

# Corporate Social Responsibility Report

Issued February 2018



A more human resource.®

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# Letter from President/CEO

Since 1949, ADP has served as a trusted partner for human resources, payroll and benefits to thousands of employers around the world. Our mission is to help our clients attract, develop, engage and retain their most important investment – people – so they can focus on growing their business.

Today, we serve approximately 700,000 worldwide clients in more than 110 countries and territories, ranging from small, start-up businesses with a handful of employees to large, multinational companies with tens of thousands of employees spanning the globe. From our humble beginnings as a local New Jersey business, we have expanded internationally to become one of the world's largest business-to-business outsourcers with 58,000 associates worldwide. We are committed to the health and well-being of our associates, as they are the hearts and minds who help us fulfill our mission. We can't do what we do without them.

Each day, we play a vital role in helping our client organizations take care of their employees, too. Our clients entrust us to help them more effectively manage, deploy, compensate and serve the human resource needs of their people, while also handling and protecting their most sensitive data. With this trust comes great responsibility – a responsibility we take very seriously.

As a global corporate citizen, ADP also recognizes its responsibility to give back to and generate a lasting, positive impact upon the communities in which we work and live. This commitment to corporate social responsibility (CSR) is a core principle within ADP's Mission, Vision and Values, and encompasses everything from corporate governance, ethics and environmental stewardship to diversity, philanthropy and promoting employee success around the world.

At ADP, we see business success and the needs of citizens and communities as inextricably linked – forces that must be in balance in order to drive and achieve forward progress. We also firmly believe that business can – and should – have a positive impact on the world. That's why we constantly strive to embed socially responsible principles and practices into everything we do. Above all, we're excited about the future and are committed to continue making positive contributions – today and tomorrow – that will benefit the world in which we live and future generations alike.

Sincerely,



Carlos Rodriguez  
President and CEO

# Preface

*By Rita Mitjans, Chief Diversity and Corporate Social Responsibility Officer*

Our purpose is simple: make the world a better place by unlocking the full potential of our people. We are a global company with local expertise and a deep appreciation for our most valuable investment – our people. ADP's commitment to diversity and inclusion is central to how we leverage this investment. It begins at the top and is threaded throughout every part of our business.

At the heart of work, people create the ecosystem of ideas that allows business to grow even as the global marketplace shifts. People, by definition, are diverse and unique yet need a culture that's inclusive in order to thrive. Diversity and inclusion are distinctive though interconnected. Diversity is often measured by demographics, but the numbers tell only one part of this story. Each person offers unique value that – influenced by variations in age, gender, race, culture and other differences – builds a launching pad for revolutionary thoughts. This diverse thinking allows the "what-ifs" to transform into the breakthroughs that inspire and improve the world of work.

For its part, inclusion enables diversity to thrive. It creates fertile ground that embraces differences and integrates them into effective business strategies. You can hire in diversity, but without an inclusive culture, it will not flourish. At ADP, we believe diversity and inclusion are not only good for business, they are also necessary for long-term business success. That means weaving diversity and inclusion into the fabric of who we are, what we do and how we do it.

At ADP, technology has enabled great progress through tools that capture relevant data about hiring, attrition, advancement and other key indicators. These tools can strengthen our workforce and position us for future advancements. For example, Standout®, by recently acquired The Marcus Buckingham Company, enables employers to build a more productive, engaged and collaborative workforce.

Our commitment extends well beyond our offices into the communities where we live, work and do business. We welcome the opportunity to invest across diverse areas and encourage our associates to do the same. While this report focuses on many programs in the U.S., we are expanding our ability to track and capture more initiatives globally and will include them in future reports. Additionally, ADP remains committed to environmental sustainability with campaigns that actively address renewable energy, waste management reduction and many other environmental impacts.

We believe sustainability is about creating value for all of our stakeholders: our people, our clients, our partners, our investors and our community at large. We do this by attracting, engaging, retaining and growing high-performing talent that reflects the markets we serve. It is a concept that we embrace, and words that we live by – we are ADP: a more human resource.



# Our company



# Governance and strategy

At ADP, we are dedicated to unlocking potential – not only for our clients and their businesses, but for our people, our communities and our world as a whole. As one of the world's largest providers of human capital management (HCM) solutions, we have clients, associates, partners, investors and neighbors across the globe – and we have a commitment to each of them to be a conscientious corporate citizen.

This commitment is based on three important tools: our **Mission, Vision and Values**.



# Mission, Vision and Values



## Our mission:

Power organizations with insightful solutions that drive business success.



## Our vision:

Be the world's authority on helping organizations focus on what matters.



## Our values:

**Integrity is everything:** We conduct our business with the highest level of integrity. We are straightforward and honor our commitments. We do the right thing.

**Insightful expertise:** We thrive on turning knowledge into insight. Staying on top of our field and ahead of the curve is how we drive value for our clients.

**Service excellence:** We are obsessed with all aspects of the client experience. The strength of our client relationships is the key to our growth and success.

**Inspiring innovation:** We strive for constant improvement, always searching for new and better ways to serve our clients and grow the business. We created an entire industry. Innovation is in our DNA.

**Each person counts:** We believe that each person counts. We respect and embrace the diversity of all our associates, clients and business partners.

**Results driven:** We are driven by a strong work ethic that is results-oriented. We encourage prudent risk taking without the fear of occasional failure. By being accountable, we deliver measurable results.

**Social responsibility:** We believe in giving back to the communities where we work and live. We encourage and support our associates' commitment to giving back and helping improve their communities.

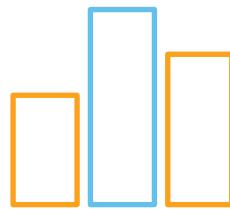
# Our strategy and business model are aligned with CSR

Our business strategy is based on the following three strategic objectives, which are designed to position ADP as the global market leader in technology-enabled human capital management (HCM) services:

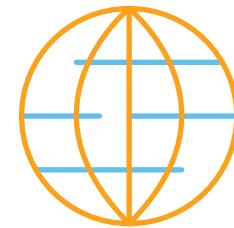
## ADP Business Strategy



**Grow** a complete suite of cloud-based **HCM** solutions.



**Invest** to grow and scale our market-leading **HRBPO** (Human Resources Business Process Outsourcing) solutions by leveraging our platforms and processes.



Leverage our global presence to offer clients **HCM** solutions wherever they do business.

These objectives have been built on the foundation of our Mission, Vision and Values. We are helping clients focus on what matters (Vision) by providing solutions that drive their business success (Mission). By turning our knowledge into insight, striving for constant improvement and being obsessed with all aspects of the client relationship, our Values are the engine that drives

our business strategy. We believe it is critical to respect every single associate – as well as clients, partners and suppliers – and celebrate the diverse perspective that each one brings to our business. Aligning our business strategy with our corporate social responsibility is not only the right thing to do, it makes good business sense, too.

# Corporate governance framework

ADP has a long and proud tradition of conducting business in accordance with the highest ethical standards and in full compliance with both the letter and spirit of all applicable laws. This tradition is reflected in our core value that *Integrity is everything.* ADP's commitment to maintaining the highest ethical standards starts at the top and resides with every associate.

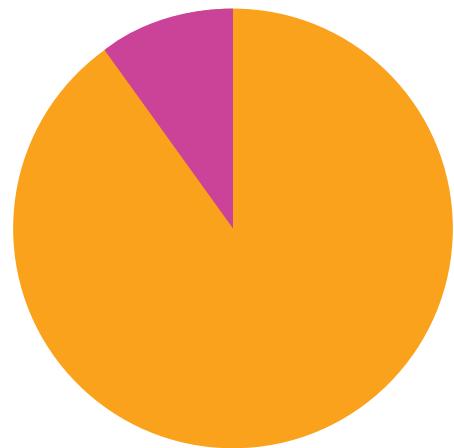
Our [Code of Business Conduct & Ethics](#) applies

to all ADP associates and our board of directors. In addition, our [Anti-Bribery Policy](#) prohibits all forms of bribery and corruption by our associates. We are also committed to sound corporate governance practices that provide our shareholders with meaningful rights and foster strong independent leadership in our boardroom.

## Corporate Governance Framework

|  |  |
|--|--|
| <input checked="" type="checkbox"/> Annual election of directors                             | <input checked="" type="checkbox"/> Stockholder right to act by written consent                              |
| <input checked="" type="checkbox"/> Majority voting standard                                 | <input checked="" type="checkbox"/> Stockholder ability to call special meetings                             |
| <input checked="" type="checkbox"/> One share, one vote                                      | <input checked="" type="checkbox"/> Annual board assessment of corporate governance best practices           |
| <input checked="" type="checkbox"/> Proxy access by-law                                      | <input checked="" type="checkbox"/> Significant board role in strategy and risk oversight                    |
| <input checked="" type="checkbox"/> No overboarding policy                                   | <input checked="" type="checkbox"/> Annual succession planning review  |
| <input checked="" type="checkbox"/> No poison pill   | <input checked="" type="checkbox"/> Active shareholder engagement to better understand investor perspectives |
| <input checked="" type="checkbox"/> Independent board chair and independent board committees | <input checked="" type="checkbox"/> Executive sessions of independent directors held regularly               |

# Director Independence



Independent (9 Directors)

Management (1 Director)

The ADP board of directors is elected annually by shareholders to oversee management and protect the long-term interests of our shareholders. There are currently 10 directors on our board, including Mr. Rodriguez, our president and CEO. All directors of our board are independent other than Mr. Rodriguez, who is the board's sole management-director.

Our board has four committees: an audit committee, compensation committee, nominating/corporate governance committee and corporate development and technology advisory committee. The responsibilities of the committees are set out in their respective charters. For more information on the board's governance policies and practices, including standards for director independence, qualifications for board membership and the process for evaluations of the performance of the board, please refer to our Corporate Governance Principles.

Our board takes a thoughtful approach to its composition to ensure alignment with the company's evolving corporate strategy. We believe our board composition strikes a balanced approach to director tenure, which

allows the board to benefit from a mix of newer directors, who bring fresh perspectives, and seasoned directors, who bring continuity and a deep understanding of our complex business. We refresh our board and assess our board succession plans regularly with this balance of tenure and experience in mind.

In line with this approach, **our nominating process ensures our board consists of a well-qualified and diverse group of leaders who bring an important mix of boardroom and operating experience.** Our nominating/corporate governance committee considers a wide range of other factors in determining the composition of our board of directors, including **diversity of thought and background, as well as individual qualities such as professional experience, skills, education and training.** While **not a formal policy, our nomination process also considers a range of types of diversity, including race, gender, ethnicity, age, culture and geography.**

All of our governance documents may be found at [www.adp.com](http://www.adp.com) under Investor Relations in the Corporate Governance section.



# The board's role in risk oversight

Our board of directors provides oversight with respect to the company's enterprise risk assessment and risk management activities, which are designed to identify, prioritize, assess, monitor and mitigate the various risks confronting the company, including risks that are related to the achievement of the company's operational and financial strategy. As discussed in this section, our board of directors performs this oversight function periodically as part of its meetings and also through three of its committees (audit, compensation and nominating/corporate governance), each of which

examines various components of risk as part of its assigned responsibilities.

In addition, our corporate development and technology advisory committee acts in an advisory capacity to the board with respect to certain risks assigned to oversight of the full board. Our committees report back on risk oversight matters directly to the board of directors on a regular basis. Management is responsible for implementing and supervising day-to-day risk management processes and reporting to the board and its committees as necessary.

| Strategic                        | Operations – Front Office | Operations – Back Office | Information Technology                | Financial & Reporting                                       | Legal & Compliance    |
|----------------------------------|---------------------------|--------------------------|---------------------------------------|---|-----------------------|
| Corporate Strategy & Initiatives | Product Development       | People/HR                | Information Assurance                 | Treasury Management   | Laws & Regulations    |
| Third-Party Relationships        | Sales & Marketing         | Physical Assets          | IT Development & Production Support   | Tax Strategy & Management                                   | Ethics Program        |
| External Environment             | Implementation            | Procurement              | IT Operations                         | Risk Management   | Legal                 |
| External Communications          | Service Delivery          | Money Movement           | Information Availability & Continuity | Reporting<br>Finance Operations<br>Decision Support<br>FP&A | Corporate Governance* |
| Acquisitions & Divestitures      |                           | Service Operations       | Technology Strategy & Management      | Capital Strategy & Management                               |                       |

Full Board

Audit Committee

Compensation Committee

Nominating/Corporate Governance Committee

\* Includes CSR and sustainability, as well as philanthropic activities

## Audit committee

Our audit committee focuses on financial risks, including reviewing with management, the company's internal auditors and the company's independent auditors, the company's major financial risk exposures, the adequacy and effectiveness of accounting and financial controls and the steps management has taken to monitor and control financial risk exposures. In addition, our audit committee reviews risks related to compliance with applicable laws, regulations and ethical standards, and also operational risks related to information security and system disruption.

## Compensation committee

Our compensation committee oversees risks related to compensation policies and practices, including management succession planning and our talent strategy, including the recruitment, development and retention of executive talent.

## Nominating/corporate governance committee

Our nominating/corporate governance committee oversees risks associated with board structure and other corporate governance policies and practices, including matters of corporate citizenship and the review and approval of any related-person transactions under our [Related Persons Transaction Policy](#).



# Corporate social responsibility and sustainability governance

Our board of directors is squarely focused on the sustainability of our business for the long-term. In line with this focus, the nominating/corporate governance committee of ADP's board of directors oversees the company's policies and programs on issues of corporate citizenship, including our CSR and sustainability program, as well as ADP's philanthropic activities. The committee receives periodic reports and updates from the company's chief diversity and CSR officer (CSRO) and reports back on these matters to the full board. Our board members have complete and open access to senior members of management, including our CSRO. ADP's CSR activities are coordinated by our CSRO, who reports to ADP's chief human resources officer.

Our CSRO is tasked with providing leadership and direction on key corporate social responsibility issues including environmental, social and governance (ESG) and sustainability-related factors. The CSRO works within a cross-functional company structure in partnership with many teams and executives to create and drive CSR strategies, policies, initiatives and processes across the business. These teams and executives also spearhead the preparation of our CSR/sustainability report in terms of content development and aggregation of information, and they are supported by subject matter experts in the areas of ethics and compliance, enterprise risk management, environmental sustainability, health and safety, employability, associate and community engagement, innovation and research and development.



ADP's executive committee is responsible for establishing and maintaining ADP's business strategy and considers corporate responsibility and sustainability in the overall company strategy. Under the direction of the CSRO, cross-functional subject matter experts (SMEs), who represent critical parts of the business related to sustainability (e.g., compliance, human resources, car fleet, real estate, sales and technology), meet

regularly to identify issues that could impact ADP operations and associate engagement and ultimately ADP's reputation and business potential. At regularly scheduled and ad hoc meetings, SMEs report on risks or opportunities identified by experts in their assigned areas. Information is then aggregated and analyzed and reported to the executive committee for action, if necessary.

At ADP, sustainability is integrated beyond our formal governance structures and into the overall culture and ethos of the firm through many different teams:



**Project management teams** are reporting on the amount of recycled construction waste as they transform ADP facilities and strive for Leadership in Energy and Environmental Design (LEED) Certification wherever possible.



**Facility management leaders** are continuing to look for energy-saving measures through utility- and associate-inspired programs that conserve energy and decrease usage.



Our **engineering team** has been collecting the results on the fuel cell initiative in La Palma, California, auditing and replacing air conditioning units with highly efficient options and looking into solar energy projects.



The **office services team** is constantly seeking ways to improve the sustainability efforts launched by our food services vendors, including providing recyclable tableware and reusable coffee cups, as well as implementing a new coffee service that recycles disposable coffee pods.

# Identifying our ESG priorities by aligning with best practices

ADP has a multi-faceted approach to identifying the environmental, social and governance (ESG) priorities that have the most potential to impact the financial value of our business. First, we draw from our talented pool of associates who have an astounding breadth of knowledge as it pertains to human capital management and identifying the correlation between successful companies and engaged employees. Our associates also have deep expertise in the areas of risk management and sustainable operations, which gives us a well-rounded body of knowledge to draw from. In addition to our

associates, we also benefit from interactions with other stakeholders such as our clients, investors, suppliers, communities, policymakers and both governmental and non-governmental organizations that have engaged with us over time on these topics.

This context guides the initiatives that ADP ultimately pursues. As part of the annual planning process, these initiatives are reviewed and updated as necessary to reflect changing business conditions and industry best practices.



# Report development prioritization

As part of the development of our first sustainability report, we performed a benchmarking analysis in order to determine and prioritize our disclosures with regard to the environmental, social and governance activities and initiatives within our organization. This analysis was performed along multiple dimensions.

We prioritized alignment with our business strategy and assessed materiality based on our business priorities, including:

- Driving growth
- Meeting client and market needs
- Attracting, retaining and developing talent
- Operational efficiency
- Innovation that drives differentiation
- Risk management

We also conducted external benchmarking of peers with whom we both cooperate and compete for employees and business.

We evaluated our initiatives and disclosures relative to business-relevant indicators identified by leading sustainability standards and reporting organizations, including GRI, SASB, the Dow Jones Sustainability Index (DJSI) and third-party ESG research providers.



## Data collection and analysis

To assess the relevance of our objectives, data elements from various publicly available data sources were evaluated for relevance and inclusion. We applied both a qualitative and quantitative lens to the data in order to classify the data points as having either high, medium or low relevance for our business and for our sustainability disclosures at this time. The results of this benchmarking exercise were shared with the relevant internal subject matter experts, who

reviewed the results and helped make the final determination as to what content priorities are currently most relevant for the success of our business. The report contains disclosures on those indicators deemed to be priorities for our business and stakeholders. Our reporting will continue to evolve in line with best practices and input from our stakeholders. In some areas, we rely on U.S. statistics where global numbers are not available.



# Ethics and compliance

All of our stakeholders – clients, associates, partners and investors – trust us to act ethically and responsibly and to meet the highest standards when it comes to conducting business. ADP has a culture based on honoring our commitments and always doing the right thing. In fact, it is the first of our company's core values: **Integrity Is Everything.**

ADP has a long and proud tradition of conducting business in accordance with the highest ethical standards and in full compliance with both the letter and spirit of all applicable laws. Our Code of Business Conduct & Ethics and the Anti-Bribery Policy were developed at the direction of the ADP board of directors to provide clear guidance to all of our associates and to ensure a consistent approach to business practices throughout our expanding worldwide operations. The Code of Business Conduct & Ethics and the Anti-Bribery Policy are reviewed by the board of directors on an annual basis.

The current versions of both policies can be found on our website, [www.adp.com](http://www.adp.com), under the Corporate Governance tab of the Investor Relations page.



# Integrated assurance and risk management

All assurance functions, which include global compliance and global ethics, take an integrated, comprehensive approach to risk management. It is based on a coordinated model of coverage between business line management, which has responsibility for the day-to-day control environment and the assurance functions (see Figure 1). Our board of directors, acting directly and through its committees, is responsible for the oversight of ADP's [risk management activities](#). With board oversight, ADP has implemented programs and practices that are designed to encourage ethical behavior and manage and govern risk in order to protect the company's brand and reputation and grow shareholder value.

## Figure 1 – Assurance Coverage

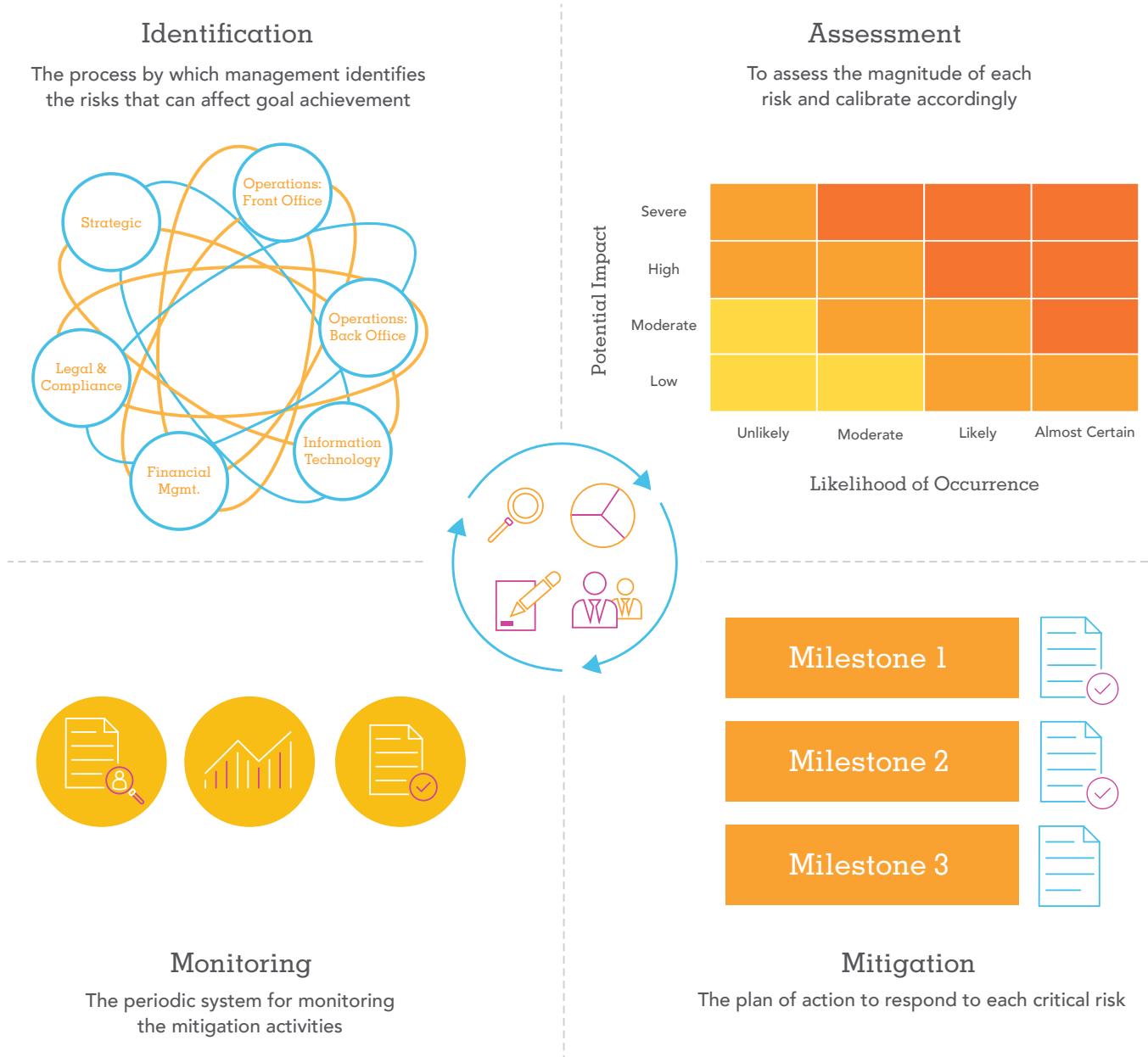


ADP's enterprise risk management (ERM) program spans across the organization to identify, assess, monitor and mitigate strategic, financial, operational, IT and legal/compliance risks that could impede strategic objectives or have a material impact on the company. The overall goal of the ERM program is to enable ADP to manage critical risks.

The enterprise risk management team, with oversight provided by the chief audit executive, administers the ERM process, which begins with a risk assessment across all categories of risk. Once enterprise-impacting critical

risks are identified and assessed, risk facilitators coordinate the development of mitigation strategies; action plans are designed and implemented to aid in reducing overall exposure; and follow-up is tracked on a quarterly basis (see Figure 2). Additional assessments, which are more business-process or subject-matter focused, may be conducted by other assurance functions throughout the course of the year. All assurance functions share information and are aligned in identifying, assessing, prioritizing and reporting critical risks.

## Figure 2 – Enterprise-wide Risk Management Process



The results of the overall assessment drive internal audit's risk-based audit planning process and are communicated to the executive committee and the audit committee of the board of directors annually. Internal audit also conducts monitoring and testing on behalf of global compliance, conducts Sarbanes-Oxley testing and oversees the Service Organizational Control (SOC) program.

# Global compliance

The global compliance function within the legal department seeks to elevate and promote our company's strong culture of integrity and our ethical way of doing business. Its activities are designed to both minimize the likelihood of non-compliance and contribute to ADP's profitability and growth by making compliance a centerpiece of our products and services.

Global compliance focuses on the risks in the legal and compliance category identified in Figure 1 above. This includes, but is not limited to, risks such as data privacy, trade sanctions, anti-money laundering and anti-bribery.

In addition to conducting an assessment to prioritize compliance risks and determine what type of activities need to occur to manage those risks at the enterprise and business unit levels, global compliance supports the execution of selected activities, such as those related to anti-money laundering and trade sanctions. Global

compliance also develops and implements compliance policies and procedures, training and communications, and it monitors business and functional compliance. **All ADP associates are trained annually on the Code of Business Conduct & Ethics.**

Other training, such as those focused on anti-bribery, information security and data privacy, among others, occurs at periodic intervals and may be required for certain associate audiences based on their function, level or roles and responsibilities. While most training is delivered online, some courses, such as anti-bribery, are delivered in person to selected associate audiences. Training is supplemented by awareness programs such as articles on ADP's intranet, blogs, videos and other communications disseminated by global compliance, other corporate functions and business management.

The head of global compliance reports to ADP's general counsel. Board-level oversight for the compliance program is provided by the company's audit committee, which receives regular updates from both the general counsel, who serves as the chief compliance officer, and the head of global compliance. These reports focus on programmatic activities and actions being taken to mitigate potential compliance risk exposure. This structure, as well as the business unit and functional committees that support the compliance program, are depicted in Figure 3 below.

**Figure 3 – Global Compliance Program  
Oversight and Structure**





## Fortune named ADP one of The World's Most Admired Companies



# Data privacy

In the normal course of business, ADP's clients, associates, suppliers and business partners provide us with vast amounts of personal information. ADP classifies all client data as confidential and treats it accordingly. Protecting the privacy and security of this personal information is central to ADP's mission.

ADP has a Global Privacy Policy that applies to all affiliates and associates worldwide. The Global Privacy Policy governs personal information collected by ADP as well as information provided to us as a data processor for our clients. This policy mandates protection of all personal information, regardless of collection method.

ADP has a dedicated team of privacy professionals led by a chief privacy officer, who reports to the head of global compliance. The chief privacy officer is responsible for the design and implementation of ADP's enterprise-wide compliance program in relation to the protection of personal information and in conformance with relevant privacy laws, regulations and standards, such as the EU's General Data Protection Regulation.

For more information on ADP's privacy policies, please visit [www.adp.com/privacy.aspx](http://www.adp.com/privacy.aspx).

## Data Privacy Training

ADP requires all of its associates to complete a privacy training course at the beginning of their employment. Additional training and communication on privacy are frequently provided during an associate's tenure. Topics addressed include: acceptable use of information, data classification and roles and responsibilities as it relates to privacy and data.



# Public policy and government relations

ADP's Code of Business Conduct & Ethics explains that, "At times, ADP works with lawmakers and government agencies regarding policy and legislation that may affect the manner in which we conduct some aspects of our business, including the areas of payroll services, human resources services, health care administration services and professional employer organization services."

As the largest single source of U.S. tax payments and employment tax reports, ADP has developed substantial expertise in tax administration and many other areas of employment-related administrative matters. We contribute to sound government policy by educating policymakers

and government agencies as to feasible policy and systemic alternatives in areas where we have substantial subject matter expertise.

For example, to help mitigate the rise of income tax "refund theft," ADP worked closely with the IRS to pioneer and pilot a new IRS Form W-2 "verification code," which enables the IRS to independently validate W-2 data reported on individual income tax returns, and we advised congressional tax-writing staff as to the feasibility of earlier submissions of employer W-2 reports. Similarly, ADP actively supports electronic filing programs to improve accuracy and efficiency of government tax collections.

## Campaign Contributions

ADP has a strict policy of "no financial support" for any political candidate, party or government office worldwide. ADP does not contribute funds to political campaigns of any sort and does not sponsor or maintain a Political Action Committee (PAC).

# Ethics

Our first core value, *Integrity Is Everything*, includes a commitment to conducting business with the highest moral principles when making business decisions. At ADP, this includes maintaining a global ethics team within the legal department to provide ADP associates with advice and counsel on all aspects of the Code of Business Conduct & Ethics and Anti-Bribery Policy. The global ethics team also supports the development of training and awareness focused on the Code and related policies, and it conducts investigations of ethics matters.

Global ethics is led by the head of global ethics, who reports to ADP's general counsel. The head

of global ethics provides information regarding investigations and matters reported to ADP's Ethics Helpline to the general counsel for reporting to the board of directors and audit committee.

Global ethics, along with global compliance, support the execution of ADP's [Anti-Bribery Policy](#), which prohibits any improper or unethical payments anywhere in the world by any ADP officer, associate or third party acting on behalf of ADP. The Anti-Bribery Policy is administered by ADP's anti-bribery committee, which consists of designees of the chief financial officer and the general counsel.

## Ethics Helpline

ADP associates have access to a number of channels in order to report ethics concerns or to ask questions, including the Ethics Helpline that is available via telephone, a secure website, sending an email to the Ethics Helpline mailbox or sending a letter by regular mail. For more information, visit the following [link](#) on adp.com. The web and telephone channels of the ADP Ethics Helpline are operated by a third-party provider, with 24/7/365 functionality, international toll-free dial-in numbers and the capability to report in most languages spoken where ADP has direct operations through its subsidiaries.

# Data security

At ADP, security is integral to our products, business processes and infrastructure. The mission of our global security organization (GSO) is to protect client data and funds and prevent security incidents. The expertise of our global team of experienced security practitioners, paired with our industry-leading platform defense, intelligent detection, automated data protection, and identity and access management, makes ADP's security program among the strongest in the industry.

## Critical Incident Response Centers

ADP maintains four state-of-the-art Critical Incident Response Centers (CIRC) that are located in North America, Asia and Europe. By proactively monitoring for threats 24 hours per day, 7 days per week, 365 days per year, ADP is able to detect and respond to threats and events rapidly. The CIRC leverages a world-class ecosystem of operational capabilities, technologies and controls to investigate events every day around the globe. The highly skilled and experienced CIRC associates actively focus on cyber and fraud prevention, intrusion detection, malware and spam analysis, intelligence development and incident handling.





# Our associates

At ADP, we never forget that success is driven by an organization's most valuable asset: its people. And every service or solution we offer begins with our people.

We are committed to attracting and retaining the world's greatest talent; building diverse, inclusive teams; and being the kind of workplace where work aligns with passion. We believe that highly engaged, diverse associates are the foundation for building a better company – and a better world.

# Diversity and inclusion

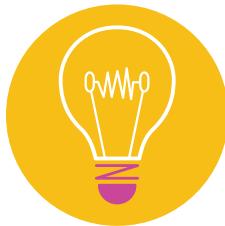
As a global leader in human capital management, we know that attracting and retaining top talent are critical to ADP's growth in the short- and long-term. At ADP, we strive to ensure our workplace is inclusive and values the contribution of every individual. In an increasingly competitive marketplace, our commitment to diversity is not only the right thing to do, but it allows us to deliver greater service to our clients and, more importantly, it enables us to be a more effective, empathetic and responsible global corporate citizen.

## DiversityInc® Top 50

In 2017, ADP ranked #17 on *DiversityInc* magazine's Top 50 Companies for Diversity®. We are proud to have been named on this list every year since 2010.

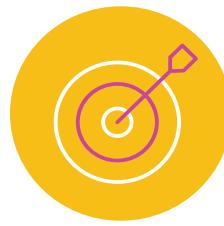


# Diversity and inclusion deliver impact



## Greater innovation

More diverse experiences, perspectives, ideas and backgrounds help fuel new ideas that enable our clients to run their businesses better.



## Reflects market demographics for clients and workforce

At ADP, we seek to reflect the marketplace and the communities we serve all over the world by attracting and retaining a diverse associate population.



## Ability to attract top talent

Our commitment to a diverse associate population appeals to the talent we want to attract and retain in order to remain competitive in today's market.



## Better financial performance

The business case for diversity and inclusion is clear. It is a win-win that is tied to our purpose as a company, which also helps our clients unlock the potential in their people, and everyone benefits financially.



## Better team engagement and productivity

When we capitalize on the strengths of all our associates, leverage their differences and unique points of view, our associates are more engaged and productive.

Our philosophy is simple – we must reflect the markets we serve, and to do that, we need to nurture a culture that embraces all forms of diversity, including gender, race, ethnicity, age, sexual orientation, veteran status and abilities, among others.

In 2017, ADP signed on to the CEO Action for Diversity & Inclusion, a CEO-led initiative of more than 300 organizations across industries committed to creating more inclusive workplaces. As part of the initiative, ADP and other companies committed to:

- Encourage difficult conversations
- Implement/expand unconscious bias training
- Share best practices

Diversity is integrated in all aspects of ADP's talent process. From talent acquisition to talent management to succession planning, we consider diversity in our operating practices. This approach has resulted in marked improvements in the representation of women and minorities in management, as well as a meaningful improvement in engagement.

ADP is proud to represent the markets we serve. As a leader in human capital management services, our workforce represents the rich talent available in the marketplace.

## 2018 Human Rights Campaign

For the ninth consecutive year, ADP received a 100 percent rating in the Human Rights Campaign's Corporate Equality Index (CEI). The HRC's CEI annually rates large U.S. employers based on their policies and practices pertaining to lesbian, gay, bisexual, transgender and queer employees. In addition, ADP also signed the [Corporate Equality Pledge](#), an initiative by the Human Rights Campaign to help pass the Equality Act which would provide the same rights and basic protections to LGBTQ people as other protected groups under the law.

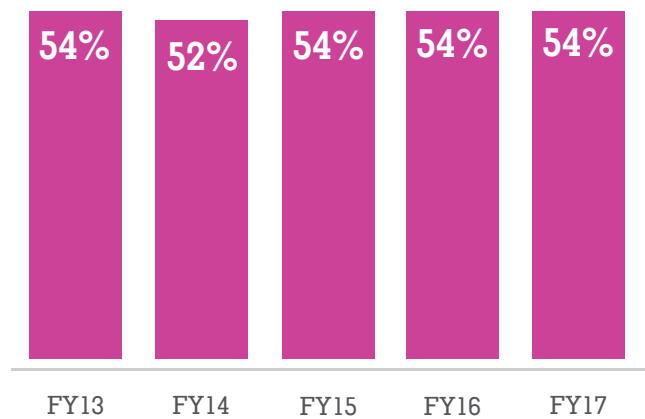


## Diversity and inclusion among our associates is a priority

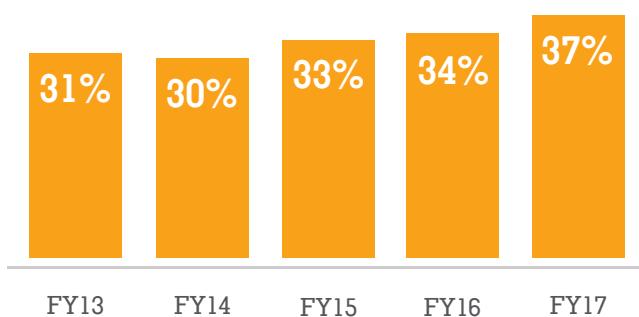
- Our nominating/corporate governance committee oversees corporate citizenship and receives regular reports from our CSRO
- Human capital metrics of associate diversity and engagement are components of the strategic objectives in our executive compensation plan

# Global Workforce Demographics

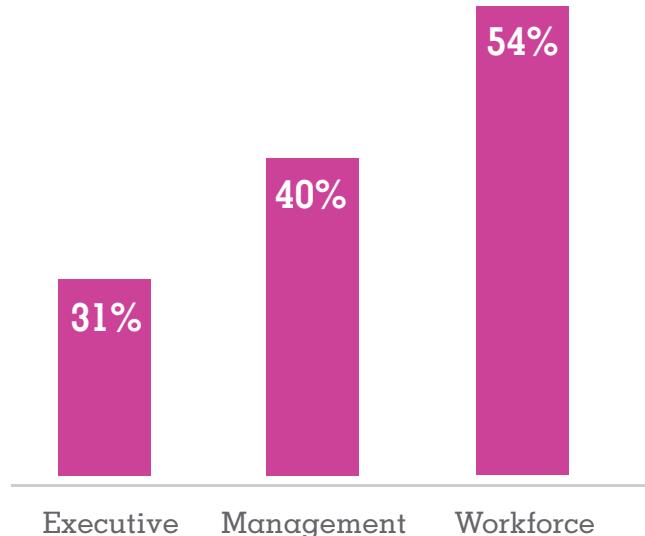
June 2013 – June 2017 Female Workforce Demographics (Global)



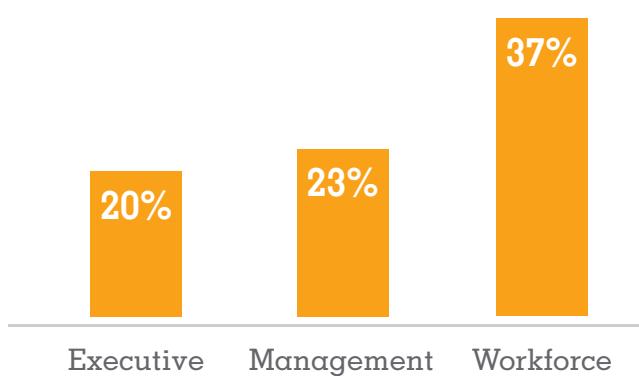
June 2013 – June 2017 Minority Workforce Demographics\* (U.S. only)



June 2017 Female Demographic (Global)



June 2017 Minority Demographic\* (U.S. only)

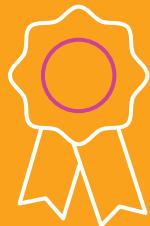


\* Minority includes the following EEOC categories (U.S. Only): Black/African American, Hispanic, Asian, American Indian, Native Hawaiian, Two or More Races

# Women and minorities in executive roles

As part of our commitment to workforce diversity and inclusion, in fiscal year 2016 the company established three-year goals for improving the representation of women and minorities in executive roles. The goal is to achieve 33 percent female representation, which is in line with leading industry benchmarks. Minorities are expected to represent 20 percent of executive roles by the end of fiscal year 2019, a five-point improvement respectively over the three-year period. In order to support these goals, we have implemented the following improvements to our talent processes and several initiatives to specifically support the advancement of diversity in leadership:

- Business-level dashboards that track hiring, promotions, retention and engagement of workforce across diversity dimensions
- Diverse slates for executive-level openings
- Dedicated diversity recruiting efforts
- Monthly review of diversity metrics at executive committee level
- Targeted leadership opportunities to help develop high-potential women and minorities
- Expansion of unconscious bias training for leaders
- Development and recruitment programs through Business Resource Groups
- Executive sponsorship of high-profile diverse organizations



**Black Enterprise's 50 Best Companies for Diversity (2016, 2017)**

**Working Mother 100 Best Companies (2016)**

**Best Companies for Multicultural Women Award (2016, 2017)**

**Best Companies for Women in India (2016, 2017)**

**Working Mother® magazine & AVTAR (India)**

**AnitaB.org Top Companies for Women Technologists (2016, 2017)**

**Best Places to Work for LGBT Equality (2018, 9th consecutive year)**

**DiversityInc magazine's Top 50 Companies for Diversity® (since 2010)**

# A culture of inclusion

At ADP, we live our brand as “a more human resource” every day. We are committed to fostering a culture of inclusion. We continue to offer programs and benefits that meet the needs of an increasingly diverse workforce. Understanding trends in workforce demographics is a first step in meeting the needs of our associates.



## Celebrating cultural diversity

Throughout the year in the United States, we celebrate the heritage and history of our associates by offering special programming for nationally designated months.

In celebration of Women’s History Month, we offered programming including networking jam sessions, a blog series and a panel event on “Engaging Men to Empower Women.” Two contests were launched, “Women of Distinction” and “Allies of Distinction,” where ADP associates recognized peers and leaders who partner on the journey for gender equality. Additionally, ADP hosts programming for Black History Month, Hispanic Heritage Month, Asian/Pacific American Heritage Month, National Disability Employment Awareness Month and LGBTQ Pride Month, among others.



## Connecting diversity and inclusion to the business

ADP periodically shares its expertise in diversity management with clients and the marketplace by speaking at industry conferences and hosting workshops on culture, employee engagement and establishing a sustainable diversity strategy. Examples include participation in ADP’s Meeting of the Minds, Working Mother Media, DiversityInc and WorkHuman conferences. These activities also support ADP’s leading brand as a human capital management services provider by sharing our expertise with clients who are earlier in the diversity journey.



## The ADP Foundation supports diversity

Through the ADP Foundation, the company supports nonprofit organizations focused on enabling diversity.



## Transgender and same-sex marriage benefits

We provide same-sex marriage and transgender benefits to our associates, as part of our commitment to equality.

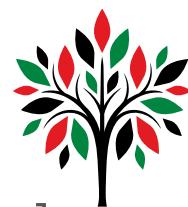


## Business Resource Groups

Business Resource Groups (BRGs) are voluntary groups of like-minded associates that help shape our culture and support key business initiatives. At ADP, we have several BRGs that help connect our associates to each other and serve as a platform for bridging diverse perspectives and cultivating an inclusive culture within the company. This area of our company has grown tremendously over the last few years, and we continue to launch new groups where we see there is interest or a need.

To support a connected, inclusive culture, we currently sponsor eleven different BRGs:

- Adelante (Hispanic)
- A.S.I.A. (Asian)
- Cultivate (Black/African-American)
- PRIDE (LGBTQ)
- Military Strong (Military)
- Inspire (Innovation)
- Generations (Multigenerational)
- Virtual Connections (Flexible Work)
- iWIN (International Women's Inclusion Network)
- Women in Leadership (Executive Women)
- WiSL (Women in Sales Leadership)



cultivate  
African American Business Resource Group  
Inspire. Empower. Encourage.



ADP | Women In Sales Leadership

From 2013 to 2017, membership in the BRGs has more than quadrupled, from about 2,000 total members to more than 9,000 members as of June 2017. Engagement of BRG members is also higher than non-members, which is a benefit to our company, as well as to our associates.



## Local engagement and diversity committees

In addition to our Business Resource Groups (BRGs), ADP's numerous local engagement and diversity committees engage leaders and associates throughout the U.S. to help execute its diversity and inclusion priorities. The BRG and committee chairs are appointed by senior leadership in conjunction with the Office of Diversity. These roles are leveraged as leadership development and stretch assignments.



# BRGs align with business priorities



## Cultivate your career

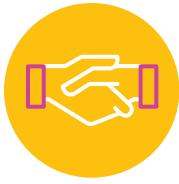
Our Cultivate BRG focused one of its initiatives on advancing women of color. In 2015, Cultivate began sponsoring quarterly summits for high potential mid-career women. With support from Cultivate's executive sponsor (ADP's highest ranking black female executive) and the Office of Diversity, 38 women initially participated in targeted personal and professional development seminars, 42 percent of whom have been promoted into new roles.



## PRIDE and voluntary self-identification

One of PRIDE's primary goals is to create an inclusive, engaged environment where LGBTQ associates are respected, valued and able to do their best work. PRIDE initiated market research and developed the business case for introducing voluntary self-identification as part of ADP's human resources personal information capture process to measure engagement, representation and need for benefits. Initial roll-out was launched in the U.S., with plans to expand availability globally subject to privacy regulations.





## iWIN and virtual career day

Providing members with access to career opportunities is one of the primary goals of ADP's International Women's Inclusion Network. iWIN's steering committee designed a one-day virtual career day featuring leaders from all the major business units discussing their business strategies and career journeys. More than 1,200 associates participated in the nine live virtual sessions, and more than 500 listened to the on-demand recorded session.



## Military Strong

Engaging its members in helping veterans gain employment is one of Military Strong's primary goals. Military Strong has established strategic partnerships with organizations like Hiring Our Heroes, the United Service Organization (USO) and the Military Spouse Employment Partnership (MSEP) to build our talent pipeline. Since 2015, the number of veterans hired annually has increased more than 800 percent, and the growth in Military Strong membership has increased by 400 percent. By 2020, our goal is to have veterans represent 7 percent of our U.S. workforce.



## Inspire "battle of the minds"

True to its name, the members of Inspire ran a virtual contest among all associates to find the best ideas for simplifying, innovating and growing our business. Hundreds of new ideas surfaced. Leveraging technology, associates voted for their favorite idea using business success criteria, and the top five winners presented to a panel of executive "judges" who then selected among the most promising ideas for sponsorship. Among the ideas submitted is a new talent application to help with career development – something we can leverage with our associates and with clients.



# Associate engagement

We define associate engagement as the extent to which any company's employees are motivated to contribute to the organization's success and are willing to apply discretionary effort to accomplishing tasks that are important to the achievement of organizational goals.

Satisfaction  
Pride  
Retention  
+ Advocacy

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## Associate Engagement Index

Index is the average level of agreement for:

- Overall, I am extremely satisfied with ADP as a place to work.
- I am proud to say that I work for ADP.
- I rarely think about looking for a new job with another company.
- I would recommend ADP as a great place to work.



# Why associate engagement is important to ADP

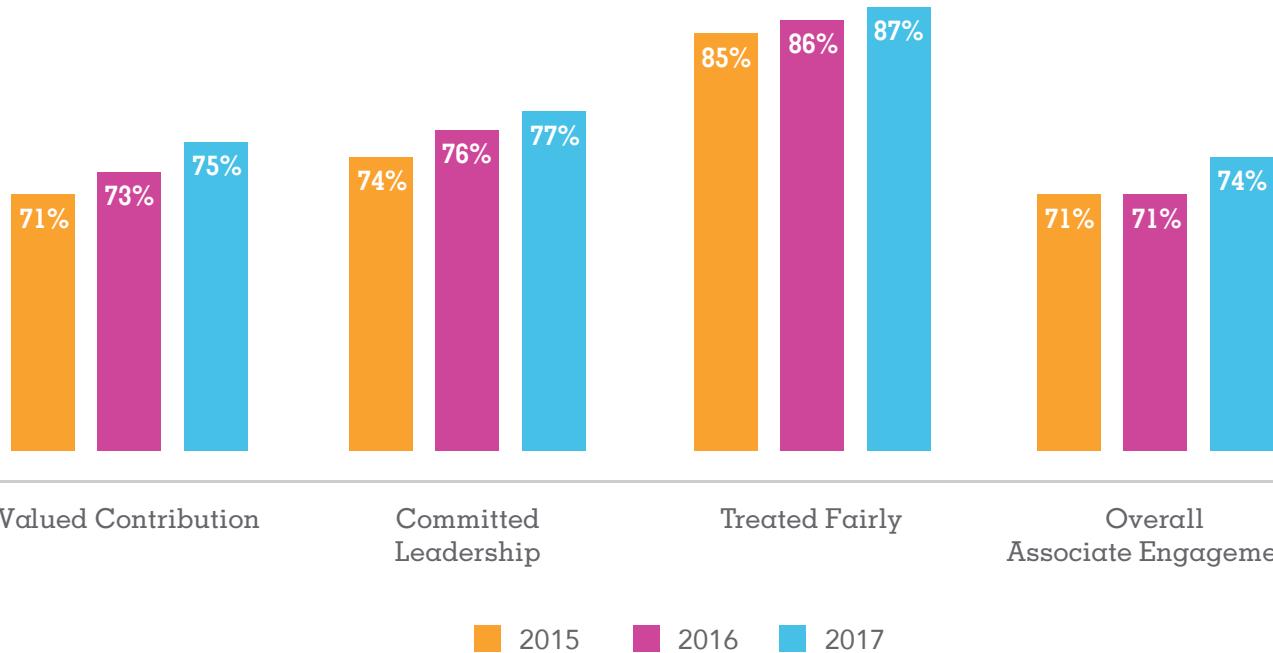
Simply put, stronger associate engagement means better productivity, better retention and better client service. When our associates are engaged at work, they feel a connection with the company. And when they have a connection to our company, they believe that the work they're doing is worthwhile, and they will work harder to accomplish their goals.

Each year, ADP launches an extensive internal campaign to encourage employees to share their opinions. Within the survey, the Mission Vision Value Index questions correlate to each of the

seven core values of ADP. Ninety percent of ADP's associates participate in our engagement survey, which is well above the 80 percent industry benchmark.

Our goal is to be in the top quartile in terms of overall engagement. Overall Associate Engagement scores for 2017 improved by a remarkable 3 percent over the prior year, which was driven by associates' feelings that they are treated fairly, they are valued for their contributions and they believe in the commitment of our company's leadership.

## Top Engagement Drivers



# A flexible work environment helps meet workforce expectations

In addition to our commitment toward cultivating an inclusive culture, engagement is positively affected by offering flexible programs that meet the personal and professional needs of our associates.

Today, we operate in a 24/7 cycle, especially as technology and our global footprint grows. We need to be able to adapt to client demands and the way work gets done. One tool to respond to these trends is by being open to flexible work arrangements. Flexibility at ADP is our opportunity to consider how, where and when work gets done in a way that contributes to the success of our business and our clients. We find that workforce flexibility is valued by the talent in the market and helps us bring out the best in our associates.



## Onsite day care centers

We provide support for our associates with families through onsite day care centers in many locations, and we offer discounts to many offsite centers.



## Innovations in technology facilitate flexible work arrangements

ADP has developed some innovative solutions for our clients, and our associates benefit from these technological advances too. With ADP Mobile Solutions, we are able to stay fully connected with associates around the globe, and we can also manage our work via mobile solutions, which enables increased productivity and flexible working arrangements.



# Fostering employee success



**At ADP, we want all of our associates to have every opportunity to grow and contribute to our company's success.**

# Talent pipeline development

Every company has an ongoing need to have a pool of talent readily available to fill positions as the company grows. At ADP, our talent pipeline development process includes campus activities and internships to enable us to discover and place talent quickly in a variety of opportunities at our company.



## Co-op and internship programs

ADP offers students co-op opportunities as well as internships. These positions afford students the opportunity to gain real-world experience in their field of study and exposure to a corporate environment. The goals of the internship or co-op are for the student to learn about our culture and the type of work they would be doing at our company, and for ADP to preview the individual's work ethic, skills and employability.

Internships are project-based, whereas co-ops are based on providing extensive training in a specific role, such as a client service support specialist. Both opportunities give our company the advantage of being able to convert them to a full-time hire immediately upon graduation. Internship and co-op positions are available in the following areas: client service and implementation, HR, internal audit, ERM, finance, information technology, marketing and global security.

Given that an intern has spent anywhere from 200 to 400 hours with our company by the end of their engagement, there is significant value – both internally and externally – to ADP.

- The onboarding time is reduced significantly.
- The turnover rate of these new hires is diminished because both parties know what is expected.
- The first 30, 60 and 90 days of an average employment scenario usually entail learning the corporate culture and the organizational structure, as well as understanding one's role and responsibilities. Having learned these foundational pieces during their internship, productivity can begin within the first 30 days of being hired.
- Externally, the interns we hire become ambassadors, promoting and strengthening the ADP brand to their classmates and future colleagues.



## ADP HCM Academy at UTEP

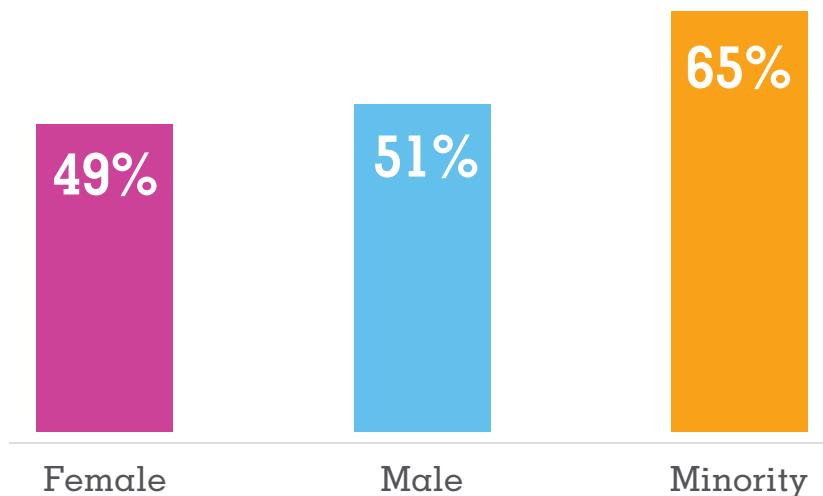
ADP has partnered with The University of Texas at El Paso to create the ADP HCM Academy. Through ADP's collaboration with UTEP, an HCM certificate program was created. The goal of the academy is to teach students about the different areas of human resources in a corporate environment and for them to be able to apply what they have learned in a textbook to real-world situations. ADP has provided students with access to one of our HCM systems, allowing them to work in the system through a testing environment. While we realize not all students will join ADP as future associates, we take pride and satisfaction in knowing that we are providing these students, many of whom are first generation college students, an opportunity for success when they choose to join an HR function at any company.

# US FY17 Overall Campus Results

## Intern → Full-Time Employee Conversion



## Diversity of Interns



# Associate development, career progression and talent retention

Based on our annual engagement survey, we recognize that career growth and development have been top engagement drivers for our associates for the last several years. With the right focus and programs, we can attract new associates into the organization, help them be successful early in their tenure and support their growth with ADP.

Being a large, global organization with multiple business units, functions and areas of focus, we have the ability to offer our associates a wide array of career paths. This is a win for the associate and for ADP by enabling both the company and the associate to benefit from the growth in knowledge and experience. As a result, the client experience is also richer because of our associates' deep knowledge and variety of experiences within the company.

Programs include, but are not limited to:

- Onboarding programs designed to accelerate productivity and familiarity with our culture for new hires
- Ongoing programs focused on skill building, development and cross-business unit exposure
- Knowledge Pay program offering financial incentives for specific certifications
- Diversity & Inclusion/anti-harassment training; human rights awareness



# Health, wellness and safety

ADP has long supported and promoted a culture of health and wellness throughout the company, and we are committed to implementing programs designed to keep our associates healthy while protecting our business from issues such as high absenteeism.

ADP offers wellness and fitness programs that can help associates maintain and improve their overall well-being. And we offer other benefits, such as comprehensive safety programs designed to address ergonomics, indoor air quality, accident investigations and driver safety. In addition, we are dedicated to maintaining a tobacco-free work environment for our associates and visitors at all ADP locations in the U.S.



# Health and wellness centers

ADP began offering onsite health centers in 1992. We have since expanded the number of health centers over the years and will soon have 12 sites in the U.S. Onsite medical services are also available at ADP's larger locations in some countries outside the U.S. **Associates value this benefit, with more than 70 percent of associates at sites with a health and wellness center using our services, and patient satisfaction levels at more than 95 percent.**

The Health and Wellness Centers are staffed with ADP-employed physicians, nurse practitioners, physician assistants and/or medical assistants. A large spectrum of mostly free services is provided to associates, such as:

- Coordination and response to onsite medical emergencies
- Direct medical services including care for sick associates, lab services, annual physical exams, travel consultations, ergonomic assessments of work stations, skin cancer screenings and immunizations, including an annual flu shot program
- Coordination of mobile vision and mammography services at some locations provided by outside vendors
- Promotion of a culture of health at ADP through available resources such as healthy dining, fitness centers, walking trails, onsite massage and a nursing mothers program
- Outreach and expertise to all ADP locations – domestically and internationally – on public health issues in the workplace, such as response to natural disasters, potential exposure to contagious diseases, disease outbreak prevention and seasonal flu prevention
- Part of a cross-functional team with ADP's corporate risk management and human resources, which focuses on finding the best solutions for associates with medical conditions that may require a work accommodation, allowing the associate to continue to work and be integrated into the ADP work environment

Additionally, onsite medical services are available in some countries outside the U.S. at ADP's larger locations, including India, the Philippines and Brazil. These locations typically include a physician and a nurse onsite. In the UK, an occupational health nurse is available on a regular, part-time basis to address associate health needs.

# A comprehensive benefits program

Just as we give our clients the tools they need to help their employees thrive, ADP has built a competitive benefits program as part of our associates' total rewards package. Whether our associates are supporting a family or are single without dependents, ADP works hard to offer affordable, high-quality health care options to our full- and part-time associates.

In the U.S., our comprehensive benefits package includes:

- Medical, prescription, dental, vision and long-term disability insurance, as well as flexible spending accounts and a health savings account
- Voluntary wellness program so that associates, and their eligible spouses, can better understand their health status and have tools and resources to help them reach health improvement goals
- 401(k) plan with company matching contributions
- Basic life, AD&D and short-term disability insurance coverages and an employee assistance program to U.S. associates at no cost
- Robust employee discount program on a variety of products and services, including automobile leasing/purchasing, electronics, school and office supplies and more

Outside the U.S., the comprehensive benefits offered vary by country but typically include health insurance, disability insurance, retirement programs and access to an onsite gym or discounted membership to an outside gym. We also provide an employee assistance program and wellness program in some countries.

# Parental leave policies

Our goal is to provide a family-friendly and supportive work environment. As a complement to the unpaid leave U.S. associates are entitled to under the Family and Medical Leave Act (FMLA), ADP provides six weeks of paid family leave to new mothers under the short-term disability program. In addition, we enable parents in the U.S. to take two weeks of paid time off after a birth or adoption to bond with their new child, and we follow up to see that both fathers and mothers are utilizing this benefit. We also have nursing mothers' rooms (and in some cases allow flexibility for new parents to work from home).

# Safety

ADP's corporate risk management department monitors the efficacy of its safety and health programs and recommends opportunities to make improvements and reduce the potential for accidents through a variety of initiatives:

- Developing a global occupational health and safety manual for all associates
- A comprehensive risk management website for associates to use that includes safety education and training material on a vast number of topics
- Forming safety committees at ADP's larger facilities to enhance associate engagement
- An accident investigation process that engages facility, security, medical and risk management staff
- Ergonomic assessments and training conducted by third-party ergonomists for associates in the office and those who work from home
- Enhanced effort to identify and correct slip and fall hazards at ADP facilities
- Expanded indoor air quality program to include extensive training of facility managers on how to investigate and respond to any air quality or environmental health concern expressed by associates

Internal efforts combined with ADP's long-term partnerships with various facility maintenance vendors and third-party loss prevention consultants help reduce the potential for loss and accidents across the organization.

ADP corporate risk management tracks injury data in a risk management database system which is analyzed on an ongoing basis to identify opportunities, target loss control efforts and improve safety and health programs at ADP. ADP is recognized by its insurers for its commitment to safety and loss prevention.

ADP is committed to providing a safe and healthful workplace. Injuries in the ADP workplace occur infrequently as the ADP business segment is predominantly a white collar work environment, and ADP has established effective safety and ergonomic programs.

**ADP is recognized by its  
insurers for its commitment to  
safety and loss prevention.**





# Our clients

Good corporate citizenship doesn't stop at taking care of our associates and our communities. In serving our clients, we connect with 40 million workers, providing a unique view into the human side of work. When our innovations in technology improve the employability and the quality of the workforce, as well as the workplace in general, ADP creates a positive societal impact that goes beyond profits.

# Research and innovation at ADP

ADP was an early pioneer of business outsourcing cloud technology and is a recognized human capital management innovator. Our global reach extends beyond 110 countries and territories, and our broad product depth addresses the human capital management needs of any business, from small “mom and pops” to multi-national corporations with 100,000+ employees. ADP’s solutions touch the lives of tens of millions of employees, from hire to retire. From recruitment to onboarding, talent, benefits and retirement, ADP global product and technology associates enjoy seeing their innovations adopted widely, making a difference for workers around the globe.

# Innovation Labs

ADP's first Innovation Lab was established in 2010 at our headquarters in New Jersey. Since that time, we opened the Chelsea Innovation Lab in Manhattan in 2013 and the Pasadena Innovation Lab, just outside Los Angeles, in 2015. ADP has significantly increased its investment in research and development to enhance our technology platforms and meet the dynamic needs of our clients. For example, across our portfolio, we dramatically improved the user experience for client employees, making our products better aligned with human behavior and how work gets done. These enhancements

were instrumental in driving adoption of the ADP mobile app to 13 million users, making it a top free business app in the iTunes App Store. Also developed in our Innovation Labs, the ADP DataCloud leverages more than 30 million payroll and HR records to provide actionable workforce insights to clients, and the ADP Marketplace is the first human capital management "app store" enabling businesses to better tailor their HCM solution to their unique needs. These are just a few of the award-winning innovations that were "born" in ADP Innovation Labs.

## Our Technology Solutions Have Won Numerous Awards and Recognition From Industry Analysts

| Run Powered by ADP   | ADP TotalSource  | ADP Workforce Now  | ADP Vantage HCM   | ADP GlobalView  |
|--|--|--|---|---|
| <br> | <br> | <br> | <br>  | <br><br> |
|   |   | <br> | <br> |    |

Approximately 1,000 ADP associates are working in our Innovation Labs – app developers, user experience experts, data scientists and even anthropologists – to drive and create the next generation of human capital management solutions. These associates work in collaborative workspaces designed to foster creativity, share ideas and enhance productivity. We engage their unique talents and perspectives and foster a culture that welcomes new ideas on how to do

things differently and better. Ultimately, we want to ensure that our technologists are equipped to deliver their best thinking in service of our clients and drive their own personal professional growth. In the ADP Innovation Labs, we are inventing new and better ways to service our clients as we create targeted solutions that address their unique and diverse needs...with a keen focus on the human element.



## ADP DataCloud

Data is the lifeblood of any organization looking to improve their HCM strategy and operations. As a product of our Innovation Labs, ADP DataCloud has already made its mark by providing best-in-class data analysis tools to help professionals measure, compare, predict and apply insights uncovered in workforce data. Clients have access to reporting, analytics,

benchmarking and predictive analytics – powered by artificial intelligence and machine learning. From suggesting relevant metrics and reports, to proactively spotting potential attrition, ADP DataCloud gives organizations the unparalleled ability to put data to work and help move their organizations forward.

# ADP Marketplace

ADP Marketplace was also born out of our Innovation Labs. As the first ever “OS for HR,” as coined by Forbes, and recipient of “Awesome New Technology” and “Top HR Product” awards at the 2015 HR Technology Conference, ADP Marketplace is a cloud-based HR app store and application programming interface (API) hub.

ADP Marketplace allows companies to integrate employee data from ADP core services across other business systems, providers or platforms. Clients, industry partners and developers now have access to ADP’s APIs, allowing them to create a unified HCM ecosystem to meet their unique needs. Using secure, single sign-on

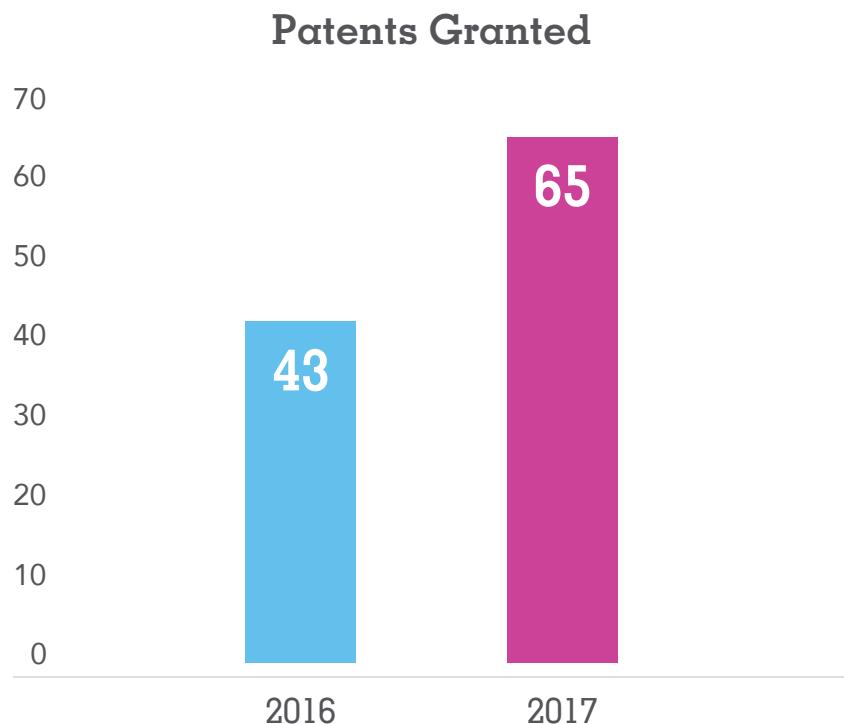
functionality, clients can browse, compare and purchase new applications that integrate with ADP solutions.

Whether clients need an app for finding new talent, rewarding their employees or tracking time and expenses, there are more than 225 apps available and approximately 1,450 developing partners. Each live integrated app undergoes ADP’s rigorous global security and penetration testing to ensure data security. This investment not only allows ADP to make positive ESG progress, but also allows our clients and partners to make ESG progress as well.

**One of the Best Places  
to Work in IT (Computer  
World magazine, 2017)**

# Driving future innovation

Innovation drives ADP's leadership in human capital management technology, and we protect our investment in innovation, in part, through patent protection. ADP recognizes the contributions of associates by offering cash rewards for their inventions for each patent application filed. The number of patents granted for our innovations has grown in recent years.



ADP gets some of its best ideas across the organization through the Voice of the Client and Voice of the Associate programs, which survey clients and associates for feedback. These initiatives provide direct insight from the front line that can be leveraged to enhance products and processes to create a better user experience. This feedback helps ADP prioritize its investment in innovation to achieve the greatest satisfaction for our clients.

In recent years, we have increased overall R&D spend while significantly shifting our investment toward innovation. These investments helped ADP receive industry recognition from Frost & Sullivan, who named ADP the North American HR Management Solutions Company of the Year, citing our company's development and delivery of innovative, user-friendly HRM solutions as major factors for the award.



## ADP Research Institute®

The ADP Research Institute is the definitive source for exclusive, data-driven insights in today's working world. The Institute conducts research on crucial trends shaping today's workplace, from wage and employment data to other important workforce issues, such as pay equity, talent management and compliance. Leaders from both the private and public sectors turn to the Institute for valuable human capital management, employment and workforce insights that enable them to make informed decisions that can improve business performance.



## ADP Workforce Vitality Report

Produced by the ADP Research Institute, the ADP Workforce Vitality Report helps business leaders better understand workforce dynamics, which helps them align their workforce and business strategies. The report provides details of the ADP Workforce Vitality Index (WVI), a comprehensive, quarterly measure of U.S. workforce dynamics that looks at key labor market indicators, such as employment growth, job turnover, wage growth and hours worked. This report yields deeper insights on labor market dynamics and trends than previously available.



## ADP National Employment Report

Also produced by the ADP Research Institute, the ADP National Employment Report has become a key indicator of the U.S. private sector labor market activity and has emerged as a reliable predictor of the U.S. government's jobs report. Since its inception in 2006, the report has drawn conclusions about the U.S. workforce based on actual, anonymous payroll information – not survey data – of millions of Americans. ADP is able to draw conclusions about the workforce based on real numbers, not survey responses.

# Making HCM technology accessible to all

ADP has partnered with AudioEye, a company that focuses on inclusion technology, to provide users with visual or cognitive disabilities access to our strategic user experience, MyADP. The AudioEye reader is intended to enable an optimized experience for users with accessibility needs.



# Our communities



Through many different initiatives and programs, we at ADP believe that our business is only as strong as the communities in which we operate. We apply our best assets – our technology, expertise, funding and volunteerism – toward helping communities where we live, work and do business.

From contributing time, skills and funds to organizations that do good work; to a commitment to working with diverse suppliers; to unlocking the potential of people by investing in education – our company encourages and enables these contributions to make our communities stronger. Strong communities provide a foundation for our business to continue thriving.



# Volunteering and giving



# Encouraging individual philanthropy

At ADP, we believe in giving back to the communities where we work and live, and we encourage and support our associates' commitment to helping improve their communities. To that end, we implement corporate programs that encourage our associates to give back through workplace giving, as well as volunteering their time, knowledge and experience to those in need.

ADP offers its U.S. associates the opportunity to donate their time during work hours through our Volunteer Paid Time Off Program. ADP provides associates with eight hours of volunteer paid time off per year to engage in community service during a regular workday.

Through this benefit, associates can volunteer through team-building activities or as an individual at any charitable organization of their

choice. In 2016, more than 5,700 associates donated their time to various charitable organizations, providing nearly 40,000 hours of service to our supported nonprofit agencies and charity partners.

In addition, ADP's myGiving online giving tool allows associates to donate to their choice of thousands of charitable organizations through one-time or recurring payroll deductions, credit card or PayPal. ADP associates can also participate in our Matching Gift Program in which donations to eligible nonprofit organizations in the U.S. are matched up to \$5,000 per associate per calendar year. Associate donations, including match, yielded a total of \$5.7 million for 2016.

**In 2016, more than 5,700 associates donated their time to various charitable organizations, providing nearly 40,000 hours of service to our supported nonprofit agencies and charity partners.**

# ADP's Month of Caring

During ADP's Month of Caring, which takes place during the month of May, we encourage associates to volunteer in their communities through team building events and individual service projects. Team building activities are offered and coordinated with global charity partners such as Junior Achievement, Habitat for Humanity, Rise Against Hunger and many local community charities. Smaller groups and remote-work associates are also encouraged to volunteer. Other options include signing up for the bone marrow registry, donating blood or sending a

card to a troop member overseas. Associates may also coordinate volunteer opportunities to help out a local food pantry, read to a child with disabilities or help rebuild or refurbish a local school or church. These activities are a great way to improve collaboration, engage our associates and make a difference. In May 2017 more than 7,000 associates participated in 111 organized events across 14 countries by volunteering 17,000 hours and donating \$500,000 to more than 1,100 nonprofit organizations.

## Actively supporting charities

Throughout the year, the ADP Foundation also supports teams of ADP associates all over the country by sponsoring charitable walks, runs or rides. These include American Heart Association Heart Walks, Susan G. Komen Race for the Cure Walks, Leukemia and Lymphoma Light the Night Walks, Pride Walks, American Cancer Society's Making Strides Against Breast Cancer and others.

In September of 2017, 133 ADP associates, including members of the executive committee, participated in the Cycle for the Cause, a charity bike ride from Boston to New York where participants raised more than \$500,000 in support of the fight against HIV/AIDS.



# Humanitarian efforts

We believe that every person deserves a safe, satisfied and fulfilling life, and that starts with meeting basic needs. ADP is proud to actively address the issue of hunger in America and around the world.

Since partnering with Feeding America in 2008, the ADP Foundation has donated more than \$2.5 million to their network of more than 200 food banks and pantries throughout the U.S. ADP also has given more than \$850,000 to Oxfam International, which works directly with their charity partners and allies around the world to find lasting solutions to poverty and injustice by raising public awareness through education. In 2016, more than 1,500 ADP associates participated in 25 meal packaging events around

the country with Stop Hunger Now, aka Rise Against Hunger, where they packaged more than 300,000 meals that were shipped to impoverished people in Zambia, Uganda, Swaziland, Belize, El Salvador and Haiti.

ADP has been a long-standing partner with Habitat for Humanity®, working since 2003 to help families in need of a decent and affordable place to call home. In 2017 alone, ADP donated more than \$200,000 and helped build homes alongside Habitat homeowners in about 30 locations. Overall, ADP has contributed more than \$1.5 million to Habitat for Humanity, which has benefited more than 25 Habitat communities in the U.S., Chile, India, Romania and the Philippines.





In our annual survey of employee engagement, ADP associates report being highly satisfied with the actions our company is taking to be socially responsible. The Associate Engagement Score on this topic is 87 percent favorable, among our highest scores, and has improved by 5 percent since 2014. This is supported by an increase in volunteer participation by 35 percent and associate giving by 9 percent from 2015 to 2016.



# Stakeholder engagement



# Working with diverse suppliers

As a global leader in business outsourcing solutions, ADP recognizes that creating partnerships with diverse suppliers is a major competitive advantage and a way to grow our presence with small businesses in our local communities. ADP's supplier diversity mission is to build relationships with and purchase goods and services from certified diverse enterprises owned by minorities, women, veterans, persons with disabilities, and lesbian, gay, bisexual and transgender individuals, all of whom reinforce our commitment to diversity and help ADP achieve its growth objectives.

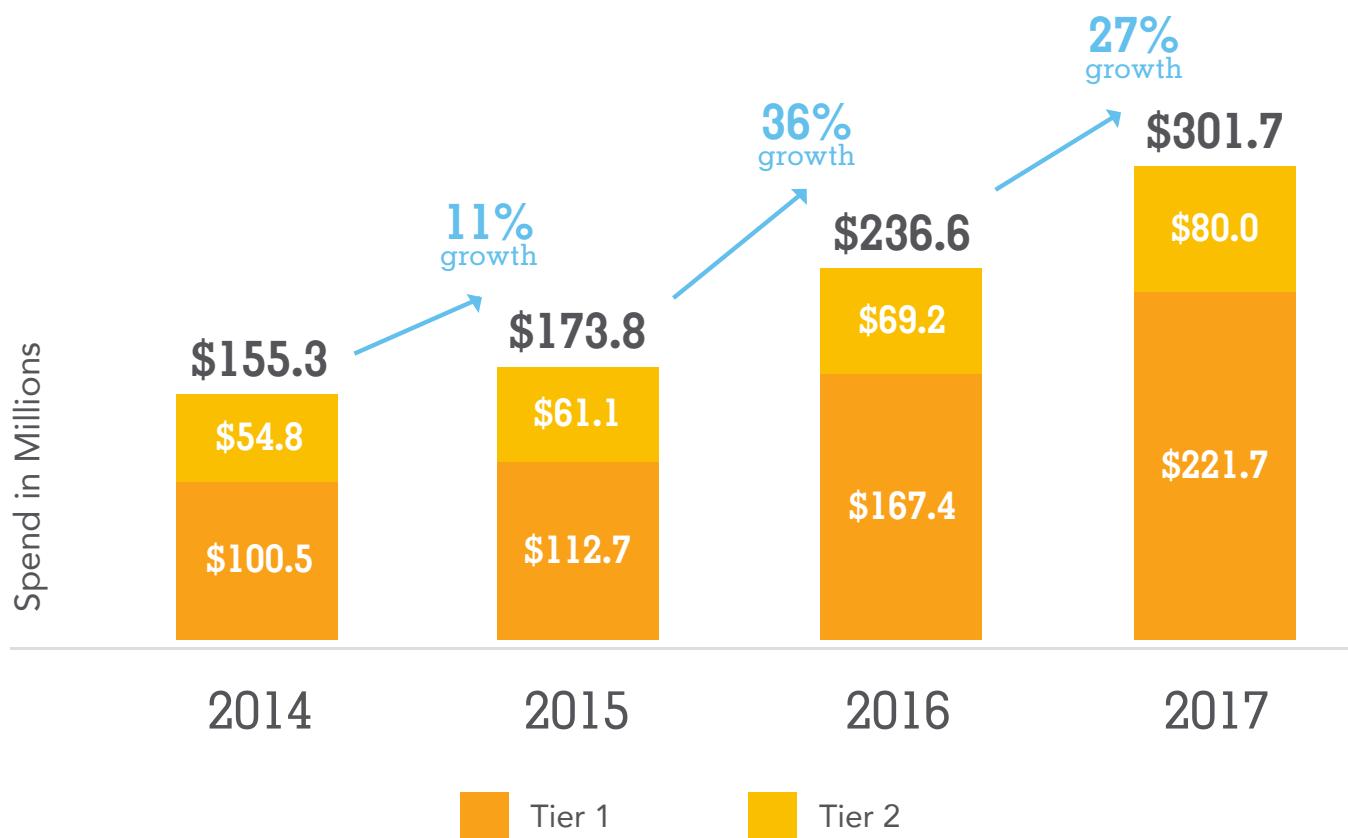
Our U.S. supplier diversity objectives include:

- Actively seeking certified diverse suppliers to meet our Tier 1 ("own purchase spend") targets
- Ensuring the inclusion of diverse suppliers as a part of our strategic sourcing and procurement process
- Communicating the value of supplier diversity both internally and externally to all stakeholders
- Leveraging our supplier diversity results to meet our clients' supplier diversity requirements (also referred to as "Tier 2")

We measure our success based upon our ability to attain and exceed these objectives.

In fiscal year 2017, ADP's U.S. Supplier Diversity Program executed on a strategy that focused on hard-to-penetrate categories, mentoring suppliers, assisting top performers in securing new business, increasing Tier 2 spend (i.e., capturing what our suppliers spend with diverse suppliers) and improving program communications. Sustained efforts paid off, resulting in a 27 percent year-over-year increase in spending with diverse U.S. suppliers.

## Supplier Diversity Spend Fiscal Year Over Year (U.S. Only)



# Commitment to strengthening employability in communities

We believe that employability – helping people around the world access the skills and opportunities they need to succeed – is core to sustaining our own business and, at the same time, good for society and the world economy. Through education, job skills training, mentoring and career assistance for veterans, underserved youth and other groups, we are able to help people unlock their potential to find and maintain fulfilling employment, ultimately helping businesses and communities around the world grow and prosper.

In our communities, our employability efforts fall into these focus areas:



Unlocking potential  
by investing in  
education



Preparing young  
people for the  
working world



Job training and  
assistance

# Unlocking potential by investing in education



## ADP Foundation

The ADP Foundation was founded in 1984 and has the mission of providing monetary support to the causes and nonprofit organizations that align with the company's organizational values. One of those foundational values is that education is the key to unlocking economic potential for individuals and society. Through the ADP Foundation, we provide merit college scholarships to the children of our associates, and we support scholarship programs at several science, technology, engineering and mathematics (STEM)-oriented universities.

This past year, the ADP Foundation provided more than \$1.5 million in education-based grants and scholarships.





## ADP Cares

In 2016, the ADP Foundation launched ADP Cares as part of its commitment to supporting the company's focus on enabling associates to be more engaged and productive. ADP Cares provides short-term financial assistance with

basic living expenses caused by natural disaster, family emergency or other sudden, overwhelming or unexpected events. Associate donations to ADP Cares are matched 100% by the ADP Foundation up to \$5,000 per year/per associate.

## taub scholarship

### Taub Scholarship Program

In the words of our founder, Henry Taub, education is the ticket to prosperity. As the son of an immigrant, he understood the importance of hard work and access to higher education – values that he instilled in the company he founded in 1949. Henry cared deeply about his community and the people that helped make him successful. The Taub scholarship program, sponsored by the ADP Foundation, was started in 1974 as a way to support those values and pay it forward to the next generation of promising talent.

The program is an example of ADP's continued investment in the workforce of tomorrow and the need to maintain a highly educated talent pool to meet the needs of our business and the economy at large. Many of these students are pursuing careers in STEM, business administration and communications – key skills needed for the success of ADP in the future.

Over the past 43 years, the ADP Foundation has helped more than 900 families pay for college. In 2012, in honor of Henry Taub, the ADP Foundation introduced The Henry Taub Scholars Award with an annual award stipend of up to \$20,000 USD for each year of undergraduate school for up to four years. This elite scholarship recognizes the top five student applicants for academic and civic excellence. The Taub scholarship program is independently administered by the National Merit Scholarship Corporation (NMSC) in the U.S. and the International Scholarship and Tuition Services (ISTS). Collectively, the ADP Foundation has awarded more than \$5 million in scholarships to children of ADP associates, once again linking our values to the importance of investing in our future workforce.

# MIDAS

SUPPORTED BY 

## *MIDAS Programme – Making a Meaningful Difference at Schools*

Since 2014, ADP associates in India have collaborated with the Pratham Education Foundation to implement the MIDAS project (Making an Impactful Difference at Schools), a program benefiting 60 government schools in Hyderabad and Pune, impacting more than 15,000 children, including 150 visually impaired and more than 200 children with autism. MIDAS focuses on improving learning levels and

employable skills in children through the early childhood education program, primary grade interventions, upper primary grade interventions and computer courses. The MIDAS program is designed to enhance learning abilities and communication skills for low-performing students as well as providing necessities such as running water and solar-powered electricity.



**ADP Math and Science Teachers Academy**  
THE UNIVERSITY OF TEXAS AT EL PASO

## *ADP MaST Academy at The University of Texas at El Paso*

ADP is investing in the future through the Math and Science Teachers (MaST) Academy at The University of Texas at El Paso (UTEP). Since the MaST Academy's inception in 2007, the ADP Foundation has donated \$2,175,000 to provide scholarships, professional development seminars, roundtables and workshops to UTEP students. In 2017, the MaST Academy was renamed ADP MaST Academy at UTEP in recognition of the ADP Foundation's ongoing and sustained support of the academy and the students it serves.

Since the Academy's inception 10 years ago, more than 100 students have completed the program, with 95 percent of the graduates continuing on as high school teachers today. UTEP estimates that the ADP MaST alumni have touched the lives of approximately 67,000 young people, and ADP MaST graduates now teach in eight states.

# Preparing young people for the working world



## *Junior Achievement*

ADP has a long-standing commitment and relationship with Junior Achievement around the world. Junior Achievement's pillars of work readiness, entrepreneurship and financial literacy align perfectly with ADP's commitment to employability. ADP's yearly financial support is more than \$100,000 across many affiliates in the U.S. and abroad. Senior level executives sit on JA boards, and an average of 800 to 1,000 associates volunteer close to 10,000 hours and fundraise for JA programs such as JA BizTown, JA Finance Park, JA for a Day and JA Discovery Centers.

This year, the ADP Brazil Labs office partnered with Junior Achievement Rio Grande do Sul to build the unique curriculum "Girl for IT" that provides girls in underserved public schools in their first year of high school three days of logic, programming and fun. The instruction is delivered after school at the ADP Brazil Labs site delivered by ADP volunteers. In 2017, ADP was also honored with the President's Volunteer Service Award for the 2015-2016 period from Junior Achievement of New Jersey.

In Barcelona, ADP participated in the "Mini-Empresas" program by assisting students in creating their business plans and inviting them to a Toastmasters event at a local ADP office.





## Working to empower young women

In the U.S., ADP partners with organizations focused on empowering young women, such as Girls Inc.<sup>®</sup>, AnitaB.org and Dress for Success.



## “Young Enterprise” award program

In the UK, ADP sponsors a “Young Enterprise” award program for 16 to 18-year-olds challenged with setting up and running their own businesses.



## Women's vocational center

In India, 'Jeevika' is a women empowerment initiative that was started in 2014 with the help of the non-governmental organization (NGO), Nirmaan. This program aims at providing financial independence and stability to women from some of the most impoverished communities of Hyderabad and Pune. Jeevika enables this by imparting vocational skills such as stitching, sewing and henna art. Over the last three years, approximately 500 women have been trained at these centers, and of these, 300 women have been successful in earning a livelihood independently. In some cases, these women have become the primary income earner in their respective households.



## Women's toll-free helpline

ADP India has partnered with Bhumika Women's Collective, an NGO, in operating a toll-free helpline that supports women in distress. This initiative, started in 2015, receives over 2,500 calls each year with issues related to domestic violence, harassment, etc. Over the years, this helpline has become a lifeline for women in need. The toll-free number is now being published as part of a textbook in the government schools, which is a testimony to the success and the continued need of this helpline.

# Steps2 Success

powered by 

Dress for Success®, Steps 2 Success Powered by ADP

ADP associates support Dress for Success®, a nonprofit organization that provides interview suits, confidence boosts and career development to low-income women in more than 75 cities worldwide.

Steps 2 Success offers free job-readiness boot camps that empower women to land their next job opportunity. Participants learn how to develop multi-pronged job search strategies and how to interview with confidence to land their next job. This program provides tools, resources, strategy planning and necessary connections to get started in their job search. Our global associates, including executive women from Women in Leadership (WIL), support many local affiliates.



# Job training and assistance



## ADP's Veterans' Initiatives

ADP's Veterans' Initiatives program exists to attract, hire and develop veteran talent for ADP in order to expand the pipeline of qualified veteran and military spouse talent necessary to address ADP's business needs. The program is a collaborative effort among ADP's global talent acquisition team, corporate social responsibility and diversity team, military business resource group (BRG), and key human resources and business leaders. We are also increasing ADP's visibility in the veteran community through associate engagement and the expansion of the Military Strong BRG.

**In just two years, veteran hires have increased by 800 percent, and we plan to double that number again in the upcoming year.** Membership in the military BRG has more

than quadrupled since July 2015, and it has launched new chapters in 17 offices around the country, as well as two others internationally. Our #WeHireHeroes program is focused on building a veteran hiring, onboarding and mentorship program.

We believe that veterans are a great source of talent for ADP's business needs, due to both the tangible and intangible skills they bring with them from the military. Their resilience, adaptability, innovative spirit and learning agility, combined with their leadership and management training, communications and team-building skills, and their deep sense of loyalty, integrity and service to something greater than themselves make them great ADP associates whose innate values align very closely with ADP's seven core values.

“  
Veterans are making a big impact each and every day at ADP. These inspiring men and women bring their collective talents, work ethic and purpose to the workplace and to the communities in which we live. So, the fact that we are committed to hiring more veterans is not just the right thing to do, it is also the right business decision.”

– ADP President and CEO, Carlos Rodriguez



Top 25 Military Friendly  
Employer Award



Top 20 Military Friendly  
Spouse Employer  
Award



Our  
world

# Our commitment to environmental sustainability

At ADP, we make proactive decisions every day in our offices, homes and communities to help protect the environment and conserve resources. ADP considers environmental sustainability to be a key initiative in our strategic corporate social responsibility program. Our goal is to reduce waste, greenhouse gas (GHG) emissions and our energy needs across the globe through many different initiatives including recycling programs, LEED certified buildings, environmental risks and disaster preparedness for our facilities; providing hybrid cars for our sales force; and constantly reviewing opportunities for alternative energy sources and reducing energy consumption in our buildings.

As a global corporate citizen, one of our priorities is to identify opportunities where our

efforts can have the greatest impact. With initiatives that conserve both paper and energy, we are focused on driving efficiency throughout our operations to do good for the planet and for our business. In addition, we have created products, such as paperless payroll and delivery, that help our clients reduce their environmental impact as well.

From water consumption and reducing emissions to energy conservation and working with vendors who share our values on sustainability, we track an array of activities and metrics to help us understand what we're doing today – and what we can be doing tomorrow – to help protect and nurture our local and global resources, as well as create value for our company and clients.

# Prioritizing our environmental efforts

At ADP, we are continually assessing and improving our efforts through cross-functional collaboration. With guidance from senior leaders in global procurement, global product and technology, human resources and corporate real estate and facilities, each discipline reviews risks by business unit and location. ADP monitors these challenges and opportunities through assessments of all worksites, data centers and ADP mobile assets.

We regularly review our identified risks and opportunities that may have a significant effect on our associates and our business. The criteria for determining priorities include:

- The evaluation of the likelihood and severity of the risk or opportunity based on the nature and size of the risk or opportunity
- The scope of impact on stakeholder communities, including associates, clients, shareholders and local and global communities, which could be enough to damage the company's reputation or result in business losses
- The investment required to implement changes
- The potential financial and environmental return on investment

Because our clients have the opportunity to choose traditional paper-based products or mobile applications and electronic reports, we offer both options to meet the needs of their organizations and employees. As a result, paper usage, GHG emissions and energy use were identified as our company's biggest environmental impacts.

ADP continues to seek opportunities to reduce our GHG emissions, paper and energy usage as well as waste management through reduction, recycling and diversion.

# Paper waste reduction

ADP provides comprehensive payroll and HR services, and as such, had previously been a heavy generator of paper pay statements and related products. Our customers' preferences have changed in recent years and many want to move away from paper products as they become more aware of environmental issues and appreciate the flexibility of access to immediate information. We have been able to take advantage of this opportunity by providing the same payroll and HR services through digital methods, mobile applications and employee paycards. By leveraging innovative technology

and alternate payment solutions, ADP can meet our clients' needs while making our operations more sustainable.

By working with our clients, the CSR team and sales teams encourage the use of paperless services and mobile applications. This has had a dual benefit of meeting customer needs and supporting the goal of making our company more sustainable. In our Small Business Solutions division, the number of clients that use the eDelivery products continues to rise. Requests for electronic services have increased from 5 percent in 2014 to 43 percent in 2016.



## Office and print center paper recycling

ADP clients have a choice of receiving electronic or paper-based statements, which has dramatically reduced the amount of paper we generate. For the paper we do use, ADP chooses 100 percent recycled office print in many larger locations such as our corporate headquarters in Roseland, New Jersey, and the major OneADP sites – Norfolk, Virginia; Maitland, Florida; and Tempe, Arizona. Paper discarded from the ADP print centers is 100 percent recycled.

Confidential information generated in the office is always shredded and recycled, and ADP is working in conjunction with our paper shred vendors on a program for associates to recycle all paper within the next year.

During 2016, ADP's paper and cardboard recycling initiatives saved 4,159 tons of waste and 70,703 trees, which prevented 249,540 pounds of air pollutants from being released.

# GHG emissions reduction

ADP is striving to reduce carbon dioxide emissions by a minimum of 10 percent in the next five years. As part of ADP's strategy to reduce GHG emissions, managers of our sales vehicle fleet, real estate, technology and human resources teams helped us realize that our GHG emissions originate primarily from our facilities, and these emissions could continue to grow if no action were taken to mitigate them. This group therefore worked with the CSR team and ADP's consulting partners to identify potential GHG-reducing initiatives. Assessment reports were presented to the company's CSRO, chief procurement officer and vice president, corporate real estate and facilities to review and identify emissions-reduction projects. Feasibility analyses

were conducted before implementing projects to determine the financial and environmental performance of the proposed projects.

Building efficiency has been a priority in these new projects. For example, ADP upgraded HVAC units and installed LED lighting in facilities and parking lots. ADP also continually identifies opportunities to minimize climate impact in the future.

ADP continues to seek opportunities to reduce greenhouse gas emissions related to paper and tax statements requested by hundreds of thousands of clients.

**At ADP, we consider the GHG emissions  
within these primary areas:**



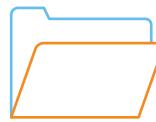
Fleet



Location-Based  
Savings



Travel



Data Centers

**During fiscal year 2016, all 357 newly leased hybrid vehicles used by the sales team were purchased from minority-owned dealerships.**



## GHG – Fleet

To support our goal of reducing greenhouse gas emissions, we continue to work with our suppliers to select vehicles that reduce carbon emissions. ADP's entire North American sales fleet has been replaced with vehicles that are more fuel-efficient, less polluting and more environmentally friendly.

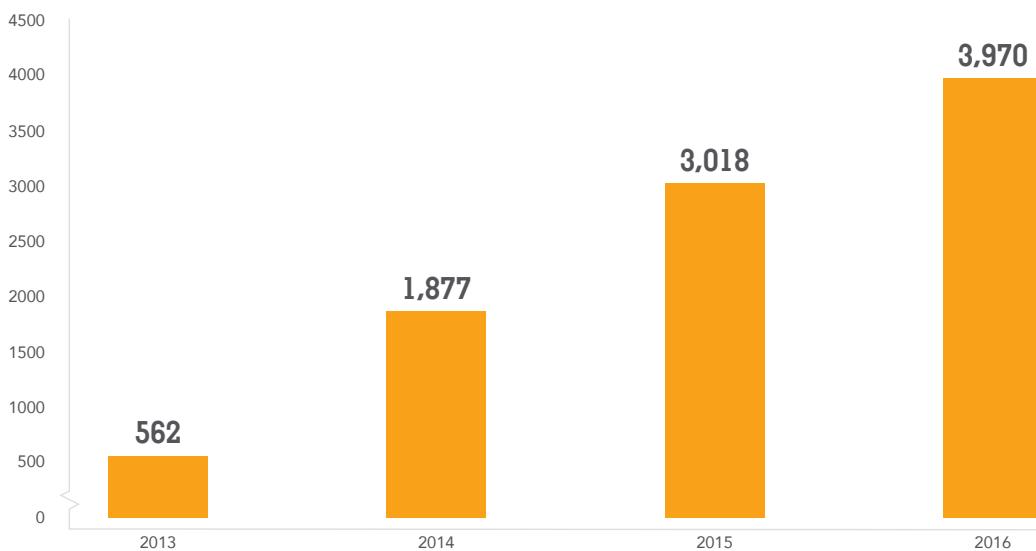
Since ADP has been replacing the fleet with eco-friendly cars, the average fuel efficiency has increased, saving ADP on fuel purchases and saving the environment from approximately 4,000 tons of carbon dioxide.

ADP, in coordination with our fleet asset management company, is currently analyzing

associate vehicle usage to determine where fully electric vehicles can be successfully deployed with the goal of introducing them to the field in FY19.

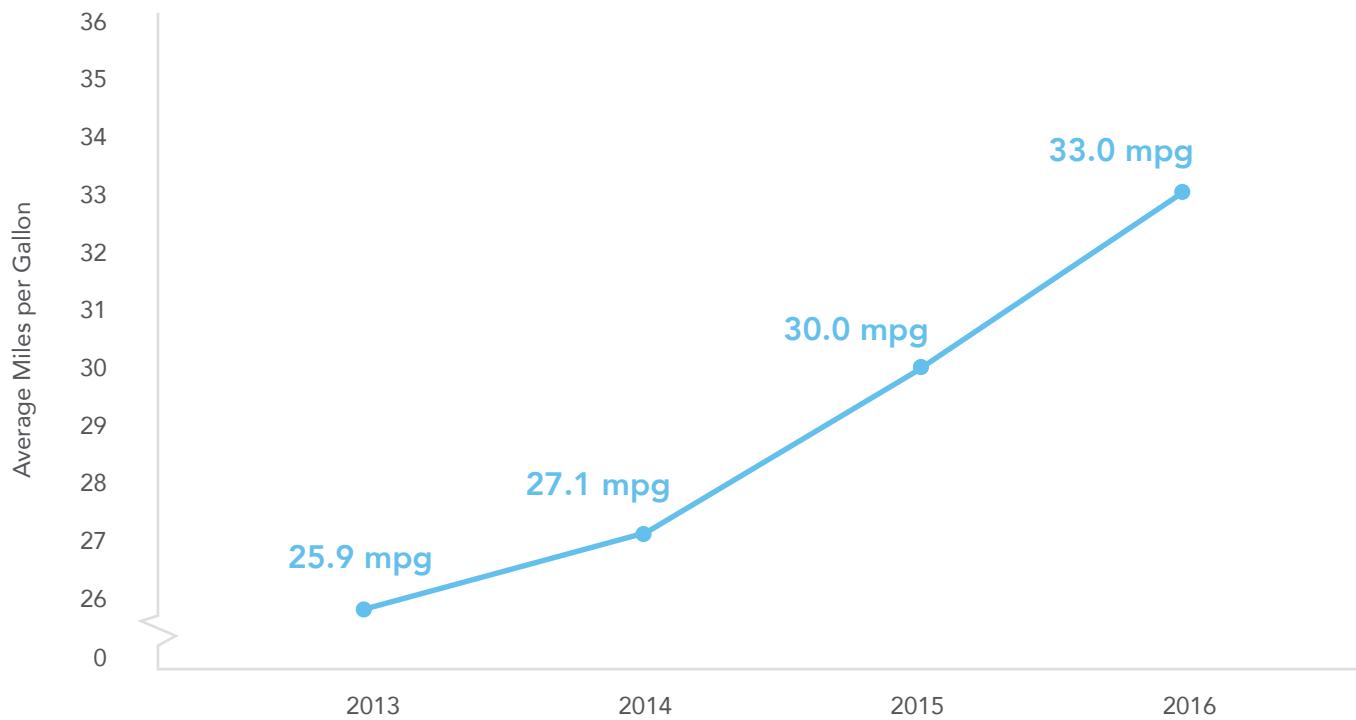
This conversion is a major accomplishment for ADP and, together with the electric vehicle goal, demonstrates our leadership in green fleet and sustainability practices.

### Fleet Cumulative Tons CO<sub>2</sub> Avoided Over Time

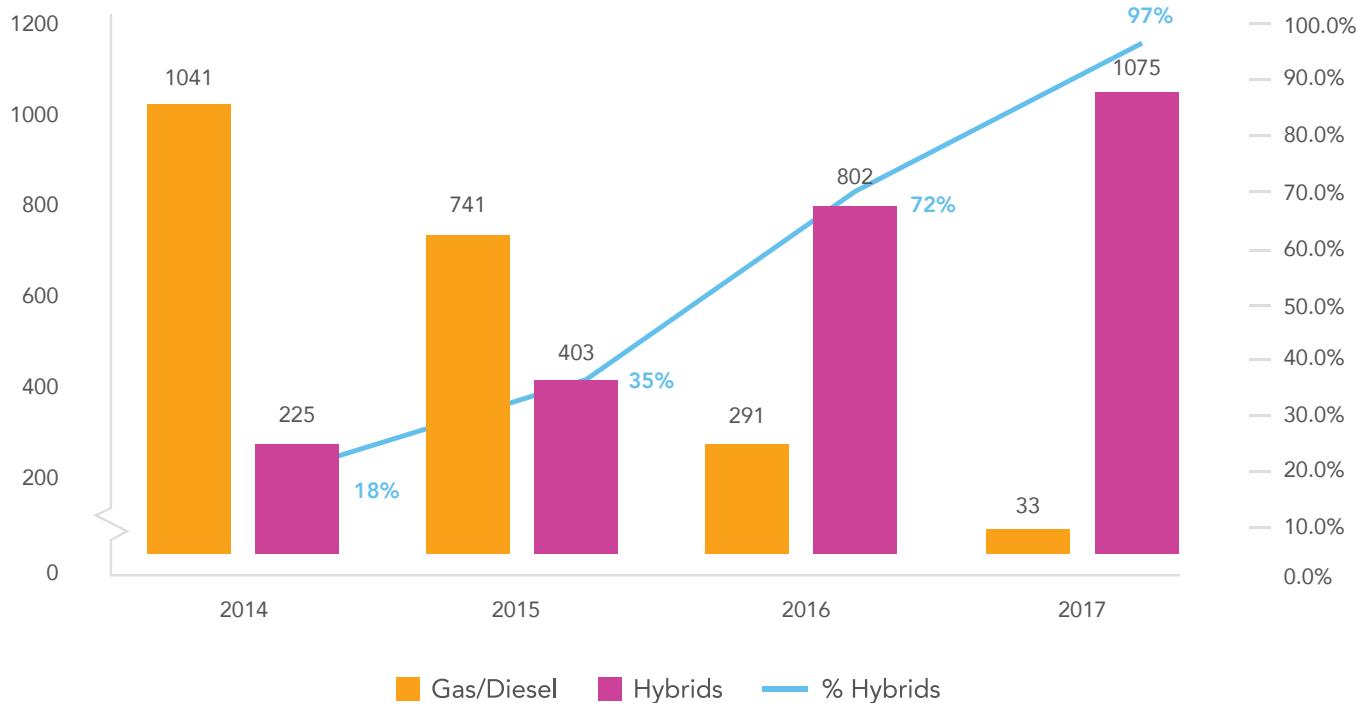


3,970 tons of CO<sub>2</sub> diverted since 2013

## Fleet Average Miles Per Gallon



## Annual Growth of Hybrid Vehicles in ADP Fleet





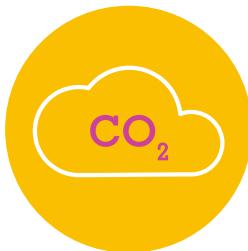
## GHG – Location-based savings

One of the criteria considered when selecting a new ADP location is accessibility to public transportation. In addition, ADP will often negotiate with landlords of leased locations for the installation of bike racks and electric vehicle charging stations. In buildings that ADP manages, there are designated carpool-preferred parking spaces.

### 2016 Charging Stations, Ports and Impacts



**8,555 Charging Sessions**



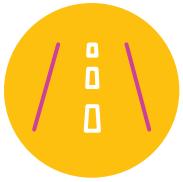
**33,948 kg of GHG Diverted**



**10,112 Gallons of Gas Saved**

|                    | Total     |
|--------------------|-----------|
| Number of Stations | <b>22</b> |
| Number of Ports    | <b>44</b> |

As of June 2017, the number of charging stations increased to 69 ports and 35 stations.



## GHG – Travel

The ADP corporate travel team produces a quarterly associate newsletter that provides helpful environmentally friendly tips to use when traveling, such as flying non-stop and following the vendors' recommendations for energy conservation.

ADP's preferred travel vendors invest in and promote green initiatives; for example, ADP's preferred car rental vendor recycles all motor oil, oil filters, parts and brake fluids. Car wash systems recycle and reuse a high percentage of wastewater.

Our hotel partners reduce water and energy use throughout their processes and systems. Linen re-use during extended stay for towels and

sheets is commonplace. Water-conserving bath fixtures and high efficiency heating and cooling systems are in place. Many partners have in-room key card switch controls, which turns all lights off when removing the key card.

ADP's preferred airline vendor has reported a 40 percent improvement in fuel efficiency since 1991 as a result of new fuel-efficient aircraft, the use of low-carbon bio-fuels and implementing operational and procedural changes to drive conservation. As a result, even though there was significant increase in the number of miles flown (more than 4 million versus prior year) by ADP associates, the cost per CO<sub>2</sub> reduced 7 percent in 2016.

## ADP U.S. Travel

Departure dates: January 1 to December 31, 2016

| Trip Info Summary                    |           |            | Totals                 |
|--------------------------------------|-----------|------------|------------------------|
| Miles Flown                          |           |            | 124,108,731            |
| Air CO <sub>2</sub> Emissions (lbs.) |           |            | 53,662,514             |
| Cost per CO <sub>2</sub>             |           |            | \$0.52                 |
| <b>Air</b>                           |           |            |                        |
| Long Haul / Short Haul               | # of Segs | Miles      | CO <sub>2</sub> (lbs.) |
| Long Haul                            | 8,360     | 27,665,268 | 13,398,166             |
| Medium Haul                          | 66,293    | 73,537,942 | 26,332,046             |
| Short Haul                           | 61,118    | 22,674,173 | 13,892,882             |
| <b>Rail</b>                          |           |            |                        |
| Long Haul / Short Haul               | # of Segs | Miles      | CO <sub>2</sub> (lbs.) |
| Long Haul                            | 1         | 3,792      | 809                    |
| Medium Haul                          | 0         | 0          | 0                      |
| Short Haul                           | 1,454     | 227,556    | 48,611                 |
| <b>Car Rental</b>                    |           |            |                        |
| Car Rental Summary                   | # Cars    | # Days     | CO <sub>2</sub> (lbs.) |
|                                      | 26,575    | 70,471     | 3,827,482              |



## GHG – Data centers

ADP is not a large producer of direct GHG emissions; however, our main emission-generating sources are our facilities – both offices and data centers. ADP is working on reducing carbon emissions from our data centers primarily by improving energy efficiency.

The most important components of ADP's short-term strategy to reduce emissions at our data centers include identifying areas of passive design energy savings, such as better use of natural light, updating floor design in our office buildings and installing high-efficiency appliances and infrastructure.

For the second consecutive year, ADP has received an A- rating by CDP (Carbon Disclosure Project) for our global efforts.

### Our Data Centers are ISO Certified for the following:

**9001:** Quality Management – ensures we provide consistent quality and meet the needs of customers and other stakeholders

**27001:** Information Security Management – includes legal, physical and technical controls; ensures we follow ADP's security policies; ensures confidentiality, availability and integrity of data

**20000:** IT Service Management – DC Site Management and Mainframe/Midrange Services are covered; includes design, transition, delivery and improvement of services

# Energy conservation

Our global procurement and corporate real estate teams track environmental impacts in three categories: emission, diversion and utility usage, and they coordinate the collection of information regarding these impacts with ADP data and print centers.

In corporate real estate, utility usage is tracked in large ADP managed facilities. For ADP's smaller sites, electricity consumption was extrapolated based on the energy intensity (kWh per SF) of the facilities with empirical utility data from the

actively managed facilities. These small facilities represent a small portion of ADP's overall portfolio, while the main facilities with empirical data represent a majority of ADP's energy consumption.

Dashboards tracking trends in utility consumption of oil, gas, electric and water are gathered by our global procurement group and are reported semi-annually to the CSRO, chief procurement officer and vice president, corporate real estate and facilities.



## Facilities green initiatives

At ADP, we are initiating green initiatives to build awareness of every associates' responsibility to do their part in conserving energy – from turning off computer monitors at the end of the workday,

to donating excess office supplies and furniture; recycling metal, glass, paper, electronics and cardboard; and virtual meetings to engage associates around the world.



## Managing energy, waste and emissions diversion

Recording energy usage enables ADP to strategically monitor improvements as a result of Building Management System installations and upgrades, and we continually evaluate opportunities for improvement.

Through energy conservation programs, 2016 utility consumption has decreased since 2015



**Electric  
-6.9%**



**Gas  
-5.6%**



**Water  
-7.4%**

- ✓ Building management systems      ✓ HVAC upgrades
- ✓ LED lighting                          ✓ Low-water landscaping
- ✓ Installation of a fuel cell

# 2016 – 2017 projects

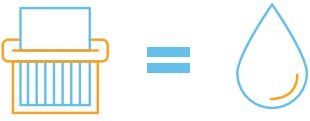
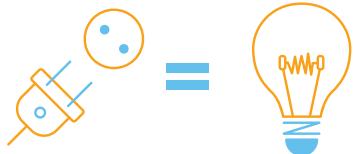
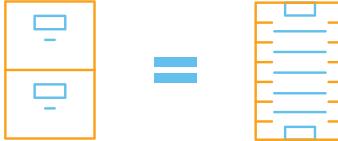
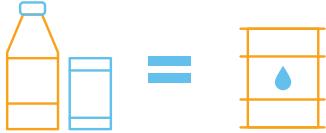
A sample of projects implemented in 2016 and 2017 includes:

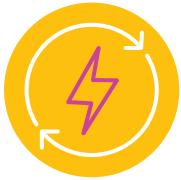
- The installation or replacement of 1.5 to 2 ton HVAC units in 12 locations to gain motor efficiencies, thus using less electricity to move the same amount of air
- Replacement or installation of 4-stroke generators in two locations, gaining efficiencies from emissions
- Replacement or installation of efficient LED lighting in parking lots and office interiors at ten locations
- Replacement of Building Management Systems in 11 locations to increase efficiency in upgraded HVAC systems
- Upgrading of outdated high-voltage electrical equipment in 10 locations with newer, more efficient technologies
- Improvement or replacement water treatment systems in two locations for better efficiencies and cleaner water



# Design with conservation in mind

Creating a sustainable workplace has so many more benefits than simply reducing our company's ecological footprint. While we are mindful of using energy-conserving features – such as water-reducing bathroom fixtures, Energy Star-rated appliances and LED lighting – we also benefit from interior design that brings in natural light and makes use of furniture and carpet made from recycled materials. An environmentally friendly workplace is not only good for the planet, but good for our associates as well.

|   |  |   |
|---|--|---|
| <p><b>Recycling: Paper Shred</b></p> <p>The 2,471 tons recycled in 2016 saved over <b>17,297,000 gallons</b> of water used to make new paper.</p>  |  <p><b>Electricity</b></p> <p>12,592,039 fewer kWh were used in 2016 over 2015, enough electricity to light <b>38,274 LED bulbs</b> for a year!</p> | <p><b>Donations</b></p> <p>In 2016 the 1,103 file cabinets that we donated, lined up, would equal the length of <b>9 football fields</b>.</p>  |
| <p><b>Electric Car Charging</b></p> <p>In 2016 we avoided the GHG from <b>82,949 miles</b> of driving gas-powered vehicles.</p>                    |  <p><b>Construction Debris</b></p> <p><b>143,294 kWh</b> is the energy savings in 2016 from recycling construction debris metal.</p>              | <p><b>Solid Waste</b></p> <p>In 2016, 194 fewer tons of solid waste went to the landfill, a <b>10% reduction</b> from 2015.</p>                |
| <p><b>Recycling: PAG</b></p> <p>Recycling 329.5 tons of PAG in 2016 saved over <b>258,359 gallons</b> of oil.</p>                                  |  <p><b>Fleet</b></p> <p>ADP's fleet of cars saved <b>952 tons</b> of CO<sub>2</sub> in 2016.</p>  |   |

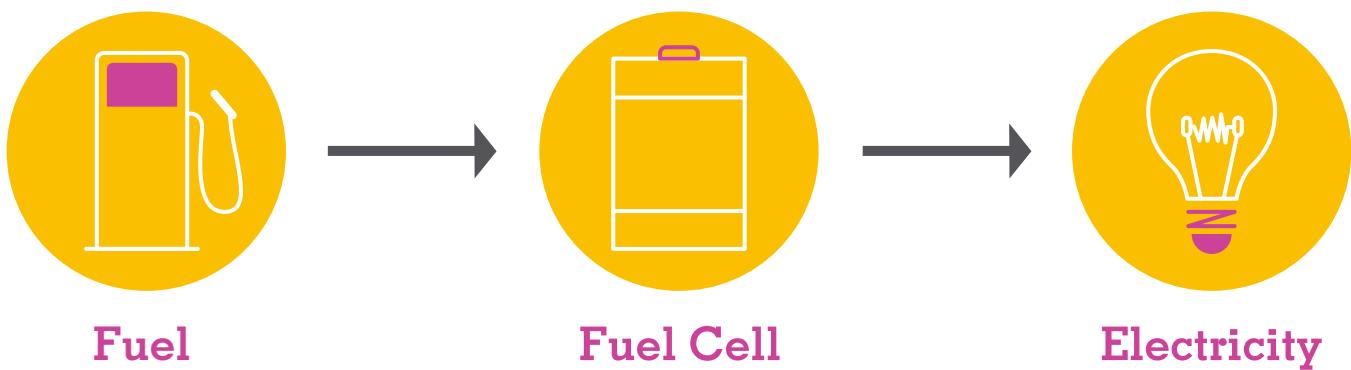


## Investments in renewable energy

ADP intends to continue to invest in renewable energy to provide for our electricity needs, including fuel cell usage in California.

Fuel cell technology not only provides clean, sustainable energy, but the fuel cell provides enough electricity to support 80 percent of the building's energy needs.

### ADP – La Palma, California Project 2016



✓ **1,175,599 kWh**  
energy generated

✓ **62%**  
efficiency

✓ **142,798**  
pounds of coal not burned

✓ CO<sub>2</sub> reduction:  
**356,088**

✓ Electricity output:  
**1,021,772 kWh**



## LEED-certified buildings

Leadership in Energy and Environmental Design (LEED) is a green building certification program that recognizes best-in-class building strategies and practices. To receive LEED certification, construction projects must satisfy certain prerequisites, including innovations in design, water efficiency, materials and resources, and sustainability.

ADP is continuing to strive for and receive LEED certifications for our construction projects wherever possible. We have received four such honors to date, and we are currently tracking for two more. Our current locations with LEED certification are Pasadena, California; the Chelsea Lab in New York City; Augusta, Georgia; and the San Felipe building in El Paso, Texas. We are tracking for certification in our Augusta Expansion and our Norfolk, Virginia, One ADP Center.

The project management and facilities teams consider exterior improvements, water efficiency, energy consumption and materials sourced with recycled content when carefully managing construction activities as key initiatives needed to pursue LEED certification. Consideration for best

practices in design and construction are given to:

- Incorporating storm water quality and quantity control strategies
- Increasing the amount of native, adaptive, hardy planting and trees with shade cover
- Installing a highly reflective roof, so the heat island from hardscape is reduced dramatically
- Utilizing exterior lighting that uses cut-offs, projecting light only where it is needed and reducing disruption to nocturnal life and habitats

Water efficiency is also something to consider as part of building standards when upgrading. Reducing the use of water through efficient fixtures will save a significant amount of water per year as compared with a conventional (non-LEED) project.

Energy consumption is reduced through the use of efficient light fixtures, HVAC units and mechanical design, Energy Star equipment and appliances.

Materials sourcing is managed carefully by selecting materials with high levels of recycled content. The demand for raw materials is therefore reduced, and the carbon impact of material sourcing is dramatically reduced by purchasing products harvested and manufactured within a 500-mile radius. An added benefit is that associate wellness is improved through

the selection of low or no VOC (volatile organic compounds) materials and finishes.

Construction activities are managed carefully by reducing construction activity pollution on the site, tracking and recycling all demolition waste and improving air quality for contractors and occupants with indoor air quality best practices.

## ADP Properties that have received LEED certification:



### LEED Gold

- ✓ Augusta, Georgia (original building)  
One ADP Drive
- ✓ Chelsea Labs, New York City  
135 West 18th Street
- ✓ Pasadena, California  
55 South Lake Street



### LEED Silver

- ✓ El Paso, Texas  
7650 San Felipe Drive
- ✓ Norfolk, Virginia (In Process)  
One Commercial Place
- ✓ Augusta, Georgia Expansion (In Process)  
One ADP Drive

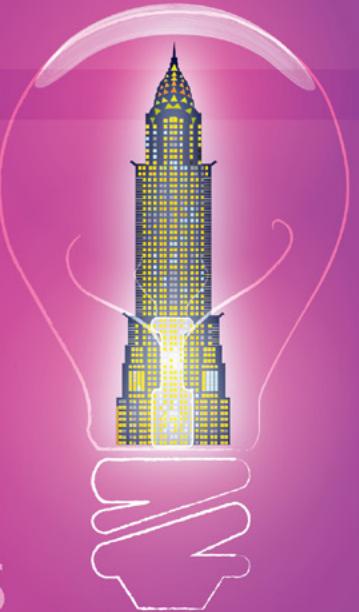
# Resource use and waste management

The Turn Off Monitors energy-reduction campaign is just one green initiative where ADP engages its associates in taking action toward sustainability. The corporate social responsibility group also works with local engagement volunteers on sustainability efforts that affect

their communities, with activities that include cleaning out buildings and making donations of gifts in kind, tree planting, cleaning waterways and electric vehicle showcases. ADP publishes a monthly newsletter on our website to highlight sustainability efforts throughout our company.

**TURN OFF MONITORS  
BEFORE YOU LEAVE**

If all the world's 1 billion PCs were powered down for just one night, it would save enough energy to light up New York City's Empire State Building - inside and out – for more than 30 years.



**THE POWER IS IN YOUR HANDS**

A Friendly reminder from the Facilities Team





## Recycling and waste diversion

In 2016 we achieved a 16 percent increase in recycling plastic, metal and glass at each of our managed facilities. In 2017 and beyond, we are initiating campaigns to remind associates of the recycling receptacles and urging individuals to use reusable cups and dishware. Within the US, each ADP office with 50+ associates has a water filtration system, thus reducing the need for water bottles. Offices are also equipped with single-use coffee stations that use filtered tap water. As a result of these efforts, we are expecting a 20 percent decrease in the volume of recycled waste compared to last year.



### Construction Debris

On all construction sites for ADP buildings, debris, packaging and demolition is recycled and recorded by project. In 2016, 92 percent of debris – 3,563 tons – was recycled.

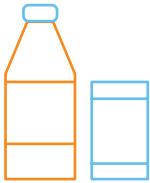
At our corporate headquarters in the U.S., recycled construction materials have been used in new building projects.





## Gift-in-Kind Donations

During office clean-out initiatives, many times our company finds we no longer need furniture or office supplies. Instead of sending these items to the landfill, we find local community nonprofit organizations and donate these items to them. To date, more than 7,711 pieces of furniture and office supplies have been donated, resulting in 479.8 tons being diverted from landfills.



## Plastic, Aluminum and Glass Recycling

ADP has increased the plastic, aluminum and glass (PAG) program in all facilities. While details of the volume are only available for ADP managed facilities, the facility managers and corporate real estate teams work with landlords to ensure they are providing recycling services according to the local municipality.

Currently there are 38 ADP managed sites that represent two-thirds of the square footage real estate portfolio reporting plastic, metal and glass recycling information.

In 2016, ADP recycled 329 tons of plastic, aluminum and glass, which is up 16 percent over 2015. The first two quarters of 2017 yielded 122.2 tons of recycled waste.

All buildings have designated recycling containers. Most buildings recycle using single stream recycling, which means the trash is collected in the office and the commingled mixture of trash and recyclables are separated for reuse at a materials recovery facility.



## Cafeteria Sustainable Products

Over the last few years, ADP has been working toward reducing disposable water bottle usage by installing filtered water systems at most sites. In addition, we are working with our coffee vendor to provide single use recyclable coffee pods to reduce waste. Cafeteria vendors in ADP's cafeterias use biodegradable serving products, and all Styrofoam products have been eliminated from purchase through the procurement purchasing system.

## 2016 Office Services Projects



In **2015-16** the search for enhancements to the complimentary coffee and filtered water services inspired the office services team to **select a vendor that recycles** the coffee pods and reduces the need for water bottles.

At all locations with  
**50+ associates**



Somat Food Waste Pulping Systems in Alpharetta and Norfolk **reduce food waste** to bags that can be reused as mulch.



**Biodegradable serveware** available in cafeterias and cafes.



**Introduced reusable lidded cups** or hot/cold drinks and **phased out Styrofoam products** from in-house ordering.



## Electronic Waste

ADP manages all unusable or dated electronic assets through an electronic waste recycler/reseller. The vendor provides services to either reuse or recycle all components of the electronic waste. This includes the disposition of ADP assets such as:

- Servers
- Network equipment (switches, routers, security appliances)
- Data storage libraries
- Desktops, workstations
- Laptops, notebooks
- Printers, copiers, fax machines, plotters
- PBX units
- Hard drives

ADP's Electronic Waste Vendor Agreement mandates data eradication for all data storage media including, but not limited to, hard drives, tapes and other media by wiping, degaussing or shredding in order to render the drive or storage repository inoperable and ensure that the data is irretrievable prior to the equipment leaving any ADP location.

Sites in Europe and Asia go beyond required regulations aimed at ensuring environmentally responsible waste disposal and the recycling or remarketing of old computers and mobile phones.

## Recycled/Remarketed Materials at ADP Facilities

|         | Recycled Weight | Remarketed Weight | Recycled Quantity | Remarketed Quantity |
|---------|-----------------|-------------------|-------------------|---------------------|
| Q4 2016 | 51,754          | 115               | 1,224             | 4                   |
| Q1 2017 | 73,566          | 2,244             | 1,767             | 207                 |
| Q2 2017 | 54,792          | 1,019             | 890               | 74                  |

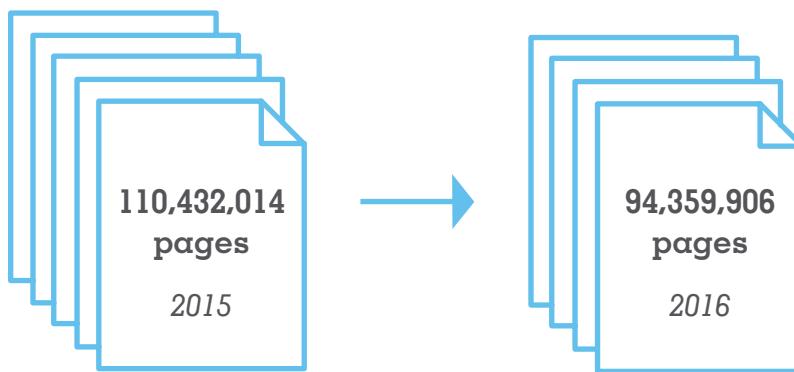


## Printer Toner

All ADP offices are equipped with multi-function device printers/scanners/copiers placed in strategic locations throughout the workspace. This has eliminated the need for personal printers, including additional cartridges and paper. As a result of reducing the number of printers, this initiative has also had the added benefit of reducing electricity consumption.

Office paper usage has also been reduced, and all printer cartridges are recycled.

## Reduction in Office Paper Use



# Climate change and ADP

Aspects of climate change that can influence or have influenced our company's business, operations and culture include: potential business interruption due to weather-related issues that can affect the delivery of payroll; financial implications of increasing energy costs and property damage from weather-related incidents; potential regulatory changes; and the need to protect ADP's brand and reputation.



## Climate change influences our operating practices

We are focused on changes in our operational practices as we move toward achieving lower emissions through energy-reduction activities. ADP is reducing carbon emissions from our offices and data centers by improving energy efficiency, consolidating and redesigning work space to optimize productivity, and selecting offices near public transportation.

The most important components include identifying areas of passive design energy savings, such as retrofitting and updating floor design in our office buildings and installing high-efficiency appliances and infrastructure in our data centers. ADP has implemented emission-reducing activities including improving HVAC systems, optimizing working schedules and reducing the number of inefficient buildings with high vacancy.

ADP periodically reviews all systems to accommodate any new opportunities or regulations. Business decisions to make equipment changes are integrated into the overall strategic capital plan and location strategy of the company to ensure that our long-term commitment toward energy use reduction is included at all steps within the decision process.

ADP is striving to reach a reduction of 10 percent by 2020, and we expect to realize yearly emission reductions in the long term. One of our company's long-term climate change objectives is to have more clients use our paperless services, including mobile apps, to help reduce paper use and the associated climate change impacts while improving service to our global clients.

# Looking ahead

ADP is committed to implementing new opportunities for increasing efficiencies and reducing our impact, including:

- Reviewing opportunities for renewable energy options, such as fuel cell in California
- Continuing to review and upgrade BMS (Building Management Systems) to gain efficiencies in facility operations
- Utilizing LED lighting in buildings and parking lots, whenever possible
- Enhancing our recycling program
- Pursuing LEED certifications, whenever possible

# Our commitment

ADP is committed to delivering a more human, simple and sustainable business process for all of those we serve. We believe that our vision for corporate social responsibility will attract, engage and retain top talent, bolster continued business performance and conserve environmental resources for our company and our clients. The resulting financial edge, increased associate engagement scores and positive perceptions among our associates, investors, clients and the market at large will produce a competitive advantage. With powerful software, continuous innovation and a human touch, we pledge to help build a better workforce – for our company, our associates, our clients and our world.





A more human resource.<sup>®</sup>

