



THE ADECCO GROUP

Corporate Governance Report



The Adecco Group UK and Ireland (UK&I) recognises that good governance is the foundation of successful stakeholder relationships. By conducting our business with transparency and integrity, championing accountability and setting the standard of best practice for our industry, we can ultimately thrive and prosper for the benefit of our clients, candidates and colleagues.

This S.172(1) Statement describes how, for the year ended 31 December 2019, the Directors have had regard to their obligations under section 172(1)(a) to (f), to form the directors' statement required under section 414CZA of the Companies Act 2006. In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, the Adecco Group UK&I has applied the Wates Corporate Governance principles for Large Private Companies (the 'Wates Principles') – published by the Financial Reporting Council – as an appropriate framework for disclosing our corporate governance arrangements.

Throughout this report we demonstrate how the key principles of corporate governance – transparency, accountability, responsibility and fairness – are met through each of the Wates Principles, how we have applied them during 2019 and will continue to bring them to life throughout 2020.

Principle 1 – Purpose and Leadership

A Global Perspective

The Adecco Group UK&I is part of the worldwide Adecco Group, the global leader in HR solutions, providing 360° services to individuals and organisations to successfully navigate the entire work lifecycle.

The Adecco Group's global purpose – *Making the Future Work for Everyone* – is underlined by a vision to be *the most admired workforce solutions partner thanks to talent and technology*.

Our global strategy to deliver our purpose and shape the future of work is to:

- **Perform** – Beat our local best
- **Transform** – Deliver superior value
- **Innovate** – Drive true differentiation

Globally, the Adecco Group promotes five values that form the fundamentals of our culture:

- **Passion** – Changing the world of work, one job at a time
- **Entrepreneurship** – Constantly taking initiatives to empower people, fuel economies and enrich societies
- **Responsibility** – As the industry leader, providing more work opportunities for more people
- **Team Spirit** – Working together as one team
- **Customer Centricity** – Living by and for our customers' success, being their top-of-mind and top-of-heart choice

The UK & Ireland

Building on the Adecco Group's global drivers, the UK & Ireland has set out three board commitments to deliver our local purpose of *Creating Brighter Futures*. Fuelled by the global strategy to *Perform, Transform and Innovate*, we have created corporate aims around the 3 Cs – *Client, Candidate and Colleague*.

In January 2019, the Adecco Group UK&I's purpose and strategy was communicated to all branch and head office managers at our annual leadership conference. Following the event, key messages and actions were cascaded across the workforce through quarterly *Creating Brighter Futures* webinars and a dedicated website providing updates, resources and interactive tools to capture colleagues' personal and professional goals.

For 2019, the Adecco Group UK&I made a specific commitment – to work as one company, with one common purpose: collaborating as one team so we are easier to do business with. A series of new initiatives helped us make significant strides towards our mission:

- **Leaders Edge** – A talent programme for 18 aspiring senior leaders, empowering high-performing colleagues to drive engagement and innovation in our business.
- **Brandfest** – Internal events and webinars to connect colleagues from different brands, upskill teams on our breadth of services and drive better customer service through collaboration.

- **Continuous candidate feedback** – A Group-wide commitment to building a ‘candidate-obsessed culture’, using Net Promoter Scores (NPS) and regular feedback surveys to map, measure and maximise our candidate experience.
- **Shadow Executive Board** – A committee, working closely with our board, to provide the next generation’s perspective on the big challenges facing our business.
- **EFQM accreditation for head office teams** – The EFQM Excellence Model, a continuous improvement tool, highlights the vital link between processes and results.
- **JOSCAR accreditation** – The Joint Supply Chain Accreditation Register, a collaborative tool used by the aerospace, defence and security industry to act as a single repository for pre-qualification and compliance information.
- **Make-A-Wish partnership** – Adecco Group UK&I colleagues raised £161,311.09 for our charity partner in 2019, granting wishes for 64 seriously ill children and their families.
- **Community** – A ‘4th C’, fuelling our focused commitment to diversity and inclusion, environment, sustainability and CSR. Due to be launched in 2020.

In 2019, we also continued to drive forward existing governance measures:

- **Modern slavery** – We’re committed to ensuring fair working conditions and respect for human rights within our sphere of influence. For more details, please read our **Modern Slavery Act Transparency Statement for 2019**.
- **Health and safety** – We promote the wellbeing of all colleagues and candidates through a dedicated health and safety team, reporting quarterly to a committee chaired by our General Counsel and supported by H&S representatives within each brand.
- **Gender equality** – Through progressive projects such as our Inspiring Women’s Network events, Gender Programme Board, Talent Development programmes and Talent Review Board, we make meaningful changes that offer every colleague and candidate the same chance of success, regardless of gender. Our efforts are published annually in brand-specific gender pay reports.
- **Accreditations and memberships** – We maintained Achilles accreditations in Adecco UK and ROI, Modis, Office Angels and Roevin; Avetta in Office Angels; FSQS in Office Angels and Spring Technology; RISQS, Sedex and Safe Contractor certifications in Adecco UK, as well as CHAS and British Council Membership across all brands.

In 2020, we will further enhance our contribution to sustainable development:

- **Environmental committee** – Representatives from all brands and central service functions will drive eco-friendly initiatives to reduce our carbon footprint company wide.
- **Sustainability steering committee** – An executive steering committee will deliver our sustainability plan through the five strategic pillars of diversity and inclusion, community engagement, social responsibility, environmental sustainability and thought leadership.

Principle 2 – Board Composition

The Adecco Group UK&I Board meets monthly and is accountable for our long-term success. In 2019, our Board comprised:

- Country Manager
- Chief Financial Officer
- HR Director
- General Counsel
- Chief Marketing Officer
- Head of IT & Transformation
- Head of Strategy, Sales & Solutions
- A maximum of three UK&I brand leaders

A wider Senior Leadership Team supports the Board and is responsible for the day-to-day running of the organisation. Their remit involves overseeing business performance, tracking progress of key projects or deliverables and responding to all matters impacting company growth. They meet quarterly and consist of our UK&I Board, together with:

- Head of Adecco Retail
- Head of Adecco Corporate
- Head of Office Angels
- SVP Badenoch + Clark – Public Sector
- SVP Badenoch + Clark – Private Sector
- SVP IT & Engineering – North
- SVP IT & Engineering – South
- Executive Director, Pontoon
- Head of Candidate Experience, Strategy & Engagement
- Shared Services Director
- Head of Finance

In partnership with our Senior Leadership Team, the UK&I Board drives overall company strategy and culture, demonstrating the Adecco Group's values and leadership competencies.

The duties of the Board are executed partly through committees – for example, the presence of a board sponsor on the Group's Health and Safety committee. In 2020, this will extend to new 'Community' and environmental sub-committees, each led by a dedicated board member.

To improve its effectiveness, changes to the UK&I Board structure have been proposed for 2020.

Principle 3 – Director Responsibilities

As a company, we are committed to recruiting and growing leaders – the best in our industry – who are genuinely passionate about Creating Brighter Futures. Their actions and decisions are guided by our core values of *Passion, Entrepreneurship, Responsibility, Team Spirit and Customer Centricity*.

Every Adecco Group leader has an individual role to play in fulfilling our global vision to be the most admired workforce solutions partner thanks to talent and technology. To encourage personal accountability in our success, all managers and directors sign the Group's Leadership Contract, which sets out the following expectations:

- 1.** Develop our organisational capabilities and drive commitment and passion to deliver our strategy aligned to Objectives, Goals, Strategies & Measures (OGSM), while fostering solidarity and a One Company mindset.
- 2.** Bring our values to life with Customer Centricity at the heart. We must listen to and understand our clients, candidates and associates to generate profitable and sustainable growth while applying the frugality principle in how we operate.
- 3.** Build an undisputed leadership position by attracting, developing and growing high-performing and responsible leaders and teams at all levels of our organisation, thereby ensuring that strong successors are in place.
- 4.** Be accessible and hands-on, fostering an open culture of dialogue, inclusion, diversity and respect that fuels our passion and our winning company culture.
- 5.** Provide clarity to colleagues on roles and responsibilities, helping them understand our strategy, setting clear targets and expectations that allow us to drive results.
- 6.** Be personally accountable and hold others to best-in-class standards of financial, commercial and talent targets, as well as performance.
- 7.** Recognise high performers while also addressing ineffective leadership in a direct, swift, courageous and respectful manner.
- 8.** Clearly communicate and engage all our stakeholders around a shared sense of purpose, focusing on what truly matters and is relevant to our customers, colleagues and shareholders.
- 9.** Ensure that integrity and ethics are cornerstones of how we lead. We will not tolerate any infringements of any legal requirements or company standards.
- 10.** Embrace sustainability as being at the heart of our work and a competitive asset for our company, evolving from a culture of compliance to one of integrated sustainability.

The Board receives regular reports on key areas including health and safety, operational matters and financial performance. In particular, the Perform element of our strategy to beat the local best is delivered through seven disciplines (the 'Heptathlon') to accelerate performance and achieve profitable growth in each of our brands.

Financial information is provided to the Board on a timely basis by appropriately qualified staff to ensure integrity of data. These financials are externally audited by Ernst & Young on an annual basis. Compliance with the internal financial controls framework is conducted by the global internal audit department, which has a direct reporting line to the Adecco AG Board. It is independent of the Finance function and provides the rigorous review expected by a Plc entity.



Principle 4 – Opportunity and Risk

Opportunity

Entrepreneurship is encouraged at the Adecco Group and initiatives are captured and developed by our Business Transformation team, who review the viability of proposals before any resources are committed. The team also carries out post-implementation analysis to strengthen the effectiveness of new programmes.

Risk

An internal UK&I risk committee met twice during 2019 to ensure business risks were identified and assessed by senior management. The 15 most critical issues were flagged at country level and, in line with the global approach to Enterprise Risk Management, the UK&I's top 10 risks were reported to the Adecco Group's Zurich head office.

In 2020, we will augment our risk management process by placing two Board members on the risk committee and using more objective assessment criteria for identified threats, such as agreed scales for probability, impact and strength of controls. This approach will include additional avenues for reporting risk to the committee and more frequent communication between the committee and the UK&I Board.

We manage legal and contractual risk in respect of legal contracts and litigation by ensuring strict adherence to the company's Management Authorisation Guidelines (MAGs), which are based on a standard Adecco Group template and translated for use in the UK and Ireland. The MAGs are controlled and managed by the UK&I Legal Department and set parameters for the acceptance of contractual and other legal risks at particular levels of management.



Principle 5 – Remuneration

The UK&I remuneration committee is made up of three independent directors who review workforce pay and related policies and ensure our incentives and rewards complement our company culture.

The Group's remuneration measures allow for discretion to override formulaic outcomes, including provisions that enable the company to recover and/or withhold sums, share awards and specify the circumstances in which it would be appropriate to do so.

When determining policies and practices, the remuneration committee aims to achieve the following:

- **Clarity** – Remuneration arrangements should be transparent and promote effective engagement with stakeholders and the workforce.
- **Simplicity** – Structures should avoid complexity and rationale, and their operation should be easy to understand.
- **Risk** – Arrangements should identify and mitigate any reputational or behavioural risks from excessive rewards or target-based incentive plans.
- **Predictability** – The range of possible values of rewards to individuals and any other limits or discretions should be identified and explained at the time of approving the policy.
- **Proportionality** – The link between individual awards, the delivery of strategy and the long-term performance of the company must be clear. Outcomes should not reward poor performance.
- **Alignment to culture** – Incentive schemes should drive behaviours consistent with company purpose, values and strategy.

Colleagues are paid at a competitive rate, giving due consideration to their current and future potential, relative to existing colleagues performing the role. The rate of pay must be within the appropriate job level salary range, which is reviewed on an annual basis.

When determining an individual's pay rate, we consider the following:

- Demonstrated or potential capability of the colleague relative to the requirements of the role
- The salary level that is affordable within agreed departmental budgets
- Relevant market guidance
- Pay practice for existing role holders and their relative capability
- Role-specific recruitment and retention difficulties
- The current salary of the colleague

Each year, we share gender pay gap reports for the Adecco Group UK&I and our larger brands. We now have an equal proportion of women and men on the Board, but still have a higher proportion of men in better-paid functions such as IT, technology and engineering and more women in junior roles. To help us target and tackle pay and hiring imbalances across our family of brands, we are pushing forward with purposeful projects like our Inspiring Women's Network, our Gender Programme Board, our Talent Development Programmes and our Talent Review Board.

Principle 6 – Stakeholder Relationships and Engagement

The Adecco Group UK&I demonstrates an ongoing commitment to social responsibility through our effective compliance programmes and health and safety governance structure. We also recognise that the success of these efforts depends on meaningful engagement with our key stakeholders, including clients, candidates, colleagues and the wider community.

Industry stakeholders

The Adecco Group UK&I is an active member of the Recruitment and Employment Confederation, the industry body for employment agencies and businesses. The Group regularly contributes to consultations on the impact of legislative changes on the recruitment industry as a whole. We also readily engage with government bodies such as HMRC and the Employment Agency Standards Inspectorate to demonstrate our commitment to compliance.

Clients

For the Adecco Group UK&I, 2019 marked a consistent focus on collaboration across all brands, delivering solutions as one company with one common purpose, making it easier for our clients to do business with us. The initiative resulted in 34% of 2019 bids promoting Group or multi-brand opportunities and strong progress towards our Group target of 20% of clients using the services of more than one company. In 2020, we will launch our products and services website, which details all the modular services we offer across our suite of brands and solutions.

Reinforcing our role as a trusted advisor to our clients, the Adecco Group strengthened our voice in the market during 2019 with a range of authoritative thought leadership campaigns covering key topics including Brexit, IR35 and neurodiversity in the workplace. In 2020, we will launch a webinar series and quarterly Insight publication, sharing news and views on key trends impacting the world of work.

We will also leverage our partnerships with organisations such as LinkedIn and EMSI to provide a joined-up platform for advice, guidance and perspective on market issues including skills shortages, up/re-skilling and employment flexibility.

Underpinning everything we do is our ongoing goal to delight our customers, defining bespoke solutions that are tailored to their unique needs. Having measured success through our annual 'Voice of the Customer' survey and NPS performance results, we will commit to continuous improvement by acting on feedback and pushing forward with innovative initiatives that place client centricity at our core.

Colleagues

We understand our largest material stakeholder is our workforce, comprising both our colleagues and candidates. We actively encourage two-way dialogue with our colleagues and deliver regular Board communications across a range of accessible channels.

A landmark feature of our communications programme is the Adecco Group UK&I Annual Conference.

Held each January for all sales and central services managers, the kick-off event allows the Board to set strategy and goals in an inspiring, face-to-face format. In 2019, the Conference was followed by interactive quarterly Creating Brighter Futures webinars, featuring colleague success stories, guest speakers and updates on the Group's key targets, accounts and initiatives. Each session closed with an online Q&A with the Board, while follow-up feedback surveys ensured content remained relevant for colleagues.

We assess the effectiveness of our engagement activities through annual Great Place to Work surveys and regular 'temperature checks' via our Peakon employee feedback tool. In 2019, a Shadow Executive Board, a team of ambitious, forward-looking colleagues, was created to provide the next generation's views on business challenges and ensure our decision making is aligned to our commitment to diversity and inclusion.

We want our colleagues to feel encouraged, rewarded and listened to, regardless of ethnicity, age, religion, sexual orientation or gender, so we're pleased that four of our brands - Office Angels, Badenoch + Clark, Adecco and Spring - were recognised among the UK's **Best Workplaces for Women in 2019**, in conjunction with Great Place to Work.

The Adecco Group UK&I's senior leadership team is now made up of an equal number of women and men, with our female Country Head paving the way for others. We are proud of this increasing gender balance, which has risen by 25% at Board level in five years.

As a Disability Confident employer recently progressing to Level 2, we have committed to a greater overall focus on diversity and inclusion in 2020 by developing greater awareness across our workforce and a truly inclusive environment for everyone.

Candidates

In 2019, the Adecco Group UK&I created an action plan to build a 'candidate-obsessed culture'. By benchmarking Net Promoter Score (NPS) performance and responses from a survey of 61,000 candidates, the Group set tangible goals to transform our candidate experience and boost NPS numbers - resulting in meaningful changes across every touchpoint.

- We built a service-focused culture through Customer Centricity Charters for every brand and team, internal initiatives and a full education programme which included online and classroom training and lunch and learn sessions to upskill our colleagues on all aspects of candidate service.
- We piloted new technology, including candidate chatbots, to support a better customer experience and will continue this throughout 2020.
- We developed and communicated a clear strategy and built pre-survey campaigns based on the 3 Is - Interest, Imagination and Influence.
- We created a continuous candidate feedback loop by introducing transactional NPS in all of our brands.
- Through collaboration across our central services function, we mapped, centralised and standardised the candidate journey across every Adecco Group UK&I company.

In 2020, we will continue to proactively gather candidate feedback, deliver dedicated assessment tools and upskilling solutions, and improve redeployment of our candidates throughout our family of brands.

Suppliers

Now more than ever, our own principles should be reflected in the partners we choose to work with. We look forward to working with suppliers who will actively assist us achieving our sustainability goals – from carbon footprint reduction to responsible pay practices – throughout 2020.

Our reported figures on our payment practices, policies and performance for 2019 showed significant progress for our brands compared to our first report in 2018. Reviewing the collective figures for all Adecco Group companies, results improved from 90% in 2018 to 94% in 2019. This step forward was largely due to two critical projects: ensuring that agreed contractual terms for our suppliers match what is stated on their invoice, and that authorisation of invoices happens in a timely manner, to ensure we pay our suppliers on time.

The Adecco Group UK&I is also committed to preventing modern slavery by educating our colleagues, clients and workforce, and demanding high standards from our suppliers. Through our Modern Slavery Act Transparency Statement, in 2018 we publicly pledged to:

1. Expand the training we provide to our staff
2. Further increase the due diligence we carry out on new suppliers
3. Work more closely with our clients to ensure respect for human rights along the full value chain

We were pleased to confirm our progress in these areas in our public statement for 2019.

Transparent reporting is a key element of building trust with all of our stakeholders. In 2020, we will continue to work with our industry stakeholders to advocate regulatory frameworks and policies that fit with our purpose of Creating Brighter Futures.



THE ADECCO GROUP