Remuneration Report

1. Introduction

Dear Shareholders,

We are pleased to present the Remuneration Report of the Adecco Group for 2019.

2019 was a year of strategic progress in a challenging economic context. As the year progressed, slower economic momentum in Europe and North America led to weaker revenue development. However, strong management of our pricing, an improving revenue mix and increasing benefits from the GrowTogether programme allowed us to deliver a modest improvement in EBITA margin year on year, all while continuing to invest in the development of the digital platforms and General Assembly.

The Remuneration Report explains how these results impacted the incentive payments made to Executive Committee (EC) members under the short- and long-term remuneration plans. Considering the feedback from our investors over the last year, we have also enhanced the report with further details regarding the Group's compensation programmes:

In 2019, the short-term incentive plan (STIP) for EC members and the top 300 leadership roles below EC level (also referred to as Global Leadership) included quarterly financial objectives in addition to annual financial objectives. The concept was implemented to encourage consistent target achievement throughout a year particularly critical for the strategic plan. This disciplined approach allowed EUR 140 million productivity savings in 2019 compared to the 2016 baseline while overachieving on the Client Net Promoter Score (NPS) targets. This design feature is presented in section 4.2.2. Section 5.2 also explains how we applied discretion and adjusted the bonus payout for a very limited number of EC members to recognise individual personal contribution and performance.

The Remuneration Report also provides enhanced disclosure on the approach taken to review compensation for EC members including the CEO.

The Compensation Committee (CC) performed its regular activities throughout the year such as the performance goal setting for EC members at the beginning of the year and the performance assessment following the year end, the determination of the remuneration of Board and 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).

The CC closely monitors the compensation programmes to ensure that incentives paid are commensurate with the performance of the Company as a whole while fairly rewarding the performance of EC members as a team. From this perspective, further adjustments to the design principles of the short- and long-term incentive plans are foreseen for the years 2020 and 2021, as described in section 4.2.8.

Further information on the CC activities and on our remuneration systems is contained within this Remuneration Report. The report will be submitted to a non-binding, consultative vote by shareholders at the AGM 2020.

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, 11 March 2020

REMUNERATION REPORT

Executive summary

Governance Refer to section 2.	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 for the AGM. Shareholders approve the Maximum Total Amount of Remuneration (MTAR) of the Board and EC in an annual binding prospective vote. Furthermore, they have the opportunity to express their opinion on the remuneration actually awarded for the reporting year in a retrospective consultative vote on the Remuneration Report.
Remuneration philosophy and principles Refer to section 3.	The Adecco Group's remuneration philosophy is to appropriately 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. Shares are blocked 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, EC remuneration includes the following elements:

Total EC Compensation

Element	in CHF millions
Annual base salary Reflects the scope of the function and the skill set required to perform the role **Monthly cash**	8.9
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 over a time horizon of one year • EBITA • Revenues • EBITA margin • Days Sales Outstanding (DSO) • Strategic objectives • Functional objectives **Annual cash**	5.3
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 **Share Awards**	4.6
Benefits Provides 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 2019[1]	**22.2**

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 both 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 Stock Exchange Listed Companies and the Directive on Information relating to Corporate Governance, issued by the SIX Swiss Exchange. The Adecco Group'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 and prospectively approve the Maximum Total Amount of Remuneration (MTAR) for both 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 (AoI), which have been approved by the shareholders.
The AoI (http://aoi.adeccogroup.com) include the following provisions:

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

2.2 Role of the Board and CC

In line with the provisions of the AoI, 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, and 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-making authority on remuneration matters, except for the MTAR of the Board and EC, which are subject to the approval of the 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 four times a year. In 2019, 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 participates in the CC's meetings as a guest without voting rights. The Chief Executive Officer (CEO) and the Chief Human Resources Officer (CHRO) attend the CC meetings. The Chair of the CC may decide to invite other executives as appropriate. The Chair of the Board and Executives do not attend the meetings or the parts of the meetings in which their own remuneration and/or performance is 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 2019, management on behalf of the CC engaged Willis Towers Watson, an international independent external consultant, to provide compensation and benefits benchmarks, and Obermatt, an independent Swiss financial research firm, 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 incentive plans design. PwC has other mandates with the Adecco Group, essentially limited to support in the areas of cyber security, PERFOM and the finance function.

Illustration 1: Authority levels in remuneration matters[1]

	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 AoI.

3. Remuneration philosophy and principles

The Adecco Group's remuneration philosophy is to appropriately 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. These principles are summarised in Illustration 2.

Illustration 2: Remuneration principles

Reward for performance	The short-term and long-term incentive plans seek to 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 financial targets of the Group and the business units as well as for attaining strategic goals over a time horizon of one year and fosters collaboration between the business units. 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 shareholders. Furthermore, EC members are required to hold a minimum number of Adecco Group shares which encourages an owner-manager culture.
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 while maintaining internal equity.

The level of remuneration of the Board and of the EC members is benchmarked externally every two years to ensure market competitiveness. The remuneration level of the Board is reviewed every two years, and the remuneration level of the EC members is reviewed every year. For this purpose, during the reporting year Willis Towers Watson provided an analysis of EC members' remuneration. The 2017 benchmark analysis served as a basis for the review of EC target remuneration levels for 2018 and 2019, and the 2019 benchmark analysis supported the decisions for the target remuneration 2020.

The benchmark analysis for the remuneration of the Board was last conducted in 2018 by Agnès Blust Consulting AG and 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. This peer group was chosen based on market capitalisation, revenues and headcount where Adecco Group at the time was positioned around the median for the three criteria.

The definition of the relevant market for the benchmarking of the remuneration of the EC members is consistent with prior years. The remuneration of EC roles is primarily compared with that for similar positions based on a pan-European peer group comprised of the 36 companies listed in Illustration 3. The companies are selected from various industry sectors such as business support services, retail, and other general industry sectors from where the Adecco Group might hire executives. To ensure statistical relevance, the Adecco Group is positioned around the median of the peer group when considering factors such as company revenue, headcount and market capitalisation.

Illustration 3: Pan-European peer group

ABB	Carrefour	Geberit	Sanofi
Acciona	Coca-Cola European Partners	General Electric	Scania
AccorHotels	Deutsche Post DHL	Henkel	Schindler
Adidas	Diageo	Ipsen	Serco Group
John Wood Group[1]	ENGIE	Lonza	SITA
Barry Callebaut	Ericsson	Merck	Sodexo
Bunzl	Experian	Novartis	Sulzer
Bureau Veritas	Ferguson Group Services	Randstad	Shire[2]
Capgemini	Ferrovial	Royal Mail	TUI

1 Formerly AMEC Foster Wheeler.

2 Acquired by Takeda in 2019.

For the CEO, an additional comparison was made against a local Swiss peer group comprised 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 skillset 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 fixed remuneration for their Board term of office without entitlement to variable remuneration. Two thirds of the Board fee is paid in cash and one third is paid in shares subject to a three-year blocking period. The blocking period supports the alignment of 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 consideration. The remuneration levels for the term of office from AGM 2019 to AGM 2020 are summarised in Illustration 4:

Illustration 4: 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 2019), refer to section 5.1 "Board of Directors' remuneration for 2019 and shareholding as at 31 December 2019".

4.1.2 Shareholding guideline

Effective from AGM 2019, the Board members are required to hold a minimum of 5,000 Company shares within three years of introduction of the share ownership guideline (approved in 2019) or within three years upon 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. Assuming that the same number of shares will be allocated for the first quarter 2020 as for the last quarter 2019, it is anticipated that all Board members will reach the minimum shareholding required by AGM 2020. The Board reviews compliance with the shareholding guideline on an annual basis.

4.1.3 Outlook for the term from AGM 2020 to AGM 2021

For the term from AGM 2020 to AGM 2021, it is anticipated that the remuneration structure for the Board will remain the same as for the term from AGM 2019 to AGM 2020.

4.2 Executive Committee's remuneration

As shown in Illustration 5, the remuneration structure for the EC members includes fixed and variable elements:

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

Illustration 5: Elements of EC remuneration

	Element	Purpose	Drivers	Performance measures
Base salary	Salary, typically paid in monthly instalments	• Pay for the role • Attract and retain	• Function • Market value • Skills and experience • Personal performance	• Annual reviews
Short-term incentive	Annual cash bonus	• Pay for performance	• Achievement of annual and quarterly business objectives	• EBITA • Revenues • EBITA margin • DSO • Strategic and functional objectives
Long-term incentive	Performance Share Awards with three-year cliff-vesting and additional two-year blocking period	• Reward long-term performance • Align to shareholders' interests	• Group performance over three years	• Relative TSR
Benefits	Social contributions, retirement plans and fringe benefits	• Attract and retain • Protect against risk	• Market practice • 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 their 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 financial performance of the Company and its businesses, as well as for the achievement of non-financial strategic and functional objectives over a time horizon of one year.

In 2019 the plan design was exceptionally enhanced with the introduction of quarterly financial objectives in addition to the annual financial objectives, to encourage consistent and disciplined performance throughout a year particularly critical for the implementation of the strategic plan, especially the GrowTogether transformation programme. The quarterly measurement was primarily introduced for the Global Leadership to strengthen their motivation to deliver outperformance in each quarter in addition to annual performance. It was adopted for the EC members with the mindset of leading by example.

Annual financial performance is measured on the following key value drivers: operating income before interest, tax and amortisation and impairment of goodwill and intangible assets (EBITA), Revenues, EBITA margin and Days Sales Outstanding (DSO). These performance metrics are the key areas that management can influence to increase shareholder value.

The strategic objectives include performance goals around customer satisfaction (such as NPS) and revenue from the Digital businesses, as well as functional objectives for EC members with a functional role.

For each annual performance objective, a target level of performance is determined, which represents the expected performance, as well as a minimum level of performance (baseline), below which the payout is 0%, and a maximum level of performance above which the payout is capped at 150%.

For DSO and for the strategic objectives, achievements between the baseline, the target and the cap are calculated by linear interpolation.

For the profit and loss (P&L) objectives EBITA, Revenues and EBITA margin, a matrix combines the performance on each of the objectives to calculate the payout, thus providing for a balanced focus on both top-line and bottom-line achievements. A payout of 150% would require an achievement above the maximum level on all three objectives. An achievement level below the baseline on any of the three objectives results in a 0% payout. Different combinations of EBITA, Revenues and EBITA margin achievements within those ranges lead to payouts between 0% and 150% ranked according to their economic value generation for the Company. A 100% payout can be obtained where each objective is achieved at target level.

The quarterly financial objectives measure the delivery of EBITA margin and Revenues on a quarterly basis and follow a binary payout formula: the payout may either be 100% if the targets are met or exceeded or 0% if the targets are not met ("hit or miss").

The weighting of financial and strategic objectives, as well as the weighting between Group and regional performance, depends on the role and reflects the level of responsibility as disclosed in Illustration 6. The overall construct of the STIP is presented in Illustration 7, using the CEO as an example.

Illustration 6: Overview of the key 2019 STIP performance objectives

Category	Metric	Rationale	Weight range	Level of measurement	Baseline	Target	Cap	EC Member role[1]
Financial	EBITA, Revenues, EBITA margin combined	Focus on both EBITA and Revenues	37.5% – 52.5% (annually) 20% – 28% (quarterly)	Own P&L and Group P&L	90%	Budget	105%[2]	All EC Members[3]
	Days Sales Outstanding (DSO)	Drive cash generation and optimise return on capital	10%	Own P&L or Group P&L	+1 day	Budget	-1 day	CEO, CFO, Regional Heads
Strategic	Client Net Promoter Score (NPS)	Continuously improve client experience	10% – 20%	Own P&L or Group P&L	2018 NPS	+ 5 points	+ 10 points	All EC Members
	Revenue Digital Business[4]	Support the development of our Digital Businesses	10%		90%	Budget	110%	CEO, Regional Heads, CMCO, CIO
	Indirect costs reduction[4]	Support EBITA margin growth and operational efficiency	10%		Indirect costs at year end compared to prior year actuals			CFO, CHRO, Regional Heads
Functional	Great Place To Work® (GPTW) score	Inspire talented people to join and grow with us in an engaging environment	15%	Group	Improvement of the global GPTW score compared to prior year			CHRO
	Internal promotion rate in Global Leadership	Develop and grow our talented people	15%		Measure the number of internal leadership role vacancies filled from within			CHRO
	Thought Leadership (TL) Index	Help all our stakeholders navigate successfully through the changing world of work	20%		An index measuring the impact of TL activities on business development and sector influence			CMCO
	Reduction of IT System outages / Large Project success rate	Support technology transformation	30%		Reduction of outages compared to prior year / Increase in successful and on time projects delivery			CIO

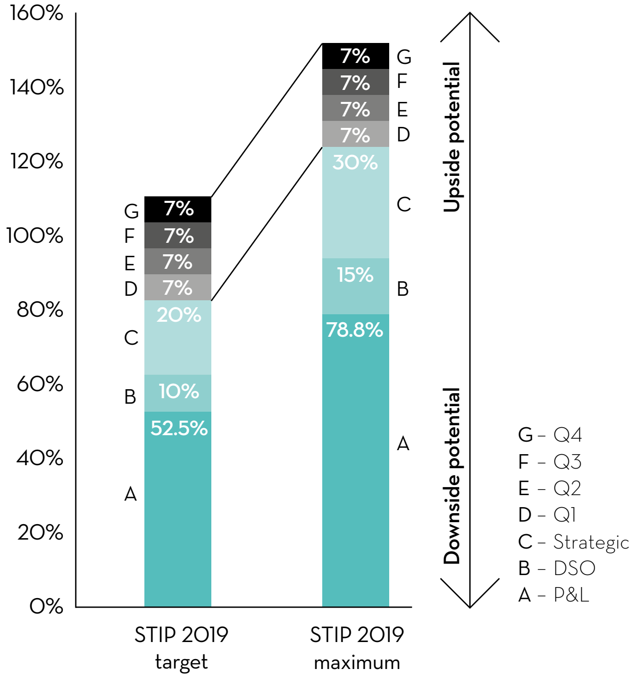
1 EC member role:
CEO: Chief Executive Officer, CFO: Chief Financial Officer, CHRO: Chief Human Resources Officer, CMCO: Chief Marketing & Communications Officer, CIO: Chief Information Officer.

2 For EBITA, the cap is 110%.

3 For the Chief Digital Officer, Gross Profit replaces Revenues at Own P&L level; for Gross Profit, the baseline is set at 80% and the cap at 120% to reflect the higher risks in new business development.

4 Regional Heads have either Revenue Digital Business or Indirect costs reduction depending on the strategic agenda for their respective region.

Illustration 7: STIP 2019 target and maximum potential payout percentage (CEO)



In addition to the quantitative system described above, the Board upon recommendation of the CC retains discretion to adjust STI payments (positively and negatively) when deemed justified, based on the individual performance of the EC members. The exercise of positive discretion for 2019 is described in section 5.2.

The STI target is the STI amount that is paid for a performance achievement of 100%. For the CEO, the STI target corresponds to 80% of annual base salary (2018: 80%). For the other EC members, the STI targets are in the range of 60% to 85% of annual base salary (2018: 60% to 85%). The binary nature of the quarterly targets brings the overall STI target to a range of 82.5%[1] to 110.5%[2] for the CEO (87.5%[1] to 107.5%[2] for the other EC members). The opportunity for the overall achievement to be at slightly above 100% aims at compensating for the binary nature ("hit or miss") and the related risk of the quarterly targets. However, the maximum payout potential remained stable compared to the previous year, considering that the payout is capped at 150% for annual objectives and to 100% for quarterly objectives.

Illustration 8 below provides the ranges for the STI potential maximum as a percentage of annual base salary for the CEO and the other EC members.

Illustration 8: target and maximum STIP in percentage of annual base salary for the CEO and other EC members

2019	STIP target % of ABS	STIP max % of ABS
CEO	80%	120%
Other EC members	60% to 85%	90% to 127.5%

The STIP design will be adjusted for the year 2020, as described in section 4.2.8.

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 EC members 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 an appropriate performance metric to link the long-term remuneration of management to the value creation for shareholders. For the grant awarded in 2019, the performance period started on 1 January 2019 and ends on 31 December 2021.

At grant date, the LTI target amounts to 130% of the annual base salary for the CEO (2018: 120%) and ranges from 50% to 100% for the other EC members (2018: 50% to 100%). At the time of the CEO's appointment in 2015, the Board began a multi-year approach to determine his compensation. The Board established the CEO's compensation below that of his predecessor and intentionally below market, with the plan to adjust the CEO's LTI target remuneration over time, subject to performance and specific achievements related to the Group's strategy. Subsequently, the CEO's LTI target was gradually increased over the last three years (2018: 120%, 2017: 100% and 2016: 80%). However, no increase in the CEO LTI target is planned for 2020.

In order 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. 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. This initial number is multiplied by a factor of two to arrive at the number of Performance Share Awards to be granted. The multiplier is intended to account for the lower probability of vesting under the LTIP design implemented in 2016, which moved from a mix of Restricted Share Units (RSUs) and Performance Share Awards with multiple performance conditions, to Performance Share Awards with a single performance condition.

The Performance Share Awards are subject to three-year cliff-vesting based on the relative TSR performance of the Adecco Group compared to a peer group of companies. The peer group comprises the 17 companies listed in Illustration 9. 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, divesture, delisting or bankruptcy of peer companies.

Company shares vested under the Performance Share Awards plan are subject to an additional two-year blocking period.

The structure of the LTIP is shown in Illustration 10.

Notes:

1 Excluding quarterly objectives.

2 Including quarterly objectives.

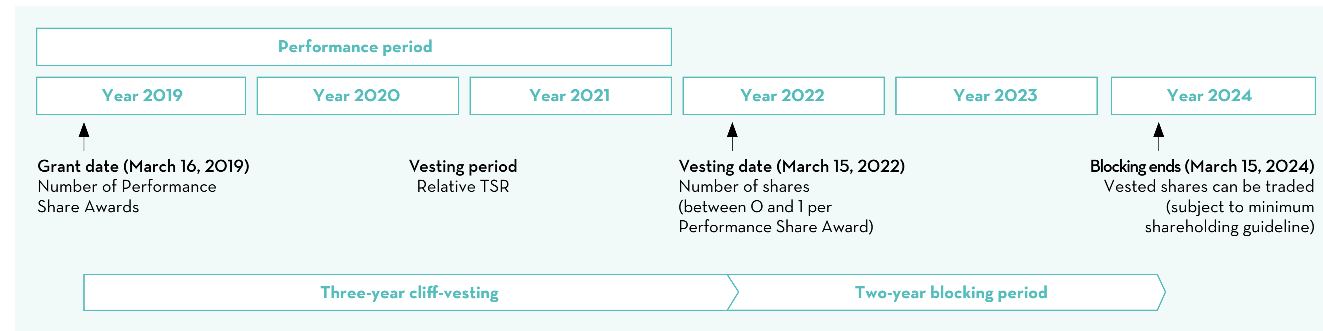
Illustration 9: Peer companies for relative TSR performance under the LTIP

Amadeus Fire	Kforce	Persol Holdings Co.[2]	Robert Walters
ASGN[1]	Manpower Group	Randstad Holding	SThree
Brunel International	Meitec	Recruit Holdings Co.	Synergie Groupe
Hays	Michael Page International	Robert Half International	TrueBlue
Kelly Services			

1 Formerly On Assignment.

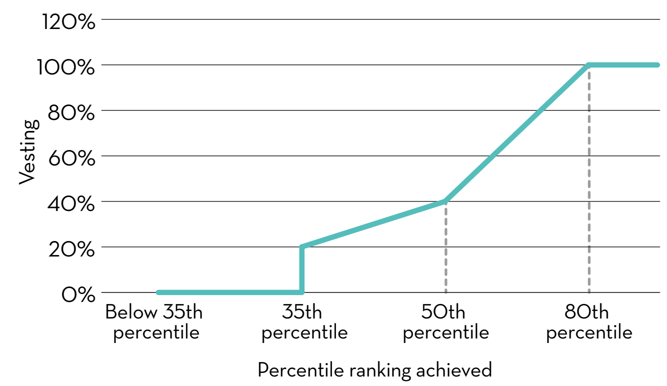
2 Formerly Temp Holdings.

Illustration 10: Structure of the LTIP



The vesting level of the Performance Share Awards 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 11. There is no vesting for a ranking below the 35th percentile and the vesting is capped at 100% for reaching the 80th percentile.

Illustration 11: Vesting schedule for relative TSR performance under the LTIP



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

The achievement level and the vesting percentage 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 awards made under the LTIP. 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 AoI (http://aoi.adeccogroup.com) and as specified in the LTIP, in the case of a predefined Change of Control before an award under the LTIP 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 CC. Performance Share Awards that do not vest due to lack of fulfilment of the performance conditions lapse immediately. These plan rules are subject to the 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 Shareholding guideline

A shareholding guideline was implemented as of business year 2018. EC members are required to own a minimum of Adecco Group AG 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

In order 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. If the holding requirements are not reached within five years, the Board may decide to either extend the blocking period of the shares already vested until the required level is met or require EC members to purchase shares from the market. The CC reviews compliance with the shareholding guideline on an annual basis.

4.2.5 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 or 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 the 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.

Depending on whether they work in their home country or abroad, EC members are also provided with certain additional benefits such as a company car allowance, car lease, membership fees, housing allowance, relocation, education, representation allowance or health insurance. The monetary value of these other elements of remuneration is disclosed at fair value in the remuneration tables.

4.2.6 Contractual agreements

EC members have 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 non-competition provisions that are limited in time to a maximum of one year.

4.2.7 Special contractual agreements

In 2019, a new EC member received a replacement award in the form of RSUs to compensate for outstanding, deferred awards forfeited by the former employer as a result of joining the Adecco Group. The award is subject to a three-year tiered vesting period, with 50% of the award vesting after two years and the remaining 50% vesting after three years. The award is subject to continued employment.

For 2019, one EC member is entitled to an exceptional supplemental one-time cash performance bonus to recognise the particularly critical impact of the EC member's role on the transformation of the Company. The exceptional supplemental performance bonus, payable in March 2020, is subject to performance conditions in relation to the Company's EBITA margin, cost and operational objectives and to continued employment until payment of the bonus.

The replacement award as well as the exceptional supplemental performance bonus are included in Illustration 13.

4.2.8 Outlook 2020

The CC continuously monitors and reviews the compensation programmes to ensure that they remain aligned to the business strategy and to the evolving environment in which the Company operates. In this context, the CC has decided to amend the incentive plans over the coming years.

As from 2020, the design of the STIP is to be simplified. The quarterly targets no longer apply. The STIP continues to include annual Group and regional financial KPIs as well as strategic KPIs; however, the calibration of the performance metrics is harmonised across the EC roles with a higher weight on Group achievements for all EC roles. The number of strategic and functional metrics is limited to a total of four KPIs (of which three are measured at Group level) with the aim of supporting collective goals among the EC as the Company continues its transformation journey. The performance metrics and their weight in the 2020 STIP will be explained in more detail in the 2020 Remuneration Report.

Furthermore, the LTIP will be amended in two steps. For the awards to be granted under the LTIP in 2020, relative TSR remains the only performance metric and some of the parameters are adjusted to better reflect market practice. During the year 2020, the CC will assess if one or more other metrics would be appropriate to complement relative TSR. This process will run concurrently with preparations for the next strategic business plan, with the CC aiming to select the most appropriate long-term performance measures to align with the long-term strategy of the Company.

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

5.1 Board of Directors' remuneration for 2019 and shareholding as at 31 December 2019

In 2019, the Board's total remuneration amounted to CHF 4.78 million (2018: CHF 4.57 million). Of this total, CHF 2.95 million was paid out in cash (2018: CHF 2.82 million), CHF 1.5 million was awarded in restricted shares (2018: CHF 1.43 million) and social contributions amounted to CHF 0.33 million (2018: CHF 0.33 million). While the remuneration structure (annual Board retainer and Committee fees) remained unchanged, the total Board remuneration slightly increased by 4.71% (excluding social contributions) versus the previous year. This is due to the constitution of a new Committee of the Board (the Digital Platform and Technology Committee, focusing on the digital and technology strategy of the Company, as further described in the Corporate Governance Report (section 3.4.4) and the corresponding Committee membership fees of the relevant Board members, and an additional fee paid for a separate Board role in a joint venture company of the Adecco Group.

At the AGM of 19 April 2018, shareholders approved an MTAR of CHF 4.7 million for the Board for the term from AGM 2018 until AGM 2019. The remuneration paid to the Board for that term was CHF 4.6 million and is therefore within the approved limits.

At the AGM of 16 April 2019, shareholders approved an MTAR of CHF 5.1 million for the Board for the term from AGM 2019 until AGM 2020. The remuneration paid to the Board for this ongoing term is anticipated to be approximately CHF 4.8 million. The final amount will be disclosed in the Remuneration Report 2020.

Illustration 12: Board remuneration and shareholding as at 31 December 2019 and 31 December 2018 (audited)

in CHF (except shareholdings)

Name	Function[1]	Remuneration period	Remuneration in cash	Remuneration in shares[2]	Total remuneration[3]	Social contributions[5]	**Shareholding as of 31 December[6]**
Rolf Dörig	Chair	2019	960,000	500,000	1,460,000	92,429	90,238
	Chair	2018	960,000	500,000	1,460,000	92,392	81,351
Kathleen Taylor	Vice-Chair	2019	300,000	150,000	450,000	29,151	9,963
	Vice-Chair	2018	300,000	150,000	450,000	29,143	7,296
Jean-Christophe Deslarzes	CC Chair	2019	300,000	150,000	450,000	29,151	9,769
	CC Chair	2018	283,333	141,667	425,000	27,573	7,102
Ariane Gorin	DPTC Chair	2019	283,333	141,667	425,000	57,138	5,577
	Member	2018	225,000	112,500	337,500[4]	45,047	3,072
Alexander Gut	GNC Chair	2019	300,000	150,000	450,000	29,151	26,319
	GNC Chair	2018	300,000	150,000	450,000	29,143	24,112
Didier Lamouche	Member	2019	225,000	112,500	337,500	0	9,273
	Member	2018	200,000	100,000	300,000	19,726	7,279
David Prince[7]	Member	2019	308,333	154,167	462,500	64,577	18,753
	AC Chair	2018	325,000	162,500	487,500	67,912	16,005
Regula Wallimann[8]	AC Chair	2019	275,000	137,500	412,500	26,792	3,868
	Member	2018	150,000	75,000	225,000	14,648	1,444
Wanda Rapaczynski[9]	–	–	–	–	–	–	–
	GNC Chair	2018	75,000	37,500	112,500	0	n/a
Total 2019			**2,951,666**	**1,495,833**	**4,447,499**	**328,389**	**173,760**
Total 2018			2,818,333	1,429,167	4,247,500	325,584	147,661

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

2 For 2019, paid with 26,559 Adecco Group AG shares at an average price of CHF 56.54; for 2018, 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 Not subject to audit. For 2019 indicating the number of registered shares held, with a nominal value of CHF 0.10 each; for 2018 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.

7 AC Chair until Apr. 2019, Member of the AC since Apr. 2019; the total remuneration includes remuneration received for his role as registered supervisor of Adecco Group's joint venture company in China, FESCO Adecco Human Resources Service Shanghai Co., Ltd. In the amount of CHF 100,000.

8 AC Chair since Apr. 2019. For 2018, the remuneration covers the period April to December 2018.

9 Did not stand for re-election at AGM 2018. The remuneration covers the period January to April 2018.

5.2 Executive Committee's remuneration for 2019

In 2019, EC members' total remuneration amounted to CHF 22.2 million (2018: CHF 21.6 million). This amount consisted of fixed salaries of CHF 8.9 million (2018: CHF 8.4 million), annual bonus (excluding the supplemental one-time cash performance bonus) of CHF 3.9 million (2018: CHF 4.5 million), long-term incentives of CHF 4.6 million (2018: CHF 4.3 million), other remuneration of CHF 0.7 million (2018: 0.7 million), and social contributions and post-employment benefits of CHF 2.6 million (2018: CHF 2.7 million).

Overall, the remuneration of the EC is comparable to 2018. Looking at the different components, the following elements can be noted:

- The total amount paid as base salary increased by 6% comparing to the amount of base salary paid in 2018. This is mainly due to the changes in EC composition.
- The Board exercised its discretion and adjusted positively the annual STI payout amount for the CEO and two EC members for a total amount of CHF 350,000 (CEO: CHF 150,000 and for the two other EC members: CHF 200,000 in total). When making its decision, the Board considered tangible facts such as the increase in financial results versus the prior year for their respective areas and the impact of their leadership on the business transformation in their areas of responsibility. Overall, the discretionary STI adjustments resulted in an increase of 9.9% of the total annual STI award for the full EC.
- The annual STIP payout including the positive discretionary adjustments are 13.1% lower in 2019 than in 2018. This demonstrates how the combination of EBITA, Revenue and EBITA margin influence the results of the three metrics: lower revenue being partly offset by a solid margin performance. In 2019, the adjusted STI payout for the CEO was 49.7% of target (2018: 71%) and ranged from 17.5% to 88.9% for the other EC members (2018: 39% to 119%) and reached an average of 53% for the entire EC including the CEO (2018: 72%).
- The total short-term variable component (annual STIP, positive discretionary adjustments and supplemental one-time cash performance bonus paid to one EC member) amounts to CHF 5.3 million. It represents 59.9% of base salary for the entire EC members (2018: 53.6%) and 23.9% of the total remuneration of the EC (2018: 21.9%)
- The increase in the "other remuneration" payments is mainly due to changes in EC composition and one-time relocation costs.
- The total value of the share awards granted was slightly higher (7.4%) in 2019 than in 2018. This is mainly due to the replacement award made to a new EC member.

At the AGM of 19 April 2018, shareholders approved an MTAR of CHF 35 million for the financial year 2019. The remuneration paid to the EC for this term was CHF 22.2 million and is therefore within the approved limits.

For the financial year 2019, the variable component (annual STIP as paid, LTIP at grant value) represented 45% of the total remuneration of the EC (2018: 41%) and 112% of the base salary (2018: 105%). This is aligned with the pay-for-performance philosophy of the Adecco Group and reflects the alignment of the remuneration plans to the shareholders' interests. The achievement of the 2019 STIP metrics for the CEO is presented in Illustration 14 and the achievement of the 2019 STIP metrics for all EC members is presented in Illustration 15

The remuneration mix for the CEO is presented in illustration 16 and the total EC remuneration mix is presented in illustration 17.

Illustration 13: EC remuneration for the year 2019 and 2018 (audited)

in CHF	Alain Dehaze, CEO[1]		Total Executive Committee[2]	
	2019	2018	2019	2018
Gross cash remuneration[3]:				
• Base salary	**1,500,000**	1,500,000	**8,867,101**	8,357,934
• Annual bonus[4]	**595,914**	855,200	**3,893,820**	4,483,336
• Supplemental one-time cash performance bonus[5]	**–**	–	**1,416,459**	–
Remuneration in kind and other[6]	**154,272**	157,803	**749,994**	677,372
Share awards granted in 2019 and 2018[7]:				
• Relative TSR awards under the Long-Term Incentive Plan (LTIP)	**1,080,000**	1,133,262	**3,957,010**	4,305,571
• Replacement award granted to a new EC member[8]			**667,858**	
Social contributions:				
• Old age insurance/pensions and other	**257,909**	288,804	**1,788,227**	1,676,466
• Additional health/accident insurance	**15,130**	14,816	**95,922**	104,802
• On LTIP awards granted in 2019 and 2018, potentially vesting in later periods, estimated (based on closing price at grant)	**206,919**	223,749	**748,161**	905,067
Total conferred	**3,810,144**	**4,173,634**	**22,184,552**	**20,510,548**
Conferred to former EC members after having ceased to be an EC member[9]			**–**	1,116,210
Conferred, grand total[10]			**22,184,552**	21,626,758

1 Highest conferred individual compensation in 2019 and 2018.

2 Including the CEO. 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 2018 (2017) but made during 2019 (2018) as this information is considered 2018 (2017) remuneration and was disclosed in 2018 (2017). The amounts include the Board's positive discretionary adjustments for the CEO and two other EC members.

5 Supplemental one-time cash performance bonus for one EC member, subject to performance and employment conditions as described in section 4.2.7.

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

7 Value in CHF of Adecco Group AG shares awarded in 2019 under the LTIP 2019 with grant date 16 March 2019 (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. For 2019, the probability factor is 42.9% (2018: 38.4%). The probability factor for relative TSR awards has been determined using a binomial model. A discount of 13.5% 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 relative TSR awards granted in 2019 amounts to CHF 17.66 (2018: CHF 21.71).

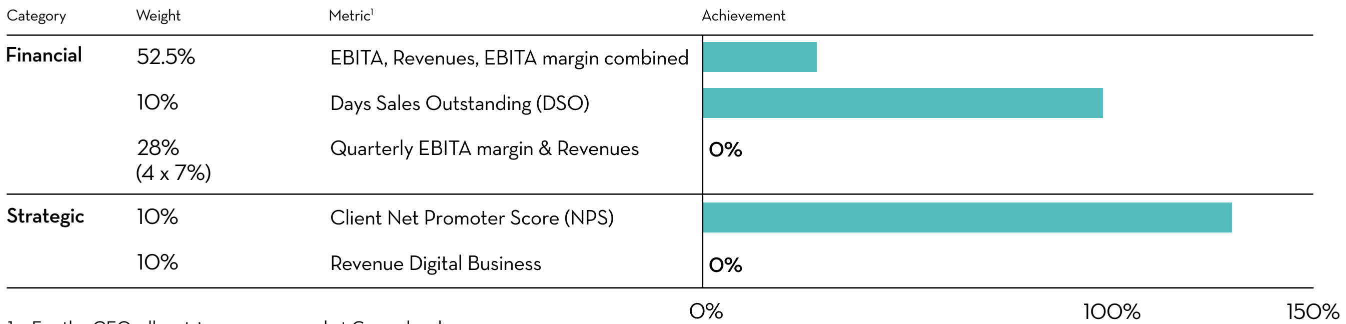
8 RSU replacement award granted to one EC member, subject to continued employment. The grant date value of the RSU award is calculated based on the closing price of the Adecco Group AG share on the day of grant. A discount of 11.5% is applied to take into consideration that the RSU award is not entitled to dividends during the three-year vesting period.

- The per share value of the RSU awards granted in 2019 amounts to CHF 47.31.

9 The employment relationships of certain officers who ceased to be members of the EC in the course of 2019 (2018) formally terminate in the course of 2019 (2018) in accordance with the respective termination agreements. Compensation of former members which is attributable to 2019 (2018) is included in this table, whereas compensation to former members attributable to 2020 will be disclosed in the Remuneration Report for 2020.

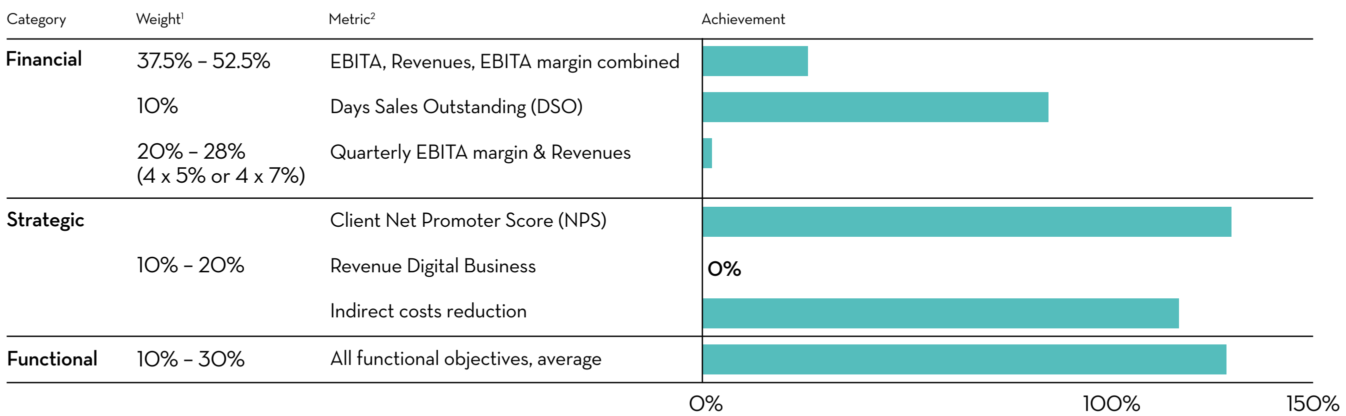
10 Not included are employer's social contributions of CHF 84,888 on LTIP awards granted in previous periods and vested in 2019 (on LTIP awards granted in previous periods and vested in 2018: CHF 174,980).

Illustration 14: Achievement of the key STIP metrics performance versus target, for the CEO



1 For the CEO, all metrics are measured at Group level.

Illustration 15: Achievement of the key STIP metrics performance versus target, for all EC members



1 Weights vary depending on EC member role.
2 Measured at own P&L level.

Illustration 16: CEO Remuneration mix for the year 2019

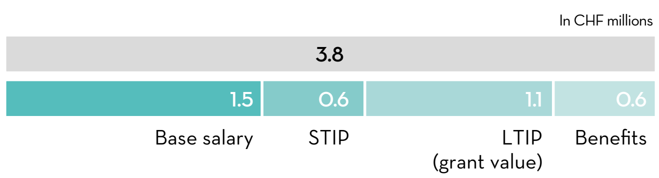
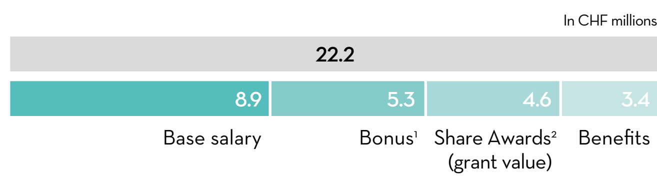


Illustration 17: Total EC Remuneration mix for the year 2019



1 The amount reported under Bonus includes the total adjusted STIP payout and the supplemental one-time cash performance bonus paid to one EC member.
2 The amount reported under Share Awards include the Relative TSR awards under the LTIP and the Replacement Award granted to a new EC member.

5.3 Shareholding of EC members as at 31 December 2019/2018

The reported share ownership of the members of the EC, including related parties, is presented in illustration 18.

Illustration 18: EC shareholding as at 31 December 2019/2018
(in shares)

Name	Shareholding as of 31 December 2019[1]	Shareholding as of 31 December 2018[1]
Alain Dehaze	49,360	43,169
Hans Ploos van Amstel	8,483	5,000
Christophe Catoir	9,469	8,101
Sergio Picarelli	22,531	19,629
Enrique Sanchez	15,633	14,500
Federico Vione	15,469	14,084
Stephan Howeg	9,265	8,181
Ian Lee	–	–
Robert James	1,712	856
Gordana Landén[2]	–	–
Teppo Paavola[2]	–	–
Jan Gupta[3]	–	–
Mark De Smedt[4]	–	10,000
John L. Marshall III[5]	–	7,650
Total	**131,922**	**131,170**

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each as at 31 December 2019 and CHF 0.10 each as at 31 December 2018. 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 2019.
3 Appointed as EC member as of May 2019.
4 Ceased to be a member of the EC in 2019.
5 Ceased to be a member of the EC in 2018.

5.4 Share awards held by and granted to EC members as at 31 December 2019

This section provides information on the Share Awards granted to EC members in 2019 and vesting of Performance Share Awards granted prior to 2019 and vested in 2019.

Illustration 19: Awards granted in 2019

Share awards held as at 31 December 2019 granted on 16 March 2019 under the LTIP:

31 December 2019	Share Awards
Alain Dehaze	61,169
Total EC	238,233

Illustration 20: 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	35.2%
2018	2021	pending[2]

1 Vesting level of the Performance Share Awards granted to EC members.
2 Performance periods are still ongoing. Numbers will be available after the end of the respective performance period.

For the 2017 LTIP award vesting in 2020 (LTI 2017–2019), considering the Adecco TSR performance against the peer group, the vesting level was 35.2%. Therefore, from the 121,057 units granted in 2017 to the current EC members (including the CEO), 42,614 have vested with an estimated vesting value of CHF 2.6 million based on the share price at year end 2019.

5.5 Additional fees and remuneration of Board and EC members (audited)

Apart from the remuneration disclosed in sections 5.1 and 5.2, no member of the Board or EC has received any additional remuneration in 2019.

5.6 Loans granted to Board and EC members (audited)

In 2019, the Company did not grant any guarantees, loans, advances or credits to current or former Board members or EC members. No such loans were outstanding as at 31 December 2019.

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

A total of CHF 951,298 was paid in 2019 to former EC members in relation to their work before financial year 2019. The payments are in line with their contractual entitlements. No such payments were made to former Board members.

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

In 2019, part of the remuneration of the Board members was paid in Adecco Group AG shares (refer to Illustration 12: "Board remuneration for financial year 2019 and shareholding as at 31 December 2019"), and under the LTIP, shares were allocated to EC members (refer to Illustration 13: "EC remuneration for the year 2019").

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

5.9 Remuneration or loans to closely linked parties (audited)

In 2019, 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 at 31 December 2019.

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

We have audited the Remuneration Report of Adecco Group AG for the year ended 31 December 2019. 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 the tables labelled "audited" on pages 97 to 101 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 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 2019 of Adecco Group AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

/s/ Jolanda Dolente

Jolanda Dolente
Licensed audit expert
(Auditor in charge)

/s/ Roland Ruprecht

Roland Ruprecht
Licensed audit expert

Zurich, 11 March 2020