



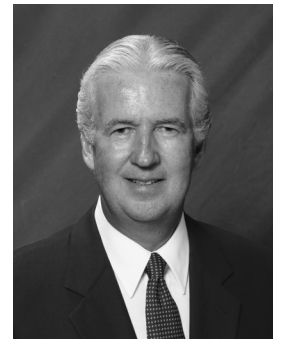
2022

Letters to Shareholders



Always Designing
for People®

A Letter from our Non-Executive Chairman



Fellow Shareholders,

Your Board of Directors is pleased to share with you a review of fiscal year 2022 and provide an update on our strong corporate governance, sustainability, and shareholder engagement. Although the global business environment continues to evolve and has been beset by a number of challenges, ADP delivered a very strong year and continues to lead with actions that we believe should instill confidence among its shareholders. This was a strong year both in the results ADP achieved as well as the progress it made beyond its financials.

Business and Strategy Suited for our Dynamic World

The Human Capital Management (“HCM”) industry operates to support businesses globally as they navigate complexity and change, and leaders like ADP continuously innovate solutions and provide thoughtful expertise to help clients succeed. As companies moved past the initial challenges of operating in a pandemic to navigating a new set of obstacles, including global supply chain bottlenecks, a tight labor market and elevated inflation, their specific needs as employers evolved, but in all cases they benefited greatly from the insights and expertise ADP was able to provide. The value created through such partnership is reflected in ADP’s business momentum – in fiscal year 2022 ADP grew its revenues by 10%, and it remains positioned for solid growth in the years ahead as it continues to establish new partnerships and deepen existing relationships with businesses around the world.

**47 consecutive years
of dividend increases**

That this critical need for HR technology and service support exists in all market environments is precisely the reason ADP maintains a consistent approach to investment, innovation, and governance. There is no “pause” button for progress and change, and rarely a “normal” time to be an employer. ADP understands this, embraces change, and works to support its clients in all environments. This consistency in strategy and execution is a key reason ADP has grown its dividend to shareholders for an extraordinary 47 years in a row, and counting.

Committed to Strong Governance and Sustainability

A strong company operates under best-in-class corporate governance practices, designed and followed to drive the right outcomes. Thoughtful composition of our Board is a critical part of our governance approach and in fiscal year 2022 we continued to refresh our composition. In February, we were pleased to appoint David Goeckeler to our Board. He brings with him a wealth of domain expertise in cloud computing infrastructure, software development, cybersecurity, and data protection – all critical areas to the success of ADP. And we take this opportunity to thank Dick Clark, who will not be seeking re-election this year, for his outstanding contributions to the Board and to ADP’s success over the past eleven years.

Average tenure of independent director nominees is **5.6 years**

36% of our director nominees are women

27% of our director nominees are racially diverse

With these changes, as of our fiscal year 2022 Annual Meeting of Stockholders, our average independent director tenure will be 5.6 years compared to the S&P 500 average director tenure of 7.7 years (based on the 2021 Spencer Stuart Index), reflecting our commitment to continually refresh our leadership.

With sustainability always paramount, we are pleased to share progress both in our own commitments and in the work we do with our clients. Last year we shared our commitment to achieve net zero greenhouse gas emissions by 2050. Attaining this goal will be a multi-decade journey but this year we were pleased to introduce short- and medium-term goals in furtherance of that commitment. These goals, as well as our near-term focus areas designed to drive a reduction in emissions, put us on a path that we believe is consistent with the Paris Agreement and are available at sustainability.adp.com.

We also strive to be a force of positive social change by providing tools that enable our clients to make better, data-driven decisions. For example, recently named to Fast Company's Next Big Thing in Tech list, our Diversity, Equity, and Inclusion dashboard makes it far easier for clients to understand pay gaps in their businesses. Over half of the active clients using the dashboard ultimately implemented changes to reduce those gaps, and we are proud to provide the technology and guidance that can help employers address these critical matters.

Provided short-and medium-term targets towards commitment to achieve net zero greenhouse gas emissions by 2050

Engaged with our Shareholders

As always, your Board believes firmly in the value of strong and proactive dialogue with shareholders, both by management and by the Board itself. In addition to discussing the fundamental strategy, operations and trends in the ADP business, the ADP management team and Board seek to engage on ESG, compensation, and other high-level matters with shareholders. In fiscal year 2022, ADP invited or met with shareholders representing nearly half of its shares outstanding to discuss these matters, and we appreciate the thoughtful feedback provided during those conversations.

Thank you for your continued ownership and trust in ADP and its Board.

Sincerely,



John P. Jones

Non-Executive Chairman of the Board of Directors

A Letter from our CEO



As data, technology, globalization, new business models and other significant events and disruptions reshape the way people work, our mission at ADP is to power organizations with insightful solutions that address their changing needs. We leverage our leading HCM technology, industry and compliance expertise, and data insights to deliver measurable results and peace of mind for our clients, and to promote engaged, productive workforces. Our belief is that by providing cutting-edge products, premium services and exceptional experiences, we enable our clients and their employees to reach their full potential.

Strong Financial Performance Following a Unique Era

The last few years were anything but typical and our fiscal year 2022 was noteworthy for the strong performance we delivered during another year of rapid change. The HCM demand environment continued to strengthen as employers sought expertise to help navigate the changing world of work, the economic recovery gained traction, and employment recovered towards pre-pandemic levels. Our sales force executed well in this environment, with our Employer Services new business bookings increasing 15% from the prior year to a new record of more than \$1.7 billion. And our worldwide new business bookings, which include the results of our PEO business, grew even faster and exceeded \$2 billion for the first time in our history.

Our strong bookings performance was broad-based. We had exceptional performance in our PEO and other HR Outsourcing offerings, as the value of a fully outsourced partnership continues to resonate in the market. In the U.S. small business market, we continued to add tens of thousands of new payroll clients while also selling add-on solutions like insurance and retirement solutions. Our U.S. midmarket and upmarket businesses both performed well, as our market-leading Workforce Now solution continues to excel and receive strong recognition. And our global businesses demonstrated solid bookings growth despite ongoing pandemic-related lockdowns in certain markets.

Just as important as strong bookings growth is the near-record Employer Services client revenue retention of 92.1% we reported for fiscal year 2022. Our client

satisfaction scores remained at a record level in fiscal year 2022, and are the result of both our improving product portfolio and hard work from our experienced and dedicated implementation and service teams.

In total, we increased our client count by 7% to more than 990,000, positioning us to cross the one million client milestone early in fiscal year 2023. And we drove 10% revenue growth, healthy margin expansion, and 15% diluted earnings per share growth, all while reinvesting in the business and maintaining

Deliver best-in class solutions and paid 39 million workers at 990,000+ clients in 140 countries.

FISCAL YEAR 2022 BUSINESS HIGHLIGHTS

10% Revenue growth

92.1% Employer Services revenue retention remained near record levels

15% Employer Services new business bookings

15% PEO segment revenue Growth

990K+ Clients globally, up 7% year over year

\$3.6B in shareholder distributions

\$1.7B Dividends

\$2.0B Share Repurchases

our shareholder friendly actions like our 47th consecutive annual dividend increase and \$2 billion in share repurchases. We were incredibly proud to deliver this strong and balanced all-around performance that we believe our business has been constructed to achieve.

Progress on our Strategy

As the business and technology landscapes evolve rapidly, what “work” means and how it gets done is changing as well. Given these shifts, being nimble in executing on our strategic priorities remains paramount. Among our firm-wide initiatives are the enhancement of our HCM platforms, continued delivery of industry-leading service, and investment in our distribution. We made clear progress on these imperatives in fiscal year 2022.

To improve our platforms, we moved forward with a significant deployment of our new unified user experience, which was designed to be a more action-oriented and intuitive experience than before. During fiscal year 2022, we transitioned hundreds of thousands of clients over to this new user experience including clients on platforms like RUN, iHCM, and Workforce Now. To maintain our best-in-class service, we added to our implementation and service teams to keep pace with our growing client base despite a tight labor market, delivering on our service commitment to clients as they manage compliance confidently, maintain business continuity, and support employee wellness and engagement. And to enhance our distribution, a core competency for ADP, we invested in both digital and traditional marketing, unveiled a new athletic sponsorship, expanded our partnership network to support our sales organization, and invested in growing our sales force, all of which position us for continued healthy new business bookings growth in fiscal year 2023 and beyond.

A Medium-Term Outlook that Reflects our Balanced Approach

As we look ahead, we acknowledge the uncertainty surrounding the macroeconomic backdrop. This backdrop has yet to translate into pressure on employment levels or demand for HCM solutions, but has the potential to do so as the year progresses.

At the same time, ADP benefits from a proven and comparatively resilient business model that can steadily grow earnings and cash flow through a range of conditions. Given our historical success in delivering compounded growth and our expectation that we can do so going forward, we employ a consistent financial framework and strategy that seeks to effectively balance growth investments with delivering the returns desired by our shareholders. At our Investor Day this past November, we outlined medium-term financial goals which include a strong combination of revenue growth and margin expansion, and we look forward to executing on those objectives in the coming years.

Irrespective of how global macroeconomic trends develop from here, we are confident that our efforts to simplify and enhance our suite of products and our go-to-market strategy will build on our leadership position in the HCM industry. Our global footprint and scale together with our leading technology and deep in-country expertise position us to drive sustainable long-term growth and value by delivering solutions to clients of all sizes, and their workers, wherever they do business.

Thank you for your continued interest and investment in ADP.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carlos Rodriguez', with a stylized flourish at the end.

Carlos Rodriguez

Chief Executive Officer, ADP

Forward-Looking Statements

These letters and other written or oral statements made from time to time by ADP may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like “outlook,” “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could” “is designed to” and other words of similar meaning, are forward-looking statements. These statements are based on management’s expectations and assumptions and depend upon or refer to future events or conditions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements or that could contribute to such difference include: ADP’s success in obtaining, and retaining, clients, and selling additional services to clients; the pricing of products and services; the success of our new solutions; compliance with existing or new legislation or regulations; changes in, or interpretations of, existing legislation or regulations; overall market, political and economic conditions, including interest rate and foreign currency trends and inflation; competitive conditions; our ability to maintain our current credit ratings and the impact on our funding costs and profitability; security or cyber breaches, fraudulent acts, and system interruptions and failures; employment and wage levels; changes in technology; availability of skilled associates; the impact of new acquisitions and divestitures; the adequacy, effectiveness and success of our business transformation initiatives; the impact of any uncertainties related to major natural disasters or catastrophic events, including the COVID-19 pandemic; and supply-chain disruptions. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. These risks and uncertainties, along with the risk factors discussed under “Item 1A. Risk Factors” of our most recent Annual Report on Form 10-K and in other written or oral statements made from time to time by ADP, should be considered in evaluating any forward-looking statements contained herein.