



THE ADECCO GROUP



At a glance

1. Introduction

Dear Shareholders,

We are pleased to introduce the Remuneration Report of the Adecco Group for 2018.

2018 was a year of significant strategic progress and also some challenges. On the one hand, our teams in the vast majority of countries delivered solid financial performance, and the Group's digital transformation gathered momentum, with the GrowTogether programme delivering its first tangible results. We also strengthened our innovation agenda with the acquisitions of General Assembly and Vetterly, establishing a solutions portfolio with a breadth and depth that is unrivalled in the industry. On the other hand, it was a year in which the economic environment became increasingly difficult, and in which our German business was disrupted by certain industry and legislative changes and the merger of the Group's general staffing operations there.

Despite a material slowdown in economic growth in Europe, particularly in the second half, Group organic revenue growth remained positive, at 3% for the full year. While EBITA margin excluding one-offs was impacted by a higher level of investments, the underlying margin trend improved through the year. We again generated good cash flow and ended the year with a strong balance sheet.

The Remuneration Report explains how these results impacted the incentive payments made to the Executive Committee (EC) members under the short- and long-term remuneration plans.

In the reporting year, the Compensation Committee (CC) continued the refinement of the reward framework, in particular the short-term performance-based compensation. As from 2019, the short-term

incentive plan for the Executive Committee members and the top 300 leadership roles below EC level (also referred to as Global Leadership) will include quarterly objectives in addition to the annual financial objectives. This with the purpose to reflect the cyclical market movements of the business in the reward system and encourage consistent target achievement throughout the year.

Furthermore, the CC performed its regular activities throughout the year such as the performance goal-setting at the beginning of the year and the performance assessment following the year end, the determination of the remuneration of the Board and the EC members, as well as the preparation of the Remuneration Report and of the say-on-pay votes at the Annual General Meeting of Shareholders (AGM).

With regards to the remuneration of the Board members, the Board of Directors approved minimum shareholding requirements, that will be effective as of the term from AGM 2019 to AGM 2020.

You will find further information on the CC activities and on our remuneration systems in this Remuneration Report. The report will be submitted to a non-binding, consultative vote by shareholders at the AGM 2019.

Looking ahead, we will continue to regularly assess our remuneration plans to ensure that they are fulfilling their purpose. We trust that you will find this report informative.

The Board of Directors

Zürich, 13 March 2019

Remuneration Report

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Executive summary

Governance The Board has entrusted the CC to provide support in establishing and reviewing the remuneration philosophy, principles and plans, in determining the remuneration of the Board and EC members and preparing the proposals to the AGM. Refer to section 2. Shareholders approve the Maximum Total Amounts of Remuneration of the Board and EC in an annual binding prospective vote. Further, they have the opportunity to express their opinion on the remuneration actually awarded for the reporting year in a consultative vote on the Remuneration Report.

Remuneration philosophy & principles The Adecco Group's remuneration philosophy is to recognise and reward performance. It reflects the Company's commitment to attract, retain and motivate employees in order to support the achievement of the Company's business objectives. The remuneration philosophy translates into the following core principles: Refer to section 3.

- Reward for performance
- Alignment to shareholders' interests
- Internal fairness and external competitiveness

Remuneration of the Board The members of the Board receive fixed remuneration for their work on the Board and in the committees of the Board. The remuneration is delivered in the form of cash and shares. The latter are blocked for a period of three years. Refer to sections 4.1. and 5.1.

Remuneration of the EC In line with the pay-for-performance philosophy, the EC remuneration includes the following elements: Refer to sections 4.2. and 5.2.

		in CHF millions
Annual base salary Reflects the scope of the function and the skill set required to perform the role		
Monthly cash		8.4
Annual bonus with Short-Term Incentive Plan (STIP)		
Rewards annual financial performance of The Adecco Group and its businesses, as well as strategy delivery and performance of the function	<ul style="list-style-type: none"> • EBITA • Revenues • EBITA margin • Day Sales Outstanding (DSO) • Strategic objectives • Functional objectives 	
Annual cash		4.5
Long-Term Incentive Plan (LTIP) Rewards long-term shareholder value creation and promotes a management shareholder culture		
• Relative TSR with three-year cliff-vesting and two-year blocking period after vesting		
Performance Share Awards		4.3
Benefits Provide for a reasonable level of income in case of retirement, death or disability; and fringe benefits reflecting local practice		
Pensions, insurances, fringe benefits		3.4
Total 2018¹		20.6

¹ Total conferred, excluding the remuneration conferred to former EC members after having ceased to be an EC member.

To ensure market competitiveness, the Adecco Group regularly conducts benchmark analysis for Board and EC remuneration.

The Adecco Group's Remuneration Report is written in accordance with the requirements of the Ordinance against Excessive Compensation with respect to Listed Companies and the Directive on Information relating to Corporate Governance, issued by the SIX Swiss Exchange and as amended on 20 March 2018. The Adecco Group AG's principles regarding remuneration further take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance as last published on 29 February 2016. In addition, the Remuneration Report comprises information as required under the Swiss Code of Obligations (Art. 663c para. 3).

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. Remuneration governance

2.1 Role of shareholders

First, shareholders annually prospectively approve the Maximum Total Amount of Remuneration of each of the Board and EC. Secondly, they approve the Remuneration Report in a retrospective consultative vote. Certain principles of remuneration are governed by the Articles of Incorporation (Aol), which have been approved by the shareholders. The Aol (<http://aoi.adeccogroup.com>) include the following provisions:

- Principles of remuneration applicable to the Board and EC (Art. 20 and 20^{bis});
- Shareholders' vote on remuneration (Art. 14^{bis});
- Supplementary amount for new EC members (Art. 14^{bis});
- Post-employment benefits (Art. 20).

2.2 Role of the Board and CC

In line with the provisions of the Aol, the Board has entrusted the CC to provide support in establishing and reviewing the remuneration principles and plans, in preparing the remuneration proposals to the AGM and in determining the remuneration of the Board and EC members, as well as in setting and assessing the performance objectives relevant for the remuneration of EC members.

The CC 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 CC composition, responsibilities and activities are provided in the Corporate Governance Report, section 3.4.3 "Compensation Committee".

The CC generally acts in a preparatory and advisory capacity while the Board retains the decision authority on remuneration matters, except for the Maximum Total Amounts of Remuneration of the Board and EC, which are subject to the approval of shareholders at the AGM. The authority levels of the different bodies on remuneration matters are outlined in Illustration 1.

The CC meets as often as business requires, but at least five times a year. In 2018, the CC held five meetings and one conference call. Details on meeting attendance of the individual CC members are provided in the Corporate Governance Report, section 3.4 "Internal organisational structure".

The Chair of the CC reports to the full Board after each CC meeting. The minutes and the material of the meetings are available to all members of the Board. As a general rule, the Chair of the Board, the Chief Executive Officer (CEO) and the Chief Human Resources Officer (CHRO) attend the CC meetings in an advisory capacity. The Chair of the CC may decide to invite other executives as appropriate. Executives do not attend the meetings or the parts of the meetings in which their own remuneration and/or performance are being discussed.

2.3 Role of external advisors

The CC may decide to consult external advisors from time to time for specific remuneration matters. In 2018, Agnès Blust Consulting AG, an independent Swiss executive compensation consulting firm, was commissioned to provide a remuneration benchmark for the roles in the Board of Directors. The Adecco Group also engaged Willis Towers Watson, an international independent external consultant, to provide compensation and benefits benchmarks, and Obermatt, an independent Swiss financial research firm, was mandated to calculate achievement level and vesting payout under the LTIP. Those companies have no other mandates with the Adecco Group. Furthermore, PricewaterhouseCoopers LLP UK (PwC), the UK entity of the global audit firm, provided advice on specific questions relating to the Long-Term Incentive Plan. PwC have other mandates with the Adecco Group.

Illustration 1: Authority levels in remuneration matters¹

	CEO	CC	Board	AGM
Remuneration philosophy and principles	Proposes	Reviews	Approves	
Remuneration plans including incentive plans	Proposes	Reviews	Approves	
Maximum Total Amount of Remuneration of Board		Proposes	Reviews	Approves prospectively
Individual remuneration of Board members		Proposes	Approves	
Maximum Total Amount of Remuneration of EC		Proposes	Reviews	Approves prospectively
CEO remuneration		Proposes	Approves	
Individual remuneration of EC members	Proposes	Reviews	Approves	
Remuneration Report		Proposes	Approves	Retrospective consultative vote

¹ Within the framework set out in the Aol.

3. Remuneration philosophy and principles

Illustration 2: Remuneration principles

Reward for performance	The variable remuneration components recognise and reward the Company's and business units' performance. Thus, as a general rule, individual targets are not used in the incentive plans. The STIP incentivises management for achieving the annual financial targets of the Group and the business units as well as for attaining strategic goals, and fosters collaboration. The LTIP incentivises management for creating long-term shareholder value.
Alignment to shareholders' interests	The LTIP is delivered in the form of share-based remuneration and thus aligns the interests of management with those of the shareholders.
Internal fairness and external competitiveness	The remuneration is internally consistent and externally competitive. Base salaries are generally set at the median level of the relevant function in the local market. Local benefits are defined in line with local regulations and competitive practice. Total remuneration is reviewed periodically to ensure competitiveness in attracting and retaining talent.

The Adecco Group's remuneration philosophy is to recognise and reward performance. It reflects the Company's commitment to attract, retain and motivate employees in order to support the achievement of the Company's business objectives. The remuneration philosophy translates into principles that support this fundamental objective and are summarised in Illustration 2.

The level of remuneration of the Board and of the EC members is reviewed every two to three years to ensure market competitiveness. For this purpose, during the reporting year the CC mandated Agnès Blust Consulting AG to provide a benchmark analysis of the remuneration of the Board, and Willis Towers Watson to provide an analysis of EC members' remuneration. These benchmark analyses serve as basis for the setting of remuneration for the Board from AGM 2019 to AGM 2020 and for the review of EC target remuneration levels for financial years 2018 and 2019. Consistent with the last analysis performed in 2016, the benchmark analysis for the remuneration of the Board was based on a peer group of 15 companies listed on the Swiss stock exchange, comprising: ABB, Credit Suisse, DKSH Holding, Kuehne + Nagel, LafargeHolcim, Novartis, Richemont, Roche Holding, Schindler, The Swatch Group, Swisscom, Swiss Life, Swiss Re, UBS and Zurich Insurance Group.

As outlined in the 2017 remuneration report, the definition of the relevant market for the benchmarking of the remuneration of the EC members was updated as an outcome of the 2017 reward framework refinement. The remuneration of EC roles is primarily compared with

that for similar positions based on a Pan-European peer group comprised of the following 36 companies:

ABB	Diageo	Novartis
Acciona	ENGIE	Randstad
AccorHotels	Ericsson	Royal Mail
Adidas AG	Experian	Sanofi
AMEC	Ferguson Group Services	Scania
Barry Callebaut	Ferrovial	Schindler
Bunzl	Geberit	Serco Group
Bureau Veritas	General Electric	Shire
Capgemini	Henkel AG & Co. KGaA	SITA
Carrefour	Ipsen	Sodexo
Coca-Cola European Partners	Lonza	Sulzer
Deutsche Post DHL	Merck KGaA	TUI AG

For the CEO, an additional comparison was made against a local Swiss peer group composed of the following companies: ABB, Dufry, Kuehne + Nagel, LafargeHolcim, Nestlé, Novartis, Richemont, Roche, Schindler and Swisscom.

Generally, factors such as scope and responsibilities of the function, including geographic responsibility, revenues, number of employees, and skill-set required to perform the role are considered to identify the relevant benchmarks.

4. Remuneration structure

4.1 Board of Directors' remuneration

4.1.1 Remuneration system

In order to ensure independence in exercising their supervisory duties over executive management, the members of the Board receive a fixed remuneration for their Board term of office without entitlement to variable components of 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 the Board members' interests with those of the shareholders.

When determining the individual Board members' remuneration, their various functions and responsibilities within the Board and its committees are taken into account.

The remuneration system for the term from AGM 2018 to AGM 2019 is summarised in Illustration 3:

Illustration 3: Structure and levels of remuneration of the Board

	Cash (in CHF)	Shares ¹ (in CHF)
Fee (gross) for the Board term		
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 committee chair.

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.

For the amounts paid to the individual members of the Board in the period under review (1 January to 31 December 2018), refer to section 5.1 "Board of Directors' remuneration and shareholding".

4.1.2 Outlook for the term from AGM 2019 to AGM 2020

For the term from AGM 2019 to AGM 2020, it is foreseen that the remuneration system for the Board will remain the same as for the term from AGM 2018 to AGM 2019. The Board of Directors decided to establish a new committee focusing on the Group's digital strategy as from AGM 2019. For the description of the new committee and its tasks, refer to the Corporate Governance report, section 3.4.4 "Digital Platform and Technology Committee (DPTC)".

Furthermore, the Board of Directors approved minimum shareholding requirements for board members, that will be effective as of the term from AGM 2019 to AGM 2020. The board members are required to build up and own a minimum of 5,000 Company shares within three years of their election to the Board. To calculate whether the minimum holding requirement is met, all shares granted as part of their remuneration are considered as held, regardless of whether they are blocked or not. The Board of Directors reviews compliance with the shareholding guideline on an annual basis.

4.2 Executive Committee's remuneration

As shown in Illustration 4, the remuneration model for the EC includes fixed and variable elements:

- Base salary;
- Short-term incentive in form of cash, based on annual, ambitious and clearly defined internal performance objectives (STIP);
- Long-term incentive in form of share-based remuneration based on relative TSR performance over a three-year period, with cliff-vesting (LTIP);
- Benefits including social contributions, contributions to retirement plans, as well as other fringe benefits.

Illustration 4: Elements of the EC remuneration

	Element	Purpose	Drivers	Performance measures
Base salary	Cash salary, typically paid in monthly instalments	<ul style="list-style-type: none"> • Pay for the role • Attract and retain 	<ul style="list-style-type: none"> • Function • Market value • Skills and experience 	n.a.
Short-term incentive	Annual cash bonus	<ul style="list-style-type: none"> • Pay for performance 	<ul style="list-style-type: none"> • Achievement of annual business objectives 	<ul style="list-style-type: none"> • EBITA • Revenues • EBITA margin • DSO • Strategic and functional
Long-term incentive	Performance Share Awards with three-year cliff-vesting	<ul style="list-style-type: none"> • Reward long-term performance • Align to shareholders' interests 	<ul style="list-style-type: none"> • Group performance over three years • Continued employment 	<ul style="list-style-type: none"> • Relative TSR
Benefits	Social contributions, retirement plans and fringe benefits	<ul style="list-style-type: none"> • Attract and retain • Protect against risk 	<ul style="list-style-type: none"> • Market practice • Function • Local regulations 	n.a.

REMUNERATION REPORT CONTINUED

4.2.1 Base salary

The 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 incumbent in terms of seniority and experience. The base salary is paid in cash, typically in monthly instalments, and serves as a reference for determining the target STI and LTI.

4.2.2 Short-Term Incentive Plan (STIP)

The STIP is a cash incentive plan that rewards executives for the annual financial performance of the company and its businesses, as well as for the achievement of non-financial strategic objectives.

Compared to the STIP 2017, the plan design has been enhanced with the introduction of non-financial objectives in the performance metrics to reflect progress on key strategic priorities. Furthermore, a matrix combines EBITA, Sales and EBITA margin achievements, thus providing for a balanced focus on both EBITA and Sales achievements. For example, overachievement on Sales but underachievement on EBITA would counterbalance the overall payout.

The STI target is the STI amount that is paid for a performance achievement of 100%. The STI target is determined as a percentage of annual base salary. For the CEO, the STI target amounts to 80% of the annual base salary; for the other EC members, it ranges between 60% and 85% of the annual base salary, depending on their function and responsibilities.

The annual financial performance represents 80% of the STIP for the CEO, CFO and EC members with a direct responsibility for a region, and 65% of the STIP for the other EC members. Annual financial performance is measured on the following key value drivers: operating income before amortisation and impairment of goodwill and intangible assets (EBITA), revenues, EBITA margin and Days Sales Outstanding (DSO). These performance metrics are the key levers that management can influence to increase shareholder value. To incentivise behaviours that focus on both revenues and EBITA, a matrix combines the performance of EBITA, revenues and EBITA margin. For EC members with direct responsibility for a region, 50% of the STIP is based on the combined EBITA and sales matrix at the regional level, 15% at the Adecco Group level and 15% on DSO at regional level.

The strategic objectives make up 20% of the STIP for all EC members and include performance objectives around customer satisfaction (such as net promoter score “NPS”) and internal promotion rate to Global Leadership and EC positions. For the EC members without a direct responsibility for a region and other than CEO and CFO, the remaining 15% is based on the achievement of functional targets.

For each performance indicator, a target level of performance is determined. The target represents the expected performance and corresponds to 100% payout. A minimum level of performance (baseline), below which the payout is 0%, and a maximum level of performance (cap) are also determined. The payout is capped at 150%. For achievement between those levels, the payout percentage is calculated by linear interpolation. Any performance adjustment such as unbudgeted items related to acquisitions and divestitures or reorganisations must be approved by the CC.

The weight of the respective performance metrics, their baseline, target and cap are disclosed in Illustration 5.

Performance targets for the STIP metrics are both market- and commercially-sensitive and as such are considered confidential. Hence, they are not published. However, the Company discloses ex post the overall degree to which performance has been achieved (refer to section 5.2 “Executive Committee’s remuneration for 2018”).

The STI is paid in the year following the performance period, subject to continued employment with the Company. In case of termination of employment, according to the STIP rules and depending on the conditions of such termination, the STI payout may be reduced or cancelled. The STIP rules are subject to applicable law in the given country of employment.

In addition to the quantitative reward system described in this section, it is in the discretion of the Board of Directors to adjust bonus payments (positively and negatively) when deemed justified, based on qualitative performance aspects of the EC or its individual members.

The STIP design is enhanced further for the year 2019, as described in the section “4.2.7 2019 Outlook” (page 98).

Illustration 5: STIP performance metrics, weights, baselines, targets and caps

Objective	Performance metrics	Weight			Baseline	Target	Cap
		CEO CFO	Regional Heads	Other EC members ¹			
Financial	Combined EBITA & sales & EBITA margin Adecco Group	65%	15%	65%	90%	Per budget	110% ²
	Combined EBITA & sales & EBITA margin Regional P&L	-	50%	-			
	DSO Adecco Group or regional	15%	15%	-	+1 day	Per budget	-1 day
Strategic	NPS	10%	10%	10%	2017 NPS	+ 5 points	+ 10 points
	Internal promotion rate to Global Leadership roles	10%	10%	10%	2017 Level	+ 4 points	+ 6 points
Functional	As per functions	-	-	15%	Per functional objective		

1 Chief Sales & Innovation Officer, Chief Marketing & Communication Officer, Chief Information Officer, Chief HR Officer.

2 EBITA margin cap is 105%.

4.2.3 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 the executives to those of shareholders. The LTIP is a Performance Share Award 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 relative TSR performance condition and upon continued employment of the participant at the vesting date. Relative TSR was chosen because it is considered as the most appropriate performance metric to link the long-term remuneration of management to the value creation for the shareholders. For the grant awarded in 2018, the performance period starts on 1 January 2018 and ends on 31 December 2020.

At grant date, the LTI target amounts to 120% of the annual base salary for the CEO (previous year: 100%) and ranges from 50% to 100% for the other EC members (previous year: 60% to 100%). The LTI target amount for the CEO has been increased, in order to gradually rebalance the remuneration mix, with stronger focus on the long-term compensation element.

To determine the number of Performance Share Awards to be granted, the LTI target amount is divided by the three-year average daily closing price of the Adecco Group AG share prior to the grant. This initial number is multiplied by a factor of two to arrive at the number of Performance Share Awards to be granted. The multiplier accounts for the lower probability of vesting that was a consequence of the new LTIP design implemented in 2016, which moved from a mix of Restricted Share Units and Performance Share Awards with multiple performance conditions, to Performance Share Awards only with a single performance condition. Note that the three-year average daily closing price of the share used to determine the initial number of Performance Share Awards cannot deviate by more than 20% from the share price at grant.

The Performance Share Awards are subject to a three-year cliff-vesting based on the relative TSR performance of the Adecco Group compared to a peer group of companies. The peer group includes the 17 companies listed in Illustration 7. The CC periodically reviews the composition of the peer group and may propose the substitution of alternative peer companies due to corporate events such as merger, acquisition, divestiture, delisting or bankruptcy of peer companies.

Starting with the 2018 LTI grant, any Company shares vested under the LTIP are subject to a two-year blocking period.

The mechanism of the LTIP is shown in Illustration 6.

Illustration 6: LTIP mechanism for the grant awarded in 2018

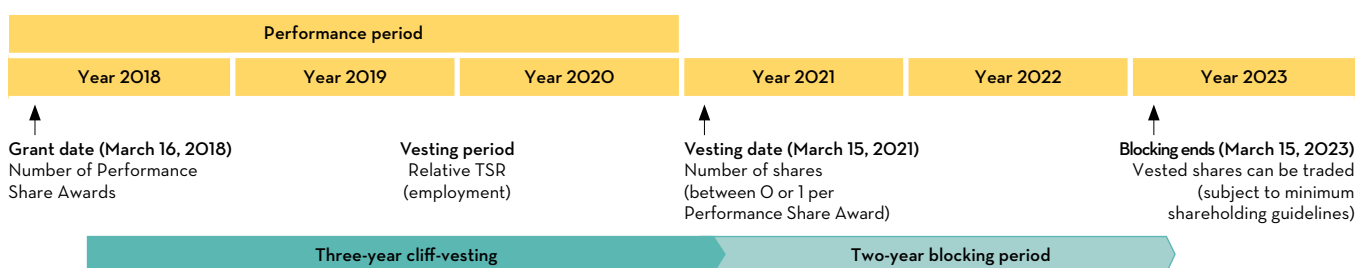
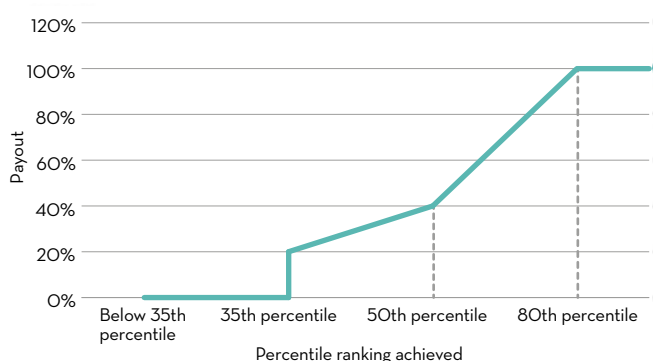


Illustration 7: Peer companies for relative TSR performance under the LTIP

Amadeus Fire	ManpowerGroup	Randstad Holding	SThree
Brunel International	Meitec	Recruit Holdings Co., Ltd	Synergie Groupe
Hays	PageGroup	Robert Half International	Temp Holdings
Kelly Services	On Assignment	Robert Walters	TrueBlue
Kforce			

The vesting level is determined based on the percentile ranking of the Adecco Group compared to the peer companies over a period of three years, as shown in Illustration 8. There is no payout for a ranking below the 35th percentile and the payout is capped at 100% for reaching the 80th percentile (there is no over-achievement in the LTIP).

Illustration 8: Vesting schedule for relative TSR performance under the LTIP



Relative TSR	Baseline =	Target =	
	20% payout	40% payout	100% payout (cap)
	35th percentile	50th percentile	80th percentile

The achievement level and the vesting payout are calculated by an external provider (see section 2.3), based on an average of the percentile ranks. TSR is calculated on the basis of a one-year average share price for both the Adecco Group's TSR and the peers' TSR, taking into consideration dividends for the period under review.

The plan foresees that participants who, before the end of the performance period, terminate their employment with the Company at their own will, and those who receive notice of termination for cause, will no longer be entitled to the vesting of the awards. In case of termination by the employer without cause, a time-weighted pro rata portion of the unvested Performance Share Awards will vest at the regular vesting date depending on the level of target achievement. In line with Art. 20^{bis} para 3 of the Aol (<http://aoi.adecogroup.com>) and as specified in the LTIP, in the case of a predefined Change of Control before a Performance Share Award has vested, the time-weighted pro rata portion of the unvested Performance Share Award may vest on the Change of Control date depending on the level of target achievement at the date of the relevant corporate event as determined by the Compensation Committee. Those Performance Share Awards that do not vest due to lack of fulfilment of the performance conditions lapse immediately. These plan rules are subject to applicable law in the given country of employment.

Further, the LTIP includes claw-back provisions for any award and any benefit received or entitled to be received in case of fraudulent behaviour or other types of intentional misconduct.

4.2.4 Benefits

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

The EC members with a Swiss employment contract participate in the Adecco Group's pension plans offered to all employees in Switzerland. EC members under foreign employment contracts are insured commensurately with market and with their position. Each plan varies in line with the local competitive and legal environment and has been designed, as a minimum, in accordance with the legal requirements of the respective country.

EC members are also provided with certain fringe benefits such as a company car allowance, car lease, membership fees, housing allowance, relocation, education, representation allowance and health insurance. The monetary value of these other elements of remuneration is disclosed at fair value in the remuneration tables.

4.2.5 Shareholding guideline

A shareholding guideline was implemented as of business year 2018. The EC members are required to build up and own a minimum of Company shares within five years of their first LTI grant, as set out in the table below:

CEO	40,000 shares
Other EC members	10,000 shares

To calculate whether the minimum holding requirement is met, all vested shares are considered as held, regardless of whether they are blocked or not. Unvested awards are excluded. The CC reviews compliance with the shareholding guideline on an annual basis.

4.2.6 Contractual agreements

EC members are employed under employment contracts of unlimited duration and are all subject to a notice period of 12 months. EC members are not contractually entitled to severance payments based on their individual contracts (but may be entitled to seniority-related payments due to mandatory foreign laws as applicable) or any change-in-control payments (for LTI vesting see section 4.2.3). Their contract may foresee refundable non-competition provisions that are limited in time to maximum one year.

4.2.7 2019 Outlook

In the reporting year, the CC closely monitored the implementation of the new STIP and decided to further refine the performance measurement. As from 2019, quarterly financial objectives are added to the annual financial objectives for the EC members and the Global Leadership members. The aim is to recognise the cyclical market movements of the business in the reward system by rewarding the delivery of quarterly Sales and EBITA margin budgets and therefore encourage consistent target achievement throughout the year. The quarterly target achievements will be calculated in accordance with the current calculation methodology and will account for a small portion of the annual bonus for financial targets, i.e. 20% to 28% depending on the role. The actual bonus payout for both the annual and quarterly achievements will be calculated and paid once a year upon completion of the annual audit of the year for which the bonus is due. The maximum payout potential remains unchanged at 150% of the STI target amount. In addition to the above, the weighting of the performance metrics has been refined to give more weight to the strategic targets.

The performance metrics and their weight in the 2019 STIP will be explained in more details in the 2019 Remuneration Report.

5. Remuneration and shareholding of members of the Board and EC

This section is audited by the Company's statutory auditors; please refer to the report at the end of the Remuneration Report.

5.1 Board of Directors' remuneration for 2018 and shareholding on 31 December 2018

In 2018, the Board's total remuneration amounted to CHF 4.57 million (2017: CHF 4.58 million). Of this total, CHF 2.82 million was paid out in cash (2017: CHF 2.84 million), CHF 1.43 million was awarded in restricted shares (2017: 1.44 million) and social contributions amounted to CHF 0.33 million (2017: CHF 0.29 million). This remuneration is in substance unchanged versus the previous year.

At the AGM of 20 April 2017, shareholders approved a Maximum Total Amount of Remuneration of CHF 4.7 million for the Board for the term from the AGM 2017 until the AGM 2018. The remuneration paid to the Board for this term was CHF 4.5 million and is therefore within the approved limits.

At the AGM of 19 April 2018, shareholders approved a Maximum Total Amount of Remuneration of CHF 4.7 million for the Board for the term from the AGM 2018 until the AGM 2019. The remuneration paid to the Board for this term is anticipated to be approximately CHF 4.6 million. The final amount will be disclosed in the Remuneration Report 2019.

Illustration 9: Board remuneration for financial year 2018 and shareholding as of 31 December 2018

in CHF (except shares)

Name	Function ¹	Remuneration period in 2018	Remuneration in cash	Remuneration in shares ²	Total remuneration ³	Social contributions ⁵	Shareholding as of 31 December 2018 ⁶
Rolf Dörig	Chair	since Jan.	960,000	500,000	1,460,000	92,392	81,351
Kathleen Taylor	Vice-Chair	since Jan.	300,000	150,000	450,000	29,143	7,296
Jean-Christophe Deslarzes	CC Chair	since Jan.	283,333	141,667	425,000	27,573	7,102
Ariane Gorin	Member	since Jan.	225,000	112,500	337,500 ⁴	45,047	3,072
Alexander Gut	GNC Chair	since Jan.	300,000	150,000	450,000	29,143	24,112
Didier Lamouche	Member	since Jan.	200,000	100,000	300,000	19,726	7,279
David Prince	AC Chair	since Jan.	325,000	162,500	487,500	67,912	16,005
Regula Wallimann	Member	since Apr.	150,000	75,000	225,000	14,648	1,444
Wanda Rapaczynski	GNC Chair	Jan to Apr	75,000	37,500	112,500	0	n.a.
Subtotal			2,818,333	1,429,167	4,247,500	325,584	
Total						4,573,084	147,661

1 For more information re the functions of the individual members of the Board in the Board's committees, refer to the Corporate Governance Report, section 3.4.

2 Paid with 25,960 Adecco Group AG shares at an average price of CHF 56.37 per share.

3 Gross amounts, including Directors' social contributions required by law.

4 Including remuneration paid for additional specific tasks as assigned by the Board temporarily.

5 Company's social contributions required by law. No contributions are paid to pension plans.

6 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each. 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.

REMUNERATION REPORT CONTINUED

Illustration 10: Board remuneration for financial year 2017 and shareholding on 31 December 2017

in CHF (except shares)

Name	Function ¹	Remuneration period in 2017	Remuneration in cash	Remuneration in shares ³	Total remuneration for term served ⁴	Social contributions ⁵	Shareholding as of 31 December 2017 ⁶
Rolf Dörig	Chair	since Jan.	960,000	500,000	1,460,000	92,566	72,284
Kathleen Taylor	Vice-Chair	since Jan. ²	275,000	137,500	412,500	26,840	4,574
Jean-Christophe Deslarzes	Member	since Jan.	233,333	116,667	350,000	22,904	4,504
Ariane Gorin	Member	since Apr.	150,000	75,000	225,000	29,687	1,008
Alexander Gut	CC Chair	since Jan.	300,000	150,000	450,000	29,200	21,390
Didier Lamouche	Member	since Jan.	200,000	100,000	300,000	19,768	5,464
David Prince	AC Chair	since Jan.	300,000	150,000	450,000	61,475	13,034
Wanda Rapaczynski	GNC Chair	since Jan.	300,000	150,000	450,000	0	15,890
Dominique-Jean Chertier	Member	Jan. to Apr.	50,000	25,000	75,000	5,772	n.a.
Thomas O'Neill	Vice-Chair	Jan. to Apr.	75,000	37,500	112,500	6,284	n.a.
Subtotal			2,843,333	1,441,667	4,285,000	294,496	
Total						4,579,496	138,148

1 For more information re the functions of the individual members of the Board in the Board's committees, refer to the Corporate Governance Report, section 3.4.

2 Vice-Chair since April 2017.

3 Paid with 19,684 Adecco Group AG shares at an average price of CHF 73.45 per share.

4 Gross amounts, including Director's social contributions required by law.

5 Company's social contributions required by law. No contributions are paid to pension plans.

6 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each. 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.

5.2 Executive Committee's remuneration for 2018

In 2018, EC members' total remuneration amounted to CHF 21.6 million (2017: CHF 25 million). This amount consisted of fixed salaries of CHF 8.4 million (2017: CHF 8.5 million), Annual bonus of CHF 4.5 million (2017: CHF 6.9 million), long-term incentives of CHF 4.3 million (2017: CHF 4.9 million), other expenses of CHF 0.7 million (2017: CHF 1 million), and social contributions and post-employment benefits of CHF 2.7 million (2017: CHF 2.9 million).

Overall, the remuneration of the EC decreased by 14% compared to 2017. Looking at the different components, the changes were as follows:

- The fixed remuneration is stable.
- The 2018 annual bonus is 35% lower than in 2017. This reflects the Company's financial results and demonstrates the impact of the new STIP design as the combination of EBITA, revenue and EBITA margin counterbalance a moderate revenue growth. In 2018, the STI payout for the CEO was 71% of target (previous year: 97.2%) and ranged from 39% to 119% for the other EC members (previous year: 80% to 119%), and reached an average 72% for the entire EC including the CEO (previous year: 88%).

- The decrease in the "other" payments is mainly due to changes to the EC composition and one-time relocation costs in previous year.
- The value of the share awards granted under the LTIP was lower in 2018 than in 2017. This is mainly due to a lower grant date value resulting from the two-year post vesting restriction.

At the AGM of 20 April 2017, shareholders approved a Maximum Total Amount of Remuneration of CHF 34.8 million for financial year 2018. The remuneration paid to the EC for this term was CHF 21.6 million and is therefore within the approved limits.

For the financial year 2018, the variable component (annual bonus as paid, LTIP at grant value) represented 41% of the total remuneration of the EC (previous year: 49%) and 105% of the base salary (previous year: 139%). This is aligned with the pay-for-performance philosophy of the Adecco Group and reflects the orientation of the remuneration plans to the shareholders' interests.

Illustration 11: EC remuneration for the year 2018

in CHF

Alain Dehaze, CEO¹

Total Executive Committee²

	Alain Dehaze, CEO ¹	Total Executive Committee ²
Gross cash remuneration ³ :		
• Base salary	1,500,000	8,357,934
• Annual bonus ⁴	855,200	4,483,336
Remuneration in kind and other ⁵	157,803	677,372
Share awards granted in 2018 under the Long-Term Incentive Plan (LTIP) ⁶ :		
• Relative TSR awards	1,133,262	4,305,571
Social contributions:		
• Old age insurance/pensions and other	288,804	1,676,466
• Additional health/accident insurance	14,816	104,802
• On LTIP awards granted in 2018, potentially vesting in later periods, estimated (based on closing price at grant)	223,749	905,067
Total conferred	4,173,634	20,510,548
Conferred to former EC members after having ceased to be an EC member ⁷		1,116,210
Conferred, grand total ⁸		21,626,758

1 Highest conferred individual compensation in 2018.

2 Notice periods of up to 12 months apply. For certain members of the EC, based on mandatory foreign law, additional payments may become due in case of termination. For certain members of the EC, compensation related to non-compete and non-solicitation obligations after termination of their employment agreement might be due.

3 Including employee's social contributions.

4 Not included are bonus payments due for 2017 but made during 2018 as this information is considered 2017 remuneration and was disclosed in 2017.

5 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, voluntary pension contribution, representation allowance and benefits.

6 Value in CHF of Adecco Group AG shares awarded in 2018 under the LTIP 2018 (grant date: 16 March 2018).

Valuation of the share awards granted:

- The grant date values of the relative TSR awards are calculated based on the closing price of the Adecco Group AG share on the day of grant multiplied by the respective probability factors. These factors reflect the likelihood that the respective relative TSR targets will be met at the end of the performance period. The probability factor of 0.384 for relative TSR awards has been determined using a binomial model. A discount of 10% is applied which takes into consideration that relative TSR awards are not entitled to dividends during the vesting period, and an additional discount of 11% is applied to consider the two-year post vesting restriction.
- The per share value of awards granted in 2018 amounts to CHF 21.71.

7 The employment relationships of certain officers who ceased to be members of the EC in the course of 2018 formally terminate in the course of 2018 in accordance with respective termination agreements. Compensation of former members which is attributable to 2018 is included in this table, whereas compensation to former members attributable to 2019 will be disclosed in the Remuneration Report for 2019.

8 Not included are employer's social contributions of CHF 174,980 on LTIP awards granted in previous periods and vested in 2018.

REMUNERATION REPORT CONTINUED

Illustration 12: EC remuneration for the year 2017

in CHF	Alain Dehaze, CEO ¹	Total Executive Committee ²
Gross cash remuneration ³ :		
• Base salary	1,500,000	8,546,585
• Annual bonus ⁴	1,166,149	6,924,433
Remuneration in kind and other ⁵	155,424	983,131
Share awards granted in 2018 under the Long-Term Incentive Plan (LTIP) ⁶ :		
• Relative TSR awards	1,180,174	4,943,061
Social contributions:		
• Old age insurance/pensions and other ⁷	272,944	1,905,364
• Additional health/accident insurance	22,946	133,452
• On LTIP awards granted in 2018, potentially vesting in later periods, estimated (based on closing price at grant) ⁸	217,698	845,068
Total conferred	4,515,335	24,281,094
Conferred to former EC members after having ceased to be an EC member ⁹		770,518
Conferred, grand total ¹⁰		25,051,612

1 Highest conferred individual compensation in 2017.

2 Notice periods of up to 12 months apply. For certain members of the EC, based on mandatory foreign law, additional payments may become due in case of termination. For certain members of the EC, compensation related to non-compete and non-solicitation obligations after termination of their employment agreement might be due.

3 Including employee's social contributions.

4 Not included are bonus payments due for 2016 but made during 2017 as this information was disclosed in 2016.

5 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, voluntary pension contribution, representation allowance and benefits.

6 Value in CHF of Adecco Group AG shares awarded in 2017 under the LTIP 2017 (grant date: 16 March 2017).

Valuation of the share awards granted:

- The grant date values of the relative TSR awards are calculated based on the closing price of the Adecco Group AG share on the day of grant multiplied by the respective probability factors. These factors reflect the likelihood that the respective relative TSR targets will be met at the end of the performance period. The probability factor of 0.424 for relative TSR awards has been determined using a binomial model. A discount of 10.5% is applied which takes into consideration that relative TSR awards are not entitled to dividends during the vesting period.
- The per share value of awards granted in 2017 amounts to CHF 26.54.

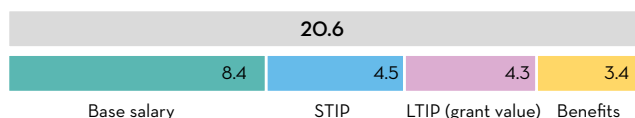
7 Including social contributions on LTIP grant 2015 for one EC member (France) as they became due at grant date.

8 Not included are social contributions on LTIP grant 2015 for one EC member (France) as they became due at grant date (included above, see footnote 7).

9 The employment relationships of certain officers who ceased to be members of the EC in the course of 2017 formally terminate in the course of 2017 in accordance with respective termination agreements. Compensation of former members which is attributable to 2017 is included in this table, whereas compensation to former members attributable to 2018 will be disclosed in the Remuneration Report for 2018.

10 Not included are employer's social contributions of CHF 108,950 on LTIP awards granted in previous periods and vested in 2017.

Illustration 13: EC remuneration mix for the year 2018



5.3 Shareholding of EC members as of 31 December 2018/2017

The members of the EC, including related parties, reported share ownership as indicated in Illustration 14.

Illustration 14: EC shareholding as of 31 December 2018/2017

(in shares)

Name	Shareholding as of 31 December 2018 ¹	Shareholding as of 31 December 2017 ¹
Alain Dehaze	43,169	34,561
Hans Ploos van Amstel	5,000	5,000
Christophe Catoir	8,101	8,101
John L. Marshall III	7,650	6,791
Mark De Smedt	10,000	6,221
Sergio Picarelli	19,629	13,050
Enrique Sanchez	14,500	12,887
Federico Vione	14,084	11,058
Stephan Howeg	8,181	7,742
Ian Lee ²	-	-
Robert James ²	856	-
Franz-Josef Schürmann ³	-	100
Shanthi Flynn ³	-	5,000
Christophe Duchatellier ⁴	-	14,645
Total	131,170	125,156

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each as of 31 December 2018 and CHF 0.10 each as of 31 December 2017. The members of the EC are required to disclose to the Company direct or indirect purchases and sales of equity-related securities of the Adecco Group.

2 Appointed as EC member as of January 2018.

3 Ceased to be a member of the EC in 2018.

4 Ceased to be a member of the EC in 2017.

5.4 Share awards held by and granted to EC members as per 31 December 2018

This section provides information on the Performance Share Awards granted to EC members in 2018 and vesting of Performance Share Awards granted prior to 2018 and vested in 2018.

Illustration 15: Awards granted in 2018

Share awards held as of 31 December 2018 granted on 16 March 2018 under the LTIP:

31 December 2018	Performance Share Awards
Alain Dehaze	52,200
Total EC	198,322

Illustration 16: Vesting level for Performance Share Awards granted

Grant year	Vesting year	Overall vesting % ¹
2013	2016	33%
2014	2017	58%
2015	2018	58%
2016	2019	17.5%
2017	2020	pending ²
2018	2021	pending ²

1 Vesting level of the Performance Share Awards granted to current EC members.

2 Performance periods are still ongoing. Numbers will be available after the end of the respective performance period.

For the 2016 LTIP award vesting in 2019 (LTI 2016–2018), considering the TSR performance against the peer group, the vesting level was 17.5%. Therefore, from the 138,832 units granted in 2016 to the current EC members (including the CEO), 24,299 have vested with an estimated vesting value of CHF 1.1 million based on the share price at year end 2018.

5.5 Additional fees and remuneration of Board and EC members

Apart from the remuneration disclosed in sections 5.1 and 5.2, no member of the Board and EC has received any additional remuneration in 2018.

5.6 Loans granted to Board and EC members

In 2018, the Company did not grant any guarantees, loans, advances or credits to Board or EC members. No such loans were outstanding as of 31 December 2018.

5.7 Remuneration of former members of the Board and EC

A total of CHF 335,610 was paid in 2018 to a former EC member in relation to his work before financial year 2018, in line with his contractual entitlements which included a twelve-month notice period. No such payments were made to former Board members.

5.8 Shares allocated to members of the Board, EC and closely linked parties

In 2018, part of the remuneration of the Board members was paid in Adecco Group AG shares (refer to Illustration 9: "Board remuneration for financial year 2018 and shareholding as of 31 December 2018"), and under the LTIP, shares were allocated to the EC members (refer to Illustration 12: "EC remuneration for the year 2018").

No further Adecco Group AG shares were allocated to current or former members of the Board or EC and closely linked parties.

5.9 Remuneration or loans to closely linked parties

In 2018, 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 2018.

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT TO THE GENERAL MEETING OF ADECCO GROUP AG, ZÜRICH

We have audited the accompanying Remuneration Report of Adecco Group AG for the year ended 31 December 2018. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in section 5. "Remuneration and shareholding of members of the Board and EC" on pages 99 to 103 of the Remuneration Report.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the Remuneration Report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibility

Our responsibility is to express an opinion on the accompanying Remuneration Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Remuneration Report complies with Swiss law and articles 14-16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Remuneration Report with regard to compensation, loans and credits in accordance with articles 14-16 of the Ordinance. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the Remuneration Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the Remuneration Report.

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



Opinion

In our opinion, the Remuneration Report for the year ended 31 December 2018 of Adecco Group AG complies with Swiss law and articles 14-16 of the Ordinance.

Ernst & Young Ltd

/s/ André Schaub

André Schaub

Licensed audit expert
(Auditor in charge)

/s/ Jolanda Dolente

Jolanda Dolente

Licensed audit expert

Zürich, Switzerland
13 March 2019