



THE ADECCO GROUP

Remuneration

Incentivising and
rewarding excellence

REMUNERATION REPORT

At a glance

1. Introduction

Dear Shareholders,

We are pleased to introduce the Remuneration Report of The Adecco Group for 2016.

The Adecco Group delivered a good performance in 2016. We maintained organic revenue growth of 4%, despite the subdued economic environment in 2016. With an EBITA margin excluding one-offs of 5.0%, we continued to achieve the highest profitability amongst our industry peers, while investing for the future. We generated good cash flow, and we 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.

Following the implementation of the Ordinance Against Excessive Compensation at Listed Corporations (the Ordinance), the Nomination & Compensation Committee (NCC) reviewed the remuneration plans in 2015 in order to ensure that they are still well aligned to our business strategy and to the long-term interests of our shareholders, while being compliant with the various regulations and corporate governance principles. As a result of this review and as disclosed already in the Remuneration Report for 2015 (pp. 159), the following amendments have been made to the short- and long-term remuneration plans applicable to the EC, effective for the financial year 2016:

- Refinement of the definition of performance for the purpose of the short-term and the long-term remuneration plans:
 - For the Short-Term Incentive Plan (STIP), EBITA, revenues and days of sales outstanding (DSO) are used as performance indicators. Those metrics are the main value drivers of economic profit, which was the performance metric previously used, and are a more relevant reflection of operating performance for executives.

- For the Long-Term Incentive Plan (LTIP), relative TSR is used as the single measure of performance, strengthening the alignment between the interests of the executives and those of the shareholders.
- The resulting combination of performance metrics between STIP and LTIP is well balanced and fosters the performance culture of the company.
- Discontinuation of service-based restricted share unit (RSU) awards.

Furthermore, the NCC 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).

You will find further information on the NCC 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 2017.

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
Opikon, 15 March 2017

Remuneration Report

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Executive summary

Governance
Refer to section 2. The Board has entrusted the NCC 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. 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
Refer to section 3. 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:

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

Remuneration of the Board
Refer to sections 4.1. and 5.1. 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 restricted for a period of three years.

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

		in CHF millions
Annual base salary Reflects the scope of the function and the skill set required to perform the role		8.8
Monthly cash		
Annual bonus with Short-Term Incentive Plan (STIP) Rewards annual financial performance of The Adecco Group and its businesses:		6.2
<ul style="list-style-type: none"> • EBITA • Revenues • DSO Annual cash		
Long-Term Incentive Plan (LTIP) Rewards long-term shareholder value creation		4.7
<ul style="list-style-type: none"> • Relative TSR with three-year cliff-vesting Performance Share awards		
Benefits Provides for a reasonable level of income in case of retirement, death or disability; and fringe benefits reflecting local practice		3.4
Pensions, insurances, fringe benefits		
Total 2016		23.1

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 and the Directive on Information relating to Corporate Governance, issued by the SIX Swiss Exchange as amended on 1 January 2016. 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 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

The role of shareholders on remuneration matters has gained in importance in recent years. First of all, shareholders annually prospectively approve the Maximum Total Amount of Remuneration 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.adecgroup.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 NCC

In line with the provisions of the Aol, the Board has entrusted the NCC 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.

Illustration 1: Authority levels in remuneration matters¹

	CEO	NCC	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 in the Aol

The NCC 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 NCC composition, responsibilities and activities are provided in the Corporate Governance Report, section 3.4 "Nomination & Compensation Committee".

The NCC 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 NCC meets as often as business requires, but at least five times a year. In 2016, the NCC held seven meetings. Details on meeting attendance of the individual NCC members are provided in the Corporate Governance Report, section 3.4 "Internal organisational structure".

The Chairman of the NCC reports to the full Board after each NCC meeting. The minutes of the meetings are available to all members of the Board. As a general rule, the Chairman of the Board, the Chief Executive Officer (CEO) and the Chief Human Resources Officer (CHRO) attend the NCC meetings in an advisory capacity. The Chairman of the NCC 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 NCC may decide to consult external advisors from time to time for specific remuneration matters. In 2016, The Adecco Group engaged Aon Hewitt, an international independent external consultant, to provide a benchmarking analysis of the remuneration of the Board and the EC. Aon Hewitt in 2016 had only minor further mandates with The Adecco Group. Furthermore, Obermatt was mandated to calculate achievement level and vesting payout under the LTIP and had no other mandates with The Adecco Group.

In addition, support and expertise are provided to the NCC by internal experts such as the CHRO and the Head of Compensation & Benefits.

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 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 market. 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 remuneration of the Board and of the EC members is reviewed regularly in order to ensure market competitiveness. For this purpose, the NCC mandated Aon Hewitt to provide an in-depth benchmark analysis of the remuneration of the Board and EC members in 2016. The basis for comparison consists of similar companies in terms of complexity and size (market capitalisation, revenues, headcount, geographic scope) that form the recruitment market for The Adecco Group. More than 200 companies globally may be potential employers of The Adecco Group's talents and therefore were included in the benchmark analysis.

Specific peer groups have been determined for each region/geography. Generally, factors such as scope and responsibilities of the function, including geographic responsibility, revenues and number of employees, and skill set required to perform the role are considered to identify the relevant benchmarks. The benchmark analysis served as a basis for the NCC to review the remuneration of the EC members and to confirm or revise their target remuneration levels for financial year 2017.

For remuneration decisions that were made previously and that are applicable for the financial year 2016, the NCC relied on the benchmark report provided by Willis Towers Watson in 2014 (details on this benchmark exercise were provided in the 2014 Remuneration Report).

4. Remuneration structure

4.1 Board of Directors' remuneration

In order to ensure their 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 restriction period on the shares 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 2016 to AGM 2017 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)		
Committee chair 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 chairperson.

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

For the amounts paid to the individual members of the Board in the period under review (1 January to 31 December 2016), refer to section 5.1 "Board of Directors' remuneration and shareholding".

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.

In 2015, the NCC had reviewed the remuneration plans for the EC in light of the Company's strategy and financial ambitions. The NCC subsequently submitted a proposal to the Board to discontinue the grant of service-based RSUs, and to adapt the performance criteria in the STIP and LTIP. Those changes were approved by the Board and implemented for financial year 2016. They are explained further below.

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 • DSO
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.

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 performance on key value drivers: operating income before amortisation and impairment of goodwill and intangible assets (EBITA), revenues and days sales outstanding (DSO). These performance metrics are the key levers that management can influence in order to increase shareholder value.

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 100% of the annual base salary, depending on their function and responsibilities.

For EC members with direct responsibility for a specific geography, 35% of the STI is based on the performance of The Adecco Group and 65% is based on the performance of the relevant geography. For the EC members without direct geographic responsibility, the entire STI depends on the performance of The Adecco Group.

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 determined as well. 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 has to be approved by the NCC.

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 2016").

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.

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

	Weight	Baseline	Target = 100% payout	Cap = 150% payout
EBITA	65%	80% of budget = 80% of payout	100% of budget	120% of budget
Revenues	20%	96% of budget = 50% of payout	100% of budget	104% of budget
DSO	15%	Budget DSO + 1 day = 50% payout	Budget DSO	Budget DSO - 1 day

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 Awards 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. For the grant awarded in 2016, the performance period starts on 1 January 2016 and ends on 31 December 2018.

The mechanism of the LTIP is shown in Illustration 6.

Illustration 6: LTIP mechanism for the grant awarded in 2016

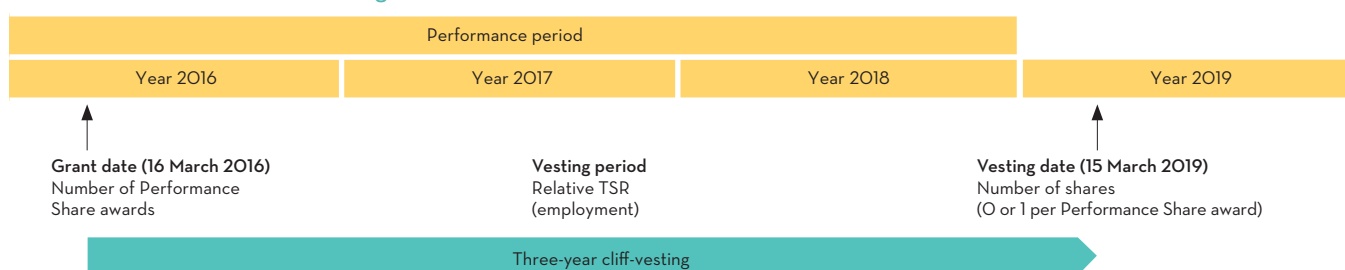
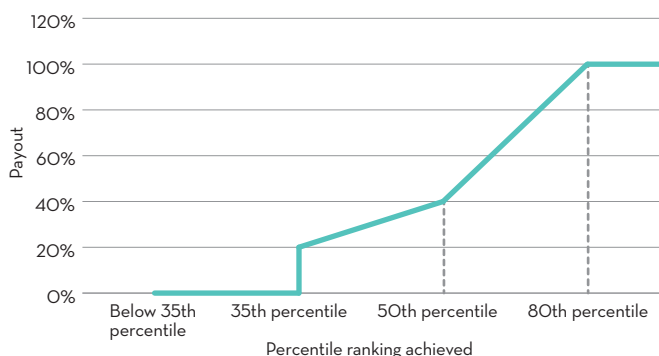


Illustration 7: Peer companies for relative TSR performance under the LTIP

Amadeus Fire	Kforce	On Assignment	SThree
Brunel International	Manpower Group	Randstad Holding	Synergie Groupe
Hays	Meitec	Robert Half International	Temp Holdings
Kelly Services	Michael Page International	Robert Walters	TrueBlue

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 60-day 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. 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.

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 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. Their contract may foresee refundable non-competition provisions that are limited in time to maximum one year.

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 2016 and shareholding on 31 December 2016

In 2016, the Board's total remuneration amounted to CHF 4.79 million (2015: CHF 4.64 million). Of this total, CHF 2.99 million was paid out in cash (2015: CHF 2.89 million), CHF 1.5 million was awarded in restricted shares (2015: 1.47 million) and social contributions amounted to CHF 0.3 million (2015: CHF 0.28 million).

This remuneration is in substance unchanged vs. previous year, with the increase mainly caused by the different composition of the Board and its committees.

At the AGM of 21 April 2015, shareholders approved a Maximum Total Amount of Remuneration of CHF 4.9 million for the term from the AGM 2015 until the AGM 2016. The remuneration paid to the Board for this term was CHF 4.79 million and is therefore within the approved limits.

At the AGM of 21 April 2016, shareholders approved a Maximum Total Amount of Remuneration of CHF 4.9 million for the Board for the term from the AGM 2016 until the AGM 2017. The remuneration paid to the Board for this term is anticipated to be approx. CHF 4.8 million. The final amount will be disclosed in the Remuneration Report 2017.

Illustration 9: Board remuneration for financial year 2016 and shareholding as of 31 December 2016

in CHF (except shares)

Name and function	Remuneration period in 2016	Remuneration in cash	Remuneration in shares	Total remuneration for term served ²	Social contributions ³	Shareholding as of 31 December 2016 ⁴
Rolf Dörig, Chairman	since Jan.	960,000	500,000	1,460,000	98,475	65,469
Thomas O'Neill, Vice-Chairman	since Jan.	300,000	150,000	450,000	26,337	11,680
Dominique-Jean Chertier	since Jan.	200,000	100,000	300,000	17,184	11,098
Jean-Christophe Deslarzes	since Jan.	225,000	112,500	337,500	22,945	2,913
Alexander Gut	since Jan.	300,000	150,000	450,000	30,438	19,343
Didier Lamouche	since Jan.	200,000	100,000	300,000	20,589	4,098
David Prince	since Jan.	300,000	150,000	450,000	58,856	10,987
Wanda Rapaczynski	since Jan.	300,000	150,000	450,000		13,843
Kathleen Taylor	since Jan.	200,000	100,000	300,000	20,589	2,706
Subtotal		2,985,000	1,512,500⁵	4,497,500	295,413	
Total					4,792,913	142,137

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

3 Company's social contributions required by law. No contributions are paid to pension plan.

4 Indicating the number of registered shares held, with a nominal value of CHF 1 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 Paid with 24,936 Adecco Group AG shares at an average price of CHF 60.66 per share.

Remuneration Report continued

Illustration 10: Board remuneration for financial year 2015 and shareholding on 31 December 2015

in CHF (except shares)

Name and function	Remuneration period in 2015	Remuneration in cash	Remuneration in shares	Total remuneration for term served ¹	Social contributions ²	Shareholding as of 31 December 2015 ³
Rolf Dörig, Chairman	since Jan.	960,000	500,000	1,460,000	108,926	57,228
Thomas O'Neill, Vice-Chairman	since Jan.	283,333	141,667	425,000	28,293	9,207
Dominique-Jean Chertier	since Jan.	200,000	100,000	300,000		9,449
Jean-Christophe Deslarzes	since April	150,000	75,000	225,000	17,263	1,057
Alexander Gut	since Jan.	300,000	150,000	450,000	34,148	16,870
Didier Lamouche	since Jan.	200,000	100,000	300,000	23,017	2,449
David Prince	since Jan.	275,000	137,500	412,500	55,315	8,514
Wanda Rapaczynski	since Jan.	300,000	150,000	450,000		11,370
Kathleen Taylor	since April	150,000	75,000	225,000	17,263	1,057
Andreas Jacobs	Jan. to April	75,000	37,500	112,500		n.a.
Subtotal		2,893,333	1,466,667⁴	4,360,000	284,225	
Total					4,644,225	117,201

1 Including Directors' social contributions required by law.

2 Company's social contributions required by law. No pension plan contributions are paid for Directors. Note that in previous years' reporting, both Company's and Directors' contributions were shown separately from the net compensation.

3 Indicating the number of registered shares held, with a nominal value of CHF 1 each. The members of the Board and of the EC are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco Group AG.

4 Paid with 19,991 Adecco Group AG shares at an average price of CHF 73.37 per share.

5.2 Executive Committee's remuneration for 2016

In 2016, EC members' total remuneration amounted to CHF 23.1 million (2015: CHF 28.2 million). This amount consisted of fixed salaries of CHF 8.8 million (2015: CHF 8.4 million), Annual bonus of CHF 6.2 million (2015: CHF 6.5 million), long-term incentives of CHF 4.7 million (2015: CHF 9.5 million), other expenses of CHF 0.9 million (2015: 1.2 million), and social contributions and post-employment benefits of CHF 2.5 million (2015: CHF 2.6 million).

Overall, the remuneration of the EC decreased by 18% compared to 2015. Looking at the different components, the changes were as follows:

- The fixed remuneration increased by 4.6% as a result of the new composition of the EC.
- The 2016 Annual bonus was comparable to 2015. However, the overall figure has decreased versus previous year because of a one-time cash incentive element ("STIPA"; refer to Remuneration Report 2015, section 3.3.2) that had been paid in 2015 only. In 2016, the STI payout for the CEO was 90% of target and ranged from 52% to 104% for the other EC members, and reached an average 83% for the entire EC.

- The decrease in the "other" payments is mainly due to the changes in the EC composition.
- The value of the share awards granted under the LTIP was lower in 2016 than in 2015. This is mainly due to the discontinuation of RSU awards: the grant value of Performance Shares awards (evaluated with the binomial model) is lower than the grant value of RSU awards.

At the AGM of 21 April 2015, shareholders approved a Maximum Total Amount of Remuneration of CHF 36.3 million for financial year 2016. The remuneration paid to the EC for this term was CHF 23 million and is therefore within the approved limits.

For the financial year 2016, the variable component (Annual bonus as paid, LTIP at grant value) represented 47% of the total remuneration of the EC. This is aligned with the pay-for-performance philosophy of Adecco Group and reflects the orientation of the remuneration plans to the shareholders' interests.

Refer also to 5.7 "Remuneration of former members of Board and EC" for the payments to former members.

Illustration 11: EC remuneration for the year 2016

in CHF	Alain Dehaze, CEO ¹	Total Executive Committee ²
Gross cash remuneration ³ :		
• Base salary	1,500,000	8,774,845
• Annual bonus ⁴	1,079,986	6,222,798
Remuneration in kind and other ⁵	133,481	885,496
Share awards granted in 2016 under the Long-Term Incentive Plan (LTIP) ⁶ :	835,025	4,718,623
Social contributions:		
• Old age insurance/pensions and other	297,217	1,723,686
• Additional health/accident insurance	23,490	139,289
• On LTIP awards granted in 2016, potentially vesting in later periods, estimated (based on closing price at grant)	150,450	623,857
Total conferred⁷	4,019,649	23,088,594

1 Highest conferred individual compensation in 2016.

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 2015 but made during 2016 as this information was disclosed in 2015.

5 Car allowance, car lease financed by the Company, housing allowance, relocation, education, health insurance, voluntary pension contribution, representation allowance.

6 Value in CHF of Adecco Group AG share awards granted in 2016 under the LTIP 2016 (grant date: 16 March 2016).

Valuation of the share awards granted:

The grant date value of the Performance Share Awards is 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 0.42 for relative TSR awards has been determined using a binomial model. A discount of 10.5% is applied which takes into consideration that the awards are not entitled to dividends during the vesting period.

The value of each share award granted in 2016 amounts to CHF 23.61.

7 Not included are employer's social contributions of CHF 31,193 on LTIP awards granted in previous periods and vested in 2016.

Remuneration Report continued

Illustration 12: EC remuneration for the year 2015

in CHF	Patrick De Maeseeneire, CEO until 31 August ¹	Total Executive Committee ²
Gross cash remuneration ³ :		
• Base salary	1,200,000	8,392,116
• Annual bonus ⁴	800,000	6,472,283
Remuneration in kind and other ⁵	217,972	1,242,471
Share awards granted in 2015 under the Long-Term Incentive plan (LTIP) ⁶ :		
• EBITA margin awards	733,058	2,438,275
• EPS awards	733,058	2,438,275
• Relative TSR awards	155,389	516,839
• RSU awards	1,221,739	4,063,722
Social contributions:		
• Old age insurance/pensions and other ⁷	219,982	1,861,892
• Additional health/accident insurance	22,982	135,608
• On LTIP awards granted in 2015, potentially vesting in later periods, estimated (based on closing price at grant) ⁸	225,067	607,026
Total conferred	5,529,247	28,168,507
Conferred to former EC members after having ceased to be an EC member ⁹	1,550,468	6,826,718
Conferred, grand total ¹⁰	7,079,715	34,995,225

1 Highest conferred individual compensation in 2015. CEO as of 1 September 2015: Alain Dehaze.

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. Certain officers joined the EC in the course of 2015; LTIP grants awarded to them in 2015, but before their EC membership are not included.

3 Including employee's social contributions.

4 Not included are bonus payments due for 2014 but made during 2015 as this information was disclosed in 2014.

Includes STIPA 2015 of CHF 765,519 for 5 members that have achieved their regional targets in 2015. The group target 2015 has not been achieved.

Not included are bonus payments due for the STIPA 2014. They were conditional on the achievement of the targets in 2015 and the potential amount was already included in the 2014 remuneration report. Out of the STIPA 2014, CHF 574,027 became due to 4 members with regional responsibilities.

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. Includes cash payments one EC member received under the contract for his previous function, benefits, and compensation for further work performed.

6 Value in CHF of Adecco Group AG shares awarded in 2015 under the LTIP 2015 (grant date: 16 March 2015).

Valuation of the share awards granted:

- The grant date values of the EBITA margin awards and of the EPS awards are calculated based on the closing price of the Adecco Group AG share on the day of grant less a discount of 9.5% which takes into consideration that EBITA margin awards and EPS awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of EBITA margin awards and EPS awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares by the participants.
- 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 0.42 for relative TSR awards has been determined using a binomial model. A discount of 9.5% is applied which takes into consideration that relative TSR awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of relative TSR awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares by the participants.
- The grant date fair value of the RSU awards is equal to the closing price of the Adecco Group AG share on the day of grant less a 9.5% discount which takes into consideration that RSU awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of RSU awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares.
- The per-share value of awards granted in 2015 amounts to CHF 72.58 and CHF 64.60 for RSU awards, CHF 30.77 and CHF 27.39 for relative TSR awards, CHF 72.58 and CHF 64.60 for EBITA margin awards, and CHF 72.58 and CHF 64.60 for EPS awards (lower values: French participants).

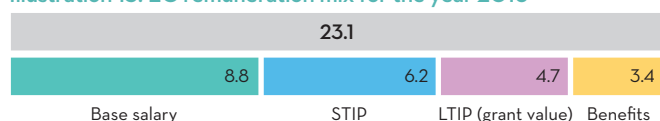
7 Including social contributions on LTIP grant 2015 for one EC member (France) as they became due at grant date.

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 2015 formally terminate in the course of 2016 in accordance with respective termination agreements. The amount shown contains seniority related payments of approx. CHF 2.4 million due under mandatory foreign law. Compensation of former members which is attributable to 2015 is included in this table, whereas compensation to former members attributable to 2016 will be disclosed in the remuneration report for 2016.

10 Not included are employer's social contributions of CHF 320,664 on LTIP awards granted in previous periods and vested in 2015.

Illustration 13: EC remuneration mix for the year 2016



5.3 Shareholding of EC members as of 31 December 2016/2015

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

Illustration 14: EC shareholding as of 31 December 2016

(in shares)

Name	Shareholding as of 31 December 2016 ¹	Shareholding as of 31 December 2015 ¹
Alain Dehaze	24,420	22,734
Hans Ploos van Amstel	5,000	2,000
Christophe Catoir	7,019	5,638
Robert P. (Bob) Crouch	9,425	5,103
John L. Marshall III	5,014	2,000
Christophe Duchatellier	8,089	5,236
Mark De Smedt	5,000	5,000
Sergio Picarelli	11,383	7,854
Enrique Sanchez	7,738	5,184
Federico Vione	7,220	5,043
Stephan Howeg	6,821	5,336
Franz-Josef Schürmann ²	2,000	
Shanthi Flynn ²	5,000	
Total	104,129	71,128

¹ Indicating the number of registered shares held, with a nominal value of CHF 1 each. 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 Became a member of the EC in 2016.

5.4 Share awards held by and granted to EC members as per 31 December 2016

This section provides information on the Performance Share Awards granted to EC members in 2016 and vesting of Performance Share Awards granted prior to 2016 and vested in 2016.

Illustration 15: Awards granted in 2016

Share awards held as of 31 December 2016 granted on 16 March 2016 under the LTIP:

31 December 2016	Performance Share Awards
Alain Dehaze	35,374
Total EC	199,894

Illustration 16: Vesting level for Performance Share Awards granted

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

¹ Performance periods are still ongoing. Numbers will be available after the end of the respective performance period.

5.5 Additional fees and remuneration of Board and EC members

No member of the Board and EC has received any additional remuneration in 2016.

5.6 Loans granted to Board and EC members

In 2016, 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 2016.

5.7 Remuneration of former members of Board and EC

A total of CHF 2.5 million was paid in 2016 to certain officers who ceased to be members of the EC in the course of 2015.

No further payments were made to former Board or EC members in relation to their work before financial year 2016.

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

In 2016, part of the remuneration of the Board members was paid in Adecco Group AG shares (refer to Illustration 9: "Board remuneration for financial year 2016 and shareholding as of 31 December 2016"), and under the LTIP, shares were allocated to the EC members (refer to Illustration 11: "EC remuneration for the year 2016").

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

5.9 Remuneration or loans to closely linked parties

In 2016, 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 2016.

Report of the Statutory Auditor on the Remuneration Report to the General Meeting of Adecco Group AG, Opfikon

We have audited the accompanying Remuneration Report of Adecco Group AG for the year ended 31 December 2016. 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 75 to 79 of the Remuneration Report.



Responsibility of the Board of Directors

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 judgment, including the assessment of the risks of material misstatements in the Remuneration Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the Remuneration Report.

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



Opinion

In our opinion, the Remuneration Report for the year ended 31 December 2016 of Adecco Group AG complies with Swiss law and articles 14-16 of the Ordinance.

Ernst & Young Ltd
Zurich, 15 March 2017

André Schaub
Licensed audit expert
(Auditor in charge)

Bruno Chiomento
Licensed audit expert