

As the global leader in HR solutions, we at the Adecco Group offer the full range of HR services. We have the capability to serve individuals and enterprises with all these services, locally and globally alike. This makes us unique.

Our strategy

The strategy of the Adecco Group is to be alongside each phase in the life cycle of our associates and clients. As the world's leading provider of HR solutions, in over 60 countries we offer all HR services to more than 100,000 clients¹ and every day we place around 700,000 associates¹ at work.

Candidates & Associates We support job seekers from their very first career steps: giving them an opportunity to start to build up valuable skills and to gain the work experience required by the job market. We help people identify roles that will allow them to re-enter the working world and provide them with the training to do so. A temporary job can often lead to permanent employment. Adecco offers talent development services, including training, coaching and counselling, to enable all our associates to reach their professional goals and potential. Our Career Transition services help individuals move into new roles in cases of redundancy, by assisting with the preparation of a CV, setting up interviews and final placement. We aim to accompany our associates throughout every phase in the worker life cycle.

Clients When a great idea is ready to be turned into a business, we support our clients through the start-up and growth phases by finding the right people, with the right skill sets to contribute to the company's success. Growth and expansion can also mean mergers and acquisitions, human resources need to be carefully managed and maintained, and changes may need to be made to the organisation: Adecco has the services and skills to support clients through all of these phases and more.

Once the client's company structure matures, we help to manage the attrition of people or to optimise business processes through outsourcing solutions. Should circumstances require a client to downsize operations, we help by deploying staff to increase business efficiency and effectiveness. Whatever the phase in the client life cycle, Adecco strives to provide an HR solution.

How we monitor our operations

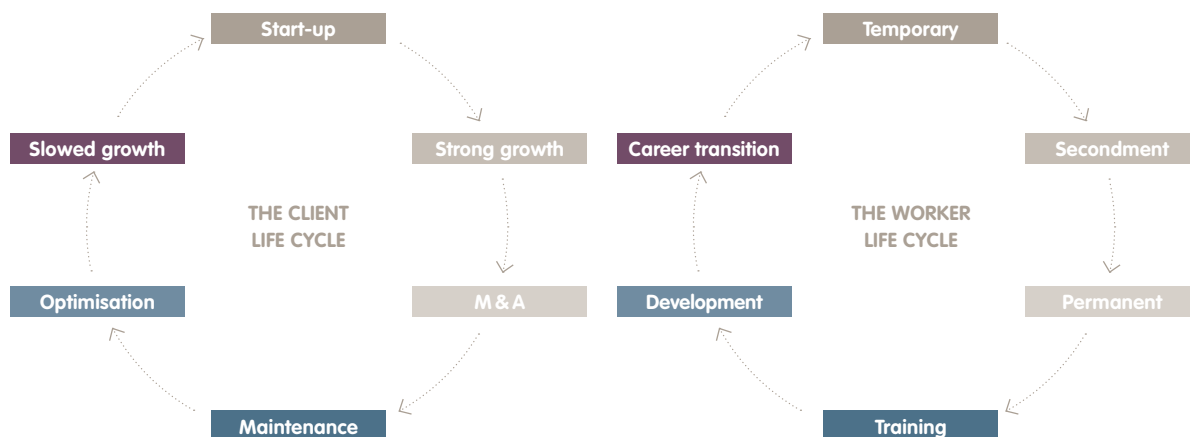
Top management carries out frequent operational and financial reviews with the country and regional heads of Adecco's markets and business segments to ensure that the Group's strategy remains on track and is embedded in the local operations. While we selectively invest in high-growth segments and markets, we continue to practice stringent cost management to ensure a sustainable improvement in profitability. In addition, the application of the 'Economic Value Added' (EVA) concept continues to be a core pillar of our day-to-day operations and strategy, ensuring discipline with respect to client contract pricing, cost containment and evaluating business opportunities.

The 'Economic Value Added' (EVA) concept

To ensure alignment of the Adecco Group's overall strategy throughout the decentralised organisation, firm central control and effective management tools are required. The EVA concept not only helps us to ensure that the interests of our shareholders are met, it also makes sure that our daily decision-making processes are geared to value generation. The Adecco Group's value-based management approach has long moved beyond profitability based on pure accounting criteria as a measure of value creation. We also take capital intensity into consideration and application of the EVA concept enables us to maximise shareholder returns. EVA is deeply embedded in our daily operations, fostering consistent and dependable pricing policies, ensuring the use of the most efficient delivery channel and serving as a basis for performance-related incentives.

¹ Average 2011

Alongside the life cycle of our clients, candidates and associates



Where we apply ‘Economic Value Added’ We apply the EVA concept in the following areas: incentive plans, contract pricing and acquisitions.

- **Incentive plans:** performance-related pay is calculated on an EVA basis and applied at almost all levels and regions of the organisation. At branch level, we apply a simplified version of the concept, while the remuneration of senior management is measured using the most detailed form of the calculation, covering all elements of the concept, including goodwill and other intangible assets.
- **Contract pricing:** we use EVA to measure the value generation of new and existing clients. First and foremost, this approach ensures that the pricing of our client contracts is consistent and dependable, giving us a clearer picture of the cost structure and capital needs of our business relationship with individual clients.
- **Acquisitions:** we apply the EVA concept in order to evaluate the attractiveness of potential acquisitions. As goodwill and other intangible assets are a substantial part of the invested capital which directly affect ‘Economic Value Added’ and subsequently the incentive pay of senior management, the concept helps us to avoid overpaying.

How we calculate ‘Economic Value Added’ EVA is a measure of a company’s financial performance based on residual income. According to this concept, value is only created if EBITA after the deduction of taxes is greater than the minimal required rate of return on the invested capital, equal to the Company’s weighted average cost of capital (WACC). The calculation is based on the Adecco Group’s net operating profit after taxes (NOPAT). Invested capital is defined as total assets, excluding cash and including gross acquired goodwill and other gross acquired intangibles since the introduction of

the EVA concept, while deducting non-interest-bearing liabilities. We apply a 10% cost of capital across all our entities, while the actual WACC in the reporting period was below 10%.

Adecco EVA	
=	
NOPAT	
minus	
Invested capital	x WACC (10%)

Put simply, the concept allows us to find the right balance between revenue growth, market share, pricing and cost structure and invested capital. It enhances our ability to make the right choices with respect to client relationships, acquisitions, strategies, incentive schemes and targets.

Our mid-term target

We aim to reach an EBITA margin above 5.5% mid-term – a new peak for Adecco. In 2011 the EBITA margin was 4.0% and improved 10 bps compared with 2010. The target was set at the beginning of 2010, after having increased the share of the higher-margin Professional Staffing business to above 20% of our total revenues. Moreover, we used the recession in 2008/2009 to structurally reduce our cost base. In the meantime, Adecco Group revenues developed very well with two consecutive years of double-digit growth. While we faced headwinds on gross profit, due to the business mix and reduced government subsidies in France, we have done an excellent job on the cost side since the upturn. From today’s perspective, we are fully on track to reach our targeted profitability level mid-term.

How we reach our mid-term target



Strategic mid-term priorities

The strategic focus of Adecco Group's management is on Retention, Information Technology (IT), Professional Staffing, Segmentation, Solutions and the Emerging Markets.

- **Retention:** Retaining our own employees is essential in building successful long-term relationships with both clients and associates. A better, longer-lasting relationship with our clients and associates is a competitive advantage both from a revenue and also from a cost perspective. The regularly conducted Great Place to Work® survey on the job satisfaction of our own employees gives insight into how we can offer and enhance an attractive working environment.
- **Information Technology:** Optimising our IT processes, through further consolidation of data centres, front office systems standardisation and the reduction of applications, as well as a common Group-wide web platform, is an important strategic priority for the Group's management. The investments in IT are aimed at enhancing our cost leadership position. Additionally, we invest in our web presence to remain at the forefront of the emergence of new delivery models such as social media networks.
- **Professional Staffing:** Already today, Adecco is the global leader in Professional Staffing worldwide, but it remains an essential part of the Group's strategy to increase the share of revenues generated from Professional Staffing. This segment, with higher growth and margin potential, accounts for approximately 30%² of the global staffing market. Mid-term, Adecco aims to raise its share of revenues generated from Professional Staffing. Demand for higher-margin Professional Staffing, where penetration rates are still significantly lower than in the General Staffing segment, will be driven by scarcity of talent and higher wage growth for qualified personnel.
- **Segmentation:** Optimising the segmentation of our client base and increasing the efficiency of delivery models, especially in General Staffing, was a strong focus in 2011 and will continue to be firmly in our sights also in 2012. We aim to increase business with retail and medium-sized clients, to better diversify the business mix.
- **Solutions:** As the world's leading provider of HR solutions, Adecco considers the continuing trend towards Workforce Management Solutions, including Managed Services Programmes (MSP), Recruitment Process Outsourcing (RPO), Vendor Management System (VMS), and Career Transition and Talent Development Solutions a major opportunity to differentiate its service offering. Large multinational clients increasingly seek to outsource their HR processes and with our global footprint and extensive know-how of local labour markets, Adecco is ideally positioned to take advantage of this trend. Our comprehensive Solutions offering is unique and a key competitive advantage.
- **Emerging Markets:** The Emerging Markets offer immense untapped growth potential for the staffing industry. Penetration rates of temporary staffing services are still at very low levels. The highly dynamic economic activity and the move of production and growing investments into the Emerging Markets by multinational corporations are the main growth drivers for our business in these markets. During 2011 we opened offices in Vietnam and FESCO Adecco, the joint venture in China established as of January 1, 2011, had already more than 125,000 associates by the end of the year. The rapidly growing Emerging Markets remain a strategic focus for us.

² Adecco estimate.

How we are organised

The set-up of our organisation is a key success factor for our business. We are organised in a geographical structure plus the global business Lee Hecht Harrison (LHH):

- France
- North America
- UK & Ireland
- Japan
- Germany & Austria
- Benelux
- Italy
- Nordics
- Iberia
- Australia & New Zealand
- Switzerland
- Emerging Markets
- Lee Hecht Harrison (LHH)

Our staffing business is a local business since HR markets are local markets. Every country has its own characteristics in terms of client needs, client structure, demographics, culture and regulations. The heads of each country or region have operational responsibility for both the General and the Professional Staffing business lines. We are convinced that, for the staffing business, decentralisation is the right way to manage a global staffing organisation and to promote local entrepreneurship. On the other hand, our Career Transition and Talent Development Solutions business (LHH) globally benefits clients with its unparalleled service offering. Clients increasingly require these services in multiple countries and our organisation structure perfectly fits this need.

The Board of Directors (BoD) determines the overall strategy of the Adecco Group and supervises the management. The CEO is responsible for the implementation of the strategic and financial plans as approved by the BoD and represents the overall interests of the Adecco Group. The Executive Committee consists of the Group's CEO, Chief Financial Officer, Chief Sales Officer, Chief Human Resources Officer and eight Regional Heads representing all countries where Adecco operates.

Our key performance indicators (KPIs)

To measure the effectiveness of our strategy from a financial perspective, we closely monitor the following KPIs:

- Revenue growth
- Gross profit growth and development
- Selling, general and administrative (SG&A) expenses development
- EBITA growth and EBITA margin development
- Conversion ratio (EBITA as a percentage of gross profit)
- Days sales outstanding (DSO)
- Economic Value Added (EVA)

We also measure non-financial goals. Retaining our own employees is a strategic priority of management. We review the retention rate quarterly and use the Great Place to Work® survey to further improve our attractiveness as an employer. We conduct the Global Satisfaction Survey among clients, associates and employees on a regular basis – a dialogue with those people who determine our success. It provides us with feedback on our brand promise, brand voice, processes and KPIs, and allows us to constantly improve. By increasing client, associate and employee satisfaction we enhance the creation of value.

What makes us unique

Adecco offers a complete range of HR solutions and services along the life cycle of clients and workers in more than 60 countries around the world. This means we provide solutions to enterprises and individuals globally. We are the largest provider of General and Professional skills and through our network we place around 700,000 people¹ at work every day. We partner our associates and our clients, finding the best fit for the skills and aspirations of talents to the evolving needs of enterprises. Coupled with our global reach and decentralised management approach, which fosters entrepreneurship and enables adaptation to local market conditions, we are a trusted and reliable partner for all stakeholders.