

MATERIAL FACTORS IMPACTING OUR BUSINESS

Prioritising and managing what matters most

A leader and force for good in the world of work

The Adecco Group aspires to empower people, fuel economies, and enrich societies by providing opportunities for meaningful lifetime employment.

Our goal is to give security and prospects for individuals and provide companies with the critical talent and solutions to stay competitive. We continuously strive to offer lifelong opportunities and meaningful work to all our colleagues employed with or through The Adecco Group. We make our labour market insights and experience available to governments and society at large to shape policies for the welfare of economies and society and aim to be a thought leader in the world of work. As a result, we will be able to generate good returns for our investors.

To achieve our ambitious goal, we have to take into account the capitals we need in an ever-changing environment and the global megatrends impacting our industry in the areas of: Technology, Demographics, Sociology, Regulation, and Political economy. We want to become the 'go-to' partner for all issues relating to the world of work and a true value creator for our stakeholders and society at large.

Understanding and prioritising materiality

Our most material factors are those that have the greatest impact on our ability to create value. To assess and prioritise material factors, we seek to understand the concerns of our key internal and external stakeholders, while taking into account global and industry key trends.

Material factors are those that have, or may have, an effect on the organisation's ability to create value in the short- medium- or long-term. This is determined by considering their effect on the organisation's strategy, governance, performance or prospects.

International <IR> Framework

As part of this process, in 2016 we engaged with a range of internal stakeholders from various departments including HR, Compliance Reporting and Risk Management, Investor Relations, Procurement, International Sales, Tax and CSR at both Group and country level. We gathered and analysed their insights regarding the most material factors for our business, particularly in relation to stakeholder groups and industry key drivers.

In 2016 we also launched a project called 'Face' to engage with a range of stakeholders to design the future of The Adecco Group Customer Experience. In total, over 700 interactions took place with clients, associates and candidates. We created focus groups and interviewed Adecco Group branch managers and HR consultants. In addition, we held insight sessions with representatives from Gen Z and start-up companies. Out of this experience, we defined 'Moments of Truth' in the interaction between the various groups of people. These help us to understand what we do well, where we must do better, and how we can improve to meet and exceed expectations.

Engagement in stakeholder dialogue with an even wider range of groups around material factors will be an increased priority for us going forward. We believe it is the best way to understand the needs of the various groups we serve and interact with, and it enables us to appropriately assess the value we create through our 'Perform, Transform and Innovate' approach.

Today, businesses are only as good as their ability to adapt to new developments. Our goal, in the rapidly transforming world of work, is to become the most credible and trusted workforce solutions partner, ensuring our success and subsequently success for our stakeholders. Our material factors are critical to our ability to create value and are highly relevant to our economic, social and environmental contribution.

For each material factor, we take into account relevant risks and opportunities. Actively managing both – risks and opportunities – needs to be done through an integrated risk management process that leads to organisational understanding of uncertainties across business units and functions, creating a cultural change. The following table shows the value we create, the material factors, risks and opportunities as well as the metrics we use to assess progress.

Material factors impacting our business continued

Dimension of value creation	Material factors	Risks
<p>Meaningful lifetime employment: we further strengthen our worldwide leadership position by creating rewarding careers with a purpose and lifelong development opportunities. We do this by attracting and retaining skilled people who are passionate, dedicated and focused to continuously strive for excellence.</p>	<p>People management</p>	<p>Failure in finding, managing, valuing and keeping people can impact many aspects of our ability to conduct business and deliver results. These include the ability to maintain a stable work environment, service quality, satisfy our clients, candidates and associates, and further develop our business.</p>
<p>Trusted advisor on total talent solutions: our business is built on relationships and the confidence and trust of our clients, candidates, and associates. Understanding our stakeholders' needs, fostering and maintaining relationships and growing together are vital to progressing our business and tapping into new ways of working together.</p>	<p>Customer relationship management</p>	<p>If we are not able to provide solutions that help our clients, candidates, and associates navigate the changing world of work, we may miss growth opportunities or be negatively impacted by industry consolidation. Not being able to foster long-term relationships with customers and analyse as well as actively manage key data to improve interactions and service can result in customer loss.</p>
<p>Expertise in all areas of total workforce solutions: we are a people business and a trusted advisor to our clients when navigating in and preparing for an increasingly complex regulatory environment. Leading by example and adhering to highest ethical standards is therefore part of our licence to operate.</p>	<p>Compliance & risk management</p>	<p>Failure to conduct business ethically and in a compliant manner will negatively impact our reputation and financial performance. As a result, our credibility to provide employees, clients, candidates, and associates with the guidance they expect from us will be impacted and can result in reduced satisfaction and subsequently in customer loss as well as diminish our attractiveness as an employer.</p>
<p>Recognised thought and change leader: being at the pulse of economies, we can lead and shape societal and workplace change, ensuring that our business makes a positive difference in co-creating more inclusive societies and workplace environments that focus on talent and skills.</p>	<p>Corporate citizenship</p>	<p>There must be a strategy to contribute to the 'greater good' by investing time, money and in-kind contributions into specific co-operations and programmes. If activities are not tied to the business strategy and follow a clear purpose, there is a risk of underleveraging synergies between philanthropy and business objectives. In addition, not being able to concretely measure investments as well as missing KPIs can result in unsatisfactory results and random, uncoordinated action.</p>
<p>Improving our productivity: Because productivity and efficiency go hand-in-hand, investing in our effectiveness through new delivery models and enhanced digitalisation will do both, support business growth and reduce our environmental impact as well as that of our clients.</p>	<p>Infrastructure</p>	<p>Without the right infrastructure, we will not be able to compete in offering new services and delivery models. This will have a significant impact on our growth and profitability. Without continuously striving for efficiency and adapting our infrastructure to a changing labour market environment, we will risk losing client, candidate and associate engagement and miss improving our cost structure and environmental footprint.</p>

Opportunities

We seek to lead by example. We are in the people business which means that inspiring and enabling the best people is fundamental. Being a great place to work and attracting, developing, and retaining the best talent, demonstrates that our expertise enables us to deliver outstanding results.

By broadening our service offerings and anticipating economic, social, and technological change, we seek to become a more valuable service partner – both to those who seek employees and those who seek employment. By working hand-in-hand with our clients, we may reduce the degree of cyclicity inherent to our industry.

Working closely together with governments and regulators will ensure that we can anticipate and shape labour market developments. It also ensures that we are operating in compliance with local laws and have a focus on longer-term risks and opportunities in the workplace.

By working collaboratively to create positive societal value and thought leadership regarding workplace change, we can build long-term strategic alliances with clients, governments, and institutions. This will help attract and engage our employees, candidates, and associates while creating deep and lasting relationships.

Becoming a leading innovator in emerging digital trends and successfully leveraging data could improve our efficiency and better serve our clients, candidates, and associates. It will also enable us to predict trends in specific markets and enables us to adapt or change our delivery models in a timely manner.

Metrics

- Great Place to Work® results
- % of employee retention rate
- % of female share of employees/females per hierarchy level (Global)
- % of age distribution of employees
- % of people with a disability in select subsidiaries
- # of global programmes for employee development
- # of achieved kilometres through Win4Youth sports performance by employees

See chapters '2016 highlights' p. 4-5, 'Material factors impacting our business' p. 23-27 and 'Our People', p. 28-29 of this Report, and our CSR Report 2015/2016 p. 47-48, 52-53

- % of share of satisfied clients and associates
- # of clients engaged in Win4Youth
- # of Adecco Way to Work™ interns with clients
- Associate safety

See chapters 'Leading in Digital' p. 12-13 and 'Material factors impacting our business' p. 23-27 of this Report, and our CSR Report 2015/2016 p. 27, 32, 36, 65-66

- The Adecco Group Compliance & Ethics (ACE) training on fundamental ethical business practices (completion rate in %)
- ACE reporting according to issues
- Labour rights
- EcoVadis Supply Chain assessment

See chapters 'Our performance management framework', p. 20-21, 'Material factors impacting our business' p. 23-27, and 'Risk management & principal risks', p. 30-32 of this Report, and our CSR Report 2015/2016 p. 23-25, 53-54

- Amount of money donated to Win4Youth foundations
- # of employees engaged in Win4Youth
- # of sports events organised for Win4Youth
- # of internships created through Adecco Way to Work™
- # of Adecco Group countries and brands with a 'CEO for One Month'
- # of athletes supported in their career development through the IOC & IPC Athlete Career Programmes
- % of Adecco Group markets with specific integration programmes for vulnerable groups

See chapters 'Message from the Chairman and CEO' p. 2-3, '2016 highlights' p. 5, 'Chief Executive Officer's strategic review' p. 10, 'Our performance management framework' p. 20, and 'Material factors impacting our business' p. 23-27 of this Report, and our CSR Report 2015/2016 p. 30-34, 38, 42, 60-64

- Score EcoVadis
- Score CDP Disclosure Project (Investor & Supplier Module)
- Scope 1, 2 and 3 CO₂ emission reduction

See chapters 'Chief Executive Officer's strategic review' p. 10, 'Leading in Digital' p. 12-13, 'Our business model', p. 16 and 'Material factors impacting our business' p. 23-27 of this Report, and our CSR Report 2015/2016 p. 67-69, 72-73

Material factors impacting our business continued

Meaningful lifetime employment

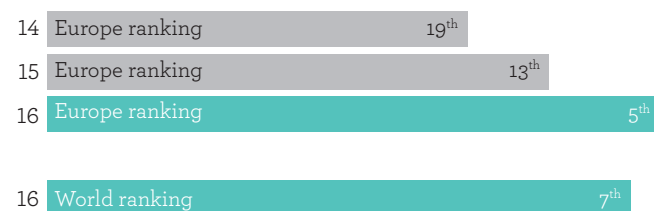
People management

In 2016, we have introduced a new HR talent framework to ensure a high-performance culture by 'Getting', 'Keeping' and 'Growing' our talents to enable them to achieve their goals and contribute to the Company's overall success. We are convinced that passionate people with great purpose and outstanding performance create profit. Employees with a true sense of engagement go that extra mile, push boundaries and achieve results. Especially in countries facing skills shortages, or serious demographic challenges, the need for talent attraction and engagement is all the greater. Therefore, we are prioritising training and development, and empowering our people to perform at the very top of their game through a variety of initiatives such as our Academy as well as global engagement programmes like Win4Youth. And of course we have been measuring our employee satisfaction since 2004 on a regular basis through the Great Place to Work® survey. For more information on 'Getting', 'Keeping' and 'Growing' our passionate colleagues, take a look at 'Our people' section on p. 28-29.

The Adecco Group has continuously raised its position amongst the Best Workplaces in Europe.

We reached 7th place in the World's Best Multinational Workplaces for which we qualified as a result of our success in appearing in the Great Place to Work® Best Company lists in Belgium, Canada, Denmark, Germany, Italy, Luxembourg, Norway, Spain, Sweden, Group Headquarters, the Netherlands, and the United Kingdom.

Great Place to Work® Survey (rank)



Trusted advisor on total talent solutions

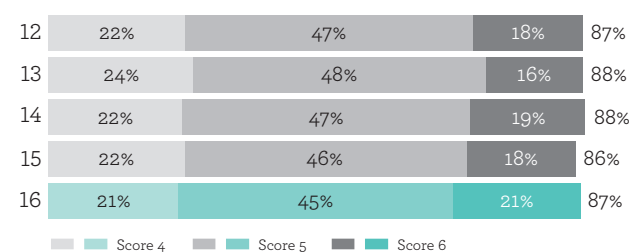
Customer relationship management

We introduced the Global Satisfaction Survey (GSS) in July 2008 across The Adecco Group as a mandatory tool to measure client, associate, and candidate satisfaction. Not only does the survey measure satisfaction, we also use it as a way to assess potential market-specific business risks.

The results provide our leadership team with strategic insights on customer needs and our competitive positioning in the market. The GSS lets us capitalise on our strengths, address our shortfalls and shape our service delivery. It is an effective measurement system that enables systematic fast measurements of client, associate, and candidate satisfaction through web surveys at country level. For the 2016 reporting period, we tracked the satisfaction of our clients, associates, and permanent placement candidates from 44 business units in 29 countries. To date, 13 brands of The Adecco Group are

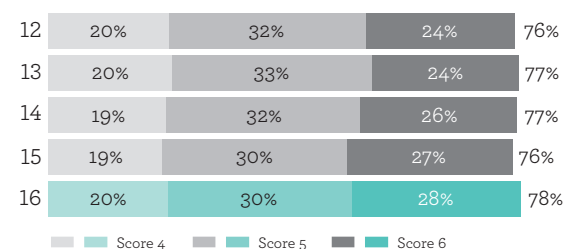
participating in the GSS, covering over 90% of the Group's business. Countries are encouraged to add their country-specific questions to the survey. The GSS is also a major source of information for the preparation and rollout of global strategic initiatives (e.g. segmentation programme; global branding project). Going forward, we will be focusing further on the Net Promoter Score as a leading indicator to analyse customer experience and loyalty.

Share of satisfied clients (%)



Note: Share (%) of respondents by category on a scale of 1 (very dissatisfied) to 6 (very satisfied), answering the question "Overall, how satisfied are you with [Adecco]?"

Share of satisfied associates (%)



Note: Share (%) of respondents by category on a scale of 1 (very dissatisfied) to 6 (very satisfied), answering the question "Overall, how satisfied are you with [Adecco]?"

Expertise in all areas of total workforce solutions

Compliance and risk management

Our enterprise risk management has strategic and operational dimensions. While the focus is on analysing, managing, and mitigating risks, we also aim to identify opportunities for business development. The process is performed on a regular basis, it is steered by Group management, and is overseen and approved by the Board of Directors. The enterprise risk management process comprises two interacting and integrated levels: segment and corporate. All segments perform risk assessments on the risk categories that can have a significant impact on their operations, quantifying both Gross Risk and Net Risk. Gross Risk is an estimate of the likelihood of risk occurrence and the potential impact on the financial results in the worst-case scenario. Net Risk is an estimate of the likelihood of risk occurrence and the potential impact on the financial results taking into account the risk mitigation effect of management controls. The 'Risk management' chapter of this report elaborates on risk management and principal risks.

Our Compliance & Ethics (ACE) training is our 11-module online training programme for employees covering an array of relevant topics to educate them on the basic issues relating to competition law compliance in a practical context. It further provides an understanding of the types of conduct that competition laws are designed to prevent as well as some guiding principles that help ensure compliance in practice. All ACE training modules prepare our employees to handle ethical, legal and regulatory challenges, which they may encounter in their day-to-day work. All colleagues are required to complete at least eight of the mentioned training modules. Some of them are specifically targeted to certain functions and roles.

ACE training on fundamental ethical business practice (% employees completed)



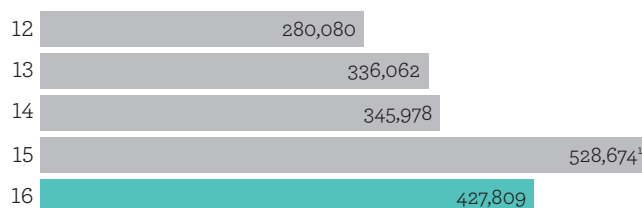
Note: As a result of natural staff turnover, the actual training completion rate remains always below the ideal of 100%.

Recognised thought and change leader

Corporate citizenship

Engaging with organisations or clients in projects that contribute to 'the greater good' has been key for The Adecco Group for many years. We run our own Foundations in France, Spain and Italy through which we drive labour market integration for people at risk of social and workplace exclusion due to their age, ethnic background, disability or social situation. Globally, and in every country where we operate, we are involved in projects that increase labour market inclusion and participation for everyone. We engage with governmental and non-governmental organisations such as the ILO Global Business & Disability Network, the Global Apprenticeship Network (GAN), the International Olympic and Paralympic Committees and other organisations. Additionally, we build alliances with client companies in developing programmes which act as enablers for labour market access for people of all backgrounds and with a variety of skill sets. We offer our expertise, financial resources, tools and the engagement of our people to support and drive awareness, social change and inclusion to make the world of work more diverse.

Charitable donations from Win4Youth initiatives (EUR)



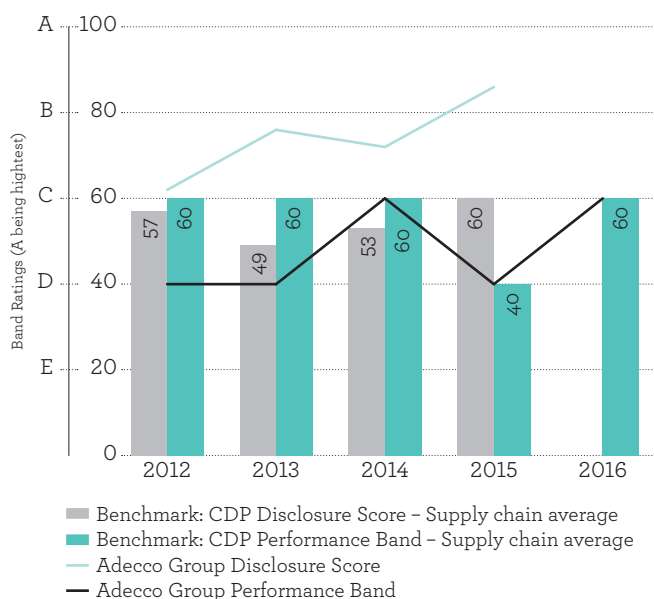
¹ An additional EUR 100,000 was donated by The Adecco Group through the Win4Youth Global Solidarity Day 2015.

Improving our productivity

Infrastructure

With our global footprint, operating in 60 countries and all five continents through a network of approximately 5,100 branches and more than 33,000 employees, we do have an impact on the environment through our operating infrastructure. We have been measuring our CO₂ emissions continuously since 2010 and are working to reduce our impact on the environment and on our bottom line through a variety of actions. By improving our physical infrastructure with a customised network of branches, and through the enhancement of our information technology while reducing manual processes as well as shrinking our paperwork burden, we will automatically improve our environmental footprint. Our focus on new service delivery models and increased digitisation across our operations will further contribute to a more efficient usage of resources.

CDP Scores 2012-2016



Note: The CDP Supply chain average serves and comprises all companies which request their suppliers to provide information to CDP. From 2016, CDP no longer publishes a disclosure score.