

# annual report 2004



## December 26, 2004

The unprecedented tsunami that struck South Asia on December 26, 2004 was one of the most destructive in history, leaving more than 300,000 casualties in its wake. Based on what we know today\*, 164 guests and 54 employees at the Sofitel Khao Lak in Thailand are either dead or missing.

This is the worst tragedy that Accor has ever experienced.

The victims' families have suffered immensely, and Accor will continue to assist them in every way possible. The entire Group would once again like to express to them its deep sympathy and sorrow.

\*April 15, 2005.

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Corporate Directory

# 2004

Accor is present in 140 countries with 168,500 employees worldwide.

Building on **its Hotels business** (4,000 hotels under the Sofitel, Novotel, Mercure, Suitehotel, Coralia Club, Ibis, Etap Hotel and Formule 1 brands, and in the United States, the Motel 6 and Red Roof Inn brands), Accor is today **a major player in the global travel and tourism industry with its partners** in the leisure segment (Club Méditerranée and the Lucien Barrière casinos) and travel agencies (Carlson Wagonlit Travel), as well as its restaurants and catering services (Lenôtre, Gemeaz Cusin, Compagnie des Wagons-Lits).

Accor is also the benchmark brand in Services for companies and public institutions, with 19 million people in 34 countries using its services every day. From its base in meal and food vouchers, **the portfolio of services** to the private and public sectors has been expanded to include a broad range of innovative **human resources** and social program management solutions that meet employee and constituent needs.



## Message from Paul Dubrule and Gérard Pélisson

Founding Co-Chairmen

The tsunami that devastated South Asia on December 26 is undoubtedly the most disastrous event in Accor's history. Many customers and employees were lost, and words are meaningless in the face of such a large-scale tragedy. We would simply like to pay tribute to the victims, their families and loved ones.

Without this tragic ending, 2004 would have been remembered—for Accor in particular and the tourism industry in general—as the year of the turnaround that has been eagerly awaited for more than three years.

According to World Tourism Organization estimates, the number of international tourist arrivals increased by 10% in 2004 to an all-time record of 760 million, with the sharpest increases in the Asia-Pacific region, the Middle East and South America. In North

America, Africa and Europe, the rebound was less pronounced but nonetheless real, except in France where the number of foreign visitors was unchanged from 2003.

**Accor also returned to growth**, with most countries reporting increases in every business indicator—occupancy rates, average room rates, revenue per available room—in upscale and midscale hotels as well as in the economy segment.

The year's strategic advances strengthened our positioning in all our businesses. **Accor continued along the path that it has always followed, pursuing a strategic commitment to balanced, long-term growth.** The alliance with Club Méditerranée is fully in line with this strategy. The heightened awareness and extensive synergies generated by this partnership will enable Accor to respond more effectively to demand in the leisure segment, which enjoys tremendous growth potential and is increasingly integrated in business tourism. The diversification of the Accor Services portfolio into the area of human resources management also responds to sharp growth in the needs of companies and public institutions, especially in Europe.



“The number of international tourist arrivals increased by 10% in 2004 to an all-time record of 760 million.”

“Nothing is more important to a company’s success than the motivation of its people.”

Our **geographic expansion** is being driven by programs to strengthen the network in high potential regions. In a number of destinations, the growth dynamic we’ve been pursuing is already producing results, notably in China, Russia, North Africa and the Middle East. We’ve also been laying foundations in other promising countries, such as Turkey, Iran, India, Mexico, Chile and Venezuela. Lastly, countries like Ethiopia, Sudan and Madagascar are experiencing fast-growing demographics and political changes that offer interesting prospects for the future.

Another observation we’ve made in our travels abroad is that **awareness and perception of Accor and its brands are continuing to make rapid gains**. This is true in economy hotels, as demonstrated by the resounding success of the first Ibis hotel in China and the Ibis/Novotel complex in Dubai. But we’ve also seen it in the upscale segment, where the most noteworthy example is the recent selection of Sofitel, following an international call for bids, to manage the largest, most luxurious hotel in the Middle East/Africa region—the Zam Zam Sofitel Grand Suites in Mecca, Saudi Arabia.

This heightened brand recognition and enhanced image are underpinned by the high-quality products and services offered by Accor and its brands, in employee training for example, as well as by the professionalism and capacity for innovation of its teams and their ability to share skills with our partners. They also reflect a **commitment on the part of Accor and its employees to the principles of sustainable development** through an array of measures to protect the environment, diversify the workforce and support humanitarian actions and social programs.

We’re delighted to note that this commitment, which we were already well aware of, is now supported by performance indicators that are helping to strengthen tracking and control, and consequently the credibility of our actions.

**Our confidence in Accor’s future is all the stronger in that it is shared by international investors**, as demonstrated by Colony Capital’s recent decision to invest €1 billion in Accor. This operation, which will enable us to complete an investment program originally planned over five years in just three, was very favorably received, not only by the Supervisory Board but also by employees, who appreciate seeing the Group obtain the resources it needs to meet its goals.

Nothing is more important to a company’s success than the motivation of its people. This is especially true of a services company like ours, where human resources represent the most important source of value. Coming from a wide range of personal and educational backgrounds, Accor’s employees, many of whom are young, need to be offered career opportunities that facilitate their professional development. With regard to our growth, from a strategic and financial perspective, Colony Capital’s investment in Accor is an extremely positive development and we are pleased to welcome their representatives as members of our Supervisory Board.

On behalf of the Board, we would like to warmly congratulate Jean-Marc Espalioux and the Management Board, as well as their team members, for effectively guiding Accor through three difficult years and preparing it in 2004 for a promising future.



## Message from Jean-Marc Espalioux

Chairman of the Management Board

### A NEW DYNAMIC

**For all of us at Accor, 2004 will forever be remembered as the year of the terrible tragedy that struck South Asia, and particularly Khao Lak.** Our thoughts go out to our guests and colleagues lost in the disaster. On behalf of everyone in our organization, we would like to pay tribute to the victims and express our heart-felt sadness to their families, who have suffered so much.

Thanks to our efforts over the past three years, **2004 saw the first signs of an upturn** in our earnings. Profit before tax rose by more than 13% during the year, at the upper end of the range forecast when interim results were released in September following an especially disappointing summer in several European countries. This performance reflects **a recovery in the worldwide hotel industry** that is gradually spreading across Europe.

Our **Services** business enjoyed **another year of sustained growth**, thanks to firm market demand and the creativity of its teams. Our program to reduce corporate overheads also produced results. Although we reported a decline in net income, this was due to a non-recurring impairment loss on the Compass shares we still own. In addition, we improved our balance sheet. Overall, this new start, which we hope to build upon in 2005, is our main reason for satisfaction.

During the year, we pursued our strategy of balanced, long-term growth without taking excessive risks in order to gradually reverse the effects of the past three difficult years for the global tourism industry. We opened 188 new hotels—one every two days—and increased renovation capex by 15%, with such programs as Novotel's Novation room, Sofitel's MyBed and the new Red Roof Inn room. Another example of our assertive development was the opening in January of the first Ibis in China, located in Tianjin, Beijing's seaport. Like other global hotel chains, we previously operated only luxury or upscale properties in the country, so the Tianjin opening represented a bet—a winning bet with a big payoff, as it turns out, since the hotel's occupancy rate rose very quickly to

“During the year, we pursued our strategy of balanced, long-term growth without taking excessive risks.”

“We extended Accor’s scope by pursuing a number of strategic opportunities.”

95% and has remained at that remarkable level ever since. We’ve decided to launch a major Ibis expansion program in China. In our other core business, we enhanced the Services portfolio with a number of targeted acquisitions, notably Capital Incentives, the UK’s leading issuer of gift vouchers, giving us a foothold in Europe’s largest incentive products market.

**We extended Accor’s scope by pursuing a number of strategic opportunities. With the support of Caisse des Dépôts et Consignations**, we became Club Méditerranée’s leading industry shareholder by acquiring a 29% stake in the company. As part of this transaction, Caisse des Dépôts et Consignations became our largest long-term shareholder and increased its number of seats on the Supervisory Board.

The close fit between Accor and **Club Méditerranée** teams has enabled us to very quickly identify mutually beneficial synergies to

increase revenues and reduce costs. Both companies’ customers are delighted with the alliance. In this same leisure segment, we played a key role in the creation of the **new Groupe Lucien Barrière**, a European leader in casinos, in which we own a 34% stake. We are also closely involved in the new company’s strategic decisions and management. In the travel agency business, **Carlson Wagonlit Travel**, in which we hold a 50% stake, strengthened its global number-two ranking through targeted acquisitions in the United States and France.

Our strategic focus on profitable growth has two foundations. Building on our hotels business and highly regarded brands with our partners in the leisure industry (Club Méditerranée and Lucien Barrière), restaurants (Lenôtre, Compagnie des Wagons-Lits and Gemeaz Cusin in Italy) and travel agencies (Carlson Wagonlit Travel), **we are building a major player in travel and tourism**. Already the world’s largest industry, the travel and tourism sector also benefits from fundamentals that point to growth in both developed and emerging markets. From our base in meal and food vouchers, in which we pioneered and have maintained our lead, **we’ve developed innovative human resources management support services** in the areas of wellness, incentives and productivity that have established Accor as the benchmark in services for companies and public institutions. These two strategic businesses, both firmly rooted in Accor’s past, offer a wealth of strategic fits and growth drivers for the future.

From a financial viewpoint, two transactions announced simultaneously in March 2005 have confirmed our strategic vision and demonstrated investor confidence in Accor, as we reach what is very probably a turning point following three difficult years.

A consortium of leading financial partners has acquired 128 of our hotel properties in France for €1 billion. This transaction enables us to capitalize on our expertise, our reputation, and the spectacular rise in property prices, without creating any operating constraints

since the hotels will be leased back under very favorable terms and extremely long contracts. This **new approach to real estate management** is, in a way, a world first, since we are transforming fixed-rent leases, which cannot be adjusted to fluctuations in the economy, into variable-rent leases based on a percentage of revenues with no guaranteed minimum.

Even more noteworthy, **a renowned US international investment fund, Colony Capital, has invested €1 billion in Accor.**

A long-time partner, Colony Capital was involved in Accor Casinos and, more recently, in the new Groupe Lucien Barrière. The investment, which consists of redeemable and convertible bonds, provides us with substantial resources to speed our development and successfully complete our corporate project. In the words of a Colony Capital spokesperson, it represents a vote of confidence for Accor's management team and strategic vision, which will make us more attractive to financial decision-makers. In addition, we will benefit from our partner's expertise in real estate and hotel assets management, especially in Asia and the United States.

**Thanks to these developments, we now enjoy the flexibility to step up the pace of growth, while improving our financial position.** This will enable us to complete projects in three years that would otherwise have taken five. The focus will be on developing our economy hotel business in Europe and on expanding in such emerging markets as China, India, Russia, Latin America and the Middle East, as well as in the high-potential markets for human resources management and people care services.

Reflecting this new growth momentum and confirmed business turnaround, we are asking shareholders to approve the payment of an ordinary dividend of €1.05, the same as last year, as well as an exceptional dividend of €0.25, for a total payout of €1.30.

Our improved results, ongoing expansion, strategic advances and support from leading investors are all encouraging signs that coincide with the launch of our corporate project and signify a new dynamic. Following our "Accor 2000, Succeeding Together" project, which enabled us to make a "technological leap forward," the new project focuses on our business fundamentals. It will help us to create new products and services for increasingly selective, demanding clients with constantly changing needs, such as the Suitehotel chain and the Bien-Être à la Carte services offer, both of which have recently proven to be highly successful. Together, we

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will develop local management, which, while driving business performance, respects cultural diversity and encourages individual initiatives. We will also seek to more fully share our vision and our motivation with shareholders and financial partners. Our “Accor, A New Dynamic” project will also be an opportunity to deepen the involvement of the Group and its employees in supporting sustainable development initiatives and our core values.

I would like to warmly thank our Founding Co-Chairmen, Paul Dubrulle and Gérard Pélisson, whose support is so invaluable. As Accor’s leading “ambassadors to the world,” they’ve played a crucial role in our **breakthroughs in China and the Middle East**.

I would also like to thank our employees for their efforts that have enabled us to revitalize our forward momentum, as well as my colleagues on the Management Board for their exceptional unity and commitment.

As always, **we’ve set ambitious goals** that reflect both our past achievements and our future potential. So, while 2004 was the year of the turnaround, 2005 will represent a major step forward in our successful development, for the benefit of our customers, employees and shareholders.

(from left to right)

**André Martinez**  
Member of  
the Management Board

**Benjamin Cohen**  
Executive Vice-Chairman  
of the Management Board

**Jean-Marc Espalioux**  
Chairman of  
the Management Board

**John Du Monceau**  
Senior Vice-Chairman  
of the Management Board



# Management Board

## FOUNDING CO-CHAIRMEN



**Paul Dubrulle**

Born on July 6, 1934 in Tourcoing (France). Graduate of the Institut des Hautes Études Commerciales, University of Geneva. Co-Founder and Co-Chairman of the Novotel chain in 1963 with Gérard Pélisson, Co-Chairman and Chief Executive Officer of the Novotel S.I.E.H. Group (1971-1983). Co-Founder and Co-Chairman of the Accor Group (1983-1997). Paul Dubrulle has also been Chairman of *Entreprise et Progrès* since 1997 and is Co-Founder of the World Travel and Tourism Council (WTTC). In 2002, the Paul Dubrulle Chair in Sustainable Development was created at INSEAD, the international business school. Paul Dubrulle also personally opened a hotel school at Siem Reap, in Cambodia. He is Chairman of *Maison de la France*. At the Annual Meeting on May 3, 2005, shareholders will be invited to elect Paul Dubrulle as a member of the Supervisory Board.



**Gérard Pélisson**

Born on February 9, 1932 in Lyon (France). Engineering degree from the *École Centrale des Arts et Manufactures*, Paris, and Master of Science in Industrial Management, Massachusetts Institute of Technology (USA). Co-Founder and Co-Chairman of the Novotel chain in 1963 with Paul Dubrulle, Co-Chairman of the Novotel S.I.E.H. Group (1971-1983). Co-Founder and Co-Chairman of the Accor Group (1983-1997). Gérard Pélisson is also Chairman of the Council on French Investment in Africa (CIAN), Chairman of the Union of French Citizens Abroad (UFE), Chairman of the Paul Bocuse Institute, Co-Founder and Vice-Chairman of the World Travel and Tourism Council (WTTC) and President of the *École Supérieure de Commerce de Lyon* (1990-1996). Gérard Pélisson is Chairman of the Accor Supervisory Board.



**Jean-Marc Espalioux**  
Chairman

Born on March 18, 1952. Law and Economics degree from Institut d'Études Politiques de Paris and graduate of France's *École Nationale d'Administration*, Paris (1978). *Inspecteur des Finances* at the French Ministry of Finance from 1978 to 1982. Joined *Compagnie Générale des Eaux* (now *Vivendi Universal*) in 1984, where he served as Chief Financial Officer (1987), Member of the Executive Committee (1994) and Executive Vice-President (1996). Director of Accor since 1988, chosen by the Co-Founders, Paul Dubrulle and Gérard Pélisson, to become the Chairman of the Management Board on January 7, 1997. Jean-Marc Espalioux is also Director and member of the Accounts, Audit and Commitments Committee of *Veolia Environnement*, Director and Chairman of the Compensation Committee of *Air France-KLM*, member of the Supervisory Board and Chairman of the Strategy Committee of *Club Méditerranée*, representative of Accor on the Supervisory Board of *Groupe Lucien Barrière SAS* and non-voting member of the Supervisory Board of *Caisse Nationale des Caisses d'Épargne*.



**Benjamin Cohen**  
Executive Vice-Chairman

Born on April 29, 1939 in Castres (France). Graduate of the École des Hautes Études Commerciales (1961). Joined Jacques Borel International (1964), appointed Vice-President, Public Restaurants (1968), Member of the Management Committee and Chief Executive Officer (1975), Vice-Chairman and Chief Executive Officer (1975). Chairman and Chief Executive Officer of Sofitel (1977) and Union Touristique et Hôtelière (UTH) (1979). He was appointed Executive Vice-President, Hotels and Member of the Management Committee of Accor (1983), Chairman of Croisières Paquet (1987) and Accor Group Executive Vice-President (1989). Member of the Accor Management Board since 1997 and Executive Vice-Chairman of the Management Board since 2003, Benjamin Cohen is also Chairman of the Brazil Committee of MEDEF International, Co-Chairman of the Board of Directors of Carlson Wagonlit Travel and Vice-Chairman of the Supervisory Board of Groupe Lucien Barrière SAS.



**John Du Monceau**  
Senior Vice-Chairman

Born on April 6, 1938 in Belgium. Degree in Commercial and Maritime Sciences, (Antwerp, Belgium). Joined Unilever (1961), holding various positions in food product marketing, then joined Jacques Borel International (1973) and became Managing Director of Ticket Restaurant France (1978-1983). At Accor, since 1983 he has served as Managing Director, Service Vouchers and Group Executive Vice-President, Service Vouchers and Eurest. John Du Monceau has been a Member of the Management Board since January 7, 1997 and Senior Vice-Chairman of the Management Board in charge of Services, Human Resources, Sustainable Development and Compagnie des Wagons-Lits since January 3, 2003.



**André Martinez**  
Member of the Management Board

Born on January 10, 1953. Graduate of the École des Hautes Études Commerciales (1975), Institut d'Études politiques de Paris (1977), Masters in Economics from the Assas Paris II Faculty of Law (1977). Joined Airbus Industries in 1979 before moving to Société des Hôtels Méridien, where he became Chief Executive Officer (1989-1995). Since joining Accor in 1997, Chief Executive Officer of Compagnie des Wagons-Lits (1997-2002), Group Executive Vice-President, Hotel Development and Strategy (1999-2001), Chief Executive Officer Economy Hotels (2002). Member of the Management Board in charge of hotel operations in Europe, Africa and the Middle East since January 3, 2003.



**Jacques Stern**  
Member of the Management Board

Born on September 19, 1964. A certified public accountant and graduate of the École Supérieure de Commerce de Lille. Began his career with Price Waterhouse as an external auditor. Joined Accor in 1992 as Consolidation Officer and became Group Financial Planning Officer in 1996. Appointed Group Controller (2000), Executive Deputy Chief Financial Officer (2002), then Chief Financial Officer (2003). On a motion by Jean-Marc Espalioux, the Supervisory Board appointed him Member of the Management Board since March 8, 2005.

# Supervisory Board

**Gérard Pélisson**,  
Chairman

**Étienne Davignon\***,  
Vice-Chairman.  
Étienne Davignon is also  
Vice-Chairman of Suez and  
Chairman of Fortis.

**BNP-Paribas**,  
Represented by **Baudouin Prot**,  
Director and Chief Operating  
Officer. Baudouin Prot is  
also Director of Veolia  
Environnement and member  
of the Supervisory Board of  
Pinault-Printemps-Redoute.

**Thomas J. Barrack\*\***,  
Founder, Chairman and Chief  
Executive Officer of Colony  
Capital LLC and formerly Chief  
Executive Officer of Robert M.  
Bass Group. Thomas J.  
Barrack is also Director of  
Continental Airlines and First  
Republic Bank.

**Sébastien Bazin\*\***,  
Principal Managing Director  
Europe and Chief Executive  
Officer Europe of Colony  
Capital SAS, the company's  
European subsidiary. Sébastien  
Bazin is also Director of Lucia  
and member of the Supervisory  
Board of Groupe Lucien  
Barrière SAS.

**Isabelle Bouillot\***,  
Director of Saint-Gobain and  
La Poste.

**Paul Dubrule\*\***,  
Founding Co-Chairman of  
Accor, Chairman of Entreprise  
et Progrès, and Chairman of  
Maison de la France.

**Renaud d'Élissagaray\***,  
Former member of the  
Management Board of Banque  
Louis Dreyfus and Director of  
Arca-Banque du Pays Basque  
and various mutual funds.

**Gabriele Galateri di  
Genola\***,  
Chairman of Mediobanca SpA  
Gabriele Galateri di Genola  
is also Vice-Chairman of  
Assicurazioni Generali SpA,  
and Director of IFI SpA,  
Commerzbank and Pirelli  
& C. SpA.

**Dominique Marcel\*\***,  
Vice-President, Finance and  
Strategy, and member of the  
Executive Committee of Caisse  
des Dépôts et Consignations.  
Dominique Marcel is also  
member of the Supervisory  
Board and Audit Committee of  
Caisse Nationale des Caisses  
d'Épargne and member of the  
Supervisory Board of Crédit  
Foncier.

**Francis Mayer**,  
Chief Executive Officer of  
Caisse des Dépôts et  
Consignations. Francis Mayer  
is also Vice-Chairman of the  
Supervisory Board of Caisse  
Nationale des Caisses  
d'Épargne, and Director of  
Casino Guichard-Perrachon,  
Dexia and Veolia  
Environnement.

**Franck Riboud\***,  
Chairman and Chief Executive  
Officer, of the Danone Group  
and Chairman of the  
Appointments and  
Compensation Committee.  
Franck Riboud is also Director  
of Renault and L'Oréal, and  
member of the Supervisory  
Board of Eurazeo.

**Jérôme Seydoux\***,  
Chairman and Member of the  
Supervisory Board of Pathé  
SAS. Jérôme Seydoux is also  
Director of Danone and Vice-  
Chairman, Chief Executive  
Officer and Director of  
Chargeurs SA.

**Maurice Simond\***,  
Former Group Director  
of IBM Europe.

**Société Générale**,  
Represented by **Philippe  
Citerne**, Director and Chief  
Operating Officer. Philippe  
Citerne is also Director of  
Unicredito Italiano and Crédit  
du Nord.

**Secretary of the  
Management Board  
and the Supervisory Board**  
Pierre Todorov.

\*Independent members. The Supervisory Board's bylaws state that a majority of members must be independent, defined as persons who have no relations with the Group or its senior executives that would in any way compromise their freedom of judgment.

\*\*To be elected by shareholders at the Annual Meeting on May 3, 2005.

# Group Management

## MANAGEMENT BOARD

### Jean-Marc Espalioux

Chairman of the Management Board

### Benjamin Cohen

Executive Vice-Chairman of the Management Board, in charge of Finance and Hotel Development, Leisure and Tourism, Casinos, Brazil and Hotel Operations in South America.

### John Du Monceau

Senior Vice-Chairman of the Management Board, in charge of Services, Human Resources, Sustainable Development, and Compagnie des Wagons-Lits.

### André Martinez

Member of the Management Board, in charge of Hotel Operations in Europe, Africa and the Middle East.

### Jacques Stern

Member of the Management Board, in charge of Finance (as of March 8, 2005)

## CORPORATE FUNCTIONS

### Cathy Kopp

Human Resources

- : **Hervé Bertrand**
- : Accor Academy
- : **Gérald Ferrier**
- : Labor Relations

### Jacques Stern

Corporate Finance

- : **Jean-Michel Barbier**
- : Tax Affairs
- : **Christian Gary**
- : Treasury and Finance
- : **Jean Luchet**
- : Real Estate Financing
- : **Éliane Rouyer**
- : Investor Relations and Financial Communication
- : **Sophie Stabile**
- : Consolidation and Information Systems
- : **Marc Vieilledent**
- : Corporate Finance

### Pierre Todorov

General Secretary

- : **Catherine Bertini**
- : Corporate Legal Services
- : **Catherine Levy**
- : Legal Affairs

### Jacques Charbit

Communications and External Relations

### René-Georges Querry

Safety and Risk Prevention

### Hélène Roques

Sustainable Development

## HOTELS

### Firmin António

Accor Brazil and Hotel Operations in South America

### David Baffsky

Accor Asia-Pacific

### Roberto Cusin

Accor Italy

### Christian Karaoglianian

Development

### Georges Le Mener

Accor North America

### Serge Ragozin

Technologies, Reservations, Marketing, Partnerships, Purchasing and Technical Affairs

- : **Patrick Bonnetain**
- : Construction and Hotel Assets
- : **Gilles Bonnin**
- : Information Technologies and Telecommunications
- : **Jean-Louis Dubrule**
- : Key Accounts and Strategic Partnerships
- : **Dominique Esnault**
- : Internet, Customer Relations and Loyalty Programs
- : **Joël Vatan**
- : Purchasing



# Group Management

## HOTELS EUROPE, AFRICA AND THE MIDDLE EAST

**Christian Achard**  
Novotel and Mercure France

**Agnès Bourguignon**  
Sofitel France

**Évelyne Chabrot**  
Human Resources

**Jean-Louis Claveau**  
Hotels Benelux,  
Spain & Portugal

**Bruno Coudry**  
Formule 1, Etap Hotel France

**Marie-Laure Deligarde**  
Legal Affairs

**Olivier Devys**  
Suitehotel

**Michael Flaxman**  
Hotels Northern, Central  
and Eastern Europe

**Christophe Guillemot**  
Finance

**Gilles Larrivé**  
Formule 1,  
Etap Hotel France

**Jean-Luc Motot**  
Hotels Africa and Middle East

**Jean-Paul Philippon**  
Ibis France

**Marco Pimentel**  
Hotel Marketing

**Denys Sappey**  
Hotel Sales

**Olivier Weill**  
Projects, Communication  
and Franchises

**André Witschi**  
Hotels Germany

## OPERATIONS AMERICAS, ASIA AND AUSTRALIA

**Roland de Bonadona**  
Hotels South America

**Oswaldo Melantonio**  
Services Brazil

**Michael Issenberg**  
Hotels Asia-Pacific

**Jim Amorosia**  
Motel 6, Studio 6

**Carol Kirby**  
Marketing  
Accor Lodging North America

**David O'Shaughnessy**  
Sofitel and  
Novotel North America

**Joe Wheeling**  
Red Roof Inn

## LEISURE AND TOURISM

**Jacques Barré**  
Finance

**Ferhan Gorgün**  
Operations

**Carlos Da Silva**  
Go Voyages

**Fabrice Mauny**  
Operations Europe & French  
Overseas Possessions

## SERVICES

**Robert Bardoux**  
Northern and  
Central Europe

**Philippe Bertinchamps**  
Accentiv'

**Thierry Gaches**  
Marketing and Development

**Jean-Marc Loustalet**  
Northern and  
Hispanic America

**Yves Picchi**  
Information Systems

**Olivier de Surville**  
Finance, Administration  
and Human Resources

**Laurent Thérézien**  
Northern Europe  
and Asia-Pacific

## OTHER BUSINESSES

**Hubert Joly**  
Carlson Wagonlit Travel

**Philippe Hamon**  
Compagnie des Wagons-Lits

**Patrick Scicard**  
Lenôtre

# Corporate Governance

Accor is a limited liability company governed by a Management Board and Supervisory Board. This structure, chosen by many French companies, complies fully with the principles of good corporate governance as currently defined in French legislation. It encourages a clear separation between the financial and strategic management functions, which are handled by the Management Board, and oversight and control functions, which are the responsibility of the Supervisory Board, acting on behalf of shareholders. This segregation of powers provides shareholders with the assurance that their interests are protected, by guaranteeing transparency and effective, ongoing supervision of the Company's business activities. In practice, the Supervisory Board and the Management Board interact on a regular, ongoing basis in a mutual commitment to good governance practices.

The respective roles and responsibilities of the Supervisory Board and the Management Board are set out in the bylaws and two formal rules. These rules define the composition and terms of reference of each board, the procedures to be followed at their respective meetings and their rights to information. They also set out the rights and obligations of members, dealing with such issues as conflicts of interest, confidentiality, personal shareholdings, compliance with stock exchange guidelines concerning transactions in Accor shares, the obligation of diligence and the limit on the number of directorships in other companies. According to the bylaws, members of the Supervisory Board must hold at least 500 Accor shares.

This segregation of powers between the Supervisory Board and the Management Board guarantees effective, ongoing supervision of the Company's business activities.

The composition of the Supervisory Board helps to ensure that the Board is objective and exercises effective control over the running of the Company. Seven of its eleven members are independent, as defined in the Board's bylaws, that is, directors with no ties to the Group or its management that would be likely to influence their judgment. The definition of "independence" applicable to Supervisory Board members takes into account the criteria that are set out in the AFEP-MEDEF report on corporate governance of listed companies and have been adapted to the Company's dual governance structure.

Based on this definition, members of the Supervisory Board who are in any of the following situations are not considered as independent:

- Members who have—or have had at any time in the five years preceding their election to the Supervisory Board—an employment contract with the Company or any other Group entity.
- Members who have personal ties with the Company or any other Group entity in the form of a business contract.
- Members who have any ties whatever with a significant and regular business or financial partner of the Company or any other Group entity.
- Members who have any close family ties with the Chairman or other member of the Management Board.
- Members who have worked on the audit of the accounts of the Company or any other Group entity in any of the five years preceding their election to the Supervisory Board.
- Members who control the Company's capital, alone or in concert with other shareholders, or who represent any such shareholders.
- Members who are a Chairman, Chief Executive Officer, Chairman or member of the Management Board of a listed subsidiary or of any affiliated company not controlled by the Group.
- Members who are a Chairman, Chief Executive Officer, Chairman or member of the Management Board of a non-Group company of which the Company is a director or member of the Supervisory Board or of which the Chairman or any member of the Management Board is a director or member of the Supervisory Board.

Based on the above criteria, the following seven members of the Supervisory Board are deemed to be independent: Isabelle Bouillot, Étienne Davignon, Renaud d'Elissagaray, Gabriele Galateri di Genola, Franck Riboud, Jérôme Seydoux and Maurice Simond.

The membership and procedures of the specialized committees ensure that topics

submitted to the Supervisory Board have been thoroughly prepared.

#### SUPERVISORY BOARD MEETINGS PREPARED BY TWO SPECIALIZED COMMITTEES

In line with the principles of good corporate governance, Accor has formed two specialized standing committees of the Supervisory Board, whose activities are governed by specific charters and the Board's bylaws:

- The **Compensation and Nominations Committee**, which met once in 2004, is comprised of three members: Supervisory Board Chairman Gérard Pélisson and two independent members, Étienne Davignon and Jérôme Seydoux, who is the Committee's Chairman. The Committee prepares the Supervisory Board agenda regarding the appointment of the Chairman and members of the Management Board, candidates for election to the Supervisory Board, the compensation to be paid to the Chairman of the Supervisory Board and the Chairman and members of the Management Board, and the Group's executive stock options policy. In 2004, it reviewed the terms of the January 7, 2004 stock option plan.

- The **Audit Committee** comprises four members, including the Chairman of the Supervisory Board, Gérard Pélisson, and three independent members, Étienne Davignon, who serves as Committee Chairman, Isabelle Bouillot and Renaud d'Elissagaray. The Audit Committee met three times in 2004, in each case at least two days before the corresponding Supervisory Board meetings. It ensures that accounting policies are appropriate and applied consistently, and verifies that financial disclosures are complete and accurate. To this end, the Committee assesses the quality of the external auditors' work and the level of their fees. It also reviews internal control procedures, which are based on the principles laid down in the Group's Internal Audit Charter.

In 2004, the Audit Committee prepared the Supervisory Board's review of the annual and interim financial statements approved by the Management Board, and devoted one meeting to reviewing the internal control system, including the methods used to identify risks. In addition to Audit Committee members, meetings are also attended by the Chairman and Vice-Chairman of the Management Board, the Chief Financial Officer, who acts as Committee secretary, the external auditors and, where necessary, the internal auditors.

Accor's corporate governance complies fully with the recommendations of the Viénot and Bouton reports and responds to

the legitimate demands of shareholders and society for transparency.

## MANAGEMENT COMPENSATION POLICY

Accor's management compensation policy complies with good corporate governance practices.

Compensation paid to the Chairman and members of the Management Board is determined by the Supervisory Board based on the recommendations of the Compensation and Nominations Committee, as formulated after reviewing the results of a survey of compensation practices among major French and European companies, performed by an independent consulting firm.

This compensation comprises a fixed portion, set annually, and a variable portion, also set annually, based on the recommendations of the Compensation and Nominations Committee. For the Chairman of the Management Board, the variable portion depends on profit before tax and net income performance, judged in the prevailing business environment and taking into account the effectiveness of measures introduced during the year. For the other members of the Management Board, the amount of the variable portion depends on Accor's financial performance, judged according to the same criteria, and on the achievement of personal objectives set by the Chairman of the Management Board. The variable portion may not exceed 80% of the individual's fixed compensation and the total variable compensation is capped at an amount equal to 120% of the individual's fixed compensation.

Attendance fees are allocated among the members of the Supervisory Board on the following basis:

- Members of each of the two specialized committees receive a fixed amount for serving on these committees.
- Of the balance, 50% is shared equally among all the members of the Supervisory Board and 50% is allocated prorata to each member's attendance record at Board meetings.

Total compensation paid to Accor SA corporate officers is indicated on page 129 of the Reference Document.

### A RIGOROUS INTERNAL CONTROL PROCESS

Internal control is a process implemented to provide reasonable assurance that the following objectives are fulfilled:

- Execution and optimization of transactions.
- Production of reliable financial information.
- Compliance with the applicable laws and regulations.

One of the aims of the internal control system is to anticipate and control the risks arising in the course of the Company's business, as well as the risk of errors or fraud, particularly relating to accounting and other financial matters. However, no control system can provide absolute assurance that these risks have been completely eliminated.

In addition to the Audit Committee, the Group Internal Control Committee, the Risk Prevention Committee, the Investments Committee, the main entities of the Group Finance Department, the Group Internal Audit and its local departments are also involved in managing the internal control process.

In accordance with the provisions of the Commercial Code, internal control procedures are described in the report of the Chairman of the Supervisory Board contained in the Reference Document. Accor's corporate governance complies in large part with the recommendations of the Viénot and Bouton reports and responds to the legitimate demands of shareholders and society for transparency.

## 3 QUESTIONS FOR

**PIERRE TODOROV** SECRETARY OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

### How is the Supervisory Board kept informed of the Company's operations?

Every quarter, the Management Board presents a detailed business report intended to help the Supervisory Board fulfill its responsibilities. Based on an analysis of complete, accurate information, the Supervisory Board authorizes major capital spending projects and strategic transactions. It also authorizes any decision that may impact the Company's capital, notably the issue of stock option plans as stipulated in shareholder-approved authorizations granted to the Management Board. In addition to allowing the Board to carry out its responsibilities as required by French law and Company bylaws, meetings also provide an opportunity for the Chairman and members of the Management Board, and sometimes senior executives, to report on major projects and developments concerning the Company's business.

Between meetings, Supervisory Board members are regularly informed of events and operations that have particular importance for the Company. They receive all Accor press releases as well as special messages issued by the Chairman of the Management Board, as warranted by circumstances.

### How many times did the Supervisory Board meet in 2004?

Six times, with each meeting lasting an average of two and a half hours.

### Do members attend regularly?

Attendance averaged 80%. To emphasize the importance of their participation, 50% of total attendance fees are allocated prorata to each member's attendance record.

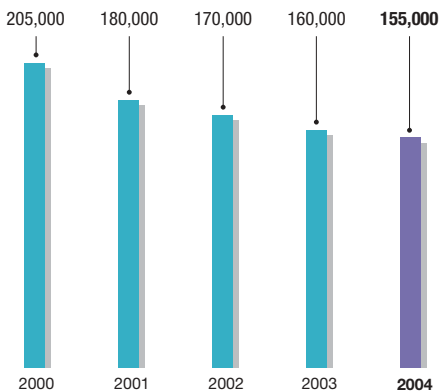


# Shareholder Structure

Accor's shareholder base includes a large number of non-French investors, who own a majority of outstanding shares. The free float represents 85.6% of outstanding shares, held by institutions and individual investors, including employees.

## NUMBER OF SHAREHOLDERS

(ACCOR ESTIMATE SINCE 2001)



## INVESTOR INFORMATION

(at Dec. 31, 2004)

Share capital

€620,131,527

Shares outstanding

206,710,509

Voting rights outstanding

219,999,082

The analysis of the shareholder structure at December 31, 2004 is based on holders of registered shares and identifiable holders of bearer shares, as identified by a Euroclear survey of financial institutions holding at least 200,000 shares and investors holding more than 250 shares. The total number of shareholders is estimated on the basis of changes in the typology of the shareholder base.

The percentage of shares held by French investors rose by 1.4 points, while the percentage of shares held by international institutions declined by 2.6 points. Among international institutions, US and British investors ranked first and second.

The 1.8-point increase in the percentage held by members of the Supervisory Board resulted from Caisse des Dépôts et Consignations' increased shareholding when Accor acquired an equity stake in Club Méditerranée. Caisse des Dépôts et Consignations took up 96.4% of the redeemable bonds (ORANE) issued to finance the acquisition, which led to the creation of nearly seven million new shares.

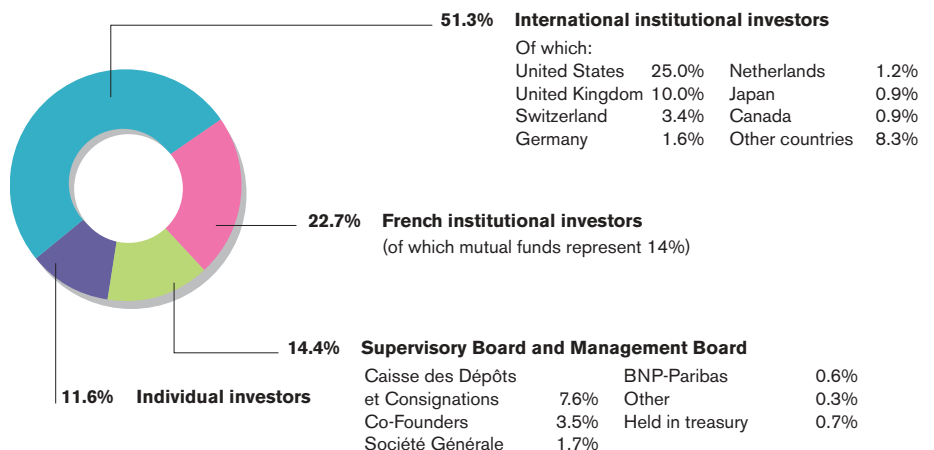
### EMPLOYEE SHAREHOLDERS

23,660 employees hold a combined 1.73% stake in Accor, including 0.92% through the employee savings plan.

### CAISSE DES DÉPÔTS ET CONSIGNATIONS, ACCOR'S LARGEST LONG-TERM SHAREHOLDER

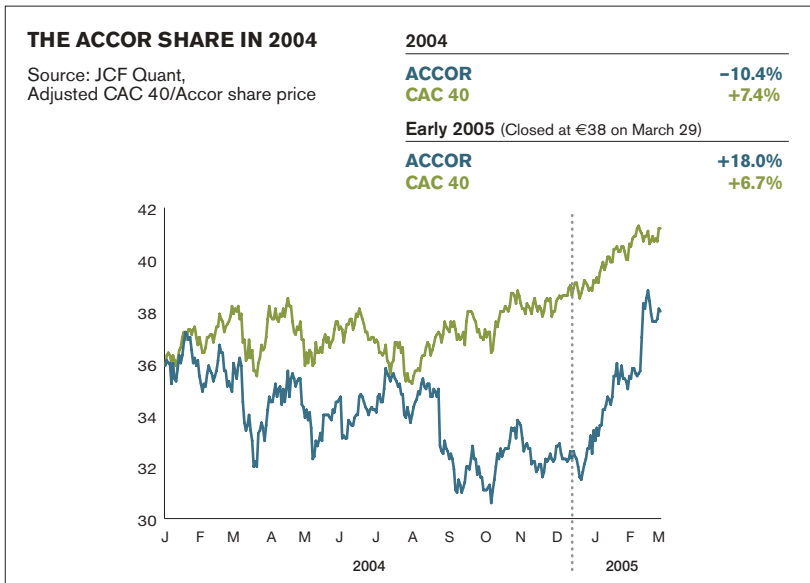
Following Accor's acquisition of an equity interest in Club Méditerranée, Caisse des Dépôts et Consignations now holds 7.6% of Accor shares and has increased its number of seats on the Supervisory Board. Caisse des Dépôts et Consignations is Accor's largest long-term shareholder.

## SHAREHOLDER STRUCTURE AT DECEMBER 31, 2004



# The Accor Share

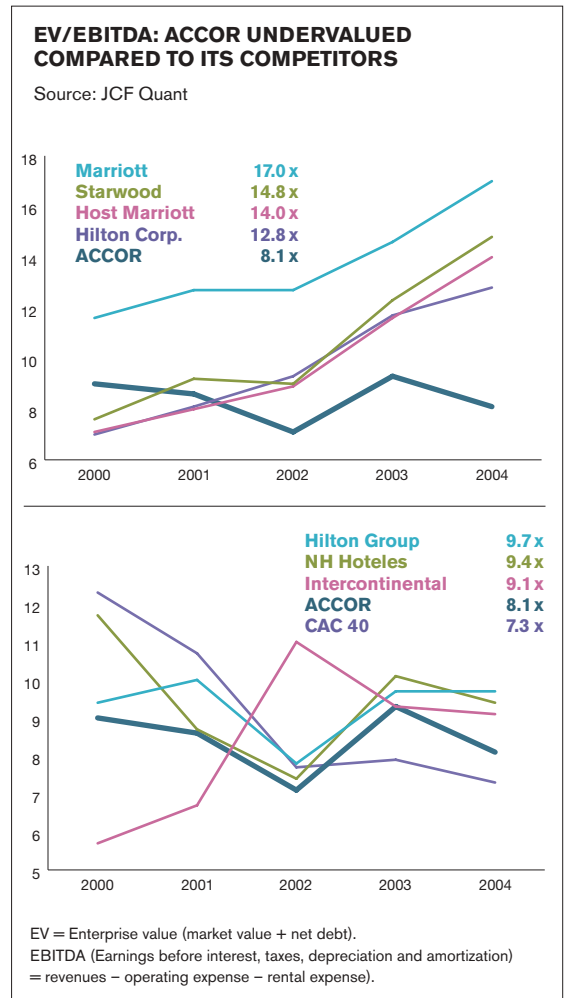
Following a lackluster performance in 2004, the Accor share rose considerably in early 2005, as the market took note of encouraging signs of a business upturn and the Group's renewed growth dynamic.



## SHARE PERFORMANCE

IN €	2000	2001	2002	2003	2004
<b>Accor</b> Year-end closing	45.00	40.83	28.86	35.90	32.21
High for the year	51.00	52.40	49.00	37.43	37.36
Low for the year	35.39	25.72	26.75	25.01	30.37
% change for the year	-6%	-9%	-29%	+24%	-10%
Market value (€ billions)	8.9	8.1	5.8	7.2	6.7
Net yield <sup>(1)</sup>	2.2%	2.6%	3.6%	2.9%	3.3% <sup>(2)</sup>
<b>CAC 40</b> % change for the year	-0.5%	-22%	-34%	+16%	+7%

(1) Based on year-end closing. (2) 3.3% on the ordinary dividend, presented for shareholder approval at the Annual Meeting on May 3, 2005; 4% including the exceptional dividend of €0.25.



## SHARE DATA

**Listed on**  
 Euronext Paris SA – Eurolist  
 Compartiment A

**ISIN code**  
 FR0000120404

**Initial public offering**  
 July 19, 1983  
 (Merger of JBI and Novotel SIEH)

**Registered shares held by**  
 Société Générale  
 32, rue du Champ-de-Tir – BP 81236  
 44312 Nantes Cedex 03, France  
 Tel: +33 (0) 2 51 85 67 89  
 www.nominet.socgen.com

**ADR Accor**  
 ACRYF code  
 CUSIP 00435 F 101  
 The Bank of New York  
 www.bankofny.com

**Included in the following indexes**  
 CAC 40, Euronext 100, FTSEurofirst 100, FTSEurofirst 80, DJ Stoxx Large, DJ EuroStoxx Large, Bloomberg European 500, S&P Europe 350, S&P Global 1200, MSCI World

**Included in the following sustainability indexes**  
 ASPI, FTSE 4 Good, DJSI World & DJSI Stoxx, ESI

# Key Figures

Complete financial data can be found in the 2004 Reference Document filed with France's securities regulator (AMF). The document is available on request by phone at +33 (0) 1 45 38 86 94 or by e-mail at [comfi@accor.com](mailto:comfi@accor.com). It can also be downloaded from [www.accor.com/finance](http://www.accor.com/finance)

Revenues: €7,123 million

Profit before tax: €592 million

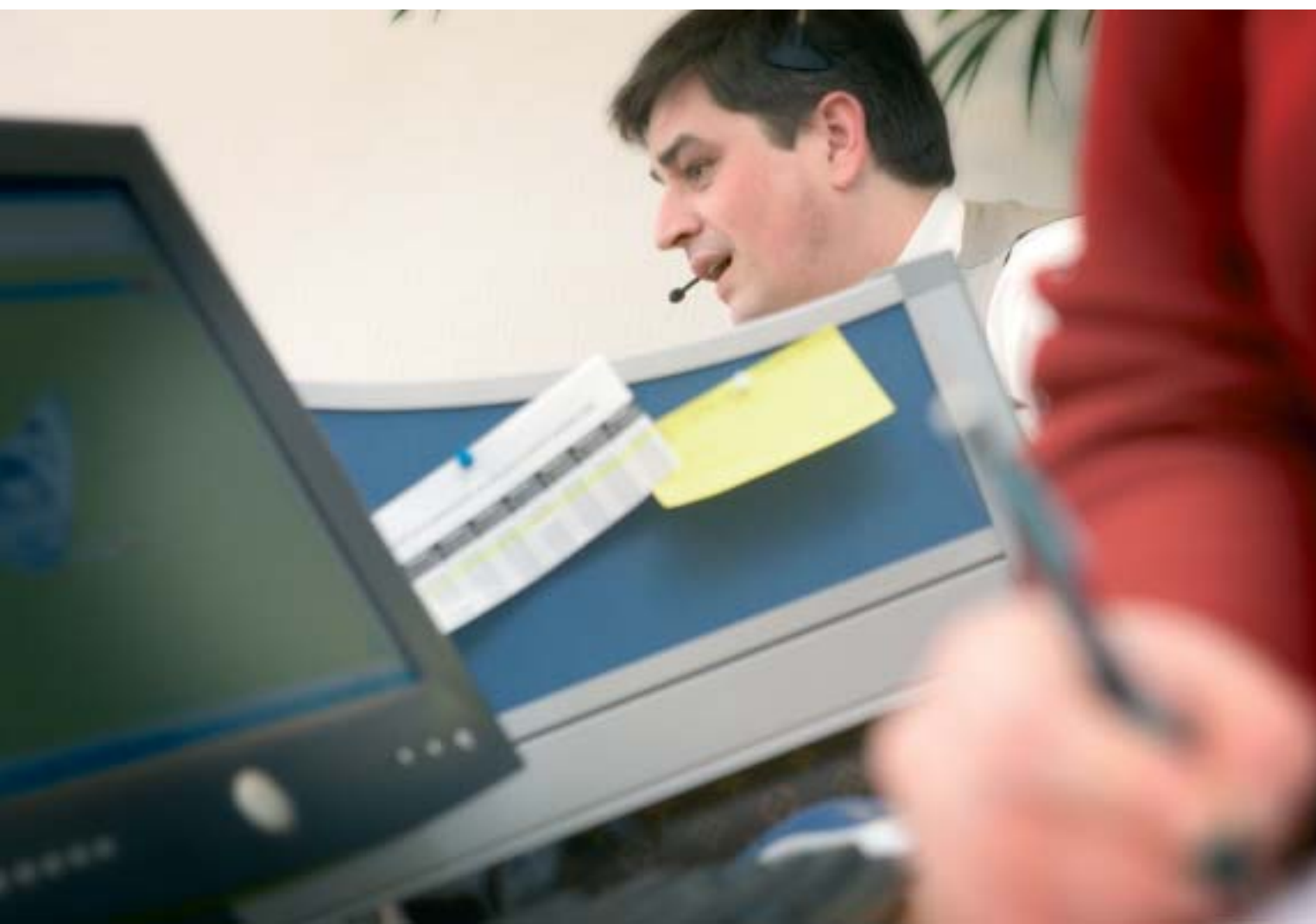
Net income, Group share: €239 million

Earnings per share: €1.20

Dividend\*: €1.30

(including an exceptional dividend of €0.25)

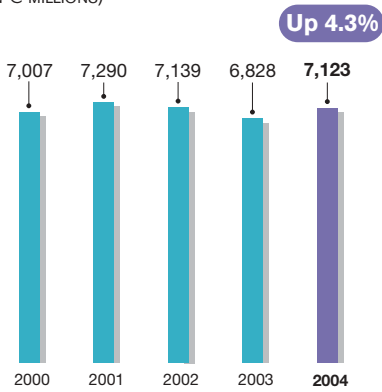
\*Pending approval by shareholders at the Annual Meeting on May 3, 2005.



# Group Results

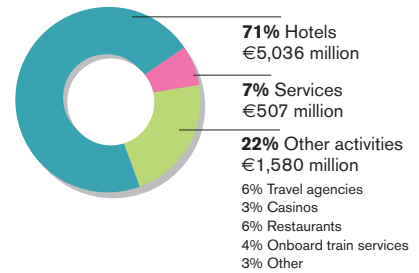
Despite uneven business conditions in its main markets, Accor returned to growth in 2004, met its announced targets (indicative of a significant turnaround) and continued to improve its balance sheet.

## REVENUES (IN € MILLIONS)

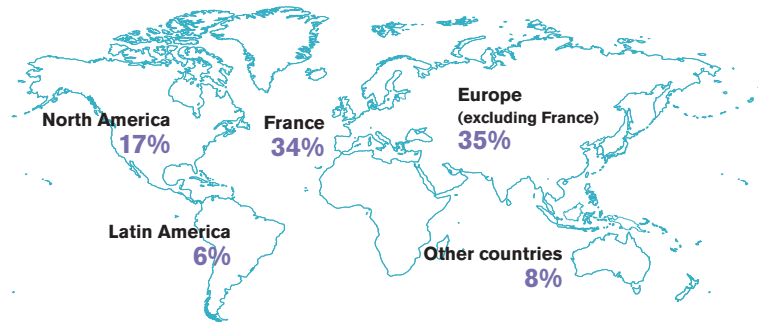


**Consolidated revenues** rose by 4.3% as reported. On a like-for-like basis (excluding the impact of changes in scope of consolidation and exchange rates), the increase was 4.6%, reflecting firm demand across the Group's operations. Expansion contributed 3% to growth while the currency effect (essentially due to the dollar's decline against the euro) and disposals reduced revenue, respectively, by 2% and 1.2%.

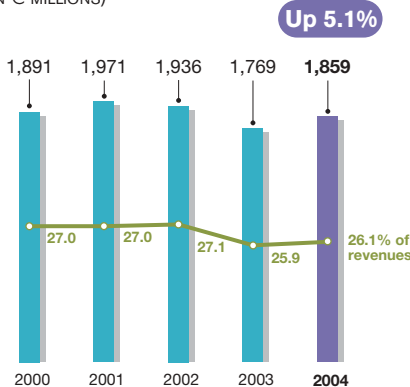
## REVENUES BY BUSINESS



## REVENUES BY REGION



## EBITDAR (IN € MILLIONS)



Ebitdar margin improved by a slight 0.2 points to 26.1%. **In upscale and midscale hotels**, Ebitdar margin improved to 24.4%, although the increase varied by market:

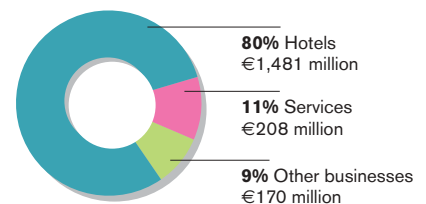
- Ebitdar increased in 35% of country markets, with margins improving by an average 3.3 points.
- Growth was still weak in 65% of country markets, with margins declining by an average 1.1 points.

In the United States, Ebitdar margin rose 5.4 points, representing a €16 million increase in Ebitdar like-for-like. The improvement was driven by 17.8% growth in revenues.

In **economy hotels outside the US**, Ebitdar margin held firm at a high 36.1% despite an increase in salary costs in most European countries.

In the **US economy segment**, Ebitdar margin contracted by 1.2 points to 36% under the adverse impact of non-recurring costs related to industrial accident risks in California. Excluding these costs, the margin would have been 37.1%, unchanged from 2003.

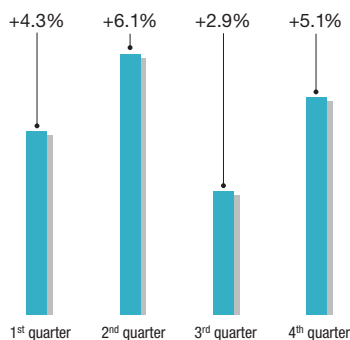
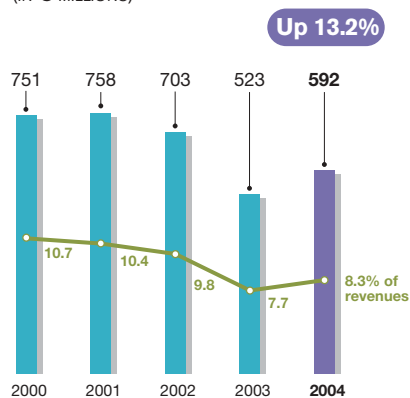
## EBITDAR BY BUSINESS



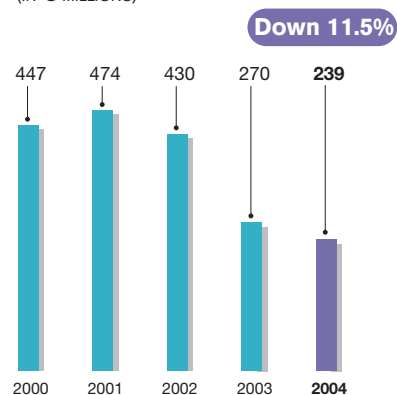
**Ebitdar** (earnings before interest, taxes, depreciation, amortization and rental expense) represents a key performance indicator. It increased by more than €90 million for the year.

**QUARTER-ON-QUARTER GROWTH IN 2004 REVENUE**

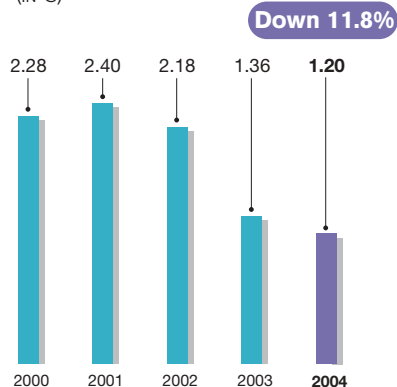
ON A LIKE-FOR-LIKE BASIS:  
UP 4.6% FOR THE YEAR

**PROFIT BEFORE TAX**  
(IN € MILLIONS)

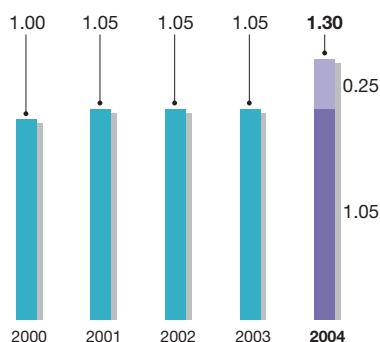
**Profit before tax**, corresponding to Ebit less net interest expense plus income from companies accounted for by the equity method, represents the result of operations after the cost of financing Group businesses and before tax. In 2004, profit before tax was at the upper end of the €570-590 million range forecast when interim results were released in September 2004. The improvement marks a return to growth after declining in the two previous years.

**NET INCOME, GROUP SHARE**  
(IN € MILLIONS)

**Net income, Group share** declined by 11.5%. It was impacted by the recognition of a non-recurring €58-million impairment loss on Compass shares.

**EARNINGS PER SHARE**  
(IN €)

**Earnings per share** stood at €1.20, based on the weighted average 199,125,799 shares outstanding during 2004.

**DIVIDEND**  
(IN €)**2004 Dividend**

With the new growth dynamic and encouraging signs of an upturn in business, at the Combined Annual and Extraordinary Meeting on May 3, shareholders will be asked to approve the payment of an ordinary dividend of €1.05 plus an exceptional dividend of €0.25. This amounts to a total dividend of €1.30 per share, which, if approved, will be paid on May 17, 2005.

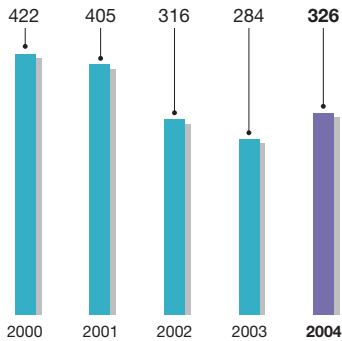
COMPLETE FINANCIAL DATA CAN BE FOUND IN THE 2004 REFERENCE DOCUMENT FILED WITH FRANCE'S SECURITIES REGULATOR (AMF). THE DOCUMENT IS AVAILABLE ON REQUEST BY PHONE AT +33 (0) 1 45 38 86 94 OR BY E-MAIL AT COMFI@ACCOR.COM. IT CAN ALSO BE DOWNLOADED FROM [WWW.ACCOR.COM/FINANCE](http://WWW.ACCOR.COM/FINANCE)



# Cash Flows

## RENOVATION AND MAINTENANCE EXPENDITURES

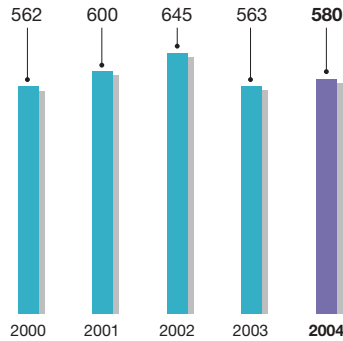
(IN € MILLIONS)



**Renovation and maintenance expenditures** rose by nearly 15% during the year, and represented 4.6% of revenues. It included the Red Roof Inn renovation program in the United States, which drove an increase in revenues per available room (RevPAR).

## FREE CASH FLOW

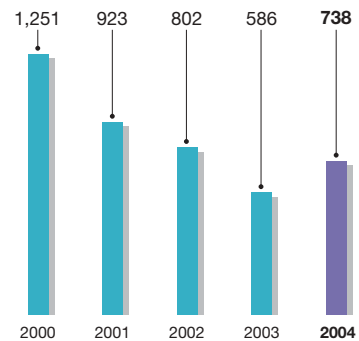
(IN € MILLIONS)



Funds from operations increased 7% to €906 million. **Free cash flow** (after renovation and maintenance expenditures) amounted to €580 million.

## DEVELOPMENT EXPENDITURES

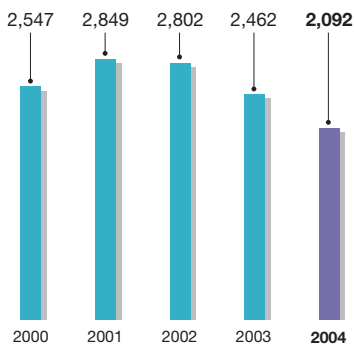
(IN € MILLIONS)



**Development expenditures** totaled €738 million, including €308 million for the acquisition of a 28.9% stake in Club Méditerranée.

## NET DEBT

(IN € MILLIONS)



**Net debt** continued to decline, with a further €370 million reduction in 2004. Excluding the currency effect, debt was reduced by €344 million in 2004, after €167 million in 2003 and €107 million in 2002. The average interest rate on Group debt was 3.35% in 2004, compared with 3.29% the previous year, with 56% at fixed rates (average 3.19%) and 44% at variable rates (average 3.56%).

## FINANCIAL RATIOS

	2000	2001	2002	2003	2004
Gearing	64%	67%	70%	67%	55%
Interest cover	x 5.1	x 5.4	x 5.6	x 5.6	x 5.6
Adjusted funds from operations/ adjusted net debt	17.9%	17.3%	16.5%	15.7%	16.8%

## Gearing ratio

With shareholders' equity including minority interests of €3,833 million and net debt of €2,092 million at December 31, 2004, the gearing ratio amounted to 55% versus 67% a year earlier.

## Interest cover

Adjusted interest cover (corresponding to Ebitdar expressed as a multiple of interest expense plus one-third of rental expense) was 5.6 in 2004, unchanged from the previous year.

## Adjusted funds from operations/adjusted net debt

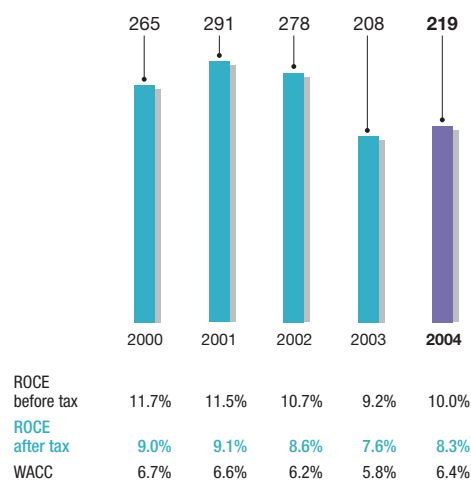
Adjusted funds from operations corresponds to funds from operations after adding back two-thirds of rental expense. Based on the method used by the main rating agencies, net debt is adjusted by adding back eight times annual rental expense. At year-end, the adjusted funds from operations/adjusted net debt ratio had improved by 1.1 point, to 16.8% from 15.7% at December 31, 2003.

## VALUE CREATION

Value created is based on return on capital employed (ROCE) after tax minus weighted average cost of capital (WACC) multiplied by capital employed (€11.5 billion).

**Return on capital employed (ROCE)**, corresponding to adjusted Ebitda expressed as a percentage of fixed assets at cost plus working capital, rose to 10% in 2004 from 9.2% the previous year. Excluding hotels under construction, ROCE would have stood at 10.2% versus 9.4%.

Based on an ROCE after tax of 8.3%, a weighted average cost of capital of 6.4% and capital employed of €11.5 billion, the value created by Accor (Economic Value Added, EVA®) totaled €219 million, versus €208 million in 2003, an increase of 5.3%.



# Summary Financial Statements

Complete financial data can be found in the 2004 Reference Document filed with France's securities regulator (AMF). The document is available on request by phone at +33 (0) 1 45 38 86 94 or by e-mail at [comfi@accor.com](mailto:comfi@accor.com). It can also be downloaded from [www.accor.com/finance](http://www.accor.com/finance)

## CONSOLIDATED INCOME STATEMENTS

IN € MILLIONS	2000	2001	2002	2003	2004
<b>Consolidated revenues</b>	<b>7,007</b>	<b>7,290</b>	<b>7,139</b>	<b>6,828</b>	<b>7,123</b>
<b>Ebitdar</b>	<b>1,891</b>	<b>1,971</b>	<b>1,936</b>	<b>1,769</b>	<b>1,859</b>
Rental expense	(616)	(698)	(726)	(730)	(760)
Ebitda	1,275	1,273	1,210	1,039	1,099
Ebit	847	830	755	603	662
Net interest expense	(121)	(92)	(66)	(74)	(80)
Income/(loss) from companies accounted for by the equity method	25	20	14	(6)	10
<b>Profit before tax</b>	<b>751</b>	<b>758</b>	<b>703</b>	<b>523</b>	<b>592</b>
Gains and losses on disposal of hotel properties	19	29	54	68	(26)
Gains and losses on disposal of other assets	23	66	(30)	(17)	(115)
Amortization of goodwill	(96)	(102)	(109)	(107)	(115)
Income taxes	(256)	(246)	(234)	(163)	(158)
Exceptional items (net of tax and minority interests)	35	-	68	-	83
<b>Consolidated net income</b>	<b>475</b>	<b>505</b>	<b>452</b>	<b>304</b>	<b>261</b>
Minority interests	(28)	(31)	(22)	(34)	(22)
<b>Net income, Group share</b>	<b>447</b>	<b>474</b>	<b>430</b>	<b>270</b>	<b>239</b>
IN €					
<b>Earnings per share</b>	<b>2.28</b>	<b>2.40</b>	<b>2.18</b>	<b>1.36</b>	<b>1.20</b>
<b>Dividend per share</b>	<b>1.00</b>	<b>1.05</b>	<b>1.05</b>	<b>1.05</b>	<b>1.30*</b>

\*Pending approval by shareholders at the Annual Meeting on May 3, 2005; ordinary dividend of €1.05, plus an exceptional dividend of €0.25.

## CONSOLIDATED BALANCE SHEETS

IN € MILLIONS	2000	2001	2002	2003	2004
<b>Assets</b>					
Goodwill	1,911	1,879	1,679	1,719	1,758
Intangible fixed assets	581	533	479	384	364
Property, plant and equipment	4,696	5,026	4,521	4,133	3,950
Financial assets	773	882	1,165	1,038	1,077
<b>Fixed assets</b>	<b>7,961</b>	<b>8,320</b>	<b>7,844</b>	<b>7,274</b>	<b>7,149</b>
<b>Current assets</b>	<b>3,993</b>	<b>3,780</b>	<b>3,431</b>	<b>3,682</b>	<b>4,361</b>
<b>Total assets</b>	<b>11,954</b>	<b>12,100</b>	<b>11,275</b>	<b>10,956</b>	<b>11,510</b>
<b>Liabilities and shareholders' equity</b>					
Shareholders' equity	3,843	4,139	3,893	3,587	3,755
<b>Shareholders' equity and minority interests</b>	<b>3,984</b>	<b>4,279</b>	<b>3,984</b>	<b>3,683</b>	<b>3,833</b>
Long-term debt	3,397	3,441	3,372	3,344	3,371
<b>Non-current liabilities and shareholders' equity</b>	<b>7,990</b>	<b>8,257</b>	<b>7,884</b>	<b>7,578</b>	<b>7,757</b>
Current liabilities	3,964	3,843	3,391	3,378	3,753
<b>Total liabilities and shareholders' equity</b>	<b>11,954</b>	<b>12,100</b>	<b>11,275</b>	<b>10,956</b>	<b>11,510</b>

# Summary Management Review

## CONSOLIDATED FINANCIAL STATEMENTS

- **Consolidated revenues** rose by €295 million to €7,123 million. On a like-for-like basis (excluding the impact of changes in scope of consolidation and exchange rates), revenues were up 4.6% for the year and 5.1% in the fourth quarter alone, reflecting firm demand across the Group's operations.
- **Ebitdar** (earnings before interest, taxes, depreciation, amortization and rental expense) totaled €1,859 million in 2004, an increase of 5.1% or €90 million over the previous year's €1,769 million. Ebitdar margin improved by a slight 0.2 points to 26.1%.
- **Ebit** amounted to €662 million, versus €603 million in 2003. Depreciation expense represented 11.1% of the net book value of property, plant and equipment.
- **Profit before tax** represents the result of operations after the cost of financing Group businesses and before tax. In 2004, it rose by 13.2%, returning to growth after two consecutive years of decline.
- Net interest expense rose to €80 million from €74 million. It comprises interest expense, which increased to €79 million from €71 million, and non-interest revenues and expenses, including exchange gains of €10 million versus €6 million in 2003.
- Total fixed asset holding costs (rental expenses plus depreciation and interest) rose to €1,277 million from €1,240 million, but were unchanged in relative terms at 18% of revenues.
- Companies accounted for by the equity method made a positive contribution of €10 million as opposed to a negative contribution of €6 million in 2003.
- Gains and losses on management of hotel properties, corresponding to sales carried out in the normal course of managing the hotel properties, represented a net loss of €26 million in 2004 as opposed to a net gain of €68 million the previous year. Gains on sales of hotel properties were considerably higher in 2003, at €102 million versus only €13 million last year. In addition, provisions of €39 million were set aside in 2004.
- Gains and losses on management of other assets represented a loss of €115 million compared with a €17 million loss in 2003. A provision of €58 million was booked to cover the impairment in value of Compass shares. Non-operating gains and losses reported under this caption included €29 million in restructuring costs.

- Income taxes came to €158 million versus €163 million in 2003. The effective tax rate (expressed as a percentage of profit before tax) was 27.9% compared with 27.6%.
- The capital gain on the sale of Accor Casinos in connection with the creation of Groupe Lucien Barrière SAS, in which Accor holds a 34% stake, is reported in exceptional income for an amount of €83 million. The Group did not have any exceptional income or expenses in 2003.
- After deducting minority interests in the amount of €22 million, **net income Group share** came in at €239 million, down 11.5% on 2003.
- Earnings per share stood at €1.20 versus €1.36, based on the weighted average 199,125,799 shares outstanding during 2004.

## CASH FLOW

- Funds from operations increased 7% to €906 million in 2004.
- Capital expenditure for renovation and maintenance rose by nearly 15% to €326 million during the year, and represented 4.6% of revenues, versus 4.2% in 2003. **Free cash flow** amounted to €580 million.
- **Capital expenditure for expansion** totaled €738 million, versus €586 million in 2003. It included €308 million for the acquisition of a 28.9% stake in Club Méditerranée, of which €295 million was paid in shares. The €308 million also includes a €56 million earn-out payment, of which €17 million will be payable in shares. Excluding the Club Méditerranée acquisition, expansion capex amounted to €430 million for the year.
- Asset disposals generated proceeds of €456 million versus €461 million in 2003.
- **Net debt** continued to decline, with a further €370 million reduction in 2004. Excluding the currency effect, debt was reduced by €344 million in 2004, after €167 million in 2003 and €107 million in 2002. The **gearing** ratio stood at 55% versus 67% a year earlier.
- **Return on capital employed (ROCE)**, corresponding to adjusted Ebitda expressed as a percentage of fixed assets at cost plus working capital, rose to 10% in 2004 from 9.2% the previous year. Excluding hotels under construction, ROCE would have stood at 10.2% versus 9.4% in 2003.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

IN € MILLIONS	2000	2001	2002	2003	2004
<b>Funds from operations</b>	<b>984</b>	<b>1,005</b>	<b>961</b>	<b>847</b>	<b>906</b>
Renovation and maintenance expenditures	(422)	(405)	(316)	(284)	(326)
<b>Free cash flow</b>	<b>562</b>	<b>600</b>	<b>645</b>	<b>563</b>	<b>580</b>
Capital expenditure for expansion and technology	(1,251)	(923)	(802)	(586)	(738)
Proceeds from disposal of assets	843	535	660	461	456
Change in working capital and other	213	(243)	(130)	196	357
Dividends	(248)	(271)	(326)	(294)	(285)
<b>Decrease (increase) in net debt</b>	<b>119</b>	<b>(302)</b>	<b>47</b>	<b>340</b>	<b>370</b>

# IAS/IFRS Transition

As from January 1, 2005, companies listed on a stock market in the European Union are required to prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

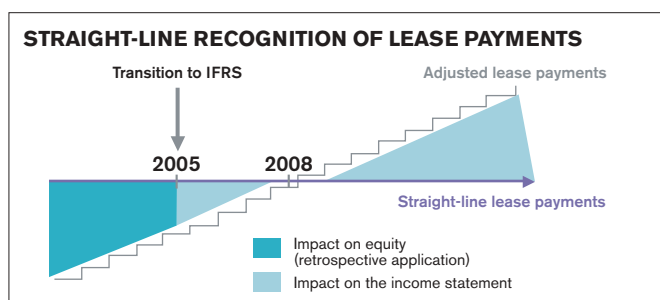
In general, IFRS emphasize the economic reality of transactions rather than their legal form. This “economic” vision introduces the notion of valuing assets and liabilities on the basis of future worth (fair value), whereas previously they were based on past worth (historic value).

Accor began preparing for the application of IFRS in 2002 and has proactively managed the transition by deploying a single, integrated information system and new consolidation software. The new standards do not impact the Group’s cash position.

In preparation for the publication of IFRS financial statements in 2005, and as recommended by the French securities regulator (AMF) concerning financial communications during the transition period, Accor has estimated the adjustments to be made to its 2004 French GAAP accounts to prepare the comparative 2004 IFRS balance sheet and income statement.

On the balance sheet, application of IFRS decreases shareholders’ equity and increases debt. On the income statement, the effect on the bottom line is limited, because the increase in certain costs is partly offset by the elimination of goodwill amortization.

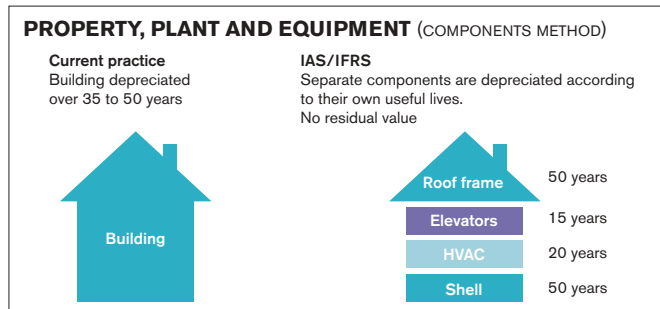
The impact, applied retrospectively from the initial date of the contract signing, was booked as equity and will be recognized in the income statement in the future.



- **Property, plant and equipment**, which were booked in the balance sheet at their historic cost minus depreciation and value impairment, are now separated, with the various components depreciated according to their own useful lives.

## 2004 CONSOLIDATED FINANCIAL STATEMENTS

	French GAAP	Impact	IFRS
<b>Statement of Income</b>			
Revenues	7,123	(59)	7,064
Ebitdar	1,859	(34)	1,825
Ebit	1,099	(64)	1,035
Profit before tax	592	(79)	513
Net income, Group share	239	(6)	233
<b>Balance Sheet</b>			
Shareholders’ equity	3,833	(635)	3,198
Net debt	2,092	186	2,278
Gearing	55%	–	71.2%
<b>Statement of Cash Flows</b>			
Funds from operations	906	–	906
Free cash flow	580	–	580



## MAIN IMPACT OF THE SWITCH TO IFRS

These impacts are related to:

- **The recognition of leases:** lease contracts that transfer to the lessee substantially all of the risks and rewards incidental to ownership of the property (finance leases) are booked as assets. Operating leases are recognized in profit and loss. Of the 1,553 leases in progress, 34 met the criteria for classification as finance leases and were booked as an asset as of January 1, 2004. In addition, IFRS eliminates lease payment adjustments for the effect of escalation clauses based on the construction cost index or inflation in favor of a system under which lease payments represent a constant amount over the entire lease term.

- **The elimination of amortization of goodwill**, which is now tested for impairment annually.
- **The recognition as expenses of start-up and certain other costs** that previously qualified as deferred charges and were amortized over three to five years.
- **The depreciation of certain hotel assets** due to a change in the definition of a cash-generating unit in the budget hotel segment.
- **The measurement at fair value of derivative instruments:** the most significant impact concerns convertible/exchangeable bonds (including OCEANEs), whose components may be recognized separately as equity or debt.
- **The recognition as expenses of the benefits provided to employees** under employee stock option plans that were granted after November 7, 2002 and under employee stock ownership plans.

# Information and Transparency

Transparency is one of Accor's five traditional values, along with confidence, responsibility, professionalism and innovation. As part of the Group's commitment to transparency, institutional and individual investors, employees, customers, suppliers and partners are kept informed of events and developments through meetings, publications and dedicated services adapted to the needs of each stakeholder group.

To maintain close contact with the financial community, Accor organizes meetings in addition to the traditional meetings held when interim and full-year results are released. In 2004, meetings were held with financial analysts, institutional investors and individual shareholders to provide them with information about the Group's businesses, strategic objectives and results.

## FREQUENT, VARIED MEETINGS

In all, meetings were held with 234 institutions and 21 roadshows were organized in Europe and the United States. These events included theme presentations and hotel tours for investors and portfolio managers, enabling them to meet with frontline managers and more fully understand Group management practices. Accor also took part in three international hotel industry conferences and, as it does every year, participated in a number of events for individual investors, including the Actionaria trade show in Paris and a shareholders' meeting in Annecy.

## AN ACTIVE SHAREHOLDERS CLUB

Created in May 2000, the Accor Shareholders Club included 6,600 members as of December 31, 2004. Members, who must hold at least 50 bearer shares or one registered share, benefit from a number of advantages. During the year, they receive regular news and are invited to take part in meetings and site tours.

In addition to receiving information through in-house publications and the intranet, employee shareholders take part in meetings in Paris when interim and full-year results are released.

## RECOGNITION FROM THE FINANCIAL COMMUNITY

In 2004, for the second year running, Accor's Director of Investor Relations and Financial Communications, Éliane Rouyer, was voted "Best Investor Relations Officer - Eurostoxx 200" by the UK magazine, Investor Relations. During the year, Éliane Rouyer was also appointed Chairman of CLIFF, the French Investor Relations Association.

## CLUB CARD

Since 2002, the Shareholders Club membership card has also allowed holders to benefit from the advantages offered by the Movango network, as well as other special deals.

## A HOTLINE FOR SHAREHOLDERS IN FRANCE

Shareholders in France can call 0 811 01 02 03 (calls charged at local rate) or +33 1 45 38 86 94 at any time to obtain general information about the Group, the latest share price, practical guidelines for private shareholders and, since early 2005, the new accounting standards. Investor relations staff can also be contacted at this number throughout the week. In addition, Société Générale, as Accor's agent bank, offers a number of services for holders of registered shares, including a call center for shareholders in France at 0 825 820 000 (0.15 €/min. incl. VAT) or +33 2 51 85 67 89 and the [www.nominet.socgen.com](http://www.nominet.socgen.com) website.

## Easily accessible shareholder information

### THE [WWW.ACCOR.COM/FINANCE](http://WWW.ACCOR.COM/FINANCE) WEBSITE

[www.accor.com/finance](http://www.accor.com/finance) is designed as a practical guide and extensive library. It carries live and deferred webcasts of annual and interim earnings presentations and of the Annual Meeting. Visitors can download a variety of corporate publications, track the Accor share price (updated every fifteen minutes), review the calendar of Group events and financial releases, and browse through the "shareholder information" page. The site received more than 100,000 visits in 2004.

### A WIDE ARRAY OF INFORMATIVE DOCUMENTS

A wide array of documents, whose information exceeds regulatory requirements, is available to stakeholders upon request or on the Accor investor relations website, [www.accor.com/finance](http://www.accor.com/finance):

- The Reference Document filed with the Autorité des Marchés Financiers (AMF), France's securities regulator.
- The Corporate Profile, which provides a brief introduction to Accor along with illustrations.
- The Letter to Shareholders, mailed twice a year to shareholders owning at least 250 bearer shares and to all shareholders listed in the Company's share register, as well as to members of the Accor Shareholders Club. A special edition translated into eight languages is sent to employee-shareholders.
- Revenues, earnings and other financial announcements published in the French press.
- Information memoranda filled with AMF concerning financial transactions.
- The Shareholder Guide.
- Notices of shareholder meetings.





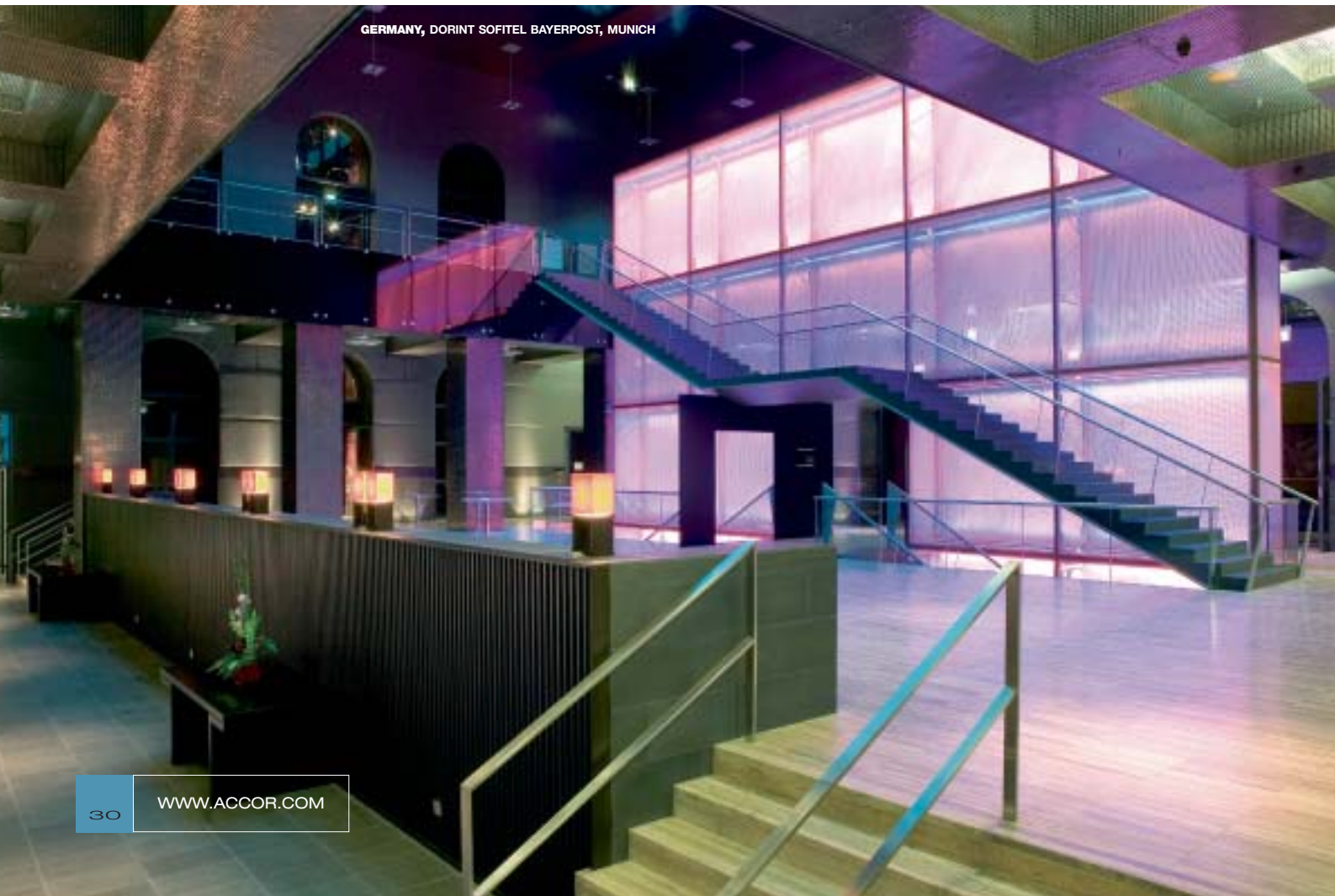
Building on strengths and taking a new perspective

# Strategy

In 2004, Accor pursued its expansion and prepared for the future, with a strategy of balanced growth and a constant focus on the long term—sometimes taking bold action but never excessive risk. Building on its Hotels business, Accor is a major player in the travel and tourism industry with its partners in leisure activities (Club Méditerranée and Groupe Lucien Barrière casinos) and travel agencies (Carlson Wagonlit Travel), as well as its restaurants and catering services (Lenôtre, Gemeaz Cusin, Compagnie des Wagons-Lits). It is also the benchmark brand in services for companies and local communities, with 19 million people in 34 countries using its services every day. From its base in meal and food vouchers, the services portfolio has been diversified to include a broad range of innovative human resources and social program management solutions that meet employee and constituent needs.



# Consolidating Market Share and Accelerating Expansion



GERMANY, DORINT SOFITEL BAYERPOST, MUNICH



For Accor, 2004 was a year of innovation and continuity. Innovation, with a successful entry into tourist markets of the future, a completely revitalized approach to sales and marketing, and a vast array of new products and services. Continuity, with its traditional strengths, which remain unchanged. These include structurally aligned businesses, a geographically balanced portfolio, a variety of hotel operating structures, a wide range of constantly upgraded professional skills and a partnership-based growth strategy. Thanks to a “new perspective” on tourism, the hospitality industry and human resources services, as well as a commitment to pursuing a long-term strategy, Accor is consolidating its positions in countries where the business recovery is taking hold slowly as well as in those where it’s already a reality.



## A geographically balanced business portfolio

Accor is consolidating its undisputed leadership in Europe and strengthening its positions in the most attractive markets in other regions. Aligning the geographical presence of the hotel base with current and future tourist demand helps limit exposure to economic and geopolitical risks in host countries. The Services business, which is less cyclical in nature than Hotels, continued its sustained growth in 34 countries, especially in Latin America, where business increased by 11.8% year on year.

## A variety of hotel financing and operating structures

To optimize profitability, hotel operating structures are selected in each region depending on related country and product risk.

**Owned:** Accor owns the land and the building. This structure is generally used in regions with the most stable economies.

**Leased:** Rather than owning the building, Accor leases it from an investor and pays a fixed or variable rent, depending on the country and the product. This arrangement is used mainly in the Midscale and Economy segments and in countries with stable economies.

**Managed:** Accor manages the hotel under one of its brands for an owner, who benefits from Accor’s booking systems, marketing and expert skills in exchange for a fee. This structure is most often used in developing countries.

**Franchised:** A franchised hotel is managed by an independent owner, who uses one of the Accor brands in exchange for a fee and in compliance with the chain’s standards. Just like a hotel operating under a management contract, it benefits from Accor’s booking systems, marketing and expert skills.

# Expanding into new markets

## ONGOING ORGANIC GROWTH IN ECONOMICALLY MATURE REGIONS, MAINLY EUROPE

The business hotel segment continued its sustained development, with a total of 8,000 rooms added to the hotel base during the year. In all, 40 new hotels opened in France, 20 in Germany (including the 400-room Dorint Sofitel Bayerpost Munich and the 600-room Etap-Ibis-Suitehotel complex in Berlin), nine in Spain, eight in Italy, six in the United Kingdom, five in Switzerland and two in Central Europe (the first Novotel in Vilnius, Lithuania and the third Ibis in Prague, Czech Republic). For 2005-2006, Spain has the most scheduled openings, with 20 projects underway (more than half for Ibis), followed by the United Kingdom (12 projects) and Italy (eight). In most cases, these hotels are owned, except in France, where they are generally operated under franchise agreements.

## RAPID EXPANSION IN COUNTRIES THAT WILL DRIVE FUTURE GROWTH, THANKS TO THEIR STRONG BUSINESS AND LEISURE TOURISM POTENTIAL

### CHINA

According to World Tourism Organization estimates, China will be the number-one tourist destination in 2020, with 130 million visitors, compared with 33 million in 2003. It will also be one of the most important tourist-generating countries, with 120 million Chinese traveling outside their country in 2020, versus 16 million today. However, not all of tomorrow's inbound and outbound travelers will enjoy the same high purchasing power as most of today's travelers. Many will want to find accommodations that are comfortable but hardly luxurious. At the same time, changes in the domestic clientele will have to be taken into consideration. More and more Chinese are traveling within their country and the vast majority of those staying in hotels will choose economy or midscale establishments. The country's first Ibis, which opened in Tianjin in early 2004, already has an occupancy rate of over 95%. Accor has

**Accor is pursuing its development to maintain its leadership in Europe, the world's largest tourist market, while expanding into the markets of tomorrow.**



*Far beyond bricks and mortar, Accor combines vision with execution.*

**Tom Barrack**, Founder, Chairman and Chief Executive Officer of Colony Capital



proactively responded to the resounding success of this proprietary location by launching a major construction program for the chain, which is expected to comprise around 50 locations by 2010. Four hotels are already under construction. Moreover, partnerships have been created with local companies to support this development. Sofitel and Novotel are also active in China, where roughly ten management contracts have been signed. Overall, Accor expects to have 10,000 rooms in China in 2006. Present in China for the past five years, Accor Services is studying the market before introducing new products and will also take part in a review of the country's healthcare system and social programs.

## Colony Capital invests €1 billion in Accor

With the unanimous approval of the Accor Supervisory Board, Colony Capital made an investment in Accor through two separate issues of redeemable bonds and convertible bonds. The transaction must be approved by shareholders at the Annual Meeting on May 3, 2005.

Colony Capital has partnered with Accor since 1998, acquiring the Sofitel Demeure and Libertel hotels, the Novotel Paris Tour Eiffel (formerly the Hôtel Nikko) and a stake in Accor Casinos. More recently, the two companies joined forces in the creation of the Groupe Lucien Barrière SAS.

Colony Capital is a private, US-based international investment firm whose mission is to increase the value of the retirement funds it manages. Since 1991, Colony has invested \$12.5 billion, generating an average annual return of over 20%. One-third of its investments have been in the hotel and leisure industry.

Colony Capital's major investment (€1 billion, or roughly one-tenth of its total outlays over the past 14 years) reflects senior management's confidence in Accor's strategy and future. The transaction will strengthen Accor's capital base, drive faster expansion and enable the Group to leverage Colony Capital's world-class expertise in hotel development.

### HOTEL EXPANSION

In line with the Group's strategy of not carrying too many assets, owned properties represented 37% of all hotel expansion projects in 2004, while management contracts accounted for 38% and franchise agreements for 25%. Management contracts are generally used in emerging countries, while owned and leased hotels are mainly in Europe.

### EXPANSION OF THE HOTEL BASE IN 2004

37%

OWNED

38%

MANAGED

25%

FRANCHISED

### INDIA

Ibis is also planning to start up operations in India, a high potential country that seems to be following a path similar to China's. A partnership with a local company was signed in late 2004 and ground-breaking for the first three hotels (600 rooms) in Delhi, Pune and Bangalore is scheduled for first-half 2005.

### BRAZIL

With a long-standing, multi-brand presence in the country, Accor is taking advantage of the economic turnaround to consolidate its local leadership by launching a major program involving more than 40 hotels. With the opening of 15 hotels in 2004, the network now totals nearly 130 units.

### RUSSIA

Two recently signed joint ventures signal the start-up of Ibis' development in roughly 15 cities with over one million inhabitants, beginning with Moscow and Saint Petersburg in 2006. Three Novotel properties will open in 2005-2006 in Russia, where Accor has operated since 1992 (two Novotel in Moscow) and where three and four-star hotels are in short supply.





## An innovative real estate management strategy with **Foncière des Murs**

The sale and leaseback program announced on March 9, 2005 represents a turning point in Accor's real estate management strategy by providing resources to optimize hotel operations and speed development.

The new strategy is to be implemented as follows:

- In the Upscale segment, certain Sofitel properties are to be sold and operated under a management contract, sometimes with a minority stake. The objective is for 75% of all Sofitel units to be under management contract in 2006, versus 55% in 2004.
- In Midscale hotels, fixed-rent leases will be transformed into variable-rent leases based on a percentage of revenues with no guaranteed minimum. By 2006, 15% of Novotel and Mercure hotels should be under management contract, versus 1% today. An initial transaction concerning 128 hotels in France has been signed with Foncière des Murs, a consortium of investors comprising Foncière des Régions, Generali, Assurances Crédit Mutuel Vie and Predica (a member of the Crédit Agricole Group). The new asset management strategy is expected to generate an additional €400 million in cash over the next 18 months.



### RETURN TO GROWTH IN A NUMBER OF OTHER REGIONS

#### JAPAN

The partnership with Mitsui Real Estate, a leading property developer, offers major opportunities for expansion in this reputedly difficult market. A second Mercure operated under a lease agreement was recently opened in Tokyo's downtown Ginza district.

#### AFRICA

Expansion is also continuing in Africa. In the high-potential Algerian market, a joint venture was created with the Mehri Group to develop 30 hotels under the Ibis and Novotel brands. In addition to the Sofitel Alger and the Grand Hôtel Mercure Alger Aéroport, land has been purchased near the Algiers airport for the construction of an Ibis and five other plots have been identified. In sub-Saharan Africa, Accor opened its first two hotels in Addis Ababa, Ethiopia and a Novotel in Port Harcourt, Nigeria.

#### MIDDLE EAST

Approximately ten new contracts were signed in Persian Gulf countries, notably for the 210-room Novotel Al Anoud in Riyadh and, in early 2005, for the 1,250-suite Zam Zam Sofitel Grand Suites in Mecca, which will be the largest hotel in the Middle East-Africa region.



SAUDI ARABIA,  
ZAM ZAM SOFITEL GRAND SUITES

### ENHANCING THE LEISURE AND RECREATION PORTFOLIO

The alliances with Club Méditerranée and Groupe Lucien Barrière have strengthened Accor's position in the leisure and recreation tourism segment, which is expected to grow considerably in the coming years.

#### A PARTNERSHIP WITH A PROMISING FUTURE

**In December 2004, following approval by the appropriate authorities and in line with the agreement signed early in the year, Accor, the Desseigne-Barrière family and Colony Capital finalized the creation of Groupe Lucien Barrière SAS, a European leader in casinos with 39 gaming establishments\* and 5,000 slot machines. The Desseigne-Barrière family owns a 51% stake in the new company, with Accor holding 34% and Colony Capital 15%. With 16 luxury hotels and a large number of restaurants—of**

**which the renowned Fouquet's on the Champs-Élysées in Paris is among the most outstanding—Groupe Lucien Barrière extends the Accor portfolio while not competing with it. Featuring such unique destinations as Montreux in Switzerland and Deauville, Le Touquet, La Baule, Enghien, Nice and Cannes in France, the new group will fully leverage its shareholders' sales, production and financial expertise to attract new customers, improve margins and pursue the consolidation of Europe's casino industry.**

\*The hotels and casinos in Cannes have sales agreements with Groupe Lucien Barrière.



On October 19, 2004, the European Commission authorized Accor's acquisition of a 28.9% stake in Club Méditerranée. Much more than just a partnership, this equity investment provides both companies with leverage that will enable them to fully capitalize on the fast-growing leisure tourism market.



## CLUB MÉDITERRANÉE

### AN "INCOMPARABLE" PARTNERSHIP

Thanks to Club Méditerranée's globally recognized brand, closely related expertise and often exceptional locations, the alliance significantly enhances Accor's presence in the leisure segment, in which it already operates 200 establishments in 35 countries.

With Accor as its leading industry shareholder, Club Méditerranée is in a better position to pursue initiatives to modernize and refocus its operations on the upscale, friendly, multicultural segment. The turnaround in earnings in 2004 should continue at a faster pace, led by the many synergies that have been identified and implemented

by the two partners. These synergies are both qualitative, thanks to the constructive working environment immediately created by both companies' project teams, and quantitative, with expected gains of €17 million in 2005, €33 million in 2006 and €46 million in 2007 (of which €16 million for Accor and €30 million for Club Méditerranée). These figures are based on estimates provided by 30 working groups set up in second-half 2004 and comprised of both headquarters and frontline staff. The three most promising areas for mutually beneficial synergies involve increasing revenues, optimizing purchasing, and sharing skills and expertise. In addition to the potential for synergies, the alliance between the two companies is justified for

other reasons, notably their converging interests and similarities in their approach and behavior. As major players in travel and tourism, Accor and Club Méditerranée operate in strategically related activities without competing. As services companies, both are committed to satisfying customers and consider human resources to be their most important asset for achieving that goal. The partnership is also supported by other factors common to both companies, including an international presence, cultural diversity and a focus on operations that bring employees into close contact with customers.





# Attracting and Retaining Customers



# A targeted approach to sales and marketing

In addition to expanding its geographical presence, Accor is also focused on attracting and retaining customers through a streamlined, targeted approach to sales and marketing.

## TARGETING CONSUMERS

The rising importance of the Internet as a consumer sales driver continued during the year, with online revenues increasing by 44% to more than €431 million. This represented nearly 8% of lodging business volume, compared with 5.6% in 2003. Overall, 81% of these bookings were made directly on Accor hotel websites. New functions were also added to the various sites, especially the international accorhotels.com portal. In addition to French, English and German, the portal is now accessible in Spanish, which helped drive a nearly twofold increase in the number of Spanish-speaking customers in 2004.



## A SIMPLER, MORE ATTRACTIVE WEBSITE TO “UNLOCK YOUR DREAMS”

The 55,000 visitors to the accorhotels.com portal in January 2004 were greeted by a new homepage that featured a new graphic identity and totally revamped functions, sections and services, built around the theme of “Unlock your dreams.” Intended to spotlight Accor’s leisure portfolio, the new site includes a selection of destinations and hotels specifically adapted to customer “dreams,” whether for sports, relaxing, being together, new discoveries or just having fun. From April 23 to July 22, nearly 200,000 site visitors from ten countries took part in a contest to win free vacation stays. Some 132,000 participants provided personal details and have been added to the database, which includes information on nationalities and hotel brand preferences.

## THE ACCORHOTELS.COM ADVERTISING CAMPAIGN

An “Unlock your dreams” advertising campaign was rolled out in Germany, France, the United Kingdom, Ireland, Luxembourg, the Netherlands, Belgium, Austria, Switzerland and Sweden. Using print media, the Internet, hotel advertising and direct marketing, the campaign was intended to raise awareness of the accorhotels.com brand and increase portal traffic. A September 2004 impact study conducted in France by Sofres showed that the results were very satisfactory with regard to the campaign’s budget and duration. This was especially true for the target group, comprised of people who organize their own leisure holidays, whose awareness of the brand increased by six points following the seven-week campaign. Traffic increased more sharply on the accorhotels.com portal than on other brand sites, rising 42 points in May and 22 points in June. The campaign also helped drive sharp growth in online reservations, as the number of room nights booked via the portal increased by 87% for the year.

**REVENUE MANAGEMENT CHALLENGE**

The Revenue Management Challenge is a simple evaluation and motivation method applicable to all operational staff, from the country chief executive to hotel reception teams. Based on self-assessment rather than evaluation by an outside expert, this unique training program covers such topics as anticipating demand, monitoring results on a day-to-day basis and making recommendations to front desk teams, tracking future bookings, and effectively managing revenue per available room (RevPAR).



- The integration of 50,000 holders of the Europcar Europoints Card into the **Mouvango network**, created by Accor and Total in 2002, thus enhancing the loyalty offer for all three companies' common customers.

**TARGETING COMPANIES**

The **Accor Sales Application (ASA)** system is built around an international customer database accessible to 1,500 hotels and 650 online sales representatives in 20 countries in Europe, the Americas and Asia, including Australia. The system contains data on 70,000 companies, travel agencies, tour operators and other B2B accounts, as well as on 140,000 customer contacts, including purchasers, specifiers and reservation agents. Implementation of ASA began in 2003 and was continued in 2004. The system has greatly facilitated sales administration, management of negotiated rates and contracts, operational management and business volume tracking.

A new version of the **Travel Accor Reservation System (TARS)** centralized booking system was deployed in 2004. It has greatly accelerated the distribution of sales decisions, with new contracts listed and accessible to travel agencies around the world the day after they are signed. By harmonizing the different systems for sales (ASA), booking (TARS) and distribution (GDS, the Internet and call centers), Accor has achieved a level of efficiency rarely equaled by the competition. Thanks to the upgraded booking system and the development of customer interfaces with the Internet and travel agency booking systems, more than ten million room nights in Accor hotels were booked with TARS during the year, compared with roughly eight million in 2003.

**GROWING POPULARITY OF LOYALTY CARDS**

Loyalty cards are a key component of Accor's strategy. At year-end 2004, holders of loyalty cards totaled 1.8 million, a 26% increase over the previous year. For the cards included in the joint **Compliments from Accor Hotels** program since 2001 (notably Accor Mouvango, Accor Favorite Guest and Sofitel Privileged Guest), the number of holders totaled 660,000 in 2004, a 49% increase over the previous year, while the number of hotel nights generated by the cards amounted to 4.8 million, a 14% rise.

**New products**

- The **Accor Favorite Guest Corporate Card**, which offers room rate discounts, itemized hotel expenditure statements, guaranteed availability, a personalized welcome and many other services.
- The inclusion of the **Ibis Card** in the Accor Favorite Guest program, enabling holders to earn Compliments points not only with Ibis but in all Accor hotels.

## HOTELS

### SOFITEL

#### REINVENTING SLEEP WITH MyBed

MyBed is the new sleeping concept that has become one of the key components of the Sofitel brand identity, alongside the chain's gourmet cuisine, breakfast tray, flower arrangements, staff uniforms, complimentary products, graphic identity, library and Board Meeting Room. Because a good night's sleep is a customer's top priority, MyBed was designed to provide exceptional comfort. In addition to a box spring and extra thick mattress, it includes a featherbed, four large down pillows, and a down and duvet comforter—all anti-allergy treated—which guarantee impeccable standards of hygiene and comfort. Most Sofitel in France and other European countries will be equipped with MyBed by year-end 2005. To support the official launch of the Sofitel MyBed, a new section has been posted on the brand's website. It includes a product presentation, a list of hotels already offering the new bed and an online contest with gift vouchers as prizes. The contest is open not only to the general public but also to travel agents, so that they can learn about the product. Lastly, a link is included to So Boutique, Sofitel's online shopping website, where MyBed items and other objects can be purchased.

### ETAP HOTEL

#### A NEW GENERATION OF PRODUCTS AND SERVICES

After introducing an easier-to-see-and-read logo, a brighter, cheerier room and an expanded reception area services offer in 2002, the Etap Hotel chain overhauled its advertising in 2004, showcasing its value for money and close-to-the-customer service.



MYBED POSTER,  
SOFITEL PARIS PORTE DE SÈVRES



BASE BACKPACKERS

### BASE BACKPACKERS IN AUSTRALIA

#### AN INNOVATIVE ACCOMMODATION CONCEPT

Accor manages and owns a share in the Base Backpackers chain. Following its successful 2003 launch in New Zealand, where the occupancy rate exceeds 90%, two new units were opened in Australia. Positioned between a hotel and a youth hostel, the innovative accommodation concept offers hotel-style comfort and services at highly competitive youth hostel prices. Customers can choose either a private room or a dormitory, some of them women-only.

THE NETHERLANDS, ETAP HOTEL, AMSTERDAM AIRPORT





## RESTAURANTS

### NOVOTEL CAFÉ

#### 21<sup>ST</sup> CENTURY FOOD SERVICES

A key component of the Novotel brand and image, the chain's food service offering was entirely reworked in response to changing customer profiles and expectations:

- Product quality and service consistency are ensured by the latest production processes and through innovative menus designed by Lenôtre.
- The food services offering takes into account new eating habits. For example, most dishes are now made using the Spanish "à la plancha" cooking technique to meet customer demand for naturally, simply prepared foods. Customers can get something to eat at any time and have meals in their room (Coffret Liberté meal box or room service), in the Novotel Café (with its multiple dining options) or in the traditional setting of a classic Côté Jardin restaurant. The new concept was introduced in 40 Novotel locations in 2004 and will be extended across the entire network of 120 hotels in France by June 2006.

### CAFÉ PASTA & CIE

#### A TASTE OF TUSCANY AT IBIS

Ibis offers a multitude of food service formulas. These include restaurants, such as La Table, l'Estaminet and Sud et Cie, featuring a wide range of menus served at usual dining hours; the Bar Rendez-vous, with its innovative selection of easy-to-prepare dishes served around the clock; and theme cafés, like Café Bière & Cie, Vin & Cie and Café Bistrot, offering limited-selection menus from 6:00 to 11:00 p.m. The latest addition to the café concept is Café Pasta & Cie, developed jointly with Barilla, Europe's leading pasta producer. This easy-to-manage concept guarantees consistent product quality. Dishes are prepared in just over one minute and in front of the customer, adding a touch of conviviality and entertainment. The atmosphere is further enhanced by ochre and red-toned decoration, inspired by Tuscan villas, as well as black granite floors. The first Café Pasta opened at the Ibis Paris Berthier and will be followed by several others in the coming months.



PARIS-ROISSY, DORINT AIRPORT HOTEL



### MERCURE

#### LE BISTROT DE L'ÉCHANSON: INNOVATING IN THE TRADITIONAL STYLE

Already famous for its wine list, Mercure has now innovated with a new restaurant concept. Customers begin by choosing their wine and are then advised as to what dish would go well with their selection. The formula promotes local wines while following the general trend towards drinking less at lunch, since wine is served by the glass. Building on the concept's initial success at the Mercure Grand Hôtel in Nantes, where restaurant traffic increased from 18 to 52 meals a day, other Bistrot de l'Échanson units were opened during the year. Openings scheduled for 2005 include Mercure hotels in Paris' Montparnasse district, as well as in Budapest and Tokyo.



5,000

ideas, some of which were introduced in hotels in the 12 European countries involved in the project.



**THE EXTRAORDINARY GARDEN**

**“SIMPLY ENJOYING THE TRAVEL EXPERIENCE”**

A new approach to customer relationship management was launched in 2003 and actively pursued in 2004 in the Ibis, Etap Hotel and Formule 1 economy chains. Called the Extraordinary Garden—a reference to the gardener’s passion and nurturing care—the concept shifts the focus from product quality to personal enjoyment and invites employees to help create change and invest in the process rather than just accepting it. In 2003-2004, the focus was on creativity and initiative in developing a new vision, based on “simply enjoying the travel experience.” Participating team members submitted more than 5,000 ideas, some of which were introduced in hotels in the 12 European countries involved in the project. In 2004-2005, new management techniques and enhanced resources will be deployed, with the goal of more effectively leveraging individual talents to improve collective wellbeing.



CHINA’S TRAVEL AND TRADE IN EUROPE MAGAZINE



INTERVIEW

**ROSITA YIU** SALES DIRECTOR EUROPE INCOMING ASIA

**Welcoming Chinese customers**

**The number of Chinese tourists is on the rise. What’s Accor doing to welcome them?**

It’s true that more and more Chinese are traveling outside their country—nearly 20 million a year at present and more than 120 million forecast for 2020. We hope that many of them will stay in Accor hotels and have introduced a number of services to make them feel welcome. In France and other European countries, for example, more than 100 Accor hotels now

receive *Travel and Trade in Europe*, the Chinese tourism newspaper, as well as the Phoenix CNE television station. Very often, these hotels include at least one member of the reception staff who speaks their language and an indispensable cooking utensil—an electric kettle—since the Chinese drink so much tea. I often visit these hotels, and others around the world, to help them develop specifically Chinese breakfast menus.

## SERVICES TO COMPANIES AND PUBLIC INSTITUTIONS

### ACCOR SERVICES

#### LAUNCH OF THE ACCOR SERVICES EMPLOYEE WELL-BEING BAROMETER

Ever sensitive to changing employee behavior and expectations, and to the need to adjust its product portfolio accordingly, Accor Services conducted its first annual barometer of employee well-being and involvement in the workplace. The barometer provides a system for observing the behavior of employees and their relations both with the company and with work in general. The 2004 barometer, whose results were released on November 18, revealed two major trends-growing demand for companies to take into account individual needs and the emergence of "employee-consumers."

#### NEW GROWTH PROSPECTS FOR ACCOR SERVICES IN THE UNITED KINGDOM

Accentiv', Accor Services' relationship marketing agency, acquired UK-based Capital Incentives during the year, thereby strengthening its international network and establishing a foothold in Europe's largest market for gift vouchers (€1.6 billion) and incentive products. Already present in the United Kingdom since 1985 in two key aspects of human resources management—Meeting Life Essentials and Enhancing Well-Being—Accor Services has now extended its local services offer to include the third aspect—Improving Performance.

### TESORUS RETRAITE

#### A NEW CORPORATE PENSION PLAN FROM ACCOR SERVICES

In September 2004, Accor Services launched Tesorus® Retraite, a new corporate pension plan (PERCO) voucher. As easy to use as a Ticket Restaurant® meal voucher, the new product provides small and mid-sized company employees with a supplementary retirement program that allows them to independently manage how often and how much they invest. Retiring employees can choose either a taxable lifetime annuity or a one-time, tax-free payment, while employers are exempt from certain payroll charges and can deduct program contributions from their taxable income. By revitalizing company human resources management practices, Tesorus® Retraite makes it easier for small and mid-sized entrepreneurs to hire, retain and motivate people.

### TICKET RESTAURANT

#### ONLINE ORDERING

Since December 2003, Accor Services' corporate customers in France—like their counterparts in Belgium, Brazil, Germany, Spain, Sweden and Venezuela—can order meal, home services and other vouchers on the TR On Line website. In 2004, more than 35,000 orders were placed via the site.



### FOOD VOUCHERS

#### LAUNCHED IN PERU

Introduced in the country in May 2004, the Ticket Alimentación® food voucher is now distributed by eight large Peruvian companies and accepted in a network of 500 restaurants, supermarkets, catering companies and other affiliated establishments.



### BIEN-ÊTRE À LA CARTE

#### LIFESTYLE SUPPORT SERVICES INTRODUCED AT SUITEHOTEL

As of July 1, 2004, customers staying more than one month in a Suitehotel are entitled to a range of personalized assistance services from Bien-Être à la Carte, developed as part of the hotel chain's "extended stay" offer in France. Just a simple, toll-free phone call and customers can access an array of services, ranging from childcare and car maintenance solutions to tax and legal counseling and information about government programs.



# Partnerships: a strategic sales priority

Accor is firmly committed to profitably increasing market share, enhancing visibility and awareness of its brands, and creating value for customers by developing new services and facilitating access to existing services.

The priority focus is on creating or expanding partnerships with global companies in the areas of travel, transportation, mobile phone services and payment media. All of these industries operate in fields that are closely related to Accor's, but do not compete with the Group, thus providing opportunities for joint customer relations programs. Guided by this principle, the Strategic Partnerships Department conducts actions alongside partners to increase the visibility of Accor's brands and forge closer links with customers.

## AIRLINES

Accor participates in the frequent flyer programs of roughly ten airlines around the world. These include its strategic partners in the Skyteam Alliance (Air France, Alitalia, Delta Air Lines, Aeromexico and Czech carrier CSA) as well American Airlines, Cathay Pacific, Singapore Airlines, Qantas, Air New Zealand, Thai Airways and Japan Air Lines. In 2004, cooperation was strengthened between airline and Accor head offices and regional teams to make it possible to respond faster to opportunities. The recent agreement signed by Air France and Qantas to share routes between their home countries will, for example, make it easier to promote French hotels in Australia. Moreover, the time needed by hotel staff to manage these programs has been reduced and customer service has been improved with 95% of the tracking system now computerized, compared to 50% previously.





Since 1999, Accor has partnered Air France in all markets and with all customer types. While the two companies conduct joint marketing, communication and purchasing actions, synergies have focused on customer loyalty. With the Sofitel, Novotel, Mercure and Suitehotel brands included in Air France's Fréquence Plus frequent flyer program, members who stay in one of more than 1,300 Accor hotels throughout the world earn miles that can also be converted into room nights. Following a campaign launched in 2002 and pursued in 2003 to show films on Accor on Air France flights and in its agencies outside France, the partners' priority in 2004 was to develop shared services. These include call forwarding between both companies' call centers in the United States and France, promotion and sale of hotel nights in Air France agencies and the creation of a link on accorhotels.com enabling customers who

have just booked a room to also reserve a seat on one of the carrier's flights. Lastly, with Accor hotels in most destinations served by Air France, solutions were introduced to optimize stays for the airline's crews. In all, the partnership generated 785,000 additional room nights in Accor hotels.

### LENÔTRE ONBOARD AIR FRANCE FLIGHTS

Lenôtre's Olivier Poussier, elected World's Best Wine Steward in 2000, has been chosen by Air France to select wines served on the airline's flights.



### ACCOR SERVICES PARTNERS WITH AIR FRANCE IN CHINA

Accentiv', Accor Services' relationship marketing unit, signed a contract with Air France in China to develop and manage a loyalty program for 1,500 certified Air France agencies throughout the country.

## INTERVIEW

JEAN-CYRIL SPINETTA CHAIRMAN AND CEO AIR FRANCE



### What are the benefits of your partnership with Accor and what do you see as the future challenges?

The strategic benefits are most important. We should bear in mind that

Air France has only two corporate partners, meaning partners with whom we create a true brand alliance. Accor and Air France are both leaders in the world of travel, and pooling our resources enables us to respond more effectively to customer expectations. In this way, we strengthen our competitive edge and increase market share. In addition, we have the same economic and cultural positioning, shared by our customers. We strive to achieve a balance between French *art de vivre* and global expansion, and we're not hesitant about investing in the future. Look what we've done with KLM.

The forthcoming merger of Air France's Fréquence Plus and KLM's Flying Dutchman to create Flying Blue will result in a program with some ten million members and provide Accor's customers with the world's largest network. At the same time, Accor's equity investment in Club Méditerranée will enable us to enhance our leisure portfolio. In addition to pursuing mutually beneficial business opportunities, we want to work together to develop innovative products and be more assertive in terms of our visibility and advertising.

## OTHER PARTNERSHIPS

### RAIL TRANSPORT

#### SNCF

The **Train+Hôtel** program created in a partnership with SNCF, France's national railway, generated 229,000 room nights in 2004, a 15% increase over the previous year. The agreement, which was renewed for five years, enables customers to book rooms in 1,200 Sofitel, Novotel, Mercure, Suitehotel and Ibis hotels in France and neighboring European countries. A similar agreement was signed with Thalys on July 1, 2004 to conduct joint marketing and distribution campaigns on the European high-speed train network's [thalys.com](http://thalys.com) website.

Since the creation of **Orfea** in December 2003, the partnership with SNCF has been extended to include a new business—outsourced management of residential facilities—for which Accor set up a dedicated division called **Accueil Partenaires**. A joint subsidiary of SNCF and Accor, Orfea handles lodging arrangements for the railway's 26,000 conductors and engineers.

The partnership with SNCF extends beyond lodging. **Compagnie des Wagons-Lits** won a call for bids from SNCF to provide onboard food service and logistics for the entire TGV high-speed train network in France in a five-year contract that represents total revenues of more than €500 million. **Académie Accor Services** also signed a contract to train approximately 1,000 SNCF sales agents, conductors and crew managers in customer reception and service culture techniques.

### CAR RENTAL

#### EUROPCAR

Through their strategic partnership, Accor and Europcar have joined forces to optimize customer service. These include a car/hotel cross-booking agreement, the installation of Europcar agencies in hotels and special joint offers for each hotel brand, such as the Suitehotel Grand Week-End and Mercure Senior programs. This international cooperation agreement also involves cross-participation in loyalty programs.



### WIRELESS NETWORKS

#### WI-FI INTERNET ACCESS

Following agreements with leading telecoms, 75% of all Accor hotels in Europe were equipped with wireless Internet access networks (Wi-Fi) at year-end 2004. This represents a total of 1,605 hotels covering all chains (Formule 1, Etap Hotel, Ibis, Mercure, Novotel, Suitehotel and Sofitel). Through a partnership with Orange, 90% of all hotels in France are now Wi-Fi equipped. Elsewhere, agreements have been signed for Austria, Belgium, the Czech Republic, Germany, Hungary, the Netherlands, Portugal, Spain, the United Kingdom, and, outside Europe, the United States. Customers can also purchase special Accor discount-rate access cards in the hotels.



### MOBILE TELEPHONES

#### BOUYGUES

The [accorhotels.com](http://accorhotels.com) website has been made i-mode compliant and can be accessed from outside France by Bouygues Telecom subscribers.

### PAYMENT CARDS

#### AMERICAN EXPRESS

Holders of the Compliments-American Express Card and the co-branded Corporate Card can take advantage of expense management solutions and loyalty program benefits designed by American Express and Accor for their joint customers.

#### CRÉDIT LYONNAIS

As part of a partnership dating back to 1999, two million French members of the Crédit Lyonnais' Avantages loyalty program can benefit from special offers in a number of Accor hotel chains.

**1 million**

In 2004, the Group's partners generated approximately one million additional room nights in Accor hotels.

### FOOD INDUSTRY

#### DANONE

Danone and Accor are continuing their joint program to introduce customers to Danone's new Bien-Être line of healthy products. For example, the French food company's Actimel dairy drink is served at breakfast in Novotel hotels. Accor is also a partner to the Danone Nations Cup, a global soccer competition for youngsters. Thirty-two countries, two million players and 815,000 spectators took part in the 2004 Cup. As an official international partner to the event, Accor lodged some 600 children and their parents for the Cup Final, held in September at the Parc des Princes in Paris.



## SPORTS SPONSORSHIP

With operations on all continents, Accor has, for the past six years, been committed to an active policy of sports sponsorship designed to meet four objectives:

- Strengthen awareness of Accor and enhance its image world-wide.
- Develop employee pride in the organization.
- Showcase its brands and operations by creating new business opportunities.
- Support and federate initiatives developed every day by its brands and establishments around the world.

As part of this sponsorship commitment, Accor supports the Olympic movement and leverages its expertise in lodging and services for other world-class sporting events, including the 1998 and 2006 FIFA World Cup, the 2000 and 2004 Olympic Games, the 2003 World Championships in Athletics, and the 2003 and 2007 Rugby World Cup.

### PARTNERING WITH THE OLYMPIC MOVEMENT

Because of the Games' truly global scope and values, which are shared by Accor teams around the world, the partnership with the Olympic movement is the most representative of Accor's sports sponsorship programs. Joint actions are undertaken with national committees in countries where the Group and its brands are well established, notably in France (since 1999) and Australia (since 2001). For the 2004 Games in Athens, nearly 600 hotels in these countries organized advertising campaigns, poster displays, contests and other operations to support their national teams.

The entire Accor international network is also involved in promoting the Olympic spirit. In 2004, a special "From Athens to Athens" photography exhibition was held in nearly 1,000 hotels in nine countries, not just in Europe but including Saudi Arabia, Brazil and Australia. To publicize its support for the Olympics, Accor deployed a range of communication actions that included advertising (especially on the Eurosport channel during broadcasts of the events), giant banners on high-visibility Accor hotels in Athens and Paris, and publications devoted to the Games. A special issue of Accor Magazine was published in France and a practical guide produced in partnership with the International Herald Tribune was distributed in 600 hotels in France, Athens and Australia. A dedicated section was also created on the intranet, which is accessible to Accor employees around the world.

Most of Accor's businesses benefit from the impact of this support for the Olympics. The Athens Games created opportunities for the Sofitel and Novotel chains, Accor Services, Carlson Wagonlit Travel and Lenôtre, which served 70,000 meals at Club France and the Sponsor Hospitality Center, and whose high-quality service was widely appreciated and widely acclaimed. Thanks to this performance, Accor's well-known gourmet catering brand generated €4.5 million in revenues and further enhanced its powerful global identity.

### FRENCH OPEN GOLF TOURNAMENT

The Group's hotel brands, federated under the Accorhotels umbrella brand, are the leading partner to the French Open golf tournament, a major event on the European professional circuit held at the National Golf Course in Saint-Quentin-en-Yvelines outside Paris. In 2004, the tournament generated a total of 455 hours of airtime on 31 television channels around the world. Leading up to the event, some 30 Accor hotels in Europe took part in a series of amateur competitions called the Accorhotels Challenge. Winners were invited to Paris to take part in a final playoff and attend the last day of the Open.



If France is awarded the 2012 Olympic Games, the benefits for the Group will be even greater. That's why Accor, alongside 16 other world-class companies, became a founding member of the Club des Entreprises Paris 2012. In this capacity, it is actively promoting Paris' candidacy to host the Games, providing its capabilities in lodging and services, undertaking contractual and financial commitments for 50,000 rooms and supporting a major campaign to raise public awareness of the importance of the city's bid. Accor's contributions include the display of giant banners on high-visibility hotels in Paris, Roissy and Lille, the publication of a special Paris 2012 issue of Accor Magazine for the visit of the IOC's Evaluation Commissions, an Accor Vacances hanging scroll with the Paris 2012 logo in Carlson Wagonlit Travel's 300 agencies in France, and a specially designed booklet cover for Ticket Restaurant meal vouchers, used by one million people.

# Growing awareness of Accor

A “**new perspective**” on Hotels and Services corporate advertising campaign was launched in 2004. The objective was to respond to emerging public and consumer demand about **what Accor does rather than what it is**. The campaign showcased a large number of marketing, employee relations, social and environmental initiatives through portraits of nine men and women whose actions demonstrate employees’ new perspective on their business. Targeting opinion leaders and frequent travelers, it appeared in the pan-European press, airline magazines and the French media. To adapt to Accor’s different operating environments and host countries, the campaign was translated into nine languages and rollout kits were distributed worldwide.

While it is still too early to measure the campaign’s impact, according to a biennial study by Euroleaders Taylor Nelson Sofres, **awareness of Accor and its brands continues to increase in Europe**. The percentage of respondents who said they were very familiar with Accor and its brands rose to 81% in 2004, from 73% in 2002, with the greatest increases recorded in the United Kingdom (60%, up from 45%) and Germany (96%, versus 79%). The study involved a sample of 600 senior executives, journalists, university professors, financial analysts and other opinion leaders in France, the United Kingdom, Germany, Italy, Spain and the Benelux countries.



## AN ENHANCED IMAGE

**Perception of Accor has also improved, especially in the areas of business performance, marketing/advertising and sales. The Group is viewed as attentive to customer needs and clearly differentiated from the competition through its effective marketing actions and innovative offerings. Brand goodwill has also increased.**



The most well-known hotel brands are Novotel (awareness stable at 94%) and Ibis (90%, versus 87%), while both Sofitel (81%, versus 73%) and Mercure (78%, versus 74%) saw their scores improve. Recognition of the different chains as Accor brands also increased (by ten points on average), reflecting the effectiveness of the strategy of supporting the individual hotel brands with the Accor logo.

**Perception of Accor has also improved, especially in the areas of business performance, marketing/advertising and sales.** Accor is also increasingly recognized as a dynamic enterprise with a wide range of activities in a large number of countries. It is viewed as attentive to customer needs and clearly differentiated from the competition through its effective marketing actions and innovative offerings. Brand goodwill has also increased, by more than seven points. However, the Group’s many environmental and social responsibility initiatives have not always received the attention they deserve.

**HUMAN RESOURCE  
POLICY PRIORITIES**

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# Developing Our Human Capital



# Human Resource Policy Priorities

Accor has always felt that employees are its most important asset, that service quality depends on their professionalism and motivation, and that smiles and skills are inseparable and indispensable for attracting and retaining customers. Improving employee satisfaction and performance requires a constant focus on integrating and training staff members, recognizing their achievements and listening attentively to their concerns. Backed by an international network, Accor's human resources policy is dedicated to serving the needs of frontline managers, who must have the support of skilled, motivated teams. That's why the focus is on the following priorities, which build on current actions.

## HIRING

Accor has based its development on the motivation and quality of its staff members, regardless of their country of origin, which is why it has always been committed to outreach and integration. The Group's diversity extends beyond age, gender and nationality to include applicant's natural abilities and aptitudes—qualities that are taken into account through a range of hiring practices.

## TRAINING AND JOB MOBILITY

Skills enhancement is at the heart of Accor's human resources management system, which focuses on training employees in a variety of job skills, customer relations techniques and sales methods. Special emphasis is placed on certification programs, so that employees receive not only the additional skills they need to satisfy emerging customer needs but also the assurance that their enhanced efficiency will earn them greater financial and personal recognition. Training programs are designed to enable employees to more effectively handle their current and future responsibilities as well as to prepare them for totally new and different tasks. The surest way to earn the loyalty of employees—especially the best of them—is to give them opportunities to enhance their career prospects within the Group and climb the professional ladder. Another priority of the human resources policy is job mobility, which is whole-heartedly supported by management.

## COMPENSATION

Accor is committed to offering all employees compensation in line with local market practices. Most also benefit from bonuses linked to the achievement of qualitative and/or quantitative objectives.

## DIVERSITY AND EQUAL OPPORTUNITY

Long an integral part of Accor's growth strategy, diversity and equal opportunity are expressed in an ongoing commitment to reaching out and integrating employees from a broad hiring pool, with a focus on individual abilities and professional skills.

## HEALTH AND SAFETY

Accor's health and safety policy is grounded in prevention, training and the deployment of medical coverage systems tailored to employee needs in the host countries.

## LISTENING TO AND RECOGNIZING EMPLOYEES

Employees are recognized in a number of ways, initially by giving them the training, compensation and career development opportunities they expect. This involves creating close, trusting relationships. Employee motivation and satisfaction are measured regularly through internal opinion surveys, and an open door policy allows them to freely express their dissatisfaction without their manager being present. In all countries, roundtable discussions are held regularly to encourage direct interaction and promote a spirit of continuous improvement.

Lastly, a large number of employee recognition programs have been developed, each adapted to the specific features of the country, job or function.

## INNOVATION

At Accor, involving team members in the search for new ways to increase customer and employee satisfaction is both a core value and a management tool. The [innov@ccor](mailto:innov@ccor) program enables employees to make suggestions, and rewards the best ideas when they are implemented within the Group. Innovation is one of the five corporate values that express the Accor spirit, which are presented in a document entitled *The Manager's Benchmarks*.

## SOCIAL DIALOGUE

More than ever, the Group's human resources policy is focused on employee relations. Accor is committed to maintaining a constructive dialogue with employee representatives and a positive working environment.

# ACCOR AROUND THE WORLD IN 2004

**168,500** people of which

49% men  
51% women

**Managers**

57% men  
43% women

**Training**

320,129 days of training  
More than 120,000 people took part in one or more training course  
2% of payroll



A global network of 11 academies dedicated to enhancing employee skills

## North America 22,500 employees

**Employees**  
29% men 71% women

**Managers**  
47% men 53% women

**Training**  
1.5% of payroll

**Expatriates**  
12

## Europe (excl. France) 40,000 employees

**Employees**  
43% men 57% women

**Managers**  
58% men 42% women

**Training**  
2% of payroll

**Expatriates**  
132

## France 28,500 employees

**Employees**  
47% men 53% women

**Managers**  
58% men 42% women

**Training**  
1.9% of payroll

## Latin America 33,500 employees

**Employees**  
49% men 51% women

**Managers**  
38% men 62% women

**Training**  
4.8% of payroll

**Expatriates**  
90

## Africa-Middle East 14,500 employees

**Employees**  
79% men 21% women

**Managers**  
79% men 21% women

**Training**  
4.1% of payroll

**Expatriates**  
174

## Asia-Pacific 29,500 employees

**Employees**  
58% men 42% women

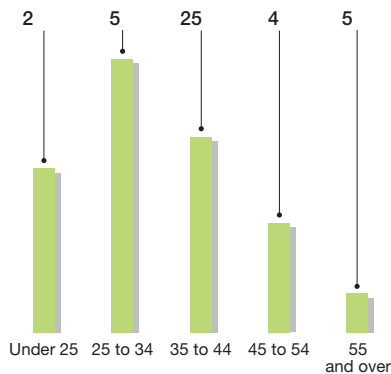
**Managers**  
64% men 36% women

**Training**  
1.3% of payroll

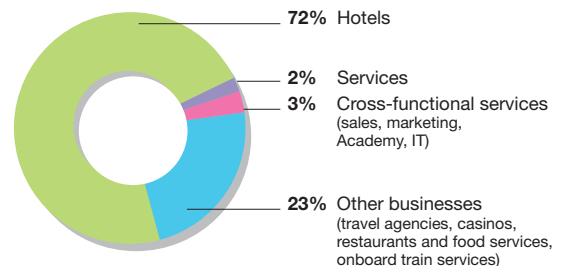
**Expatriates**  
220

**168,500**

EMPLOYEES  
(AT DECEMBER 31, 2004)



EMPLOYEES BY AGE GROUP



EMPLOYEES BY BUSINESS





## ACCORJOBS

Launched in France in December 2000, Accorjobs is a hiring and job mobility website for people both within and outside the Group. Accessible as of this year in Africa, Australia, New Zealand, Japan, North America, the Middle East, Spain, Portugal, Switzerland, Scandinavia and the countries of Central and Eastern Europe, Accorjobs now operates on all continents.

### KEY FIGURES FOR 2004:

- 10,000 job vacancies posted, an increase of 70% over 2003 (20% like-for-like).
- 100,000 applications received.
- 1.3 million visits.
- 35% of vacancies filled directly on Accorjobs.
- More than 4,000 recruiters on Accorjobs.

# Hiring

## A LARGELY DECENTRALIZED HIRING POLICY TO ENSURE DIVERSITY

Most staff members are recruited directly in the host country, often in the vicinity of the unit where they work. Always the exception, expatriate staff totaled 628 out of a workforce of 168,500 at December 31, 2004. In all regions, expatriates provide expertise and train onsite teams, thus ensuring the local unit's long-term viability.

A few examples:

- **In China**, 99% of employees are local hires, and two hotel managers are Chinese, one of whom is currently in training.
- **In Egypt**, 3,840 employees (including 16 hotel managers) are Egyptian and only 25 are expatriates.
- **In Bahrain**, a Turkish woman has been appointed Managing Director of the Mercure Seef, an unusual occurrence for the region.
- **In Indonesia**, thanks to training initiatives developed in recent years, seven hotel manager positions are now held by Indonesians, of whom two were promoted in 2004. In all, 54 managers received promotions.
- **In Morocco**, the first woman to be named manager of an Accor hotel in Morocco was appointed at the Mercure Scheherazade in October 2004.

Respect for diversity also extends to the hiring process. One example is the so-called "abilities" system, which looks beyond an applicant's education and job background. Applicants are put in role-playing situations that enable them to demonstrate whether they are qualified for the responsibilities of the job for which they have applied. If they are, Accor then provides them with the necessary technical training.

Lastly, partnerships with NGOs, associations, employment agencies and a wide variety of schools also help to diversify the hiring pool.

### Examples

**In France, through a partnership with the National Ministry of Education, Accor organizes internships and in-company training sessions for more than 3,000 young people a year. Graduates of restaurant vocational schools get hands-on experience in Accor hotel kitchens or dining rooms. Thirteen practical training sessions were conducted in 2004.**

**During the year, approximately 50 Accor hotels took part in the "10,000 Internships in Europe" program.**

# Training and job mobility

Enhancing employee skills improves their professionalism, motivation, loyalty and, as a result, customer service. That's why Accor considers training and job mobility to be top priorities.

With more than 120,000 employees trained in 2004 (versus 110,000 the previous year), the Group moved closer to its goal of one training session per person per year. To achieve that objective, the Accor Academy has in recent years created a library of CD-ROMs that enables programs in kitchen or restaurant hygiene, for example, to be conducted in the workplace.

Besides classroom-type sessions, supervisors also share skills with employee, providing the kind of day-to-day training so important in a services business, especially at Accor. If the time devoted to on-the-job instruction were included, the total number of training hours would be several times greater.

In addition, qualification training introduced by the Mercure and Ibis chain enables participants to climb the professional ladder. Overall, 90% of managerial positions are filled in this way.

Thanks to the focus on training, employees can look forward to important **career advancement opportunities**. Each year, more than 20,000 staff members change their position, business or region.

To ensure that skills and training correspond to job profiles while providing employees with an opportunity to express their career aspirations, annual appraisals are held with the employee's immediate superior. The goal is for every employee who has been with

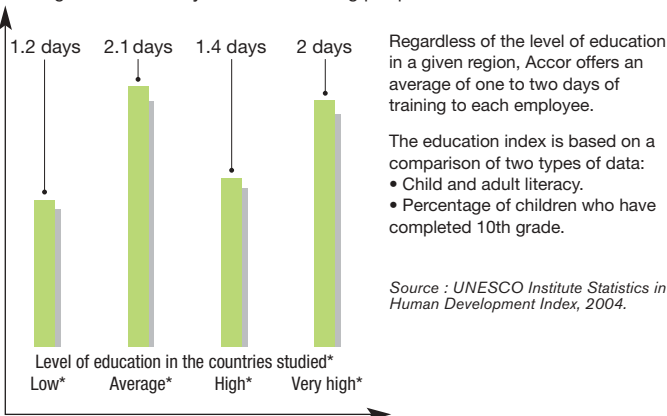


Accor for more than a year to be evaluated once a year. Surveys of 16,000 employees conducted in 2004 showed that 68% had an appraisal, 3% more than in 2003.

For managers, career advancement committees made up of top executives in the concerned channels meet twice a year to ensure continuous tracking of career development.

## TRAINING AT ACCOR

Average number of days of formal training per person



## Échansons Mercure

Échansons—named for the traditional cupbearer who fills and hands the cup of wine to a dignitary—have served as ambassadors of the Grands Vins Mercure wine list since 1995. At year-end 2004, some 400 dedicated wine stewards around the world had received special training in this area, with 98 bronze, 42 silver and six gold medals awarded during the year.

## The Acteurs program at Ibis

Acteurs is a qualification training program introduced in Ibis hotels that allows employees to broaden their skills by choosing a second job function from a list of 11 specialized professions. At year-end 2004, 1,650 Ibis employees in Europe had taken part in the program. In all, 1,200 have been certified as "qualified," 420 as "experts," and 120 as "leaders." Employees also receive financial compensation corresponding to their level of certification.



### ACCOR ACADEMY WORLDWIDE

With its wide range of training programs and broad geographical presence, the worldwide Accor Academy network is dedicated to meeting the expressed training needs of the various divisions and subsidiaries and to facilitating access to training programs. In 2004, the network comprised 11 centers, 73 permanent trainers, 90 certified support trainers and nearly 70 partners around the world.



### AN INTRANET TO EFFICIENTLY PROMOTE JOB MOBILITY

With 95,000 visits in 2004, the human resources intranet serves as a gateway to all Accor human resources sites and information. The Group's mobility policy is based on each employee's willingness to take the initiative with regard to his or her career development. To provide support, a broad-based Accor Career Management site was opened in November 2004. It provides access to practical information about **guidelines** (career management policy, hiring charter, *The Manager's Benchmarks*, key terms) as well as **initiatives** to pursue

and **tools** available to all employees (annual appraisal, career interview, job profile guide, training catalogue, Accorjobs, Accor ProFiles). It also clearly defines the employee and manager's respective roles.

**Key figures:** 7,000 visits in the first month and 4,000 posters produced to inform employees around the world of the Accor Career Management site.

# Compensation

Accor is committed to offering all employees compensation in line with local market practices. Most also benefit from bonuses linked to the achievement of qualitative and/or quantitative objectives.

In France, a 2004 survey found no significant differences in compensation for men and women performing the same job duties. Another survey of compensation in eight countries that account for 49% of the workforce showed that yearly salaries paid by Accor are above the industry minimum in the country.

These surveys will be pursued and extended in 2005. In France, where an **employee savings plan** was introduced in 1985, employees also benefit from profit-sharing programs and annual bonuses linked to individual and team performance.



### EMPLOYEE SHAREHOLDERS

Employees are regularly invited to purchase Accor shares on special terms. In 2004, a total of 391,134 Accor shares were subscribed through a special plan

for employees in 25 countries where the Group is well established and employee shareholding programs are authorized. More than 23,000 employees are Accor shareholders.





# Hotels

and travel, tourism and  
leisure businesses

With 4,000 hotels worldwide, from economy to upscale, Accor offers hotel stays tailored to each customer's needs. Its unique portfolio of travel, leisure and tourism businesses also includes travel agencies, restaurants and casinos.



More than  
**160,000**  
employees  
in contact  
with customers





## highlights

Accor's prestige hotel brand continued to progress in 2004, expanding its geographical reach and further enhancing its image. Sofitel has now surpassed the critical mass required to project its global identity. This is reflected in the chain's rapid rise in Business Travel News' hotel survey, which ranks Sofitel second in the upper upscale segment. In the Middle East, the recent successful bid to operate the Zam Zam Grand Suites Sofitel, Mecca's largest, most luxurious hotel, strikingly illustrates Sofitel's arrival among the industry's foremost brands.

### 2004 INNOVATIONS

- Deployment of the new MyBed concept, offering the ultimate in sleeping comfort.
- Launch in the United States and Europe of the new So Boutique on-line shopping experience.

### ATTRACTING AND RETAINING CUSTOMERS

- Popular promotional offers, with Sofitel Weekend Invitations and Getaway Invitations for leisure customers and Sofitel Excellence for business customers.
- Increase in the number of Sofitel Privileged Guest cardholders, with more than 84,000 new members in 2004.

**183** hotels  
**38,098** rooms  
**52** countries  
**11** openings

Customers  
**60%** business  
**40%** leisure



→ Locations in major international cities and prestigious vacation resorts.

→ Rooms equipped with all the features you expect in a world-class hotel, including the revolutionary new MyBed concept.

→ Expressing a distinctly French "art de vivre", unique among international upper upscale hotels.

→ Restaurants supervised by experienced and up-and-coming chefs, offering fresh, top-quality products, original recipes and respect for local culinary traditions.

→ Refined service, personalized customer care and access to the latest technological amenities.

- Growing success of sales generated by airline programs and Sofitel partners, which increased in volume by more than 60% over 2003.

### EXPANSION

2004 saw 11 major openings.

#### In Europe

Sofitel Las Dunas Costa de Marbella (Spain),  
 Sofitel Parma Grand Hotel de la Ville (Italy),  
 Sofitel Wroclaw (Poland),  
 Dorint Sofitel Bayerpost Munich (Germany).

#### In Asia-Pacific

Sofitel Wentworth Sydney (Australia),  
 Sofitel Royal Lagoon Dongguan (China),  
 Sofitel Grand Park Hefei (China),  
 Sofitel Seminyak Bali (Indonesia).

#### In Africa

Sofitel L'Amitié Bamako (Mali),  
 Sofitel Agadir (Morocco).

#### In South America

Hotel Madero by Sofitel (Argentina). ■

## PROFILE

Created 40 years ago in Europe, Sofitel is Accor's prestige brand and the world's fifth-largest luxury hotel chain. The Sofitel network hosts an international clientele in the world's capitals and other major cities, as well as in prime resort locations, such as Mauritius, the Caribbean, Cambodia and Egypt.

Each hotel projects its own personality, reflecting its history and setting. Some are noted for their outstanding architecture and design, like the ultra-modern properties in New York and Chicago, others for the legendary buildings in which they are located, like the Sofitel Palais Jamai in Fez and the Sofitel Nicolas de Ovando in Santo Domingo. All, however, offer the distinctive French touch characterized by quality interior decoration, a warm welcome and refined service. Culinary excellence has also helped build the brand's reputation around the world. The network includes a large number of gourmet restaurants with menus blending traditional and contemporary cuisine, thanks to the combined talents of renowned chefs and rising young stars.



SPAIN, SOFITEL LAS DUNAS – COSTA DE MARBELLA



### COMMUNICATION ADVERTISING CAMPAIGN FOR THE LAUNCH OF MyBed IN FRANCE AND OTHER EUROPEAN COUNTRIES

- Advertisements in French and European consumer and business magazines.
- Giant banners in leading European cities, including Cannes, Lyon, Paris and Hamburg.
- Hanging scrolls on Sofitel establishments in France and elsewhere in Europe.



- Leaflets available in the lobbies and guest rooms of hotels equipped with MyBed.

## NEW AND ONGOING PARTNERSHIPS IN 2004

Singapore Airlines has been added to the list of carriers that include Sofitel in their loyalty programs, joining Air France, Alitalia, American Airlines, Aeromexico, Cathay Pacific, CSA Czech Airlines, Delta Airlines, Japan Airlines, Qantas and Thai Airways. An agreement was signed with American Express whereby European holders of the American Express Centurion Card qualify for the Sofitel Privileged Guest Gold Card and can convert their American Express points into Compliments points.



GERMANY,  
DORINT SOFITEL BAYERPOST, MUNICH

## The Sofitel network expands

21 Dorint Sofitel hotels were added to the Sofitel network. Located in major business cities and outstanding vacation destinations in Germany, the Netherlands, Austria and Spain's Balearic Islands, the new hotels give important new momentum to the chain, which now ranks among the leaders in the international upper upscale segment. For the first time, Dorint and Sofitel have carried out a joint hotel project, opening the Dorint Sofitel Bayerpost Munich. Formerly the offices of the Royal Bavarian Mail, the building includes a superb neoclassical façade that leads into a remarkably refined hotel featuring highly contemporary interior decoration. ■

*The objects displayed on this and the facing page are from the So Boutique catalogue. [www.soboutique.com](http://www.soboutique.com)*





**396** hotels  
**68,340** rooms  
**58** countries  
**22** openings

Customers  
**62%** business  
**38%** leisure

**PROFILE**

Created in 1967 to deliver consistent services to business travelers around the world, Novotel soon began to extend its offer to other segments. In 1984, for example, it first attracted families by allowing children to stay for free. In 2004, the chain pursued the new phase in its development, launched in 2002, of investing in city-center locations in large metropolitan cities. Following the upgrade of room design with the Novation room, a new restaurant concept –Novotel Café–was introduced in France during the year.

→ **Spacious rooms offering maximum comfort for families and business travelers alike.**

→ **Family offer: up to two children under 16 can stay for free in their parents' room and are entitled to a free breakfast buffet with the family.**

→ **The food service available around the clock.**

→ **Other services include parking facilities and recreational areas, with a garden, swimming pool or fitness center in most hotels.**

## highlights

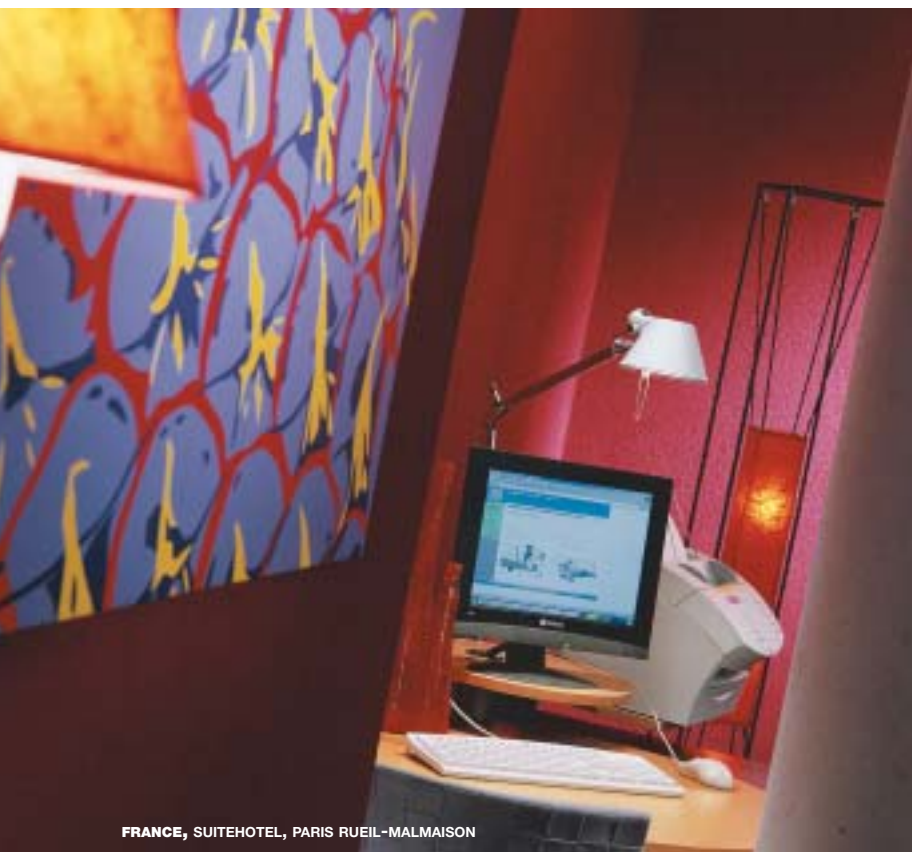
**OPENINGS**

In 2004, Novotel's European network expanded rapidly, with 22 new openings, notably the Novotel Vilnius in the Lithuanian capital, the chain's first location in the Baltic countries. Other openings included three hotels each in France, Germany, Spain and the United Kingdom, two in Switzerland and one in Italy. Outside Europe, hotels were opened in China, Indonesia, Nigeria and French Polynesia.

**NOVOTEL CAFÉ: A NEW RESTAURANT CONCEPT IN FRANCE**

- A key component of the Novotel brand and its image, the chain's restaurant concept has been entirely redesigned, with the goal of revitalizing and deepening relations with customers.
- High-quality dishes and consistent service are ensured by the latest preparation methods and innovative menus developed with the support of Lenôtre's skills and expertise.
- The food services offering takes into account changing consumer habits. For example, most dishes are prepared on a Spanish grill, or "plancha," to meet customer demand for naturally, simply prepared foods. Customers can have a meal whenever they like—in their room, with the Coffret Liberté meal box or via room service, in the Novotel Café, with its multiple dining options, or in the traditional Côté Jardin restaurants (still available in some hotels that also feature the Novotel Café). At year end, 40 Novotel Cafés were up and running in France, 60 chefs had been trained in "à la plancha" cooking techniques, 210 chefs had taken part in special cooking classes led by Lenôtre teams and 200 serving staff had received training in ways to promote Novotel's new restaurant concept. ■





FRANCE, SUITEHOTEL, PARIS RUEIL-MALMAISON



**13** hotels  
**1,871** rooms  
**3** countries: France, Germany, Austria  
**3** openings: Paris Porte de la Chapelle, Hanover, Berlin  
 Customers  
**79%** business  
**21%** leisure

→ A 30-square-meter modular suite, often for less than the price of a conventional room in the same category.

→ Direct phone lines with voice mail, two telephones and a direct Internet hook-up.

→ A multi-functional lobby, open around the clock, plus a lounge, bar, Boutique Gourmande outlet, business and fitness facilities, and free relaxing massages on Thursday evenings.

→ Complimentary coffee and croissants in the morning.

→ Breakfast available at any time.

→ Discount rates for stays of 4, 7 or 30 consecutive nights, plus the "Grand Weekend" offer.



## A new way of hotel living

# Suitehotel

www.suite-hotel.com

### highlights

Suitehotel pursued its expansion in Germany, with openings in Hanover and Berlin in 2004 and a scheduled opening in Munich in June 2005.

#### LAUNCH OF A LONG-STAY OFFER, IN PARTNERSHIP WITH BIEN-ÊTRE À LA CARTE

For customers staying 30 consecutive nights, Suitehotel has introduced a special offer, featuring flexible discount rates as well as exclusive services. These include a DVD player as well as an array of personalized assistance services, ranging from emergency auto repairs to flower delivery.



#### SUITEHOTEL HOSPITALITY CHARTER SIGNED

Prepared by Suitehotel managers, the charter is intended to instill new attitudes—alongside traditional hotel skills—with the goal of providing more personalized reception and hospitality services. Employees are given special training in this area and are entitled to change uniforms every six months, thanks to an agreement with the MEXX ready-to-wear brand.

#### SOON OVER 20 HOTELS IN EUROPE

Suitehotel openings in 2005: Munich (Germany), Geneva (Switzerland), and Cannes, Montpellier and Nancy (France). ■

#### PROFILE

The newest Accor chain, Suitehotel offers an innovative hotel concept comprised of functional, 30-square-meter modular suites. Built with high quality materials, the rooms are equipped with the latest communication technology and can be arranged for work or leisure, depending on the customer's needs.



For the best of the region

# Mercure

[www.mercure.com](http://www.mercure.com)

FRANCE, MERCURE, MARSEILLE BEAUVAU VIEUX-PORT

**720** hotels (including the Parthenon chain)

**85,352** rooms

**45** countries

**48** openings

Customers  
**55%** business  
**45%** leisure

## PROFILE

Created in 1973, the Mercure chain was acquired in 1975, when it numbered 14 hotels in France. Since then, it has been expanded through a large number of acquisitions and franchise agreements to become Europe's second biggest hotel chain, regardless of segment, and the largest in the midscale market. Its network of 720 hotels includes a number of chains, including Parthenon in Brazil, Orbis in Poland and All Seasons in Australia. The brand's distinguishing feature is that each hotel, through its decor and activities, expresses the unique culture of its city or region.

## highlights

### EXPANDING THE NETWORK

- Opening in October 2004 of the Mercure Ginza in Japan. The 208-room hotel is located near the International Forum in downtown Tokyo.
- 31 Dorint hotels join the Mercure network, now Germany's biggest with 130 locations in 80 cities.
- In France, the Grand Hôtel Beauvau in Marseille is given a complete overhaul.

### DEPLOYMENT OF THE MERCURE HOTEL CHARTER

The charter expresses the brand's commitments in terms of the product, while capitalizing on the diversity and personality of its hotels. It also includes quality standards, presented as recommendations to be followed.



→ Comfortable, impeccably equipped rooms.

→ Three easy-to-identify levels of comfort, from two to four stars.

→ High-quality dishes that showcase regional recipes and local products.

→ Served by trained wine stewards, Mercure's fine wines are chosen in blind tastings by a panel of experts and knowledgeable customers.



### A REVITALIZED GRAPHIC IDENTITY

Mercure has refocused its communication on the brand's "gratification" aspect. The logo and initial letter have been reworked to express the values of wellbeing and enjoyment delivered by its hotel services. The new signature received a gold medal in the "applied graphic identity" category at the Top Com Awards. ■





BRAZIL, PARTHENON MONUMENTAL FLAT AND CONVENTION, SÃO CAETANO DO SUL

**62** extended-stay locations

**2** countries: Brazil and France

**3** openings

Local customer base



**PROFILE**

Created in Brazil, the Parthenon chain of extended stay locations caters to both business and leisure travelers. It offers fully equipped studios and one-bedroom apartments, with related services and hotel-style hospitality, including housekeeping, reception, 24-hour concierge services, laundry and room service, food services, fitness facilities and modular areas for meetings and small receptions.

*highlights*

**OPENINGS**

Parthenon Monumental São Caetano, Parthenon The Future Manaus, Parthenon Botafogo Rio de Janeiro.

**RENOVATIONS**

Renovation is nearly completed at the Parthenon in Pasargada Vila Velha and is underway in five other establishments in Curitiba, Recife, São José dos Campos, Rio de Janeiro and Fortaleza.

**WASTE RECYCLING**

Dedicated litterbins have been installed for customers and chambermaid carts have been redesigned to accommodate recyclable waste.

**PROMOTIONAL CAMPAIGN IN SÃO PAULO**

For São Paulo's 450<sup>th</sup> anniversary, a special "Vive São Paulo Parthenon" offer was introduced to encourage visitors to spend a weekend in the city. Guests who presented a toll receipt or plane or bus ticket at the reception desk were entitled to a special rate in any of 17 Parthenon units in São Paulo, plus a tour of the city. In nine months, the promotion generated some 10,000 room nights.

**NEW ADVERTISING CAMPAIGN**

The recent campaign emphasizes the chain's new "Live the city to the fullest" positioning. Tailored to each urban market—Rio de Janeiro, Curitiba, Belo Horizonte, Porto Alegre or São Paulo—the ads promote the Parthenon lodging alternative and have been placed in tourist and in-flight magazines. ■

The place to meet

**Atria**

www.accorhotels.com



→ 12 conference centers in France

The Atria label designates a number of Novotel and Mercure hotels specially designed to host congresses and conventions. The hotels include conference centers equipped for large meetings, with an amphitheater or auditorium, audiovisual control room, large adjoining lobby, modular conference rooms and reception areas—all in the same location. In addition to conference facilities, Atria offers customers an exclusive "satisfaction or your money back" guarantee that has been certified by SGS Qualicert, an independent accreditation organization. ■





Full service at the right price

# Ibis

www.ibishotel.com

NETHERLANDS, IBIS DEN HAAG CENTER, THE HAGUE

## PROFILE

Created by Accor, Ibis celebrated its 30<sup>th</sup> anniversary in 2004. The chain is widely recognized for its excellent value for money and convenient locations. Europe's largest economy hotel network, Ibis is expanding its coverage of the continent through investments in leading city centers in Spain and the United Kingdom. The brand is also accelerating its entry into emerging markets by opening large capacity hotels, with a focus on China, India and Brazil.



**692** hotels of which  
**348** in France  
**75,602** rooms  
**36** countries  
**48** openings

Customers  
**55%** business  
**45%** leisure

→ **Comfortable, tastefully decorated rooms with bathrooms, telephones and TVs.**

→ **All-you-can-eat breakfast buffet from 6:30 to 10:00 am, plus "early bird" (4:00 to 6:30 am) and "late riser" (10:00 am to 12:00 pm) offers.**

→ **A friendly bar area and original food service concepts that vary by region and season.**

→ **With the 15-minute satisfaction guarantee, if a minor problem with the hotel isn't solved in 15 minutes, the customer stays for free.**

→ **Reception, snack and beverage service around the clock.**

→ **Quality guaranteed by ISO 9001 certification.**



## Environmental commitment



In 2004, 19 Ibis hotels earned ISO 14001 certification. The accreditation confirms the chain's environmental commitments and represents a corporate citizenship pledge to customers. ■

## highlights

### FASTER GROWTH IN THE GLOBAL MARKETPLACE

During the year, Ibis actively pursued its European expansion in France, Germany, the United Kingdom and Spain, and extended its network in Brazil, Africa and Eastern Europe. It also launched operations in China, with the opening of the Ibis Tianjin, and will open roughly 50 hotels in the country by the end of 2010.

### PROMOTING WEEKEND AND VACATION STAY

The ongoing weekend rate strategy was supported by the chain's sponsorship of the "weekend agenda" program on the France 2 television channel and a summer advertising campaign in Europe.

### DIVERSIFYING THE FOOD SERVICE OFFER

To offer customers something new and different, a number of innovative food concepts were introduced—the Vins et Compagnie Café, the Pasta Café and the Rendez-vous Bar.

### INVOLVING TEAMS IN THE CUSTOMER SATISFACTION PROCESS

A special competition, called the Golden Trees, was organized to reward outstanding employee ideas and best practices in the area of quality. The Extraordinary Garden program, launched in 2003, was actively pursued in 2004, with 230 Ibis team members meeting in June to exchange ideas on ways to improve service to customers and help them to "simply enjoy the travel experience." ■

You are at the right place

# Etap Hotel

www.etaphotel.com



FRANCE, ETAP HOTEL, LONS-LE-SAUNIER

**311** hotels  
**24,901** rooms  
**11** countries  
**24** openings

Customers  
**60%** business  
**40%** leisure

- Cozy, comfortable rooms for up to three people.
- Integrated bathroom.
- All-you-can-eat breakfast buffet.
- Wide choice of TV channels.
- Reception desk open from 6:30 to 11:00 am and from 5:00 to 10:00 pm (hours may vary depending on the day or the country). Automated room sales available around the clock.

#### PROFILE

Created by Accor in 1991, the Etap Hotel network provides very affordable accommodation solutions for business and leisure travelers in Europe and Israel. The chain's development strategy focuses on large metropolitan areas, with locations in city centers, along major roadways and near airports.

Sleep well at the lowest cost

# Formule 1

www.hotelformule1.com



**372** hotels  
**28,423** rooms  
**12** countries  
**2** openings  
 King Cross Australia,  
 São Paulo Brazil

Customers  
**55%** business  
**45%** leisure

#### PROFILE

With the creation of the Formule 1 concept in 1984, Accor pioneered the truly low-cost hotel segment. The chain was the first to offer "a comfortable room for up to three people for less than 100 FF" (€15). A true example of Accor's capacity for innovation, Formule 1 has been the benchmark in the budget segment for nearly 20 years.

- Functional rooms featuring basic comfort and a television.
- Self-service, all-you-can-eat breakfast buffet.
- Reception desk open from 6:30 to 9:30 am and from 5:00 to 9:00 pm (hours may vary depending on the day or the country). Automated room sales available around the clock.
- A price/cleanliness commitment to customers: Formule 1 guarantees the market's lowest rates within a radius of ten kilometers and the highest cleanliness and hygiene standards.

## highlights

#### Deployment of a new booking service

Thanks to a new service available at Etap Hotel reception desks, customers can book a room directly in the hotel or in another Accor hotel (if the Etap Hotel is fully booked) or make a reservation for a future stay.

#### Supporting fair trade

In France, breakfast coffee, tea, and chocolate are purchased through fair trade agreements.

#### EXPANSION

**Etap Hotel:** 24 hotels opened in France, Germany, Belgium and Switzerland.

**Formule 1:** 2 hotels opened, in Australia (117 rooms) and Brazil (399 rooms). ■



FRANCE, FORMULE 1  
 CERGY-PONTOISE SAINT-MARTIN





**347** hotels  
**38,018** rooms  
 United States  
**8** openings

Customers  
**55%** business  
**45%** leisure

→ A consistent product aimed at business travelers delivering a mid-scale experience at an economy price.

→ Services include free local phone calls, voicemail, data ports, complimentary coffee and morning newspaper, and cable television featuring HBO, CNN and more.

→ Business King rooms with a king-size bed, large-screen TV, spacious work area, ergonomic chair, and desk lamp.

→ RediCard Preferred Member program, offering one night free for every ten-night stay (based on an average room rate of \$50).

→ Wireless broadband Internet access in all rooms and lobby area based on a new partnership with T-Mobile, the leading provider of wireless Internet service.



Redesigned, Rededicated...  
 Red Roof Inn

# Red Roof Inn

[www.redroof.com](http://www.redroof.com)

UNITED STATES, RED ROOF INN, NEW JERSEY

## PROFILE

Located mainly in the Midwest, Northeast and Southern United States, Red Roof Inns joined the Accor Group in 1999. The chain offers consistent quality and affordable prices. The RediCard customer loyalty program and the chain's Web-based marketing initiatives have enabled Red Roof Inns to attract and retain a loyal base of mostly business customers. Over the next three years, the goal is to complete the Red's New Rooms renovation project at existing properties and continue to build a network of 500 hotels, mainly through franchise agreements.



## highlights

- Opening of the first location in Alaska, in Anchorage.

### RENOVATION PROGRAM CONTINUES

During 2005, Red Roof Inn will reach the halfway point in the multi-year project to renovate inns nationwide. Upgrades to both furniture and room design are included in the renovation effort.

### SUCCESSFUL PROMOTIONAL PROGRAMS

- Launched in April 2001, the RediCard Preferred Member program continued to gain popularity. With 680,000 members, it generated more than 25% of total Red Roof Inn revenue in 2004, compared with 22% in the previous year.
- The on-going Red's Hot Deals web-based program generated nearly half of total website bookings on redroof.com. In 2004, Internet sales increased by 19% over 2003 and accounted for 12% of total revenue.

### PROVIDING WIFI INTERNET ACCESS

The chain finalized an agreement with T-Mobile to supply T-Mobile Hotspot service at all company and franchise inn properties. T-Mobile is responsible for all hardware costs associated with the implementation of the service and has agreed to cross-market the Red Roof Inn brand in all its advertising materials, greatly increasing media

support for this new service offering and creating differentiation with competitors whose solutions do not always cover the entire location.

### A NEW LOGO

Introduced in 2004, the new Red Roof Inn logo is designed to contemporize the brand's image while strengthening the key components of the chain's graphic identity. It is used on new signage to indicate locations that have been entirely renovated. Brand advertising for 2005 focuses on the new logo, the ongoing renovation of all Red Roof Inns nationwide, and the chain's renewed commitment to providing guests with excellent service—all of which is embodied in the new brand tagline, "Redesigned, Rededicated... Red Roof Inn". ■

### DOMINO'S PIZZA

Red Roof Inn, Studio 6 and Motel 6 have signed a contract with Domino's Pizza. The agreement calls for the nationwide pizza brand to be promoted on key cards and point-of-sale material in the three Accor North America economy chains. In exchange, Domino's Pizza agreed to cover the cost of the key card program, resulting in a \$1.5-million cost savings to Accor over the lifetime of the agreement.

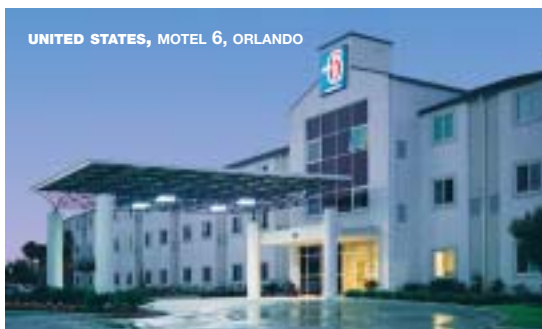
We'll leave the light on for you

# Motel 6

www.motel6.com

**852** hotels  
**87,860** rooms  
**2** countries:  
 United States and Canada  
**26** openings

Customers  
**30%** business  
**70%** leisure



## highlights

- Opening of the first Motel 6 locations in Alaska, in Anchorage, and in Alberta, Canada.

### INCREASE IN INTERNET SALES

In 2004, Internet sales rose by 23% over 2003 and accounted for 8% of total brand sales.

### COMMUNICATION INITIATIVES

Campaigns focusing on the chain's pet-friendly policies, value for money and partnership with the National Hot Rod Association helped build awareness of the Motel 6 brand. ■



### PROFILE

Founded in 1962 in Santa Barbara, California, to offer "comfortable rooms at the lowest price of any national chain," the Motel 6 network has since been extended across the United States and into Canada. The chain is ranked number one in Overall Ad Awareness in the economy lodging segment by the D. K. Shifflet & Associates travel/tourism market research and consulting firm. By focusing on sustained development through franchising in both the US and Canada, it expects to have a network of 1,000 locations within four years.

Extend your stay, not your budget

# Studio 6

www.staystudio6.com

### PROFILE

Accor created the Studio 6 chain of "economy extended stay lodging facilities" in 1999 to expand its range of economy properties in the US. Studio 6 meets the special needs of travelers who are on the road for longer periods. A broad array of synergies have been created with Motel 6, which has included Studio 6 in its hotel guides, on its website and in other communication media. The chain's objective is to pursue its development in the United States and Canada.



## highlights

- In July, a 79-unit franchise location opened in Jackson, Mississippi.
- A new guest room décor package was developed for future openings and renovations. The rooms feature 63-centimeter TV screens, full-length mirrored closet doors, larger eating and work areas, and granite counter tops. Measuring 25

**41** hotels  
**5,088** rooms  
**2** countries:  
 United States and Canada  
**2** openings

Customers  
**70%** business  
**30%** leisure



- Free satellite television, voice mail and local telephone calls.
- Large work area.
- Guest laundry facilities and weekly housekeeping services.
- Weekly and daily rates.
- Pets allowed.

- Spacious, 28-square-meter room with a comfortable sleeping area and fully-equipped kitchen, including all utensils and dishes.

to 32 square meters, the studios are larger than the standard Motel 6 room.

- Primary marketing efforts focused on property level sales initiatives. Property general managers made a total of more than 25,000 sales calls on behalf of the brand in 2004. Partnerships with Corporatehousing.com and Society for Human Resource Management generated a large number of qualified sales leads. ■



**PROFILE**

Located in the world's most beautiful tourist sites, the 200 Accor Vacances destinations include hotels and facilities designed for relaxation, fitness and an array of vacation activities. Whether at the seaside or in the mountains, in France, Morocco, Mauritius, Brazil or Vietnam, Accor Vacances sites are more than just hotels. Fully dedicated to customer wellness, they reflect a focus on quality, combining attention to detail and comfort elegantly interpreted by the Sofitel, Dorint, Novotel, Mercure or Coralia Club brands, as well as the powerful commitment of efficient, discreet, highly professional teams who offer vacationers the pleasure of doing what they want, when they want. With its broad array of hotels, Accor Vacances has holiday solutions for all tastes and budgets.



**The agreement signed in 2004 by Accor and Club Méditerranée provide both partners' customers with a wider choice, ranging from "à la carte" vacations in Accor Vacances hotels to all-inclusive holidays in Club Méditerranée villages.**



FRANCE, SOFITEL THALASSA PORTICCIO, CORSICA

The pleasure of vacationing at your own pace

# Accor Vacances

[www.accorvacances.com](http://www.accorvacances.com)



→ **200 vacation destinations in more than 40 countries around the world.**

## highlights

### ONGOING EXPANSION

During the year, Accor Vacances pursued its development, with the goal of setting a new global standard in vacation hotels. This ambition was reflected in the recent openings in Sharm-el-Sheikh, Marbella, La Plagne, Le Touquet, Agadir and Bora Bora, as well as in expansion projects in Cairo, Ouarzazate, Djerba, Queenstown, the Fiji Islands and Phi Phi Don, Thailand. Backed by high standards in quality, comfort and service, Accor Vacances' personalized offer allows customers to choose from a wide range of hotel vacations around the world.

### STRENGTHENED SALES INITIATIVES

For the year, Accor Vacances reported a sharp 10% increase in business volume, thanks to:

- Marketing agreements with leading tour operators like TUI, Jet Tours, Thomas Cook, Kuoni and Étapes Nouvelles (First Choice Group).
  - Ongoing "airplane plus hotel" synergies with Go Voyages.
  - A strengthened distribution network, with the creation of Alliance T. in Europe, comprised of nearly 6,000 travel agencies operated by Carlson Wagonlit Travel, Frantour, Protravel, Selectour, RTK, Flash Travel, Espirito Santo and Globalia.
- In 2005, Accor Vacances will further enhance this system by accelerating the deployment of its Web-based sales strategy. ■



## "Playing with nature, celebrating cultures"

For each destination, Accor Vacances offers a diversified, carefully planned portfolio of sports and leisure activities for customers of all ages. Children have their own Baboo Village activity centers, where they can enjoy themselves in safe surroundings. One innovative program, called "Playing with nature, celebrating cultures," uses games, excursions and entertainment to help children discover the host country's culture and natural environment. ■

# Time to feel good Accor Thalassa

www.accorthalassa.com



FRANCE, ACCOR THALASSA, QUIBERON



- 50 sites in France and around the world.
- 10 countries.

## highlights

### LA CURE BY ACCOR THALASSA

Developed with the Experts Committee, a scientific council of 16 leading cardiologists, dermatologists, physical therapists, rheumatologists and sociologists, La Cure by Accor Thalassa is a six-day program that combines interrelated, interactive spa treatments with personal health practices to promote healthier lifestyles.

### LE SPA BY ACCOR THALASSA

Accor Thalassa has leveraged its extensive skills to create a new relaxation concept called Le Spa by Accor Thalassa. Customers can choose the basic spa treatments they want or opt for more elaborate formulas that include products, fragrances, essential oils and local specialties, as well as Accor Thalassa's seawater therapy expertise. The new concept is available in Accor Vacances hotels in Mauritius, Tunisia, Morocco, France and Spain.

### ISO 14001 CERTIFICATION

Now that the Accor Thalassa Quiberon in Brittany has received ISO 14001 environmental certification, the goal is for all Accor Thalassa sites in France to be accredited by the end of 2007. This certification program reflects a commitment by Accor Thalassa institutes and hotels to integrate environmentally-friendly practices into their day-to-day operations. ■



### PROFILE

For more than 20 years Accor Thalassa has deployed its fitness, health and wellness capabilities in 40 Accor hotels and residences in France and around the world. Its seawater therapy, thermal spring therapy and beauty spa treatments are packaged with Accor's usual standards of hotel comfort. Accor Thalassa offers highly refined spa and hotel amenities, exclusive treatment programs, dedicated teams, high-quality services, and traditional or healthy menus. It has also developed an exclusive line of cosmetics, marketed under the Accor Thalassa Institute brand.



## Quality charter

**In its areas of expertise –seawater spas, thermal spring therapy and beauty spas–Accor Thalassa guarantees the quality of its products, facilities and treatment programs, which are managed by a qualified team of physical therapists, hydrotherapists, nutritionists and sports instructors.**

## Accor Thalassa's 20<sup>th</sup> anniversary

From October 10, 2004 to February 10, 2005, Accor Thalassa invited customers to take part in an anniversary celebration designed to build awareness of the brand and its know-how. A full range of resources has been deployed, including promotional offers, direct-to-consumer campaigns, media relations programs, events with Carlson Wagonlit Travel and Protravel travel agencies, and special postings on Accor websites. ■



# CLUB MÉDITERRANÉE

**100** villages in  
**40** countries  
around the world

**11** villas  
The Club Med 2  
cruise ship

## highlights

### AN ALLIANCE WITH ACCOR

Following the European Commission's authorization on October 19, 2004 of Accor's acquisition of a 28.9% stake in Club Méditerranée, the two companies have defined priority programs to be implemented and identified the synergies to be developed. These synergies will contribute to both partners' earnings, with a combined net gain of €46 million forecast in 2007, of which €30 million for Club Méditerranée and €16 million for Accor.

### PROFILE

Founded in 1950, Club Méditerranée is the world leader in all-inclusive holiday packages. Positioned in the upmarket, friendly, multicultural segment, it operates in 40 countries, with roughly 100 vacation villages and the Club Med 2 cruise ship. Club Méditerranée vacations are distributed by more than 1,500 travel agencies in both direct and indirect networks. It is also active in strategically aligned businesses that enjoy strong brand recognition. Its Jet tours subsidiary is France's leading tour operator and Club Med Gym is the benchmark in urban fitness centers.

## AN EXPANDED, ENHANCED, RENOVATED VILLAGE PORTFOLIO

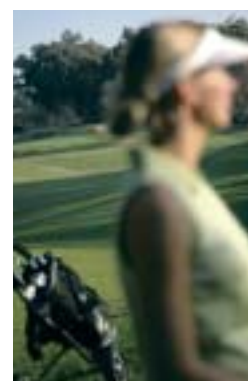
Between 1998 and 2004, the Club Med property base was extensively transformed, with 18 villages created, 60 renovated, 18 upgraded and 50 closed. In 2004, the upmarket strategy was deployed, with the restructuring of large villages like Coral Beach in Israel, Cherating Beach in Malaysia, Turquoise—the Club's flagship site in the Americas—and Byssatis in Tunisia. Two new 3 and 4-Trident villages were opened: Marrakech La Palmeraie in Morocco and El Gouna on the Red Sea in Egypt. As of December 31, 2004, 90% of all villages were in the 3 and 4-Trident categories. The new villages illustrate a strategy of delivering premium services to capture the full value of the Club's exceptional locations in prestige destinations. Among the mountain villages, the extension and renovation of the Chamonix Mont-Blanc village, overseen by decorator Jacques Garcia, provides a good example of this commitment to excellence, as does the February 2005 opening of Le Riad in Marrakech, featuring the Club's Finest concept. This unique venue with its 60 suites offers premium hotel services, including terraces and private gardens.



## A NEW OFFER AND A NEW CATALOGUE

**A clearer,** aligned, more personalized offer. The Club Méditerranée vacation portfolio has been streamlined and competitively differentiated to make it even more attractive. One new feature is the highly popular Booking Bonus system, introduced in winter 2004, which makes it easy for customers to plan and customize vacations to their desires and budget.

**A new catalogue,** segmented by customer desires. The first direct link to customers, the summer 2005 Trident catalogue also illustrates the Club's upmarket strategy, with the goal of attracting both new and repeat customers. The emphasis is on a more personalized offer, segmented into six customer desires: outstanding locations, sports, relaxation, social life, a broad array of activities and excursions. Also, for the first time, village presentations in the catalogue are followed by a description of neighboring tourist attractions. ■



## LAUNCH OF THE "SETTING COURSE FOR THE INCOMPARABLE" CORPORATE PROJECT

**Although the strategy originated with senior management, the GOs (Gentils Organisateurs) and GEs (Gentils Employés) have contributed a wealth of ideas to the "Setting Course for the Incomparable" corporate project. To enable the Club to provide customers with an upmarket, friendly, multi-cultural offering, 3,000 GOs and GEs in several countries were invited to submit their suggestions about the Club of tomorrow. Fully involved in Club Méditerranée's new vision, GOs will benefit from special training and revamped performance appraisals to help them develop their skills and provide customers with an even more incomparable experience.**

## Gradual extension of the all-inclusive system

Successfully introduced in the Americas in 2003, the Total All Inclusive vacation concept, which includes open bar service and snacks in the package price, helped to increase room nights by 12.3%, total customers by 14.6% and the occupancy rate by 4.8 points. In 2004, it was extended to four adult villages in Europe as the Freestyle concept, where it proved equally popular. The concept, which until now was rarely seen in the European tourism industry, will be featured in all European villages beginning in summer 2005.







# Carlson Wagonlit Travel

[www.carlsonwagonlit.com](http://www.carlsonwagonlit.com)

FRANCE, NOVOTEL, PARIS-LA DÉFENSE

- \$19 billion in business volume (including partners and subsidiaries).
- No. 1 in Europe, Asia-Pacific and Latin America and No. 2 or 3 in North America.
- Second largest on-line business travel agency.
- 50,000 corporate customers, including 60 of the 100 largest companies as ranked by Fortune and a large number of small and medium-sized enterprises.
- Present in 140 countries, of which 40 through wholly-owned or joint subsidiaries.
- 13,000 employees.



## highlights

### MARKET TURNAROUND

The worldwide travel market returned to growth in 2004 and is expected to generate sales of nearly \$1 trillion in 2007, of which 40% in the business segment.

### SHARP INCREASE IN BUSINESS VOLUME

In 2004, CWT reported a 29% increase in business volume in dollars at current exchange rates and generated more than \$1.3 billion in new business through contracts with Adidas-Salomon, CSC, the European Commission, JP Morgan and Oracle, among others. Business volume in the Asia-Pacific region rose 51% for the year, surpassing \$1.2 billion for the first time.

### STRENGTHENED PRESENCE IN THE US AND EUROPE

Protravel in France and Maritz Corporate Travel in the United States were successfully integrated into the CWT network. Both enjoyed especially high-customer retention rates of, respectively, 98% and 99%. Germany's ONboard was also acquired during the year.

## Study shows Carlson Wagonlit Travel to be the most efficient hotel supplier for companies

CWT recently conducted a study comparing online travel agencies, hotel chain websites and its own operations to learn which hotel distribution channels offer companies the best rates. Based on a test sample of 2,500 cities, hotels and dates, the study showed that CWT had the lowest prices 70% of the time, versus 10% for on-line travel agencies, with prices that were 17% lower on average than those offered by agencies operating exclusively on the Web. ■

### Carlson Wagonlit Travel and the leisure market

CWT is also active in the leisure market in certain countries, notably France and Belgium, where it owns some 550 agencies. Alongside Selectour, the company is part of the Alliance T. network of more than 1,100 agencies in France. This leisure presence gives CWT considerable potential for synergies with Club Méditerranée. ■



## PROFILE

An equally owned subsidiary of Accor and Carlson Companies, Carlson Wagonlit Travel (CWT) is one of the world's two leading travel management companies and is top-ranked in Europe, Asia-Pacific and Latin America. Its mission is to help companies and institutions optimize their travel procedures and budgets around the world and to deliver high-quality service to travelers. With two million online transactions a year, CWT is the world's second-largest Web-based business travel agency.



# Go Voyages

www.govoyages.com

- 560,000 passengers carried
- 1,000 destinations served
- 8,000 hotels catalogued
- 21% of sales to wholesalers (tour operators)
- 42% of sales to distributors
- 37% direct sales



## Strategy and plan

Following the appointment of Hubert Joly as President and Chief Executive Officer, Carlson Wagonlit Travel outlined a three-year strategy and plan called CWT 007. In response to market developments, CWT's mission is to be:

- The most **effective travel management** consultant in terms of cost, quality and service.
- The best partner in helping customers to **optimize their travel budgets**, with a range of **consulting products** and **services** that cover sourcing, systems integration, process reengineering and business process outsourcing.
- The preferred provider of **traveler assistance** and security-related services.

### 7 KEY STRATEGIES

- Complete the successful **integration of recent acquisitions**.
- **Lead** in the areas of **on-line services**, self-booking and process automation.
- Expand **consulting**, program management and outsourcing services.
- Target **opportunities with hotels**, capitalizing on CWT's unique assets and capabilities.
- Further consolidate CWT's **penetration of global companies**, leveraging its global footprint and global product suite.
- Expand CWT's penetration of the **mid-sized (SME) market**.
- Address **key geographic opportunities**. ■

## PROFILE

In less than seven years, Go Voyages has emerged as France's leader in flight-only products and the development of Internet booking engines. The company puts together popularly-priced airfare, hotel, car rental and holiday packages to more than 1,000 destinations, using scheduled and charter flights, and markets them through travel agencies, websites, call centers and tour operators.

## highlights

### SHARP INCREASE IN NON-FLIGHT PRODUCTS

In 2004, non-flight products (car rentals, hotel nights, holiday stays) represented 4.5% of Go Voyages revenues, compared with 2.4% in 2003. Go Voyages sold nearly 44,000 room nights (hotels/vacation stays), of which nearly 45% in Accor chains.

The new offer's preferred destinations were major European cities, with Rome accounting for 11.5%, Venice 11%, Prague 8%, London 7%, Lisbon 7%, Barcelona 6% and Amsterdam 4%. Go Voyages is continuing to add hotels to the catalogue and expects to double the non-flight business in 2005.

Go Voyages has launched four search engines for flight-only products, hotel-only products, personalized packages and car rentals.

The engines are offered together or separately by 1,200 affiliated websites, under either the Go Voyages brand or the name of a partner site (accorhotels.com, Promovacances.com, Thomas Cook.fr, Selectour, Voyages Waastel, Kuoni, Jet Tours, Voyageurs du Monde, Air Mauritius, etc.).

### SEVEN YEARS OF STEADY REVENUE AND EARNINGS INCREASES

In 2004, Go Voyages strengthened its position with double-digit increase in revenues and another year of earnings growth, its seventh consecutive since the company's founding. As a result, it became France's sixth-largest tour operator in terms of revenues, with the sharpest rise (up 24%) and the highest net margin of the top six. ■


**PROFILE**

A prestige Accor brand since 1985, Lenôte has become an ambassador for French gourmet foods around the world. Its creativity and expertise cover a broad range of activities, including fine foods retailing, catering, restaurants, cooking schools and licensed products distributed under the "Une recette Lenôte" label. Over the next five years, Lenôte plans to pursue its carefully managed development of franchised boutiques around the world, expand its licensed products business and strengthen its professional training programs.

# Lenôte

[www.lenotre.fr](http://www.lenotre.fr)

## highlights

**BOUTIQUES AND CAFÉ LENÔTRE**

- Opening of a Café Lenôte at the Ruhl in Nice.
- Renovation of the boutique at Parly II near Paris.

**INTERNATIONAL EXPANSION**

**Bangkok:** opening of two boutiques and a Café Lenôte.

**Middle East:** opening of a boutique in Doha, Qatar.

**9** boutiques in France

**31** franchised boutiques

in Germany, Japan, Kuwait, Morocco, Qatar, Saudi Arabia, South Korea, Thailand, Tunisia and the United States

**6** restaurants

the Pré Catelan, four Café le Lenôte (Pavillon Élysée in Paris, Cannes, the Ruhl in Nice and the Novotel Paris Tour Eiffel) and the Panoramique at the Stade de France stadium.

**EXTENSION OF THE LICENSING STRATEGY**

Four ice cream flavors were introduced in April 2004 under the Miko "Carte d'Or – Recette Lenôte" label. The launch was supported by an extensive TV advertising campaign. A total of 2,236,567 liters of ice cream were sold during the year.

**French dessert-maker Brossard:** created a new dessert called "Obsession Chocolat-Framboise," available in supermarkets under the "Une recette Lenôte" label.

**DEEPER AND BROADER SYNERGIES WITH THE HOTEL BUSINESS**

**Sofitel and Novotel training programs:** cooking, pastry and bread-making classes in the United States, Africa and Thailand.

## PRESTIGE RECEPTIONS AND OUTSTANDING EVENTS

**Launch of the Peugeot 407:** 30,000 meals served in two months in La Baule and Rennes in Brittany.

**Centennial celebration for Cartier's Santos-Dumont watch:** outstanding event organized for 600 Cartier guests at Le Bourget, near Paris.

**FIFA centennial:** evening event at the Château de Chantilly, with 1,500 meals served at the gala dinner.

**Cannes Film Festival:** catering for 2,500 people at receptions and private evening events throughout the festival (3,000 meals).

**A fairy-tale celebration for a sumptuous Indian wedding—dubbed “the wedding of the century” by the media—with receptions at the Chateau de Versailles, the Chateau de Vaux-le-Vicomte and the Parc Saint-Cloud.**

**International Lyric Arts Festival in Aix-en-Provence.**

**America's Cup in Marseille:** more than 9,000 meals served at the opening and closing dinners for the qualifying regattas. ■



## COMMUNICATION

**Lenôtre magazine launched**

**Publication of *Les Petites Toques Salées Lenôtre* (Éditions du Cherche Midi), a collection of savory recipes for children.**



## PARTNERSHIPS

**Swatch:** an exclusive line of trinkets traditionally baked in Epiphany cakes, marketed as collectors' items.

**Nathalie Rykiel:** the “Ma bouche de Noël” dessert, also available as an “ice cream Yule log”.



LENÔTRE CHEFS CHOSEN FOR THE OLYMPIC GAMES IN ATHENS

## ATHENS

### Gourmet medal for Lenôtre

Lenôtre was awarded the Gourmet Medal in recognition of the more than 70,000 meals served at the Sponsors Village and Club France during the Olympic Games in Athens. The medal was presented to Patrick Sciard, Chairman of the Lenôtre Management Board, by the President of the Athens Chefs' Club. Led by CEO Laurent Le Fur, Lenôtre chefs, kitchen staff, pastry chefs, ice cream makers, wine stewards, head waiters and supervisory staff prepared and served some 250 Mediterranean-style recipes that were specially tailored to the venue and the event and universally acclaimed by visitors from all countries. ■



# Gemeaz Cusin

[www.gemeaz.it](http://www.gemeaz.it)

→ 68 million meals a year.



## highlights

### NEW CONTRACTS

New contracts signed in 2004 generated more than 7,700 meals a day in schools and over 4,800 meals a day in hospitals.

### INNOVATION

Gemeaz Cusin introduced "cook and chill" technology, a first in Italy. The innovative meal preparation method is much appreciated by clients, especially in the hospital segment.

### QUALITY

Three meal production centers were awarded biological and HACCP "own-checks" certification.

### PARTNERSHIP

Gemeaz Cusin provides expert support to Siticibo, a non-profit organization aligned with Italy's Food Bank Foundation (FBA), which collects unserved meals in company and school lunchrooms for distribution to the needy. ■

## Pulcini & Co. and UniCredit Banca

In September 2004, Gemeaz Cusin's Pulcini & Co. division won a contract to manage the first company daycare center, created by UniCredit Banca, one of Italy's most prestigious banks.

### PROFILE

Italian subsidiary  
Gemeaz Cusin has long been active in contract food services. It also provides hospitality and corporate services and manages the Scapa Italia central food purchasing agency. By integrating these four businesses, Gemeaz Cusin fosters the emergence of sales synergies and management cost savings.



# GR Brasil

[www.grsa.com.br](http://www.grsa.com.br)

- 650,000 meals a day.
- 880 company and hospital restaurants.
- 18,200 employees.
- 54 stores and 950,000 consumers a month in bus stations and airports.
- 1,550 vending machines.

## highlights

### NEW CONTRACTS

• During the year, **151 new contracts** representing annual sales of 75 million reais (roughly \$27 million) were signed with Frangosul, Texaco (RJ), Duratex, Flanaço-Ligas Especiais and Unilever, just to name a few. To improve margins in the vending machine business, the GR Canteen

brand undertook a number of initiatives. These included restructuring of corporate services, process controls, renegotiation of contracts, price adjustments and strategic alliances.

### HIGHER SALES AND IMPROVED MARGINS

#### Training and hiring young people

**GR Brasil** has partnered with Nestlé in a project with the Brazilian government to hire 2,000 young people over the next two years. Encaminhar, the company's main social project, helps train unskilled young people to work in companies. Nestlé provides funding for the two-month internships, while GR Brasil manages the program and offers permanent contracts to young people, either on its sites or at headquarters.

#### Electronic menu management

Software with a database for developing recipes and controlling inventory and purchases was introduced to help budget meal costs and more effectively manage inflation. ■

### PROFILE

A subsidiary of Accor Brazil and Compass, GR Brasil has leveraged both companies' expertise to become a leader in the country's contract food and concession services market.







# Compagnie des Wagons-Lits

[www.compagniedeswagonslits.com](http://www.compagniedeswagonslits.com)



- 6 countries (Austria, France, Italy, Portugal, Spain and the United Kingdom).
- 24 million snacks and meals served on day trains.
- 4.2 million travelers cared for on night trains.

## PROFILE

Compagnie des Wagons-Lits is the leading provider of hotel and restaurant services for European railways. With operations in six countries—Austria, France, Italy, Portugal, Spain and the United Kingdom—it offers day and night-train passengers a variety of dining solutions, including snack bars, in-seat meals, dining cars, refreshment trolleys and vending machines. It also provides traveler reception services on night trains.

## highlights

### PULLMAN ORIENT EXPRESS JOINS THE COMITÉ COLBERT

In October 2004, the General Meeting of Comité Colbert elected Pullman Orient Express as a member company, effective January 1, 2005. The Comité Colbert is a French luxury-brand trade association whose mission is to promote its members and the values they embody around the world. Pullman Orient Express joins with 67 other companies (including Lenôtre) that share the same modern, distinctly French "art de vivre".

### FOOD SERVICE CONTRACT FOR THE EUROSTAR IN THE UNITED KINGDOM

Compagnie des Wagons-Lits won a call for bids from Eurostar Limited to provide onboard food services for high-speed trains between the United

Kingdom, France and Belgium. Operations from the Waterloo International and Ashford International stations began on September 1, 2004.

### COMPAGNIE DES WAGONS-LITS ONBOARD ALL TGVs IN FRANCE

Compagnie des Wagons-Lits won a call for bids from the French national railway (SNCF) to provide onboard food service and logistics for the entire TGV high-speed train network in France. To meet the economic demands of the rail industry, SNCF's December 2003 call for bids proposed dividing the contract into operating areas. Compagnie des Wagons-Lits bid for each contract separately but also submitted a global proposal designed to deliver consistency and economies of scale. Thanks to its innovative bid, Compagnie des Wagons-Lits was awarded the contract for France's entire TGV network, which includes TGV Nord, TGV Atlantique, TGV Sud-Est and TGV Provence/Province sections. The five-year contract represents total revenues of more than €500 million. ■



FRANCE, BIARRITZ CASINO

# Groupe Lucien Barrière

## highlights

### CREATION OF GROUPE LUCIEN BARRIÈRE SAS

The highlight of the year was the creation by the Desseigne-Barrière family, Accor and Colony Capital of Groupe Lucien Barrière SAS, a major player in casinos. Partners since 1990, Accor and the family-owned Lucien Barrière group have taken an important step by combining their respective capabilities in a joint company that will expand in France and across Europe through tenders and selective acquisitions.

### EXPANDING AND MODERNIZING THE NETWORK

**Renovation** of France's largest casino in Enghien to create a leisure complex unrivaled in Île-de-France. It will include hotels (Hôtel du Lac and Grand Hôtel) and restaurants, as well as a spa, medical center, conference center, casino and theater. Scheduled for completion in 2006, the project represents a total investment of €100 million.

**Opening** of the Briançon casino in June 2004 and the Ribeauvillé casino on January 1, 2005.

**Acquisition** and complete renovation of the Sofitel Bordeaux Aquitania.

**Complete overhaul** of the Carry, Besançon and Niederbronn casinos in 2004 and the Cassis and Nice casinos in 2005.

Scheduled 2006 **opening** of a new luxury hotel in Paris, Hôtel Fouquet's Barrière.

- 16** hotels
- 8,000** employees
- 39** casinos
- 4** countries: France, Belgium, Malta and Switzerland
- 3** golf courses,
- 1** seawater therapy spa and **2** tennis clubs



## PROFILE

Groupe Lucien Barrière SAS was created on December 17, 2004 by combining the casino and hotel assets of Société Hôtelière de la Chaîne Lucien Barrière (SHCLB), Société des Hôtels et Casinos de Deauville (SHCD), Accor Casinos and their respective subsidiaries. The new company is 51%-owned by the Desseigne-Barrière family, with Accor holding a 34% stake and Colony Capital 15%. The agreement is also backed by a shareholder's agreement. The European leader in casinos, Groupe Lucien Barrière SAS operates 39 casinos\* under the Lucien Barrière brand, as well as 16 luxury hotels\* and a large number of restaurants, including the renowned Fouquet's on the Champs-Élysées in Paris.

\*The hotels and casinos in Cannes have sales agreements with Groupe Lucien Barrière. The Desseigne-Barrière family is also the majority shareholder in SFCMC, which is chaired by Dominique Desseigne.

**"The alliance with Accor makes good business sense because the two companies are positioned differently and have little geographical overlap. We'll also be able to build on Accor's resources and network to market our products, especially outside France. At the moment, we're working on a number of synergies to be developed."**

**Sven Boinet**  
Chairman of the Groupe Lucien Barrière Management Board

**"Our industry needs a major French casino group with a long-term core shareholder base. Naturally, we have ambitious objectives, thanks in particular to the alliance between Accor and Colony-Colyzeo in a win-win partnership."**

**Dominique Desseigne**  
Chairman of the Groupe Lucien Barrière Supervisory Board and Strategy Committee



## History and outlook

The history of Groupe Lucien Barrière is closely linked to that of its founding family, which has always been committed to blending tradition and quality. Today, thanks to the new entity created with Accor and Colony Capital, Groupe Lucien Barrière has the resources to become a European benchmark in casinos, with Montreux, Malta and Enghien, and in restaurants and luxury hotels, with its unique properties in Cannes, Paris and Deauville.



FRANCE, HOTEL NORMANDY DEAUVILLE







Meeting life essentials  
with a line of products that cover the basic needs of employees and constituents and enable companies and public institutions to assume their social responsibilities.

Enhancing well-being  
with services that create a better work/life balance, thereby improving individual and enterprise performance.

Improving performance  
through a range of services that revitalize companies by motivating and retaining employees, distribution networks and customers.



# Services

A major player in human resource management

Accor Services designs, develops and manages innovative services that more effectively reconcile a company's productivity objectives with the personal aspirations of its employees. The product and service portfolio is organized around three key aspects of human resources management: meeting life essentials, enhancing well-being and improving performance.

300,000  
corporate clients

19 million  
users

9.4%  
organic growth  
in the Services  
business  
in 2004

34 countries



## Employee Benefits

### Ticket Restaurant ACCOR services

Created in the United Kingdom in the 1950s as Luncheon Vouchers®, the meal voucher was introduced in its current form in France in 1962. It allows employees to have lunch outside the workplace in a restaurant of their choice, while enabling employers to benefit from exemptions to certain taxes and payroll charges. The success of Ticket Restaurant®, which has been developed in nearly all of Accor Services' host countries, has helped build global awareness of the voucher.

### Ticket Alimentación ACCOR services

Employees use food vouchers to pay for groceries in neighborhood stores and supermarkets. Introduced by Accor Services in 1983 in Mexico, under the Vale Despensas® name, food vouchers have since been extended throughout Latin America and, more recently, in Central Europe.

### Ticket Transport ACCOR services

Companies and public institutions use transport vouchers to finance a portion of employee and constituent commuting expenses. Introduced as TransitCheck® in the United States and Ticket Transporte® in Brazil, the system was extended in 2003 to Italy with Ticket Trasporto® and Uruguay with Ticket Transporte®.

#### 33 COUNTRIES

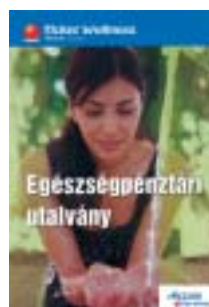
Meeting the essential needs of employees and constituents. Enabling companies and public institutions to assume their social responsibilities.

#### LAUNCH OF THE ELECTRONIC FOOD CARD

Building on experience acquired in Brazil since 1997, Accor Services in Mexico shifted from food vouchers to a smartcard-based system in November 2004 and signed an affiliation contract with Wal-Mart, the world's largest retailer and Mexican market leader. Called Ticket Alimentación Electrónico, the electronic food card was introduced not only in Mexico but also in Uruguay, Venezuela and Argentina.



### highlights



#### HUNGARY

**Introduction of Ticket Wellness®**, a health and well-being voucher that employees can use to purchase products and services from a network of affiliated pharmacies, sports and fitness facilities, medical centers and other service providers. The

health market in Hungary has been growing very rapidly in recent years, thanks to tax exemptions granted to companies and employees.

#### FRANCE

#### Ticket Restaurant® wins La Poste contract

Since October 2004, more than 17,000 employees of La Poste, the French postal service, have been receiving Ticket Restaurant® meal vouchers. The contract will be extended to include seven additional departments each month through 2005, with annual issue volume eventually increasing to three million vouchers.



## Expense Management

### 18 COUNTRIES

Designing innovative solutions for companies that facilitate management of employee job-related expenses.



Launched in France in 1995 and developed in Italy and the United Kingdom as of 2001, Clean Way® is Europe's most widely used cleaning solution for all kinds of corporate clothing, from uniforms to coveralls. It is based on a simple principle: the company issues the employee a smartcard preloaded with a "cleaning allowance" (or vouchers, depending on the country) that is accepted by affiliated laundries and dry cleaners. For employers, this unique system guarantees that the allocated funds are used as intended for uniform maintenance while increasing clothing life.



2005 marks the tenth anniversary of Ticket Car in Brazil. Marketed mainly in Latin America, the voucher allows employers to monitor and manage expenses related to the use of company cars and utility vehicles.

## highlights

### BENELUX

Clean Way® has signed **two major contracts in the Benelux countries** since its introduction in March 2004. Securitas, the Netherlands' second-largest security company, has chosen Clean Way® for the upkeep of 4,500 employee uniforms, while in Belgium, Equipment and Transportation Ministry agents also benefit from this innovative cleaning solution.



**6 COUNTRIES**

Working with governments and local authorities to develop solutions for the management of social programs. These tailored services guarantee to public authorities that funds are used as intended for a wide range of purposes, such as enabling beneficiaries to purchase vital products or young people to take part in cultural and sports activities.



## Management of Social Programs



Ticket Service® provides the disadvantaged with access to a prepaid service that allows them to procure groceries and essential services (like housing or electricity) from retail chains and specialty service providers. Created in France in 1992, the service has since been extended to other countries, including Italy, Belgium and Germany.



This voice server system accurately calculates the number of hours worked by home-care service providers for the sick or elderly.

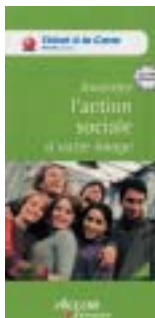


For local public authorities, Accor Services designs customized products to meet a range of special needs, notably to facilitate access to cultural, sports and recreational activities. Expansion in this market accelerated in 2004, as a number of programs were decentralized and new local development strategies were defined.



**BELGIUM**

Accor Services Belgium was awarded a three-year government contract for vouchers used to pay for domestic services provided by certified companies. In this way, the government hopes to increase demand for these services and create 25,000 jobs by year-end 2005.



### highlights

**FRANCE**

**Tailored back-to-school solutions from Ticket à la Carte®**

Accor Services France has developed a range of voucher and smartcard systems enabling five French regional authorities to fully or partially subsidize school textbook purchases. In September 2004, more than 360,000 high school students benefited from these tailored solutions.





**2 COUNTRIES**

Accor Services provides services, information and specialized advice that help companies comply with increasingly complex legislation in the areas of health, safety and occupational medicine.

## Compliance Services



Introduced in the United Kingdom in 1992, this service enables companies to subsidize regular eye check-ups for employees, especially people who work on computers. Some 220,000 employees in 3,900 companies use the vouchers in the UK, where Accor Services holds a 60% market share for this kind of service.

### highlights

**GREECE**

Accor Services acquired a 34.5% stake in Ergonomia SA, Greece's leading health and workplace safety consultant. Created in 1992, the company leverages its expertise for 45,000 construction, manufacturing and service industry employees.



## Facilities Management

**FRANCE**

Managing and operating residential facilities, such as training centers, corporate universities or employee housing, on behalf of companies and local authorities. Servicing and advising companies in the construction, extension and renovation of accommodation projects.



By leveraging Accor's expertise in hotel management and services, Accueil Partenaires® delivers a comprehensive range of hospitality, accommodation, cleaning, food, maintenance and other services.

**Orfea, an equally owned subsidiary of SNCF-Participations and Accueil Partenaires®**

Orfea was created in December 2003 to optimize housing solutions for 26,000 French National Railway (SNCF) engineers and conductors. It currently manages and operates 18 residences throughout France and will take on 9 new residences in 2005, for a total of 1,300 rooms.

### highlights

**FRANCE**

**New contract for Accueil Partenaires®**

Accueil Partenaires® has signed to manage the EDF corporate university, created as a place where executives of the French power utility meet to share their knowledge and experience. Accueil Partenaires® provides an array of services, including reception, conference room management, hotel logistics and, in partnership with Lenôtre, restaurant and catering services.



**ACCOR SERVICES INTRODUCES EMPLOYEE WELL-BEING BAROMETER**

Ever sensitive to changes in employee behavior and expectations, and to the need to adjust its product portfolio accordingly, Accor Services conducted its first annual barometer of employee well-being and involvement in the workplace. The barometer provides a system for observing the behavior of employees and their relations both with the company and with work in general. The 2004 barometer, whose results were released on November 18, revealed two major trends—growing demand for companies to take into account the employee's individual needs and the emergence of “employee-consumers”.



## Family Assistance

**Childcare Vouchers**  
ACCOR services

Companies subsidize a portion of their employees' daycare expenses. Accor Services has introduced this voucher in the United Kingdom, Venezuela, Argentina, Chile, Belgium, Portugal and, since 2003, Spain.

**11 COUNTRIES**

Helping companies quickly provide employees with solutions to concerns in such areas as childcare, tutoring and care for elderly people or disabled children.

**WorkLife Benefits**  
ACCOR services

Launched in 1985 in the United States, this service helps employees reconcile their job and family life with solutions for child and elderly care concerns by finding the most appropriate service providers (daycare centers, senior residences, etc.). It is used by more than four million employees in over 400 companies, including some of the largest US corporations, notably in the automobile industry (with such prominent customers as Ford, General Motors and Chrysler) and in pharmaceuticals (with Bayer and Amgen).

**Cheque Estudante**  
ACCOR services

Launched in Portugal in 2003, this voucher allows companies to subsidize a portion of the fees employees pay for their children's schooling, from kindergarten to university.

**CHILE**

Accor Services partners the Chilean government's Sistema Cuidado Infantil project, which is testing a new childcare program based on systems currently used in the United Kingdom, Spain and France, as an alternative to traditional daycare centers. The Accor Services team made a presentation to 150 small and mid-sized company human resources managers to raise awareness of the importance of women in the workplace and responsible social practices.



### highlights

**UNITED STATES**

**Work/Life Benefits®** took part in the American Society on Aging-National Council on the Aging conference in San Francisco in April 2004. At the event, participating companies and decision-makers were introduced to Work/Life Benefits® products and services for employees who care for elderly relatives. These solutions include call centers, specialized databases and expert advisors on geriatric issues.

## 8 COUNTRIES

Helping employees manage everyday concerns and problems. Accor Services offers a full range of solutions, including a services and information platform accessible by phone, via the Internet or through a company concierge, as well as payment vouchers for home services.

# Practical Assistance

## **Bien-Être à la Carte** ACCOR services

Following successful tests with Accor employees, the Bien-Être à la Carte® offer was rolled out in early 2002. Through the Vie Pratique® advisory service or via the Internet, employees have access to housing, family assistance, entertainment, travel and other lifestyle support services, as well as to legal counseling and information about government programs.

## **Ticket Emploi Domicile** ACCOR services

Marketed in France since 1997, Ticket Emploi Domicile® vouchers are used to pay for housecleaning, tutoring, childcare and other home services, with payment partially subsidized by the employee's company or works council.



## highlights

### SPAIN

#### Launch of PeopleOne™

Accor Services has entered the personal assistance and services market in Spain with the launch of PeopleOne™, a range of solutions based on the Employee Assistance Program (EAP) concept to help employees achieve a better work/life balance.

### MANAGING STRESS IN THE WORKPLACE

In late June 2004, **Bien-Être à la Carte**® joined with three partners in France to create the Association for Managing Stress in the Workplace (AGSE). By leveraging the capabilities of its four founding members, AGSE provides the first integrated solution for preventing and managing on-the-job stress.

# Personal Assistance

## 20 COUNTRIES

According to an International Labour Office study, employee stress costs European companies €20 billion and US companies nearly €30 billion a year. In response to this challenge, Accor Services has developed an international offer based on the Employee Assistance Program (EAP) concept to help companies provide effective solutions that meet employee needs for information, psychological support and coaching.

## **EAR** ACCOR services

**Created in the United Kingdom in 1981 and acquired by Accor Services in 2001, EAR**® (Employee Assistance Resources) is a pioneer in the European market for employee support programs. It provides more than 800 companies in 20 countries with psychological, lifestyle, legal, financial and other counseling services designed to reduce work-related stress and improve employee performance.

## **Davidson Trahaire** ACCOR services

**After the 2002 acquisition of Davidson Trahaire**®, Australia's leading human resources consulting and assistance firm, Accor Services increased its share of the country's market for employee assistance programs from 33% to 40% with the 2003 acquisition of Corpsych, which is specialized in family support, psychological counseling and personal development services.





**22 COUNTRIES**

A relationship marketing agency and operator, Accentiv® helps companies to attract and retain employees, distribution networks, customers and other internal and external stakeholders. It designs and manages loyalty programs and incentive campaigns, like Compliments from Accor Hotels and offers rewards in the form of gift vouchers and cards, gift catalogues and incentive travel programs. With the creation of Accentiv' do Brazil and the acquisition of Capital Incentives and Motivation Ltd in the United Kingdom, Accentiv® now offers customers an international network of ten agencies around the world.



## highlights

**ROMANIA**

Compliments Ticket Cadou®, the gift voucher introduced in Romania in 2003, continued its rapid growth, with total issue volume of €10 million in 2004. Employees of 3,000 client companies can now use their vouchers in 10,000 affiliated stores.

**PORTUGAL**

**Accentiv' signs its first international contract**  
Renault has contracted with Accentiv' Portugal to manage its new loyalty program. Intended for car dealers and maintenance garage customers, the project builds on the success of the Renault Advantages Trophy, designed and managed by Accentiv' France. As contractor for the program in Portugal, Accentiv' France is in charge of information systems, telemarketing and rewards, with participants earning points that can be redeemed as Compliments® gift vouchers.

**FRANCE**

**Accentiv' receives top prize at "Agency of the Year" awards**  
Accentiv' was elected "Best Incentive Agency of 2004" by French communication and marketing professionals.

**Mouvango**

In 2004, the Accor Mouvango card generated more than 250,000 room nights in Accor hotels, compared with 155,000 in 2003, an increase of over 60%. The loyalty card was also used for 250,000 transactions with non-hotel partners in the Mouvango network, which includes Courtepaille restaurants and Total service stations. This represents an increase of 90% over the 132,000 transactions recorded in 2003. Two years after its launch, the Accor Mouvango card has expanded outside France. Since November 2004, Accor hotels in Belgium and Luxembourg have been accepting the card as part of a test before the network is extended to other countries.

# Relationship Marketing



Rewards play an essential role in company loyalty and incentive campaigns, whether intended for employees, distribution networks or customers. In France and other countries, Accentiv' offers three Compliments gift voucher products that generate annual issue volume of €300 million:

**Compliments® Universal voucher**

These vouchers are issued and accepted in 22 countries, with a total of 120,000 affiliated chain outlets and 18,000 corporate customers throughout the world.

**Compliments® Accor Hotels voucher**

This international voucher is accepted in more than 2,500 Accor hotels around the world.

**Compliments® Travel voucher**

An extension of the Compliments® Accor Hotels voucher, the voucher can also be used in Carlson Wagonlit Travel and Frantour travel agencies, as well as in Courtepaille restaurants, Europcar rental car agencies and Lenôtre boutiques and restaurants.

- **ACQUISITION**
- Accentiv' pursued its international expansion
- with the acquisition of UK-based Capital Incentives and Motivation Ltd. With 2003 business volume of €90 million (£60 million), Capital Incentives is a market leader in its segment and the largest issuer of multi-choice gift vouchers and cards.





# Employee Training Solutions

## 5 COUNTRIES

Providing human resources departments with tailored solutions for organizing and managing training programs, enabling the company to develop employees' skills and thereby ensure their loyalty.



Foragora®, which joined Accor Services in 2003, leverages its expertise and more than ten years' experience in training program management to help companies optimize their training budgets.



Académie®, a new Accor Services brand launched in January 2004, markets Accor's capabilities in service management consulting and training.

## highlights

### FRANCE

#### Launch of Partenaires Foragora

Foragora has developed an offer for small and mid-sized companies with the launch of Partenaires Foragora. The services package is available exclusively at foragora-online.com, France's leading employee training website.

### ROMANIA

#### Accor Services Académie® launches operations

Present in Romania since 1998 with Ticket Restaurant® and 2003 with Compliments® gift vouchers, Accor Services has enhanced its portfolio of services for private and public companies with an integrated offer for designing, organizing and managing employee training programs.



30,000

TRAINING PROGRAMS OFFERED

10,000

TRAINING ORGANIZATIONS MAKING OVER

10,000

CONNECTIONS A MONTH



## FRANCE

Making corporate savings plans available to employees of small and mid-sized companies and their employers through a voucher system modeled on service vouchers. Savings plans provide companies with a new solution for motivating and retaining employees.



# Employee Savings Plans



Tesorus® provide a turnkey solution that enables small companies to participate in pension and other employee savings plans. Participating companies' employees receive a booklet of 12 vouchers, each of which displays the amount of the employer contribution, the amount paid by the employee and the total amount invested in savings products. Whenever they choose to, employees send one or more Tesorus® vouchers to Servepar, an equally owned joint venture with Natexis Banques Populaires.



## highlights

### FRANCE

#### Launch of Tesorus® Retraite

In September 2004, Accor Services launched Tesorus® Retraite, a new corporate pension plan (PERCO) voucher. As easy to use as a Ticket Restaurant® meal voucher, the new product provides employees of small and mid-sized companies with a supplementary retirement program that enables them to independently manage how often and how much they invest.





## Interview

**Monique Barbut**  
Director of the Division of Technology, Industry and Economics  
United Nations Environmental Programme (UNEP)

# Sustainable Development

Tourism is often the largest industry in our host countries. That's why Accor's development is closely monitored by public authorities, associations, the media, ratings agencies and other organizations.

Firmly rooted in our overall strategy, Accor's commitment to social and environmental responsibility represents an advantage for our stakeholder groups, which include customers, employees, suppliers and shareholders. Customers note that this commitment improves the quality of our offering. Employees perceive the federating influence of these values. Suppliers see new outlets for their highly innovative products and services, as well as for fair trade products. And shareholders recognize social and environmental responsibility as part of a long-term vision.

Wherever we operate, we provide skills enhancement programs to improve trainees' capabilities and, consequently, their employment prospects. We upgrade construction standards to make our buildings more environmentally friendly. Thousands of people have been trained in ways to combat the sexual exploitation of children. Our human resources teams in Africa

have launched AIDS-prevention programs. Some 1,200 hotels in Africa and the Americas have signed our Environmental Charter, which is already applied by 2,000 hotels in Europe and Asia. These are just a few examples of our role as a driving force in the area of sustainable development.

To make this commitment lasting, it must be integrated into all management decisions and operating procedures. That's why we've undertaken a series of actions to instill a sustainable development culture across our entire organization.

In 2003, a booklet was sent to supervisory staff presenting our values, principles and management practices.

In 2004, an informative in-house film was produced. Called "Together, Ever More Responsible," it features hotel employees, who explain how they integrate environmental protection into their day-to-day responsibilities.

Through these initiatives, Accor is responding to the challenges of sustainable development and effectively transforming them into opportunities.

**Jean-Marc Espalioux**



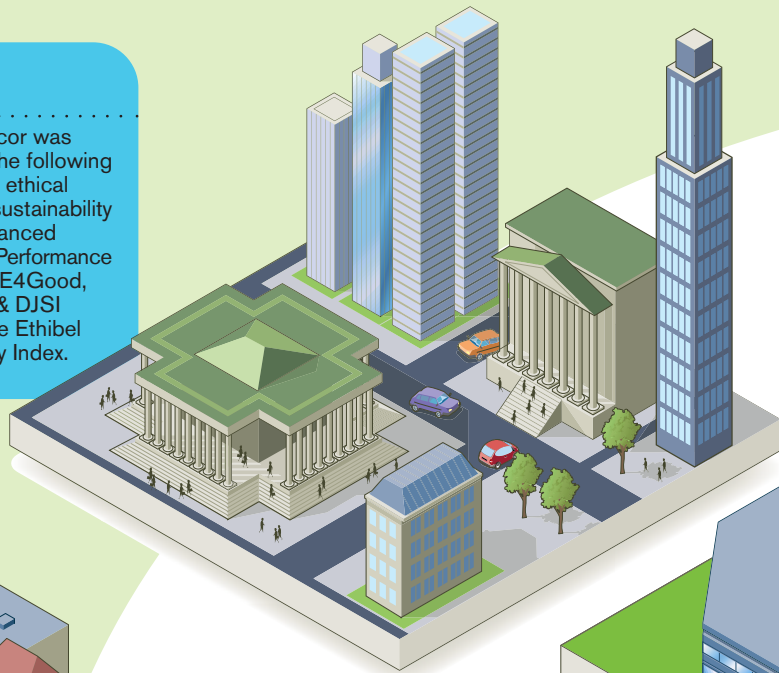
# Impacts and responsibilities

## Shareholders

Accor's growth is financed by institutional investors. Executive and management functions are carried out in line with the principles of good corporate governance.

**In 2004**, Accor was included in the following independent ethical ratings and sustainability indices: Advanced Sustainable Performance Indices, FTSE4Good, DJSI World & DJSI Stoxx and the Ethibel Sustainability Index.

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## Local Communities

3,973 hotels around the world, and a corresponding number of local communities with whom ties are being developed.

**In 2004**, more than 5,000 employees in seven countries received training in ways to combat the sexual exploitation of children. Accor supports child sponsorship, with Plan, and local aid to populations in need, with the Red Cross.

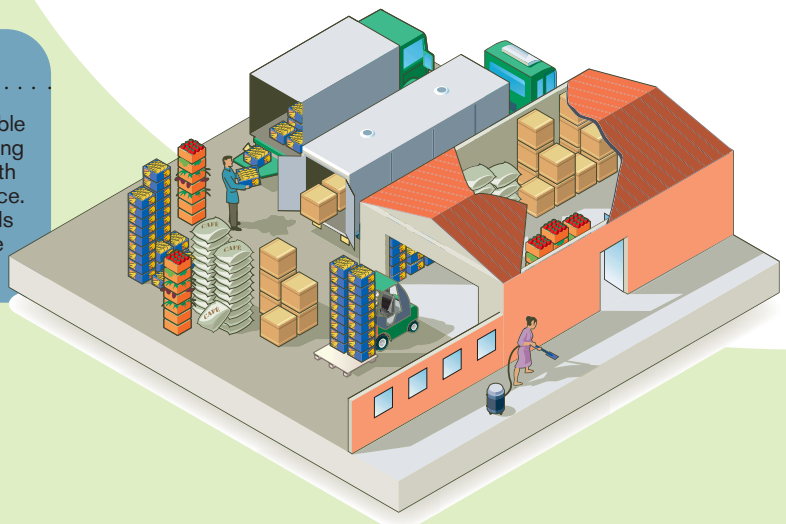


## Suppliers

Purchases from 2,274 certified suppliers in 15 countries totaled more than €1 billion.

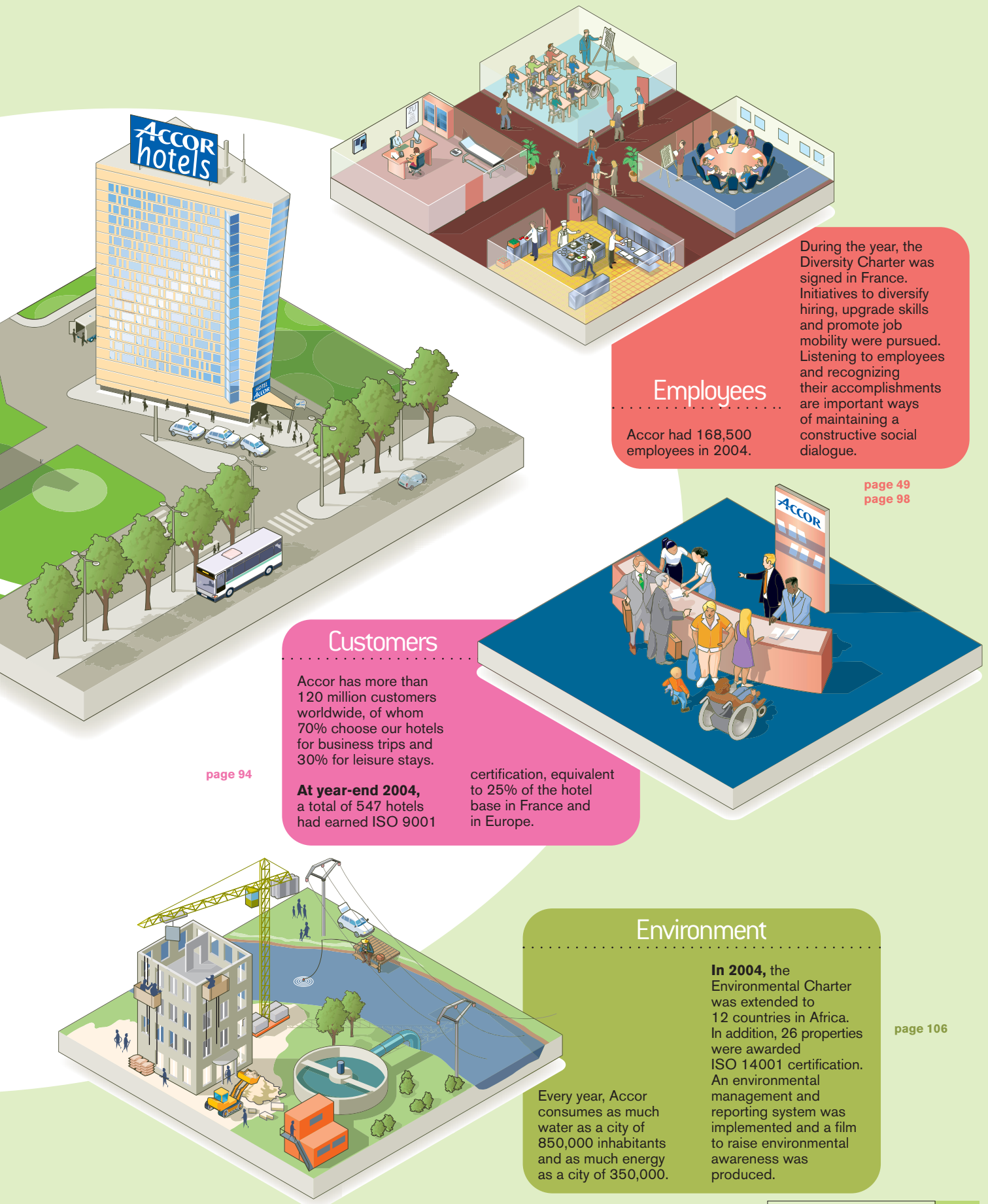
**In 2004**, the Sustainable Development Purchasing charter was tested with 433 suppliers in France. 1,500 additional hotels now support fair trade initiatives.

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The diagram below presents stakeholders concerned by Accor's activities and the corresponding pages in this document on which our practices are described.



# Scorecard

Stakeholders	Objectives	Scope of application 3 levels: France <b>1</b> Europe <b>2</b> Worldwide <b>3</b>
<b>SHAREHOLDERS</b>	Ensure compliance with corporate governance best practices.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Guarantee the transparency of financial data.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Separate powers and responsibilities.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
<b>CUSTOMERS</b>	Satisfy customer requests and demands.	<input type="checkbox"/> <b>2</b> <input type="checkbox"/>
	Guarantee high-quality service.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Ensure customer safety and security.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Guarantee access for the handicapped.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
<b>EMPLOYEES</b>	Promote diversity in employee profiles and career paths and ensure equal opportunity.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Provide compensation in line with local practice.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Support employee development through training.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Promote job mobility and help employees climb the career ladder.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Promote social dialogue and corporate citizenship.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Ensure employee health and safety.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Improve employee recognition and satisfaction.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
<b>SUPPLIERS</b>	Take into account supplier-related social and environmental risks.	<b>1</b> <input type="checkbox"/> <input type="checkbox"/>
	Support fair trade.	<input type="checkbox"/> <b>2</b> <input type="checkbox"/>
<b>ENVIRONMENT</b>	Apply the Environmental Chart as a management system.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Pursue the ISO 14001 certification process.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Monitor water consumption.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Monitor energy consumption.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Promote the use of renewable energy sources.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Manage waste.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Raise employee awareness.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Protect biodiversity.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
Apply the integration study.	Project underway, for application in 2005.	
<b>LOCAL COMMUNITIES</b>	Deploy humanitarian sponsorship programs.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Combat sexual tourism involving children.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Support development of the local economy.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>
	Combat corruption.	Policy formalized in 2004.
	Integrate local cultures.	<input type="checkbox"/> <input type="checkbox"/> <b>3</b>

Accor performance indicators	Corresponding sections of the GRI*	Corresponding key words in <i>The Manager's Benchmarks</i>	Correspondence with the ten principles of the United Nations Global Compact
Compliance with corporate governance guidelines.	3.1 to 3.3	Shareholder Insider dealing	<ol style="list-style-type: none"> <li>Support and respect the protection of internationally proclaimed human rights within their sphere of influence.</li> <li>Support and respect the protection of internationally proclaimed human rights within their sphere of influence.</li> <li>Uphold the freedom of association and the effective recognition of the right to collective bargaining.</li> <li>Eliminate all forms of forced and compulsory labor.</li> <li>Effectively abolish child labor.</li> <li>Eliminate discrimination in respect of employment and occupation.</li> <li>Support a precautionary approach to environmental challenges.</li> <li>Undertake initiatives to promote greater environmental responsibility.</li> <li>Encourage the development and diffusion of environmentally friendly technologies.</li> <li>Make sure that they are not complicit in human rights abuses.</li> <li>Work against all forms of corruption, including extortion and bribery.</li> </ol>
Financial data in the Reference Document.			
Number of independent directors. Management procedures.	3.1	Clients Anticipation Quality Disabilities Responsiveness Safety	
Number of establishments visited by mystery guests.	PR8; PR3		
Number of hotels with ISO 9001 certification.			
Number of training sessions focusing on safety.	PR1; PR4		
Number of handicapped-accessible rooms in new buildings.	LA10	Dialogue Diversity Career ladder Disabilities Motivation Recognition Respect Training Recruitment Compensation Safety Unions Round table Flexible working hours	
Gender parity and equal opportunity. Number and integration of handicapped persons.	LA1; LA10; LA11 HR12; HR4		
Average salary by region. Variable and fixed portion of compensation.			
Number of employees who took part in at least one training course. Training budget as a % of total payroll.	LA9; LA16; LA17		
Number of employees who changed their business or region.			
Monitoring of employee representation bodies.	LA4; HR5; HR7		
Number of work-related accidents. Number of health and safety training sessions. Social coverage.	LA5; LA7; LA8; HR11		
Number of employees who took part in satisfaction surveys.	HR3	Purchasing Sub-contractors Fair trade	
Deployment of Sustainable Development Purchasing and Cleaning Service Charters.	EN33		
Number of hotels serving fair trade products.	3.16; HR2	Environmental Charter Reporting Water Energy Assets	
Number of hotels that apply the Environmental Charter.	3.4		
Number of ISO 14001-certified hotels (24 in France and 2 in Australia).	3.4		
Percentage of establishments reporting water consumption.	EN5; EN21; EN22		
Percentage of establishments reporting energy consumption.	EN3; EN8		
Number of establishments with renewable-energy source installations (approximately 30 hotels in France and around the world).	EN17		
Application rate of waste management measures in the Environment Charter.	EN8; EN9		
Number of employees who have received environmental training.	3.4		
Application rate of partnership actions in the Environment Charter.	EN6; EN7; EN25; EN27; EN28; EN29		
Application rate of the integration study.	3.4		
Number of children sponsored and local initiatives.		Children Patronage Partners Prevention of corruption	
Number of countries that have signed the ECPAT Code of Conduct and provided related training.	HR8		
Number of jobs held by expatriates. Percentage of local purchases.	HR14; SO1		
Risk analysis.	SO2		
Local initiatives.			

\*The Global Reporting Initiative (GRI) is a UN-supported institution that provides a consistent framework of 90 sustainable development indicators for companies.

# Customers



## Safety and security

Safety plays a key role in the trusting relationships forged between Accor and its customers and employees. To ensure their protection against the main risks identified in Accor locations, a dedicated organization was set up to define and implement prevention measures.

### RISK PREVENTION COMMITTEE

The Risk Prevention Committee, which meets once a year, is comprised of Management Board members and senior operational and support function executives. It is led by a high-level staff member, the Group Safety Director, who is in charge of monitoring the development and implementation of safety policy. Every month, the Safety Director and managers in charge of carrying out decisions conduct a review to ensure that procedures are being followed and to promote continuous improvement.

### THE COMMITTEE'S MAIN OBJECTIVES FOR 2003/2004

- Deploy a network of local correspondents in all host countries.
- Form a safety-incident monitoring unit to study developing problems and different kinds of risk.
- Extend hotel manager training programs, such as those offered to managers of 150 Ibis properties.
- Increase the number of audits and inspections conducted by independent outside organizations.

### THE THREE MAIN RISKS MONITORED BY ACCOR

- In hotels, **fire** constitutes the most important risk. In addition to local regulations, Accor applies its own safety standards and ensures training for staff members covering the different stages of hotel construction, operation and maintenance. In line with this policy, the use of fire detectors is gradually being extended to all Group hotels.
- Surveillance measures to reduce **theft, assault and uncivil behavior** have been strengthened, especially for Etap Hotel and Formule 1. For hotels in less secure areas, mediators, security teams and even electronic surveillance systems are used. The number of assaults was reduced by half in some of these areas.



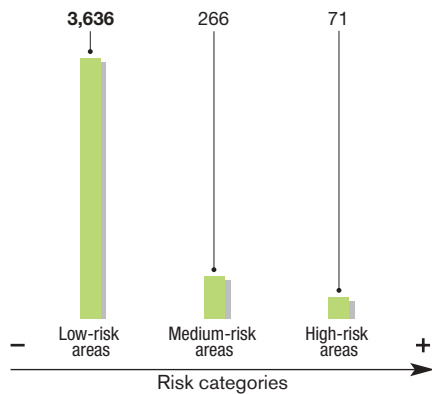


FRANCE, ETAP HOTEL LONS LE SAUNIER

### AT ETAP HOTEL, DIALOGUE MAKES A DIFFERENCE

For hotels subject to disturbances, establishing a constructive dialogue with the local surroundings is always an effective solution. That's why a number of Etap Hotel locations use mediators from disadvantaged neighborhoods. This initiative creates a more pleasant environment for customers and employees and new jobs and social advancement opportunities for mediators.

### ACCOR IN COUNTRIES WITH A RISK OF INSTABILITY AND VIOLENCE (number of hotels)



Source: Inter-Company Economic Defense Board (GDEE)

- **Health and food safety risks** are a day-to-day concern in Accor hotels and restaurants, where frequent, regular inspections are carried out by approved organizations. If a supplier or hotel manager detects a problem, he or she informs the Purchasing Department, which assesses the seriousness of the situation and assigns one of three alert levels. Products involved are systematically destroyed, regardless of the alert level. In case of a serious problem, a crisis unit is set up with manufacturers and distributors concerned by the incident.





# Service quality

Quality standards must be measured to ensure customer satisfaction and enhance perception of Accor and its brands. In 2004, €1.4 million was invested in quality control, €400,000 more than in the previous year.

## AREAS OF QUALITY MEASUREMENT AND CONTROL:

- All hotel products and equipment, regardless of the brand or country.
- Employee aptitudes and skills, which are ensured through certified training and continuing education programs.
- Feedback from customers. Expressed through letters and satisfaction surveys, these opinions are taken into consideration when formulating each hotel brand's customer promises and commitments.

Based on quality measurements in these three areas, each hotel manager deploys an action plan to improve customer satisfaction.

In 2004, a total of 1,700 hotels—from Formule 1 to Sofitel—were visited by mystery guests whose job was to assess whether the brands' were effectively delivering the services and amenities they promised. Inspections focused on cleanliness, general upkeep, equipment reliability and compliance with service schedules and

graphic identity standards. Each visit was followed by an interview with the hotel manager. In addition to mystery guests, Accor's quality commitment also encourages customers to share their views. During the year, 22,000 of them provided unsolicited opinions, while 30,000 agreed to take part in satisfaction surveys. Already the first chain to obtain ISO 9001 certification (324 hotels in France and 223 elsewhere in Europe), Ibis initiated an ISO 14001 environmental certification program in late 2004. As of year-end, 19 hotels were already accredited.



**HANDICAPPED CUSTOMERS**

**A COMMITMENT FROM SUITEHOTEL AND IBIS**

Through an initiative of the Ibis brand, Accor is engaged in a certification process involving several hotels in France. The nationwide Tourism and Handicap label is designed to encourage hotels to improve their facilities in terms of handicapped accessibility, staff training and signage. Certification, which may be awarded for hearing, mental, motor and/or visual impairment, represents a commitment to delivering optimal hotel services. In 2004, an Ibis hotel in France was certified for two types of disability.

**The objectives for 2005**

- are to:
- Obtain certification in the first hotel for the two other disabilities.
- Prepare detailed specifications for improvement plans in existing hotels.
- Work with suppliers on modifying certain materials or fittings to make the hotels more handicapped accessible.
- Create specifications for new hotels and provide reception staff with appropriate training.



**TRAINING IN RECEPTION SERVICES FOR THE HANDICAPPED**

In the United Kingdom, 305 managers took part in a half-day awareness-raising and training course on reception services for the disabled. The session focused on the hotel's legal and moral obligation to provide the handicapped with access to its main facilities. In 2003, a CD-ROM was introduced in four hotels to train employees in services for the disabled. Since then, 836 staff members have taken part in the program and successfully passed an interactive test given at the end of the course.

Environmental performance is an integral part of Accor's quality commitment and some companies, like Tetra Laval, have introduced rating systems to assess that performance.



**INTERVIEW**

**ULRIKA ROSEN** TRAVEL MANAGER TETRA LAVAL

"Tetra Laval Group Transport & Travel, a purchasing department within Tetra Laval, has put a lot of effort into helping suppliers in their environmental performance through training and information, but also by encouraging and enticing them to continuous improvements.

We can now see how suppliers consider the environment to be a natural part of their business; they are taking initiatives and making great progress. There is no doubt that environmental performance yields savings. The hotel market, especially the global hotel chains, are very active in protecting the environment, using internal measurement management systems

for energy consumption, water, waste disposal and so on. Accor has achieved our best 'green rating' for its environmental actions.

To drive further improvement, suppliers can benchmark against other global players and then use their combined clout to demand more of their own suppliers. In turn, these suppliers can make reciprocal demands that must be taken into account, out of good business sense and a commitment to meeting customer demands."

**HUMAN RESOURCE  
POLICY PRIORITIES**

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# Employees



## ACCOR AROUND THE WORLD IN 2004

**168,500 people of which**  
49% men  
51% women

**Managers**  
57% men  
43% women

**Training**  
320,129 days of training  
More than 120,000 people took  
part in one or more training course  
2% of payroll



A global network  
of 11 academies dedicated  
to enhancing employee skills

### ACCOR: AN ATTRACTIVE EMPLOYER

Every year, Accor hires several thousand employees worldwide. Each of them is given a personalized reception thanks to the "Accor Spirit" program. A commitment to personal fulfillment is rooted in the spirit of Accor and underlies its human resources policy. The Group's wide range of activities, extensive geographical presence and broad array of businesses and brands provide willing employees with outstanding career prospects. The possibility for them to climb the professional ladder, attend training programs, take part in a participatory approach to management and leverage a range of innovative tools are just some of the reasons why Accor is an attractive employer.

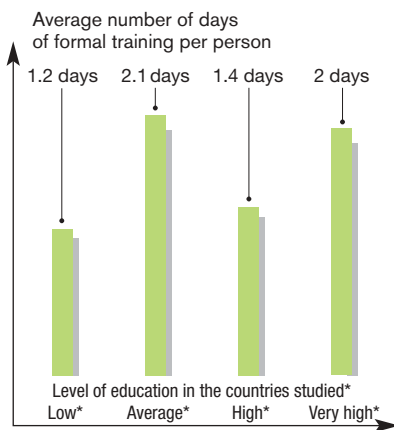
In 2004, the human resources network was fully involved in implementing new indicators for objectively assessing progress made in carrying out policy priorities and for more broadly measuring the Group's human resources performance across the entire organization.

### TRAINING AT ACCOR

Regardless of the level of education in a given region, Accor offers an average of one to two days of training to each employee.

The education index is based on a comparison of two types of data:

- Child and adult literacy.
- Percentage of children who have completed 10<sup>th</sup> grade.



Source: Unesco Institute Statistics in Human Development Index, 2004.

**France**  
28,500 employees  
of which 47% men and 53% women  
**Managers**  
58% men and 42% women  
**Training**  
1.9% of payroll

**Europe (excl. France)**  
40,000 employees  
of which 43% men and 57% women  
**Managers**  
58% men and 42% women  
**Training** 2% of payroll  
**Expatriates** 132

**North America**  
22,500 employees  
of which 29% men and 71% women  
**Managers**  
47% men and 53% women  
**Training** 1.5% of payroll  
**Expatriates** 12

**Latin America**  
33,500 employees  
of which 49% men and 51% women  
**Managers**  
38% men and 62% women  
**Training** 4.8% of payroll  
**Expatriates** 90

**Africa/Middle East**  
14,500 employees  
of which 79% men and 21% women  
**Managers**  
79% men and 21% women  
**Training** 4.1% of payroll  
**Expatriates** 174

**Asia-Pacific**  
29,500 employees  
of which 58% men and 42% women  
**Managers**  
64% men and 36% women  
**Training** 1.3% of payroll  
**Expatriates** 220





# Diversity and equal opportunity

On October 22, 2004 in Paris, Accor signed the Corporate Diversity Charter initiated by France's Institut Montaigne. In this way, the Group—along with 40 other leading French companies—confirmed its long-standing commitment to combating discrimination and to hiring and promoting people from a wide range of cultural and ethnic backgrounds.

## A POWERFUL COMMITMENT TO SUPPORTING DIVERSITY

Dating back to the Group's earliest days, this commitment to diversity was formally expressed in 1995 in a shared declaration to combat discrimination issued jointly by Accor and employee representatives of France's leading trade unions. In the declaration, both parties commit to fight against all forms of discrimination, whether based on an individual's origin, gender, family situation, health condition, disability, customs, political opinions, union activity, ethnic or national group, race or religion. Following the 2003 publication and distribution (in several languages) of *The Manager's Benchmarks*, which clearly expresses the principle of equal opportunity, Accor introduced a specific training program for team managers.

## MIDDLE EAST

Diversity is a reality in the Middle East. In the United Arab Emirates, for example, the Mercure Jebel Hafeet in Al Ain includes 16 different nationalities out of a total workforce of 112 people, while the Novotel/Ibis complex in Dubai, with 370 employees, includes 40 nationalities. In these two



properties, as in other Accor hotels in the Middle East, different beliefs and customs are respected, and the Group's corporate values and the Accor Spirit constitute the main common denominator. "Management scrupulously respects our cultural differences and makes sure that we respect each other's," says Michèle Millot, a native of Mauritius who is head housekeeper of the complex.





**CELEBRATING SUCCESSFUL FRENCH PEOPLE "FROM DISTANT HORIZONS"**

Along with a number of other leading French companies, Accor took part in a forum organized by France's High Council on Integration at the National Assembly on December 11, 2004. The purpose of the forum was to showcase the personal and professional success of French citizens who were born in other countries or

in France's overseas possessions. Accor nominated six employees to the event, two of whom received awards—one for her involvement in the Sida Entreprise AIDS prevention program and the other for an outstanding personal and career path that led her from Hong Kong to Paris.

**HELPING THE HANDICAPPED ENTER THE WORKFORCE IN FRANCE AND THE UNITED KINGDOM**

In France, a three-member team has been working to hire the physically disabled for more than ten years. As a result, more than 120 handicapped individuals were hired between 2002 and 2004, and the Accor workforce in France included more than 500 disabled employees at year-end 2004. In addition, 38 people took part in a special Accor Academy recruitment seminar, which included a module designed to raise awareness about hiring the handicapped.

In the United Kingdom, 305 department heads received training in 2004 to inform them about different kinds of disabilities and the specific needs of the handicapped. The program will be pursued with department staff members in 2005.

**CULTURAL DIVERSITY**

**Accor North America**

Every year, Accor North America organizes diversity committees with human resources managers. In 2004, some 78 trainers provided 2,081 employees with training in this area. One tangible example is an educational program called Sed de Saber ("Thirst for Knowledge"), which was introduced to provide English classes in the workplace for Spanish-speaking employees.

**Aboriginals in Australia**

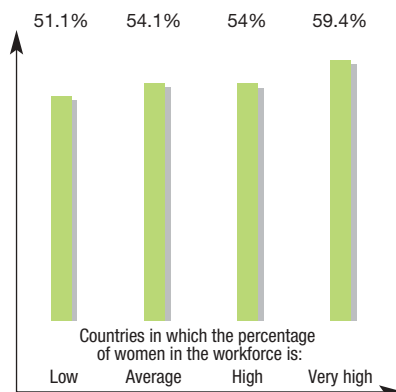
In Australia, 140 Aboriginals were hired in 2003-2004 and a new agreement with the government concerning the hiring of 135 others was signed for 2005-2006.

**Combating discrimination and promoting dignity in the UK**

In 2004, 261 managers took part in a day of training on non-discrimination and dignity in the workplace.

**EMPLOYMENT OF WOMEN AT ACCOR**

Percentage of women employees at Accor



Regardless of their representation in the overall workforce, women account for 50% to 60% of Accor employees in all regions. Proof of the Group's commitment to gender parity, these figures also reflect a special effort in countries where relatively few women work in the services industry.

Representation of women in service businesses in the countries studied

Source: International Labour Organization, based on data from 44 countries that represent 76% of the Accor workforce.



# Employee health and safety

## International medical coverage

Accor promotes the deployment of health coverage systems for all its employees worldwide. This coverage generally involves creating a network of healthcare professionals in order to improve the quality of care provided and avoid the need for out-of-pocket payments. Deployment of the system is moving forward according to each region's needs and expectations.



## AFRICA

### AIDS policy

As part of the "People, Planet, Profit" project, Accor in Africa participates in the fight against AIDS while respecting the fundamental principles of non-discrimination and confidentiality.

In all hotels in sub-Saharan Africa, action plans in the areas of prevention, awareness, screening and care provision are gradually being introduced:

- Prevention initiatives focus on the free, discreet distribution of male and female condoms, along with information on their use and on the treatment of sexually transmitted diseases.
- Following an awareness campaign targeting employees and others eligible for benefits, a number of hotels organized voluntary screening days during the year. These included the Ibis Douala in Cameroon, the Novotel Kigali in Rwanda, the Sofitel Ouagadougou in Burkina Faso and the Mercure Sarakawa in Togo.



# Listening to and recognizing employees

## ATTENTIVE TO EMPLOYEE CONCERNS

Accor has long been committed to assessing the opinions and commitment of its employees around the world. In 2004, more than 19,000 hotel, services and Compagnie Internationale des Wagons-Lits employees in Brazil, Europe, the United States and Australia took part in an in-house survey that allowed them to express themselves on their work, job satisfaction and professional expectations and projects.

The results showed that 92% of employees interviewed feel that customer satisfaction is a key objective and that 85% say they are proud to work for Accor. In addition, 78% say they are generally satisfied with their jobs, 79% are confident in Accor's future and 83% would recommend Accor to a friend seeking employment. Survey findings have been fully analyzed so that improvement plans can be introduced at the local level.

**Brazil:** Accor was listed for the seventh time among the country's most attractive employers in a survey conducted by *Exame*, a business magazine. It was also selected as one of the five preferred companies of women employees.

**Spain:** Accor Services ranked tenth in a survey of companies considered "a great place to work."

## ROUNDTABLES

**Roundtables allow for direct interaction between employees and management and promote a spirit of continuous improvement. In France, for example, these discussions are organized by all hotel brands at every level of the organization. Overall, more than 150 roundtables were held in 2004 throughout the country.**

## OPEN DOOR POLICY

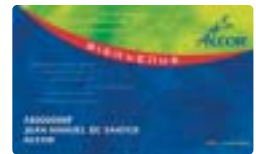
**The open door policy was introduced by Founding Co-Chairmen Paul Dubrule and Gérard Pélisson and has been continued by Management Board Chairman Jean-Marc Espalioux. It enables employees to express themselves without their manager being present, if they so desire. An investigation is then conducted to determine the facts and rapidly introduce corrective measures if necessary.**

## RECOGNIZING EMPLOYEE ACHIEVEMENTS

A range of programs have been introduced to recognize and reward employee initiatives:

### The Welcome card

The card is intended to support employee pride in being part of a global company that is uniquely positioned in the world of travel, tourism and corporate services. Since the alliance with Club Méditerranée, cardholders have been entitled to additional benefits.



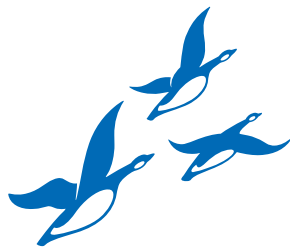
### Employee loyalty

Special events were organized in all countries to celebrate employees' 10<sup>th</sup> or 20<sup>th</sup> anniversary with Accor and their contributions to its development.

### Bernaches awards

Named for the species of wild geese depicted in the Accor logo, Bernaches awards were presented to 56 employees in 2004. The awards recognized their achievements in one of five categories corresponding to Accor's values: professionalism, confidence, transparency, innovation and responsibility.

In addition to these broad-based programs, local initiatives adapted to the host country culture have also been introduced.



# Participatory innovation



Launched in 2001, [innov@ccor](mailto:innov@ccor) is an electronic suggestion box designed to encourage employees to innovate constantly. The goal is to share ideas that work so they can be applied as broadly as possible. Approximately one suggestion out of three is accepted, rewarded and deployed. In 2004, more than 7,500 suggestions were submitted, of which over 2,400 were implemented. Used around the world, this management tool was introduced during the year in Egypt and in 300 Red Roof Inn hotels in the United States.

The following example from the Novotel Garden Plaza Saigon in Vietnam, illustrates how the system works. At the hotel, customer complaints were often handled case by case and individual solutions were not systematically shared with other team members. Thanks to an employee suggestion, all solutions are now reported to the manager and included in training programs. Used in other Accor hotels in Asia, the suggestion may be extended to other regions.



# Social dialogue



## AGREEMENT WITH THE IUF

In 1995, Accor signed a worldwide agreement with the International Union of Food Workers (IUF) concerning ILO conventions on employees' freedom of association and right to unionize. The agreement ensures compliance with and full application of these conventions and the protection of employee representatives in all Accor locations. Operational executives and human resources managers in the various countries are responsible for monitoring application of the agreement and reporting data as soon as needed. Informal meetings and exchanges are also held regularly with IUF representatives to track implementation of specific aspects of the agreement.

## EUROPEAN WORKS COUNCIL, SOCIAL COUNCIL AND GROUP COMMITTEE

**The European Works Council** was created on June 10, 1996 as part of an agreement with the IUF. Co-chaired by the Chairman of the Accor Management Board and an IUF representative, the Council meets once a year to consider transnational issues presented by employee representatives. The Bureau, comprised of representatives from IUF and Accor, determines the agenda and prepares the schedule for upcoming meetings. The last meeting, devoted to sustainable development issues, was attended by 24 representatives from all Accor host countries in the European Union. Roundtables are held at meetings to discuss compliance with employees' right to unionize.

**The Social Council** is an informal, consensus-building body that meets regularly to ensure ongoing relations with union organizations. It discusses insurance, employee savings plans, subcontracting and other important employee-related issues.

**The Group Committee** meets twice a year under the Chairman of the Management Board. Created from more than 100 works councils, it reviews all Group economic data.

# Social actions

## THAILAND

A graduation ceremony for the Youth Career Development Program (YCDP) was organized in Bangkok in September by participating Accor hotels. Launched in partnership with UNICEF in 1999, YCDP is an Accor-sponsored training initiative whose main purpose is to protect young women from prostitution. Four of the program's 26 graduates were awarded scholarships to continue their studies, while the others will be hired by Accor hotels.

## MOROCCO

### Partnership with SOS Children's Villages

As part of an agreement signed with the Moroccan chapter of SOS Children's Villages, each of the 21 Accor hotels in Morocco has pledged to sponsor at least one child until he or she has entered the workplace and to promote hiring, apprenticeship, internship and continuing education initiatives in the hotels.

## PARTICIPATION IN THE BRAZILIAN GOVERNMENT'S "FIRST JOB" PROGRAM

Accor has signed a memorandum of understanding to support the Brazilian government's "first job" program. The purpose is to help

young people in situations of serious social exclusion by enabling them to acquire job skills in the Group's corporate university.



INTERVIEW | **RON OSWALD**  
SECRETARY GENERAL OF THE IUF

"Accor has for some ten years recognized the IUF as the international trade union body representative of unionized Accor workers around the world. This recognition has allowed a standing relationship to develop that ranges from formal annual meetings with representatives from Accor hotels in Europe to regular exchanges between the IUF and Accor throughout the year.

The IUF has always recognized and welcomed Accor's willingness to discuss openly, frankly and constructively issues of concern to IUF members and workers in the Accor network globally. This mechanism has often allowed us to resolve through agreements potentially serious labor relations situations in countries as far apart as the United States, Egypt and Australia. The IUF believes that negotiated solutions to such problems have ultimately been to the mutual benefit of IUF members and workers in those countries and Accor itself.

Accor's formal recognition of its employees' rights to join and form trade unions as expressed in the IUF/Accor Agreement on Trade Union Rights (1995) is the cornerstone of this relation.

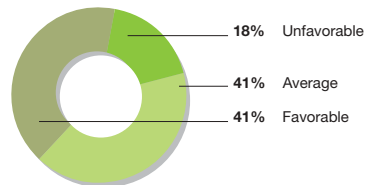
We look forward to continuing our relationship in a constructive way to the benefit of the Accor workers our affiliates represent and in line with the company's expressed desire to be a global employer that guarantees that its employees rights will be fully respected throughout the corporate management structure."

# Suppliers

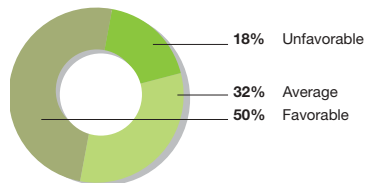


## RESULTS OF THE 2004 SUPPLIER SURVEY

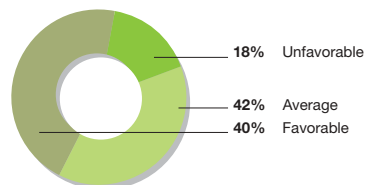
Overall sustainable development performance of 433 certified Accor suppliers, of which 134 in food and 299 in non-food.



OVERALL RATING



ENVIRONMENTAL PERFORMANCE



SOCIAL PERFORMANCE

### → Objectives for 2005: defining areas for improvement

- **Define** priority areas in which Accor wants to see an improvement in supplier performance.
- **Support** suppliers in deploying best social and environmental practices.
- **Pursue** a policy of purchasing fair trade, eco-label and other "sustainable development" products.
- **Raise awareness** across the Group and involve other departments (Hotel Technical Services, Marketing, etc.).

Total purchases in the 15 countries in which Accor has a purchasing organization amounted to €2.6 billion. Most were made locally and half came from certified suppliers.

### SUSTAINABLE DEVELOPMENT PURCHASING CHARTER

The Sustainable Development Purchasing Charter and Hotel Cleaning Charter were developed to involve suppliers in a virtuous circle. The policy empowers suppliers and enables them to reduce risks from possible shortcomings in their operations.

#### Review of events

**2002:** The Charter was distributed to all certified suppliers in the 15 countries in which Accor has a purchasing organization. It lists 14 social and environmental practices that the Group wants to share with suppliers. For example, the first two social practices concern compliance with the principles of the ILO's fundamental conventions and non-discrimination with regard to gender, race, religion and political affiliation. Covering both food and non-food purchases, the Charter also calls for suppliers to introduce an environmental policy based on best industry practices.

**2003:** A survey was launched to assess the social and environmental practices of 137 suppliers.

**2004:** The survey was extended to include all 433 certified suppliers in France.

## A TRANSPARENT SUPPLIER SELECTION PROCESS

### Example: choosing a green bean supplier

Calls for bids are held every three years in France. Bids are assessed on three types of criteria: elimination criteria (for example, a company's financial stability), important criteria (such as sustainable development performance) and minor criteria. Selected suppliers must comply with the principles of the Sustainable Development Purchasing Charter.

## FAIR TRADE

The practice of purchasing fair trade products began in 2003, with a commitment from Sofitel in France to serve Malongo coffee in its bars and restaurants. In 2004, other initiatives were launched in France as well as in Portugal, where 29 Sofitel, Novotel and Mercure hotels now serve fair trade coffee.

## FAIR TRADE BREAKFASTS AT ETAP HOTEL AND FORMULE 1

In France, Etap Hotel and Formule 1 hotels support the policy, serving fair trade tea, coffee and hot chocolate in 490 hotels since July 2004.

In November, the Novotel, Mercure and Ibis chains also certified fair trade tea and chocolate suppliers, while Sofitel began serving Malongo coffee for breakfast as well.

Accor hotels are both large customers and important venues for promoting fair trade products.



## ACCOR'S SHARE OF FAIR TRADE TEA, COFFEE AND CHOCOLATE CONSUMPTION IN FRANCE (June-December 2004)

	Tea	Coffee	Chocolate
Consumption of fair trade tea, coffee and chocolate at Accor (in metric tons)	1.3 t	38 t	23.4 t
Total consumption of fair trade tea, coffee and chocolate in France (Max Havelaar estimate)	54.4 t	1,925 t	36.8 t
Accor's share of fair trade tea, coffee and chocolate consumption	2.39%	1.97%	63.59%

Two million informative leaflets were distributed in Etap Hotel and Formule 1 rooms in second-half 2004.



## INTERVIEW

**JEAN-PIERRE BLANC** GENERAL MANAGER, CMC MALONGO

"We've supported Accor's pioneering role in promoting fair trade since its first commitment with Sofitel and the results speak for themselves. In 2004, some 21 metric tons of Malongo fair trade coffee were sold in the chain's hotels.

If sales of Malongo have been so strong in Accor bars and restaurants Accor, it's because of the coffee's ethical values, as well as its taste and aroma, which are much appreciated by customers. Accor teams benefit from our technical expertise

and training in fair trade issues, while we're able to capitalize on Accor's in-depth understanding of its network and skills in all aspects of the hotel business."



Accor hotels around the world consume water and energy, emit wastewater and greenhouse gases that attack the ozone layer, and produce waste. Together, they have a major effect on the environment, although no one form of impact outweighs the others. Managing environmental impact requires the full involvement of employees, all of whom have a role to play. In 2004, a film was produced to raise employee awareness of environmental issues. Accor also launched two projects that are shaping its environmental commitment—an ISO 14001 certification process and the development of an environmental management system.

# Environment



## Cross-functional tools

Cross-functional tools must be deployed if the Group is to more efficiently improve its environmental performance and to share, implement and monitor the same high standards across the entire organization. Measures undertaken in 2004 will be pursued in 2005 with the rollout of the environmental management system, the ongoing deployment of the ISO 14001 certification process and an overhaul of the Hotel Environment Charter.

### HOTEL CONSTRUCTION

Environmental considerations are taken into account before construction begins and minimal impact standards have been set for the building phase. An integration study is also conducted to clearly identify:

- Natural risks and other local constraints concerning the building.
- Special local features, such as a lack of water or extreme climatic conditions, which may require more stringent environmental standards in such areas as heat insulation, installation efficiency and water use.

→ **Commitment for 2005**

**Apply** the integration study to several hotel construction projects.

### HOTEL OPERATIONS

#### Hotel Environment Charter

The Hotel Environment Charter is the basis of Accor's environmental policy with regard to hotel operations. The standard version of the Charter covers Europe, South America, Asia, Australia and Egypt. In 2004, a regional version was prepared for sub-Saharan Africa (excluding South Africa) and deployed late in the year. In the United States, a regional charter was created for the 1,200 Red Roof Inn and Motel 6 locations.

In all, 2,095 hotels were using either the standard or African versions of the Charter by year-end 2004 and applying an average of 11.64 of the 15 actions contained in the standard version.

→ **Commitments for 2005**

**Redefine** the standard Hotel Environment Charter and circulate the new version in 2006.

**Finalize** implementation of the North American version in Motel 6 and Red Roof Inn locations.



## INTERNATIONAL TOURISM PARTNERSHIP

As a member of the International Tourism Partnership (ITP), Accor helped prepare the organization's hotel siting and design guidelines. The document, which will be distributed across the hotel industry, explains how to integrate environmental considerations into the construction phase.



## HQE® CERTIFICATION

In France, the HQE® (Haute Qualité Environnementale) building certification benchmark is currently in the development stage. As a member of the building owner group on the HQE® commercial building committee, Accor is helping to define standards for the hotel industry through a pilot project at the Novotel Montparnasse.

## AUDUBON GREEN LEAF CERTIFICATION

Accor's 11 Novotel, Sofitel, Motel 6 and Studio 6 locations in Canada have received the Audubon Green Leaf™ eco-rating. Created by TerraChoice and Audubon International, the certification program provides an audit for verifying a hotel's eco-efficiency.

## THE OPEN ENVIRONMENTAL MANAGEMENT SYSTEM

A management system (called OPEN for its French acronym) was developed in 2004 to provide the most useful data for quickly and regularly measuring the Group's environmental performance. Already implemented worldwide to track deployment of Hotel Environment charter actions, it will eventually be used in all regions to monitor water and energy use as well.



## ENVIRONMENTAL CERTIFICATION

Because of ISO 14001's international scope, efficiency as a management tool and applicability to all businesses, Accor has strengthened its commitment to the environmental certification process. Certification has already been awarded to the following locations:

**Ibis:** 19 hotels in Southwestern France.

**Sofitel Athens Airport (Greece).**

**Novotel London West (UK).**

**Novotel and Ibis Homebush Bay (Australia).**

**Accor Thalassa** in Quiberon, France (one seawater therapy institute and two Sofitel hotels).

**Compagnie des Wagons-Lits** in Spain, Italy and Austria.

### → Commitments for 2005

**Accor Thalassa:** sites in Hyères and Oléron to be certified in 2005 and all owned and leased properties in France certified by year-end 2006.

**Ibis:** all owned and leased properties in France certified by year-end 2006.

**Accor Services:** headquarters and production site in France certified in 2005.

## RAISING EMPLOYEE AWARENESS

Effective deployment of the environmental policy requires raising employee awareness of the issues. In 2004, the Sustainable Development Department prepared a film entitled "Together, Ever More Responsible" based on interviews with managers and other employees around the world. Produced in eight languages (Arabic, Chinese, English, French, German, Italian, Portuguese and Spanish), it will be distributed to all team members in 2005.



# Water consumption

Water resources challenges vary from one region to another. With most Accor hotels located in regions concerned by water issues, appropriate solutions must be found.

In 2004, Accor consumed more than 35 million cubic meters of water (scope of reference on page 120). This corresponds to the domestic consumption of 850,000 Europeans.

→ **Commitment for 2004-2005**

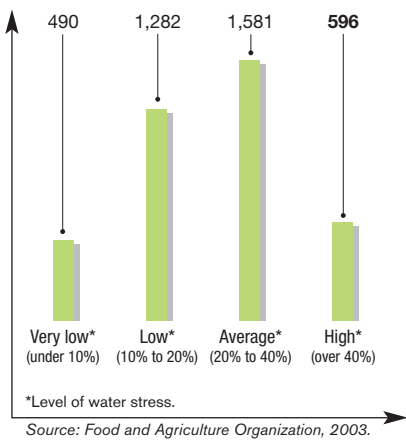
Reduce average consumption per occupied room by 5% between 2003 and 2005 for owned and leased hotels in Europe.

To achieve this objective, faucet and shower flow rates will be measured and, if necessary, adjusted. Flow regulators will be installed in more than half of owned and leased hotels in Europe, resulting in a reduction of 10% to 15% in water consumption.

**Recycling water in South America**

At the Ibis Curitiba Batel in Brazil, consumption of drinking water has been reduced by 15% by recovering and treating wastewater from showers and sinks and reusing it in toilets. This recycling technique is being developed in new hotels in Brazil.

**BREAKDOWN OF HOTELS BY WATER SCARCITY**  
(number of hotels)

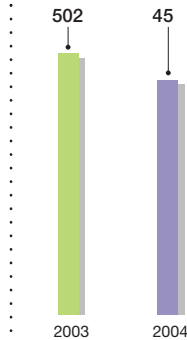


An indicator of water scarcity, water stress is defined as the percentage of a country's annual renewable water supply that is consumed every year for farming, industry and domestic use.

Germany, for example, uses more than 40% of its annual renewable resources, placing it in the high stress category, while France, at 20% to 40%, is in the moderate group. Sub-Saharan Africa, one of the regions with the highest water stress, also often lacks wastewater treatment infrastructure. In 2004, Accor completed an extensive audit of water treatment plants in its 18 hotels in the region (excluding South Africa which has an efficient public network).

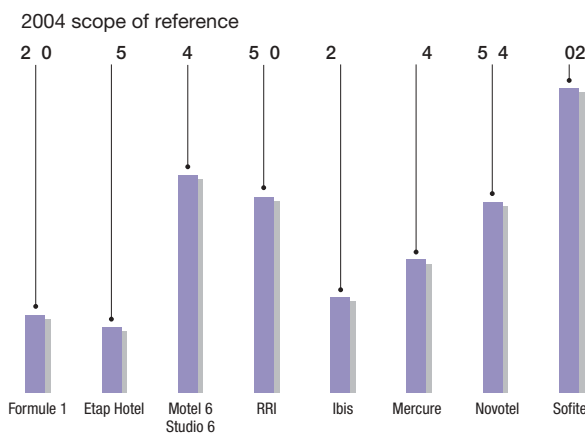
→ **Commitment for 2005**

Renovate wastewater treatment plants in the Group's three hotels in sub-Saharan Africa.



**WATER CONSUMPTION IN LITERS/DAY PER OCCUPIED ROOM, YEAR-ON-YEAR**

Water consumed per occupied room declined by 10% in 2004, led by the Motel 6 and Red Roof Inn chains, which extended the use of flow-reduction faucets and toilet flush mechanisms. The 2004 figure was calculated using the same scope of reference (i.e. the same countries) as in 2003.



**WATER CONSUMPTION IN LITERS/DAY PER OCCUPIED ROOM IN 2004**

The high rates of consumption for US hotels and Sofitel locations are due to the fact that: 1) most hotels in the United States include laundries, lawns and swimming pools; and 2) Sofitel hotels deliver upscale services (gourmet restaurants, swimming pools) and cater to leisure customers.

# Energy consumption

The consumption of energy from non-renewable sources is a global challenge. Accor now integrates energy use into its operational planning, while also taking into account customer comfort and its long-term profitability.

For a standard 150-room hotel located in a temperate climate, energy consumption represents roughly 4% to 5% of total operating costs. Effectively managing that consumption can reduce the hotel's energy-related operating expenses—and therefore its energy bill—by up to 10%.

In 2004, Accor consumed 3 million MWh of energy (scope of reference on page 120), equivalent to the domestic consumption of 350,000 Europeans.

→ **Commitments for 2005**

**Reduce** average consumption per room in owned and leased hotels in Europe by 5% between 2004 and 2006.

**Equip** five new hotels with solar heating panels to produce domestic hot water.

**Air-conditioning: examples in Africa**

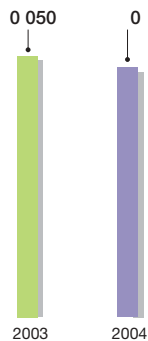
At the Novotel Cotonou in Benin, the heat produced by air-conditioning units is recovered to produce enough domestic hot water to meet all of the hotel's needs.

At the Sofitel Taba Heights in Egypt, room air-conditioners automatically shut off whenever a window is opened.

To meet its energy conservation commitments, Accor and its suppliers are working together to identify the most energy-efficient lighting systems that also meet esthetic and brightness criteria. These include sub-compact fluorescent lamps, high performance spotlights and light emitting diodes. Brand specifications will be reviewed in 2005 to include these new standards, with the goal of equipping half of all owned and leased hotels in Europe by year end.

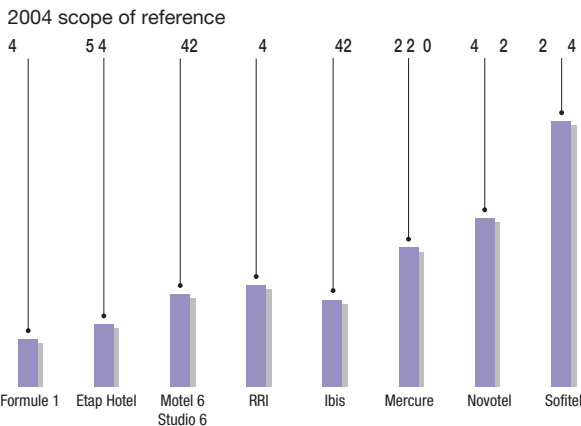
**RED ROOF INN AND MOTEL 6 ENERGY-EFFICIENT LAMPS**

Compact fluorescent lamps are now used in all Red Roof Inn hotels as well as in new and renovated Motel 6 locations. As a result, energy consumption has been decreased by 170 kWh per room per year.



**ENERGY CONSUMPTION IN KWH/YEAR PER ROOM**

Energy consumption per room declined by 4% for the year. The decrease was due to milder climatic conditions than in 2003 as well as to the installation of high-performance equipment, notably energy-efficient lamps. Consumption in 2004 was calculated using the same scope of reference (i.e. the same countries) as in 2003.



**ENERGY CONSUMPTION IN KWH/YEAR PER ROOM IN 2004**

Most energy is used for heating and/or air-conditioning, hot water and lighting. The greater amounts consumed at Sofitel reflect the hotels' more spacious interiors, which must be heated or air-conditioned.

**SOLAR ENERGY PRODUCING DOMESTIC HOT WATER**

During the year, 28 Accor hotels were fitted with a total of 2,370 square meters of solar heating panels to produce domestic water, thus generating overall energy savings of 1,120 MWh.

Photovoltaic collectors were installed on the Ibis Porte de Clichy Centre in Paris.



# Waste

Accor has deployed systems for tracking and controlling emissions of waste and pollutants, and is working with local authorities and suppliers to further improve its performance in this area.

## GREENHOUSE GAS EMISSIONS

Since Accor operates in countries with high levels of carbon dioxide emissions per kWh of electricity, hotels must further reduce their energy consumption.

This is especially true in the United States, where an energy management system is currently being tested in more than 30 Motel 6 locations. By reducing air-conditioning in unoccupied rooms, the system helps generate savings of 1,300 kWh per room per year. In 2004, Accor emitted 1,027,000 metric tons of carbon dioxide.

## REFRIGERANT FLUIDS

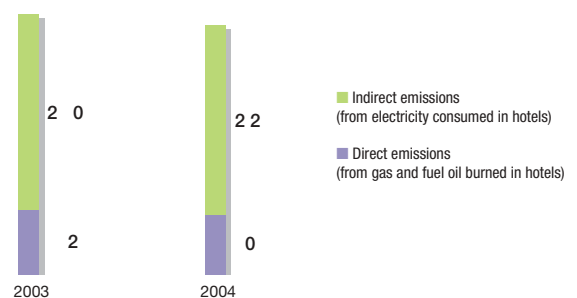
Hotels use refrigerant fluids in air-conditioning units, as well as in cold storage rooms, refrigerators, mini-bars, beverage vending machines and other cooling installations. When emitted into the atmosphere, most of these fluids (CFCs and HCFCs) attack the ozone layer. In 2004, Accor began taking inventory of refrigerant fluids in its facilities in France.

### → Commitments for 2005

**Extend** the inventory of cooling systems to other countries in Europe.

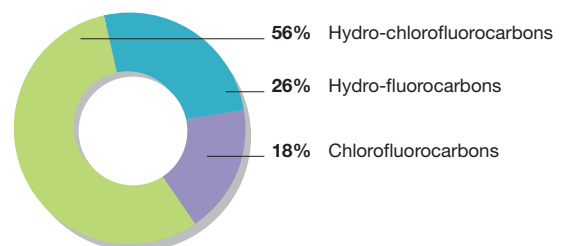
**Identify** the best available alternative technologies to replace high-risk equipment.

## GREENHOUSE GAS EMISSIONS IN KG CO<sub>2</sub> EQUIVALENT A YEAR PER ROOM IN 2004



The 4% decline in greenhouse gas emissions resulted from a reduction in per-room energy consumption. Figures for 2004 were calculated using the same scope of reference (i.e. the same countries) as in 2003.

## FLUIDS IN INSTALLATIONS CONTAINING MORE THAN 2 KG OF FLUIDS



Scope of reference: owned and leased Ibis, Mercure, Novotel and Sofitel hotels in France.

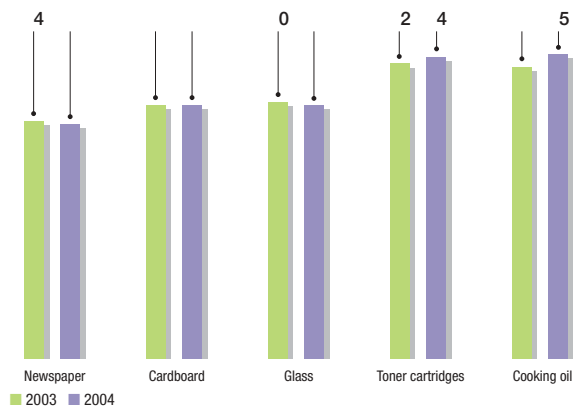




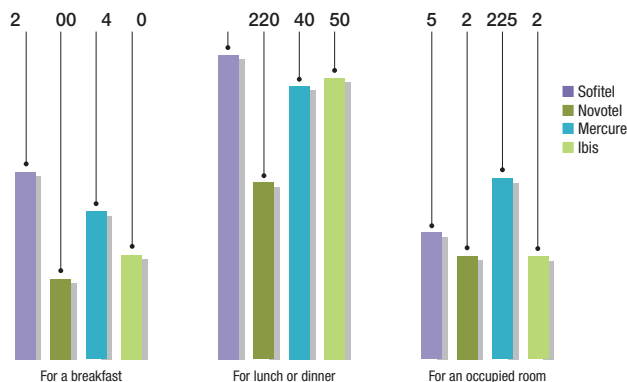
## RECOVERING ORGANIC WASTE

The recovery of organic waste, which represents a large percentage of hotel waste, is not widespread because of a lack of local recovery infrastructure. An environmental information sheet encourages hotels to compost organic waste if possible. In Australia, for example, worms are used in composting, while in the United States, lawnmowers crush green plant waste so that it can be left to decompose into soil nutrients.

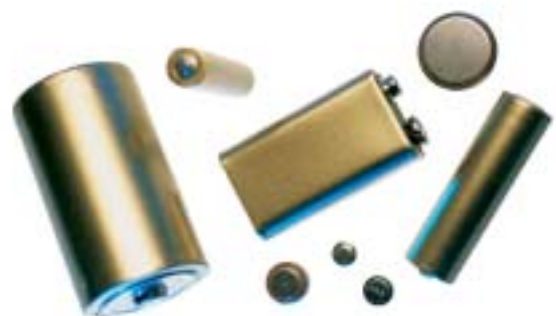
### WASTE SORTED BY HOTELS APPLYING THE HOTEL ENVIRONMENT CHARTER (as a %)



### QUANTITY OF WASTE GENERATED (in grams)



In 2004, waste audits were conducted for the Ibis, Mercure, Novotel and Sofitel chains as part of a 10% waste-reduction program initiated by France's Agency for Environment and Energy Management (ADEME). Corrective action plans will now be implemented.



### WASTE PRODUCTION

Initiatives have been launched to:

**Improve** recovery of packaging, organic waste and other household-type refuse.

**Ensure** that hazardous waste is eliminated through appropriate channels.

**Reduce** waste at the source.

With regard to hazardous waste, during the year Accor selected channels for processing used batteries and neon tubes in France. This will provide a clearer picture of how many of these waste products are actually processed each year.

#### → Commitments for 2005

**Certify** treatment channels in France for electrical and electronic equipment.

**Conduct** waste audits of the Etap Hotel and Formule 1 chains.



FRENCH POLYNESIA, SOFITEL IA ORA MOOREA

# Biodiversity

As a leader in the tourism industry, Accor has to play an active role in protecting the natural heritage of its host regions. Even if the vast majority of Accor hotels are located in city centers and outer urban areas, 18% of them are in biodiversity-sensitive areas as defined by Conservation International's Center for Applied Biodiversity Science.

A hotel built in a location that is especially rich in biodiversity must reduce its impact as much as possible and enhance the site, with the agreement of the local authorities, to facilitate its preservation. For example, the Sofitel la Ora Moorea in Polynesia, which is planning to build new bungalows, must take drastic measures to protect the natural environment.

Since 2002, Accor, in partnership with the Nausicaà association, has been involved in programs to raise employee and customer awareness of the need to protect the sea bed. Tested for the first time at the Sofitel Hurghada, the partnership has gradually been extended to other hotels on the Red Sea, including the Novotel and Sofitel Sharm el-Sheikh, the Sofitel Taba Heights and the Sofitel Dahab, as well as to locations in Polynesia.

## ENVIRONMENTAL PROTECTION MEASURES

Accor's many locally-initiated measures to protect the environment can be found at [www.accor.com](http://www.accor.com).



### INTERVIEW

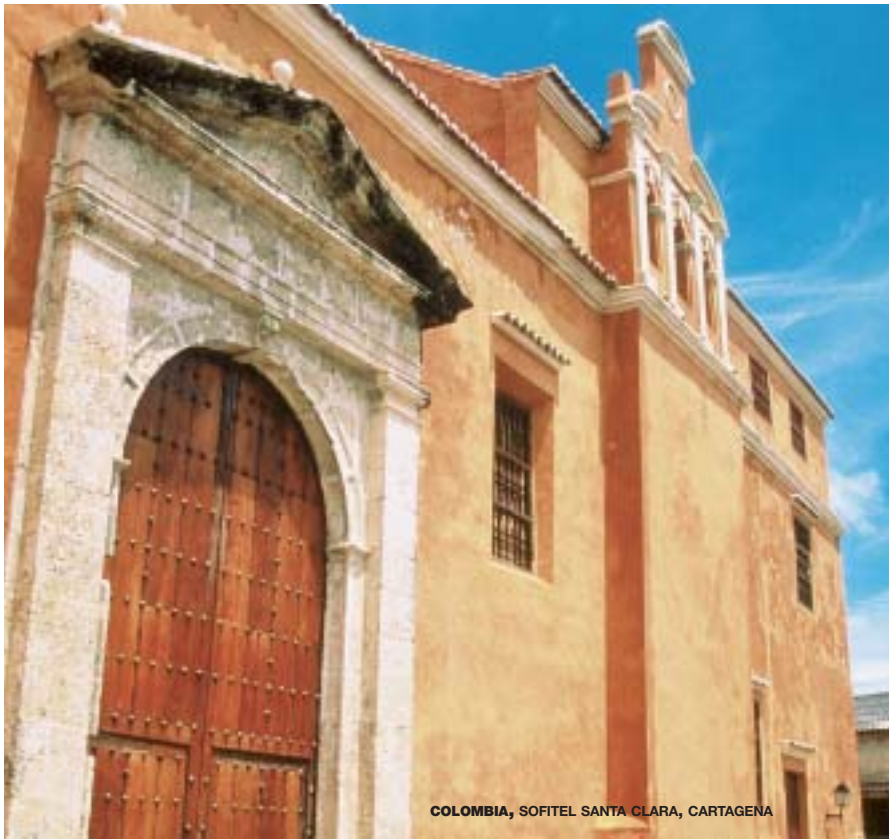
PHILIPPE VALETTE

NAUSICAA, THE FRENCH NATIONAL SEA EXPERIENCE CENTRE

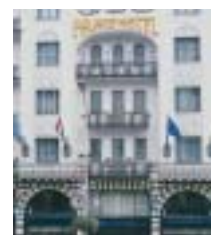
"Since its opening in 1991, Nausicaà, the French National Sea Experience Centre, has focused on raising public awareness of the need to effectively manage the world's oceans. The partnership with Accor has enabled us to broaden our mission. The excursions and other activities organized for customers at the Sofitel Hurghada, as well as staff training programs on this pilot site, are helping to get everyone fully involved in environmental protection.

In addition, the partnership strengthens Accor's sustainable development policy by helping to preserve the natural surroundings of its seaside hotels for leisure customers.

Beginning in 2005, the Novotel and Sofitel Sharm el-Sheikh, the Sofitel Taba and the Sofitel Dahab on the Red Sea, as well as the Sofitel la Ora Moorea in Polynesia, will offer these types of activities for their customers. This ambitious project is crucial for our future and thus a top priority for Nausicaà."



COLOMBIA, SOFITEL SANTA CLARA, CARTAGENA



# Architectural integration

Preserving the wealth and diversity of a region's cultural heritage is essential for the tourism industry. That's why Accor is committed to harmoniously integrating its hotels into the surrounding architectural environment.

## LOCAL INTEGRATION

Accor has been building hotels since the late 1960s. Although originally located on the outskirts of cities, hotels are increasingly built in downtown areas. As a result, construction standards have been adapted to enhance architectural quality and help hotels blend into their surroundings.

## PROTECTING THE CULTURAL HERITAGE

Several hotels are located near sites classified as world heritage properties by UNESCO, an organization that Accor has partnered since 1999. A number of hotels, including the Sofitel Palais Jamaï Fès (Morocco), the Sofitel Cartagena Santa Clara (Colombia), the Sofitel Frances Santo Domingo and Nicolas de Ovando (Dominican Republic) and the Novotel Budapest Centrum (Hungary) are themselves historical landmarks that are included on the UNESCO list. When renovating these outstanding buildings, Accor went to great lengths to protect their cultural treasures.





# Local Communities



## Corporate humanitarian actions

Since 2003, Accor's corporate philanthropy policy has been organized around two priority action areas—child sponsorship and aid to local communities in need.

### FIRST AREA OF ACTION CHILD SPONSORSHIP, ALONGSIDE PLAN

For Plan, an international community development organization that focuses on children, Accor provides expertise and access to its network to help recruit new sponsors. A child may be sponsored by Accor employees or customers, acting either individually or with others. In 2004, a pilot operation was launched in 300 hotels in France and the United Kingdom, where employees wholeheartedly supported the principle of child sponsorship by undertaking projects to raise awareness among customers and suppliers. The initiative has since been extended to Accor locations in Germany and Belgium. In six months, 382 children have been sponsored:

- 282 in France, of whom 52% by employees and 48% by customers and suppliers.
- 100 in the UK, of whom 73% by employees and 27% by customers and suppliers.

The importance of the partnership was underlined by the natural disaster that struck Southern Asia on December 26. In Thailand, Accor is supporting eight severely damaged schools between Phuket and Phang Nga through a two-year program that will re-equip the facilities and introduce new teaching programs.

→ **Objectives for 2005:** extend the partnership in France to all hotels that wish to participate, as well as to other Accor divisions. In Europe, involve three or four new countries in the program. In the rest of the world, launch at least one major operation per continent.



### INTERVIEWS

**CHRISTIANE SCRIVENER** – CHAIRMAN OF THE BOARD OF DIRECTORS, PLAN FRANCE, FORMER MINISTER AND FORMER MEMBER OF THE EUROPEAN PARLIAMENT AND EUROPEAN COMMISSIONER

"Accor and Plan have created a model partnership. It will help us not only in assisting children but also in persuading other companies to take a similar approach."

**NORMA JOHNSTON**  
COMMUNICATION AND MARKETING MANAGER, PLAN

"This partnership allows Plan to access a global network of people who are motivated to act on behalf of children. The partnership has enabled Plan to educate staff and Accor customers about the role both Plan and Accor play in communities around the world. As the partnership expands to include more countries, we foresee the impacts and benefits increasing accordingly for Accor and Plan and the children and their communities in which Plan works worldwide."



## SECOND AREA OF ACTION AID TO LOCAL COMMUNITIES IN NEED, ALONGSIDE THE RED CROSS

Deploying its expertise and core competencies, Accor is involved in a large number of actions with the Red Cross:

- At the local level, providing logistical support. In August 2004, for example, Compagnie des Wagons-Lits donated 6,000 plates and dishes to reception centers managed by the Seine-et-Marne Red Cross chapter near Paris.
- At the national level,
  - In France, Accor supports Red Cross awareness campaigns, such as the event held at the Sofitel Paris Porte de Sèvres on World First Aid Day, and takes part in fund-raising efforts. In 2004, Accor Services gathered more than €80,000 through a meal-voucher donation drive that was held for the third year in a row.
  - In Spain, more than €23,000 was raised for the Red Cross through an operation called "Comparte tu Comida".

→ **Objectives for 2005:** Implement a framework agreement with the International Federation of Red Cross Societies and develop partnerships with national societies.



- **PROVIDING TRAINING SITES**
- At the launch of World First Aid Day on September 11, 2004 at the Sofitel Paris Porte de Sèvres, customers, employees and visitors were given an introduction to basic first aid practices. The event, which received national media coverage, was attended by Dr. Marc Gentilini, Adriana Karembeu,

Ambassador of the French Red Cross, and John Du Monceau, Senior Vice-Chairman of the Accor Management Board in charge of Sustainable Development.

**FOR MORE INFORMATION**  
[WWW.ACCOR.COM](http://WWW.ACCOR.COM)

# Local initiatives

## INDONESIA

### A Tree for a Child

Created by Accor Indonesia teams in 2001, "A Tree for a Child" has two objectives: fighting poverty and protecting the environment. The program is financed through the sale of recycled items in hotels across the country and the planting of fast-growing trees. In 2004, it provided education for 67 children and medical care, with a dedicated hospital, for 48 others.

## BRAZIL

### Childhood Dream

The "Childhood Dream" educational center, built by Accor in a partnership with the São Paulo Mayor's Office, was inaugurated in late October 2004. The center is open to 200 children from Gato, a disadvantaged downtown neighborhood.



## Combating hunger with Bancos Alimentos

Accor Services' Ticket Car brand supports Bancos Alimentos charitable programs to provide food for thousands of Brazilians. Every month, it donates funds to purchase gasoline for the food bank network's trucks, thus ensuring that food is delivered regularly and efficiently.

## ARGENTINA

### Maria de la Esperanza Foundation

Accor Services Argentina donates food and gasoline vouchers to missionaries from the Maria de la Esperanza Foundation, which organizes mobile soup kitchens in some of the country's most remote regions.

## NORTH AMERICA AND MEXICO

### No Room for Hunger

From November 1 through 19, all Accor employees in the United States, Canada and Mexico were able to access a website for No Room for Hunger, an international hunger relief organization. Employee and corporate donations financed roughly 600,000 meals. In the first two weeks of December, Accor North America also raised \$25,000 for Toys for Tots, which distributes toys to thousands of children.



# Combating sexual tourism involving children



Since 2001, Accor has conducted joint actions with ECPAT (End Child Prostitution Pornography And Trafficking of Children for Sexual Purposes). The ECPAT network includes 72 organizations in 65 countries around the world.

Awareness and training programs for customers and employees have been launched in Europe (France), Asia (Thailand, Laos, Cambodia and Indonesia), Latin America (Mexico, French Guiana and Brazil) and the Caribbean (Dominican Republic). Initiated following the signing of the ECPAT Code of Conduct by Accor in Asia, these programs resulted in training for 5,125 employees in 45 Accor hotels in 7 countries. The Group also took part in two ECPAT campaigns for French tourists, distributing one million leaflets through the Carlson Wagonlit Travel network of travel agencies.

With Carlson Companies having signed the Code of Conduct during the year, Carlson Wagonlit Travel now publicizes its commitment on ticket folders distributed to as many as five million travelers around the world.

In October 2004, for the second year in a row, a Charity Walk was held in Bangkok to raise funds for an ECPAT-managed child shelter. Collection boxes have been installed in all Accor hotels in Thailand to raise funds for ECPAT educational programs.

→ **Objective for 2005:**

Extend and expand Accor's commitment by signing the **ECPAT Code of Conduct for the protection of children against sexual exploitation in the tourism industry** in at least three new countries, and distribute dedicated materials for that purpose.



**INTERVIEW | LUC FERRAN**

ECPAT INTERNATIONAL, TOURISM COORDINATOR

"Overall, Accor has demonstrated a strong commitment to the Code and we are very happy with the way that Accor has not only implemented the Code but also been honest and open in evaluating themselves.

The annual report on the implementation of the Code (completing this is one of the six criteria of the Code), for example, was very thorough in 2004 and such monitoring and evaluation is very important to an honest and efficient child protection program of any kind.

The sheer number of Accor staff trained is high and we are proud of this. Of course, there is never enough hotel staff trained on the issue of commercial sexual exploitation of children, but this is a number that Accor, ECPAT and other child protection stakeholders can be proud of. The greater the number of staff trained to spot and repudiate child sex tourism, the greater the impact the Code is having in terms of fighting sexual exploitation of children."

# Supporting local economic development

Accor's sustainable development policy is designed to maximize the positive impact of its activities while minimizing possible negative effects. To achieve this goal, it supports the economic development of its host communities by promoting local hiring and purchasing initiatives and supporting micro-projects. The policy with regard to corruption is part of the Group's risk prevention strategy.



## EXAMPLE OF A HOTEL PROJECT: THE BERIMBAU PROGRAM

The Berimbau program was launched in July 2003 in cooperation with the Brazilian government to facilitate the integration of people from disadvantaged backgrounds and generally improve living conditions through projects that create jobs and generate additional income. As a result, 3,000 direct jobs have been created and 7,000 people have benefited indirectly thanks to measures to strengthen local associations, invest in education, support the local production chain and promote local crafts. To raise customer and employee awareness of the program, a Berimbau project coordinator has been appointed in each of the region's two Accor hotels.

## TICKET RESTAURANT: A TANGIBLE EXAMPLE OF SOCIAL SUPPORT FROM ACCOR SERVICES

According to a study by the Institute of International Social Cooperation, Ticket Restaurant meal vouchers help increase purchasing power and provide real social benefits. Meal and food vouchers are used every day by nearly 13 million company employees around the world. For employers, they represent a modern, efficient way to motivate and retain staff, while for governments, they address concerns about public health and economic transparency. Lastly, these vouchers create a social pact among companies, employees and local communities.

## SUPPORTING MICRO-PROJECTS

### Agrisud

Accor provides backing for Agrisud, a French association with sustainable economic development expertise. Agrisud helps developing countries achieve economic and social independence through its support for businesses that enjoy long-term growth prospects. Since its founding in 1985, the association has set up more than 13,000 micro-projects and assisted in the creation of nearly 400 small farming businesses.



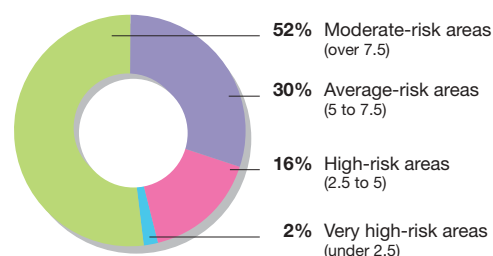
## Combating corruption

The Group's anti-corruption policy is presented in the *The Manager's Benchmarks*, a booklet distributed in all host countries. Accor is also a member of the French Council of African Investors (CIAN), chaired by Gérard Pélisson. Companies that sign the CIAN charter pledge to "discourage employees from engaging in corruption, extortion and any other form of misconduct."

**To strengthen this commitment, Accor signed an agreement with France's Central Service for the Prevention of Corruption in 2004 to:**

- Develop a map of corruption risks by country and business.
- Create and regularly update a document on laws and regulations in France and other countries.
- Clearly define all forbidden unlawful practices.
- Provide employee training in this area.

### ACCOR HOTELS BY RISK AREA



*Corruption risk indexes prepared by Transparency International.*



# Integrating local cultures

A firm believer in cultural diversity, Accor provides local support for a wide range of initiatives intended to protect and showcase its host countries' cultural assets.

## MEMORIES OF THE FUTURE

Since 1999, Accor has supported UNESCO's Memories of the Future project by helping to restore three world heritage sites and monuments. One project in the Medina in Tunis, Tunisia is now completed, while work continues on the other two—the Prince Gong Palace in Beijing, China, and the Bat Chum temple in Angkor, Cambodia. In the temple project, young Khmers are taking part in the renovation project, thus providing them with training and jobs linked to the protection of their cultural heritage.

## SHOWCASING AFRICAN TALENT

Through a range of contemporary African art forms, 4,000 employees in Sofitel, Novotel, Mercure and Ibis hotels in sub-Saharan Africa are sharing opportunities to discover local culture and art with customers by:

- Providing exhibition space for contemporary artists and helping to promote them to hotel guests and the general public.
- Creating events in the hotels, including shows, poster displays, openings, libraries, videos and other activities.



## OFFICIAL PARTNER TO LILLE, THE 2004 EUROPEAN CAPITAL OF CULTURE

Elected European Capital by the Ministers of Culture of European Union member states, Lille was host to a wide range of artistic festivals in 2004. Accor was an official partner to this exceptional cultural event.



In 2004, more than 15 events were organized with Radio France International, the French Association for Artistic Action (AFAA), the Intergovernmental Agency for the French Language and a number of other partners.



# Sustainable development ratings agencies

In 2004, Accor was again included in the three major socially responsible investment indexes: DJSI World & Stoxx, FTSE4Good and ASPI Eurozone. It was also listed for the first time in the ESI index.



## SAM

SAM Research Inc. assesses companies for possible inclusion in the Dow Jones Sustainability Indexes. In its listing, Accor ranks first among hotel operators and second for the entire hotel and restaurant industry. From a poor-average-best (p-a-b) rating scale, Accor scores a "b" ("best in industry") for its economic and environmental policies, and an "a+" ("upper industry average") for its social policies.



## VIGEO

The ASPI index is comprised of the 120 listed companies with the highest Vigeo ratings, which range from – to ++. Accor's most recent Vigeo ratings were ++ for human resources, civil society and human rights, + for the environment and customers and suppliers, and = for corporate governance. In 2004, Vigeo gave Accor top marks for the hotel industry.



## EIRIS

The Ethical Investment Research Service (EIRIS) conducts studies used by FTSE4Good in ranking the companies in its index. In 2004, Accor was again included in the FTSE4Good index, which includes only 25 French companies out of a total of 265 listed European companies.



## ETHIBEL

The Ethibel Sustainability Index (ESI) provides a comprehensive perspective on the financial performance of the world's leading companies in terms of sustainability for institutional investors, asset managers, banks and retail investors. First published on June 27, 2002, it lists companies considered to be sustainable development pioneers. In 2004, the index included 180 companies.

## STUDY CONDUCTED BY FRANCE'S BMJ CORERATINGS



In 2004, BMJ CoreRatings, the European non-financial ratings agency, ranked Accor first among hotel operators in a study entitled "Tourism Industry & Developing Countries... Mind the Gap." The purpose of the study was to assess the impact of nine tourism industry leaders on sustainable development challenges specific to emerging countries.

## AN INVESTOR'S OPINION

"Over the past two years, we feel that Accor has been one of the most committed European hotel and leisure industry companies in the area of sustainable development. With a highly decentralized organization spanning the globe, Accor has successfully defined and introduced meaningful actions that respond to the major challenges facing the industry. These range from employee-related concerns, like turnover and

gender parity, to environmental and human rights issues. Accor has been especially innovative in training employees, respecting their rights, combating sexual tourism and minimizing the environmental impact of its operations through programs to reduce consumption and raise customer awareness. After the 2003 Report, which showed a true concern for accuracy, we're now waiting for Accor to publish its indicators

and results using a broader geographic base. Lastly, its policy of obtaining commitments from suppliers and subcontractors should be expanded from the experimental stage in France and gradually applied worldwide."

**Stéphane PREVOST**  
Manager CSRI – European Equities  
Ixis Asset Management



# Group Environmental Indicators

Unless otherwise specified, the following indicators relating to water, energy and greenhouse gas emissions concern 95% of owned or leased properties (compared with 87% in 2003) and 33% of managed properties (none in 2003). These include:

- Hotels in France and other European countries (eight more countries than in 2003), as well as in North America, South America (three countries in 2004, compared with none in 2003) and other countries (14 in Africa, nine in Asia and one in the Pacific region, compared with none in 2003).
- Seawater therapy institutes in France.
- Operations of Compagnie des Wagons-Lits in Austria, France, Italy, Portugal and Spain.

- Operations of the Lenôtre production site in Plaisir, France.

The Services business is not included in the indicators as it has little impact on the environment. In France, for example, the impact is limited to the approximately 200 metric tons of paper to print service vouchers.

Indicators corresponding to the action points listed in the Hotel Environment Charter are marked with a [c]. They concern owned hotels, hotels operated under management contracts and franchised operations. The regions covered in 2004 are Europe, Latin America, Asia, the Pacific and Egypt.

WATER AND ENERGY	France		Europe (excl. France)		North America		South America		Asia		Pacific		Africa		Total 2004	Total 2003
	owned	managed	owned	managed	owned	managed	owned	managed	owned	managed	owned	managed	owned	managed		
Number of establishments	743		530	16	988		36	30		62	4		31	49	2,489	2,181
Water consumption (thousands of cubic meters)	5,747		4,621	174	17,722		513	445		3,897	226		474	1,749	35,568	29,096
Energy consumption (MWh)	707,085		742,814	26,853	1,101,124		42,438	28,580		227,587	8,117		33,361	141,728	3,059,687	2,483,971
Renewable energy production (MWh)	737		54					118				125		84	1,118	1,100

GREENHOUSE GAS EMISSIONS	France		Europe (excl. France)		North America		South America		Asia		Pacific		Africa		Total 2004	Total 2003
	owned	managed	owned	managed	owned	managed	owned	managed	owned	managed	owned	managed	owned	managed		
Direct greenhouse gas emissions (metric tons of CO <sub>2</sub> equivalent)	35,909		75,369	1,759	80,397		226	155		2,279	651		24	6,181	202,950	189,672
Indirect greenhouse gas emissions (metric tons of CO <sub>2</sub> equivalent)	36,926		163,225	7,087	399,095		3,894	2,405		130,735	384		23,164	57,221	824,136	557,960

BIODIVERSITY AND LOCAL INTEGRATION	France		Europe (excl. France)		North America		South America		Asia		Pacific		Africa		Total 2003	Total 2004
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004		
Number of establishments	1,042	1,018	665	768	0	21	111	124	52	51	80	48	20	18	1,970	2,048
Respect of Accor's design charter for hotel signs and signposting to the hotel [c]	90%	97%	98%	93%		90%	94%	96%	71%	78%	88%	77%	93%	100%	92%	94%
Upkeep and enhancement of the hotel's green areas [c]	88%	99%	98%	95%		100%	96%	97%	90%	95%	85%	89%	100%	100%	92%	97%
Planting of at least one tree near the hotel [c]	65%	57%	79%	61%		52%	71%	76%	63%	49%	57%	33%	93%	83%	70%	59%
Measures undertaken to protect the local environment [c]	34%	27%	50%	38%		62%	43%	55%	57%	47%	51%	48%	86%	83%	42%	35%
Information to customers about environmental protection initiatives [c]	56%	70%	88%	74%		52%	80%	85%	65%	78%	89%	60%	100%	100%	70%	72%

WASTE MANAGEMENT		Restaurants		Hotel rooms		Offices/ Reception areas		Total		<p>The Ibis, Novotel, Mercure and Sofitel chains are involved in a program in France sponsored by the national Agency for the Environment and Energy Management (ADEME) aimed at reducing by 10% the amount of waste generated by companies or else increasing by 10% the amount of resources recovered and reused. The goal is to achieve these results within 24 months through action plans. Audits conducted by independent firms identified the amount of waste produced by each hotel activity and process. Once the results have been analyzed, Accor intends to extend action plans to drive similar improvements across the hotel base.</p> <p>*90% of cardboard comes from packaging for transported goods.</p>							
Non-hazardous industrial waste as a % of waste production, by family	Paper	5%	26%	70%	7%												
	Cardboard	1%	4%	5%	12%												
	Glass	5%	6%	10%	4%												
	Packaging (excl. cardboard)	9%	14%	10%	3%												
	Organic matter	50%			15%												
	Residual waste	30%	50%	5%	59%												
		France		Europe (excl. France)		North America		South America		Asia		Pacific		Africa		Total 2003	Total 2004
		2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004		
Special waste	Toner cartridges collected		17,250	Since 2004, data have been supplied by service providers who collect and process these kinds of waste.												17,250	
	Batteries collected (in kg)		1,305													1,305	
	Cooking oil collected (in liters)		206,195													206,195	
		France		Europe (excl. France)		North America		South America		Asia		Pacific		Africa		Total 2003	Total 2004
		2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004		
Number of establishments		1,042	1,018	665	768	0	21	111	124	52	51	80	48	20	18	1,970	2,048
Sorted collection of paper, newspapers and magazines [c]		61%	56%	91%	90%		86%	96%	100%	88%	94%	88%	73%	14%	28%	74%	73%
Sorted collection of cardboard [c]		72%	70%	89%	90%		81%	97%	98%	82%	84%	76%	77%	36%	39%	79%	79%
Sorted collection of glass [c]		73%	69%	93%	93%		71%	74%	89%	61%	75%	79%	75%	57%	44%	80%	79%
Sorted collection of toner cartridges [c]		91%	94%	98%	97%		86%	87%	94%	57%	78%	76%	79%	50%	100%	92%	94%
Sorted collection of used oil [c]		91%	97%	96%	96%		81%	54%	96%	76%	78%	91%	96%	71%	59%	91%	95%
Recycled paper used whenever possible [c]		79%	74%	83%	48%		67%	88%	68%	96%	84%	45%	67%	43%	72%	80%	64%

IMPROVING ENERGY EFFICIENCY	France		Europe (excl. France)		North America		South America		Asia		Pacific		Africa		Total 2003	Total 2004
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004		
Number of establishments	1,042	1,018	665	768	0	21	111	124	52	51	80	48	20	18	1,970	2,048
Internal control of water [c]	92%	90%	97%	94%		86%	93%	97%	94%	94%	83%	69%	100%	100%	94%	91%
Internal control of energy [c]	94%	89%	97%	95%		90%	35%	99%	94%	94%	77%	79%	100%	100%	91%	92%

ENVIRONMENTAL MANAGEMENT	France		Europe (excl. France)		North America		South America		Asia		Pacific		Africa		Total 2003	Total 2004	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004			
Environmental certification	ISO 14001 certified establishments		20		2							2	2			26	
	Other certification				2		11							1		14	
Environment Charter	Number of establishments	1,042	1,018	665	768	0	21	111	124	52	51	80	48	20	18	1,970	2,048
	Average number of actions out of 15	11.30	11.18	13.20	12.07		11.32	11.90	13.33	10.80	11.33	11.30	10.21	11.40	12.07	11.99	11.64
Raising employee awareness of the environmental policy		57%	52%	88%	67%		76%	80%	87%	65%	63%	89%	54%	100%	100%	63%	60%

[C] = Included in the Hotel Environment Charter.

# Accor's people, in France

## CORPORATE SOCIAL REPORT-FRANCE

The Consolidated Corporate Social Report-France consolidates data from the 2004 social reports prepared, in compliance with French law, by French subsidiaries that are at least 50%-owned and that have at least 300 employees. It covers 72% of employees in France.

<b>EMPLOYMENT</b> (data at December 31, 2004)	
Total number of employees <sup>(1)</sup>	20,428
Percentage of women	55%
Percentage of men	45%
Average number of employees <sup>(2)</sup>	20,659
Number of full-time employees	17,709
Number of part-time employees	2,719
Number of hirings under permanent contracts in 2004	4,636
Number of hirings under fixed-term contracts in 2004	3,489
Number of foreign employees <sup>(4)</sup>	2,357 people representing 11.5% of the total at December 31, 2004
Redundancy plans	Redundancy plan introduced in the onboard train services business (Compagnie des Wagons-Lits), further to SNCF closing two Italy-bound lines for which Accor subsidiary Sud Europe Services provided subcontracting services: <ul style="list-style-type: none"> <li>• Number of employees laid off in 2004: 116</li> <li>• Number of employees inplaced in 2004: 47</li> <li>• Number of employees taking early retirement: 17</li> </ul>
Absenteeism <sup>(3)</sup>	
By cause:	
Sick leave	6%
Workplace accidents and accidents commuting to/from work	1%
Maternity, paternity or adoption leave	2%
Compensated absences (family events)	2%
Non-compensated absences (unpaid leave, parental leave)	1%

<b>WORKING HOURS</b> (terms negotiated with union organizations)	
Hotels	<b>Workweek:</b> 39 hours for non-managerial employees 217 days for managers
Services Travel agencies – Compagnie des Wagons-Lits Head offices	<b>Workweek:</b> 35 hours for non-managerial employees 217 days for managers
Overtime	<b>For non-managerial employees:</b> Compensated in the form of days off  <b>For managers:</b> Annual salary; no overtime paid



COMPENSATION	
2003 incentive bonuses paid in 2004	Number of beneficiaries <sup>(5)</sup> : 10,052 Total average gross amount per beneficiary: €553
2003 profit-shares paid in 2004	Special Employee Profit-Sharing Reserve, net: €10,219,875 Number of beneficiaries <sup>(5)</sup> : 30,586 Average net amount per beneficiary: €334.14

HEALTH AND SAFETY CONDITIONS	
Number of CHSCT <sup>(6)</sup> meetings	534
Healthy and safety training	2,227 employees attended a health and safety training course at Accor Academy, including 363 who attended a seminar on movements and posture
Workplace safety training	5,881 people attended onsite training courses

EMPLOYEE RELATIONS	
Collective agreements	48 agreements were signed between June 1, 2003 and June 1, 2004

EMPLOYEE BENEFITS	
Solidarity Fund	In 1994, a Solidarity Fund was set up in France to provide administrative or financial assistance to employees faced with major financial or family-related difficulties that they cannot overcome alone.
Works Council benefits budget	€1,286,291

(1) All employees in service at December 31, 2004, irrespective of the type of employment contract.

(2) Total monthly number of employees (all employees on the payroll on the last day of the month concerned), divided by 12 months.

(3) Number of days of employee absences divided by the theoretical number of days worked.

(4) Number of foreign employees working in France.

(5) Among employees who worked at least three months in the year.

(6) Health, Safety and Working Conditions Committee.

## DEFINITION OF SCOPE FOR ACCOR IN FRANCE

Full-scope data cover all companies in the Group, irrespective of how many people they employ. This scope encompasses:

- Full and part-time employees with permanent contracts or fixed-term contracts exceeding three months, as well as employees hired under vocational training programs.

- Total headcount, in the case of subsidiaries and entities managed by Accor under contract.

- Half of total headcount in the case of 50%-owned subsidiaries.

- These proportions have also been used for the other indicators provided in the table below.

EMPLOYMENT	
Total number of employees at December 31, 2004 <sup>(1)</sup>	28,540

COMPENSATION	
Total gross payroll	€676,914,500
Payroll taxes	€288,493,773

TRAINING	
Training expenditure as a percentage of total payroll	1.9%
Average training days per employee	2.3 days

(1) All employees in service at December 31, 2004, irrespective of the type of employment contract.

# Accor's people, around the world

Accor employed 168,619 people around the world as of December 31, 2004, compared with 158,023 the previous year and 157,412 at December 31, 2002.

## These figures include:

- Full and part-time employees with permanent contracts or fixed-term contracts exceeding three months, as well as employees hired under vocational training programs.
- Total headcount, in the case of subsidiaries and entities managed by Accor under contract.
- Half of total headcount in the case of 50%-owned subsidiaries.
- These proportions have also been used for the other indicators provided in the table below.

Employees of managed businesses at December 31, 2004	France	Europe (excl. France)	North America	South America and the Caribbean	Others countries	Total 2004	Total 2003	Total 2002
<b>Hotels</b>	<b>19,823</b>	<b>27,833</b>	<b>20,496</b>	<b>9,392</b>	<b>43,373</b>	<b>120,917</b>	<b>112,095</b>	<b>112,426</b>
Upscale and midscale	14,694	22,610	4,021	8,184	40,882	90,391	84,391	84,282
Economy	5,129	5,223		1,208	2,491	14,051	12,895	11,048
Economy US			16,475			16,475	14,809	17,096
<b>Services</b>	<b>529</b>	<b>1,083</b>	<b>97</b>	<b>1,997</b>	<b>251</b>	<b>3,957</b>	<b>4,039</b>	<b>3,658</b>
<b>Other</b>								
Travel agencies	1,354	2,919	1,833	395	374	6,875	7,047	7,504
Casinos	1,968	411				2,379	2,287	2,126
Restaurants	1,060	5,266		18,406		24,732	22,468	21,234
Onboard train services	2,377	2,476				4,853	5,330	5,610
Other	1,429	255	32	3,112	78	4,906	4,757	4,854
<b>TOTAL</b>	<b>28,540</b>	<b>40,243</b>	<b>22,458</b>	<b>33,302</b>	<b>44,076</b>	<b>168,619</b>	<b>158,023</b>	<b>157,412</b>

Human resources indicators by region at December 31, 2004		France	Europe (excl. France)	North America	South America and the Caribbean	Others countries	Total 2004
Workforce	<b>NUMBER OF EMPLOYEES</b>	<b>28,540</b>	<b>40,243</b>	<b>22,458</b>	<b>33,302</b>	<b>44,076</b>	<b>168,619</b>
	% women	53%	57%	71%	51%	35%	51%
	% men	47%	43%	29%	49%	65%	49%
	o/w employees on permanent contracts	91%	83%	94%	93%	84%	88%
Management positions	Total % of management positions*	23%	9%	9%	8%	12%	12%
	o/w held by women	42%	42%	53%	62%	32%	43%
	o/w held by men	58%	58%	47%	38%	68%	57%
Training	Training expenditure as a % of total payroll	1.9%	2.0%	1.5%	4.8%	1.9%	2.0%
	Number of training days	64,414	62,300	34,424	69,343	89,648	320,129
	Average training days per employee	2.3	1.5	1.5	2.1	2.0	1.9
	Number of employees having attended at least one training course						122,682
Workplace accidents	Incidence rate of workplace accidents**						17.6
	Number of fatal workplace accidents	0	0	0	1	55***	56
	Number of fatal accidents commuting to/from work	1	1	0	0	3	5

\*Management position: a position held by an employee who is in charge of a team and/or who has a high level of expertise.

\*\*Incidence rate: number of workplace accidents with lost time (as defined in accordance with local legislation) per million hours worked.

\*\*\*1 workplace accident and 54 employees who died or were reported missing after the Asian tsunami, as of March 15, 2005.

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