus particularly on those goals where we can have the biggest impact, while directly and indirectly contributing to many more:

Peace and justice
Leading with integrity and compliance and being accountable as an organisation

Targets: 16.5, 16.6, 16.7, 16b

Partnership for the goals
Advocating for social partnership and leading in the world of work

Targets: 17.1, 17.7

No poverty
Fighting for formalised employment to reduce poverty

Target: 1.3

Good health and wellbeing
Creating work environments that foster physical and mental wellbeing

Target: 3.4

Climate action
Committed to a human-centric transition and reducing our emissions by 50%

Targets: 13.2, 13.3

Quality education
Advocating for inclusive and equitable quality education and promoting lifelong learning opportunities for all

Target: 4.4

Gender equality
Fighting discrimination and advancing gender equality within our organisation and across the world of work

Target: 5.5

Responsible consumption
Leading by example and promoting responsible business conduct across our value chain

Targets: 12.5, 12.6

Reduced inequalities
Tackling inequalities and (un)conscious biases within our organisation and in the world of work

Targets: 10.2, 10.3, 10.4, 10.7

Decent work and economic growth
Enabling lifelong employability, sustainable employment and decent work for all through our core business

Targets: 8.5, 8.6, 8.8

In 2021, we launched a new SDG-focused campaign shining a light on our collective responsibility, as shapers and participants in the world of work. It leverages our expertise to make employment a key driver of sustainable development and provides insights for next steps employers can take towards the achievement of the 2030 agenda.

For more information on the campaign, please visit https://www.adeccogroup.com/future-of-work/latest-insights/

Helping advance meaningful public policy

To be able to deliver on our purpose of making the future work for everyone, we depend on governments creating the enabling environment, crafting balanced policy, and ensuring well-structured and functioning labour markets that can provide opportunities and protections for all types of workers. Given the complexity of the challenges the world, and not least the world of work, faces today, governments increasingly seek the expertise and support of active labour market participants with deep expertise such as the Adecco Group.

Our public affairs activities, advocacy, and thought leadership are all aimed at policy-making processes relevant to the Group's core business of building a better world of work for all. We are a leading voice in the need for workforce up-skilling and re-skilling at scale, and a vocal advocate for a new social contract that provides for adequate social protection for all, pointing the way towards a future that works for everyone. We are transparent about the positions we advocate for and regularly publish our viewpoints on our website. In 2021, we launched position papers on a wide range of labour market topics, including:

- "Remote work – How to make it work for everyone": the Covid-19 pandemic has disrupted the way companies organise work and by now data suggests that remote or hybrid forms are here to stay. This paper outlines the challenges inherent in these new work models (such as inequalities; productivity; cost, wages and taxes; and cybersecurity), provides an overview of existing legislation, and suggests several factors governments should consider in structuring legislative frameworks for remote work to ensure these boost productivity, foster a better work-life balance and address talent scarcity, while safeguarding that this transition is inclusive, fair and profitable for all.
- "The career guidance imperative – Maximising investments in work transition support": work transitions occur today more frequently than ever before, and the size of the skills mismatch challenge cannot be overstated. Consequently, governments are putting significant efforts into supporting the necessary workforce shifts, often by strengthening active labour market policies or significantly incentivising skilling. We advocate that career guidance, if used strategically within public work transition support mechanisms, can help ensure the most effective use of public resources and be a direct lever for a fast economic transition, and offer concrete recommendations to all labour market stakeholders on how to tackle this.
- "Delivery pending – How to drive a better instant delivery platforms world of work": the gig economy, and especially instant delivery, provides new opportunities to serve consumer needs and turn available work into real jobs. But the sector has been grappling with challenges regarding workers' expectations. As stakeholders look to navigate their way to the most appropriate framework for the instant delivery platforms industry and move to policy standard-setting, we propose a range of solutions for creating a more balanced relationship between delivery platforms and affiliated workers, and advocate for three guiding principles that best meet the needs of all parties at stake.

Guiding principles for better instant delivery platforms

1	2	3
Social protection as the baseline for all forms of (platform) work	Clear criteria are needed to define worker status	The price for platform services should reflect the cost of social protection

We are keen to take responsibility within our broader industry. Our actions include interactions with and towards institutional stakeholders and relevant policymakers, such as government bodies and elected officials, as well as with other stakeholders such as social partners, think thanks and academics. Both the Group and our brands hold memberships and play active roles in various trade and industry associations, at global and local levels. These groups play an important role in representing our industry in the public debate, as they advocate for public policies that support innovation and that will benefit workers, businesses (including ours) and society as a whole.

Since 2020, we for example hold the presidency of the World Employment Confederation (WEC), our global industry federation, and since 2021 now also have a seat in the WEC-Europe Executive Committee, which ensures that the Adecco Group is truly taking its responsibility in organising the sector. In 2021, we also joined the delegation of Swiss employers participating in the International Labour Conference discussion focused on skills. We furthermore continue to be active in the wider business community, partnering e.g. with the International Organisation of Employers and holding a membership in BusinessEurope, including many of their national member federations.

To ensure our public affairs activities are reflective of our expectations as regards integrity, compliance, and responsible business conduct, in 2021, we finalised and rolled out our Public Affairs Principles and Guidelines, publicly available on our website. These define how we liaise with political and institutional decision-makers and what we expect of ourselves and our partners in our public affairs-related activities throughout the world. To this effect, they include a mandatory third-party due diligence process for any public affairs agency we work with.

Managing environmental opportunities and risks

Climate change is one of the most defining challenges facing society today and upending the current way business is and should be done. While the environmental footprint of a service company like ours and the interlinkages between the world of work and climate change might not be as evident compared to those of other industries, we recognise the responsibility we have to help safeguard the planet for future generations, and the difference we can make by acting responsibly. And we have a long tradition of doing so. As a reflection thereof, in 2021 we elevated Climate Protection to one of our overarching sustainability goals. To achieve this, we focus on two distinct pillars:

I. Helping facilitate a human-centric green transition

At the Adecco Group, we believe that climate action must be labour market action. The move towards a net zero economy demands a tremendous industrial transformation that will likely exacerbate existing societal challenges. It is critical that we take a human-centric approach to climate change mitigation and adaptation and prioritise investments in people to ensure that the green transition is a just and inclusive one. We must marry the E with the S dimension rather than see them as distinct. This will not happen by default but will require decisive action by everyone.

Yet, there is still a significant disconnect between climate goals and the needs of workers. Many institutions (in both the private and public sectors) make ambitious commitments towards emissions reductions and more circular business models, often however without a clear understanding of what that means in terms of their workforces – the skills they have, the skills they need, and how to bridge the gap – as well as for their supply chains, communities and consumers. Governments and employers must pay more attention to the role human capital and skills play in delivering sustainable change.

To raise awareness of this, at the beginning of 2021 we published a policy paper, "Skills for the Green Economy". This outlines concrete recommendations for all stakeholders aimed at helping foster resilience and readying the labour market for what lies ahead. The paper also includes tangible case studies from the highly impacted energy and automotive industries to illustrate the points made. We further advocated for the active consideration of the impact on people and their skills e.g., in an online dialogue we hosted together with representatives from the European Commission, the European Parliament, and the private sector, as well as spoke to this effect on a panel at the UN Climate Conference COP26 in Glasgow, where we were present for the first time.

Key actions needed to realise the opportunities of the Green Economy

Governments

- Enable flexible and functional labour markets and sophisticated education systems
- Deliver inclusive social protection systems that protect workers, not jobs
- Include human capital development strategies into national climate action plans

Employers

- Start mapping skills requirements and get re-skilling and re-employment underway ahead of the curve
- Provide entry points into the labour market by embracing apprenticeships, Vocational Education and Training (VET) and other forms of work-based learning
- Promote flexibility and leverage workforce expertise by putting the individual at the centre of your business transformation
- Make sustainable employment and skills investment a brand advantage to attract the right talent and retain skills for future success

Individuals

- Be pro-active and take ownership of your own skillset by continually seeking skilling opportunities
- Realise that skills expire and that lifelong learning is a prerequisite for long-term employability

Complementing our advocacy work, we also directly up- and re-skill workers into the jobs of the future and support our clients with their talent needs as they work through this transition. LHH (Talent Solutions), for example, enables sustainable re-industrialisation that helps save livelihoods and accelerates the transition towards a greener and more circular economy. Working with clients and public authorities, LHH (Talent Solutions) identifies ways to mitigate the social impact when "unsustainable" businesses close and layoffs are unavoidable.

By mapping existing skills and offering up- and re-skilling and career guidance to workers, new employment opportunities can be found that address the needs of the local economy and provide workers with a new perspective. In 2021, LHH (Talent Solutions) for example successfully transitioned workers from a closing coal mine in Spain to newly created solar power jobs in the same region, thus maintaining meaningful and sustainable economic activity in the region, boosting the Spanish green energy sector, and supporting the labour market's attractiveness.

A holistic, collaborative, and human-centred approach is key to success and ensuring that the green transition works for everyone.

II. Managing our own environmental footprint

At the Adecco Group, we recognise the impact we have on the environment through our operations and business relationships. We are committed to becoming carbon neutral by 2030, by reducing our carbon emissions by 50% (with 2018 as baseline), both in terms of absolute emissions and intensity (per unit of revenue and FTE, for Scopes 1 and 2), and offsetting remaining emissions. We set this ambitious reduction target in line with the methodology of the Science Based Targets initiative (SBTi), consistent with the level of decarbonisation required to keep global temperature increase to 1.5°C compared with pre-industrial levels. We are in the process of exploring the necessary steps towards a formal submission to the SBTi, and as part of this the requirements for further strengthening our targets and efforts to account for external developments and expectations towards a net-zero commitment.

We are mindful that the Covid-19 pandemic had a tremendous downward impact on our emissions over the past two years, and will likely have a lasting impact beyond. We expect emissions to increase again as we transition out of the pandemic, but will work hard to try to limit these effects and continue on the year-on-year emissions reduction path we have set out for our organisation. We will focus on those areas where we see the biggest reduction potential given the nature of our business:

- Reducing business travel and using lower-carbon alternatives: while we permitted business travel again given the high value of in-person engagement and collaboration with clients, colleagues, and key stakeholders, we instituted new guidelines that require that any travel must be prioritised for purpose, impact and people. These also stipulate that prior to any booking the environmental and carbon impact must be considered (in addition to health and safety standards), keeping in mind the existing option of remote working.
- Increasingly decarbonising our car fleet: all of our key markets now have policies in place that foresee the overall reduction of their car fleet and the replacement of remaining vehicles with low-carbon alternatives. Australia for example was able to reduce its car fleet by 80%.
- Improving energy efficiency within our facilities and switching to lower-carbon alternatives: our US operations for example significantly optimised their office space to account for changed working needs, while our UK operations moved to 100% renewable energy sourcing, with our German operations following suit as of 2022.

We furthermore embarked on a comprehensive process to revise our global environmental policy in collaboration with stakeholders across the Group, to further articulate our approach to the management of environmental risks and opportunities and specify minimum standards and expectations.

Beyond the strategic efforts we can drive centrally, we see our employees as playing a critical part in helping us reduce our environmental footprint. In 2021, we therefore launched a number of awareness-raising and engagement activities, such as e.g., a global "You pledge-we plant" initiative, where we committed to plant a tree for every employee pledging a concrete action they can take to help reduce our environmental impact or promote otherwise sustainable behaviours in the workplace.

50%

Carbon emissions reduction target by 2030 with 2018 as the base year

ESG ratings and indices

In 2021, our ESG-related performance was recognised with the following rating results and distinctions:

- CDP Climate Change: B-
- EcoVadis: Gold rating
- FTSE4Good Index Series constituent
- MSCI ESG rating: AA
- Sustainalytics: 'Outperformer'

GOLD
2021
ecovadis
Sustainability Rating

Our environmental data

The Adecco Group reports in line with the Greenhouse Gas Protocol. Data is collected across our 19 largest markets, representing more than 90% of our workforce and more than 85% of global revenues. To account for 100% of our operations, missing values of reporting countries are modelled, and the total of all reporting countries is then extrapolated for non-reporting countries of the Adecco Group. This is calculated based for example on office square footage, number of FTEs, and recognised standards (e.g., Greenhouse Gas Protocol and ecoinvent database), taking into consideration factors such as country energy mix or heating degree day per country.

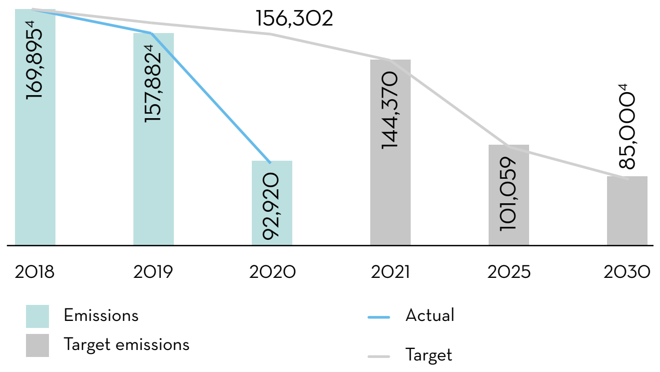
Over the course of the reported year (2020[1]), we saw an overall year-on-year emissions reduction of 41%, significantly outperforming our target. This was largely driven by offices being vacated aside from essential teams required (Scope 1) and business travel restrictions (Scopes 1 and 3) as a consequence of the Covid-19 pandemic.

We are continuously working on increasing data transparency, quality, and coverage of our environmental performance reporting to reduce our reliance on extrapolations. To this effect, in 2021, we implemented data quality and methodology improvements that led to slightly restated data for the last years, and an adjustment of our current 2030 target. We also started collaborating with experts to explore options to measure the commuting of our associates as well as strengthen our processes to enable limited external assurance of our data over time.

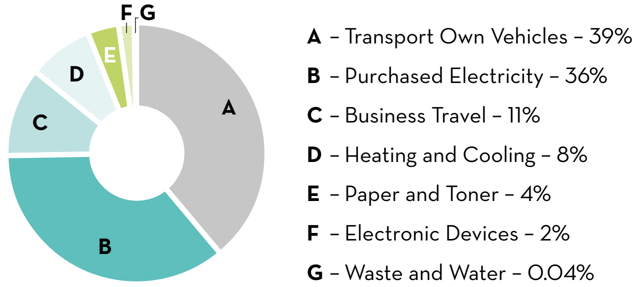
Absolute CO_2 emissions (metric tonnes, Scopes 1, 2 &3[2])

	2020[1]	2019	2018 (base year)	2020 change relative to base year
Scope 1	30,384	58,170[4]	63,341[4]	-52%
Scope 2[3]	25,154	30,944	31,663	-21%
Scope 3	37,382	68,768[4]	74,891[4]	-50%
Absolute global emissions	**92,920**	**157,882[4]**	**169,895[4]**	**-45%**

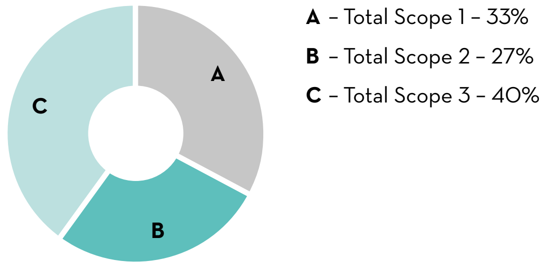
2020[1] reductions vs target
(metric tonnes, Scopes 1, 2 & 3[2])



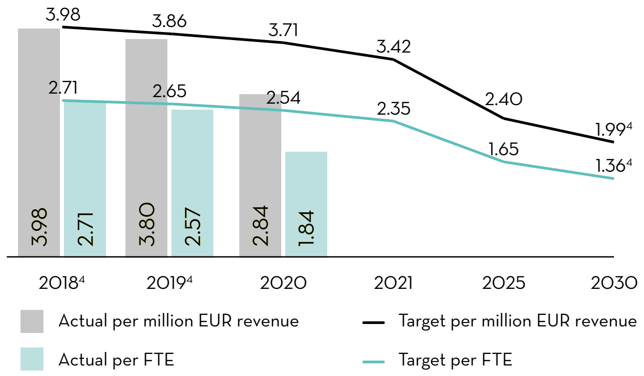
CO_2 emissions split by source (2020[1])



CO_2 emissions split by scope[2] (2020[1])



2020 Intensity performance vs target
(metric tonnes, Scopes 1 & 2[2])



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1 2021 data will be available in Q2 2022.

2 Scope 1: direct emissions from owned or controlled sources (e.g. business cars, heating using oil and/or natural gas)
Scope 2: indirect emissions from the generation of purchased energy (e.g. conventional and renewable electricity, energy for cooling)
Scope 3: other indirect emissions occurring in the value chain (e.g. air travel). This does currently not include e.g. employee/associate commuting or emissions from our supply chain.

3 The Adecco Group calculates Scope 2 emissions according to Greenhouse Gas Protocol's market-based methodology.

4 In 2021, we implemented data quality and methodology improvements which led to slightly restated data for 2018 and 2019.

'Facing the Future' – For more information on this artwork, head to pages 181-185

in millions, except share and per share information

Strengthening of margin through delivery of the strategy

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

Overview

The Adecco Group delivered a strong performance in 2021, despite the continuing public health crisis linked to Covid-19. Revenues, gross margin and EBITA margin all improved when compared to prior year, driven by the delivery of the strategy and the economic recovery. Meanwhile, investments in the digitalisation and transformation of the Group continued.

Revenues increased by 7% on a reported basis, and were up 9% organically, driven by a broad-based recovery across client industries. The revenue trend by quarter was impacted by the comparison base in the previous year: growth was 2% in the first quarter, 29% in the second quarter (as it was the quarter most affected by the Covid-19 economic crisis in 2020) and then softened to 9% growth in the third quarter and 1% growth in the last quarter, all on a trading days adjusted (TDA) basis. Adecco's revenues were up 9%, LHH (Talent Solutions)'s revenues rose 8%, while Modis' revenues grew by 8%. Group revenues for full-year 2021 were 7% below full-year 2019.

Gross margin was up 100 basis points (bps) in reported terms, and up 110 bps organically, driven by portfolio, better mix and pricing.

EBITA margin excluding one-offs was 4.6%, up 100 bps, or 90 bps organically, with the gross margin expansion partly offset by the investments in sales capacity to capture the growing demand as economies recover and in digital transformation.

Free cash flow was EUR 590, illustrating the partly counter-cyclical nature of cash generation. DSO was 51 days, 1 day below 2020. During the year the Group distributed EUR 365 in dividends. Net debt ended the year at EUR 48, representing a ratio of 0.0x net debt to EBITDA excluding one-offs.

Revenues increased by 2% in Q4 2021 organically and 1% TDA. During 2021, the Group focused on protecting profitability, through agile cost management and commercial discipline. As the pandemic eased in the second half of 2021, the Group accelerated investment in a focused and disciplined way to improve growth momentum.

For 2022, macro-economic indicators point to robust economic growth, despite geopolitical uncertainty and lingering pandemic-related challenges. In Q1 2022, the Group expects solid revenue growth on a year-on-year basis, with modest sequential improvement. The Group's margin will reflect continued investment, particularly in Adecco, that is anticipated to accelerate sustainable, profitable growth.

			Variance	
in EUR millions unless stated	FY 2021	FY 2020	Reported	Organic
Summary of income statement information				
Revenues	**20,949**	19,561	7%	9%
Gross profit	**4,281**	3,789	13%	15%
EBITA excluding one-offs	**953**	709	34%	38%
EBITA	**881**	570	54%	59%
Net income/(loss) attributable to Adecco Group shareholders	**586**	(98)	n.m.	
Diluted EPS (EUR)	**3.60**	(0.61)	n.m.	
Dividend per share[1] (CHF)	**2.50**	2.50	0%	
Gross margin	**20.4%**	19.4%	100 bps	110 bps
EBITA margin excluding one-offs	**4.6%**	3.6%	100 bps	90 bps
EBITA margin	**4.2%**	2.9%	130 bps	130 bps
Summary of cash flow and net debt information				
Free cash flow before interest and tax paid (FCFBIT)	**795**	873		
Free cash flow (FCF)	**590**	563		
Net debt	**48**	376		
Days sales outstanding	**51**	52		
Cash conversion	**83%**	123%		
Net debt to EBITDA excluding one-offs	**0.0x**	0.4x		

[1] Dividend per share for 2021 as proposed by the Board of Directors.

Income Statement

Revenues

Full year 2021 revenues of EUR 20,949 were up 9% year on year. Currency fluctuations had a negative impact of approximately 1%, while acquisitions and divestments had a negative impact of 1%.

Performance by service line varied significantly, reflecting the nature and development of the crisis. Flexible Placement revenues were up 8% to EUR 17,263, comprising a 8% increase in the average bill rate, while the temp hours sold growth was flat YoY. Permanent Placement revenues were up 47% versus the prior year, at EUR 583. Counter-cyclical Career Transition revenues decreased by 20%, to EUR 314. Revenues in Outsourcing, Consulting & Other Services grew by 14% to EUR 2,471 while in Training, Upskilling and Reskilling grew by by 34% to EUR 318.

Adecco's revenues were up 9%, LHH (Talent Solutions)'s revenues rose 8%, while Modis' revenues grew by 8%.

Gross profit

Gross profit amounted to EUR 4,281, up 15%. The gross margin was 20.4%, up 100 bps compared to 2020 in reported terms. Currency had a 10 bps negative impact, while acquisitions had a neutral impact. On an organic basis, the gross margin was therefore up 110 bps.

The 110 bps increase in organic gross margin in 2021 comprised: an increase in Flexible Placement gross margin of 80 bps; a positive impact of 70 bps from Permanent Placement and a negative impact of 50 bps from Career Transition. Outsourcing, and Other Services had a positive impact of 10 bps.

Gross margin drivers YoY

in basis points	2021	2020
Flexible Placement	80	20
Permanent Placement	70	(40)
Career transition	(50)	50
Other	10	–
Organic	110	30
Acquisitions & divestments	–	(10)
Currency	(10)	–
Reported	100	20

Selling, general, and administrative expenses

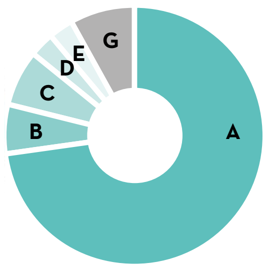
Selling, general, and administrative expenses (SG&A) excluding one-offs were EUR 3,350 in 2021 (excluding EUR 23 proportionate net income of equity method investment in FESCO Adecco), up 10% compared to 2020, as the Group continued to invest in its digital transformation and in sales capacity to capture the growing demand for talent as economies recovered. SG&A excluding one-offs as a percentage of revenues was 16.0% in 2021, compared to 15.8% in 2020. In 2021, FTE employees increased by 8% year on year. Compared to 2020, the branch network decreased by 6%.

In 2021, one-offs amounted to EUR 72, of which the main drivers were restructuring costs of EUR 53, M&A-related costs of EUR 17, and other one-offs of EUR 2.

In 2020, one-offs amounted to EUR 139, of which the main drivers were restructuring costs of EUR 129, M&A-related costs of EUR 9, and other one-offs of EUR 1.

Remuneration expenses were EUR 2,489 in 2021, representing 73% of total SG&A, compared to EUR 2,233 in 2020, representing 69% of total SG&A. Marketing expenses were EUR 104 in 2021, compared to EUR 88 in 2020. Bad debt expense was EUR 2 in 2021 compared to EUR 31 in 2020.

SG&A breakdown (FY 2021)



A – Remuneration expenses – 73%
B – Premises Expenses – 6%
C – Office & Administrative Expenses – 7%
D – Depreciation – 3%
E – Marketing – 3%
F – Bad Debt Expense – 0%
G – Other – 8%

EBITA

EBITA excluding one-offs was EUR 953 in 2021, up 38% compared to 2020. The EBITA margin excluding one-offs was 4.6% in 2021, compared to 3.6% in 2020, driven by revenue growth, higher gross margin and disciplined SG&A management, while continuing investments in the Group's strategic initiatives.

The EBITA conversion ratio excluding one-offs (EBITA excluding one-offs divided by gross profit) was 22.3% in 2021 compared to 18.7% in 2020.

One-offs amounted to EUR 72 in 2021 and EUR 139 in 2020. EBITA was EUR 881 in 2021 compared to EUR 570 in 2020. The EBITA margin was 4.2% in 2021 and 2.9% in 2020.

Amortisation of intangible assets and impairment of goodwill

Amortisation of intangible assets was EUR 70 compared to EUR 81 in 2020. In 2021, an impairment charge for EUR 31 was recognised, due to brand discontinuation in LHH (Talent Solutions). In 2020, a goodwill impairment for EUR 362 was recognised, relating to the Adecco DACH reporting segment and an intangible asset impairment of EUR 9 was recognised in conjunction with the acquisition of Hired.

Operating income

Operating income was EUR 780 in 2021 compared to EUR 118 in 2020, driven by the higher EBITA.

Interest expense and other income/(expenses), net

Interest expense was EUR 32 in 2021, compared to EUR 30 in 2020. 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 2021, other income/(expenses), net, amounted to an income of EUR 5. In 2020, other income/(expenses), net, amounted to an expense of EUR (20).

Provision for income taxes

Provision for income taxes was EUR 165 in 2021, the same as in 2020. 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 2021, the effective tax rate was 22%. Discrete events decreased the effective tax rate by around 6%. In 2020, the effective tax rate excluding goodwill impairment was 38%. Discrete events increased the effective tax rate by around 1%.

Net income attributable to Adecco Group shareholders and basic EPS

Net income/(loss) attributable to Adecco Group shareholders in 2021 was EUR 586, compared to EUR (98) in 2020, with the increase driven by the higher EBITA and the impact of the goodwill impairment in 2020. Basic earnings per share (EPS) was EUR 3.62 in 2021 compared to EUR (0.61) in 2020.

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	2021	2020
Summary of cash flow information		
Cash flows from operating activities	722	720
Cash used in investing activities	(206)	(162)
Cash from/(used) in financing activities	980	(290)

Cash flows from operating activities were EUR 722 in 2021, compared to EUR 720 in 2020. DSO was 51 days for the full year 2021 and was 52 days in 2020.

Cash used in investing activities totalled EUR (206), compared to EUR (162) in 2020. In 2021, cash settlements on derivative instruments was an outflow of EUR 23 compared to an inflow of EUR 24 in 2020. Capital expenditures amounted to EUR 132 in 2021 and EUR 157 in 2020. In 2021 the acquisitions of QAPA and BPI Group amounted to outflows of EUR 54 and EUR 45, respectively and the proceeds from divestiture of the Legal Solutions business amounted to an inflow of EUR 122. In 2021, other acquisitions, divestments, and other investing activities totalled a net outflow of EUR 74. In 2020, acquisitions, divestments, and other investing activities totalled a net outflow of EUR 29.

Cash flows from financing activities totalled EUR 980, compared to cash used in financing activities of EUR 290 in 2020. In 2021, the Company issued long-term debt of EUR 1,484 (primarily related to the acquisition of AKKA Technologies), net of issuance costs, repaid long-term debt of EUR 261 and issued shares for EUR 229 (also related to the acquisition of AKKA Technologies), net of issuance costs. In 2020, the Company issued long-term debt of EUR 259, net of issuance costs, and repaid long-term debt of EUR 117. The Company paid dividends of EUR 365 in 2021 and EUR 381 in 2020, and purchased treasury shares for EUR 81 in 2021 (under the 2021 share buyback programme).

Return on Invested Capital

Return on Invested Capital (ROIC) measures the Group's ability to efficiently use its invested capital. ROIC is defined as rolling four quarter EBITA excluding one-offs divided by average invested capital.

Invested capital comprises Goodwill, Intangible assets (gross), Property, equipment, and leasehold improvements, Operating lease right-of-use assets, Net working capital excluding cash (Trade accounts receivable and Other current assets, less Accounts payable and accrued expenses), and Other non-current assets.

Invested capital was EUR 4,872 as at 31 December 2021, compared to EUR 4,560 as at 31 December 2020. The year-on-year increase was primarily attributable to higher net working capital requirements to support revenue growth. Net working capital as a percentage of revenues was 2.1%, compared to 1.4% in the prior year.

ROIC was 20.3% for 2021, up 580 basis points year on year. The increase primarily reflected higher rolling four quarters EBITA excluding one-offs, supported by strong management of average invested capital.

The following table presents the calculation of invested capital and ROIC:

In EUR millions	2021	2020
Invested Capital as at 31 December		
Goodwill	2,483	2,339
Intangible assets, gross	481	488
Property, equipment, and leasehold improvements, net	330	305
Operating lease right-of-use assets	339	395
Other assets (non-current)	793	753
Net working capital1	447	279
Invested Capital	4,872	4,560

In EUR millions	2021	2020
ROIC for the fiscal years ended 31 December		
Average invested capital[1]	4,704	4,874
EBITA excluding one-offs[2]	953	709
ROIC	20.3%	14.5%

[1] Trade accounts receivable and Other current assets, less Accounts payable and accrued expenses

[2] Rolling four quarters

Net debt

Net debt decreased by EUR 328 to EUR 48 as at 31 December 2021. The ratio of net debt to EBITDA excluding one-offs was 0.0x, compared to 0.4x at 31 December 2020. The 31 December 2021 lower net debt level is mainly a result of the funding secured in September 2021 for the acquisition of AKKA Technologies in 2022. The following table presents the calculation of net debt based upon financial measures in accordance with US GAAP:

in EUR millions	2021	2020
Net debt		
Short-term debt and current maturities of long-term debt	348	294
Long-term debt, less current maturities	2,751	1,567
Total debt	3,099	1,861
Less:		
Cash and cash equivalents	3,051	1,485
Short-term investments	–	–
Net debt	48	376

During 2021, the Group placed two tranches each of EUR 500 fixed rate notes, maturing in 2028 and 2031. At the same time it placed a subordinated fixed-to-reset rate hybrid bond of EUR 500 maturing in 2082. The placements were primarily related to the financing of the acquisition of AKKA Technologies.

Planned cash outflows in 2022 include distribution of dividends for 2021 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 2021 of 165,081,432 is CHF 413. 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.

Adecco

In Adecco, total revenues increased by 9% with growth driven by France and Southern Europe & EEMENA. EBITA excluding one-offs amounted to EUR 834 in 2021, up 43% year on year. Reported EBITA of EUR 820 included one-offs of EUR 14. In 2021 the EBITA margin excluding one-offs was 4.9%, an increase of 110 basis points year on year reflecting positive operating leverage from higher volumes, better mix, productivity gains and cost discipline. Further details by region can be found below.

Adecco France

In 2021, revenues increased by 15%, to EUR 4,665, reflecting the market recovery, led by growing demand from logistics and manufacturing clients while automotive was challenged.

EBITA excluding one-offs amounted to EUR 277 in 2021, up 50% year on year. Reported EBITA of EUR 270 included one-offs of EUR 7. In 2021 the EBITA margin excluding one-offs was 5.9%, an increase of 130 basis points year on year driven by positive operating leverage and partially mitigated by investments in growth and increased employee profit sharing linked to regulatory changes.

Adecco Northern Europe

Revenues performance varied across the region. Revenues in Benelux and the Nordics rose by 2% and 11%, respectively. Revenues from the UK & Ireland were 6% lower, impacted by tough comparison period from exceptional contract wins in the prior year. Permanent placement revenues were strongly up, by 61%.

EBITA excluding one-offs amounted to EUR 86 in 2021, up 65% year on year. Reported EBITA of EUR 80 included one-offs of EUR 6. In 2021 the EBITA margin excluding one-offs was 3.4%, an increase of 130 basis points year on year driven by better mix, productivity gains and cost discipline.

Adecco DACH

Revenues in Germany increased by 10%, Switzerland and Austria grew by 4%. While demand was strong in manufacturing and healthcare, automotive was muted.

EBITA excluding one-offs amounted to EUR 57 in 2021. Reported EBITA of EUR 61 included one-offs of EUR -4. In 2021 the EBITA margin excluding one-offs was 4.0%, an increase of 440 basis points year on year driven by improved mix and pricing, as well as the benefit of restructuring actions in Germany during 2020.

Adecco Southern Europe & EEMENA

In Italy, revenues increased by 30%, while Iberia was up 11% and EEMENA 2%. Growth was driven by strong demand in manufacturing and logistics. Permanent placement revenues were up by 56%.

EBITA amounted to EUR 235 in 2021, up 40% year on year when compared to prior year EBITA excluding one-offs. In 2021 the EBITA margin was 6.0%, an increase of 90 basis points when compared to prior year EBITA excluding one-offs, supported by higher volumes, better mix from successful diversification (e.g. outsourcing, training), pricing and cost discipline.

Adecco Americas

In North America, revenues were 6% lower, with the recovery held back by lower exposure to the more dynamic areas of the economy, such as logistics and transportation, subdued activity in the automotive sector and lowered workforce availability. Measures to improve the US performance are underway, with the business implementing an omnichannel operating model with central hubs (Talent Factories), and digital channels, as well as refocusing its sales force on higher growth sectors. In Latin America, revenues were 18% higher. Legislative changes in Mexico that prohibited temporary staffing had a significant negative impact on the result. Permanent placement revenues were up by 94%.

EBITA excluding one-offs amounted to EUR 69 in 2021, down 23% year on year. Reported EBITA of EUR 66 included one-offs of EUR 3. In 2021 the EBITA margin excluding one-offs was 2.8%, a decrease of 70 basis points year on year. Gross margin expansion was fully offset by incremental investment in digital and sales capacity as part of the turnaround plan that will drive improved performance in 2022.

Adecco APAC

Growth was strong in Australia & New Zealand, where revenues increased by 16%. In Japan and Asia growth was solid, with revenues up by 7% in both regions. In India, revenues declined by 9%, linked to the exit of certain lower-margin activities.

EBITA excluding one-offs amounted to EUR 110 in 2021, up 15% year on year. Reported EBITA of EUR 108 included one-offs of EUR 2. In 2021 the EBITA margin excluding one-offs was 5.7%, an increase of 30 basis points year on year supported by improved mix and cost efficiencies.

LHH (Talent Solutions)

Revenues benefited from strong growth in Global Professional Recruitment, up 17%, and US Professional Recruitment, up 19%, with both segments leveraging strong market demand for permanent placement. Pontoon's revenues grew by 5%, led by MSP and RXO. Career Transition and Learning & Talent Development revenues were 10% lower, as the strength of the US economic recovery curtailed demand for career transition services. Revenues in General Assembly were 7% lower, with softer demand from B2C courses outweighing higher demand in B2B and B2G.

EBITA excluding one-offs amounted to EUR 150 in 2021, down 1% year on year. Reported EBITA of EUR 118 included one-offs of EUR 32. In 2021 the EBITA margin excluding one-offs was 8.3%, a decrease of 90 basis points year on year mainly reflecting a shift in business mix away from career transition and including investments in digital.

Modis

Revenue growth was broad based, led by the Americas, where revenues were 14% higher. In APAC, revenues grew by 5%, while in the EMEA region, revenues grew by 6%. Technology Consulting activities grew by 9%, Tech Talent Services by 6% and the Tech Academy by 127%.

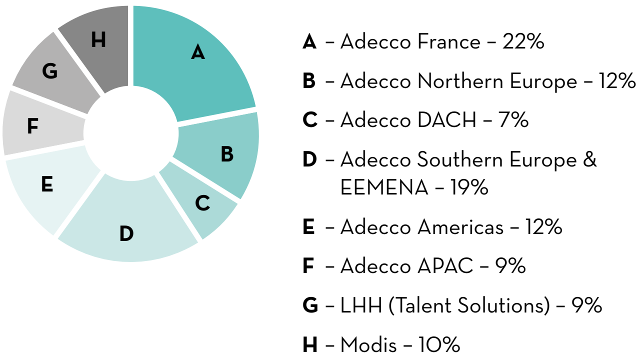
EBITA excluding one-offs amounted to EUR 142 in 2021, up 20% year on year. Reported EBITA of EUR 132 included one-offs of EUR 10. In 2021 the EBITA margin excluding one-offs was 6.5%, an increase of 80 basis points year on year, benefiting from positive pricing and mix, improved bench utilisation, and reflecting continued investment in sales and global resources.

Outlook

Revenues increased by 2% in Q4 2021 organically and 1% trading days adjusted. During 2021, the Group focused on protecting profitability, through agile cost management and commercial discipline. As the pandemic eased in the second half of 2021, the Group accelerated investment in a focused and disciplined way to improve growth momentum.

For 2022, macro-economic indicators point to robust economic growth, despite geopolitical uncertainty and lingering pandemic-related challenges. In Q1 2022, the Group expects solid revenue growth on a year-on-year basis, with modest sequential improvement. The Group's margin will reflect continued investment, particularly in Adecco, that is anticipated to accelerate sustainable, profitable growth.

2021 revenue split by segment



Flexible Placement organic variance YoY by segment

	Organic variance		
	Hours sold	Bill rate	Revenues
Adecco France	14%	1%	15%
Adecco Northern Europe	-4%	2%	-1%
Adecco DACH	5%	3%	7%
Adecco Southern Europe & EEMENA	15%	5%	21%
Adecco Americas	-9%	6%	-3%
Adecco APAC	-14%	20%	3%
Adecco	0%	8%	8%
LHH (Talent Solutions)	-4%	10%	6%
Modis	-2%	7%	5%
Adecco Group	0%	8%	8%

Revenues by segment

	Revenues in EUR millions		Variance				% of total revenues	
	2021	2020	EUR	Constant currency	Organic	Organic TDA[1]	2021	2020
Adecco France	**4,665**	4,042	15%	15%	15%	15%	**22%**	21%
Adecco Northern Europe	**2,507**	2,494	0%	-1%	0%	0%	**12%**	13%
Adecco DACH	**1,426**	1,324	8%	8%	8%	8%	**7%**	7%
Adecco Southern Europe & EEMENA	**3,925**	3,347	17%	18%	19%	18%	**19%**	17%
Adecco Americas	**2,492**	2,574	-3%	1%	1%	1%	**12%**	13%
Adecco APAC	**1,931**	1,888	2%	7%	7%	6%	**9%**	9%
Adecco	**16,946**	15,669	8%	9%	9%	9%	**81%**	80%
LHH (Talent Solutions)	**1,798**	1,713	5%	7%	8%	8%	**9%**	9%
Modis	**2,205**	2,179	1%	4%	8%	9%	**10%**	11%
Adecco Group	**20,949**	19,561	7%	8%	9%	9%	**100%**	100%

[1] TDA = trading days adjusted.

Organic revenue variance YoY, trading days adjusted

	2021				
	Q1	Q2	Q3	Q4	FY
Adecco France	0%	61%	10%	5%	15%
Adecco Northern Europe	0%	20%	-1%	-15%	0%
Adecco DACH	0%	33%	10%	-4%	8%
Adecco Southern Europe & EEMENA	13%	39%	21%	6%	18%
Adecco Americas	0%	19%	-3%	-7%	1%
Adecco APAC	-2%	5%	9%	11%	6%
Adecco	**2%**	**33%**	**8%**	**0%**	**9%**
LHH (Talent Solutions)	**0%**	**21%**	**9%**	**4%**	**8%**
Modis	**-3%**	**12%**	**14%**	**14%**	**9%**
Adecco Group	2%	29%	9%	1%	9%

in millions, except share and per share information

Revenues by service line

	Revenues in EUR millions		Variance			% of total revenues	
	2021	2020[1]	EUR	Constant currency	Organic	**2021**	2020
Flexible Placement	17,263	16,281	6%	7%	8%	**82%**	83%
Permanent Placement	583	406	44%	47%	47%	**3%**	2%
Career Transition	314	386	-19%	-17%	-20%	**1%**	2%
Outsourcing, Consulting & Other Services	2,471	2,247	10%	13%	14%	**12%**	12%
Training, Upskilling & Reskilling	318	241	32%	34%	34%	**2%**	1%
Adecco Group	**20,949**	19,561	7%	8%	9%	**100%**	100%

[1] 2020 Flexible Placement and Outsourcing, Consulting & Other 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	**2021**	2020	**2021**	2020	**2021**	2020
Adecco France	**277**	185	**(7)**	(5)	**270**	180
Adecco Northern Europe	**86**	51	**(6)**	(14)	**80**	37
Adecco DACH[1]	**57**	(6)	**4**	(39)	**61**	(45)
Adecco Sourthern Europe & EEMENA	**235**	170	**-**	(7)	**235**	163
Adecco Americas	**69**	91	**(3)**	(15)	**66**	76
Adecco APAC	**110**	101	**(2)**	(4)	**108**	97
Adecco	**834**	592	**(14)**	(84)	**820**	508
LHH (Talent Solutions)	**150**	159	**(32)**	(36)	**118**	123
Modis	**142**	123	**(10)**	(19)	**132**	104
Corporate	**(173)**	(165)	**(16)**	–	**(189)**	(165)
Adecco Group	**953**	709	**(72)**	(139)	**881**	570

[1] FY'21 one-offs in Adecco DACH were reduced by EUR 4M due to the release of restructuring accruals in Germany in Q3'21, driven by lower-than-expected severance costs relating to prior year restructuring.

EBITA and EBITA margin excluding one-offs by segment

	EBITA excluding one-offs in EUR millions				EBITA margin excluding one-offs		
			Variance				Variance
	2021	2020	EUR	Constant currency	**2021**	2020	bps
Adecco France	**277**	185	50%	50%	**5.9%**	4.6%	130
Adecco Northern Europe	**86**	51	67%	65%	**3.4%**	2.1%	130
Adecco DACH	**57**	(6)	n.m.	n.m.	**4.0%**	-0.4%	440
Adecco Southern Europe & EEMENA	**235**	170	39%	40%	**6.0%**	5.1%	90
Adecco Americas	**69**	91	-24%	-23%	**2.8%**	3.5%	(70)
Adecco APAC	**110**	101	9%	15%	**5.7%**	5.4%	30
Adecco	**834**	592	41%	42%	**4.9%**	3.8%	110
LHH (Talent Solutions)	**150**	159	-5%	-2%	**8.3%**	9.2%	(90)
Modis	**142**	123	15%	20%	**6.5%**	5.7%	80
Corporate	**(173)**	(165)	5%	6%			
Adecco Group	**953**	709	34%	37%	**4.6%**	3.6%	100

EBITA and EBITA margin by segment

	EBITA in EUR millions				EBITA margin		
			Variance				Variance
	2021	2020	EUR	Constant currency	**2021**	2020	bps
Adecco France	**270**	180	50%	50%	**5.8%**	4.5%	130
Adecco Northern Europe	**80**	37	114%	113%	**3.2%**	1.5%	170
Adecco DACH	**61**	(45)	n.m.	n.m.	**4.3%**	-3.5%	780
Adecco Southern Europe & EEMENA	**235**	163	44%	45%	**6.0%**	4.9%	110
Adecco Americas	**66**	76	-14%	-14%	**2.7%**	3.0%	(30)
Adecco APAC	**108**	97	12%	19%	**5.6%**	5.1%	50
Adecco	**820**	508	61%	63%	**4.8%**	3.2%	160
LHH (Talent Solutions)	**118**	123	-4%	-1%	**6.6%**	7.2%	(60)
Modis	**132**	104	26%	32%	**6.0%**	4.8%	120
Corporate	**(189)**	(165)	14%	16%			
Adecco Group	**881**	570	54%	58%	**4.2%**	2.9%	130

FTE employees and branches by segment

	FTE employees				Branches			
			Variance				Variance	
	2021	2020[1]	Reported	Organic	**2021**	2020[2]	Reported	Organic
Adecco France	**4,730**	4,026	17%	17%	**970**	982	-1%	-1%
Adecco Northern Europe	**2,989**	3,044	-2%	-1%	**458**	505	-9%	-8%
Adecco DACH	**1,705**	1,795	-5%	-5%	**338**	370	-8%	-8%
Adecco Southern Europe & EEMENA	**4,789**	4,409	9%	10%	**940**	972	-3%	-3%
Adecco Americas	**4,293**	3,839	12%	12%	**731**	741	-1%	-1%
Adecco APAC	**3,188**	3,158	1%	1%	**179**	186	-3%	-3%
Adecco	**21,694**	20,271	7%	7%	**3,616**	3,756	-4%	-3%
LHH (Talent Solutions)	**7,042**	6,619	6%	6%	**548**	621	-12%	-12%
Modis	**2,767**	2,677	3%	5%	**225**	284	-21%	-21%
Corporate	**1,122**	850	32%	32%				
Adecco Group	**32,625**	30,417	7%	8%	**4,389**	4,661	-6%	-6%

[1] 2020 FTE employees in Adecco Southern Europe & EEMENA have been restated to conform with current period presentation.

[2] 2020 Branches in UK&I have been restated to conform with current period presentation.

Controls and compliance

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

The Board of Directors and management of the Company are responsible for establishing and maintaining adequate Internal Control Over Financial Reporting. Management has assessed the effectiveness of the Company's Internal Control Over Financial Reporting as at 31 December 2021. 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 2021, 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 9 March 2022, 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:

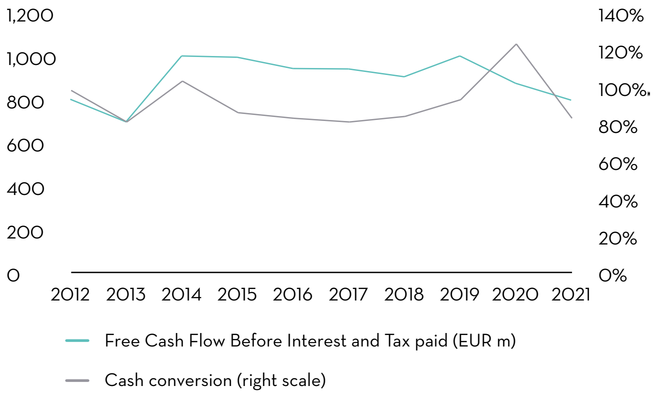
- global GDP trends and the demand for temporary work;
- changes in regulation affecting temporary work;
- intense competition in the markets in which the Company operates;
- integration of acquired companies;
- changes in the Company's ability to attract and retain qualified internal and external personnel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

Cash generation and capital allocation

The Adecco Group consistently delivers strong cash generation.

In 2021, cash flow from operating activities was EUR 722 million, broadly unchanged year on year and reflecting reduced days sales outstanding, mitigated by increased use of cash to fund growth. Free cash flow was EUR 590 million, up 5% year on year. Cash conversion was 83%, approaching the Group's 90% target level.

Free Cash Flow Before Interest and Tax paid, and Conversion Ratio



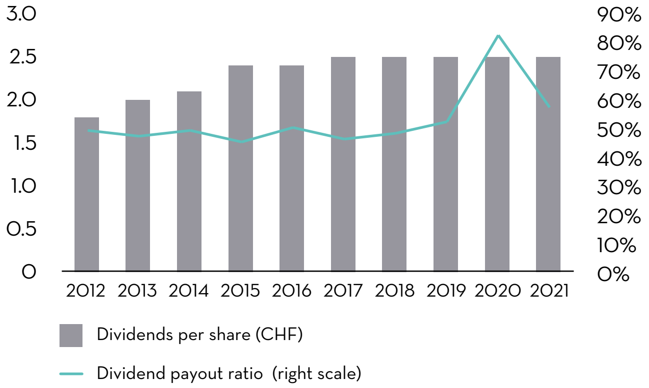
The Group assesses returns using a Return on Invested Capital (ROIC) calculation. ROIC was 20.3% for 2021, up 580 basis points year on year with the increase primarily reflecting higher full-year EBITA excluding one-offs, supported by strong management of average invested capital.

The Adecco Group's capital allocation priorities are:

1 Fund organic growth at attractive returns
2 Progressive dividend policy
3 Selective M&A, creating value
4 Return excess cash to shareholders

The Group's progressive dividend policy has two elements. 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 period, even if EPS temporarily declines and the payout ratio is exceeded.

Dividend and dividend payout



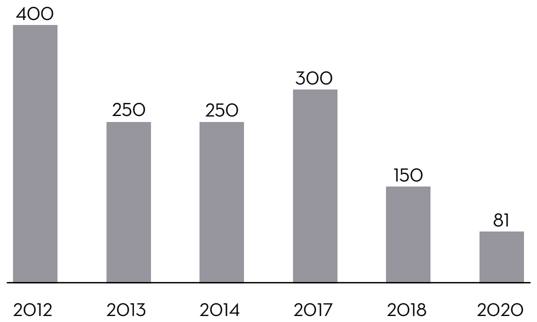
The Adecco Group paid EUR 365 million in dividends during 2021. For 2021, a dividend of CHF 2.50 will be proposed to shareholders at the Annual General Meeting on 13 April 2022. The proposal is in line with the Group's progressive dividend policy, representing a payout ratio of 56% of 2021 Adjusted EPS.

A number of acquisitions and divestments were completed in 2021 to reinforce the Group's core business activities and accelerate delivery of its Future@Work strategy:

- In July, the Group announced the intention to acquire AKKA Technologies, and merge the business with Modis;
- In August, the Group announced the acquisition of BPI Group, an HR advisory company in France, and the planned divestment of its US-based Legal Solutions business;
- In September, the Group announced the acquisition of QAPA, the number two provider of fully digital workforce solutions in France.

In February 2020, the Board of Directors approved a share buyback programme of up to EUR 600 million, which was started on 7 April 2021. On 28 July 2021, in relation to the acquisition of AKKA, the programme was put on hold; 1,424,388 shares for CHF 88 million were acquired under this programme and are intended for subsequent cancellation, following shareholder approval at the Annual General Meeting on 13 April 2022.

Share buyback programmes (EURm)



Note:

- 2012 programme was completed in September 2013;
- 2013 programme was completed in November 2014;
- 2014 programme was completed in January 2016;
- 2017 programme was completed in March 2018;
- 2018 programme was completed in March 2019;
- 2020 programme has a total value of EUR 600 million and was partly executed over April – July 2021.

Shares

By implementing Future@Work, the Adecco Group aims to achieve its financial ambitions and create value for its shareholders.

Adecco Group share capital

The Adecco Group's market capitalisation, based on issued shares, was CHF 7.8 billion at the end of 2021 (previous year, CHF 9.7 billion).

The number of shares issued at year end 2021 was 168,224,177, including treasury shares. Par value per registered share is CHF 0.10, and each registered share represents one vote.

The Group repurchased 1,424,388 shares under the share buyback programme announced February 2021. The Group intends to ask shareholders to approve the cancellation of 1,424,388 shares at the Annual General Meeting 2022. In September 2021, the Group conducted an Accelerated Book Build, issuing new shares from its authorised share capital to investors, which increased its share count by 5,100,000.

Adecco Group shares are listed on the SIX Swiss Exchange.

Share developments

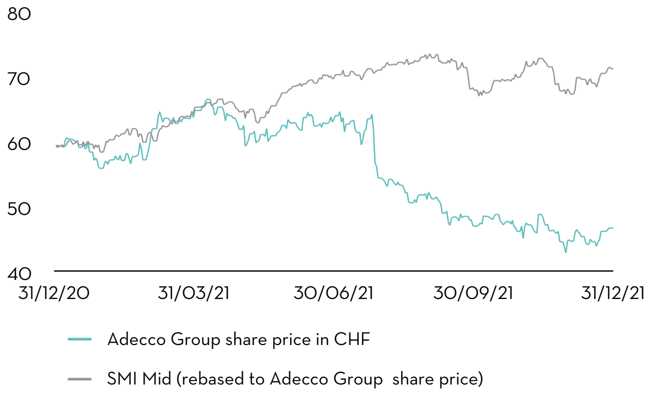
The Adecco Group share price fell by 21% to CHF 46.60 during 2021, while the SMI MID market index rose by 20%.

The average daily trading volume amounted to 629,902 shares. The total trading volume in the Adecco Group in 2021 was 159,995,125 shares, with a yearly share turnover of 97%.

Share developments in 2021 (CHF)

Year end	46.60
Year high	66.42
Year low	42.80
Average daily trading volume	629,902 shares

2021 Share price performance (CHF) in comparison to SMI MID index (rebased)



Shareholder base

The Adecco Group had approximately 17,000 shareholders as of 31 December 2021. The largest 20 shareholders held approximately 60% of the issued and outstanding share capital as of year end 2021.

The largest shareholders, with an over 3 percent holding in the Group to the best of Adecco Group's knowledge, as at 31 December 2021 were: Group BlackRock Inc., Silchester International Investors LLP, Akila Finance S.A., The Capital Group Companies Inc., and UBS Fund Management (Switzerland) AG.

To our knowledge, we are not directly or indirectly owned or controlled by any government or by any other corporation or person.

Shareholder concentration

as of year end 2021	in % of shares issued
Top 5 investors	27%
Rest of top 10 investors	15%
Rest of top 20 investors	17%
Rest of top 50 investors	19%
Others	22%

Shareholder structure

as of year end, in % of shares issued	2021	2020
Institutional		
· Europe	61%	62%
· North America	23%	21%
· Rest of World	3%	3%
Retail	5%	5%
Insider and Treasury	2%	1%
Unassigned	6%	8%

Analysts' recommendations

The Adecco Group's development is closely monitored by investment specialists, with their findings and recommendations offering insights to investors. Nineteen analysts regularly publish reports on the Group. They comprise: ABN Amro – ODDO BHF, Alpha Value/Baader, Bank of America, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, HSBC, JP Morgan, Jefferies, Kepler Cheuvreux, Morgan Stanley, Morningstar, RBC Capital Markets, Stifel, UBS and Zürcher Kantonalbank.

Of these analysts, at the start of 2021, 56% had buy recommendations, 31% had a neutral view, and 13% recommended selling shares. At the end of 2021, 53% had buy recommendations, 40% had a neutral view, and 7% recommended selling the shares.

Credit ratings and financing

The Adecco Group enjoys strong credit ratings. Standard & Poor's rates the Group at BBB+ with stable outlook while Moody's rating is Baa1, also with stable outlook. The Adecco Group aims to maintain an investment-grade credit rating, and targets a net debt/EBITDA ratio of 1.0x accordingly.

The Group pays close attention to balancing maturities and to achieving appropriate diversification of currencies, markets and types of financing instruments to optimise its financing cost structure.

'The Nomad Age' – For more information on this artwork, head to pages 181-185

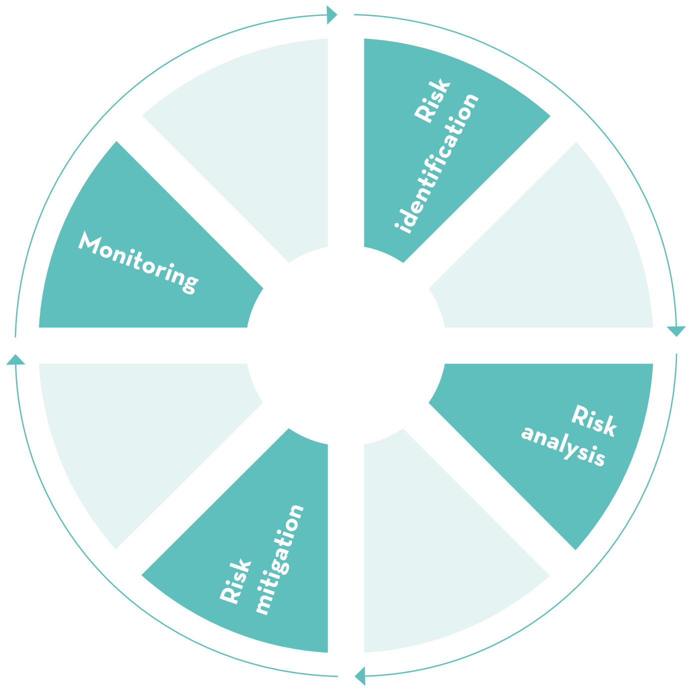
Identify, mitigate and manage risk

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

Enterprise risk management – an iterative and integrated management practice

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

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



Key business risks

The following describes our major business risks and how we manage them. These are regularly reviewed and updated as deemed necessary to account for changes in the risk environment, reflecting new and/or emerging influencing factors such as for example the Covid-19 pandemic, geopolitical developments, or major acquisitions.

Key business risks	Description	Mitigation
Geopolitical, social and economic uncertainty	Demand for many of our HR solutions is highly correlated with changes in economic activity. Meanwhile, career transition is counter-cyclical in nature. At the same time, we operate in a labour market going through significant change, accelerated by the impact of the Covid-19 pandemic: the workforce skills an organisation requires today may be obsolete in few years' time. The economic, social and political environment is increasingly volatile and staffing companies must adjust their capacity to fluctuations in demand, which can occur rapidly and over which they may have limited visibility.	The Adecco Group has leading positions in most major geographical markets and HR service lines. The diversity of our exposures provides some natural hedge to the risk of changing economic conditions. Nonetheless, we place a high priority on closely monitoring economic developments, how these influence our clients' demands, and their impact on our financial results. Our crisis management approach, supported by an active dialogue between corporate and regional management, allows us to stay abreast of any business developments and swiftly adjust our capacity levels as required. The response to the Covid-19 pandemic confirmed the Group's readiness for a recession and its ability to both ensure a continued stable dividend distribution and create value for its stakeholders. This is assessed on an ongoing basis.
Client attraction and retention	The Adecco Group's results and prospects depend on attracting and retaining clients. Client satisfaction, as a result of services we have rendered, is a key driver of client retention and therefore needs to be monitored closely. The changing world of work also provides an opportunity for new sources of growth and the attraction of new clients.	We emphasise the importance of acting as a partner to clients to help them satisfy their workforce solutions needs. On a regular basis we measure client NPS. The results are used to train and support sales teams, to draft and execute sales action plans, and to further enhance the services we deliver. At the same time, we continuously strive to broaden the services we offer and industries we serve (e.g., through acquisitions), improve our delivery channels and to optimise sales systems and processes, leading to enhanced client attraction. The customer has been placed as the cornerstone of our Future@Work strategy, as we seek to leverage 360° HR solutions whilst transforming into a more brand-driven organisation. We recognise our clients' increased expectations as regards responsible business conduct across their supply chain and are intent on meeting their objectives through our integrated sustainability framework.
Associate attraction and retention	We depend on our ability to attract and retain candidates and associates who possess the skills and experience to meet our clients' needs. With talent shortages in some highly qualified skillsets, providing suitably qualified associates can be challenging.	We aim to attract the best talent through various sources, ranging from the traditional physical branch to online platforms and technologies using digital tools responsibly. Our value proposition for candidates and associates goes beyond providing employment opportunities or consecutive assignments. We also provide training and career coaching, and help solve skills shortages with our up- and re-skilling solutions which improve access to diverse candidates, including in some of the most in-demand fields such as digital and IT skills. We regularly measure our candidate NPS to help identify and respond to their needs.
Employee attraction and retention	Our success depends on the talent and motivation of our people. Hiring and retaining the right talent in the right job may significantly influence the business prospects of the Adecco Group. Talent and skills are becoming an increasingly limited resource, as companies compete for the best people. The loss of key colleagues, with valuable experience in the global HR services industry or with strong customer relationships, could cause significant disruption to our business.	At the Adecco Group we have developed a comprehensive talent framework aimed at enabling us to remain the leading employer in our industry. We provide a unique offering and rich experiences, helping our people thrive and develop across multiple brands and geographies. We measure our progress via regular internal employee surveys, which gauge employees' engagement and satisfaction with their workplace. In response to Covid-19, we created and rolled out an entire suite of tools and resources to support our colleagues during these continuously challenging times. Find out more on pages 17-21.
Information Technology	IT plays a pivotal role in today's business operations. Key business processes, such as client and candidate management, and search and match between roles and candidates, are dependent on IT systems and infrastructure. Among other consequences, a significant system interruption could result in material disruptions to our business.	We undertake ongoing assessments of our global security and IT infrastructure and continue to holistically improve our approach to security. This includes strengthening data security measures and helping ensure rapid detection and efficient response. To protect business continuity, critical business applications are stored in cloud applications and regional datacentres with failover capability. Regular reviews of agreements with IT service providers and enhancements to service-level and contract management are embedded in our IT processes, as is the continuous improvement of user security awareness.
Changes in regulatory/ legal and political environment	The HR solutions industry requires appropriate regulation, with the ultimate goal of enhancing quality standards to the benefit of society, workers, private employment agencies and their clients. A changing political environment might lead to inappropriate or unbalanced regulation, potentially impacting our business model.	The Adecco Group monitors and evaluates, at regional and local level, any changes in the regulatory and legal environment, and promotes actions and initiatives directed at improving working and employability conditions, while ensuring competitiveness and growth of economies. We are a founding member of the World Employment Confederation and hold leadership mandates in the regional and national associations representing our sector. Our engagement extends to global institutions such as the International Labour Organization, the OECD, the International Organisation of Employers and the G20-B20, as well as BusinessEurope. Find out more on page 46.
Compliance with laws and regulations	The Adecco Group is exposed to various legal risks, including possible breaches of law in the areas of employment and discrimination, competition and bribery. The Group holds information on a large number of candidates and associates, bringing additional risks in the rapidly developing area of data privacy laws.	Our global Integrity and Compliance Programme sets our ambition level and overarching framework for our employees to comply with all applicable legislation and internal policies. Training courses on material issues create awareness among employees of the risks of non-compliance. In particular, the Adecco Group requires all employees to adhere to our Code of Conduct. Regular legal updates, as well as periodic audits of branches and local operations, are among our preventive measures. Any issue or concern can be reported confidentially through our publicly available ethics reporting channels. Find out more on pages 42-43.
Disruptive technologies	New distribution channels and data-driven business models are emerging as HR solutions go digital. This creates the risk that some of the Adecco Group's services could in the future be offered differently and / or by new competitors. Over the longer term, these disruptive technologies could present a threat to the market share and profitability of the Adecco Group.	At the Adecco Group, the potential of digital is embraced as part of Future@Work through a combination of internal ventures, partnerships and targeted M&A. Continuous investment in our IT platform allows us to increase our efficiency and effectiveness and provides the infrastructure for a comprehensive and coordinated response to the emergence of new technologies. The Group is placing further emphasis on the growing digital scope of our business and focusing aggressively on new opportunities for growth. At the same time, we will continue to look to build more synergies between the Group's online and offline businesses, and to further develop opportunities with leading technology partners.
Data protection and cyber security	With increasing digitalisation, the ability to provide a data environment meeting the highest security and regulatory standards, such as GDPR, is critical. Any failure to do so, whether due to a lack of appropriate technology, controls or human error, could result in a loss of trust among our candidates, associates, employees and clients, as well as financial penalties. There is an increased level of specialisation and sophistication in the cyber-crime economy, especially in human-operated ransomware attacks.	The Adecco Group is continually investing in cyber security-related processes and systems. With investments in compliance resources, business processes and technology, the Group is complying with relevant data privacy principles established by law. To mitigate the risks, a global privacy strategy has been defined which consists of embedding privacy in the Group's day-to-day operations, securing compliance with applicable laws, and working to turn data privacy and compliance into a competitive advantage in the long run.
Environmental, social and governance (ESG) factors	The Group needs to identify, manage and respond to ESG risks and opportunities impacting its business and stakeholders, and live up to its public commitments such as towards the UN Global Compact. Demonstrating this ability strengthens the Group's reputation, helps safeguard our licence to operate, drive profitable growth and deliver value for all our stakeholders.	The Group has a long-standing commitment to doing business sustainably. An integrated sustainability framework focused on the issues most material to our business and stakeholders guides our actions and ensures strong alignment between key business and ESG risks and opportunities. Embedded governance structures and a comprehensive measurement framework enable focused implementation, as we move towards a culture that consistently considers ESG dimensions across our business and extend our approach to acquisitions and joint ventures within our sphere of influence. Find out more on pages 38-49.

'The Living Sphere' – For more information on this artwork, head to pages 181-185

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 18 June 2021 and entered into force 1 October 2021. The principles and the more detailed rules of Adecco Group AG's Corporate Governance are defined in Adecco Group AG's Articles of Incorporation (AoI; https://aoi.adeccogroup.com), its internal policies and organisational rules, and in the Charters of the Committees of the Board of Directors (Board) which are outlined in sections 3.4.1 to 3.4.4 (see pages 74 to 75 of this Annual Report). Adecco Group AG's principles as a general rule take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance as amended in 2016 (published on 29 February 2016; https://www.economiesuisse.ch/de/publikationen/swiss-code-best-practice-corporate-governance).

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

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

Corporate Governance information is presented as of 31 December 2021, unless indicated otherwise, as the statutory fiscal year of Adecco Group AG is the calendar year.

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

Structure, shareholders and capital

1. Structure and shareholders

1.1 Legal and management structure

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

Adecco Group AG is listed on the SIX Swiss Exchange (symbol ADEN, security number 1213860; ISIN CH0012138605). As of 31 December 2021, 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 7.8 billion. On 1 March 2022, this market capitalisation amounted to approximately CHF 7.0 billion.

The Company is a leading provider of human capital solutions including flexible placement, permanent placement, career transition, outsourcing, consulting, training, up-/re-skilling, and other services.

The Company is organised in three Global Business Units – Adecco, LHH (Talent Solutions) and Modis. This structure is complemented by service lines.

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

The service lines consist of: Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting & Other Services; and Training, Up-skilling & Re-skilling.

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

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

- Alain Dehaze, Chief Executive Officer;
- Coram Williams, Chief Financial Officer;
- Christophe Catoir, President of Adecco;
- Sergio Picarelli, President of LHH (Talent Solutions) until 28 February 2022, succeeded by Gaëlle de la Fosse, President of LHH and member of the EC as of 1 February 2022;
- Jan Gupta, President of Modis;
- Valerie Beaulieu, Chief Sales and Marketing Officer;
- Stephan Howeg, Chief of Staff and Communications Officer until 28 February 2022;
- Gordana Landen, Chief Human Resources Officer;
- Teppo Paavola, Chief Digital Officer; and
- Ralf Weissbeck, Chief Information Officer.

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries of the Adecco Group are listed on page 166 of this Annual Report. No subsidiary has shares listed on a stock exchange.

1.2 Significant shareholders

As of 31 December 2021, the total number of shareholders directly registered with the share register of Adecco Group AG was approximately 17,000; the major shareholders during 2021 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 2021.

Please note that percentages of shareholdings refer to the date of disclosure unless indicated otherwise, up to 31 December 2021, and may have changed in the meantime.

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

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

Investor	Date of SIX publication	Percentage of voting rights as disclosed
Akila Finance S.A.	28.05.2014	4.31% equity, 0.26% sale positions[1]
Group BlackRock Inc.	18.10.2019	5.19% purchase positions, 0.07% sale positions[2]
Silchester International Investors LLP	06.10.2021	5.01%
The Capital Group Companies, Inc.	22.06.2021	3.1%[3]
UBS Fund Management (Switzerland) AG	26.08.2020	3.09%[4]

[1] As per current share capital: 4.85% equity, 0.3% sale positions. Beneficial owners have been disclosed.

[2] As per current share capital: 5.04% equity, 0.07% sale positions.

[3] As per current share capital: 3.01%

[4] As per current share capital: 3.00%

As of 31 December 2021, 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 2021, there were no cross-shareholdings exceeding 5% of a party's share capital.

2. Capital structure

2.1 Share capital

As of 31 December 2021, the share capital of Adecco Group AG registered with the Commercial Register amounted to CHF 16,822,417.70 divided into 168,224,177 fully paid up registered shares with a nominal value of CHF 0.10 per share.

Effective 8 September 2021, the share capital of the Company has been increased by CHF 510,000.00 through issuance of 5,100,000 shares out of authorised capital (see section 2.2).

2.2 Authorised and conditional capital

The Board of Directors is authorised to increase the share capital in an amount not to exceed CHF 305,620.00 through the issuance of up to 3,056,200 fully paid registered shares with a nominal value of CHF 0.10 per share by not later than 9 April 2023. Authorised capital amounts to a maximum of CHF 305,620.00, which equates to 1.82% of the existing share capital of CHF 16,822,417.70. Increases in partial amounts shall be permitted. For details on the terms and conditions of the issuance/creation of shares under authorised capital, refer to Art. 3^{bis} of the AoI (https://aoi.adeccogroup.com).

The conditional capital of CHF 1,540,000 divided into 15,400,000 registered shares with a nominal value of CHF 0.10 each is reserved for the exercise of option or conversion rights granted in relation to financial instruments such as bonds or similar debt instruments of Adecco Group AG or its affiliates. Conditional capital amounts to a maximum of CHF 1,540,000, which equates to about 9.15% of the existing share capital of CHF 16,822,417.70. The subscription rights of the shareholders regarding the subscription of the shares are excluded. The shareholders' preferential bond subscription rights in the issue of the bonds or similar debt instruments may be limited or excluded by the Board. The conditional capital is available for share issuance upon conversion of financial instruments Adecco Group AG or its subsidiaries may issue in the future. For details on the terms and conditions of the issuance/creation of shares under conditional capital, refer to Art. 3^{quater} of the AoI (https://aoi.adeccogroup.com).

If both, the authorised and the conditional capital were utilised as of 31 December 2021, the total increase would amount to a maximum of CHF 1,845,620.00, which is equal to approximately 10.97% of the existing share capital of CHF 16,822,417.70.

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

2.3 Changes in capital

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

	Issued shares		Authorised capital		Conditional capital	
in CHF millions, except shares	Shares	Amount	Shares	Amount	Shares	Amount
1 January 2018	**171,156,187**	**17.1**	**8,557,809**	**0.9**	**15,400,000**	**1.5**
Share cancellation and change in authorised capital	(4,580,260)	(0.5)	(229,013)	(0.02)	n.a.	n.a.
31 December 2018	**166,575,927**	**16.6**	**8,328,796**	**0.8**	**15,400,000**	**1.5**
Share cancellation and change in authorised capital	(3,231,750)	(0.3)	(161,596)	(0.02)	n.a.	n.a.
31 December 2019	**163,344,177**	**16.3**	**8,167,200**	**0.8**	**15,400,000**	**1.5**
Share cancellation	(220,000)	(0.02)	(11,000)	(0.0011)	n.a.	n.a.
31 December 2020	**163,124,177**	**16.3**	**8,156,200**	**0.8**	**15,400,000**	**1.5**
Share capital increase and change in authorised capital	5,100,000	0.5	(5,100,000)	(0.5)	n.a.	n.a.
31 December 2021	**168,224,177**	**16.8**	**3,056,200**	**0.3**	**15,400,000**	**1.5**

2.4 Shares and participation certificates

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

As of 31 December 2021, there were no outstanding participation certificates.

2.5 Bonus certificates

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

2.6 Limitations on registration, nominee registration and transferability

Each Adecco Group AG share represents one vote.

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

The Board may register nominees with the right to vote in the share register to the extent of up to 3% of the registered share capital as set forth in the Commercial Register. Registered shares held by a nominee that exceed this limit may be registered in the share register if the nominee discloses the names, addresses and the number of shares of the persons for whose account the nominee holds 0.5% or more of the registered share capital as set forth in the Commercial Register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account or with whom the Board has entered into a corresponding agreement (refer to Art. 4 sec. 3 of the AoI; https://aoi.adeccogroup.com). The Board may grant exemptions to this registration restriction (refer to Art. 4 sec. 6 of the AoI; https://aoi.adeccogroup.com). In 2021, there were no such exemptions granted.

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

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

2.7 Convertible bonds and options

Adecco Group has no outstanding convertible bonds or options.

Board of Directors. Executive Committee and compensation

3. Board of Directors

As of 31 December 2021, the Board of Directors 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 of 31 December 2021.

1. Jean-Christophe Deslarzes, 2. Kathleen Taylor, 3. Rachel Duan, 4. Alexander Gut, 5. David Prince, 6. Regula Wallimann, 7. Didier Lamouche, 8. Ariane Gorin.

3.1 Biographies of the 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 2021. All members are elected for a one-year term of office until the end of the next Annual General Meeting of Shareholders.

Jean-Christophe Deslarzes

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

Kathleen Taylor

- Canadian national, born 1957.
- Kathleen Taylor has been a member (non-executive) of the Board of Directors and a member of the Audit Committee since April 2015, and since April 2017 Vice-Chair of the Board of Directors and a member of the Compensation Committee and the Governance and Nomination Committee. Furthermore, she was a member of the Digital Committee from April 2019 until April 2021.
- 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.
- Other mandates: Kathleen Taylor has been a member of the Board of the Royal Bank of Canada[1] since November 2001, and its Chair since January 2014. She has also served as Chair of Altas Partners, Canada, since April 2019. She has been a director of the Canada Pension Plan Investment Board since October 2013 and a director of Air Canada[1] since May 2016. Kathleen Taylor is a member of the Board of Trustees of the Hospital for Sick Children and a director and immediate past Chair of the Board of the SickKids Foundation, Canada. She is also a member of the Principal's International Advisory Board of McGill University and of the Dean's Advisory Council of the Schulich School of Business of York University, both in Canada. She is a member of the National Council of the C.D. Howe Institute, Canada, and the Co-Chair of its Human Capital Policy Council.

Rachel Duan

- Chinese national, born 1970.
- Rachel Duan has been a member (non-executive) of the Board of Directors and a member of the Compensation Committee since April 2021.
- Rachel Duan holds a Bachelor of Science degree in Economics and International Business from Shanghai International Studies University, China and an MBA degree from The University of Wisconsin-Madison, USA.
- Until June 2020 Rachel Duan was Senior Vice President of General Electric Company ('GE') and President & CEO of GE's Global Markets, with responsibilities for global emerging markets, including China, APAC, India, Africa, Middle East and Latin America. Rachel Duan joined GE in 1996 and has worked at GE in the USA, Japan and China. Since 2006, she held senior leadership positions including CEO of GE Advanced Materials China and then Asia Pacific, CEO of GE Healthcare China, and CEO of GE China.
- Other mandates: Since 2018, Rachel Duan has served as non-executive board member and as member of the compensation and governance committee (since 2019) of AXA S.A.[1], since 2020 as non-executive board member of Sanofi[1], both France, and since 2021 as non-executive board member of HSBC Holdings PLC[1], UK.

Ariane Gorin

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

[1] For current mandates: Listed company.

Alexander Gut

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

Didier Lamouche

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

David Prince

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

Regula Wallimann

- Swiss national, born 1967.
- Regula Wallimann has been a member (non-executive) of the Board of Directors since April 2018. She has been Chair of the Audit Committee since April 2019 (member since April 2018).
- She obtained a business degree (lic. oec. HSG) from University of St. Gallen, Switzerland and is a Certified Public Accountant, both Swiss and US.
- From 1993 to 2017, Regula Wallimann worked for KPMG Switzerland, where she acted during 14 years as global lead partner for various large listed and non-listed international and national clients. From 2012 to 2014, Regula Wallimann was a member of KPMG Switzerland's strategic Partners' Committee.
- Other mandates: Regula Wallimann has been a non-executive board member and member of the audit committee of Straumann Holding AG[1], Switzerland since 2017, and Chair of the audit and risk committee since April 2019 and member of the HR and compensation committee since April 2020. In addition, she has been a non-executive board member and head of the finance and audit committee of Swissgrid AG since 2017, Switzerland. Furthermore, she has been a non-executive board member and member of the audit committee since April 2018 and member of the nomination committee since April 2019 of Helvetia Holding AG[1], Switzerland. Since February 2022, she has held Board memberships in Swissport Group, Switzerland and Luxembourg, incl. Chair of the Audit Committee of Swissport International Ltd., Switzerland. She has been a member of the supervisory board of the institute for Accounting, Control and Auditing of the University of St. Gallen, Switzerland, since 2010.

[1] For current mandates: Listed company.

3.2 Other activities and vested interests of the Board of Directors

Except for those described in section 3.1 'Biographies of the 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 2021, all members of the Board were independent and non-executive, none of them (i) having held an executive function with the Company during the past three years, or (ii) having any other significant or important business relation with the Adecco Group, or (iii) serving directly or indirectly as or for the auditors of the Adecco Group.

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

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

3.3 Elections and terms of office

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

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

The AGM elects individually the members of the Board, its Chair and the members of its Compensation Committee (Art. 15 sec. 2 of the AoI; https://aoi.adeccogroup.com). As of 31 December 2021, the Board is composed of eight members.

3.4 Internal organisational structure

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

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

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

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

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

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

The Adecco Group pursues an integrated approach to purpose, responsible and sustainable business conduct, and shared value creation. Issues considered material from an ESG and stakeholder perspective are aligned with and embedded in the Adecco Group's overall strategic priorities and business objectives, as outlined in the Adecco Group's respective frameworks and rules regarding ESG ('Environmental, Social and Governance'), such as the Group's ESG Framework, the Code of Conduct, or the Diversity & Inclusion Statement. 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, experience in various industries, professional roles, and viewpoints. Board members' experience in human resources and senior leadership roles provide, for example, valuable insights towards the Adecco Group's strategic priorities of up- and re-skilling individuals, attracting, engaging and retaining talent, and promoting inclusion and diversity. Specific expertise in the information technology industry helps to address challenges and opportunities tied to driving responsible digital transformation. Backgrounds in the travel, hospitality, and extractive industries support in achieving solutions related to topics such as human rights, health and safety, and environmental impact. Board members' risk management, financial and audit knowledge provide the basis for ensuring responsible, sustainable business conduct overall. Taken together, these comprehensive capabilities position the Board of Adecco Group AG to support the Company's vision of making the future work for everyone.

In 2021, the Board held 14 meetings in person and via video conferences.

Number and duration of meetings and video conferences during 2021:

	Full Board of Directors	Audit Committee	Governance and Nomination Committee	Compensation Committee	Digital Committee
Number of meetings in person[1]	6	6	6	5	5
Number of video conferences	8	8	2	8	
Total number of meetings	14	14	8	13	5
Average duration in hours:					
· Meetings in person[1]	9½	2½	2	2	2
· Video conferences	1½	1	1	2	

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

Attendance at meetings and video conferences during 2021:

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

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

[3] Guest, without voting right.

[4] Member of the Digital Committee until 8 April 2021.

[5] Member of the Board of Directors and member of the Compensation Committee since 8 April 2021.

The Board discussed and assessed its own (including its committees') and its members' performance in 2021, as every year. The Board concluded that the Board performed well and has the necessary resources and capacities available.

3.4.1 Governance and Nomination Committee (GNC)

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

- Reviewing the Company's corporate governance structures and principles and independence rules, including principles and measures on ESG, as well as reassessing such principles and rules, including the Company's Code of Conduct (https://www.adeccogroup.com/our-company/code-of-conduct/), to ensure that they remain relevant and in line with legal and stock exchange requirements;
- Recommendations as to best practice are also reviewed to ensure compliance;
- Overseeing the Company's monitoring of market and regulatory developments, focusing on questions of market-related risks, including reputation risks;
- Analysing the composition and type of shareholders;
- Overseeing the Company's strategy, initiatives, targets and reviewing the principles related to ESG and responsible business conduct, by identifying and prioritising the Company's social, regulatory, economic and ecological challenges and opportunities and reporting on its efforts;
- Jointly with the Audit Committee periodically review the Group's progress against ESG targets;
- Providing recommendations to the Board regarding its size and composition. For this purpose, the GNC has developed and monitors, based on the needs of the Board and the attributes of its members, criteria such as independence and diversity in all its aspects including senior leadership experience in a global enterprise, experience in areas of strategic importance for the Company, in particular in HR, Digital and IT or in geographical regions of importance, financial expertise, transformation and change expertise as well as gender for the selection of potential candidates to be elected or re-elected as members of the Board and its committees. The GNC is mandated to identify individuals who meet such criteria and to recommend them to the Board as candidates for election to ensure that the long-term succession planning provides for a balance of necessary competencies and an appropriate diversity of its members over time. The candidates to the Board must possess the necessary profile, qualifications and experience to discharge their duties. Newly appointed Board members receive an appropriate induction into the business and affairs of the Company. Furthermore, the GNC is mandated to review candidates proposed and to assess and advise the Board on whether they meet such criteria;
- Providing recommendations to the Board regarding the selection of candidates for the EC, the proactive succession planning for such, as well as ensuring targeted development and retention plans are executed and regularly monitored for this audience. For this purpose, the GNC is mandated together with the Chair of the Board and the CEO to ensure and to periodically review the succession plan for the members of the EC and other key functions, both for emergencies as well as mid- and long-term potential successors. The GNC monitors the balance of skills, knowledge, experience and diversity within the EC as indicated in the respective succession plans. In particular, the GNC makes recommendations for nomination and dismissal of the CEO, the members of the EC in coordination with the Chair of the Board and the CEO unless the latter is concerned;
- Ensuring that self-evaluations of the Board and of its committees are carried out and monitored, with a view to appropriate measures of improvement.

The GNC defines its annual programme and roadmap according to focus topics of the year. In 2021, the GNC held eight meetings and video conferences. The CEO represents the EC in the meetings. The Chief Human Resources Officer typically participates in the meetings for specific topics. The Chief Financial Officer and the Head of ESG participate in the meetings for ESG topics.

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

As of 31 December 2021, the members of the GNC were:

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

3.4.2 Audit Committee (AC)

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

- Integrity of the Company's financial statements and other financial reporting and disclosure to any governmental or regulatory body and to the public and other users thereof;
- Adequacy and effectiveness of the systems of the Internal Controls Over Financial Reporting (ICOFR);
- 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.
- Jointly with the Governance and Nomination Committee, the AC periodically reviews the Group's progress against ESG targets.

The AC has established a roadmap which determines the Committee's main discussion topics throughout the year. In 2021, the AC held 14 meetings and video conferences. For specific topics, the CEO represents the EC in the meetings. The Chief Financial Officer (CFO), the Head of Group Internal Audit, the Group General Counsel and the partners of the Auditors typically participate in the meetings. For compliance reporting matters, the Head of Group Compliance Reporting participates in the meetings. Usually, the Board's Chair participates in the Committee's meetings as guest without voting right.

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

As of 31 December 2021, 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, cancellation of payments, and ESG considerations;
- Assisting the Board in preparing the proposals to be presented to the AGM for approval of remuneration of the Board and of the EC.

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

The CC has established a roadmap which determines the Committee's main discussion topics throughout the year. In 2021, the CC held 13 meetings and video conferences. For specific subjects, the CEO represents the EC in the meetings. The Chief Human Resources Officer and the Group SVP Total Rewards typically participate in the meetings. Members of management do not participate in CC meetings when their individual compensation matters are discussed. Usually, the Board's Chair participates in the Committee's meetings as guest without voting right.

As of 31 December 2021, the members of the CC were:

Name	Position
Didier Lamouche	Chair of the CC
Kathleen Taylor	Member
Rachel Duan	Member

3.4.4 Digital Committee (DC)

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

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

The DC has established a roadmap which determines the Committee's main discussion topics throughout the year, structured around the focus areas above. In 2021, the DC held five meetings. The CEO, the CFO, the Chief Digital Officer, the Chief Information Officer, the Chief Human Resources Officer and the Chief of Staff and Communications Officer typically participate in the DC meetings. Usually, the Board's Chair participates in the Committee's meetings as guest without voting right.

As of 31 December 2021, the members of the DC were:

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

3.5 Responsibilities of the Board and the CEO

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

3.6 Information and control instruments

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

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

4. Executive Committee


Alain Dehaze


Coram Williams


Stephan Howeg


Christophe Catoir


Gordana Landen


Sergio Picarelli


Valerie Beaulieu


Ralf Weissbeck


Jan Gupta


Teppo Paavola


Gaëlle de la Fosse

Members of the Executive Committee (as of 31 December 2021)

Alain Dehaze
Chief Executive Officer

Coram Williams
Chief Financial Officer

Christophe Catoir
President of Adecco

Sergio Picarelli
President of LHH
(Talent Solutions)

Jan Gupta
President of Modis

Valerie Beaulieu
Chief Sales and Marketing Officer

Stephan Howeg
Chief of Staff and Communications Officer

Gordana Landen
Chief Human Resources Officer

Teppo Paavola
Chief Digital Officer

Ralf Weissbeck
Chief Information Officer

Gaëlle de la Fosse
(since 1 February 2022)
President of LHH

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 2021.

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. 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 January 2016 until June 2019, Alain Dehaze was Chair of the Global Apprenticeship Network (GAN). From August 2017 until January 2019, he was a member of the ILO Global Commission on the Future of Work.
- Other mandates: Alain Dehaze serves as steward of the World Economic Forum's (WEF) New Economy and Society Platform and is a member of the WEF's International Business Council (IBC).

Coram Williams

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

Christophe Catoir

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

Sergio Picarelli (until 28 February 2022)

- Italian national, born 1967.
- Regional Head of North America, UK and Ireland Professional Staffing and global oversight of Lee Hecht Harrison, General Assembly, Badenoch + Clark, Spring Professional and Pontoon from January 2019 until December 2020. Member of the EC from October 2009 and President of LHH (Talent Solutions) from January 2021 until February 2022. President LHH Recruitment Solutions since March 2022 (as non-EC Member).
- Sergio Picarelli graduated in business administration from Bocconi University, Milan, Italy.
- In 1993, Sergio Picarelli joined the Adecco Group in Italy, starting as Managing Director of an Adecco Group Company (Permanent Placement). In 1997, he was appointed Chief Sales and Marketing Director Italy. From 2002 to 2004 Sergio Picarelli served as Regional Head for Central Europe and was thereafter appointed Chief Operating Officer of the Adecco Group Staffing Division Worldwide. From 2005 to 2009 he served as Country Manager of Adecco Italy & Switzerland (Switzerland until the end of 2008). He was Regional Head of Italy, Eastern Europe and MENA and India from October 2015 until December 2018 (India until December 2017) and Chief Sales Officer from October 2009 to September 2015.

Jan Gupta

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

Valerie Beaulieu

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

Stephan Howeg (until 28 February 2022)

- Swiss and German national, born 1965.
- Chief of Staff & Communications Officer since January 2020 and member of the EC from September 2015 until February 2022.
- He was 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.
- Other mandates: Since 2018, Stephan Howeg has been a member of the Board of economiesuisse, and he has been a member of the Board of Trustees of the Fritz-Gerber Stiftung since 2020, both in Switzerland.

Gordana Landen

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

Teppo Paavola

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

Ralf Weissbeck

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

Gaëlle de la Fosse (since 1 February 2022)

- French national, born 1974.
- President of LHH and member of the EC since February 2022.
- Gaëlle de la Fosse joined the Adecco Group in February 2022 as President of LHH.
- Gaëlle de la Fosse holds an MBA degree from HEC and a Master's degree in Politics and Economy from Sciences Po, both in Paris, France.
- From 2019 to 2021, Gaëlle de la Fosse served as CEO of Celio, France. From 2009 to 2019, Gaëlle de la Fosse was a Partner in consumer goods and retail consulting at Roland Berger, based in Paris, France. From 2001 to 2009, Gaëlle de la Fosse held a number of senior positions at Capgemini Consulting, based in Paris, France.

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[1] For current mandates: Listed company.

4.2 Other activities and vested interests

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

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

4.3 Management contracts

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

5. Compensation, shareholdings and loans

Please refer to the Remuneration Report (pages 84 to 107).

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

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

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

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

Further information

6. Shareholders' rights

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

Information rights

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

Dividend payment

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

Companies whose principal purpose consists of participations in other companies may freely use the statutory reserves from capital contribution and statutory retained earnings to the extent they exceed 20% of the paid-in share capital. Pursuant to Art. 671 para. 1 of the Swiss Code of Obligations, 5% of the annual profits shall be allocated to the statutory retained earnings until the statutory reserves from capital contribution and the statutory retained earnings have reached 20% of the paid-in share capital. In addition, pursuant to Art. 671 para. 2 and para. 4 of the Swiss Code of Obligations, companies whose principal purpose consists of participations in other companies shall allocate to the statutory reserves from capital contribution and statutory retained earnings the following: (1) any surplus over nominal value upon the issue of new shares after deduction of the issuance cost, to the extent such surplus is not used for depreciation or welfare purposes; (2) the excess of the amount which was paid-in on cancelled shares over any reduction on the issue price of replacement shares. The statutory reserves from capital contribution and statutory retained earnings amounted to CHF 659 million as of 31 December 2021 and to CHF 409 million as of 31 December 2020, thereby exceeding 20% of the paid-in share capital in both years.

In 2021 the AGM approved a dividend for 2020 of CHF 2.50 per share outstanding (totalling CHF 403 million, EUR 364 million). For 2021, the Board of Directors of Adecco Group AG will propose two dividends for a total of CHF 2.50 per share outstanding for the approval of shareholders at the 2022 AGM, consisting of a dividend of CHF 1.25 which shall be allocated from Adecco Group AG's reserves from capital contribution to free reserves and subsequently distributed to shareholders, and a dividend of CHF 1.25 which shall be directly distributed from available earnings 2021.

Say on pay

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

Liquidation and dissolution

The AoI do not limit Adecco Group AG's duration (Art. 1, sec. 1 of the AoI; https://aoi.adeccogroup.com).

Adecco Group AG may be dissolved and liquidated at any time by a resolution of a General Meeting of Shareholders taken by at least two-thirds of the votes. Under Swiss law, Adecco Group AG may also be dissolved by a court order upon the request of holders of Adecco Group AG shares representing at least 10% of Adecco Group AG's share capital who assert significant grounds for the dissolution of Adecco Group AG. The court may also grant other relief. The court may at any time, upon request of a shareholder or obligee, decree the dissolution of Adecco Group AG if the required corporate bodies are missing (see also Art. 731b of the Swiss Code of Obligations). Adecco Group AG may also be dissolved following bankruptcy proceedings.

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

Further capital calls by Adecco Group AG

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

Subscription rights

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

6.1 Voting rights and representation restrictions

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

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

6.2 Legal and statutory quorums

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

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

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

6.3 Convocation of the General Meeting of Shareholders

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

6.4 Agenda of the General Meeting of Shareholders

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

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

6.5 Registration in the share register

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

7. Changes of control and defence measures

7.1 Duty to make an offer

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

7.2 Change of control clause

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

8. Auditors

Each year, the AGM of Adecco Group AG elects the statutory auditor (Auditors). On 8 April 2021, the AGM elected Ernst & Young Ltd, Zürich, as statutory auditor of the Company for the business year 2021.

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 third year as the lead auditor after two years as global co-coordinating partner. Marco Casal has for the first time assumed the global co-coordinating partner role.

In 2022, the Company intends to invite several audit firms, including Ernst & Young, to participate in a tender process that will lead to the selection of an audit firm to be proposed for election at the Annual General Meeting 2024 as statutory auditor of the Company for the business year 2024.

The total fee for the Group audit of the Company and for the statutory audits of the Company's subsidiaries for the business year 2021 amounted to EUR 7.1 million. For the business year 2021, additional fees of EUR 0.6 million were charged for audit-related services such as advice on matters not directly related to the Group audit and primarily relate to certifications required by tax and government authorities to confirm the correct application of specific tax and government rules. Fees for tax services and other services amounted to EUR 0.1 million, mainly related to the application for an employee wage subsidy.

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

The AC regularly meets with the Auditors, at least eight times a year, to discuss the results of their examinations, and the overall quality of the Company's financial reporting. During 2021, the Auditors attended all meetings and phone conferences of the AC. The Auditors regularly have private sessions with the AC or its Chair, 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 2021 audit of the Company. The Auditors are responsible for expressing an opinion on the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States and the requirements of Swiss law. Further, the Auditors are required, under the auditing standards generally accepted in the United States, to discuss, based on written reports, with the AC their judgements as to the quality, not just the acceptability, of the Company's accounting policies as applied in the Company's financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and disclosures. Further, the Auditors are responsible for expressing opinions on the standalone financial statements of Adecco Group AG.

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

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

9. Information policy

The AGM for the fiscal year 2021 is planned to be held on 13 April 2022 without shareholders being physically present. Shareholders can only exercise their voting rights via the Independent Proxy Representative. The details will be published in the 'Swiss Official Gazette of Commerce' ('Schweizerisches Handelsamtsblatt') at least 20 days before the meeting.

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

5 May 2022	Q1 2022 results;
4 August 2022	Q2 2022 results;
3 November 2022	Q3 2022 results.

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

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

10. Tax strategy

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

The Company files the Country by Country Report (CBCR) in Switzerland. The information is automatically exchanged with the tax authorities of the majority of the countries where the Company operates. By filing an accurate and comprehensive CBCR, the Company ensures that the relevant tax information is appropriately disclosed. Since the information is automatically exchanged, the Company considers it currently not necessary to publish the CBCR on its website. The Company has also implemented the EU Mandatory Disclosure Directive (DAC 6) allowing to ensure local compliance in the countries where the Company is required to report directly. We are committed to continuously exploring ways to strengthen what we disclose and where to build trust and accountability with our stakeholders.

11. Blocking periods

11.1 Ordinary blocking periods

At the Company, the ordinary blocking periods shall begin on the last day of any fiscal quarter of Adecco Group AG and shall end one trading day after the public release of earnings data for such fiscal quarter.

The ordinary blocking periods shall apply to directors, officers or colleagues of the Company and cover listed securities and related financial instruments including derivatives ('Securities') of Adecco Group AG ('Adecco Securities').

11.2 Extraordinary blocking periods

The Corporate Secretary of the Board of Directors or the CFO, after consultation with the Group General Counsel, the Head of Group Treasury, the Group Head of Communications, and the Head of Investor Relations, of Adecco Group AG are authorised to prohibit specific groups of individuals which may include directors, officers and colleagues of the Company from trading in Adecco Securities and/or specified Securities of other listed companies, if the Company is involved in an undisclosed material transaction or due to other inside information. Such prohibition shall be lifted by the Corporate Secretary or the CFO one trading day after (i) the information on such transaction or other circumstance has been publicly released, or (ii) the related transaction has been definitively stopped or the related circumstances have ceased to exist, respectively.

'Progressive Landscapes' – For more information on this artwork, head to pages 181-185

Remuneration Report

1. Introduction

Dear shareholders,

On behalf of the Board of Directors (Board) and the Compensation Committee, I am pleased to present the Remuneration Report of the Adecco Group for 2021. It follows a similar structure to last year's report, which was supported by over 90% of shareholders at the Annual General Meeting (AGM) of April 2021.

At the AGM 2021, we welcomed a new Board member, Rachel Duan, to the Compensation Committee.

Overview of 2021

The Compensation Committee continued to engage in direct dialogue with shareholders and proxy advisors to obtain feedback on the remuneration structure for the Executive Committee (EC) and the Remuneration Report. Feedback from shareholders and proxy advisors indicates that the current remuneration structure is aligned with the Company's remuneration principles and the strategic business cycle, Future@Work. The discussions have positively contributed to the changes in the long-term incentive plan (LTIP) for 2021 and 2022.

During 2021, the Covid-19 pandemic continued to cause widespread economic disruption and present new challenges that have had a significant impact on our people, clients, communities and performance. As a result, the path to recovery will remain somewhat uneven in the months ahead. The EC members' focus continues to be on securing the wellbeing and safety of our colleagues, associates and candidates and ensuring business continuity for our clients throughout the crisis.

2021 was the first full year implementing our long-term Future@Work strategy and the new brand-centric organisation structured around three Global Business Units: Adecco, LHH (Talent Solutions) and Modis. Each Global Business Unit made good progress executing its specific targets, delivering a record gross margin and sector-leading EBITA margin that reflects the strength of this portfolio and our focus on higher value services. The EBITA margin achievement for the Group exceeded the stretch target resulting in 150% payout for this key performance indicator (KPI).

The acquisition of AKKA Technologies and QAPA demonstrate our intention to position our Global Business Units as worldwide leaders in their respective industry segments. In parallel, Adecco continues to address and deploy digital business models, tools and go-to-market strategies. The 2022 STIP balanced scorecard will include a new KPI to measure the success of integrating AKKA and Modis (together forming Akkodis on 24 February 2022) by reducing expenses through synergies. In addition, the Akkodis revenue growth target for 2022 will reflect a combined revenue target aligned to the acquisition plan approved by the Board in 2021.

The Compensation Committee has sought to ensure that the remuneration structure appropriately reflects the Adecco Group's Future@Work strategic priorities. Significant employee turnover induced by the Covid-19 crisis has required us to review our reward programmes to ensure they remain attractive and support retention.

2021 Executive performance

The CEO will be awarded a 2021 annual STI of CHF 1,334,205 which is just below target based on actual STIP KPI achievements for 2021.

This annual STIP performance outcome and the share awards granted in 2021 under the LTIP, combined with the annual base salary and social contributions, resulted in a 2021 total conferred remuneration for the CEO of CHF 5,054,798. The improved performance of the STIP, together with the voluntary salary reduction of 20% for six months in 2020, contributed to a higher gross cash remuneration for the CEO in 2021 compared to 2020.

The 2021 total remuneration for the EC members (comprising the CEO, the nine active EC members and one former EC member that stepped down in 2020) was CHF 23,531,063. Stronger EBITA margin performance and higher achievements for strategic and functional performance KPIs contributed to higher annual STI payouts in 2021 compared to 2020.

No one-off awards were issued to active or former EC members in 2021 apart from the limited one-off grants awarded to select members of the EC in 2021 for outstanding performance in 2020 (awarded as part of the 2021 LTIP grant and disclosed in last year's report).

Remuneration Report and Outlook 2022

Considering the feedback received from shareholders and proxy advisors, we enhanced this year's Remuneration Report by clearly demonstrating the link with the current remuneration structure and our strategic cycle, Future@Work. Furthermore, our roadmap to achieve environmental, social and governance (ESG) goals is included to provide more detail of how our ESG journey is integrated into our current strategy and reflected in EC remuneration.

Reflecting our obligation and commitment to shareholders regarding transparency in EC remuneration, we would like to draw attention to the following enhancements and changes for 2022:

- Revenue growth for the Adecco Global Business Unit will be measured relative to industry peers in 2022. Measurement of top-line performance relative to industry peers at the Group level is unchanged for 2022;
- A new STIP KPI has been introduced in 2022 to measure the success of the integration of AKKA;
- The shareholding requirement for all EC members has increased by 50%. The CEO will now be required to hold a minimum of 60,000 Adecco Group AG shares and other EC members will be required to hold a minimum of 15,000 Adecco Group AG shares within five years of the March 2022 annual grant; and
- The blocking period for all LTIP participants has been reduced prospectively from two years to one year, in line with competitive benchmarks and with the intention to ensure attractiveness and retention. The blocking period for the CEO is unchanged at two years.

Amendments are described in more detail in section 6 – Outlook 2022.

More detailed information on the Compensation Committee's activities and on our remuneration approach is contained within this Remuneration Report. The report will be submitted to a non-binding, consultative vote by shareholders at the AGM 2022. We trust that you will find this report informative and thank you for your support.

Sincerely,

Didier Lamouche
Chair of the Compensation Committee

Remuneration at a glance

Remuneration principles

Reward for performance

The STIP and LTIP seek to recognise and reward Group, Global Business Unit or customer performance. Thus, as a general rule, individual targets are not used in the incentive plans. The STIP incentivises management for achieving the annual financial targets and for attaining strategic and functional goals over a time horizon of one year, and fosters collaboration between the Global Business Units. The LTIP incentivises management to create long-term shareholder value.

Alignment to shareholders' interests

The LTIP is delivered in the form of share-based remuneration and thus aligns the interests of management with those of shareholders. Furthermore, based on the shareholding guideline, EC members are required to hold a minimum number of Adecco Group AG 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 reference market, which is either local, regional or global. Local benefits are defined in line with local regulations and competitive practice. Total remuneration is reviewed periodically to ensure competitiveness in attracting and retaining talent while maintaining internal equity.

Remuneration linked to strategy

The Adecco Group's remuneration philosophy is to appropriately recognise and reward performance. It reflects the Company's commitment to attract, motivate and retain talent in order to support the achievement of Future@Work (the strategic business cycle launched at the end of 2020). Variable incentives are an important element of the remuneration structure. This philosophy is translated into KPIs that are designed to deliver key strategic and functional objectives.

A significant portion of total remuneration for EC members, including the CEO, is tied to the achievement of financial objectives.

The variable incentive element is "at risk" pay (i.e. performance-based remuneration). The annual STIP payout increases or decreases based on the achievement of financial, strategic and functional KPIs. The STIP focuses leadership on outperforming the competition and delivering strong revenue and EBITA margin. The financial goals of Future@Work, specifically the stretched revenue growth and EBITA margin targets, make up 70% of the 2021 STIP balanced scorecard for all EC members underpinning the Adecco Group's commitment to deliver leading total shareholder returns.

The Adecco Group's transformation to a digital organisation is supported by other financial-based KPIs that specifically measure progress of the transformation and of the Adecco Group's digitalisation of client and candidate interactions, as well as the use of digital products internally. In addition, three of five key sustainability goals are reflected in the 2021 STIP balanced scorecard for all EC members: employer of choice, employability and access to work, and trusted partner to clients.

Long-term, share-based remuneration is linked to business performance through three equally-weighted long-term financial-performance objectives: relative total shareholder return (rTSR), return on invested capital (ROIC) and cash conversion ratio (CCR). These metrics are aligned to the financial goals of Future@Work, ensuring that the financial interests of management are aligned with those of shareholders.

Variable incentives are balanced by fixed pay to ensure an appropriate pay mix for the CEO and the other EC members. The annual base salary and benefits support the attraction and retention of the best global talent to help deliver the Future@Work strategy.

Our three strategic priorities of Future@Work:

Three distinct go-to-market **strategies** and value propositions/offerings;

Focus on strengthening **customer** experience, delivering differentiated services and the digital enablement of everything we do; and

Delivering **social** impact alongside a strong commitment to continue to reduce our environmental footprint and enhance our societal contribution.

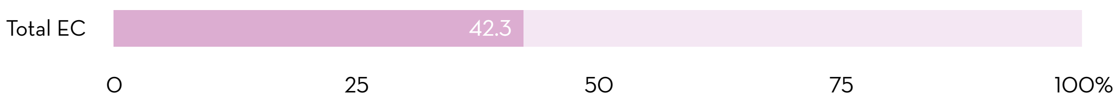
Executive remuneration for the financial year 2021

ANNUAL BASE SALARY	ANNUAL STIP	LTIP	BENEFITS
See more on page 93	See more on pages 93 to 95	See more on pages 98 to 100	See more on page 100
CHF 7.0 million	**CHF 5.9 million**	**CHF 7.2 million**	**CHF 2.8 million**

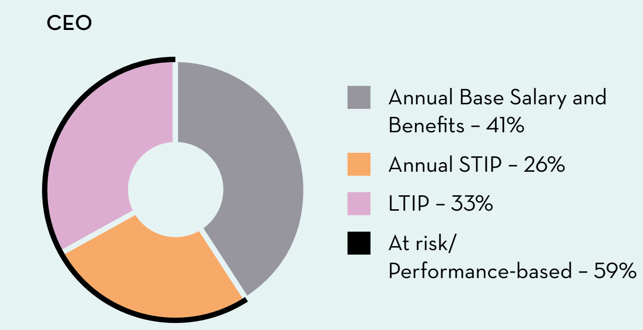
Pay for performance (%)

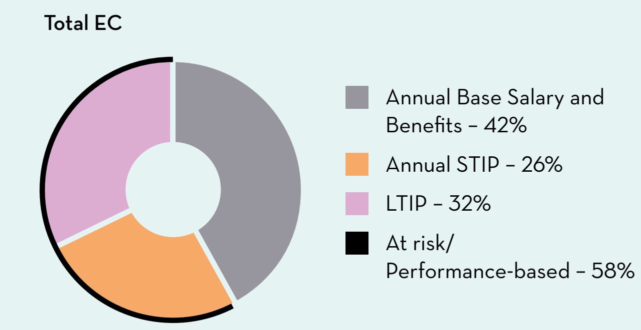
2021 Annual STIP

2019-2021 LTIP



Actual executive remuneration pay mix for the financial year 2021





Remuneration in 2021

The remuneration awarded to the EC in the financial year 2021 is within the limits approved by the shareholders at the AGM in April 2020.

Period	Approved amount (CHF)	Actual amount (CHF)
2021	35,000,000	23,531,063

2. Remuneration governance

2.1 Legal framework

The Adecco Group's Remuneration Report is written in accordance with the requirements of the Swiss Ordinance against Excessive Compensation in 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 of the Swiss Business Federation (economiesuisse). In addition, the Remuneration Report comprises information as required under the Swiss Code of Obligations.

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.

2.2 Role of the shareholders

The shareholders annually and prospectively approve the Maximum Total Amount of Remuneration (MTAR). For the EC, the amount is approved for the following financial year and for the Board it is approved for the period from this AGM until the next AGM. The shareholders also vote for the Remuneration Report in a retrospective consultative vote. Authority for decisions related to remuneration (see Illustration 1) is governed by the Articles of Incorporation, which are available on the Company website: https://www.adeccogroup.com/investors/shareholder-information/articles-of-incorporation/, and the Compensation Committee Charter.

Illustration 1: Remuneration authorisation levels within the parameters set by the Articles of Incorporation

	CEO	CC	Board	AGM
Remuneration philosophy and principles	Ⓟ	Ⓡ	Ⓐ	
Incentive plans	Ⓟ	Ⓡ	Ⓐ	
MTAR of the EC		Ⓟ	Ⓡ	Ⓐ
CEO remuneration		Ⓟ	Ⓐ	
Individual remuneration of EC members	Ⓟ	Ⓡ	Ⓐ	
MTAR of the Board		Ⓟ	Ⓡ	Ⓐ
Individual remuneration of Board members		Ⓟ	Ⓐ	
Remuneration Report		Ⓟ	Ⓐ	☑

Ⓟ Proposes
Ⓡ Reviews
Ⓐ Approves
☑ Retrospective consultative vote

The following limits are applicable to EC variable remuneration according to the Articles of Incorporation:

- At target, the EC may earn up to 125% of its aggregate annual base salary as an annual cash bonus and for the CEO, up to 120% of his annual base salary. If targets are exceeded, the EC may earn up to 150% of its aggregate annual base salary as an annual cash bonus and for the CEO, up to 140% of his annual base salary.
- Long-term incentive plans foresee remuneration in the form of restricted shares or rights to shares in Adecco Group AG. At grant, the fair value of the awarded share units shall not exceed 150% of the aggregate annual base salary of the EC nor shall it exceed 160% of the annual base salary of the CEO. Vesting is to be conditional upon the fulfilment of certain conditions over a number of financial years.

Remuneration paid to members of the Board is comprised of remuneration due until the time of the next AGM plus any estimated social insurance payments and other fringe benefits. The Board may determine that a portion of the remuneration is to be paid in the form of shares according to the Articles of Incorporation.

2.3 Role of the Board and Compensation Committee

In line with the provisions of the Articles of Incorporation, the Board has entrusted the Compensation Committee to provide support in establishing and reviewing the Company's remuneration principles and incentive plans, in preparing the remuneration proposals put forward at the AGM, in determining the remuneration of the EC and the Board and in setting and assessing the performance objectives relevant for the remuneration of the EC.

The Compensation Committee generally acts in a preparatory and advisory capacity while the Board retains the decision-making authority on remuneration matters, except for the MTAR of the EC and the Board, which are subject to the approval of the shareholders at the AGM.

The Compensation Committee is comprised entirely of independent Board members who are elected individually by the shareholders at the AGM, for a term of office of one year ending after completion of the next AGM. Further details on the Compensation Committee's composition, responsibilities and activities are provided in the Corporate Governance Report.

The Compensation Committee is comprised of three Board members for the period AGM 2021 to AGM 2022: Didier Lamouche, Kathleen Taylor and Rachel Duan. Didier Lamouche has served as a member since 2011 and as the Chair of the Compensation Committee since 2020. Kathleen Taylor has served as a member since 2015 and Rachel Duan joined as a member from AGM 2021. Jean-Christophe Deslarzes, the Chair of the Board, is a permanent invitee and participates in the Compensation Committee's meetings as a guest without voting rights.

The CEO, the Chief Human Resources Officer and the Group SVP Total Rewards usually attend the Compensation Committee meetings. The Chair of the Compensation Committee may decide to invite other executives, as appropriate. Members of management do not participate in Compensation Committee meetings when their own individual remuneration matters are discussed.

The Compensation Committee meets as often as business requires, but at least six times a year. In 2021, the Compensation Committee held 13 meetings. The Chair of the Compensation Committee participates in at least two planning meetings prior to each Compensation Committee meeting. Details on meeting attendance of the individual Compensation Committee members are provided in the Corporate Governance Report.

The Chair of the Compensation Committee reports to the full Board after each Compensation Committee meeting. The minutes and the materials of the meetings are available to all members of the Board.

2.4 Role of external advisors

The Compensation Committee may decide to consult external advisors, mandated by management, from time to time for specific remuneration matters. In 2021, the Compensation Committee retained Willis Towers Watson, an international independent external consultant, to provide compensation benchmark data, and Obermatt, an independent Swiss financial research firm, to calculate the achievement and vesting level under the LTIP. These consultants' independence and performance are reviewed periodically by the Compensation Committee to determine whether to renew or rotate the advisors. In 2021, Willis Towers Watson also provided compensation benchmark data for the broader employee population, but Obermatt had no other mandate with the Adecco Group.

3. Remuneration philosophy

3.1 Remuneration linked to strategy

The Adecco Group's remuneration philosophy is to appropriately recognise and reward performance. It reflects the Company's commitment to attract, motivate and retain talent in order to support the achievement of the Company's Future@Work strategy (refer to Remuneration at a Glance). The remuneration philosophy translates into three principles that support this objective.

3.1.1 Reward for performance

The STIP and LTIP seek to recognise and reward Group, Global Business Unit or customer performance. Thus, as a general rule, individual targets are not used in the incentive plans. The STIP incentivises management for achieving the annual financial targets and for attaining strategic and functional goals over a time horizon of one year, and fosters collaboration between the three Global Business Units: Adecco, LHH (Talent Solutions) and Modis.

Future@Work will further drive our financial performance through a firm commitment to deliver both growth and improved margins in order to provide attractive returns to our shareholders. The short-term and long-term performance measures driving remuneration and their link to our three strategic priorities is presented in section 4.

3.1.2 Alignment to shareholder's interests

The LTIP is delivered in the form of share-based remuneration and thus aligns the interests of management with those of shareholders. The LTIP incentivises management to drive long-term financial productivity and generate strong cash flow to support the transformation of the business, grow market share and generate long-term value for shareholders.

Furthermore, based on the shareholding guideline, EC members are required to hold a minimum number of Adecco Group AG shares which encourages an owner-manager culture.

3.1.3 Internal fairness and external competitiveness

Total remuneration is reviewed periodically to ensure competitiveness in attracting and retaining talent while maintaining internal equity. Base salaries are generally set at the median level of the relevant function in the reference market, which is either local, regional or global. Internal equity is also taken into consideration to help create a fair working environment. Final compensation reflects the specific skills and responsibilities required for a role and the experience of the individual. Local benefits are defined in line with local regulations and competitive practice.

3.2 Approach to remuneration-setting

The Board reviews the individual remuneration levels of the CEO, the other EC members and its own members periodically. The Compensation Committee reviews the remuneration of the CEO and other EC members prior to submission to the Board. Remuneration is looked at in comparison to the relevant remuneration levels of similar positions at external peer companies (refer to section 3.3), leveraging data provided by an external, specialised company. The remuneration of EC members and Board members is reviewed by the Compensation Committee against relevant benchmark data on a biennial basis.

During all these reviews, the Board focuses on the specific needs of the business, affordability for the Company and the individual's profile (i.e. skills and experience). Individual performance and growth potential are also taken into account.

For the CEO and other EC members, the goal is to position annual base salary around the market median and target direct compensation (i.e. annual base salary, the target annual short-term incentive and the target long-term incentive) between the median and the 75th percentile in order to promote a culture of pay-for-performance and to ensure that compensation levels remain competitive. In 2021, the target direct compensation of the EC, including the CEO, ranged from 60% to 119% (2020: 63% to 119%) of the market median of the pan-European peer group.

The remuneration of Board members is set to attract and retain diverse individuals with international experience whose skills match the Company's strategy and needs. The remuneration of individual Board members is set to be competitive against benchmark companies and to reflect the time and effort required from Board members in fulfilling their Board and Committee responsibilities as well the scope of their role for the Adecco Group.

3.3 Approach to peer group selection

Peer groups are a critical tool for assessing the appropriateness of individual remuneration levels and relative business performance. Each peer group is designed in accordance with the respective purpose and requirements. Proposing the appropriate peer groups for remuneration benchmarking and performance analysis is an important activity for the Compensation Committee. Annually, peer groups are reviewed by the Compensation Committee for substantial changes due to merger and acquisition activity and unusual fluctuations in remuneration levels. This is to ensure that the existing peer groups are still relevant. Every three to five years, the suitability and composition of each peer group, outlined in Illustration 2, are reviewed in depth to ensure that the selected peer groups continue to be meaningful and meet the criteria defined by the Compensation Committee. Finally, peer groups for the EC and the Board are set so that the Adecco Group is positioned around the market median in terms of revenue.

The remuneration of the CEO and the other EC members is benchmarked against a peer group of 34 companies which are selected from various industry groups such as business support services, retail and other general industry sectors (see Illustration 3). The Adecco Group aims to hire executives from a wide range of industries and markets. Several of the current EC members were hired from the European market. The Compensation Committee believes that in order to maintain competitiveness, it is important to benchmark EC remuneration against a representative number of Swiss and European companies. The current peer group is restricted to companies based in Europe to better reflect where the Adecco Group finds its executive talent.

The remuneration of the Board is compared to a peer group of Swiss-listed companies of similar size and complexity. In Switzerland, the Board is the ultimate supervisory and organisational body, assuming responsibility for all matters not expressly reserved to other corporate bodies. Swiss law stipulates the non-transferable, absolute duties of the Board. These duties present certain risks, joint responsibility and to a certain extent personal liability and accountability for the Company's actions, specific to Swiss law. Therefore, the peer group for Board remuneration is composed exclusively of companies based in Switzerland due to the comparability of Swiss legal requirements, including individual and joint liabilities under Swiss law.

Finally, financial performance may be assessed relative to competitors or peers. This analysis enables the Compensation Committee to measure the alignment of EC remuneration with the achievement of key financial performance indicators relative to the comparator peer groups. This is essentially applied to two metrics used in the STIP and LTIP calculations: relative revenue growth and relative total shareholder return (rTSR).

The Compensation Committee also periodically reviews the composition of its peer groups used for revenue growth and rTSR performance benchmarking. For revenue growth, the Compensation Committee believes that comparing the Adecco Group to its direct competitors, Randstad and ManpowerGroup, is in the best interests of shareholders. This is because other companies, operating in a similar industry, are not comparable in terms of size and global reach. For rTSR performance benchmarking, a shareholder view is applied in term of business similarity, investment profile and risk criteria, in order to define the peer group. In this case, company size becomes less important while business similarity and risk profile become more important.

Illustration 2: Peer groups for remuneration benchmarking and performance analysis

Purpose	Remuneration benchmarking (EC)	Relative revenue growth performance benchmarking (EC)	Relative TSR performance benchmarking (EC)	Remuneration benchmarking (Board)
Peer Group	Pan-European companies	Peers operating in the same sector	Industry affiliates	Swiss-listed companies
Rationale	Companies selected represent market for talent (where the Company looks to recruit executives, and those to which the Company may lose talent)	To analyse financial performance relative to peer group performance and validate financial performance goals	Peer group for TSR performance should reflect the business and risk profile of the Adecco Group	Comparability of Swiss legal requirements, including responsibility and individual liability under Swiss regulation
Criteria	Organisational size (in terms of revenue, number of full-time employees, total assets) and to some extent, industry type	Direct competitors operating in the same industry, similar business model and operational size (in terms of revenue)	Business and economic cycle similarity, operating in professional services and specifically in human resources or employment services	Operating in similar regulatory environment, subject to similar complexities, joint responsibility and personal accountability under applicable legal framework
Last reviewed by the Compensation Committee	June 2021	February 2021	February 2021	September 2021

Illustration 3: Peer companies for remuneration benchmarking and performance analysis

Peer set for 2021

■ **Pan-European peer group (EC)**
ABB, Acciona, Accor, Adidas, Barry Callebaut, Bunzl, Bureau Veritas, Capgemini, Carrefour, Coca-Cola, Deutsche Post, Diageo, Engie, Ericsson, Experian, Ferguson, Ferrovial, Geberit, Henkel, Ipsen, Lonza, Merck, Novartis, Randstad, Royal Mail, Sanofi, Scania, Schindler, Serco, SITA, Sodexo, Sulzer, TUI, Wood

■ **Swiss-listed companies (Board)**
ABB, Credit Suisse, DKSH, Kuehne+Nagel, LafargeHolcim, Novartis, Richemont, Roche, Schindler, Swatch, Swiss Life, Swiss Re, Swisscom, UBS, Zurich

■ **Peers operating in the same sector (EC)**
ManpowerGroup, Randstad

■ **Industry affiliates (EC)**
Amadeus FiRe, ASGN, Hays, Kelly Services, Korn Ferry, ManpowerGroup, PageGroup, Persol, Randstad, Robert Half, Synergie, TrueBlue

4. Executive Committee's remuneration

The remuneration structure for the EC members includes fixed and variable elements:

ANNUAL BASE SALARY + **BENEFITS** + **ANNUAL STIP** + **LTIP** = **TOTAL REMUNERATION**

Fixed	Variable, subject to performance
ANNUAL BASE SALARY + BENEFITS	ANNUAL STIP + LTIP

The table below summarises the remuneration structure in place for the CEO and the other EC members. See section 5.3 for total conferred remuneration figures.

Fixed

Pay element	Link to remuneration philosophy	Link to Future@Work strategy
Annual base salary	The annual base salary is internally consistent and externally competitive. Base salaries are generally set at the median level of the relevant function in the reference market. Individual skills, experience and performance are also taken into account.	To support the attraction and retention of the best global talent with the capability to deliver the Adecco Group's Future@Work strategy.
Benefits	Local benefits are defined in line with local regulations and competitive practice.	Other benefits, including retirement benefits and social contributions, protect EC members against risk.

Variable, subject to performance

Pay element	Link to remuneration philosophy	Link to Future@Work strategy		
		Strategy	Customer	Social
Annual STIP	The STIP consists of an annual cash bonus based on the achievement of financial, strategic and functional targets:			
	Revenue growth/Revenue	✓	✓	
	EBITA margin	✓	✓	
	Gross margin	✓	✓	
	Ventures' gross profit	✓	✓	
	Days sales outstanding (DSO)	✓		
	IT budget variance	✓		
	Digital adoption	✓	✓	
	Transformation	✓	✓	✓
	Colleague retention rate	✓	✓	✓
	Net promoter score, NPS®	✓	✓	
	Gender parity in the global leadership	✓	✓	✓
	Peakon (eNPS)	✓		✓
	IT stability/security	✓	✓	
LTIP	Performance share awards with three-year cliff-vesting and additional blocking period. The LTIP consists of three equally-weighted financial performance metrics:			
	Relative total shareholder return (rTSR)	✓		
	Return on invested capital (ROIC)	✓	✓	
	Cash conversion ratio (CCR)	✓		

4.1 Annual base salary

The annual base salary reflects the scope of the role and its responsibilities, the experience and skills required to perform the role and the profile of the individual in terms of their seniority and experience. The annual base salary is paid in cash, typically in monthly instalments, and serves as a reference for determining the target variable incentives.

4.2 Short-term incentive plan (STIP)

The STIP, a cash-based incentive, is based on a short-term incentive target (STI target) expressed as a percentage of the annual base salary. The STI target is linked to business performance to ensure accountability for the Adecco Group's results. The Adecco Group uses a financial, a non-financial and an overall assessment to determine business performance over a time horizon of one year.

4.2.1 On-target opportunities

The STI target is the amount paid if performance targets are met. For the CEO, the STI target corresponds to 90% of his annual base salary (2020: 80%). For the other EC members, the STI targets are in the range of 50% to 85% of their annual base salary (2020: 75% to 85%). The CEO received an STI target increase from 80% to 90% to bring his STI target closer to external market practice in 2021.

Achievement may exceed performance targets. The amount paid if achievement exceeds performance targets is capped at 150% of the STI target. For the CEO, a 150% STI cap corresponds to an STI payout equal to 135% (2020: 120%) of his annual base salary. For the other EC members, the STI cap corresponds to an STI payout in the range of 75% to 128% (2020: 113% to 128%) of their annual base salary. The Articles of Incorporation limit the STI amount paid in percentage terms of annual base salary for the CEO and other EC members (refer to section 2.2).

4.2.2 Performance measures

The CEO and each EC member receive a STIP balanced scorecard containing financial and non-financial objectives (refer to Illustration 5). Each EC member's STIP balanced scorecard is composed of financial objectives (weight: 70%) and non-financial strategic and functional objectives (weight: 30%). The selection and weight of individual financial and non-financial objectives depends on the role of the EC member (refer to Illustration 6). Financial objectives are related to the Group, Global Business Unit or customer financial performance. Geographical financial performance has been replaced by Global Business Unit and customer financial performance to support our Future@Work strategic priorities. An additive performance mechanism replaced the two-dimensional performance matrix in 2021 to help further incentivise financial performance. In the new design, relative revenue growth and EBITA margin remain pivotal features. Relative revenue growth and EBITA margin like all financial (and non-financial) metrics are now independently measured against targets to determine overall performance.

Strategic objectives include performance goals encompassing the "social factor" in environmental, social and governance standards (refer to section 4.3). Functional objectives are related to the EC member's area of responsibility. The number of strategic and functional metrics is limited to three each with the aim of supporting collective goals amongst the EC as the Company continues its transformation journey.

Current achievement versus target is described for 2021 (refer to Illustration 6). Backward-looking and forward-looking financial targets are considered commercially sensitive and therefore, are not disclosed.

4.2.3 Target setting

Financial targets are set at the beginning of each financial year and aligned with the overall budget approved by the Board. Non-financial strategic and functional targets are aligned with the most important priorities in any performance year.

4.2.4 Annual bonus payout

For each performance objective, a target level of performance is determined, which represents the expected performance (target), as well as a minimum level of performance (baseline), below which the payout is 0%, and a maximum level of performance (cap) above which the payout is capped at 150%. The targets are set as a function of the Company's goals (as approved by the Board), business environment, tactical focus and yearly milestones in the context of the Future@Work strategic plan. While actual performance could exceed the maximum defined in the STIP, payout is capped at 150%.

A 100% total payout is obtained when each objective is achieved at target level. A total payout of 150% requires an achievement at or above the maximum level on all objectives. An achievement level below the baseline on all objectives results in a 0% payout.

Each performance objective is measured independently and carries a specific weight in the overall payout. For example, if one performance objective with 10% weighting in the STIP balanced scorecard is at target level (i.e. 100% payout), then the overall payout on this element is 10% (10% x 100% = 10%). If all performance objectives are achieved at target then the overall payout is 100%.

Illustration 4: Actual STIP payout calculation

Annual base salary

X **STI target (% of annual base salary)**

X **Overall achievement (%)**

= **Actual STIP payout**

The Board, upon recommendation of the Compensation Committee, retains discretion to adjust STIP payouts (positively and negatively) in the case of extraordinary events or developments. This allows for special situations that were not sufficiently factored into the targets to be taken into account. However, this does not include generally unfavourable market developments.

Discretion is bound by the limits defined in the Articles of Incorporation. Downward discretion of 29% was applied by the Board on the 2021 STIP payout of one EC member in a holistic assessment of underlying financial performance compared to targets set at the beginning of the year.

The STIP includes malus as well as claw-back provisions in the event of fraudulent behaviour or other types of intentional misconduct.

2021 STIP balanced scorecard

This section presents the STIP balanced scorecard for the CEO and the other EC members and highlights the performance objectives. The Board follows a robust process to select appropriate KPIs and set financial targets. In addition to the financial targets, each EC member has three strategic and functional targets, nearly all of which are related to the Adecco Group's environmental, social and governance (ESG) priorities.

Illustration 5: 2021 key performance indicators (KPIs)

	CEO	CFO	CHRO	CoSCO	CSMO	CIO	CDO	Presidents
Financial KPIs (70%)								
Revenue growth relative to average peers (Group)	✓	✓	✓	✓	✓	✓	✓	✓
Revenue growth (Global Business Unit level)								✓
EBITA margin (Group, Global Business Unit level)	✓	✓	✓	✓	✓	✓	✓	✓
Revenue (customer level)					✓			
Gross margin (customer level)					✓			
Ventures' gross profit							✓	
Days sales outstanding, DSO (Group level)	✓	✓			✓			✓
IT budget variance (Group level)						✓		
Digital adoption (Group level)						✓	✓	✓
Transformation (Group level)			✓	✓				
Strategic and Functional KPIs (30%)								
Colleague retention rate (Group level)	✓	✓	✓	✓	✓	✓	✓	✓
Net promoter score, NPS® (Group, Global Business Unit level)	✓	✓		✓	✓		✓	✓
Gender parity in the global leadership (Group level)	✓	✓	✓	✓	✓	✓	✓	✓
Peakon (Group level)			✓					
IT stability & security (Group level)						✓		

Illustration 6: 2021 STIP balanced scorecard

	KPI Weight for CEO	KPI Weight for other EC members	Achievement versus target
Financial KPIs (70%)			
Revenue growth relative to average peers (Group)	25%	5%-25%	Below
Revenue Growth (Global Business Unit level)		20%	Slightly below
EBITA margin (Group, Global Business Unit level)	35%	15%-35%	Above
Revenue (customer level)		20%	Below
Gross margin (customer level)		20%	Above
Ventures' gross profit		15%	Above
Days sales outstanding, DSO (Group level)	10%	10%	Above
IT budget variance (Group level) The IT budget variance measures the total IT spend (operational expenses) of the Adecco Group versus the agreed budget approved by the Board. The variance will be adjusted by cost for applications that have been covered elsewhere in other operating expenses but have been transferred into the remit of IT and hence into the IT budget during the year. The process is operated and governed by the finance IT function which reports to the Group CFO.		20%	Below
Digital adoption (Group level) The digital adoption metric measures the progress of the Adecco Group in their digitalisation efforts of external client and candidate interactions, as well as the usage of digital products by internal colleagues. The metric is globally applicable, quantifiable and trackable at a monthly level. Digital adoption acts as a leading indicator to prioritise, understand and track growth potential as well as cost-saving opportunities for the Adecco Group. Across 2021, the Adecco Group reached a volume of 23.8 million digital activities which resulted in a performance above target.		5%-15%	Above
Transformation (Group level) The transformation metric measures the progress of the Group's Future@Work transformation during 2021. It is composed of three equally-weighted elements. The first element is to successfully reach key milestones of the Group's strategic initiatives. The second element is the financial impact realised from the strategic initiatives. The third element is the Peakon strategy score, measuring awareness and support of the Future@Work strategy and transformation amongst all colleagues.		10%	Met
Strategic and Functional KPIs (30%)			
Colleague retention rate (Group level) The colleague retention rate measures the capacity of the organisation to keep colleagues employed during a defined measurement period. It tracks our ability to retain talent, knowledge and skills within the business. Furthermore, it tracks our capacity to upgrade and reskill the Company's workforce to further accelerate the business transformation and the Future@Work strategy. Across 2021, we achieved 72.6% and saw an overall similar achievement as 2020 (73.0%), but slightly below target for 2021. Finally, we are leveraging our own internal data and employee engagement survey, to identify further areas of opportunity to support Group-wide retention.	10%	10%	Slightly below
Net promoter score, NPS® (Group, Global Business Unit level) Net Promoter Score (NPS®) measures customer experience linked to business growth. This proven metric provides the core measurement for our customer experience management programmes. An independent third-party provider ensures that feedback from our clients is collected in a consistent and reliable fashion. It is the Adecco Group's objective to continuously improve its NPS®. Becoming a truly customer-centric business is at the centre of the Future@Work strategy.	10%	10%	Slightly below
Gender parity in the global leadership (Group level) As part of our partnership with Paradigm for Parity®, a business coalition focused on eliminating the gender gap in corporate leadership, we have committed to achieve gender parity (50/50) in leadership levels by 2030. The representation at our global leadership level increased to 36.1% in 2021. To ensure progression, our focus is on both the pipeline of women below the global leadership level and the women currently in the global leadership population.	10%	10%	Above
Workday Peakon (eNPS) (Group level) Workday Peakon is our global platform to actively listen to our colleagues and understand their motivations, feelings, and overall engagement. The Workday Peakon survey is conducted globally on a quarterly basis. Our people are our biggest strength and we have made it one of our global strategic priorities to build a positive and inspiring work environment. We are committed to making the Adecco Group a great place to work for all of our colleagues.		10%	Above
IT stability & security (Group level) IT stability & security focuses on ensuring that we provide our colleagues throughout the Adecco Group with stable, secure and available IT services to allow them to work free from interruption. The IT stability metric is calculated by capturing accumulated hours lost throughout the year due to the unavailability of critical applications or services. The 2021 target was set not to exceed a maximum of 858 lost business hours due to unavailability with a stretch target of a maximum of 811 lost business hours due to unavailability. The total amount of lost business hours in 2021 due to unavailability is 408 which represents a 56% improvement over the prior year period.		10%	Above

4.3 Environmental, social and governance (ESG) considerations embedded into our remuneration framework

At the Adecco Group, we aspire to make the future work for everyone and lead by example in how we conduct our business and address society's most pressing challenges. For us, this translates into working towards important goals that address the work-related sustainability needs of our core stakeholders and help safeguard the planet for future generations. Ultimately, this will help deliver economic value for our shareholders and other stakeholders, and create positive impact for local and global economies.

OUR SUSTAINABILITY GOALS

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

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

Trusted partner to clients
Building on a shared commitment to conduct business responsibly

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

Climate protection
Safeguarding the planet for future generations

Please refer to the Company Report for more details.

To chart a clear path forward and ensure continued progress against our ambitions and agreed objectives, we have identified the most immediate drivers that will help determine success for each sustainability goal. For each such metric, in turn, we have set short-term (one year) and medium-term (2025) targets. In select cases we have also confirmed long-term (2030) targets (i.e. number of people up/reskilled, gender parity and carbon reductions), in line with public commitments. This data is consolidated in our ESG Scorecard. Most of these metrics are also reflected in the Group, Global Business Unit and/or Group Function Scorecards, allocating responsibility for implementation at source and underscoring our integrated approach to addressing ESG-related issues.

Complementing this and to ensure an additional layer of accountability for key priorities, the STIP balanced scorecard for EC members also contains performance objectives that are related to select ESG measures of the Group, in addition to the core financial, strategic and functional goals. Achievement versus target is available in Illustration 6. Given the sensitive nature of some of these targets, particularly those that pertain to our core business, the ESG Scorecard as such is not made public. However, we remain committed to continuously strengthening what we measure and will continue to disclose in line with evolving expectations.

As a people company our sustainability goals are naturally geared towards the social aspects of our agenda, as set out below:

Sustainability Goal	EC STIP KPI	Application
Employer of choice Our success begins and ends with our people. To lead the world of work and create value for all of our stakeholders, we want to set the standard as a world-class employer for our current and future talent. Our ambition is to create a positive, respectful and healthy work environment that inspires and enables a diverse, engaged and talented team, united by our purpose of making the future work for everyone.	Colleague retention rate	All EC members
	Gender parity in the global leadership	All EC members
	Workday Peakon (eNPS)	CHRO
Employability and access to work Through our core business, we help people fulfil their potential – improving employability by equipping individuals with the skills that they need to succeed in the labour market and providing access to work by offering flexible and permanent placement into jobs. Skills investment and development are also decisive factors in enabling the transition to a low-carbon, green economy. Revenue growth is a strong indication that our services are reaching more people, enabling sustainable and productive employment.	Revenue growth	All EC members
Trusted partner to clients Customer-centricity is key to building a sustainable long-term business. We want to be our clients' trusted long-term partner, building on a deep understanding of their needs and a shared commitment to conducting business responsibly. We support them in areas such as their journey to building more inclusive, diverse talent pools, as well as by providing them with the skills and expertise to help them transform the way we power our homes, businesses and lifestyles towards more progressive, sustainable models. In line with global best practice standards, we use the NPS® methodology to measure and benchmark customer satisfaction.	Net promoter score (NPS®)	All EC members except the CHRO and CIO

Our commitment to fairness is further demonstrated by the successful completion of the equal pay analysis in Switzerland as required by the newly introduced reporting requirements of the Swiss Federal Act on Gender Equality. We have completed this important analysis and the results confirm that we are fully compliant with Swiss equal pay standards. Ernst & Young provided assurance regarding the analysis and affirmed that Adecco Group AG complies with the applicable legal requirements. Mazars provided assurance that the Adecco Ressources Humaines SA, a subsidiary of the Adecco Group AG and the only other legal entity based in Switzerland, also complies with the applicable legal requirements.

In the years ahead, and aligned with our global ambitions, we are committed to continuously re-evaluating how we reflect material environmental, social and governance considerations in our remuneration framework and strengthening our practices that are considered conducive to our purpose and stakeholders. For more details on the Adecco Group's approach to ESG, please visit www.adeccogroup.com/sustainability.

4.4 Long-term incentive plan (LTIP)

The purpose of the LTIP is to reward long-term value creation and to enhance alignment of the interests of EC members with those of shareholders. The LTIP is a performance-based share 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 performance conditions and upon continued employment of the participant at the vesting date.

For the grant awarded in 2021, the performance period started on 1 January 2021 and ends on 31 December 2023.

4.4.1 2019-2021 LTIP performance cycle

The 2019 LTIP award is subject to rTSR performance of the Adecco Group compared to its peers (refer to Illustration 2). The percentile ranking of the Adecco Group TSR against the peer group is measured at the end of each year of the three-year performance period. The annual percentile ranking determines the achievement level for that year.

At the end of the performance period, the average achievement level over the three-year performance period is calculated to determine the overall vesting level for the award.

Illustration 7 presents the annual ranking achievements, corresponding annual achievement levels and overall vesting level based on the average annual performance for the 2019 LTIP award.

Illustration 7: Final vesting 2019 LTIP award

Year	Percentile	Achievement (as a % of target)
2019	64.7	69.4%
2020	58.8	57.6%
2021	0.0	0.0%
Overall vesting level		42.3%

For the 2019 LTIP award vesting in 2022 (LTIP 2019–2021), the vesting level was 42.3% considering the Adecco Group TSR performance against the peer group. Therefore, out of the 141,117 performance share units (PSUs) granted in 2019 to the current EC members (including the CEO), 59,696 have vested, with an estimated vesting value of CHF 2.8 million based on the share price at year end 2021. Illustration 8 presents the historical annual overall vesting level (as a % of target).

Illustration 8: Vesting level for performance share awards granted

Grant year	Vesting year	Overall vesting level (as a % of target)
2013	2016	33.0%
2014	2017	58.0%
2015	2018	58.0%
2016	2019	17.5%
2017	2020	35.2%
2018	2021	42.3%
2019	2022	42.3%
2020	2023	Pending[1]

[1] Performance period is still ongoing. Numbers will be available after the end of the performance period (refer to section 4.5.1).

4.4.2 2021 LTIP improvements

Throughout 2020, the Compensation Committee carefully evaluated the effectiveness of the LTIP in helping drive the Company's financial goals for the Future@Work strategic cycle. In deciding on refinements to the LTIP for 2021, feedback from shareholders and our external compensation advisors, as well as the evolving environment in which the Company operates, have been taken into account. The Board, upon the recommendation of the Compensation Committee, decided to amend the performance criteria to strengthen the link between the Future@Work strategy, performance and pay.

From 2021, in addition to rTSR, the LTIP contains two additional performance metrics: return on invested capital (ROIC) and cash conversion ratio (CCR), to align more effectively the long-term financial performance objectives of the EC with the Future@Work strategy. All three metrics are equally weighted at 33.3%. While rTSR remains part of the LTIP for 2021, the addition of ROIC will help drive long-term financial productivity and CCR will incentivise strong cash flow to support the transformation of the business, grow market share and generate long-term value for shareholders.

4.4.3 LTIP structure and general conditions

The formula to determine the number of PSUs to be granted is as follows:

Illustration 9: Calculation formula

STEP 1

Annual base salary (CHF) x LTI target (%) = LTI target value at Grant (CHF)

STEP 2

LTI target value at Grant (CHF)/20-TD average share price (CHF) = Target number of PSUs at Grant

The average share price is calculated as the arithmetic mean of daily closing share prices 20 trading days (20-TD) prior to the grant in March each year. The 2021 grant was awarded on 31 March and the period of 20-TD selected for the final calculation was from 3 March 2021 to 30 March 2021. The resulting average share price was CHF 63.15.

At the grant date, the LTI target amounts to 130% of the annual base salary for the CEO (2020: 130%) and ranges from 75% to 100% for the other EC members (2020: 75% to 100%).

On the CEO's appointment in 2015, the Board established his compensation initially below that of his predecessor and below market. The LTI target was then gradually increased to 130% in 2019. The Board decided not to further increase the LTI target in 2021 for the CEO.

Company shares vested under the 2021 LTIP plan are subject to an additional two-year blocking period. In 2022, the blocking period is reduced from two years to one year for any new grants made from March 2022 onwards for all LTIP participants (apart from the CEO who remains at two years). Refer to section 6 for more details on this amendment to the LTIP conditions.

The plan foresees that those participants who, before the end of the performance period, terminate their employment with the Company of their own volition, and those who receive notice of termination for cause, will no longer be entitled to the vesting of awards made under the LTIP. In case of termination by the employer without cause, a time-weighted pro-rata portion of the unvested performance share awards will vest at the regular vesting date in accordance with the level of target achievement.

In line with the Articles of Incorporation and as specified in the LTIP plan rules, in the case of a predefined Change of Control before an award under the LTIP has vested, the time-weighted pro-rata portion of the unvested performance share award may vest on the Change of Control date depending on the level of target achievement at the date of the relevant corporate event, as determined by the Compensation Committee.

The LTIP includes claw-back provisions for any award or any benefit received or entitled to be received in the case of fraudulent behaviour or other types of intentional misconduct. Performance share awards that do not vest due to lack of fulfilment of the performance conditions lapse immediately. The LTIP plan rules are subject to the applicable law in the given country of employment. The CEO and the other EC members may not use personal investment strategies to undermine or hedge the risk alignment effects of unvested deferred remuneration or any vested shares subject to the blocking period.

Illustration 10: LTIP performance period

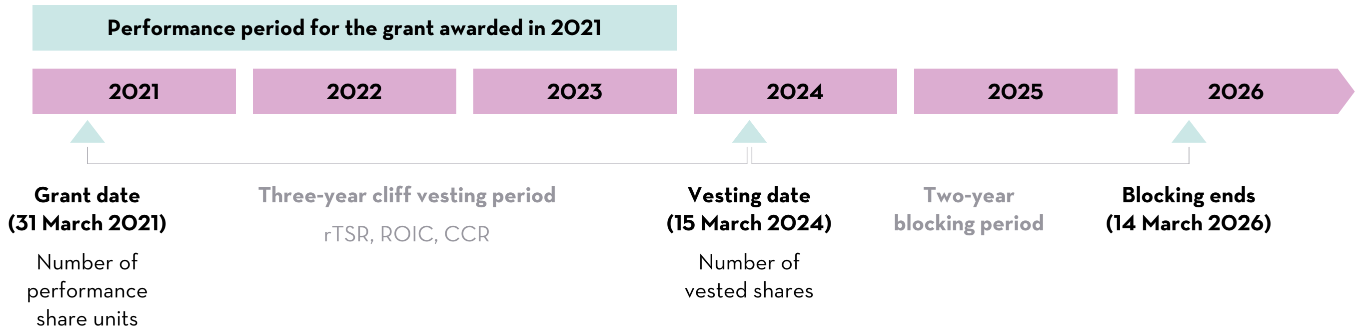


Illustration 11: Overview of 2021 performance metrics

<table>
<tr><th>Performance metric</th><th>Weighting</th><th>Description</th><th>Vesting</th></tr>
<tr><td>rTSR</td><td>33.3%</td><td>The TSR performance of the Adecco Group is compared to a peer group of companies. The peer group comprises the 12 companies listed in Illustration 3. The peer group is fixed for the duration of the LTIP grant cycle. The vesting level is determined based on the percentile ranking of the Adecco Group compared to its peer companies over a period of three years.</td><td>Vesting schedule for rTSR performance under the LTIP
<table>
<tr><th>Rank</th><th>Percentile</th><th>Vesting (as a % of target)</th></tr>
<tr><td>1</td><td>100.0</td><td>200</td></tr>
<tr><td>2</td><td>91.7</td><td>200</td></tr>
<tr><td>3</td><td>83.3</td><td>200</td></tr>
<tr><td>4</td><td>75.0</td><td>200</td></tr>
<tr><td>5</td><td>66.7</td><td>160</td></tr>
<tr><td>6</td><td>58.3</td><td>120</td></tr>
<tr><td>7</td><td>50.0</td><td>80</td></tr>
<tr><td>8</td><td>41.7</td><td>60</td></tr>
<tr><td>9</td><td>33.3</td><td>40</td></tr>
<tr><td>10</td><td>25.0</td><td>0</td></tr>
<tr><td>11</td><td>16.7</td><td>0</td></tr>
<tr><td>12</td><td>8.3</td><td>0</td></tr>
<tr><td>13</td><td>0.0</td><td>0</td></tr>
</table></td></tr>
<tr><td>ROIC</td><td>33.3%</td><td>ROIC measures the Group's ability to efficiently use invested capital. ROIC is a non-US GAAP measure and is calculated as the rolling four quarter EBITA excluding one-offs divided by the average invested capital. The ROIC target, threshold and cap have been set with careful reference to historical annual and forecasted ROIC achievements.</td><td>Vesting is based on a linear payout curve from 0% to 200%. If the threshold is met, vesting (as a % of target) is equal to 40%. At target, vesting (as a % of target) is equal to 100% and if the target is exceeded, the vesting can be up to a maximum of 200%.
To determine the final vesting outcome, ROIC would be calculated based on the average of the three annual outcomes in the performance period (as at 31 December).</td></tr>
<tr><td>CCR</td><td>33.3%</td><td>Cash conversion measures how effectively profits are converted into cash flow. 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. The CCR target, threshold and cap have been set with careful reference to historical annual and forecasted CCR achievements.</td><td>Vesting is based on a linear payout curve from 0% to 200%. If the threshold is met, vesting (as a % of target) is equal to 40%. At target, vesting (as a % of target) is equal to 100% and if the target is exceeded, the vesting can be up to a maximum of 200%.
To determine the final vesting outcome, CCR would be calculated based on the average of the three annual outcomes in the performance period (as at 31 December).</td></tr>
</table>

4.5 LTIP performance conditions

The vesting is capped at 200% (as a % of target) for all performance metrics.

For rTSR, the achievement and the vesting level are calculated by Obermatt (refer to section 2.4). The TSR calculation, provided by Obermatt, is based on a one-month average share price before the start and end of the overall three-year period for both Adecco Group's TSR and its peers' TSR, taking into consideration dividends for the period under review. Pay is linked to performance with vesting percentages increasing relative to the Adecco Group's rank amongst its peers. The Adecco Group continues to allow gradual vesting as this helps to dissuade participants from taking excessive risks.

For ROIC and CCR, the achievement and vesting levels are calculated internally based on the actual audited financial results as at 31 December.

4.5.1 Interim update regarding ongoing LTIP cycles

The calculation methodology for rTSR performance is based on a point-to-point assessment, with a comparison of the one-month average share price before the start and the end of the overall three-year performance period for both the Adecco Group and the peers. Therefore, the final rTSR achievement remains open until the end of the performance period. Interim rTSR results provide an estimate of the vesting outcome by measuring the difference between the one-month average share price before the start of the overall three-year performance period and the end of the current performance year.

Final ROIC and CCR achievements are based on the average annual performance of these metrics over the three-year performance period. Therefore, annual ROIC and CCR outcomes are locked in at the end of each performance year. The final vesting percentages for ROIC and CCR components are only determined at the end of the overall three-year performance period once the final annual outcome is confirmed.

Below the interim performance against the stretch targets is reported for the ongoing LTIP cycles.

2020-2022 LTIP award

rTSR was chosen as the key performance metric for the 2020-2022 LTIP performance cycle because it remains an appropriate performance metric to link the long-term remuneration of management to value creation for shareholders. At the end of 2021, rTSR for the Adecco Group is tracking below the median of its peer group. The final vesting level is determined at the end of the three-year performance period.

Performance measure	Tracking
rTSR (100%)	◕

2021-2023 LTIP award

From 2021, in addition to rTSR, the LTIP contains two additional performance metrics: return on invested capital (ROIC) and cash conversion ratio (CCR), to align more effectively the long-term financial performance objectives of the EC with the Future@Work strategy. After the first year of the three-year LTIP performance cycle, rTSR for the Adecco Group is tracking below the median of its peer group. ROIC and CCR are tracking at target. The final vesting level is determined at the end of the three-year performance period.

Performance measure	Tracking
rTSR (33.3%)	◕
ROIC (33.3%)	●
CCR (33.3%)	●

● At or above target ◕ Below target

4.6 Benefits

As the EC is international in its nature, its members participate in the benefit plans available in the country of their employment contract. Benefits consist mainly of retirement and insurance plans that are designed to provide a reasonable level of protection for 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. In 2021, the CEO and the other EC members all had a Swiss employment contract. Pension contributions are based on the annual base salary, excluding variable cash remuneration.

EC members are also provided with certain additional benefits which could include a Company car allowance, car lease, housing allowance, relocation costs, education costs, representation allowance or health insurance. The monetary value of these other elements of remuneration is disclosed at fair value in the remuneration tables, where they are applicable.

4.7 Contractual agreements

The EC members have employment contracts of unlimited duration which are all subject to a notice period of up to 12 months. They are not contractually entitled to sign-on awards nor severance payments based on their individual contracts (but may be entitled to seniority-related payments due to foreign laws as applicable), or to Change of Control payments (for LTIP vesting see section 4.4.3). Finally, their contract may foresee non-competition provisions of up to one year post termination of their contract. As of 2021, the Group may compensate the EC member's economic loss due to non-competition provisions by paying monthly instalments that are 1/12 of the EC member's annual base salary.

5. Remuneration of members of the EC

5.1 EC membership changes in 2021

Ten EC members were in office on 31 December 2021, including one new EC member who joined the EC during the year. Corinne Ripoche, Enrique Sanchez and Ian Lee stepped down from their functions as EC members at the end of December 2020 and continued their employment with the Adecco Group. Ralf Weissbeck, Chief Information Officer (CIO), was appointed as an EC member in January 2021.

In determining the compensation for departing EC members, the Compensation Committee ensures that contractual entitlements as described in section 4.7 are respected and that all payments are in line with the incentive plan rules and the Swiss Ordinance against Excessive Compensation in Listed Companies.

5.2 Replacement awards

When an individual forfeits compensation at a former company as a result of joining the Adecco Group, the Board may offer replacement awards on a comparable basis to mirror the value of compensation forfeited. Restricted share units (RSUs) are awarded to replace share-based awards forfeited and due to vest within 12 months of their employment start date at the Adecco Group. In all other cases, PSUs are awarded to replace share-based awards forfeited. The Board aims to compensate with what is required to match the economic value of awards forfeited by the individual, taking into account relevant factors. These relevant factors include the replacement award vehicle (i.e. cash, RSUs or PSUs), whether the forfeited award is contingent on meeting performance conditions or not, the expected value of the forfeited award, the timing of forfeiture and the termination conditions.

One newly appointed EC member was granted a replacement award in the form of PSUs and RSUs to replace forfeited compensation at their former employer. Compensation due to vest in 2020 but forfeited upon the termination from the former company in 2020 has been replaced in RSUs and compensation due to vest from 2021 onwards has been replaced in PSUs. The first tranche of the RSUs awarded, representing 50% of RSUs granted, vested at grant in March 2021 and the remaining 50% vest in March 2022. They are not subject to a blocking period after vesting.

PSUs are subject to the same performance metric and performance period as the Adecco Group's corresponding grants vesting in 2022 and 2023. They are subject to cliff vesting, financial performance metrics and a two-year blocking period following vesting. The level of awards is detailed in Illustration 12.

Should employment terminate prior to vesting, vesting of awards will be subject to the terms and conditions described in the LTIP plan rules.

Illustration 12: Replacement awards

Replacement awards	Vesting period	Blocking period	Total grant value (CHF)
28,137 PSUs	2021-2023	Two-years	995,832
3,425 RSUs	2021-2022		213,608
Total			1,209,440

5.3 EC remuneration for the financial year 2021

In 2021, EC members' total remuneration amounted to CHF 22.9 million (2020: CHF 18.1 million). This amount consisted of base salaries of CHF 7.0 million (2020: CHF 7.2 million), short-term incentives of CHF 5.9 million (2020: CHF 3.1 million), long-term incentives of CHF 7.2 million (2020: CHF 5.1 million), other remuneration of CHF 0.6 million (2020: CHF 0.8 million) and social contributions of CHF 2.2 million (2020: CHF 1.9 million). EC members' total remuneration increased by 26.9% compared to 2020. Looking at the different components, the following elements can be noted:

The total amount paid as base salary in 2021 decreased by 3.1% compared to the amount of base salary paid in 2020. This is mainly due to the lower number of active EC members in 2021 compared to 2020.

In 2021, the STIP payout for the CEO was 98.8% of target (2020: 47.3%) and ranged from 78.0% to 119.4% for the other EC members (2020: 38% to 53%), giving an average of 101.9% for the entire EC including the CEO (2020: less than 50%).

Share awards granted in 2021 amount to CHF 7.2 million compared to CHF 5.1 million in 2020. This increase is driven by a higher value at grant per share in 2021 (CHF 49.68) compared to 2020 (CHF 26.85) and minor, one-off grants awarded to select members of the EC in 2021 for outstanding performance in 2020 (awarded as part of the 2021 LTIP grant).

For the CEO, his actual direct cash compensation was 99.4% of his target direct cash compensation (see Illustration 13).

For the financial year 2021, the total variable component (annual bonus and share awards at grant value) represented 57.4% of the total remuneration of the EC (2020: 45%) and 188.3% of the base salary (2020: 114%).

This is aligned with the pay-for-performance philosophy of the Adecco Group and reflects the alignment of remuneration plans to shareholders' interests.

At the AGM of 16 April 2020, shareholders approved an MTAR of CHF 35 million for the financial year 2021. The total remuneration paid to the EC, including remuneration of former members (see Illustration 14), for this term was CHF 23.5 million and is therefore within the approved limits.

Payments made to former members in 2021 amount to CHF 0.6 million compared to CHF 0.5 million in 2020.

Remuneration paid to former EC members in 2021 is slightly higher than remuneration paid to former EC members in 2020. Remuneration paid to former EC members in 2021 comprises remuneration paid to one EC member who stepped down in 2020 while remuneration paid to former EC members in 2020 covered remuneration to two EC members for six months each in accordance with their respective termination agreements.

Illustration 13: CEO remuneration versus target for annual base salary and annual STI

	Contractual/Target (CHF)	Actual received (CHF)	Actual received (%)
Annual base salary	1,500,000	1,500,000	100.0%
Annual STI	1,350,000	1,334,205	98.8%
Total	2,850,000	2,834,205	99.4%

Illustration 14: EC remuneration for the financial years 2021 and 2020 (audited)

	Alain Dehaze, CEO[1]		Total Executive Committee[2]	
in CHF	2021	2020	2021	2020
Gross cash remuneration:[3]				
• Annual base salary[4]	**1,500,000**	1,350,000	**6,980,000**	7,204,738
• Annual STI	**1,334,205**	567,164	**5,892,467**	3,051,589
Remuneration in kind and other[5]	**144,034**	147,675	**587,500**	771,692
Share awards granted in 2021 and 2020:[6]				
• Share awards (PSUs) under the LTIP	**1,652,059**	1,043,928	**6,039,101**	3,788,566
• Replacement award granted to a new EC member (PSUs and RSUs)[7]			**1,209,440**	1,341,346
Social contributions:				
• Old age insurance/pensions and other	**292,658**	229,472	**1,597,191**	1,427,910
• Additional health/accident insurance	**16,198**	14,374	**98,392**	100,317
• On LTIP awards granted in 2021 and 2020, potentially vesting in later periods, estimated (based on closing price at grant)	**115,644**	73,075	**507,398**	363,606
Total conferred	**5,054,798**	3,425,688	**22,911,489**	18,049,764
Conferred to an EC member, who ceased to be an EC member during 2021 and 2020			**619,574**	548,054
Conferred, grand total	**5,054,798**	3,425,688	**23,531,063**	18,597,818

[1] Highest conferred individual compensation 2021 and 2020.

[2] Including the CEO. Notice periods of up to 12 months apply.

[3] Including employee's social contributions.

[4] CEO voluntarily waived 20% of his annual base salary and nearly all other EC members voluntarily waived 15% of their annual base salaries for a period of six months in 2020.

[5] Includes car allowance for private use, car lease financed by the Company, housing allowance, relocation, education, health insurance, representation allowance and benefits.

[6] Value in CHF of Adecco Group AG share awards granted in 2021 under the LTIP 2021 with grant date 31 March 2021 (LTIP 2020 grant date: 16 March 2020).
Valuation of the share awards granted on 31 March 2021 (2020: 16 March 2020):

- The grant date values of the PSU awards are calculated based on the closing price of the Adecco Group AG share on the day of grant multiplied by the respective probability factors. These factors reflect the likelihood that the respective rTSR, ROIC and CCR (rTSR only in 2020) targets will be met at the end of the performance period. For 2021, the probability factor for rTSR, ROIC and CCR combined is 99.7% (2020: 101.4%). The probability factor for the rTSR component of the PSU awards has been determined using a Monte Carlo simulation, whereas for ROIC and CCR the estimation is based on the distribution of potential performance outcomes forecasted by the Adecco Group based on historical data and the business outlook at the time targets are set. A discount of 12% is applied which takes into consideration that PSU awards are not entitled to dividends during the vesting period, and an additional discount of 11% is applied to take into account the two-year post-vesting restriction. The per share value of PSU awards granted in 2021 amounts to CHF 49.68 (2020: CHF 26.85).

[7] Replacement award granted on 31 March 2021 to one EC member comprised 3,425 RSUs and 28,137 PSUs.
The PSUs are subject to the same performance metric and period as Adecco's 2019 LTIP grant (22,590 PSUs) and 2020 LTIP grant (5,547 PSUs).

- 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 2% is applied to take into consideration that the RSU award is not entitled to dividends during the one-year vesting period. The per share value of the RSU awards granted in 2021 amounts to CHF 62.37.
- For 22,590 PSUs linked to the 2019 LTIP performance metric, the probability factor on the day of grant is 55.4%. A discount of 4% is applied which takes into consideration that PSU awards are not entitled to dividends during the vesting period, and an additional discount of 11% is applied to take into account the two-year post-vesting restriction. The per share value of PSU awards granted in 2021 subject to the same performance metric and performance period as the 2019 LTIP grant is CHF 30.12.
- For 5,547 PSUs linked to the 2020 LTIP performance metric, the probability factor on the day of grant is 109.1%. A discount of 8% is applied which takes into consideration that PSU awards are not entitled to dividends during the vesting period, and an additional discount of 11% is applied to take into account the two-year post-vesting restriction. The per share value of PSU awards granted in 2021 subject to the same performance metric and performance period as the 2020 LTIP grant is CHF 56.85.

6. Outlook 2022

The EC remuneration system is reviewed by the Compensation Committee on a regular basis to ensure alignment with strategic business objectives, the external market and best practice in compensation design. Throughout 2021, the Compensation Committee carefully evaluated the effectiveness of the current variable incentive plans in helping drive the Company's financial and non-financial goals for the Future@Work strategic cycle. A series of roadshows were organised in November 2021 to meet shareholders and engage them in constructive dialogue, and to respond to their interests concerning executive remuneration. In deciding on refinements to the existing variable programmes for 2022, feedback received from shareholders, proxy advisors and our external compensation advisors as well as the evolving environment in which the Company operates have been taken into account. The following table outlines key changes to the design of the variable incentive plans for 2022:

Variable incentive plan	Outlook 2022
Annual STIP	The STIP design will remain largely unchanged for 2022. The financial, strategic and functional KPIs will remain largely aligned with the KPIs set for 2021, established at the start of the Future@Work strategic cycle.
	To reflect the Adecco Group's new objective to successfully integrate AKKA, deliver 2022 cost savings and mitigate key risks (e.g. talent retention measures), a new KPI will be added to the 2022 STIP balanced scorecard for the CEO, the CFO, the CHRO, the CIO and the President of Akkodis, the new Global Business Unit formed by uniting AKKA and Modis on 24 February 2022.
	The final 2022 STIP balanced scorecard for the CEO and other EC members will be shared in 2023 (refer to Illustration 6 for the 2021 STIP balanced scorecard).
LTIP	The LTIP design will remain unchanged for 2022. The LTIP design for EC members will continue to include three equally-weighted financial performance metrics: relative total shareholder return (rTSR), return on invested capital (ROIC) and cash conversion ratio (CCR). These financial performance metrics continue to align to the strategic long-term financial performance objectives of the Adecco Group.
	As noted above, and to better align with current market practice, the CEO is now required to hold a minimum of 60,000 (2020: 40,000, i.e. a 50% increase) Adecco Group AG shares. Other EC members must hold 15,000 (2020: 10,000) Adecco Group AG shares within five years from the date of the March 2022 annual grant. This new shareholding requirement is approximately equal to 250% (2021: 160%) of the annual base salary of the CEO and 150% (2021: 100%) of the annual base salary of other EC members on average. The increase in shareholding levels has been balanced with an adjustment to the LTIP plan duration from five years to four years by reducing the blocking period from two years to one year, on a go-forward basis only (apart from the CEO who remains at two years). This reduction of the blocking period from two years to one year for all other EC members and non-EC LTIP participants has been decided considering the significant turnover seen following the Covid-19 crisis, especially where the use of a blocking period is not common market practice. By reducing the blocking period for LTIP participants the LTIP is even more attractive and effective at retaining and attracting talent. The blocking period for the CEO will remain at two years but subject to a regular review.
	The Compensation Committee considered that the increase in shareholding levels further strengthens long-term thinking and behaviour amongst the EC members. Should the level of shareholding not be met within five years, the sale of any shares held by the EC member (including those recently received via the LTIP) is prohibited until the holding requirement is fulfilled. If the shareholding guideline is 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.

7. Remuneration of the Board of Directors

7.1 Remuneration system

The remuneration system for the Board of Directors is unchanged compared to 2020 and has remained consistent for seven years. To ensure independence in exercising their supervisory duties over executive management, the members of the Board receive fixed remuneration for their term of office without entitlement to variable remuneration. Two thirds of the Board fee is paid in cash and one third is paid in shares subject to a three-year blocking period. The blocking period supports the alignment of Board members' interests with those of shareholders.

The remuneration in cash is paid out quarterly (for the Chair of the Board: monthly) and is subject to regular contributions to social security where applicable. The shares are transferred on a quarterly basis. Board members are not insured under the Company retirement plans.

When determining the individual Board members' remuneration, their various functions and responsibilities within the Board and its Committees are taken into consideration. The remuneration levels for the term of office from AGM 2021 to AGM 2022 are summarised in Illustration 15.

7.2 Outlook for the term from AGM 2022 to AGM 2023

For the term from AGM 2022 to AGM 2023, it is anticipated that the remuneration structure for the Board will remain the same as for the term from AGM 2021 to AGM 2022.

7.3 Remuneration of the Board of Directors for 2021 and shareholdings as at 31 December 2021

For the amounts paid to the individual members of the Board in the period under review (1 January 2021 to 31 December 2021), refer to Illustration 16.

In 2021, the Board's total remuneration amounted to CHF 4.71 million (2020: CHF 4.58 million). Of this total, CHF 2.91 million was paid out in cash (2020: CHF 2.82 million), CHF 1.48 million was awarded in restricted shares (2020: CHF 1.43 million) and social contributions amounted to CHF 0.32 million (2020: CHF 0.32 million). While the remuneration structure (annual Board fee and Committee fees) remained unchanged, the total Board remuneration increased slightly (excluding social contributions) compared to the last year. This is solely due to the composition of the Board in 2021 versus 2020 as there was no increase to fees for the Board compared to the prior year.

At the AGM of 16 April 2020, shareholders approved an MTAR of CHF 5.1 million for the Board for the term from AGM 2020 to AGM 2021. The remuneration paid to the Board for that term was CHF 4.71 million and is therefore within the approved limits.

At the AGM of 8 April 2021, shareholders approved an MTAR of CHF 5.1 million for the Board for the term from AGM 2021 until AGM 2022. The remuneration paid to the Board for this ongoing term is anticipated to be approximately CHF 4.9 million. The final amount will be disclosed in the Remuneration Report 2022.

Illustration 15: Structure and levels of remuneration for the Board

	Cash (in CHF)	Shares[1] (in CHF)
Fees for the Board term (gross)		
Chair of the Board[2]	960,000	500,000
Vice-Chair of the Board[2]	300,000	150,000
Other members of the Board	166,670	83,330
Additional Committee fees (gross)		
Audit Committee Chair[3]	133,333	66,667
Other Committee Chairs[3]	100,000	50,000
Other Committee members	33,330	16,670

[1] Paid in Adecco Group AG shares with a three-year blocking period.
[2] No entitlement to additional fee for Committee work.
[3] Amount includes fee for Committee membership for the Chair.

Illustration 16: Board of Directors' remuneration for the financial year 2021 and 2020 (audited)

in CHF

Name	Function[1]	Remuneration period	Remuneration in cash	Remuneration in shares[2]	Total remuneration[3]	Social contributions[4]
Jean-Christophe Deslarzes[7]	Chair	**2021**	**960,000**	**500,052**	**1,460,052**	**94,983**
	Chair	2020	755,000	412,565	1,167,565	75,718
Kathleen Taylor	Vice-Chair	**2021**	**300,000**	**150,122**	**450,122**	**28,226**
	Vice-Chair	2020	300,000	150,139	450,139	29,836
Rachel Duan[6]	Member	**2021**	**150,000**	**75,104**	**225,104**	**15,047**
Ariane Gorin	DC Chair	**2021**	**300,000**	**150,122**	**450,122**	**60,544**
	DC Chair	2020	300,000	150,139	450,139	60,638
Alexander Gut	GNC Chair	**2021**	**300,000**	**150,122**	**450,122**	**29,942**
	GNC Chair	2020	300,000	150,139	450,139	29,836
Didier Lamouche[9]	CC Chair	**2021**	**300,000**	**150,122**	**450,122**	**0**
	CC Chair	2020	283,333	141,804	425,137	0
David Prince[5]	Member	**2021**	**300,000**	**150,122**	**450,122**	**62,790**
	Member	2020	300,000	150,139	450,139	62,985
Regula Wallimann	AC Chair	**2021**	**300,000**	**150,122**	**450,122**	**29,942**
	AC Chair	2020	300,000	150,139	450,139	29,836
Rolf Dörig[8]						
	Former Chair	2020	280,000	125,026	424,880	27,800
Total 2021			**2,910,000**	**1,475,888**	**4,385,888**	**321,474**
Total 2020			2,818,333	1,430,090	4,268,277	316,649

[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.
[2] For 2021, paid with 27,720 Adecco Group AG shares at an average price of CHF 54.72 per share; for 2020, paid with 32,050 Adecco Group AG shares at an average price of CHF 46.25 per share.
[3] Gross amounts, including Directors' social contributions required by law. Total remuneration for Rolf Dörig includes benefits-in-kind amounting to CHF 19,854.
[4] Company's social contributions required by law. No contributions are paid to pension plans. No social contributions paid in France for Didier Lamouche in 2021 or 2020.
[5] The total remuneration includes remuneration received for membership in the China Joint Venture Boards of FESCO Adecco as a non-executive Director in the amount of CHF 100,000.
[6] Board member since 8 April 2021.
[7] Chair from April 2020.
[8] Chair until April 2020.
[9] Chair of the CC from April 2020.

8. Additional disclosures for the EC and Board members

8.1 Additional fees and remuneration of the EC and Board members (audited)

Apart from the remuneration disclosed in sections 5.3 and 7.3, no member of the EC and the Board has received any additional remuneration in 2021.

8.2 Loans granted to the EC and Board members (audited)

In 2021, the Company did not grant any guarantees, loans, advances or credits to current or former EC or Board members. No such loans were outstanding as at 31 December 2021.

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

In 2021, no payments were made to former EC members other than disclosed in section 5.3 to an EC member that stepped down in 2020 under the former EC member's termination agreement (2020: CHF 188,438). No other payments (or waivers of claims) were made to EC members, Board members or closely linked parties.

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

In 2021, shares were allocated to EC members (refer to Illustration 14) under the LTIP and part of the remuneration of the Board members was paid in Adecco Group AG shares (refer to Illustration 16). No further Adecco Group AG shares were allocated to current or former members of the EC and Board or closely linked parties.

8.5 EC Shareholding

8.5.1 EC Shareholding guideline

A shareholding guideline was implemented in 2018.
For 2021, EC members are required to own a minimum number of Adecco Group AG shares within five years of appointment to the EC, as set out in the table below:

llustration 17: EC Shareholding guideline

	Guideline for 2021	Guideline for 2022
CEO	40,000 shares	60,000 shares
Other EC members	10,000 shares	15,000 shares

The CEO is required to hold a minimum of 60,000 Adecco Group AG shares and the other EC members are required to hold a minimum of 15,000 Adecco Group AG shares within five years from the date of the March 2022 annual grant.

Illustration 18 presents actual shares owned by EC members as at 31 December 2021. In order to determine whether the minimum shareholding guideline is met, all vested shares are considered as beneficially owned, regardless of whether they are blocked or not. Unvested awards are excluded. The Compensation Committee reviews compliance with the shareholding guideline on an annual basis.

8.5.2 Shares owned by EC members at 31 December 2021 and 31 December 2020

The following table shows the total number of shares and unvested share units owned by the CEO and the other EC members as at 31 December 2021.

Illustration 18: Shares/Unvested PSUs and RSUs owned by EC members as at 31 December 2021 and 31 December 2020

(in shares/unvested PSUs/RSUs)

Name	Shareholding as at 31 December 2021[1]	Unvested PSUs/RSUs as at 31 December 2021	Total as at 31 December 2021	Shareholding as at 31 December 2020	Unvested PSUs/RSUs as at 31 December 2020	Total as at 31 December 2020
Alain Dehaze	95,841	133,303	229,144	70,010	144,380	214,390
Coram Williams	6,593	51,677	58,270		49,250	49,250
Christophe Catoir	17,309	35,643	52,952	12,479	31,979	44,458
Sergio Picarelli	35,301	45,322	80,623	28,400	49,166	77,566
Jan Gupta	1,500	16,895	18,395		16,450	16,450
Valerie Beaulieu	1,713	39,034	40,747			
Stephan Howeg	18,402	23,485	41,887	12,957	23,213	36,170
Gordana Landen	4,388	46,679	51,067		48,022	48,022
Teppo Paavola		40,286	40,286		36,988	36,988
Ralf Weissbeck[2]	2,458	4,751	7,209			
Enrique Sanchez[3]				17,837	38,074	55,911
Ian Lee[3]					26,049	26,049
Corinne Ripoche[3]				1,843	8,576	10,419
Total	183,505	437,075	620,580	143,526	472,147	615,673

[1] Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

[2] Ralf Weissbeck was appointed to the EC on 1 January 2021. His shareholdings were not monitored prior to the appointment.

[3] Ceased to be a member of the EC in 2020.

8.5.3 Share awards held by and granted to EC members as at 31 December 2021

This section provides information on the share awards granted to EC members in 2021 and held as at 31 December 2021.

Illustration 19: Awards granted in 2021

Share awards held as at 31 December 2021 granted in 2021 under the LTIP:

Name	Share awards
Alain Dehaze	33,254
Total EC	153,122

8.6 Board Shareholding

8.6.1 Board Shareholding guideline

Effective since AGM 2019, the Board members are required to hold a minimum of 5,000 Adecco Group AG shares within three years of introduction of the shareholding guideline (approved in 2019) or within three years of their first election to the Board. To calculate whether the minimum shareholding guideline is met, all shares granted as part of their remuneration are considered as beneficially owned, regardless of whether they are blocked or not. All Board members reached the minimum shareholding guideline by the end of 2021, apart from Rachel Duan who joined the Board in April 2021 and only needs to fulfil the guideline by the end of 2024. The Board reviews compliance with the shareholding guideline on an annual basis.

8.6.2 Shares owned by Board members as at 31 December 2021 and 31 December 2020

The members of the Board are required to disclose to the Company any direct or indirect purchases and sales of equity-related securities of Adecco Group AG. The reported share ownership of the members of the Board, including related parties, is presented in Illustration 20.

Illustration 20: Shares owned by Board members as at 31 December 2021 and 31 December 2020

(in shares)

Name	Shareholding as at 31 December 2021[1]	Shareholding as at 31 December 2020[1]
Jean-Christophe Deslarzes	35,328	18,461
Kathleen Taylor	16,122	13,310
Rachel Duan	1,481	
Ariane Gorin	9,941	8,924
Alexander Gut	32,478	29,666
Didier Lamouche	13,198	12,386
David Prince	19,464	16,652
Regula Wallimann	10,027	7,215
Total	138,039	106,614

[1] Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

8.7 Remuneration or loans to closely linked parties (audited)

In 2021, 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 2021.

We have audited the remuneration report of Adecco Group AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited" on pages 102 to 106 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 2021 of Adecco Group AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

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

/s/ Marco Casal
Marco Casal
Licensed audit expert

Zürich, Switzerland

9 March 2022

'Get Ready (Monochrome)' – For more information on this artwork, head to pages 181-185

Selected financial information

in millions, except share and per share information

For the fiscal years (in EUR)	2021	2020	2019	2018	2017
Statements of operations					
Revenues	**20,949**	19,561	23,427	23,867	23,660
EBITA[1]	**881**	570	988	987	1,151
Operating income	**780**	118	904	665	990
Net income/(loss) attributable to Adecco Group shareholders	**586**	(98)	727	458	788

As of (in EUR)	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Balance sheets					
Cash and cash equivalents and short-term investments	**3,051**	1,485	1,351	652	962
Trade accounts receivable, net	**4,076**	3,870	4,310	4,432	4,440
Operating lease right-of-use assets	**339**	395	432		
Goodwill	**2,483**	2,339	2,846	2,994	2,895
Total assets	**11,865**	9,792	10,571	9,718	9,890
Short-term debt and current maturities of long-term debt	**348**	294	172	267	394
Accounts payable and accrued expenses	**4,226**	3,990	4,106	4,084	4,066
Total operating lease liabilities	**381**	429	461		
Long-term debt, less current maturities	**2,751**	1,567	1,577	1,509	1,562
Total liabilities	**8,065**	6,574	6,623	6,129	6,308
Total shareholders' equity	**3,800**	3,218	3,948	3,589	3,582

For the fiscal years (in EUR)	2021	2020	2019	2018	2017
Cash flows from operations					
Cash flows from operating activities	**722**	720	880	727	737
Cash flows from/(used in) investing activities	**(206)**	(162)	324	(344)	(113)
Cash flows from/(used in) financing activities	**980**	(290)	(524)	(682)	(695)
Other indicators					
Capital expenditures	**132**	157	156	158	100

As of	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Other indicators					
Net debt (in EUR)[2]	**48**	376	398	1,124	994
Additional statistics					
Number of FTE employees at year end (approximate)	**33,000**	30,000	35,000	35,000	34,000

[1] EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.

[2] 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 53.

Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	31.12.2021	31.12.2020
Assets			
Current assets:			
• Cash and cash equivalents		3,051	1,485
• Trade accounts receivable, net	4	4,076	3,870
• Other current assets		596	399
Total current assets		**7,723**	**5,754**
Property, equipment, and leasehold improvements, net	5	330	305
Operating lease right-of-use assets	9	339	395
Equity method investments	8	118	109
Other assets		674	645
Intangible assets, net	3, 6	198	245
Goodwill	3, 6	2,483	2,339
Total assets		**11,865**	**9,792**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		879	766
• Accrued salaries and wages		685	657
• Accrued payroll taxes and employee benefits		1,344	1,244
• Accrued sales and value-added taxes		463	493
• Accrued income taxes		58	52
• Other accrued expenses	7	797	778
• Total accounts payable and accrued expenses		4,226	3,990
• Current operating lease liabilities	7, 9	152	178
• Short-term debt and current maturities of long-term debt	10	348	294
Total current liabilities		**4,726**	**4,462**
Operating lease liabilities	7, 9	229	251
Long-term debt, less current maturities	10	2,751	1,567
Other liabilities		359	294
Total liabilities		**8,065**	**6,574**
Shareholders' equity			
Adecco Group shareholders' equity:			
• Common shares	11	11	10
• Additional paid-in capital	11	814	582
• Treasury shares, at cost	11	(159)	(89)
• Retained earnings		3,361	3,139
• Accumulated other comprehensive income/(loss), net	11	(237)	(433)
Total Adecco Group shareholders' equity		**3,790**	**3,209**
Noncontrolling interests		10	9
Total shareholders' equity		**3,800**	**3,218**
Total liabilities and shareholders' equity		**11,865**	**9,792**

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	2021	2020	2019
Revenues	2, 19	20,949	19,561	23,427
Direct costs of services		(16,668)	(15,772)	(18,923)
Gross profit		**4,281**	**3,789**	**4,504**
Selling, general, and administrative expenses	7	(3,423)	(3,239)	(3,519)
Proportionate net income of equity method investment FESCO Adecco	8	23	20	3
Amortisation of intangible assets	6	(70)	(81)	(64)
Impairment of goodwill	6		(362)	
Impairment of intangible assets	6	(31)	(9)	(20)
Operating income	19	**780**	**118**	**904**
Interest expense		(32)	(30)	(35)
Other income/(expenses), net	16	5	(20)	207
Income before income taxes		**753**	**68**	**1,076**
Provision for income taxes	17	(165)	(165)	(348)
Net income/(loss)		**588**	**(97)**	**728**
Net income attributable to noncontrolling interests		(2)	(1)	(1)
Net income/(loss) attributable to Adecco Group shareholders		**586**	**(98)**	**727**
Basic earnings/(loss) per share	18	**3.62**	**(0.61)**	**4.48**
Basic weighted-average shares	18	162,096,188	161,426,423	162,211,290
Diluted earnings/(loss) per share	18	**3.60**	**(0.61)**	**4.47**
Diluted weighted-average shares	18	162,727,104	162,011,135	162,542,226

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	2021	2020	2019
Net income/(loss)		**588**	(97)	728
Other comprehensive income/(loss), net of tax:				
• Currency translation adjustment of long-term intercompany loans (net of tax of, 2021: EUR 1, 2020: EUR 1, 2019: less than EUR (1))		**(9)**	(9)	4
• Currency translation adjustment of net investment hedges (net of tax of, 2021: EUR (1), 2020: EUR (5), 2019: EUR (1))	14	**9**	52	9
• Currency translation adjustment related to share cancellation				2
• Currency translation adjustment excluding long-term intercompany loans, net investment hedges, and share cancellation (net of tax of, 2021: less than EUR 1, 2020: less than EUR (1), 2019: EUR 2)		**148**	(234)	61
• Change in prior service cost on pension (net of tax of, 2021: EUR 3, 2019: EUR 4)	13	**3**		(4)
• Change in net actuarial gain/(loss) on pension (net of tax of, 2021: EUR (9), 2020: EUR 2, 2019: EUR 1)	13	**26**	(14)	(10)
• Change in fair value of securities (net of tax of, 2021: less than EUR 1, 2020: less than EUR (1), 2019: less than EUR (1))	15	**3**	1	1
• Change in fair value of cash flow hedges (net of tax of, 2021: EUR (3), 2020: EUR 5, 2019: EUR 2)	14	**16**	(16)	(3)
Total other comprehensive income/(loss)		**196**	(220)	60
Total comprehensive income/(loss)		**784**	**(317)**	**788**
Less comprehensive income attributable to noncontrolling interests		**(2)**	(1)	(1)
Comprehensive income/(loss) attributable to Adecco Group shareholders		**782**	**(318)**	**787**

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)	2021	2020	2019
Cash flows from operating activities			
Net income/(loss)	**588**	(97)	728
Adjustments to reconcile net income/(loss) to cash flows from operating activities:			
• Depreciation and amortisation	**186**	209	171
• Impairment of goodwill		362	
• Impairment of intangible assets	**31**	9	20
• Gain on divestiture of Soliant			(248)
• Loss on buyback of long-term debt			10
• Bad debt expense	**5**	33	25
• Stock-based compensation	**21**	16	12
• Deferred tax provision/(benefit)	**(39)**	(12)	(54)
• Other, net	**10**	49	70
Changes in operating assets and liabilities, net of acquisitions and divestitures:			
• Trade accounts receivable	**(170)**	235	91
• Accounts payable and accrued expenses	**119**	38	57
• Other assets and liabilities	**(29)**	(122)	(2)
Cash flows from operating activities	**722**	**720**	**880**
Cash flows from investing activities			
Capital expenditures	**(132)**	(157)	(156)
Proceeds from sale of property and equipment	**2**	2	1
Acquisition of QAPA, net of cash and restricted cash acquired	**(54)**		
Acquisition of BPI Group, net of cash and restricted cash acquired	**(45)**		
Proceeds from divestiture of Soliant, net of cash and restricted cash divested			544
Proceeds from divestiture of the Legal Solutions business, net of cash and restricted cash divested	**122**		
Cash settlements on derivative instruments	**(23)**	24	(39)
Other acquisition and investing activities, net of cash and restricted cash acquired	**(76)**	(31)	(26)
Cash flows from/(used in) investing activities	**(206)**	**(162)**	**324**

Consolidated statements of cash flows (continued)

in millions, except share and per share information

For the fiscal years ended 31 December (in EUR)	2021	2020	2019
Cash flows from financing activities			
Borrowings of short-term debt under the commercial paper programme		25	
Repayment of short-term debt under the commercial paper programme		(25)	
Other net increase/(decrease) in short-term debt	(16)	(2)	
Borrowings of long-term debt, net of issuance costs	1,484	259	353
Repayment of long-term debt	(261)	(117)	(215)
Buyback of long-term debt			(211)
Dividends paid to shareholders	(365)	(381)	(360)
Purchase of treasury shares	(93)	(46)	(87)
Share capital increase, net of issuance costs	229		
Other financing activities, net	2	(3)	(4)
Cash flows from/(used in) financing activities	980	(290)	(524)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	91	(116)	18
Net increase in cash, cash equivalents and restricted cash	1,587	152	698
Cash, cash equivalents and restricted cash:			
• Beginning of year	1,568	1,416	718
• End of year	3,155	1,568	1,416

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)	2021	2020	2019
Reconciliation of cash, cash equivalents and restricted cash at beginning of year:			
Current assets:			
• Cash and cash equivalents	1,485	1,351	652
• Restricted cash included in Other current assets	42	18	10
Non-current assets:			
• Restricted cash included in Other assets	41	47	56
Cash, cash equivalents and restricted cash at beginning of year	1,568	1,416	718
Reconciliation of cash, cash equivalents and restricted cash at end of year:			
Current assets:			
• Cash and cash equivalents	3,051	1,485	1,351
• Restricted cash included in Other current assets	61	42	18
Non-current assets:			
• Restricted cash included in Other assets	43	41	47
Cash, cash equivalents and restricted cash at end of year	3,155	1,568	1,416
Supplemental disclosures of cash paid			
Cash paid for interest	10	20	19
Cash paid for income taxes	195	290	256

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 2019	10	578	(141)	3,407	(273)	8	3,589
Comprehensive income:							
Net income				727		1	728
Other comprehensive income					60		60
Total comprehensive income							788
Stock-based compensation		12					12
Vesting of share awards		(11)	11				
Treasury shares purchased on second trading line			(61)				(61)
Other treasury share transactions			(15)				(15)
Cash dividends, CHF 2.50 per share				(363)			(363)
Share cancellation			140	(142)			(2)
Other		1				(1)	
31 December 2019	10	580	(66)	3,629	(213)	8	3,948
Comprehensive income:							
Net loss				(98)		1	(97)
Other comprehensive loss					(220)		(220)
Total comprehensive loss							(317)
Stock-based compensation		16					16
Vesting of share awards		(14)	13				(1)
Other treasury share transactions			(46)				(46)
Cash dividends, CHF 2.50 per share				(381)			(381)
Share cancellation			10	(11)			(1)
31 December 2020	10	582	(89)	3,139	(433)	9	3,218
Comprehensive income:							
Net income				586		2	588
Other comprehensive income					196		196
Total comprehensive income							784
Stock-based compensation		21					21
Vesting of share awards		(21)	22				1
Treasury shares purchased on second trading line			(81)				(81)
Other treasury share transactions			(11)				(11)
Cash dividends, CHF 2.50 per share				(364)			(364)
Capital increase	1	229					230
Other		3				(1)	2
31 December 2021	11	814	(159)	3,361	(237)	10	3,800

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 Flexible Placement, Permanent Placement, Career Transition, Outsourcing, Consulting & Other Services, and Training, Up-skilling & Re-skilling services to businesses and organisations throughout Europe, North America, Asia Pacific, South America, and North Africa. At the end of 2021, the Company's worldwide network consists of approximately 4,300 branches and approximately 33,000 full-time equivalent (FTE) employees in 59 countries and territories.

As part of the new strategic programme Future@Work, the Company realigned its business along three distinct Global Business Units (GBU): Adecco, LHH (Talent Solutions) and Modis. Effective 1 January 2021, the Company updated its primary segment reporting to align with the corresponding changes in Executive Committee responsibilities.

As a result of this change, the primary segment reporting transitioned to a brand-driven organisational model structured around solutions-based business groups comprising Adecco (further split by geography: France; Northern Europe; DACH; Southern Europe & EEMENA; Americas; and APAC), LHH (Talent Solutions) and Modis. The structure is complemented by secondary segment reporting of the Company's service lines (comprising Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting & Other Services; and Training, Up-skilling & Re-skilling).

Basis of presentation

The consolidated financial statements are prepared in accordance with US generally accepted accounting principles (US GAAP) and the provisions of Swiss law.

Reporting currency

The reporting currency of the Company is the Euro, which reflects the significance of the Company's Euro-denominated operations. Adecco Group AG's share capital is denominated in Swiss Francs and the Company declares and pays dividends in Swiss Francs.

Foreign currency translation

The Company's operations are conducted in various countries around the world and the financial statements of foreign subsidiaries are reported in the applicable foreign currencies (functional currencies). Financial information is translated from the applicable functional currency to the Euro, the reporting currency, for inclusion in the Company's consolidated financial statements. Income, expenses, and cash flows are translated at average exchange rates prevailing during the fiscal year or at transaction exchange rates, and assets and liabilities are translated at fiscal year-end exchange rates. Resulting translation adjustments are included as a component of accumulated other comprehensive income/(loss), net, in shareholders' equity. Exchange gains and losses on intercompany balances that are considered permanently invested are also included in equity.

Hyperinflationary economies

Local subsidiaries in hyperinflationary economies are required to use the Euro as their functional currency and remeasure the monetary assets and liabilities not denominated in Euro using the applicable rate in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 830, "Foreign Currency Matters" (ASC 830). All exchange gains and losses resulting from remeasurement are recognised in net income.

Principles of consolidation

The consolidated financial statements include 100% of the assets, liabilities, revenues, expenses, income, loss, and cash flows of Adecco Group AG, its consolidated subsidiaries and entities for which the Company has been determined to be the primary beneficiary under ASC 810, "Consolidation" (ASC 810). As of 31 December 2021, the consolidated subsidiaries include all majority-owned subsidiaries of the Company. Noncontrolling interests for entities fully consolidated but not wholly owned by the Company are accounted for in accordance with ASC 810 and are reported as a component of equity. Intercompany balances and transactions have been eliminated in the consolidated financial statements.

The Company accounts for variable interest entities (VIEs) in accordance with ASC 810, which requires the consolidation of a VIE in which an entity is considered the primary beneficiary. The primary beneficiary of a VIE is the enterprise that has both the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. An entity is required to perform a qualitative and a quantitative analysis to determine whether it has a controlling financial interest in a VIE.

Investments

The Company records investments in affiliates over which it is able to exercise significant influence using the equity method of accounting. Under the equity method of accounting, investments are recorded at cost and are subsequently increased or reduced to reflect the Company's share of income or losses of the investee. The proportionate share of earnings is presented within "Other income/(expenses), net", unless the investee is considered integral to the Company's operations, in which case the proportionate share of earnings is presented as a separate component of operating income on the face of the consolidated statements of operations. Profits on transactions with equity affiliates are eliminated to the extent of the Company's ownership in the investee. Dividends from equity method investees are reflected as reductions of the carrying values of the applicable investments.

The cost method of accounting is applied for investments in entities which do not have readily determinable fair values and over which the Company is not able to exercise significant influence (generally investments in which the Company's ownership is less than 20%).

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make judgements, assumptions, and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to allowance for doubtful accounts, accruals and provisions, impairment of goodwill and indefinite-lived intangible assets, contingencies, pension accruals, and income taxes. The Company bases its estimates on historical experience and on various other market-specific assumptions that are believed to be reasonable under the circumstances. Due to the continuing effects of the Covid-19 pandemic and related government response measures there is currently a higher degree of uncertainty in making the judgements, assumptions and estimates required in the consolidated financial statements and accompanying notes. Given the dynamic nature of these circumstances, more frequent and potentially more significant reassessments and adjustments to estimates in future periods may occur. The results of management's estimates form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

Recognition of revenues

The Company generates revenues from sales of Flexible Placement services, Permanent Placement services, Career Transition services, Outsourcing, Consulting & Other Services and Training, Up-skilling & Re-skilling services. Refer to Note 2 for further details.

Marketing expenses

Marketing expenses totalled EUR 104, EUR 88 and EUR 105 in 2021, 2020, and 2019, respectively. These costs are included in selling, general, and administrative expenses (SG&A) and are generally expensed as incurred.

Government subsidies and grants

Government subsidies and grants are recognised when it is probable that the Company will comply with the respective qualifying conditions set forth by the grantor. Government subsidies and grants earned, which are intended to compensate for expenses incurred, are recorded net against the related expenses in the same period in which those expenses are incurred.

Cash, cash equivalents, restricted cash and short-term investments

Cash equivalents consist of highly liquid instruments having an original maturity at the date of purchase of three months or less.

The Company's policy is to invest excess funds primarily in investments with maturities of 12 months or less, and in money market and fixed income funds with sound credit ratings, limited market risk, and high liquidity.

Restricted cash balances generally consist of deposits made in connection with lease/rent agreements and other refundable deposits, legal claims, cash received from customers but owed to subcontractors, cash subsidies (mainly related to governmental financial supporting programmes) received from authorities but owed to third parties, and funds set aside in connection with outstanding options and warrants arising from acquisitions.

Trade accounts receivable

Trade accounts receivable are recorded at net realisable value after deducting an allowance for doubtful accounts. The Company makes judgements on an entity-by-entity basis as to its ability to collect outstanding receivables and provides an allowance for doubtful accounts based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing percentages based on the age of the receivable. In determining these percentages, the Company analyses its historical collection experience and current economic trends. Where available and when cost effective, the Company utilises credit insurance. Accounts receivable balances are written-off when the Company determines that it is unlikely that future remittances will be received, or as permitted by local law.

Property, equipment, and leasehold improvements

Property and equipment are carried at historical cost and are depreciated on a straight-line basis over their estimated useful lives (generally three to ten years for furniture, fixtures, and office equipment; three to five years for computer equipment and software; and 20 to 40 years for buildings). Leasehold improvements are stated at cost and are depreciated over the shorter of the useful life of the improvement or the remaining lease term, which includes the expected lease renewal. Expenditures for repairs and maintenance are expensed as incurred.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Capitalised software costs

The Company capitalises purchased software as well as internally developed software. Internal and external costs incurred to develop internal use software during the application development stage are capitalised. Application development stage costs generally include software configuration, coding, installation, and testing. Costs incurred for maintenance, testing minor upgrades, and minor enhancements are expensed as incurred. Capitalised software costs are included in property, equipment, and leasehold improvements, net. Capitalised costs are depreciated on a straight-line basis over the estimated useful life commencing once the software is ready for its intended use, generally three to five years.

Goodwill and indefinite-lived intangible assets

Goodwill represents the excess of the purchase price in a business combination over the value assigned to the net tangible and identifiable intangible assets of businesses acquired less liabilities assumed. We complete our final assessments of the fair value of the acquired assets and assumed liabilities and our final evaluations of uncertain tax positions and contingencies within one year of the acquisition date. In accordance with ASC 350, "Intangibles – Goodwill and Other" (ASC 350), goodwill and indefinite-lived intangible assets are not amortised. Rather, the carrying value of goodwill and indefinite-lived intangible assets is tested annually for impairment.

Goodwill is tested on a reporting unit level using a quantitative impairment test. Reporting units may be operating segments as a whole or an operation one level below an operating segment, referred to as a component. The carrying value of each reporting unit is compared to the reporting unit's fair value as determined using a combination of comparable market multiples, additional market information, and discounted cash flow valuation models. If the fair value of the reporting unit is lower than the carrying value of the reporting unit, an impairment charge is recorded in operating income.

Indefinite-lived intangible assets are tested by comparing the fair value of the asset to the carrying value of the asset. In the event that the carrying value exceeds the fair value, an impairment charge is recorded in operating income.

Definite-lived intangible assets

In accordance with ASC 805, "Business Combinations" (ASC 805), purchased identifiable intangible assets are capitalised at fair value as of the acquisition date. Intangible assets with definite lives, primarily marketing-related (trade names), and customer relationships, are generally amortised on a straight-line basis over the estimated period in which benefits are received, which generally ranges from one to ten years.

Impairment of long-lived assets including definite-lived intangible assets

The Company evaluates long-lived assets, including intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with ASC 360-10-35-15, "Impairment or Disposal of Long-Lived Assets". The asset is regarded as not recoverable if the carrying amount exceeds the undiscounted future cash flows. The impairment loss is then calculated as the difference between the asset's carrying value and its fair value, which is calculated using a discounted cash flow model.

Accounting for restructuring costs

In recording severance reserves for ongoing benefits, the Company accrues a liability when the following conditions have been met: the employees' rights to receive compensation are attributable to employees' services already rendered; the obligation relates to rights that vest or accumulate; payment of the compensation is probable; and the amount can be reasonably estimated. For one-time termination benefits which require employees to render services beyond a "minimum retention period", liabilities associated with employee termination benefits are recorded as employees render services over the future service period. Otherwise, liabilities associated with employee one-time termination benefits are recorded at the point when management has taken a decision to terminate a specific group of employees, the employees have been notified of the decision, and the type and amount of benefits to be received by the employees is known. Liabilities for non-lease related contract termination and other exit costs are recorded at fair value when a contract is formally terminated in accordance with the contract term, or the Company ceases using the right conveyed by the contract.

Operating leases

The Company enters into operating lease contracts mainly for real estate and motor vehicles resulting in Operating lease right-of-use assets, Current operating lease liabilities and Operating lease liabilities as presented in the Company's consolidated balance sheets. Operating lease right-of-use assets represent the Company's right to use underlying assets for the lease term. Current operating lease liabilities and Operating lease liabilities represent the Company's current and long-term obligations arising from operating lease contracts.

Non-lease components are separated from lease components for real estate lease contracts, while there is no separation between lease and non-lease components for motor vehicle lease contracts. The Company considers consideration paid in relation to separated non-lease 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 12 years; some contain options to extend the lease term or to terminate the lease with a notice period. The Company considers lease and non-lease components as well as extension options to lease terms in order to establish its Operating lease right-of-use assets and the corresponding current and long-term obligations. For most of the Company's operating leases, an implicit rate is not readily determined. To determine the present value of future lease payments at the commencement date of an operating lease contract, the Company uses its incremental borrowing rate. The Company applies the incremental borrowing rate using the portfolio approach to portfolios of similar assets. The incremental borrowing rate is estimated to approximate the external interest rate for the Company and is adjusted based on the economic environment where the leased asset portfolio is located.

Operating lease right-of-use assets are measured at the commencement date of the operating lease contract at the value of the arising operating lease obligations. Operating lease right-of-use assets are further adjusted for any lease prepayments, lease incentives received, initial direct costs, and impairment charges incurred. Payments made by the Company to settle operating lease obligations are primarily fixed; however, certain operating lease contracts contain variable payments which are determined based on variable indicators such as the Consumer Price Index, fluctuating property tax rates in a real estate lease, or the mileage consumed in a motor vehicle lease. Variable payments are expensed as incurred and are not included in the Operating lease right-of-use assets or Operating lease obligations measurement. Payments made in lease arrangements where the lease term is 12 months or less and where an option to purchase the underlying asset does not exist are similarly expensed as incurred. Operating lease expenses are recognised on a straight-line basis over the lease term and recorded in the consolidated statements of operations, in Direct costs of services, or Selling, general, and administrative expenses, depending on the nature of the expenses.

Income taxes

The Company accounts for income taxes and uncertainty in income taxes recognised in the Company's financial statements in accordance with ASC 740, "Income Taxes" (ASC 740). ASC 740 prescribes a recognition threshold and measurement attribute for the financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Current liabilities and assets are recognised for the estimated payable or refundable taxes on the tax returns for the current year. Deferred tax assets and liabilities are determined based on temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and includes the future tax benefit of existing net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws expected to be in effect in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets in those cases when management does not believe that the realisation is more likely than not. While management believes that its judgements and estimates regarding deferred tax assets and liabilities are appropriate, significant differences in actual experience may materially affect the Company's future financial results.

In addition, significant judgement is required in determining the worldwide provision for income taxes. In the ordinary course of a global business, there are many transactions for which the ultimate tax outcome is uncertain. Many of these uncertainties arise as a consequence of intercompany transactions and arrangements. Although management believes that its tax return positions are supportable, no assurance can be given that the final outcome of these matters will not be materially different from amounts reflected in the income tax provisions and accruals. Such differences could have a material effect on the income tax provisions or benefits in the periods in which such determinations are made.

Earnings per share

In accordance with ASC 260, "Earnings per Share" (ASC 260), basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to Adecco Group shareholders by the number of weighted-average shares for the fiscal year. Diluted earnings/(loss) per share reflects the maximum potential dilution that could occur if dilutive securities, such as stock options, non-vested shares or convertible debt, were exercised or converted into common shares or resulted in the issuance of common shares that would participate in net income attributable to Adecco Group shareholders.

Financial instruments

In accordance with ASC 815, "Derivatives and Hedging" (ASC 815), all derivative instruments are initially recognised at fair value as either Other current assets, Other assets, Other accrued expenses, or Other liabilities in the accompanying consolidated balance sheets regardless of the purpose or intent for holding the derivative instruments. The derivatives are subsequently remeasured to fair value at the end of each reporting period. For derivative instruments designated and qualifying as fair value hedges, changes in the fair value of the derivative instruments as well as the changes in the fair value of the hedged item attributable to the hedged risk are recognised within the same line item in earnings. Any cash flow impact on settlement of these contracts is classified within the consolidated statements of cash flows according to the nature of the hedged item. For derivative instruments designated and qualifying as cash flow hedges, the effective portion of the changes in the fair value of derivative instruments is initially recorded as a component of Accumulated other comprehensive income/(loss), net, in shareholders' equity and reclassified into earnings in the period during which the hedged transaction impacts earnings. The ineffective portion of the change in fair value of the derivative instruments is immediately recognised in earnings. The cash flow impact on settlement of these contracts is classified according to the nature of the hedged item. For derivative instruments designated and qualifying as net investment hedges, changes in the fair value of the derivative instruments are recorded as a component of Accumulated other comprehensive income/(loss), net, in shareholders' equity to the extent they are considered effective. These gains or losses will remain in equity until the related net investment is sold or otherwise disposed of. The cash flow impact on settlement of these contracts is classified as cash flows from investing activities.

For derivative instruments that are not designated or that do not qualify as hedges under ASC 815, the changes in the fair value of the derivative instruments are recognised in Other income/(expenses), net, within the consolidated statements of operations. Any cash flow impact on settlement of these contracts is classified as cash flows from investing activities.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Fair value measurement

The Company accounts for assets and liabilities which are required to be recorded at fair value in accordance with ASC 820, "Fair Value Measurements" (ASC 820). Fair value is defined by ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritises the inputs used to measure fair value. The hierarchy requires entities to maximise the use of observable inputs and minimise the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The Company measures fair value using unadjusted quoted market prices. If quoted market prices are not available, fair value is based upon internally developed models that use, whenever possible, current market-based parameters, such as interest rate curves and currency exchange rates. The Company also utilises independent third-party pricing services. When appropriate, valuations are adjusted to reflect credit considerations, generally based on available market evidence.

Investments in private equity, real estate and collective funds held within our pension plans are generally valued using the net asset value (NAV) per share as a practical expedient for fair value provided certain criteria are met. The NAVs are determined based on the fair values of the underlying investments in the funds. These assets are not classified in the fair value hierarchy but are separately disclosed.

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". 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 January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform (Topic 848): Scope" amending ASU 2020-04, "Reference Rate Reform (Topic: 848): Facilitation of the Effects of the Reference Rate Reform on Financial Reporting" issued in March 2020. The guidance provides temporary optional expedients and exceptions to the US GAAP guidance on contract modifications and hedge accounting to facilitate the transition away from LIBOR and other rates that are to be discontinued. The Company adopted the new guidance at the time of its publication with no significant impact. Certain outstanding cross-currency swaps and interest rate swaps that are designated as cash flow hedges or fair value hedges will transition to new reference rates in 2022. In 2022, the Company expects to apply the optional expedient, which permits changes in (i) the contractual terms or (ii) in the interest rate used for discounting without dedesignating the hedging relationship.

In October 2021, the FASB issued ASU 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers". The update requires contract assets and liabilities acquired in a business combination to be recognised and measured at the date of acquisition in accordance with the principles for recognising revenues from contracts with customers. The new guidance is effective for the Company for fiscal years beginning after 15 December 2023 including interim periods within those fiscal years, with early adoption permitted. The Company is currently assessing whether to early adopt this guidance and the impact of this guidance on the consolidated financial statements.

In November 2021, the FASB issued ASU 2021-10 "Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance". The update requires entities to disclose certain types of government assistance. Under the update, the Company is required to annually disclose (i) the type of the assistance received, including any significant terms and conditions, (ii) its related accounting policy, and (iii) the effect such transactions have on its financial statements. The update is effective either prospectively for all in-scope transactions at the date of adoption or retrospectively, for annual periods beginning after 15 December 2021. The Company will adopt this update prospectively as of 1 January 2022. The Company is currently assessing the impact of this guidance on the consolidated financial statements.

Presentation and reclassifications

Certain reclassifications have been made to prior years' amounts or balances in order to conform to the current year presentation.

Other disclosures required by Swiss law

The detailed disclosures regarding the executive remuneration that are required by Swiss law are included in the Remuneration Report.

Note 2 – Revenues

Recognition of revenues

Revenues are recognised as the Company satisfies its obligations under a contract with a customer, which is when control of the promised services is transferred to the customer and in an amount that reflects the expected consideration the Company is entitled to in exchange for those services. Revenues are recognised and reported net of any sales taxes.

The following table presents the Company's revenues disaggregated by type of service provided:

in EUR	2021	2020	2019
Flexible Placement	**17,263**	16,281	19,947
Permanent Placement	**583**	406	578
Career Transition	**314**	386	349
Outsourcing, Consulting & Other Services	**2,471**	2,247	2,283
Training, Up-skilling & Re-skilling	**318**	241	270
Total revenues	**20,949**	**19,561**	**23,427**

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

Flexible Placement

Revenues related to Flexible Placement 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. Flexible Placement contract durations can range from less than one month to multiple years but generally may be terminated earlier if appropriate notice is provided. Flexible Placement 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 Flexible Placement services in the following operating segments: Adecco France; Adecco Northern Europe; Adecco DACH; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; LHH (Talent Solutions); and Modis.

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 Accounts payable and accrued expenses and recorded as a reduction of revenue. The Company provides Permanent Placement services in the following operating segments: Adecco France; Adecco Northern Europe; Adecco DACH; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; LHH (Talent Solutions); and Modis.

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 Accounts payable and accrued expenses until the services are rendered. These revenues are recognised based on historical usage of offered services by the participants over the duration of service period to best depict the transfer of services to the customer. Additionally, certain contracts may contain multiple performance obligations, in which case the Company allocates revenue to each performance obligation based on the standalone selling prices, generally determined based on the prices it would charge to other customers in similar circumstances. The Company provides Career Transition services in the following operating segments: Adecco Southern Europe & EEMENA; and LHH (Talent Solutions).

Outsourcing, Consulting & Other Services

Revenues related to Outsourcing, Consulting & Other Services are generally recognised over time upon rendering the services. Customers are billed through the weekly or monthly billing cycle based on information reported on timesheets multiplied by the contractual billing rate. Revenue is accrued for services which have been rendered but remain unbilled as of the reporting date. Revenues related to other services include Managed Service Programmes (MSP) and Recruitment Process Outsourcing (RPO). 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 Accounts payable and accrued expenses until the services are rendered. The Company provides Outsourcing, Consulting & Other Services in the following operating segments: Adecco France; Adecco Northern Europe; Adecco DACH; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; LHH (Talent Solutions); and Modis.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Training, Up-skilling & Re-skilling

Revenues related to Training, Up-skilling & Re-skilling services are generally recognised over time upon rendering the services depending on the nature of the service contract. These service contracts include consulting services in which the Company will bill the customer at an agreed-upon rate when the services are performed. The service contracts may also include workshops or group coaching sessions for the customer's employees as well as other talent development-related offerings, such as skills assessments or resource toolkits. The Company will bill the customer at the stated price per service or price per participant upon rendering the services. Certain contracts may include customised project work in which the Company performs a combination of consulting services, assessments, and ongoing coaching sessions. These types of 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 Training, Up-skilling & Re-skilling in the following operating segments: Adecco France; Adecco Northern Europe; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; LHH (Talent Solutions); and Modis.

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 type and location of its customer and the services offered. The Company's client contracts are generally short-term in nature with a term of one year or less. The Company provides services in the normal course of business on arm's-length terms to entities that are affiliated with certain of its officers, Board members, and significant shareholders through investment or board directorship.

Upon rendering services to its customers, the Company generally recognises its unconditional rights to consideration as receivables presented as Trade accounts receivable, net. The period between when services are performed, the customer is billed, and when payment is due is not significant.

Practical expedients and exemptions

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected duration of one year or less and (ii) contracts for which the Company recognises revenue at the amount to which it has the right to invoice for services performed. Revenues from contracts which do not meet one of these two exemptions are not significant. Revenues from long-term flexible placement 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 2021, 2020 and 2019. The Company does not consider any of its 2021, 2020 and 2019 acquisition transactions to be material, individually or in the aggregate, to its consolidated balance sheets or statements of operations.

The aggregate impact of acquisitions in 2021 and 2020 is as follows:

in EUR	2021	2020
Impact of acquisitions		
Net tangible assets/(liabilities) acquired	(12)	(3)
Identified intangible assets	67	10
Goodwill	106	19
Deferred tax assets/(liabilities), net	(14)	
Total consideration	**147**	**26**

In September 2021, the Company acquired all outstanding shares of QAPA S.A. (QAPA), which is a provider of a fully digital workforce solution in France, for a consideration of EUR 95, net of EUR 8 cash acquired. Goodwill of EUR 43 and intangible assets of EUR 60 were recorded in connection with QAPA. QAPA was consolidated by the Company as of 29 September 2021, and the results of QAPA's operations have been included in the consolidated financial statements since 29 September 2021. The goodwill arising from the acquisition consists largely of acquired technical expertise and synergies from leveraging the wholly digital workforce solution with Adecco's extensive customer network and candidates database.

In October 2021, the Company acquired all outstanding shares of BPI Group SAS (BPI), an HR consulting services provider in France, for a consideration of EUR 51, net of EUR 2 cash acquired. Goodwill of EUR 62 and intangible assets of EUR 7 were recorded in connection with BPI. BPI was consolidated by the Company as of 12 October 2021, and the results of BPI's operations have been included in the consolidated financial statements since 12 October 2021. The goodwill arising from the acquisition consists largely of acquired expertise and synergies from increasing scale benefits and broadened business activities across career transition, talent development and workforce advisory in LHH (Talent Solutions).

Total acquisition-related costs expensed in 2021, 2020 and 2019 were not significant. Acquisition-related costs are included in SG&A within the consolidated statements of operations.

Note 4 – Trade accounts receivable

in EUR	31.12.2021	31.12.2020
Trade accounts receivable	4,131	3,942
Allowance for doubtful accounts	(55)	(72)
Trade accounts receivable, net	**4,076**	**3,870**

Note 5 – Property, equipment, and leasehold improvements

	31.12.2021		31.12.2020	
in EUR	Gross	Accumulated depreciation	Gross	Accumulated depreciation
Land and buildings	3	(2)	3	(2)
Furniture, fixtures, and office equipment	90	(69)	106	(81)
Computer equipment	132	(96)	162	(121)
Capitalised software	656	(452)	634	(467)
Leasehold improvements	199	(131)	205	(134)
Total property, equipment, and leasehold improvements	**1,080**	**(750)**	**1,110**	**(805)**

Depreciation expense was EUR 116, EUR 128 and EUR 107 for 2021, 2020 and 2019, respectively.

In 2020, a write-down of EUR 18 due to changes in the expected use of certain capitalised software was recorded across multiple segments and included in SG&A within the consolidated statements of operations.

The Company recorded EUR 67, EUR 73 and EUR 52 of depreciation expense in connection with capitalised software in 2021, 2020 and 2019, respectively. The estimated future depreciation expense related to computer software is EUR 76 in 2022, EUR 61 in 2023, EUR 44 in 2024, EUR 16 in 2025 and EUR 7 in 2026.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 6 – Goodwill and intangible assets

The changes in the carrying amount of goodwill below have been recast to reflect the reorganisation of the Company's operating segments in 2021, as outlined in Note 1. Management has determined that this recasting of the carrying amount of goodwill has not resulted in any indication of an impairment loss. The changes in the carrying amount of goodwill for the years ended 31 December 2021 and 31 December 2020 are as follows:

in EUR	Adecco France	Adecco Northern Europe	Adecco DACH	Adecco Southern Europe & EEMENA	Adecco Americas	Adecco APAC	Adecco	LHH (Talent Solutions)	Modis	Total
Changes in goodwill										
1 January 2020	**217**	**362**	**362**	**53**	**204**	**57**	**1,255**	**916**	**675**	**2,846**
Additions	6						6	13		19
Allocation to disposals/deconsolidations		(22)				(4)	(26)			(26)
Impairment charge			(362)				(362)			(362)
Currency translation adjustment		(13)			(16)	(2)	(31)	(62)	(45)	(138)
31 December 2020	**223**	**327**	**–**	**53**	**188**	**51**	**842**	**867**	**630**	**2,339**
Additions	43						43	**63**		106
Allocation to disposals/deconsolidations								(72)	(1)	(73)
Currency translation adjustment		14		(1)	13	(2)	24	51	36	111
31 December 2021	**266**	**341**	**–**	**52**	**201**	**49**	**909**	**909**	**665**	**2,483**

As of 31 December 2021 and 31 December 2020, the gross goodwill amounted to EUR 4,038 and EUR 3,888, respectively.

As of 31 December 2021, accumulated impairment charges amounted to EUR 1,555 of which EUR 1,406 in Adecco DACH, EUR 22 in Adecco APAC, and EUR 57 in Adecco Northern Europe, EUR 21 in LHH (Talent Solutions) and EUR 49 in Modis, impacted by fluctuations in exchange rates.

As of 31 December 2020, accumulated impairment charges amounted to EUR 1,549 of which EUR 1,405 in Adecco DACH, EUR 21 in Adecco APAC, and EUR 54 in Adecco Northern Europe, EUR 21 in LHH (Talent Solutions) and EUR 48 in Modis 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 2021, 2020 and 2019, noting no indication of impairment. In March 2020, the Company performed an interim goodwill impairment test based on management's revised five-year projections for sales and earnings and consequently recognised an impairment in Adecco DACH of EUR 362. The revision of management's five-year projections for sales and earnings was driven by the unprecedented degree of uncertainty related to Covid-19, compounding already challenging market dynamics in Germany.

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 2.5%. 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 2021, 2020 and 2019 ranged from 6.4% to 11.6%.

The carrying amounts of other intangible assets as of 31 December 2021 and 31 December 2020 are as follows:

	31.12.2021		31.12.2020	
in EUR	Gross	Accumulated amortisation	Gross	Accumulated amortisation
Intangible assets				
Marketing-related (trade names)	233	(100)	263	(61)
Customer base	143	(128)	164	(141)
Contract	33	(23)	34	(19)
Acquired technology	69	(29)	24	(19)
Other	3	(3)	3	(3)
Total intangible assets	**481**	**(283)**	**488**	**(243)**

Amortisation expense was EUR 70, EUR 81 and EUR 64 for 2021, 2020 and 2019, respectively.

The carrying amount of indefinite-lived intangible assets was EUR 82 and EUR 130 as of 31 December 2021 and 31 December 2020, respectively. Indefinite-lived intangible assets consist of trade names.

The Company performed its annual impairment test of indefinite-lived intangible assets in the fourth quarter of 2021, 2020 and 2019. In 2021, the brand structure within the LHH (Talent Solutions) Global Business Unit was simplified to one global brand – LHH. As a result, an impairment charge of EUR 31 for the Badenoch & Clark brand (an indefinite-lived intangible asset (trade name)) was recognised. In 2021 the Company determined that there was no other indication of impairment.

The Company's November 2020 acquisition of Hired and the resulting strategic shift of existing digital business to the acquired technological platform triggered an impairment charge of EUR 9 in relation to certain existing definite-lived intangible assets (acquired technology, contracts and trade name) in the fourth quarter of 2020.

In 2019 an impairment of intangible assets (trade names) of EUR 20 was recognised as the Company continued to streamline its brand portfolio.

The estimated future amortisation expense related to definite-lived intangible assets is EUR 66 in 2022, EUR 31 in 2023, EUR 18 in 2024 and EUR 1 in 2025. The weighted-average amortisation period for customer base intangible assets is four years.

Note 7 – Restructuring

In 2020, the Company initiated several restructuring plans in response to the unprecedented economic impact created by the Covid-19 pandemic.

Total restructuring costs incurred by the Company for these plans in 2021 and 2020 amounted to EUR 55 and EUR 129, respectively. Restructuring expenses are recorded in SG&A and mainly represent headcount reductions and branch optimisation. Given the dynamic nature of the Covid-19 pandemic, the amount of future restructuring expenses in connection with this programme is currently uncertain.

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

in EUR	2021	Cumulative costs incurred to 31.12.2021
Restructuring costs		
Adecco France	6	11
Adecco Northern Europe	6	20
Adecco DACH	(4)	36
Adecco Southern Europe & EEMENA		7
Adecco Americas	3	17
Adecco APAC	2	6
Adecco	**13**	**97**
LHH (Talent Solutions)	31	57
Modis	11	30
Corporate		
Total restructuring costs	**55**	**184**

The changes in restructuring liabilities for the years ended 31 December 2021 and 31 December 2020 are as follows:

in EUR	2021	2020
1 January	**67**	**38**
Restructuring costs	55	129
Cash payments	(50)	(72)
Write-off of fixed assets, impairment of operating lease right-of-use assets, and other	(24)	(28)
31 December	**48**	**67**

As of 31 December 2021 and 31 December 2020, restructuring liabilities in connection with these initiatives of EUR 48 and EUR 67, respectively, were recorded in Other accrued expenses. As of 31 December 2021 and 31 December 2020, the remaining liability related to onerous leases of EUR 26 and EUR 23, respectively, was recorded in Current operating lease liabilities and Operating lease liabilities.

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Note 8 – Equity method investments

Investments in equity affiliates as of 31 December 2021 and 31 December 2020 primarily include a 49% interest in FESCO Adecco Human Resource Services Shanghai Co., Ltd, a leading human resources provider in China. The FESCO Adecco investments are considered to be integral to the Company's operations. As such, the Company's proportionate share of FESCO Adecco's earnings is presented separately as a component of operating income within the consolidated statements of operations.

The changes in the carrying amount of investments in equity affiliates for the years ended 31 December 2021 and 31 December 2020 are as follows:

in EUR	2021	2020
1 January	**109**	**83**
Additional equity method investments	5	15
Proportionate net income of investee companies	23	20
Dividends and distributions received	(27)	(5)
Currency translation adjustment and other	8	(4)
31 December	**118**	**109**

Note 9 – Operating leases

in EUR	2021	2020	2019
The components of Operating lease expenses are as follows:			
• Operating lease expenses	192	223	229
• Short-term lease expenses	7	8	12
• Variable lease expenses	2	2	1
• Sublease income	(12)	(8)	(8)
Total operating lease expenses	**189**	**225**	**234**

For the fiscal year ended 31 December (in EUR)	2021	2020	2019
Supplemental information related to operating leases is as follows:			
• Cash paid for amounts included in the measurement of operating lease liabilities	198	237	228
• Operating lease right-of-use assets obtained in exchange for operating lease liabilities	177	194	195

As of 31 December (in EUR)	2021	2020	2019
Operating leases weighted average:			
• Lease term	3.7 years	3.5 years	3.6 years
• Discount rate	2.8%	3.3%	4.0%

Maturities of operating lease liabilities as of 31 December 2021 and 31 December 2020 are as follows:

in EUR	31.12.2021	31.12.2020
Within 1 year	154	183
Within 2 years	93	106
Within 3 years	66	70
Within 4 years	39	46
Within 5 years	21	28
Thereafter	26	24
Total future undiscounted lease payments	**399**	**457**
• Less imputed interest	(18)	(28)
Total operating lease liabilities	**381**	**429**
Current operating lease liabilities	152	178
Long-term operating lease liabilities	229	251

As of 31 December 2021, future undiscounted operating lease payments that have not yet commenced and are not included in the table above amounted to EUR 10 (EUR 5 as of 31 December 2020). 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.

Note 10 – Financing arrangements

Short-term debt

As of 31 December 2021 and 31 December 2020, bank overdrafts and other short-term borrowings amounted to EUR 49 and EUR 45, 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 2021 or 31 December 2020.

Notes to consolidated financial statements (continued)

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Long-term debt

The Company's long-term debt as of 31 December 2021 and 31 December 2020 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2021	31.12.2020
60.5-year guaranteed Euro subordinated fixed-to-reset notes	EUR 500	2082	1.0%	493	
20-year guaranteed Japanese Yen fixed rate notes	JPY 7,000	2039	1.14%	53	55
15-year guaranteed Japanese Yen fixed rate notes	JPY 6,000	2033	1.05%	46	47
10-year guaranteed Euro medium-term notes	EUR 500	2031	0.5%	497	
10.25-year guaranteed Norwegian Krone fixed rate notes	NOK 500	2030	2.65%	50	48
10.5-year guaranteed Euro medium-term notes	EUR 300	2029	1.25%	302	311
7-year guaranteed Euro medium-term notes	EUR 500	2028	0.125%	495	
8-year Swiss Franc fixed rate notes	CHF 100	2026	0.875%	95	93
5.5-year Swiss Franc fixed rate notes	CHF 225	2025	0.875%	213	207
8-year guaranteed Euro medium-term notes	EUR 500	2024	1.0%	503	504
7-year guaranteed Euro medium-term notes	EUR 300	2022	1.5%	299	300
4-year guaranteed USD medium-term notes	USD 300	2021	2.625%		249
Other				4	2
				3,050	**1,816**
Less current maturities				**(299)**	(249)
Long-term debt, less current maturities				**2,751**	**1,567**

60.5-year guaranteed Euro subordinated fixed-to-reset notes due 2082

On 21 September 2021, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 subordinated fixed-to-reset 60.5-year notes with an initial coupon of 1.0% (2082 subordinated notes), guaranteed by Adecco Group AG, due on 21 March 2082, with a first rate reset after 5.5 years on 21 March 2027. The notes trade on the London Stock Exchange. The proceeds will be used to finance the Company's acquisition of AKKA Technologies.

The Company has entered into cash flow hedges of the 2082 subordinated notes, which are further discussed in Note 14.

20-year guaranteed Japanese Yen fixed rate notes due 2039

On 12 April 2019, Adecco Financial Services (North America), LLC, a wholly owned subsidiary of the Company, issued JPY 7,000 medium-term 20-year notes with a coupon of 1.14% (2039 notes), guaranteed by Adecco Group AG, due on 12 April 2039. The notes were issued within the framework of the Euro Medium-Term Note Programme. The proceeds were used for general corporate purposes.

The company has entered into cash flow hedges of the 2039 notes, which are further discussed in Note 14.

15-year guaranteed Japanese Yen fixed rate notes due 2033

On 3 October 2018, Adecco Financial Services (North America), LLC, a wholly owned subsidiary of the Company, issued JPY 6,000 medium-term 15-year notes with a coupon of 1.05% (2033 notes), guaranteed by Adecco Group AG, due on 3 October 2033. The notes were issued within the framework of the Euro Medium-Term Note Programme. The proceeds were used for general corporate purposes.

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

10-year guaranteed Euro medium-term notes due 2031

On 21 September 2021, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term 10-year notes with a coupon of 0.5% (2031 notes), guaranteed by Adecco Group AG, due on 21 September 2031. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds will be used to finance the Company's acquisition of AKKA Technologies.

The Company has entered into cash flow hedges of the 2031 notes, which are further discussed in Note 14.

10.25-year guaranteed Norwegian Krone fixed rate notes due 2030

On 29 May 2020, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued NOK 500 fixed rate notes with a coupon of 2.65% (2030 notes), guaranteed by Adecco Group AG, due on 29 August 2030. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes.

The Company has entered into cash flow hedges of the 2030 notes, which are further discussed in Note 14.

10.5-year guaranteed Euro medium-term notes due 2029

On 20 May 2019, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 300 medium-term 10.5-year notes with a coupon of 1.25% (2029 notes), guaranteed by Adecco Group AG, due on 20 November 2029, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were primarily used to partially buyback the 2022 notes.

The Company has entered into fair value hedges of the 2029 notes, which are further described in Note 14.

7-year guaranteed Euro medium-term notes due 2028

On 21 September 2021, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term 7-year notes with a coupon of 0.125% (2028 notes), guaranteed by Adecco Group AG, due on 21 September 2028. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds will be used to finance the Company's acquisition of AKKA Technologies.

The Company has entered into cash flow hedges of the 2028 notes, which are further discussed in Note 14.

8-year Swiss Franc fixed rate notes due 2026

On 18 September 2018, Adecco Group AG issued CHF 100 fixed rate notes with a coupon of 0.875% (2026 notes) due on 18 September 2026, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

The Company has entered into fair value hedges of the 2026 notes, which are further discussed in Note 14.

5.5-year Swiss Franc fixed rate notes due 2025

On 27 May 2020, Adecco Group AG issued CHF 225 fixed rate notes with a coupon of 0.875% (2025 notes) due on 27 November 2025, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

The Company has entered into fair value hedges of the 2025 notes, which are further discussed in Note 14.

8-year guaranteed Euro medium-term notes due 2024

On 2 December 2016, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term 8-year notes with a coupon of 1.0% (2024 notes), guaranteed by Adecco Group AG, due on 2 December 2024, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were primarily used to partially buyback long-term debt that matured in 2018 and 2019.

The Company has entered into fair value hedges of the 2024 notes, which are further described in Note 14.

7-year guaranteed Euro medium-term notes due 2022

On 18 May 2015, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term 7-year notes with a coupon of 1.5% (2022 notes), guaranteed by Adecco Group AG, due on 22 November 2022, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes. In May 2019, the Company bought back EUR 200 nominal value at 105.223% of the outstanding 2022 notes and incurred a loss of EUR 10 on the buyback included in Other income/(expenses), net. The buyback reduced the nominal value of the outstanding principal of the 2022 notes to EUR 300.

The Company has entered into fair value hedges of the 2022 notes, which are further described in Note 14.

4-year guaranteed USD medium-term notes due 2021

On 21 November 2017, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued USD 300 medium-term 4-year notes with a coupon of 2.625% (2021 notes), guaranteed by Adecco Group AG, due on 21 November 2021, but callable by the Company at par within two months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and traded 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.

On Friday 19 November 2021, the Company repaid the 2021 notes at maturity.

Payments of long-term debt translated using 31 December 2021 exchange rates are due as follows:

in EUR	2022	2023	2024	2025	2026	Thereafter	Total
Payments due by year	299		503	213	99	1,936	3,050

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Other credit facilities

Committed multicurrency revolving credit facility

The Company maintains a committed 5-year multicurrency revolving credit facility with two 1-year extension options, with a maturity date of April 2023 and with an initial facility of EUR 600. In March 2020, the second 1-year extension option was exercised, and the maturity date of the credit facility was extended to April 2025. In October 2021, the Company up-sized the facility from EUR 600 to EUR 900. At the same time the facility was updated to accommodate the latest IBOR amendment language. All other details remain unchanged. The facility is used for general corporate purposes including refinancing of advances and outstanding letters of credit. The interest rate is based on EURIBOR for drawings denominated in Euro, plus a margin between 0.225% and 0.55% per annum, depending on certain net debt-to-EBITDA ratios. The applicable margin levels set out above will be subject to further variation in accordance with certain "ESG Score" provisions. In addition to the interest rate costs, a utilisation fee of 0.075%, 0.15%, or 0.30% applies for total utilisation of up to 33.33%, 66.67%, and above 66.67% of the facility amount, respectively. No utilisation fee shall be payable while the facility is unutilised. The letter of credit fee equals the applicable margin, and the commitment fee equals 35% of the applicable margin. As of 31 December 2021 and 31 December 2020, there were no outstanding borrowings under the credit facility.

Note 11 – Shareholders' equity

Authorised shares and appropriation of available earnings

As of 31 December 2021, Adecco Group AG had 186,680,377 authorised shares, of which 168,224,177 were registered and issued. As of 31 December 2020, Adecco Group AG had 186,680,377 authorised shares, of which 163,124,177 were registered and issued. As of 31 December 2019, Adecco Group AG had 186,911,377 authorised shares, of which 163,344,177 were registered and issued.

On 8 September 2021 the Adecco Group AG issued 5,100,000 shares out of the authorised capital with a nominal value of CHF 0.10 raising a total of EUR 230.

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 2021, the standalone financial statements of Adecco Group AG included shareholders' equity of CHF 3,971 (EUR 3,827), of which CHF 17 represent share capital, CHF (175) represent treasury shares, and CHF 4,129 represent reserves and retained earnings. Of the CHF 4,129 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 2021 Annual General Meeting of Shareholders (AGM), the shareholders approved a dividend of CHF 2.50 per share outstanding in respect of the fiscal year 2020. The entire dividend of EUR 364 was directly distributed to shareholders from voluntary retained earnings in April 2021.

For 2021, the Board of Directors of Adecco Group AG will propose two dividends for a total of CHF 2.50 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders, whereas a dividend of CHF 1.25 shall be allocated from Adecco Group AG's statutory reserves from capital contribution to free reserves and subsequently distributed to shareholders and a dividend of CHF 1.25 shall be directly distributed from voluntary retained earnings. The statutory reserves from capital contribution are classified as additional paid-in capital in the consolidated balance sheets.

Additional paid-in capital

In 2021, in connection with the anticipated acquisition of AKKA Technologies, the Company purchased 1,300,000 physically settled put options indexed to Adecco Group AG shares (conversion ratio 1:1) classified as equity. All options were unwound prior to maturity with a net gain of EUR 3 recognised in additional paid-in capital.

Treasury shares

In 2021, 2020 and 2019, the number of treasury shares acquired on the regular trading line amounted to 229,884, 1,215,000 and 319,583, respectively, and the net consideration paid amounted to EUR 11, EUR 46 and EUR 15, respectively.

In 2021, 2020 and 2019, the Company awarded 27,720, 32,050 and 26,559 treasury shares, respectively, to the Board of Directors as part of their remuneration package (refer to section 8.4, "Remuneration of the Board of Directors for 2021 and shareholding as at 31 December 2021" within the Remuneration Report). In addition, in 2021, 2020 and 2019, the Company used 463,576, 244,506 and 191,168 treasury shares, respectively, to settle share awards under the long-term incentive plan (LTIP).

As of 31 December 2021, the treasury shares are intended to be used for the settlement of the Company's LTIP (for further details refer to Note 12) as well as for the Board of Directors' remuneration.

The Company launched the following share buyback programme on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 150 announced in March 2018 (completed in March 2019); and
- EUR 600 announced in February 2020 (commenced in April 2021 and placed on hold in July 2021).

As of 31 December 2021, 31 December 2020 and 31 December 2019, Adecco Group AG held 1,424,388 shares, no shares and 220,000 shares, respectively, acquired under the share buyback programmes. The Company acquired 1,424,388 shares for EUR 81 in 2021, no shares in 2020, and 1,378,750 shares for EUR 61 in 2019, respectively, under the share buyback programmes.

The Board of Directors will propose to the Annual General Meeting of Shareholders of 13 April 2022 a reduction of share capital through the cancellation of 1,424,388 shares repurchased under the EUR 600 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	31.12.2021	31.12.2020	31.12.2019
Currency translation adjustment	**(216)**	(355)	(112)
Currency translation adjustment of net investment hedges	**22**	13	(39)
Pension-related adjustments	**(44)**	(73)	(59)
Change in fair value of securities	**5**	2	1
Change in fair value of cash flow hedges	**(4)**	(20)	(4)
Accumulated other comprehensive income/(loss), net	**(237)**	**(433)**	**(213)**

In 2021, 2020 and 2019, an amount of EUR 3 (net of tax of EUR (1)), EUR 3 (net of tax of EUR (1)) and EUR 3 (net of tax of EUR (2)), 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 Net actuarial gain/(loss) and Prior service cost. In 2021, 2020 and 2019 an amount of EUR (7) (net of tax of EUR 3), EUR 11 (net of tax of EUR (2)) and EUR 3 (net of tax of less than EUR (1)) was reclassified from Accumulated other comprehensive income/(loss), net to Other income/(expenses), net in the statement of operations in connection with cash flow hedging activities in 2021, 2020 and 2019, respectively. Additionally, an amount of less than EUR 1 (net of tax of less than EUR (1)) was reclassified from Accumulated other comprehensive income/(loss), net to Interest expense in the statement of operations in connection with cash flow hedging activities in 2021. No amounts were reclassified in 2020 and 2019.

Note 12 – Stock-based compensation

As of 31 December 2021, the Company had non-vested share awards outstanding relating to its common shares. Compensation expense of EUR 21, EUR 16 and EUR 12, was recognised in 2021, 2020 and 2019, respectively, in connection with the non-vested share awards granted in 2021, 2020, and 2019. The total income tax benefit recognised related to stock compensation amounted to EUR 3 in 2021, EUR 2 in 2020 and EUR 2 in 2019.

Non-vested share award plans

Performance share awards (PSU awards) were granted in March 2021, 2020, and 2019 to the members of the Executive Committee (EC) and to a further group of senior managers (only in 2021) under the Company's LTIP. The awards contain an undertaking to deliver a number of Adecco Group AG shares to the participants of the plan after the end of the performance period (end of performance period for the 2021, 2020, and 2019 awards on 31 December 2023, 31 December 2022, and 31 December 2021, respectively). The requisite service period represents three calendar years starting on 1 January 2021, 1 January 2020, and 1 January 2019, 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 PSU awards granted in 2021 introduced two financial performance metrics, return on invested capital (ROIC)[1] and the cash conversion ratio (CCR)[2] in addition 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 the Company used for the 2019 and 2020 grants (TSR awards). Each of the three metrics are equally weighted to calculate the achievement percentage.

In addition, service condition awards (restricted share unit awards (RSU awards)) were granted in 2021, 2020, and 2019 to a further group of senior managers (approximately 284 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 2021 for 2021 awards, 1 January 2020 for 2020 awards, and 1 January 2019 for 2019 awards.

In 2021, a new EC member received replacement awards in the form of RSUs (RSU replacement awards) and TSR awards (TSR replacement awards) and twelve new employees received RSU replacement awards to compensate for outstanding deferred awards forfeited as a result of joining the Company. RSU replacement awards granted to the new EC member are subject to a 1-year tiered vesting period, with 50% of the awards vesting immediately after grant and the remaining 50% vesting after one year at the anniversary of the date of grant. TSR replacement awards granted to the new EC member are subject to a 2-year tiered vesting period, with 80% of the awards vesting after one year and the remaining 20% vesting after two 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 with the exception of two non-EC members with different vesting.

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[1] ROIC is defined as the rolling four quarter EBITA excluding one-offs divided by the rolling four quarter average of invested capital. Invested capital includes Intangible assets (gross), Property, equipment, and leasehold improvements, Operating lease right-of-use assets, Net working capital excluding cash (Trade accounts receivable and Other current assets, less Accounts payable and accrued expenses), Other assets (non-current), and Goodwill, adjusted for Goodwill impairments after 1 January 2021.

[2] Cash conversion is calculated as free cash flow before interest and tax paid (FCFBIT) divided by EBITA excluding one-offs. FCF comprises cash flow from operating activities less capital expenditures.

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In 2020, special RSU awards (sRSU awards) were granted to a group of senior managers (281 individuals in total). The vesting of the sRSU awards is not subject to performance targets, but to forfeiture provisions. Provided that the employment relationship continues:

- sRSU awards granted to non-French employees will vest in equal portions over a period of three years at the anniversary of the date of grant.
- sRSU awards granted to French employees are subject to a 3-year tiered vesting period, with 67% of the awards vesting after two years and the remaining 33% vesting after three years at the anniversary of the date of grant.

In 2020, a new EC member received replacement awards in the form of RSUs (RSU replacement awards) and TSR awards (TSR replacement awards) and nine new employees received RSU replacement awards to compensate for outstanding deferred awards forfeited as a result of joining the Company. RSU replacement awards granted to the new EC member are subject to a 3-year tiered vesting period, with 50% of the awards vesting after two years and the remaining 50% vesting after 3 years at the anniversary of the date of grant. TSR replacement awards granted to the new EC member are subject to a 1.5-year tiered vesting period, with 48% of the awards vesting after 0.5 years and the remaining 52% vesting after 1.5 years at the anniversary of the date of grant. RSU replacement awards granted to non-EC members vest in equal portions over a period of 3 years at the anniversary of the date of grant.

In 2019, a new EC member and two new employees received replacement awards in the form of RSUs (RSU replacement awards) to compensate for outstanding deferred awards forfeited as a result of joining the Company. RSU replacement awards granted to the new EC member are subject to a 3-year tiered vesting period, with 50% of the awards vesting after two years and the remaining 50% vesting after 3 years at the anniversary of the date of grant. RSU replacement awards granted to non-EC members vest in equal portions over a period of 3 years at the anniversary of the date of grant.

The plan foresees that participants who terminate their employment with the Company at their own will and those who receive notice of termination for cause before the end of the performance period (in the case of performance share awards) and before the end of the vesting period (in the case of RSU awards), will no longer be entitled to the vesting of the awards. In case of an involuntary termination without cause before the end of the performance period, a time-weighted pro-rata portion of the unvested performance share awards granted in 2021, 2020, and 2019 will vest at the regular vesting date, depending on the level of target achievement. In the case of an involuntary termination without cause before the end of the vesting period, a time-weighted pro-rata portion of the unvested RSU awards will vest at the regular vesting date. The Company bases its forfeiture rate estimations on historically observed rates as well as on employment trends of the plan participants.

PSU awards

The fair value of the PSU 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 factors relative TSR, ROIC and CCR (each weighted one-third) estimated on the date of grant with an additional discount applied due to a 2-year post-vesting restriction on the sale of share awards. The probability factors of the ROIC and CCR are assessed via an analysis of historical and future ROIC and CCR figures. Refer to section "TSR awards" below for details relating to the relative TSR component.

Compensation expense of such performance condition share awards is recognised on a straight-line basis over the requisite service period, based on estimated achievements. The expense impact of changes in the estimated attainment must be recognised as a cumulative catch up of prior service period.

	PSU awards	
	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of the non-vested PSU awards		
Granted	168,619	50
Forfeited		
Lapsed		
Vested		
Non-vested share awards outstanding as of 31 December 2021	168,619	50

TSR awards

The fair value of the relative TSR awards was determined based on the grant date market price of the Adecco Group AG share, less a discount for not being entitled to any dividends over the vesting period, multiplied by the probability factor estimated on the date of grant using the Monte Carlo simulation, with an additional discount applied due to a 2-year post-vesting restriction on the sale of share awards. The Monte Carlo simulation runs a very large number of share price simulations based on various parameters (share prices, volatilities, dividends, expected returns, etc.). The average result of these simulations provides the probability that the Company's TSR targets will be achieved. The implied volatility was determined by reference to the implied volatilities of the Company's peer group as provided by Standard & Poor's financial research database CapitalIQ. The expected dividend yield is based on actual dividends paid.

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:

	2021	2020	2019
Assumptions used for the estimation of the fair value of the TSR awards			
Implied at-the-money volatility	37.8%	24.5%	21.1%
Expected dividend yield	3.65%	4.04%	4.70%
Expected term	3 years	3 years	3 years
Risk-free rate	n/a	n/a	n/a

Since the probability of the market condition being met is considered in the fair value of the TSR awards, compensation expense is recognised on a straight-line basis over the requisite service period regardless of fulfilment of the market condition.

A summary of the status of the Company's non-vested TSR awards as of 31 December 2021, 31 December 2020, and 31 December 2019 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[1]		
Non-vested share awards outstanding as of 1 January 2019	**564,903**	**24**
Granted	224,117	18
Forfeited	(5,638)	22
Lapsed	(158,507)	24
Vested	(33,629)	24
Non-vested share awards outstanding as of 31 December 2019	**591,246**	**22**
Granted	181,997	27
Forfeited	(25,716)	21
Lapsed	(117,551)	27
Vested	(63,862)	27
Non-vested share awards outstanding as of 31 December 2020	**566,114**	**22**
Granted	28,137	35
Forfeited		
Lapsed	(116,098)	21
Vested	(85,125)	21
Non-vested share awards outstanding as of 31 December 2021	**393,028**	**23**

[1] Includes TSR replacement awards.

RSU awards

The fair value of the RSU awards was determined based on the grant date market price of the Adecco Group AG share less a discount for not being entitled to any dividends over the vesting period. An additional discount is applied to determine the fair value of the RSU awards granted to all participants due to a 2-year post-vesting restriction on the sale of share awards. The discount is not applied to determine the fair value of the RSU replacement awards and the sRSU awards as no post-vesting restriction applies. Compensation expense of such service condition share awards is recognised on a straight-line basis over the requisite service period, taking into account estimated employee forfeitures.

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A summary of the status of the Company's non-vested RSU awards as of 31 December 2021, 31 December 2020, and 31 December 2019 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[1]		
Non-vested share awards outstanding as of 1 January 2019	**330,154**	**52**
Granted	276,066	38
Forfeited	(38,441)	44
Cancelled		
Vested	(157,539)	52
Non-vested share awards outstanding as of 31 December 2019	**410,240**	**42**
Granted	870,431	30
Forfeited	(106,637)	31
Cancelled	(3,730)	24
Vested	(180,644)	44
Non-vested share awards outstanding as of 31 December 2020	**989,660**	**31**
Granted	282,192	44
Forfeited	(96,767)	33
Cancelled	(11,271)	28
Vested	(378,451)	34
Non-vested share awards outstanding as of 31 December 2021	**785,363**	**35**

[1] Includes RSU replacement awards and sRSU awards.

As of 31 December 2021, the total unrecognised compensation expense related to non-vested share awards amounted to EUR 25. 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 2021, 2020, and 2019 amounted to EUR 28, EUR 8 and EUR 9, 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 77 in 2021, EUR 73 in 2020 and EUR 85 in 2019 in connection with defined contribution plans, and an expense of EUR 82, EUR 66 and EUR 65 in connection with the Italian employee termination indemnity arrangement in 2021, 2020, and 2019, respectively.

The Company sponsors several non-qualified defined contribution plans in the USA for certain employees. These plans are partly funded through Rabbi trusts, which are consolidated in the Company's financial statements. As of 31 December 2021 and 31 December 2020, the assets held in the Rabbi trusts amounted to EUR 167 and EUR 142, respectively. The related pension liability totalled EUR 151 and EUR 132 as of 31 December 2021 and 31 December 2020, 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 2021 and 31 December 2020, Alecta managed approximately EUR 97,400 and EUR 84,500, respectively, of plan assets on behalf of 2.6 million private individuals and 35,000 companies. Total contributions made by all plan members to this plan in 2020 amounted to EUR 5,975. The information on total contributions made by all plan members in 2021 has not yet been published by Alecta. Contributions made to this plan by the Company amounted to EUR 1 in 2021, EUR 2 in 2020 and EUR 2 in 2019.

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 2021 and 2020 for all defined benefit plans was 31 December. Plan assets are recorded at fair value, and consist primarily of equity securities, debt securities, and alternative investments. The projected benefit obligation (PBO) is the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future pay increases. The accumulated benefit obligation (ABO) is the actuarial present value of benefits attributable to employee service rendered to date, but excluding the effects of estimated future pay increases.

Actuarial gains and losses are recognised as a component of Other comprehensive income/(loss), net, in the period when they arise. Those amounts are subsequently recognised as a component of net periodic benefit cost using the corridor method.

The components of net periodic benefit cost for the defined benefit plans are as follows:

	Swiss plan			Non-Swiss plans		
in EUR	**2021**	2020	2019	**2021**	2020	2019
Components of net periodic benefit cost						
Service cost	19	19	19	12	13	13
Interest cost		1	2	7	10	10
Expected return on plan assets	(8)	(8)	(6)	(8)	(11)	(9)
Amortisation of prior service (gain)/cost	(1)	(1)	(1)	1	2	1
Amortisation of net actuarial (gain)/loss	2		1	2	3	2
Net periodic benefit cost	**12**	**11**	**15**	**14**	**17**	**17**

All components of Net periodic benefit cost, other than service cost, 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 2021 and 31 December 2020:

	Swiss plan		Non-Swiss plans	
in EUR	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020
Pension liabilities and assets				
Projected benefit obligation, beginning of year	**357**	**340**	**275**	**273**
Service cost	19	19	12	13
Interest cost		1	7	10
Participants' contributions	68	66	5	6
Plan amendments	1			
Net actuarial (gain)/loss	8	16	(8)	6
Acquisitions			3	
Benefits paid	(89)	(86)	(15)	(17)
Settlement			(3)	
Foreign currency translation	15	1	8	(16)
Projected benefit obligation, end of year	**379**	**357**	**284**	**275**
Plan assets, beginning of year	**374**	**364**	**172**	**178**
Actual return on assets	41	8	8	9
Employer contributions	20	20	7	4
Participants' contributions	68	66	5	6
Benefits paid	(89)	(86)	(15)	(10)
Settlement			(3)	
Foreign currency translation	17	2	10	(15)
Plan assets, end of year	**431**	**374**	**184**	**172**
Funded status of the plan	**52**	**17**	**(100)**	**(103)**
Accumulated benefit obligation, end of year	**367**	**349**	**266**	**261**

The following amounts are recognised in the consolidated balance sheets as of 31 December 2021 and 31 December 2020:

	Swiss plan		Non-Swiss plans	
in EUR	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020
Pension-related assets				
Other assets	52	17	10	5
Pension-related liabilities				
Other accrued expenses			(5)	(3)
Other liabilities			(105)	(105)
Total	**52**	**17**	**(100)**	**(103)**

The following amounts are recognised in Accumulated other comprehensive income/(loss), net as of 31 December 2021 and 31 December 2020:

	Swiss plan		Non-Swiss plans	
in EUR	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020
Prior service gain/(cost)	(1)	1	(7)	(9)
Net actuarial gain/(loss)	(19)	(44)	(31)	(41)
Total	**(20)**	**(43)**	**(38)**	**(50)**

The following table provides values of PBO, ABO and fair value of plan assets for plans with a PBO in excess of the fair value of plan assets and an ABO in excess of the fair value of plan assets:

	PBO exceeds fair value of plan assets		ABO exceeds fair value of plan assets	
in EUR	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020
PBO	177	175		
ABO			160	162
Fair value of plan assets	67	68	67	68

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 actuarial assumptions used to determine benefit obligations are as follows:

	Swiss plan			Non-Swiss plans		
in %	**2021**	2020	2019	**2021**	2020	2019
Weighted-average assumptions used to determine benefit obligations						
Discount rate	0.3	0.0	0.1	2.6	2.2	3.1
Rate of increase in compensation levels	2.1	2.1	2.1	2.3	2.1	2.2
Weighted-average interest crediting rate	1.0	1.0	1.0	8.5	8.5	8.7

The actuarial assumptions used to determine the Net periodic benefit cost are as follows:

	Swiss plan			Non-Swiss plans		
in %	**2021**	2020	2019	**2021**	2020	2019
Weighted-average assumptions used to determine net periodic benefit cost						
Discount rate	0.0	0.1	0.8	2.2	3.1	1.9
Rate of increase in compensation levels	2.1	2.1	2.1	2.1	2.2	1.5
Expected long-term rate of return on plan assets	2.2	2.2	2.2	6.2	6.6	3.6
Weighted-average interest crediting rate	1.0	1.0	1.0	8.5	8.7	8.6

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.

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The Swiss and non-Swiss pension plans' target weighted-average asset allocations as of 31 December 2021, by asset category, are as follows:

in %	Swiss plan Target allocation range	Non-Swiss plans Target allocation range
Weighted-average asset allocations		
Cash and cash equivalents	0-25	0-100
Equity securities	20-50	5-15
Debt securities	15-50	35-100
Real estate	10-30	
Other	0-25	0-100

The actual asset allocations of the plans are in line with the target asset allocations.

The table below sets forth the fair value of the Company's pension plan assets as of 31 December 2021 and as of 31 December 2020. 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 2021

	Swiss plan				Non-Swiss plans			
in EUR	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Asset category								
Cash and cash equivalents	28			28	10			10
Equity securities:								
- Switzerland	73			73				
- Rest of the World	100			100	6			6
Debt securities:								
- Government bonds	13			13	43	11		54
- Corporate bonds	80			80	61	4		65
Commodity contracts	15			15				
Investment funds	11	16		27	4	16		20
Real estate funds	60			60				
Other						6	23	29
Net plan assets subject to levelling	**380**	**16**		**396**	**124**	**37**	**23**	**184**
Investments using NAV as a practical expedient:								
Private equity				13				
Real estate funds				22				
Investments at fair value				**431**				**184**

31 December 2020

	Swiss plan				Non-Swiss plans			
in EUR	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category								
Cash and cash equivalents	28			28	17			17
Equity securities:								
- Switzerland	68			68				
- Rest of the World	83			83	4			4
Debt securities:								
- Government bonds	23			23	27	15		42
- Corporate bonds	72			72	58	4		62
Alternative investments:								
- Commodity funds/private equity	10			10	5			5
- Investment funds	1	12		13	3	16		19
Real estate funds	54			54				
Other					1		22	23
Net plan assets subject to levelling	**339**	**12**		**351**	**115**	**35**	**22**	**172**
Investments using NAV as a practical expedient:								
Alternative investments:								
- Commodity funds/private equity				10				
Real estate funds				13				
Investments at fair value				**374**				**172**

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 2021 and 31 December 2020 is as follows:

in EUR	Non-Swiss plans
Balance as of 1 January 2020	**20**
Purchases, sales, and settlements, net	2
Balance as of 31 December 2020	**22**
Purchases, sales, and settlements, net	1
Balance as of 31 December 2021	**23**

The Company expects to contribute EUR 20 to its Swiss plan and EUR 10 to its non-Swiss plans in 2022.

Future benefit payments, which include expected future service, are estimated as follows:

in EUR	Swiss plan	Non-Swiss plans
Expected future benefit payments		
2022	25	48
2023	24	33
2024	23	23
2025	20	19
2026	19	17
2027–2031	81	58

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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 its financial investments and borrowings, the Company manages this risk using derivative financial instruments such as interest rate swaps. Using inputs such as management guidance, macro environment and financial market conditions as well as underlying exposure duration, the Company endeavours to optimise its fixed/floating rate mix profile and optimally manage interest expense. The Company has entered into interest rate swaps to hedge or offset the fixed interest rates on the hedged item, matching the amount and timing of the hedged item and subsequently allowing it to adapt the profile of its outstanding debt.

The main objective of holding derivative instruments is to minimise the volatility of earnings arising from these exposures in the absence of natural hedges. The responsibility for assessing exposures as well as entering into and managing derivative instruments is centralised in the Company's treasury department. The activities of the treasury department are covered by corporate policies and procedures approved by the Board of Directors, which prohibit 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 derivative financial instruments

The following table shows the notional amount and the fair value of derivative financial instruments as of 31 December 2021 and 31 December 2020:

		Notional amount		Fair value	
in EUR	Balance sheet location	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	1,360	580	18	12
• FX options	Other current assets	100	205	1	2
• Interest rate swaps	Other current assets	150	246	1	5
• Interest rate swaps	Other assets	200	442	4	17
• Cross-currency interest rate swaps	Other assets	50	48		1
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	478	796	5	8
• Cross-currency interest rate swaps	Other assets	46	48	9	6
Derivative liabilities					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	68	473		2
• FX options	Other accrued expenses	100	205		
• Interest rate swaps	Other liabilities	313	208	5	1
• Cross-currency interest rate swaps	Other liabilities	99	103	21	16
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	1,362	401	11	9
• Cross-currency interest rate swaps	Other liabilities	46	48	9	6
Total net derivative asset/(liability)				(8)	17

In addition, accrued interest receivable on interest rate swaps of less than EUR 1 and EUR 1 was recorded in Other current assets as of 31 December 2021 and 31 December 2020, respectively. As of 31 December 2021, accrued interest receivable and payable on cross-currency interest rate swaps of EUR 1 and EUR (1) was recorded in Other current assets and Other accrued expenses, respectively. As of 31 December 2020, accrued interest receivable and payable on cross-currency interest rate swaps of less than EUR 1 and EUR (1) was recorded in Other current assets and Other accrued expenses, respectively.

Fair value hedges

Interest rate swaps that contain a receipt of fixed interest rate amounts and payment of floating interest rate amounts have been designated as fair value hedges for a portion of the EUR and USD notes issued by Adecco International Financial Services BV and the CHF notes issued by Adecco Group AG.

The following table shows the gain/(loss) recognised in earnings related to the fair value hedges and the hedged items as of 2021, 2020, and 2019:

		2021		2020		2019	
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	(20)	18	9	(8)	18	(17)

In addition, the Company recorded a gain of EUR 3 in 2021, EUR 3 in 2020 and EUR 1 in 2019, 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 2021, 2020, or 2019, 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 2021, 2020, or 2019.

The following table shows the amounts recorded in the consolidated balance sheets related to cumulative basis adjustments for fair value hedges as of 2021, 2020, and 2019:

	2021			2020			2019		
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
Current liabilities:									
Current maturities of long-term debt	148	2	(1)	249	(4)				
Non-current liabilities:									
Long-term debt, less current maturities	511		(6)	660	(13)	(9)	623	(9)	(11)

Cash flow hedges

Cross-currency interest rate swaps designated as cash flow hedges are used to offset foreign currency exchange rate fluctuations on long-term debt instruments. The Company further uses foreign currency contracts designated as cash flow hedges to mitigate exposure to foreign currency exchange rate volatility arising from intercompany cash flow within the next 12 months denominated in other currencies than Swiss Francs. Interest rate swaps designated as cash flow hedges are used to lock in interest rates prior to the issuance of debt.

For derivative instruments designated as cash flow hedges, the effective portion of the changes in the fair value of derivative instruments is reclassified into earnings in the same period as the hedged transaction impacts earnings.

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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 2021, 2020, and 2019:

in EUR	Location of gain/(loss) in Consolidated statements of operations	2021 Recognised gain/(loss) in Other comprehensive income/(loss)	2021 Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	2020 Recognised gain/(loss) in Other comprehensive income/(loss)	2020 Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	2019 Recognised gain/(loss) in Other comprehensive income/(loss)	2019 Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings
Derivatives designated as cash flow hedges							
• Foreign currency contracts	Other income/(expenses), net	3	1	(6)	4	1	1
• Cross-currency interest rate swaps	Other income/(expenses), net	16	(11)	(28)	9	(7)	2
• Interest rate swaps	Interest expense	10					

No significant gains or losses were recorded in 2021, 2020, or 2019, due to ineffectiveness in cash flow hedge relationships. In 2021, 2020, and 2019, no significant gains or losses were excluded from the assessment of hedge effectiveness of the cash flow hedges. Within the next 12 months, the Company expects to reclassify EUR 5 currently reported in Accumulated other comprehensive income/(loss), net into Other income/(loss), net and EUR 1 currently reported in Accumulated other comprehensive income/(loss), net into Interest expense from cash flow hedges.

Net investment hedges

In 2021, 2020, and 2019, the Company entered into certain derivative contracts that are designated as net investment hedges under ASC 815. Foreign currency contracts and FX options are used to hedge a portion of certain investments with operations in different currencies against Swiss Francs.

The following table shows the gain/(loss) recorded in Other comprehensive income/(loss) and reclassified from Other comprehensive income/(loss) to earnings related to derivatives designated as net investment hedges as of 2021, 2020, and 2019:

in EUR	Location of gain/(loss) in Consolidated statements of operations	2021 Recognised gain/(loss) in Other comprehensive income/(loss)	2021 Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	2020 Recognised gain/(loss) in Other comprehensive income/(loss)	2020 Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	2019 Recognised gain/(loss) in Other comprehensive income/(loss)	2019 Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings
Derivatives designated as net investment hedges							
• Foreign currency contracts	Other income/(expenses), net	10		56		9	
• FX options	Other income/(expenses), net			1			

Other hedge activities

The Company has entered into certain derivative contracts that are not designated or do not qualify as hedges under ASC 815. Foreign currency contracts and cross-currency interest rate swaps are used to hedge the net exposure of subsidiary funding advanced in the local operations' functional currency. Contracts are entered into in accordance with the Company's approved treasury policies and procedures and represent economic hedges. Gains and losses on these contracts are recognised in earnings and are included in Other income/(expenses), net, in the accompanying consolidated statements of operations.

The following table shows the gain/(loss) recognised in earnings related to derivatives not designated as hedging instruments as of 2021, 2020, and 2019:

in EUR	Location of gain/(loss) in Consolidated statements of operations	Gain/(loss) on derivatives recognised in earnings 2021	2020	2019
Derivatives not designated as hedging instruments				
• Foreign currency contracts	Other income/(expenses), net	(29)	(1)	(14)
• Cross-currency interest rate swaps	Other income/(expenses), net			(9)

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 large multinational banks and limits the level of exposure on short-term investments with each counterparty.

Note 15 – Fair value measurement

Recurring fair value measures

The following table represents the Company's assets and liabilities that are measured at fair value on a recurring basis as of 31 December 2021 and 31 December 2020:

in EUR	Balance sheet location	Level 1	Level 2	Level 3	Total
31 December 2021					
Assets					
Money market funds	Cash and cash equivalents	764			764
Derivative assets	Other current assets		25		25
Derivative assets	Other assets		13		13
Equity securities	Other assets	44			44
Liabilities					
Derivative liabilities	Other accrued expenses		11		11
Derivative liabilities	Other liabilities		35		35
31 December 2020					
Assets					
Money market funds	Cash and cash equivalents	463			463
Derivative assets	Other current assets		27		27
Derivative assets	Other assets		24		24
Liabilities					
Derivative liabilities	Other accrued expenses		11		11
Derivative liabilities	Other liabilities		23		23

In 2021, the Company recognised an unrealised gain of less than EUR 1 on equity securities still held at the reporting date. No equity securities were sold in 2021.

The Company uses the following methods and assumptions in estimating the fair values of financial assets and liabilities measured at fair value on a recurring basis:

- **Money market funds and equity securities**: The fair value of money market funds and equity securities is estimated using quoted market prices.
- **Derivative assets and liabilities**: The fair values of interest rate swaps and foreign currency contracts are calculated using the present value of future cash flows based on observable market inputs. FX options are valued based on a Black-Scholes model, using 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 the case of an asset position and its own CDS spread in the case of a liability position. As of 31 December 2021 and 31 December 2020, the total impact of non-performance risk and liquidity risk was an adjustment of less than EUR 1.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Disclosure about financial instruments carried on a cost basis

The following table represents the fair values of the Company's assets and liabilities carried on a cost basis as of 31 December 2021 and 31 December 2020:

in EUR	Carrying value	Level 1	Level 2	Level 3	Total fair value
31 December 2021					
Liabilities					
Current maturities of long-term debt (excluding finance lease obligations)	299	303			303
Long-term debt, less current maturities (excluding finance lease obligations)	2,751	2,770			2,770
31 December 2020					
Liabilities					
Current maturities of long-term debt (excluding finance lease obligations)	249	253			253
Long-term debt, less current maturities (excluding finance lease obligations)	1,567	1,647			1,647

The Company uses the following methods and assumptions in estimating fair values of financial instruments carried on a cost basis:

- **Short-term debt:** The carrying amount approximates the fair value given the short maturity of such instruments.
- **Long-term debt, including current maturities of long-term debt (excluding finance lease obligations):** 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).

Investments measured using net asset value

The following table represents the Company's investments that are measured using the net asset value per share on a recurring basis as of 2021 and 2020:

in EUR	Unfunded commitments	Redemptions frequency (if currently eligible)	Redemption notice period	31.12.2021	31.12.2020
Private equity investment fund	2	not eligible	n.a.	13	8
Total				**13**	**8**

This investment fund makes minority investments in equity and equity-related instruments in micro, small and medium-sized companies. The target companies operate predominantly in the internet, mobile, SaaS and technology industry. The fair value of the investment has been estimated using the net asset value per share. The investment is subject to a lockup until 2026 when the fund will be liquidated over the subsequent two years. The investment can be sold to a third party prior to its liquidation.

Note 16 – Other income/(expenses), net

For the years 2021, 2020, and 2019 Other income/(expenses), net, consist of the following:

in EUR	2021	2020	2019
Foreign exchange gain/(loss), net	(8)	(14)	(9)
Interest income	5	11	14
Proportionate net income of equity method investments			14
Other non-operating income/(expenses), net	8	(17)	188
Total other income/(expenses), net	**5**	**(20)**	**207**

In 2021, Foreign exchange gain/(loss), net includes a loss of EUR 2 from the designation of Argentina as a highly inflationary economy. Other non-operating income/(expense), net includes a EUR 11 gain from the sale of the Legal Solutions business and related assets, and a EUR 9 expense related to Digital Venture Incentive Plans.

In 2020, Foreign exchange gain/(loss), net includes a loss of EUR 4 from the designation of Argentina as a highly inflationary economy. Other non-operating income/(expense), net includes a EUR 17 loss related to assets held for sale in Denmark, Slovakia and Croatia.

In 2019, Foreign exchange gain/(loss), net includes a loss of EUR 3 from the designation of Argentina as a highly inflationary economy. Other non-operating income/(expense), net includes a EUR 248 gain on sale of Soliant Health Inc. and a EUR 25 expense to The Adecco Group Foundation.

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 443, EUR 267, and EUR 301, in 2021, 2020, and 2019, respectively. Foreign source income/(expense) before income taxes amounted to EUR 310, EUR (199), and EUR 775 in 2021, 2020, and 2019, respectively.

The provision for income taxes consists of the following:

in EUR	2021	2020	2019
Provision for income taxes			
Current tax provision:			
Domestic	32	27	31
Foreign	172	150	371
Total current tax provision	**204**	**177**	**402**
Deferred tax provision/(benefit):			
Domestic	(25)	17	(14)
Foreign	(14)	(29)	(40)
Total deferred tax benefit	**(39)**	**(12)**	**(54)**
Total provision for income taxes	**165**	**165**	**348**

The difference between the provision for income taxes and the weighted-average tax rate is reconciled as follows for the fiscal years:

in EUR	2021	2020	2019
Tax rate reconciliation			
Income taxed at weighted-average tax rate	183	36	262
Items taxed at other than weighted-average tax rate	35	16	91
Non-deductible expenses and other permanent items	2	6	32
Non-deductible impairment of goodwill		78	
Net change in valuation allowance	(56)	45	210
Intangible assets tax basis in excess of book basis	18	(17)	(216)
Other, net	(17)	1	(31)
Total provision for income taxes	**165**	**165**	**348**

In 2021, 2020, and 2019, the reconciling item "items taxed at other than weighted-average tax rate" includes the effects of certain state and local taxes as well as 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 2021, 2020, and 2019, the reconciling item "items taxed at other than weighted-average tax rate" includes positive impacts related to prior year movements in tax contingencies of EUR 3, EUR 15, and EUR 6, respectively.

In 2021, 2020, and 2019, the reconciling item "non-deductible expenses and other permanent items" includes permanent items 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 2021, the positive impact of the reconciling item "net change in valuation allowance" is mainly related to a EUR 37 decrease from changes in temporary differences in Switzerland and a EUR 23 decrease in valuation allowance on prior year and current year losses in Germany, and the Netherlands. This was partially offset by a EUR 3 increase in valuation allowance on capital losses in the USA.

In 2020, the negative impact of the reconciling item "net change in valuation allowance" is mainly related to a EUR 17 increase from changes in temporary differences in Switzerland and a EUR 35 increase in valuation allowance on prior year and current year losses in Germany, Denmark, the Netherlands and Sweden. This was partially offset by a EUR 7 decrease in valuation allowance on temporary differences and prior year losses in Australia.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

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 2021, 2020, and 2019, the reconciling item “intangible assets tax basis in excess of book basis” represents negative impact of EUR 18 and positive impact of EUR 17 and EUR 216, respectively, due to the recognition of intangible assets in Switzerland.

In 2019, the positive impact of the reconciling item “other, net” includes a positive EUR 25 impact due to changes in deferred taxes primarily due to the sale of Soliant Health Inc., and a positive EUR 4 impact due to tax rate changes on deferred taxes.

As of 31 December 2021 and 31 December 2020, a deferred tax liability of EUR 20 and EUR 18, respectively, has been provided for non-Swiss withholding taxes and additional Swiss taxes due upon the future dividend payment of cumulative undistributed earnings which are not considered permanently reinvested. Furthermore, in 2021 and 2020, 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 2021 and 31 December 2020, such earnings amounted to approximately EUR 719 and EUR 697, 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	31.12.2021	31.12.2020
Temporary differences		
Net operating loss carryforwards and capital losses	173	209
Tax credits	9	9
Depreciation	1	3
Deferred compensation and accrued employee benefits	90	93
Allowance for doubtful accounts	8	8
Accrued expenses	90	85
Elimination of intercompany transactions	15	13
Intangible assets tax basis in excess of book basis	235	244
Operating leases	94	109
Other	15	19
Gross deferred tax assets	**730**	**792**
Unrecognised tax benefits provision, net	(41)	(62)
Valuation allowance	(315)	(366)
Deferred tax assets, net	**374**	**364**
Intangible assets book basis in excess of tax basis	(44)	(49)
Tax amortisation in excess of financial amortisation	(58)	(62)
Undistributed earnings of subsidiaries	(20)	(18)
Operating leases	(86)	(102)
Other	(1)	(6)
Deferred tax liabilities	**(209)**	**(237)**
Deferred tax assets/(liabilities), net	**165**	**127**

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 decreased by EUR 51 to EUR 315. Included in the change of the valuation allowance is a net decrease of EUR 34 due to changes in temporary differences primarily in Switzerland, a net decrease of EUR 22 for current and prior years’ losses mainly in Germany and the Netherlands, a decrease of EUR 7 due to divestitures, offset by a net increase of EUR 12 related to changes in enacted tax rates and foreign currency fluctuations.

The following table summarises the deferred tax assets and deferred tax liabilities reported by the Company as of 31 December 2021 and 31 December 2020:

in EUR	Balance sheet location	31.12.2021	31.12.2020
Deferred tax assets	Other assets	201	175
Deferred tax liabilities	Other liabilities	(36)	(48)
Deferred tax assets/(liabilities), net		**165**	**127**

As of 31 December 2021, the Company had approximately EUR 674 of net operating loss carryforwards and capital losses. These losses will expire as follows:

in EUR	2022	2023	2024	2025	2026	Thereafter	No expiry	Total
Expiration of losses by year	1	1	18	17	12	78	547	674

The largest net operating loss carryforwards and capital losses amount to EUR 625 as of 31 December 2021 in Germany, France, the USA, the UK, the Netherlands, Switzerland, Norway, Brazil, Hong Kong, Australia, and Sweden. The losses in Norway, Switzerland, and the USA begin to expire in 2024, 2024, and 2034, respectively. The losses in Germany, France, the UK, the Netherlands, Australia, Brazil, Sweden, Hong Kong, and a portion of the losses in the USA do not expire. In addition, tax credits of EUR 15 are mainly related to the USA, Puerto Rico and Argentina operations and begin to expire in 2025 for Argentina. Tax credits in the USA do not expire.

As of 31 December 2021, the amount of unrecognised tax benefits including interest and penalties is EUR 110, of which EUR 101 would, if recognised, decrease the Company’s effective tax rate. As of 31 December 2020, the amount of unrecognised tax benefits including interest and penalties is EUR 99, of which EUR 85 would, if recognised, decrease the Company’s effective tax rate.

The Company recognises interest and penalties related to unrecognised tax benefits as a component of the Provision for income taxes. As of 31 December 2021 and 31 December 2020, the amount of interest and penalties recognised in the balance sheet amounted to EUR 7 and EUR 4, respectively. The total amount of interest and penalties recognised in the statement of operations was a net expense of EUR 3 in 2021, EUR 1 in 2020, and EUR 1 in 2019.

The following table summarises the activity related to the Company’s unrecognised tax benefits excluding interest and penalties:

in EUR	2021	2020	2019
Unrecognised tax benefits			
Balance as of 1 January	**95**	**102**	**95**
Increases related to current year tax positions	12	13	15
Expiration of the statute of limitations for the assessment of taxes	(5)	(4)	(5)
Settlements with tax authorities		(3)	(1)
Additions to prior years	3		1
Decreases to prior years	(2)	(12)	(2)
Foreign exchange currency movement		(1)	(1)
Balance as of 31 December	**103**	**95**	**102**

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in millions, except share and per share information

The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statutes of limitations. The open tax years by major jurisdiction are as follows:

Country	Open tax years
Australia	2019 onwards
Belgium	2019 onwards
Canada	2017 onwards
France	2013 onwards
Germany	2010 onwards
Italy	2017 onwards
Japan	2015 onwards
Mexico	2016 onwards
Netherlands	2016 onwards
Spain	2016 onwards
UK	2017 onwards
USA	2020 onwards

In certain jurisdictions, the Company may have more than one tax payer. The table above reflects the statutes of limitations of years open to examination for the major tax payers in each major tax jurisdiction.

Based on the outcome of examinations, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognised tax benefits for tax positions taken regarding previously filed tax returns could materially change in the next 12 months from those recorded as liabilities for uncertain tax positions in the financial statements. An estimate of the range of the possible changes cannot be made until issues are further developed or examinations close.

Significant estimates are required in determining income tax expense and benefits. Various internal and external factors may have favourable or unfavourable effects on the future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, results of tax audits, and changes in the overall level of pre-tax earnings.

Note 18 – Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

	2021		2020		2019	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Net income/(loss) attributable to Adecco Group shareholders	586	586	(98)	(98)	727	727
Denominator						
Weighted-average shares	162,096,188	162,096,188	161,426,423	161,426,423	162,211,290	162,211,290
Incremental shares for assumed conversions:						
• Employee stock-based compensation		630,916		584,712		330,936
Total average equivalent shares	162,096,188	162,727,104	161,426,423	162,011,135	162,211,290	162,542,226
Per share amounts						
Net earnings/(loss) per share	3.62	3.60	(0.61)	(0.61)	4.48	4.47

Note 19 – Segment reporting

As part of the new strategic programme Future@Work, the Company realigned its business along three distinct Global Business Units (GBU): Adecco, LHH (Talent Solutions) and Modis. Effective 1 January 2021, the Company updated its primary segment reporting to align with the corresponding changes in Executive Committee responsibilities.

As a result of this change, the primary segment reporting transitioned to a brand-driven organisational model structured around solutions-based business groups comprising Adecco (further split by geography: France; Northern Europe; DACH; Southern Europe & EEMENA; Americas; and APAC), LHH (Talent Solutions) and Modis. The structure is complemented by secondary segment reporting of the Company's service lines (comprising Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting & Other Services; and Training, Up-skilling & Re-skilling). Prior year information has been restated to conform with the current year presentation.

The Company evaluates the performance of its segments based on operating income before amortisation of intangible assets, which is defined as the amount of income before amortisation of intangible assets, interest expense, other income/(expenses), net, and provision for income taxes. Corporate items consist of certain expenses which are separately managed at corporate level. The Company has not disclosed the segment assets because management does not currently review segment assets by Global Business Unit. The accounting principles used for the segment reporting are those used by the Company.

Revenues derived from Flexible Placement represented 82% in 2021, 83% in 2020 and 85% in 2019 of the Company's revenues. The remaining portion was derived from Permanent Placement, Career Transition, Outsourcing, Consulting & Other services, and Training, Up-skilling & Re-skilling.

in EUR	Adecco France	Adecco Northern Europe	Adecco DACH	Adecco Southern Europe & EEMENA	Adecco Americas	Adecco APAC	**Adecco**	LHH (Talent Solutions)	Modis	Corporate	**Total**
2021 segment reporting											
Revenues	4,665	2,507	1,426	3,925	2,492	1,931	16,946	1,798	2,205		20,949
Depreciation	(24)	(11)	(7)	(12)	(9)	(11)	(74)	(21)	(10)	(11)	(116)
Operating income before amortisation and impairment of goodwill and intangible assets	270	80	61	235	66	108	820	118	132	(189)	881
Amortisation of intangible assets											(70)
Impairment of intangible assets											(31)
Operating income											780
Interest expense and other income/(expenses), net											(27)
Provision for income taxes											(165)
Net income											**588**

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in EUR	Adecco France	Adecco Northern Europe	Adecco DACH	Adecco Southern Europe & EEMENA	Adecco Americas	Adecco APAC	**Adecco**	LHH (Talent Solutions)	Modis	Corporate	Total
2020 segment reporting											
Revenues	4,042	2,494	1,324	3,347	2,574	1,888	15,669	1,713	2,179		19,561
Depreciation	(27)	(12)	(7)	(12)	(10)	(12)	(80)	(21)	(10)	(17)	(128)
Operating income before amortisation and impairment of goodwill and intangible assets	180	37	(45)	163	76	97	508	123	104	(165)	570
Amortisation of intangible assets											(81)
Impairment of intangible assets											(9)
Impairment of goodwill											(362)
Operating income											118
Interest expense and other income/(expenses), net											(50)
Provision for income taxes											(165)
Net loss											**(97)**

in EUR	Adecco France	Adecco Northern Europe	Adecco DACH	Adecco Southern Europe & EEMENA	Adecco Americas	Adecco APAC	**Adecco**	LHH (Talent Solutions)	Modis	Corporate	Total
2019 segment reporting											
Revenues	5,167	3,284	1,612	3,641	3,032	2,029	18,765	2,238	2,424		23,427
Depreciation	(18)	(10)	(6)	(10)	(8)	(10)	(62)	(18)	(8)	(19)	(107)
Operating income before amortisation and impairment of goodwill and intangible assets	328	70	12	221	107	82	820	180	142	(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**

Information by country is as follows:

in EUR	France	USA	UK	Germany	Japan	Italy	Switzerland	Rest of World	Total
Revenues									
2021	5,035	3,141	1,606	1,217	1,538	2,288	437	5,687	20,949
2020	4,355	3,341	1,630	1,109	1,551	1,774	426	5,375	19,561
2019	5,529	4,266	2,059	1,339	1,482	1,912	502	6,338	23,427
Long-lived assets[1]									
2021	220	304	39	64	61	56	154	244	1,142
2020	348	291	41	46	75	63	96	210	1,170
2019	321	333	43	50	74	58	104	229	1,212

[1] Long-lived assets include fixed assets, operating lease right-of-use assets and other assets excluding deferred tax assets.

Note 20 – Commitments and contingencies

As of 31 December 2021, the Company has future purchase and service contractual obligations of approximately EUR 1,177, of which EUR 917 relates to commitments in connection with the acquisition of AKKA Technologies in 2022 (as outlined in Note 22). The remaining balance is 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 2021 exchange rates are as follows:

in EUR	2022	2023	2024	2025	2026	Thereafter	Total
Purchase and service contractual obligations	1,123	29	15	5	3	2	1,177

Guarantees and standby letters of credit

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 680. The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. The standby letters of credit mainly relate to workers' compensation. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties, then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

Contingencies

In the ordinary course of business, the Company is involved in various legal actions and claims, including those related to social security charges, other payroll-related charges, and various employment-related matters. Although the outcome of the legal proceedings cannot be predicted with certainty, the Company believes it has adequately reserved for such matters.

Notes to consolidated financial statements (continued)

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Note 21 – Enterprise risk management

The Company's Board of Directors, who are ultimately responsible for the risk management of the Company, has delegated its execution to Group management whilst maintaining oversight.

The enterprise risk management process is embedded into the Company's strategic and organisational context. The process is focused on managing risks as well as identifying opportunities. The Company's risk management process covers the significant risks for the Company including financial, operational and strategic risks. All segments perform the risk management process on a regular basis and report their results to Group management. The Company's risk management activities consist of risk identification, risk analysis, risk mitigation and risk monitoring.

Group management has provided an extensive risk catalogue, defining risk categories which can have a significant impact on the Company's results. These were updated to reflect the learnings and impact of Covid-19 as well as the upcoming acquisition of AKKA Technologies (as outlined in Note 22). Those key recurring risk categories are, amongst others, geopolitical, social and economic uncertainty, client attraction and retention, associate attraction and retention, employee attraction and retention, information technology, changes in regulatory/legal and political environment, compliance with laws and regulations, disruptive technologies, data protection and cyber security, and environmental, social and governance (ESG) factors. 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 the financial results or strategic achievements, assessment of the likelihood of the risk occurrence, assessment of the effectiveness of existing internal controls, and development of action plans needed to mitigate the risk to an acceptable level.

The risk assessment is aligned with the Company's organisational structure. The segments report to Group management a comprehensive risk assessment, including mitigating actions. At Group management level, the individual segment results are reviewed and discussed with segment management before being consolidated.

The financial reporting risk includes the failure to comply with external reporting requirements due to failure of internal controls and/or lack of knowledge of financial reporting requirements relating to accounting and reporting. The Company has implemented a Group Policy environment as well as an Internal Control System in order to mitigate the risk of failure to comply with financial reporting requirements. The Company's Internal Control System is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements.

The financial market risk primarily relates to foreign currency exchange rates and interest rates and is further discussed in Note 14. These exposures are actively managed by the Company in accordance with written policies approved by the Board of Directors. The Company's objective is to minimise, where deemed appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates and interest rates. It is the Company's policy to use a variety of derivative financial instruments to hedge these exposures in the absence of natural hedges.

The Company concluded that the risk management process has worked properly throughout 2021.

Note 22 – Subsequent events

The Company has evaluated subsequent events through 9 March 2022, the date the consolidated financial statements were available to be issued.

On 24 February 2022, the Company announced it had acquired 59.91 percent of the shares issued by AKKA Technologies for EUR 917 (EUR 844 in cash plus 1,626,772 new ordinary shares in Adecco Group AG (EUR 73) or a purchase price of EUR 49 per share). This acquisition brought the Company's total holding of AKKA Technologies to 64.72 percent. As of 31 December 2021, the Company owned 2.91 percent of the shares issued by AKKA Technologies with a market value of EUR 44 (included within Other Assets) and the remaining 1.90 percent of the shares issued by AKKA Technologies with a market value of EUR 29 were purchased between 1 January 2022 and 14 February 2022. At the same time, the Company also announced it will launch a Mandatory Tender Offer for the remaining AKKA Technologies securities for a purchase price of EUR 49 per share. Modis, the Company's high-tech services Global Business Unit, will be combined with AKKA, a leader in engineering R&D services, to become a leading engineering and digital solutions business in the Smart Industry market. Akkodis has been announced as the future global brand for the combined business, leveraging the existing value of both brands and providing a clear, distinct brand proposition to customers and colleagues that will amplify future business development. AKKA Technologies will be consolidated by the Company as of 24 February 2022. The initial accounting for the business combination is incomplete at the time the financial statements are issued.

On 23 February 2022, in connection with the AKKA Technologies purchase price agreement Adecco Group AG issued 1,626,772 new shares for the value of CHF 76 (EUR 73) from authorised capital.

No other significant events occurred subsequent to the balance sheet date, but prior to 9 March 2022, that would have a material impact on the consolidated financial statements.

Opinion

We have audited the consolidated financial statements of Adecco Group AG (the Company), which comprise the consolidated balance sheets as of 31 December 2021 and 2020, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended 31 December 2021 and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 110 to 152) present fairly, in all material respects, the financial position of the Company as of 31 December 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended 31 December 2021, in accordance with accounting principles generally accepted in the United States of America and comply with Swiss law.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS) and in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2021. 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.

Revenue recognition and recoverability of trade accounts receivable

Area of focus	The Company applies judgement 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). Judgement is also applied when accruing revenue (unbilled revenues). Trade accounts receivable represent 34% of the Group's total assets and 107% of the Group's total shareholders' equity as of December 2021. The Company applies judgement to its ability to collect outstanding receivables and unbilled revenues on an entity-by-entity basis. We determined the risk of improper revenue recognition with respect to new or complex service contracts and/or transactions, completeness and existence of time sheets, manipulation of customer billings, recoverability of accounts receivable, creditworthiness of the counterparty and unbilled revenues is a key audit matter. 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 unbilled revenues and receivables, historical collection data and current economic trends.

Recoverability of goodwill and indefinite-lived intangible assets

Area of focus Goodwill and indefinite-lived intangible assets represented 22% of the Group's total assets and 68% of the Group's total shareholders' equity as of December 2021. As stated in Note 1 to the consolidated financial statements, the carrying value of goodwill and indefinite-lived intangible assets is tested at least annually for impairment.

Effective 1 January 2021, the Company has revised its primary segment reporting to align with the changes in Executive Committee responsibilities. The reporting units have transitioned to a brand-driven organizational model structured around solutions-based Business Groups comprising Adecco, Modis, and Talent Solutions.

Furthermore, the Company performed its annual impairment test of goodwill and indefinite-lived intangible assets in the fourth quarter of 2021 and determined that there was no other impairment.

Key assumptions concerning the impairment test are disclosed in Note 6 to the consolidated financial statements. In determining the fair value of reporting units and indefinite-lived intangible assets, the Company must apply judgment in estimating — amongst other factors — future revenues and profit margins, long-term value and long-term growth, and discount rates taking into consideration the economic environment due to the Covid-19 pandemic. Due to the significance of the carrying values for goodwill and indefinite-lived intangible assets and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

Our audit response We assessed the Company's internal controls over its annual impairment test and key assumptions applied. We evaluated Management's interpretation of reporting units. We involved EY valuation specialists to assist in examining the Company's valuation model and analyzing the underlying key assumptions, including long-term growth and discount rates.

Further we assessed future revenues and margins, the historical accuracy of the Company's estimates and its ability to produce accurate long-term forecasts also considering the unprecedented economic environment. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared certain key assumptions to corroborating external information such as economic outlooks.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and the provisions of Swiss law, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, Swiss Law, and Swiss Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, Swiss Law, and Swiss Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the 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/ Marco Casal
Jolanda Dolente	**Marco Casal**
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Zürich, Switzerland
9 March 2022

Balance sheets

in millions, except share and per share information

As of (in CHF)	Note	31.12.2021	31.12.2020
Assets			
Current assets:			
• Cash and cash equivalents		21	7
• Receivables			
• from subsidiaries		102	82
• from third parties		9	8
• Current financial assets		25	23
• Other current assets			
• from subsidiaries		47	
• from third parties		10	15
Total current assets		**214**	**135**
Non-current assets:			
• Loans to subsidiaries, net		2,063	1,581
• Investments in subsidiaries, net	2	9,724	9,716
• Software and other intangible assets, net		33	40
• Fixed assets, net		1	1
• Non-current financial assets		10	7
• Other non-current assets		26	22
Total non-current assets		**11,857**	**11,367**
Total assets		**12,071**	**11,502**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Payables			
• to subsidiaries		20	19
• to third parties		22	16
• Other current liabilities		133	144
Total current liabilities		**175**	**179**
Non-current liabilities:			
• Long-term interest-bearing debt			
• from subsidiaries		7,549	7,197
• from third parties	4	325	325
• Other non-current liabilities		51	42
Total non-current liabilities		**7,925**	**7,564**
Total liabilities		**8,100**	**7,743**
Shareholders' equity			
Share capital		17	16
Statutory reserves from capital contribution	7	252	2
Statutory retained earnings	7	407	407
Voluntary retained earnings	7	3,470	3,431
Treasury shares	8	(175)	(97)
Total shareholders' equity		**3,971**	**3,759**
Total liabilities and shareholders' equity		**12,071**	**11,502**

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	2021	2020
Royalties and licence fees		405	358
Charges to affiliated companies		352	295
Dividends from subsidiaries		122	4
Interest income from subsidiaries		36	43
Interest income from third parties		22	8
Total income		**937**	**708**
Interest expense to subsidiaries		(23)	(26)
Interest expense to third parties		(11)	(8)
Salaries and social charges		(105)	(79)
Other expenses		(347)	(310)
Depreciation and amortisation		(24)	(24)
Change of provisions on loans and investments, net		(1)	(62)
Financial income/(expenses), net	12	2	45
Other income		41	12
Income before taxes		**469**	**256**
Direct taxes		(29)	(26)
Net income		**440**	**230**

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 2021, Adecco Group AG had on average 293 full-time employees. In 2020, Adecco Group AG had on average 244 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/liabilities

Current and non-current financial assets/liabilities contain foreign currency contracts, FX options 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 2021 and 31 December 2020, the investments in subsidiaries amount to CHF 10,627 and CHF 10,636, respectively, and are shown net of a provision of CHF 903 and CHF 920, respectively. In 2021, the net decrease of the provisions on investments of CHF 17 consists of an increase of provisions of CHF 29 and a release of provisions of CHF 46. In 2020, the net increase of the provisions on investments of CHF 22 consists of an increase of provisions of CHF 26 and a release of provisions of CHF 4.

Direct investments as of 31 December 2021 and 31 December 2020

			2021	2020
Country	Registered office	Name of legal entity	Ownership & voting power	Ownership & voting power
Andorra	Andorra la Vella	Adecco Recursos Humans SA	67%	67%
Argentina	Buenos Aires	Adecco Argentina SA	81%	81%
Australia	Melbourne	Adecco Holdings Pty Ltd	100%	100%
Austria	Vienna	Adecco Holding GmbH	100%	100%
Austria	Vienna	Tuja Holding GmbH	100%	100%
Belgium	Groot-Bijgaarden	Adecco Construct NV	100%	100%
Belgium	Groot-Bijgaarden	Adecco Personnel Services NV	100%	100%
Belgium	Groot-Bijgaarden	Adecco Professional Staffing NV	58%	58%
Belgium	Antwerp	Beeple NV	63%	63%
Bermuda	Hamilton	Adecco Reinsurance Company Limited[2]		100%
Brazil	São Paulo	Adecco Recursos Humanos S.A.	100%	100%
Bulgaria	Sofia	Adecco Bulgaria EOOD	100%	100%
Bulgaria	Sofia	Adecco Solutions EOOD[1]	100%	
Bulgaria	Sofia	Modis Bulgaria EOOD	100%	100%
Canada	Toronto, ON	Adecco Employment Services Limited	100%	100%
Croatia	Zagreb	Adecco d.o.o. za zaposljavanje[3]	33%	100%
Croatia	Zagreb	Adecco Outsourcing d.o.o.[3]	33%	100%
Czech Republic	Prague	Adecco EMEA Business Solutions S.R.O.	100%	100%
Czech Republic	Prague	Adecco SPOL. S.R.O.	100%	100%
Denmark	Copenhagen	Adecco A/S[1]	33%	
Finland	Helsinki	Adecco Finland Oy	100%	100%
France	Villeurbanne	Adecco Holding France	100%	100%
France	Villeurbanne	Adecco IT Services	100%	100%
Germany	Düsseldorf	Adecco Beteiligungs GmbH	100%	100%
Germany	Berlin	Adecco Group Technology Center GmbH	100%	100%
Greece	Athens	Adecco HR SATW	100%	100%
Hong Kong	Hong Kong	Lee Hecht Harrison HK Limited	100%	100%
Hungary	Budapest	Adecco Szemelyzeti Kozvetito Kft	100%	100%
India	Bangalore	Adecco India Private Limited	1%	1%
Indonesia	Jakarta	PT Pontoon Solutions Indonesia[1]	90%	
Japan	Tokyo	Adecco Ltd	100%	100%
Luxembourg	Bertrange	Adecco Luxembourg SA	100%	100%
Luxembourg	Luxembourg	Spring Professional Luxembourg SA	100%	100%
Luxembourg	Luxembourg	Alexandre Tic (Luxembourg) SA[2]		100%
Malaysia	Kuala Lumpur	Agensi Pekerjaan Spring Professional (Malaysia) Sdn. Bhd.	98%	49%
Malaysia	Kuala Lumpur	Adecco Asia Business Solutions Sdn. Bhd.	100%	100%
Mexico	Mexico City	Adecco Latam Business Solutions S.A. de C.V.	100%	100%
Mexico	Mexico City	Expertos en Actividades Agrícolas, S. de R.L. de C.V.[1]	100%	
Mexico	Mexico City	Expertos en Back Oficce, S. de R.L. de C.V.[1]	100%	
Mexico	Mexico City	Logisexpert, S. de R.L. de C.V.[1]	100%	
Mexico	Mexico City	Servicios de Subcontratación Especializada TI AG, S. de R.L. de C.V.[1]	100%	
Mexico	Mexico City	TAG la salud en tu empresa, S. de R.L. de C.V.[1]	100%	
Netherlands	Utrecht	Adecco International Financial Services BV	100%	100%
New Zealand	Auckland	Adecco NZ Ltd	100%	100%
Norway	Oslo	Adecco Group Norway AS	100%	100%

Notes to financial statements (continued)

in millions, except share and per share information

Country	Registered office	Name of legal entity	2021 Ownership & voting power	2020 Ownership & voting power
Poland	Warsaw	Adecco Poland Sp. z o.o.	100%	100%
Poland	Warsaw	Lee Hecht Harrison Polska 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%
Romania	Timisoara	Modis ITO SRL	99%	99%
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[3]	33%	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	Lausanne	Modis Switzerland S.A.[1]	100%	
Switzerland	Lucerne	Adecco Germany Holding Management S.A.	100%	100%
Switzerland	Lucerne	Adecco Invest S.A.	100%	100%
Switzerland	Zug	Adecco Group X AG	100%	100%
Switzerland	Zug	Adecco International AG	100%	100%
Switzerland	Zug	Modis International AG	100%	100%
Switzerland	Zurich	Adecco Liquidity Services AG	100%	100%
Switzerland	Zurich	Just in time staffing AG	100%	100%
Thailand	Bangkok	Adecco Bangna Limited	19%	19%
Thailand	Bangkok	Adecco Consulting Limited	48%	48%
Thailand	Bangkok	Adecco Eastern Seaboard Recruitment Limited	9%	9%
Thailand	Bangkok	Adecco Recruitment (Thailand) Limited	48%	48%
Thailand	Bangkok	Adecco New Petchburi Limited	48%	48%
Thailand	Bangkok	Adecco Phaholyothin Limited	8%	8%
Thailand	Bangkok	Adecco Praram 4 Recruitment Limited	48%	48%
Thailand	Bangkok	Spring Professional (Thailand) Limited	48%	48%
Turkey	Istanbul	Adecco Hizmet ve Danismanlik AS	0%	0%
United Kingdom	London	Tempfair Limited	23%	23%
USA	Wilmington, DE	Adecco, Inc	100%	100%
USA	San Francisco, CA	Locutus, Inc.	3%	3%
USA	Wilmington, DE	BH Acquisition Purchaser, Inc.	<1%	<1%
Vietnam	Ho Chi Minh City	CÔNG TY CỔ PHẦN ADECCO VIỆT NAM	100%	100%

[1] New company in 2021.
[2] Liquidated in 2021.
[3] Partially sold in 2021.

All significant indirect investments of Adecco Group AG are listed in the section "Major consolidated subsidiaries of the Adecco Group".

Note 3 – Payables to Adecco Pension Fund

Adecco Group AG has total payables to the Adecco Pension Fund of less than CHF 1 as of 31 December 2021 and less than CHF 1 as of 31 December 2020.

Note 4 – Long-term interest-bearing debt

The long-term debt issued by Adecco Group AG as of 31 December 2021 and 31 December 2020 consists of the following:

in CHF	Principal at maturity	Maturity	Fixed interest rate	31.12.2021	31.12.2020
5.5-year Swiss Franc fixed rate notes	CHF 225	2025	0.875%	225	225
8-year Swiss Franc fixed rate notes	CHF 100	2026	0.875%	100	100
Total long-term debt				325	325
Less current maturities					
Long-term debt, less current maturities				325	325

5.5-year Swiss Franc fixed rate notes due 2025

On 27 May 2020, Adecco Group AG issued CHF 225 fixed rate notes with a coupon of 0.875% due on 27 November 2025, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

8-year Swiss Franc fixed rate notes due 2026

On 18 September 2018, Adecco Group AG issued CHF 100 fixed rate notes with a coupon of 0.875% due on 18 September 2026, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

Note 5 – Lease commitments

Adecco Group AG has total lease commitments of CHF 15 as of 31 December 2021 of which CHF 2 are due within the next 12 months and CHF 13 are due after 12 months. Adecco Group AG has total lease commitments of CHF 3 as of 31 December 2020 of which CHF 1 are due within the next 12 months and CHF 2 are due after 12 months.

Note 6 – Contingent liabilities

The contingent liabilities including guarantees and letters of comfort amount to CHF 3,709 as of 31 December 2021 and to CHF 2,561 as of 31 December 2020.

Adecco Group AG has irrevocably and unconditionally guaranteed the 2039 notes of CHF 55 (JPY 7,000) and accrued interest of less than CHF 1, and the 2033 notes of CHF 48 (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 2082 subordinated notes of CHF 519 (EUR 500) and accrued interest of CHF 1, the 2031 notes of CHF 519 (EUR 500) and accrued interest of CHF 1, the 2030 notes of CHF 52 (NOK 500) and accrued interest of less than CHF 1, the 2029 notes of CHF 311 (EUR 300) and accrued interest of less than CHF 1, the 2028 notes of CHF 519 (EUR 500) and accrued interest of less than CHF 1, the 2024 notes of CHF 519 (EUR 500) and accrued interest of less than CHF 1, the 2022 notes of CHF 519 (EUR 500) and accrued interest of CHF 1.

Approximately CHF 606 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 38 relating to government requirements for operating a temporary staffing business and for operating leases of its subsidiaries, mainly in Europe.

Adecco Group AG is jointly and severally liable for the liabilities of the Swiss VAT group.

Notes to financial statements (continued)

in millions, except share and per share information

Note 7 – Shareholders' equity

Statutory reserves from capital contribution and voluntary retained earnings

Pursuant to Swiss tax legislation, the statutory reserves from capital contribution amounted to CHF 252 and CHF 2 as of 31 December 2021 and as of 31 December 2020, respectively. The balance of CHF 252 is pending confirmation by the Federal Tax Administration.

At the Annual General Meeting of Shareholders of Adecco Group AG held on 8 April 2021 (2021 AGM), the shareholders approved a dividend of CHF 2.50 per share outstanding in respect of the fiscal year 2020. The dividend of CHF 403 was directly distributed to shareholders from voluntary retained earnings in April 2021.

For 2021, the Board of Directors of Adecco Group AG will propose two dividends for a total of CHF 2.50 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders, whereas a dividend of CHF 1.25 shall be allocated from Adecco Group AG's statutory reserves from capital contribution to free reserves and subsequently distributed to shareholders and a dividend of CHF 1.25 shall be directly distributed from voluntary retained earnings.

Conditional capital

As of 31 December 2021, 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 1 September 2021, the Board of Directors resolved to increase the share capital by up to CHF 750,000 by issuing up to 7,500,000 registered shares at a nominal value of CHF 0.10 per registered share. On 8 September 2021 the Adecco Group AG issued 5,100,000 shares with a nominal value of CHF 0.10 raising a total of CHF 253. The existing shareholders' pre-emptive rights were excluded.

As of 31 December 2021, the Board of Directors is authorised, until 9 April 2023, to increase the share capital to a maximum of less than CHF 1 through the issuance of up to 3,056,200 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 8 April 2021 (2021 AGM).

As of 31 December 2020, the Board of Directors was authorised, until 30 April 2021, to increase the share capital to a maximum of CHF 1 through the issuance of up to 8,156,200 with a nominal value of CHF 0.10 per share, as approved by the shareholders at the Annual General Meeting of Shareholders of Adecco Group AG held on 16 April 2019 (2019 AGM).

Note 8 – Treasury shares

As of 31 December 2021 and 31 December 2020 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 2020	**75**	**1,261,325**	
Purchases	49	1,215,000	40
Share cancellation	(11)	(220,000)	49
Utilisation for stock-based compensation settlement	(16)	(276,556)	57
31 December 2020	**97**	**1,979,769**	
Purchases	13	229,884	55
Purchases over second trading line (share buyback)	89	1,424,388	63
Utilisation for stock-based compensation settlement	(24)	(491,296)	49
31 December 2021	**175**	**3,142,745**	

In 2021 and 2020, the number of treasury shares acquired by Adecco Group AG on the regular trading line amounted to 229,884 and 1,215,000, respectively. The highest and lowest price per share paid for the shares acquired in 2021 amounted to CHF 55 and CHF 55, respectively, and for the shares acquired in 2020 CHF 51 and CHF 32, respectively.

In 2021 and 2020, Adecco Group AG awarded 27,720 and 32,050 treasury shares, respectively, to the Board of Directors as part of their remuneration package (refer to section 8.4 "Remuneration of the Board of Directors for 2021 and shareholding as at 31 December 2021" in the Remuneration Report). In addition, in 2021 and 2020, 463,576 treasury shares and 244,506 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

As of 31 December 2021, the treasury shares, excluding those acquired on a second trading line with the aim of subsequently cancelling the shares and reducing share capital, are intended to be used for the settlement of the Company's long-term incentive plan (for further details refer to Note 12 of the Adecco Group consolidated financial statements) as well as for the Board of Directors' remuneration.

Adecco Group AG launched the following share buyback programme on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 600 announced in February 2020 (commenced in April 2021 and placed on hold in July 2021).

As of 31 December 2021 and 31 December 2020, Adecco Group AG held 1,424,388 shares and no shares, respectively, acquired under the share buyback programme. Adecco Group AG acquired 1,424,388 and no shares in 2021 and 2020, respectively under the share buyback programme. The highest and lowest price per share paid under the share buyback programme in 2021 amounted to CHF 67 and CHF 57.

The Board of Directors of Adecco Group AG will propose to the Annual General Meeting of Shareholders of 13 April 2022 a reduction of share capital through the cancellation of 1,424,388 shares repurchased under the EUR 600 share buyback programme.

Notes to financial statements (continued)

in millions, except share and per share information

Note 9 – Significant shareholders

Adecco Group AG has only registered shares. Not all shareholders register with Adecco Group AG's share register.

On 31 December 2021, BlackRock Inc.'s shareholding in Adecco Group AG remained above 5%. BlackRock Inc. held 8,477,910 shares as of 18 October 2019.

Silchester International Investors LLP's shareholding in Adecco Group AG increased to 5.01%. Silchester International Investors LLP held 8,428,125 shares as of 6 October 2021.

For further detailed information, refer to the links listed under section 1.2 "Significant shareholders" of the Corporate Governance Report.

Note 10 – Board of Directors and Executive Committee shareholdings

Board of Directors' shareholdings

Name and function	Shareholding as of 31 December 2021[1]	Shareholding as of 31 December 2020[1]
Jean-Christophe Deslarzes, Chair	35,328	18,461
Kathleen Taylor, Vice-Chair	16,122	13,310
Rachel Duan[2]	1,481	
Ariane Gorin	9,941	8,924
Alexander Gut	32,478	29,666
Didier Lamouche	13,198	12,386
David Prince	19,464	16,652
Regula Wallimann	10,027	7,215
Total	**138,039**	**106,614**

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.
2 Member of the Board of the Directors since 8 April 2021.

Executive Committee's shareholdings

Name	Shareholding as of 31 December 2021[1]	Shareholding as of 31 December 2020[1]
Alain Dehaze	95,841	70,010
Coram Williams	6,593	
Christophe Catoir	17,309	12,479
Sergio Picarelli[4]	35,301	28,400
Jan Gupta	1,500	
Valerie Beaulieu	1,713	
Stephan Howeg[4]	18,402	12,957
Gordana Landen	4,388	
Teppo Paavola		
Ralf Weissbeck[2]	2,458	
Enrique Sanchez[3]		17,837
Ian Lee[3]		
Corinne Ripoche[3]		1,843
Total	**183,505**	**143,526**

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.
2 Appointed as EC member as of January 2021.
3 Ceased to be a member of the EC in 2020.
4 Ceased to be a member of the EC in 2022.

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 2021, Adecco Group AG granted to the Executive Committee members employed by Adecco Group AG 153,122 treasury shares for CHF 8 and to other employees employed by Adecco Group AG 93,842 treasury shares for CHF 5 under the Adecco Group long-term incentive plan. In 2020, Adecco Group AG granted to the Executive Committee members employed by Adecco Group AG 147,888 treasury shares for CHF 4 and to other employees employed by Adecco Group AG 171,779 treasury shares for CHF 6 under the Adecco Group long-term incentive plan. For the total number of shares granted in 2021 and in 2020 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

	2021	2020
Foreign exchange gain	80	27
Foreign exchange loss	(39)	(41)
Gain/(loss) from Group hedging	(39)	59
Total	**2**	**45**

Note 13 – Subsequent events

The Company has evaluated subsequent events through 9 March 2022, the date the Adecco Group AG financial statements were available to be issued. On 23 February 2022, in connection with the AKKA Technologies purchase price agreement Adecco Group AG issued 1,626,772 new shares for the value of CHF 76 from authorised capital. No other significant events occurred subsequent to the balance sheet date, but prior to 9 March 2022, that would have a material impact on the financial statements.

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 Industrial Pty Ltd	100%	O	AUD	5
Australia	Melbourne	Modis Staffing Pty Ltd	100%	O	AUD	24,469
Belgium	Groot-Bijgaarden	Adecco Personnel Services NV[4]	100%	O	EUR	21,651
Canada	Toronto	Adecco Employment Services Limited[4]	100%	O	CAD	90,615
Canada	Toronto	Modis Canada Inc.	100%	O	CAD	14,884
Colombia	Bogotá	Adecco Colombia SA	100%	O	COP	111,700
France	Paris	LHH (Talent Solutions)	100%	O	EUR	19,437
France	Villeurbanne	Modis France	100%	O	EUR	17,126
France	Villeurbanne	Adecco Medical	100%	O	EUR	6,925
France	Villeurbanne	Adecco France	100%	O	EUR	89,472
France	Villeurbanne	Adecco Holding France[4]	100%	H	EUR	602,503
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
Germany	Düsseldorf	Adecco Beteiligungs GmbH[4]	100%	H	EUR	25
India	Bangalore	Adecco India Private Limited	100%	O	INR	23,806
Italy	Milan	Adecco Italia S.p.A.	100%	O	EUR	2,976
Japan	Tokyo	VSN, Inc.	100%	O	JPY	1,063,772
Japan	Tokyo	Adecco Ltd[4]	100%	O	JPY	5,562,863
Mexico	Mexico City	Entreprise Adecco, S.A. de C.V.	100%	O	MXN	101,854
Netherlands	Utrecht	Adecco Personeelsdiensten BV	100%	O	EUR	259
Netherlands	Utrecht	Adecco HR Solutions B.V.	100%	O	EUR	2
Netherlands	Utrecht	Adecco International Financial Services BV[4]	100%	F	EUR	2,500
Netherlands	Utrecht	Adecco Holding Europe BV	100%	H	EUR	18,807
Norway	Oslo	Adecco Norge AS	100%	O	NOK	51,000
Peru	Lima	Adecco Consulting SA	100%	O	PEN	2,219
Poland	Warsaw	Adecco Poland Sp. z o.o.[4]	100%	O	PLN	50
Portugal	Lisboa	Adecco Recursos Humanos - Empresa de	100%	O	EUR	1,925
Singapore	Singapore	Adecco Personnel Pte Ltd	100%	O	SGD	100
Spain	Madrid	Adecco TT SA Empresa de Trabajo Temporal	100%	O	EUR	1,759
Spain	Madrid	Adecco Outsourcing SA	100%	O	EUR	6,010
Sweden	Stockholm	Adecco Sweden AB[4]	100%	O	SEK	3,038
Switzerland	Lausanne	Adecco Ressources Humaines S.A.[4]	100%	O	CHF	5,795
Switzerland	Lucerne	Adecco Invest S.A.[4]	100%	H	CHF	100
Switzerland	Zurich	Adecco Liquidity Services AG[4]	100%	F	CHF	100
United Kingdom	London	Adecco UK Limited	100%	O	GBP	99,600
United Kingdom	London	Pontoon Europe Limited	100%	O	GBP	2,574
United Kingdom	London	Spring Technology Staffing Services Limited	100%	O	GBP	18,831
United Kingdom	London	Badenoch and Clark Limited	100%	O	GBP	4,004
United Kingdom	London	Olsten (U.K.) Holdings Ltd	100%	H	GBP	9,213
United States	Burlington, MA	Entegee, Inc.	100%	O	USD	n/a
United States	Jacksonville, FL	Modis, Inc.	100%	O	USD	n/a
United States	Jacksonville, FL	Modis E&T LLC[3]	100%	S	USD	n/a
United States	Jacksonville, FL	ADO Professional Solutions, Inc.	100%	O	USD	<1
United States	Wilmington, DE	Adecco USA, Inc	100%	O	USD	<1
United States	Wilmington, DE	Lee Hecht Harrison LLC[3]	100%	O	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
United States	Wilmington, DE	Adecco Financial Services (North America)	100%	S	USD	n/a
United States	Wilmington, DE	Adecco, Inc[4]	100%	H	USD	<1

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[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	2021	2020
Voluntary retained earnings		
Voluntary retained earnings of previous years	3,028	3,212
Net income	440	230
Share cancellation		(11)
Allocation from statutory reserves from capital contribution to voluntary retained earnings in connection with the share buyback	2	
Total available voluntary retained earnings	**3,470**	**3,431**
Dividend distribution of CHF 2.50 per share for 2020		(403)
Proposed dividend distribution of CHF 1.25 per share for 2021	(206)[1]	
Total voluntary retained earnings to be carried forward	**3,264**	**3,028**

In CHF	2021	2020
Statutory reserves from capital contribution		
Statutory reserves from capital contribution of previous years	2	2
Allocation from statutory reserves from capital contribution to voluntary retained earnings in connection with the share buyback	(2)	
Capital increase	252	
Total available statutory reserves from capital contribution	**252**	**2**
Proposed allocation from statutory reserves from capital contribution to free reserves and proposed dividend distribution of CHF 1.25 per share for 2021	(206)[1]	
Total statutory reserves from capital contribution to be carried forward	**46**	**2**

in CHF	2021	2020
Share capital		
Share capital from previous years	16	16
Share cancellation		(0)[2]
Capital increase	1	
Share capital, end of year	**17**	**16**

[1] This represents the amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) of 165,081,432 as of 31 December 2021.

[2] The total impact of the share cancellation was below half a million CHF.

As statutory auditor, we have audited the financial statements of Adecco Group AG, which comprise the balance sheet, statements of operations and notes (pages 156 to 167), for the year ended 31 December 2021.

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 2021 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 assessment of investments in subsidiaries

Area of focus

Adecco Group AG evaluates its investments in subsidiaries for recoverability annually and records an impairment loss when the carrying amount of such assets exceeds the recoverable amount.

In determining the recoverable amount of the investments, the Company must apply judgement in estimating, among other factors, future revenues and margins, multiples, long-term growth and discount rates, while taking into consideration the economic environment due to the Covid-19 pandemic.

Due to the significance of the carrying values for investments in subsidiaries and the judgement involved in performing the recoverability assessment, this matter was considered significant to our audit.

Our audit response

We evaluated the Company's controls over its annual recoverability assessment including controls around key assumptions applied. We involved valuation specialists to assist in examining the Company's use of certain key assumptions, including long-term growth rate and discount rates.

We evaluated the methodology applied and the reasonableness of the underlying assumptions and judgements by comparing certain key assumptions to corroborating external information such as economic outlooks.

We tested the calculations by checking the mathematical accuracy of the recoverability assessment model.

Our audit procedures did not lead to any reservations concerning the recoverability of investments in subsidiaries.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Jolanda Dolente	/s/ Marco Casal
Jolanda Dolente	**Marco Casal**
Licensed audit expert (Auditor in charge)	Licensed audit expert

Zürich, Switzerland
9 March 2022

Non-US GAAP information and financial measures

Non-US GAAP information and financial measures

The Company uses non-US GAAP financial measures for management purposes. The principal non-US GAAP financial measures discussed herein are constant currency, organic growth, EBITA, EBITA excluding one-offs, conversion ratio, free cash flow, cash conversion, net debt, net debt to EBITDA excluding one-offs, and dividend payout ratio, which are used in addition to, and in conjunction, with results presented in accordance with US GAAP.

The aforementioned non-US GAAP financial measures should not be relied upon to the exclusion of US GAAP financial measures, but rather reflect additional measures of comparability and means of viewing aspects of the Company's operations that, when viewed together with the US GAAP results, provide a more complete understanding of factors and trends affecting the Company's business.

Because non-US GAAP financial measures are not standardised, it may not be possible to compare the Company's measures with other companies' non-US GAAP financial measures having the same or a similar name. Management encourages investors to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Bill rate

An average hourly billing rate for temporary staffing services indicating current price levels.

Pay rate

An average hourly payroll rate including social charges for temporary staffing services, indicating current costs.

Constant currency

Constant currency comparisons are calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate. Management believes that constant currency comparisons are important supplemental information because these comparisons exclude the impact of changes in foreign currency exchange rates, which are outside the Company's control, and focus on the underlying growth and performance.

Organic growth

Organic growth figures exclude the impact of currency, acquisitions, and divestitures. Management believes that organic growth comparisons are important supplemental information because these comparisons exclude the impact of changes resulting from foreign currency exchange rate fluctuations, acquisitions, and divestitures.

EBITA

EBITA refers to operating income before amortisation and impairment of goodwill and intangible assets. Management believes that EBITA is important supplemental information because it focuses on the underlying growth and performance of the Company's business.

EBITA excluding one-offs

EBITA excluding one-offs refers to EBITA adjusted for items impacting comparability. Management believes that EBITA excluding one-offs is important supplemental information because it excludes the effect of items that are not expected to recur in future periods, and therefore shows more clearly the underlying performance of the Company's business.

EBITDA

EBITDA refers to operating income before amortisation and impairment of goodwill and intangible assets and depreciation. Management believes that EBITDA is important supplemental information because it focuses on the underlying growth and performance of the Company's business excluding non-cash charges.

EBITDA excluding one-offs

EBITDA excluding one-offs refers to EBITDA adjusted for items impacting comparability. Management believes that EBITDA excluding one-offs is important supplemental information because it excludes the effect of items that are not expected to recur in future periods, and therefore shows more clearly the underlying performance of the Company's business excluding non-recurring charges.

Conversion ratio

EBITA as a percentage of gross profit. Management believes that the conversion ratio is important supplemental information because this ratio displays the efficiency with which gross profit is converted to EBITA. The Company uses this metric to manage productivity and profitability.

Free cash flow (FCF)

FCF comprises cash flow from operating activities less capital expenditures. Management believes that FCF is important supplemental information because it represents the cash generated by the Company after the investments in assets necessary to support existing business activities and to pursue internal growth opportunities.

Cash conversion

Cash conversion is calculated as free cash flow before interest and tax paid (FCFBIT) divided by EBITA excluding one-offs. Management believes that cash conversion is important supplemental information because this represents how much underlying operating profit is converted into cash flows of the Company before the impact of interest and taxes paid.

Days sales outstanding (DSO)

Accounts receivable turnover. Management believes that DSO is important supplemental information as it represents the average time taken to collect accounts receivable.

Net debt

Net debt comprises short-term and long-term debt less cash and cash equivalents and short-term investments. Management believes that net debt is important supplemental information because this is one metric the Company uses to monitor outstanding debt obligations.

Net debt to EBITDA excluding one-offs

Management believes that net debt to EBITDA excluding one-offs is important supplemental information because it is one metric the Company uses to monitor its ability to meet outstanding debt obligations.

Dividend payout ratio

Dividend payout ratio refers to the percentage of adjusted net earnings per share paid to shareholders in dividends. Management believes that dividend payout ratio is important supplemental information because it represents the percentage of the Company's annual profits being paid out to shareholders in the form of an ordinary dividend.

Invested capital

Invested capital includes Intangible assets (gross), Property, equipment, and leasehold improvements, Operating lease right-of-use assets, Net working capital excluding cash (Trade accounts receivable and Other current assets, less Accounts payable and accrued expenses), Other assets (non-current), and Goodwill, adjusted for Goodwill impairments after 1 January 2021. Management believes that invested capital is important supplemental information because it defines what capital the Company considers in its calculation of ROIC.

Return on Invested Capital (ROIC)

ROIC is defined as the rolling four quarter EBITA excluding one-offs divided by the rolling four quarter average of invested capital. Management believes that ROIC is important supplemental information because it is one of the metrics the Company uses to assess the value created from its investments.

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. Today, the Group is a global leader in talent services.

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 further strengthen the Company's presence in highly skilled, specialised fields. Also, moves are made into socially related programmes for mature workers in the USA, promoting the benefits of temporary work for retirees and the value for companies of tapping into their experience, skills and dedication. In 1991, recognising the importance of the industry's role in job creation and its growth potential, Klaus J. Jacobs invests in Adia on the way to becoming its majority shareholder.

1996

Adia and Ecco merge to form the Adecco Group. Two of the world's top three personnel services firms, with complementary geographical profiles, merge to form a strong global leader with annualised revenues of over EUR 5.4 billion. Operations are combined to form a global network of 2,500 branches. The new company has an exceptional range and quality of services. The core staffing business places around 250,000 people in work each day.

1997–2000

The 1997 acquisition of TAD Resources International strengthens the Adecco Group's technical and IT staffing business in the USA. In 2000, the Adecco Group acquires the IT and general staffing business of the Olsten Corporation to become the no. 1 staffing services business in the USA and worldwide leader in the IT sector. The merged companies' revenues reach over EUR 11.6 billion, reflecting organic growth and successful acquisitions. Partnerships with Monster.com and Jobs.com mark the Adecco Group's intent to be at the forefront of harnessing the web in the recruitment process.

2002

To keep at the forefront of the trend towards increasing demand for professional and expert services, the Adecco Group consolidates its business under three operating divisions: Adecco Staffing; Ajilon Staffing/Managed Services; and Career Services/e-Business. Legislative change in Germany creates a more favourable environment for the growth of temporary staffing, reflecting greater acceptance of the industry's positive role in generating employment and economic growth.

2004

The acquisition of PeopleOne Consulting in India signals the Adecco Group's commitment to play a leading role in the industry's development in the emerging markets. As a result of the delay in the audit of the 2003 financial statements in early 2004, the Adecco Group strengthens its financial reporting and governance structure.

2005–2006

In 2005, Klaus J. Jacobs assumes the Chair 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 Chair 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 Chair of the Board. Patrick De Maeseneire becomes Chief Executive Officer. The Adecco Group acquires Spring Group in the UK, bolstering the Adecco Group's UK professional and general staffing business.

2010

The acquisition of MPS Group, a leading professional staffing firm based in the USA, is completed. With MPS' strength in North America and the UK, the Adecco Group also becomes the world leader in professional staffing.

The Adecco Group sets up a joint venture in Shanghai with leading Chinese HR services company Fesco. FESCO Adecco begins operations on 1 January 2011, with over 100,000 associates and a well-established local and multinational client base.

2011

The Adecco Group acquires US-based Drake Beam Morin Inc., taking the worldwide lead in career transition and talent development services.

2012

The Adecco Group acquires VSN Inc., a leading provider of professional staffing services in Japan. The acquisition expands the professional staffing exposure in the world's second-largest staffing market.

Henri-Ferdinand Lavanchy, the founder of Adia, passes away.

2014

The Adecco Group acquires OnForce to expand its Beeline service offering, creating a unique integrated solution for managing contingent workforces.

The Jacobs Group sells the vast majority of its 18% stake in the Adecco Group.

2015

Alain Dehaze is appointed Chief Executive Officer. The Adecco Group announces a new composition of the Executive Committee.

The Adecco Group acquires Knightsbridge Human Capital Solutions, the market leader in career transition, talent and leadership development, and recruitment services in Canada.

2016

The Adecco Group acquires Penna Consulting Plc, the UK market leader in career transition, talent and leadership development and recruitment services, as well as D4, LLC, a leader in eDiscovery litigation support.

The Adecco Group deconsolidates Beeline upon its merger with IQNavigator, which brings together two of the world's leading providers of Vendor Management Systems.

2017

The Adecco Group launches Adia, a 'recruitment-on-demand' platform for temporary staffing, and freelancer platform YOSS.

The Adecco Group acquires Mullin International, strengthening its career transition services, and BioBridges, enhancing its position in life sciences professional recruitment.

2018

The Adecco Group acquires Vettery, a US-based talent recruitment platform, built to connect top employers with tech, sales and finance talent. In addition, the Adecco Group acquires General Assembly, a pioneer in education and career transformation, focusing on in-demand digital skills. With General Assembly the Adecco Group broadens its portfolio of brands and services, creating a 360° ecosystem and the most comprehensive offering in the HR solutions industry.

The Adecco Group divests its remaining stake in IQN/Beeline Holdings, LLC.

2019

The Adecco Group divests Soliant Health Inc. to concentrate on globally scalable brands and digital solutions. FESCO Adecco investments become integral to the Adecco Group.

2020

The Adecco Group announces its new strategy called Future@Work with three distinct Global Business Units: Adecco, Talent Solutions and Modis.

2021

The Future@Work strategy is launched as the three Global Business Units begin operation. Talent Solutions Global Business Unit announces it will re-brand under the LHH banner globally.

In July, the Company announces the acquisition of AKKA Technologies, and its intention to combine the business with its Modis Global Business Unit, creating the global number two in tech and engineering R&D services, serving Smart Industry. Also in July, Philippe Foriel-Destezet, the founder of Ecco and Honorary President of the Adecco Group, passes away.

In October, the Group acquires BPI Group, enhancing LHH (Talent Solutions)'s HR consulting and advisory offering in France. In the same month, the Group acquires QAPA, the number two provider of fully digital workforce solutions in France, to complement the Adecco Global Business Unit's existing omnichannel and value-added services strategy.

Key figures

in EUR millions unless stated	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues	**20,949**	19,561	23,427	23,867	23,660	22,708	22,010	20,000	19,503	20,536
Gross profit	**4,281**	3,789	4,504	4,433	4,346	4,276	4,179	3,703	3,560	3,674
EBITA excluding one-offs	**953**	709	1,069	1,080	1,158	1,134	1,152	966	857	817
EBITA	**881**	570	988	987	1,151	1,098	1,086	929	824	729
Net income/(loss) attributable to Adecco Group shareholders	**586**	(98)	727	458	788	723	8	638	557	377
Basic EPS (EUR)	**3.62**	(0.61)	4.48	2.77	4.67	4.24	0.05	3.62	3.09	2.00
Diluted EPS (EUR)	**3.60**	(0.61)	4.47	2.77	4.66	4.24	0.05	3.61	3.08	2.00
Dividend per share (CHF)	**2.50** [1]	2.50	2.50	2.50	2.50	2.40	2.40	2.10	2.00	1.80
EBITDA excluding one-offs	**1,069**	837	1,176	1,166	1,235	1,219	1,246	1,058	958	920
EBITDA	**997**	698	1,095	1,073	1,228	1,183	1,180	1,021	925	832
Cash flow from operating activities	**722**	720	880	727	737	694	797	771	531	565
Free cash flow before interest and tax paid	**795**	873	999	903	939	941	993	999	695	799
Free cash flow	**590**	563	724	569	637	618	700	691	450	477
Net debt	**48**	376	398	1,124	994	887	1,039	971	1,091	967
Shareholders' equity	**3,800**	3,218	3,948	3,589	3,582	3,722	3,346	3,839	3,557	3,699
Organic revenue growth	**9%**	-14%	-3%	3%	6%	4%	4%	4%	-1%	-4%
Gross margin	**20.4%**	19.4%	19.2%	18.6%	18.4%	18.8%	19.0%	18.5%	18.3%	17.9%
SG&A as % of revenues	**16.3%**	16.6%	15.0%	14.4%	13.5%	14.0%	14.1%	13.9%	14.0%	14.4%
EBITA margin excluding one-offs	**4.6%**	3.6%	4.6%	4.5%	4.9%	5.0%	5.2%	4.8%	4.4%	4.0%
EBITA margin	**4.2%**	2.9%	4.2%	4.1%	4.9%	4.8%	4.9%	4.6%	4.2%	3.5%
Dividend payout ratio	**56%**	82%	52%	48%	46%	50%	45%	49%	47%	49%
Average number of FTE employees	**32,625**	30,264	34,662	35,104	33,787	33,391	32,266	31,576	31,329	32,987
Days sales outstanding	**51**	52	53	53	52	52	52	53	54	54
Cash conversion	**83%**	123%	93%	84%	81%	83%	86%	103%	81%	98%
Net debt/EBITDA excluding one-offs	**0.0x**	0.4x	0.3x	1.0x	0.8x	0.7x	0.8x	0.9x	1.1x	1.1x
Basic weighted-average shares (millions)	**162.1**	161.4	162.2	165.4	168.7	170.3	172.5	176.3	180.5	188.4
Diluted weighted-average shares (millions)	**162.7**	162.0	162.5	165.7	169.1	170.5	172.7	176.6	180.8	188.6
Shares outstanding at year-end (millions)	**165.1**	161.1	162.1	163.6	165.8	170.3	170.3	173.4	178.1	184.6
In CHF, at year-end:										
Share price	**46.60**	59.16	61.22	45.93	74.55	66.65	68.90	68.85	70.60	48.04
Market capitalisation (millions)[2]	**7,839**	9,650	10,000	7,651	12,760	11,408	12,021	12,330	13,362	9,092
Enterprise value (millions)[3,4]	**7,889**	10,055	10,434	8,916	13,923	12,357	13,154	13,495	14,704	10,262
In EUR[4], at year-end:										
Share price	**44.92**	54.78	56.17	40.81	63.72	62.29	63.21	57.37	57.40	39.70
Market capitalisation (millions)[2,4]	**7,556**	8,936	9,174	6,798	10,906	10,662	11,028	10,275	10,863	7,514
Enterprise value (millions)[3,4]	**7,604**	9,311	9,572	7,922	11,900	11,549	12,067	11,246	11,954	8,481

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
2021: 1.04; 2020: 1.08; 2019: 1.09; 2018: 1.13; 2017: 1.17; 2016: 1.07; 2015: 1.09; 2014: 1.20; 2013: 1.23 and 2012: 1.21.

'Digital Nomads' – For more information on this artwork, head to pages 181-185

Non-financial reporting index

At the Adecco Group, we have a long-standing commitment to reporting on our progress, demonstrating how we contribute towards creating more prosperous, fulfilled societies and a more sustainable relationship with our planet.

We have published a standalone Sustainability Report since 2008 and have included relevant elements in the Annual Report ever since. This builds on the recognition that companies that hold themselves accountable to their stakeholders and increase transparency will be more viable – and valuable – in the long term. To reflect our integrated approach to sustainability and holistic understanding of stakeholder value creation, since the 2019 Annual Report we have folded the Sustainability Report completely into the Annual Report.

To help our stakeholders find the information relevant to them, we have prepared this content index, providing references to the following recognised frameworks and standards:

- The Sustainability Reporting Standards 2020 of the Global Reporting Initiative (GRI) – an independent organisation that helps businesses worldwide communicate their impact on critical sustainability issues.
- The Stakeholder Capitalism Metrics framework (SCM) – sponsored by the World Economic Forum's International Business Council, this framework provides a core set of metrics and disclosures intended to align mainstream reporting on performance against ESG indicators with the aim of bringing greater comparability and consistency to ESG reporting.
- The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) – created by the Financial Stability Board with the intention to enable financial markets to have access to clear, comprehensive, high-quality information on the impacts of climate change.
- The Sustainability Accounting Standards Board framework for the professional & commercial services industry (SASB) – a guide that identifies the subset of ESG issues most material to financial performance in each industry.
- The UN Global Compact (UNGC) – a voluntary initiative based on CEO commitments to align strategies and operations with ten universal principles on human rights, labour, environment, and anti-corruption, and take actions that advance societal goals. Our integrated Annual Report serves as Communication on Progress towards the UNGC.
- The United Nations Sustainable Development Goals (SDG) – adopted by all United Nations Member States to provide a shared blueprint for peace and prosperity for people and the planet, now and into the future.

We believe these disclosures provide a reasonable representation of the Adecco Group's contributions towards sustainable development without yet adhering to all the standards in their entirety. We remain committed to continuously strengthening what we measure and disclose in line with evolving expectations and regulation and in conversation with key stakeholders.

This content index refers to information disclosed in several locations and formats, mainly the Adecco Group Annual Report 2021 ('AR'), our 2021 CDP submission ('CDP'), as well as on our website www.adeccogroup.com/sustainability (🌐).

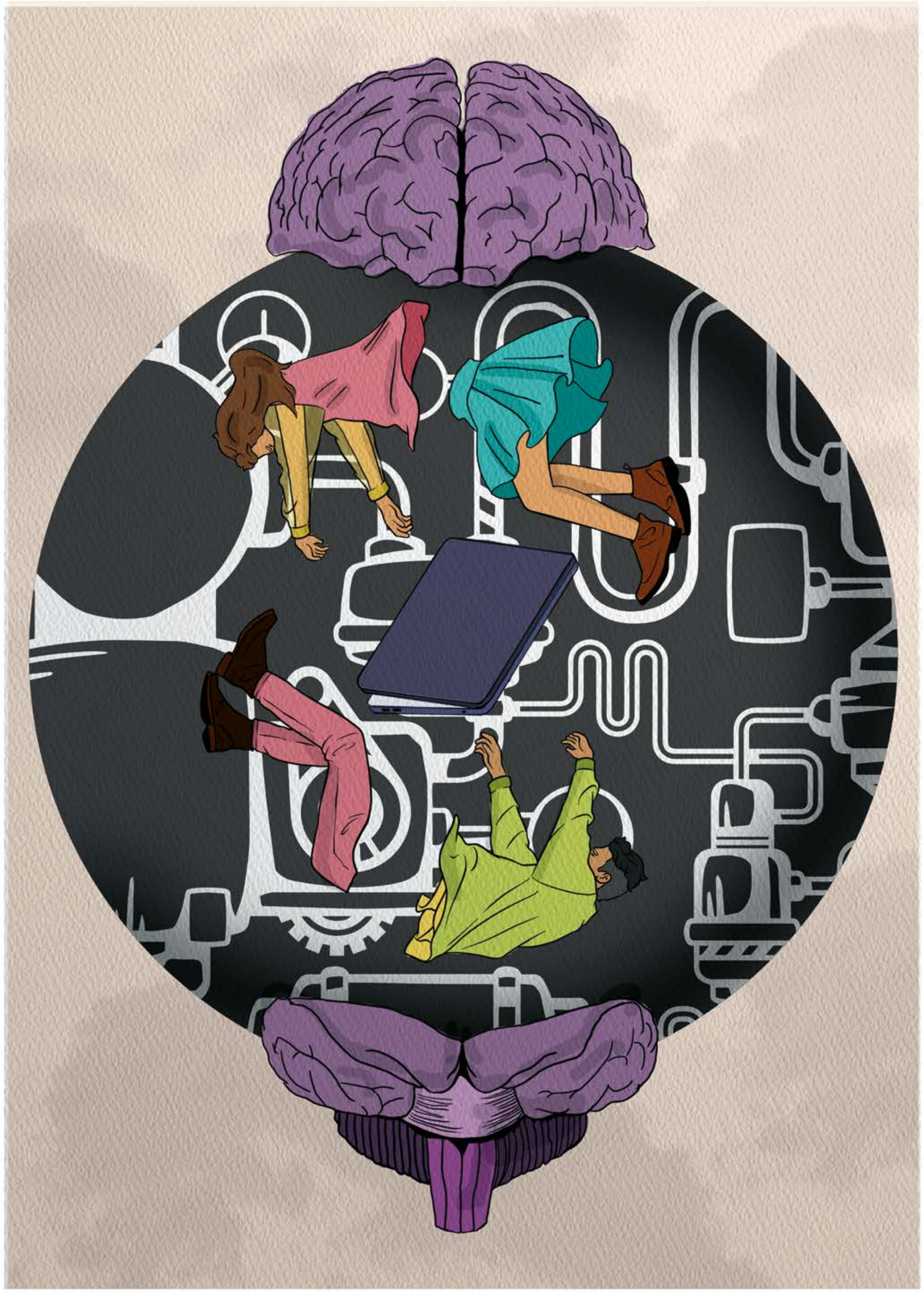
Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
General disclosures				
1. Organisational profile				
GRI 102-1	Name of the organisation			AR Cover, 66
GRI 102-2	Activities, brands, products, and services		1, 4, 8, 10	AR 10-11, 14, 66, 116, 121-122
GRI 102-3	Location of headquarters			AR 66
GRI 102-4	Location of operations			AR 11, 116, 121-122, 159-160, 166
GRI 102-5	Ownership and legal form			AR 66-67
GRI 102-6	Markets served			AR 11, 116, 121-122, 159-160, 166
GRI 102-7	Scale of the organisation			AR 4, 51-53, 55-57
GRI 102-8 SASB SV-PS-000.A	Information on employees and other workers		8, 10	AR 4, 21, 57
GRI 102-10	Significant changes to the organisation			AR 14, 35-36, 59, 122-123, 125, 152
GRI 102-11	Precautionary principle or approach			AR 62-63, 47-48
GRI 102-12	External initiatives	1-6	3, 4, 5, 8, 10, 17	AR 9, 21, 44-46 🌐
GRI 102-13	Membership of associations	1-6	3, 4, 5, 8, 10, 17	AR 21, 46 🌐

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
2. Strategy				
GRI 102-14	Statement from senior decision-maker			AR 6-9
GRI 102-15 SCM TCFD Sa-b, Ra-c	Key impacts, risks and opportunities	1-6, 8-10	3, 4, 5, 8, 10, 13, 17	AR 6, 9, 11, 22-23, 25, 39, 45-48, 62-63 🌐 CDP
3. Ethics and integrity				
GRI 102-16 SASB SV-PS-510a.1	Values, principles, standards, and norms of behaviour	1-6, 8, 10	16	AR 15, 20, 39, 42-44 🌐
GRI 102-17 SCM	Mechanisms for advice and concerns about ethics	1-6, 10	16	AR 20, 42-43 🌐
4. Governance				
GRI 102-18	Governance structure		16	AR 40, 69-80
GRI 102-19	Delegating authority			AR 40, 72-75
GRI 102-20 TCFD Gb	Executive-level responsibility for economic, environmental, and social topics		16	AR 40, 72-75 🌐
GRI 102-21 SCM	Consulting stakeholders on economic, environmental, and social topics		16	AR 8, 18, 42-44, 46 🌐
GRI 102-22 SCM	Composition of the highest governance body and its committees		5, 16	AR 69-75
GRI 102-23	Chair of the highest governance body		16	AR 70, 72
GRI 102-24	Nominating and selecting the highest governance body		5, 16	AR 72, 74
GRI 102-25	Conflicts of interest		16	AR 72
GRI 102-26 SCM TCFD Ga	Role of highest governance body in setting purpose, values, and strategy		16	AR 40, 72-75 🌐
GRI 102-27	Collective knowledge of highest governance body			AR 72-73
GRI 102-28	Evaluating the highest governance body's performance		16	AR 73-74
GRI 102-29 TCFD Sa-b, Ra-b	Identifying and managing economic, environmental, and social impacts		16	AR 40, 72-75 🌐
GRI 102-30	Effectiveness of risk management processes		16	AR 40, 62-63, 152 🌐
GRI 102-31	Review of economic, environmental, and social topics			AR 72, 74
GRI 102-32	Highest governance body's role in sustainability reporting			AR 40, 74
GRI 102-33	Communicating critical concerns	1-6, 10	8, 16	AR 43, 58, 74 🌐
GRI 102-34	Nature and total number of critical concerns			AR 43
GRI 102-35 SCM	Remuneration policies			AR 85-100, 104
GRI 102-36	Process for determining remuneration			AR 85-100, 104
GRI 102-37	Stakeholders' involvement in remuneration		16	AR 89-91

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
5. Stakeholder engagement				
GRI 102-40	List of stakeholder groups			AR 23, 62-63 🌐
GRI 102-42	Identifying and selecting stakeholders			AR 22-23, 62-63 🌐
GRI 102-43 SCM	Approach to stakeholder engagement			AR 8, 18, 22-23, 42-44, 46, 62-63, 74 🌐
GRI 102-44	Key topics and concerns raised			AR 8, 18, 42-44
6. Reporting practice				
GRI 102-45	Entities included in the consolidated financial statements			AR 116
GRI 102-46	Defining report content and topic boundaries			AR 10-11, 39-40, 116
GRI 102-47 SCM	List of material topics	1-10	1, 3, 4, 5, 8, 10, 13	AR 39, 42, 62-63 🌐
GRI 102-48	Restatements of information			AR 49, 57, 120
GRI 102-49	Changes in reporting			No significant changes were made in the list of material topics and/or topic boundaries
GRI 102-50	Reporting period			1 January-31 December 2021
GRI 102-51	Date of most recent report			Published on 16 March 2021
GRI 102-52	Reporting cycle			Annual
GRI 102-53	Contact point for questions regarding the report			AR 188
GRI 102-54	Claims of reporting in accordance with the GRI Standards			AR 175
GRI 102-55	GRI content index			AR 175-179
GRI 102-56	External assurance			AR 107, 153-155, 168-169
Management approach				
GRI 103-1	Explanation of the material topic and its boundary	1-10		AR 39, 42-44, 46-49, 62-63 🌐
GRI 103-2	The management approach and its components	1-10		AR 39-40, 42-44, 46-49, 62-63 🌐
GRI 103-3	Evaluation of the management approach	1-10		AR 39-40, 42-44, 46-49, 62-63, 74 🌐
Economic performance				
GRI 201-1 SCM	Direct economic value generated and distributed		1, 4, 8, 10	AR 4, 18, 42, 51-52, 55-56, 59, 109-111, 121-122, 125,
GRI 201-2 TCFD Sa-b, Ra-b	Financial implications and other risks and opportunities due to climate change	7-9	13	AR 47-49 CDP 🌐
GRI 201-3	Defined benefit plan obligations and other retirement plans			AR 135-139
GRI 201-4 SCM	Financial assistance received from government			AR 117, 120

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
Indirect economic impacts				
GRI 203-2 SCM	Significant indirect economic impacts	6, 8	1, 3, 4, 5, 8, 10	AR 9, 44-45, 48 🌐
Anti-corruption				
GRI 205-1	Operations assessed for risks related to corruption	10	16	AR 42 🌐
GRI 205-2 SCM	Communication and training about anti-corruption policies and procedures	10	16	AR 42 🌐
GRI 205-3 SCM	Confirmed incidents of corruption and actions taken	10	16	AR 43
Tax				
GRI 207-1	Approach to tax		1, 10, 17	AR 42, 83, 119, 145-148
GRI 207-2	Tax governance, control, and risk management		1, 10, 17	AR 74, 83, 119
GRI 207-3	Stakeholder engagement and management of concerns related to tax		1, 10, 17	AR 83
GRI 207-4 SCM	Country-by-country reporting		1, 10, 17	AR 83
Energy				
GRI 302-1	Energy consumption within the organisation	7, 8	7, 8, 12, 13	CDP
GRI 302-2	Energy consumption outside of the organisation	7, 8	7, 8, 12, 13	CDP
GRI 302-3 TCFD Mc)	Energy intensity	7, 8	7, 8, 12, 13	AR 48-49 CDP
GRI 302-4 TCFD Mc)	Reduction of energy consumption	7, 8	7, 8, 12, 13	CDP
GRI 302-5	Reductions in energy requirements of products and services	7-9	7, 8, 12, 13	CDP
Emissions				
GRI 305-1 SCM TCFD Mb	Direct (Scope 1) GHG emissions	8	3, 12, 13	AR 48-49 CDP 🌐
GRI 305-2 SCM TCFD Mb	Energy indirect (Scope 2) GHG emissions	8	3, 12, 13	AR 48-49 CDP 🌐
GRI 305-3 SCM TCFD Mb	Other indirect (Scope 3) GHG emissions	8	3, 12, 13	AR 48-49 CDP 🌐
GRI 305-4 TCFD Mc	GHG emissions intensity	8	12, 13	AR 48-49 CDP 🌐
GRI 305-5 TCFD Mc	Reduction of GHG emissions	8	12, 13	AR 48-49 CDP 🌐
SCM TCFD Mc	Paris-aligned GHG emissions targets	7, 8	13	AR 48 CDP 🌐

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
Environmental compliance				
GRI 307-1	Non-compliance with environmental laws and regulations	8	16	We are not aware of any non-compliance with environmental laws and/or regulations within our operations.
Employment				
GRI 401-1 SCM SASB SV-PS-330a.2	New employee hires and employee turnover	6	5, 8, 10	AR 21, 57
SASB SV-PS-330a.3	Voluntary and involuntary turnover	6	5, 8, 10	AR 21, 57
Occupational health and safety				
GRI 403-1	Occupational health and safety management system	1	3, 8	AR 18, 44 🌐
GRI 403-2	Hazard identification, risk assessment, and incident investigation	1	3, 8	AR 18, 44
GRI 403-3	Occupational health services	1	3, 8	AR 18, 44
GRI 403-5	Worker training on occupational health and safety	1	3, 8	AR 18, 44 🌐
GRI 403-6 SCM	Promotion of worker health	1	3, 8	AR 18, 44 🌐
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2	3, 8	AR 44 🌐
Training and education				
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes		4, 8, 10	AR 4, 9, 10-11, 19, 25, 31, 47-48
Diversity and equal opportunity				
GRI 405-1 SCM SASB SV-PS-330a.1	Diversity of governance bodies and employees	6	5, 8	AR 20-21, 69-71, 74, 76-79
Non-discrimination				
GRI 406-1 SCM	Incidents of discrimination and corrective actions taken	6	5, 8	AR 43-44
Human rights assessment				
GRI 412-1 SCM	Operations that have been subject to human rights reviews or impact assessments	1, 2	16	AR 44
GRI 412-2	Employee training on human rights policies or procedures	1, 2	16	AR 42-44
Local communities				
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes		4, 8, 10, 17	🌐
Public policy				
GRI 415-1 SCM	Political contributions	10	16	🌐
Data security				
SASB SV-PS-230a.1-3	Description of approach to identifying and addressing data security risks and related policies and practices		16	AR 63 🌐



'Falling into the Future' – For more information on this artwork, head to pages 181-185

Personal impressions. The future of work and 2021

Our Online Art Gallery
www.adeccogroup.com/investors/annual-report/art-gallery/

For many of us, 2021 was characterised by new and sometimes challenging ways of working.

We had to adapt to the stop-start disruption of Covid-19 lockdowns, followed by periods of release and fewer restrictions – only to have to lockdown again as a new variant appeared. Some people could not work remotely, some wished they didn't have to. At one and the same time, the Adecco Group embarked on the first year of its Future@Work strategy and transformation.

To capture this Zeitgeist, we asked our global creative team for their interpretation of 2021 and the Future@Work theme.

Our artists and designers rose to our challenge and delivered a range of images and designs that are personal to them, their experience of 2021 and of their take on Future@Work.

How we experience the world of work is different for us all. We are grateful our colleagues have the talent to create their visualisation of this demanding artistic brief.

We'd also like to thank them all for generously sharing their striking and thought-provoking images – which were all created as they continued to deliver graphics and design projects for the Group, during their normal busy schedules.

◀ Cover

Jacob Keeler
English, 1970
Global Creative Team – Marketing

'Enter, Return'
Photoshop collage

We can't look into the future without seeing ourselves. We all enter a path into the unknown and along the way we experience things and meet others. The future of work will be driven by social trends and advancements in tech, but let's hope not to the detriment of the environment. Let's not forget to dream!

Instagram: @cobber70
Portfolio: www.jakekeeler.myportfolio.com
Email: jacob.keeler@adeccogroup.com

◀ p.3

Vojtěch Antonín Kamas
Czech, 1990
Global Creative Team – Marketing

'My workplace, my choice'
Blender 3.1, Cycles render and colour correction in Photoshop

I built this 3D scene with a fresh spin on the Adecco Group logo, rendering my vision of a green future and freedom of workplace.

Instagram: @v.a.kamas
Portfolio: v.kamas.cz
Email: vojtech.kamas@adeccogroup.com

◀ p.5

Jonathan de la Mora
Mexican, 1983
Global Creative Team – Marketing

'The Creation-19'
Photomontage

"The creation-19" is a piece that marks the beginning of a new post-pandemic reality, where digital automation will be given life and integrate into our lives and influence the way we work.

Instagram: @jonhdelamora
Portfolio: behance.net/jonhdelamora
Email: jonathan.delamora@adeccogroup.com

◀ p.12

Atanas Milanov
Bulgarian, 1992
Global Creative Team – Marketing

'TAG Prisma'
Skeuomorphs, unity

Showcasing the colours of the future through a prism inspired by the Adecco Group's graphic symbol silhouette.

Instagram: milanov.design
Portfolio: behance.com/milanov
Email: atanas.milanov@adeccogroup.com

◀ p.24

Simon Culdaut
French, 1984
Global Creative Team – Marketing

'The Way'
Photoshop

Lots of things will change in the future; we cannot have total control on the external factors... So a team must focus and create their own happiness and make working together a happy experience. Whatever will happen in the future, work experience will still be defined by the people you are working with, and the way you interact with them.

Instagram: @mangevigne
Email: simon.culdaut@adeccogroup.com

◀ p.29

Alejandro Gabino
Mexican, 1990
Global Creative Team – Marketing

'Sharing the Future'
Photomontage

One of the biggest things to explode during this pandemic has been the rise of the "Shared Economy". It has aligned itself to be the future of how we purchase things but also it has been beneficial as an example of the future at work. My work represents three main attributes of this multi-dollar concept, from the companies who participate to what the future holds.

Portfolio: behance.net/algave
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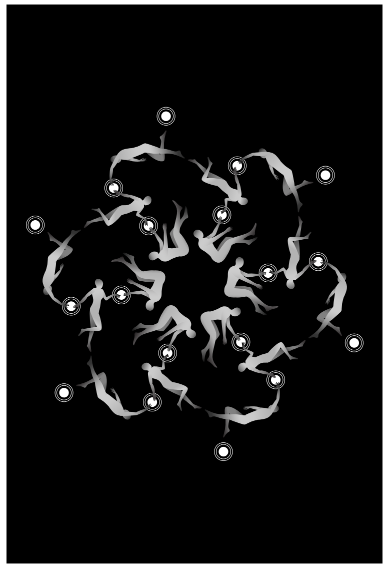


◀ p.33

Nathan Tolley
American, 1976
Global Creative Team – Marketing

'The Labor of Cost'
Vector illustration, Illustrator

Looking past the near future, what does work look like?

A fearful symmetry of consumable cogs feeding the machine, or a hyper-connected exchange of thoughts and ideas to brighten the path ahead. Is it a vertigo of expendable talent and tightening profit margins, or a synchronous dance of collaborative progress and growth?

Portfolio: www.thomasnathantolley.com
Email: nathan.tolley@lhh.com

◀ p.38

Alexandre Espinosa
British/Mexican, 1984
Global Creative Team – Marketing

'Today & Tomorrow'
Photomontage

These last two years have accelerated our digital interaction, thus paving the way to a whole new World. This piece explores a colourful intake into a future where innovation is a must.

Email: alexandre.espinosa@adeccogroup.com

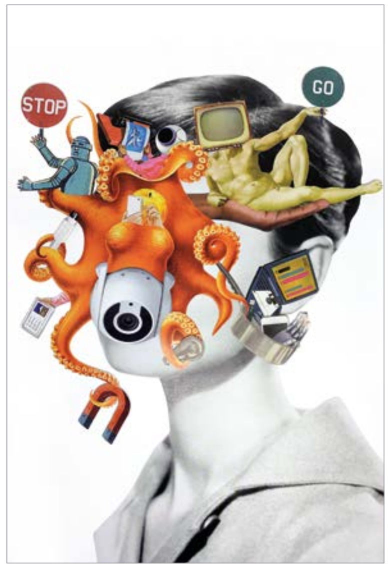
◀ p.41

Nuria Martinez
Spanish, 1995
Global Creative Team – Marketing

'Virtual Root'
Vector illustration combined with image

This represents the connection between the digital and natural world, and how humans can link both worlds and balance them.

Instagram: @nuria.zenit
behance.net/nuriamartinez2
Email: nuria.martinez@adeccogroup.com



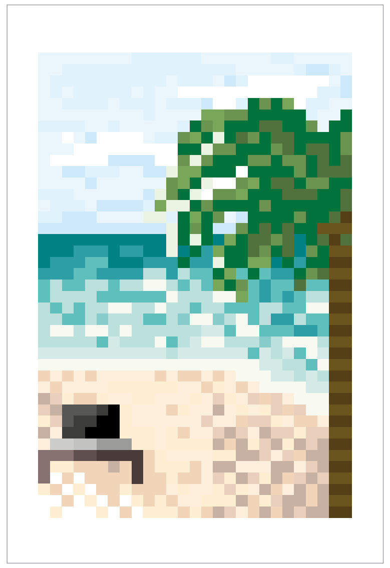
◀ p.50

Ulises Urdapilleta
Mexican, 1985
Global Creative Team – Marketing

'Facing the Future'
Traditional cutout collage

Everyone is covered up; through the last two years, we have seen how humanity adapts to the digital world, but at the same time, I have seen how we have lost a small amount of what makes us human. This artwork conveys our diversity, multiculturalism and the passage through time reshaped uniquely, as we face the future at work.

Instagram: @ulibert
Email: ulises.urdapilleta@adeccogroup.com



Portfolio: www.tb-design.cz/#portfolio
Email: barbora.tomeckova@adeccogroup.com

◀ p.61

Barbora Tomečková
Czech, 1993
Global Creative Team – Marketing

‘The Nomad Age’
Vector pixel art created using grids

Pixel art shadowing remote/nomad work. Pixel art is used to outline the digital age. The beach setting is an exaggeration that stands for remote work and work-life balance.

Portfolio: elunaO.com
elizabeth.garcia@adeccogroup.com

◀ p.64

Elizabeth García
Mexican, 1984
Global Creative Team – Marketing

‘The Living Sphere’
3D render with photomontage

We are entering a new reality where the home office will become the social backbone within a company. My piece seeks to raise awareness of how we need interaction as social beings to collaborate and create. While the concept of working from home has brought positive changes, the reality of self-isolation hubs could become the norm in a not-too-distant future. So, let’s adapt our new way of working with consciousness.

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Portfolio: behance.net/alejandraotero
Email: alejandra.otero@adeccogroup.com

◀ p84

Alejandra Otero
Mexican, 1988
Global Creative Team – Marketing

‘Progressive Landscapes’
Ink & Digital illustration

With the pandemic, we have experienced advantages and disadvantages of working from home. The future caught up with us, and companies are now uniquely positioned to create the right ecosystem to bring people back together in a blink. This artwork expresses having a healthier environment for the labour system’s essential pillar: the workers.

Portfolio: behance.net/CarolineWren
Email: caroline.wren@adeccogroup.com

◀ p.108

Caroline Wren
Welsh, 1971
Global Creative Team – Marketing

‘Get Ready (Monochrome)’
Kinetic type

Kinetic type to evoke how things (in the future of work) are changing quickly and not always as predicted and so cannot be pinned down as crisp and exact.

Instagram: @zofreedelacrue | @george.highlander
jiri.horak@adeccogroup.com

◀ p.174

Jiří Horák
Czech, 1991
Global Creative Team – Marketing

‘Digital Nomads’
Photoshop collage

As millions of people around the world were stuck at home during the pandemic, this situation brought an amazing opportunity - the luckier ones could just grab a laptop and go anywhere. Suddenly people who thought they could never leave their offices can now work from their dream destinations as true digital nomads.

behance.net/lopineda
lorena.pineda@adeccogroup.com

◀ p.180

Lorena Pineda
Mexican, 1988
Global Creative Team - Marketing

‘Falling Into the Future’
Digital illustration & montage

The pandemic accelerated the way society works and communicates, and through that change, we have witnessed a number of mental health issues. My work brings to light the pitfalls of an unbalanced lifestyle and how it can cut you in half.

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THE ADECCO GROUP

Making the future work for everyone

ANNUAL REPORT 2021