THE ADECCO GROUP

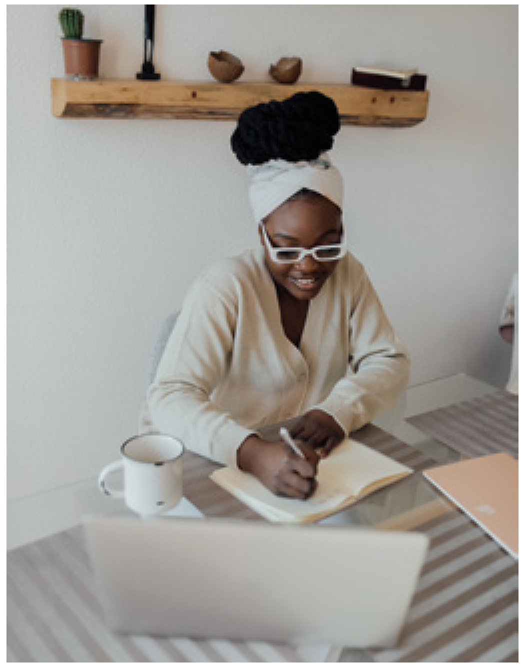
ANNUAL REPORT 2022

Our vision for the future of work

We launched a Company-wide photography competition for our people to capture their interpretation of how the future will impact people, the planet and society at large. Some of these images have been used throughout this report.

This theme was focused around three creative prompts, which also reflect how we're moving the Company forward: Simplify, Execute and Grow.

For more information on the competition photography displayed in this report, head to pages pages 180-193.



Delivering our purpose through Future@Work Reloaded

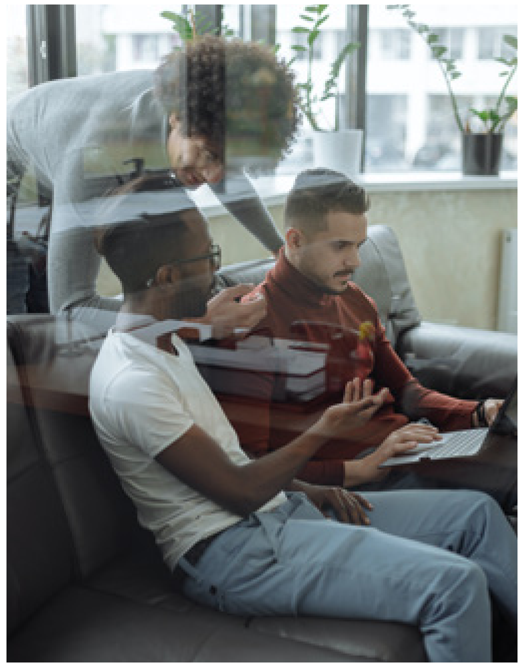
pages 2-14

Creating value for our people

pages 14-19

Creating value for our clients and candidates: the Global Business Units

pages 20-31



Creating value for society and the planet

pages 32-43

Making the future work for everyone

At the Adecco Group, our purpose – to make the future work for everyone – inspires and connects us all. Through our three global business units – Adecco, Akkodis and LHH – we enable sustainable and lifelong employability for individuals, deliver digital and engineering solutions to power the Smart Industry transformation, and empower organisations to optimise their workforces. The Adecco Group leads by example and is committed to creating an inclusive culture and supporting resilient economies and communities.

Now more than ever, people are the most crucial asset to help solve the global challenges facing societies. That is why the Adecco Group is committed to enabling the talent and skills needed for a future where everyone can build a rewarding career. And this is what it means to be a purpose-driven organisation.

In this report

The year in review 2022 highlights

2022 was characterised by increased geopolitical volatility and economic uncertainty. However, despite slowing economic activity global talent scarcity remained, driven by digital transformation and the green transition, as well as people re-evaluating their post-Covid career options. Against this backdrop, there has been a heightened focus on people and skills within organisations.

Revenues

€23.6bn

+5% year-on-year organic TDA; up in all GBUs; supported by healthy trading conditions, and the Group's investment in people and digital to drive growth

Gross margin

21.0%

+60 bps year-on-year, supported by portfolio shift toward higher-value activities, favourable mix, and dynamic pricing

EBITA[1] margin excluding one-offs

3.5%

-110 basis points year-on-year, mainly reflecting lower benefit from special items, investment in growth, moderated contribution from LHH and Adecco US and accretion from AKKA

Cash conversion[2]

70%

A healthy result during a period of increased investment and AKKA integration related one-off costs

Dividend[3]

CHF 2.50

In line with our progressive dividend policy

Net debt/EBITDA[4]

2.5x

In line with management expectations; Group firmly committed to decreasing its leverage going forward

People placed – permanent

182,666

People placed in permanent employment

People placed – flexible

481,132

Associates provided with flexible employment every day, excluding joint ventures

External individuals up/reskilled

851,050

Enhancing their employability and accelerating their careers

Total taxes paid[5]

€6,181m

Contributing to public finances through responsible tax practices

Net Promoter Score® (clients)

32

+6 points

Peakon eNPS® (employees)[6]

37

11 pts above industry benchmark

---

[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 2022, as proposed by the Board of Directors. CHF 0.65 (26%) per registered share paid from capital contribution, not subject to withholding tax in Switzerland.

[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.

[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.

Accelerating progress

DEAR ADECCO GROUP STAKEHOLDERS,

Termed the year of the polycrisis, 2022 presented geopolitical volatilities and economic uncertainties that made it a challenging environment to navigate. It was also a year of leadership change for the Adecco Group as, following a thorough selection process by the Board of Directors, our new CEO Denis Machuel took over from Alain Dehaze, effective July 1.

Denis took the helm during an unprecedented paradox in labour markets, sometimes called a 'job-full slowdown'. Against this backdrop the Future@Work strategy, detailed in the following pages, served us well. I commend Denis for having rapidly identified the Group's strengths, building on them further, and in particular for addressing rigorously our development opportunities – thus delivering on his mandate to improve growth and accelerate strategic execution. In the second half, the Adecco business unit achieved strong profitable growth, with revenues outpacing its major competitors. Earlier in 2022 we completed our acquisition of Akka and its combination with Modis to launch Akkodis, consistent with our strategic objective of increasing exposure to areas of high growth and high margin. Progress was also advanced at LHH, with one example being the outstanding growth of the digital platform EZRA, a virtual coaching service that the Group incubated to meet increased demand for leadership development in the post-Covid world of work.

The Adecco Group, with its people service businesses and purpose of 'making the future work for everyone' is, in essence, a human-centric organisation and environmental, social, and governance (ESG) leadership is a focus at all levels of our Company; it is the way we carry out our business. In the past year we reinforced our commitments to social and environmental performance as well as introduced a new Code of Conduct. Our long-standing history of supporting communities close to our operations continued as we responded swiftly to support our associates, colleagues, and their families impacted by the humanitarian crisis in Ukraine. In 2022, Adecco's 'Jobs for Ukraine' platform enabled more than 8,000 refugees find work and begin to rebuild their lives.

At the Board level, we continue to refresh our team and ensure the highest standards of corporate governance. The Board has nominated Sandy Venugopal, Chief Information Officer at Uber, and former technology leader at LinkedIn, for election at the 2023 Annual General Meeting of Shareholders (AGM), augmenting technology and digital depth as well as diversity. Furthermore, the Board plans to make a change to the Governance and Nomination Committee directly following this year's AGM, ensuring the Committee is considered majority independent by those investors applying maximum tenure policies. And in terms of capital allocation, our long-standing progressive dividend policy remains unchanged.

Looking ahead to 2023, the Board is committed to strategic continuity with a clear mandate for Management: accelerate execution of our Future@Work strategy, nurture a strong culture of performance, and maintain a relentless focus on growth and stakeholder value creation.

Thank you, dear shareholders and all stakeholders, for your continued support and confidence.

Jean-Christophe Deslarzes
Chair of the Board of Directors

DEAR ADECCO GROUP STAKEHOLDERS,

It is a great privilege to be writing to you as the CEO of the Adecco Group. Since joining I have immersed myself in the Group's operations, visiting our people and clients around the world, and I am deeply impressed by the quality of our business. We operate in a dynamic industry, with an addressable market of 700 billion euros, growing around five percent each year. Our people are talented, highly committed, and united by the powerful purpose of 'making the future work for everyone'. We have a strong portfolio of innovative talent solutions and services, an enviable client base of 100,000 organisations, and each of our Global Business Units is number one or two in its field. We also have the right strategy, Future@Work, which is ready to be accelerated.

Jean-Christophe Deslarzes
Chair of the Board (left)

Denis Machuel
Chief Executive Officer (right)

In my initial months I spent significant time diagnosing what was working and what was not. In November I announced an operational improvement plan, Future@Work Reloaded, to bring the Group to full potential. The programme has three levers:

- **SIMPLIFY** how we work to reduce complexity and duplication of roles and responsibilities and improve both speed and effectiveness, including a programme to reduce General & Administrative (G&A) spend by €150 million, in run-rate terms, by mid-2024
- **EXECUTE** better than ever through technology, strengthened accountability and empowering decision-making closer to where customers are served, and nurturing a winning culture with people at the centre
- **GROW** our market share, while properly balancing a revenue and EBITA focus

We already see positive indications that our plan is delivering results. The Group had a very strong finish to 2022 as profitable growth accelerated and we made important market share gains in Adecco. The newly combined Akkodis business performed well, already securing a number of major joint commercial wins due to its strengthened skill set, and over-achieving its synergy target. In LHH, our digital EZRA coaching business is growing fast, and our Career Transition business capitalised on its market leadership to capture rising demand from tech restructuring. Gross margin was strong, and our G&A cost-savings programme was launched to sharpen our EBITA margin.

I am proud of our teams for the strong progress they have made in 2022, and inspired by the passion they show for making a positive impact in the working lives of those we serve. From seeing the potential in a non-traditional candidate, to changing the course of a career through individualised coaching or upskilling, to providing a soft landing to those transitioning in their career, to developing next-generation technologies that make the world greener, our people are transforming lives and helping to shape the future. This work represents another imperative for our growth, because when we grow our positive impact grows. Our dedication to shared value creation and doing business responsibly is an integral part of our Future@Work strategy and further embodied in our continued commitment to the UN Global Compact.

To our clients, candidates, associates and partners – thank you for your trust, collaboration, and the opportunity to be a part of your journey in 2022. To our shareholders, thank you for your support and confidence. I am energised by the opportunities ahead of the Group in 2023 – to grow market leadership, to strengthen financial performance, and to deliver on our formidable purpose to make the future work for everyone.

Denis Machuel
Chief Executive Officer

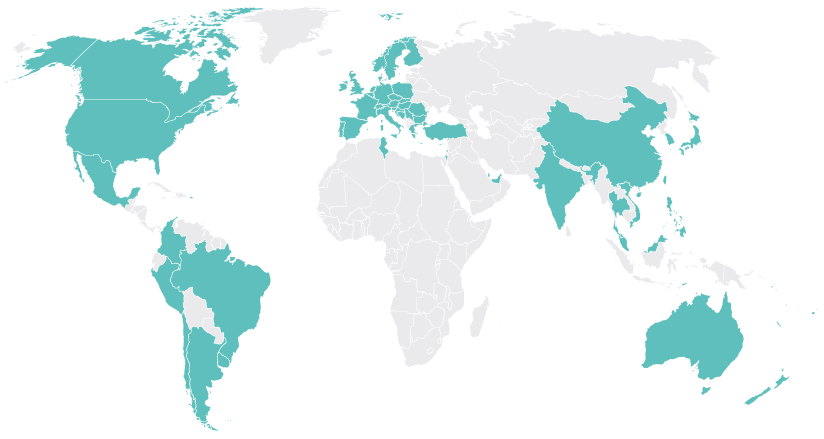
Our business at a glance

OUR GLOBAL FOOTPRINT

Approximately
39,000
FTE employees globally
+
30,000
FTE Akkodis consultants

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	21%
Asia Pacific	12%

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 Career Transition business is the global leader in its market.

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 Akkodis 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 (%)

Our strategic framework

OUR PURPOSE

Making the future work for everyone

STRATEGIC VISION

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

CULTURE

People First

Growth Mindset

Collective Spirit

OUR SUSTAINABILITY GOALS

Sustainability sits at the heart of Future@Work

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

Read more about our Future@Work strategy on pages 10-11

THE ADECCO GROUP

- Sets Group strategy and targets
- Sets and enforces Group-wide governance, policies, processes
- Allocates capital and talent
- Drives performance
- Orchestrates growth across our GBU ecosystem
- Supports shared services at scale

Our Global Business Units

Adecco

Adecco is a global leader in workforce solutions, offering flexible placement, permanent placement, outsourcing and managed services across all sectors.

FP PP OC TR

AKKODIS

Akkodis powers the Smart Industry transformation globally with digital and engineering services across Consulting, Solutions, Talent and Academy.

OC FP TR

LHH

LHH helps future-proof organisations and careers by building the right capabilities, delivering talent solutions and enabling workforce transformation.

CT TR PP FP

FUTURE@WORK RELOADED: LEVERS TO ACCELERATE PROGRESS

Simplify
Improve organisational effectiveness

Execute
Empower decision-making closest to customers

Grow
Top-line leading to EBITA profitability

Unlocking our potential

The Adecco Group's Future@Work strategy aims to positively impact the work lives of even more individuals, and further enable the growth of our clients and the wider economies in which we operate.

OUR FUTURE@WORK STRATEGY

Rising to meet the forces reshaping the world of work

Our strategy was designed to address the megatrends transforming the world of work. Since then, increased political and economic volatility and the impacts of the Covid-19 pandemic have accelerated many of the shifts already underway. In the developed labour markets, 2022 was characterised by a global scarcity of talent, the need to upskill workers to navigate the green and digital transitions, and the rise of the human-centric organisation.

The Future@Work strategy aligns our businesses to capture the opportunities created by these trends. A cornerstone of our strategy was the formation of our Global Business Units (GBUs). Adecco, LHH and Akkodis, each with their own bold vision, contributing to – and benefiting from – the Group's position as the world's leading talent partner. By increasing our exposure to higher-growth, higher-value and tech-led solutions we are focused on improving the quality of earnings for the Group in a sustainable way.

2022 was the second year of implementation of our Future@Work strategy. Our end-to-end talent solutions, delivered through the complementary expertise and capabilities of the three GBUs, are delivering holistic solutions to help individuals develop their careers and clients transform their workforces. We are doing this by delivering the best mix of permanent and flexible placement at scale, outsourcing, up-skilling and re-skilling, coaching, outplacement, and consulting across the technology and engineering spheres.

Embedded in our strategy is a focus on two major strategic pillars: customer-centricity and digitisation. Within digital, we have two core priorities. First, we scale the strong assets that we have, including platforms, candidate apps, and AI-matching tech. Second, we prioritise the client, candidate, and associate experience in our product development, which is particularly critical in a talent-scarce market.

Customer-centricity is about putting the customer at the centre of everything we do, delivering a superior customer experience by unifying the way we work across the portfolio.

The Group is united by a deeply ingrained purpose and a powerful common denominator: talent. Our unique combination of three complementary, market-leading global businesses gives us unparalleled advantage, and each is fuelled by the Group delivering shared services, capital allocation and talent at scale, serving a vast client and candidate network.

Putting the customer at the centre

At the Adecco Group we are nurturing an actionable, growth-driven Customer Experience culture, where we are putting a lot of emphasis on understanding the expectations of our clients and candidates, focusing on adding value to their business and enriching their professional lives.

Throughout the past years we have established global Voice of the Customer (VoC) programmes, systematically measuring our progress based on customer success in 47 countries.

2022 marked a positive evolution in the customer experience of the Adecco Group, with a six-point increase in the Net Promoter Score (NPS) of clients (NPS=32 in 2022 vs. NPS=26 in 2021).

Digitising the business

In line with our digital ambitions, we have worked across GBUs to deliver on key strategic initiatives that will help us become a more data-driven company. On the product side, we reached 99.3% of our target attainment in digital adoption in 2022. One example of this success was the impressive growth in usage of our Career Assistant app. Career Assistant is our smart AI powered chatbot which allows us to keep candidates and associates engaged; prompt and redirect them to apply for jobs, run simple pre-screen, schedule interviews, and refresh profiles at scale. Through a series of coordinated campaigns across 27 markets, we were able to increase users to 10.7 million candidates, an uplift of 125% from 2021.

InFO (Integrated Front Office) is a CRM (Customer Relationship Management) tool integrated with an ATS (Applicant Tracking System) and Search Engine supporting our recruitment process, all based on salesforce technology. It provides to our recruiters and sales colleagues a 360° view of our sales and recruitment activities with our customers for us to be more responsive and is an enabler for process harmonisation and best practices sharing. We have currently over 15,000 users of InFO platforms for ATS and CRM across brands.

Our goal for 2022 was to improve digital experiences for end users, measured through NPS data on a regular basis, to inform our product development and adoption strategy. Over the year, the average improvement of our NPS was +31 to reach a strong score of 51.

Strategic progress in our Global Business Units

Adecco

Adecco's goal is to regain industry leadership in the staffing market by 2025. To do this, it is focusing on an omni-channel strategy that combines online tools with a personal approach, delivered through its global network of branches, career centres and onsite.

In 2022, Adecco accelerated profitable growth by strengthening sales discipline and reinforcing its segmentation strategy in its 12 key countries.

AKKODIS

Akkodis' ambition is to become the global Smart Industry leader and one of the most admired tech services companies in the world. Its strategy '7x7x4' focuses on seven global industries, drawing on deep expertise from seven tech practices, and providing a portfolio of premium services across four service lines.

The newly combined Akkodis business performed well in 2022, over-delivering on its synergy target for the year.

LHH

We brought together three business lines under the LHH brand in 2021, with the goal of creating a strategic talent solutions partner with the expertise to help employees at every stage of their career lifecycle.

The integration of LHH's service lines into one business unit is progressing well as it continues to evolve to support clients and candidates with market-leading offerings in all areas. Strong growth within its digital coaching business, EZRA, was a particular highlight in 2022.

THE FUTURE@WORK RELOADED

Five barriers to overcome

While good progress on the Future@Work strategy has been made, we have identified that there are five common areas that are holding us back from accelerating our strategic execution and reaching full potential.

- Organisational complexity
- Inconsistent performance management
- Rigid sales standards and processes
- Disproportionate focus on EBITA % vs Growth
- Technology

A talent powerhouse

It is clear that our Future@Work strategy is the right one. To accelerate our progress we must address the five core areas where improvement is needed. Our Future@Work Reloaded plan has been designed to solve the issues that are preventing the Group from reaching full potential. The plan was launched in November and has three levers: Simplify, Execute and Grow, with concrete actions defined to improve execution and drive market leadership.

Simplify

Reduce complexity in the organisation, streamline the operating model, and improve our effectiveness:

- Streamlined operating model to reduce duplication of roles and responsibilities
- Strict prioritisation of transformation initiatives, driven by local and customer needs; number of change projects materially reduced
- General and Administrative cost savings plan, targeting €150 million in savings

Execute

Invest in developing our people and empowering them to have an absolute focus on client service and candidates:

- Stronger local empowerment within strengthened guardrails
- IT / Digital organisation redesigned to deliver speed, better utilisation and value
- Reinforce delivery discipline, improving systems and processes in our operations
- Build a winning culture

Grow

Nurture a strong sales mindset with the customer at the centre to grow our market share and improve top-line profitability:

- Reorganise global sales and account management, with resources moved to local level to improve delivery
- Develop a handful of premium strategic accounts at global level to drive growth and innovation at scale
- Revive sales focus on contract conversion, customer retention and satisfaction
- Deliver high-impact sales training
- Accelerate scaling of digital with traditional assets to improve candidate and client satisfaction
- MSP business expansion across GBUs and with Pontoon

We are confident that these impactful actions will unlock the Group's potential and create greater value for all stakeholders.

OUR CULTURE

PEOPLE FIRST

- Entrepreneurial, diverse, equal and inclusive
- The wellbeing of our people comes first – always. We support and enable people from all walks of life in an equal, inclusive, and health and safety-focused culture.

GROWTH MINDSET

- Customer first, agile and thinking unlimited
- Our customers face big challenges – and we have to be up to the task. Our agile, entrepreneurial culture allows us to respond and adapt without limits or bias.

COLLECTIVE SPIRIT

- One vision, collaborative and innovation at scale
- Making the future work for everyone requires us to deliver innovation at scale, collaborate with our customers and further develop our unparalleled portfolio.

A business with many strengths

The Adecco Group has a strong portfolio of innovative talent solutions, and exciting opportunities for growth. We are accelerating our strategy to create value for our stakeholders while delivering on our purpose.

STRENGTHS OF THE GROUP

INDUSTRY

A €700 billion adressable market, growing c.5% p.a.

PEOPLE

Our people are talented, committed and entrepreneurial

PURPOSE

A purpose that unites and motivates the Group

PORTFOLIO

We have innovative solutions and services, and a very strong client base

GLOBAL BUSINESS UNITS

Each GBU is number 1 or 2 in its market

DELIVERED THROUGH OUR GBUs

GBU ambitions

Adecco

Reinvent workforce solutions for a resilient economy

GDP+ Revenue CAGR	**3-6% range** EBITA margin

AKKODIS

Deliver digital and engineering capabilities to enable the Smart Industry transformation

~6%+ Revenue CAGR	**7-10% range** ~10% mid-term EBITA margin

LHH

Create the talent platform to address the ever-changing landscape of skills shortage and transformation

6-9% Revenue CAGR	**7-10% range** ~10% mid-term EBITA margin

TO ACHIEVE OUR FINANCIAL KPIs

DUAL REVENUE GROWTH STRATEGY

Market share in Adecco

Investment in faster growth segments – LHH and Akkodis

ACHIEVE ~6% EBITA MARGIN

Cost savings and productivity

Mix shift towards higher-margin segments – LHH and Akkodis

STRONG CASH FLOW: CONVERSION >90%

Disciplined capex and M&A

Progressive dividend and return of excess cash to shareholders

AND OUR PURPOSE OF MAKING THE FUTURE WORK FOR EVERYONE

INVESTORS

Attractive industry dynamics support our continued growth, increasing profits, cash flow and returns. This enables our progressive dividend policy that aims to deliver attractive total returns.

EUR 409m
Dividends paid

EMPLOYEES

We provide rewarding careers for our people. We invest in them and create an environment that empowers everyone to achieve their goals.

37
Peakon eNPS® – Employee Engagement Survey

CANDIDATES AND ASSOCIATES

We connect people with job opportunities and purposeful work in a safe environment. We advise them on their careers and help them continually develop their skills through lifelong learning.

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

182,666
Permanent placements

CLIENTS

We help clients to manage their workforce for flexibility, productivity and growth. We work with them to find, hire, develop and transition the people they need.

32
Client Net Promoter Score®, up 6 points

SUPPLIERS

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

71/100
2022 EcoVadis Gold rating

GOVERNMENTS AND SOCIAL PARTNERS

We pro-actively share our labour market insights and experience to support and shape sustainable and responsible growth and job creation.

EUR 6,181m
Total taxes paid

People and culture

People are the heart of our business – they are our clients, candidates, employees, and associates. We prioritise nurturing an inclusive environment where our people can learn and grow, enabling them to bring their whole and best selves to work. This ethos enables our people to feel confident that their contributions are heard and valued, ultimately delivering a purpose-driven output with meaningful impact.

Prioritising people

The past year has continued to challenge companies. The external talent market is an increasingly volatile and competitive landscape. Following the pandemic, employees have reassessed their career needs with a greater emphasis on flexibility, career progression and reskilling. In addition, people's expectations of what great employers should be providing as a fundamental need has shifted to a focus on mental health and wellbeing. For job seekers, this has provided the ability to think more comprehensively about their careers, their transferable skills, and the chance to pivot into new roles or different industries. It has enabled a broader range of career choices and new opportunities like never before.

Leaders of employee-centric companies understand that it is people who make their organisation a success. These companies grasp that when people feel valued and cared for, employees do their work with vigorous intrinsic motivation and a deeper sense of purpose, resulting in increased engagement. In addition, employees go the extra mile purely because they want to contribute to a company that cares for them.

The Adecco Group People strategy takes a holistic view of what our colleagues need and leads with our purpose: 'making the future work for everyone'.

Simplifying systems and processes

Through our global HR transformation programme, we are streamlining our HR systems and processes, helping our Company to **simplify** the way it operates, improving our data quality, and strengthening the foundations on which to build more strategic actions connected to our people.

In 2022, we launched a global people analytics framework to ensure we are both measuring and analysing people data consistently across our organisation, aligning critical KPIs, such as turnover and gender parity at the Global Leadership level, to support business performance and regularly monitoring progress against these commitments.

We continue to improve our recruitment processes and technologies, creating a people-centric experience through leveraging our global footprint. We have reinforced global efficiencies by:

- Creating standardised processes and consolidating global recruitment data
- Transforming the end-to-end candidate and hiring manager experience
- Embedding our GBU-unique employee value propositions across the full recruitment lifecycle
- Prioritising inclusive hiring, from gender-neutral job descriptions through to accessible assessments and inclusive hiring training for our recruiters and hiring managers, and
- Enabling technology to optimise how we hire the right people for the right role and at the right time

Looking ahead to 2023, we will continue to simplify our processes and tools and better harness the HR capabilities inside our organisation to drive enhanced business performance in line with our Simplify, Execute and Grow levers.

Executing employee engagement and retention

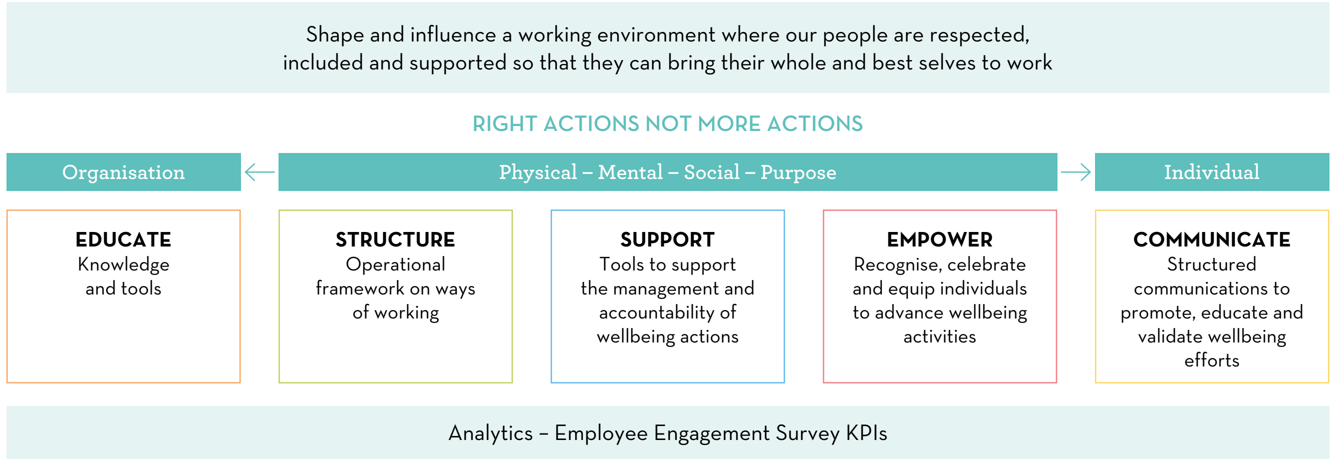
Listening strategies

By continuously listening to our people and aligning business imperatives with their aspirations, we are enabling the Company to **execute** organisational excellence. We continue to prioritise our efforts in lowering attrition risk and addressing areas that lead to low engagement, ensuring our people have the capabilities, opportunity, and environment to succeed. Our employee engagement survey, run three times a year, unlocks a two-way, transparent, and continuous dialogue with our people. From this we can clearly identify core areas of focus to continuously improve our people's experience and engagement, such as the wellbeing and mental health of our workforce.

Employer of choice

> **"When people feel valued and cared for, they do their work with vigorous intrinsic motivation and a deeper sense of purpose, resulting in increased engagement."**

Wellbeing activation pillars



Shape and influence a working environment where our people are respected, included and supported so that they can bring their whole and best selves to work

RIGHT ACTIONS NOT MORE ACTIONS

Organisation ← Physical – Mental – Social – Purpose → Individual

EDUCATE Knowledge and tools

STRUCTURE Operational framework on ways of working

SUPPORT Tools to support the management and accountability of wellbeing actions

EMPOWER Recognise, celebrate and equip individuals to advance wellbeing activities

COMMUNICATE Structured communications to promote, educate and validate wellbeing efforts

Analytics – Employee Engagement Survey KPIs

Through the role modelling of our leaders and clear communication of our strategic direction, our people have confidence in the role they play in contributing to our business success.

Rewarding and recognising our talent

Our ambition across the Adecco Group is to design inclusive and engaging reward programmes that attract and retain talent with the experience and skills we need to deliver our profitable growth agenda, and that reward colleagues fairly and competitively. Our programmes aim to streamline the colleague experience by leveraging global frameworks with local flexibility while promoting employee wellbeing, health, productivity, and retirement prospects through strong benefits offerings. Our pay-for-performance culture is supported through our short-term incentive programmes, aligning pay outcomes to stretch-KPIs, and our long-term incentive programmes that ensure alignment with shareholders' interest and embed sustainable, improved performance. We continue to enhance the colleague experience through investment in engaging technology solutions for non-financial KPIs, for example with the introduction of a new platform in 2022 for colleagues to more effectively access information on their variable compensation benefits.

Strengthening wellbeing

Across 2022, we expanded our focus on wellbeing to address all dimensions: mental, physical, social, and purpose. We look through the lens of both organisational support and individual wellbeing needs, providing concrete actions and tools across five activation pillars: educate, structure, support, empower, and communicate at both a global and local level.

Sitting at the core of this approach is our newly established two-year Wellbeing Ambassador programme, inspiring and upskilling 70 global ambassadors annually who take responsibility for championing wellbeing activities at the local level, aligning to our global framework and reinforcing that "every act matters". Through our Win4Youth programme, our ambassadors took part in a life-changing experience – encompassing our

Jarina Leskinen

virtual bootcamp, wellbeing learning modules and competing in a triathlon in Lanzarote. The programme extends to our global community, reinforcing that every action, no matter how big or small, contributes to improving our overall wellbeing. With over 7,300 colleagues who participated in the programme globally, we logged over one million activity hours in total.

To support our people needs around mental health and managing ways of working in an increasingly complex environment, we place significance on taking the **right actions not more actions**, developing tools to provide structure and sustainable solutions for managing productivity levels, fostering internal collaboration, and maintaining organisational cohesion in newer, hybrid ways of working. In 2021, we created a set of guiding principles to help us navigate this volatile climate and prioritise key activities to manage the wellbeing of our people and drive continued business performance. Across 2022, we launched workshops to support our people leaders, colleagues, and countries in applying and measuring the impact of these guiding principles within everyday practices – adapting them for cultural variances as well as both professional and personal needs. Since launching, we ran a pilot with Latin America in Q3 with a 98% participation rate and saw a significant increase in our employee engagement survey scores that are correlated to the workshops we ran. Heading into 2023, we will build on the success of the pilot and continue to support our business in embedding our ways of working tools and practices according to the needs of the business.

Lastly, from an individual perspective, we promoted the adoption of supporting tools that allow our colleagues to take accountability and manage their wellbeing daily. Viva Insights, for example, helps individuals identify opportunities to build better work habits with personalised insights, and our We Care webinars, conducted four times a year for all global employees, share best practices on how to live and work smarter and healthier. Additionally, our local Employee Assistance Programmes (EAPs) provide 24 hour, 7 days a week confidential counselling and advice for a range of needs including emotional, financial as well as physical and mental health topics.

Since launching our global wellbeing priorities and framework, we have seen an overall improvement in our health and wellbeing score of two eNPS points, putting us four points above industry benchmark.

Diversity, equity, and inclusion (DEI)

Equity and inclusion are key to accessibility for all, driving an inclusive culture, and creating a workplace where diverse talent can thrive. As a core pillar of our approach to sustainability, we see it as our responsibility to shape a positive future – for our business, our stakeholders, and the generations to come. Our purpose is to 'make the future work for everyone', aiming to foster a culture of belonging, trust, and participation, recognising and valuing diversity of thought to help our business, communities and clients win. Enabling inclusive processes and decision-making will ensure that every colleague is assessed by their contributions, the quality of their skills, their experience as well as their potential. This reinforces that our opportunities and services are accessible to everyone. Our global DEI strategy focuses on providing a structured framework for our countries to base their local activities and priorities on. Our approach encompasses multiple pillars:

1. Structural inclusion	2. Inclusive leaders	3. Conscious inclusion	4. Accountability
Inclusion-led design across recruitment, talent management, and talent learning processes and technology	Ensuring diverse thinking is respected, managed, heard, and applied	Driving an inclusive culture through our mindsets, behaviours, and decision-making	Data-driven decision-making and measurement. Embedding DEI into organisational initiatives

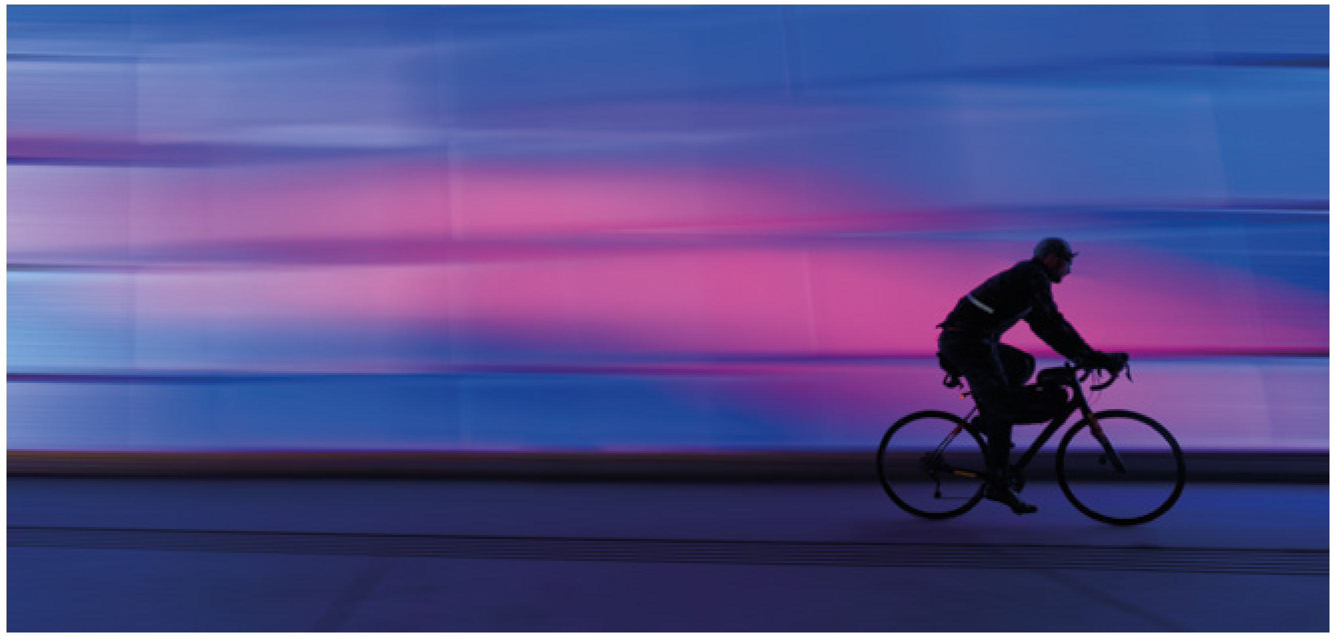
Structural inclusion

In 2022, we embedded inclusive hiring activities within our global consolidated hiring process and technology: From gender-neutral job specifications to anonymised CVs, fully accessible assessments, and inclusion training for our recruiters and hiring managers, reflecting our employee value proposition in both our dialogue and the end-to-end experience we provide our candidates.

Inclusive leaders

Incorporating D&I learning and methodology in our newly launched leadership programmes instils growth mindsets and good behaviours to be role modelled by our leaders.

We embedded our DEI priorities, engagement data, and leadership expectations in our Global Leadership Programme, First Time People Leader Programme, International Future Leader Programme, and our Ditigal Global Onboarding, reinforcing that DEI should be core to everything we do and is not seen as a standalone activity.



Additionally, we launched our "In Conversation with…." series, spotlighting key leaders across the Group who openly address fundamental topics of inclusion, such as menopause, mental health, and disability in the workplace – emphasising the role they play as leaders in championing an inclusive culture and fostering an open and transparent dialogue about these critical matters.

Conscious inclusion

Our priority is to ensure we encourage and support the ongoing and open dialogue around diversity and inclusion topics, embracing learning opportunities and speaking up when it matters most. To support these efforts, we launched a global Conscious Inclusion e-learning, partnering with our global community to create an aligned understanding of how inclusion plays a pivotal role in our organisation and reinforcing the responsibility of each of us to drive an inclusive culture. Since launching we have delivered virtual training sessions across our global footprint to approximately 75% of our current colleague and people manager population.

Additionally, to sustain a foundational level of knowledge and consistent application of learning within the organisation, we have facilitated six train-the-trainer sessions across our key global markets and incorporated an e-learning into our new joiners' onboarding experience.

To provide anonymous and available support to all our colleagues globally, our Adecco Compliance and Ethics (ACE) line is available 24 hours a day, 7 days a week, offering consultation, in almost any language, around actual or suspected misconduct.

To ensure we provide all colleagues with equal experiences, we launched an Accessibility Guide globally that supports both creators and users of digital content. It provides support on how to create, access, and digest content across Microsoft's applications for those with varying abilities: visual, audio, cognitive, and physical.

We launched a brand identity that connects all global and local efforts and presents a unified approach to how we communicate and celebrate diversity both within our organisation and externally.

Accountability

We harness data to determine our strategic priorities and measure the output and success of our initiatives. This is equally significant for diversity and inclusion. Across 2022, we have made significant progress in capturing data across our recruitment processes, engagement surveys, and internal talent management processes:

- Providing analysis on how diverse talent onboards, progresses, and experiences our organisation;
- Working closely with our legal teams to ensure local laws and cultural nuances are adhered to;
- Strengthening our commitment to ensuring we are delivering against our vision of 'making the future work for everyone' through the significance of capturing data where possible, allowing us to improve our own internal initiatives and processes.

Partnering for impact

As part of our commitment, we campaign for more inclusive pathways to employment worldwide. We collaborate with various recognised organisations to continually strengthen our approach, share best practices, and amplify our impact for the benefit of the wider community. Our global partnerships 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.

HR highlights

Group retention

Engagement Peakon eNPS – employee engagement survey

Peakon eNPS®

37

(11 points above industry benchmark)

External career site visits

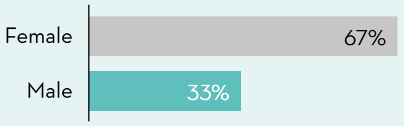
803,869

Internal career site visits

86,771

Diversity and inclusion highlights

Company-wide gender split



Board of Directors gender parity	Executive Committee gender parity	Global leaders gender parity
50% female	30% female	36% female

Peakon – employee engagement survey

Diversity and inclusion Peakon eNPS®	Health and wellbeing Peakon eNPS®
44 +2 since Q4 2021	28 +2 since Q4 2021
(9 points above industry benchmark)	(4 points above industry benchmark)

Growing our talent

To help our organisation **grow**, we must ensure our people have the right skills, capabilities, and development opportunities to support our clients' needs, identify and seize new opportunities, and embrace a culture of continuous learning.

For ongoing business delivery and 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 healthy talent succession plans and leadership pipelines. Additionally, we designed and implemented a robust job architecture to support career pathways and growth for all our global colleagues.

Our TAG University (TAG U) sits at the core of this effort. Launched globally across 2021, TAG U's mission is to build our people's capabilities while setting them on a path for continuous growth. TAG U builds capabilities in key areas required for our Future@Work Reloaded transformation and continued business performance whilst driving a culture of continuous learning, where all colleagues are empowered to learn, develop, and intentionally build their skills for today and tomorrow.

TAG U focuses on:

- Building critical skills by delivering and enabling programmes that tie directly to strategic imperatives, focusing on critical organisational capabilities and addressing talent gaps
- Driving better business performance outcomes through creative, participative, immersive learning programmes that enable engagement and career development
- Creating a best-in-class learning organisation to ensure learning at the speed of business, at scale, in a cost-effective way

> **"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."**

Across 2022, the following initiatives have supported this learning culture and the ongoing development of our people:

- **TAG U digital campus:** Launched in February, this is a single-entry point for learning and development that provides relevant and productive learning to all colleagues across the Group, anywhere, anytime, and on-the-go. It enables personalised learning experiences based on both the individual learner's focus and the organisation's desired skills. After ten months, we have had 18,000 colleagues enroll in our TAG U digital campus with a 45% quarterly return rate.
- **TAG U learning solutions:** These are learning solutions and curated pathways in priority areas that are aligned to our critical competencies such as digital, sales, and leadership development. To support these priorities, we created a growing portfolio of targeted offerings including the Global Leadership Programme (GLP) and First Time People Leaders (FTPL) Programmes. Across 2022, our top 300 global leaders participated in a six-month interactive learning journey, accelerating their ability to execute our strategy and drive our transformation. The programme combined modules featuring TAG's HR consulting and talent solutions expertise (LHH) with modules from strategic learning partners on strategy, value creation, business acumen, curiosity, and creativity.

  It is not only about strengthening the leaders of today but also building the leaders of tomorrow. We continue to invest in our International Future Leaders (IFL) Programme. IFL 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.

  We take pride in leveraging our own unique portfolio of solutions to deliver an excellent and impactful experience, and we continue to collaborate with LHH on our leadership development programmes as well as expanding the utilisation of LHH's coaching tool EZRA to support both programmes and individuals with specific coaching objectives.
- **Global onboarding:** A digital onboarding solution was implemented to strengthen our new joiner experience as we continue to sustain hybrid ways of working. Since launching in November 2022, we have had over 1,000 new joiners participate in this global onboarding experience.

Looking ahead to 2023, as we align our priorities to Simplify, Execute and Grow, more emphasis will be placed on partnering with our Global Business Units to drive engagement and retention strategies at every level of the organisation. We will collaborate and support them in strengthening the impact of their talent experiences and priorities and nurturing a culture where everyone feels valued, appreciated, and motivated to achieve their full potential, ultimately driving global business growth and success.

Adecco

1

Making the future work for everyone

The answer to the wide range of challenges facing our world today is people – and people are at the core of our business at Adecco, starting with our own employees who are our most passionate ambassadors. Our goal has always been to 'make the future work for everyone'. And we believe this to be true, whether we are addressing large global challenges for clients or helping a local business succeed in a constantly changing economic environment through our dedicated solutions. In our view, social impact and economic impact go hand in hand.

Our purpose is our guiding principle, and we are determined to play our part in changing the world of work for the better, providing solutions for making it a more inclusive place.

Building employability

Talent scarcity is one of the biggest challenges facing our clients, as new jobs and tools are emerging that require specialised skills and expertise. Training is essential for employees and companies: employees must equip themselves for the new world of work and related challenges, like up- and reskilling; and companies need to equip their staff with these appropriate skills at an early stage and throughout employees' careers. Adecco is the connection between employees and customers to support this evolution with fit-for-purpose solutions.

In order to create a more productive and efficient labour market, we need to focus more on skills, not jobs. Applicants need help in finding their way to identify the required skills of the modern workplace. In companies, skills development (including up- and reskilling) is key to realising employees' potential, address internal skills shortages, and promote employee retention. Employers should be aware of their employees' current skills set and promote a culture of progression, supporting in areas of personal development as well as career progression.

In 2022, Adecco Canada implemented a targeted programme to educate forklift drivers through a specialised 3D training, as this area is one of the most affected by the skills shortage. Adecco Spain has launched an initiative to train 35,000 women in digital skills to help them get back into work. Adecco Germany is running upskilling initiatives with medical workers, truck drivers, electricians, forklift drivers, and warehouse assistants. The hydrogen sector is one of the priority investment areas of the French Government with more than 100,000 jobs expected in the field by 2030. Aside from job creation, the development of this field encourages pre-existing jobs in other industrial sectors to be adapted. Adecco Training launched the first digital learning module to raise awareness of carbon-free hydrogen to upskill technical professionals and operators, as well as internal staff, temporary workers and local ecosystem partners. The training module targets 26 different jobs from a range of operators and technicians, that need to include hydrogen in their work. These 26 jobs represent more than 1.6 million workers in France as of 2021.

Our year 2022

Despite difficult market conditions, it was a successful year for the Adecco Global Business Unit. Adecco has profitably increased revenue growth, with permanent placement performance being a clear highlight. DACH, LATAM, and APAC regions performed exceptionally well, driving overall growth. Our ambition remains high as we plan to grow above industry average and deliver an increasingly profitable business. A weaker US performance in the North America region is being addressed with an action plan and new leadership to secure growth and profitability.

We are very proud of our 24,800 colleagues around the world – in 48 countries and 3,820 branches – who have done an excellent job this year, enabling daily work for over 450,000 people (on average) in our 79,000 client companies.

Our priorities

We made significant progress towards our long-term goals in 2022. Building on our profitable growth in 2021 and 2022, we have continued to strengthen our sales discipline to deliver sustainable growth and reinforced the segmentation strategy in our 12 key countries.

Strong strategic partnerships with our customers have always been a crucial part of our business. For us, the best way to achieve this is through our omni-channel strategy, combining online tools with a personal approach – delivered through a global network of branches (urban and rural), career centres, and onsite. This approach ensures that we offer our local and global clients the services they need – at the locations they want – and enables us to build strong customer relationships, which are vital during a challenging economic environment.

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

Employability and access to work

Trusted partner to clients

Reinvent workforce solutions for a resilient economy

Market size:
EUR 280bn

Market growth:
in line with
GDP

Revenues:
EUR 17.9bn

Colleagues:
24,800

Countries:
48

Branches
3,820

Permanent Placement, Flexible Placement, Training, Outsourcing, Diversity & Inclusion

We have strengthened our unique solutions portfolio (Flexible Placement, Permanent Placement, Outsourcing, Training, Upskilling & Reskilling and Diversity & Inclusion), which enables us to better serve our clients' needs by being attractive for candidates. This helps us to act at speed during periods of economic slowdown. This structure also allows us to provide tailor-made service packages to our clients and continue to build our competitive advantage.

In parallel, we are seeing the growing impact of our digital innovations, such as the increase in digital contacts with candidates via our conversational AI. From an average of 200,000 potential candidates per month in 2021, our product reached an average of 933,000 potential candidates per month in 2022, an increase of 367% despite a skills shortage in the market.

In 2021, the Adecco Group acquired QAPA in France, a state-of-the-art zero touch matching solution focused on flexible placement, directly supporting a strategic digital delivery channel for Adecco customers. In 2022, we completed the integration of QAPA and are now scaling QAPA's technical expertise internationally to improve the digital customer experience on existing platforms.

Our ambition for 2023 and beyond

Our goal is to become the industry leader in the staffing market by 2025 in terms of profitability and maintain our leadership in revenue growth. Delivering on this ambition means becoming a top five employer globally, enabling us to impact the lives of many through our unique solutions and, most importantly, through our people.

We will achieve this with a clear focus on our colleagues, clients, and candidates. The business conditions are encouraging. We operate in a large, fragmented market and have one of the world's largest client list. We have assets and expertise in the right markets, and within them the opportunities to sell higher-value services and improve productivity. In addition, we have identified and acted on major internal cost-saving opportunities to improve profitability and efficiency.

Times of economic uncertainty and talent scarcity will require us to further reinforce our broad talent pool which is already strong through our unique omni-channel approach. We will seek to build on our reputation by continually securing the best candidates in the market through a proactive approach whilst working closely with our clients. In addition to securing the best candidates, our role is to help simplify our clients' lives by being even better (and faster) at understanding, responding to, and anticipating their needs to ensure a seamless customer experience.

This will increase profitability in our key markets and continue to put us on the path to deliver on our purpose for our employees and customers alike.

Making the future work for everyone

Our purpose of 'making the future work for everyone' is brought to life by Adecco every day all over the world. It is a great example of how tangible results can be achieved by focusing on diversity, equality, and inclusion – such as the number of people we enable work for, humanitarian missions, or the outstanding social impact we generate. Being part of Adecco means going the extra mile to make the future work for everyone.

Since the beginning of the Covid-19 pandemic, the Adecco Foundation team in Spain has supported 10,000 vulnerable families through the Emergency for Employment programme, providing them with the support and guidance they need to access local employment opportunities. This initiative complements its programme for the long-term unemployed: a four-year programme to train 35,000 long-term unemployed women on the basics of digital technology.

Another example is our colleagues in Ukraine's neighbouring countries, who have been relentlessly working to help those affected by the war in Ukraine since day one of the crisis. In March 2022, Adecco launched Jobs for Ukraine, a not-for-profit social platform that helps people displaced by war to find work. Collaborating with a strong network of NGOs, public institutions and like-minded companies willing to help, Adecco has implemented a comprehensive assistance programme that first ensures the refugees' basic needs are met before helping them develop their skills and find employment. As of December 2022, we have supported more than 8,000 Ukrainians to find work.

Refugees and their integration is an important issue for Adecco that goes beyond the Ukraine war. Adecco works closely with UNHCR and the Tent Partnership for Refugees to find joint solutions at the international level and in individual countries. These range from language and skills training to cultural understanding. In 2022, we had more than 15,000 refugees from around the world engaged through Adecco employment contracts in Europe.

Full story here:

Arturo Gutierrez Castaneda

2

AKKODIS

Engineering a Smarter Future Together

Akkodis is a global digital engineering company and Smart Industry leader that enables clients to accelerate and advance in their digital transformation with Consulting, Solutions, Talent, and Academy services. Building on four decades of combined pioneering heritage and engineering track record, Akkodis is a trusted partner to the world's industries. We co-create and pioneer solutions that help to solve major challenges, from accelerating the clean energy transition and green mobility, to improving user and patient centricity.

Akkodis was formed in early 2022 when Modis, the Adecco Group's high-tech services business, was combined with AKKA, a leader in engineering R&D services. Today, the company employs 30,000 tech experts across 30 countries and is one of the leading global service companies in the Smart Industry. Smart Industry is where engineering, IT, and digital converge into a connected world. It is about driving real change and enabling the transformation of products, services, processes, and business models for a smarter and more sustainable tomorrow. Akkodis aspires to become one of the most admired tech services companies in the world.

Akkodis has based its strategy on '7x7x4'. The company has placed its focus on seven global industries, where it contributes deep expertise from seven tech practices and provides a broad portfolio of premium services across four service lines, which are highly flexible and complementary to existing client capabilities:

Four service lines explored

1. **Consulting**: Akkodis' Consulting services are resourced with highly skilled professionals who are adept at supporting the design, delivery, and operation of innovative solutions. Here, Akkodis delivers Consultancy services, Project services, Managed services, and Smart Industry transformation services. Leveraging deep sector know-how and tech expertise, Akkodis' consultants complement an organisation's existing capabilities, bringing additional scale, capacity, and speed, where needed. Akkodis' consultants support the entire project management process from ideation and design to validation and implementation.
2. **Solutions**: Akkodis contributes a broad range of value-added solutions to address tech and engineering needs in the defined key strategic industries. The Akkodis' Solutions portfolio is comprised of Project services, Managed services, and Akkodis Intellectual Property/Templates solutions. Supporting both local needs and global scalability, we can adapt the right delivery modes according to client needs: in country, near-shore, and off-shore. Akkodis continuously invests in its Research & Innovation labs, building competencies for next-generation advancements in technology.
3. **Talent**: With its global network of more than five million pre-qualified candidates, Akkodis rapidly connects organisations with the right IT and engineering talent, at the right time and place. Akkodis enables clients to reduce hiring timelines and costs of tech talent acquisition. Furthermore, Akkodis provides Recruitment Process Outsourcing services for tech specialists around the globe, which enable human resource utilisation to be maximised. Through a broad spectrum of managed services, clients can benefit from global coverage in niche IT and engineering markets.
4. **Academy**: Through its global Academy network, Akkodis is enabling clients to close the tech and digital skills gap through customised upskilling and reskilling programmes. Today, Akkodis has established ten Academies across Europe, North America, and Asia Pacific. Each year, the network helps thousands of people to develop and grow their digital and engineering skills and future-proof their careers. Simultaneously, Academies are enabling organisations to adapt, transform, and equip their workforce with the skills needed to overcome the complexity brought about by a constantly changing digital landscape.

Identifying opportunities

The world's major industries are embracing digitalisation to increase performance and stay ahead of the game. The size of the market opportunity related to this trend is significant. The aerospace industry is just one example. A recent research report[1] in partnership with the Aerospace Industries Association found that advancing the digital maturity of the aerospace value stream could unlock $20 billion in annual EBITDA. Capitalising on this trend and recognising the convergence of legacy and digital engineering, Akkodis is well placed to apply its core expertise to leverage the market opportunity and secure its place as the global Smart Industry leader with its 7x7x4 strategy.

How Akkodis is addressing global challenges and applying suitable solutions

From an external perspective, talent scarcity combined with rising inflation present the risk of high attrition and the related challenge of growing the number of consultants required to deliver upon healthy levels of client demand.

Talent scarcity as a market issue was highlighted by Gartner, Inc., in survey findings released in 2021, identifying that IT executives see the talent shortage as the most significant adoption barrier to 64% of emerging technologies, compared with just 4% in 2020.

To mitigate this risk, one of the actions that Akkodis has taken is to engage its own Academy service line to help upskill and reskill its own employees who can be rapidly deployed to meet client demand. With five million pre-qualified candidates for engineering and digital roles, Akkodis has one of the largest tech talent recruiting networks worldwide.

From an internal perspective, the challenge of balancing onshore and offshore delivery to achieve the most effective mix of skills and expertise at the appropriate time and price for our clients is a key focus. As part of its strategy, Akkodis is in the process of building up a global delivery network to mitigate this risk.

Employability and access to work

Trusted partner to clients

Deliver digital and engineering capabilities to enable the Smart Industry transformation

Market size:
EUR 454bn

Market growth:
6% pa

Revenues:
EUR 3.9bn

Countries:
30

Contributing premium services in Consulting, Solutions, Talent and Academy

---

[1] https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/digital-the-next-horizon-for-global-aerospace-and-defense

Akkodis's impact

Our clients' expectations and how we meet their needs

From Fortune 500 brands to small, niche companies, clients count on Akkodis to be by their side as a trusted partner. Through its innovative engineering and digital solutions, Akkodis is helping organisations to leverage insight from data and analytics to inform sharper decisions, improve operational efficiency, generate new business models, and ensure workforce readiness. Scaled across networks, these gains can fundamentally transform a company's competitive position.

The global Smart Industry leader is enabling clients to solve some of the world's toughest challenges, from advancing the future of sustainable transportation (for example, delivering an innovative car ride sharing app) to speeding up the global energy transition (for example, developing an energy trading platform).

What consultants, candidates and people trained expect from Akkodis

Enriched by diversity and its winning culture of empowerment, Akkodis cultivates an environment fit for innovation and high performance. Consultants and candidates alike appreciate being part of a highly collaborative organisation where thinking outside the box and bringing solutions is actively encouraged – irrespective of position and place. Akkodis is committed to driving purposeful innovation, creating client value, and improving quality of life that leads to more sustainable societies. Our people are proud to be 'engineering a smarter future together'.

Yarning app bridges gap through digital inclusion for Aboriginal communities in Western Australia

Challenge: Aboriginal communities in Western Australia collectively speak more than 60 languages. Communication barriers have been a long-term challenge for these communities when accessing public and social services and when engaging with law enforcement. The Western Australia Police Force (WAPOL) needed to foster better interactions with Aboriginal communities. To do this, WAPOL needed to eliminate language barriers and they turned to Akkodis to help.

Solution: Akkodis, in partnership with the Western Australia Government's Aboriginal Mediation Service and Department of Communities, Aboriginal Legal Service of Western Australia, and Aboriginal Elders, created a first of its kind 'Yarning' app in just six weeks. This app allows officers to select and play key messages (including those related to rights while in police custody and Covid-19 protocols) aloud to Aboriginal people in their native language. For many, this is the first time they have communicated with a government representative this way.

Impact: The Yarning app has helped 7,000+ police officers across 150 police stations in 2.5 million sq km to increase the awareness and understanding of Aboriginal culture. It has facilitated more respectful and equitable interactions while cultivating stronger and more inclusive partnerships with Aboriginal people. It has also served to support lower arrest and incarceration rates for Aboriginal people with requests for an interpreter increasing 25% since the app's release. Akkodis is the proud recipient of the Social Impact Inclusion Changemaker 2022 Microsoft Partner of the Year Award for the development of the Yarning app.

Figure 1: As a global Smart Industry leader, Akkodis has developed a '7x7x4' strategy – focusing on seven global industries where it contributes deep expertise from seven tech practices and provides premium services across four service lines.

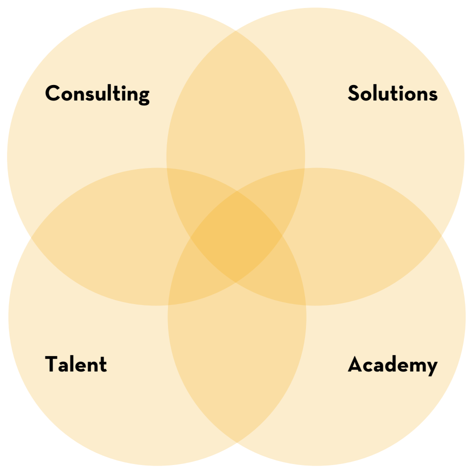
SEVEN GLOBAL INDUSTRIES

- Automotive & Transportation
- Aerospace & Defence
- Information & Communication Technology
- Manufacturing & Logistics
- Banking & Financial Services
- Life Sciences & Healthcare
- Energy & Clean Technology

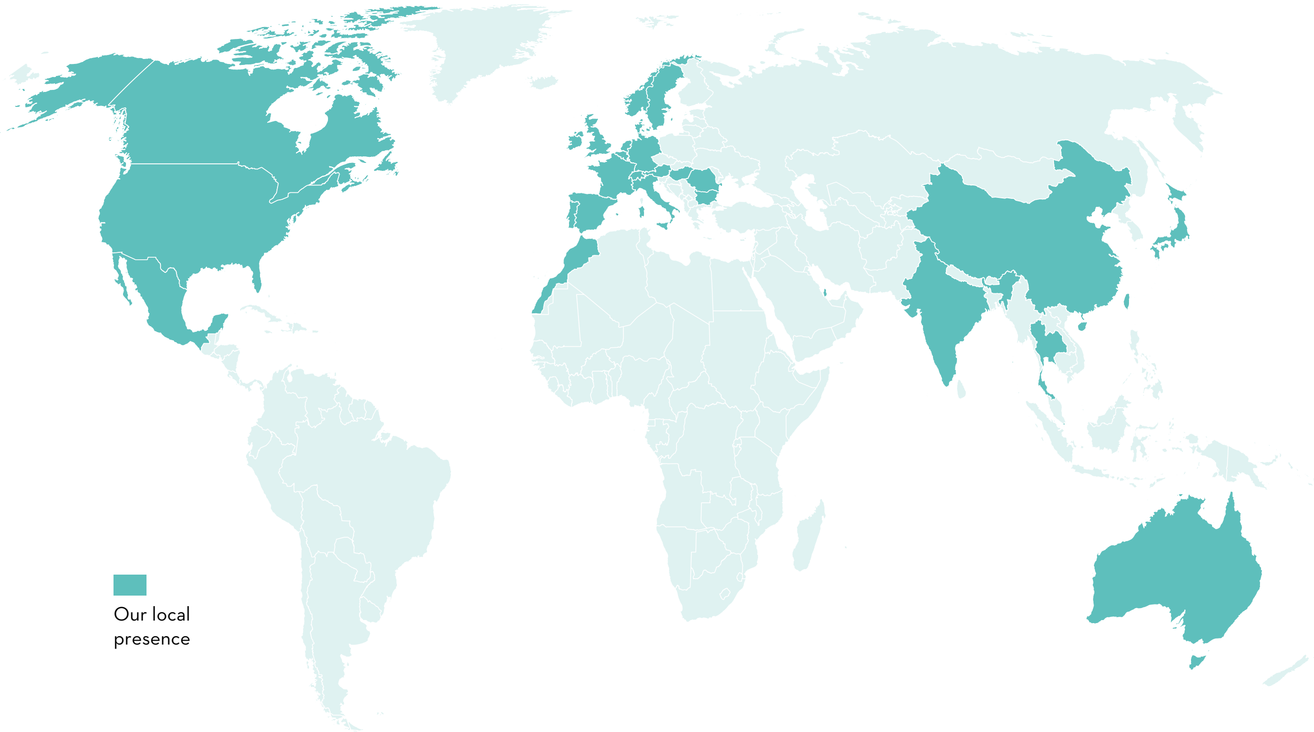
SEVEN GLOBAL TECH PRACTICES

- Product & System Development
- Validation & Verification
- Manufacturing & Operations
- Digital & Software
- Data Analytics & AI
- Cloud, Infrastructure & Security
- Wireless & Connectivity

FOUR SERVICE LINES



OUR LOCAL PRESENCE



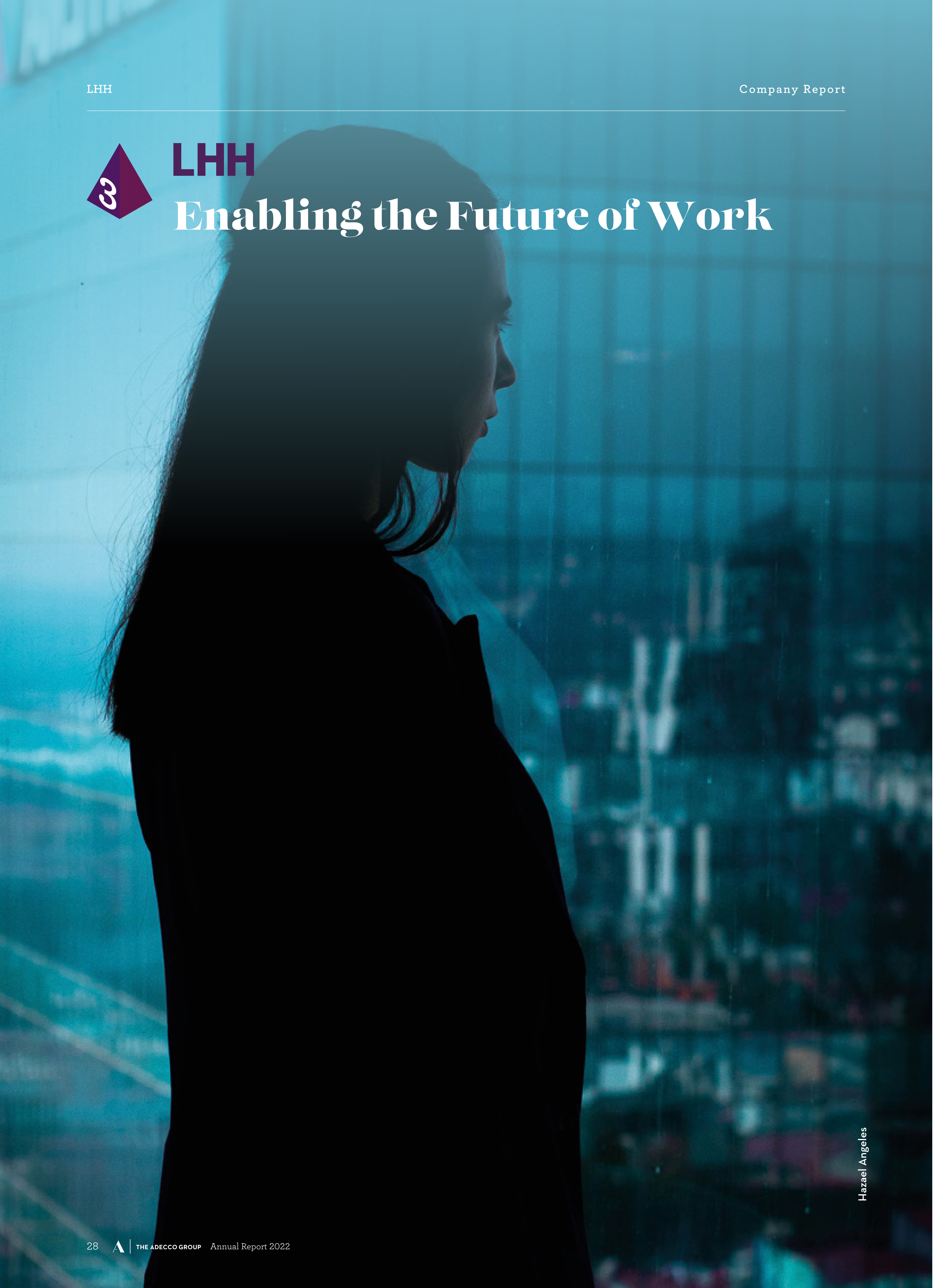
Our Academy network

- Australia
- Belgium
- France
- Germany
- Italy
- Japan
- Netherlands
- Spain
- United Kingdom
- United States of America

3

LHH

Enabling the Future of Work



Hazael Angeles

Driven by the Adecco Group's purpose of 'making the future work for everyone', LHH pursues growth that aligns with our commitment to improving lives through sustainable, lifelong employability.

As a team of over 8,000 colleagues and associates working in more than 25 countries around the world, we empower individuals to reach their career goals and organisations to optimise their talent, through market-leading solutions offered within three global business lines and through investment in three key digital ventures.

Our three principal business lines are Recruitment Solutions, Career Transition and Mobility, and Leadership Development. Our portfolio also includes Pontoon (contingent and permanent workforce management and outsourcing) and our digital ventures: EZRA (digital coaching); General Assembly (tech skills development and enhancement bootcamp); and Hired (matching skilled talent to tech and sales roles). Together, LHH offers the global insights, expertise, data, and workforce management solutions to execute on even the most complex talent management challenges.

Driven by our clients' and candidates' evolving needs, over the last year the Adecco Group's Future@Work strategy has ensured that LHH and the Group's other Global Business Units always deliver the right talent strategies at the right time for our client organisations and candidates.

Just over a year ago, we brought the different elements of our business together under the global banner of the LHH brand, supporting our clients and candidates with market-leading offerings in all areas of our business.

How LHH is identifying opportunities, addressing global challenges, and applying suitable solutions

Today's global labour market is distinguished by several macro trends that have collided to create challenges that are, as we speak, changing the very nature of work.

The 'Great Resignation', 'Great Regret', 'Quiet Quitting', 'Quiet Hiring', the continuing skills shortage, and a global surge in career dissatisfaction have shifted the focus of employers from merely sourcing professionals to finding ways of building skilled talent for immediate needs and sustaining that talent for future challenges and risks.

However, those are not the only challenges employers are facing. The global economy will continue, for the foreseeable future, to be affected by high inflation and high interest rates that have triggered a slowdown in economic activity and mass layoffs. As well, the Covid-19 pandemic is expected to continue disrupting business plans and cycles well into the future.

These are the challenges that LHH has embraced as we move into 2023.

Closely monitoring these macro forces, and recognising the seismic changes that they were unleashing, LHH started two years ago to fundamentally re-imagine itself. The goal was to transform LHH from its traditional role as the world's leading provider of career transition solutions to a strategic talent solutions partner with the expertise to help employees at every stage of their career lifecycle. We have done so through the successful global integration of the Adecco Group's professional recruitment brands, with career transition and mobility, and leadership development solutions under the LHH brand. And recently, with the integration of all our individual coaching, including executive coaching, under EZRA, democratising coaching at every level of an organisation.

Current challenges require employers to abandon the fire-and-hire strategies of the past and embrace a more holistic mindset where candidate and client data, learning opportunities, internal mobility, and career development are the keys to preparing for the future of work. To help our client organisations face these challenges, LHH is mobilising all of its human capital solutions:

- Through **LHH Career Transition and Mobility**, LHH is helping employers build new workplace cultures built on lifelong learning and career mobility. We are guiding workers to identify new and more rewarding career paths with predictive analytics. Unparalleled data-driven insights allow LHH to help its clients examine their existing talent pool to find hidden resources to meet future skill challenges. And when layoffs are absolutely necessary, we are the leading partner supporting affected workers in finding new and better jobs, while helping organisations protect their brand as an employer of choice.
- Through **LHH Leadership Development**, LHH is helping organisations build leadership greatness at scale for some of the world's biggest companies. We are empowering employers to retain their best talent by offering behavioural-based development frameworks and personalised learning journeys that will support leaders throughout their career journeys. We are also leading the way in data-driven solutions to help employers track coaching effectiveness.

Employability and access to work

Trusted partner to clients

LHH Career Transition & Mobility

LHH Leadership Development

LHH Recruitment Solutions

EZRA

GA GENERAL ASSEMBLY Hired

LHH helps future-proof organisations and careers by building the right capabilities, delivering talent solutions and enabling workforce transformation

#1
in outplacement

#2
in professional recruitment in the US

Leading and fastest-growing coaching player

25+
countries plus affiliate network

8,000
colleagues and associates

- In a fast-changing marketplace, sourcing professional talent rapidly is a priority. **LHH Recruitment Solutions** serves the recruiting needs of employers and candidates at a global scale and at speed. Through LHH's temporary and permanent placement offerings as well as its unique offering of talent product solutions including MRX (Managed Recruitment Experience), Executive Search, Interim Management, and Hiring Assessments, we provide large and diverse talent pipelines that help expedite the hiring process and make better matches between employer and employee.
- Finally, LHH provides the expertise and technology of a range of digital solutions including **EZRA**, our digital coaching application which allows organisations to deliver effective coaching at scale, **General Assembly**, our global education and career transformation brand that delivers immersive training in high-demand tech fields, and **Hired**, the largest AI-driven marketplace for top tech and sales talent.

Together, LHH solutions are tailored to address the ever-evolving changes faced by both employer and employee as volatility continues to define the future of work.

LHH's impact

Creating an award-winning coaching culture at AstraZeneca

Leadership in the 21st century is about dialogue. A coaching culture provides leaders with the mindset and skillset to optimise their dialogue to create cultures of innovation and high performance. Such culture shifts require strong strategic alignment between organisations and human capital partners with insight into the entire HR ecosystem and employee lifecycle.

Over a more than decade-long relationship with AstraZeneca, LHH has evolved from career transition service provider to strategic HR partner, helping the multinational biopharmaceutical leader grow through innovation. The AstraZeneca-LHH partnership proves the value that can come when a client organisation finds a strategic advisor and partner, with the right solutions, at the right time.

LHH has become a trusted advisor across the entire employee career journey, in the process creating a multi-award-winning suite of solutions aimed at building a new leadership culture at AstraZeneca. The LHH approach is also being realised as we begin partnering with AstraZeneca to explore and co-create solutions to strategic workforce challenges, such as reskilling and D&I resourcing, to enable AstraZeneca to deliver on its 2030 strategy.

The impact of our ongoing work with AstraZeneca has been significant. With LHH as the strategic partner on its Coaching and Feedforward initiative, AstraZeneca was able to deploy a truly global coaching solution for leaders and managers, offering scalability, consistency, and rich data reporting and insight to inform future people development planning. As a result, AstraZeneca experienced a 45% shift in positive mindset, 100% increase in leader confidence and capability in coaching behaviours, as well as higher levels of team engagement and lower employee turnover.

In 2022, the human capital industry took notice of the work AstraZeneca and LHH accomplished by working so closely with each other. In February, the LHH-AstraZeneca team was recognised by The Learning Awards, one of the highest honours presented to organisations in the learning and development space, with a silver award in the People Development Programme (Private Sector) category.

And last autumn, AstraZeneca and LHH were again recognised for their collaboration. The Personnel Today Awards, which celebrate the very best innovations in leadership development, presented AstraZeneca and LHH with the Performance Management Award for their reimagined performance management approach, calling it "superbly designed and comprehensively supported through coaching and development".

Working towards a sustainable future of work

The talent industry and the world we operate in have changed dramatically since the Adecco Group first started operating more than 60 years ago. From the still reverberating impacts of the Covid-19 pandemic to high inflation and sluggish economic growth, from increasingly extreme climate events to global wars and conflicts, the risks we face today are more complex, interdependent, and global.

At the Adecco Group, we are responding by helping individuals and employers build resilience against the ensuing changes in the world of work and equipping them with the skills, insights, and tools to help them navigate and adapt to this shifting environment. This is part of our purpose of making the future work for everyone. Collectively, we are working towards five overarching, interrelated, and interdependent goals that call out the transformational themes that impact our business the most – livelihood difficulties, systemic social and economic inequalities, skills shortages, and the digital and green transitions present undeniable challenges for us and our customers, individuals and organisations alike. These goals are the cornerstone of our approach and guide us in building a resilient organisation that responds to the needs of our times:

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

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

Trusted partner to clients: Working hand in hand with businesses worldwide to provide tailored talent solutions, built on a deep understanding of their needs and challenges and a shared commitment to do business responsibly.

Social protection for all: Advocating for a new social contract that provides adequate protection and decent work for all, regardless of the type of employment contract, to ensure the prosperity of a society that thrives on the value of work.

Climate protection: Playing our part in safeguarding the planet for future generations, supporting a human-centric green transition that leaves no one behind, while minimising our own environmental footprint.

We have the ambition to be one of the most responsible and impactful businesses in the world, creating positive outcomes for people and the planet and thus making the future work for everyone.

Our framework

The WHY

Making the future work for everyone

The WHAT

OUR GOALS

Employer of choice	Employability and access to work	Trusted partner to clients	Social protection for all	Climate protection
Creating a positive, respectful, inclusive and healthy work environment	Unlocking human potential to achieve equal access to decent work for all	Building on a shared commitment to do business responsibly	Advocating for a new social contract that provides protection for all	Helping to safeguard the planet for future generations

The bedrock of our approach: focusing on what matters most

Generating profit is only part of what it means to run a business today. It all comes down to how this is achieved. Increasing stakeholder demands and expectations, evolving legislation, and the increasingly visible impacts of climate change underline the urgency to change the way business is done. To ensure continued progress towards our overarching goals, we are focusing on three levers for change:

The HOW

OUR LEVERS FOR IMPACT

Embedding material environmental, social, and governance (ESG) considerations across our operations, solutions and value chain	Strengthening ESG governance and accountability	Measuring and disclosing transparently and holistically our stakeholder value creation
(see pages 14-41 and 56-57)	(see pages 42-43, 66-69 and 89)	(see pages 43 and 173-179)

We are adapting the way we conduct our business by successively and succinctly taking material environmental, social, and governance (ESG) considerations – risks, opportunities, and impacts both of and to our business – into account across our value chain, thus creating positive outcomes for all stakeholders. We believe this is an urgent imperative and critical to our long-term success, and thus aligned with shareholders' and stakeholders' interests.

To be impactful we need to be focused. We thus continuously assess the issues influencing our business and stakeholders, the environment we operate in, our impact, and our ability to contribute to sustainable development more broadly. To identify and prioritise our material issues, over the course of 2018 we conducted a comprehensive materiality analysis that involved a broad range of both internal and external stakeholders as well as quantitative and qualitative analysis. The outcome was used to define our overarching goals and focus areas. As these issues fluctuate over time, in 2022 we validated and confirmed the resulting materiality matrix with several stakeholders. While already rated highly material in the past, given the developments over the last few years we have moved up even further the interrelated topics of access to quality employment, skilling of people (preparing them, for example, for the digital as well as green transitions), as well as talent attraction and retention. We also identified sustainable procurement as a topic that was originally assessed as less material but has since gained in importance, given increasing legislation and stakeholder calls for stronger due diligence of supply chains. The Adecco Group's materiality matrix is available on our website, at www.adeccogroup.com/sustainability.

For an overview of how we progressed in creating positive value through our core business, see pages 20-30. How we prioritise enabling an inclusive environment where our people can learn and grow and bring their whole and best selves to work is described on pages 14-19. More details on how we are strengthening our sustainability fundamentals can be found on the following pages 34-41.

Strong governance structures and clear lines of accountability at every level of the organisation are paramount to enabling us to deliver on our ambition and commitments. In addition to assigning clear roles and responsibilities, we are also implementing relevant policies and guidelines to ensure a strong foundation for our efforts. Find out more on how we govern sustainability on pages 42-43. ESG is also an integral part of our enterprise risk management framework (see pages 56-57), and select performance metrics are included in the compensation framework of the Executive Committee (see page 89).

To ensure we are on the right track and progress against our objectives and targets, continuous measurement and evaluation of our performance is key. We are serious about our commitments and hold ourselves accountable for our progress towards our goals. For more information on the steps we have taken to strengthen what and how we measure and disclose, see pages 43 and 173-179.

We recognise that sustainability is an ever-evolving journey and that there is always more that we can and must do. The steps we have taken are creating a company that is more resilient than ever. This provides us with a strong foundation to be ambitious as we set targets and objectives for the way forward, to create a future that truly works for all.

Advancing our sustainable foundations

We seek to enable an approach that is embedded across our business, looking at how we institutionalise best practices within our own operations, enhance our value proposition towards our stakeholders, and fuel innovation along the value chain. In addition to the positive impact achieved through our core business, in 2022 we took important steps to further strengthen the fundamentals of how we operate.

Leading with integrity and compliance

Our efforts to provide work and training for people and ensure our clients have the talents and services they need to succeed and thrive, touch the lives of millions of people worldwide, their families, and their communities. The trust placed in us comes with a great responsibility and clear expectations: that we act with integrity as a reliable, competent, and compliant partner. This is key to our sustainable success and non-negotiable.

To ensure our approach continues to evolve in line with best practice standards, in 2019 we embarked on the multi-year roll-out of a comprehensive Integrity & Compliance programme, which continued in 2022. Its ambition is to help create a culture that enables and encourages decision-making and business practice that considers not just what is legal, but what is conduct with integrity, providing uniform minimum standards of how we conduct our business. The Board of Directors, through its Audit Committee, exercises oversight over the programme's implementation and ongoing effectiveness.

Our Code of Conduct is our collective commitment to operate ethically and sits at the foundation of our approach. A commitment not only to ourselves, but also our colleagues, candidates, consultants, associates, clients, and all other stakeholders. It sets out our standards for doing business in the right way, by acting with integrity and conducting our business sustainably and responsibly to positively impact society. 2022 saw the finalisation of our new Code of Conduct, created through a comprehensive process engaging colleagues from across our Global Business Units and enabling functions. It was approved by the Governance and Nomination Committee of the Adecco Group's Board of Directors and is effective as of 1 January 2023. In support of the roll-out, we created a dedicated intranet site where colleagues can find additional information, case studies, questions and answers, and links to additional internal and external information (e.g., policies, websites, and other resources), helping colleagues and managers feel more confident in making ethical decisions in their day-to-day work. It will furthermore be accompanied by various communication measures, a new e-learning course, and an attestation process by which colleagues need to confirm they have read, understood, and will abide by the new Code of Conduct. The new Code of Conduct, e-learnings, and policy attestations will be rolled out in 25 languages, making them as accessible as possible and ensuring colleagues across the Group are able to understand their content given the seminal nature of the documents.

In 2022, we further enhanced our integrity and compliance training programme by adding new courses or replacing existing modules with new content. We for example launched a new data privacy course, which will enable colleagues to better understand the basics of data protection and the requirements set out in the Group Policy on Data Protection, and to comply with them in the performance of their daily tasks. We furthermore continued with the roll-out of a renewed e-learning module on preventing bribery and corruption in all its forms; this continues to emphasise our zero-tolerance to bribery and corruption given the devastating impact financial crime can have on society, communities, businesses, and individuals.

Employer of choice

Trusted partner to clients

Ensuring responsible tax practices

At the Adecco Group, we believe that contributing to public finances through paying taxes responsibly is an integral part of achieving our purpose and one of the ways we support the economic and societal development of our markets worldwide. We are a significant contributor of taxes, both in terms of direct taxes as well as those collected on behalf of tax administrations.

EUR millions	2022	2021	2020
Income taxes paid	227	195	290
Sales taxes paid	2,701	2,460	2,061
Employer payroll and social security taxes paid	3,253	2,726	2,278
Total taxes paid	6,181	5,381	4,629

To build trust and accountability and strengthen our stakeholders' understanding of how we create value through the taxes we contribute and the underlying approach we take, in 2022 we issued our first Tax Transparency Report. In addition to a detailed country-by-country breakdown of our tax contributions, the report explains our overarching tax principles. These include for example that we do not engage in artificial tax-driven structures and transactions but instead seek to comply with both the letter and spirit of applicable tax laws, reporting revenues and paying taxes in the countries where we operate and value is created. We furthermore disclose our tax guidelines and the actions we take to manage our tax risks, compliance, and audits. The report is accessible on our website.

An integral part of our approach is our Group-wide integrity and compliance survey, which we conducted for the third time in 2022. This gives our colleagues the opportunity to share their perceptions of how our Company lives up to our respective commitments, enabling us to track our progress over time, and helping us fine-tune our priorities over the short, medium, and long term. While the results showed further improvements versus prior years and are above the benchmarks of the services industry and global high-performing companies, they highlight three focus areas where colleagues are looking for more guidance and that we will continue to invest in: enhancing our speak up culture, maintaining high standards of integrity while achieving business results, and knowing what to do when they feel pressured by a client to recruit in a way that is discriminatory or against our Company's values.

As we progress with the implementation of our programme and implement new initiatives, policies, procedures, and tools, we continue to partner with a core group of stakeholders across the Adecco Group, to make sure what we do meets the needs of colleagues throughout our operations.

Our speak up culture

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 thus encourage and count on our people to raise any concerns they have relating to potentially improper business conduct and report any actual or suspected misconduct. Concerns can be raised through various channels, around the clock, including anonymously. Doing so enables us to support the fair and consistent enforcement of our rules and take action to prevent further inappropriate behaviour, ensuring our practices are in line with our values and ambitions for responsible business conduct.

In line with the new EU Whistleblower Directive, we adapted the Group's reporting systems and processes: unless a person from the EU explicitly agrees to share the information included in their report with the Group, they are by default directed to an exclusively local intake channel and only high-level information will be accessible at Group level.

Depending on their significance (e.g., potential impact on stakeholders, financial impact, seniority of the subjects potentially involved), reported cases are divided into different categories (red, yellow, and green) which determines the further handling of a case, with regular reporting to the Board of Directors' Audit Committee and senior management. If a report of misconduct is substantiated, the Group will take remedial actions as appropriate, which may include disciplinary actions, training or process improvements, awareness campaigns, implementation of new controls, and if required, referring the matter to relevant authorities.

In 2022, the two most reported categories were:

- improper workplace conduct (21%);
- deception (15%), including e.g., embezzlement or timecard fraud.

	2022	2021	2020
New cases reported	191	146	192
Red cases	2%	3%	2%
Yellow cases	11%	14%	10%
Green cases	87%	83%	88%
Reported through the Adecco Group Compliance & Ethics hotline	69%	68%	67%
Reported through other channels (e.g., management)	31%	32%	33%
Cases closed	227	100	171
Proven	21%	35%	26%
Not proven	40%	30%	37%
Inconclusive	10%	7%	12%
Not related to misconduct/not appropriate for investigation	29%	28%	25%

To strengthen our capacity and capabilities at the regional and local level, in 2022 we continued to train integrity and compliance colleagues on the investigations process and protocols. We also expanded our offering to include specialised training on how to gather information and conduct investigative interviews to ensure effective investigations in the interest of all stakeholders involved.

Respecting human and labour rights

As one of the largest employers worldwide, our success begins and ends with our people. We believe that respecting internationally recognised human and labour rights is not only the right thing to do, but also that investing in our talent and their rights is simply the best way of doing business. It is one of the many ways we bring our purpose and our values to life, and a key contribution we can make towards the achievement of the United Nations Sustainable Development Agenda.

We recognise our responsibility to ensure the respect for human and particularly labour rights and our ability to positively impact human and labour rights – within our sphere of influence, wherever we do business, and across our value chain (see also the next section). We continuously strive to embed fair and ethical recruitment practices and the respect for workers' rights in our daily business operations across the world. We are committed to the protection of workers and addressing human and/or labour rights violations as we become aware of them, to the best of our abilities (see page 35). It is in our inherent interest to ensure that the Adecco Group is neither complicit nor implicated in any human and/or labour rights abuses, and we are committed to making this a fundamental part of how we operate.

One of the areas where the human and labour rights of individuals are most at risk given our business activities is in our temporary staffing business. Over the course of the last two years, we have embarked on a comprehensive process to identify and assess existing practices and increase regulatory compliance by defining effective controls, while simultaneously advancing inclusivity, equality, and safety for our temporary workforce. Involving experts from across the Group, we identified 38 salient risks overall, across nine categories (e.g., recruitment, onboarding, payroll, job performance, and termination) and divided into more specific sub-risks (e.g., minimum wage, health and safety, and discrimination). For each of our operating countries a global team of internal labour and employment law experts then provided feedback on the respective impact of such a risk materialising and the controls in place to manage the risk. We for example assessed the level and type of controls in place that ensure that the age of workers and work permits are verified to prevent child labour, that original identity documents are not retained and services are provided free of charge to job-seekers to prevent debt bondage and forced labour, and that wages are adequately calculated and paid on time.

We have in the meantime completed the data collection across all our markets and are compiling risk matrices by risk category, country, region, and at Group level. This then enables us to implement improvement actions where globally defined minimum standards are not yet met and/or where a level of control is not yet commensurate with the potential level of impact. The assessment process will then be regularly repeated to accurately measure progress against the target state.

For an overview of how we work to ensure a thriving work environment and the inclusion and wellbeing of our colleagues, please see the People and culture section, pages 14-19.

To strengthen our approach and articulate and reflect more clearly our commitments and already lived practices, 2022 also saw the sign-off of a new Group Human and Labour Rights Policy, following an extensive engagement process across 2021 and 2022, including with an external expert human rights NGO. This enabled us to consider a multitude of perspectives, avoid potential blind spots, and ensure alignment with evolving best practice standards.

The policy builds on our new Code of Conduct and sets out our overarching commitments (including to international frameworks), global minimum standards, and the rights most likely to be affected, directly or indirectly, by the business activities of a talent solutions company like ours. It also describes the responsibilities and processes by which we implement the policy, including risk assessment, regular monitoring, and stakeholder dialogue. The policy is complemented by further policies and procedures addressing relevant topics, e.g., data security and privacy, terms of employment, health and safety, or non-discrimination. We are translating the policy into relevant languages aligned with our operations to make it as accessible as possible and will formally roll it out in 2023. The policy is publicly available on our website, together with a position statement.

Enabling social dialogue

Social dialogue plays an important role in safeguarding human and labour rights. In 2022 we continued our active engagement in social 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. At the European level, social partners World Employment Confederation Europe and UNI-Europa continued their work in accordance with the work programme for 2021-2023. They for example agreed a joint statement towards more dynamic, inclusive and resilient labour markets in Europe.

Social protection for all

Yuan Yunxian

Our Adecco Group European Works Council (AEWC) continued to enable meaningful social dialogue between the Adecco Group management and European employees through employee representatives. In 2022, we had several meetings to continue our European-level dialogue, including for example on the financial situation of the business, investments, workforce-related topics such as improving retention and employee engagement, the shared services centre project for HR and finance, and new ways of working since the Covid-19 pandemic including hybrid working. Four meetings were held between the management and the AEWC Steering Group, consisting of five members who work on behalf of all employee representatives. We organised joint working groups on the topics of retention, wellbeing, and Adecco Career Centres. Management organised a hybrid four-day plenary meeting for all AEWC representatives in Lisbon, Portugal, in which we signed a joint summary with commitments for the future, including planning the designations of employee representatives for the next four-year mandate, accelerating revenue growth, and maintaining and increasing investment in our people wherever possible. One AEWC representative was furthermore invited to the Group's Global Leadership Summit in Lisbon. Following the acquisition of AKKA, a number of virtual and in-person meetings were held to discuss and agree on the integration of the AKKA Societas Europaea Works Council into the AEWC.

Both management and employee representatives are committed to continue furthering a positive relationship and having constructive conversations.

Sourcing responsibly

One aspect of our approach to sustainability is supply chain responsibility. This means we not only take responsibility for the social and environmental impact of our own activities, but also take a critical look at the impact of the activities of our suppliers and service providers. This helps to ensure that we are not part of or party to activities that do not adhere to our own standards of responsible business conduct. The need to meaningfully address this is also driven by increasing legislation at national and supranational level as well as respective expectations from clients and other stakeholders. In 2022, we thus embarked on a comprehensive journey to strengthen our existing third-party risk management (TPRM) framework. This will enable the Group to more strategically and consistently assess and manage risks associated with third parties that have the potential for significant adverse environmental or social impacts and may expose the Group to financial and/or reputation risks.

We applied a risk-based approach to ensure our due diligence is commensurate with the products and services that we buy. We started with an analysis of our existing portfolio of roughly 10,000 suppliers, using comprehensive external data sources (covering areas such as e.g., ESG performance, financials, watch-lists, adverse media information, and country risk) to understand our risk exposure and identify and classify critical in-scope vendors.

This enabled us to develop our enhanced TPRM operating model, methodology, governance structures, and future process landscape, in collaboration with relevant stakeholders such as procurement, sustainability, compliance, data privacy, and IT security. We started to focus particularly on the implementation of formal processes to onboard, assess, and regularly monitor suppliers for ESG risks, risks inherent to their operations, and exposure to those risks, based on the Group's defined target state and minimum applicable standards, considering potential business impact and the Group's risk tolerance level. We first pilot this enhanced approach including supporting technology and employee training in our German market to ensure compliance with the new German Supply Chain Act. The further roll-out across the Group will then follow. This phased approach enables us to continuously fine-tune, reflecting learnings made along the way.

Our revised Third-Party Code of Conduct establishes the fundamental principles we expect our suppliers and related third parties to adhere to, ensuring consistency across the diverse environments we operate in and alignment with the Adecco Group Code of Conduct. It will apply globally across all our operations, and we will require commitment to it from all our suppliers. Our approach is aligned with international best practice TPRM standards, the

Trusted partner to clients

TPRM Framework – Focus elements

Third Party Risk Management

- Oversight & Governance
- Third Party Inventory
- Risk Approach & Models
- Policies & Standards
- TPRM Processes
- Technology, Automation & Reporting

principles of the UN Global Compact, as well as other globally recognised frameworks such as the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The new Third-Party Code of Conduct is available on our website, together with further details on our approach.

For an overview of our enterprise risk management approach overall, please see pages 56-57.

Helping advance meaningful public policy

As a global company, we are impacted by a range of local, national, and global rules and regulations. At the same time, given the complexity of the challenges the world of work is faced with, as a leading global talent solutions and advisory company and one of the largest private employers in many of our markets, we are an important stakeholder and partner of policymakers, governments, labour ministries, international institutions, and governmental organisations such as employment offices. Our engagement efforts are guided by the principles of trust, transparency, reliability, objectivity, and expertise rooted in facts, as further described in our Public Affairs Principles and Guidelines. We are convinced that this leads to optimal outcomes for all: achieving the most enabling policy framework for us to deliver our services in the interest of our stakeholders, while creating open, dynamic, and efficient labour markets for the benefit of all.

In our engagements we focus on the issues most relevant to the Group's core business of building a better world of work for all. In line with this, the topic of skills continued to be one of the priority areas within our 2022 public affairs agenda: for example, we contributed to the consultation on the EU's Digital Skills Initiative, as well as the European Year of Skills 2023 Initiative, launched a white paper on the role of governments in empowering the green transition, and held a number of activities in collaboration with the Global Apprenticeship Network and the Alliance 4 YOUth in support of helping younger generations successfully access the labour market. With a view towards helping enable a regulatory environment in which labour migration policies support business and ensure sustainable development through job opportunities and economic growth, we contributed to an EU consultation on mobility and migration, were actively involved in the Business Advisory Group on Migration, and contributed to a paper and event hosted by the World Employment Confederation Europe on how effective labour mobility can help reduce labour and skills shortages.

We also continued our advocacy on better instant delivery platform work, for example by participating in a Meeting of Experts hosted by the International Labour Organization (ILO) as well as hosting a webinar on the topic, building on our 2021 whitepaper in which we propose a range of solutions for creating a more balanced relationship between delivery platforms and affiliated workers.

This is complemented by our ongoing institutional engagement both at the sector level as well as within the wider business community. We continued to hold the presidency of the World Employment Confederation as well as further leadership roles within this important industry federation, and actively engaged with other business organisations such as the International Organisation of Employers (IOE), Business at OECD, and BusinessEurope. In 2022, we also shared our deep labour market expertise in the G20/B20 process on the 'Future of Work and Education' taskforce and took part in the B20 Summit.

We are transparent about the positions we advocate for and regularly publish our viewpoints on our website.

Ye Jiayi

Managing environmental opportunities and risks

At the Adecco Group, we believe that a healthy environment is necessary for the wellbeing of society, our people, and our business, and is the foundation for a sustainable economy. Strong, decisive, and urgent action from both governments and the private sector is needed to address the threat of climate change if we are to still mitigate the worst outcomes for people and the planet. We are committed to playing our part and see this as an integral element of our purpose of making the future work for everyone.

Given the nature of our business, our climate strategy focuses on two distinct pillars: supporting people and organisations through the transition to a net-zero economy from a talent and skills perspective and demonstrating our commitment to reducing the carbon emissions footprint of our own operations.

1. Helping facilitate a human-centric green transition

At the Adecco Group we are convinced that to be successful in transitioning our society to a net-zero economy, climate action must be labour market action. We continue to call for the central positioning of a human capital agenda that ensures that people can access training and career guidance support throughout their working lives, especially workers in sectors and jobs most exposed to climate disruption and transformation. We all have a responsibility to ensure the measures to mitigate climate change maintain the perspective for decent work and livelihoods. Investing in people and their skills will not only drive the transition today but also make workers more adaptable and resilient in the future. Yet still too few organisations are purposefully and strategically considering what the green transformation will mean from a people perspective: what skills do they need to achieve their climate strategies and how will they bridge any gaps? How do we ensure people's continued access to employment and employability and companies' access to talent if supply chains are being reengineered? How do we strengthen the safety and wellbeing of workers exposed to increasingly harmful weather conditions?

Through our core business, we are seeking to help bridge some of these gaps. Through Adecco Training in France for example, we up-skilled local government officials on how to implement effective green transition policies in rural areas. General Assembly supported a client in rolling out a programme to train the climate tech workforce needed to power the clean energy and building modernisation revolution; it also has an inclusion ambition associated with its target audience. And Akkodis, for example, collaborated with a leader in electric vehicle (EV) charging in one of its largest markets to help double their current charging infrastructure by end of 2025 and thus make EV adoption more easily accessible and attractive. By providing a range of talent services in the areas of for example, engineering, IT, energy cost optimisation/procurement support, real estate site acquisition, and construction services, Akkodis was instrumental in assisting the client with servicing, supporting, and helping stand up hundreds of charging locations and thousands of individual charging units.

This is complemented by our advocacy work to raise the level of awareness and understanding for these issues and highlight the need for urgent action. Together with the International Organisation for Employers, for example, we hosted a side-event at the UN climate conference COP27, featuring voices from across the labour market spectrum including the ILO, the European Bank for Reconstruction and Development, the Presidential Climate Commission of South Africa, the C40 Cities (a global network of mayors of world-leading cities taking urgent action to confront the climate crisis), and the Confederation of Indian Industry. We spoke on a panel at the Building Bridges Conference on how finance can support a far-reaching just transition to sustainable development. And we were one of the knowledge partners to a cross-industry working group under the umbrella of CSR Europe's People Leaders Hub, leading to the launch of the European Business Roadmap for a Just Transition at the SDG Summit 2022.

The transformation of skills and jobs cannot wait but needs to happen now.

Climate protection

> **"To be successful in transitioning to a net-zero economy, climate action must be labour market action."**

2. Managing our environmental footprint

At the same time, we recognise our own impact on the environment through our operations and business relationships and the difference we can make by acting responsibly both in our own business and in collaboration with our value chain partners.
In response, in 2020 we 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[1]), and offsetting remaining emissions.

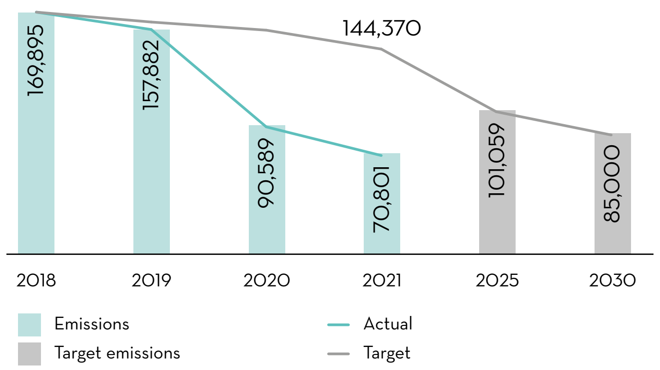
In 2022, we further strengthened our approach and ambition: we formally committed to setting science-based targets through the Science Based Targets initiative (SBTi), and at the same time signed on to the SBTi's "Business Ambition for 1.5°C" and the UN-backed "Race to Zero" campaigns.
We are well on our way in the extensive process of updating our emissions inventory and baseline and broadening our emissions reporting to include additional sources of emissions not previously captured (e.g., strategic data centres, commuting of people). This will enable us to set science-based targets aligned with SBTi criteria to reach net-zero value chain greenhouse gas emissions by no later than 2050. We will submit these targets to SBTi for validation in 2023.

New Group Environmental Policy
2022 furthermore saw the sign-off of a new Group Environmental Policy, following a comprehensive stakeholder engagement process considering internal and external best practices and expectations. The policy sets out the Group's commitments and global minimum standards in this area and describes the processes for implementation. It ensures that our business operates in consideration of potentially adverse impacts on the planet and establishes a clear governance structure, assigning ultimate responsibility for our approach at the top of our organisation.
The policy will be formally rolled out in 2023.
It is publicly available on our website, together with a complementary position statement.

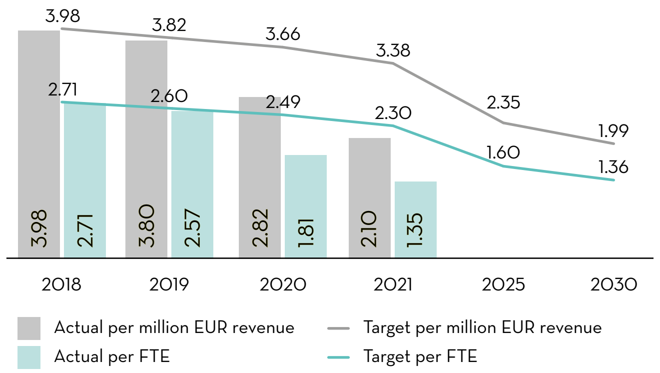
Our environmental data
The Adecco Group reports in line with the Greenhouse Gas Protocol. We expanded the scope of our data collection to 21 of our markets (up from 19 the previous year) plus our Swiss headquarters, now representing more than 90% of our workforce and more than 97% of global revenues. 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 on, for example, office square footage, number of FTEs, and recognised standards such as Greenhouse Gas Protocol and ecoinvent database, taking into consideration factors such as country energy mix or heating degree day per country.

-21.8%
YoY reduction of our carbon footprint

2021[2] Emissions vs target
(metric tonnes, Scopes 1, 2 & 3[1])



2021[2] Intensity performance vs target
(metric tonnes, Scopes 1 & 2[1])



Absolute CO$_2$ emissions (metric tonnes, Scopes 1, 2 & 3[1])

	2021[2]	2020[3]	2019	2018 (base year)	YoY Change
Scope 1	25,979.92	29,918.19	58,170.22	63,340.54	-13.2%
Scope 2	17,936.23	25,169.51	30,943.66	31,662.93	-28.7%
Scope 3	26,884.89	35,501.51	68,768.31	74,891.44	-24.3%
Absolute global emissions	**70,801.04**	**90,589.21**	**157,882.19**	**169,894.91**	**-21.8%**

---

[1] Scope 1: Direct emissions from owned or controlled sources (e.g., business cars, heating using oil and/or natural gas).
Scope 2: Indirect emissions from the generation of purchased energy (e.g., conventional and renewable electricity, energy for cooling). Scope 2 emissions are calculated according to the Greenhouse Gas Protocol's market-based methodology.
Scope 3: Other indirect emissions occurring in the value chain (e.g., air travel).

[2] Results are currently still reported with a one-year time lag. 2022 data will be available at the end of Q2 2023.

[3] Following further investments in strengthening data quality, methodology and controls, 2020 figures have been restated to account for gaps in previously reported data.

Over the course of the reported year (2021[2]), we saw an overall year-on-year emissions reduction of 21.8%, again outperforming our target, with the most significant emissions reductions in the areas of purchased electricity and business travel.
While the Covid-19 pandemic continued to impact our emissions footprint during the reported year (e.g., travel restrictions outside Europe and continued office closures in certain markets), given the increase in revenues at the same time we are cautiously optimistic that we are increasingly successful in decoupling business from emissions growth.

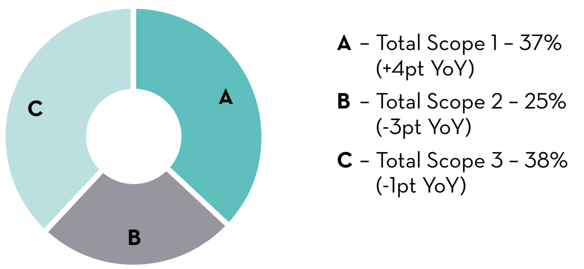
Over the last years, we implemented a number of meaningful steps in support of our objectives, with a focus on our largest markets: we have further accelerated the decarbonisation of our car fleet (e.g., in Spain now close to 70% of the fleet is hybrid), are switching increasingly to renewable energy sources (e.g., our UK and German operations are now running on 100% renewable energy), and are becoming more efficient in the usage of our offices to reflect changing working preferences (e.g., in Belgium and the Netherlands we were able to reduce office space by 22%).

We are continuing our efforts to strengthen the robustness of data quality and coverage. In 2022, we advanced our measurement capabilities of Scope 3 emissions, specifically in the category of commuting. We conducted a comprehensive survey into the commuting habits of our colleagues in France (one of our largest markets), delivering robust insights into the associated carbon footprint, and conducted a pilot on a new tool to estimate the emissions from the commuting of our associates. Our goal is to establish a comprehensive baseline for commuting-associated emissions in 2023, as a basis for the calculation of our science-based targets.

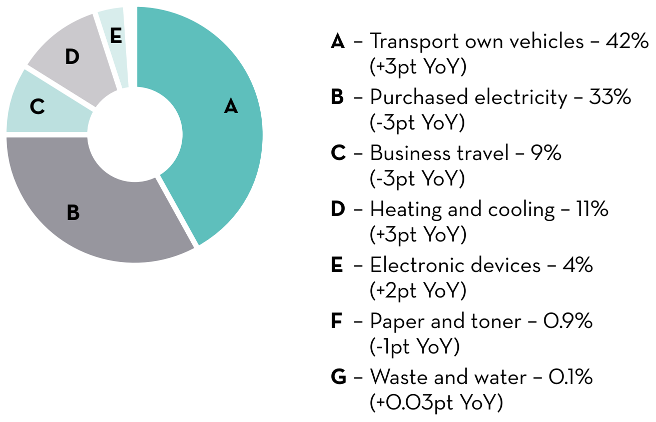
To further build credibility in our reporting, for the first time we engaged EY to provide independent assurance of selected key performance indicators, including our absolute carbon emissions. Please see pages 173-176 of this report for further details.

For more information on our approach to climate risk and opportunity management as well as more detailed emissions breakdowns, please consult our latest submission to the CDP as well as further reporting available on our website at https://adeccogroup.com/our-group/sustainability/measurement-reporting/.

2021[2] CO$_2$ emissions split by scope[1]



2021[2] CO$_2$ emissions split by source



Governing our approach

Our governance structures for sustainability provide a framework for setting and achieving our goals, making decisions, aligning actions across the organisation, and helping ensure that the interests of all our stakeholders are being considered. To ensure our actions are fit for purpose on the ground and within the business, we take a hybrid approach, combining top-down frameworks with bottom-up strategies and input.

As part of its strategic responsibilities, the Board of Directors oversees the Group's sustainability strategy, objectives, and reporting. It is supported by its Board Committees within their respective core mandates (see pages 66-69). At management level, accountability for different areas of expertise, including sustainability aspects related to each of these areas, are assigned to an EC member. In addition, the Group CEO has designated the CFO as the EC-level sponsor for sustainability.

The implementation of the sustainability strategy and objectives in the businesses and functions is overseen by the Sustainability Steering Committee. In 2022, it was chaired by the CFO and further composed of the CHRO, the CSMO, the President of the largest global business unit Adecco, and senior representatives from the other two global business units as well as the finance, communications, public affairs, and sustainability functions, all reporting either directly to the CEO or to EC members. In 2022, it met three times, discussing the 2022 roadmap and scorecard, governance, the materiality matrix and non-financial reporting, environmental matters, as well as the target operating model for sustainability. In an effort to continuously strengthen how we govern sustainability-related matters and to better reflect our integrated approach, towards the end of 2022 we decided to move the strategic and oversight responsibilities of the ESG Steering Committee into the EC as a whole, and evolve the Steering Committee into an Activation Committee tasked with driving the effective implementation of sustainability into the business and across the functions. Further changes to how we govern sustainability will be considered as we continue to evolve our approach.

Cyril Nourry

2022 Sustainability governance structure

Ultimate oversight

Board of Directors

Governance and Nomination Committee
Oversight of ESG strategy, governance, initiatives, targets, and principles; together with the AC, monitoring of progress and non-financial reporting

Audit Committee
Risk management and controls, incl. third-party risk; together with the GNC, monitoring of progress and non-financial reporting

Compensation Committee
Compensation policy, incl. ESG considerations

Ultimate management responsibility

CEO/Executive Committee
Accountable for implementation, incl. approving and reviewing ESG strategy, approach, policies, and targets, and ensuring inclusion in Group strategy

Operational responsibility & strategic implementation

ESG Steering Committee
Ensuring effective integration into daily business; monitoring progress

Group ESG function
Driving overall design of the Group's ESG strategy; building the Group's capacity and capabilities to respond to ESG opportunities, risks, and impacts; driving implementation across the value chain

Functions, businesses and countries

Topic leads
Defining approaches, policies, processes, and targets for specific topics in line with the overarching Group approach and overseeing implementation

Regional/country leads
Translating global frameworks into meaningful local action and implementing relevant policies, processes, targets, and actions at regional/country level

Day-to-day implementation

All employees

Implementation is facilitated by global topic leads (e.g., for DEI or wellbeing), tasked with defining relevant strategies, policies, processes, and targets for their respective areas of responsibility, and regional or country leads who translate the global frameworks into meaningful local action and implement relevant policies, processes, and targets. At the end of 2022, for the first time, we brought the country leads of our strategic markets together in person to build capacity, exchange best practices, and explore the strategic direction for the coming year.

How we conduct our business comes down to the decisions and actions that each of our employees takes. To better understand their awareness and engagement levels, in 2022 we integrated relevant questions in our employee engagement survey. The results, with an overall engagement score of 7.9 in the last quarter, point to a high overall awareness of our approach and objectives, but that more needs to be done to ensure employees are able to translate this into meaningful actions within their day-to-day responsibilities. This will be a focus area for 2023.

Sustainability is furthermore integrated into our remuneration framework. For more information, please see page 89.

Evolving how we measure our progress

At the Adecco Group, we recognise the need for comprehensive, consistent, and comparable non-financial metrics and disclosures, enabling stakeholders as well as ourselves to benchmark progress, thereby improving decision-making and enhancing transparency and accountability. We thus welcome the efforts by legislators, regulators, and standard setters to catalyse companies' non-financial reporting and create a level playing field in this area. However, the number of frameworks, inherent intricacy in measuring some of these metrics, and speed of development make this a complex journey for all corporations, including ours.

Our approach to reporting and disclosure builds on the Group's refreshed materiality matrix, which reflects the strategic relevance of sustainability factors in terms of both influence on our business success and significance to external stakeholders (double materiality). Our most material topics are those that we can strategically advance through our core business as a leading talent solutions and advisory company: enabling the sustainable and lifelong employability of individuals and providing them with access to quality employment, and enabling organisations to meet their changing talent needs to achieve their own long-term goals.

In order to enhance stakeholder confidence in our reported metrics, and in preparation for upcoming sustainability regulation and disclosure requirements, we engaged EY to provide independent assurance over a subset of our strategic key performance indicators (KPIs):

- Individuals at work (number of flexible placements)
- Individuals placed (number of permanent placements)
- External individuals re-/up-skilled
- Voluntary turnover
- Number of new hires
- Carbon emissions

For each of these metrics, we have defined and implemented standards, methodologies, and controls that govern their end-to-end measurement; further details can be found in our Reporting Scope and Methodology – Strategic Non-Financial Key Performance Indicators document, available on our website. The EY limited assurance report can be found on pages 175-176.

We have historically adopted a combination of voluntary reporting frameworks in order to provide insights into the topics and indicators that are most material to our business and key stakeholders. Our reporting framework will continue to evolve as we prepare for the entry into force of legislative requirements such as the ordinances to implement the counter proposal to the Responsible Business Initiative in Switzerland and the Corporate Sustainability Reporting Directive in the EU.

We furthermore continue to benchmark our activities against recognised ratings and indices, such as EcoVadis, Sustainalytics, and CDP. This helps us understand our performance in a larger context, identify opportunities for improvement (either in terms of taking more targeted action or the need to increase transparency on activities already undertaken), and uncover future risks and opportunities.

For a detailed overview of our non-financial reporting and performance to date, please see the summary of non-financial indicators and index tables related to recognised reporting frameworks at the end of this report, pages 173-179.

In 2022, EcoVadis recognised our ESG-related performance again with the Gold distinction.

in millions, except share and per share information

Accelerating strategic execution

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

Overview

The Adecco Group delivered a strong performance at the end of 2022, with growth in revenues and gross profit, driven by investment in people and digital.

Revenues increased by 4% organically[1] and 5% on a trading days adjusted basis, led by the Akkodis GBU, LHH Recruitment Solutions and Adecco APAC, DACH and France. The revenue trend by quarter was stable throughout the whole year: growth was 5% in the first quarter, 4% in the second quarter, 6% in the third quarter and 5% in the last quarter, all on a trading days adjusted (TDA) basis. Adecco's revenues were up 5%, LHH's revenues rose 1%, while Akkodis' revenues grew by 10%.

Gross margin was up 60 basis points (bps) on a reported basis, supported by the shift in Adecco Group's portfolio toward higher-value activities with the acquisition of AKKA. Organically the gross margin increased by 20 bps, benefiting from favourable mix and dynamic pricing.

Selling, general, and administrative expenses (SG&A) excluding one-offs[2] increased 13% organically. As a percentage of revenues, SG&A excluding one-offs was 18%, compared to 16% in 2021, driven primarily by investment in headcount. FTE employees increased 12% organically year-on-year.

The EBITA[3] margin excluding one-offs was 3.5%, down 110 bps in reported terms, reflecting less support from special items which flattered the prior year period, investment in growth, a moderated contribution from LHH and Adecco US, and accretion from AKKA.

Free cash flow[4] was EUR 328. This compares to EUR 590 in the last year, and was weighed by lower business income, working capital absorption to drive growth, and higher one-off cash costs, mainly for AKKA's integration. DSO was 53 days, two days higher than 2021, due to changes in end-market exposure.

During the year the Group distributed EUR 409 in dividends and completed the acquisition of AKKA Technologies (AKKA). Net debt[5] ended the year at EUR 2,455, representing a ratio of 2.5x net debt to EBITDA[6] excluding one-offs.

in EUR millions unless stated	FY 2022	FY 2021	Variance	
			Reported	Organic
Summary of income statement information				
Revenues	**23,640**	20,949	13%	4%
Gross profit	**4,974**	4,281	16%	6%
EBITA excluding one-offs	**833**	953	-13%	-22%
EBITA	**677**	881	-23%	-28%
Net income/(loss) attributable to Adecco Group shareholders	**342**	586	-42%	
Diluted EPS (EUR)	**2.04**	3.60	-43%	
Dividend per share[7] (CHF)	**2.50**	2.50	0%	
Adjusted EPS[8] (EUR)	**3.28**	4.21	-22%	
Gross profit margin	**21.0%**	20.4%	+60 bps	+20 bps
EBITA margin excluding one-offs	**3.5%**	4.6%	-110 bps	-110 bps
EBITA margin	**2.9%**	4.2%	-130 bps	-130 bps
Summary of cash flow and net debt information				
Free cash flow before interest and tax paid (FCFBIT)	**579**	795		
Free cash flow (FCF)	**328**	590		
Net debt	**2,455**	48		
Days sales outstanding	**53**	51		
Cash conversion[9]	**70%**	83%		
Net debt to EBITDA excluding one-offs	**2.5x**	0.0x		

---

[1] Organic growth is a non-US GAAP measure and excludes the impact of currency, acquisitions and divestitures.

[2] In 2022, SG&A included one-offs of EUR 156 in restructuring and acquisition-related costs.

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

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

[5] Net debt is a non-US GAAP measure and comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

[6] 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 of EBITA excluding one-offs plus depreciation.

[7] Dividend per share for 2022 as proposed by the Board of Directors.

[8] Adjusted EPS is a non-US GAAP measure and refers to net income attributable to Adecco Group shareholders before amortisation and impairment of goodwill and intangible assets, excluding one-off costs and exceptional tax items, divided by basic weighted-average shares outstanding.

[9] Cash conversion is a non-US GAAP measure and is calculated as the last four quarters of FCFBIT divided by the last four quarters of EBITA excluding one-offs.

in millions, except share and per share information

Group performance overview

Statements throughout this operating and financial review 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.

Income statement

Revenues

Full year 2022 revenues of EUR 23,640 were up 13% on a reported basis. Currency movements had a positive impact of approximately 3% and M&A had a positive impact of approximately 6% while the number of working days impact was negligible. Revenue growth was therefore 5% on an organic and trading days adjusted basis.

By Global Business Unit (GBU): revenues in Adecco were up 5%, up 1% in LHH and 10% in Akkodis, all compared to the prior year on an organic and trading days adjusted basis.

By service line: Flexible Placement revenues were up 2% year-on-year organically at EUR 18,105; Permanent Placement revenues grew by 28% to EUR 780; revenues from Career Transition were EUR 295, down 18%; revenues in Training, Up-skilling & Re-skilling were up 9%, to EUR 367; and Outsourcing, Consulting & Other Services were EUR 4,093, up 20%.

Gross profit

Gross profit amounted to EUR 4,974, up 16% on a reported basis and up 6% organically. The gross margin was 21.0%, 60 bps above 2021. Compared to the prior year, currency increased gross margin by 30 bps, while M&A (primarily the acquisition of AKKA) had a net positive impact of 10 bps.

On an organic basis, the gross margin was up 20 bps, reflecting expansion of 70 bps in Permanent Placement, countered by Career Transition which was 30 bps lower and Flexible Placement lower by 20 bps, with the latter weighed by lower contribution from special items compared to the prior year. Margin benefited from favourable mix and pricing.

Gross margin drivers YoY

in basis points	2022	2021
Flexible Placement	**(20)**	80
Permanent Placement	**70**	70
Career Transition	**(30)**	(50)
Other	**–**	10
Organic	**20**	110
Acquisitions & divestments	**10**	–
Currency	**30**	(10)
Reported	**60**	100

Selling, general, and administrative expenses (SG&A)

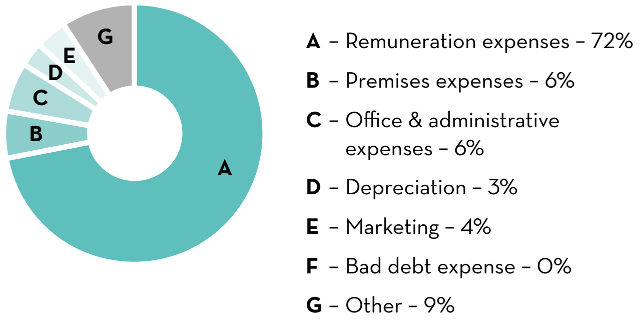
SG&A excluding one-offs were EUR 4,170 in 2022 (excluding EUR 29 proportionate net income of equity method investment in FESCO Adecco), 13% higher organically compared to 2021, mainly reflecting investments in headcount. SG&A excluding one-offs as a percentage of revenues was 18% in 2022, compared to 16% in 2021. In 2022, currency movements had a negative impact on SG&A of approximately 5%. Reported SG&A was EUR 4,326. FTE employees increased by 12% organically year-on-year. Compared to 2021, the branch network increased by 3% organically.

In 2022, one-off costs amounted to EUR 156. These included restructuring costs of EUR 62, M&A-related costs of EUR 93 and other one-offs of EUR 1.

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.

Compensation expenses were EUR 3,119 in 2022, representing 72% of total SG&A, compared to EUR 2,489 in 2021, representing 73% of total SG&A. Marketing expenses were EUR 157 in 2022, compared to EUR 104 in 2021.

SG&A breakdown (FY 2022)



EBITA

EBITA excluding one-offs was EUR 833 in 2022, down 13% on a reported basis year-on-year, and down 22% organically. The EBITA margin excluding one-offs was 3.5% in 2022, down 110 bps year-on-year on a reported basis. Performance reflects less support from special items which flattered the prior year period, growth investment, a moderated contribution from LHH (mainly Career Transition & Mobility) and Adecco US, and accretion from AKKA.

The EBITA conversion ratio excluding one-offs (EBITA excluding one-offs divided by gross profit) was 16.7% in 2022 compared to 22.3% in 2021.

One-offs amounted to EUR 156 in 2022 and EUR 72 in 2021. EBITA was EUR 677 in 2022 compared to EUR 881 in 2021, a decrease of 23% reported and 28% organically. The EBITA margin was 2.9% in 2022 and 4.2% in 2021.

Amortisation of intangible assets and impairment of goodwill

Amortisation of intangible assets was EUR 130 versus EUR 70 in 2021, with the difference primarily driven by the acquisition of AKKA. In 2021, an impairment charge of EUR 31 was recognised, due to brand discontinuation in LHH.

Operating income

Operating income was EUR 547 in 2022 compared to EUR 780 in 2021, due to the aforementioned performance drivers.

Interest expense and other income/(expenses), net

Interest expense was EUR 49 in 2022, compared to EUR 32 in 2021. 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 2022, other income/(expenses), net, amounted to an expense of EUR 47, compared to an income of EUR 5 in 2021.

Provision for income taxes

Provision for income taxes was EUR 106 in 2022, compared to EUR 165 in 2021. 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 2022, the effective tax rate was 24%. Discrete events decreased the effective tax rate by approximately 12%. In 2021, the effective tax rate was 22%. Discrete events decreased the effective tax rate in 2021 by around 6%.

Net income attributable to Adecco Group shareholders and basic EPS

Net income/(loss) attributable to Adecco Group shareholders in 2022 was EUR 342, compared to EUR 586 in 2021. Basic earnings per share (EPS) was EUR 2.05 in 2022 compared to EUR 3.62 in 2021. Adjusted earnings per share was EUR 3.28 in 2022 compared to EUR 4.21 in 2021.

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	2022	2021
Summary of cash flow information		
Cash flows from operating activities	543	722
Cash used in investing activities	(1,446)	(206)
Cash from/(used in) financing activities	(1,383)	980

Cash flows from operating activities was EUR 543 in 2022 from EUR 722 in 2021, with the decrease driven by capital absorption to drive growth, higher one-off integration costs, and lower Net income, due to the aforementioned performance drivers. DSO was 53 days for the full year 2022 and was 51 days in 2021.

Cash used in investing activities totalled EUR 1,446, compared to EUR 206 in 2021. In 2022, cash settlements on derivative instruments was an inflow of EUR 1 compared to an outflow of EUR 23 in 2021. Capital expenditures amounted to EUR 215 in 2022 and EUR 132 in 2021. In 2022 the acquisition of AKKA amounted to outflows of EUR 1,245 and other acquisitions, divestments, and other investing activities totalled a net inflow of EUR 13. 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 (including an outflow of EUR 44 related to the acquisition of AKKA).

Cash flows used in financing activities totalled EUR 1,383, compared to cash flows from financing activities of EUR 980 in 2021. In 2022 the net decrease of short-term debt totalled EUR 345 whereas, in 2021, the net decrease of short-term debt totalled EUR 16. The Company paid dividends of EUR 409 and EUR 365 in 2022 and 2021, respectively. In 2022, the Company repaid long-term debt of EUR 928, compared to EUR 261 in 2021 and purchased treasury shares for EUR 5, compared to EUR 93 in 2021. In 2022 the Company issued long-term debt, net of issuance costs of EUR 350, compared to EUR 1,484 (primarily related to the acquisition of AKKA) in 2021. In 2021 the Company issued shares for EUR 229 (also related to the acquisition of AKKA), net of issuance costs. In 2022, other financing activities totalled a net outflow of EUR 46, compared to net inflow of EUR 2 in 2021.

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 7,931 as at 31 December 2022, compared to EUR 4,872 as at 31 December 2021. The year-on-year increase is primarily attributable to higher assets due to the AKKA acquisition. Net working capital as a percentage of revenues was 1.9%, compared to 2.1% in the prior year.

ROIC was 11.1% for 2022, down 920 basis points year-on-year. The decrease primarily reflected higher rolling four quarter average invested capital driven by the AKKA acquisition.

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

in EUR millions	2022	2021
Invested capital as at 31 December		
Goodwill	4,181	2,483
Intangible assets, gross	1,371	481
Property, equipment, and leasehold improvements, net	575	330
Operating lease right-of-use assets	402	339
Other assets (non-current)	943	793
Net working capital[1]	458	447
Invested capital	7,931	4,872

in EUR millions	2022	2021
ROIC for the fiscal years ended 31 December		
Average invested capital[1]	7,532	4,704
EBITA excluding one-offs[2]	833	953
ROIC	11.1%	20.3%

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

[2] Rolling four quarters.

Net debt

Net debt was EUR 2,455 as of 31 December 2022, compared to EUR 48 as of 31 December 2021. The ratio of net debt to EBITDA excluding one-offs was 2.5x, compared to 0.0x at 31 December 2021. The increase in net debt mainly reflects the AKKA transaction. The following table presents the calculation of net debt based upon financial measures in accordance with US GAAP:

in EUR millions	2022	2021
Net debt		
Short-term debt and current maturities of long-term debt	138	348
Long-term debt, less current maturities	3,099	2,751
Total debt	3,237	3,099
Less:		
Cash and cash equivalents	782	3,051
Short-term investments	–	–
Net debt	2,455	48

During 2022, the Group placed CHF 300 and EUR 50 fixed rate notes, maturing in 2027 and 2034 respectively. The proceeds were used for general corporate purposes. At the same time, the Company repaid the 2022 EUR 500 notes at maturity in November 2022.

Planned cash outflows in 2023 include distribution of dividends for 2022 in the amount of CHF 2.50 per share. The maximum amount of dividends payable based on the total number of outstanding shares as at 31 December 2022 of 168,426,561 is CHF 421[1]. Payment of dividends is subject to approval by shareholders at the Annual General Meeting.

[1] Depending on the number of shares issued as of the last trading day with entitlement to receive the dividend (18 April 2023). No dividend is paid on own shares held by Adecco Group AG.

Segment performance

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

Adecco

In Adecco, total revenues were EUR 17,885, up 4%. Growth was driven by APAC, DACH, France and Southern Europe & EEMENA. EBITA excluding one-offs amounted to EUR 671. Reported EBITA of EUR 662 included one-offs of EUR 9. In 2022 the EBITA margin excluding one-offs was 3.8%, a decrease of 110 basis points year-on-year reflecting mainly lower benefit from special items and investment in growth. Further details by region can be found below.

Adecco France

Revenues were EUR 4,992, up 6% when compared to the prior year. Manufacturing and healthcare were strong, while logistics were soft. EBITA excluding one-offs was EUR 230 with a margin of 4.6%, down 130 bps year-on-year. The result reflects positive operating leverage, investment in headcount and the absence of non-recurring benefits in comparison to 2021.

Adecco Northern Europe

Revenues in 2022 were EUR 2,437, down 2% when compared to prior year. Revenue performance varied across the region. UK & Ireland decreased by 6%, impacted by a tough comparison period from exceptional contract wins in logistics in the prior period. Revenues in Belgium & Luxembourg remained stable, and the Nordics increased by 5%. EBITA excluding one-offs was EUR 57 with a margin of 2.3%, down 110 bps versus the prior year. This was mainly due to the absence of support scheme benefits that flattered the prior year period and investment in headcount.

Adecco DACH

Revenues were EUR 1,576, up 8% year-on-year. Revenues increased by 7% in Germany and 12% in Switzerland & Austria. Performance in Germany showing strong return on investment, supported by a strong upturn in autos, and strength in logistics.

EBITA excluding one-offs was EUR 40 with a margin of 2.5%, down 150 bps year-on-year reflecting lower benefit from special items and higher FTE investment.

Adecco Southern Europe & EEMENA

Revenues were EUR 4,083, up 5%. Revenues in Italy were up 7% and Iberia grew by 6%. EEMENA decreased by 3%. Growth was led by manufacturing, consulting and food & beverages sectors. A tough comparison in logistics weighted in EEMENA.

For the region, EBITA excluding one-offs was EUR 221 with a margin of 5.4%, down 60 bps year-on-year. Margins reflect positive operating leverage and investment in headcount to support future growth.

Adecco Americas

Revenues were EUR 2,643, 3% lower year-on-year. Revenues were down 8% in North America and up 9% in Latin America. The decrease in North America was mainly due to weakness in Adecco US. Management have put in place a turnaround plan for Adecco US which has delivered incremental improvement over the year. Latin America grew very strongly with the exception of Mexico, which has been impacted by legislation that prohibits flexible placement services which came into force in September 2021.

EBITA excluding one-offs was EUR 8, with a margin of 0.3%. This compared to 2.8% in 2021 and mainly reflects the ongoing turnaround effort in the US and lower benefit from special items.

Adecco APAC

Revenues were EUR 2,154, up 12% and boosted by strong demand for Outsourcing and Permanent Placement activities. Revenue growth was strong in Asia, Japan and India, up 17%, 14% and 12% respectively, with Australia & New Zealand down 1%.

EBITA excluding one-offs was EUR 115 with a 5.3% margin, down 40 bps year-on-year. This was driven by positive mix and pricing, strong cost containment, and investment in headcount to capture growth.

LHH

In 2022 revenues were EUR 1,872, up 1% year-on-year. Recruitment Solutions grew by 4% supported by strong demand for permanent placement activities particularly in the first half of the year. Career Transition & Mobility revenues were down 18%, due to the market downturn in outplacement activities. Learning & Development revenues were up 4% compared to the prior year with strength in Talent Development and EZRA in particular. Pontoon & Other was up 8%.

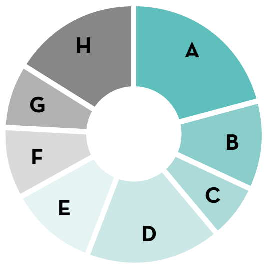
EBITA excluding one-offs was EUR 109 and the EBITA margin was 5.8%, down 250 bps year-on-year. This reflects a lower contribution from legacy LHH and investments in sales capacity, particularly Recruitment Solutions, and digital.

Akkodis

Revenues were EUR 3,883, up 10%. Revenues grew by 14% in Modis America, 5% in Modis EMEA and 9% in Modis APAC. Growth was driven by Talent Services in the Americas and EMEA, while APAC, particularly Japan, benefited from its continued focus on Consulting. AKKA contributed EUR 1,381 of revenues following its consolidation from 24 February 2022, leading to a reported revenue growth of 76%.

EBITA excluding one-offs was EUR 250 in 2022, with a margin of 6.4%, up 10 bps compared to last year, supported by higher volumes, mix and pricing benefits, strong synergy delivery and utilisation rates.

2022 revenue split by segment



A – Adecco France – 21%
B – Adecco Northern Europe – 11%
C – Adecco DACH – 7%
D – Adecco Southern Europe & EEMENA – 17%
E – Adecco Americas – 11%
F – Adecco APAC – 9%
G – LHH – 8%
H – Akkodis – 16%

Revenues by segment

	Revenues in EUR millions		Variance				% of total revenues	
	2022	2021	EUR	Constant currency	Organic	Organic TDA[1]	**2022**	2021
Adecco France	**4,992**	4,665	7%	7%	6%	7%	**21%**	22%
Adecco Northern Europe	**2,437**	2,507	-3%	-3%	-2%	-2%	**11%**	12%
Adecco DACH	**1,576**	1,426	11%	8%	8%	9%	**7%**	7%
Adecco Southern Europe & EEMENA	**4,083**	3,925	4%	5%	5%	5%	**17%**	19%
Adecco Americas	**2,643**	2,492	6%	-3%	-3%	-3%	**11%**	12%
Adecco APAC	**2,154**	1,931	12%	12%	12%	13%	**9%**	9%
Adecco	**17,885**	16,946	**6%**	**4%**	**4%**	**5%**	**76%**	81%
LHH	**1,872**	1,798	**4%**	**-3%**	**1%**	**1%**	**8%**	9%
Akkodis	**3,883**	2,205	**76%**	**70%**	**10%**	**10%**	**16%**	10%
Adecco Group	**23,640**	20,949	**13%**	**10%**	**4%**	**5%**	**100%**	100%

[1] TDA = trading days adjusted.

Organic revenue variance YoY, trading days adjusted

	2022				
	Q1	Q2	Q3	Q4	FY
Adecco France	9%	4%	7%	6%	7%
Adecco Northern Europe	-8%	-5%	4%	3%	-2%
Adecco DACH	3%	1%	13%	19%	9%
Adecco Southern Europe & EEMENA	8%	6%	5%	3%	5%
Adecco Americas	-6%	-4%	1%	-3%	-3%
Adecco APAC	15%	14%	9%	14%	13%
Adecco	4%	3%	6%	6%	5%
LHH	1%	3%	0%	1%	1%
Akkodis	14%	14%	8%	6%	10%
Adecco Group	5%	4%	6%	5%	5%

Revenues by service line

	Revenues in EUR millions		Variance			% of total revenues	
	2022	2021	EUR	Constant currency	Organic	2022	2021
Flexible Placement	18,105	17,263	5%	3%	2%	77%	82%
Permanent Placement	780	583	34%	28%	28%	3%	3%
Career Transition	295	314	-6%	-12%	-18%	1%	1%
Outsourcing, Consulting & Other Services	4,093	2,471	66%	66%	20%	17%	12%
Training, Up-skilling & Re-skilling	367	318	15%	9%	9%	2%	2%
Adecco Group	23,640	20,949	13%	10%	4%	100%	100%

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

	EBITA excluding one-offs		One-offs		EBITA	
in EUR millions	2022	2021	2022	2021	2022	2021
Adecco France	230	277	(3)	(7)	227	270
Adecco Northern Europe	57	86	–	(6)	57	80
Adecco DACH[1]	40	57	8	4	48	61
Adecco Southern Europe & EEMENA	221	235	(6)	–	215	235
Adecco Americas	8	69	(7)	(3)	1	66
Adecco APAC	115	110	(1)	(2)	114	108
Adecco	671	834	(9)	(14)	662	820
LHH	109	150	(29)	(32)	80	118
Akkodis	250	142	(56)	(10)	194	132
Corporate	(197)	(173)	(62)	(16)	(259)	(189)
Adecco Group	833	953	(156)	(72)	677	881

[1] FY 2022 and FY 2021 one-offs in Adecco DACH include the release of restructuring accruals in Germany, driven by lower-than-expected severance costs.

EBITA and EBITA margin excluding one-offs

	EBITA excluding one-offs in EUR millions				EBITA margin excluding one-offs		
			Variance				Variance
	2022	2021	EUR	Constant currency	2022	2021	bps
Adecco France	230	277	-17%	-17%	4.6%	5.9%	(130)
Adecco Northern Europe	57	86	-33%	-33%	2.3%	3.4%	(110)
Adecco DACH	40	57	-30%	-30%	2.5%	4.0%	(150)
Adecco Southern Europe & EEMENA	221	235	-6%	-6%	5.4%	6.0%	(60)
Adecco Americas	8	69	-88%	-89%	0.3%	2.8%	(250)
Adecco APAC	115	110	5%	4%	5.3%	5.7%	(40)
Adecco	671	834	-20%	-20%	3.8%	4.9%	(110)
LHH	109	150	-27%	-33%	5.8%	8.3%	(250)
Akkodis	250	142	75%	71%	6.4%	6.5%	(10)
Corporate	(197)	(173)	14%	5%			
Adecco Group	833	953	-13%	-13%	3.5%	4.6%	(110)

EBITA and EBITA margin by segment

	EBITA in EUR millions				EBITA margin		
			Variance				Variance
	2022	2021	EUR	Constant currency	2022	2021	bps
Adecco France	227	270	-16%	-16%	4.5%	5.8%	(130)
Adecco Northern Europe	57	80	-29%	-29%	2.3%	3.2%	(90)
Adecco DACH	48	61	-22%	-22%	3.0%	4.3%	(130)
Adecco Southern Europe & EEMENA	215	235	-8%	-8%	5.3%	6.0%	(70)
Adecco Americas	1	66	-99%	-99%	0.0%	2.7%	(270)
Adecco APAC	114	108	5%	5%	5.3%	5.6%	(30)
Adecco	662	820	-19%	-20%	3.7%	4.8%	(110)
LHH	80	118	-32%	-37%	4.3%	6.6%	(230)
Akkodis	194	132	47%	43%	5.0%	6.0%	(100)
Corporate	(259)	(189)	37%	27%			
Adecco Group	677	881	-23%	-23%	2.9%	4.2%	(130)

FTE employees and branches by segment

	FTE employees				Branches			
			Variance				Variance	
	2022	2021[1]	Reported	Organic	2022	2021	Reported	Organic
Adecco France	5,287	4,730	12%	11%	1,066	970	10%	10%
Adecco Northern Europe	3,224	2,989	8%	9%	448	458	-2%	-1%
Adecco DACH	2,045	1,705	20%	20%	364	338	7%	7%
Adecco Southern Europe & EEMENA	5,572	4,789	16%	17%	990	940	5%	6%
Adecco Americas	4,416	4,293	3%	3%	719	731	-2%	-2%
Adecco APAC	4,279	3,188	34%	34%	235	179	31%	31%
Adecco	24,823	21,694	14%	15%	3,822	3,616	6%	6%
LHH[1]	7,819	7,142	9%	8%	480	548	-12%	-12%
Akkodis	4,532	2,767	64%	6%	193	225	-14%	-14%
Corporate	1,223	1,122	9%	9%				
Adecco Group	38,397	32,725	17%	12%	4,495	4,389	2%	3%

[1] 2021 FTE employees in LHH have been restated to conform with the 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 2022. 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 2022, 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 14 March 2023, 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.

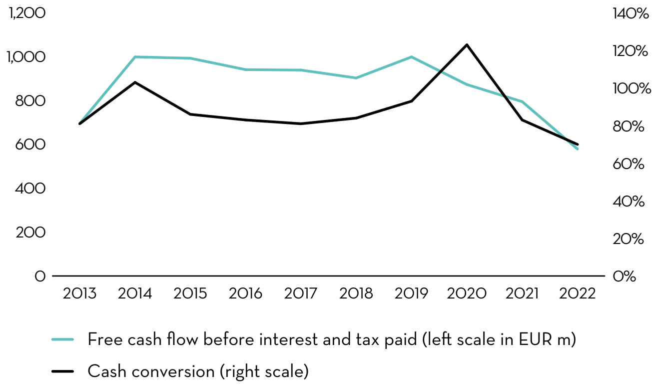
Lydia Lan

Cash generation and capital allocation

The Adecco Group consistently delivers strong cash generation.

In 2022, Cash flow from operating activities was solid at EUR 543 million, from EUR 722 million in the prior year, weighed by lower business income, working capital absorption to drive growth, and higher one-off cash costs, mainly for AKKA's integration. Free cash flow was EUR 579 million, down 27% year–on–year. Cash conversion ratio was 70%, a healthy result during a period of increased growth investment and AKKA integration-related one-off costs.

Free cash flow before interest and tax paid and conversion ratio



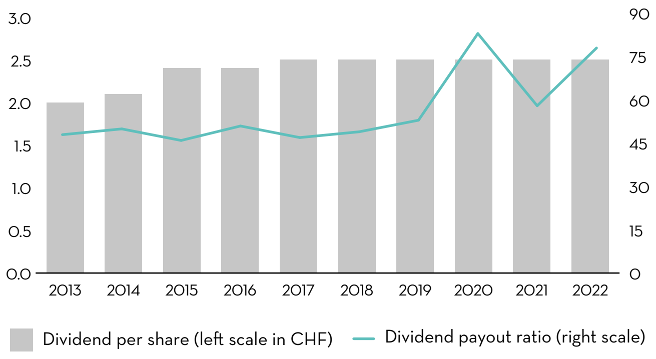
The Group assesses returns using a Return on Invested Capital (ROIC) calculation. ROIC was 11% for 2022, impacted by the acquisition of AKKA within the period.

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, the dividend per share (DPS) will also grow, within the bounds of a payout ratio of 40-50% of adjusted earnings per share (Adj. EPS). Second, we are committed to holding our Swiss Franc DPS at least in line with the prior year period, even if the payout ratio is exceeded.

Dividend and dividend payout



The Adecco Group paid EUR 409 million in dividends during 2022. For 2022, a dividend of CHF 2.50 will be proposed to shareholders at the Annual General Meeting on 12 April 2023. The proposal is in line with the Group's progressive dividend policy, representing a payout ratio of 77% of 2022 Adj. EPS.

The Adecco Group completed a significant acquisition in 2022, attaining majority control of AKKA Technologies in February and, further, acquiring all minorities in May, to bring ownership to 100%.

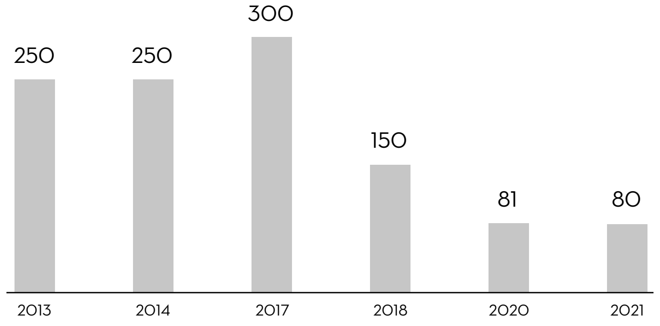
The purchase accelerates delivery of the Group's Future@Work strategy and represents a significant value creation opportunity for shareholders.

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. At the Annual General Meeting 2022, the shareholders approved the cancellation of 1,424,388 shares repurchased under the share buyback programme announced in February 2020. Their cancellation was completed on 22 June 2022.

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 announced with total value of EUR 600 million, and was partly executed over April – July 2021.

Share buyback programmes (EURm)



Shares

By implementing Future@Work Reloaded, 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 5.1 billion at the end of 2022 (previous year, CHF 7.8 billion).

The number of shares issued at year end 2022 was 168,426,561, including treasury shares. Par value per registered share is CHF 0.10, and each registered share represents one vote.

In February 2022, the Group issued 1,626,772 shares as part of the acquisition of AKKA Technologies.

At the Annual General Meeting 2022, the shareholders approved the cancellation of 1,424,388 shares repurchased under the share buyback programme announced in February 2021. Their cancellation was completed on 22 June 2022.

Adecco Group AG shares are listed on the SIX Swiss Exchange.

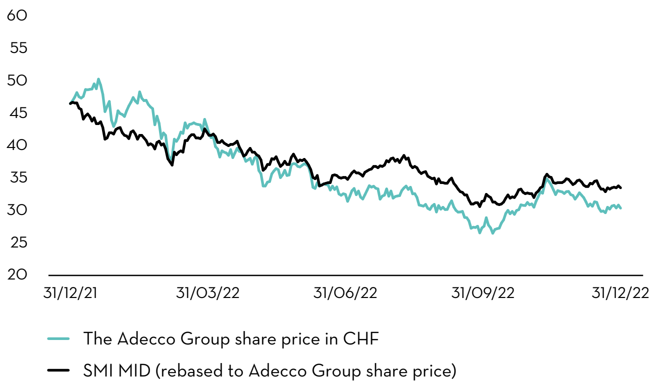
Share developments

The Adecco Group share price fell by 35% to CHF 30.46 during 2022, while the SMI MID market index fell by 28%.

The average daily trading volume amounted to 620,396 shares. The total trading volume in the Adecco Group in 2022 was 152,171,584 shares, with a yearly share turnover of 90%.

Share developments in 2022 (CHF)	
Year end	30.46
Year high	50.94
Year low	26.38
Average daily trading volume	620,396 shares

2022 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 2022. The largest 20 shareholders held approximately 62% of the issued and outstanding share capital as of year end 2022.

To the best of Adecco Group's knowledge, major investors in the company include Silchester International Investors LLP (over 10% holding), Blackrock Inc., Franklin Resources Inc (both over 5% holding) in addition to The Capital Group Companies, UBS Group AG and Akila Finance S.A. (all with over 3% holdings).

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 2022	in % of shares issued
Top 5 investors	33%
Rest of top 10 investors	48%
Rest of top 20 investors	62%
Rest of top 50 investors	75%
Others	25%

Shareholder structure

as of year end 2022, in % of shares issued	2022	2021
Institutional		
• Europe	54%	61%
• North America	27%	23%
• Rest of World	2%	3%
Retail	8%	5%
Insider and Treasury	1%	2%
Unassigned	8%	6%

Analysts' recommendations

The Adecco Group's development is closely monitored by investment specialists, with their findings and recommendations offering insights to investors. Fifteen analysts regularly publish reports on the Group.

They comprise: ABN Amro – ODDO BHF, Bank of America, Barclays Capital, Citigroup, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, Jefferies, J.P. Morgan Cazenove, Kepler Cheuvreux, Morgan Stanley, Royal Bank of Canada, UBS, Vontobel and Zürcher Kantonalbank.

Of these analysts, at the start of 2022, 53% had buy recommendations, 40% had a neutral view, and 7% recommended selling the shares. At the end of 2022, 35% had buy recommendations, 41% had a neutral view, and 24% recommended selling the shares.

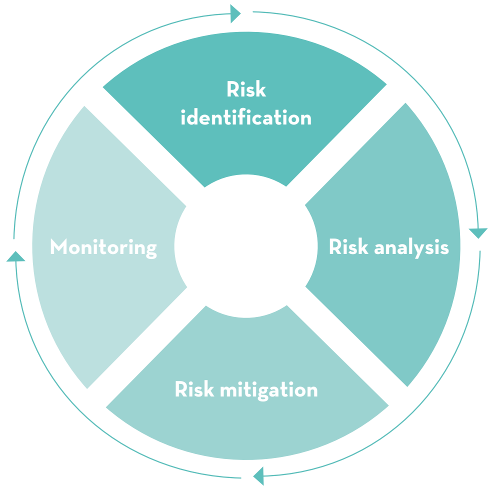
Credit ratings and financing

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.

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.

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 the current level of economic uncertainty, 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 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. 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, even over periods of uncertainty. 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 to responsible business conduct across their supply chains 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. The current level of economic uncertainty has highlighted the skills shortage and attraction of suitable candidates is critical. 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. We created and rolled out an entire suite of tools and resources to support our colleagues to support the new way of working in a post-Covid environment. Find out more on pages 14-19.
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 38.
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 34-35.
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 committed to compliance 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. The Group is committed to providing internal and external reporting of appropriate KPIs that provide the appropriate transparency. Find out more on pages 32-43.

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 on 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 68 to 69 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 aggregate 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. As of 1 January 2023, the rules of the Ordinance were transferred to the Swiss Code of Obligations and the Swiss Criminal Code, in some cases in a slightly adapted form.

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 2022, 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 2022, 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 5.1 billion. On 1 March 2023, this market capitalisation amounted to approximately CHF 5.7 billion.

The Company is a leading provider of human capital solutions including Flexible Placement, Permanent Placement, Career Transition, Outsourcing, Consulting Services in engineering, Digital and IT, Talent Services, Training, Up-/Re-skilling, and Other Services.

The Company is organised in three Global Business Units – Adecco, Akkodis and LHH. This structure is complemented by segments and service lines.

The primary segments consist of: Adecco France; Adecco Northern Europe; Adecco DACH; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; Akkodis; and LHH.

The service lines consist of: Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting Services, Talent Services, Training, and Up-/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 2022, the Company's EC was composed as follows (for more details, see section 4.1):

- Denis Machuel, Chief Executive Officer;
- Coram Williams, Chief Financial Officer;
- Christophe Catoir, President of Adecco;
- Jan Gupta, President of Akkodis;
- Gaëlle de la Fosse, President of LHH;
- Valerie Beaulieu, Chief Sales and Marketing Officer;
- Gordana Landen, Chief Human Resources Officer;
- Teppo Paavola, Chief Digital Officer (until 31 March 2023)[1];
- Ralf Weissbeck, Chief Information Officer (until 31 March 2023)[1]; and
- Ian Lee, President Geographic Regions (as of 1 January 2023).

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries of the Adecco Group are listed on page 164 of this Annual Report. No subsidiary has shares listed on a stock exchange.

1.2 Significant shareholders

As of 31 December 2022, the total number of shareholders directly registered with the share register of Adecco Group AG was approximately 21,000; the major shareholders during 2022 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 2022.

Please note that percentages of shareholdings refer to the date of disclosure unless indicated otherwise, up to 31 December 2022, 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
https://www.adeccogroup.com/investors/shareholder-information/major-shareholders/
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[2]
Franklin Resources Inc.	01.10.2022	5.7%
Group BlackRock Inc.	18.10.2019	5.19% purchase positions, 0.07% sale positions[3]
Silchester International Investors LLP	22.04.2022	10.04%[4]
The Capital Group Companies, Inc.	22.06.2021	3.1%[5]
UBS Fund Management (Switzerland) AG	26.08.2020	3.09%[6]

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

[3] As per current share capital: 5.03% equity, 0.07% sale positions.

[4] As per current share capital: 10.12%.

[5] As per current share capital: 3.01%.

[6] As per current share capital: 3.00%.

As of 31 December 2022, 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 2022, there were no cross-shareholdings exceeding 5% of a party's share capital.

2. Capital structure

2.1 Share capital

As of 31 December 2022, the share capital of Adecco Group AG registered with the Commercial Register amounted to CHF 16,842,656.10 divided into 168,426,561 fully paid up registered shares with a nominal value of CHF 0.10 per share.

Effective 24 February 2022, the share capital of the Company has been increased by CHF 162,677.20 through issuance of 1,626,772 shares out of authorised capital (see also section 2.2).

At the Annual General Meeting of Shareholders (AGM) of 13 April 2022, the Company's shareholders approved the cancellation of 1,424,388 treasury shares acquired under the share buyback programme and the corresponding reduction of Adecco Group AG's share capital by 1,424,388 registered shares with a nominal value of CHF 0.10.

The cancellation of 1,424,388 treasury shares was effective 22 June 2022. Since then, the share capital of the Company amounts to CHF 16,842,656.10 divided into 168,426,561 shares.

2.2 Authorised and conditional capital

The Board of Directors is authorised to increase the share capital in an amount not to exceed CHF 840,000.00 through the issuance of up to 8,400,000 fully paid registered shares with a nominal value of CHF 0.10 per share by not later than 14 April 2024. Authorised capital amounts to a maximum of CHF 840,000.00, which equates to 4.99% of the existing share capital of CHF 16,842,656.10. 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 9.14% of the existing share capital of CHF 16,842,656.10. 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 2022, the total increase would amount to a maximum of CHF 2,380,000.00, which is equal to approximately 14.13% of the existing share capital of CHF 16,842,656.10.

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.

---

[1] It is planned to combine the roles of the Chief Digital Officer and the Chief Information Officer after Q1 2023.

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 2019	**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**
Share capital increase and change in authorised capital	1,626,772	0.16	(1,626,772)	(0.16)	n.a.	n.a.
Share cancellation	(1,424,388)	(0.14)	n.a.	n.a.	n.a.	n.a.
Renewal of authorised capital	n.a.		8,400,000	0.84	n.a.	n.a.
31 December 2022	**168,426,561**	**16.8**	**8,400,000**	**0.84**	**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 2022, 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 2022, 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 2022, the Board of Directors of Adecco Group AG consisted of eight members of whom 50% were female. All members qualify as independent and non-executive members (see below 3.2). Committee memberships are shown as of 31 December 2022.

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 2022. All members are elected for a one-year term of office until the end of the next Annual General Meeting of Shareholders.

Jean-Christophe Deslarzes

- Swiss national, born 1963.
- Jean-Christophe Deslarzes has been a member (non-executive) of the Board of Directors since April 2015. He has been Chair of the Board of Directors since April 2020 and a member of the Governance and Nomination Committee since April 2018. He was Chair of the Compensation Committee from April 2018 until April 2020 (member since April 2016) and a member of the Audit Committee from April 2015 until April 2018.
- Jean-Christophe Deslarzes holds a Master's degree in Law from the University of Fribourg, Switzerland.
- Jean-Christophe Deslarzes began his career in 1991 as a tax and legal consultant at Arthur Andersen in Switzerland. From 1994 to 2010, he worked at Rio Tinto and its predecessor companies, Alcan and Alusuisse, in human resources and general management roles in Europe and Canada, including as Senior Vice President Human Resources and member of the Executive Committee of Alcan Group as well as President and CEO, Downstream Aluminium Businesses, Rio Tinto, based in Canada. He served as Chief Human Resources and Organisation Officer and member of the Executive Board at Carrefour Group, based in France, from 2010 to 2013. From 2013 to 2019, Jean-Christophe Deslarzes was Chief Human Resources Officer and member of the Executive Committee of ABB Group, based in Switzerland. From February 2018 until February 2021, he was Chair of the Board of Directors of ABB India Limited, India.
- Other mandates: Since January 2021, Jean-Christophe Deslarzes has been a Member of the Executive Faculty at the University of St. Gallen. Since May 2021, he has been a Member and since June 2022 Chair 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, the Governance and Nomination Committee, and of the Digital Committee since April 2019 (except from April 2021 until April 2022).
- 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 will be retiring from the RBC Board in April 2023. She has also been a director of CPP Investments since October 2013 and her term on the board will be completed in 2023. Kathleen Taylor has served as the Chair of Altas Partners, Canada, since April 2019, has been a director of Air Canada[1] since May 2016 and is a member of the Board of Mattamy Asset Management, all in Canada. She is also Chair of the Board of Trustees of the Hospital for Sick Children and a member of the SickKids Foundation, Canada.

  Kathleen Taylor is Chancellor of York University and a member of the Dean's Global Advisory Council at the Schulich School of Business, York University, all 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 sales, marketing and general management functions at Microsoft Corporation, USA, both in the Europe, Middle East and Africa headquarters and then at Microsoft France. From December 2019 until February 2021, Ariane Gorin was a member of the Supervisory Board of Trivago, Germany.
- 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, responsible for all business relationships for Expedia Group. She previously was President of the Expedia Business Services brand (2019-2021), President of the Expedia Partner Solutions brand (2017-2019) and Senior Vice President and General Manager, Expedia Affiliate Network brand (2014-2017), based in the UK. Ariane Gorin is a member of the Advisory Council of the Royal Philharmonic Orchestra, UK.

---

[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.
- 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 mandate: 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: : Didier Lamouche has been non-executive director of QUADIENT[1], France (Chairman) since 2019 and of ASM International[1], The Netherlands since 2020. He has been a non-executive member of the Board of Directors of ACI Worldwide[1], USA since 2020. Didier Lamouche announced his decision to step down from his Board of Directors mandate in ACI Worldwide at their AGM expected to be held on or about 1 June 2023 (see 8-K of 16 February 2023). Furthermore, Didier Lamouche has been non-executive Chairman of the Advisory Board of UTIMACO, Germany (non-listed company) since 2019.

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 the Wilson Group Companies with operations in Australia, New Zealand, Singapore and Malaysia. 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 Joint Venture Board of FESCO Adecco Shanghai, China.

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 for 14 years she was 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, head of the finance and audit committee since 2017 and vice-president and member of the HR committee since 2022 of Swissgrid AG, 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 its holding company Radar Topco S.à.r.l., 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 2022, 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 2022, 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 ('Environmental, Social and Governance') 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, such as the Group's ESG Framework (https://www.adeccogroup.com/our-group/sustainability/framework/), the Code of Conduct (https://www.adeccogroup.com/our-group/about-us/code-of-conduct/), or the Diversity & Inclusion Statement (https://www.adeccogroup.com/our-group/sustainability/governance/). 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 2022, the Board held 16 meetings in person and via video conference.

Number and duration of meetings and video conferences during 2022:

	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	10	6	5	4	
Total number of meetings	**16**	**12**	**11**	**9**	**5**
Average duration in hours:					
Meetings in person[1]	$9^{1/2}$	3	2	2	2
Video conferences	1	1	2	1	

[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 2022:

	Full Board of Directors	Audit Committee[2]	Governance and Nomination Committee	Compensation Committee	Digital Committee
Number of meetings in total	**16**	**12**	**11**	**9**	**5**
Jean-Christophe Deslarzes	16	12[3]	11	9[3]	5[3]
Kathleen Taylor	16	12	11	9	3[4]
Rachel Duan	15	3[3]		9	
Ariane Gorin	16	12			5
Alexander Gut	16	6[3,5]	11	1[3]	5
Didier Lamouche	15	3[3]		9	5
David Prince	16	12	11		
Regula Wallimann	16	12	5[3]		

[2] In some 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 since 13 April 2022.

[5] In addition two combined AC/GNC meetings were held with all AC and GNC members present.

The Board discussed and assessed its own (including Committees') and its members' performance in 2022, as every year. The Board concluded that the Board performed effectively 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;
- Deliberating, together with the Audit Committee, on methodology, controls, and processes on non-financial reporting and ESG risk management;
- 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 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 2022, the GNC held in total 11 meetings and video conferences. The CEO represents the EC in the meetings. The Chief Human Resources Officer, the Chief Financial Officer and other members of management participate in the meetings for specific topics, as required.

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 2022, the members of the GNC were:

Name	Position
Alexander Gut	Chair
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, enterprise risks, 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;
- Evolution of the main enterprise risks (including cyber security risks) and adequacy and effectiveness of the related management mitigation plans;
- Deliberating, together with the Governance and Nomination Committee, on methodology, controls, and processes on non-financial reporting and ESG risk management.

The AC has established a roadmap which determines the Committee's main discussion topics throughout the year. In 2022, the AC held in total 12 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. For non-financial reporting matters, the Head of ESG participates in the meetings. For cyber security topics, the Chief Information Officer and the Head of IT Security, Risks and Compliance provide periodic updates to the AC on the status of the main cyber security risks and on the progress of the overall Group's cyber resilience. 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 2022, the members of the AC were:

Name	Position
Regula Wallimann	Chair
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 2022, the CC held in total nine 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 2022, the members of the CC were:

Name	Position
Didier Lamouche	Chair
Rachel Duan	Member
Kathleen Taylor	Member

3.4.4 Digital Committee (DC)

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

- Overseeing 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: Overseeing the performance of and investment in current and future digital ventures, whether acquisitions or organic investments; Overseeing management's plan for how the digital ventures and global Adecco Group brands interact and leverage each other's capabilities;
- Data: Overseeing management's investment in data and data science as an enabler to differentiate and outperform, ensuring data use abides by relevant regulatory frameworks;
- Receiving 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 2022, the DC held five meetings. The CEO, the CFO, the Chief Digital Officer and the Chief Information 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 2022, the members of the DC were:

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

3.5 Responsibilities of the Board and the CEO

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

3.6 Information and control instruments

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

- All members of the Board regularly receive information about current developments;
- The CEO reports to the Chair of the Board on a regular basis, and extraordinary events are communicated immediately;
- Formal meetings of the Board and of the Board's Committees include sessions with the CEO and with other members of the EC or other individuals, at the invitation of the Chair;
- Informal meetings and phone conferences are held between members of the Board and the CEO, as well as with other members of the EC;
- The management information system of the Company which includes (i) the monthly financial results including key performance indicators and (ii) a structured quarterly operational review of the major business units. Summarised consolidated monthly reports are distributed to each member of the Board; further details are provided to the members of the Board upon request;
- The Group Internal Audit function as established by the Board; the Head of Group Internal Audit reports to the AC and has periodic meetings with its Chair; the responsibilities of Group Internal Audit are defined by the AC as part of its oversight function in coordination with the CEO and CFO. Group Internal Audit is concerned with the assessment of how the Company (i) complies with pertinent laws, regulations and stock exchange rules relating to accounting, auditing, financial reporting and disclosure or other financial matters, (ii) conducts its related affairs, and (iii) maintains related controls;
- The Company has a risk management process in place which is adequate for the size, complexity and risk profile of Adecco Group AG and focuses on managing risks as well as identifying opportunities: refer to the Company Report, section 'Risk management and principal risks' and to Note 22 'Enterprise risk management' to the consolidated financial statements of the Adecco Group. The process is embedded in the Company's strategic and organisational context and covers the significant risks for the Company including financial, operational and strategic risks. The Board oversees management's risk analysis and the key measures taken based on the findings of the risk review process;
- External Audit: refer to section 8. 'Auditors'.

4. Executive Committee

Members of the Executive Committee (as of 31 December 2022)

Gordana Landen
Chief Human Resources Officer

Denis Machuel
Chief Executive Officer

Christophe Catoir
President of Adecco

Jan Gupta
President of Akkodis

Coram Williams
Chief Financial Officer

Valerie Beaulieu
Chief Sales and Marketing Officer

Gaëlle de la Fosse
President of LHH

Teppo Paavola
Chief Digital Officer
(until 31 March 2023)

Ralf Weissbeck
Chief Information Officer
(until 31 March 2023)

Ian Lee
President Geographic Regions
(as of 1 January 2023)

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 of 31 December 2022. The EC consisted of nine members of whom 33% were female as of 31 December 2022.

Denis Machuel

- French national, born 1964.
- Chief Executive Officer and member of the EC since July 2022.
- Denis Machuel joined the Adecco Group in June 2022 and was appointed as a member of the EC and Chief Executive Officer on 1 July 2022.
- Denis Machuel holds an MS from Texas A&M University, US and a degree from ENSIMAG College of Engineering, France.
- Denis Machuel held several leading positions at Sodexo S.A., France, from 2007 until 2021 and served there as Group CEO from January 2018 until September 2021.
- Other mandates: Denis Machuel has been a non-executive member of the board of Kyndryl[1], US, since November 2021.

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, President of Adecco since January 2021, and Head of Adecco Southern Europe (Italy, Iberia and EE MENA) since March 2023.
- 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.

Jan Gupta

- German national, born 1967.
- President/CEO of Akkodis and member of the EC since May 2019.
- Jan Gupta joined the Adecco Group in May 2019 as President of Modis and EVP of the Group.
- 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 high-tech companies in the automotive and semiconductor industry in Austria and the Netherlands.

Gaëlle de la Fosse

- 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, headquartered in France. From 2009 to 2019, she 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.

Valerie Beaulieu

- French national, born 1967.
- Chief Sales and Marketing Officer and member of the EC since 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: Until June 2022, Valerie Beaulieu was a member of the Board of Directors of ISS AS, Denmark. Since June 2022, she has been a member of the Board of Directors of Orange SA[1], France.

---

[1] For current mandates: Listed company.

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 1991 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.
- Other mandate: Since April 2022, Gordana Landen has been a member of the Board of Directors and a member of the Nomination and Compensation Committee of Sika AG[1], Switzerland.

Teppo Paavola (until 31 March 2023)

- Finnish national, born 1967.
- Chief Digital Officer and member of the EC from January 2019 until 31 March 2023.
- 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 mandates: Teppo Paavola is a board member of 3 Step IT and Fortum[1], both in Finland.

Ralf Weissbeck (until 31 March 2023)

- German national, born 1969.
- Chief Information Officer since January 2020 and member of the EC from January 2021 until 31 March 2023.
- 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. Møller Maersk Group.

Ian Lee (as of 1 January 2023)

- Singapore national, born 1962.
- President, Geographic Regions, Asia Pacific Workforce Solution, and member of the EC since January 2023.
- Ian Lee joined the Adecco Group in September 2017. He was Regional Head of Asia Pacific including Australia, New Zealand and India, and member of the EC from January 2018 until December 2020. Ian Lee has been Regional President Workforce Solutions Asia Pacific since January 2021.
- Ian Lee gained his Bachelor's degree in Finance with Honours (magna cum laude) in 1989 and an MBA in Finance in 1990, both from the Indiana University Kelley School of Business in the USA. He is also a Doctorate of Business Administration (DBA) candidate from Singapore Management University.
- Ian Lee started his career with Procter & Gamble (P&G) in 1990 in Cincinnati, USA, and subsequently held positions of increasing responsibility in the USA, China and Taiwan. In 2003 he joined the Whirlpool Corporation, holding various positions including VP of Corporate Affairs and Business Development for Asia, VP of Asia North, VP and General Manager of China and VP and CFO of Asia.
- Other mandates: Ian Lee is part of the Global Dean's Advisory Council at Indiana University Kelley School of Business, USA, and was also Adjunct Professor of Business at Nanjing University, China, from 2010 to 2012.

[1] For current mandates: Listed company.

Members of the Executive Committee who left the Group/the Executive Committee in 2022

Alain Dehaze (until 30 June 2022)

- Belgian national, born 1963.
- Chief Executive Officer from September 2015 until June 2022, 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 from October 2009 until 30 June 2022.
- 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 served as steward of the World Economic Forum's (WEF) New Economy and Society Platform and was a member of the WEF's International Business Council (IBC).

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 from January 2021 until 28 February 2022. President of 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.

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 28 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 was a member of the Board of economiesuisse, and he was a member of the Board of Trustees of the Fritz-Gerber Stiftung since 2020, both in Switzerland.

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 78 to 101).

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

The AoI (Art. 20^{bis} 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 20^{bis} 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 521 million as of 31 December 2022 and to CHF 659 million as of 31 December 2021, thereby exceeding 20% of the paid-in share capital in both years.

In 2022 the AGM approved two dividends for a total of CHF 2.50 per share outstanding, consisting of a dividend of CHF 1.25 which was 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 was directly distributed from available earnings 2022 (totalling CHF 418 million, EUR 409 million).

For the fiscal year 2022, 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 2023 AGM, whereas a dividend of CHF 1.85 shall be distributed from voluntary retained earnings and a dividend of CHF 0.65 shall be distributed to shareholders from Adecco Group AG's statutory reserves from capital contribution.

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. 14^{bis} 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. 3^{bis} sec. 4, Art. 3^{quater} sec. 2 and Art. 14 sec. 3 of the AoI; https://aoi.adeccogroup.com).

6.1 Voting rights and representation restrictions

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

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

6.2 Legal and statutory quorums

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

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

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

6.3 Convocation of the General Meeting of Shareholders

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

6.4 Agenda of the General Meeting of Shareholders

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

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

6.5 Registration in the share register

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

7. Changes of control and defence measures

7.1 Duty to make an offer

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

7.2 Change of control clause

There are no change of control clauses in place in favour of members of the Board or members of the EC. In accordance with the Company's AoI (https://aoi.adeccogroup.com), long-term incentive plans of the Company may provide for an accelerated vesting in case of a change of control (see section 4.3 'Long-Term Incentive Plan' in the Remuneration Report).

8. Auditors

Each year, the AGM of Adecco Group AG elects the statutory auditor (Auditors). On 13 April 2022, the AGM elected Ernst & Young Ltd, Zürich, as statutory auditor of the Company for the business year 2022.

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 fourth year as the lead auditor after two years as global co-coordinating partner. Marco Casal is in his second year as global co-coordinating partner.

In 2022, the Company invited several audit firms to participate in a tender process which led to the selection of PwC as audit firm planned 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 year 2022 amounted to EUR 9.6 million. For the year 2022, additional fees of EUR 0.5 million were charged for audit-related services such as advice on matters not directly related to the Group audit. This primarily includes acquisition-related matters and 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 0.2 million, mainly related to tax compliance.

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 2022, the Auditors attended all meetings and phone conferences of the AC (except when the Audit Tender was discussed). 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 2022 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 2022 is planned to be held on 12 April 2023 at the Beaulieu Centre de Congrès et d'Expositions, in Lausanne, Switzerland. The details will be published in the 'Swiss Official Gazette of Commerce' ('Schweizerisches Handelsamtsblatt') at least 20 days before the meeting.

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

4 May 2023	Q1 2023 results;
3 August 2023	Q2 2023 results;
2 November 2023	Q3 2023 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. 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. Preparations for the computations and reporting required as a result of the OECD pillar 2 global minimum tax have commenced. We are committed to continuously exploring ways to strengthen what we disclose and where to build trust and accountability with our stakeholders. The Company publishes an annual Tax Transparency Report which can be found on its website. This report sets out further details of the Company's total tax contributions per country together with supporting explanations and additional information about our approach to taxation.

11. Blocking periods

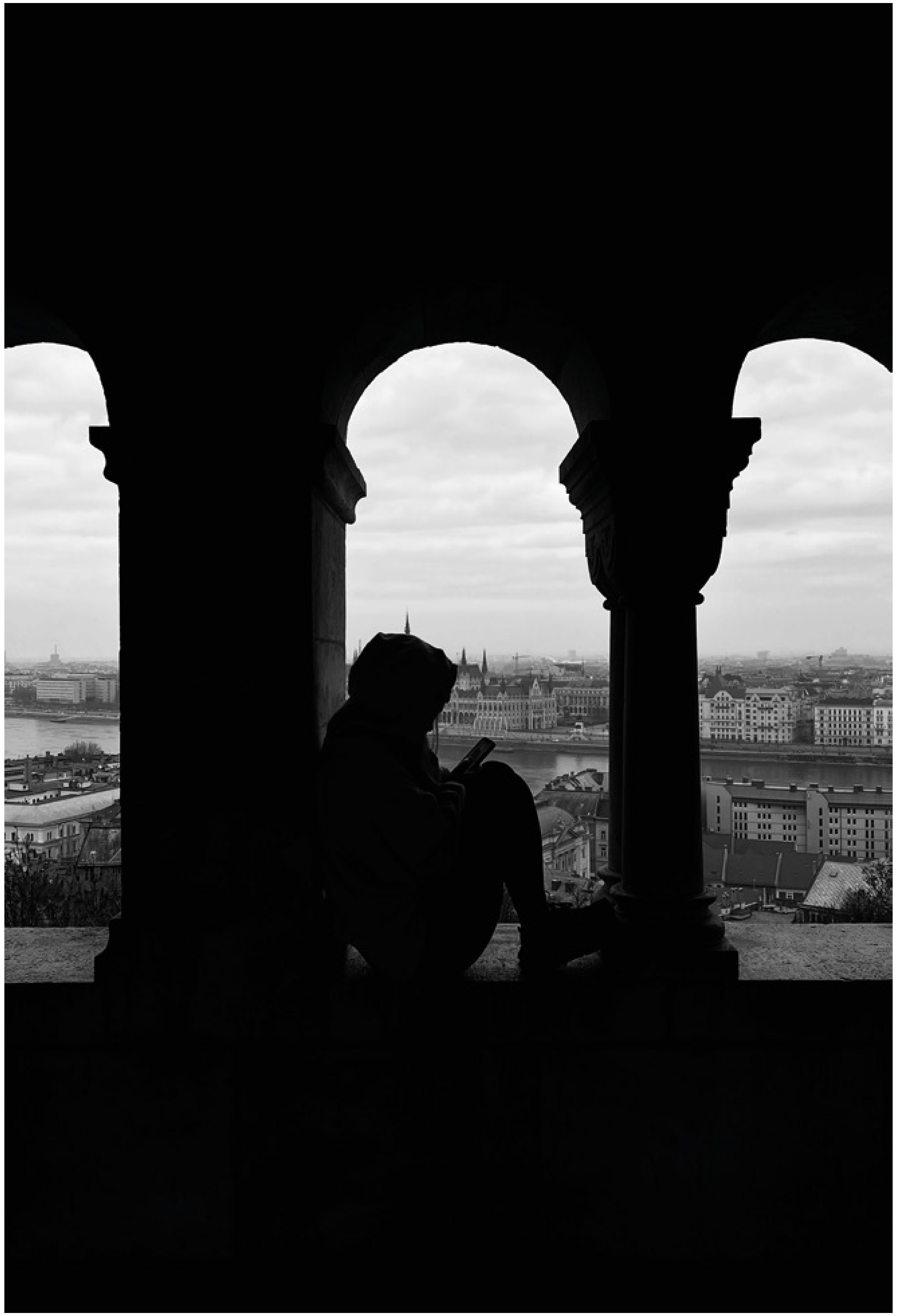
11.1 Ordinary blocking periods

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.



Paulo Santucci

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 2022.

The Compensation Committee continued to engage with shareholders and proxy advisors to further develop remuneration programmes and disclosures for the Executive Committee (EC). These discussions have positively contributed to the changes in the short-term incentive plan (STIP) design for 2023 and the enhanced disclosures in the 2022 Remuneration Report, which improves its transparency for our shareholders.

The EC underwent several changes during 2022 (refer to section 5.1), with the most significant being the appointment of our new Chief Executive Officer (CEO), Denis Machuel, as of July 2022. Denis Machuel was appointed by the Board for his industry and leadership experience, as well as for his strong track record of driving growth and creating value in global companies. Our new CEO and the other EC members executed our existing Future@Work strategy to continue building a leading global talent-solutions company and to create sustained shareholder value.

2022 Performance highlights

In 2022, additional investments in resources, particularly in Adecco, delivered solid improvement in the Company's growth trajectory across all three Global Business Units. The Adecco Group also focused on the integration of Akkodis, improving our market share and increasing our productivity. The Akkodis integration is on track and each Global Business Unit has made progress executing its specific targets, delivering a 5% increase in revenues compared to the prior year.

The Compensation Committee concluded that the financial measure outcomes for both the 2022 STIP and the long-term incentive plan (LTIP) were fair reflections of the overall business performance in challenging market conditions during the past years. Therefore, the Compensation Committee did not exercise any discretion in measuring performance outcomes and did not adjust the incentive payouts for individual performance. The Compensation Committee believes that the incentive plans continue to drive the desired behaviours to support the Company's values and strategy.

Upon his appointment, Denis Machuel adopted the previous CEO's 2022 STI key performance indicator (KPI) targets. Based on 2022 performance, he will receive a pro rata 2022 STI payout of CHF 658,908 which is below target (79%). This STIP performance outcome and the share awards granted to him in 2022 under the LTIP, combined with his annual base salary and other benefits, resulted in a total conferred remuneration of CHF 2,571,768 for 2022. The 2022 total remuneration for the EC members (comprising the CEO and the 11 other EC members including the members who stepped down in 2022) was CHF 24,031,352, the breakdown of which can be found in section 5.2. This is broadly in line with the total conferred remuneration for 2021, which was CHF 23,531,063. Lower average achievements against strategic and functional performance KPIs contributed to lower STI payouts in 2022 compared to 2021, reflecting performance below plan.

A one-time performance-based award was granted to a member of the EC in 2022. This award focuses on the achievement of post-integration synergies for Akkodis and recognises the significantly increased responsibility and strategic impact of the role on the transformation of the Company. Performance will be measured against pre-determined financial targets, with no payout below target achievement, to incentivise truly exceptional levels of performance and growth. The performance assessments will take place after 12 and 24 months, and the payout will be delivered 50% in cash and 50% in RSUs subject to an additional one-year vesting period, to support retention and alignment with long-term goals.

Remuneration Report and outlook 2023

Taking into account feedback received from shareholders and proxy advisors, we continued to improve this year's Remuneration Report by further enhancing the disclosure on the STIP.

A performance assessment for Group KPIs under the 2022 STIP is provided in section 4.2. Given the highly competitive nature of the Adecco Group business and the sensitivity of some forward-looking financial targets, such as revenue and profitability, we maintain a non-disclosure policy for those targets in the interest of the Company and its shareholders. However, we have chosen to provide a performance assessment and explain the impact of the performance outcomes on the payouts to the Executive Committee members under the STIP.

The Compensation Committee continuously reviews the STIP to ensure a strong alignment with the Company's strategy and objectives. In 2023, to support our strategy execution and growth ambition, the weight of financial KPIs will increase and, where possible, revenue performance will be measured relative to peers. Furthermore, a reduction in the overall number of KPIs in the balanced scorecard of the EC members will simplify the STIP and lead to a stronger focus on those KPIs that are critical to delivering our strategy. The STIP balanced scorecard for EC members in 2023 is presented in section 6.

More detailed information on the Compensation Committee's activities and on our approach to remuneration is included in this Remuneration Report. The report will be submitted to a non-binding, consultative shareholder vote at the Annual General Meeting (AGM) in 2023. We trust that you will find this report informative, and we thank you for your support.

Sincerely,

Didier Lamouche
Chair of the Compensation Committee

Executive summary

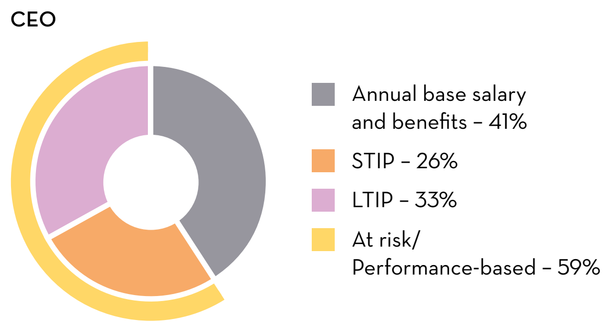
Executive remuneration for the financial year 2022

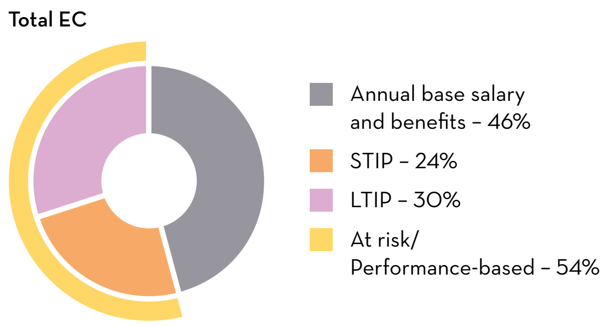
The key remuneration outcomes for the EC in 2022 are summarised below, including remuneration conferred to EC members who stepped down in 2022:

ANNUAL BASE SALARY See more on page 86	**CHF 6.7 million**
STIP See more on page 86-89	**CHF 4.8 million**
LTIP See more on page 90-92	**CHF 6.1 million**
BENEFITS See more on page 93	**CHF 3.1 million**

Actual executive remuneration pay mix for the financial year 2022

In line with our philosophy to reward for performance, a significant proportion of remuneration conferred to the EC for 2022 was performance-based.





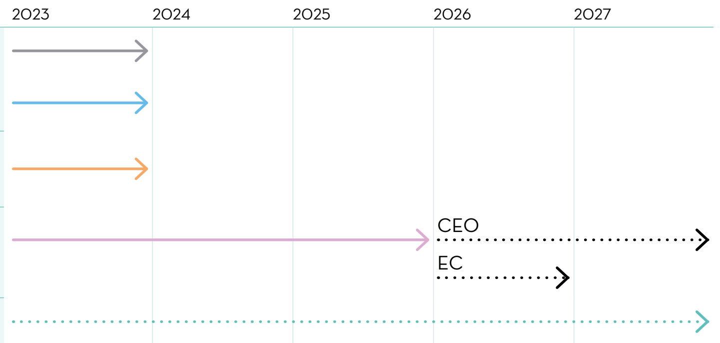
Board of Director remuneration for the financial year 2022

Total actual compensation earned by Board members in the 2022 financial year is shown in the table below.

CHF (gross)	2022 total compensation
Chair of the Board	1,460,071
Other members of the Board	3,000,391
Total	**4,460,462**

Outlook 2023

Annual base salary	Continue to offer a competitive package to attract and retain the best global talent
Benefits	
STIP	Simplified and aligned to the strategy for 2023
LTIP	Maintained existing structure and peer group
Shareholding requirement	No change for 2023



🟧 From 14 KPIs to 8 and increased weight of financial metrics from up to 80% to 90% for the CEO and other EC members.

🟦 The CEO is required to hold a minimum of 60,000 Adecco Group AG shares (2021: 40,000 shares, i.e. a 50% increase). Other EC members must hold 15,000 Adecco Group AG shares (2021: 10,000 shares).

··· Indicates a holding or clawback period.

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 as in force until 31 December 2022 and the applicable Directive on Information relating to Corporate Governance, issued by the SIX Swiss Exchange. The Adecco Group's remuneration principles further take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance of the Swiss Business Federation (economiesuisse) as in force on 31 December 2022. 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 MTAR is approved for the following financial year and for the Board it is approved for the term from the AGM to the next AGM. The shareholders also vote on 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/, as well as the Compensation Committee Charter.

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

- At target, the STI of the EC is capped at 125% of its aggregate annual base salary. For the CEO, the target STI is capped at 120% of his annual base salary. If targets are exceeded, the STI of the EC is capped at 150% of its aggregate annual base salary and for the CEO, it is capped at 140% of his annual base salary.
- At grant, the fair value of the share units awarded to the EC under the LTIP may not exceed 150% of its aggregate annual base salary and for the CEO it should not exceed 160% of his annual base salary. Vesting is conditional upon the fulfilment of certain conditions over several financial years.

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

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

2.3 Role of the Board and the 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 the performance objectives and assessing the performance achievements relevant for the incentives 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 composed of independent Board members who are elected individually by the shareholders at the AGM, for a term of office of one year ending after completion of the next AGM. Further details on the Compensation Committee's composition, responsibilities and activities are provided in the Corporate Governance Report.

Didier Lamouche, Kathleen Taylor and Rachel Duan were re-elected as members of the Compensation Committee for the term of office from the AGM 2022 to the AGM 2023. Didier Lamouche has served as a member of the Compensation Committee since 2019 and as the Chair of the Compensation Committee since 2020. Kathleen Taylor has served as a member of the Compensation Committee since 2017 and Rachel Duan joined as a member of the Compensation Committee in 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 EC members or subject matter experts as appropriate. EC members do not participate in the Compensation Committee meetings, or parts of 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 2022, the Compensation Committee held nine meetings. The Chair of the Compensation Committee participates in at least one planning meeting with management prior to each Compensation Committee meeting. Details on meeting attendance of the individual members of the Compensation Committee 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 2022, 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 2022, Willis Towers Watson also provided compensation benchmark data for the broader employee population, while 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 Future@Work (the strategic business cycle launched at the end of 2020). Variable incentives are an important element of the remuneration structure.

The STIP payout increases or decreases based on the achievement of annual 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 between 70% and 80% of the 2022 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 KPIs that specifically measure the progress of the transformation and of the Adecco Group's digitalisation of client and candidate interactions. In addition, three of five key sustainability goals are reflected in the 2022 STIP balanced scorecard for all EC members: employer of choice, employability and access to work, and trusted partner to clients.

The LTIP 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 KPIs 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.

3.1.1 Reward for performance

A significant portion of the total remuneration of the CEO and other EC members is tied to the achievement of financial objectives.

The STIP seeks to reward Group, Global Business Unit and/or customer performance. Thus, as a general rule, performance targets are based on the Company's performance and not the individual's performance or specific behaviours. The STIP incentivises management for achieving annual financial targets as well as strategic and functional goals over a time horizon of one year, and fosters collaboration between the three Global Business Units: Adecco, Akkodis and LHH. The LTIP incentivises management to create long-term shareholder value and is based on financial KPIs at Group level.

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 KPIs used in the incentive plans and their link to our three strategic priorities are presented in section 4.

3.1.2 Alignment with shareholders' 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 and generate long-term value for shareholders.

In accordance with 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. Remuneration is benchmarked against that of the relevant function in the reference market, which is either local, regional or global. Internal equity is also taken into consideration to foster a fair working environment. The individual remuneration 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 Compensation Committee reviews the remuneration of the CEO, the other EC members and the Board members periodically and submits its proposals to the full Board. The remuneration is compared to the remuneration levels of similar positions at relevant peer companies (refer to section 3.3), on a biennial basis, leveraging data provided by an external provider.

In making compensation decisions, the Board focuses on the specific needs of the business, the affordability for the Company and the individual's profile (i.e. skills and experience). Individual performance and growth potential are also taken into account. Inflation levels have not been considered by the Board in determining any salary increases in 2022 or 2023.

For the CEO and the other EC members, the goal is to position the annual base salary around the market median and the target direct compensation (i.e. annual base salary, target STI and target LTI) between the median and the 75th percentile in order to promote a culture of reward-for-performance and to ensure that compensation levels remain competitive. In 2022, the target direct compensation of the EC, including the CEO, ranged from 73% to 123% of the market median of the pan-European peer group (2021: 60% to 119%). This change was due to the evolution of the composition of the EC as at 31 December 2022 compared to 2021.

The remuneration of Board members is set to attract and retain diverse individuals with international experience whose skills align with the Company's strategy and needs. The remuneration of the individual Board members is set based on their function on the Board, to be competitive against relevant benchmark companies and to reflect the time and effort required from Board members in fulfilling their Board and Committee duties.

3.3 Approach to peer group selection

Peer groups are a critical tool for assessing the appropriateness of the remuneration structure and levels, as well as the relative business performance. Each peer group is designed in accordance with its respective purpose and requirements, as outlined in Illustration 2. Proposing the appropriate peer groups for remuneration benchmarking and performance analysis is an important role of the Compensation Committee. Peer groups may be adjusted to reflect substantial changes due to merger and acquisition activities and unusual fluctuations in remuneration levels. Every three to five years, the composition of each peer group is reviewed to ensure that the selected companies continue to be relevant, suitable, meaningful and meet the criteria defined by the Compensation Committee. Peer groups for the benchmarking of the EC and the Board remuneration levels 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 the 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 generally recruits 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 listed 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 the EC remuneration with the achievement of financial KPIs relative to the comparator peer groups. This is essentially applied to two KPIs used in the STIP and LTIP calculations: relative revenue growth and rTSR.

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 perspective is applied in terms of business similarity, investment profile and risk criteria, 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

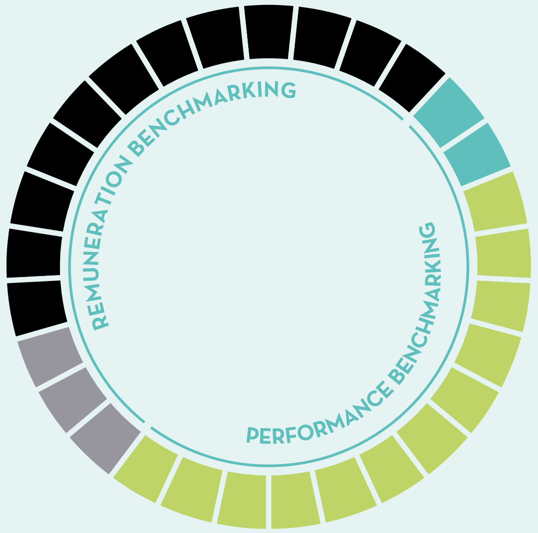
Purpose	Remuneration benchmarking (EC)	Relative revenue growth performance benchmarking (EC)	Relative TSR performance benchmarking (EC)	Remuneration benchmarking (Board)
Peer group	Pan-European companies	Peers operating in the same sector	Industry affiliates	Swiss-listed companies
Rationale	To reflect the market for talent	To analyse financial performance relative to peer group performance and validate financial performance goals	To reflect the business and risk profile of the Adecco Group	To ensure comparability in terms of liability under Swiss regulation
Criteria	Companies where the Adecco Group recruits its talent from and/or to which it loses its talent	Direct competitors of similar size and complexity	Companies reflective of the business and risk profile of the Adecco Group	Companies subject to the same legal requirements
Last review by the Compensation Committee	June 2021	February 2021	February 2021	September 2021

Illustration 3: Peer companies for remuneration benchmarking and performance analysis

Peer groups for 2022

■ **Pan-European peer group (EC remuneration benchmarking)**
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 remuneration benchmarking)**
ABB, Credit Suisse, DKSH, Kuehne+Nagel, LafargeHolcim, Novartis, Richemont, Roche, Schindler, Swatch, Swiss Life, Swiss Re, Swisscom, UBS, Zurich

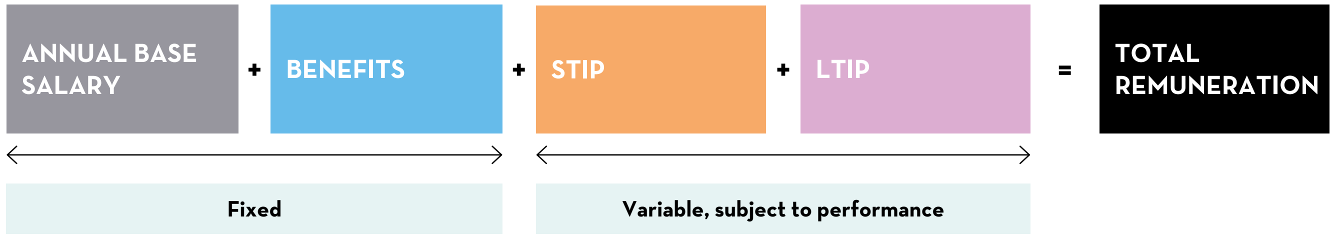


■ **Peers operating in the same sector (relative revenue growth performance)**
ManpowerGroup, Randstad

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

4. Executive Committee's remuneration system

The remuneration structure for the EC members includes fixed and variable elements to promote reward for performance:



The table below summarises the remuneration structure in place for the CEO and the other EC members in 2022, and how each element supports our Future@Work strategy. Total conferred remuneration figures for 2022 can be found in section 5.2.

Pay element	Link to remuneration philosophy	Link to Future@Work strategy
Fixed		
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, as well as internal equity.	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.	To protect EC members against risk (retirement benefits and social contributions).

Variable, subject to performance

		Strategy	Customer	Social
STIP 2022[1]	The STIP consists of an annual cash bonus based on the achievement of financial, strategic and functional targets:			
	Revenue growth	✓	✓	
	EBITA margin	✓	✓	
	Days of sales outstanding (DSO)	✓		
	Gross margin	✓	✓	
	Ventures' gross profit	✓	✓	
	AKKA/Modis (Akkodis) integration	✓	✓	
	Transformation	✓	✓	✓
	IT budget variance	✓		
	IT transformation delivery	✓		
	Net promoter score, NPS®	✓	✓	
	Gender parity in the global leadership	✓	✓	✓
	Voluntary turnover	✓	✓	✓
	Peakon (eNPS®)	✓		✓
	IT stability & security	✓	✓	
LTIP 2022	Performance share units (PSUs) with three-year cliff vesting and an additional one-year blocking period. The LTIP consists of three equally-weighted financial KPIs:			
	(rTSR)	✓		
	(ROIC)	✓	✓	
	(CCR)	✓		

---

[1] Includes all 2022 STIP KPIs. For the KPIs allocated to each EC member in 2022, see Illustration 5.

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 plan, is designed to reward the CEO and the other EC members for financial, strategic and functional performance against predetermined targets over a time horizon of one year.

4.2.1 Key performance indicators (KPIs)

Financial KPIs are related to the Group, Global Business Unit and/or customer financial performance (70%-80% weighting in 2022). Strategic or functional KPIs relate to the Global Business Unit or relevant function including KPIs encompassing the “social factor” in environmental, social and governance (ESG) standards (20-30% weighting in 2022). The selection and weight of financial and non-financial KPIs depend on the role of the EC member.

4.2.2 Target setting

The performance targets are set as a function of the Company’s annual goals (as approved by the Board), business environment, tactical focus and competitive assessment, as well as annual milestones in the context of the Future@Work strategic plan. The Board is vigilant that performance targets are stretching, in support of improved performance and take into account the overall economic environment and the industry dynamic segment by segment. Financial targets are set at the beginning of each year in alignment with the overall budget approved by the Board. Non-financial strategic and functional targets are aligned with the most important priorities for the financial year. For the target-setting process, see section 4.2.6.

4.2.3 Opportunity levels

The on-target opportunity is the amount paid if performance targets are met, as shown below:

- CEO: 110% of annual base salary
- Other EC members: 75% to 85% of annual base salary

The payout range is from 0% to 150% of the on-target opportunity based on performance achievement. For each KPI, 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 Articles of Incorporation limit the STI amount that can be paid in percentage terms of annual base salary for the CEO and the other EC members.

4.2.4 Payout formula

The performance achievement is measured independently for each KPI and carries a specific weight in the overall STI payout. For example, if the performance achievement for one KPI with 10% weighting in the STIP balanced scorecard is at target level (i.e. 100% payout), then the payout for this KPI is 10% (10% x 100% = 10%). If all KPIs are achieved at target, the overall payout is 100%. A total payout of 150% requires an achievement at or above the maximum level on all KPIs. An achievement level below the baseline on all KPIs results in a 0% payout.

The Board, upon recommendation of the Compensation Committee, retains the discretion to adjust STI payouts (positively and negatively) in the case of extraordinary events or developments. This allows for special situations that were not factored into the target setting. However, this does not include generally unfavourable market developments. Discretion is bound by the limits defined in the Articles of Incorporation. No discretion was exercised for the EC 2022 STIP.

Illustration 4: STIP payout calculation

STEP 1

Annual base salary (CHF) x STI target (% of annual base salary) = STIP target value

STEP 2

STIP target value x Overall payout (%) = Actual STIP payout

4.2.5 Malus and clawback

Any bonus is subject to malus and clawback provisions in the event of fraudulent behaviour or other types of intentional misconduct.

4.2.6 2022 STIP balanced scorecard

This section presents the STIP balanced scorecard for the CEO and the other EC members for 2022. As highlighted throughout this section, the Board follows a robust process to select the appropriate KPIs and set financial targets, in support of business strategy, that are stretching and incentivise improved performance. In particular, revenue is measured on a relative basis against the Adecco Group’s peers operating in the same sector where possible. In addition to the financial targets, for 2022, up to three strategic and functional targets were set for each EC member, nearly all of which relate to the Adecco Group’s ESG priorities (more details in section 4.2.8). Illustration 5 shows the KPI allocation for each EC member in 2022, whilst Illustration 6 provides enhanced disclosures on the performance achievements for the KPIs set at the Adecco Group level, along with the average outcome for the KPIs related to Global Business Units.

4.2.7 2022 STIP performance outcome

Below shows the overall STIP outcome relative to target for the CEO and the average outcomes relative to target for the total EC in 2022.

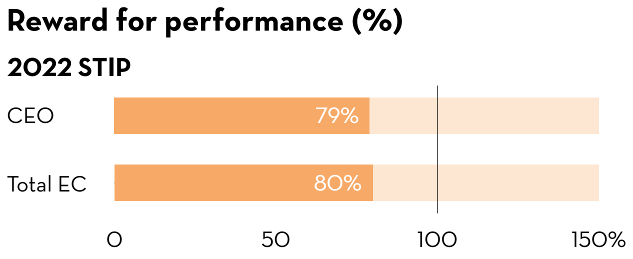


Illustration 5: 2022 key performance indicators (KPIs)

	CEO	CFO	CHRO	CSMO	CIO	CDO	Presidents[1]
Financial KPIs (70-80%)							
Revenue growth relative to average peers (Group)	✓	✓	✓	✓		✓	✓
EBITA margin (Group)	✓	✓	✓		✓	✓	
Days sales outstanding, DSO (Group level)	✓	✓					✓
Revenue growth (Global Business Unit level)							✓
EBITA margin (Global Business Unit level)							✓
Revenue (customer level)				✓			
Gross margin (customer level)				✓			
Ventures’ gross profit						✓	
AKKA/Modis (Akkodis) integration	✓	✓	✓		✓		✓
Transformation (Group level)			✓				
IT budget variance (Group level)					✓		
IT transformation delivery (Group level)					✓	✓	
Strategic and Functional KPIs (20-30%)							
Net promoter score, NPS® (Group, Global Business Unit level)	✓	✓		✓		✓	✓
Gender parity in the global leadership (Group level)			✓	✓		✓	✓
Voluntary turnover	✓	✓	✓	✓	✓	✓	✓
Peakon (eNPS®) (Group level)			✓				
IT stability & security (Group level)					✓		

[1] The Presidents of the Global Business Units: Adecco, LHH and Akkodis.

Illustration 6: STIP performance assessment 2022

KPI (and EC member balanced scorecard weighting)	Performance achievements relative to the payout corridor (All EC members) Threshold (0%) Target (100%) Maximum (150%)[1]
Group revenue growth relative to average peers Up to 25% weight Adecco Group's performance is compared to the average organic revenue growth of the peer group, ensuring focus on value-enhancing revenue streams.	84%
Group EBITA margin Up to 25% weight Adecco Group's operating profit as a percentage of its revenue, ensuring focus on margin improvement.	0%
Group DSO Up to 10% weight Accounts receivable turnover. DSO represents the average time taken to collect accounts receivable. This ensures focus on cash available to return to shareholders.	67%
Other Global Business Unit (GBU) or customer financial metrics Up to 25% weight	45%
AKKA/Modis (Akkodis) integration Up to 20% weight Measures the success of the AKKA and Modis integration in 2022 through EBITA margin improvements that are a direct result of deal synergies i.e. cost savings and revenue growth realised that would not have been possible on a standalone basis.	141%
Group and GBU net promoter score, NPS® Up to 10% weight Net promoter score (NPS®) measures customer experience linked to business growth. 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.	100%
Group gender parity in the global leadership Up to 10% weight Measures the representation of females at our global leadership 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.	55%
Voluntary turnover Up to 10% weight Measures voluntary employment termination i.e. when an employee chooses to leave the Company by resigning. Measures the Adecco Group's ability to retain talent, knowledge and skills within the business.	132%

---

[1] The maximum payout for all KPIs is 150%, except for AKKA/Modis (Akkodis) Integration, which is 200%.

4.2.8 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. Our sustainability goals are set out below. For each goal, we have identified the most immediate drivers that will help determine success. For each such KPI, we have set short-term (one year) and medium-term (2025) targets. In selected cases, we have also confirmed long-term (2030) targets. This data is consolidated in our ESG scorecard. Most of these KPIs are also reflected in the Group, Global Business Unit and/or Group Function scorecards.

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 for 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.

Complementing this and to ensure an additional layer of accountability for key priorities, the STIP balanced scorecard for EC members also contains KPIs that are related to selected ESG measures of the Group. These are selected in coherence with the Group strategy, in addition to the core financial, strategic and functional goals. Performance levels relative to the payout corridor in 2022 are shown 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. 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 2022
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	CHRO, CSMO, CDO and Presidents
	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 except CIO
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 CHRO and CIO

In the years ahead, and aligned with our global ambitions, we are committed to continuously re-evaluating how we reflect material ESG 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.

4.3 Long-term incentive plan (LTIP)

The purpose of the LTIP is to reward long-term value creation and to enhance alignment of the interests of 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 2022, the performance period started on 1 January 2022 and ends on 31 December 2024.

4.3.1 LTIP structure and general conditions for the 2022-2024 LTIP performance cycle

The LTIP is granted in form of PSUs. The formula to determine the number of PSUs to be granted is as follows:

Illustration 7: LTIP target number of PSUs calculation

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 2022 grant was awarded on 31 March and the period of 20-TD selected for the final calculation was from 3 March 2022 to 30 March 2022. The resulting average share price was CHF 42.06.

The LTI targets for 2022 were:

- CEO: 150% of annual base salary at the grant date
- Other EC members: 75% to 100% of annual base salary at the grant date (2021: 75% to 100%)

The plan foresees that those participants who voluntarily terminate their employment with the Company or who receive notice of termination for cause during the vesting period will no longer be entitled to the vesting of PSUs. In case of termination by the employer without cause, a time-weighted pro-rata portion of the unvested PSUs will vest at the regular vesting date based on the actual performance achievement and final vesting level.

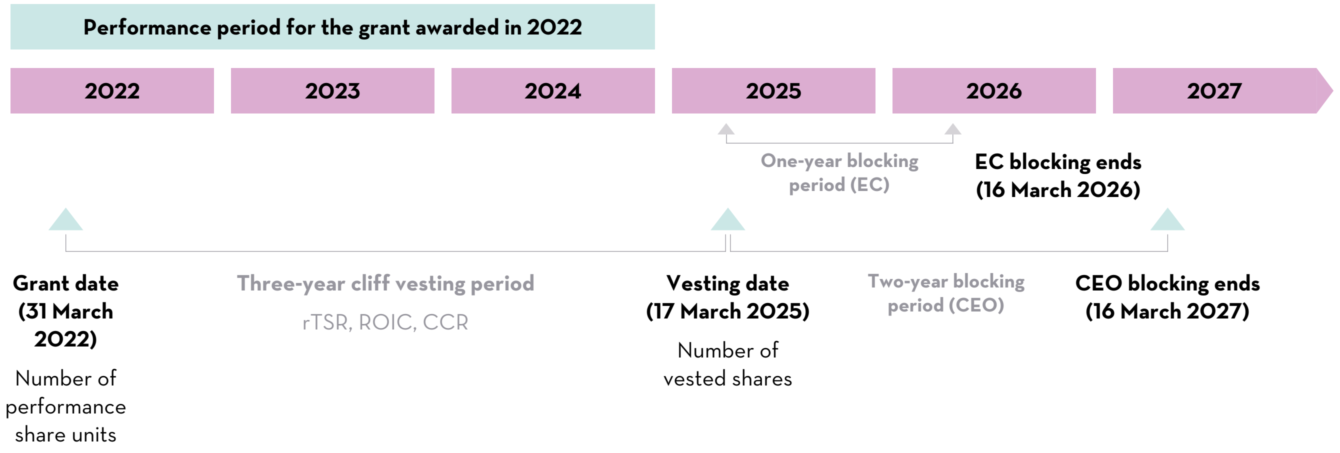
In line with the Articles of Incorporation and as specified in the LTIP rules, in the case of a predefined Change of Control, the time-weighted pro-rata portion of the unvested PSUs may vest on the Change of Control date depending on the level of target achievement at the date of the relevant corporate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

PSUs that do not vest due to lack of fulfilment of the performance conditions lapse immediately.

Vested shares are subject to a two-year blocking period for the CEO. For other EC members vested shares allocated prior to 2022 are subject to a two-year blocking period. Vested shares allocated to other EC members from 2022 onwards are subject to a one-year blocking period. The LTIP includes clawback provisions for any award or any benefit received or entitled to be received in the case of fraudulent or other types of intentional misconduct.

The CEO and the other EC members may not use personal investment strategies to undermine or hedge the risk alignment effects of unvested PSUs or any vested shares subject to the blocking period.

Illustration 8: LTIP performance period



4.3.2 LTIP performance conditions

The vesting of the PSUs depends on three equally weighted KPIs: rTSR, ROIC and CCR and is capped at 200% (as a % of target) for all KPIs.

For rTSR, the achievement and the vesting level are calculated by Obermatt (refer to section 2.4). The TSR calculation is based on a one-month average share price before the start and the 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 align with the market and to dissuade participants from taking excessive risks. Threshold vesting has been set at the 33.3 percentile, which results in a vesting at 40% of target for the portion of the total award LTIP based on rTSR (a third of the total award). This formula was chosen due to the impact of financial market volatility on the rTSR performance, which can be heavily influenced by short-term volatility that can detract from the long-term performance focus of the LTIP. Whilst many Swiss companies set their threshold at the 25th percentile, this is also to ensure that the Adecco Group maintains competitiveness within a global business that has significant exposure to the US market, our second largest revenue market, where most organisations set the threshold for rTSR vesting at or below the 25th percentile. Performance above the 50th percentile is required for 100% vesting, and top quartile performance for maximum vesting.

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

Illustration 9: Overview of 2022 KPIs

KPI	Weighting	Description	Vesting
rTSR	33.3%	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, unless a company delists or is acquired, in which case it will be left out the rTSR calculation. 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.	**Vesting schedule for rTSR performance under the LTIP**
ROIC	33.3%	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.	Vesting is based on a linear payout curve from 0% to 200%. If the threshold is met, the vesting amounts to 40% of target. At target, the vesting corresponds to 100% and if the target is exceeded, the vesting can go up to a maximum of 200%. To determine the final vesting outcome, ROIC is calculated based on the average of the three annual outcomes in the performance period (as of 31 December).
CCR	33.3%	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.	Vesting is based on a linear payout curve from 0% to 200%. If the threshold is met, the vesting amounts to 40% of target. At target, the vesting corresponds 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 is calculated based on the average of the three annual outcomes in the performance period (as of 31 December).

Vesting schedule for rTSR performance under the LTIP

Rank	Percentile	Vesting (as a % of target)
1	100.0	200
2	91.7	200
3	83.3	200
4	75.0	200
5	66.7	160
6	58.3	120
7	50.0	80
8	41.7	60
9	33.3	40
10	25.0	0
11	16.7	0
12	8.3	0
13	0.0	0

4.3.3 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 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. Interim ROIC and CCR results provide an estimate of the vesting outcome by taking into account average annual performance of these metrics for the period from the start of the overall three-year performance period and the end of the current performance year.

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

2021-2023 LTIP award

After the second year of the three-year 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

2022-2024 LTIP award

After the first year of the three-year 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

4.3.4 Vesting of 2020-2022 LTIP performance cycle

The PSUs granted in 2020 are subject to a rTSR KPI only, with the rTSR performance of the Adecco Group compared to its peers (refer to Illustration 3). The TSR performance of the Adecco Group is compared with the TSR of each peer company using a percentile ranking at the end of the overall three-year period. The TSR is based on a point-to-point calculation (one-month average share price before the start and the end of the three-year period) for both the Adecco Group's TSR and the peers' TSR. The Adecco Group's percentile rank is the percent of outperformed peers. The vesting level is determined by the percentile rank of the Adecco Group compared to its peers.

For the 2020-2022 performance cycle, the final percentile rank of the Adecco Group's TSR was 0.0% and the overall vesting percentage was 0.0%. Therefore, out of the 107,236 performance share units (PSUs) granted in 2020 to active EC members, none have vested. Illustration 10 presents the historical annual overall vesting level (as a % of target).

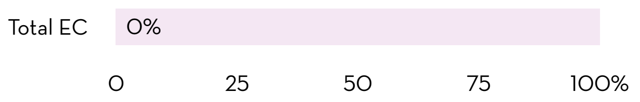
Illustration 10: Vesting level for PSUs granted

Grant year	Vesting year	Overall vesting level (as a % of target)
2016	2019	17.5%
2017	2020	35.2%
2018	2021	42.3%
2019	2022	42.3%
2020	2023	0.0%
2021	2024	Pending[1]
2022	2025	Pending[1]

[1] Performance period is still ongoing. Numbers will be available after the end of the performance period (refer to section 4.3.3).

Reward for performance (%)

2020-2022 LTIP



4.4 Shareholding guideline

The Board, upon the recommendation of the Compensation Committee, decided to amend the minimum shareholding requirements for the CEO and the other EC members. The CEO is now required to hold a minimum of 60,000 Adecco Group AG shares (2021: 40,000 shares, i.e. a 50% increase). Other EC members must hold 15,000 Adecco Group AG shares (2021: 10,000 shares i.e. a 50% increase). The minimum requirement must be met within five years from the date of the March 2022 annual grant, or for new EC members, within five years from the appointment into the EC.

Illustration 11: EC shareholding guideline

	Guideline for 2022	Guideline for 2021
CEO	60,000 shares	40,000 shares
Other EC members	15,000 shares	10,000 shares

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. Should the minimum requirement not be met within five years, the sale of any shares held by the EC member (including those recently received under the LTIP) is prohibited until the requirement is fulfilled. Further, the Board may decide to either extend the blocking period of the shares already vested until the required level is met or require EC members to purchase shares from the market. The Compensation Committee reviews compliance with the shareholding guideline on an annual basis.

4.5 Benefits

As the EC is international in its nature, its members participate in the benefit plans available in the country of their employment. Benefits consist mainly of retirement and insurance plans that are designed to provide a reasonable level of protection for employees and their dependants in case of retirement, death or disability.

In 2022, the CEO and the other EC members all had a Swiss employment contract. The EC members with a Swiss employment contract participate in the Adecco Group's pension plans offered to all employees in Switzerland. Pension contributions are based on the annual base salary, excluding variable cash remuneration.

EC members are also provided with certain additional benefits such as annual health screenings, tax return preparation support, housing allowance, relocation support, education costs, representation allowance or health insurance for EC members abroad. The monetary value of these benefits is disclosed at fair value in the remuneration tables where applicable.

4.6 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 match the economic value of the forfeited awards, taking into account factors such as the replacement award vehicle (i.e. cash, RSUs or PSUs), whether the forfeited award is subject to performance conditions, the expected value of the forfeited award, the timing of forfeiture and the termination conditions. No replacement awards were made to the incoming CEO or any other EC members in 2022.

4.7 Contractual agreements

The EC members have employment contracts of unlimited duration which are all subject to a notice period of 12 months. They are not contractually entitled to sign-on awards nor severance payments (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 4.3.1). Finally, their contract may foresee non-competition provisions of up to 12 months post termination of their contract. As of 2022, the Group may compensate the EC member's economic loss due to non-competition provisions by paying monthly instalments equivalent to 1/12 of the EC member's annual base salary during the non-compete period only.

5. Remuneration of members of the EC

5.1 EC membership changes in 2022

5.1.1 EC member appointments

In 2022, two new appointments were made to the Adecco Group Executive Committee.

Denis Machuel, CEO, joined the Adecco Group on 1 June 2022 and was appointed a member of the EC and CEO on 1 July 2022. No replacement awards were granted to him as a result of his appointment at the Adecco Group and he adopted the previous CEO's 2022 STI KPI targets.

Gaëlle de la Fosse, President of LHH, joined the Adecco Group and was appointed a member of the EC on 1 February 2022. No replacement awards were granted to her as a result of her appointment at the Adecco Group.

5.1.2 EC member departures

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. No severance payments are made to departing EC members. During the notice period, no new grants of PSUs are made.

The previous CEO, Alain Dehaze, stepped down from the EC on 30 June 2022. He has a 12-month notice period, of which he worked one month to ensure a smooth handover to his successor. He is entitled to receive his contractual base salary, STI and other benefits during the notice period. For the financial year 2023, his annual STI will be prorated to five months and no PSUs will be granted.

The previous Chief of Staff & Communications Officer, Stephan Howeg, stepped down from the EC on 28 February 2022. He has a 12-month notice period. He is entitled to receive his contractual base salary, STI and other benefits during the notice period. No PSUs were granted in 2022. For the financial year 2023, his annual STI will be prorated to one month. His last day of employment will be 31 January 2023.

The previous President of LHH, Sergio Picarelli, stepped down from the EC on 28 February 2022 and continued his employment with the Adecco Group.

5.2 EC remuneration for the financial year 2022

In 2022, EC members' total remuneration amounted to CHF 21.7 million (2021: CHF 22.9 million). This amount consisted of base salaries of CHF 6.7 million (2021: CHF 7.0 million), STI of CHF 4.8 million (2021: CHF 5.9 million), LTI of CHF 6.1 million (2021: CHF 7.2 million), a one-off performance-based award to one EC member of CHF 1.0 million, other remuneration of CHF 0.8 million (2021: CHF 0.6 million) and social contributions of CHF 2.3 million (2021: CHF 2.2 million). EC members' total remuneration decreased by 5% compared to 2021. Looking at the different components, the following elements can be noted:

The total amount paid as base salary in 2022 decreased by 4% compared to the amount of base salary paid in 2021. This is mainly due to the evolution of the composition of the EC, as there was a decrease in the number of EC members.

In 2022, the STI payout for the CEO was 79.0% of target (2021: 98.8% for the previous CEO) and ranged from 48.7% to 114.5% for the other EC members (2021: 78.0% to 119.4%), giving an average of 79.5% for the EC including the CEO (2021: 101.9%).

PSUs granted under the LTIP in 2022 amount to CHF 6.1 million compared to CHF 6.0 million in 2021. In 2021, an additional CHF 1.2 million was granted in RSUs and PSUs as a replacement award to a new EC member.

The actual direct cash compensation for the CEO was 89.0% of his target direct cash compensation (see Illustration 12). Actual direct cash compensation for the other EC members ranged from 76.4% to 106.7% of target direct cash compensation.

For the financial year 2022, the total variable component (annual STI and value of LTI at grant) represented 58.2% of the total remuneration for the CEO and 197.2% of the base salary. For the other EC members, the total variable component represented 49.4% of the total remuneration (2021: 56.9%) and 159.8% of the base salary (2021: 185.3%).

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

The total amount paid to EC members who stepped down in 2022 was CHF 2.3 million, composed of CHF 1.9 million gross cash remuneration and 0.4 million remuneration in kind, social contributions.

There were no payments made to former EC members in 2022, compared to CHF 0.6 million in 2021.

At the AGM of 8 April 2021, shareholders approved an MTAR of CHF 32 million for the financial year 2022. The total remuneration awarded to the EC for this period, was CHF 24.0 million and is therefore within the approved limits.

Illustration 12: CEO[1] remuneration versus target for annual base salary and annual STI[2]

	Contractual/Target (CHF)		Actual received (CHF)	Actual received (%)
	Annualised	Prorated	Prorated	
Annual base salary	1,300,000	758,333	758,333	100.0%
Annual STI	1,430,000	834,167	658,908	79.0%
Total	**2,730,000**	**1,592,500**	**1,417,242**	**89.0%**

1 CEO, Denis Machuel.

2 Prorated values provided based on the CEO joining the Adecco Group on 1 June 2022.

Remuneration in 2022[1] and 2021[2]

The remuneration awarded to active and former EC members in the financial years 2022 and 2021 is within the limits approved by the shareholders at the respective AGMs. At the 2021 AGM, shareholders approved a 10% reduction in the maximum total amount of remuneration for 2022.

Period	**2022**	2021
Actual amount	24,031,352	23,531,063
Approved amount	32,000,000	35,000,000

1 For 2022, this includes the CEO, the previous CEO, the eight active EC members and the two active EC members who stepped down during 2022. No remuneration was paid to former EC members.

2 For 2021, this included the previous CEO, the nine active EC members during 2021 and one former EC member who stepped down in 2020.

Illustration 13: EC remuneration for the financial years 2022 and 2021 (audited)

	Denis Machuel[1]	Alain Dehaze[2]		Total Executive Committee[3]	
in CHF	**2022**	**2022**	2021	**2022**	2021
Gross cash remuneration:[4]					
• Annual base salary	**758,333**	**750,000**	1,500,000	**6,671,075**	6,980,000
• Annual STI	**658,908**	**547,500**	1,334,205	**4,840,057**	5,892,467
Remuneration in kind and other[5]	**100,892**	**65,405**	144,034	**797,654**	587,500
Share awards granted in 2022 and 2021:					
• PSUs granted under the LTIP[6]	**836,805**	**1,471,625**	1,652,059	**6,105,848**	6,039,101
• Replacement award granted to a new EC member (PSUs and RSUs)[7]					1,209,440
One-time performance bonus[8]				**1,000,000**	
Social contributions:					
• Old age insurance/pensions and other	**158,252**	**139,602**	292,658	**1,679,570**	1,597,191
• Additional health/accident insurance		**9,333**	16,198	**90,830**	98,392
• On PSUs awards granted in 2022 and 2021, potentially vesting in later periods, estimated (based on closing price at grant) and performance bonus	**58,576**	**103,014**	115,644	**497,409**	507,398
Conferred to EC members[9]	**2,571,768**	**3,086,479**	5,054,798	**21,682,444**	22,911,489
Conferred to EC members after stepping down[10]		**1,530,255**		**2,348,908**	619,574
Conferred to active EC members, grand total	**2,571,768**	**4,616,734**	5,054,798	**24,031,352**	23,531,063

1 Denis Machuel joined the Adecco Group on 1 June 2022 and was appointed as a member of the EC and CEO on 1 July 2022. His remuneration presented is for the period 1 June 2022 until 31 December 2022. All remuneration, including base salary, STI and share awards granted were prorated from 1 June 2022.

2 Alain Dehaze, previous CEO, had the highest conferred individual compensation in 2022 and 2021. He stepped down as CEO and from the EC on 30 June 2022. CHF 1,530,255 conferred during the notice period after stepping down is composed of CHF 1,297,500 gross cash remuneration, CHF 80,933 remuneration in kind and other and CHF 151,822 social contributions.

3 Including the CEO Denis Machuel and the previous CEO Alain Dehaze. Notice periods of 12 months apply.

4 Including employee's social contributions.

5 Including annual health screenings, tax return preparation support, housing allowance, relocation support, education, health insurance, representation allowance and benefits.

6 Value in CHF of Adecco Group AG PSUs granted in 2022 under the LTIP 2022 with grant date 31 March 2022 (LTIP 2021 grant date: 31 March 2021) for the previous CEO and all EC members, except for the current CEO, whose PSUs were granted in September following his appointment.
Valuation of the PSUs granted on 31 March and granted on 16 September 2022 (2021: 31 March 2021):

- The value of the PSU at grant date is calculated based on the closing price of the Adecco Group AG shares on the day of grant multiplied by the respective probability factors. These factors reflect the likelihood that the respective rTSR, ROIC and CCR targets will be met at the end of the performance period. For 2022, the probability factor for rTSR, ROIC and CCR combined is 99.9% (2021: 99.7%). The probability factor for the rTSR component of the PSUs 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 15% (2021: 12%) is applied which takes into consideration that PSUs are not entitled to dividends during the vesting period, and an additional discount of 11% or 5.7% is applied to take into account the two-year post-vesting blocking period for the CEO and one-year post-vesting blocking period for the other EC members respectively. The value of a PSU granted in 2022 amounts to CHF 31.74 for the previous CEO, CHF 22.57 for the CEO and 33.64 for all other EC members (2021: CHF 49.68).

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 KPIs and performance period as Adecco's 2019 LTIP grant (22,590 PSUs) and 2020 LTIP grant (5,547 PSUs).

- The value of the RSU at grant date was calculated based on the closing price of the Adecco Group AG share on the day of grant. A discount of 2% was applied to take into consideration that the RSUs are not entitled to dividends during the one-year vesting period. The value of one RSU granted in 2021 amounted to CHF 62.37.
- For 22,590 PSUs linked to the 2019 LTIP KPI, the probability factor on the day of grant was 55.4%. A discount of 4% was applied to take into consideration that PSUs are not entitled to dividends during the vesting period, and an additional discount of 11% was applied to take into account the two-year post-vesting blocking period. The value of a PSU granted in 2021 subject to the same KPIs and performance period as the 2019 LTIP grant was CHF 30.12.
- For 5,547 PSUs linked to the 2020 LTIP KPIs, the probability factor on the day of grant was 109.1%. A discount of 8% was applied to take into consideration that PSUs are not entitled to dividends during the vesting period, and an additional discount of 11% was applied to take into account the two-year post-vesting blocking period. The value of a PSU granted in 2021 subject to the same KPIs and performance period as the 2020 LTIP grant was CHF 56.85.

8 Value of the performance award made to one EC member in 2022, which will be paid 50% in cash and 50% in RSUs in 2023 and 2024, subject to the achievement of predetermined performance conditions that incentivise the integration success of Akkodis. Any RSUs awarded would be subject to a one-year blocking period. Fair value is based on target (100%) and the award is capped at 200% payout.

9 Includes all remuneration conferred to the nine EC members who were EC members on 31 December 2022. For the three EC members who stepped down from the EC during 2022, this includes all compensation conferred from 1 January 2022 to the day they stepped down from the EC. This includes remuneration conferred to Alain Dehaze from 1 January 2022 until 30 June 2022. For Sergio Picarelli and Stephan Howeg, this includes remuneration conferred from 1 January 2022 until 28 February 2022.

10 For 2022, this includes all compensation conferred to two EC members who stepped down in 2022 from the day after they stepped down from the EC until 31 December 2022. This includes remuneration conferred to Alain Dehaze from 1 July 2022 until 31 December 2022. For Stephan Howeg, this includes remuneration conferred from 1 March 2022 until 31 December 2022. On stepping down from the EC on 28 February 2022, Sergio Picarelli took a new non-EC role within the Company. CHF 2,348,908 conferred after stepping down from the EC is composed of CHF 1,936,203 gross cash remuneration, CHF 134,042 remuneration in kind and other and CHF 278,663 social contributions. For 2021, this includes compensation conferred to one EC member who stepped down in 2020.

6. Outlook 2023

The remuneration system applicable to the EC 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 2022, 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 2022 to meet shareholder representatives 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 2023, 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.

Whilst the STIP structure will remain largely unchanged for 2023, the KPIs have been reviewed to support the execution of our Company strategy and ambitious growth targets. Relative growth KPIs will be introduced as of 2023 wherever possible to better assess performance and account for market volatility. This approach is appropriate for revenue targets, since the business models of the Adecco Group and its key competitors are broadly comparable and aggregated revenue represents a significant market share. Consistent with a core pillar of the Future@Work Reloaded strategy – SIMPLIFY, it has been decided to also streamline the number of KPIs from between seven and nine, down to five or six for each EC member, whilst increasing the relative weight of financial-related KPIs. To support our commitment to enhance disclosures, the final 2023 STIP balanced scorecard for the CEO and other EC members can be found in Illustration 14 (refer to Illustration 5 for the 2022 STIP balanced scorecard).

The LTIP design will remain unchanged for 2023. The LTIP design for EC members will continue to include three equally weighted financial performance metrics: rTSR, ROIC and CCR. These financial KPIs continue to align to the strategic long-term financial performance objectives of the Adecco Group.

7. Remuneration of the Board of Directors

7.1 Remuneration system

The remuneration system for the Board is unchanged compared to 2021. To reinforce the 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 2022 to AGM 2023 are summarised in Illustration 15. For the term from AGM 2023 to AGM 2024, it is anticipated that the remuneration structure for the Board will remain the same as for the term from AGM 2022 to AGM 2023.

7.2 Remuneration of the Board of Directors for 2022 and shareholdings as at 31 December 2022

For the amounts paid to the individual members of the Board in the calendar year 1 January 2022 to 31 December 2022, refer to Illustration 16.

In 2022, the Board's total remuneration amounted to CHF 4.81 million (2021: CHF 4.71 million). Of this total, CHF 2.96 million was paid out in cash (2021: CHF 2.91 million), CHF 1.5 million was awarded in restricted shares (2021: CHF 1.48 million) and social contributions amounted to CHF 0.35 million (2021: CHF 0.32 million). While the remuneration structure (annual Board fee and Committee fees) remained unchanged, the total Board remuneration increased slightly compared to the last year. This is solely due to one Board member joining the Board back in April 2021 and their remuneration for 2021 being prorated. There was no increase to the Board fees or changes to the composition of the Board compared to the prior year.

Illustration 14: 2023 key performance indicators (KPIs) for EC members

	CEO	CFO	CHRO	CSMO	Presidents[1]
Financial KPIs (80-90%)					
Revenue growth relative to average peers (Group)	✓	✓	✓		
EBITA margin (Group)	✓	✓	✓		
Days sales outstanding, DSO (Group level)	✓	✓			
All Group financials[2]				✓	✓
Revenue growth (Global Business Unit level)					✓
EBITA margin (Global Business Unit level)					✓
Revenue (customer level)				✓	
Gross margin (customer level)				✓	
AKKA/Modis (Akkodis) integration[3]	✓	✓	✓		✓
Strategic and Functional KPIs (10-20%)					
Voluntary turnover (Group level)			✓	✓	✓
Gender parity in the global leadership (Group level)	✓	✓	✓	✓	✓

1 The Presidents of the Global Business Units: Adecco, LHH and Akkodis.
2 Relative revenue growth, EBITA margin and DSO.
3 For the President of Akkodis only.

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 that term was CHF 4.6 million and is therefore within the approved limits.

At the AGM of 13 April 2022, shareholders approved an MTAR of again CHF 5.1 million for the Board for the term from AGM 2022 until AGM 2023. The remuneration paid to the Board for this ongoing term is anticipated to be approximately CHF 4.6 million. The final amount will be disclosed in the Remuneration Report 2023.

Effective since AGM 2019, the Board members are required to hold a minimum of 5,000 Adecco Group AG shares 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. The Board reviews compliance with the shareholding guideline on an annual basis.

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 years 2022 and 2021 (audited)

in CHF

Name	Function[1]	Remuneration period	Remuneration in cash	Remuneration in shares[2]	Total remuneration[3]	Social contributions[4]
Jean-Christophe Deslarzes	Chair	**2022**	**960,000**	**500,071**	**1,460,071**	**95,881**
	Chair	2021	960,000	500,052	1,460,052	94,983
Kathleen Taylor	Vice-Chair	**2022**	**300,000**	**150,058**	**450,058**	**26,123**
	Vice-Chair	2021	300,000	150,122	450,122	28,226
Rachel Duan[5]	Member	**2022**	**200,000**	**100,043**	**300,043**	**20,440**
	Member	2021	150,000	75,104	225,104	15,047
Ariane Gorin	DC Chair	**2022**	**300,000**	**150,058**	**450,058**	**78,255**
	DC Chair	2021	300,000	150,122	450,122	60,544
Alexander Gut	GNC Chair	**2022**	**300,000**	**150,058**	**450,058**	**30,215**
	GNC Chair	2021	300,000	150,122	450,122	29,942
Didier Lamouche	CC Chair	**2022**	**300,000**	**150,058**	**450,058**	**0**
	CC Chair	2021	300,000	150,122	450,122	0
David Prince[6]	Member	**2022**	**300,000**	**150,058**	**450,058**	**65,268**
	Member	2021	300,000	150,122	450,122	62,790
Regula Wallimann	AC Chair	**2022**	**300,000**	**150,058**	**450,058**	**30,215**
	AC Chair	2021	300,000	150,122	450,122	29,942
Total 2022			**2,960,000**	**1,500,462**	**4,460,462**	**346,396**
Total 2021			2,910,000	1,475,888	4,385,888	321,474

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 2022, paid with 45,356 Adecco Group AG shares at an average price of CHF 33.93 per share; for 2021, paid with 27,720 Adecco Group AG shares at an average price of CHF 54.72 per share.
3 Gross amounts, including Directors' social contributions required by law.
4 Company's social contributions required by law. No contributions are paid to pension plans by the Company. No social contributions are paid in France for Didier Lamouche in 2022 or 2021.
5 Board member since 8 April 2021.
6 The total remuneration includes remuneration received for membership in the China Joint Venture Boards of FESCO Adecco as a non-executive Director in the amount of CHF 100,000.

8. 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 5.2 and 7.2, no member of the EC or the Board has received any additional remuneration in 2022.

8.2 Loans granted to the EC and Board members (audited)

In 2022, 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 2022.

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

In 2022, no payments were made to former EC or Board members. No other payments (or waivers of claims) were made to EC members, Board members or closely linked parties. In 2021, CHF 619,574 was paid to a former EC member who stepped down in 2020.

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

In 2022, PSUs were allocated to EC members (refer to Illustration 13) 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 Compliance to the EC shareholding guideline

As described under section 4.4, 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 or, for EC members appointed to the EC after that date, within five years of their appointment into the EC.

Illustration 17 presents actual shares owned by EC members as of 31 December 2022. 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. All EC members have either achieved or are on track to achieve the shareholding requirement within the relevant time period.

8.5.2 Shares owned by EC members at 31 December 2022 and 31 December 2021

The following table shows the total number of shares and unvested share units owned by the CEO and the other EC members.

Illustration 17: Shares/Unvested PSUs and RSUs owned by EC members as of 31 December 2022 and 31 December 2021

(in shares/unvested PSUs/RSUs)

Name	Shareholding as at 31 December 2022[1]	Unvested PSUs/RSUs as at 31 December 2022	Total as at 31 December 2022	Shareholding as at 31 December 2021	Unvested PSUs/RSUs as at 31 December 2021	Total as at 31 December 2021
Denis Machuel[2]	2,000	37,076	39,076			
Coram Williams	15,518	46,271	61,789	6,593	51,677	58,270
Christophe Catoir	22,254	38,998	61,252	17,309	35,643	52,952
Jan Gupta	1,500	31,756	33,256	1,500	16,895	18,395
Valerie Beaulieu	9,240	28,523	37,763	1,713	39,034	40,747
Gordana Landen	16,325	37,823	54,148	4,388	46,679	51,067
Gaëlle de la Fosse[3]		9,808	9,808			
Teppo Paavola	5,979	35,732	41,711		40,286	40,286
Ralf Weissbeck[4]	3,826	14,390	18,216	2,458	4,751	7,209
Alain Dehaze[5]				95,841	133,303	229,144
Sergio Picarelli[5]				35,301	45,322	80,623
Stephan Howeg[5]				18,402	23,485	41,887
Total	76,642	280,377	357,019	183,505	437,075	620,580

[1] Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.
[2] Appointed as a member of the EC as of July 2022.
[3] Appointed as a member of the EC as of February 2022.
[4] Ralf Weissbeck was appointed to the EC on January 2021. The balance of unvested PSUs/RSUs includes 4,604 RSUs granted prior to his appointment to the EC.
[5] Stepped down as a member of the EC during 2022.

8.5.3 PSUs granted to the CEO and other EC members for the financial years 2022 and 2021

This section provides information on the target number of PSUs granted to the CEO and other EC members under the LTIP in 2022 for the 2022-2024 performance cycle and in 2021 for the performance cycle 2021-2023.

Illustration 18: PSUs granted to the total EC

Name	PSUs granted in 2022 (target number)	PSUs granted in 2021 (target number)
Denis Machuel	37,076	
Other EC members[1]	159,249	153,122
Total EC	196,325	153,122

[1] Includes PSUs granted to the previous CEO in 2022 and 2021.

8.6 Board shareholding

8.6.1 Compliance to the 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 their first election to the Board. All Board members reached the minimum shareholding guideline by the end of 2022, other than Rachel Duan who joined the Board in April 2021 and is on track to fulfil the guideline by the end of 2024.

8.6.2 Shares owned by Board members as of 31 December 2022 and 31 December 2021

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 19.

Illustration 19: Shares owned by Board members as of 31 December 2022 and 31 December 2021

(in shares)

Name	Shareholding as of 31 December 2022[1]	Shareholding as of 31 December 2021
Jean-Christophe Deslarzes	50,444	35,328
Kathleen Taylor	20,658	16,122
Rachel Duan	4,505	1,481
Ariane Gorin	14,477	9,941
Alexander Gut	37,014	32,478
Didier Lamouche	17,734	13,198
David Prince	24,000	19,464
Regula Wallimann	14,563	10,027
Total	183,395	138,039

[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 2022, 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 of 31 December 2022.

Report of the statutory auditor on the audit of the remuneration report

Opinion

We have audited the remuneration report of Adecco Group AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked "audited" on pages 95, 97, 98 and 99 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (pages 95, 97, 98 and 99) complies with Swiss law and Art. 14-16 VegüV

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the remuneration report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from 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 a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

/s/ Jolanda Dolente	/s/ Marco Casal
Jolanda Dolente Licensed audit expert (Auditor in charge)	**Marco Casal** Licensed audit expert

Zürich, Switzerland

14 March 2023

Financial Statements

Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	31.12.2022	31.12.2021
Assets			
Current assets:			
• Cash and cash equivalents		782	3,051
• Trade accounts receivable, net	4	4,758	4,076
• Other current assets	17	584	596
Total current assets		**6,124**	**7,723**
Property, equipment, and leasehold improvements, net	5	575	330
Operating lease right-of-use assets	9	402	339
Equity method investments	8	177	118
Other assets	17	768	674
Intangible assets, net	3, 6	1,029	198
Goodwill	3, 6	4,181	2,483
Total assets		**13,256**	**11,865**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		1,162	879
• Accrued salaries and wages		674	685
• Accrued payroll taxes and employee benefits		1,540	1,344
• Accrued sales and value-added taxes		554	463
• Accrued income taxes		46	58
• Other accrued expenses	7	908	797
• Total accounts payable and accrued expenses		4,884	4,226
• Current operating lease liabilities	7, 9	176	152
• Short-term debt and current maturities of long-term debt	10	138	348
Total current liabilities		**5,198**	**4,726**
Operating lease liabilities	7, 9	287	229
Long-term debt, less current maturities	10	3,099	2,751
Other liabilities		779	359
Total liabilities		**9,363**	**8,065**
Shareholders' equity			
Adecco Group shareholders' equity:			
• Common shares	11	11	11
• Additional paid-in capital	11	669	814
• Treasury shares, at cost	11	(58)	(159)
• Retained earnings		3,412	3,361
• Accumulated other comprehensive income/(loss), net	11	(153)	(237)
Total Adecco Group shareholders' equity		**3,881**	**3,790**
Noncontrolling interests		12	10
Total shareholders' equity		**3,893**	**3,800**
Total liabilities and shareholders' equity		**13,256**	**11,865**

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	2022	2021	2020
Revenues	2, 20	23,640	20,949	19,561
Direct costs of services	17	(18,666)	(16,668)	(15,772)
Gross profit		4,974	4,281	3,789
Selling, general, and administrative expenses	7, 17	(4,326)	(3,423)	(3,239)
Proportionate net income of equity method investment FESCO Adecco	8	29	23	20
Amortisation of intangible assets	6	(130)	(70)	(81)
Impairment of goodwill	6			(362)
Impairment of intangible assets	6		(31)	(9)
Operating income	20	547	780	118
Interest expense		(49)	(32)	(30)
Other income/(expenses), net	16	(47)	5	(20)
Income before income taxes		451	753	68
Provision for income taxes	18	(106)	(165)	(165)
Net income/(loss)		345	588	(97)
Net income attributable to noncontrolling interests		(3)	(2)	(1)
Net income/(loss) attributable to Adecco Group shareholders		342	586	(98)
Basic earnings/(loss) per share	19	2.05	3.62	(0.61)
Basic weighted-average shares	19	166,822,663	162,096,188	161,426,423
Diluted earnings/(loss) per share	19	2.04	3.60	(0.61)
Diluted weighted-average shares	19	167,065,883	162,727,104	162,011,135

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	2022	2021	2020
Net income/(loss)		345	588	(97)
Other comprehensive income/(loss), net of tax:				
• Currency translation adjustment of long-term intercompany loans (net of tax of, 2022: EUR 5, 2021: EUR 1, 2020: EUR 1)		(47)	(9)	(9)
• Currency translation adjustment of net investment hedges (net of tax of, 2022: less than EUR (1), 2021: EUR (1), 2020: EUR (5))	14	4	9	52
• Currency translation adjustment related to share cancellation		5		
• Currency translation adjustment excluding long-term intercompany loans, net investment hedges, and share cancellation (net of tax of, 2022: EUR 1, 2021: less than EUR 1, 2020: less than EUR (1))		80	148	(234)
• Change in prior service credit/(cost) on pension (net of tax of, 2021: EUR 3)	13		3	
• Change in net actuarial gain/(loss) on pension (net of tax of, 2022: EUR (11), 2021: EUR (9), 2020: EUR 2)	13	29	26	(14)
• Change in fair value of securities (net of tax of, 2022: less than EUR (1), 2021: less than EUR 1, 2020: less than EUR (1))	15	1	3	1
• Change in fair value of cash flow hedges (net of tax of, 2022: EUR (4), 2021: EUR (3), 2020: EUR 5)	14	12	16	(16)
Total other comprehensive income/(loss)		84	196	(220)
Total comprehensive income/(loss)		429	784	(317)
Less comprehensive income attributable to noncontrolling interests		(3)	(2)	(1)
Comprehensive income/(loss) attributable to Adecco Group shareholders		426	782	(318)

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)	2022	2021	2020
Cash flows from operating activities			
Net income/(loss)	345	588	(97)
Adjustments to reconcile net income/(loss) to cash flows from operating activities:			
• Depreciation and amortisation	270	186	209
• Impairment of goodwill			362
• Impairment of intangible assets		31	9
• Bad debt expense	20	5	33
• Stock-based compensation	21	21	16
• Deferred tax provision/(benefit)	(78)	(39)	(12)
• Other, net	(16)	10	49
Changes in operating assets and liabilities, net of acquisitions and divestitures:			
• Trade accounts receivable	(389)	(170)	235
• Accounts payable and accrued expenses	142	119	38
• Other assets and liabilities	228	(29)	(122)
Cash flows from operating activities	**543**	**722**	**720**
Cash flows from investing activities			
Capital expenditures	(215)	(132)	(157)
Proceeds from sale of property and equipment	3	2	2
Acquisition of QAPA, net of cash and restricted cash acquired		(54)	
Acquisition of BPI Group, net of cash and restricted cash acquired		(45)	
Acquisition of AKKA, net of cash and restricted cash acquired	(1,245)	(44)	
Proceeds from divestiture of the Legal Solutions business, net of cash and restricted cash divested		122	
Cash settlements on derivative instruments	1	(23)	24
Other acquisition and investing activities, net of cash and restricted cash acquired	10	(32)	(31)
Cash flows used in investing activities	**(1,446)**	**(206)**	**(162)**

For the fiscal years ended 31 December (in EUR)	2022	2021	2020
Cash flows from financing activities			
Net increase/(decrease) in short-term debt	(345)	(16)	(2)
Borrowings of long-term debt, net of issuance costs	350	1,484	259
Repayment of long-term debt	(928)	(261)	(117)
Dividends paid to shareholders	(409)	(365)	(381)
Purchase of treasury shares	(5)	(93)	(46)
Share capital increase, net of issuance costs		229	
Other financing activities, net	(46)	2	(3)
Cash flows from/(used in) financing activities	**(1,383)**	**980**	**(290)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**40**	**91**	**(116)**
Net increase/(decrease) in cash, cash equivalents and restricted cash	**(2,246)**	**1,587**	**152**
Cash, cash equivalents and restricted cash:			
• Beginning of year	3,155	1,568	1,416
• End of year	909	3,155	1,568

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)	2022	2021	2020
Reconciliation of cash, cash equivalents and restricted cash at beginning 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 beginning of year	3,155	1,568	1,416
Reconciliation of cash, cash equivalents and restricted cash at end of year:			
Current assets:			
• Cash and cash equivalents	782	3,051	1,485
• Restricted cash included in Other current assets	86	61	42
Non-current assets:			
• Restricted cash included in Other assets	41	43	41
Cash, cash equivalents and restricted cash at end of year	909	3,155	1,568
Supplemental disclosures of cash paid			
Cash paid for interest	24	10	20
Cash paid for income taxes	227	195	290

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in shareholders' equity

in millions, except share and per share information

in EUR	Common shares	Additional paid-in capital	Treasury shares, at cost	Retained earnings	Accumulated other comprehensive income/(loss), net	Noncontrolling interests	Total shareholders' equity
1 January 2020	**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**
Comprehensive income:							
Net income				342		3	345
Other comprehensive income					84		84
Total comprehensive income							429
Stock-based compensation		21	2				23
Vesting of share awards		(24)	23				(1)
Other treasury share transactions			(5)				(5)
Cash dividends, CHF 2.50 per share		(204)		(204)			(408)
Capital increase		72					72
Share cancellation			81	(87)			(6)
Other		(10)				(1)	(11)
31 December 2022	11	669	(58)	3,412	(153)	12	3,893

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 2022, the Company's worldwide network consists of approximately 4,500 branches and approximately 39,000 full-time equivalent (FTE) employees in 65 countries and territories.

The Company organises its business along three distinct Global Business Units (GBU): Adecco, LHH and Akkodis. The primary segment reporting is therefore built on 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 and Akkodis. 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). Effective 1 January 2023, the Company transferred part of AKKA's US operations to Adecco US. The assets transferred were staffing activities, such that this action strengthens the strategic focus of both the Akkodis and Adecco GBUs.

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 2022, 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.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

The cost method of accounting is applied for investments in entities which do not have readily determinable fair values and over which the Company is not able to exercise significant influence (generally investments in which the Company's ownership is less than 20%).

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make judgements, assumptions, and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to allowance for doubtful accounts, accruals and provisions, impairment of goodwill and indefinite-lived intangible assets, contingencies, pension accruals, and income taxes. The Company bases its estimates on historical experience and on various other market-specific assumptions that are believed to be reasonable under the circumstances. The results of 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 157, EUR 104, and EUR 88 in 2022, 2021 and 2020, respectively. These costs are included in Selling, general, and administrative expenses (SG&A) and are generally expensed as incurred.

Cash, cash equivalents, restricted cash and short-term investments

Cash equivalents consist of highly liquid instruments having an original maturity at the date of purchase of three months or less.

The Company's policy is to invest excess funds primarily in investments with maturities of 12 months or less, and in money market and fixed income funds with sound credit ratings, limited market risk, and high liquidity.

Restricted cash balances generally consist of deposits made in connection with lease/rent agreements and other refundable deposits, legal claims, cash received from customers but owed to subcontractors and financial institutions, 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. Refer to Note 4 for further details.

Transfers of financial assets

The Company enters into factoring arrangements to transfer trade accounts receivables and other receivables to third-party financial institutions, either with or without recourse. For arrangements without recourse, the transfer is accounted for as a sale when the Company has surrendered control over the transferred receivables. Control is surrendered when (i) the transferred receivables have been put presumptively beyond the reach of the powers of the Company and its creditors, even in the case of bankruptcy or other receivership, (ii) the transferees have the right to freely pledge or exchange the transferred receivables, and (iii) the transferor does not maintain effective control over the transferred receivables and does not have any right or obligation to repurchase or redeem the transferred receivables. When determining whether these sale conditions are met, the Company evaluates the extent of its continuing involvement in the transferred receivables. When the transfers of the receivable are accounted for as a sale, the Company derecognises the carrying value of the transferred receivables from Trade accounts receivables, net, Other current assets or Other assets in the consolidated balance sheets. The related cash proceeds are reflected as cash from operating activities in the consolidated statements of cash flows. Payments collected but not yet redistributed are recognised as restricted cash in Other current assets in the consolidated balance sheets.

Transfers of receivables that do not meet the conditions of a sale are accounted for as secured borrowings and the transferred receivables remain on the consolidated balance sheets. The proceeds are recognised as Short-term debt and current maturities of long-term debt, and the related cash flows are reflected as cash from financing activities in the consolidated statements of cash flows.

The carrying amounts of assets subject to restrictions which relate to the transfers of financial assets was EUR 80 and less than EUR 1 as of 31 December 2022 and 31 December 2021, respectively. The aggregate amount of losses on sales of receivables was EUR 5, less than EUR 1 and less than EUR 1 in 2022, 2021 and 2020, respectively.

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.

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 fifteen 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 11 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.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

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 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.

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.

Reference rate reform

In 2022, the Company applied temporary optional expedients and exceptions granted under ASC 848 in relation with the reference rate reform. Certain outstanding cross-currency swaps and interest rate swaps that are designated as cash flow hedges or fair value hedges transitioned to new reference rates. Accordingly, the Company applied optional expedients, which permit changes in (i) the contractual terms or (ii) in the interest rate used for discounting without dedesignating the hedging relationship.

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 adopted this guidance as of 1 January 2023 on a modified retrospective basis. While the Company is still finalising adoption procedures, it is estimated that the primary impact to the Company's consolidated financial statements will be the recognition of additional allowance for doubtful accounts within the range between EUR 20 and EUR 30.

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 has early adopted this guidance prospectively as of 1 January 2022.

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 has adopted this guidance prospectively as of 1 January 2022.

In September 2022, the FASB issued ASU 2022-04 "Liabilities – Supplier Finance Programs (Subtopic 405-50) Disclosure of Supplier Finance Program Obligations". The update affects buyer companies that use supplier finance programs in connection with purchasing goods or services. By entering into supplier finance programs with finance providers, suppliers have the option to be paid by a third party in advance of an invoice due date, based on invoices that the buyer has confirmed as valid. These arrangements are also commonly known as reverse factoring, payables finance, or structured payables arrangements. A company that uses a supplier finance program in connection with the purchase of goods or services will be required to disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. The new guidance is effective for the Company for fiscal years beginning after 15 December 2022 including interim periods within those fiscal years, with early adoption permitted. The Company adopted this guidance as of 1 January 2023 and it did not have a material impact on the Company's consolidated financial statements.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Presentation and reclassifications

Certain reclassifications have been made to prior years' amounts or balances in order to conform to the current year presentation.

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	2022	2021	2020
Flexible Placement	18,105	17,263	16,281
Permanent Placement	780	583	406
Career Transition	295	314	386
Outsourcing, Consulting & Other Services	4,093	2,471	2,247
Training, Up-skilling & Re-skilling	367	318	241
Total revenues	**23,640**	**20,949**	**19,561**

In Note 20, 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; and Akkodis.

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; and Akkodis.

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 the 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.

Outsourcing, Consulting & Other Services

Revenues related to Outsourcing, Consulting & Other Services are generally recognised over time upon rendering the services. Generally, customers are billed through the weekly or monthly billing cycle based on information reported on timesheets multiplied by the contractual billing rate. Consulting and Other services also include revenue recognised over time as the services are performed in the amount to which the Company has a right to invoice. Revenues related to other services include Managed Service Programmes (MSP) and Recruitment Process Outsourcing (RPO). Revenue is accrued for services which have been rendered but remain unbilled as of the reporting date. 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; and Akkodis.

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 and Akkodis.

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 elements

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.

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

On 24 February 2022, the Company acquired 59.91% of the shares issued by AKKA Technologies (AKKA) 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 to 64.72%. As of 31 December 2021, the Company had already owned 2.91% of the shares issued by AKKA Technologies with a market value of EUR 44 (included within Other Assets) and the remaining 1.90% of the shares issued by AKKA Technologies with a market value of EUR 29 were purchased between 1 January 2022 and 14 February 2022. Subsequently and up to 13 May 2022, the Company acquired all remaining outstanding shares of AKKA, bringing the ownership to 100%. Modis, the Company's high-tech services brand, is 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 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 would amplify future business development.

AKKA was consolidated by the Company as of 24 February 2022, and the results of AKKA operations have been included in the consolidated financial statements since 24 February 2022. The fair value of the equity interest in AKKA held by the Company at the acquisition date amounted to EUR 74. The amount was determined based on the share price at the date of acquisition. The gain recognised in Other income/(expenses), net as a result of remeasuring to fair value the equity interest in AKKA held before the business combination amounted to EUR 1. The fair value of the Noncontrolling interests at the acquisition date amounted to EUR 505 and was determined based on the share price at the date of the acquisition. The purchase price allocation for the business combination is preliminary for up to 12 months after the acquisition date.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

The following table summarises the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

in EUR	
Fair value of assets acquired and liabilities assumed	
Cash acquired	116
Other current assets	458
Tangible assets	174
Other assets	157
Identified intangible assets	
• Customer related	861
• Marketing related	93
Goodwill	1,648
Current liabilities	(702)
Other liabilities	(1,310)
Total fair value of assets acquired and liabilities assumed	1,495

The goodwill of EUR 1,648 arising from the acquisition consists largely of the synergies and economies of scale expected from combining operations of the Company and AKKA. Goodwill recognised as a result of the AKKA acquisition is not expected to be deductible for income tax purposes. The identified definite-lived intangible assets have estimated average useful lives of 1 to 15 years and are amortised on a straight-line basis over the useful lives. An indefinite-lived intangible asset of EUR 73 has been determined concerning the AKKA tradename. The goodwill and intangible assets were assigned to Akkodis Global Business Unit. Contingencies of EUR 172 based on the Company's best estimate of loss have been identified and recognised as of the acquisition date, primarily relating to legal and tax risks.

AKKA acquisition related costs included in SG&A was EUR 13, of which EUR 7 was incurred during 2022. AKKA revenues and net loss since the acquisition date included in the consolidated operating results for the 12 months ended 31 December 2022 amounted to EUR 1,381 and EUR 43, respectively. Amortisation expense, net of tax for AKKA intangible assets included in the consolidated results of operations since the acquisition date to 31 December 2022 amount to EUR 46.

The following unaudited pro forma information shows consolidated operating results for the 12 months ended 31 December 2021 and 31 December 2022 as if the AKKA acquisition had occurred on 1 January 2021 and 1 January 2022:

in EUR	2022	2021
Pro forma consolidated operating results		
Revenues	**23,893**	22,503
Net income attributable to Adecco Group shareholders	**332**	556
Basic income per share	**1.99**	3.43
Diluted income per share	**1.98**	3.42

The 2022 pro forma net income includes the AKKA January and February 2022 net loss of EUR 10, which considers additional amortisation of definite-lived intangible assets, net of tax of EUR 5. The pro forma net loss of AKKA for the 12 months ended 31 December 2021, adjusted for amortisation of definite-lived intangible assets, incremental financing costs, acquisition related costs and income taxes, reduced consolidated pro forma net income by EUR 30 (including additional intangible assets amortisation, net of tax, of EUR 26 and acquisition costs, net of tax of EUR 4). The pro forma results of operations do not necessarily represent operating results which would have occurred if the acquisition had taken place on the basis assumed above, nor are they indicative of future operating results of the combined companies.

In addition to the AKKA acquisition described above, the Company made other acquisitions in 2022, 2021 and 2020. The Company does not consider any of its other 2022, 2021 and 2020 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 2022 and 2021 is as follows:

in EUR	2022	2021
Impact of acquisitions		
Net tangible assets/(liabilities) acquired	**(860)**	(12)
Identified intangible assets	**957**	67
Goodwill	**1,650**	106
Deferred tax assets/(liabilities), net	**(249)**	(14)
Total consideration	**1,498**	**147**

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.

Excluding the ones attributable to the AKKA acquisition, total acquisition-related costs expensed in 2022, 2021 and 2020 were not significant. Acquisition-related costs are included in SG&A within the consolidated statements of operations.

Note 4 – Trade accounts receivable

in EUR	31.12.2022	31.12.2021
Trade accounts receivable	4,835	4,131
Allowance for doubtful accounts	(77)	(55)
Trade accounts receivable, net	**4,758**	**4,076**

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 5 – Property, equipment, and leasehold improvements

in EUR	31.12.2022 Gross	31.12.2022 Accumulated depreciation	31.12.2021 Gross	31.12.2021 Accumulated depreciation
Land and buildings	172	(9)	3	(2)
Furniture, fixtures, and office equipment	93	(69)	90	(69)
Computer equipment	132	(97)	122	(89)
Capitalised software	743	(483)	656	(452)
Leasehold improvements	205	(138)	198	(130)
Other equipment	34	(8)	11	(8)
Total property, equipment, and leasehold improvements	**1,379**	**(804)**	**1,080**	**(750)**

Depreciation expense was EUR 140, EUR 116 and EUR 128 for 2022, 2021 and 2020, 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 75, EUR 67 and EUR 73 of depreciation expense in connection with capitalised software in 2022, 2021 and 2020, respectively. The estimated future depreciation expense related to computer software is EUR 93 in 2023, EUR 75 in 2024, EUR 53 in 2025, EUR 25 in 2026, EUR 12 in 2027 and EUR 2 in 2028 and after.

Note 6 – Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended 31 December 2022 and 31 December 2021 are as follows:

in EUR	Adecco France	Adecco Northern Europe	Adecco DACH	Adecco Southern Europe & EEMENA	Adecco Americas	Adecco APAC	**Adecco**	LHH	Akkodis	**Total**
Changes in goodwill										
1 January 2021	**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**
Additions				1			1		1,649	1,650
Currency translation adjustment		(16)			11	(3)	(8)	28	28	48
31 December 2022	**266**	**325**	**–**	**53**	**212**	**46**	**902**	**937**	**2,342**	**4,181**

As of 31 December 2022 and 31 December 2021, the gross goodwill amounted to EUR 5,737 and EUR 4,038, respectively.

As of 31 December 2022, accumulated impairment charges amounted to EUR 1,556 of which EUR 1,406 in Adecco DACH, EUR 23 in Adecco APAC, and EUR 56 in Adecco Northern Europe, EUR 21 in LHH and EUR 50 in Akkodis, impacted by fluctuations in exchange rates.

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 and EUR 49 in Akkodis, 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 2022, 2021 and 2020, noting no indication of impairment.

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 2.8%. 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 2022, 2021 and 2020 ranged from 6.4% to 15.6%.

The carrying amounts of other intangible assets as of 31 December 2022 and 31 December 2021 are as follows:

in EUR	31.12.2022 Gross	31.12.2022 Accumulated amortisation	31.12.2021 Gross	31.12.2021 Accumulated amortisation
Intangible assets				
Marketing-related (trade names)	295	(116)	233	(100)
Customer base	962	(145)	143	(128)
Contract	39	(33)	33	(23)
Acquired technology	72	(45)	69	(29)
Other	3	(3)	3	(3)
Total intangible assets	**1,371**	**(342)**	**481**	**(283)**

Amortisation expense was EUR 130, EUR 70 and EUR 81 for 2022, 2021 and 2020, respectively.

The carrying amount of indefinite-lived intangible assets was EUR 159 and EUR 82 as of 31 December 2022 and 31 December 2021, 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 2022, 2021 and 2020 and noted no impairment in 2022. In 2021, the brand structure within the LHH 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.

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.

The estimated future amortisation expense related to definite-lived intangible assets is EUR 103 in 2023, EUR 81 in 2024, EUR 59 in 2025, EUR 56 in 2026, EUR 56 in 2027 and EUR 515 in 2028 and after. The weighted-average amortisation period for customer base intangible assets is 14 years.

Note 7 – Restructuring

In 2022, the Company launched a Group-wide programme to drive change centred on three levers (Simplify, Execute, Grow) with a series of key actions that will enable faster and better delivery of the Future@Work strategy.

Total restructuring costs incurred by the Company in 2022 amounted to EUR 56. Restructuring expenses are recorded in SG&A and mainly represent headcount and branch optimisation. Given the dynamic nature of the current economic environment, 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	2022
Restructuring costs	
Adecco France	2
Adecco Northern Europe	
Adecco DACH	
Adecco Southern Europe & EEMENA	5
Adecco Americas	6
Adecco APAC	1
Adecco	**14**
LHH	5
Akkodis	33
Corporate	4
Total restructuring costs	**56**

Notes to consolidated financial statements (continued)

in millions, except share and per share information

The changes in restructuring liabilities for the year ended 31 December 2022 are as follows:

in EUR	2022
1 January	
Restructuring costs	56
Cash payments	(3)
Write-off of fixed assets, impairment of operating lease right-of-use assets, and other	(16)
31 December	**37**

As of 31 December 2022, restructuring liabilities in connection with this programme of EUR 37 were recorded in Other accrued expenses. As of 31 December 2022, the remaining liability related to onerous leases of EUR 11 was recorded in Current operating lease liabilities and Operating lease liabilities.

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 in 2022, 2021 and 2020 amounted to EUR 6, EUR 55 and EUR 129, respectively. Restructuring expenses are recorded in SG&A and mainly represent headcount reductions and branch optimisation.

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

in EUR	2022	Cumulative costs incurred to 31.12.2022
Restructuring costs		
Adecco France		11
Adecco Northern Europe		20
Adecco DACH	(8)	28
Adecco Southern Europe & EEMENA		7
Adecco Americas	1	18
Adecco APAC		6
Adecco	**(7)**	**90**
LHH	17	74
Akkodis	(4)	26
Corporate		
Total restructuring costs	**6**	**190**

The changes in restructuring liabilities for the years ended 31 December 2022 and 31 December 2021 are as follows:

in EUR	2022	2021
1 January	**48**	**67**
Restructuring costs	6	55
Cash payments	(32)	(50)
Write-off of fixed assets, impairment of operating lease right-of-use assets, and other	(6)	(24)
31 December	**16**	**48**

As of 31 December 2022 and 31 December 2021, restructuring liabilities in connection with this initiative of EUR 16 and EUR 48, respectively, were recorded in Other accrued expenses. As of 31 December 2022 and 31 December 2021, the remaining liability related to onerous leases of EUR 13 and EUR 26, respectively, was recorded in Current operating lease liabilities and Operating lease liabilities.

Note 8 – Equity method investments

Investments in equity affiliates as of 31 December 2022 and 31 December 2021 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 2022 and 31 December 2021 are as follows:

in EUR	2022	2021
1 January	**118**	**109**
Additional equity method investments	55	5
Proportionate net income of investee companies	28	23
Dividends and distributions received	(21)	(27)
Currency translation adjustment and other	(3)	8
31 December	**177**	**118**

Note 9 – Operating leases

in EUR	2022	2021	2020
The components of Operating lease expenses are as follows:			
• Operating lease expenses	222	192	223
• Short-term lease expenses	9	7	8
• Variable lease expenses	3	2	2
• Sublease income	(15)	(12)	(8)
Total operating lease expenses	**219**	**189**	**225**

For the fiscal year ended 31 December (in EUR)	2022	2021	2020
Supplemental information related to operating leases is as follows:			
• Cash paid for amounts included in the measurement of operating lease liabilities	211	198	237
• Operating lease right-of-use assets obtained in exchange for operating lease liabilities	299	177	194

Notes to consolidated financial statements (continued)

in millions, except share and per share information

As of 31 December (in EUR)	2022	2021	2020
Operating leases weighted average:			
• Lease term	4.3 years	3.7 years	3.5 years
• Discount rate	2.7%	2.8%	3.3%

Maturities of operating lease liabilities as of 31 December 2022 and 31 December 2021 are as follows:

in EUR	31.12.2022	31.12.2021
Within 1 year	177	154
Within 2 years	109	93
Within 3 years	71	66
Within 4 years	43	39
Within 5 years	25	21
Thereafter	59	26
Total future undiscounted lease payments	**484**	**399**
• Less imputed interest	(21)	(18)
Total operating lease liabilities	**463**	**381**
Current operating lease liabilities	176	152
Long-term operating lease liabilities	287	229

As of 31 December 2022, future undiscounted operating lease payments that have not yet commenced and are not included in the table above amounted to EUR 36 (EUR 10 as of 31 December 2021). 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 2022 and 31 December 2021, bank overdrafts and other short-term borrowings amounted to EUR 134 and EUR 49, respectively.

European Commercial Paper

Adecco International Financial Services BV, a wholly owned subsidiary of the Company, has a commercial paper programme ("Negotiable European Commercial Paper"). 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 2022 or 31 December 2021.

Long-term debt

The Company's long-term debt as of 31 December 2022 and 31 December 2021 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2022	31.12.2021
60.5-year guaranteed Euro subordinated fixed-to-reset notes	EUR 500	2082	1.0%	494	493
20-year guaranteed Japanese Yen fixed rate notes	JPY 7,000	2039	1.14%	50	53
12-year guaranteed Euro fixed rate notes	EUR 50	2034	4.86%	49	
15-year guaranteed Japanese Yen fixed rate notes	JPY 6,000	2033	1.05%	43	46
10-year guaranteed Euro medium-term notes	EUR 500	2031	0.5%	497	497
10.25-year guaranteed Norwegian Krone fixed rate notes	NOK 500	2030	2.65%	47	50
10.5-year guaranteed Euro medium-term notes	EUR 300	2029	1.25%	265	302
7-year guaranteed Euro medium-term notes	EUR 500	2028	0.125%	495	495
5-year Swiss Franc fixed rate notes	CHF 300	2027	2.3775%	302	
8-year Swiss Franc fixed rate notes	CHF 100	2026	0.875%	93	95
5.5-year Swiss Franc fixed rate notes	CHF 225	2025	0.875%	211	213
8-year guaranteed Euro medium-term notes	EUR 500	2024	1.0%	502	503
7-year guaranteed Euro medium-term notes	EUR 300	2022	1.5%		299
Other				55	4
				3,103	**3,050**
Less current maturities				(4)	(299)
Long-term debt, less current maturities				**3,099**	**2,751**

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 were 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.

12-year guaranteed Euro fixed rate notes due 2034

On 7 November 2022, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 50 fixed rate notes with a coupon of 4.86% (2034 notes), guaranteed by Adecco Group AG, due on 7 November 2034. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes.

The Company has entered into fair value hedges of the 2034 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.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

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 were 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 were 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.

5-year Swiss Franc fixed rate notes due 2027

On 17 November 2022, Adecco Group AG issued CHF 300 fixed rate notes with a coupon of 2.3775% (2027 notes) due on 17 November 2027, 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% (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 entered into fair value hedges of the 2022 notes, which are further described in Note 14.

On Tuesday 22 November 2022, the Company repaid the 2022 notes at maturity.

After the acquisition of AKKA Technologies SE, debts of the acquiree in the amount of EUR 944 were repaid.

Payments of long-term debt translated using 31 December 2022 exchange rates are due as follows:

in EUR	2023	2024	2025	2026	2027	Thereafter	Total
Payments due by year	4	506	215	97	306	1,975	3,103

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 an original 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 2022 and 31 December 2021, there were no outstanding borrowings under the credit facility.

In December 2022 the Company concluded a committed 3-year Euro revolving credit facility of EUR 100 with a maturity date of December 2025. The facility could be used for general corporate purposes. The interest rate is based on EURIBOR, plus a margin between 0.50% and 1.80% per annum, depending on certain net debt-to-EBITDA ratios. 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. As of 31 December 2022, there were no outstanding borrowings under the credit facility.

Note 11 – Shareholders' equity

Authorised shares and appropriation of available earnings

As of 31 December 2022, Adecco Group AG had 192,226,561 authorised shares, of which 168,426,561 were registered and issued. 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.

On 23 February 2022 the Adecco Group AG issued 1,626,772 shares out of the authorised capital with a nominal value of CHF 0.10 per share for a value of EUR 73 in connection with the acquisition of AKKA Technologies. The existing shareholders' pre-emptive rights were excluded. Refer to Note 3. 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 2022, the standalone financial statements of Adecco Group AG included shareholders' equity of CHF 3,871 (EUR 3,912), of which CHF 17 represent share capital, CHF (63) represent treasury shares, and CHF 3,917 represent reserves and retained earnings. Of the CHF 3,917 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 2022 Annual General Meeting of Shareholders (AGM), the shareholders approved two dividends for a total of CHF 2.50 per share outstanding in respect of the fiscal year 2021, whereof a dividend of CHF 1.25 was 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 was directly distributed to shareholders from voluntary retained earnings in April 2022. The statutory reserves from capital contribution were classified as additional paid-in capital in the consolidated balance sheet.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

For the fiscal year 2022, 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 2023 Annual General Meeting of Shareholders, whereas a dividend of a dividend of CHF 1.85 shall be distributed from voluntary retained earnings and a dividend of CHF 0.65 shall be distributed to shareholders from Adecco Group AG's statutory reserves from capital contribution. 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 2022, 2021 and 2020, the number of treasury shares acquired on the regular trading line amounted to 140,000, 229,884 and 1,215,000, respectively, and the net consideration paid amounted to EUR 5, EUR 11 and EUR 46, respectively.

In 2022, 2021 and 2020, the Company awarded 45,356, 27,720 and 32,050 treasury shares, respectively, to the Board of Directors as part of their remuneration package (refer to section 7.2, "Remuneration of the Board of Directors for 2022 and shareholdings as at 31 December 2022" within the Remuneration Report). In addition, in 2022, 2021 and 2020, the Company used 503,500, 463,576 and 244,506 treasury shares, respectively, to settle share awards under the long-term incentive plan (LTIP).

As of 31 December 2022, 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 600 announced in February 2020 (commenced in April 2021 and placed on hold in July 2021).

As of 31 December 2022, 31 December 2021 and 31 December 2020, Adecco Group AG held no shares, 1,424,388 shares and no shares respectively, acquired under the share buyback programmes. The Company acquired no shares in 2022, 1,424,388 shares for EUR 81 in 2021 and no shares in 2020, respectively, under the share buyback programmes.

At the 2022 AGM, the shareholders approved the cancellation of 1,424,388 treasury shares acquired under the 2021 share buyback programme (commenced in April 2021 and placed on hold in July 2021) and the corresponding reduction of the Adecco Group AG's share capital by 1,424,388 registered shares with a nominal value of CHF 0.10 each. The cancellation of 1,424,388 treasury shares was completed on 22 June 2022. Effective 22 June 2022 the share capital of the Company amounts to CHF 17 divided into 168,426,561 shares.

No dividends are distributed in relation to treasury shares.

Accumulated other comprehensive income/(loss), net

The components of Accumulated other comprehensive income/(loss), net of tax, are as follows:

in EUR	31.12.2022	31.12.2021	31.12.2020
Currency translation adjustment	**(178)**	(216)	(355)
Currency translation adjustment of net investment hedges	**26**	22	13
Pension-related adjustments	**(15)**	(44)	(73)
Change in fair value of securities	**6**	5	2
Change in fair value of cash flow hedges	**8**	(4)	(20)
Accumulated other comprehensive income/(loss), net	**(153)**	**(237)**	**(433)**

In 2022, 2021 and 2020, an amount of EUR 2 (net of tax of EUR (1), EUR 3 (net of tax of EUR (1)) and EUR 3 (net of tax of EUR (1)), was reclassified from Accumulated other comprehensive income/(loss), net to line item Other income/(expenses), net in the statement of operations, in connection with pension-related adjustments. In 2022, 2021 and 2020 an amount of EUR (7) (net of tax of EUR 3), EUR (7) (net of tax of EUR 3) and EUR 11 (net of tax of EUR (2)) 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 2022, 2021 and 2020, respectively. Additionally, an amount of EUR 1 (net of tax of less than EUR (1)) and 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 2022 and 2021, respectively. No amounts were reclassified in 2020.

Note 12 – Stock-based compensation

As of 31 December 2022, the Company had non-vested share awards outstanding relating to its common shares. Compensation expense of EUR 18, EUR 21 and EUR 16 was recognised in 2022, 2021 and 2020, respectively, in connection with the non-vested share awards granted in 2022, 2021, and 2020. In addition the Company recognised Compensation expense of EUR 3 in relation to the Akkodis Retention Plan in 2022. The total income tax benefit recognised related to stock compensation amounted to EUR 2 in 2022, EUR 3 in 2021 and EUR 2 in 2020.

Non-vested share award plans

Performance share awards (PSU awards) were granted in March 2022, 2021, and 2020 to the members of the Executive Committee (EC) and to a further group of senior managers (in 2022 and 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 2022, 2021, and 2020 awards on 31 December 2024, 31 December 2023 and 31 December 2022, respectively). The requisite service period represents three calendar years starting on 1 January 2022, 1 January 2021, and 1 January 2020, 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 2022 and 2021 consist of two financial performance metrics, return on invested capital (ROIC)[1] and the cash conversion ratio (CCR)[2] and a market condition, 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 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 2022, 2021, and 2020 to a further group of senior managers (approximately 300 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 2022 for 2022 awards, 1 January 2021 for 2021 awards and 1 January 2020 for 2020 awards.

In 2022, fourteen 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 non-EC members vest in equal portions over a period of 3 years at the anniversary of the date of grant.

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.

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.

[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.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

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 2022, 2021, and 2020 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. For the 2022 grant the post-vesting restriction for the CEO was determined to be two years, for all other participants one year. 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 the 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**
Granted	307,137	32
Forfeited	(49,695)	39
Lapsed		
Vested		
Non-vested share awards outstanding as of 31 December 2022	**426,061**	**38**

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:

	2022	2021	2020
Assumptions used for the estimation of the fair value of the TSR awards			
Implied at-the-money volatility	**30%**	37.8%	24.5%
Expected dividend yield	**5.72%**	3.65%	4.04%
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 2022, 31 December 2021, and 31 December 2020 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 2020	**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**
Granted		
Forfeited	**(2,600)**	**41**
Lapsed	**(145,571)**	**19**
Vested	**(106,732)**	**19**
Non-vested share awards outstanding as of 31 December 2022	**138,125**	**29**

[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. For the 2022 grant the post-vesting restriction was determined to be one year for all participants. 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.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

A summary of the status of the Company's non-vested RSU awards as of 31 December 2022, 31 December 2021, and 31 December 2020 and changes during those years is 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 2020	**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**
Granted	420,340	35
Forfeited	(72,324)	37
Cancelled	(14,878)	35
Vested	(396,768)	34
Non-vested share awards outstanding as of 31 December 2022	**721,733**	**36**

[1] Includes RSU replacement awards and sRSU awards.

As of 31 December 2022, the total unrecognised compensation expense related to non-vested share awards amounted to EUR 16. 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 2022, 2021 and 2020 amounted to EUR 21, EUR 28 and EUR 8, 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 89 in 2022 (of which EUR 3 related to AKKA), EUR 77 in 2021 and EUR 73 in 2020 in connection with defined contribution plans, and an expense of EUR 92 (of which EUR 2 related to AKKA Italy), EUR 82 and EUR 66 in connection with the Italian employee termination indemnity arrangement in 2022, 2021, and 2020, 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 2022 and 31 December 2021, the assets held in the Rabbi trusts amounted to EUR 150 and EUR 167, respectively. The related pension liability totalled EUR 133 and EUR 151 as of 31 December 2022 and 31 December 2021, 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 2022 and 31 December 2021, Alecta managed approximately EUR 81,300 and EUR 97,400, 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 2021 amounted to EUR 5,495. The information on total contributions made by all plan members in 2022 has not yet been published by Alecta. Contributions made to this plan by the Company amounted to EUR 1 in 2022, EUR 1 in 2021 and EUR 2 in 2020.

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 2022 and 2021 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 plans			Non-Swiss plans		
in EUR	**2022**	2021	2020	**2022**	2021	2020
Components of net periodic benefit cost						
Service cost	27	19	19	15	12	13
Interest cost	1		1	10	7	10
Expected return on plan assets	(9)	(8)	(8)	(10)	(8)	(11)
Amortisation of prior service (credit)/cost		(1)	(1)	1	1	2
Amortisation of net actuarial (gain)/loss		2		1	2	3
Net periodic benefit cost	**19**	**12**	**11**	**17**	**14**	**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.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

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 2022 and 31 December 2021:

	Swiss plans		Non-Swiss plans	
in EUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Pension liabilities and assets				
Projected benefit obligation, beginning of year	379	357	284	275
Service cost	27	19	15	12
Interest cost	1		10	7
Participants' contributions	72	68	8	5
Benefits paid	(99)	(89)	(18)	(15)
Plan amendments		1		
Net actuarial (gain)/loss	(66)	8	(43)	(8)
Settlement			(1)	(3)
Acquisitions	7		30	3
Foreign currency translation	16	15	(8)	8
Projected benefit obligation, end of year	337	379	277	284
Plan assets, beginning of year	431	374	184	172
Actual return on assets	(44)	41	(7)	8
Employer contributions	24	20	10	7
Participants' contributions	72	68	8	5
Benefits paid	(99)	(89)	(18)	(15)
Settlement			(1)	(3)
Acquisitions	5		3	
Foreign currency translation	19	17	(6)	10
Plan assets, end of year	408	431	173	184
Funded status of the plan	71	52	(104)	(100)
Accumulated benefit obligation, end of year	331	367	260	266

The following amounts are recognised in the consolidated balance sheets as of 31 December 2022 and 31 December 2021:

	Swiss plans		Non-Swiss plans	
in EUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Pension-related assets				
Other assets	72	52	9	10
Pension-related liabilities				
Other accrued expenses			(6)	(5)
Other liabilities	(1)		(107)	(105)
Total	71	52	(104)	(100)

The following amounts are recognised in Accumulated other comprehensive income/(loss), net as of 31 December 2022 and 31 December 2021:

	Swiss plans		Non-Swiss plans	
in EUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Prior service credit/(cost)	(1)	(1)	(6)	(7)
Net actuarial gain/(loss)	(7)	(19)	(3)	(31)
Total	(8)	(20)	(9)	(38)

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	31.12.2022	31.12.2021	31.12.2022	31.12.2021
PBO	162	177		
ABO			145	160
Fair value of plan assets	47	67	47	67

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 plans			Non-Swiss plans		
in %	2022	2021	2020	2022	2021	2020
Weighted-average assumptions used to determine benefit obligations						
Discount rate	2.2	0.3	0.0	4.9	2.6	2.2
Rate of increase in compensation levels	2.5	2.1	2.1	2.7	2.3	2.1
Weighted-average interest crediting rate	2.5	1.0	1.0	7.9	8.5	8.5

The actuarial assumptions used to determine the Net periodic benefit cost are as follows:

	Swiss plans			Non-Swiss plans		
in %	2022	2021	2020	2022	2021	2020
Weighted-average assumptions used to determine net periodic benefit cost						
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
Expected long-term rate of return on plan assets	2.2	2.2	2.2	6.3	6.2	6.6
Weighted-average interest crediting rate	1.0	1.0	1.0	8.5	8.5	8.7

The investment policy and strategy for the assets held by the Company's pension plans focus on using various asset classes in order to achieve a long-term return on a risk-adjusted basis. Factors included in the investment strategy are the achievement of consistent year-over-year results, effective and appropriate risk management, and effective cash flow management. The investment policy defines a strategic asset allocation and a tactical allocation through bands within which the actual asset allocation is allowed to fluctuate. The strategic asset allocation has been defined through asset-liability studies that are undertaken at regular intervals by independent pension fund advisors or by institutional asset managers. Actual invested positions change over time based on short- and long-term investment opportunities. Equity securities include publicly traded stock of companies located inside and outside Switzerland. Debt securities include corporate bonds from companies from various industries as well as government bonds. Alternative investments include interest rate risk management funds (liability-driven investments) and foreign exchange forwards used to hedge the foreign exchange risk of alternative investments. Real estate funds primarily consist of investments made through a single real estate fund with daily pricing and liquidity.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

The Swiss and non-Swiss pension plans' target asset allocations as of 31 December 2022, by asset category, are as follows:

in %	Swiss plans Target allocation range	Non-Swiss plans Target allocation range
Target asset allocation range		
Cash and cash equivalents	0-25	0-100
Equity securities	20-50	0-10
Debt securities	15-50	25-100
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 2022 and as of 31 December 2021. 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 2022

	Swiss plans				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	18			18	16			16
Equity securities:								
• Switzerland	64			64				
• Rest of the World	89			89	2			2
Debt securities:								
• Government bonds	11			11	44	6		50
• Corporate bonds	96			96	57	1		58
Commodity contracts	10			10				
Investment funds	1	12		13	3	11		14
Real estate funds	63			63				
Other			4	4		4	29	33
Net plan assets subject to levelling	**352**	**12**	**4**	**368**	**122**	**22**	**29**	**173**
Investments using NAV as a practical expedient:								
Private equity				14				
Real estate funds				26				
Investments at fair value				**408**				**173**

31 December 2021

	Swiss plans				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**

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 2022 and 31 December 2021 is as follows:

in EUR	Swiss plans	Non-Swiss plans
Balance as of 1 January 2021		**22**
Purchases, sales, and settlements, net		1
Balance as of 31 December 2021		**23**
Acquisitions	5	3
Purchases, sales, and settlements, net	(1)	3
Balance as of 31 December 2022	**4**	**29**

The Company expects to contribute EUR 23 to its Swiss plans and EUR 12 to its non-Swiss plans in 2023.

Future benefit payments, which include expected future service, are estimated as follows:

in EUR	Swiss plans	Non-Swiss plans
Expected future benefit payments		
2023	27	50
2024	27	34
2025	24	26
2026	23	22
2027	21	19
2028–2032	93	73

Notes to consolidated financial statements (continued)

in millions, except share and per share information

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 2022 and 31 December 2021:

		Notional amount		Fair value	
in EUR	Balance sheet location	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	**310**	1,360	**16**	18
• FX options	Other current assets	**257**	100	**1**	1
• Interest rate swaps	Other current assets		150		1
• Interest rate swaps	Other assets		200		4
• Cross-currency interest rate swaps	Other assets		50		
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	**320**	478	**7**	5
• Cross-currency interest rate swaps	Other assets	**43**	46	**8**	9
Derivative liabilities					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	**199**	68	**3**	
• FX options	Other accrued expenses	**257**	100	**1**	
• Interest rate swaps	Other liabilities	**578**	313	**58**	5
• Cross-currency interest rate swaps	Other liabilities	**140**	99	**19**	21
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	**1,231**	1,362	**40**	11
• Cross-currency interest rate swaps	Other liabilities	**43**	46	**8**	9
Total net derivative asset/(liability)				**(97)**	(8)

In addition, accrued interest receivable and payable on interest rate swaps of EUR (1) and EUR 1 was recorded in Other current assets and Other accrued expenses as of 31 December 2022 and 31 December 2021, respectively. As of 31 December 2022, 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 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.

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 2022, 2021, and 2020:

		2022		2021		2020	
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	**(58)**	**56**	(20)	18	9	(8)

In addition, the Company recorded a gain of EUR 2 in 2022, EUR 3 in 2021 and EUR 3 in 2020, 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 2022, 2021, or 2020, 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 2022, 2021, or 2020.

The following table shows the amounts recorded in the consolidated balance sheets related to cumulative basis adjustments for fair value hedges as of 2022, 2021, and 2020:

	2022			2021			2020		
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	**519**	**58**	**(4)**	511		(6)	660	(13)	(9)

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.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

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 2022, 2021, and 2020:

		2022		2021		2020	
in EUR	Location of gain/(loss) in consolidated statements of operations	**Recognised gain/(loss) in Other comprehensive income/(loss)**	**Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings**	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings
Derivatives designated as cash flow hedges							
• Foreign currency contracts	Other income/(expenses), net	**(10)**	**7**	3	1	(6)	4
• Cross-currency interest rate swaps	Other income/(expenses), net	**37**	**(17)**	16	(11)	(28)	9
• Interest rate swaps	Interest expense	**(2)**	**1**	10			

No significant gains or losses were recorded in 2022, 2021, or 2020, due to ineffectiveness in cash flow hedge relationships. In 2022, 2021, and 2020, 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 2 currently reported in Accumulated other comprehensive income/(loss), net into Other income/(loss), net and EUR 2 currently reported in Accumulated other comprehensive income/(loss), net into Interest expense from cash flow hedges.

Net investment hedges

In 2022, 2021, and 2020, 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 2022, 2021, and 2020:

		2022		2021		2020	
in EUR	Location of gain/(loss) in consolidated statements of operations	**Recognised gain/(loss) in Other comprehensive income/(loss)**	**Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings**	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings
Derivatives designated as net investment hedges							
• Foreign currency contracts	Other income/(expenses), net	**2**		10		56	
• FX options	Other income/(expenses), net	**2**				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. Interest rate swaps are used to lock in interest rates prior to the issuance of debt. Contracts are entered into in accordance with the Company's approved treasury policies and procedures and represent economic hedges.

The following table shows the gain/(loss) recognised in earnings related to derivatives not designated as hedging instruments as of 2022, 2021, and 2020:

		Gain/(loss) on derivatives recognised in earnings		
in EUR	Location of gain/(loss) in consolidated statements of operations	**2022**	2021	2020
Derivatives not designated as hedging instruments				
• Foreign currency contracts	Other income/(expenses), net	**(38)**	(29)	(1)
• Interest rate swaps	Interest expense	**1**		

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 2022 and 31 December 2021:

in EUR	Balance sheet location	Level 1	Level 2	Level 3	Total
31 December 2022					
Assets					
Money market funds	Cash and cash equivalents	284			284
Derivative assets	Other current assets		24		24
Derivative assets	Other assets		8		8
Liabilities					
Derivative liabilities	Other accrued expenses		44		44
Derivative liabilities	Other liabilities		85		85
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

In 2022, the Company consolidated AKKA Technologies SE and therefore no longer has an investment in equity securities.

In 2022 and 2021 the Company recognised an unrealised gain of EUR 1 and less than EUR 1, respectively, on equity securities still held at the reporting date. No equity securities were sold in 2022 and 2021.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

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 2022 and 31 December 2021, the total impact of non-performance risk and liquidity risk was an adjustment of EUR 1 and less than 1, respectively.

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 2022 and 31 December 2021:

in EUR	Carrying value	Level 1	Level 2	Level 3	Total fair value
31 December 2022					
Liabilities					
Current maturities of long-term debt (excluding finance lease obligations)	2		3		3
Long-term debt, less current maturities (excluding finance lease obligations)	3,076	2,638	27		2,665
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

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 (Level 1 inputs). For long-term debt without available quoted market prices, the fair values are determined using a discounted cash flow methodology based upon borrowing rates of similar debt instruments and reflecting appropriate adjustments for non-performance risk (Level 2 inputs).

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 2022 and 2021:

in EUR	Unfunded commitments	Redemptions frequency (if currently eligible)	Redemption notice period	31.12.2022	31.12.2021
Private equity investment fund	1	not eligible	n.a.	15	13
Total				**15**	**13**

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 2022, 2021, and 2020 Other income/(expenses), net, consists of the following:

in EUR	2022	2021	2020
Foreign exchange gain/(loss), net	(7)	(8)	(14)
Interest income	9	5	11
Proportionate net income of equity method investments	1		
Other non-operating income/(expenses), net	(50)	8	(17)
Total other income/(expenses), net	**(47)**	**5**	**(20)**

In 2022, Foreign exchange gain/(loss), net includes a loss of EUR 3 from the designation of Argentina and Turkey as highly inflationary economies. Other non-operating income/(expense), net includes a EUR 22 expense related to Digital Venture Incentive Plans, a EUR 7 expense related to the cyber incident in AKKA Technologies, a EUR 6 expense to the Adecco Group Foundation and a EUR 6 expense related to the impact of discounting on long-term loans related to social security programmes.

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.

Note 17 – Government assistance

The Company is entitled to receive different types of government assistance including those received to support the business (which are generally ongoing programmes, such as R&D tax credits, maternity benefits, and integration allowances for hiring certain employee groups, e.g., previously unemployed young people, workers who are long-term unemployed, disabled people etc.). Other government assistance includes those which arose as a result of the Covid-19 pandemic due to the financial disruption to business (e.g., relief from social security charges, wage subsidies to compensate payroll-related expenses, and short-time work compensation of payroll expenses due to reduced work time), which vary in duration between 3 and 12 months. The government assistance is generally received in the form of cash or as an offset against amounts owed to authorities.

The government assistance is recognised when it is probable that the Company will comply with the respective qualifying conditions set forth by the grantor. Government subsidies and grants, 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. In some instances, a portion of the subsidies is passed onto clients and generally accounted as a credit note or as a separate liability in Other Accrued Expenses. Any provisions for recapture by the authorities are generally recorded net of the subsidy amount. Subsidies and/or grants received from government programmes relating to associates and colleagues are recorded in Direct cost of services and Selling, general, and administrative expenses, respectively.

The following table shows the income statement line items in which the transactions are recorded in 2022 and the related amounts:

in EUR	2022
Direct costs of services	116
Selling, general, and administrative expenses	21
Total net amount reported within the consolidated statements of operations	**137**

The following table shows the balance sheet line items in which the transactions are recorded in 2022 and the related amounts outstanding as of 31 December 2022:

in EUR	2022
Other current assets	64
Other assets	7
Total net amount reported within the consolidated balance sheets	**71**

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 18 – 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 174, EUR 443 and EUR 267, in 2022, 2021 and 2020, respectively. Foreign source income/(expense) before income taxes amounted to EUR 277, EUR 310 and EUR (199), in 2022, 2021, and 2020, respectively.

The provision for income taxes consists of the following:

in EUR	2022	2021	2020
Provision for income taxes			
Current tax provision:			
Domestic	32	32	27
Foreign	152	172	150
Total current tax provision	184	204	177
Deferred tax provision/(benefit):			
Domestic	(41)	(25)	17
Foreign	(37)	(14)	(29)
Total deferred tax benefit	(78)	(39)	(12)
Total provision for income taxes	106	165	165

The difference between the provision for income taxes and the weighted-average tax rate is reconciled as follows for the fiscal years:

in EUR	2022	2021	2020
Tax rate reconciliation			
Income taxed at weighted-average tax rate	106	187	36
Items taxed at other than weighted-average tax rate	19	31	16
Non-deductible expenses and other permanent items	(11)	2	6
Non-deductible impairment of goodwill			78
Net change in valuation allowance	1	(56)	45
Intangible assets tax basis in excess of book basis		18	(17)
Other, net	(9)	(17)	1
Total provision for income taxes	106	165	165

In 2022, 2021, and 2020, 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 2022, 2021, and 2020, 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 16, EUR 3 and EUR 15, respectively.

In 2022, 2021, and 2020, 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 2022, the positive impact of the reconciling item "net change in valuation allowance" is mainly related to the increase on the temporary differences and net operating losses mainly in Germany, France, the Netherlands, the United States, and Puerto Rico, partially offset by EUR 36 decrease due to changes in temporary differences in Switzerland.

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.

In 2021, and 2020, the reconciling item "intangible assets tax basis in excess of book basis" represents negative impact of EUR 18 and positive impact of EUR 17, respectively, due to the recognition of intangible assets in Switzerland.

As of 31 December 2022 and 31 December 2021, a deferred tax liability of EUR 23 and EUR 20, 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 2022 and 2021, 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 2022 and 31 December 2021, such earnings amounted to approximately EUR 592 and EUR 719, 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	31.12.2022	31.12.2021
Temporary differences		
Net operating loss carryforwards and capital losses	351	173
Tax credits	21	9
Depreciation	8	1
Deferred compensation and accrued employee benefits	86	90
Allowance for doubtful accounts	9	8
Accrued expenses	95	90
Elimination of intercompany transactions	15	15
Intangible assets tax basis in excess of book basis	262	251
Operating leases	113	94
Other	25	15
Gross deferred tax assets	985	746
Unrecognised tax benefits provision, net	(61)	(41)
Valuation allowance	(459)	(315)
Deferred tax assets, net	465	390
Intangible assets book basis in excess of tax basis	(272)	(44)
Tax amortisation in excess of financial amortisation	(74)	(74)
Undistributed earnings of subsidiaries	(23)	(20)
Operating leases	(103)	(86)
Investment book basis in excess of tax basis	(1)	
Other	(13)	(1)
Deferred tax liabilities	(486)	(225)
Deferred tax assets/(liabilities), net	(21)	165

Management's assessment of the realisation of deferred tax assets is made on a country-by-country basis. The assessment is based upon the weight of all available evidence, including factors such as the recent earnings history and expected future taxable income. A valuation allowance is recorded to reduce deferred tax assets to a level which, more likely than not, will be realised.

Valuation allowance on deferred tax assets of foreign and domestic operations increased by EUR 144 to EUR 459. Included in the change of the valuation allowance is a net increase of EUR 39 for current losses mainly in Germany, France and the Netherlands, an increase of EUR 131 primarily due to the acquisition of AKKA and a net increase of EUR 11 related to changes in enacted tax rates and foreign currency fluctuations, offset by a net decrease of EUR 37 due to changes in temporary differences primarily in Switzerland.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

The following table summarises the deferred tax assets and deferred tax liabilities reported by the Company as of 31 December 2022 and 31 December 2021:

in EUR	Balance sheet location	31.12.2022	31.12.2021
Deferred tax assets	Other assets	262	201
Deferred tax liabilities	Other liabilities	(283)	(36)
Deferred tax assets/(liabilities), net		**(21)**	**165**

As of 31 December 2022, the Company had approximately EUR 1,395 of net operating loss carryforwards and capital losses. These losses will expire as follows:

in EUR	2023	2024	2025	2026	2027	Thereafter	No expiry	Total
Expiration of losses by year	1	4	11	15	33	122	1,209	1,395

The largest net operating loss carryforwards and capital losses amount to EUR 1,287 as of 31 December 2022 in Germany, France, the USA, Switzerland, Belgium, the Netherlands, the UK, Norway, Hong Kong, Australia and Sweden. The losses in Switzerland and the USA begin to expire in 2024, and 2036, respectively. The losses in Germany, France, Belgium, the Netherlands, the UK, Norway, Hong Kong, Australia and Sweden and a portion of the losses in the USA do not expire. In addition, tax credits of EUR 32 are mainly related to the USA, Puerto Rico, Argentina and Czech Republic operations and begin to expire in 2025 for Argentina and Czech Republic and 2040 for the USA. Tax credits in Puerto Rico do not expire.

As of 31 December 2022, the amount of unrecognised tax benefits including interest and penalties is EUR 147, of which EUR 72 would, if recognised, decrease the Company's effective tax rate. 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.

The Company recognises interest and penalties related to unrecognised tax benefits as a component of the Provision for income taxes. As of 31 December 2022 and 31 December 2021, the amount of interest and penalties recognised in the balance sheet amounted to EUR 7 in both periods. The total amount of interest and penalties recognised in the statement of operations was a net benefit of EUR 1 in 2022, a net expense of EUR 3 in 2021 and a net expense of EUR 1 in 2020.

The following table summarises the activity related to the Company's unrecognised tax benefits excluding interest and penalties:

in EUR	2022	2021	2020
Unrecognised tax benefits			
Balance as of 1 January	103	95	102
Increases related to current year tax positions	17	12	13
Increases related to acquisitions	33		
Expiration of the statute of limitations for the assessment of taxes	(9)	(5)	(4)
Settlements with tax authorities	(1)		(3)
Additions to prior years	1	3	
Decreases to prior years	(5)	(2)	(12)
Foreign exchange currency movement	1		(1)
Balance as of 31 December	140	103	95

The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statutes of limitations. The open tax years by major jurisdiction are as follows:

	Open tax years
Country	
Australia	2020 onwards
Belgium	2020 onwards
Canada	2018 onwards
France	2013 onwards
Germany	2010 onwards
Italy	2017 onwards
Japan	2016 onwards
Mexico	2017 onwards
Netherlands	2016 onwards
Spain	2019 onwards
UK	2020 onwards
USA	2021 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 19 – Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

	2022		2021		2020	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Net income/(loss) attributable to Adecco Group shareholders	342	342	586	586	(98)	(98)
Denominator						
Weighted-average shares	166,822,663	166,822,663	162,096,188	162,096,188	161,426,423	161,426,423
Incremental shares for assumed conversions:						
• Employee stock-based compensation		243,220		630,916		584,712
Total average equivalent shares	166,822,663	167,065,883	162,096,188	162,727,104	161,426,423	162,011,135
Per share amounts						
Net earnings/(loss) per share	2.05	2.04	3.62	3.60	(0.61)	(0.61)

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 20 – Segment reporting

The Company organises its business along three distinct Global Business Units (GBU): Adecco, LHH and Akkodis. The primary segment reporting is therefore built on 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, and Akkodis. 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). Effective 1 January 2023, the Company transferred part of AKKA's US operations to Adecco US. The assets transferred were staffing activities, such that this action strengthens the strategic focus of both the Akkodis and Adecco GBUs.

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 77% in 2022, 82% in 2021 and 83% in 2020 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	Akkodis	Corporate	**Total**
2022 segment reporting											
Revenues	4,992	2,437	1,576	4,083	2,643	2,154	17,885	1,872	3,883		23,640
Depreciation	(22)	(11)	(7)	(13)	(7)	(10)	(70)	(21)	(29)	(20)	(140)
Operating income before amortisation and impairment of goodwill and intangible assets	227	57	48	215	1	114	662	80	194	(259)	677
Amortisation of intangible assets											(130)
Impairment of intangible assets											–
Operating income											547
Interest expense and other income/(expenses), net											(96)
Provision for income taxes											(106)
Net income											**345**

in EUR	Adecco France	Adecco Northern Europe	Adecco DACH	Adecco Southern Europe & EEMENA	Adecco Americas	Adecco APAC	**Adecco**	LHH	Akkodis	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**

in EUR	Adecco France	Adecco Northern Europe	Adecco DACH	Adecco Southern Europe & EEMENA	Adecco Americas	Adecco APAC	**Adecco**	LHH	Akkodis	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)**

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Information by country is as follows:

in EUR	France	USA	UK	Germany	Japan	Italy	Switzerland	Rest of World	Total
Revenues									
2022	5,814	3,636	1,590	1,651	1,640	2,494	533	6,282	23,640
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
Long-lived assets[1]									
2022	384	323	36	206	62	68	167	235	1,481
2021	220	304	39	64	61	56	154	244	1,142
2020	348	291	41	46	75	63	96	210	1,170

[1] Long-lived assets include fixed assets, operating lease right-of-use assets and other assets excluding deferred tax assets.

Note 21 – Commitments and contingencies

As of 31 December 2022, the Company has future purchase and service contractual obligations of approximately EUR 248, 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 2022 exchange rates are as follows:

in EUR	2023	2024	2025	2026	2027	Thereafter	Total
Purchase and service contractual obligations	219	19	6	3	1	–	248

Guarantees and standby letters of credit

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 844. 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.

On 18 July 2018, the French competition authority commenced an investigation of AKKA Technologies and certain of its competitors with regards to alleged anti-competitive practices in France. The Company is fully co-operating with the French competition authority. Up to the date of this report, the Company has not received any statement of objections by the French competition authorities.

Although the outcome of the legal proceedings cannot be predicted with certainty, the Company believes it has adequately accrued for such matters.

Note 22 – Enterprise risk management

The Company's Board of Directors, which is 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. 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 2022.

Note 23 – Subsequent events

The Company has evaluated subsequent events through 14 March 2023, the date the consolidated financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date, but prior to 14 March 2023, that would have a material impact on the consolidated financial statements.

Opinion

We have audited the consolidated financial statements of Adecco Group AG (the Group), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 December 31, 2022 and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 103 to 149) present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, 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), Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the United States of America, the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements (pages 103 to 149).

Revenue recognition – judgement in the accounting assessment of sales contracts and measurement of unbilled revenues

Risk

The Company applies judgement regarding the revenue recognition of new significant sales contracts including the assessment 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 measuring and accruing revenue for unbilled revenues. Refer to Note 2 to the consolidated financial statements for the Company's disclosures on revenues.

Due to the significance of the risk of improper judgement applied in the determination of the revenue recognition with respect to new significant sales contracts and the assessment of acting as an agent or a principal as well as the measurement of unbilled revenues, this matter is considered significant to our audit and considered a Key Audit Matter.

Our audit response

We assessed the Company's internal controls over its significant revenue recognition process, also considering the applicable accounting policy for revenue recognition, including gross versus net presentation.

We selected samples of service contracts and revenue transactions to assess their occurrence, completeness and measurement.

We performed procedures concerning the occurrence and measurement of unbilled revenues, including the analysis of the aging and related fluctuations.

Recoverability assessment of Goodwill

Risk

Goodwill represents 32% of the Group's total assets and 107% of the Group's total shareholders' equity as of 31 December 2022. As stated in Note 1 to the consolidated financial statements, the carrying value of goodwill is tested annually in the fourth quarter for impairment. In determining the fair value of reporting units, the Company must apply judgment in estimating — amongst other factors — future revenues and profit margins, long-term growth, and discount rates, taking into consideration the economic environment.

Due to the significance of the carrying value for goodwill and the judgment involved in performing the impairment test, this matter is considered significant to our audit and considered a Key Audit Matter.

Our audit response

We assessed the Company's internal controls over its annual impairment test and key assumptions applied.

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 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.

Identification and valuation of assets and liabilities in connection with the AKKA Technologies (AKKA) acquisition

Risk

The Adecco Group entered into a significant business combination during the reporting period and acquired 100% of AKKA Technologies shares for a total purchase consideration of EUR 1,495 million. As a result of this acquisition, Goodwill of EUR 1,648 million, Other Intangibles of EUR 954 million and remaining assets of EUR 905 million were recognized and liabilities of EUR 2,012 million were assumed. Refer to Note 3 to the consolidated financial statements for the Company's disclosures on the acquisition.

Due to the significance of the acquisition and the level of judgment required in the identification and valuation of tangible and intangible assets acquired, and of the liabilities assumed, this matter is considered significant to our audit and considered a Key Audit Matter.

Our audit response

We read the purchase agreement to obtain an understanding of the key terms for the transaction.

We assessed the provisional fair values of the identifiable assets acquired and liabilities assumed as at the acquisition date.

We involved our internal valuation specialists to assist us with the valuation of intangibles performed by management's external valuation experts to evaluate the methods used and assumptions made, which includes the useful life, discount and growth rates.

We involved internal legal specialists to assist us with the assessment and measurement of legal commitments assumed.

We included internal tax specialists on our team for the assessment of current and deferred taxes.

We assessed the appropriateness and completeness of the disclosures made (in Note 3).

Board of Directors' responsibilities 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 the 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 financial statements that are free from 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 Group's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from 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 SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 Group's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern for a reasonable period of time. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information

The Board of Directors is responsible for the other information. The other information comprises the 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 any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether a material inconsistency exists between the other information and the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. We have nothing to report in this respect.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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
14 March 2023

Balance sheets

in millions, except share and per share information

As of (in CHF)	Note	31.12.2022	31.12.2021
Assets			
Current assets:			
Cash and cash equivalents		4	21
Receivables			
• from subsidiaries		204	102
• from third parties		8	9
Current financial assets		23	25
Other current assets			
• from subsidiaries			47
• from third parties		9	10
Loans to subsidiaries, net		22	
Total current assets		**270**	**214**
Non-current assets:			
Loans to subsidiaries, net		1,940	2,063
Investments in subsidiaries, net	2	9,686	9,724
Software and other intangible assets, net		21	33
Fixed assets, net		1	1
Non-current financial assets		8	10
Other non-current assets		31	26
Total non-current assets		**11,687**	**11,857**
Total assets		**11,957**	**12,071**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
Payables			
• to subsidiaries		43	20
• to third parties		24	22
Other current liabilities			
• to subsidiaries		164	577
• to third parties		802	133
Total current liabilities		**1,033**	**752**
Non-current liabilities:			
Long-term interest-bearing debt			
• to subsidiaries		6,324	6,972
• to third parties	4	625	325
Other non-current liabilities		104	51
Total non-current liabilities		**7,053**	**7,348**
Total liabilities		**8,086**	**8,100**
Shareholders' equity			
Share capital		17	17
Statutory reserves from capital contribution	7	114	252
Statutory retained earnings	7	407	407
Voluntary retained earnings	7	3,396	3,470
Treasury shares	8	(63)	(175)
Total shareholders' equity		**3,871**	**3,971**
Total liabilities and shareholders' equity		**11,957**	**12,071**

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	2022	2021
Royalties and licence fees		408	405
Charges to affiliated companies		434	352
Dividends from subsidiaries		86	122
Interest income from subsidiaries		47	36
Interest income from third parties		1	22
Total income		**976**	**937**
Interest expense to subsidiaries		(19)	(23)
Interest expense to third parties		(69)	(11)
Salaries and social charges		(131)	(105)
Other expenses		(439)	(347)
Depreciation and amortisation		(5)	(24)
Change of provisions on loans and investments, net		(42)	(1)
Financial income/(expenses), net	12	(51)	2
Other income		12	41
Income before taxes		**232**	**469**
Direct taxes		(13)	(29)
Net income		**219**	**440**

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 2022, Adecco Group AG had on average 334 full-time employees. In 2021, Adecco Group AG had on average 293 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.

Reclassifications

Certain amounts reported for prior years in the financial statements and accompanying notes have been reclassified to conform to the current year's presentation. The changes primarily relate to a reclassification of intercompany cash pool positions from Long-term interest-bearing debt to subsidiaries to Other current liabilities to subsidiaries.

Note 2 – Investments in subsidiaries

As of 31 December 2022 and 31 December 2021, the investments in subsidiaries amount to CHF 10,627 and CHF 10,627, respectively, and are shown net of a provision of CHF 941 and CHF 903, respectively. In 2022, the net increase of the provisions on investments of CHF 38 consists of an increase of provisions of CHF 40 and a release of provisions of CHF 2. 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.

Direct investments as of 31 December 2022 and 31 December 2021

			2022	2021
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 S.A.	81%	81%
Australia	Melbourne	Adecco Holdings Pty Ltd	100%	100%
Austria	Vienna	Adecco Holding GmbH	100%	100%
Austria	Vienna	Tuja Holding GmbH	100%	100%
Belgium	Groot-Bijgaarden	Adecco Construct NV	100%	100%
Belgium	Groot-Bijgaarden	Adecco Personnel Services NV	100%	100%
Belgium	Groot-Bijgaarden	Adecco Professional Staffing NV	58%	58%
Belgium	Antwerp	Beeple NV[1]		63%
Brazil	São Paulo	Adecco Recursos Humanos S.A.	100%	100%
Brazil	São Paulo	Lee Hecht Harrison Consultoria em Recursos Humanos Ltda.	98%	98%
Bulgaria	Sofia	Adecco Bulgaria EOOD	100%	100%
Bulgaria	Sofia	Adecco Solutions EOOD	100%	100%
Bulgaria	Sofia	Modis Bulgaria EOOD	100%	100%
Canada	Toronto, ON	Adecco Employment Services Limited	100%	100%
Croatia	Zagreb	Adecco d.o.o. za zaposljavanje	33%	33%
Croatia	Zagreb	Adecco Outsourcing d.o.o.	33%	33%
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	33%	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	90%	90%
Japan	Tokyo	Adecco Ltd	100%	100%
Japan	Tokyo	Modis Ltd[2]		100%
Luxembourg	Bertrange	Adecco Luxembourg SA	100%	100%
Luxembourg	Luxembourg	Spring Professional Luxembourg SA	100%	100%
Malaysia	Kuala Lumpur	Agensi Pekerjaan Spring Professional (Malaysia) Sdn. Bhd.	98%	98%
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.	100%	100%
Mexico	Mexico City	Expertos en Back Oficce, S. de R.L. de C.V.	100%	100%
Mexico	Mexico City	Logisexpert, S. de R.L. de C.V.	100%	100%
Mexico	Mexico City	Servicios de Subcontratación Especializada TI AG, S. de R.L. de C.V.	100%	100%
Mexico	Mexico City	TAG la salud en tu empresa, S. de R.L. de C.V.	100%	100%
Netherlands	Utrecht	Adecco International Financial Services BV	100%	100%
New Zealand	Auckland	Adecco NZ Ltd	100%	100%

Notes to financial statements (continued)

in millions, except share and per share information

			2022	2021
Country	Registered office	Name of legal entity	Ownership & voting power	Ownership & voting power
Norway	Oslo	Adecco Group Norway AS	100%	100%
Poland	Warsaw	Adecco Poland Sp. z o.o.	100%	100%
Poland	Warsaw	Lee Hecht Harrison Polska Sp. z o.o.	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	33%	33%
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	Modis Switzerland S.A.	100%	100%
Switzerland	Lucerne	Adecco Germany Holding Management S.A.	100%	100%
Switzerland	Lucerne	Adecco Invest S.A.	100%	100%
Switzerland	Zug	Adecco Group X AG	100%	100%
Switzerland	Zug	Adecco International AG	100%	100%
Switzerland	Zug	Akkodis Group AG	100%	100%
Switzerland	Zurich	Adecco Liquidity Services AG	100%	100%
Switzerland	Zurich	Lee Hecht Harrison Sàrl	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	22%	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 Sold in 2022.

2 Contribution in kind to Akkodis Group AG.

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 2022 and less than CHF 1 as of 31 December 2021.

Note 4 – Long-term interest-bearing debt

The long-term debt issued by Adecco Group AG as of 31 December 2022 and 31 December 2021 consists of the following:

in CHF	Principal at maturity	Maturity	Fixed interest rate	31.12.2022	31.12.2021
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
5-year Swiss Franc fixed rate notes	CHF 300	2027	2.3775%	300	
Total long-term debt				**625**	**325**
Less current maturities					
Long-term debt, less current maturities				**625**	**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.

5-year Swiss Franc fixed rate notes due 2027

On 17 November 2022, Adecco Group AG issued CHF 300 fixed rate notes with a coupon of 2.3775% due on 17 November 2027, 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 2022 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 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.

Note 6 – Contingent liabilities

The contingent liabilities including guarantees and letters of comfort amount to CHF 3,140 as of 31 December 2022 and to CHF 3,709 as of 31 December 2021.

Adecco Group AG has irrevocably and unconditionally guaranteed the 2039 notes of CHF 49 (JPY 7,000) and accrued interest of less than CHF 1, and the 2033 notes of CHF 42 (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 495 (EUR 500) and accrued interest of CHF 4, the 2034 notes of CHF 49 (EUR 50) and accrued interest of less than CHF 1, the 2031 notes of CHF 495 (EUR 500) and accrued interest of CHF 1, the 2030 notes of CHF 47 (NOK 500) and accrued interest of less than CHF 1, the 2029 notes of CHF 297 (EUR 300) and accrued interest of less than CHF 1, the 2028 notes of CHF 495 (EUR 500) and accrued interest of less than CHF 1, and the 2024 notes of CHF 495 (EUR 500) and accrued interest of less than CHF 1, issued by Adecco International Financial Services BV, a wholly owned subsidiary of Adecco Group AG.

Approximately CHF 638 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 32 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 114 and CHF 252 as of 31 December 2022 and as of 31 December 2021, respectively. The balance of CHF 114 is pending confirmation by the Federal Tax Administration.

At the Annual General Meeting of Shareholders of Adecco Group AG held on 13 April 2022 (2022 AGM), the shareholders approved two dividends for a total of CHF 2.50 per share outstanding totalling CHF 418 in respect of the fiscal year 2021. Thereof a dividend of CHF 1.25 was 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 was directly distributed from voluntary retained earnings.

For the fiscal year 2022, the Board of Directors of Adecco Group AG will propose two dividends for a total of CHF 2.50 per share for the approval of shareholders at the 2023 Annual General Meeting of Shareholders, whereas a dividend of CHF 1.85 shall be distributed from voluntary retained earnings and a dividend of CHF 0.65 shall be distributed from Adecco Group AG's statutory reserves from capital contribution.

Conditional capital

As of 31 December 2022, 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 15 November 2021, the Board of Directors resolved to increase the share capital by up to less than CHF 1 by issuing up to 3,000,000 registered shares at a nominal value of CHF 0.10 per registered share in connection to the acquisition of AKKA Technologies (AKKA). On 24 February 2022 the Adecco Group AG issued 1,626,772 shares with a nominal value of CHF 0.10 per share raising a total of CHF 76. The existing shareholders' pre-emptive rights were excluded.

As of 31 December 2022, the Board of Directors is authorised, until 14 April 2024, to increase the share capital by a maximum of CHF 1 through the issuance of up to 8,400,000 shares with a nominal value of CHF 0.10 per share, as approved by the shareholders at the Annual General Meeting of Shareholders of Adecco Group AG held on 13 April 2022 (2022 AGM).

As of 1 September 2021, the Board of Directors resolved to increase the share capital by up to CHF 1 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 by a maximum of less than CHF 1 through the issuance of up to 3,056,200 shares with a nominal value of CHF 0.10 per share, as approved by the shareholders at the Annual General Meeting of Shareholders of Adecco Group AG held on 8 April 2021 (2021 AGM).

Note 8 – Treasury shares

As of 31 December 2022 and 31 December 2021 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 2021	**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**	
Purchases	5	140,000	33
Share cancellation	(89)	(1,424,388)	63
Utilisation for stock-based compensation settlement	(28)	(548,856)	50
31 December 2022	**63**	**1,309,501**	

In 2022 and 2021, the number of treasury shares acquired by Adecco Group AG on the regular trading line amounted to 140,000 and 229,884, respectively. The highest and lowest price per share paid for the shares acquired in 2022 amounted to CHF 34 and CHF 32, respectively, and for the shares acquired in 2021 amounted to CHF 55 and CHF 55, respectively.

In 2022 and 2021, Adecco Group AG awarded 45,356 and 27,720 treasury shares, respectively, to the Board of Directors as part of its remuneration package (refer to section 7.2 "Remuneration of the Board of Directors for 2022 and shareholdings as at 31 December 2022" in the Remuneration Report). In addition, in 2022 and 2021, 503,500 treasury shares and 463,576 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

As of 31 December 2022, 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).

At the Annual General Meeting of Shareholders of Adecco Group AG held on 13 April 2022 (2022 AGM), the shareholders approved the cancellation of 1,424,388 treasury shares acquired under the 2021 share buyback programme (commenced in April 2021 and placed on hold in July 2021) and the corresponding reduction of the Adecco Group AG's share capital by 1,424,388 registered shares with a nominal value of CHF 0.10 each. The cancellation of 1,424,388 treasury shares was completed on 22 June 2022. Effective 22 June 2022 the share capital of the Company amounts to CHF 17 divided into 168,426,561 shares.

As of 31 December 2022 and 31 December 2021, Adecco Group AG held no shares and held 1,424,388 shares, respectively, acquired under the share buyback programme. Adecco Group AG acquired no shares and 1,424,388 shares in 2022 and 2021, 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.

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 2022, BlackRock Inc.'s shareholding in Adecco Group AG remained above 5%. BlackRock Inc. held 8,477,910 shares as of 18 October 2019.

Franklin Resources Inc.'s shareholding in Adecco Group AG increased to 5.7%. Franklin Resources, Inc. held 9,594,525 shares as of 1 October 2022.

Silchester International Investors LLP's shareholding in Adecco Group AG increased to 10.04%. Silchester International Investors LLP held 17,052,333 shares as of 22 April 2022.

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 2022[1]	Shareholding as of 31 December 2021[1]
Jean-Christophe Deslarzes, Chair	50,444	35,328
Kathleen Taylor, Vice-Chair	20,658	16,122
Rachel Duan	4,505	1,481
Ariane Gorin	14,477	9,941
Alexander Gut	37,014	32,478
Didier Lamouche	17,734	13,198
David Prince	24,000	19,464
Regula Wallimann	14,563	10,027
Total	**183,395**	**138,039**

[1] Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

Executive Committee's shareholdings

Name	Shareholding as of 31 December 2022[1]	Shareholding as of 31 December 2021[1]
Denis Machuel[2]	2,000	
Coram Williams	15,518	6,593
Christophe Catoir	22,254	17,309
Jan Gupta	1,500	1,500
Valerie Beaulieu	9,240	1,713
Gordana Landen	16,325	4,388
Gaëlle de la Fosse[3]		
Alain Dehaze[4]		95,841
Sergio Picarelli[4]		35,301
Stefan Howeg[4]		18,402
Teppo Paavola	5,979	
Ralf Weissbeck	3,826	2,458
Total	**76,642**	**183,505**

[1] Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.
[2] Appointed as EC member as of July 2022.
[3] Appointed as EC member as of January 2022.
[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 2022, Adecco Group AG granted to the Executive Committee members employed by Adecco Group AG 196,325 treasury shares for CHF 6 and to other employees employed by Adecco Group AG 147,536 treasury shares for CHF 5 under the Adecco Group long-term incentive plan. 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. For the total number of shares granted in 2022 and in 2021 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

	2022	2021
Foreign exchange gain/(loss), net	8	41
Gain/(loss) from hedging, net	(59)	(39)
Total	**(51)**	**2**

Note 13 – Subsequent events

The Company has evaluated subsequent events through 14 March 2023, the date the Adecco Group AG financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date, but prior to 14 March 2023, 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
Australia	Melbourne	Adecco Industrial Pty Ltd	100%	O	AUD	5
Australia	Melbourne	Modis Staffing Pty Ltd	100%	O	AUD	24,469
Belgium	Brussels	AKKA Technologies	100%	H	EUR	47,751
Belgium	Groot-Bijgaarden	Adecco Personnel Services NV[4]	100%	O	EUR	21,651
Canada	Toronto	Adecco Employment Services Limited[4]	100%	O	CAD	90,615
Colombia	Bogotá	Adecco Colombia SA	100%	O	COP	111,700
France	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	Modis Ltd	100%	O	JPY	1,063,772
Japan	Tokyo	Adecco Ltd[4]	100%	O	JPY	5,562,863
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
Poland	Warsaw	Adecco Poland Sp. z o.o.[4]	100%	O	PLN	50
Portugal	Lisboa	Adecco Recursos Humanos – Empresa de Trabalho Temporário, Lda[4]	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	120
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	Zug	Akkodis Group AG[4]	100%	H	CHF	100
Switzerland	Zurich	Adecco Liquidity Services AG[4]	100%	F	CHF	100
Taiwan	Taipei	Adecco Personnel Company Ltd.	100%	O	TWD	33,660
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	Dover, DE	AKKA Dev US, Inc.	100%	H	USD	1
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	Pontoon Solutions, Inc.	100%	O	USD	n/a
United States	Wilmington, DE	Adecco Financial Services (North America), LLC[3]	100%	F	USD	n/a
United States	Wilmington, DE	Adecco, Inc[4]	100%	H	USD	<1

[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	2022	2021
Voluntary retained earnings		
Voluntary retained earnings of previous years	3,261	3,028
Net income	219	440
Share cancellation	(89)	
Allocation from statutory reserves from capital contribution to voluntary retained earnings in connection with the share buyback		2
Allocation from statutory reserves from capital contribution to voluntary retained earnings in accordance with the final assessment by the Federal Tax Administration	5	
Total available voluntary retained earnings	**3,396**	**3,470**
Dividend distribution of CHF 1.25 per share for 2021		(209)
Proposed dividend distribution of CHF 1.85 per share on 168,426,561 shares for 2022[1]	(312)	
Total voluntary retained earnings to be carried forward	**3,084**	**3,261**

in CHF	2022	2021
Statutory reserves from capital contribution		
Statutory reserves from capital contribution of previous years	43	2
Allocation from statutory reserves from capital contribution to voluntary retained earnings in connection with the share buyback		(2)
Capital increase	76	252
Allocation from statutory reserves from capital contribution to voluntary retained earnings in accordance with the final assessment by the Federal Tax Administration	(5)	
Total available statutory reserves from capital contribution	**114**	**252**
Allocation from statutory reserves from capital contribution to free reserves and dividend distribution of CHF 1.25 per share for 2021		(209)
Proposed dividend distribution of CHF 0.65 per share on 168,426,561 shares for 2022[1]	(109)	
Total statutory reserves from capital contribution to be carried forward	**5**	**43**

in CHF	2022	2021
Share capital		
Share capital from previous years	17	16
Share cancellation	(0)[2]	
Capital increase	0[2]	1
Share capital, end of year	**17**	**17**

[1] Depending on the number of shares issued as of the last trading day with entitlement to receive the dividend (18 April 2023). No dividend is paid on own shares held by Adecco Group AG.

[2] The total impact of the share cancellation and the capital increase were below half a million CHF.

Opinion

We have audited the financial statements of Adecco Group AG (the Company), which comprise the balance sheets as at 31 December 2022 and the statements of operations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 154 to 165) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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 responsibilities for the audit of the financial statements" 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 (pages 154 to 165).

Recoverability of investments in subsidiaries

Risk	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. 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 assessed the Company's controls over its annual recoverability test and key assumptions applied (e.g., future revenues and margins, long-term growth and discount rates). We involved valuation specialists to assist in examining the Company's valuation model and analyzing the underlying key assumptions, including future revenues and margins, multiples, long-term growth and discount rates. We assessed the historical accuracy of the Company's estimates and consider its ability to produce accurate long-term forecasts in regular economic conditions. We evaluated the key assumptions applied and compare these assumptions to corroborating information, including industry reports, economic outlooks, analyst reports and data from competitors. Our audit procedures did not lead to any reservations concerning the recoverability of investments in subsidiaries.

Other information

The Board of Directors is responsible for the other information. The other information comprises the 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from 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 a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we 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	Licensed audit expert
(Auditor in charge)	

Zürich, Switzerland
14 March 2023

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 flexible placement services, indicating current price levels.

Pay rate

An average hourly payroll rate including social charges for flexible placement 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.

Adjusted earnings per share

Adjusted earnings per share refers to Net income attributable to Adecco Group shareholders before amortisation and impairment of goodwill and intangible assets, excluding one-off costs and exceptional tax items, divided by basic weighted-average shares outstanding.

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

Jean-Christophe Deslarzes is appointed Chair of the Board. 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'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.

2022

In February, the Adecco Group completes the acquisition of a majority stake in AKKA Technologies.

In May, the Adecco Group announces the appointment of Denis Machuel as Chief Executive Officer. The Group also attains full ownership of AKKA Technologies during the month. Modis, the Adecco Group's high-tech services business, is to 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 becomes the global brand for the combined business, leveraging the existing value of both brands. Also in May, the Group issues its first Tax Transparency Report.

In November, the Company launches Future@Work Reloaded, its revised strategy for improved performance. Management sets out detailed plans to deploy three Group-wide levers to simplify the organisation, improve execution and prioritise ways to grow market share. From simplification efforts, the Company announces it expects to achieve a EUR 150 million reduction in G&A expenses, in run-rate terms, by mid-2024. Also in November, the Group announces that Adecco Australia, supported by Akkodis' tech expertise, has won the largest outsourcing contract in the Southern Hemisphere with the Australian Defence Force.

Key figures

in EUR millions unless stated	**2022**	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues	**23,640**	20,949	19,561	23,427	23,867	23,660	22,708	22,010	20,000	19,503
Gross profit	**4,974**	4,281	3,789	4,504	4,433	4,346	4,276	4,179	3,703	3,560
EBITA excluding one-offs	**833**	953	709	1,069	1,080	1,158	1,134	1,152	966	857
EBITA	**677**	881	570	988	987	1,151	1,098	1,086	929	824
Net income/(loss) attributable to Adecco Group shareholders	**342**	586	(98)	727	458	788	723	8	638	557
Basic EPS (EUR)	**2.05**	3.62	(0.61)	4.48	2.77	4.67	4.24	0.05	3.62	3.09
Diluted EPS (EUR)	**2.04**	3.60	(0.61)	4.47	2.77	4.66	4.24	0.05	3.61	3.08
Adjusted EPS (EUR)	**3.28**	4.21	2.78	4.45	4.68	4.89	4.31	4.81	3.92	3.39
Dividend per share (CHF)	**2.50**[1]	2.50	2.50	2.50	2.50	2.50	2.40	2.40	2.10	2.00
EBITDA excluding one-offs	**973**	1,069	837	1,176	1,166	1,235	1,219	1,246	1,058	958
EBITDA	**817**	997	698	1,095	1,073	1,228	1,183	1,180	1,021	925
Cash flow from operating activities	**543**	722	720	880	727	737	694	797	771	531
Free cash flow before interest and tax paid	**579**	795	873	999	903	939	941	993	999	695
Free cash flow	**328**	590	563	724	569	637	618	700	691	450
Net debt	**2,455**	48	376	398	1,124	994	887	1,039	971	1,091
Shareholders' equity	**3,893**	3,800	3,218	3,948	3,589	3,582	3,722	3,346	3,839	3,557
Organic revenue growth	**4%**	9%	-14%	-3%	3%	6%	4%	4%	4%	-1%
Gross margin	**21.0%**	20.4%	19.4%	19.2%	18.6%	18.4%	18.8%	19.0%	18.5%	18.3%
SG&A as % of revenues	**18.3%**	16.3%	16.6%	15.0%	14.4%	13.5%	14.0%	14.1%	13.9%	14.0%
EBITA margin excluding one-offs	**3.5%**	4.6%	3.6%	4.6%	4.5%	4.9%	5.0%	5.2%	4.8%	4.4%
EBITA margin	**2.9%**	4.2%	2.9%	4.2%	4.1%	4.9%	4.8%	4.9%	4.6%	4.2%
Dividend payout ratio	**77%**	56%	82%	52%	48%	46%	50%	45%	49%	47%
Average number of FTE employees[5]	**38,397**	32,625	30,264	34,662	35,104	33,787	33,391	32,266	31,576	31,329
Days sales outstanding	**54**	51	52	53	53	52	52	52	53	54
Cash conversion	**70%**	83%	123%	93%	84%	81%	83%	86%	103%	81%
Net debt/EBITDA excluding one-offs	**2.5x**	0.0x	0.4x	0.3x	1.0x	0.8x	0.7x	0.8x	0.9x	1.1x
Basic weighted-average shares (millions)	**166.8**	162.1	161.4	162.2	165.4	168.7	170.3	172.5	176.3	180.5
Diluted weighted-average shares (millions)	**167.1**	162.7	162.0	162.5	165.7	169.1	170.5	172.7	176.6	180.8
Shares outstanding at year-end (millions)	**167.1**	165.1	161.1	162.1	163.6	165.8	170.3	170.3	173.4	178.1
In CHF, at year-end:										
Share price	**30.46**	46.60	59.16	61.22	45.93	74.55	66.65	68.90	68.85	70.60
Market capitalisation (millions)[2]	**5,130**	7,839	9,650	10,000	7,651	12,760	11,408	12,021	12,330	13,362
Enterprise value (millions)[3,4]	**7,560**	7,889	10,055	10,434	8,916	13,923	12,357	13,154	13,495	14,704
In EUR[4], at year-end:										
Share price	**30.78**	44.92	54.78	56.17	40.81	63.72	62.29	63.21	57.37	57.40
Market capitalisation (millions)[2,4]	**5,184**	7,556	8,936	9,174	6,798	10,906	10,662	11,028	10,275	10,863
Enterprise value (millions)[3,4]	**7,639**	7,604	9,311	9,572	7,922	11,900	11,549	12,067	11,246	11,954

---

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 2022: 0.99; 2021: 1.04; 2020: 1.08; 2019: 1.09; 2018: 1.13; 2017: 1.17; 2016: 1.07; 2015: 1.09; 2014: 1.20; and 2013: 1.23.

5 2021 average number of FTE employees has been restated to conform with the current period presentation.

Sustainability reporting overview

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.

To reflect our integrated approach to sustainability and the management of material environmental, social, and governance (ESG) considerations as well as our holistic understanding of stakeholder value creation, we do not issue a separate sustainability report but report on progress and performance in relevant areas as part of our core business reporting.

To help our stakeholders find the information relevant to them, the following pages provide a concise overview of the quantitative sustainability-related performance data reported throughout this Annual Report. We have furthermore prepared a content index, providing references to the most widely recognised frameworks and standards to date.

We recognise that companies that hold themselves accountable to their stakeholders and increase transparency will be more viable – and valuable – in the long term. We remain committed to continuously strengthen what we measure and disclose in line with evolving expectations, legislation, regulation and best practices, and in conversation with key stakeholders. In this respect, we have also engaged EY to provide independent assurance over a subset of our strategic key performance indicators (KPIs); the selected KPIs assured by EY are marked by a ✓ symbol in the tables below.

Our performance

Governance and Prosperity

	2022	2021
Corporate income taxes paid (EUR millions)	227	195
Sales taxes paid (EUR millions)	2,701	2,460
Employer payroll and social security taxes paid (EUR millions)	3,253	2,726
Number of new misconduct cases reported	191	146
• Proven	21%	35%
• Not proven	40%	30%
• Inconclusive	10%	7%
• Not related to misconduct / not appropriate for investigation	29%	28%
Compliance training		
• Completion rate across all integrity and compliance e-learning courses at year end (incl. e.g., data privacy and anti-bribery and corruption)	85%	77%
Client NPS	32	26

Social and Employee Matters

	2022	2021
Individuals at work (number of flexible placements)	481,132✓	506,402
Individuals placed (number of permanent placements)	182,666[1]✓	113,977[2]
External individuals re/upskilled	851,050✓	755,810
Employee retention	72.8%	72.6%
Voluntary turnover (new)	19.1%✓	–
Number of new hires (new)	13,894✓	–
Company-wide gender split	67% female 33% male	66% female 34% male
Board of Directors gender parity	50% female	50% female
Executive Committee gender parity	30% female	27% female
Global Leaders gender parity	36% female	36% female
Peakon eNPS® – Overall	37	38
Peakon eNPS® – Diversity & Inclusion	44	42
Peakon eNPS® – Health & Wellbeing	28	26

Environment

Absolute CO_2 emissions (metric tonnes)

	2021	2020[3]	2019	2018 (base year)	YoY Change	Change vs. base year
Scope 1	25,979.92✓	29,918.19	58,170.22	63,340.54	-13.2%	-59.0%
Scope 2[4]	17,936.23✓	25,169.51	30,943.66	31,662.93	-28.7%	-43.4%
Scope 3	26,884.89✓	35,501.51	68,768.31	74,891.44	-24.3%	-64.1%
Absolute global emissions	70,801.04✓	90,589.21	157,882.19	169,894.91	-21.8%	-58.3%

ESG Ratings and Indices

We continue to benchmark our activities against recognised ratings and indices in order to help us understand our performance in a larger context, identify opportunities for improvement and uncover future risks and opportunities. Beyond our Group ratings as disclosed below, many of our largest markets hold independent EcoVadis ratings at the individual country level.

	2022	2021	2020
EcoVadis	71 (Gold)	71 (Gold)	66 (Gold)
Sustainalytics	76 (Outperformer)	73 (Outperformer)	74 (Outperformer)
CDP	C	B-	B-
MSCI	A	AA	AA

---

[1] Including permanent placements in RPO.

[2] Excluding permanent placements in RPO.

[3] Following further investments in strengthening data quality, methodology and controls, 2020 figures have been restated to account for gaps in previously reported data.

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

To the Board of Directors of Adecco Group AG

Independent assurance report

We have been engaged to perform a limited assurance engagement on the metrics marked with a "✓" disclosed in Adecco Group AG's Annual Report (page 174) for the reporting period from 1 January 2022 to 31 December 2022 (hereafter 'the KPIs'):

- Number of permanent placements
- Number of flexible placements
- Voluntary turnover
- Number of new hires
- Number of external individuals up/reskilled
- GHG (Scope 1,2,3).

Our engagement was limited to the KPIs listed above. We have not assessed the following KPIs or information disclosed in the Annual Report:

- Information other than the KPIs indicated above
- KPIs related to previous reporting periods
- Qualitative statements

Applicable criteria

Adecco Group AG defined as applicable criteria (hereafter 'applicable criteria'):

- Selected Global Reporting Initiative (GRI) Sustainability Reporting Standards
- Selected Sustainability Accounting Standards Board framework for the professional & commercial services industry (SASB)
- Adecco Group AG's own methodology

A summary of the standards is presented on the GRI and SASB homepages, a summary of Adecco Group AG's own methodology is provided on its 'Reporting on our progress' webpage. We believe that these criteria are a suitable basis for our limited assurance engagement.

The quantification of greenhouse gases (GHG) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

Responsibility of Adecco Group AG's management

The management of Adecco Group AG is responsible for the selection of the applicable criteria and for the preparation and presentation of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and with the International Standard on Assurance Engagements (ISAE) 3410 *Greenhouse Gas Statements*. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the Annual Report are free from material misstatement, whether due to fraud or error.

In accordance with the engagement agreement, our duty of care for this engagement only extends to the management of Adecco Group AG.

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Summary of work performed

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Inquiries of company's representatives responsible for collecting, consolidating, and calculating the KPIs in order to assess the process of preparing the data, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement
- Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data and testing such documentation on a sample basis
- Analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of the KPIs
- Analytical procedures of the Annual Report regarding plausibility and consistency with the KPIs

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

/s/ Jolanda Dolente	/s/ Marco Casal
Jolanda Dolente Partner	**Marco Casal** Partner

Zürich, Switzerland

14 March 2023

Non-financial reporting index

The following content index provides references to the following recognised frameworks and standards:

- The Sustainability Reporting Standards 2021 of the Global Reporting Initiative (GRI) – an independent organisation that helps businesses world-wide communicate their impact on critical sustainability issues.
- The Stakeholder Capitalism Metrics framework (SCM) – sponsored by the World Economic Forum's International Business Council, this 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 corruption, and to take actions that advance societal goals. Our 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 in the future.

The index refers to information disclosed in several locations and formats, mainly the Adecco Group Annual Report 2022 (AR), our 2022 CDP submission (CDP), as well as on our website www.adeccogroup.com/sustainability (🌐). 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.

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
General disclosures				
GRI 2: General disclosures 2021				
2-1	Organisational details			AR 8, 60, 109
2-2	Entities included in the organisation's sustainability reporting			AR 109, 164 🌐
2-3	Reporting period, frequency and contact point			AR 194 🌐
2-4	Restatements of information			AR 40 🌐
2-5	External assurance			AR 175-176
2-6	Activities, value chain and other business relationships		1, 4, 8, 10	AR 8-11, 37-38, 48-51, 54, 103, 114-115, 172-174
2-7	Employees		8, 10	AR 18, 51
2-9	Governance structure and composition		16	AR 42, 63-70
2-10	Nomination and selection of the highest governance body		5, 16	AR 66-67
2-11	Chair of the highest governance body		16	AR 64
2-12	Role of the highest governance body in overseeing the management of impacts		16	AR 42, 66-70
2-13a.i	Delegation of responsibility for managing impacts		16	AR 42, 66-70
2-14	Role of the highest governance body in sustainability reporting			AR 42, 66-70
2-15	Conflicts of interest		16	AR 66
2-16	Communication of critical concerns	1-6, 10	8, 16	AR 35, 52, 70 🌐
2-17	Collective knowledge of the highest governance body		16	AR 66-67
2-18	Evaluation of the performance of the highest governance body		16	AR 67-68
2-19	Remuneration policies			AR 79-99
2-20	Process to determine remuneration		16	AR 79-99
2-22	Statement on sustainable development strategy		1, 3, 4, 5, 8, 10, 13	AR 9-13, 32-33
2-23	Policy commitments			AR 34-38, 43
2-24	Embedding policy commitments			AR 34-38, 43
2-25	Processes to remediate negative impacts		16	AR 35
2-26	Mechanisms for seeking advice and raising concerns		16	AR 35, 52

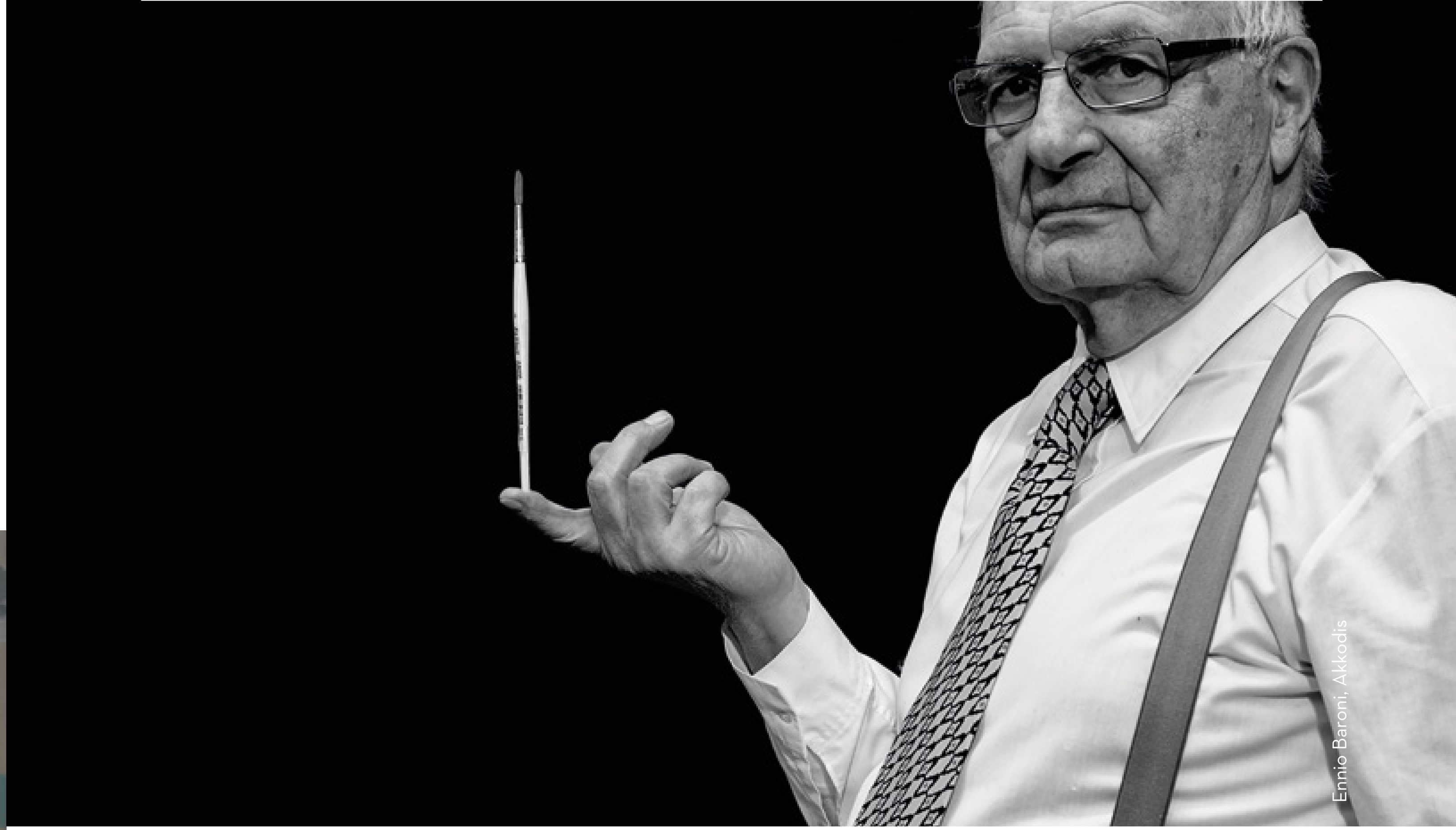
Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
2-27	Compliance with laws and regulations		16	AR 35, 57
2-28	Membership associations		3, 4, 5, 8, 10, 17	AR 17, 36-38 🌐
2-29	Approach to stakeholder engagement			AR 12-19, 32-43 🌐
2-30	Collective bargaining agreements			AR 36-37
Material topics				
GRI 3: Material topics 2021				
3-1	Process to determine material topics			AR 33 🌐
3-2	List of material topics	1-10	1, 3, 4, 5, 8, 10, 13	AR 33, 43 🌐
3-3	Management of material topics	1-10	1, 3, 4, 5, 8, 10, 13	AR 32-43 🌐
GRI 201: Economic performance 2016				
201-1 SCM	Direct economic value generated and distributed		1, 4, 8, 10	AR 4, 44-51, 54, 103-104, 114-115
201-2 TCFD Sa-b, Ra-b	Financial implications and other risks and opportunities due to climate change	7-9	13	AR 39-41 CDP 🌐
201-3	Defined benefit plan obligations and other retirement plans			AR 131-135
201-4 SCM	Financial assistance received from government			AR 113, 141
GRI 203: Indirect economic impacts 2016				
203-2 SCM	Significant indirect economic impacts	6, 8	1, 3, 4, 5, 8, 10	AR 36-38, 40 🌐
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	10	16	AR 34 🌐
205-2 SCM	Communication and training about anti-corruption policies and procedures	10	16	AR 34 🌐
205-3 SCM	Confirmed incidents of corruption and actions taken	10	16	AR 35
GRI 207: Tax 2019				
207-1	Approach to tax		1, 10, 17	AR 34, 77, 112, 142-145
207-2	Tax governance, control, and risk management		1, 10, 17	AR 68, 77, 112
207-3	Stakeholder engagement and management of concerns related to tax		1, 10, 17	AR 77
207-4 SCM	Country-by-country reporting		1, 10, 17	AR 77 🌐
GRI 302: Energy 2016				
302-1	Energy consumption within the organisation	7, 8	7, 8, 12, 13	CDP
302-2	Energy consumption outside of the organisation	7, 8	7, 8, 12, 13	CDP
302-3 TCFD Mc)	Energy intensity	7, 8	7, 8, 12, 13	AR 40 CDP
302-4 TCFD Mc)	Reduction of energy consumption	7, 8	7, 8, 12, 13	CDP
302-5	Reductions in energy requirements of products and services	7-9	7, 8, 12, 13	CDP
GRI 305: Emissions 2016				
305-1 SCM TCFD Mb	Direct (Scope 1) GHG emissions	8	3, 12, 13	AR 40-41 CDP 🌐
305-2 SCM TCFD Mb	Energy indirect (Scope 2) GHG emissions	8	3, 12, 13	AR 40-41 CDP 🌐
305-3 SCM TCFD Mb	Other indirect (Scope 3) GHG emissions	8	3, 12, 13	AR 40-41 CDP 🌐
305-4 TCFD Mc	GHG emissions intensity	8	12, 13	AR 40-41 CDP 🌐
305-5 TCFD Mc	Reduction of GHG emissions	8	12, 13	AR 40-41 CDP 🌐
SCM TCFD Mc	Paris-aligned GHG emissions targets	7, 8	13	AR 40 CDP 🌐
GRI 401: Employment 2016				
401-1 SCM SASB SV-PS-330a.2	New employee hires and employee turnover	6	5, 8, 10	AR 18, 51, 174
SASB SV-PS-330a.3	Voluntary and involuntary turnover	6	5, 8, 10	AR 18, 51, 174
GRI 403: Occupational health and safety 2018				
403-1	Occupational health and safety management system	1	3, 8	AR 15-16, 36 🌐
403-2	Hazard identification, risk assessment, and incident investigation	1	3, 8	AR 15-16, 36
403-3	Occupational health services	1	3, 8	AR 15-16, 36
403-5	Worker training on occupational health and safety	1	3, 8	AR 15-16, 36 🌐
403-6 SCM	Promotion of worker health	1	3, 8	AR 15-16, 36 🌐
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2	3, 8	AR 36 🌐
GRI 404: Training and education 2016				
404-2	Programmes for upgrading employee skills and transition assistance programmes		4, 8, 10	AR 4, 8-9, 18-19, 21-22, 25, 29-30, 38-39
GRI 405: Diversity and equal opportunity 2016				
405-1 SCM SASB SV-PS-330a.1	Diversity of governance bodies and employees	6	5, 8	AR 18, 63-65, 71-74
GRI 406: Non-discrimination 2016				
406-1 SCM	Incidents of discrimination and corrective actions taken	6	5, 8	AR 34-35
GRI 413: Local communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programmes		4, 8, 10, 17	🌐
GRI 415: Public policy 2016				
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 57 🌐

Personal impressions. The future of work

We launched a company-wide photography competition for our people to capture their interpretation of how the future will impact people, the planet, and society at large. Some of these images have been used throughout this report.

This theme was focused around three creative prompts, which also reflect how we are moving the Group forward: Simplify, Execute and Grow.

Mario Sanchez Toribio, Adecco



Ennio Baroni, Akkodis

Maciej Cynowski, LHH

Juli Mullens, Ezra

Alice Marelli, Adecco Group

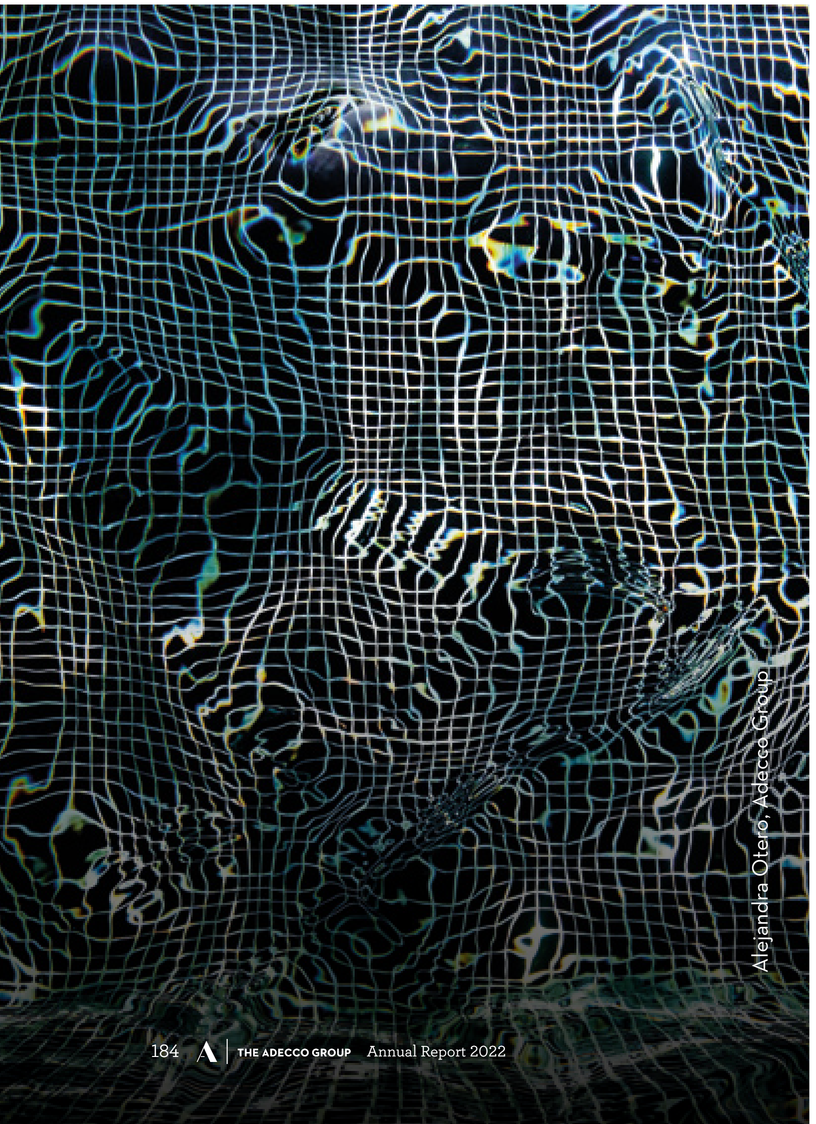
Miguel Angel Crego Cuesta, Adecco Group

Arturo Gutierrez Castañeda, LHH

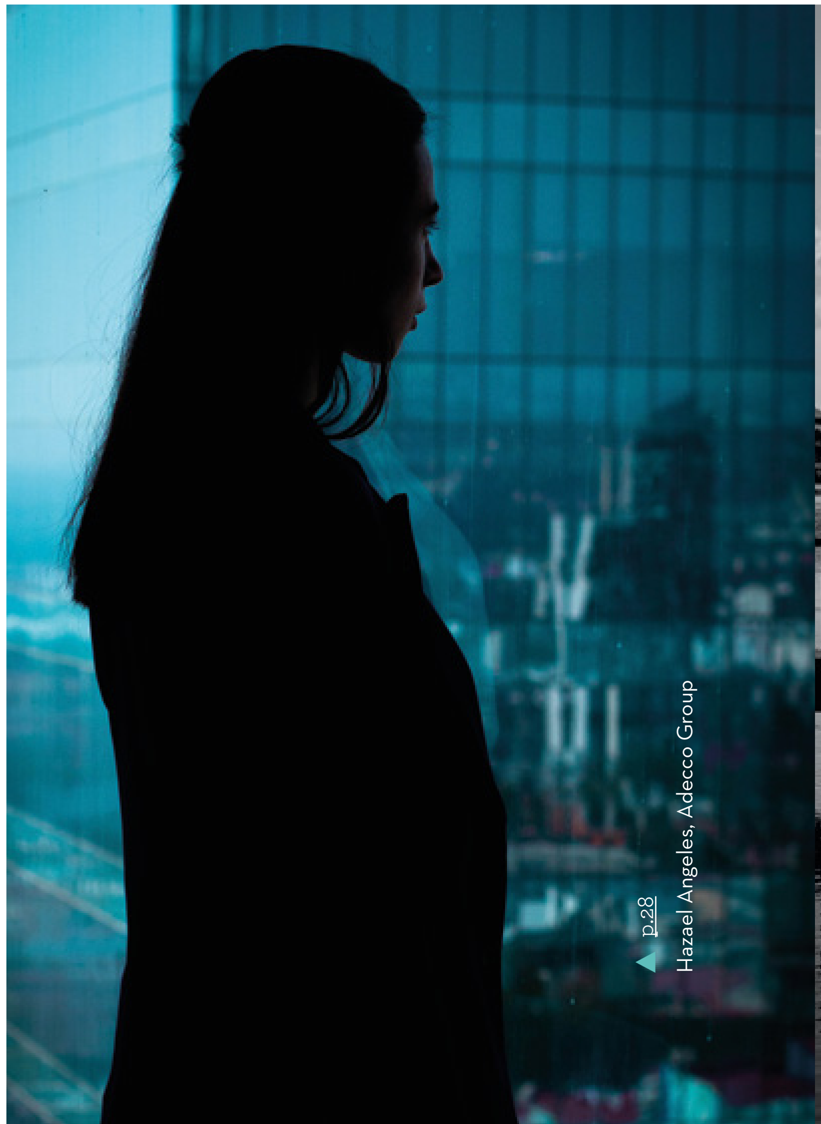
Jiří Horák, Adecco Group

Javier Andrade, Adecco Group

Camila Müller, Adecco Group



Alejandra Otero, Adecco Group



Hazael Angeles, Adecco Group

▲ p.28

Elena Dusi, LHH

Elyse Hodgess, Adecco

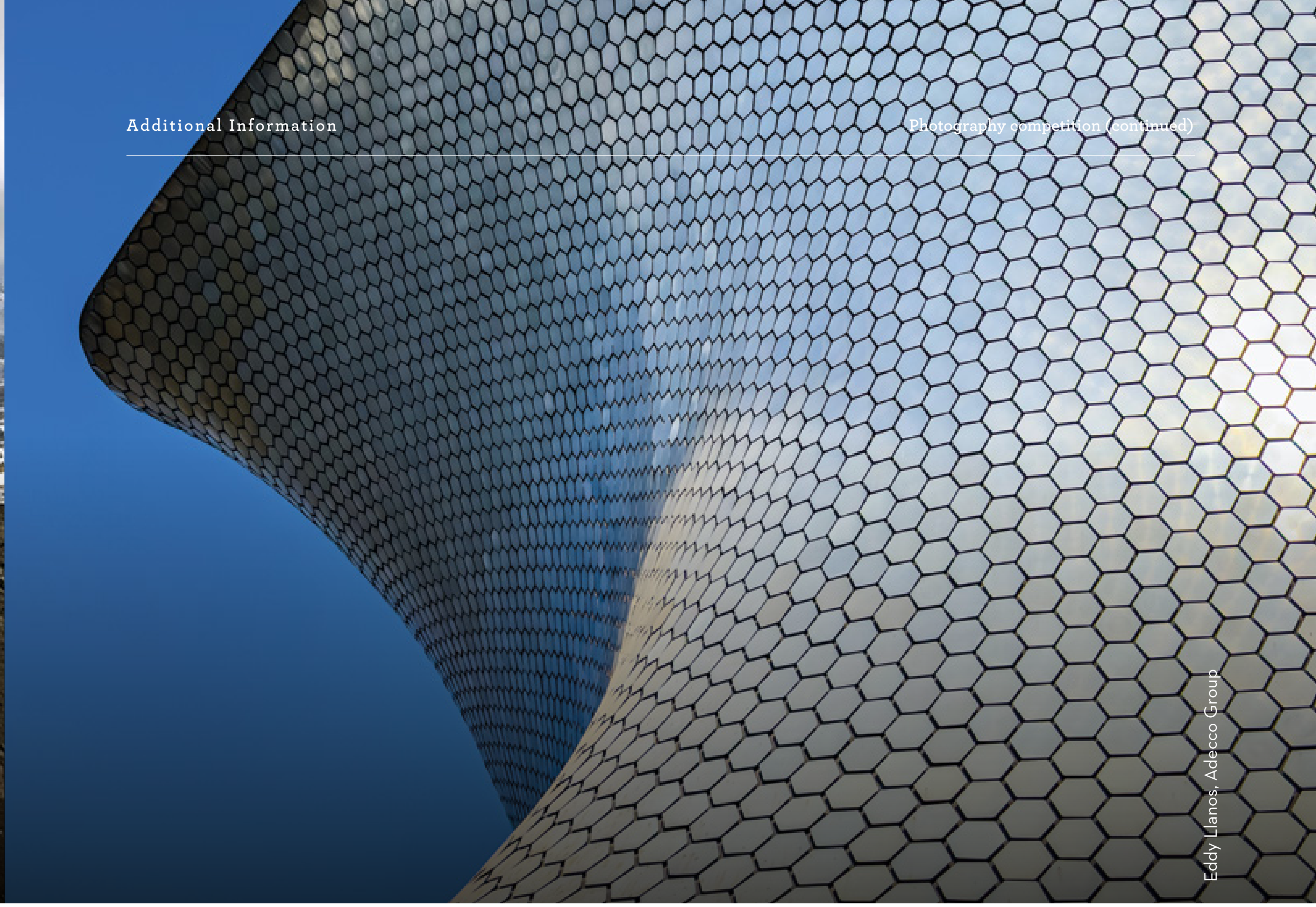
Arturo Gutierrez Castañeda, LHH

▲ p.23

Martina Modino, LHH

Patricia Motta, Adecco

Pavla Zakova, Adecco Group



Eddy Llanos, Adecco Group

Cyril Nourry, LHH

▲ p.42

Jacques Bouquard, LHH

Yuan Yunxian, Adecco Group

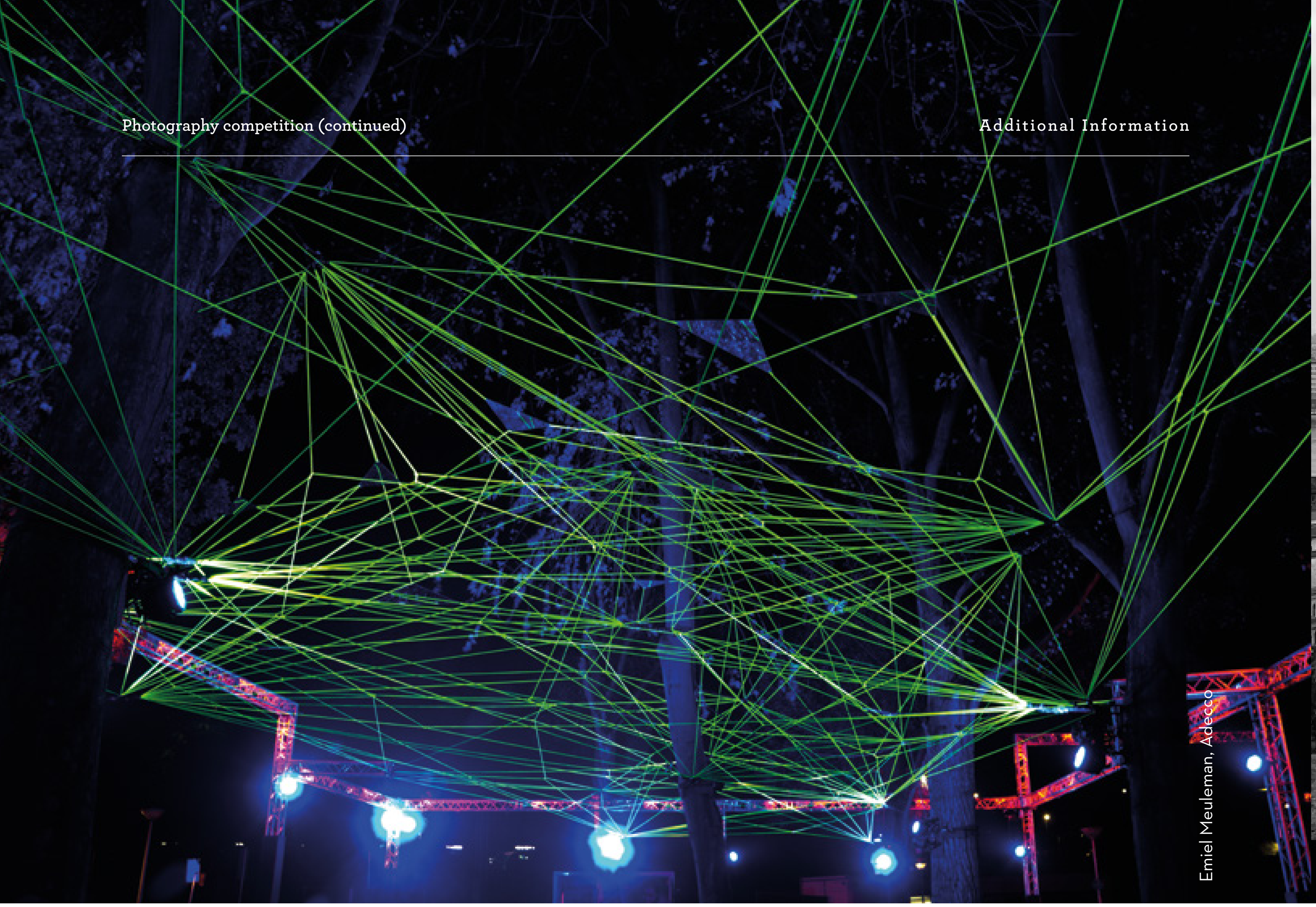
▲ p.36

Manzi Zhang, Adecco Group

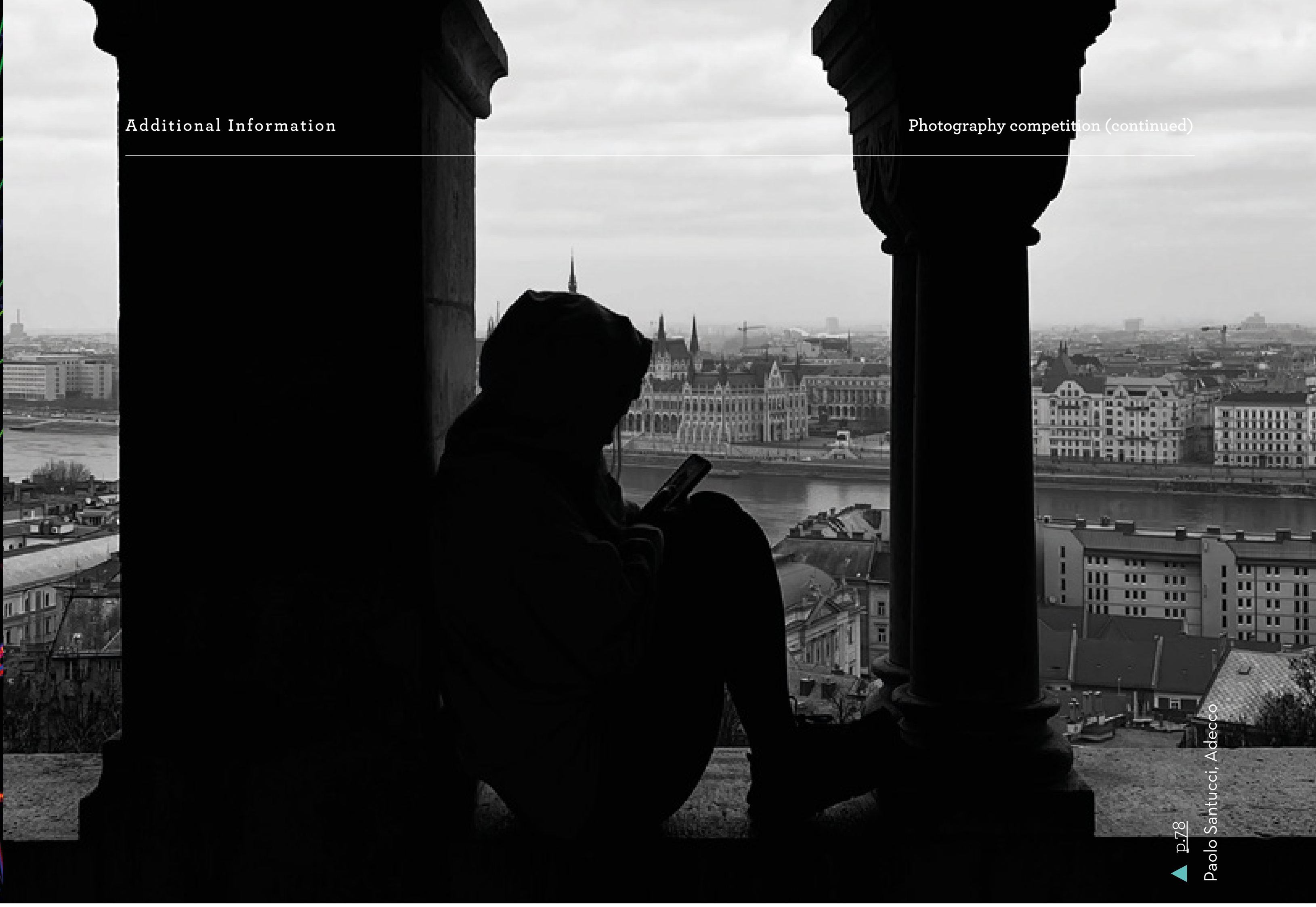
Atanas Milanov, Adecco Group

Jarina Leskinen, Adecco Group

▲ p.15



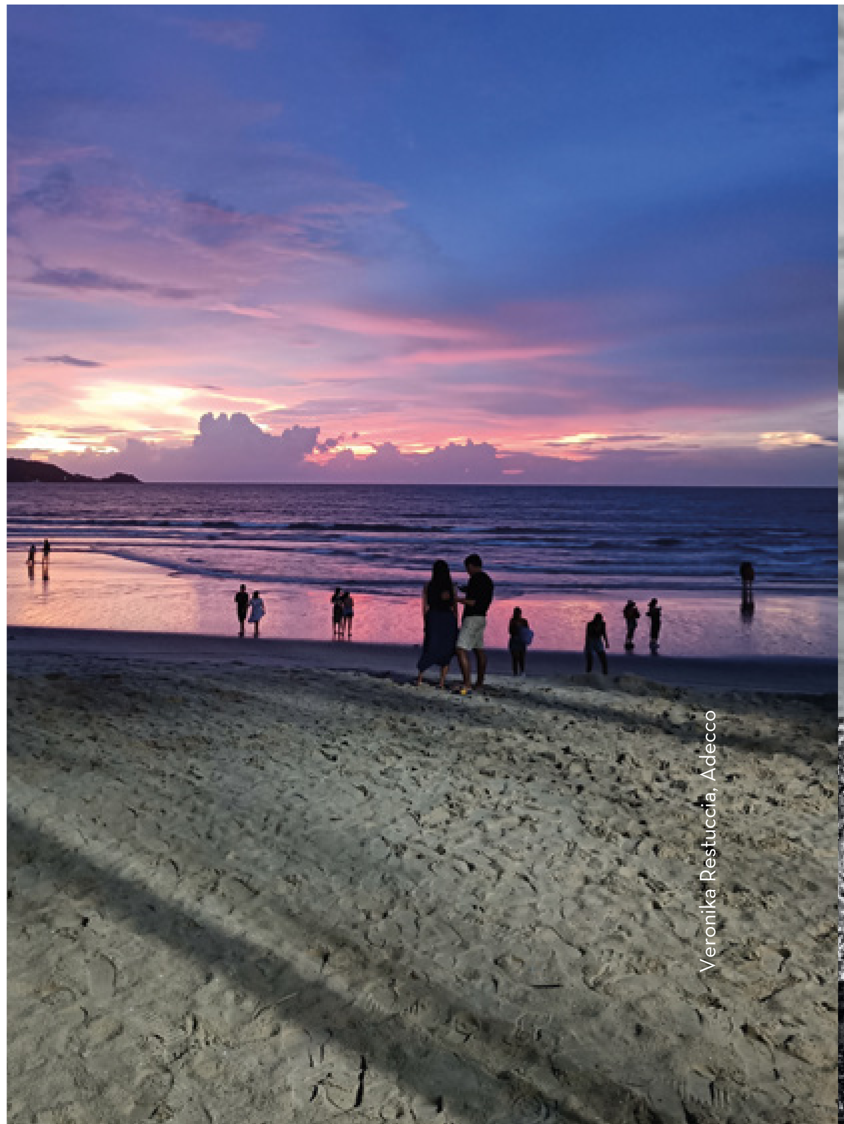
Emiel Meuleman, Adecco



Paolo Santucci, Adecco

▲ p.78

Amandine Marchesi, LHH



Veronika Restuccia, Adecco

Arturo Gutierrez Castañeda, LHH

Jacques Bouquard, LHH

Marta Diez Romero, Adecco

Ye Jiayi

p.38

Lydia Lan, Spring

p.53

Charlotte Beguin, LHH

Addresses

Registered office
Adecco Group AG
Bellerivestrasse 30
CH-8008 Zürich

Contact details
Adecco Group AG
Bellerivestrasse 30
CH-8008 Zürich
T +41 44 878 88 88

The Adecco Group Investor Relations
investor.relations@adeccogroup.com
adeccogroup.com/investors

The Adecco Group on the web:
adeccogroup.com

Publisher: The Adecco Group, Zurich

Design: Black Sun Plc, London, Co-Art Direction Francesco Camillo, Global Head of Art & Design the Adecco Group

Print: Westerham, London

This report is printed on genYous® digital uncoated paper which is derived from sustainable sources. Manufactured at a paper mill registered to the Environmental Management System ISO 14001 and Forest Stewardship Council® chain of custody certified.

Printed by Principal Colour.

Principal Colour are ISO 14001 certified, Alcohol Free and FSC® Chain of Custody certified.

Designed and produced by Black Sun Plc.

March 2023

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C107262

THE ADECCO GROUP

ANNUAL REPORT 2022