



THE ADECCO GROUP

Delivering shared value in the world of work



Sustainability Review 2017

Delivering shared value in the world of work

Our working lives are changing and creating new opportunities in the world of work today and tomorrow. As the leading HR solutions partner, we embrace this exciting, ever-evolving journey. Our goal is to give security and prospects for individuals and provide companies with the critical talent and solutions to stay competitive.

At the Adecco Group, unlocking potential is at the heart of everything we do.

2017 performance highlights

Organic revenue growth	EBITA ¹ margin excluding one-offs	Gross margin	
6%	4.9%	18.4%	
Growth accelerated, driven by strong performances in most European markets	Continued performance, while investing for the future	Price and mix effects in temporary staffing not fully mitigated	<p>¹ EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.</p> <p>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.</p> <p>³ For 2017, as proposed by the Board of Directors.</p>
Cash conversion²	Dividend per share³	Share buyback programme	
80%	CHF 2.50	EUR 150m	
Strong underlying cash flow, reflecting revenue growth acceleration and working capital investment	An increase of 4% year on year and representing a 46% payout ratio	Returning excess capital to shareholders, in line with our capital allocation policy	
Great Place to Work® ranking	IOC and IPC Athlete Career Programmes	Win4Youth	CEO for 1 Month
2nd	7,000	49,814	117,222
Out of >6,000 participating multinational companies	Elite athletes supported with career training and employment in 2017	Participants swam, ran and cycled for Win4Youth in 2017, positively impacting the lives of young people around the world	Young people engaged for 2017, a 113% growth since 2016

Embracing sustainability at the heart of our work



Making the future work for everyone is about empowering people and organisations to reach their full potential in the world of work, thus fuelling economies and enriching societies.

At the Adecco Group, it is our aim to be the world's most trusted HR solutions partner. We aspire to positively influence the world of work and lead by example in how we conduct our business. We are evolving towards a fully integrated approach to sustainability and demonstrating that shared value creation is a driver of good business. This aim is underscored by our continued commitment to the important principles of the UN Global Compact.

The business case for an integrated approach is compelling: it builds bridges with the societies in which we operate, it drives new opportunities and innovation, and it gives us a differentiating, competitive edge in our industry. Our clients, associates, employees, investors and society at large are increasingly interested in the social and environmental impact of our business, our approach to governance and ethical practices, and our contribution to sustainable development as well as to economic growth.

We have a solid history of corporate social responsibility (CSR) activities and highly successful social impact programmes. Our CEO for One Month and Experience Work Day initiatives have enabled thousands of

young women and men to gain experience and skills that companies desire and our Athlete Career Program has since its inception enabled over 40,000 athletes to pursue their sport ambitions while developing essential skills to enter the workforce.

This gives us a stable base from which to launch a more integrated approach to sustainability and unleash shared value creation across our business. By embedding policies and practices across the Group, and demonstrating the business and social value we can generate, we can ensure staying power and lasting impact.

Our new approach is comprised of the following two complementary building blocks.

First, we have taken the decision to evolve from a more traditional, compliance-focused CSR approach to a broader culture of sustainability which incorporates environmental, social and governance (ESG) components across all departments. Our global business strategy of Perform, Transform, Innovate will be informed by ESG considerations that are business critical for today's world.

To identify and prioritise the most relevant factors, we are conducting a full materiality analysis of our business, harnessing the insights, experiences and ideas from a broad set of internal and external stakeholders. The findings from this comprehensive and very inclusive process will then directly inform the development of the Group's first global sustainability strategy in Q4 2018.

Our second building block is the Adecco Group Foundation – the next generation in corporate foundations. Founded in December 2017, the Foundation is uniquely designed as a

social innovation lab to create, pilot and scale up new prototype products, services or ways of doing business that marry both social and business value and drive transformation in the employment realm.

The Foundation has two main areas of focus: work readiness for the underserved whose skills and potential are often overlooked, and workforce vitality, finding solutions to nurture a workforce that is healthy, resilient and fit for purpose. We want to inspire a step change in the world of work, creating impact across our industry, our clients, and the workforce at large.

Our ambition is to marry social value with sustainable business to create a compelling driver of differentiation and innovation, and sustainable value for all our stakeholders. By living up to our purpose and values and integrating them into how and why we do business, we can make the future work for everyone.

A handwritten signature in black ink, appearing to read "Alain Dehaze".

Alain Dehaze
Chief Executive
Officer

The changing world of work

The world of work is changing rapidly, with opportunities and implications for all. The Adecco Group is committed to helping our candidates, associates and clients to successfully navigate this uncertain environment and to ensure that our own organisation is fit for purpose.

There are six megatrends that shape the world of work: geopolitical and economic uncertainty; the gig economy; skills imbalances; a new demographic mix; automation, AI and machine learning; and digitisation, big data and analytics.

Each of these megatrends has implications for our sustainability as a business and demands a strategic, integrated response, either directly through evolving our operations or through the social innovation projects of the Adecco Group Foundation.

For example, skills imbalances are creating barriers to entry in the labour market for young people around the world and we are already responding. In 2017, we offered over 11,000 work-based learning opportunities to young women and men to help them acquire the experience that companies desire. CEO for One Month attracted interest from more than 117,000 young people in 2017. The companion programme, Experience Work Day, provided more than 9,000 young people in 46 countries with valuable mentoring in accessing the world of work from Adecco Group experts.

We are also offering innovative solutions that help individuals and companies successfully adapt to the megatrends, including services such as YOSS – a revolutionary platform enabling flexible connections between freelancers and clients, coupled with quick payments and the opportunity to opt in to social benefits.

We will continue to develop effective, sustainable programmes and services that support our customers and business through the transformation ahead.

Six megatrends shaping the world of work

There are six factors that are transforming the global labour market today. Our approach to sustainability will seek to address the impact of these megatrends in an increasingly integrated way.



Geopolitical & economic uncertainty

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



The 'gig' economy

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



Skills imbalances

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



New demographic mix

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



Automation, AI & machine learning

Combining automation with flexible HR solutions will drive a step change in productivity. While automation may replace some jobs, many new ones will be created. Helping people successfully transition will be key.



Digitisation, big data & analytics

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



Read more about the megatrends at www.adeccogroup.com

Evolving our approach in line with a changing world

As the leader in our industry, we are committed to making the future work for everyone. We see sustainability as a competitive asset for our company and as a tool for positive change in the world of work. We are thus taking action to move over time towards an approach that fully integrates sustainability in the way we do business.

While complying with environmental, social and governance requirements is an important part of being sustainable, it is only the beginning. As part of our Perform, Transform, Innovate strategic agenda, we are keen to build on this foundation and transition to a way of doing business that actively embraces sustainability. We have made impressive steps forward in some important areas such as governance or employee satisfaction – for example, we achieved second place in the global Great Place to Work ranking in 2017. But we also know there are areas where we can further advance our activities.

Understanding our material issues

Before we can fully embrace an integrated business approach to sustainability, we need to better understand the impact of our activities, the needs of our stakeholders, and to assess our current performance across a range of environmental, social and governance benchmarks.

In 2018, we are conducting a full, independent materiality analysis of our business and the broader context in which we operate, from the social megatrends and market and regulatory developments affecting our business, to our own management practices and operations. The results of this analysis will be validated through engagement with a broad range of internal and external stakeholders, and will form the foundation for our new global sustainability strategy for the Group.

This strategy will set the baseline for our journey towards seeking to fully integrate sustainability as a modus operandi across our brands, operations and territories in the next few years. We want to drive a change in culture that aims to position us as the long-term leader in our industry. The goal is to develop a strategy that each of our 37,000 employees around the world can understand and adopt in their day-to-day work, by clearly identifying areas where we can create the most shared value for our industry and society.

In line with this approach, we will also carry on with our efforts to continuously strengthen how and what we measure and report on, consistent with best practice standards on integrated reporting.

Sustainability is central to business success



Sustainability as a competitive force

Sustainability has become a key differentiator for businesses as all stakeholders demand a more sustainable economy and as business leaders see the long-term value in sustainable practices.



Moving from a culture of compliance to integrated sustainability

The Adecco Group is moving towards a culture of fully integrated sustainability, building on our existing success in CSR to positively transform the way we do business.



Setting an example as the market leader

As the global leader in HR solutions, we see it as our duty and an opportunity to set an example for sustainability and social value creation in our industry, and beyond.

Empowering people

Attracting, growing and retaining people who are passionate about our purpose is a core strategic priority for the Adecco Group. As a people business, we must set an example as a centre of excellence when it comes to the development and satisfaction of our own employees. We are also working hard to ensure we continuously advance our approach in the areas of human and labour rights, diversity and inclusion.

Our people

The success and well-being of our colleagues is a core aim of our company strategy and vital for the success and well-being of our organisation.

Employee satisfaction

We strive to offer our employees meaningful lifetime employment. In 2017, we placed second in the World's Best Multinational Workplaces list of the global Great Place to Work® Trust Index®, out of more than 6,600 companies, up from seventh place in 2016. We also ranked second in the 2017 Best Workplaces in Europe. The independent survey measures the level of trust, pride, and camaraderie within workplaces.

Our exceptional performance underlines the emphasis we place on helping our people to enjoy their work, reach their potential and to find a healthy work-life balance. Factors contributing to this top two ranking include our inclusive and flexible culture, employees feeling empowered and trusted by management, our accessible learning and career development opportunities, an inspiring leadership that shows ethical management practices, and our purpose and social programmes. We expanded the survey to 43 countries and across our global business lines, representing almost 95% of our employees.

Employee training & development

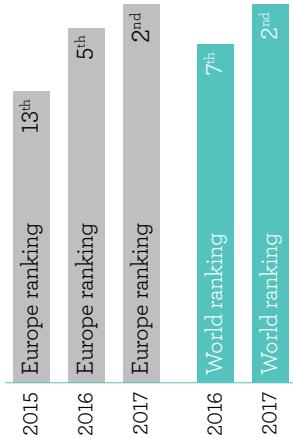
Introduced in 2016, our talent framework is built on five pillars – Get, Keep, Grow, Enable, Inspire. The first two elements focus on attracting and retaining the best people in our industry. In 2017, more than 9,000 new employees across the globe joined the Adecco Group and we filled the majority of senior leader roles with internal candidates,

compared to less than 50% in 2016. We monitor retention rates to ensure we are keeping the right talent to fuel the future success of the company.

To help our colleagues reach their potential, we develop individual career plans for all of our employees, based on the 70:20:10 guiding ratio for learning and development. Under this principle, 70% of learning comes from on-the-job experience, 20% from specific guidance, and 10% from behavioural, technical or competency-based training.

The Adecco Group Academy offers our employees in-person courses in management, performance, service, sales, operations, IT and soft skills, alongside a global exchange programme, mentoring and coaching. In 2017, we invested in online learning solutions such as language training, business book summaries and cross-cultural training.

Great Place to Work® Ranking



As part of our efforts to enable our people to flourish and perform in an entrepreneurial work environment, in 2017, we launched a job mapping project to better manage and enable rewards, performance and development.

We strive to provide an inspiring place of work through equal access to opportunities and creating a culture of inclusivity, purpose and recognition, supported by engagement programmes such as CEO for One Month and Win4Youth.

Human and labour rights

The Adecco Group places a strong emphasis on respecting and supporting human and labour rights. We have committed to high industry standards and joined voluntary initiatives such as the UN Guiding Principles of Business & Human Rights, the OECD Guidelines for Multinational Enterprises, the Global Forum on Migration and Development, and the ILO Global Business and Disability Network.

We also offer our staff training through the Global Adecco Compliance and Ethics programme to augment our Code of Conduct and human rights policy, and have established a 24/7 Adecco Compliance & Ethics Hotline and Reporting Line.

Diversity & Inclusion

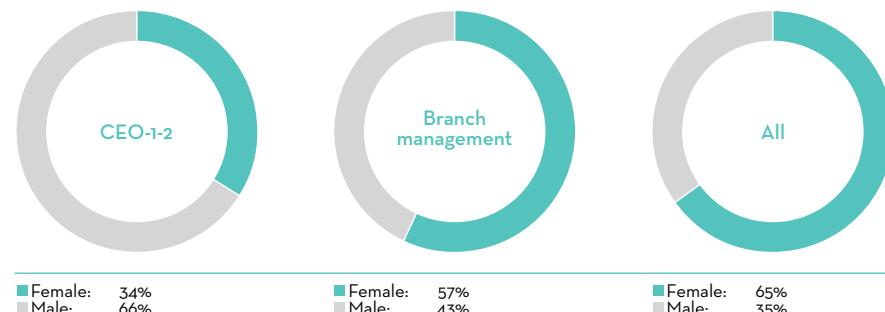
There are numerous studies that show diverse workforces are more effective and versatile. The Adecco Group believes diversity and inclusion should be embedded across the world of work. Building a culture of inclusivity in the business world has knock-on positive effects for society and the economy, fostering understanding between diverse groups and bringing different perspectives and attributes to the workplace to enrich and enhance performance.

We are also taking steps to improve access to the top jobs, with 34% of roles listed as Global Leadership positions currently filled by women.

In line with our company purpose to make the future work for everyone, we are striving to improve access for all in the world of work, starting with our own company. For example, 57% of branch managers are female and two thirds of our global team is female. We are also taking steps to improve access to the top jobs: 34% of roles listed as Global Leadership positions are currently filled by women, as well as 20% of the positions reporting to Executive Committee members.

We want to create a workplace where every employee feels valued, regardless of age, gender, ethnicity, social background or physical attributes. 2017 saw the inaugural Adecco Group Global Sport and Inclusion Day, with 49 countries, 2,474 colleagues and 70 professional athletes taking part in activities designed to put the spotlight on inclusion in the workforce. We partnered with Olympic and Paralympic athletes to create physical activities that promoted inclusion, healthy lifestyles and work-life balance.

Gender distribution of the Adecco Group employees



Athlete Career Programme



Under the Group, but aligned with the aims of the Foundation, the Athlete Career Programme (ACP) supports Paralympic, Olympic and other elite athletes with career training and employment. From workshops to individual advice, the programme supports these athletes as they build employable skills alongside their athletic careers. Since its inception, the ACP has reached more than 40,000 athletes from over 185 countries, including 7,000 in 2017.

In 2017, the 8th IOC ACP Forum was held in Beijing, offering a unique opportunity for more than 80 participants to exchange best practices, gain from global learnings, and refine the strategy to continue to enhance the programme.

We also started thought leadership projects with the European Union, focusing on supporting athletes to build a business career alongside their sporting career.

A certification for athlete-friendly companies was launched in Switzerland – the LSFAG (Leistungssportfreundlicher Arbeitgeber) – attracting companies such as SBB, Swiss Air and EuropCar, and offering a prototype for scaling across other countries.

Going forward we plan to expand the ACP network of countries, increase work placements, establish a mentorship programme, increase alumni engagement and explore how the methodology could be adapted for other target audiences.



Watch the video at adeccogroup.com

Operating responsibly

The Adecco Group is working toward a culture that consistently integrates sustainability and responsible business practices across the company.

Business conduct

As we are focusing our efforts on creating a sustainability-informed approach to business, we have already taken steps to ensure we conduct our business in an ethical way. Our Group Code of Conduct, internal policies and guidelines go beyond legal requirements, covering areas such as legal, human resources, accounting, tax and supply chain. A Group policy on bribery and corruption was implemented, supported by risk assessments, training, due diligence and audit tests. We are a signatory to the World Economic Forum's Partnering Against Corruption Initiative.

All of our employees take part in compliance and ethics training, covering areas such as fair competition, data protection, conflicts of interest and insider trading. We also operate a 24-hour telephone hotline and an independent reporting tool for individuals to report potential wrongdoing.

Risk management

Our risk management process is used to avoid and mitigate risks and to identify new opportunities, improve services and unlock shared value. Through risk identification, risk analysis, risk mitigation and monitoring, we have created a risk management culture across the Group. Our enterprise risk management system measures strategic and operational risks, with regular assessments at national and international level. The key business risks we currently face include the economic environment, client, associate and employee attraction and retention, information technology, changes in the regulatory, legal and political environment, compliance with laws, disruptive technologies, and data protection. If we identify the risk of contributing to any adverse impact in the area of human and labour rights, we are committed to taking all steps necessary to cease or prevent such a negative contribution and to minimise any impacts through our broader stakeholder relationships.

Data security

The protection of personal data has become one of the defining challenges of the digital age. The HR solutions industry stores the data of millions of workers and companies, demanding a strict approach to data security. As the industry leader, our customers, associates and employees trust us to protect their data. We have updated all of our critical data security policies and protocols to comply with new EU data regulations. Our Global Data Protection Policy enforces the protection of data while a Global Data Protection Programme keeps track of data protection laws around the world to ensure our compliance. Each employee has to complete a mandatory training to help us keep privacy at the heart of our culture.

Health and safety

While we cannot directly control the environments that our associates work in, we expect our clients to ensure the highest safety standards are in place and that all employees have the correct training and equipment. More than 80% of Adecco Group countries and brands conduct client site visits and monitoring measures to ensure temporary staff are safe at work. In about a third of our countries, we provide health and safety training for clients so that workers are properly equipped to avoid accidents at work.

EcoVadis recognized our sustainability performance with a

Gold Rating

in March 2018

Responsible sourcing

To create a truly sustainable business in the coming years, we must equally ensure that our suppliers operate in a sustainable way and meet the same high standards that we set ourselves. Our existing Supplier Code of Conduct outlines the ethical, social and governance standards we expect our suppliers to adhere to. Since 2015, we have worked with EcoVadis, which provides supplier sustainability ratings, to manage and monitor our supply chain risks.



OUR APPROACH

The environment

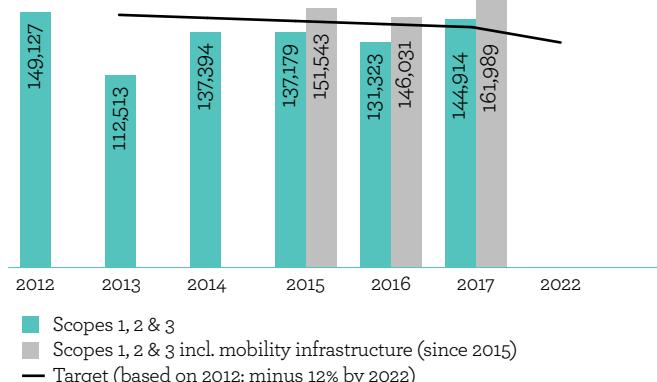
Our Environmental Guidelines define our commitment to a more environmentally friendly way of working, and environmental ratings and performance form an important part of the pre-financial indicators we monitor at Group level. We have set a goal of reducing our average CO₂ equivalent emissions by 12% by 2022, monitoring our progress through the myclimate database.

The largest component of our greenhouse gas footprint is business travel, followed by electricity consumption.

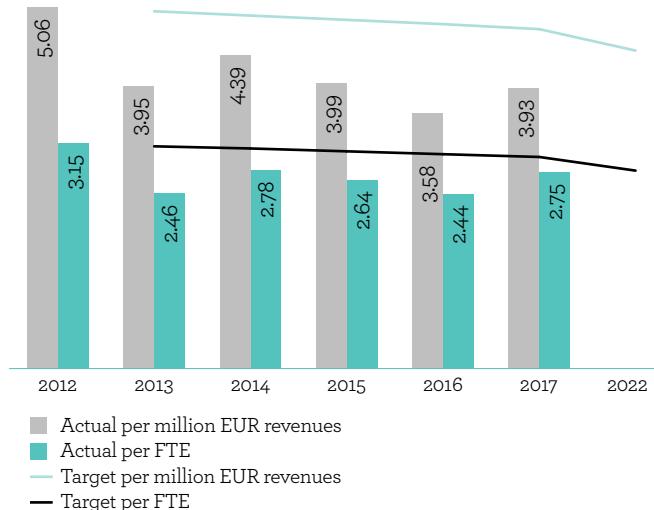
We are continuously seeking ways to further reduce the consumption of resources. For example, our GrowTogether business transformation programme is digitising paper-intensive processes such as the management of candidate timesheets.

We have set a goal of reducing our average CO₂ equivalent emissions by 12% by 2022, monitoring our progress through the myclimate database.

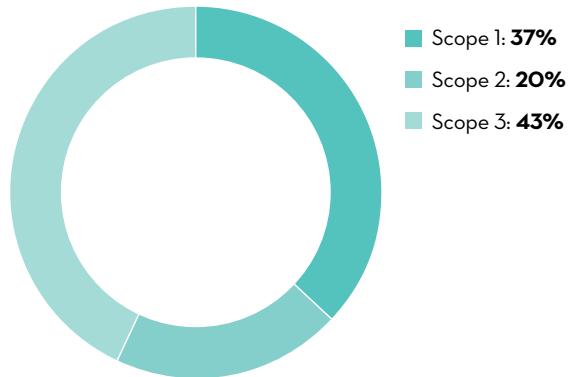
Total CO₂ emissions (metric tonnes, scopes 1, 2 & 3)¹



Greenhouse gas efficiency performance: Average CO₂ emissions (metric tonnes, scopes 1, 2 & 3)¹



2017 Greenhouse Gas emissions split by scope¹



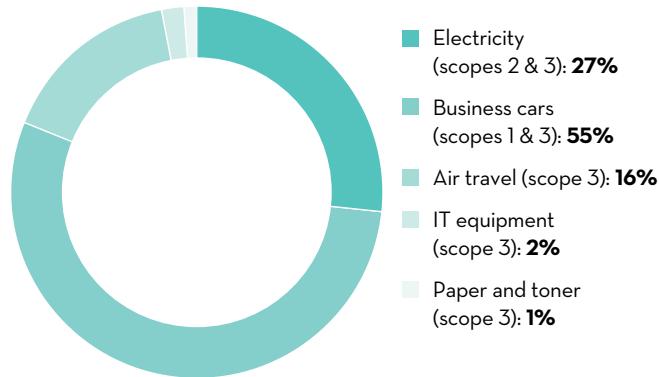
¹ Scopes

Scope 1: All direct CO₂ emissions

Scope 2: Indirect emissions from consumption of purchased electricity, heat or steam

Scope 3: Other indirect emissions such as from purchased goods (paper, computers), or transport-related activities in vehicles not owned or controlled by the Group (e.g. air-travelling).

2017 Greenhouse Gas emissions split by source



The GHG split indicates Adecco Group's environmentally most material issues:

1 Mobility: business cars and air travelling: highest impact with 68%.

2 Electricity consumption: high impact with 29%.

3 Office supply (paper & toner) and IT equipment: reasonable impact with 2%, each.

The Adecco Group Foundation

In December 2017, we launched the Adecco Group Foundation – a pioneering model for corporate foundations that will act as a social innovation lab to unleash shared value in the world of work.

The Adecco Group Foundation is our first global foundation and our industry's first programme-based foundation focused on creating social impact in the employment space. It builds on the long history of social value creation by our four national foundations (Spain, Italy, France and Germany) and numerous local programmes. Through the Foundation, we aim to design, test and roll out new models and ways of working that benefit society, with the potential to create ripples of impact across our industry, our clients and the workforce at large.

The Foundation is focused on two complementary topics:

- Work readiness for underserved populations: Every day, the Group places over 700,000 people in work. However, many other individuals struggle to access the labour market and their potential is untapped. We will look at three main categories:
 - Young people, especially those not in education, employment or training.
 - People in transition from one part of the workforce to another such as refugees, people with visible and invisible disabilities or athletes moving from sport into the business world.
 - Mature workers, a growing and valuable segment of the workforce who may be overlooked.

Through the Foundation, we aim to design, test and roll out new models and ways of working that benefit society.



Win4Youth

The Win4Youth programme encourages colleagues, associates and clients to participate in athletic activities to make a long-lasting difference to young people across the world: every kilometre and hour of any sport is converted to charitable funding, supporting select charities in their vital work to improve young people's lives, education and employment prospects. It also improves the well-being of the participants themselves and reinforces

the Adecco Group's core values: team spirit, responsibility, passion, entrepreneurship, and customer centricity.

Since 2010, Win4Youth has raised EUR 2.5 million for youth charities. In 2017, 49,814 participants logged 7,328,932km resulting in a donation of CHF 500,000 divided among six charities.

Since 2010 raised

€2.5m

for youth charities

In 2017, 49,814 participants logged 7,328,932km resulting in a donation of

CHF 500,000

We have also partnered with Plan International as the global charity partner to improve the social impact of this programme on youth unemployment around the world. In addition, the Foundation and Plan International will work together to find innovative solutions to other challenges faced by young people entering the workforce.

- Workforce vitality: Making the future work for everyone goes beyond connecting workers with employers. The workforce must be healthy, resilient and fit for purpose, with special attention to nutrition and mental well-being to create a holistic approach to supporting people. It means tackling issues such as burn out, work-life balance, social engagement and purpose. It is our aim to find solutions that enable companies to create a supportive environment by examining the role of the employer and the expectations of employees.

The Foundation also houses our current flagship social programmes Win4Youth and CEO for One Month. Through the expertise of the Adecco Group Foundation, we aim to scale up these programmes to increase impact and inclusivity, unlock potential and drive social value creation.

By joining forces to showcase shared value creation and how it is embedded in the Group, the Foundation and sustainability can strengthen social value as a competitive asset for the company.

CEO for One Month

Now housed under the Adecco Group Foundation as part of its efforts to improve work readiness among underserved populations, CEO for One Month is our global programme that seeks to positively impact the lives of young people, by preparing them for future employment, and equipping them with the skills and experience necessary to succeed in the world of work.

CEO for One Month

This rapidly growing global programme offers young people the opportunity to develop and showcase their leadership potential, to learn what it takes to succeed as a business leader, and to acquire the skills and experience needed to get a foot on the career ladder.

At national level, the programme selects one successful candidate from the application pool shadowing the relevant Adecco Group's country-level CEO for one month, working side by side to experience and participate in the life of a senior business leader. Outstanding national participants are then selected for a global boot camp to decide an outright winner – the Global CEO for One Month – who will work alongside the Adecco Group CEO Alain Dehaze for one month.



Ed Broadhead speech

In 2017, the programme attracted a record 117,222 interested candidates. A testament to the programme's success in helping young people transition into work, numerous participants go on to join the Adecco Group, including last year's winner Ed Broadhead.

We plan to increase the reach of the programme to involve a broader cross-section of society, to establish an alumni community, and to increase engagement with all applicants so they get value and skills from the moment they apply, including becoming part of a talent pipeline for the Group and its clients.

Experience Work Day

This companion programme is designed to give young people a taste of the world of work to help them make their first move into the labour market. In 2017, more than 4,000 Adecco Group team members mentored more than 9,000 young people across 46 countries for a day of meaningful work experience. We plan to offer a broader range of work experiences in the future alongside a high-quality mentorship programme.

About this Report

This is our twelfth Sustainability Review (previously published as “Corporate Social Responsibility Report”), disclosing publicly our approach on a range of economic, environmental and social impacts material to the company and our stakeholders. This report is also submitted as our Communication on Progress (CoP) to the UN Global Compact of which we are a signatory since 2003.

Our Sustainability Review is complementing and building on what was published in March 2018 in our Annual Report under the chapters “Material Factors Impacting on Our Business”, “Our People” and “The Foundation”. We continuously seek to understand the concerns of our key internal and external stakeholders, while taking into account global and industry key trends to prioritise what matters to be a sustainable and successful business which adds value to the world of work.

With regards to our performance, we are measuring data from our largest markets and regions, as outlined on page 2 of this report.

In line with the evolution of our sustainability approach as outlined on page 4, we will also carry on with our efforts to continuously strengthen how and what we measure and report on, consistent with best practice standards on integrated reporting.

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