



# 2

## CORPORATE RESPONSIBILITY

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*“Our Group is going through a deep strategic and cultural transformation that is encouraging us to go beyond our limits, surprise, and invent new types of hospitality. These new winds are also ushering in a renewed commitment to corporate social responsibility, through a process that we will continually strive to improve to ensure that people and the planet are respected.*

*As a leader, we believe in inspiring and encouraging as many as possible to follow our lead – employees, customers, partners and local communities – to ensure positive outcomes and reduce our environmental impact. Together, we have two major points of focus: achieving zero food waste while promoting healthy, sustainable food, and achieving carbon neutrality in all our building projects.*

*Planet 21 Acting Here!, our new 2020 sustainable development strategy, brings together all of our commitments and projects related to these initiatives. With the help of our 250,000 employees around the world, this program has one great ambition: to drive the change towards positive hospitality wherever we are.”*

*Sébastien Bazin, Chairman and Chief Executive Officer*

## 2.1 A CSR STRATEGY INTEGRATED INTO THE ECONOMIC MODEL

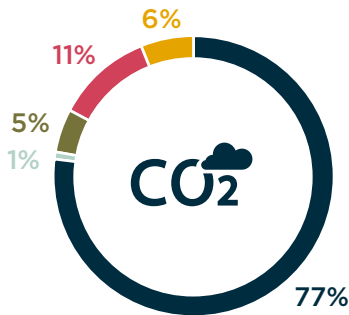
### 2.1.1 AN OVERVIEW OF THE CHALLENGES FACING ACCORHOTELS

#### THE GROUP’S ENVIRONMENTAL FOOTPRINT

##### Carbon Footprint

**4.5 Million tons CO<sub>2</sub>-eq**

I.e. the total annual emission of a small coal-fired power plant

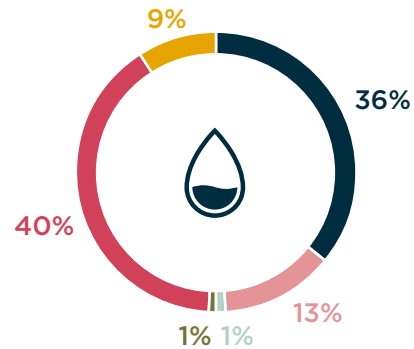


- Infrastructures (real estate and furnishings)
- Energy consumption of the hotels
- Water used directly in the hotels
- Hotel management (administration and upkeep)
- Laundry
- Food and drink Treatment of waste

##### Water Consumed

**30 Million m<sup>3</sup>**

Which is equal to the consumption of a European city of 410,000 inhabitants



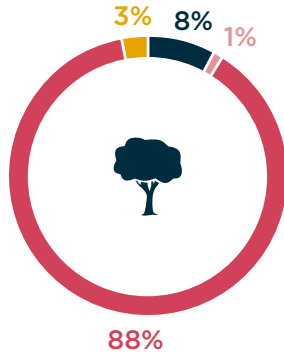
- Infrastructures (real estate and furnishings)
- Energy consumption of the hotels
- Water used directly in the hotels
- Hotel management (administration and upkeep)
- Laundry
- Food and drink Treatment of waste



**Impact on ecosystems**

**351 Thousand PDF.ha.year<sup>(1)</sup>**

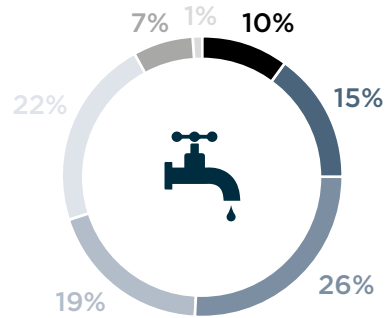
Which is equal to the surface area of 530,000 football fields covered in concrete



- Infrastructures (real estate and furnishings)
- Energy consumption of the hotels
- Water used directly in the hotels
- Hotel management (administration and upkeep)
- Laundry
- Food and drink Treatment of waste

**Current water stress**

Percentage of hotels located in the different hydric stress zones



- Very high >80%
- High 40-80%
- Average to high 20-40%
- Average 10-20%
- Low <10%
- No data

The results of the updated study published in 2016 by AccorHotels on its environmental footprint have revealed two important facts:

- **buildings** are the biggest source of **greenhouse gas emissions** in the Group (77%), and it is important to control their water consumption (25% of its hotels are in places suffering high water stress);
- **the consumption of food and drinks**, because of the upstream environmental impacts of the agriculture, represent a large part of the environmental footprint of the Group **on water (40%) and biodiversity (88%)**.

AccorHotels has therefore identified two major issues related to its business: managing and controlling the environmental impact of its buildings and promoting sustainable food in its restaurants.

(1) This unit of measurement reflects the fraction of species that could, potentially, disappear from a region on an annual basis.

**SCOPE 3 AND HOW IT RELATES TO THE ENVIRONMENTAL FOOTPRINT**















The table below shows the scope of the environmental footprint analysis. For example, the Group’s carbon footprint included Scope 3 and considered the following line items in particular:

- construction and renovation;
- hotel management: cleaning products, pesticides;
- employee travel;
- food & drink.

Guest transportation was not included in the study, because in general, guests do not travel specifically to go to hotels; they usually travel for other reasons (study abroad, exploring, tourism, etc.). In addition, the necessary information to evaluate the impact of this type of transportation is not yet available.

Specific information on the business aspects studied and the indicators covered is given below:

*Changes to positions and impacts considered in the cycle of life analysis between 2011 and 2015*

POSITIONS		IMPACTS				
						
		Energy	Water	CO <sub>2</sub>	Eutrophication	Biodiversity
	Temperature control and cooling system	✓	✓	✓	✓	✓
	Construction and renovation	✓	✓	✓	✓	✓
	Room items: towels and paper products, bath products, televisions	✓	✓	✓	✓	✓
	Hotel energy consumption	✓	✓	✓	✓	✓
	Hotel water consumption	✓	✓	✓	✓	✓
	Hotel management: cleaning products, pesticides	✓	✓	✓	✓	✓
	Office management: printers, paper products, IT hardware, and telephones	✓	✓	✓	✓	✓
	Employee travel	✓	✓	✓	✓	✓
	Laundry	✓	✓	✓	✓	✓
	Food and Beverage	✓	✓	✓	✓	✓
	Waste processing	✓	✓	✓	✓	✓
	Customer travel	✗	✗	✗	✗	✗

✓ Impacts assessed in 2015 but not in 2011

✓ Impacts assessed in both 2015 and 2011

✗ Non-assessed areas in 2015 and 2011

**SOCIO-ECONOMIC FOOTPRINT**

Published in 2016, the socio-economic footprint of AccorHotels shows that its operations have a significant socio-economic impact:

- as the largest operator in the hotel industry in the world, in an industry that is particularly labor-intensive and largely local, **AccorHotels creates or provides jobs for more than 880,000 people** around the world;
- the total direct, indirect and related business generated by AccorHotels in the world economy amounts to approximately €22.4 billion, **of which an average of 83% remains in local economies;**
- **agriculture, an industry that is upstream from the restaurant business**, is the third-largest industry and has the greatest number of employees; with 83,000 jobs. Every job created in an AccorHotels Group hotel creates 0.5 job in the agriculture industry;
- the socio-economic footprint of AccorHotels means that it has a duty to be **responsible across its value chain** and in local economies. The business of the Group has a strong **leveraging effect** through its **supply chain** and on household consumption made possible by the salaries paid by the Group and its suppliers, and through contributions to public expenses, especially taxes.

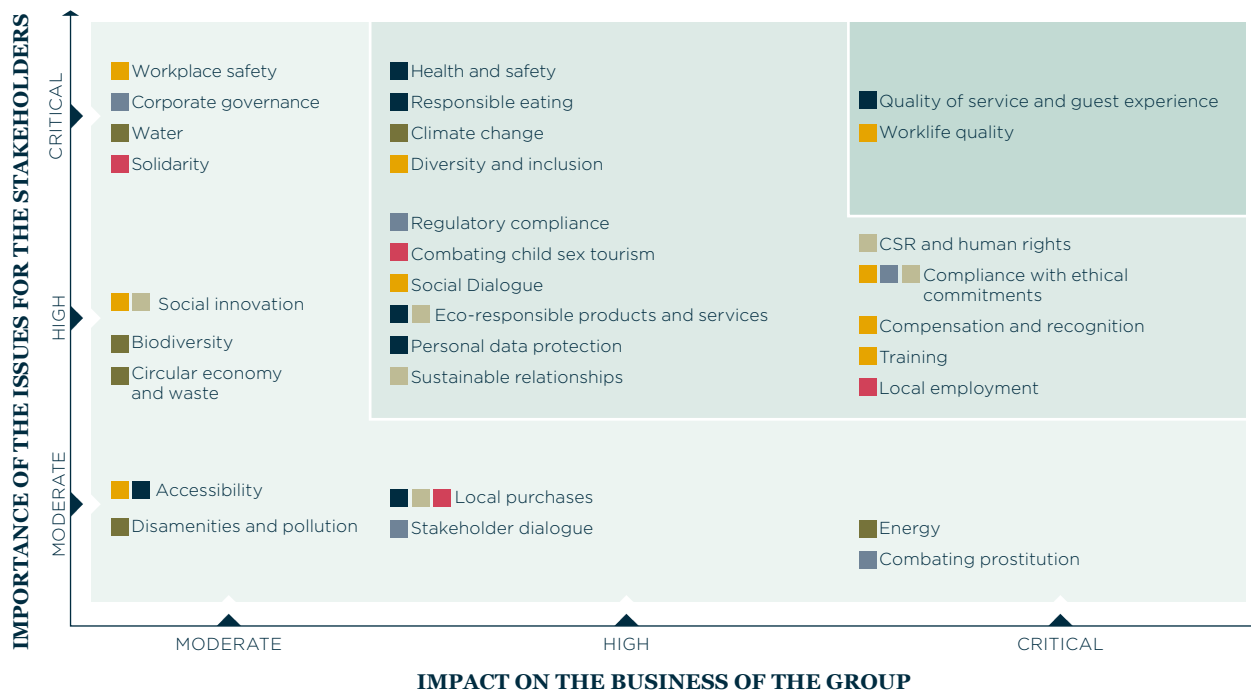
This study shows that the Group shares strong common interests with all of its stakeholders: its guests (who are the reason why the Group’s business exists and the creators of its revenue), its employees, its communities, and its partners (suppliers and hotel management).

**ASSESSING THE MATERIALITY OF ISSUES**

The overview relied on various Group management teams to collaborate and identify stakeholders and then establish how AccorHotels communicates with each of them.

In 2016, AccorHotels updated its original 2013 assessment of the materiality of these issues. Three major studies conducted by the Group helped it to quantify the issues with greater accuracy: the environmental footprint, the socio-economic footprint (see above), and a study of how guests perceived sustainable development (see page 47). These issues, once identified and quantified, were compared with the concerns of stakeholders and were laid out along two main themes: “Significance given to the topic by stakeholders”, and “Impact on the business of the Group”. As such, an analysis on the importance of the issues completes the studies on quantitative footprints with a full-range evaluation of the strategic challenges that AccorHotels is facing.

This analysis confirms that people continue to occupy a central position in the hotel business, and this is because the main challenges are quality of service and guest experience, and quality of life at work. The analysis also demonstrated that the Group must address many challenges in the three core aspects of CSR, with a greater emphasis placed on business, societal and environmental concerns. This updated analysis on the importance of the issues helped to rank the CSR challenges in the new Planet 21 Strategy.



- Employees
- Guests
- Suppliers
- Local communities
- Environment
- Public authorities and civil society

**CSR ISSUES AND CHALLENGES IN EVALUATING THE GROUP'S RISKS**

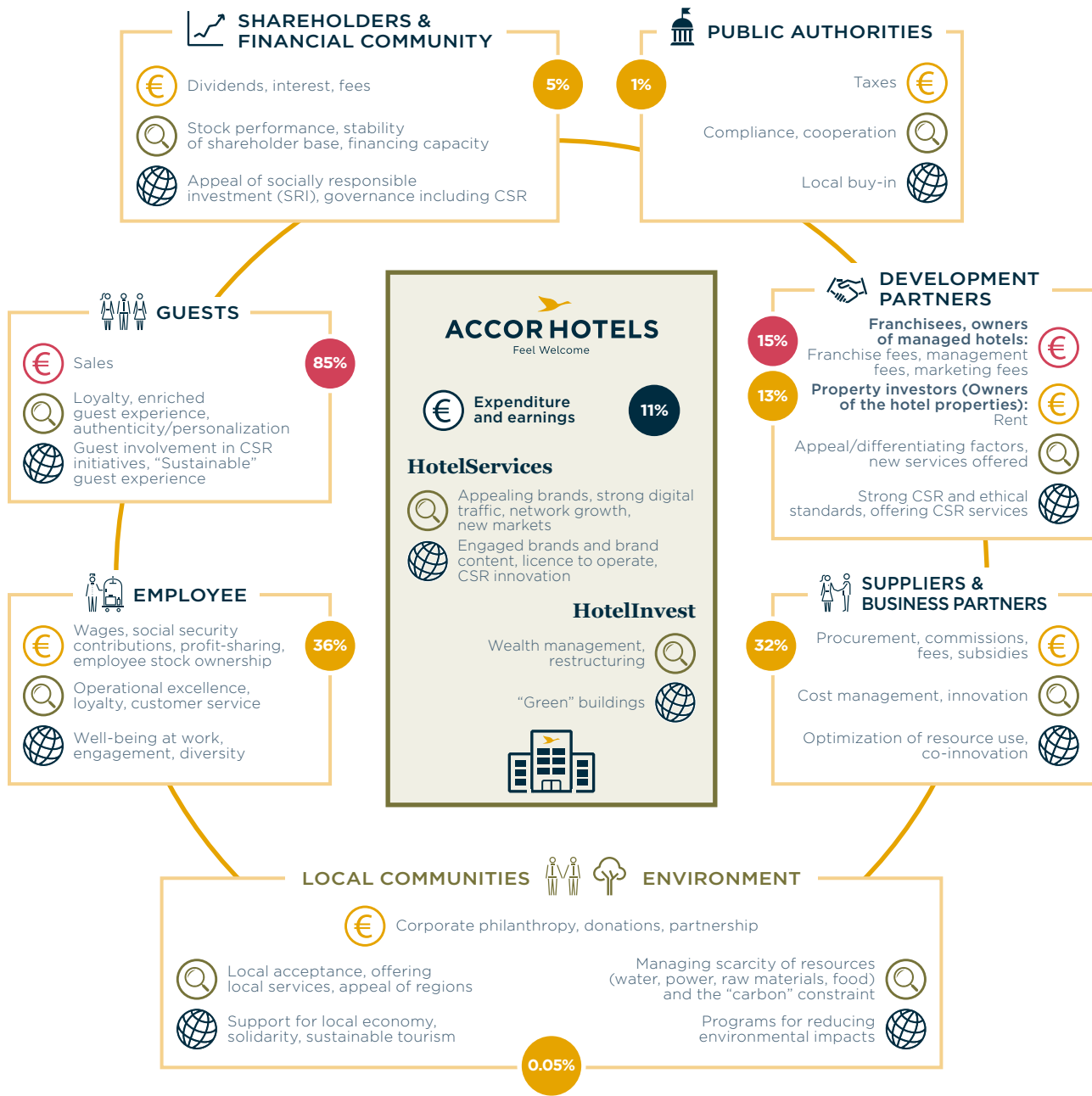
Building on the process that began in 2015 to better integrate CSR issues and challenges into evaluations of potential risks, the method was improved in 2016 and now takes into consideration the environment and local communities. The overall risk management structure of the Group is detailed in Chapter 3 “Risk Factors”.

**2.1.2 CROSS-SECTIONAL ANALYSIS OF THE ECONOMIC MODEL AND THE CSR CHALLENGES**

Before the new Planet 21 Strategy was defined for the 2016-2020 period, a wide-ranging study of the economic model of AccorHotels was performed. First and foremost, this study analyzed the components that currently create value and are expected to create value in the future for the Group, and then identified how CSR initiatives could line up with these value creation mechanisms and reinforce the strategy and contribute to the ongoing success of the Group. This approach has led to the CSR strategy really becoming part of the business strategy of the Group. It was particularly impactful in the creation of the Planet 21 Acting Here! Program.

The diagram below presents a simplified version of the results of these efforts. Below are represented:

- **the main actors (the “stakeholders”)**, for whom the hotels and their support functions are part of a daily effort to achieve the goals of AccorHotels to welcome and support its guests around the world;
- **the main cash flows** that link the Group to these different actors, as well as their respective importance (simple breakdown of their balance sheet);
- **the main value creators**, which allow the Group to increase its profitability and/or continue to operate;
- and finally, **CSR levers that could strengthen value creation** for AccorHotels, over and above the positive outcomes that they bring for the planet and people.



€ Cash flows from AccorHotels to stakeholders (as a % of revenue)    
 € Cash flows from stakeholders to AccorHotels (as a % of revenue)    
 🔍 Value creation levers for AccorHotels    
 🌐 CSR levers that strengthen value creation

### 2.1.3 PLANET 21 ACTING HERE! A FRESH DIRECTION FOR THE CSR STRATEGY

#### A RENEWED VISION OF OUR COMMITMENT TO SOCIAL AND CORPORATE RESPONSIBILITY

With the 2016 launch of its new CSR strategy, called Planet 21 Acting Here!, AccorHotels is reaffirming its vision: “Wherever we are, let us drive the change towards positive hospitality.”

The slogan “Acting Here!” means that the Group is active wherever it is present. Because hotels are at the heart of its work, AccorHotels places them at the center of its commitments.

Every hotel, at the heart of its ecosystem, is like the center of a tiny planet. It acts together with its stakeholders – customers, employees, partners (owners and suppliers), and communities. AccorHotels with hotels all over the world; its strength is being able to act from a strong local connection.

AccorHotels is recognized as an active and committed leader in the hotel industry. Its ambition is to continue to be a pioneer, forging new pathways, taking full advantage of its impetus in the industry, always seeking to innovate and to surprise, driving the change towards positive hospitality.

This positive hospitality is something that AccorHotels will be proud to pass on to future generations. It will limit the negative impacts from its business on climate, water, waste, and local communities as much as possible. It will have a positive effect on human rights, labor, and working conditions and the overall environment and well-being of employees, guests, partners, and communities.

#### IMAGINING POSITIVE HOSPITALITY – THE ACCORHOTELS MANIFESTO

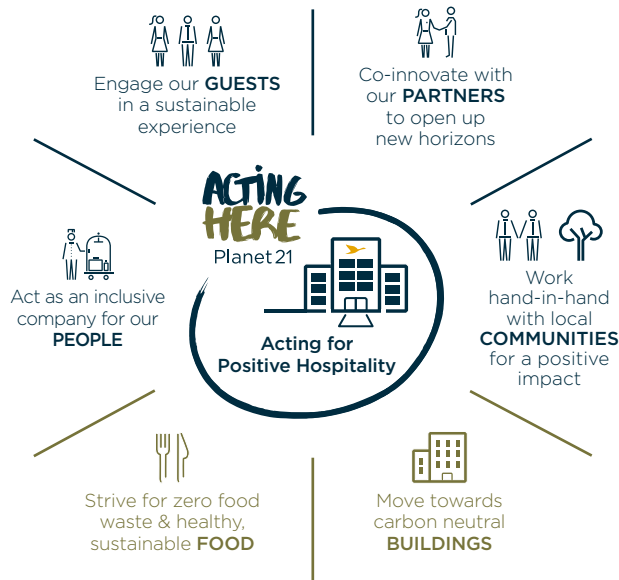
Because we take care of millions of guests, each of our hotels is a world unto itself, and every action counts, so let us forge new pathways and invite the world to help us do it. A warmer welcome for the future.

#### A PROGRAM BUILT AROUND FOUR MAIN THEMES AND TWO PRIORITIES

For almost 50 years, AccorHotels has striven to be both a pioneer in the hotel industry and an exemplary corporate citizen, demanding excellence both from itself and its partners. With a view to respecting ethical principles and reaffirming our commitment, the Ethics & CSR Charter of the Group defines the AccorHotels responsibility process.

Planet 21 is consistent with this framework, as an engine for change and progress, through commitments and goals that can be measured through time.

AccorHotels’ CSR Strategy for 2016-2020, Planet 21 Acting Here!, is built around four main themes and two priorities chosen in direct response to the business, environmental, and societal challenges identified by the Group (see “An overview of the challenges facing AccorHotels”, page 34).





- **Being an inclusive company** and taking steps to ensure employee well-being. Bolstered by its ability to create and sustain local jobs, AccorHotels is renewing its commitment to being a place of welcome and inclusiveness, with respect for diversity that is focused on developing everyone's talents. As an employer, the Group is committed to making its employees "Feel valued". It aims to be a company that makes life and work better, a company that is open to the world and engaged in local training and recruitment, and in supporting marginalized populations.
- **Getting guests involved in multiplying the positive effects** of the actions taken by the Group, its hotels, and its employees. AccorHotels wants to give its guests a hotel experience that gets more responsible with each visit and encourage them to collaborate in that effort, because more than any other business, the hotel business is defined by a close relationship with its guests. This closeness brings high expectations for the services provided, including a strong environmental and social dimension, irrespective of the brand or the country. The Group is therefore committed to meeting minimum environmental standards in all its hotels and employing eco-friendly design for all products that are available in its rooms. This closeness with the customers also opens the door to deeper relationships with them as engaged citizens. Studies show that guests are sensitive to these issues and ready to work with the Group.
- **Cementing a long-term relationship with its partners** to make the hotel industry move towards more ethical solutions. The business and performance of AccorHotels are closely linked to those of its partners: its suppliers, owners of its hotels and independent hotels with ties to the Group. Maintaining its reputation means broadening its commitment to company, social, and environmental responsibility with its partners so that everyone in the value chain of the hotel can benefit. This is why AccorHotels is implementing clear processes with its partners in order to best manage CSR risk and seize the many opportunities to develop its offerings of products and services with a positive impact. The Group has identified a powerful value creation dynamic in the "green and social" economy. It is positioning itself as a pioneer and wants to create a domino effect for the entire value chain of the hotel business.
- **Taking action in local communities**, because making a change for the better doesn't stop at the hotel door. The Group plans to continue playing the role that it has always played in communities, supporting local and social initiatives. Based as they are in local communities, the teams who work at the hotels are motivated and have a unique ability to put forward concrete projects for local economic and social development or to support the marginalized: local jobs, access to training for people who have not been able to take advantage of educational opportunities, promoting local culture and the local economy, fighting poverty through business agreements to promote fair trade, protecting children against abuse, initiatives to preserve natural ecosystems, social welfare initiatives, etc.

In the end, the lessons learned from Group's environmental footprint are clear: two of the business priorities of the Group, developing its real estate holdings and its restaurant line, are also the main areas where it can reduce its environmental impact. Logically, AccorHotels is paying particular attention to these two areas with its 2020 vision:

- **Offering guests healthy and sustainable food, while eliminating food waste.** The AccorHotels motto is simple: "Feeding our guests responsibly, as we feed our own children". This means that the Group wishes to offer healthy food to fight against public health problems caused by poor nutrition; support changes to the agricultural model, to achieve more efficient food production that is closer to the places of consumption and is more responsible; and beginning by drastically reducing food waste - more than 30% of the food produced around the world is thrown away each year - to contribute to fighting against hunger and reducing the environmental footprint of the agriculture industry.
- **Drawing its hotels into the green energy shift by focusing on carbon-neutral buildings.** The fight against climate change is a collective challenge and the construction industry has a huge influence on world greenhouse gas emissions; AccorHotels therefore has a role to play. It is acting by progressively designing carbon-neutral buildings and regularly renovating its real estate holdings to improve their energy performance. Faced with increased pressure on water resources, it is also acting to reduce its water impact, especially in regions experiencing significant water stress. Finally, AccorHotels is implementing solutions to create strong, circular local economies and increase the proportion of waste that is ethically handled (reuse, recycling, etc.).

There are several specific goals for each of these areas (see pages 49 to 53).

**WITH PLANET 21, ACCORHOTELS IS CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS**



**Planet 21 Pillars**

**Main contributions and commitments of AccorHotels**

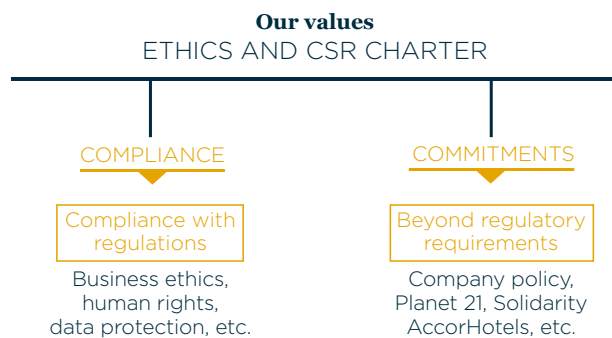
Employee	<p>5. Gender equality</p> 	<p>AccorHotels has a strong commitment to gender equality. It has signed the UN's "Women's Empowerment Principle" and is an "Impact Champion" in the "HeForShe" Program.</p>  -> Goal: 35% of hotel managers will be women by 2017
Guests	<p>12. Responsible consumption and production</p> 	<p>In order to roll out ecological design on a large scale, AccorHotels has defined sustainable development criteria for the ten families of products that are key to its business. The criteria identified include prohibiting the use of certain chemicals, using recycled materials, green labeling of products, and using wood or paper products that do not result in deforestation.</p>  -> Goal: Ten key product families of our line of hotel products will be green by 2020 <p>In terms of waste management, AccorHotels has adopted a strict policy: all hazardous waste must be processed appropriately; waste is sorted and its use is maximized through the promotion of circular economic initiatives; and the quantity and volume of waste, especially food waste, is reduced through an ambitious reduction program.</p>  -> Goal: 30% reduction in food waste by 2020  -> Goal: 65% of waste from hotel operations will be recovered and reused by 2020
Partners	<p>8. Decent work and economic growth</p> 	<p>The reference framework for the Ethics &amp; CSR Charter expresses the Group's commitment to systematically complying with laws and regulations in effect, and with important international fundamental principles, such as the United Nations Global Compact, Conventions of the International Labour Organization (ILO), or the principles of the Universal Declaration of Human Rights.</p>  -> Goal: Our CSR and ethical risk management process will be deployed among 100% of the Group's partners (owners and approved suppliers) by 2020
Communities	<p>16. Peace, justice, and effective institutions</p> 	<p>Our partnership with ECPAT and the WATCH (We Act Together for Children) Program are a testament to AccorHotels' commitment to fighting the sexual exploitation of children.</p>  -> Goal: 100% of the hotels in the Group will have implemented the program to fight against child sexual exploitation by 2020
Buildings	<p>13. Preventative measures in the fight against climate change</p> 	<p>To contribute to the lofty goal set by the Paris Agreement for a massive reduction in greenhouse gases worldwide, AccorHotels has begun the transition process for all its hotels.</p>  -> Goal: 100% of new builds and renovations will be low-carbon by 2020 (owned and leased hotels)  -> Goal: 5% reduction in energy consumption per room per night by 2018 (owned, leased and managed hotels)
	<p>15. Life on Earth</p> 	<p>Through the "Plant for the Planet Program", the Group is promoting reforestation.</p>  -> Goal: 10 million trees planted with the "Plant for the Planet Program" by 2021 <p>In order to limit the impact of hotels on water resource management, the Group has undertaken to reduce its consumption, especially in regions experiencing water stress.</p>  -> Goal: 5% reduction in water consumption per night by 2018 (owned, leased and managed hotels)
Food	<p>2. Zero hunger</p> 	<p>The new Healthy and Sustainable Food Charter aims to guide hotels towards responsible eating. With the goal of supporting viable production systems and limiting the consumption of natural resources, priority is given to local, seasonal, and organic food. Our menus do not include any endangered species of fish.</p>  -> Goal: 100% of the restaurants of the Group will adhere to the new Healthy and Sustainable Food Charter by 2020

A more detailed table of the contributions of the Group to the SDGs can be found in the appendix on pages 341 to 343.

## 2.2 MANAGING THE ETHICS AND CSR APPROACH

### 2.2.1 COMMITMENTS SUPPORTED BY THE ETHICS AND CSR CHARTER

With a strong commitment to its goal of being a responsible company that shares value, AccorHotels is working to obey ethical principles, **comply** with applicable laws and regulations, and **honor its commitments** to various stakeholders. The Ethics and CSR Charter, based on the six values of the Group, reaffirms this goal and provides a framework for AccorHotels' commitment to being a responsible corporate citizen. All of the non-financial policies of the Group derive from the Charter.



Promoted by the Chairman and Chief Executive Officer of the Group, the Ethics and CSR Charter provides details on the following:

- **the six Values of the Group**, which were redefined in 2015 in particular to reflect the continuing evolution of the value of “performance” towards “sustainable performance”: “We stand for creating value, for as many as possible, over the long term”;
- **the frame of reference** that expresses the Group’s commitment to systematic compliance with applicable laws and regulations, fundamental international principles<sup>(1)</sup>; such as the UN Global

Compact, which the Group signed in 2003, or the Conventions of the International Labour Organisation (ILO); or the principles of the Universal Declaration of Human Rights;

- **the Group’s ethical commitments** in the way the Group conducts its business, in such areas as fairness and respect for people, compliance with good business practices and the protection of property and data;
- **specific commitments made to the main categories of stakeholders:** employees, guests, financial and business partners, suppliers, communities, and the environment;
- **the process via which the Charter will be distributed** is detailed therein: it is made available both internally and externally, especially to the partners of owned and leased hotels of the Group; members of the Talent & Culture team or the Legal Team are in charge of informing their superiors of any inquiries or alerts.

The Charter has been rolled out in all of the countries where the Group is active. It is available on the various Group Intranets and from the AccorHotels website (<http://www.accorhotels-group.com/en/sustainable-development./html>).

Directors are responsible for promoting the values and commitments to their teams and carefully tracking its application.

A network of Ethics and CSR correspondents has been put into place. This is led at Corporate level by three people who coordinate deployment of the Charter and lead and track the related projects.

### 2.2.2 GOVERNANCE FOR ETHICS AND CSR

#### THE CREATION OF THE GOVERNANCE, COMPLIANCE, AND CORPORATE RESPONSIBILITY COMMITTEE

The Board of Directors created a new committee in 2016, the Governance, Compliance, and Corporate Responsibility Committee. Its purpose is to provide oversight for the proper application of the principles of corporate governance and to prepare the decisions of the Board of Directors regarding compliance, ethics, and corporate and environmental responsibility.

Its main responsibilities are:

- together with the Chairman and Chief Executive Officer, to prepare proposals for the implementation of the principles of corporate governance and to prepare evaluations of the work of the Board;
- to review compliance with the governance practices of the Group regarding the recommendations of the Corporate Governance Code that governs the Company;
- to regularly examine the situation of Directors in light of the independence criteria defined by the Board;

(1) Reference texts for the AccorHotels Group: the principles of the Universal Declaration of Human Rights of 1948; the guidelines of the Organisation for Economic Cooperation and Development (OECD) for multinational corporations; the 10 principles of the United Nations Global Compact; the fundamental international conventions of the International Labour Organization (ILO) [Convention on the Elimination of All Forms of Racial Discrimination (1966); the Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990); the Convention on the Rights of the Child (1989); The Worst Forms of Child Labour Convention; Abolition of Forced Labour Convention (1957)]; the United Nations Conventions [the Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)]; the International Covenant on Economic, Social and Cultural Rights (1966); the Convention against Transnational Organized Crime; and the Financial Action Task Force (FATF).

- to provide permanent oversight of changes to the Group's shareholder base and to reflect on methods, legal and otherwise, to enable better awareness of the shareholder base;
- to examine all conflicts of interest involving the shareholders or the Directors and any other conflicts of interest of which it becomes aware;
- to examine the organization and implementation of the methods used by the Group to ensure compliance and to stay abreast of the deployment of compliance policies;
- to examine the guidelines for CSR policy and to become informed of their results.

The Governance, Compliance and Corporate Responsibility Committee is made up of three members who are defined as independent by the Board of Directors. It is chaired by an independent Director.

The Committee has at least two meetings per year. In 2016, it met in October to deal with the following specific topics: the functioning of the Board of Directors, talent management, and the review of the Ethics and CSR Committee Report.

## ETHICS AND CSR COMMITTEE

The Ethics and CSR committee was set up in 2014 in order to:

- inform the Executive Committee about questions pertaining to Ethics and CSR in order to better anticipate the opportunities, challenges, and risks associated with them;
- make recommendations regarding the development of our commitments in the areas of human resources, risk management, respect for human rights, and sustainable development;
- monitor the implementation and performance of the Group's processes;
- debate any issues concerning managerial ethics, business conduct, or possible conflicts of interest;
- analyze any dysfunctions and provide specific additional oversight if required.

Chaired by Sven Boinet, Chief Operating Officer, its membership included the following in 2016: four members of the Executive Committee, three representatives of operations (Central and Eastern Europe, Southeast Asia, Africa, America and the Caribbean) and nine representatives of the support functions of the Group directly involved (Talent & Culture, Safety and Security, Legal, Sustainable Development, Purchasing, Communications, Financial Communications, IT, and Digital Marketing Distribution).

This Committee met four times in 2016 to supervise the progress of the roadmaps for ethics and CSR, with many topics on the agenda: the new Planet 21 Program, the fight against the sex trade in hotels, protection of guest data, battling workplace harassment, CSR risk management for suppliers, and the exposure of the Group to climate change, among others.

## STRENGTHENING GOVERNANCE FOR DATA

In the context of its actions taken regarding corporate responsibility, and in preparation for the implementation of Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, the AccorHotels Group created a Data Governance Committee in 2016. This Committee brings together all of the professions in the Group that are concerned by the use of data into two commissions:

- the Architecture and Nomenclature Commission, which is in charge of creating and optimizing technical processes and methods for using data;
- the Compliance and Ethics Commission, which is in charge of identifying and analyzing regulatory and ethical problems encountered by the Group regarding the use of data, whether this involves the protection of personal data, respect for competition regulations, or compliance with the ethical principles that the AccorHotels Group itself has defined.

The Ethics and CSR Committee of the Group may be consulted at any time on ethics questions relating to the processing and use of data, upon the request of the Compliance and Ethics Commission or any other person or entity of the Group.

## OVERSEEING THE CSR PROCESS

Within the Group, the CSR policy is guided primarily by the Sustainable Development Department, the Talent & Culture Department, and the Solidarity AccorHotels endowment fund.

**The Sustainable Development Department** is in constant contact with the country operations, the brands and the support functions (Human Resources, Marketing, Procurement, Technical Affairs, etc.). It is backed by a network of 112 country correspondents and dedicated committees in certain countries. It interacts with the brands and the support functions *via* a network of dedicated correspondents and for certain brands, *via* dedicated committees.

The Sustainable Development Department is primarily responsible for:

- leading the process structured by performance objectives and indicators and coordinating sustainable development programs and the related partnerships;
- guiding the Planet 21 community around the world by providing support in the form of expertise and social and environmental oversight;
- designing and deploying tools capable of improving the management of AccorHotels' sustainable development performance;
- initiating new projects, innovating in the area of sustainable development, and tracking emerging issues;
- promoting the Planet 21 program within the organization and externally.



The **Talent & Culture Department** has numerous contacts in the regions, countries and hotels.

Talent & Culture (T&C) Directors in the host countries operate under the Operations Department in their countries. They head up top-level teams, define and implement the skills development and employee engagement policies, and drive forward changes in culture in line with the AccorHotels Talent & Culture policies and strategy. To achieve this, they depend on the expertise of local teams and also take advantage of tools created at the Group level or best practices coming from other countries, regions, or areas of the Group that are shared by the entire T&C community. This synergy enables consistency of practice, strengthening the impact of these initiatives.

The T&C community is organized around the following areas: Talent, Learning & Development, Recognition, Culture & Engagement, Social Dialogue and Social Innovation. It interacts directly with all the operating departments and support functions: Legal Affairs, Communications, Marketing, IT, Sustainable Development, etc.

**The Solidarity AccorHotels corporate endowment fund** helps disadvantaged and socially isolated people by supporting outreach projects championed by employees. In so doing, it depends on decision-making and management bodies: a Board of Directors, a Selection Committee, and a **standing team** that works together

with **local correspondents**. These correspondents, who come from the region concerned by the project or have worked there for several years, act as relays between Solidarity AccorHotels and local employees. They also provide useful information and advice concerning the projects.

Employees are able to add real value to the programs by providing their personal and professional expertise (cooking, service, on the floor, marketing, consulting, etc.). In particular, they regularly participate in training programs to present various hospitality industry jobs and share their expertise with trainees. These programs can include on-site hotel tours, conferences on hospitality industry jobs, presentations of the Accor Group and internships at AccorHotels.

The Solidarity AccorHotels Board of Directors, which is chaired by Sébastien Bazin, Chairman and Chief Executive Officer of AccorHotels, meets two to three times a year. It defines the fund's strategic vision, votes on projects whose budgets exceed €20,000, and oversees their implementation. The Board of Directors is made up of nine members: six representatives of AccorHotels and three qualified external members (details can be found at [solidarity-accorhotels.com](http://solidarity-accorhotels.com)).

The Selection Committee votes on projects funded at less than €20,000 and oversees their implementation.

### A CSR DEPLOYMENT PROCESS ALIGNED WITH EACH HOTEL'S OPERATING STRUCTURE

Just like the reporting system used to transmit hotel data to AccorHotels, the method used for deploying our CSR commitments, policies, and programs depends on whether the hotels are owned, leased, managed, or franchised<sup>(1)</sup>.

CSR commitments apply to every AccorHotels hotel regardless of operating structure.

The Planet 21 Program covers network-owned, leased, managed and franchised hotels. In the case of franchised hotels, if the program is included in the franchise agreement, it must be deployed. Otherwise, implementation is recommended to the owner, who makes the final decision.

The methods for rolling out the Talent & Culture policies and tools depend on the operating structure for each (see page 56). Most of them apply directly to owned, leased or managed hotels, with the exception of social dialogue, which is led at Group level only for owned and leased units. The Group offers franchised hotels recommendations and a variety of tools, but they remain responsible for their own Talent & Culture policies.

As a listed company headquartered in France, AccorHotels has a legal obligation to disclose employee, social and environmental information for all of the entities in its scope of consolidation, which corresponds to owned and leased hotels. AccorHotels has chosen to extend this disclosure, whenever possible, to all of the hotels operating under its brands. Depending on the issue, the reported data therefore includes a higher or lower percentage of the managed and franchised hotels.

### ADDRESSING CSR ISSUES AT OTHER DECISION-MAKING LEVELS

CSR issues and challenges are addressed across the Group's decision-making organization. For example, the regional Executive Committees led by the members of the Group Executive Committee regularly discuss sustainable development and human resources issues at their meetings, which may be attended from time to time by representatives from the Talent & Culture or Sustainable Development Departments. These issues are also addressed at the annual conventions organized by the corporate functions, such as the Legal Affairs Convention, the Development Convention and the Franchisees Convention in France.

Conversely, Executive Committee members are directly involved in the bodies tasked with leading the CSR process: Members of the Executive Committee are invited to speak at T&C or Sustainable development workshops. The Chairman and Chief Executive Officer, the Chief Executive Officer of HotelServices France and the Chief Executive Officer of HotelServices for Central & Eastern Europe all sit on the Solidarity AccorHotels Board of Directors.

<sup>(1)</sup> AccorHotels has four main modes of affiliation: franchise contracts, management contracts, lease contracts, and ownership. More information about these can be found on page 56.

## 2.2.3 COMPLIANCE POLICIES AND PROGRAMS

Alongside the Group's CSR commitments, the Ethics and Corporate Social Responsibility Charter includes its compliance undertaking: business ethics, employment rights, human rights, protection of property and data.

### ADOPTION OF A COMPLIANCE PROGRAM

International regulations, laws, and standards governing business law are multiplying and becoming more complex. In light of these changes, the AccorHotels Group took the necessary decisions in 2016 to reaffirm its own requirements and strengthen its resources to ensure that its business complies with all applicable regulations. It was therefore decided to adopt a Compliance Program, whose goal is to avoid any behavior within the Group or through its partners that deliberately or involuntarily could render it liable, damage its reputation, and represent a threat to its business.

This Compliance Program is led by a network of Compliance Officers, working under the Chief Compliance Officer (CCO), and the Chief Legal Officer of the Group and Secretary of the Board, who report directly to Sébastien Bazin, Chairman and Chief Executive Officer of AccorHotels, acting in his role as CCO. The Compliance Officers will have the role of training employees and supporting them in implementing the Compliance Program. Beginning in 2016, a video to raise awareness among employees was sent out to the head offices and countries of the Group to inform them that the Program had been launched. The Anticorruption Policy, the Gift Policy and the Policy to Combat Anti-competitive Practices have been defined and made available on the intranet. A conflict-of-interest policy will be created in 2017.

The Compliance Program will be launched with the help of the Ethics and CSR Committee and with the Governance, Compliance and Corporate Responsibility Committee.

More information on mitigating risks of corruption can be found in Chapter 3, "Risk Factors".

## 2.2.4 ACCORHOTELS WORKING TOGETHER WITH STAKEHOLDERS

### DIALOGUE POLICY AND TOOLS

Implementing the CSR process throughout the AccorHotels Group means maintaining an ongoing dialogue with stakeholders. That dialogue is a critical process that plays an inherent role in the business of the Group. Dialogue is therefore ongoing at every level of the organization and in every aspect of the business.

### THE ACCORHOTELS GROUP FISCAL POLICY

As a matter of policy, AccorHotels aims to apply the local tax laws and regulations of the Group's host countries.

Tax issues are part of a risk management policy that is operated by the Group Fiscal Department in conjunction with the Audit Department. Action plans are drawn up to defend the Group's interests in line with the applicable local regulations and international tax treaties. Documentation on tax positions is consulted, advice is sought from external consultants, and dialogue is initiated with the tax authorities to safeguard the Group from these risks. The Group is always proactively watching out for a broad range of changes relating to tax matters (both legislative and regulatory). The Group is also involved directly, or through industry associations, in dialogue with the tax and legislative authorities in order to create an environment that is conducive to growth. The Audit Committee studies how fiscal policy could impact stakeholders.

Pursuant to Article 223 *quinquies* C of the CGI (French General Tax Code), the Group will fulfill its reporting obligations for taxes and levies on a country-by-country basis. It will send the required information to the French fiscal authorities at year-end 2017, as required under the law.

The total amount of taxes and effective tax rate for AccorHotels is listed in Note 9 on page 241 of this document. Any disputes under way with domestic tax authorities from any nation are listed in Note 26 on page 266.

Stakeholder	Main expectations	Tools for dialogue, 2016 achievements and partnerships
Employees & representatives	<ul style="list-style-type: none"> <li>■ Worklife quality</li> <li>■ Diversity and inclusion</li> <li>■ Workplace health and safety</li> <li>■ Compliance with ethical commitments</li> <li>■ Compensation and recognition</li> <li>■ Training</li> <li>■ Social Dialogue</li> <li>■ Social innovation</li> <li>■ Accessibility</li> </ul>	<ul style="list-style-type: none"> <li>■ The <b>engagement survey</b> is conducted every year to measure employee engagement and make it possible for each department to identify areas for improvement and action plans (page 60).</li> <li>■ The Group has a <b>European Committee and a Group Committee</b> in France, and a wide variety of <b>ways to encourage</b> social dialogue is in place in the various entities of the Group (page 60).</li> <li>■ The <b>social network YAMMER</b> is accessible to all employees, including those in hotels that do not have dedicated email addresses or computers.</li> <li>■ <b>APPY</b> is a platform that brings together mobile applications for employees that make it possible for them to access their hotel planning, see the reviews posted by guests, access the advantages of the Bienvenue card, etc. (page 68).</li> <li>■ Group employees are able to take advantage of a yearly <b>employment review</b> with their immediate supervisor to evaluate the achievements of the previous year and set goals for the coming year (page 71).</li> <li>■ AccorHotels maintains and develops <b>relationships and partnerships</b> with more than <b>90 institutions of higher learning</b>, business schools, hotel management schools and universities around the world, and it works to maintain and improve these relationships (page 70).</li> <li>■ The Group has created a <b>“Shadow Executive Committee”</b> made up of 12 men and women who are under 35 years of age to support the existing Executive Committee. All decisions made by the Executive Committee are run by the shadow committee for their thoughts.</li> <li>■ In Northern and Central Europe, the <b>My Room project</b> gives employees in the Group’s hotels the opportunity to personalize rooms, giving them a chance to express their creativity and create a closer relationship with guests.</li> <li>■ In France, a <b>Charter on workplace wellness</b> was created using collaborative methods under the guidance of a committee called feelingwell@work. Contributors from CHSCT, employees and managers were all involved.</li> </ul>
Guests	<ul style="list-style-type: none"> <li>■ Service quality and guest experience</li> <li>■ Health, safety and security</li> <li>■ Responsible eating</li> <li>■ Responsible product and services offering</li> <li>■ Personal data protection</li> <li>■ Local purchases</li> <li>■ Accessibility</li> </ul>	<ul style="list-style-type: none"> <li>■ The <b>“Voice Of the Guest”</b> platform (VOG) brings together all guest feedback in one place and presents it in a clear and intuitive interface, using semantic analysis for categories in more than 19 languages (page 78).</li> <li>■ <b>Club AccorHotels</b> is the rewards program of the Group.</li> <li>■ <b>Social Desk</b> is a global platform to which all hoteliers can connect in order to act more efficiently on social networks, taking account of local specifics (page 78).</li> <li>■ The innovative <b>Jo&amp;Joe</b> concept launched in September 2016 has been co-developed with its future guests <i>via</i> close and informed dialogue with internal and external experts (page 78).</li> <li>■ In 2016, AccorHotels carried out a study called <b>“Responsible guests are looking for sustainable hotels”</b>, to find out about the vision and expectations of hotel guests regarding sustainable development (page 47).</li> <li>■ AccorHotels participated in a number of <b>international salons</b> with B2B customers such as World Travel Market, ITB Berlin, Arabian Travel Market, Imex America, ibtm World, and Imex.</li> <li>■ In July and November 2016, AccorHotels participated in <b>GBTA<sup>(1)</sup> Europe</b> in Frankfurt and in the GBTA Convention USA in Denver. These events bring together purchasers and travel managers from companies as well as important players in the tourism industry. Many topics are discussed, including sustainable development.</li> </ul>
Partners	<ul style="list-style-type: none"> <li>■ Help with improving performance around sustainable development</li> <li>■ CSR risk management process and ethical undertakings</li> <li>■ Responsible product and services offering</li> <li>■ Social innovation</li> <li>■ Sustainable relationships</li> <li>■ CSR and human rights</li> <li>■ Local purchases</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>“Portail Partenaire”</b> is dedicated to owners of the hotels. It presents AccorHotels products and services as well as information, data, and services for hotel owners.</li> <li>■ AccorHotels maintains close relationships with franchisee organizations and holds an annual <b>conference for franchisees in France</b>.</li> <li>■ In 2016, AccorHotels partnered with Viva Technology, a start-up trade show held in Paris, and <b>We share Fest</b>, a gathering held in Paris for the sharing economy.</li> <li>■ AccorHotels is a partner in <b>“thecamp”</b> project, an international campus that will launch in September 2017 (page 47).</li> </ul>

(1) GBTA: The Global Business Travel Association.

Stakeholder	Main expectations	Tools for dialogue, 2016 achievements and partnerships
Communities	<ul style="list-style-type: none"> <li>■ Solidarity</li> <li>■ Local employment</li> <li>■ Combating child sex tourism</li> </ul>	<ul style="list-style-type: none"> <li>■ Through its Plant for the Planet program, AccorHotels has been a partner since 2012 in the <b>Pur Projet</b>, which works to preserve the climate through reforestation and forest conservation, by promoting the role of local communities in projects (page 74).</li> <li>■ AccorHotels is one of the founding members of the <b>International Platform for Insetting</b> (page 47).</li> <li>■ AccorHotels has been fighting child sexual exploitation in its hotels since 2001 in partnership with <b>ECPAT International</b>, an international NGO (page 48).</li> <li>■ In 2016, the Group became a member of the Board of Directors of the NGO <b>TheCode.org</b>, which has a Code of Conduct for protecting children from sexual exploitation in the tourism industry, and also a member of the Executive Committee for the World Tourism Network on Child Protection, a network of the World Tourism Organization.</li> <li>■ The Group also implemented a <b>partnership with CDC Biodiversité</b> (page 47).</li> <li>■ AccorHotels is a Partner in Paris's candidacy to host the <b>2024 Olympic Games</b>, with a significant focus on CSR.</li> </ul>
Environment	<ul style="list-style-type: none"> <li>■ Climate change</li> <li>■ Water</li> <li>■ Biodiversity</li> <li>■ Circular economy and waste</li> <li>■ Energy</li> <li>■ Disamenities and pollution</li> </ul>	<ul style="list-style-type: none"> <li>■ AccorHotels has been an official sponsor of the <b>Energy Observer</b> boat since 2015. The boat is used to demonstrate technology and is a renewable energy laboratory (pages 48 and 88).</li> <li>■ The Energy Observer project depends on the know-how of <b>CEA Tech</b>, and since 2016, the Group has been experimenting in its hotels with technology used on the boat (pages 48 and 88).</li> <li>■ In 2016, AccorHotels signed a partnership agreement with <b>Humane Society International</b>, to source eggs from free-range chickens (page 97).</li> </ul>

### STUDY - "RESPONSIBLE GUESTS ARE LOOKING FOR SUSTAINABLE HOTELS"

To act effectively and sustainably for the environment and people, AccorHotels believes that its guests must be fully engaged with its initiatives. To achieve this, the Group wanted to know what hotel guests hoped for and expected in sustainable development. In 2016, a study was done involving 7,000 guests, in which they were asked about three topics. What attitudes and habits do guests have in their daily lives regarding sustainable development? What difference is there between responsible behavior at home and at a hotel? Out of the responsible solutions that were proposed, which ones do guests prefer?

This new measuring stick showed us that there is indeed a collective awareness of the concept of sustainable development, which is expressed differently depending on local realities. Customers are ready to do at hotels what they are already doing at home as regards social and environmental responsibility, and they have high expectations from hotels for the implementation of these types of measures. AccorHotels has integrated this new knowledge into its latest commitments and in so doing, is putting its guests' expectations at the heart of its sustainable development strategy.

The full study is available in the *Planet 21 Research* section of the [accorhotels-group.com](http://www.accorhotels-group.com/fr/developpement-durable/planet-21-research.html) website at <http://www.accorhotels-group.com/fr/developpement-durable/planet-21-research.html>

### FOCUS ON NEW PARTNERSHIPS IN 2016

To capitalize on the capabilities and recommendations of organizations with recognized expertise in key issues, in 2016, AccorHotels forged partnerships to help drive continuous improvement:

- **International Platform for Insetting (IPI):** along with Adaptogether, Pur Projet and PlanVivo, AccorHotels is a founding member of the IPI, a non-profit organization founded in 2015. The platform is open to all operators with objectives or projects for the purpose of sharing knowledge, promoting and improving the visibility of insetting, and encouraging innovation in project implementation. (Further information is available at: <http://www.insettingplatform.com/>).
- **Caisse des Dépôts Biodiversité:** in 2016, AccorHotels became a member of the Nature 2050 program, designed by CDC Biodiversité, to begin acting now so that future generations will be able to live in a protected environment in spite of coming climate change. Following the recommendations of COP21, it

is implementing initiatives that are based on nature and have measurable results, whose goal is to help regions adapt to climate change and restore their biodiversity. Discussions are underway to work together to develop agroforestry programs through this partnership.

- AccorHotels is a partner in "**thecamp**" project, an international campus that will launch in September 2017 in Aix-en-Provence (France), whose goal is to inspire, transform, and engage the leaders of today and tomorrow. An interdisciplinary, transcultural, and transgenerational space, it will be a catalyst for forward-looking and innovative projects, a place to develop and experiment with projects to invent the cities of tomorrow. The Group is participating in this initiative with several partners from the private sector, the public sector, laboratories, and business incubators, among others.
- **Humane Society International:** In 2016, AccorHotels signed a partnership with Humane Society International, a global animal welfare agency that will support the Group in identifying responsible solutions to source eggs from free-range hens.



## OUTSIDE PARTNERSHIPS TO EXTEND THE PROCESS

AccorHotels continues to actively collaborate with its partners:

- **ECPAT (End Child Prostitution, Pornography and Trafficking of Children for Sexual Purposes):** AccorHotels has been fighting child sexual exploitation since 2001 through its partnership with ECPAT International, an international NGO made up of 77 organizations active in more than 70 countries.
- **Pur Projet:** This organization is dedicated to combating climate change through reforestation and forest conservation projects, with a focus on the involvement of local communities. Since 2012, a partnership with Pur Projet has supported the development of AccorHotels "Plant for the planet" program (see above and page 74).
- **Energy Observer:** AccorHotels became an official sponsor of the Energy Observer boat in 2015. The boat is used to demonstrate technology and is a renewable energy laboratory. The aim of the project is to involve scientists, researchers, engineers and journalists at 101 ports of call throughout the world. Alongside this initiative, AccorHotels has entered a technical and technology partnership with the CEA Tech, an applied research laboratory which specializes in alternative energies and has provided the technology for the boat. The idea behind the partnership is to test the Energy Observer electricity installations in a few hotels before considering a wider-scale roll-out.

## ACCORHOTELS, A MAJOR PLAYER AND KEY CONTRIBUTOR TO INDUSTRY DEBATE

### Institutional relations

AccorHotels has relationships with the government and public authorities and institutions in most of its host countries. Thanks to these relationships, it can make a constructive and transparent contribution to public policy in the areas which concern the Group's business. The ultimate aim of this contribution must be to influence the public decision-makers. AccorHotels has made the following commitments, which are included in its Ethics and CSR Charter:

- to have a voice to ensure that its position on topics of general interest affecting its business is made known to public authorities and institutions, either on an individual basis or through associations;
- to take action to defend its legitimate interests in the knowledge that its action is justified;
- to refrain from seeking undue preferential political or regulatory treatment;
- to demonstrate integrity and intellectual probity in all its dealings with government agencies and public bodies, regardless of the situation or the interest it is defending.

In general, the Group's lobbying actions must comply with its strategic action principles Ethics and CSR policies.

The AccorHotels Group's positions are always expressed by Sébastien Bazin, Chairman and Chief Executive Officer, the members of its Executive Committee, or by the international (WTTTC, ITP, HOTREC, etc.) and domestic (UMIH, GNC, etc.) professional groups or organizations of which it is a member. The Group does not use an external agency in its dealings with governments and public authorities and institutions.

### Creating and sharing corporate social responsibility knowledge: "Planet 21 research", the open learning platform on CSR in the hospitality sector

The AccorHotels Group is very active in the production of corporate social responsibility know-how, especially in the hospitality sector. The "Planet 21 research" webpage was created by the Group to share knowledge about CSR and to bring it closer to the core of the industry. Studies are made available for sharing purposes, such as:








- the Socio-economic Footprint of AccorHotels (2016);
- the Environmental Footprint of AccorHotels (2016);
- the Guest Study: Responsible guests are looking for sustainable hotels (2016).

For more information, visit: [www.accorhotels.group/en/commitment/sharing-our-knowledge/planet-21-research](http://www.accorhotels.group/en/commitment/sharing-our-knowledge/planet-21-research)





## 2.2.5 CSR PROGRAMS

### WITH PLANET 21 ACTING HERE!, A ROADMAP FOR 2020

In the Planet 21 strategy, every topic has specific key commitments with measurable goals.






Topics	2020 Goal*	Specific information on the goal	2016 results		Comments
			2016 Data	Changes 2015-2016	
	<b>The employee engagement index increases every year</b>	The level of employee engagement is an aggregate that is made up of the engagement surveys conducted each year in our hotels around the world.			The rate increased by 4 points between 2015 and 2016, from 68% to 72%. This result is a testament to the great efforts made by our managers, who each rolled out action plans for improvement within their departments after the 2015 survey (see details on page 60).
	<b>Each country implements a health/wellbeing at work program</b>	Each country is free to choose a health/well-being topic that relates to a local critical issue. These programs are then rolled out for employees at the head offices and hotels (all types of ownership).			This initiative was launched in 2016 and is currently being implemented. At first, the countries define the topics on which they wish to take a position. Then they create a program before rolling it out locally. In 2016, 57% of participating countries (representing 78% of the countries) defined the program that they wished to use. Out of this 57%, 93% of the countries have started to roll out the programs in hotels in 2016 (see details on page 62).
 <b>Act as an inclusive company for our PEOPLE</b>	<b>35% of hotel General Managers are women by 2017</b>	This is a historic undertaking for the Group, and until now it was only for our owned, leased, and managed hotels. From now on, this goal is extended to franchised hotels.	<b>34%</b>		For owned, leased, and managed hotels, the percentage of women managers has significantly increased between 2015 and 2016, going from 27% to 29%. This cements the work that has been underway for several years to prepare and support women to occupy these positions. If we include franchised hotels (data available for 56% of hotels), this percentage is 34% (see details on page 67).
	<b>Employees' perception of the Group's high level of CSR engagement is increasing</b>	Employees' perception of the level of the Group's commitment to CSR is evaluated based on the employee engagement survey. The corresponding index represents how committed employees are to the CSR topics in the Group.			Between 2015 and 2016, employees' perception of the level of the Group's commitment increased by four points, going from 72% in 2015 to 76% in 2016 (see details on page 72).

\* Unless otherwise stated.

Topics	2020 Goal*	Specific information on the goal	2016 results		Comments
			2016 Data	Changes 2015-2016	
 <b>Engage our GUESTS in a sustainable experience</b>	<b>Every year, one major innovation to interact with our guests around sustainable development</b>	Several rules have been defined to evaluate a major innovation in this area, such as the original/disruptive nature of the initiative in the industry, the ability that our guests have to take action involving CSR, etc. (see also page 74).			This initiative was launched in 2016. First of all, the effort tackled fundamental communications with guests regarding our CSR process, both directly in the hotel and on different digital media platforms. A roadmap was also created to define the major initiatives that will be progressively launched beginning in 2017 (see details on page 74).
	<b>100% of our hotels implement Planet 21's 16 mandatory actions</b>	The Planet 21 mandatory actions correspond to the minimum CSR standards set by AccorHotels, enabling an establishment to attain the Bronze level. This goal is monitored through statements made by hotels in our Gaia tool.	<b>45%</b>		Between 2011-2015, the initial method, "Charter 21", offered hotels a list of priority actions in which they would progress through Bronze, Silver, Gold, and Platinum levels. As of the end of 2015, 91% of hotels had achieved the previous Bronze level. This method was revamped in 2016, with all of the levels increased to strengthen CSR requirements for hotels (see details on page 76).
	<b>10 key hospitality product families are eco-friendly</b>	For each key family of products**, green criteria were created for, then applied to, each new tender/new concept created.			In terms of the processes that began in 2016, the first phase consisted of defining the ecologically responsible criteria for each family of products. The level of compliance with these criteria was then evaluated for products approved by the procurement department for the Group for each hotel brand. Accordingly, by the end of 2016, 64.5% of the 10 key product families were meeting these ecologically responsible criteria (see details on page 77).










\* Unless otherwise stated.

\*\* Cleaning products, complimentary products, single-use products, goodies, bedding, towels and sheets, paint, flooring, paper, furniture





Topics	2020 Goal*	Specific information on the goal	2016 results		Comments
			2016 Data	Changes 2015-2016	
	<b>Every year, one major innovation to develop alternative and responsible models</b>	Several rules have been defined to evaluate the innovations in question: their primary or central goal is to provide an environmental and/or social benefit, generate ongoing revenue, etc. (see also page 80)			The major innovation that was achieved in 2016 involves the “insetting” procedures, which consist of carrying out projects that have positive impacts in their value chain. AccorHotels was a founding member of the International Platform for Insetting (IPI), which a number of large international groups later joined. For AccorHotels, insetting happens through its “Plant for the planet” program and its commitment to supporting agroforestry for agricultural producers who will later become suppliers for its restaurants (see details on page 87).
 <b>Co-innovate with our PARTNERS to open up new horizons</b>	<b>Our CSR and ethical risks management process is deployed among 100% of our partners (owners and nominated suppliers)</b>	<b>Nominated suppliers</b> The goal is to ensure that our suppliers comply with environmental and social standards through the risk management process that covers all phases of the supplier relationship (approval, contracting, monitoring, and regular feedback).			In 2016, the overall process was defined, internally approved, and sent to the procurement department. For now, the process is being monitored through three indicators: <ul style="list-style-type: none"> <li>■ 90% of suppliers have signed the Procurement Charter 21;</li> <li>■ a self-evaluation for at-risk families and high-risk families has been performed in 6% of cases;</li> <li>■ on-site evaluations for high-risk families have been carried out with 8% of the suppliers involved.</li> </ul> In 2017, an aggregate indicator will be created to monitor overall progress in deploying this process (see details on page 81).
		<b>Owners</b> The principle is the same for owners as it is for suppliers, except that this time it targets hotel owners.			

\* Unless otherwise stated.








Topics	2020 Goal*	Specific information on the goal	2016 results		Comments
			2016 Data	Changes 2015-2016	
 <p>Work hand-in-hand with local COMMUNITIES for a positive impact</p>	<b>100% of our hotels engaged in a citizen or solidarity project</b>	A hotel that is involved in a citizen or solidarity initiative is a hotel that has implemented at least one action of the “Communities” pillar being promoted by the Group.	<b>75%</b>		Launched in 2016 to promote the vitality of projects to support local communities led by the hotels, this initiative is already producing very positive results, with three quarters of hotels involved (see details on page 83).
	<b>100% of our hotels implement our program against child sexual exploitation</b>	This historic program created by the Group works to train the employees to recognize risky situations and react appropriately and to raise awareness in the guests of this issue.	<b>85%</b>		After a very successful run in 2015 (at 89% of hotels), the program experienced a slight contraction in 2016 (see details on page 85).
	<b>10 million trees planted with our “Plant for the planet” program by 2021</b>	This goal covers the trees planted in our agro-forestry programs. The trees counted are ones that are linked to a financing initiative implemented by AccorHotels through the “Plant for the planet” program.	<b>5 million trees planted</b>		The participation of hotels in the “Plant for the planet” program has slightly decreased in 2016, with 58.4% having contributed to total fundraising of €1.89 million. This made it possible to finance an additional 481,000 trees this year (see details on page 87).
 <p>Move towards carbon-neutral BUILDINGS</p>	<b>100% of renovated or new hotels are low carbon buildings (owned and leased hotels)</b>	The <i>Bâtiment Bas Carbone</i> (BBCA) (low-carbon building) standard for hotel construction will be finalized in February 2017, and by the end of 2017 for renovations.			In 2016, the Group focused its attention on the definition of the BBCA standard for new hotels being built (the standard promoted by AccorHotels for the entire industry), and on seeking BBCA certification for the first time for one of its building sites for a hotel with a wooden frame (see details on page 88).
	<b>5% of energy consumption per room by 2018 (owned, leased, and managed hotels)</b>	This goal is based on changes in consumption ratios for kwh/available rooms/day between 2015 and the current year (historic indicator for the Group)	<b>-2.4%</b>		This result shows the increased focus that technical teams and hotels in general have placed on controlling energy consumption. This result is even more remarkable because it has been achieved in a particularly unfavorable climate context in 2016, compared with 2015: demand for heating and cooling has increased by more than 4% (see details on page 89).
	<b>5% of water consumption per night by 2018 (owned, leased, and managed hotels)</b>	Measured by comparing ratios for water consumption in liters per night (historic indicator for the Group)	<b>-1.8%</b>		Significant progress was made once again this year, after a decrease in consumption during the previous period (-8.4% between 2011 and 2015) – (see details on page 91).
	<b>65% of waste from hotels operations is recovered</b>	This goal involves all of the common waste generated in hotels (food waste, packaging, etc.), which is sorted for reuse or recycling (all types of processing excluding dumping and incineration).			In 2016, a waste management policy was defined for the Group under the new Planet 21 program. A new tool for monitoring waste was designed and was rolled out in hotels at the beginning of 2017. Furthermore, several pilot projects have taken place to test new service providers and waste management methods (see details on page 93).

\* Unless otherwise stated.

Topics	2020 Goal*	Specific information on the goal	2016 results		Comments
			2016 Data	Changes 2015-2016	
 <p>Strive for zero food waste &amp; healthy, sustainable FOOD</p>	<b>-30% of food waste</b>	The indicator used to monitor reduction in food waste is the ratio of the cost of food thrown out (in the kitchen and dining rooms)/revenue of the restaurant.			In 2016, pilot projects with different external digital solutions were run in 30 hotels. The results are promising: 57% reduction on average in food waste for hotels piloting the Winnow system. In 2017, a tool will be made available with a consolidated indicator (see details on page 95).
	<b>100% of our restaurants follow our charter on sustainable and healthy food</b>	The Healthy and Sustainable Food Charter brings together all of the commitments of AccorHotels to offer their guests quality food that is healthy, organic, and local. It is rolled out according to the context in each country.			In 2016, the Charter was first created in consultation with internal and external experts and then sent out to the countries so that each local team could adapt it and prepare the way for it to be locally implemented. In particular, local teams were asked to select additional commitments from a list of suggestions, over and above the common commitments of the entire Group. These commitments will be applied beginning in 2017 (see details on page 97).
	<b>1,000 urban vegetable gardens in our hotels</b>	The vegetable gardens must meet certain criteria, such as a minimum surface area or requirements to use organic methods of cultivation.	<b>521</b>		This new method promoted in 2016 has achieved great success because more than 500 vegetable gardens have been created at our hotels (see details on page 98).

\* Unless otherwise stated.

Key:

-  Result achieved.
-  Actions/initiatives begun in 2016 that are being developed – follow-up indicators unavailable.
-  Result progressing well.
-  Result less favorable than in 2015.
-  New indicator – no data available in 2015.

**PLANET 21 IN ACTION, A NEW ROADMAP FOR HOTELS**

The Group’s hotels are the main agents in our ambition to create positive hospitality. For years, they have all been involved in a continuous process to improve sustainable development (previously through Charter 21). In 2016, Charter 21 was reviewed based on the new Planet 21 goals for 2016-2020, to improve standards, strengthen integration with the core values of the industry, and adapt processes to local contexts.

Going forward, hotels will have a new roadmap: **Planet 21 in Action**. It defines 16 actions (presented in an appendix with 2016 results on page 107) that are mandatory for all and define the “Bronze” level before the higher “Silver”, “Gold”, or “Platinum” levels can be achieved. These 16 mandatory actions represent a

foundation, which has been set at a higher level to align with the new ambitions of AccorHotels. They entail complying with the standards of the AccorHotels Group and getting involved with the flagship programs of the Group, like “Plant for the Planet” or WATCH (the Group’s program to combat child sex exploitation).

To achieve the higher levels, **Planet 21 in Action** is proposing approximately 60 initiatives with points assigned to them, among which hotels may freely choose. In this way, **Planet 21 in Action** allows hotels to progress and continuously improve their sustainable development performance. The program thus offers flexibility to hotels, which choose the initiatives that they wish to implement (except at the Bronze level), and it makes the commitment of each hotel visible: the level of performance achieved by each hotel is displayed at accorhotels.com (beginning with the Bronze level).

**PLANET 21 | 2016-2020**

Ambitious goals for 2020 in 6 action areas

  
Employees

  
Guests

  
Partners

  
Communities

  
Food

  
Buildings

**WHAT THIS MEANS FOR HOTELS**

Required minimum standards complemented by voluntary actions for continuous improvement

KPIs, with annual progress goals

**Planet 21 in Action**

- 16 mandatory actions: Bronze Level 
- Approximately 60 initiatives to earn points to reach the Silver  Gold  Platinum  levels

**Planet 21 dashboard**

 Score Planet 21 in Action

 Waste/food waste

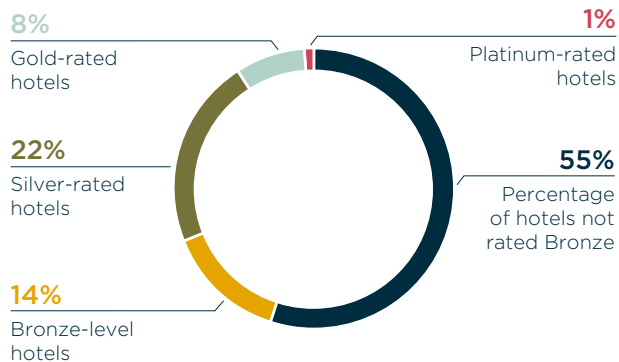
 Energy & Carbon

 Water

 Commitment Employees



**Planet 21 in Action level achieved by hotels in 2016**



Number of applicable hotels	2016
Number of hotels in the scope of reporting	3,898
Number of hotels that have submitted their report	3,135
Response rate	80%

**GAÏA, A NEW ONLINE REPORTING APPLICATION**

Beginning in 2005, the Group made an online reporting application available to hotels to manage their sustainable development processes and monitor their water and energy consumption and waste produced. In 2016, a more modern and user-friendly version was developed. It is known as GAÏA. GAÏA was designed to be command central for all actions related to sustainable development, including all technical aspects. This tool integrates the Planet 21 in Action roadmap and offers support to hotels so that they can implement it.

It allows hotels to evaluate themselves, set their priority goals, create their action plan, and monitor their progress.

For greater efficiency, this tool was designed together with the technical teams, to monitor maintenance activities, manage energy performance, ensure that installations comply with safety and environmental regulations, etc.

Beginning in 2017, the functionality of Gaïa will be extended to support monitoring for all environmental data (water, energy, carbon, waste, etc.).

## STRONG SUPPORT FROM MANAGEMENT TO INTEGRATE PROCESSES INTO BUSINESS MANAGEMENT

Since 2015, **the monthly indicator** scorecard presented to the Executive Committee and the operations managers in the different countries includes Planet 21-specific objectives. This new tool ensures that the entire Group is more involved and responsive to Planet 21.

Within Gaïa, **each hotel sets goals** that are in line with the Planet 21 strategy, which guide them in their progress year after year.

**The Group's bonus policy**, which was revised in 2015 to strengthen its relationship with the values of "Passion for our Guests", and "Sustainable Performance", became effective on January 1, 2016. Thus, CSR criteria covered all management staff at head offices (including corporate officers – Chairman and Chief Executive Officer and Chief Operating Officer) as well as all members of the Executive Committee and hotel managers from Supervisors to General Managers (for a total of over 22,000 employees across the Group).

Since 2016, bonuses incorporate CSR criteria that are adapted to the function or family of jobs.

- **for operations**, managers must define a quantitative goal from a list of previously identified CSR criteria (e.g., reducing water or energy consumption), and a qualitative goal (e.g., implementing the Ethics and CSR Charter or WATCH, the program for protecting children). A reduction in energy consumption, and therefore in greenhouse gas emissions, is one of the criteria on which a portion of the variable compensation of hotel managers depends;
- **for corporate** and support functions, which play a specific role in Planet 21, such as marketing, distribution, procurement or technical departments, managers may set a quantitative or qualitative goal from a list of previously identified CSR criteria;
- **for all other support functions**, three CSR criteria apply to the country/region or Group level by default: reducing energy consumption at the Region/Country or Group level; involving hotels in planting trees through the "Plant for the Planet" program (the goal was to plant as many trees in 2016 as in 2015); improving gender diversity among hotel managers.

## 2.3 WE STRIVE TO BE RESPONSIBLE AND INCLUSIVE WITH OUR EMPLOYEES

The quality of the welcome given at the Group's hotels would not be possible without the commitment of the men and women in the Group. AccorHotels unveiled its signature "Feel Welcome" vision to its employees, a promise to provide a warm welcome and excellent hospitality to all its guests. Working on the premise that valued employees result in satisfied customers, "Feel Valued" is the Group's commitment to provide its employees with a positive and fulfilling experience.

This vision reflects the Group's ambition to take action to promote inclusivity within the Company:

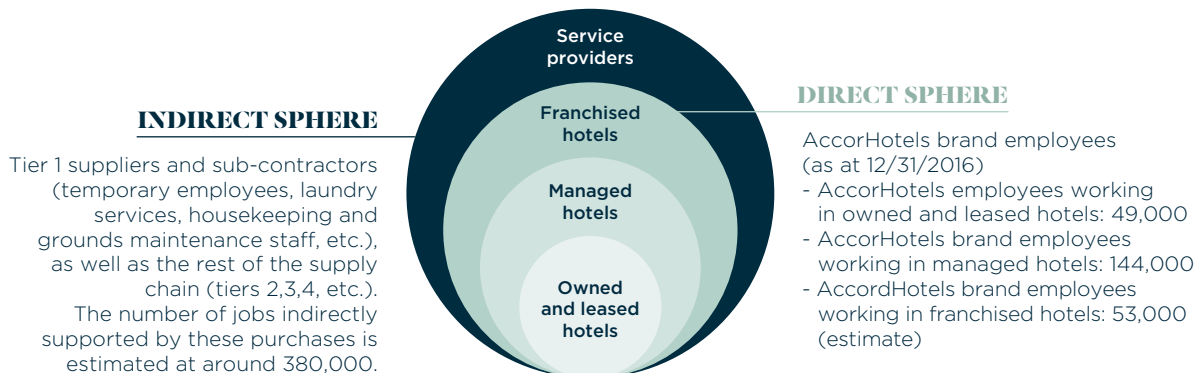
- open to all and proud of its differences;
- a Group for which difference is a source of innovation, a local buy-in and a performance and engagement driver;
- developing autonomy and fostering native talent;
- focusing on the well-being and harmony of its employees.

### 2.3.1 THE ACCORHOTELS EMPLOYMENT MODEL AND HUMAN CAPITAL

#### ACCORHOTELS, A UNIQUE EMPLOYMENT MODEL

AccorHotels business creates and maintains many jobs in 95 countries. As of the end of December 2016, there were around 250,000 AccorHotels brand employees worldwide.

However, a significant percentage of these people do not directly work for AccorHotels but for the business partners, *i.e.*, the owners of managed or franchised hotels, and a variety of service providers.





Deployment of talent development policies is tailored to each of the three operating structures – owned and leased hotels, managed hotels, and franchised hotels.

**AccorHotels exercises its responsibilities as an employer only as concerns its direct employees** (AccorHotels employees) in its various head offices and in the owned and leased hotels. For these employees, our values, management principles and talent development policies are directly applied, along with all of the employee-relations responsibilities inherent to our position as a direct employer.

**For employees of managed hotels** (where employees are paid by the hotel owner), Group recommendations and policies may be applied by the hotel manager, as long as the owner is willing to accept the associated impact on costs and operations.

**Because AccorHotels has little influence over HR practices in franchised hotels** (where employees are paid by the franchisee), the Group strives to share its values and commitments in its communications and day-to-day interactions with franchisees. AccorHotels brand employees deal with guests and are ambassadors for the hotel brand and its values.

This is done through three main channels:

- the AccorHotels Group Ethics and CSR commitments are shared with the franchisees from the very early stages of any arrangement before contracts are signed. A reference to the Ethics and CSR Charter has been systematically included in all new franchise contracts since 2016;
- Franchise Committees in France, which meet three or four times a year, depending on the brand, review and make note of developments in such areas as brand identity, marketing and Group processes. In other geographical areas, Franchisee Conventions are held on an annual basis for the same purpose. All these meetings regularly discuss issues associated with the Group's ethics and CSR-related commitments;
- Directors of Franchise Operations, who are in close and constant contact with the franchise operators in the regions and brands for which they act as ambassadors;
- access to dedicated content on the corporate Intranet and to the training courses provided by Académie AccorHotels.

Employment and employee-relations issues are managed directly by the owners of franchised and managed hotels. Even though AccorHotels is responsible for managing the day-to-day operations and human resources of managed hotels, it cannot negotiate collective agreements on behalf of franchise owners or directly influence the preparation of employment contracts and compensation packages.

Talent & Culture	Sphere of influence	Page
Working conditions	Owned, leased and managed hotels	62
Employee growth and career development	Owned, leased and managed hotels Training resources available to franchised hotels	69 and 71
Social Dialogue	Owned, leased and managed hotels	60
Assessing employee engagement and well-being	Engagement survey: owned, leased, and managed hotels	60
Diversity and Inclusion	Owned, leased and managed hotels Provided to franchised hotels for their information	66
Promoting employee health and well-being	Owned, leased, managed and franchised hotels	62
Hiring	Owned, leased and managed hotels Access to the AccorHotels jobs recruitment site for franchised hotels	58 and 72
Compensation and benefits	Owned, leased and managed hotels	65
<i>The Women at AccorHotels Generation</i> gender diversity	Owned, leased, managed and franchised hotels	66

**The outside workforce**, which is in the indirect sphere of influence, includes temporary workers who support in-house teams during peak periods, as well as sub-contractor employees in such areas as laundry services, housekeeping, landscaping, and call centers.

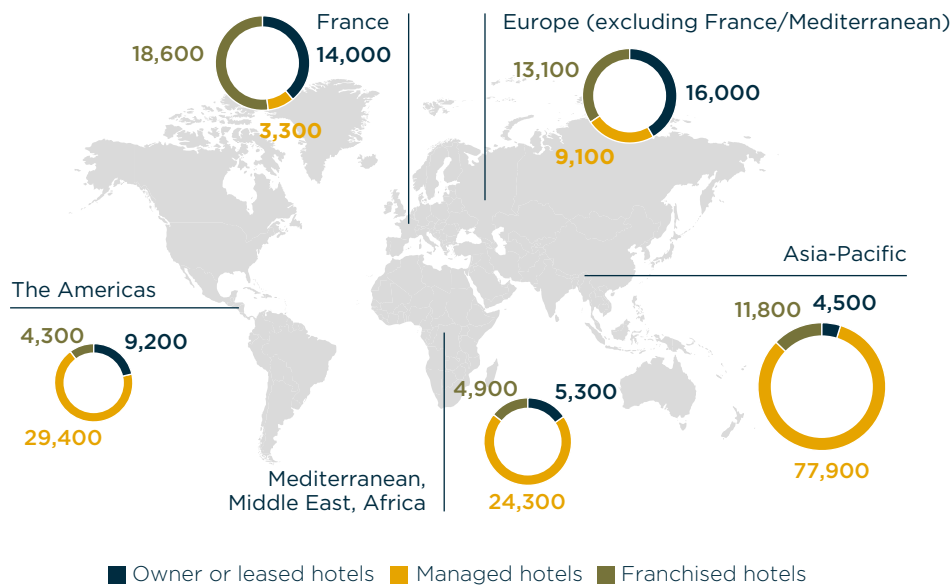
The management of labor-related and other sub-contracting risks, and the procedures in place to ensure that the Group commitments are shared with suppliers and sub-contractors, are described on pages 81 to 82.

## ACCORHOTELS' HUMAN CAPITAL

### Employees by region

The number of employees working for AccorHotels brands worldwide is estimated at around 250,000, up from 190,000 in 2015. This significant increase was mainly due to the inclusion of FRHI payroll and non-payroll employees: payroll and non-payroll employees of the Fairmont, Raffles and Swissôtel brands and related head offices are reported for information and transparency purposes. Due to the recent nature of the acquisition made in the second half of 2016, the relevant data has not been consolidated or audited.

Payroll and non-payroll employees are spread across five continents and three operating structures, with owned and leased hotels accounting for 49,000 employees or 20% of the total, managed hotels representing 144,000 employees or 59% and franchised hotels accounting for an estimated 53,000 employees or 23%.

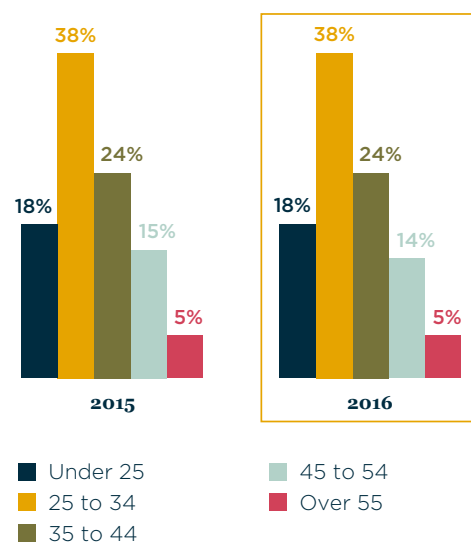


### Local managers

To sustainably anchor its presence in each geography, AccorHotels is committed to hiring local managers from the host community. However, data on General Manager nationality has not been collected since 2016. In 2014 and 2015, 73% of General Managers of owned, leased and managed hotels were nationals of the countries in which their hotel was located and, in 2016, this profile was believed to be unchanged.

### Age pyramid

AccorHotels has a young workforce, with 56% of employees under 34.



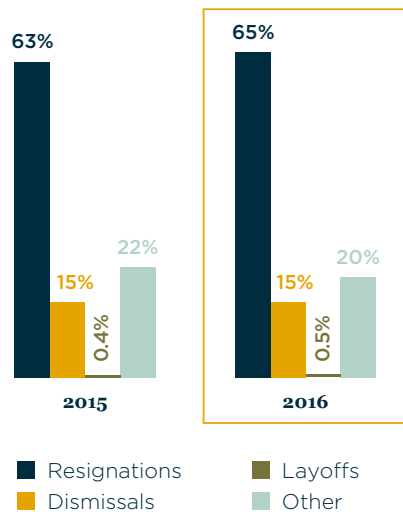
## Gender diversity

Women accounted for 46% of employees and 34% of hotel General Managers. A target of having women account for 35% of hotel General Managers has been set for 2017. This target has not yet been met. Countries were asked to submit quality data declarations in order to closely analyze the obstacles. The obstacle most often cited is a lack of potential women candidates at the national level. In 2016, in order to remove these obstacles, a pilot project was conducted in France and Germany to proactively identify women who demonstrate the potential to become hotel General Managers. Support was then given to these employees to prepare a business plan to make this change a reality within six to eighteen months. Eighty women have already been identified, thirty or so will receive support in 2017, and the others will receive support in years to come. If successful, this pilot will be rolled out across other countries and the work will continue with a view to achieving the long-term goal of parity. In 2016, the Group also continued its more global commitment to promote gender equality (see page 67).

## Hirings and separations

In 2016, 68,618 people were hired over the year and 67,200 left the Group. Separations and hirings were up slightly on 2015.

### Separations by reason



The "Other" category includes separations due to the termination of a non-permanent contract, retirement, visa expiration, etc.

## 2.3.2 SUPPORTING PEOPLE THROUGH TRANSFORMATION

In 2014, the AccorHotels Group launched a drastic transformation in response to significant changes in its environment:

- the Group and its employees are embracing society's digital evolution in order to benefit themselves and their guests;
- Major changes are impacting on working conditions and employer-employee relations. The Group is seeking to introduce innovative solutions to satisfy employees' expectations;
- social innovation and collaborative work with employees and partners are now undisputed drivers of creation and shared value for an enterprise focused on retaining its position as leader.

## Voluntary separations

The Group has a high resignation rate, which can be attributed to various factors, including the local economic environment, with operations in fast-growing economies reporting higher turnover. The location and age of the hotel also play a significant role. With a total of 43,361 resigning in 2016, resignations accounted for 65% of all separations, versus 63% in 2015. FRHI Group payroll and non-payroll employees were included in the second half of 2016, in line with the plan announced when it was taken over by the AccorHotels Group. Support was offered to employees leaving the Group as a result of this takeover (see page 60).

## Absenteeism

The number of days of medical leave or unauthorized leave per employee fell between 2015 and 2016.

Average number of days absent per employee by cause	2015	2016
Medical leave	5.8	5.0
of which workplace and commuting accidents	0.7	0.4
Unauthorized leave	0.7	0.6

Faced with these challenges, the AccorHotels Group has chosen to make a major cultural shift: more than ever, all its actions are “customer-focused” and it is the guest who now judges performance. For this to happen, the Group is reliant on:

- **its Talent.** Since it is the quality of the relationship between the guests and the employees who welcome them that forms the basis of an **unforgettable guest experience**, the Group is pursuing one major objective: **to improve employees’ experience.** To this end, recognizing and developing talent is the focus of the AccorHotels’ strategy. This is the driving force behind the overhaul of social policy and managerial practice;
- **its Culture.** Since **working environments** that encourage autonomy enable employees to be personally involved in the guest relationship, the Group is keen to **transform its structures** to make them more **inclusive, open, flexible, innovative, and relevant** to the communities that they aim to serve.

In 2016, the HR division became the Talent & Culture division (see page 44) and was tasked with reflecting, on an everyday basis, AccorHotels Group’s promise to employees, “Feel Valued”.

## MAKING THE “FEEL VALUED” PROMISE A REALITY, MAJOR ACHIEVEMENTS IN 2016

### AccorHotels’ Social Policy

A new Social Policy was defined in 2016. It proposes six common principles to guide behaviors and is applicable Group-wide. These principles were selected as a continuation of the levers of action, which have a major impact on employee engagement:

1. We involve all our employees in improving their daily working life;
2. We encourage dialogue with employee representatives;
3. We devise solutions that promote work-life balance;
4. We offer working conditions and benefits that are very popular with our employees;
5. We ardently defend diversity and equal opportunity;
6. We support digital transformation and encourage social innovation.

As the basis for turning the “Feel Valued” promise into a reality, these principles are applied at every step of the employee’s career path. Following the adoption of this Social Policy by Executive Committees across all countries and regions, action plans for its implementation are in the process of being drafted at all Group levels, right down to the hotel network. These action plans are coordinated with the Planet 21 in Action program, which, in its “Employees” initiative proposes eight generic actions as an operational response to the principles contained in the Social Policy. Regular monitoring of employee engagement survey scores measures that the effectiveness of the application of the Group’s Social Policy can be measured.

### Leadership Model to support a change of culture

As a major driver of the transformation of the Group’s management culture, a new Leadership Model was formalized in 2015. This model embodies the values that are applied on a daily basis for each individual and defines three leadership styles – facilitator, entrepreneur and collaborative. It specifies the skills and behaviors to be developed for each of these styles. It was announced as early as 2015 as a strong indicator of cultural transformation.

In 2016, the Talent & Culture teams began to incorporate the model into talent management processes (recruitment, assessment, development), in particular, by updating the leadership skills checklist common to all brands, businesses and regions. The Group also prioritized the incorporation of the checklist into the annual performance review so that a common language can be shared by everyone within the Group from 2017 onwards. In 2017, the checklist will be incorporated into the hiring process, job specifications and development programs.

The flagship for this approach in France, the “Singing in the Rain” project (a company project rolled out in France to implement the Group’s nationwide transformation) includes a social strand on managerial transformation. The aim is to establish a more horizontal management style, moving towards personal responsibility (of each hotel and each employee) resulting in a personalized bond with guests. In line with the “Feel Valued” promise, in 2016, the “Singing in the Rain” project included work on identifying employee irritants. Over 200 issues were identified at head offices and hotels that need to be resolved or improved to make employees’ working life easier and to enable them to focus on the quality of the service given to guests.

### One Brand, the common foundation shared by all Group brands to facilitate the “Passionate about Guests” value

AccorHotels’ business is built around quality of service and guest satisfaction and “Passionate about Guests” is one of the six values the Group shares with all its employees. The quality, enthusiasm and engagement demonstrated by employees when welcoming and serving guests represents a key link in its value creation chain. The One Brand program launched in 2016 has two main objectives to help the Group share this fundamental value with all its employees:

- **to focus AccorHotels’ culture on the guest experience**, to develop a habit of forming a bond with guests, interacting on an emotional, passionate and personal level on a day-to-day basis;
- **to develop service attitudes and create the employee experience** through managerial behaviors stemming from a common foundation shared by all brands with the aim of simplifying and unleashing initiatives and responsibilities.

The basis for service attitudes common to all brands was identified and validated in 2016. From 2017 onwards, transformation modules will incorporate this One Brand approach with:

- **an induction module for new employees** fully revised and accessible *via* a smartphone app under the “Passionate about Guests” value;
- **for all existing employees**, a “Passionate about Guests” transformation model rolled out across hotels and all head offices.

To encourage employee engagement, One Brand will also impact on all training courses delivered with the aim of disseminating the employee experience. The focus will be on trust, personal responsibility, and facilitating the initiatives taken by individual employees to create an emotional bond with guests. AccorHotels wants to provide these employees with all the resources they need to touch their guests. For this to happen, each employee needs to feel involved and so the Group is rolling out a project to improve its employees’ working lives. This project is called “Heart of the House”.

Lastly, to ensure a disruptive dynamic in terms of its cultural transformation and to invent its own future, in 2016, AccorHotels launched the "Pioneers" program. Thirty or so General Managers were picked out for their capacity to innovate and their high scores in the engagement survey. Since January 2017, they have

been encouraged to propose managerial and digital innovations to improve the guest experience, the employee experience and the digital experience. Initiatives with a visible impact will be deployed across the Group.

### 2.3.3 DEEPENING EMPLOYEES' ENGAGEMENT



#### Planet 21 commitment: The employee engagement index increases every year

AccorHotels' engagement survey provides a general overview of employee engagement and measures progress year on year. Since the rise in the Group's engagement index is a strong indication of the desire to mobilize teams around engagement, since 2016, this has been a criterion of managers' bonuses.

Designed as a space for employees to express themselves and as a means of establishing a consultative approach, it contains six questions on engagement and 58 questions spread across 14 levers of action. From an operational point of view, it will enable every hotel to identify the action it needs to take to improve the engagement and job satisfaction of its individual employees.

The survey also allows other indicators to be measured such as well-being, social climate, motivation, employee pride, equal opportunities, CSR and how it ranks as a leading employer. It also gives an idea of how employees perceive the values in their day-to-day work. Audit is a key tool in the deployment of the new Talent & Culture strategy as three indices measure the implementation of the leadership model.

In 2016, the target population was extended to employees with three months' service (compared with six months previously) as well as to interns and apprentices. The Group's efforts to offer reassurance regarding confidentiality of information bore fruit with a 9 percent increase in the rate of participation, rising from 80% in 2015 to 89% in 2016. Of the 137,648 employees invited to participate in the survey, 122,484 responded, in 78 countries and 29 languages.

Since 2016, the method of calculating the rate of overall engagement has been the same for AccorHotels and FRHI employees.

In 2016, the rate of engagement was 72%, up 4 percent on 2015, confirming that the progress desired by AccorHotels had been made.

The main areas for improvement highlighted were: recognition of individual and team contributions, improvement of working conditions and organization and ensuring good worklife quality.

### 2.3.4 PROMOTING OPEN DIALOGUE

AccorHotels is committed to maintaining ongoing, constructive dialogue about employee rights and benefits with employee representative organizations. The restructuring, acquisitions, and disposals that set the pace of its transformation are accompanied by sustained social dialogue, often at a very early stage in the proceedings. Social dialogue is one of the six key principles promoted by AccorHotels's Social Policy "We encourage dialogue with employee representatives".

#### DIALOGUE FORUMS AND RESOURCES

The European Works Council is co-chaired by the Chairman & Chief Executive Officer and an IUF representative<sup>(1)</sup>. It meets at least once a year to examine the Group's organization, strategy and results, as well as cross-border issues. It may also be especially convened to discuss any measures being considered by the Group. In 2016, the European Works Council met three times and its members received a course in well-being at work and the role of works councils in that regard.

In France, the Group Works Council supports dialogue and the sharing of business information with local employee representatives. Created by the October 12, 1984 framework agreement, it comprises 24 employee representatives chosen from among the 77 subsidiary works councils in France. It is chaired by the Chairman and Chief Executive Officer or his representative and meets twice a year. In addition, a Health, Safety and Working Conditions Committee is active in each of the relevant units.

In 2016, qualitative reporting concerned 98% of the hotels covered by quantitative reporting. On that basis, 59% of the hotels have an employee representative organization that meets on a regular basis. Across the Group, in units where there is no employee representative organization, employer-employee dialogue takes place in a variety of ways, depending on the contexts and cultures (*i.e.* open tables - informal round-table discussions with second-line executives, meetings with employee representatives in the hotel, information meetings concerning major projects and organizational changes, etc.).

#### DIALOGUE TO SUPPORT GROUP TRANSFORMATION

In line with expectations, FRHI group payroll and non-payroll employees were included in the second half of 2016. Most FRHI employees have been incorporated into the AccorHotels Group. For those who did not want to be, support was offered that included outplacement assistance and severance pay.

Another key stage of the transformation of AccorHotels, was the sale, in the first half of 2016, of a portfolio of 85 hotels in Europe to a new franchised hotel operator, Grape Hospitality, a perfect example of the governance that frames the Group's social transformation. European social partners were involved well ahead of the transaction and the commitment to safeguard social dialogue was respected, allowing the sale to proceed under

(1) IUF: International Union of Foodworkers (IUF), and workers in agriculture, hotels and restaurants, tobacco, and related sectors.

the best possible circumstances. AccorHotels retains a 30% stake so as to guarantee that the commitments given are respected.

Lots of meetings and discussions also took place between Management and employee representatives in 2016 in preparation for the Booster project to turn HotelInvest into a subsidiary.

## COLLECTIVE AGREEMENTS

The table below shows the number of collective agreements signed in 2016, by country, and the issues covered. It does not include agreements signed prior to 2015 and still in effect.

### Agreements signed by country and issues

Country	Number of agreements signed	Skills development	Social Dialogue	Cultural and Gender Diversity	Tools and Digital Process	Healthcare coverage	Compensation	Health & Safety and Working Conditions	Working hours	Other issue
Germany	31	X	X		X	X	X			X
Argentina	2						X			
Benin	1					X	X	X		X
Brazil	33						X			
Bulgaria	4					X		X		
Cameroon	1						X			
Chile	3	X				X		X		
China	6	X	X	X	X	X	X	X	X	
Ivory Coast	12		X			X	X	X		
Cuba	3						X	X	X	
Spain	1		X			X	X		X	
Fiji	2						X	X	X	
France	81		X	X		X	X			X
Greece	2						X			
Hungary	1						X			
Indonesia	4	X				X	X	X	X	
Italy	1		X			X	X			
Japan	8								X	
Mexico	19	X	X	X			X	X	X	X
New Zealand	2						X	X	X	
Poland	1		X	X			X		X	
Romania	2	X	X	X	X	X	X	X	X	
Senegal	5			X			X	X		
Uruguay	3						X		X	
Vietnam	3	X	X	X		X	X	X	X	X
<b>TOTAL</b>	<b>231</b>									



### 2.3.5 DEVISING SOLUTIONS THAT BRING WORK-LIFE BALANCE AND A HEALTHY WORK ENVIRONMENT

As an employer, AccorHotels is responsible for ensuring that working conditions are conducive to the health, safety and well-being of its employees and to the performance of its teams.

The measures taken to improve working conditions take many forms:

- preventing accidents, repetitive strain injuries and other workplace health and safety issues, by identifying risks and deploying dedicated training modules;
- limiting the impact on employees' personal lives of the hospitality business and its unusual working hours, so as to enhance AccorHotels employer appeal and increase employee commitment;
- setting up a work organization that promotes employee initiative, autonomy, and responsibility.

These measures are adapted in keeping with local requirements, the cultural context, applicable collective agreements, and the country's labor laws.

- to make best practices more systematic so that they can be incorporated into countries' Talent & Culture policies;
- to structure and manage the approach to workplace health and well-being to benefit the greatest number of employees;
- to identify policy drivers at the most appropriate level: hotels.

These objectives were implemented *via* actions proposed to hotels in the Planet 21 in Action roadmap and with the support of the Talent & Culture teams.

By the end of 2016, 43 of the 75 countries responding to the qualitative questionnaire had implemented a workplace health and well-being program. These programs were set up in response to public health issues and/or issues specific to the hospitality industry or country-specific issues. For example, the "VIVAH" awareness-building program set up in Brazil, focuses on three areas: health, nutrition, and physical activity; the "Be Balanced, Feel Challenged" program, focusing on health, well-being, and happiness was set in the Benelux region; a Health Day offering a variety of health-related activities was introduced at hotels in the Middle East.

According to the engagement survey conducted in 2016, the well-being index was 72%. The well-being index includes questions about working conditions, well-being at work, work-life balance, workload and the perceived relevance of the employee's work. It was up 5 percentage points on 2015.

#### IMPROVING WORKLIFE QUALITY AND PROMOTING HEALTH



#### Planet 21 commitment: Each country deploys a workplace health and well-being program

By making well-being a key commitment of the new 2016-2020 strategy, AccorHotels wishes to take employee engagement a step further. The objectives pursued are:

- to raise greater awareness of the challenges of workplace health and well-being and to make management more sensitive to these issues;

#### Hotels involved at the end of 2016



#### "WE MOVE!" NEW WORKING PRACTICES TO TIE IN WITH A CHANGE OF LOCATION

The changes underway within the Group are also affecting the head office teams, in particular those at the Corporate head office, which has a staff of almost 1,300. Teams from the previous head office, in and around the Odyssey building in the 13th arrondissement of Paris (France), were all relocated to the Tour Sequana in Issy-les-Moulineaux in the first half of 2016. AccorHotels is seizing the opportunity presented by the move to design a site that reflects its image as a dynamic, innovative and forward-looking company that incorporates digital technologies into all its redesigns. To further its "work differently" objective, all the new offices are completely open plan (including those of the Executive Committee) and there are a number of collaborative and support areas designed to suit the needs of the individual business lines (quiet room, communication pods, a creativity room, telephone rooms, etc.).

## WORKWEEK ORGANIZATION AND WORK-LIFE BALANCE

### Working hours

In every host country, working hours are set in accordance with local legislation and collective agreements. Overtime may be paid at a higher rate or taken in the form of additional time off, depending on the legislation and agreements applicable in each hotel and on the conditions defined in each employee's contract.

### Workweek organization

AccorHotels' digital transformation is bringing about major changes in the organization of the work (creation of new jobs and elimination of others, potential automation of certain repetitive tasks, changes in job duties due to the arrival of various digital tools), as well as changes in the work-life balance (in particular with the massive arrival of generations Y and Z in the Group). AccorHotels is also aware of the growing importance of psychological well-being, in addition to the protection of employee health and safety.

These are core concerns in the implementation of the HR promise to "Feel Valued" and of the Group's new Social Policy, which devotes two of its six principles to this issue: "We devise solutions that promote work-life balance" and "We offer working conditions and benefits that are very popular with our employees".

Whatever the transformations under way, the hotel business is still characterized by long opening hours, giving rise to variable schedules for employees, who may be required to work at night, on weekends and on holidays. In its Ethics and CSR Charter, AccorHotels has formally pledged to undertake a variety of measures to support better work-life balance, including respecting important events in employees' lives, minimizing uncertainty in short-term work schedules, and providing practical solutions for employees who have trouble commuting.

### Working from home

All employees of the French Hotels' headquarters and Group headquarters have the option to work from home one day a week under certain conditions. At end-2016, 18% of the employees concerned had adopted working from home, up from 10% at end-2015. This change is helping to bring head-office employees into the transformation process under way; it is getting the teams to rethink their organization and work differently on a daily basis.

### Night work

In France, in compliance with legal requirements, a personal record for the prevention of occupational hardship has been set up. The four factors of hardship to be taken into account as of 2015 include night work, which applies to AccorHotels France. The requested diagnostics had already been carried out to identify the jobs and persons concerned. As a preventive measure, night work guidelines were distributed on a wide scale. They offer recommendations to help regular or occasional night workers to attenuate the impact of working at night, with best practices for maintaining a healthy quality of life.

## PREVENTING WORKPLACE ACCIDENTS AND OCCUPATIONAL ILLNESS

Although the claim frequency rate is fairly low, the hospitality industry is not exempt from risks regarding health and occupational safety. Management pays close attention to the day-to-day risk of incidents and the long-term risk of musculoskeletal disorders caused by repetitive movements.

### Preventing work-related risks

In a number of host countries, Health and Safety Committees ensure compliance with the local legislation by assessing the risks associated with each hotel, department or position.

These assessments can cover potential risks to the Group:

- short-term: handling sharp objects in kitchens or technical facilities; polishing food service glasses; infrastructure-related accidents (falls, blows, etc.); handling chemicals in the laundry; welding accidents in technical facilities;
- medium-term: psychosocial risks;
- long-term: musculoskeletal disorders.

Employees, particularly when on temporary or long-term assignments in a given country or region, may consult regularly updated security and health advisories on the Security and Safety Intranet site. Since 2016, this information has also been accessible on cell phones *via* a dedicated app.

AccorHotels is continuing its jobs research to identify employees who are likely to be exposed to new hardship factors wherever possible while continuing to implement measures to prevent hardship as early as possible. Among these factors, that of tiring physical positions applies to AccorHotels France, which is thus taking part in branch discussions to define the hardship criteria and to draft guidelines.

### Preventing musculoskeletal disorders

A large number of training modules are offered by AccorHotels Académie sites worldwide to teach employees the postures and practices necessary to prevent musculoskeletal disorders. Often provided as part of the induction process, the modules are adapted to suit the specific needs of kitchen, technical services and housekeeping staff.

Preventive measures are taken and ergonomists are brought in when furniture is being designed, hotels are being renovated, and new room concepts and themed restaurants are being created, etc. These measures are, for example, being put into practice in France where various materials are gradually being introduced: motorized trolleys to refill minibars, trolleys with removable bases for breakfast trays, dishwashers with automatic safety housings, standing seats for receptionists, anti-fatigue mats in reception areas, and even Levly hydraulic bed-lifting systems<sup>®</sup>. Since 2007, around 12,000 Levly<sup>®</sup> systems have been installed in owned and leased hotels in France. The initiative is also being deployed in other countries, such as Belgium, Bulgaria, Spain, Italy, Ghana, the Netherlands, Poland and the United Kingdom. In France, various training courses are offered such as "postures and practices", "carrying loads", "stretching" or "correct work station set-up".

Moreover, among respondents to the qualitative report, 58,481 employees underwent special training in ergonomics.

Number of employees having attended special courses in ergonomics	In 2015	In 2016
France	649	428
Europe (excluding France/Mediterranean)	2,412	4,856
Mediterranean, Middle East, Africa	6,469	6,264
Asia-Pacific	35,253	35,508
The Americas	3,612	11,425
<b>TOTAL</b>	<b>48,395</b>	<b>58,481</b>

AccorHotels does not have any quantitative indicators concerning occupational illness. One of the main problems for a multinational group like AccorHotels lies in the fact that the definition of occupational illness under French law is not applicable in every country where the Group operates.

### Preventing psychosocial risks

Various channels are used to prevent psychosocial risks, including training modules, local hotlines, PTSD support, offers of a return-to-work medical check-up for employees who have been off work for more than three months, and collective agreements on the initiatives to be undertaken.

Employees regularly attend workplace stress management training. In 2016 in France, 566 employees participated in training modules on "Preventing and Managing Workplace Stress", "The Five Keys to Stress Management", "Understanding Stress and Achieving Serenity" and "Managing Difficult Guest situations".

AccorHotels is committed to eliminating all forms of harassment from the workplace, including bullying and sexual harassment. Complaints against personnel must be reported to a senior manager or to the Human Resources Manager/Director. A different procedure is followed for incidents involving guests. Hotlines have been set up in Brazil, India, and France. In 2015, the European Works Council launched an initiative for the prevention of all forms of harassment in the workplace, including bullying and sexual harassment, and this continued in 2016. The issue was referred to the Council by the Ethics and CSR Committee.

### HEALTH AND WORKING CONDITIONS AGREEMENT SIGNED IN THE FRENCH HOTELS BUSINESS

Following a survey of psychosocial risks and an assessment of the hardship of hospitality jobs, a three-year agreement on health and working conditions in the French hotels business was signed in September 2013. This agreement comprises a large number of measures to improve working conditions, including regular use of an ergonomist in any major premises design or redesign project and redesigning of workstations based on a list of concrete measures such as opinion surveys, diligence procedures for work schedules, training in postures and practices, increasing night worker awareness, diversifying tasks, keeping staff in employment and facilitating the latter years of their careers.

	2015	2016
Lost-time injury rate	11.9	12.1
Incident severity rate for workplace accidents	0.37	0.27

In 2016, the method of calculating the lost-time and severity rates was modified and is now based on theoretical hours worked, resulting in non-comparative data. Due to a lack of data, lost-time and severity rates for the Asia-Pacific region were calculated only for the second half of 2016.

In 2016, AccorHotels was saddened by the deaths of four employees due to commuting accidents in Algeria (1), Hungary (1), Indonesia (1) and Thailand (1).

## 2.3.6 RECOGNIZING AND VALUING EMPLOYEES

### CELEBRATING THE REMARKABLE ACCOMPLISHMENTS OF THE GROUP'S EMPLOYEES

Every year, AccorHotels honors employees from owned, leased, and managed hotels and the head offices for accomplishments considered exemplary and representative of the Group's corporate culture and values by giving them an award called the Bernaches. There are three types of award: two for individual initiatives – the Gold Bernache and the Silver Bernache – and one for team

initiatives – the Team Bernache. Accomplishments are anonymously assessed by a panel of fifteen judges from across the Group, based on an assessment grid containing AccorHotels' six Values. A Special Achievement Bernache can also be awarded at the discretion of the Chief Operating Officer or the Head of Talents & Culture to recognize an exceptional initiative or achievement, exceeding all expectations.

In 2017, the Group plans to award 15 Gold and Silver Bernaches (individual initiatives) and 15 Team Bernaches to the most successful initiatives conducted in 2016.

## COMPENSATION POLICIES

AccorHotels has defined a global compensation strategy that can be adapted to local practices in each country. It is based on five principles:

- consider the performance and potential of each employee;
- offer compensation that is competitive in each market and country;
- ensure that employee compensation is determined fairly;
- encourage employee savings and stock ownership;
- strengthen employee healthcare coverage and other benefits.

AccorHotels ensures that compensation policies do not discriminate in any way with regard to age, gender, nationality or any other personal criteria. The Group is also committed to compensating every employee in line with market practices, based on global and local job maps prepared for each job track and a common job evaluation method. As part of the integration of the FRHI Group, AccorHotels is working to ensure that compensation packages are consistent across the two entities.

Management receive a base salary as well as variable compensation. They may also receive long-term compensation in the form of performance shares that are awarded on the basis of potential and individual performance. The annual bonus reflects their performance in meeting personal and team objectives. Over 25,000 employees qualified for an annual bonus.

Since its revision in 2015, the bonus policy includes one criterion relating to the "Passionate about Guests" value (calculated using guest satisfaction scores) and one CSR criterion that reflects the "Sustainable Performance" value. Since January 1, 2016, it has covered all management staff at head offices (including corporate officers – Chairman and Chief Executive Officer and Chief Operating Officer) as well as all members of the Executive Committee) and hotel managers from Supervisors to General Managers (for a total of over 22,000 employees across the Group).

All base salaries are reviewed each year, on an individual basis for managers and collectively for non-managers. Across-the-board raises are defined locally, in accordance with inflation, market practices and annual results. Each local unit is tasked with properly managing its own payroll and with collecting the related data and analyses. These data are not yet consolidated at Group level, so the average salary raise cannot be reported.

Payroll costs for the head offices and owned and leased hotels are presented in Note 5 on page 239.

## INFORMATION AVAILABLE TO EMPLOYEES

Every year, Talent & Culture managers and directors are informed about the bonus policy and the principles for reviewing compensation, in line with each country's economic environment.

The base salary and any other benefits that make up the final compensation package are set out in the employment contract. In addition, the individual and team performance objectives for the coming year are defined during the annual performance review and given to the employee in writing.

Specific information is also provided throughout the year to employees covered by other benefits, such as performance shares, supplementary pension plans and healthcare and insurance coverage.

In recent years, Talent & Culture managers have been able to attend in-house training courses on topics such as compensation policies, the job classification and evaluation method, deferred compensation systems (performance shares) and employee benefits. In 2016, twenty-five people were trained in this way and are now able to support the application of compensation policies to the teams in their scope of responsibility. A simplified version of the same module has also been designed, enabling trained individuals to regularly update their knowledge and skills.

## DISCRETIONARY PROFIT-SHARING AND EMPLOYEE SAVINGS IN FRANCE

To better reflect each unit's business situation, discretionary profit-sharing agreements are generally signed in each subsidiary or hotel. They are based on overall performance and financial results.

In 2016, nearly €11 million in discretionary profit-shares earned in 2015 was paid to 16,744 employees in France, representing an average net amount of €662 per person.

On several occasions since 1999, employees around the world have been offered the opportunity to purchase new AccorHotels shares on preferential terms and conditions, as part of employee share issues. At December 31, 2016, the Group's current and former employees thus held 0.795% of total capital (see page 318).

In 2016, ninety-nine non-discretionary profit-sharing agreements were signed in nine countries. This number does not include agreements signed previously and still in effect. Every year since 1985, AccorHotels employees in France have been able to participate in a Corporate Savings Plan (PEEG). It allows them to invest in various mutual funds with matching funds provided by AccorHotels. In addition, in 2016, 5,446 employees invested in the PERCO group Retirement Savings Plan, which was set up to provide employees with additional income during retirement. Employees in France also receive non-discretionary profit-shares under a corporate agreement covering 72 companies in respect to 2015. Non-discretionary profit-shares earned in 2015 and paid in 2016 amounted to an aggregate net €2.4 million for 18,802 employees, or an average net amount of €128 per person. Since January 1, 2015, in addition to the conventional plan, the Group has a new savings plan called "Épargne Avenir", which offers an exceptional matching contribution for any employee payment into the "AccorHotels Investissement" fund consisting solely of AccorHotels shares. Its aim is to involve employees in the Group's development.

## INTERNATIONAL BENEFITS PACKAGES

AccorHotels' international benefits packages enable the Group to respond to two major challenges: providing a higher level of protection for employees in countries where public authorities cover little or none of the expense associated with insurance and healthcare, and creating an element of differentiation to attract and retain talent.

Issues related to post-retirement benefits, insurance coverage and other employment benefits are discussed and addressed on a consensual basis by representatives from the corporate Talent & Culture, Consolidation, Treasury and Financing, and Administrative Services Departments, as well as the Group's consulting actuary. When necessary, the Group Retirement Benefits Committee set up in 2007 validates the decisions resulting from these consensual discussions.

Agreements on healthcare and insurance coverage were signed in 12 countries in 2016 (Germany, Benin, Bulgaria, Chile, China, France, Indonesia, Italy, Ivory Coast, Romania, Spain and Vietnam). More specifically, these agreements covered death and disability

(20 agreements), supplementary pension benefits (9 agreements), pension savings (13 agreements) and supplementary health insurance (14 agreements).

### 2.3.7 PROMOTING DIVERSITY AND INCLUSION

Promoting diversity is one of the Group's key drivers of performance and innovation. Promoting diversity is a long-standing and proactive policy and one of the founding principles of managerial ethics to combat discrimination and promote equal opportunity across the organization. A structured framework created for our diversity commitments in 2008 is driving a variety of programs to support and demonstrate these commitments.

#### INITIATIVES DESIGNED TO ADDRESS FOUR CHALLENGES

In terms of diversity and inclusion, the Group's initiative covers four challenges:

- **corporate social responsibility:** as a responsible employer, AccorHotels has a duty to reflect the diversity of its host communities;
- **attractiveness as an employer:** AccorHotels is an organization which is proud of its differences and projects a positive image to the public;
- **business performance:** making diversity a priority helps AccorHotels deliver customized solutions to meet guest expectations;
- **operating performance:** inclusiveness and social cohesion are important factors for well-being in the workplace and to secure the commitment of all employees.

#### GOVERNANCE AND TOOLS

##### AccorHotels' international commitments regarding diversity and inclusion

AccorHotels recognizes that every employee is different and that overall performance depends on the skills of each individual. These commitments are structured around four priorities:

- gender diversity and gender equality in the workplace;
- the integration of people with disabilities;
- a wealth of ethnic, social and cultural origins;
- multi-generational synergy.

The Group's diversity and inclusion and anti-discrimination policy is clearly defined in its Group Diversity Commitment deployed in 2011 and translated into 13 languages.

Eight sub-commitments serve as the foundation of our diversity policy:

- **fight against all forms of discrimination** on the basis of ethnic, social or cultural origin, gender, age, physical characteristics, disabilities, religion, language, marital status, union membership, sexual orientation or other characteristics;
- **give every employee the opportunity to succeed** by placing skills at the heart of managerial and human resource policies, with the objective of welcoming, nurturing, and developing all talents in an equitable way;

- **train employees and raise their awareness on diversity** with the required tools and means to enable them to grasp the great value of their diversity, taking into consideration local situations;
- **conduct diversity surveys** in every host country;
- **disseminate AccorHotels' commitments to promote diversity** by informing employees and all Group partners of the policy and measures implemented;
- **act as diversity ambassadors with guests** and Group partners (suppliers, hotel owners, investors, etc.) with the goal of fostering a shared ethical commitment;
- integrate diversity in the service offerings by adapting to the diversity of guests;
- **encourage dialogue and assess initiatives** while ensuring that AccorHotels' management teams worldwide conduct in-depth diversity assessments based on internal opinion surveys, quantitative criteria, or qualitative findings;
- **report to the Group Executive Committee** on the diversity programs underway across the Group, to obtain the Committee's guidance and recommendations for pathways to improvement.

##### Strengthen the Diversity and Inclusion Community

In 2016, the diversity & inclusion community (D&I) was structured around D&I Champions. Their primary role was to roll out the D&I strategy across regions and countries and to ensure that action plans were implemented. Appointed by Operations Managers and regional Talent & Culture Heads, these Champions are the mouthpieces of the diversity initiative on local Executive Committees. In 2016, the focus was turned to sharing AccorHotels' vision in terms of diversity and inclusion.

AccorHotels has two main ways of promoting diversity and combating stereotyping: training employees and highlighting the best practices already being applied in the Group. To this effect, AccorHotels has gradually developed a wide range of general and issue-specific resources that reassert its commitments, provide access to related reference documents, improve understanding and mastery of the issues, and offer guidelines or examples for putting the commitments into practice. They include the corporate diversity Intranet, the Diversity Glossary, the "Managing Diversity" e-learning program, the guide for recruiters and managers, the Recruitment Charter, the Parenthood Guide, the Disability Guide, and gender diversity guidelines. A course focused on diversity is included in the new hire integration process in 54 countries (72% of the countries surveyed). In bringing employees from diverse segments to work together and share in the Group's values, the One Brand project (page 59) is also a major driver of the promotion of diversity and inclusion.

In 2016, agreements on the issues of diversity and inclusion were signed in seven countries, including eight agreements on gender equality, four agreements relating to the integration of people with disabilities, five concerning intergenerational issues and twenty one concerning seniors.

Lastly, an initiative to raise awareness of the fight against illiteracy was included in the "Planet 21 in Action" roadmap. By the end of 2016, 44% of hotels were involved in this initiative.



## PROMOTING GENDER DIVERSITY AND EQUALITY



### Planet 21 commitment: 35% of hotel General Managers are women by 2017

When it devised its Planet 21 strategy for 2016-2020, the Group naturally extended its commitment to promoting gender diversity and equality. Its objectives are as follows:

**Equal representation of genders in management and equal pay** with 35% female hotel managers by the end of 2017, 20% female members of the Executive Committee by the end of 2016 and 30% by the end of 2018.

This commitment by the AccorHotels Group was made a reality with the 2015 signing of the Women's Empowerment Principles championed by UN Women in support of women's empowerment. Moreover, the Group was selected as *Impact* Champion by the "HeForShe" solidarity movement. *Impact 10x10x10* is a global pilot initiative launched by UN Women that engages ten corporations, ten governments, and ten universities to improve behaviors and promote gender equality worldwide. As part of this commitment,

gender pay gaps were assessed in 2016 in Germany, Spain, France, and the United Kingdom. This pilot study revealed little in the way of pay gaps, which were immediately corrected where they were not justified. The study also confirmed the under-representation of women in supervisory roles. A program to identify and support women with the potential to become supervisors was introduced (as a pilot in France at the end of 2016) to remedy the situation (see page 58).

**Raising the awareness of male employees and fostering their support for gender diversity.** The Group set itself several objectives: 35% male members of the diversity network - Women At AccorHotels Generation (WAAG) - by the end of 2017. At the end of 2016, the WAAG network had 4,400 members worldwide, 18% of whom were men and the mentoring program has 180 pairs (up from 130 in 2015). And, by the end of 2018, 50,000 male employees involved in the HeForShe movement.

**Changes in attitudes** in line with changes in the hotel industry, in particular, to combat gender stereotyping.

**A local "gender diversity" action plan suited to each country's cultural and legal context**, with a "toolbox" - the gender diversity guidelines - to facilitate its deployment.

### Percentage of women payroll and non-payroll employees

Percentage of women by job category	2014	2015	2016
Total women	46%	46%	46%
Managers	41%	42%	42%
<i>of which hotel General Managers</i>	27%	27%	29%

## INTEGRATION OF PEOPLE WITH DISABILITIES

AccorHotels is a pioneering member of the ILO Global Business and Disability Network, a United Nations initiative, which since June 2011 has brought together multinational companies committed to including people with disabilities in the workplace.

In October 2015, AccorHotels signed the Charter of the "ILO Global Business and Disability Network", thereby committing to promoting the employment of people with disabilities in its businesses worldwide.

A wide array of resources has been deployed to assist managers in integrating disabled employees into their teams (see page 66). In 2016, a major campaign was launched to raise awareness of the International Day of Persons with Disabilities (celebrated on December 2) and the European Disability Employment Week (EDEW): best practice guidelines in English, French, and Portuguese, broadcasts of employee testimonials, a video series on disability, conference broadcast live in every country where AccorHotels operates. The objective is to support and encourage hotels and head offices worldwide to get involved in raising their employees' awareness of this issue.

In 2016, the hotels owned, leased or managed by AccorHotels employed 1,565 people with disabilities recognized by local legislation, representing 1% of the total workforce. However, given the difficulty in obtaining accurate figures in some countries, the

real number of disabled employees is probably higher. AccorHotels considers that the real number of disabled employees has been under-estimated.

Signed by AccorHotels and all employee representatives at the end of 2014, the 4<sup>th</sup> Group agreement for the integration and continued employment of people with disabilities came into force in 2015 for the 2015-2017 period. This agreement is focused on the prevention of disabilities and the continued employment of people with disabilities and reiterates the targets set by the Group on this issue. In France, the Integrating the Disabled Project (MIPH) adopted several measures to promote the integration of people with disabilities, in line with each of the objectives set forth in the Group agreement. In 2016, the focus turned to raising awareness of the teams responsible for recruiting people with disabilities at head offices. An external support team ("Ambassadeurs TH<sup>(1)</sup>") was made available to head office employees to answer their questions and support them in their efforts to recognize disability in themselves or in their relatives. Lastly, sheltered employment enterprises - companies employing a minimum of 80% people with disabilities - were listed for the provision of printing and catering services.

## PROMOTING CULTURAL DIVERSITY

A video to raise awareness of unconscious biases & stereotypes was recorded in 2016 in French and English. It will be broadcast in 2017 by the Diversity & Inclusion Champions.

(1) Employee with disabilities.



## PROMOTING INTERGENERATIONAL DIVERSITY

56% of Group employees were under 35 in 2016. Intergenerational diversity and creating ways to narrow the generation gap are, therefore, key drivers of its success.

As a result of the “Stéréotype et Générations” study conducted by the IMS in 2015, in which AccorHotels took part, an intergenerational co-mentoring program was launched at the end of

2016. Pairs comprising a “Smart Digit” and a “Smart Leader” share, respectively, their knowledge and ease in using digital tools (internal tools, social networks, apps, innovations, digital trends etc.) and knowledge of the Group and its culture. As part of an initial pilot scheme, five to ten pairs were set up by Diversity Champions in each region, i.e. fifty or so pairs worldwide (when the program was launched in December 2016). Monthly meetings are guided by a list of topics to be discussed by participants. A satisfaction survey will assess the program’s impact and will decide whether it should be rolled out Group-wide in 2017.

## 2.3.8 EASING THE TRANSFORMATION TO DIGITAL AND SUPPORTING SOCIAL INNOVATION

### HELPING MEN AND WOMEN MAKE THE MOVE TO DIGITAL

AccorHotels launched a digital plan in October 2014 (Leading Digital Hospitality) aiming, in particular, to facilitate the guest experience (online check-in, AccorHotels app etc.). Of the nine programs included in this plan, four target guests, one investor partners, one employees, one digital marketing, and the latest IT and Business Intelligence programs form the structural support required for its implementation.

Knowing that the success of this transformation is only possible with the right level of support (technological tools simply serving as “facilitators”), the Group introduced a dedicated Talent & Culture team to support digital transformation, working closely with local Talent & Culture teams in contact with the hotels.

Digital plan projects will be phased in after they have been tested in 27 hotels, the “Hotel Labs”. These hotels have been selected from all brands, sectors, and regions and will have 45 days to implement the project and to feed their impressions, problems, successes, and suggested changes back to the support teams. The aim is to be as pragmatic as possible and to offer the teams concrete suggestions.

In 2016, lots of initiatives were implemented to ramp up digital transformation in hotels. These initiatives were relayed and disseminated during **Digital Deployment Days** (DDD). In 2016, these DDDs were held in every country for General Managers accompanied by one or two members of their teams and for Operations Managers so that they could be trained in priority digital plan projects. During the transformation period, understanding the objective sought is vital when it comes to making effective changes. The focus was, therefore, turned to the human dimension of the transformation to help these managers train their teams by giving meaning to the projects implemented. A digital training

platform will be launched in early 2017, bringing together all the training content delivered during the DDDs and making it easily accessible to all. The impacts of the digital transformation on the different business segments are being studied so as to anticipate the need for new core skills within the Group, as well as new workweek organization flows in hotels to facilitate an excellent guest experience.

### DIGITAL TOOLS TO SUPPORT EMPLOYEES: THE EMPLOYEE-FRIENDLY PROGRAM

The “Employee-Friendly” program, one of nine digital plan programs, is geared towards the teams themselves and aims to help employees through the digital changes. This led, in particular, to:

- the introduction of the YAMMER social network, made accessible to all employees (including hotel employees who do not have an accor.com email address, or computer);
- a digital acclimatization e-learning course, Digit’all;
- the launch of pilots for an apps platform aimed at employees (APPY), which enables them to access their hotel schedules from their smartphones, to view comments and reviews posted by guests during or after their hotel stay, to access the benefits of the Bienvenue card, to follow Digit’all training, to share best practice in respect of the guest experience and to suggest ideas for digital innovations on site etc.

APPY has been launched during DDDs in February/March 2017.

AccorHotels will also continue to work on providing all its employees with a digital identity, whatever the hotel’s management style (owned, leased, managed, or franchised hotels). A key means of putting the “Feel Valued” promise into practice, this digital identity for all will make it possible to develop new employee services.

### 2.3.9 LEARNING SOLUTIONS KEY TO SKILLS DEVELOPMENT

While implementing its changes, the Group will also require the teams and individual employees to adopt a different culture because it is absolutely convinced that service quality and guest satisfaction rely heavily on the skills and engagement of its employees.

#### A “LEARNING & DEVELOPMENT” STRATEGY TO ACCOMPANY GROUP CHANGES

In November 2015, AccorHotels launched its new Learning & Development strategy to accompany the changes that were being put in place. With a focus on continuous learning, it aims to provide employees with the means to become more autonomous, embrace the continuous learning culture, and develop their skills in order to keep up with constant changes, promising that “Everyone at AccorHotels has opportunities for lifelong learning. Everyone feels valued”.

The new strategy – “Dream Big For Your Future” – sets out a shared global framework, which takes account of regional characteristics and promotes the Group’s “Learn local, think local” philosophy. The strategy is intended to help AccorHotels meet its current and future learning needs, implement its digital development, continue to innovate and adapt to the fast-moving environment. It is designed to be inclusive and attractive to all generations. It also aims to support the Group-wide establishment and dissemination of the new shared Leadership Model.

The programs, which were developed to help it achieve its key local and global strategies, are continuously assessed using specific indicators with the aim of achieving ongoing improvements.

The “Learning & Development” (L&D) department is responsible for the deployment of the new strategy and will make sure that each entity has its own organization in place and that the programs focus on the entity’s strategic issues and objectives.

#### ACCORHOTELS ACADEMIE, SUPPORTING AND STRUCTURING THE LEARNING & DEVELOPMENT STRATEGY

Created in 1985, AccorHotels Académie was Europe’s first corporate university in the services industry. From the outset, its mission has been to support and structure the Group’s skills development strategy.

AccorHotels Académie is a dedicated training center for all AccorHotels employees, regardless of job family, educational background, position or seniority. This means that all of the owned, leased, managed and franchised hotels have access to the courses, which may be tailored to the specific needs of each hotel’s management structure. AccorHotels Académie is an international and interdisciplinary organization with 18 sites

around the world. It was created to support the changes within the Group, help it develop its talents and share its culture, disseminate its values and guarantee that its global procedures are properly implemented.

To mark its 30<sup>th</sup> anniversary, the AccorHotels Académie “30 Ways to Learn” challenge was launched worldwide in 2015. Employees were asked to illustrate new learning methods and ones that they were already using to incorporate the concept of “lifelong learning”. The numerous contributions were made into an e-book, “30 Ways to Learn”, an interactive tool, which offers all employees direct access to definitions, ways of learning, examples, videos etc. It is available on AccorLive and Yammer or from trainers from early 2017.

#### IN 2016, LAUNCH OF LEARNING WEEK

The first “Learning Week” took place in 2016, with participation from a dozen or so regions (Germany, Latin America, North America, China, France, Poland, Thailand, etc.). For a whole week, learning & development teams offered conferences, new programs, round tables, working groups, with a single, shared objective: to celebrate Learning.

A training skills development course was gradually introduced. It is aimed at all employees and offers diverse tools and content to support them in all their efforts to pass on know-how or skills (“making a training video”, “understanding ways of learning”, “holding a virtual class” etc.). In 2017, the e-book, “30 Ways to Learn” will be added. Within this course, the “Trainer Pass” is a training program offering three levels of accreditation: “Facilitation”, “Content creation” and “Coaching”. The third accreditation level, “Coaching”, was developed in 2016 and will be launched in early 2017. Some 800 certified trainer-managers help to dispense brand and Group training and spread the culture.

With over 250 training modules offered in 75 countries around the world and in 20 languages, the AccorHotels Académie is positioned as the international benchmark in hospitality skills development. It is also setting new standards in innovation by offering training programs that increasingly integrate new technologies, such as e-learning modules, virtual classrooms and an increasingly wide array of mobile apps.

At AccorHotels, skills acquisition extends well beyond AccorHotels Académie. Managers also lead training sessions, for example during the induction process or concerning brand-specific issues. These sessions are designed to have a direct impact on service quality and spirit and attendance is mandatory. AccorHotels managers deliver 64% of all training hours.

Training	2014	2015	2016
Training hours	2,802,647	3,042,472	3,091,413

## ENHANCING PROFESSIONALISM IN EVERY JOB FAMILY

Job-specific training programs have also been developed to give all of the AccorHotels brand's nearly 250,000 employees the opportunity to acquire new skills or hone their expertise at a time of significant change in the industry.

Several job tracks have been defined to professionalize the positions involved and develop skill-sets, as well as to enhance employees' capabilities and inform them about potential career paths. Gradually, these jobs tracks have been assigned "campuses". A campus is a digital environment dedicated to developing skills in a specific field of expertise, it lists the skills needed for the jobs in question and includes related courses, programs and content.

- **Revenue Management:** in 2016, the campus designed for revenue managers was reviewed, in full, and then finalized. The objective is to enhance the capabilities of revenue managers and other employees who help to optimize hotel revenue, such as General Managers.
- **Sales:** in 2016, the Sales campus was launched for the sales teams. Just as with the work carried out in 2016 for revenue managers, the Sales Training program will be completed and finalized in 2017.
- **Distribution:** the new Distribution Excellence (DEX) program is primarily designed to help hotel General Managers and revenue managers to understand the major issues and challenges raised by today's booking channels and methods. It also provides keys to building a strategy and developing everyday distribution tactics for their hotels. A campus dedicated to this area will be developed in years to come.
- **Food & Beverage:** after its creation in 2015, F&B spent 2016 defining its goals and objectives. An initial program was launched for kitchen staff. The best of the Group's hotel chefs were identified and invited to create and serve their own menu for the Group's head office restaurant in Paris. A program for talented young kitchen staff in being devised and the "School of Excellence" specifically for waiting staff will be opened up to kitchen staff in 2017.

In 2016, AccorHotels launched a new program, "Unveil Your Talent", which targets employees who work in hotels. In each country and region, employees who most embody the "Passionate about Guests" and "Innovation" values are identified and invited to take part in a project focusing on the guest experience as

part of a multidisciplinary, multicultural, multiskilled team. With innovative training techniques, this program brings in creativity, collaborations, games, coaching, etc. The first pilot scheme took place in Paris with five teams of 48 catering, bar, and kitchen staff. The projects devised by the teams are set up in hotels so that they can be validated by real-life guests in real-life situations. The aim is to extend this program to all Group job families.

## FOSTERING PARTNERSHIPS WITH EDUCATIONAL INSTITUTIONS

AccorHotels has relationships and partnerships with more than 90 higher education institutions, business schools, hotel management schools, and universities in the different countries where it operates, and it works to maintain and improve these relationships. In this way it promotes and develops the hospitality industry and digital professions to educational establishments. In 2016, more than 200 meetings and visits were organized in these local education establishments.

By maintaining contact with educational establishments throughout the world, AccorHotels can spot the talent of the future for its own hotels and head offices. For instance, there is a considerable number of Asian students in Europe and the Pacific region while more and more European students are seeking placements in Asia, the Americas, and the Middle East. Throughout 2016, the Group Chairman and members of the Executive Committee organized conferences in educational establishments to share AccorHotels strategic orientations and hear what the students were looking for (HEC, ESSEC, École hôtelière de Lausanne, EDHEC, Université d'Angers, Skema, etc.). Several senior managers sit on the development boards of international further education establishments.

A considerable number of case studies are shared with the students to improve course content and give the Group innovative input into its strategic objectives.

AccorHotels has also been a partner in the Revenue Management Masters degree offered by Institut Paul Bocuse and IAE Savoie Mont-Blanc in France since late 2011.

Also in France, the Group maintains close contact with the Apprenticeship Centers (*Centres de Formation par l'Apprentissage* (CFA)) to keep the trainers up to date on changes in the company and the hospitality sector and to ensure the training course is regularly updated.

### 2.3.10 SUPPORTING EMPLOYEES THROUGHOUT THEIR CAREER PATHS

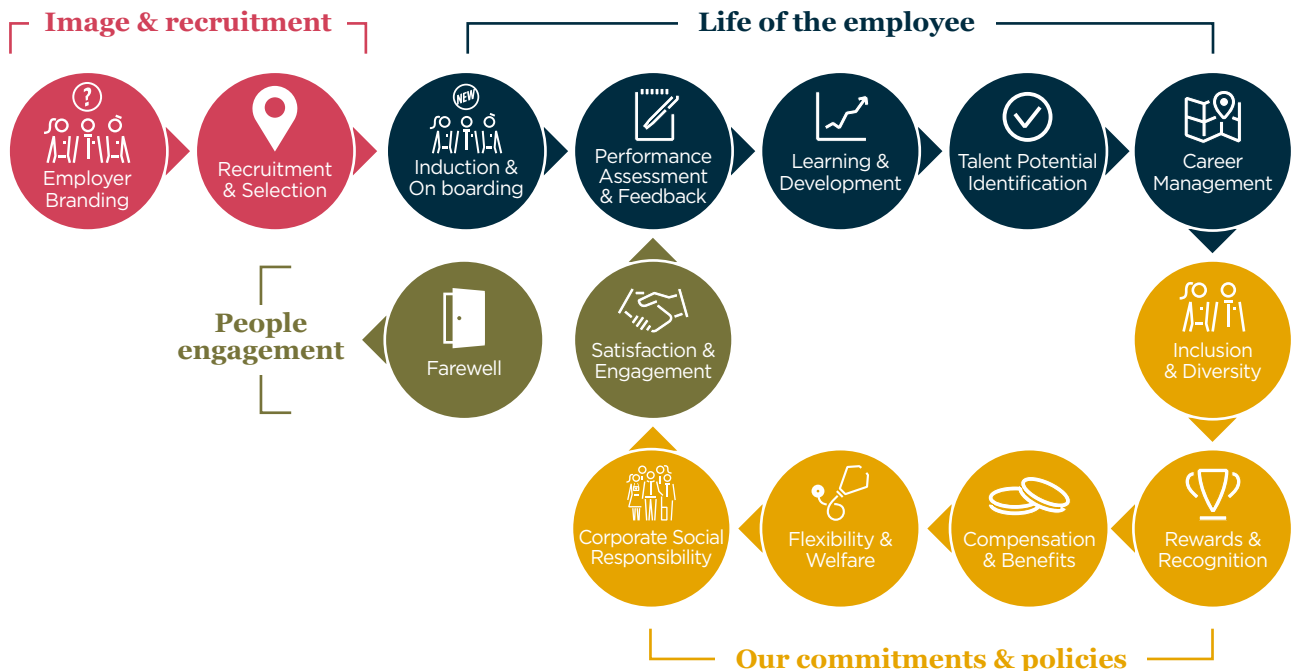
AccorHotels considers its 250,000 employees as talents and its most precious resource. Talent management is thus at the heart of the Group's culture, with a simple but ambitious objective: that each position in the Group be held by the right talent so that, together, we can offer the best guest experience. AccorHotels is committed to supporting its employees throughout their careers within the Group. Talented individuals will continue to be reviewed on a regular basis so that each employee can be offered an individual development plan.

#### TALENT JOURNEY: A SYSTEMIC APPROACH TO EMPLOYEE CAREER PATHS

Mirroring the "Guest Experience", which guides all of the Group's reflections and its current transformation, the Talent Journey draws a parallel between the career path of an employee within

the Group and the experience of a guest in one of its hotels. This approach emphasizes good management practices and their importance at each stage of the employee's career path by connecting them with the hotelier's core trade. For example: an employer brand that stands out from competitors is just as essential to attract talent as a renowned hotel brand to attract guests. A talent's decision to apply for a post is just as crucial as a guest's decision to book a room: this is the first-contact stage, which lays the foundations of the future relationship.

Launched in early 2015, the Talent Journey is now key to all of the Group's discussions on how to support employees. The Social Policy was, in particular, devised to support employees at every stage of the Talent Journey.



Every year, Group employees will benefit from a performance review with their line managers. This review is an opportunity to listen and exchange, discuss the past year's results, and set bonus-related objectives for the coming year. The review also gives employees an opportunity to express their career goals so that an appropriate development plan can be prepared. In 2016, the assessment interview process was completely revised with a view to proposing an approach common to all Group entities. Assessment interviews, now in line with the new Leadership Model, will be the foundation of all stages of the employee journey. This new format will come into force for assessments carried out in 2017 and will be enhanced by feedback from "peers".

#### PREPARING THE NEXT GENERATION OF MANAGERS

The Talent Review conducted by AccorHotels is key in terms of supporting the Group to fulfill its desire to transform its business model. It is based on performance and potential, determined with each employee during their assessment interview. It is supported by an approach and tools that are common to all Group entities and it places special emphasis on gender equality. In 2016, it assessed the potential of all managers, from General Managers to Regional Operations Managers and in head offices, from managers to management teams. The Group has set itself the target of including all employees in this assessment by 2020. From 2017, the most mature entities will be able to include the entire managerial chain, right up to hotel supervisory staff and the people directly under the support function managers.

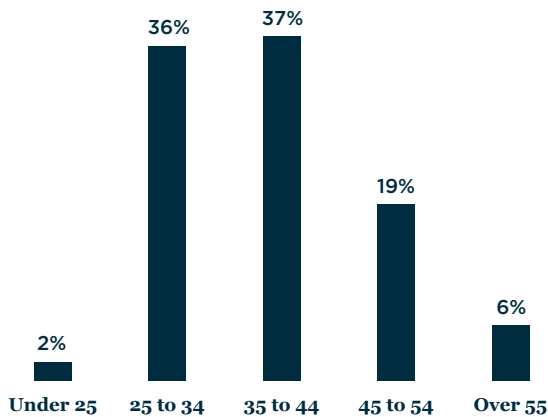
This Talent Review provides an overview of all the talented individuals within the Group. It is used to draw up employee development plans and to identify skills to be recruited or developed. It is also used to prepare succession plans and provides the Group with perspective on its pool of leaders and future leaders.

In terms of hiring, from 2017 AccorHotels expects to develop these processes and tools with the aim of fulfilling managers' specific needs within the context of the Group's rapid transformation. In terms of hiring, digital tools and innovation will also be harnessed to provide efficient services to improve the applicant's experience as well as that of the manager responsible for doing the hiring. With this in mind, a specific person has been charged with defining the Group's future hiring strategy, in view of the rapid growth and societal changes under way.

AccorHotels actively encourages change in its employees right the way through their career. Numerous programs, most of which are run by AccorHotels Académie, exist throughout the Group to identify tomorrow's managers, assist them in their career paths, and secure their loyalty. These programs are created and coordinated at local, regional or Group level, in keeping with specific requirements.

This is also reflected in the age pyramid for hotel managers.

#### Age pyramid for managers at Accor hotels in 2016



### 2.3.11 PLANET 21 COMMITMENT: EMPLOYEES' PERCEPTION OF THE GROUP'S HIGH LEVEL OF CSR ENGAGEMENT IS INCREASING

AccorHotels believes that its commitments should, first and foremost, be to its employees who are the driving force behind its sustainable development policy. They do, in fact, act as ambassadors in their everyday work with guests. The Group is also conscious of the fact that CSR is a means of engaging and retaining talent. The more that employees get involved in sustainable development projects, the more committed they are to their work, the more meaning they attach to their actions, and the more they feel connected to their employer.

As part of the Planet 21 overhaul, AccorHotels made a commitment to make its employees more aware of its level of CSR commitment.

Since 1997, AccorHotels **International Hospitality Management Program** (IHMP) has been helping to create a pool of international managers. The result of a collaborative venture with the ESSEC business school's MBA in Hospitality Management program (IMHI), IHMP's classes are taught in English as part of a curriculum structured around six main topics: business strategy and value creation, human resources management; finance, revenue management, marketing, sales and distribution, and communication. IHMP certification gives participants 20% of the credits required for the ESSEC MBA in Hospitality Management. In 2016, the program content was revised to accommodate the new values and the new Leadership Model. Since 1997, 515 employees have attended the MBA program.

This system is being extended by a certification process that validates skills learned on the job and enhances employability within the organization. Thanks to a partnership agreement signed with the Glion Institute of Higher Education, any AccorHotels hotel manager can validate his or her years of experience with an **MBA in International Hospitality and Service Industries Management** and move up to higher positions in the Group. Since 2014, ten people have attended the program.

The **"Boost Your Potential"** program, created in 2015 for the EMEA region, is available to managers in support functions or operations, identified by their management for their potential. Over a period of four months, the program combines personal and professional development, teamwork and contribution to a concrete project in keeping with the priorities of AccorHotels. The program is backed by six coaches who provide participants with the benefit of their experience. Since its launch, 52 managers have attended this program.

The special programs dedicated to promising young people (School of Excellence, Globe Trotter, Visa, MDP, Fast Track, GM program) continue throughout the world.

#### PROMOTING INTERNATIONAL MOBILITY

With operations in 95 countries, AccorHotels offers employees a wide range of international career opportunities. Talent & Culture teams and mobility experts are dedicated to supporting cross-border mobility by identifying the appropriate profiles, managing paperwork and practical issues, and ensuring compliance with Group mobility guidelines. They also ensure that the regions swap with one another in order to ease the inter-regional mobility flow: to this end, an international mobility process and shared tools were developed in 2016.

The CSR index, established as part of the Group's engagement survey, tracks this progression. This index measures employees' perception of issues relating to:

- Group action on a social and environmental level;
- the promotion of diversity and inclusion;
- the working environment and its openness to difference;
- the skills development policy.

The Group's CSR index	2015	2016
	72%	76%

The various Planet 21 program internal facilitation and awareness-raising tools and tools fulfill a three-fold objective in terms of employees:

- **to provide training and information:** on major sustainable development issues, on programs and initiatives implemented within the Group, on environmentally-friendly practices etc.;
- **to prompt action:** both on a daily basis, in their jobs, to adopt a more virtuous attitude. But also beyond their usual tasks, by taking the initiative to successfully implement “positive” projects or even to mimic certain attitudes on a personal level;
- **to share:** to be proud of their accomplishments and to share them with those around them, with colleagues, guests and other hotels in order to trigger a virtuous snowball effect.

A number of systems are currently in place to inform and support employees, both in hotels and in head offices: annual highlights – Planet 21 Day and Solidarity week; e-learning tools (for training on the Ethics and CSR Charter, Planet 21 program and environmentally-friendly practices etc.) systematically incorporated into new employee orientation programs. The in-house social network, Yammer, has a number of online sustainable development-related communities, one of which enables Planet 21 best hotel practices to be fed back and discussed; internal communication (intranet, newsletters, project case studies etc.) relays new Planet 21-related principles or achievements on a monthly basis; different internal trophies are award to recognize the hotels’ greatest accomplishments, with specific Planet 21-related categories (The “Bernaches” at AccorHotels or the brand awards at ibis, Sofitel, etc.).

### PLANET 21 DAY 2016 – “MY POSITIVE LOCAL IMPACT”

The aim of the AccorHotels Group day of action in 2016 was to promote one of the flagship issues of the new Planet 21 program: a key local buy-in for AccorHotels. On the topic of “My positive local impact”, the hotels were encouraged to implement initiatives aiming to:

- preserve or enhance natural spaces and biodiversity in their local environment;
- open their hotels to local communities, or go out to meet them.

All hotel and head office employees were invited to post their best practices on the Group intranet to enter a competition to acknowledge the greatest achievements. The best practices selected by employee vote were: support for a local school from two Indonesian hotels, the Mercure Bali Harvestland Kuta and the ibis Styles Kuta Circle, two national food collection days organized by head office and hotel employees (owned, leased, managed and franchised hotels) as well as by guests at AccorHotels in Italy, awareness of food waste raised amongst guests by Novotel Nanjing Central Suning – Shanghai in China and organization of cleaning initiatives along the banks of the river Nile organized by Sofitel Winter Palace Luxor in Egypt.

To increase its CSR index, the Group plans to raise the profile of its commitments, to enable all employees to share best practices and social initiatives, whether this is within the context of Planet 21, Solidarity AccorHotels, or *via* very local initiatives and to coordinate its internal social network to encourage the expression of their commitment.



## 2.4 INVOLVING OUR GUESTS IN A SUSTAINABLE EXPERIENCE

### 2.4.1 LEVERAGING THE POSITIVE IMPACT OF PLANET 21 ACTING HERE!

The “Responsible guests are looking for sustainable hotels” study carried out by AccorHotels shows that most guests already act responsibly on a daily basis at home and would like to continue to do so when staying in a hotel. Guests are willing to make an effort for the planet and local communities. They expect the hotel to make this easier for them. For this reason, AccorHotels is committed to offering a major new innovation for joint action with its guests on sustainable development issues every year, based primarily on a digital approach.



#### THE PLANET 21 COMMITMENT: EACH YEAR, A MAJOR INNOVATION FOR JOINT ACTION WITH OUR GUESTS ON SUSTAINABLE DEVELOPMENT

A major innovation for joint action with guests on sustainable development may take various forms: a concept, a range of products or services, a system, an operation, or a brand. This may be available in the digital universe (on websites, apps, social media, etc.) or in real life, e.g., with an experience accessible to guests in the hotel. It must enable guests to act together with the Group on sustainable development issues, either *via* concrete action or *via* a financial or intellectual contribution. This innovation may be one-off or permanent and must, by nature, represent a break with industry practices. To be approved, it must cover a significant proportion of Group operations (in particular, several countries) and be designed or rolled out in the relevant year.

Significant projects have enabled us to raise awareness among guests and to involve them in joint initiatives. AccorHotels has:

- **consolidated the basis for joint action with guests on sustainable development** by raising the visibility of the Planet 21 program in hotels and the visibility of initiatives implemented by each hotel (see below);
- **launched several digital projects** with the digital approach facilitating guest action by providing CSR content on the accorhotels.com reservation site, in the hotel files and in the My Web Valet<sup>(1)</sup> tool, etc.

In 2016, we structured this commitment, doing substantive work on defining the Group roadmap:

- **a phase for inspiration** based on a benchmark created by an external agency for digital innovation to promote joint guest action on CSR issues;
- **the creation of a dedicated project team** consisting of members of the digital, product, and brand communication teams, educated in digital innovation *via* a benchmark, conferences, and external experts. Its role will be to set the priorities for joint action with guests;

- **defining a roadmap** with action on various methods of encouraging guests to act jointly with the hotel on the positive initiatives it has initiated to promote the environment and its community: promoting discovery, experimentation, participation, and rewards.

Some initial areas that have been identified and may be introduced in 2017 are:

- the creation of a digital operation on an international scale to mobilize guests as part of the “Plant for the planet” program;
- extension of the hotel experience to the digital universe (encouraging guests to buy a tree on the AccorHotels website or app, and members of Le Club AccorHotels to donate their points to plant trees);
- enabling hotels to create educational and enjoyable events for their guests.

Other avenues are being explored, such as offering eco-walks around the hotels or in agroforestry areas and involving guests in avoiding food waste, etc.

#### KEY FIGURES FOR GUEST MOBILIZATION<sup>(2)</sup>

- 70% of guests are just as concerned about sustainable development in hotels as at home.
- two out of three guests are prepared to pay a little more for a hotel that acts in a responsible manner.
- 61% are prepared to separate waste when at a hotel.
- 57% are prepared to use the same towels and bed linen for two or three days.

#### A PERFECT EXAMPLE: THE “PLANT FOR THE PLANET” PROGRAM IS BASED ON MOBILIZING GUESTS

AccorHotels has offered initiatives to mobilize its guests to participate in its commitment to sustainable development for a number of years. The flagship for this approach, the “Plant for the Planet” program, was launched in 2009. It encourages customers to reuse towels when they stay at the hotel for more than one night. With half of the savings from this simple eco-friendly gesture, the Group finances the planting of trees in countries where it is present, in order to develop agroforestry projects. Thus the Group, its guests, and its hotels together support local producers and reduce their environmental footprint. Thanks to its guests' participation, the Group has already financed the planting of 5 million trees in over 200 sites in 26 countries.

To find out more about “Plant For the Planet”, see page 87.

(1) My web valet is a new web portal that is automatically displayed upon connection to hotel Wi-Fi and presents information regarding the hotel's CSR initiatives.

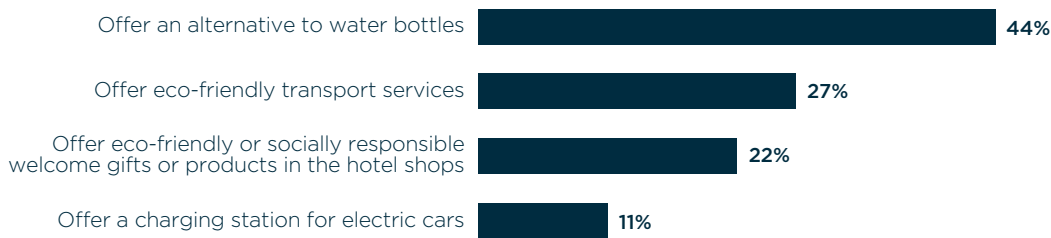
(2) <http://www.accorhotels.group/en/commitment/sharing-our-knowledge/guest-studies>

To take this a step further, since September 2015, the AccorHotels mobile app has offered guests the possibility of buying a tree in a couple of clicks, thus making an even more active contribution to the “Plant for the planet” program. A straightforward example of digital innovation, unheard of in the tourism sector, is providing leverage for the Group’s positive initiatives. The guest can choose a project and finance the planting of one or more trees directly in the app. At the test stage, this function recorded an average order of two to three trees per day in 2016, which represents 1,051 trees planted during the year. In 2017, a marketing plan will raise the visibility of this program and invite members of Le Club AccorHotels to transform their points into trees or suggesting that guests finance the planting of trees in a country they have recently visited.

### INCREASING THE SUSTAINABLE DEVELOPMENT ELEMENT OF THE GUEST EXPERIENCE

In order to give guests an experience strongly influenced by sustainable development, the marketing team responsible for the mid-range and budget brands of AccorHotels was restructured in 2016 to include sustainable development more closely in its work. A dedicated committee was created to define the methods for integrating sustainable development into existing offers and develop new offers that specifically target additional sustainable development benefits. To date, its work relates to the economic brands and mid-range brands.

#### Hotels involved at the end of 2016



### RAISING THE VISIBILITY OF HOTEL INITIATIVES

The mobilization of Group hotels to promote sustainable development is clearly illustrated by the fact that 91% of hotels had achieved the bronze rating in the Planet 21 program by the end of 2015. Nevertheless, guests are not always aware of the program. For this reason, in 2016 AccorHotels put the emphasis on raising visibility and recognition in its hotels for the Planet 21 program, which it considers as the basis for dialogue and interaction with its guests. From now on, it is the AccorHotels brand that carries the Group’s CSR commitments and Planet 21 contributes to promoting the brand and its reputation.

Five projects were identified in 2016, to which the hotels in the relevant brands can contribute:

- **developing events based around the hotel vegetable gardens.** 94% of guests want to eat local and seasonal produce and 65% like the idea that the hotel offers produce grown in-house.
- **integrating innovative and responsible products and services in the hotel,** such as wooden room access cards, electric bicycle hire, and wooden stand-alone sports equipment.
- **waste sorting and recycling in hotels.** 84% of guests sort waste at home and most would like to continue to do so when staying in a hotel.
- **participation in a soap recycling program to benefit underprivileged populations,** which responds to three key guest concerns: protecting underprivileged children, promoting local development, and recycling unused products.

Within the various brands and for each project, the operational teams in various countries are responsible for identifying hotels for the pilot schemes, sharing feedback and best practice, measuring the impact on client experience, and promoting the project to all hotels in the brand in order to achieve the widest possible deployment. The projects are overseen by the Marketing and Sustainable Development departments.

A full range of tools has been developed and made available to Group hotels to enable them to raise the visibility of their initiatives with guests and employees. These communication tools focus on positive messages that provide proof for guests and are accompanied by simple, effective, and recognizable visual aids. They encourage guests to carry out some simple gestures and enhance cooperation with the hotel teams: beehive coverings, panels for the vegetable gardens, menu inserts highlighting local produce, external signage promoting the solar panels, etc.

These communication tools offer a good deal of flexibility so that each hotel can personalize their marketing. Around twenty very committed hotels have been identified. They will benefit from tailor-made support for in-hotel visibility to highlight their initiatives. By highlighting these hotels, the Group will create peer pressure for the others.

At the end of 2016, 96% of hotels displayed key communication indicators on Planet 21.

## 2.4.2 CREATING SUSTAINABLE BEST PRACTICES IN HOTELS



### THE PLANET 21 COMMITMENT: 100% OF OUR HOTELS IMPLEMENT PLANET 21'S 16 MANDATORY ACTIONS

Whether it is a question of involving guests in a more sustainable experience or implementing initiatives for responsible behavior, Group hotels stand at the heart of Planet 21. They are the starting point and the primary drivers of the AccorHotels initiative for a positive hospitality approach. To provide them with support along the way and encourage their commitment to an ongoing process of improvement, the new Planet 21 commitments for 2020 place new requirements on hotels, with 16 actions becoming obligatory to achieve the bronze rating.

These 16 mandatory actions cover the “basics” of the Group’s sustainable development process since its beginnings, and

its primary ambitions, over and above mere compliance with regulations.

At the end of 2016, 45% of hotels had implemented the 16 mandatory actions of Planet 21.

The Group’s key challenge in the coming years, in order to achieve this objective, is to deploy the three following mandatory actions:

- strengthening the hotels’ commitment to the “Plant for The Planet” program (62% in 2016);
- deploying the WATCH kit for the fight against sex tourism (85% in 2016);
- offering eco-friendly complimentary products (soaps, shower gels, and shampoos) (87% in 2016).

The list of the 16 mandatory actions and their adoption rate in 2016 is presented in the appendix on page 107.

## 2.4.3 FAVORING ECO-FRIENDLY PRODUCTS



### THE PLANET 21 COMMITMENT: THE 10 KEY HOSPITALITY PRODUCTS CATEGORIES ARE ECO-FRIENDLY

Reducing the impact of the products and equipment used in its hotels is an essential condition for controlling the Group’s environmental footprint and one of our guests’ major concerns. This is an environmental challenge: using products with lower material, energy, or water consumption or made from recyclable materials. Yet this is also a health issue, as paint, furniture, and cleaning products may be the source of chemical emissions that damage indoor air quality.

In order to roll out this approach across the board, sustainable development criteria have been defined for the ten key product families with the internal teams (sustainable development,

procurement, design and marketing). Suppliers and external specialists have also been consulted on some products. Where a recognized ecolabel exists (EU Ecolabel, NF Environnement, Nordic Swan, FSC or PEFC for wood and paper fiber, Oeko-Tex Standard 100 for textiles, etc.), gaining certification from the appropriate ecolabel is the criteria chosen by AccorHotels. Other criteria identified include, for example, prohibiting certain chemical substances, using recycled materials, including eco-designed elements, and banning live-plucked feathers in duvet manufacture.

These criteria may evolve over time to include any rise in the expectations and requirements of guests and regulations.

AccorHotels has made the commitment that, by the end of 2020, these ten product families will be eco-friendly, with implementation initially at the Corporate Procurement level. For 2016, monitoring of this commitment is calculated at the Corporate Procurement level, based on the percentage of rooms covered by products meeting these criteria, for all products in each product family.

The table below shows Group progress with regards to this commitment at the end of 2016 at the Corporate Procurement level. The Group is continuing to consider ways of defining a better overall monitoring indicator.

Key product families	Defined eco-friendly criteria	Integration level by Corporate Procurement (proportionally by number of rooms/brand)
<b>1. Cleaning products</b>	✓ (Ecolabels)	<b>100%</b>
<b>2. Soaps, shampoos and shower gels</b>	✓ (Ecolabels or no controversial substances)	<b>75%</b>
<b>3. Single-use products</b>		<b>100%</b>
■ toilet paper, hand towels, paper napkins	✓ (Recycled sustainable fiber or FSC or PEFC certified)	
■ bin bags	✓ (Recycled or degradable material)	
■ cups/beakers	✓ (Recycled sustainable fiber or FSC or PEFC certified)	
<b>4. Welcome gifts for guests</b>		<b>100%</b>
■ pens	✓ (Recycled material)	
<b>5. Bedding</b>		<b>93%</b>
■ duvets and pillows	✓ (Recycled material and OEKO-TEX Standard 100 certified, or animal well-being)	
■ bed bases and mattresses	✓ (Eco-design: COV, FSC/PEFC, Oeko-Tex standard 100, etc.)	
<b>6. Bed linen and towels</b>	Pilot programs underway	<b>In progress</b>
<b>7. Internal paint</b>	✓ (Ecolabel)	<b>In progress</b>
<b>8. Flooring</b>		<b>76%</b>
■ carpets	✓ (GÜT certification)	
■ parquet flooring	✓ (FSC or PEFC certification)	
<b>9. Paper for printing</b>		<b>100%</b>
■ paper used by the hotels	✓ (Recycled, FSC/PEFC or Ecolabel)	
■ paper used in the head offices	✓ (Recycled, FSC/PEFC or Ecolabel)	
<b>10. Furniture</b>		<b>In progress</b>
■ cupboards	In progress	
■ chairs	In progress	
■ tables and desks	In progress	
<b>% of families with defined eco-friendly criteria</b>	<b>80%</b>	
<b>% of eco-friendly families among the ten key families</b>		<b>64.5%</b>

As an example, the tender for single-use products launched in 2016 imposes the following sustainable development criteria: products with Forest Stewardship Council (FSC) or Pan European Forest Certification (PEFC) certification, recycled or eco-labeled products or those including plant materials. The products affected by the tender include paper towels, toilet paper, and garbage bags.

### Hotels involved at the end of 2016

Two key product families are part of the 16 mandatory actions to be implemented in hotels: the use of eco-labeled cleaning products and eco-friendly complimentary products (soap, shower gels, shampoos).

The graphic below shows the use of eco-friendly products in the hotels.



\* Mandatory action in Planet 21 in Action

**The innovative Jo&Joe concept**, launched in September 2016, has been co-developed with its future guests *via* close and informed dialogue with internal and external experts. In developing this new brand, the Group has chosen to include Planet 21 initiatives at the design stage. These include furniture made from wood from sustainably managed forests (FSC or PEFC certified), eco-labeled

cleaning products, waste sorting, eco-cups to reduce waste, the prioritization of local products and short circuits, fair trade and organic coffee and tea, the use of large product containers (for jam, etc.), vegetarian dishes, etc. A vegetable garden will be recommended for each site.

## 2.4.4 A GUEST-CENTERED CULTURE

### LETTING GUESTS BE THE JUDGE

One of the Group's chief ambitions is to make our guests the judge of how it and its hotels are performing. This is a sign of the significant cultural transformation currently underway. Although compliance with standards and spirit of service are still levers of success, from now on, the only indicator that truly matters is customer satisfaction.

The "Voice Of the Guest" (VOG) platform launched in 2015 is another example of a powerful tool the AccorHotels group is implementing in order to support this guest-centered culture. VOG centralizes all guest feedback collected *via* all channels (at the hotel, on social networks, guest questionnaires in the hotel, travel agencies, etc.) for the hotels and presents it in a clear and intuitive interface, semantically analyzed by category (room, food, service, Wi-Fi, etc.) in over 19 languages. In practical terms, VOG makes it possible to:

- access all guest feedback, whether solicited or unsolicited (in particular, spontaneous comments on social networks), *via* all channels;
- share feedback with employees;
- give each hotel the possibility to manage its e-reputation, by interacting in a swifter, more direct, and more flexible manner with guests;

- compare reviews received by AccorHotels and its competitors and thus highlight the strengths of the Group's hotels when guests make comparisons;
- contribute to the natural indexing of Group hotels and help them to optimize their presence in the various media.

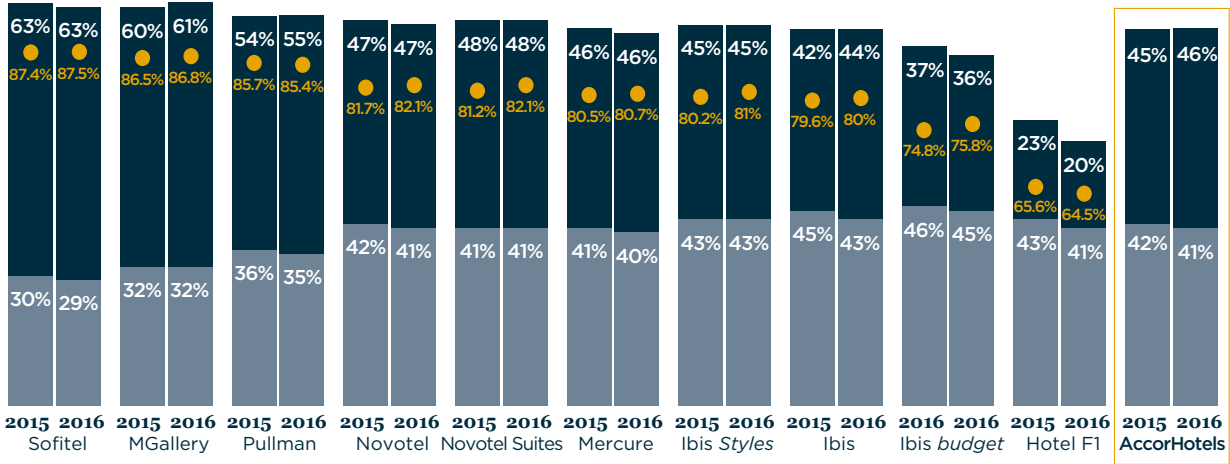
By the end of 2015, 100% of Group hotels (leased and managed) managed their e-reputation online, in line with the objective. An e-reputation score target was set for every hotel, which now represents the evaluation indicator for the hotels.

### SOCIAL DESK - HOTELS AT THE HEART OF SOCIAL NETWORKS

Social Desk is a global platform to which all hotel operators can connect in order to act more efficiently on social networks, taking account of local specifics. To provide hotels with concrete help with their presence on social networks, the Social Desk program provides motivated teams with key examples, videos, explanations, convincing arguments for the value of social networks. It also provides everyone with access to the content produced by each hotel, creating healthy peer pressure and providing content on the concepts developed by the Group that is ready for use. At the end of 2016, over 1,700 hotels were active on the platform.

### Net promoter score by brand in 2016

AccorHotels has added a new indicator since January 1, 2016: the RPS, Reputation Performance Score. The RPS is now the main indicator for monitoring guest satisfaction. The Group also continues to monitor the percentage of satisfied and very satisfied guests, as shown below (2015 and 2016 RPS results and response to the question on “the overall stay” for AccorHotels (active) at the end of December:



- Very satisfied
- Satisfied
- Reputation Performance Score

The Reputation Performance Score (RPS) measures a hotel's reputation based on the general satisfaction level expressed in all opinions, both solicited (in GSS satisfaction surveys) and unsolicited (on-line opinions on over 250 sites monitored by VOG, such as, for example, Booking, Google, TripAdvisor, Facebook, etc.). These three tools are connected to the central Quality Hub database and their data are fed into the indicator scorecard sent to every operations manager, from hotel General Managers to country Operations Directors, and to the various support functions, such as marketing, quality and safety. Based on the data provided, each country organization is responsible for conducting a quality review to monitor hotel performance and for preparing a corrective action plan if needed.

#### ACCORHOTELS CUSTOMER DIGITAL CARD - THE GUEST-CENTERED DIGITAL PROFILE

The AccorHotels Customer Digital Card (ACDC) is a next-generation guest file, with more information that can be adapted and shared easily between hotel operators, compiling various data on the identity, preferences, satisfaction levels and fidelity data of guests, together with a record of their stays in Group hotels. All useful information to help improve the welcome afforded to guests every time they visit a Group hotel. ACDC meets our guests' expectations for recognition and personalization.

#### STRENGTHENING DATA PROTECTION FOR GUESTS

In addition to the governance bodies set up in 2016 (see page 43), AccorHotels also started to design new tools and procedures to ensure compliance with the General Data Protection Regulation<sup>(1)</sup> that is coming into force. These tools and procedures include:

- a file for handling personal data;
- a procedure called “Privacy by design” that allows us to ensure that the data protection mandated by EU regulations is included from the design stage of projects for data collection and data handling;
- monitoring and reporting tools enabling us to make reports to the authorities and to respect the new so-called accountability principle;
- an update to the references, charters, and policies relating to the use of guest data, cookies, etc.

The Group will continue with this work in 2017. A Data Protection Officer has therefore been appointed and an “AccorHotels Group Data Charter” that defines the ethical principles with which all employees must comply will be adopted. Finally, there will be a major training initiative to ensure that the relevant teams acquire the necessary skills on data protection issues.

(1) European Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.



## 2.5 ENGAGE IN A SUSTAINABLE RELATIONSHIP WITH OUR PARTNERS

### 2.5.1 RELY ON COLLECTIVE INTELLIGENCE TO OPEN UP NEW AVENUES



#### PLANET 21 COMMITMENT: EVERY YEAR, ONE MAJOR INNOVATION TO DEVELOP ALTERNATIVE AND RESPONSIBLE MODELS

Through this commitment, AccorHotels pursues a double objective:

- increase the positive environmental and social impacts all along our current value chain;
- turn CSR into a means of catalyzing innovation so we can enrich our hospitality and digital offer with unprecedented services, all based on sustainability.

The best way of anticipating new trends and accelerating innovation is through collective intelligence, the sharing economy, and combining our expertise with the expertise of existing and future partners (start-ups, suppliers, hotel professionals, social enterprises, non-profits, citizens' groups, etc.), who, like us, are seeking to open up new avenues all over the world.

As defined by AccorHotels, a major innovation in the development of alternative and responsible models is an innovation that generates revenue in an area linked to the Group's business through a viable economic model, whose primary or main purpose is to offer an environmental and/or social benefit. In essence, it must be original, unprecedented, or even out of line with industry practices and must be carried out in partnership or for stakeholders outside the Company. It can take many forms: a concept, an offer of products or services, a system, an operation, a brand, a growth relay. It is intended to last and generate a growing or significant source of income.

#### As a major innovation in 2016, AccorHotels has started insetting

A founding member of the International Platform for Insetting (IPI), with Pur Projet, Adaptogether, Nespresso, Chanel, L'Oréal, and Kering, AccorHotels has contributed to the emergence of this concept, which, for a company, consists of implementing environmental programs within its direct sphere of influence (main business and suppliers) in order to generate multiple positive and lasting impacts on mitigation of and adaptation to climate change, soils, water, biodiversity, and local communities. The Group has made the concept of insetting a reality through its "Plant for the Planet" agroforestry project, which it has developed over the years (see page 87) and made into a program for the transformation of upstream farming. Its ambition for the coming years is to further aid agricultural suppliers to adopt more environmentally friendly practices and encourage hotels and restaurants to connect more directly with their suppliers to help them develop a more sustainable method of agricultural production. These dynamics, which are new for the industry, disrupt existing practices and confirm AccorHotels' position as leader within the hotel industry.

After having tested this "loop" as part of the "Plant for the Planet" program for many years, AccorHotels created the IPI with the hope that it could change its scale. It aims to:

- multiply agroforestry projects for a larger number of agricultural operations and integrate them into the local food supply patterns of hotels and restaurants;
- encourage the Group's suppliers to turn to agroforestry;
- create leverage effects by convincing other funding partners such as Caisse des Dépôts (see the partnership with CDC Biodiversité page 47) and other companies.

To this end, in 2016, AccorHotels launched the "arbres d'avenir" competition, a crowdfunding system for agroforestry projects in France, with €200,000 in funds to help farmers switch to an agro-intensive production model. Out of over 100 projects received, 34 were selected, and each received between €5,000 and €10,000. The operation was a success. It has received acknowledgment from the French Ministry of Agriculture, which suggested combining the "Arbres d'avenir" competition with the general agricultural competition, whose awards are presented annually during the International Agricultural Show. Through this system, Accorhotels intends to help its hotels cooperate more closely with farmers to allow for the direct procurement of quality, environmentally friendly products. After this first pilot project in 2016, the operation will be renewed in 2017, seeking new partners to implement it more widely.

#### Future plans

Innovation in conjunction with the core business will also come from partnerships with suppliers, to meet the main objectives of Planet 21: going further into eco-design, reducing waste at the source or supporting the circular economy, developing healthy and sustainable catering, moving toward intelligent and low-carbon emission buildings, etc. It will also come from the development of closer ties with start-ups or social enterprises involved in the circular and positive economy.

Some areas were identified and explored in 2016, such as:

- a new concept for hybrid hosting that focuses on the green and social economy, which will demonstrate the most innovative solutions for sustainable accommodation and catering and a space for discussions of best practices for the transition toward more sustainable consumption and living together better;
- the development of local offers for people living near the hotels, with offers that have strong environmental or social connotations. The sale of unsold meals at discounted prices (with the application of the start-up TooGoodToGo) or the distribution of organic food baskets are among the ideas under consideration.

In early 2017, a study was launched to define a specific roadmap for the various priority developments for 2020. It included, in particular, a section on social business, exploring how the hotel and restaurant business could have a social purpose.

## 2.5.2 CULTIVATING COMMON ETHICS TO FOSTER BEST PRACTICES



### PLANET 21 COMMITMENT: OUR CSR AND ETHICAL RISKS MANAGEMENT PROCESS IS DEPLOYED AMONG 100% OF OUR PARTNERS

The business and performance of AccorHotels are both closely linked to those of its partners, namely, suppliers and owners of hotels operated under management and franchise contracts. For the Group, exercising its responsibilities implies extending its social, societal and environmental commitments to its partners, ensuring that they comply with ethics and CSR rules and drawing its entire value chain upwards.

AccorHotels wants its partners to respect the commitments it has made in its Planet 21 program and to comply with its ethics rules:

- consistent respect for current laws and regulations;
- respect for Human Rights;
- ethical business conduct;
- compliance with trade rules, etc.

This is why the deployment of its ethical and CSR risks management process among its partners is part of AccorHotels group's Planet 21 commitment program.

### In its relations with suppliers and service providers

#### The AccorHotels Procurement Process

The AccorHotels Group's purchases amounted to approximately €4.1 billion in 2015, including approximately €2.2 billion in purchases from nominated suppliers<sup>(1)</sup>.

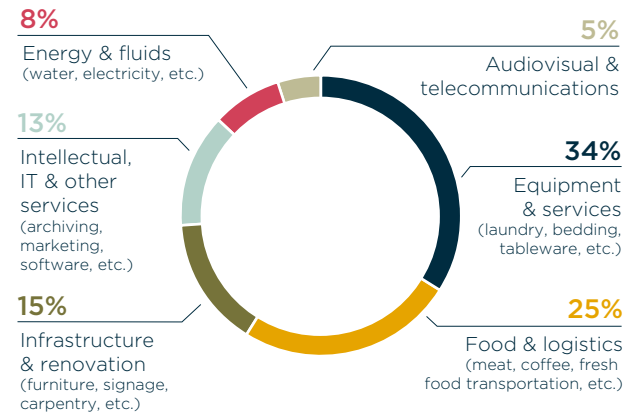
Based in France, the Corporate Procurement Department manages international contracts and coordinates the network of 19 national Procurement Offices, which employ 111 buyers on five continents.

Contracts are signed at the international or national level, depending on the features of each category. "Standardizable" products and services that meet several countries' needs are managed globally, while those specific to a particular country are managed by the national Procurement Office.

Purchases are classified as "nominated" if they are sourced by the hotels from suppliers that have signed a contract with an AccorHotels Procurement Department. They are overseen directly by AccorHotels teams, who manage and optimize the contracts and the sourced products or services and control the supply chain by taking care to offer solutions that best fit the needs expressed. Purchases from nominated suppliers are estimated at 55% of the Group's total purchases.

Purchases are classified as "non-nominated" if they are sourced directly by the hotels from suppliers that have not signed a contract with an AccorHotels Procurement Department.

### Purchases from nominated suppliers by product family (in %)

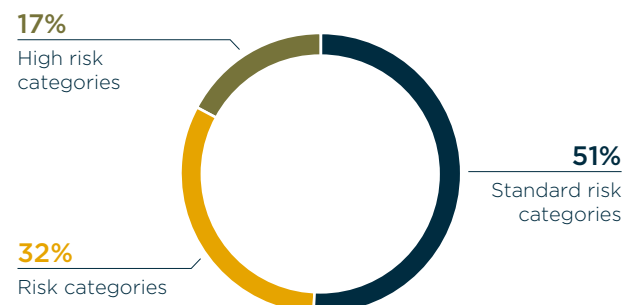


Because 2016 figures were not available, by the time this document was disclosed, the above breakdown is based on 2015 performance. Performance is not expected to have changed significantly in 2016. The data affects only the countries in which there is a Procurement Department.

### Mapping risks for nominated suppliers

The in-depth and updated mapping of ethical and CSR risks according to purchase volumes, environmental and social risks of product families, exposure to customers, and AccorHotels' weight with the supplier were carried out in 2015. Product families were classified into three levels: standard, at risk or at high-risk. 60% of the purchase volumes are identified as "at risk" including 33% at high risk.

This step of the risk management process, which is regularly updated, covers 100% of the purchases from nominated suppliers.



The categories of high-risk product families are as follows: Business gifts, promotional products/Beds and mattresses/Cleaning contractors/Guest amenities (in-room cosmetic products)/Chemicals/Branded products with logos/Uniforms/Laundry and dry cleaning/Linen (sheets and towels)/Security company/contractors and tradesmen (masonry, earthwork).

(1) €4.1 billion: is the estimated volume of total purchases from nominated and non-nominated suppliers, in countries in which there is a procurement department, made by all owned, leased, managed and franchised hotels, as extrapolated from the purchases from nominated suppliers.

**Deployment of the process of managing risk related to suppliers managed by the Procurement Department**

This process has been extended to all the procurement offices within the Group. Training on compliance with this process will be launched among buyers in 2017. This is being finalized with an external expert specializing in responsible “supply chain” topics.

For each of the three risk categories, a vigilance plan was drawn up to define the points to be incorporated at each step of the procurement process: tender, selection of suppliers, awarding of contracts, evaluation, audit, action plan, and even dereferencing.

Audits and monitoring of the action plan are major points of progress in the current process.

STAGES	STANDARD RISK CATEGORIES	RISK CATEGORIES	HIGH-RISK CATEGORIES
TENDER	<ul style="list-style-type: none"> <li>Procurement Charter 21 attached*</li> <li>A CSR clause is included in the call for tender</li> </ul>	<ul style="list-style-type: none"> <li>CSR criteria are included in the call for tender               <ul style="list-style-type: none"> <li>Procurement Charter 21 is attached*</li> </ul> </li> <li>A CSR clause is included in the call for tender</li> </ul>	
SELECTION	<ul style="list-style-type: none"> <li>The supplier signs Procurement Charter 21*</li> </ul>	<ul style="list-style-type: none"> <li>The supplier signs Procurement Charter 21*</li> <li>Mandatory CSR criteria for at least 10% of the final score</li> </ul>	
CONTRACTS		<ul style="list-style-type: none"> <li>A CSR clause is included in the contract               <ul style="list-style-type: none"> <li>Procurement Charter 21 is attached to the contract</li> </ul> </li> </ul>	
EVALUATIONS OVER THE LIFE OF THE CONTRACT		<ul style="list-style-type: none"> <li>Self-evaluation for CSR criteria (within 6 months of signing)               <ul style="list-style-type: none"> <li>Action Plan</li> </ul> </li> </ul>	
AUDIT			<ul style="list-style-type: none"> <li>On-site external social and environmental audits</li> </ul>
ACTION PLAN AND FOLLOW-UP		<ul style="list-style-type: none"> <li>Follow-up on action Plan after evaluation with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Follow-up on action Plan after evaluation and audits with suppliers</li> <li>Re-audit in the event of significant non-compliance</li> </ul>
APPROVAL PROCESS			<ul style="list-style-type: none"> <li>Removal from approved list in the event of significant non-compliance, if not accompanied by Action Plan</li> </ul>

\* Procurement Charter 21 is the Ethics and CSR Charter for suppliers.

**FOCUS ON CSR ASSESSMENTS**

The Ecovadis rating platform can be used to assess the CSR performance of suppliers via a custom-designed questionnaire. Suppliers are scored on their social responsibility, environmental and ethical performance and on how much control they have over their own supply chain. A document check is carried out by Ecovadis CSR experts. Action plans may be requested from suppliers based on their appraisal ratings.

**FOCUS ON CSR AUDITS ONSITE WITH SUPPLIERS**

The onsite audit program is established over a three-year period for most of the suppliers concerned. The external audit is commissioned by the procurement offices or by the supplier, who must then have an external audit based on a recognized standards (SA 8000, SEDEX, BSCI, WRAP, etc.). This will be verified by an external firm. The cost of the initial audit is paid by AccorHotels. Re-audits, which are carried out after three years or in the event of major non-compliance, will be at the supplier’s expense. The buyer will be responsible for monitoring the audits and the corrective action plan. A part of its variable compensation is subject to compliance with the sustainable purchase process, in conjunction with the Planet 21 objective.

**Group performance**

As regards suppliers, the monitoring of the Planet 21 commitment “Our CSR and ethical risks management process is deployed among 100% of our partners” is carried out using four indicators, which are monitored in comparison to the share of the suppliers in question:

- 90% signing of Procurement Charter 21 for all families;
- 6% self-assessments carried out in at-risk or high-risk families;
- 8% audits carried out in high-risk families;
- Follow-up action plans for at risk or high-risk families (indicator not monitored in 2016).

Subsequently, the Group’s progress on this commitment will be monitored through an overall indicator indicating the proportion of suppliers who have followed the process according to their category.

**In relations with hotel managers**

At the end of 2016, AccorHotels had 1,877 franchised hotels and 1,085 managed hotels in its network. Although they perform the same hotel operations, these hotels, because they are owned and run by a partner and not directly by the Group, represent an increased risk in terms of compliance, corruption, ethics or conflicts of interest, respect for social standards on construction sites, etc.

As the subsidiary hotels will disappear in the years to come, since 2016, the Group has been developing bodies and procedures to better control these risks, with the aim of having a robust system in place throughout the Group by 2020.

In addition, in 2016, corruption-preventing strategies were further strengthened by the formalization of a Compliance program, the aim of which is to prevent behaviors within the Group or in its partners' sites that, whether voluntarily or involuntarily, engage its liability or that of its employees and prejudice its damage, integrity, and assets. The program, whose full deployment is expected over the next two years, aims mainly to prevent corruption, fight conflicts of interest, and prevent anti-competitive practices. The objective of this program is to establish a true culture of Compliance within the Group, through communication and support for employees and other preventive measures such as training the most exposed employees and laying down clear policies and procedures.

Under the responsibility of the Group's Chief Legal Officer, who was appointed in this regard as Chief Compliance Officer, a Compliance post was set up with a network of Compliance Officers distributed throughout all the geographical areas where the Group carries out its operations, whose mission is to promote and participate in the implementation of the Compliance program. A Compliance lawyer was also recruited in 2016 to work full-time in the Corporate Legal Department on the Compliance program. In addition, the program was deployed in conjunction with the Ethics & CSR Committee and the Committee for Governance, Compliance and Societal Responsibility, which the Board of Directors had just created.

## 2.6 WORKING HAND-IN-HAND WITH LOCAL COMMUNITIES FOR A POSITIVE IMPACT

### 2.6.1 GETTING PEOPLE INVOLVED "BEYOND THE HOTEL WALLS"

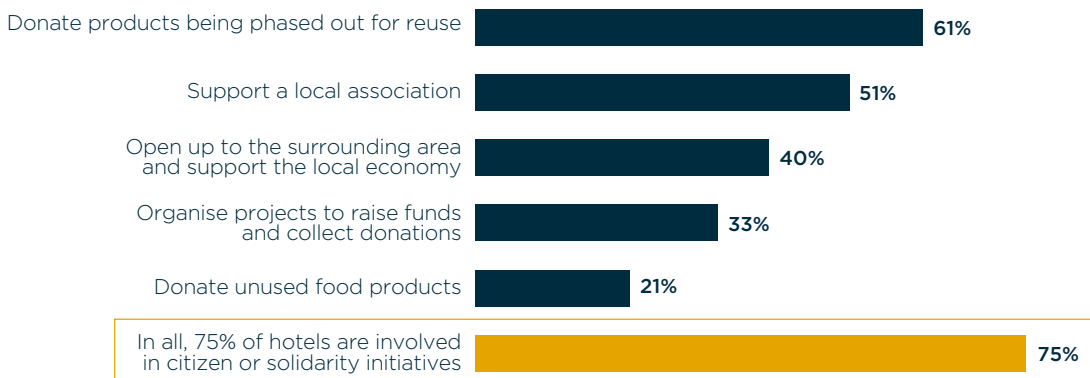
Worldwide, the Group wants its business to benefit host territories and communities. AccorHotels contributes greatly to the socio-economic development of the countries where it operates. Thus, a job created in one of its hotels supports four outside the Group (among its suppliers, in public services, etc.). And 83% of the wealth created by the hotel business remains in the local economies.

To go further, AccorHotels wishes to recognize and promote the local mobilization capacity of its employees better. This is why it has reaffirmed the place of local communities at the heart of its Planet 21 program by dedicating a commitment and actions in Planet 21 in Action to them.



#### PLANET 21 COMMITMENT: 100% HOTELS ENGAGED IN A CITIZEN OR SOLIDARITY PROJECT

As we expect 100% of our hotels to get involved, the Planet 21 in Action roadmap encourages them to implement various citizen or solidarity actions. At the end of 2016, the hotels' mobilization is measurable:



In all, 75% of hotels are engaged in a citizen or solidarity project.

### SOAP RECYCLING PROGRAM TO BENEFIT THE UNDERPRIVILEGED

AccorHotels supports various programs to collect soaps used in hotels on a monthly basis, such as SOAP FOR HOPE, SAPOCYCLE, and SOAP AID.

This initiative was launched in Thailand in 2014 by a dozen hotels to support the SOAP FOR HOPE program created by the partner Diversey, supplier of cleaning products. This initiative was supported in Asia, the Middle East, and South America in particular. The Procurement Department recently developed other programs, such as SAPOCYCLE in Switzerland and France and SOAP AID in Australia. Today, 177 hotels recycle their soaps, and this figure continues to grow. The hotels send their soaps to the partners, who recycle them with the contribution of people engaged in the integration process or the disabled, then distribute them to the underprivileged, for whom access to hygiene is an essential tool in fighting disease.

## A COMMITMENT SUPPORTED BY THE GROUP'S ENDOWMENT FUND: SOLIDARITY ACCORHOTELS

### Fighting economic and social exclusion

The corporate responsibility of the Group, its hotels, and its employees is expressed through the Solidarity AccorHotels endowment fund. Solidarity AccorHotels aims to fight against the economic and social exclusion of disadvantaged people through vocational activities, by supporting projects together with local organizations and NGOs. It centers around two focus areas:

- **supporting access to professional development, employment, and entrepreneurship** by supporting projects that have a positive impact on marginalized people in host countries. This focus area has two parts:
  - **professional training:** training programs and vocational education to help beneficiaries achieve financial independence,
  - **economic development:** support in improving activities linked to local culture to generate income;
- **providing long-term support for emergency situations** by helping local populations deal with the immediate and long-term consequences of humanitarian catastrophes.

Its purpose is to empower disadvantaged people by deploying project models that are economically viable and self-sustaining.

### Employees at the heart of social initiatives

Through Solidarity AccorHotels, employees play a central role in fulfilling this mission, with the fund providing technical and financial assistance for carrying out their projects in countries where AccorHotels is present. In addition to their personal and operational involvement in helping disadvantaged and socially isolated people, the Group's employees can contribute to the initiatives financially.

All of the projects are led by non-governmental organizations (NGOs) or by local not-for-profit associations for the benefit of our hotels' host communities. The values of hospitality, caring, and generosity that our hotel employees embody every day in their jobs flow naturally through to community outreach initiatives. The diversity of hotel industry and support department jobs means that everyone's skills can be used in putting together a project.

### Fund collect

Solidarity AccorHotels has been funded by AccorHotels with an expendable endowment of €500,000, which, under the terms of its charter, may be increased by collecting donations. Franchise partners, customers, and the general public are also encouraged to be part of the outreach programs, especially on the Solidarity AccorHotels website, where they can support the fund's actions. In 2016, Solidarity AccorHotels continued to develop internal as well as external fundraising operations such as sales, internal challenges, donations from guests or employees, and raffles. As a result, since November 2014, Club AccorHotels, the Group's loyalty program, offers members the opportunity to contribute to Solidarity AccorHotels activities if they wish to do so. Cardholders can convert their points into a financial donation and participate in professional integration projects. In 2016, the amounts collected through fundraising reached €197,000 (45% of this amount represents the contribution of AccorHotels).

### MOBILIZATION TO BENEFIT REFUGEES IN GERMANY

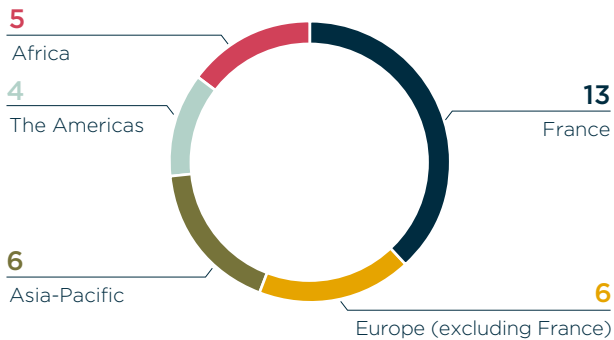
From December 22, 2015 to March 31, 2016, Solidarity AccorHotels and Le Club AccorHotels in Germany mobilized in a collect for the German association Aktion Deutschland Hilft for the project "Female refugees learn German with their children". In all, €10,400 was donated by 200 members of the program and AccorHotels contributed €9,600. These donations helped support some 20 refugees in Germany, women and their children, to learn German, which will facilitate their integration into the country.

### Projects supported in 2016

#### SOLIDARITY ACCORHOTELS, KEY FIGURES 2016

- 34 projects supported in 19 countries
- Involving more than 5,000 employees
- Supporting close to 4,000 people directly and 11,000 indirectly

### Projects supported in 2016 by region



#### THE 11<sup>TH</sup> ANNUAL SOLIDARITY WEEK

In 2016, Solidarity Week mobilized more than 500 hotels in 47 countries. The commitment of more than 18,000 Group employees supported 65,000 beneficiaries through 189 associations. More than €115,000 was collected for the associations. The actions carried out were very diverse and included Christmas presents, fundraising or sales, dinners, food distribution, donation and collection of products, and raising awareness of a wide range of causes (troubled communities, sick children, isolated women, disabled people, the sick, the elderly, or the homeless).

A few noteworthy projects supported in 2016 by Solidarity AccorHotels:

**Les Jardins de Lucie.** In France, Solidarity AccorHotels supports Les Jardins de Lucie, a member of the Cocagne Network, which aims to integrate disadvantaged people into society through economic activities centered on agriculture and the environment. Since 2015, Solidarity AccorHotels and the AccorHotels teams in Lyon have been supporting “La Fabrique”, a workshop for

processing organic vegetables into canned foods, prepared meals, and vacuum-packaged produce. This project trains 45 new employees in new jobs each year (catering jobs, logistics, maintenance, etc.) and provides new economic opportunities for the integration workshop.

**ModaFusion.** In Brazil, the endowment Fund supports ModaFusion in the “Casa Geração” expansion project, a fashion school for young people in favelas. This support provides training of 30 youth in fashion every year (sewing, modeling, photography, etc.). The teams at the Caesar Park Sofitel Rio de Janeiro Ipanema sought out young talent because they contributed to the new decor of the hotel (creation of prints for umbrellas, beach chairs, pareos and uniforms for employees, creation of wallpapers, etc.).

**École du Bois.** In Cambodia, Solidarity AccorHotels and the Sofitel Phnom Penh Phokeethra teams support the École du Bois, which aims to help young Cambodians from poor rural families by training them in carpentry. The objective of this project is to renovate the production workshop, where youth can develop their technical and practical skills and make their first wooden objects and furniture.

**Aïna Enfance et Avenir.** In Madagascar, Solidarity AccorHotels is supporting the association Aïna, Enfance et Avenir in the creation of the “Aïna Antananandrano Village”. Sixty young mothers in very precarious situations receive social and professional support through training in different sectors such as farming and breeding, crafts, hairdressing, and cooking. ibis Antananarivo Ankorondrano employees support this project by organizing collections for women and their children and participating in their professional training.

**The Springboard Charity.** Since 2012, AccorHotels teams in the United Kingdom have been very involved with the NGO The Springboard Charity, which has created training in the hotel and catering industry for youth from neighborhoods in great difficulty. They volunteer and give them theoretical training, support young interns, and pass on their professional skills to them. In 2016, with the support of Solidarity AccorHotels, 25 youths took part in the program in London and a new training program was developed in Birmingham for another 15.

## 2.6.2 PROTECTING CHILDREN FROM ABUSE

The sexual exploitation of children crosses geographic, social and cultural borders. According to Unicef, this problem affects around two million girls and boys under 18 worldwide. As the world’s leading hotel operator and with its presence in 95 countries, AccorHotels has a legal and moral obligation to protect children from abuse and to ensure that these practices do not take place in its hotels.



### PLANET 21 COMMITMENT: 100% OF OUR HOTELS IMPLEMENT OUR PROGRAM AGAINST CHILD SEXUAL EXPLOITATION

The Sexual Exploitation of Children in the Travel and Tourism industry (SECTT) is, according to the NGO ECPAT<sup>(1)</sup>, “the sexual exploitation of children by individuals who travel from one place to another, where they engage in sexual acts with minors”.

(1) ECPAT (End Child Prostitution, Child Pornography and Trafficking Of Children for Sexual Purposes) is the leading international organization in the fight to end child prostitution, trafficking of children for sexual purposes. Its network comprises 80 organizations working in 75 countries.



Out of concern for human rights, AccorHotels began working to combat Sexual Exploitation of Children in the Travel and Tourism industry in 2001, when it became the first hotel group to forge a partnership with the international organization ECPAT. The Group stepped up its child protection commitment in 2002 by implementing the first training programs for the employees of AccorHotels on SECTT, followed by the creation of the **“WATCH - We Act Together for Children”** program in 2012 (see box).

The commitment of AccorHotels to combating SECTT is structured by the Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism issued by ECPAT and the World Tourism Organization, the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism. It has been signed and implemented by 250 companies from the travel and tourism industry for their operations in 40 host countries.

### “WATCH - WE ACT TOGETHER FOR CHILDREN”- THE ACCORHOTELS PROGRAM TO FIGHT THE SEXUAL EXPLOITATION OF CHILDREN IN THE TRAVEL AND TOURISM INDUSTRY

Created by AccorHotels, the WATCH program helps country organizations and hotels to put procedures in place to detect cases of SECTT and take the appropriate response. Combating Sexual Exploitation of Children involves local training initiatives designed to heighten employee vigilance, so that they can identify cases of SECTT more effectively, decide when to contact the authorities, and offer the child alternative life paths (via reintegration projects for example).

The WATCH program is therefore implemented through a variety of training/awareness-raising tools at the hotels, targeting different groups: General Managers, team leads and partners: films, e-learning modules, training modules for hotel teams, guideline sheets, available in English, Portuguese, French and Thai. Distribution of the complete kit, started in late 2014.

With WATCH, AccorHotels is taking a stand at every level of the organization: Groupwide with the Code of Conduct, in the host countries by working together with ECPAT or local NGOs, in the hotels by working with the police and child welfare organizations, and through the work done by employees to raise awareness among guests.

In 2016, the mobilization of the Group and the country continued with:

- the signing of the Code of Conduct by AccorHotels in Canada, USA, Mexico and Vietnam, bringing to 41 the number of country organizations that have pledged their support;
- in 2016, the Group became member of two major bodies: **the Board of Directors of the NGO TheCode.org** bearer of the Code of Conduct for the protection of children from sexual exploitation in the travel and tourism industry and the **Executive Committee of the World Tourism Network on Child Protection**;
- AccorHotels relayed the three campaigns launched by the NGO ECPAT on the occasion of Euro 2016, the Olympic Games and Paralympics. The campaigns are relayed, in countries hosting the events, on the Group’s reservation sites, on the sites of its brands and in its hotels;
- finally, to support its hotels in their involvement, the Group has set-up a digital system for raising awareness among its guests. Since mid-2016, a specific advertisement is included in reservation confirmation emails in all the direct and indirect channels.

### Hotels involved at the end of 2016

The action “Roll out the WATCH child protection program” is part of the 16 mandatory actions on the Planet 21 in Action roadmap. Hotels engage in this activity, in particular by training teams to detect and respond to abuse or sexual exploitation of minors in the establishment.

	2014	2015	2016
Percentage of hotels committed to protecting children	48%	89%	85%

The decline in the percentage of hotels involved in child protection comes from the stronger monitoring of the implementation of the action (in particular, ensuring that the training of employees is accompanied by an information message to guests).

### 2.6.3 “PLANT FOR THE PLANET”, AGROFORESTRY FOR THE DEVELOPMENT OF COMMUNITIES AND PROTECTION OF THE ENVIRONMENT



#### PLANET 21 COMMITMENT: 10 MILLION TREES PLANTED WITH OUR “PLANT FOR THE PLANET” PROGRAM BY 2021

The “Plant for the Planet” program encourages guests to reuse their towels when staying more than one night in the hotel, and in return, AccorHotels agrees to fund tree planting with half the savings (from water, energy, detergents, and laundry). Initially devoted to **reforestation** projects, this funding has gradually evolved into **agroforestry**, which consists of planting trees in agricultural parcels of land to improve their conservation and productivity and diversify farmers’ incomes. In this regard, trees play a widely acknowledged role, both in fixing groundwater reserves and absorbing part of the pollution.

Thus, the benefits from the projects supported in the “Plant for the Planet” program can be in three areas:

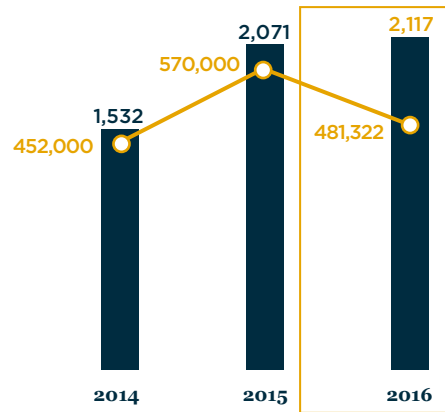
- **the environment:** preserving ecosystems and threatened endemic species, conserving water resources, implementing remediation measures for unproductive soil, combating erosion, carbon sequestration, etc.; “Plant for the Planet” contributes towards reducing the environmental footprint of AccorHotels;
- **society:** higher and more diversified income for those participating in projects, employment support, improvements in crop quality, creation of a new, local social dynamic;
- **social:** especially the active participation of customers and the awareness-raising work done by Group employees, which are both key to the success of the program, enabling it in turn to provide a sense of cohesion.

2015 and 2016 witnessed a second program evolution, in response to two drivers:

- recognizing the benefits of agroforestry projects, hotels have quickly sought to redistribute the wealth created (savings generated by involving customers) closer to their natural, human and economic environment;
- upstream from the restaurant business of the Group, agriculture represents one of the most significant areas of indirect water consumption, and the greatest factor with an impact on biodiversity. These findings were confirmed by the environmental footprint update in 2015.

The choice was therefore made to strengthen the **integration dimension** of the “Plant for the Planet” program in the Group’s value chain. For example, 25 hotels (in Morocco and Poland) and a few local head offices (in China, France, Switzerland, and Great Britain) have begun to buy part of the food production from agroforestry operations backed by “Plant for the Planet”. They reduce the environmental impact of their food purchases and secure the market opportunities of producers. This virtuous way of optimizing its environmental and societal footprint at the source, by working on its supply chain, is called **insetting** (see page 80).

#### The involvement of the Group and hotels at the end of 2016



- Number of hotels funding the program
- Combined number of trees financed

481,322 trees were planted in 2016, with € 3.78 millions in estimated savings and the launch of two new projects in North America. All in all, the project has financed more than 5 million trees planted around the world since the program began in 2008. More than 200 projects are underway in 26 countries.

#### Prospects

AccorHotels now wants to proactively develop insetting to contribute, in its capacity, to the profound transformation of current agricultural models. In concrete terms, by 2021, AccorHotels plans to double the number of trees already planted thanks to “Plant for the Planet”; and it is based on three main channels:

- **making the program mandatory** for all hotels, including franchised hotels (the action “Participate in the “Plant for the Planet” program is thus part of the 16 mandatory actions in Planet 21 in Action);
- **giving it greater visibility**, particularly by renewing guest communication strategy in hotels and giving employees improved tools to act as ambassadors;
- **diversifying its funding**, by mobilizing sources other than the savings from guest reuse of towels. To do this, the Group can, for example, involve its guests and allow them to participate in the program by directly financing a tree, which will be named after them (this is already possible *via* the [accorhotels.com](http://accorhotels.com) application), selling eco-friendly gifts or goodies in its hotels, a part of the proceeds of which will be spent on planting trees, involving suppliers of agricultural products in insetting projects supported by “Plant for the Planet” and thereby reducing their environmental footprint and the Group’s environmental footprint.

## 2.7 MOVE TOWARDS CARBON-NEUTRAL BUILDINGS

### 2.7.1 AIMING TOWARDS “LOW-CARBON” TECHNIQUES FOR NEW HOTEL CONSTRUCTIONS AND RENOVATIONS

#### ANALYSIS OF CLIMATE RISKS FOR THE GROUP

Climate change represents a challenge for the entire tourism and travel industry. This is why the Group has examined the risks and opportunities arising from this phenomenon. The analysis was mainly based on the study carried out in 2009 in partnership with the IDDRI, which fully assessed the situation of AccorHotels in the face of climate change. Setting a time frame for each risk and opportunity makes it possible to anticipate the future consequences on business in the best possible manner. Additional information on the identification and consideration of risks in link with the climate changes by the AccorHotels Group is presented in Part 3 Risk Factors of this document. The table of risks in link with the climate changes is presented on page 344.



#### PLANET 21 COMMITMENT: 100% OF RENOVATED OR NEW HOTELS ARE LOW CARBON BUILDINGS (OWNED AND LEASED HOTELS)

To meet the lofty goal set by the Paris Agreement for a massive reduction in greenhouse gases worldwide, AccorHotels has begun the transition process for all its hotels to move towards carbon-neutral buildings.

Firstly, the Group acts within its direct sphere of influence: by 2020, all construction and renovation projects for hotels owned by the Group will be low-carbon building projects, as the technologies currently available do not make it possible to easily build “passive” hotels (without footprints). On average, the Group opens two new hotels around the world every three days and renovates several hundred hotels each year. AccorHotels has a long history of commitment to transition towards low-consumption buildings as far as our construction and large-scale refurbishment projects are concerned.

To go further and achieve the 2020 target, the Group is exploring the breakthroughs necessary for energy transition, by focusing particularly on:

**Development of a Low-Carbon Building certification.** Current environmental certifications are based on the energy performance of buildings, but not on their greenhouse gas emissions. The association for the development of Low-Carbon Buildings, of which AccorHotels is the founding member, intends to change this approach. It is currently developing a Low-Carbon Building (BBCA) label, which will take into account the greenhouse gas emissions of buildings throughout their lifecycle (construction, operation, end-of-life (demolition and recycling)). Within this association, AccorHotels participates in the development of a certification standard dedicated to hotels. Its objective is to gradually use it for all its new hotels. Another standard for renovations will be developed subsequently. This initiative started in January 2016 joins the October 2016 government initiative *France Énergie Carbone* (FEC). The Group’s strategy is to be an opinion leader.

**Innovation in energy technologies** to accelerate the transition to renewable energies by developing the purchase of green electricity and the production of renewable energies in hotels. To this end, the Group is building partnerships with technological innovation players. These partnerships enable it to access the best-performing solutions, test them in its hotels over one- or two-year periods in order to ensure their relevance and value in the business, and roll them out if they meet expectations. In 2016, as part of the partnership with Energy Observer (see page 88), AccorHotels has started testing several technologies, and several pilot projects are underway within the Group to be used in hotels. A few examples include: a vertical-axis wind turbine, a fuel cell in an existing hotel, and a hybrid air-conditioning terminal that combines a cold beam and a fan coil in a typical hotel. This equipment shows the numerous advantages for the hospitality business: in addition to energy savings of around 40%, it meets half the comfort requirements in silent mode, ensures air quality through filtration and offers an imperceptible air speed. These dynamics for investment in research and innovation will continue; the Group intends to explore, in particular, ways to adapt fuel cells to the hotel operation.

**Innovation in construction materials**, which must be the most carbon-efficient during manufacture and recyclable at the end of their life cycle **and commitment to circular economy**. The Group has thus launched the construction of a Jo&Joe hotel with a wooden structure, a particularly virtuous material since it absorbs CO<sub>2</sub> when it grows, stores it throughout its life and can be recycled. The use of a translucent laminated wooden material, which is three times more resistant than wood, is also being studied. In 2016, a working group on circular economy was also formed within AccorHotels.

**Innovation for intelligent buildings** by equipping them with a monitoring system to regulate energy consumption as accurately as possible: for example, by stopping heating or cooling for a few hours without affecting the guest comfort. Such monitoring systems also make it possible to give preference to the most carbon-efficient energies: in off-peak periods, the excess wind or photovoltaic electricity produced by the equipment present in the building can be stored in batteries. This allows it to be used during peak periods, rather than using the power distribution network (see below).

#### 2016 results

As of 2016, AccorHotels has started a project to build the first BBCA hotel, the Jo&Joe hotel in Porte de Gentilly, due to open in 2018.

The Group pursued its objective of subjecting its constructions and renovations to applicable certifications (examples: LEED, BREEAM, HQE, DGNB, GREENMARK, IGBC). As at the end of 2016, 25 buildings had been certified or were in the process of receiving certification, mainly in Germany, France, and the UK.

In 2016, 467 of the Group hotels were supplied with “green” energy (i.e. 15% of the network), and 411 hotels have a system of producing renewable energies.



**PLANET 21 COMMITMENT:  
5% OF ENERGY CONSUMPTION  
PER ROOM AND -5% OF WATER  
CONSUMPTION PER NIGHT BY 2018  
(OWNED, LEASED, AND MANAGED  
HOTELS)**

The buildings are the Group's first biggest source of energy consumption and greenhouse gas emissions and also contribute to its water use. AccorHotels has to control the consumption of its entire network of hotels, although the 1,877 franchised hotels represent an indirect lever of action for the Group.

With its first five-year plan (2006-2010), AccorHotels reduced its energy consumption by 5.5% and water use by 12%. Between 2011 and 2015, the Group's efforts further reduced greenhouse gas emissions, energy consumption, and water use by 6.2%, 5.3%, and 8.4% respectively. The detailed analysis of the results show that the performance levels were achieved in these three areas, particularly in the most advanced regions, such as Europe. In these zones, existing optimization measures were deployed with equipment in place.

To proceed further, a system-wide change is therefore necessary. This is why, when its 2016-2020 strategy was updated, AccorHotels reaffirmed its commitment to reduce energy and water consumption and implement an ambitious action plan to achieve its goals.

### The management of water and energy performance

The management of the hotels' performance is based on the monthly (or even daily) monitoring of energy consumption using the Gaïa application, a good knowledge of the hotel (number of rooms, number of restaurants-bars points of sale, technical equipment, etc.) and their consumption (monitored since 2005), an in-depth analysis of the ratios measuring the impact of weather and occupancy rates, so as to ensure comparability among years and benchmarking by brand, hotel family and region.

In 2016, water and energy consumption optimization targets were fixed by the hotels following the recommendation of the local and central teams. The process implemented since 2014 has made it possible for the objectives thus established to take into account the Group's strategic program and the technical and operational constraints of the institutions. The actions "Measure and analyze monthly water and energy consumption, Act in the event of drift" and "Comply with the water flow standard for all showerheads, faucets and toilets" are now mandatory in Planet 21 in Action.

Based on data collected from each piece of equipment, a diagnosis of the performance of all production and distribution facilities for energy and water in hotels is carried out and an adjustment phase is implemented to optimize existing installations.

About ten simple actions have been identified as having a strong impact on the footprint of buildings, including the increase of thermal insulation on heating units, the installation of devices to limit water consumption (aerators, regulators, etc.), the possibility of adjusting lighting or heating, and replacing traditional bulbs with LEDs. In recent years, the majority of hotels have set up flow regulators and LEDs. AccorHotels plan to expand the 10 actions to all the hotels that it owns, after having tested and verified the most efficient pieces of equipment. In addition, employees' awareness of eco-friendly practices will also be reinforced.

### 2016-2018: the "Low-Carbon Plan", an ambitious investment plan

The launch of the Carbon plan in 2016 led to the implementation of a test phase in 24 hotels. Ten actions were tested with the following objectives:

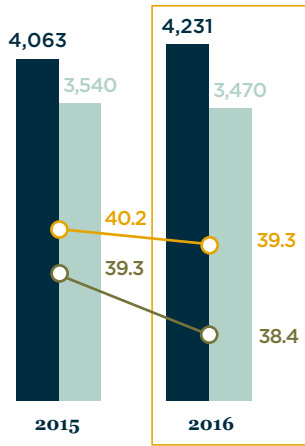
- **Maximum optimization of water and energy consumption:** the tests concern:
  - the water/energy cockpit: consists of adjusting the equipment as precisely as possible to optimize its operation and therefore its water and energy consumption;
  - the insulation of complex objects: coverings have been specifically created to accommodate these objects (plate heat exchangers, valves, etc.) and an application has been developed to make it easier for hotels to identify and purchase the necessary equipment;
  - the installation of flow regulators in plumbing;
  - the replacement of bulbs with LED lighting.
- **Equipping buildings to make them "intelligent":** the deployment of an IoT (connected objects) solution aims to automate the collection and retrieval of information, measure water and energy consumption per service rendered (accommodation, restaurants, other services, resale to third parties, general services), monitor critical processes for the production of domestic hot water and for storage in catering (cold chain), and enhance the daily actions on equipment (on-off at scheduled times) and thus allow preventive maintenance.
- **Preparation for future investments:** in 2016, the Group started the implementation of internal thermographic measures to identify areas of heat and cold air loss in the building with two hotels: insulation defects, thermal bridges, etc. The ultimate goal was to identify insulation work and define the necessary investment trajectories.

### Prospects

After this testing phase, the AccorHotels group's ambition is to massively deploy the actions of this Low-Carbon Plan through a plan to invest in subsidiary hotels to begin with. For managed and franchised hotels, the Group will focus on developing relevant and attractive service offerings for embarking all the buildings.

**Hotels' energy, carbon and water performance: 2016 results**

**Total energy use**



- In GWh
- Total energy use
- Total energy use (like-for-like)
- In kWh/avail. rooms/day
- Average energy ratio
- Average energy ratio on a like-for-like reporting scope

Scope of reporting*	2015	2016
Number of hotels in the baseline group (excluding franchises)	1,897	1,970
Number of hotels validated	1,677	1,738
Validation rate	88%	88%
Number of hotels like-for-like, 2015-2016	1,485	1,485

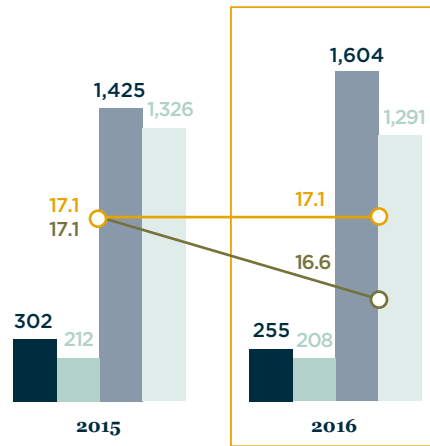
\* Changes to scope of reporting are listed in the Methodological appendix on page 102.

To track its hotels' intrinsic energy performance, AccorHotels uses the ratio (kWh per available room/day). This year, on a like-for-like basis, the average ratio decreased by -2.4% to reach 38.4 kWh/available room/day. This improvement can be explained by a good overall performance under a variety of conditions: France progressed by -1.0% despite a strong rise in heating demand (+7%). The NCEE zone also managed to limit the impact of weather (+4% of heating demand) on its ratios (+0.2%). The ASPAC zone, on the other hand, saw its ratio decreased by -2.9%, while demand for air conditioning was up (+3%). Lastly, the MMEA zone saw its ratios fall significantly (-5.7%), taking advantage of a milder weather (-1% air conditioning, -1% heating).

FRHI hotels data will be consolidated in 2017. In 2016, on the basis of 27 FRHI hotels that recorded their data, the average energy ratio is estimated at 111 kWh/available room/day, with a 7% decline compared to 2015.

**Tracking CO<sub>2</sub> emissions**

Carbon emission performance is measured in kilograms of CO<sub>2</sub> per available room. This year, on a like-for-like basis, the average ratio declined by -3.0% at 16.6 kg/available room/day. This result is due, in particular, to the ASPAC's good results (direct emissions down by -3.1% and indirect emissions down by -2.6%) as well as the MMEA region's (direct and indirect emissions dropped -6.2% and -5.7% respectively).



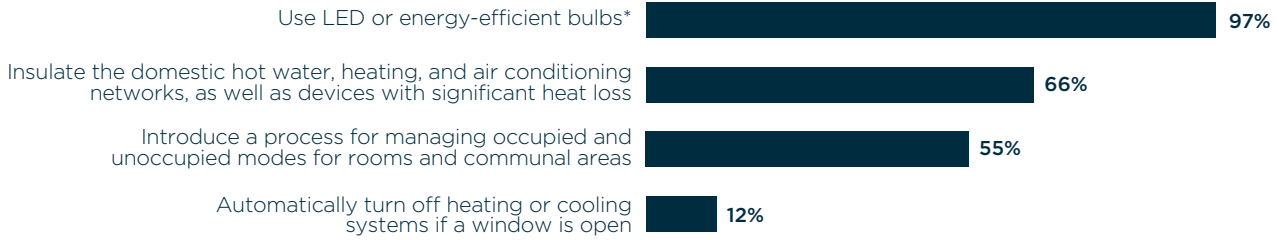
- In thousands of tons of CO<sub>2</sub>
- Direct CO<sub>2</sub> emissions
- Direct CO<sub>2</sub> emissions (on a like-for-like reporting scope)
- Indirect CO<sub>2</sub> emissions
- Indirect CO<sub>2</sub> emissions (on a like-for-like reporting scope)
- In kg/avail. rooms/day
- Average ratio of direct and indirect CO<sub>2</sub> emissions by available room
- Average ratio of direct and indirect CO<sub>2</sub> emissions by available room (on a like-for-like reporting scope)

Scope of reporting*	2015	2016
Number of hotels in the baseline group (excluding franchises)	1,897	1,970
Number of hotels validated	1,677	1,738
Validation rate	88%	88%
Number of hotels like-for-like, 2015-2016	1,485	1,485

\* Changes to scope of reporting are listed in the Methodological appendix on page 102.

FRHI hotels data will be consolidated in 2017. In 2016, on the basis of 16 FRHI hotels that recorded their data, the average CO<sub>2</sub> emission ratio is estimated at 41 kg/available room/day, with a 6% decline compared to 2015.

**Hotels mobilization at the end of 2016**



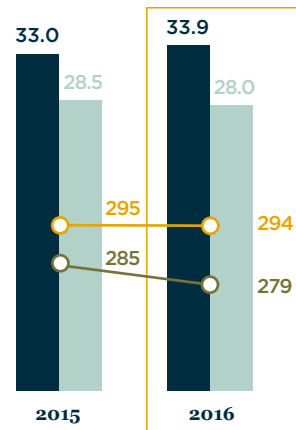
\* Mandatory action in Planet 21 in Action

**Tracking water use**

AccorHotels tracks its hotels' intrinsic performance by measuring water consumption in liters per guest (liters per room night). This year, on a like-for-like basis, the average ratio is down -1.8% to 279 liters/night. This progression was driven by good overall results (ASPAC -2.1%, France -2.2%, NCEE -1.4%) and MMEA zone's performance at -8.2%.

	2015	2016
Number of hotels in the baseline group (excluding franchises)	1,897	1,970
Number of hotels validated	1,677	1,738
Validation rate	88%	88%
Number of hotels (like-for-like, 2015-2016)	1,485	1,485

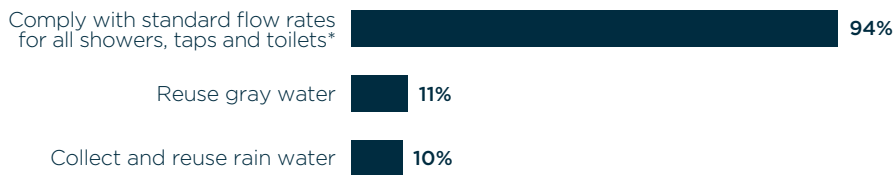
FRHI hotels data will be consolidated in 2017. In 2016, on the basis of 24 FRHI hotels that recorded their data, the average water consumption ratio was estimated at 865 liters/night, up 2% compared to 2015.



In millions of m<sup>3</sup>

- Total water consumption
- Total water consumption on a like-for-like reporting scope
- In liters/night
- Average water ratio
- Average water ratio on a like-for-like reporting scope

**Hotels mobilization at the end of 2016**



\* Mandatory action in Planet 21 in Action

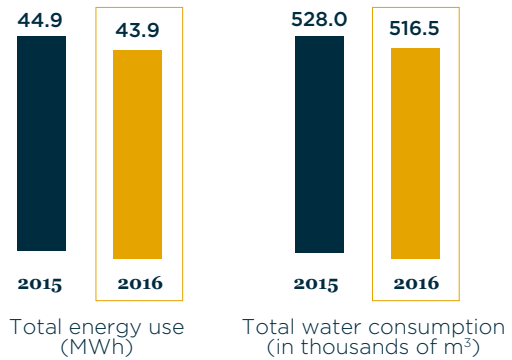
Methodological review for data on water, energy and carbon: The scope of reporting for this indicator covers all of the owned, leased or managed AccorHotels hotels open on December 31<sup>st</sup> of the 2016 reporting year (baseline), or 1,970 hotels in 2016. AccorHotels encourages franchised hotels to improve their water use performance and provides data collection tools to them, but the franchise agreement does not mandate that hotels upload their data. Therefore, franchised hotels are not included in the environmental scope of reporting. All specific information on

methodology can be found on pages 102 and 103. Based on the reporting from the baseline hotels, in order to ensure reliability throughout the Group, the indicator is calculated using only data that has been validated, which in 2016 means the data from 1,738 hotels (88%). Finally, to be able to analyze changes in performance across time, comparisons are made on a like-for-like basis, which excludes hotels that have come and gone between 2015 and 2016, and also those that have atypical data (problems with reliability, partial closure due to construction, unusual events).



**Water & energy consumption in Adagio's scope of reporting**

This year, 84 Adagio hotels of Europe join the AccorHotels scope of reporting for their water and energy consumption declarations. 82 Adagio hotels constitute the Adagio scope of reporting and 73 of them have their consumption validated, *i.e.*, a rate of 89%. This year, those 73 hotels shall not enter the scope of 1,970 hotels declared previously for the sake of clarity and comparability. The energy consumption of 73 Adagio hotels amounts to 43.9 MWh, down -2.2%. Water consumption followed the same trend with a -2.2% decrease for a total consumption of 516,500 cubic meters.



**2.7.2 TAKE ADVANTAGE OF THE HIDDEN VALUE OF WASTE**

The Group's business is responsible for more than one million tonnes of waste per year, of which 70%<sup>(1)</sup> is generated by the construction and renovation of buildings.

Hotel waste comes from two main sources:

- waste from hotel operations: packaging, consumables (light bulbs, etc.), complimentary products and foodstuffs, for which the priority is to reduce volumes at source by getting purchasing departments involved and to limit scrap during in-hotel handling) and guest waste, where the focus is on increasing the percentage of sorted and recycled waste;
- refurbishing and construction waste, where recycling is increasingly used.



**PLANET 21 COMMITMENT:  
 65% OF WASTE FROM HOTELS  
 OPERATIONS IS RECOVERED**

**Analysis of AccorHotels waste**

Waste management challenges can be appreciated from an estimation of outgoing flows of hotel operating waste (*i.e.* excluding waste from renovation and construction work). Across the 3,900 hotels in the Group, operating waste totals around 160,000 tons. This averages out at 45 tonnes per hotel overall, with averages varying widely for different hotel categories: "budget" category (7 tons/hotel/year), "economy" category (34 tons/hotel/year), "mid-range" category (69 tons/hotel/year) and "luxury, top-end" category (94 tons/hotel/year).

Estimated waste figures are based on information from hotels reporting annual waste production data. They only include waste tonnages per sorted type. Where hotel data for a particular waste type is missing, an estimation is used consistent with other types.

<sup>(1)</sup> Figure comes from the environmental footprint done in 2011; not updated in the second study.

The table below lists figures for each type of waste:

**Breakdown of 160,000 tons of waste by category (as a %)**



Restaurants represent the greatest area of the Group’s waste production: more than 50% of waste is food waste, oils, and fats. Though some hotels do not have restaurants, they do nevertheless serve breakfast, which also produces waste. The second biggest source of waste is packaging: card, paper, plastics (relatively limited). Hotels produce small amounts of hazardous waste.

**AccorHotels waste policy**

To attain its objective of recovering 65% waste by 2020, in 2016, AccorHotels defined its waste policy, document intended for hotels that remember the challenges and set three priorities:

- **Priority 1: Have 100% hazardous waste treated in appropriate facilities.**
- **Priority 2: Reduce the quantity and volume of most significant categories of waste:** food waste, packaging waste, paper waste.
- **Priority 3: Sort and recover principal waste generated by the Group’s businesses:** recovery of material, reuse, recycling (excludes incineration including energy recovery).

**Levers of action**

The Group has also identified several levers of action for the implementation of this waste policy:

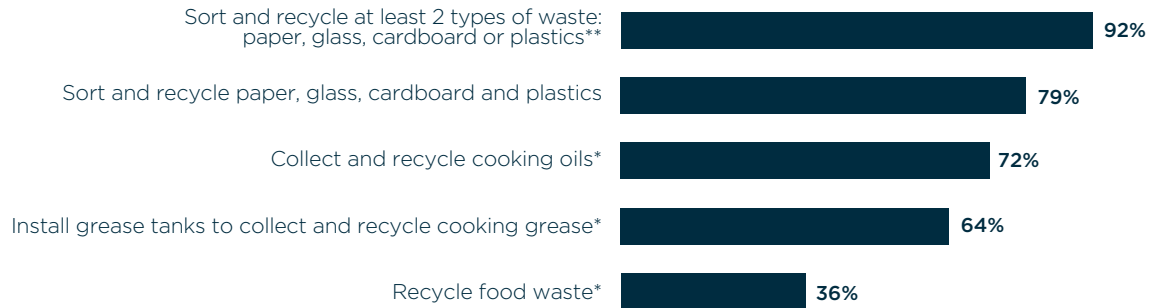
- 1. Setting up a tool to monitor the quantities of waste produced very precisely** and ensure the traceability of their treatment (program described on page 92). This action began in 2016, in the form of a pilot project in 21 hotels in France and will be gradually extended from 2017. AccorHotels is thus equipped with a powerful tool, which allows hotels to manage their waste and make progress in their recovery.

- 2. Identification and deployment of the most appropriate value chains.** Each of the Group’s hotels, located in 95 countries, produce different types of waste in small quantities. These can be recovered only at the local level. Therefore, AccorHotels plans to seek country-wise and city-wise solutions. Pilot operations are underway to test innovative ways to treat waste. One of them is to entrust all the waste from the hotel to a company specializing in waste treatment, which sorts it and sends it for recovery in the most appropriate way. The awareness of employees is also an important lever for sorting at source to be carried out optimally.
- 3. Identify solutions for treating hazardous waste.** Although hazardous waste represents only 3% waste from hotel operations, these are polluting products, which could be harmful to health. It mainly includes batteries, printer cartridges and compact fluorescent bulbs. Most of the waste is already sorted and treated in appropriate channels, where it is cleared. However, in some countries, particularly in Africa, adequate treatment channels aren’t always available. In 2016, pilot projects were carried out with a partner provider in three sensitive countries, Algeria, Senegal and Singapore. The objective: to find solutions to compensate for the lack of channels.
- 4. Participate in the emergence of the circular economy.** In 2015, AccorHotels supported Circul’R, a non-profit organization launched by two young entrepreneurs, who spent 17 months travelling to 22 countries to find out more about 150 initiatives based on circular economy. Their objective: promote and share good practices. On behalf of AccorHotels, the project identified players of the circular economy that were likely to offer solutions to give a second life to waste or unused products, and connect them with the hotels.

In conjunction with the AccorHotels business, more than 90 projects/solutions were identified in 24 countries, given below are some examples:

Region	City	Project	Description
France	Paris	Phenix	Management of surplus food and non-food items
Senegal	Dakar	Settic	Recycling of electronic waste
South Africa		PETCO	Recycling plastic waste
India	New Delhi	Goonj	Distribution of clothes and other essential products in rural areas in India
Indonesia	Bali	Eco Bali recycling	Waste collection and recovery in Bali and raising awareness among local populations
Philippines	Manila	Oryspa	Philippines high growth start-up, which produces cosmetics locally from rice waste
Brazil		Retalhar	Social enterprise that reuses or recycles uniforms

**Hotels involved in 2016**



\* Hotel with restaurant

\*\* Mandatory actions in Planet 21 in Action

FRHI hotels data will be consolidated in 2017. In 2016, based on 41 FRHI hotels that recorded their data, the quantity of waste generated is estimated at 23,400 tonnes, with a recovery rate of 42%, up 2% compared to 2015.

**MANAGEMENT OF WASTE FROM RENOVATION AND CONSTRUCTION**

This category includes waste related to the construction or renovation of hotels (obsolete equipment, replaced furniture, used uniforms and towels, etc.). AccorHotels' waste management policy is as follows:

- compliance with regulatory requirements (concerning construction site waste or extended producer responsibility) and the application of waste targets in standard certifications (HQE, etc.);
- pilot operations are used to test certain solutions (furniture donations, etc.);
- The use of upstream (choice of products made from recycled material) and downstream (such as recycling of uniforms) circular economy;
- actions or innovations favorable to the circular economy from the conception of products, in particular by the Design team and the Technical Department.

## 2.8 STRIVING FOR ZERO FOOD WASTE & HEALTHY, SUSTAINABLE FOOD

AccorHotels serves close to 150 million meals a year. The Group is aware that the current food model is unsustainable and wants to offer quality food to its customers who have very high expectations in terms of sustainable development when it comes to food and drink. Accordingly, AccorHotels has undertaken this major challenge with three key objectives: reduce food waste, offer its guests food that is healthy and sustainable for the planet, and develop urban farming.

### 2.8.1 REDUCE FOOD WASTE

For AccorHotels, this challenge has three parts: ethical, environmental and economical.

**Ethical:** every year, more than 30% of world food production is lost or wasted. Less than a quarter of this wasted food would suffice to eliminate hunger, which affects 795 million people<sup>(1)</sup>.

**Environmental:** given water consumption, use of chemical fertilizers and pesticides, etc., farming takes a heavy toll on the environment, and also contributes significantly to the Group's footprint. Hence the need to minimize waste.

**Economical:** in the hotel and restaurant industries, an estimated 25% of food purchases are thrown away. This waste represents between 4% and 12% of the food revenue generated by the industry<sup>(2)</sup>. If hotels reduce this waste, they also reduce their expenses.



**PLANET 21 COMMITMENT:  
-30% OF FOOD WASTE**

In order to be able to monitor whether this commitment has been achieved, the AccorHotels Group has defined an applicable and comparable indicator for all hotels: the cost of food waste reported in the restaurant business. More specifically, each type of food waste will be weighed and valued (according to its cost price) for at least 15 days. The total waste value will be calculated relative to the restaurant revenue, in order to account for variations in business. The 30% reduction is based on this ratio.

This assessment is therefore the first step we will take to help foster virtuous practices in our hotels. In 2015, we tested digital tools (tablets connected to these kitchen scales), in some of our luxury hotels and the result was very successful. In 2016, we continued these tests, as part of a pilot program in more than 40 hotels from different segments, managed with various service providers with various levels of sophistication.

The first results highlighted products that particularly need action for each hotel and determination of targeted actions. Given below are examples of best practices, which would reduce food waste:

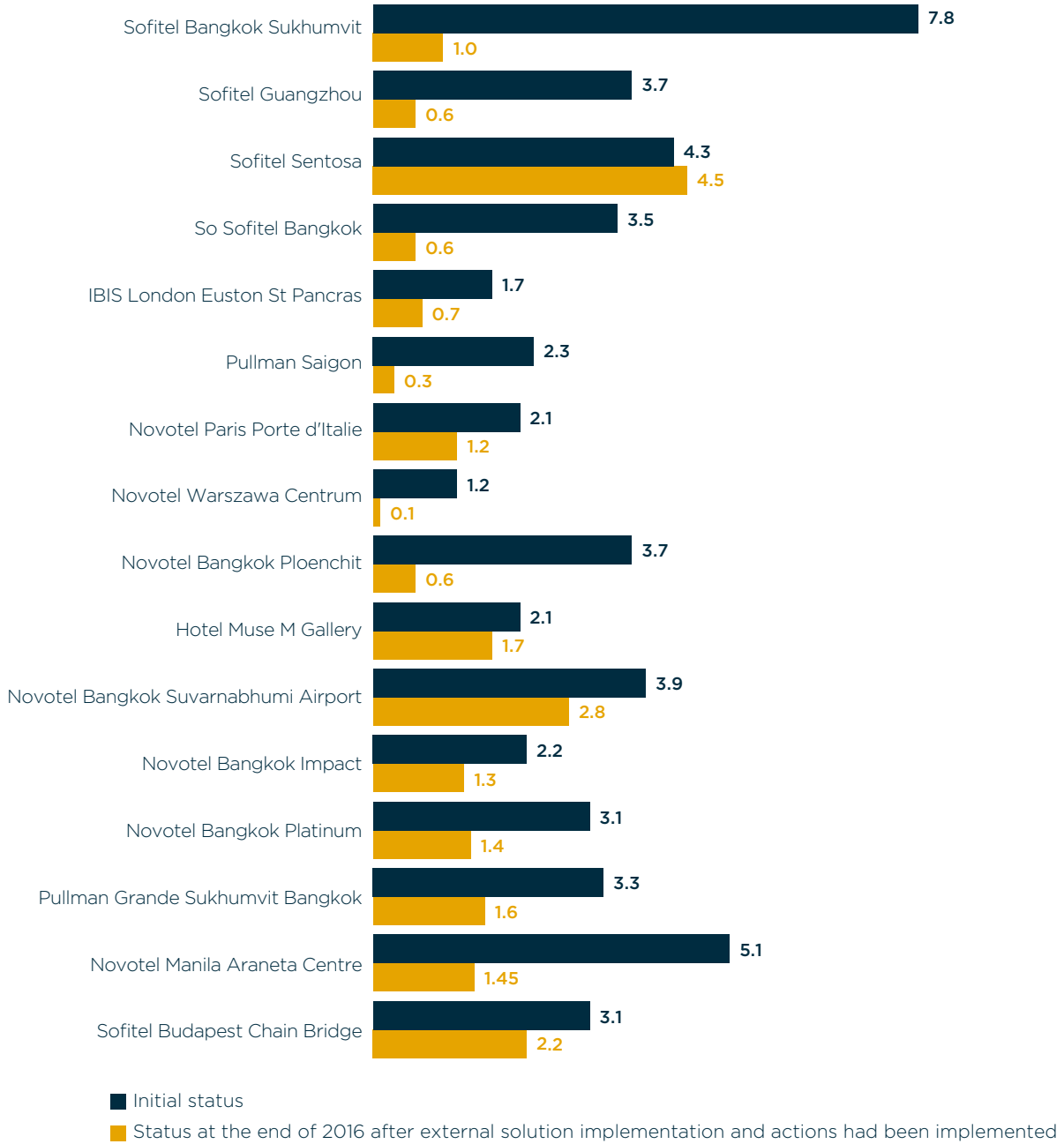
- provide limited menus by removing items that are less "popular";
- better compliance with food storage temperatures;
- regularly check use-by dates;
- ensure reliability of food quantity estimates, especially when ordering for conferences;
- limit the number of products offered in buffets;
- do not prepare dishes too far in advance;
- serve more appropriately sized portions to our guests;
- create inventive recipes to use leftovers better;
- raise our employees' and guests' awareness of the need to fight food waste.

At the end of 2016, the solution offered by Winnow had, for example, been deployed in 38 hotels from all segments in 13 countries. The monitoring tablets in kitchens, which are connected to scales, allow precise monitoring and knowledge of the most discarded and expensive products. At the end of 2016, hotels that had implemented this solution were able to reduce food waste by an average of 57%, for an estimated total of €540,000 in savings for the Group.

(1) Source: FAO (Food and Agriculture Organization of the United Nations).

(2) Source: Winnow - innovative solutions to reduce food waste in the kitchen.

*Food waste per hotel, according to the percentage of sales*



Finally, initiatives are under way to ensure that foodstuffs not used by a hotel can be donated to food banks or associations or sold at affordable prices to local people. As a result, several hotels in France are currently testing the application of the start-up TooGoodToGo, which connects local consumers with restaurants or merchants who offer their unused portions at low prices.

2017 will see the large scale deployment of the tested tools to combat food waste and a follow-up on the results obtained will be arranged. AccorHotels will continue these dynamics with a reflection on the best ways to mobilize customers in this regard.

## 2.8.2 OFFER FOOD THAT IS HEALTHY AND SUSTAINABLE FOR THE PLANET

The Group's restaurant business gives it responsibilities that it has made into an ambition: evolve from intensive farming methods that use a large amount of chemical products and are harmful to the environment and sometimes also to the farmers towards more qualitative farming that is respectful of people and the planet, while meeting the expectations of consumers, who want authenticity and products that are of better quality, healthier, and fresher, organic products derived from fair trade and accessible in short food supply chains, etc.



### PLANET 21 COMMITMENT: 100% OF OUR RESTAURANTS FOLLOW OUR CHARTER ON HEALTHY AND SUSTAINABLE FOOD

The AccorHotels healthy and sustainable food Charter, published in 2016, focuses the Group's goal and its pledges on three priorities: fighting food waste, protecting its guests' health and sourcing sustainable products.

It provides a framework for restaurants, proposes common actions to be implemented throughout the Group while offering flexibility to take into account local realities and the specific expectations of each guest.

This charter was conceived in a collaborative spirit, bringing together different teams in the Group and integrating a critical review of the project by a firm specializing in sustainable food. An exhaustive list of the commitments was drawn up: the ones applicable in all countries form the common mandatory base, the others can be chosen by the countries on a voluntary basis. It will evolve to take the Group's commitments and stakeholders' expectations into account. A version 2 is already planned for 2017. It is available at: [www.accorhotels.group/en/commitment/planet-21/food](http://www.accorhotels.group/en/commitment/planet-21/food).

#### Some examples of the commitments of the healthy and sustainable food charter:

- Offer **high-quality products at a good price**, regardless of the price range of our restaurants.
- Offer **vegetarian menus**.
- Ensure the **quality of our meat and livestock products, and ensure the well-being of the animals**. Particularly with:
  - eggs that come from free-range hens raised outdoors (see below);
  - a piece of high-quality meat on the menu, at a good price, and if possible, of local origin;
  - pieces of meat – chicken, beef and pork – do not contain hormones;
  - milk from cows raised without growth hormones.
- **Limit the presence of sugar** in the foods offered:

- bread, pastries and cakes served for breakfast contain a lower quantity of glucose-fructose syrup, or even none at all;
- favor products without any hidden sugar;
- favor orange and apple juice made of 100% juice.
- Prefer products with **little or no chemical food additives** (artificial flavorings, preservatives, artificial colorings, flavor enhancers).
- Favor **local food supplies** based on the specific characteristics of each country:
  - develop short food supply chains, with local production and processing, a reduced number of intermediaries and no intensive production;
  - limit our supplies of food from distant sources – products that travel several thousand kilometers. Particularly, favor local spring water;
  - favor seasonal products;
  - support the development of new urban farming models by setting up – on a large scale – urban vegetable gardens in our hotels (see page 98).
- Through insetting, offer **agroforestry products**, in connection with the “Plant for the Planet” program (see page 87).
- Favor products from **sustainable and organic farming**.
- Commit to **marine biodiversity**:
  - ban six highly threatened species of wild fish from our menus: shark (except dogfish), ray, bluefin tuna, eel, grouper and sturgeon – as well as wild caviar;
  - also eliminate other endangered species from our menus, according to fishing areas;
  - favor the purchase of fish from sustainable fisheries, bearing the MSC and ASC certification.

To monitor the implementation of the Charter, an online questionnaire was sent to the regional directors in 2016: each country (or segment) will specify at least 10 commitments from among the 17 proposed that it wishes to implement and justify its inability to make a common commitment to the Group as a whole. This enforcement mechanism for the Charter, which is entered into on a by-country basis, involves all hotels within the scope of reporting.

The Group supports the implementation of the Charter through various programs such as “Plant for the Planet” for Insetting, as well as by establishing partnerships or launching pilot projects. For eggs, the objective of AccorHotels is to offer eggs (in shell and liquid forms) that come from free-range hens raised outdoors in its restaurants by 2020, in countries where the channels exist. In 2016, AccorHotels signed a partnership with Humane Society International, a worldwide animal protection organization, which will support the Group in identifying responsible solutions, particularly in regions where these are non-existent, difficult to identify or poorly developed.



### Mobilization of hotels\* in 2016



\* Hotel with restaurant

\*\* Mandatory action in Planet 21 in Action

## 2.8.3 DEVELOP URBAN FARMING

The development of urban and peri-urban farming could provide an answer to the growing urbanization and widening gap between rural food-producing agricultural areas and cities, whose inhabitants are now merely food consumers. In recent years, solutions have been emerging everywhere to bring these two worlds closer together: urban vegetable gardens, suburban educational farms, short supply chains, direct sales, etc.

Present in more than 1,700 cities, AccorHotels wants to play a pioneering role and support this system-wide transition.



### PLANET 21 COMMITMENT: 1,000 URBAN VEGETABLE GARDENS IN OUR HOTELS

These vegetable gardens must meet certain criteria, in particular a minimum area of cultivation of 20 m<sup>2</sup>, the production of plants intended for food consumption, regular maintenance, environment-friendly cultivation practices, etc. Each vegetable garden is adapted to the hotel's context and its space constraints: hotels with a garden will be able to develop vegetable gardens in ground-beds, others will set up vegetable gardens on rooftops or terraces, grow plants in soil or test innovative solutions such as hydroponics (out-of-soil cultivation on a neutral substrate irrigated with water enriched with minerals and nutrients). The vegetables, fruits, aromatic herbs, and edible flowers that they produce may be added to the restaurants' menu, used in cocktails, aromatic oils, and infusions of spas or infusions offered.

#### 650 M<sup>2</sup> OF VEGETABLES, FRUITS, AND FLOWERS AT THE FOOT OF THE EIFFEL TOWER

Some Group hotels have already shown the way by creating a vegetable garden. The Pullman Paris Tour Eiffel, nestled in the heart of the French capital, has created a 650 m<sup>2</sup> vegetable garden with vegetables, fruits, flowers and aromatic herbs, including a chicken coop and four hives.

A daily source of fresh produce for the hotel restaurant with 500 kg of fruit and vegetables a year, it is also a refuge for biodiversity.

In November 2016, a tool created with an expert company was made available to the hotels to help them in the creation of a vegetable garden. It provides teams with convincing arguments and recommendations at each stage of setting-up the vegetable garden. This site has enabled hotel owners to create their vegetable garden project with a few clicks based on different criteria,

such as climate, available space (garden, balcony, roof, facade, etc.), the desired use of the products (in the bar, in the kitchen, sharing with guests, etc.). According to these criteria, the site identifies different varieties of plants suited to the hotel's project and provides numerous tips and techniques to start its garden, on its own or with the help of a specialized service provider.

Nine pilot projects are underway in Parisian hotels, some of which are testing advanced techniques, such as aeroponics: the support, water and nutrient supply functions usually filled by the soil are provided by "plant supports" and continuous inorganic salt-based nutrient solution sprays (mist) being circulated in a closed circuit by means of a pump.

Strong vegetable garden development dynamics were implemented in 2016, so as of December 31, the Group already had 521 vegetable gardens (17% of hotels).

### ACCORHOTELS AND THE PROTECTION OF BIODIVERSITY

The Group is a strong proponent of the preservation of biodiversity, an important factor in the tourist appeal of many geographies. AccorHotels' commitment is embodied in several concrete programs.

**At the level of hotels** (which contribute approx. 10% to the Group's footprint on biodiversity):

- **the development of urban farming**, which is one of the commitments of Planet 21 *Acting Here!* through vegetable gardens;
- **the rational management of the gardens** with the "Use eco-friendly landscape maintenance products or ban chemical treatments" action, in which 36% of the hotels participated as of the end of 2016;
- **control of discharges** is a lever to reduce the Group's impact on biodiversity, and it is one of the 16 mandatory actions of Planet in Action.

**In upstream farming operations** (which contribute approx. 90% to the Group's footprint on biodiversity):

- the "**Plant for the Planet**" program (see page 87) which exists alongside actions in favor of insetting (page 80);
- the commitment to promote **healthy and responsible eating** in its restaurants (see page 97), for example by increasing the use of products from organic or rational farming, or by not offering endangered species of fish on the menu;
- the commitment to promote **eco-friendly products** such as furniture using certified wood (see page 76).

## 2.9 MEASURING AND ASSESSING PERFORMANCE

### 2.9.1 CSR INDICES AND STANDARDS

AccorHotels is included in several internationally recognized indices and standards:

- Euronext Vigeo Index: Europe 120;
- FTSE4Good Index;
- Ethibel Sustainability Index (ESI), Excellence Europe & the Ethibel Sustainability Index (ESI), Excellence Global;
- STOXX® Global ESG Leaders indices;
- Standard Ethics French Index;
- MSCI Europe Index and Middle East ESG Index Ratings.

Furthermore, AccorHotels has been participating in CDP Carbon since 2006. This international organization asks leading

corporations to report on their climate change strategies, their approach to carbon cost imposition and their greenhouse gas emissions performance. In 2016, the Group obtained a rating of C (the average rating of the CDP climate program).

AccorHotels reached the Gold level for the evaluation performed by EcoVadis.

AccorHotels has received the "Silver Class Sustainability Award 2017" based on the scoring on the "RobecoSAM's annual Corporate Sustainability Assessment (CSA)".

### 2.9.2 AWARDS AND RECOGNITION

In 2016, Accor was awarded a number of international prizes.

#### SUSTAINABLE DEVELOPMENT - PLANET 21

In the Asia-Pacific region, AccorHotels won the "Gold Award for Excellence in CSR Strategy" for its "Planet 21: Acting for positive hospitality" program.

At the beginning of 2016, AccorHotels was awarded the Gold Medal by the Société Française des Analystes Financiers during its 8<sup>th</sup> *Forum des Relations Investisseurs* (Investor Relations Forum), in the "Best Investor Relations in Sustainable Development" category.

In China, AccorHotels also received an award for its Planet 21 program in the "Best Green Operation" category for Planet 21 during the "Invest in Green Future CSR and Innovation 2016" summit held in Shanghai.

#### HUMAN RESOURCES

In 2016, the AccorHotels Group was selected as "Best Company" in the Ethical Corp Awards program.

In the Asia-Pacific region, AccorHotels received the "Silver Award for Excellence in Mature Workforce Programmes" presented during the "Human Resources Excellence Awards" which is held in Singapore.

### 2.9.3 APPLICATION OF THE "APPLY OR EXPLAIN" PRINCIPLE

#### CONTROLLING LOCAL ENVIRONMENTAL IMPACTS

Apart from the challenge of climate change, most of the environmental impacts faced by AccorHotels are local challenges: water consumption and discharge, water scarcity, impacts on the biodiversity, production of waste. The Group is aware that these local factors are part of its challenge, and it has worked to find local responses, by mobilizing its hotels and employees, designing hotels that are more environmentally sensitive, etc. All of the environmental topics discussed in this document are a testament to this approach and its local dimension.

#### Land use

The vast majority (83%) of AccorHotels hotels are located in downtown and suburban areas, where local treatment services, especially for water and waste, are available.

For building and refurbishment projects in environmentally sensitive areas, detailed environmental studies are conducted to anticipate and minimize any adverse impact on their surroundings. A siting and environmental integration study is required before construction, including a pollution study by a qualified engineering firm, as specified in the AccorHotels technical standards, which must be adhered to for HotelInvest construction projects.

#### Inconveniences for the neighborhood

The guides for the construction and renovation of hotels specify that hotels must be designed in a way that minimizes any disturbances for neighboring properties, both noise-related and climate-related. As such, the effects of the construction on natural lighting and wind for neighboring buildings must be studied by experts. Utility rooms and air intake and exhaust vents in particular must be designed and located such that they limit any disturbances (noises, smells, visual), and areas that are particularly noisy (bars, parking lots) must have appropriate shelter or fencing.

## 2.9.4 METHODOLOGICAL REVIEW

This section explains the methodology applied in our corporate, social, and environmental responsibility reporting process. This process is based on a reporting protocol that provides full, detailed specifications on responsibilities, Accor definitions, methods for measuring data and indicators, and areas at risk requiring particular attention. It also describes country-specific features, which are frequently updated. The protocol in French and English has been sent by headquarters to everyone responsible for the reporting process and is available for translation into other host country languages.

Performance is measured through four types of indicators:

- employee relations indicators;
- Planet 21 in Action indicators, which cover the environmental and social responsibility actions deployed in the hotels;
- indicators used to manage water use, energy use and greenhouse gas emissions;
- additional employee-relations indicators and sustainable procurement indicators.

The reporting period is January 1 to December 31, 2016.

## HUMAN RESOURCES

Group-wide quantitative reporting takes place twice per year. Annual reports are used as the basis for publications.

Qualitative data is reported at the end of each yearly period.

### Quantitative reporting

#### Reporting scope and frequency

Employee data are reported for:

- employees of owner or leased hotels. These are employees of the AccorHotels Group. People who work in the managed hotels are included in the report;
- employees of managed hotels. Employees working in these hotels are not employees of the AccorHotels Group, but are under AccorHotels management, except for certain cases in hotels where AccorHotels employees are on assignment;
- employees of Adagio owner or leased hotels in France.

Employee data do not include:

- employees of owned, leased, and managed hotels closed as of December 31, 2015;
- employees of owned, leased, and managed hotels opened after November 30, 2015;
- contingent workers, interns, and temporary workers;
- employees of franchised hotels or units in which AccorHotels owns an equity interest but does not exercise any management responsibility (commission-based management contracts and Adagio Aparthotels outside France).

In 2016, indicator data could not be reported from a hotel in Germany, Switzerland, Brazil, Indonesia, and New Zealand and 24 hotels in France.

Certain hotels are managed under co-ownership agreements (especially in Australia and New Zealand). Reports on workers at these hotels are provided for one of the two hotels, and therefore only for one brand.

Furthermore, FRHI data is not fully available for the financial year 2016 and these are therefore not consolidated. This data is published for information and is not audited. Data of FRHI establishments will be consolidated in 2017.

#### Reporting application

Employee data is reported and the related indicators managed via the proprietary HR DATA application that was revamped in 2009 and redeployed in 2010. The application has been steadily upgraded with new features to enhance user-friendliness and improve the reliability of the reported data.

#### Reporting and control process

The corporate reporting process is defined in the “**Human Resources Reporting Protocol**”. This document applies to everyone involved in reporting, from the head offices of the Group to hotels. It provides a detailed, comprehensive description of Group procedures and definitions, the methods used to measure data and indicators, and the areas at risk that require particular attention. It also describes country-specific features, which are frequently updated.

The protocol in French and English has been sent by the Talent & Culture Department to everyone responsible for the reporting process.

Reporting officers have been designated at three levels to collect, enter, verify and validate employee data, in compliance with the human resources reporting protocol:

- at the level of the hotels:
  - collect and validate hotel data,
  - confirm the completeness of the data;
- Country level:
  - confirm the completeness of the data,
  - verify and validate the data reported from all of the hotels in its scope of operations;
- Corporate level:
  - coordinate the consolidation of data from across the Group,
  - confirm the completeness of the data,
  - ensure the consistency of reported data and correct any errors after verification with the regional manager.

#### Indicators

##### Number of payroll and non-payroll employees

Workforce indicators are measured and disclosed on the basis of the **monthly average number of employees**.

Disabled employees are only included as such if officially recognized in the countries where they work. AccorHotels therefore considers that this indicator might slightly underestimate the number of disabled employees working for the Group.

To estimate the number **of employees** in franchised hotels, the number of rooms in the franchised hotel base has been multiplied by the average number of actual employees per room in our owned, leased and managed hotels. These estimated figures have been adjusted to reflect the characteristics of each brand and of the country or region where the owned, leased, managed, and franchised hotels are located. For example, an ibis hotel requires many fewer employees than a Sofitel.

The job category **classification** is specified as follows:

- an employee with **non-manager** status follows set procedures and goals. He or she does not work closely with the site Director and is not responsible for any hierarchical or financial processes;
- an employee with **intermediate management** status has a great deal of autonomy in making decisions and must fulfill at least two of the following responsibilities: hierarchical responsibility (responsible for evaluating, recruiting, and remuneration for one or more employees), in relationship with their job (autonomy and level of responsibility), or financial responsibility (budgeting, costs, profits);
- an employee with **Director** status is the General Manager, or in the offices, is characterized by significant autonomy and responsibility for the profits in their section. A director is responsible for setting goals, determining procedures, and coordinating all entities for which he is responsible. General Managers at hotels, for a limited number of hotels, include the Area Manager or DOP positions when they are assigned to a hotel and not to the head offices, especially in South America.

### Employee movements

Every employee movement during the period is reported, regardless of the type of job contract. A departure is not recorded as a movement in the following cases:

- when an employee changes from a non-permanent to a permanent contract;
- when a non-permanent contract is renewed without interruption;
- when an employee transfers to another position in the Group.

Separations due to job abandonment are recorded as dismissals, inasmuch as such abandonment is at the employee's initiative, whereas termination is at the employer's initiative. Internal transfers to a managed hotel not considered as a transfer may be considered a departure at the initiative of the employee.

### Absenteeism

Days absent are reported in number of business days, as defined by local labor legislation.

Three categories are considered:

- medical leave (including leave for illness of the employee, illness of the employee's child, work-related illness and commuting accidents). This category does not include maternity or paternity leave;
- workplace or commuting accidents;
- unauthorized leave. This does not give rise to any direct costs for the Group because it covers unauthorized absences without pay, depending on local labor laws. This means that their number may be underestimated, because unpaid leave is not always tracked by local human resources departments.

**The lost-time injury rate** is calculated as follows: number of work accidents causing at least one day of lost time – or according to duration in local legislation – compared with the number of hours worked x 1,000,000.

The calculation of hours worked was modified in 2016 to standardize the data returns. Hours worked are calculated as follows: total hours paid – (effective, theoretical hours of leave).

The **injury severity rate** is calculated as follows: absences due to work accidents divided by the number of hours worked x 1,000.

The incident severity rate is calculated according to the number of absences related to workplace or commuting accidents.

**Fatal workplace accidents** are included in the number of lost-time incidents or commuting incidents. An accident is considered fatal if the employee dies within 365 days following the incident.

### Training

From 2014, training is measured in number of hours. The **number of training hours** reported includes courses conducted by Académie AccorHotels, AccorHotels managers and contract service providers for hotels and head offices.

The number of hours' training is counted differently by different local systems.

In addition, some training provided in hotels is omitted from group reporting in countries where centralized systems are used. In fact, training-specific information systems do not track job take-up training or non-brand-program training provided by management using specialist equipment provided by Académie AccorHotels.

**The number of payroll and non-payroll employees who received training at least once** is calculated as follows: a person who has received training counts once, even if they received training several times over the reporting period. However, because people are often counted every time they attend a course, this tends to over-estimate the total number.

### Qualitative reporting

Qualitative reporting is requested of the members of the international Talent & Culture network involved in quantitative reporting. In 2016, qualitative reporting covered 1,943 hotels, which corresponds to 98% of the quantitative reporting scope (in number of hotels). It is self-assessed, and is done using Excel files sent to the T&C correspondents for quantitative reporting, for each area.

Qualitative reporting was reworked in 2015 to improve the quality of the data.

### Collective agreements

In 2016, for greater relevance, coverage on collective agreements signed is reported by number of agreements signed and hotels covered by an agreement and not by percentage of employees covered.

## PLANET 21 IN ACTION

### Reporting scope and frequency

The Planet 21 in Action 21 indicators cover all of the owned, leased, managed, and franchised hotels, except for:

- hotels that joined the AccorHotels network after September 15 of the reporting year;
- hotels that were no longer part of the AccorHotels network as of December 31 of the reporting year;
- Thalassa sea and spa facilities, whose data are often reported with their host hotel's;
- hotels that were closed for renovation or other reasons during the reporting period or that suffered an exceptional event, such as a flood or an earthquake, that disrupted their operations during the reporting period;
- hotels forming part of a brand, in which AccorHotels' stake is less than 50%, e.g. Mama Shelter;
- FRHI and Adagio Access hotels due to their ongoing integration into the Planet 21 program.

Planet 21 in Action 21 indicators are reported annually.

### Indicators

Planet 21 in Action data are reported by the hotels concerned. Results are expressed as a percentage comparing the number of hotels implementing a given action to the total number of hotels applying Planet 21 in Action. Some actions apply only to hotels equipped with special facilities, such as a restaurant or laundry. In this case, the percentage of hotels is calculated based solely on the total number of hotels concerned.

### Data collection and control

Hotels enter Planet 21 in Action data annually and verify them in the GAIA application. The data then go through four checks:

- by the hotel: the person in charge of reporting at the hotel uses the Planet 21 in Action sheets to ensure that the actions in question have effectively been carried through;
- by the person in charge of Planet 21 in Action reporting at the country level: checks compliance with deadlines, fit with definitions, and data consistency;
- by the person in charge of Planet 21 in Action reporting at the corporate level: consolidates and checks the data;
- quality audits are performed every year in the hotels, covering the ten actions corresponding to the Bronze level of Planet 21 in Action.

Indicators related to the presence of a restaurant are not completely reliable, action will be implemented in 2017 to enhance the reliability of such data.

## WATER AND ENERGY

### Scope of reporting

The scope of reporting covers all of the owned, leased or managed AccorHotels brand hotels open at December 31 of the reporting year, except for hotels that are being gradually integrated into the AccorHotels network or are incapable of measuring use:

- hotels that joined the network after September 15 of the reporting year;

- new acquisitions during the reporting year that are not under an AccorHotels banner;
- hotels closed for renovation during the reporting period;
- Thalassa sea and spa facilities, whose data are often reported with their host hotel's;
- independently operated units or structures and franchised hotels;
- hotels under commission-based management contracts (some ibis *budget*, hotelF1 and Formule 1 hotels);
- Mercure Appartement in Brazil;
- ancillary in-hotel activities, such as retail outlets and residential units, that are not managed by AccorHotels assuming their data can be clearly segregated.

The FRHI data is not fully available for the financial year 2016 and these are therefore not consolidated. This data is published for information and is not audited. FRHI data will be consolidated in 2017.

### Indicators

#### Water use

Reported water use is the total amount of water used over the year by the hotels, regardless of purpose (food services, grounds watering, etc.).

Water from hotel pumping facilities is also measured, if they are metered.

Recycled rain or wastewater is also measured, if they are metered.

Total water use is expressed in m<sup>3</sup>.

#### Energy consumption

Reported energy use is the final amount of energy used by the hotel.

Reported energy is the total amount of energy used over the year by the hotels, regardless of source (electricity, gas, etc.) or purpose (lodging, food services, etc.).

Total energy use is expressed in MWh.

Fuel energy is calculated on the basis of each unit's heating value (HV).

Use data reported by the hotels are expressed by type of energy.

#### Greenhouse gas emissions

Direct emissions correspond to fuels burned at the hotels and indirect emissions correspond to the electricity used by the hotels, and the heat and air conditioning supplied by urban heating and cooling networks.

Energy use is converted by using updated emission factors from the resource center on greenhouse gas reports/ADEME (<http://www.bilans-ges.ademe.fr>).

Total greenhouse gas emissions are expressed in equivalent tonnes of CO<sub>2</sub>.

## Data collection and control

Each hotel enters its monthly water and energy consumption data and validates them in the OPEN reporting application. The data are then checked by the country or regional organization and again at Group level over the first ten months of the reporting year. They are re-checked over the entire twelve months at each level (country/region and Group).

Hotel carbon emissions are calculated from previously reported energy use data, as follows:

- direct emissions correspond to the gas and fuel oil burned in hotel boilers;
- indirect emissions correspond to the electricity used by the hotels, as well as the heat and air conditioning supplied by urban heating and cooling networks.

Greenhouse gas emission coefficients used (for electricity and fuel) come from the resource center for greenhouse gas reporting/ADEME (<http://www.bilans-ges.ademe.fr>).

## PROCUREMENT

### Scope of reporting

The indicator tracking the Group's consolidated volume of purchases (€4.1 billion in 2015) covers all of the hotel operating structures and includes purchases from nominated suppliers, as well as estimated purchases from non-nominated suppliers by the country Procurement Departments in countries where they exist.

The other indicators cover purchases from nominated suppliers.

Data are reported from the 19 Procurement Departments representing the largest purchasing volumes, including the Corporate Procurement Department.

The 18 Procurement Departments that have provided data are: Australia, Austria, Belgium and Luxembourg, Brazil, China, France, Germany, Hungary, Italy, Morocco, the Netherlands, New Zealand, Poland, Portugal, Spain, Switzerland, the United Arab Emirates, and the United Kingdom. Data was also reported by the Corporate Purchasing Department.

In 2016, contracts between AccorHotels and active suppliers as at December 31, 2016 are included. This means that a supplier who has terminated his agreement in the course of the year is not included in the reporting, whereas a contract that began during the year is included.

The number of suppliers was counted by "supplier entity".

The purchasing volumes managed by the Corporate Purchasing Departments were not included in the graph on page 81 entitled "Purchases from nominated suppliers by family (in %)".

## Indicators

Signing the Procurement Charter 21: percentage of suppliers that signed the Procurement Charter 21, in comparison to the total number of suppliers.

CSR assessments: percentage of assessments carried out by supplier with Ecovadis or AFNOR Acesa in relation to the number of suppliers in risk and high risk categories.

CSR audits: percentage of external audits performed with suppliers (environmental and social audits), in relation to the number of high-risk suppliers.

Action plans: percentage of action plans monitored in relation to the number of risk and high-risk suppliers.

## Data collection and control

Depending on the indicator, data may be reported by suppliers, buyers (via online reporting applications) and/or third parties.

They are initially checked by the country Procurement Manager. The latter ensures that they are accurate and consistent with the rest of the information.

They are then re-checked by the corporate sustainable Procurement reporting manager.

Purchasing audits review compliance with the sustainable procurement issues described in the "Indicators" chapter.

## PLANT FOR THE PLANET

### Reporting scope and frequency

"Plant for the Planet" indicators cover all of the owned, leased, managed, and franchised hotels participating in the program excluding the budget segment (hotelFI), Adagio, Middle-East (except UAE), Algeria, etc.

Data are collected based on the payment campaigns conducted in June and December of each year.

## Indicators

Number of hotels participating: this figure is based on the number of payments received by Pur Projet and its partners during in 2016.

Number of trees financed: this figure is calculated by dividing the sum of donations received by Pur Projet and our traditional NGO partners in the "Plant for the Planet" program by the unit cost of the trees, as reported by these same partners.

## Data control

Since 2013, the indicators have been controlled directly by Pur Projet, AccorHotels' partner in charge of supervising and managing the "Plant for the Planet" program.



## 2.9.5 INDICATOR TABLES

### EMPLOYEE RELATIONS INDICATORS

Employee-relations indicators are presented by region when their change is highly dependent on local conditions. The other indicators are presented by operating structure.

Indicators	2015		2016			Change (excluding FRHI)	
	Owned and leased hotels	Owned, leased and managed hotels	Owned and leased hotels	Owned, leased and managed hotels	Owned, leased and managed hotels included in the FRHI*	Owned and leased hotels	Owned, leased and managed hotels
<b>EMPLOYMENT COMMITMENTS</b>							
<b>Number of payroll and non-payroll employees</b>	<b>46,933</b>	<b>145,560</b>	<b>44,635</b>	<b>150,499</b>	<b>193,149</b>	<b>(2,298)</b>	<b>4,939</b>
% women	55%	46%	55%	46%	45%	0%	0%
% men	45%	54%	45%	54%	55%	0%	0%
By age						0%	0%
Under 25	16%	18%	15%	18%	17%	(1)%	0%
25 to 34	34%	38%	34%	38%	38%	0%	0%
35 to 44	25%	24%	25%	24%	24%	0%	0%
45 to 54	17%	15%	17%	14%	15%	0%	(1)%
Over 55	8%	5%	8%	5%	7%	0%	0%
By seniority						0%	0%
Less than six months	12%	15%	13%	16%	15%	1%	1%
Six months to two years	22%	30%	23%	31%	30%	1%	1%
Two to five years	21%	24%	20%	23%	23%	(1)%	(1)%
Five to ten years	19%	15%	19%	15%	16%	0%	0%
Ten to twenty years	17%	11%	17%	11%	11%	0%	0%
More than twenty years	9%	5%	9%	4%	6%	0%	(1)%
% disabled	1.81%	0.93%	2.24%	1.04%	0.90%	0%	0%
<b>Management</b>							
% of total workforce	20%	15%	19%	15%	13%	(1)%	0%
% women	49%	42%	48%	42%	42%	(1)%	0%
% men	51%	58%	52%	58%	58%	1%	0%
Hotels Managers by age – total							
Under 25	1%	2%	1%	2%	2%	0%	0%
25 to 34	29%	35%	29%	35%	34%	0%	0%
35 to 44	36%	37%	37%	37%	38%	1%	0%
45 to 54	24%	20%	24%	20%	20%	0%	0%
Over 55	9%	6%	9%	6%	7%	0%	0%

Indicators	2015		2016		2016		Change (excluding FRHI)	
	Owned and leased hotels	Owned, leased and managed hotels	Owned and leased hotels	Owned, leased and managed hotels	Owned, leased and managed hotels included in the FRHI*	Owned and leased hotels	Owned, leased and managed hotels	
<b>Hotels Managers by age – hotels</b>								
Under 25	1%	2%	1%	2%	2%	0%	0%	
25 to 34	31%	36%	30%	36%	35%	(1)%	0%	
35 to 44	36%	37%	36%	37%	38%	0%	0%	
45 to 54	23%	19%	23%	19%	19%	0%	0%	
Over 55	9%	6%	9%	6%	6%	0%	0%	
Hotel General Managers	1,006	1,732	889	1,706	1,812	(117)	(26)	
% women	31%	27%	34%	29%	28%	3%	2%	
% men	69%	73%	66%	71%	72%	(3)%	(2)%	
including % host country nationals	82%	73%	N/A	N/A	N/A	N/A	N/A	
<b>Working conditions</b>								
% full-time employees	85%	92%	N/A	N/A	N/A	N/A	N/A	
% part-time employees	15%	8%	N/A	N/A	N/A	N/A	N/A	
Average number of days of medical leave per employee over the year	10.6	5.8	9.0	5.0	N/A	(1.6)	(0.8)	
Of which due to workplace accidents	1.4	0.7	0.8	0.4	N/A	(0.6)	(0.3)	
Average number of days of unauthorized leave per employee over the year	0.7	0.7	0.6	0.6	N/A	(0.1)	(0.1)	
Lost-time injury rate resulting from workplace accidents	20.9	11.9	18.6	12.1	N/A	N/A	N/A	
Incident severity rate for workplace and commuting accidents	0.8	0.4	0.5	0.3	N/A	N/A	N/A	
Number of fatal workplace and commuting accidents	1	8	1	4	N/A	0	(4)	

\* FRHI hotels data will be consolidated in 2017. In 2016, based on 116 FRHI establishments that reported their data, global indicators are presented for information and transparency.







	France		Europe (excluding France and Mediterranean)		Mediterranean, Middle East and Africa		Asia-Pacific		The Americas		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
<b>Owned and leased hotels</b>	<b>15,353</b>	<b>14,065</b>	<b>16,275</b>	<b>15,608</b>	<b>5,292</b>	<b>5,316</b>	<b>3,397</b>	<b>2,635</b>	<b>6,616</b>	<b>7,011</b>	<b>46,933</b>	<b>44,635</b>
Upscale luxury hotels	2,124	2,266	1,634	1,726	1,402	1,437	264	55	1,491	1,619	6,915	7,103
Midscale hotels	5,639	4,744	8,527	7,863	1,756	1,791	1,368	1,356	1,721	1,773	19,011	17,527
Economy hotels	5,258	4,730	4,744	4,649	1,768	1,705	1,012	460	2,746	2,900	15,528	14,444
International head offices	954	1,058	1,370	1,370	366	383	753	764	658	719	4,101	4,294
Holding company - payroll employees	1,378	1,267	0	0	0	0	0	0	0	0	1,378	1,267
<b>Managed hotels - non-payroll employees</b>	<b>1,859</b>	<b>2,452</b>	<b>5,949</b>	<b>6,991</b>	<b>15,559</b>	<b>16,103</b>	<b>65,243</b>	<b>71,027</b>	<b>10,017</b>	<b>9,291</b>	<b>98,627</b>	<b>105,864</b>
Upscale luxury hotels	1,271	1,214	1,739	1,828	8,879	9,401	33,543	37,256	3,739	3,248	49,171	52,947
Midscale hotels	516	1,183	3,072	3,779	4,880	4,766	25,984	27,816	4,507	4,099	38,959	41,643
Economy hotels	72	55	1,138	1,384	1,800	1,936	5,716	5,948	1,771	1,944	10,497	11,267
International head offices	0	0	1,370	0	366	0	753	7	658	0	4,101	7
<b>TOTAL EMPLOYEES</b>	<b>17,212</b>	<b>16,517</b>	<b>22,224</b>	<b>22,599</b>	<b>20,851</b>	<b>21,419</b>	<b>68,640</b>	<b>73,662</b>	<b>16,633</b>	<b>16,302</b>	<b>145,560</b>	<b>150,499</b>
<b>Training</b>												
Total training hours	116,018	153,229	265,182	281,913	370,773	254,885	1,832,903	2,013,559	457,596	387,827	3,042,472	3,091,413
Number of employees having attended at least one training course	6,936	7,712	19,278	19,676	17,525	16,808	72,965	78,250	16,245	16,398	132,949	138,844
<b>Employee movements</b>												
New hires	8,225	6,688	9,298	9,500	7,073	7,347	32,088	36,577	9,835	8,506	66,519	68,618
Separations	10,093	11,059	8,704	9,354	5,853	7,113	29,104	33,148	7,316	6,526	61,070	67,200
Resignations	1,618	1,573	5,544	6,289	3,568	4,512	24,846	28,342	3,174	2,645	38,750	43,361
Terminations	914	1,081	1,482	1,532	789	973	2,318	2,692	3,406	3,490	8,909	9,768
Redundancy	22	48	66	125	50	82	108	52	22	6	268	313
<b>Promotions</b>												
Total number of promotions	402	N/A	1,097	N/A	1,037	N/A	5,310	N/A	1,103	N/A	8,949	N/A
of which promotions of non-managers to middle managers	242	N/A	125	N/A	156	N/A	982	N/A	218	N/A	1,723	N/A

	France	Europe (excluding France and Mediterranean)	Mediterranean, Middle East and Africa	Asia-Pacific	The Americas	Total 2016
<b>TOTAL EMPLOYEES FRHI* INCLUDED</b>	<b>17,413</b>	<b>25,023</b>	<b>29,622</b>	<b>82,457</b>	<b>38,634</b>	<b>193,149</b>
Training FRHI* included						
Number of employees having attended at least one training course	8,608	22,100	25,011	87,045	38,730	181,494
<b>Employee movements FRHI* included</b>						
New hires	7,080	10,497	9,517	39,181	15,123	81,398
Separations	11,454	10,422	9,484	35,965	12,790	80,115
Resignations	1,679	7,094	5,943	30,777	6,582	52,075
Terminations	1,128	1,617	1,464	2,914	4,266	11,389
Redundancy	48	138	199	65	28	478

\* FRHI hotels data will be consolidated in 2017. In 2016, based on 116 FRHI establishments that reported their data, global indicators are presented for information and transparency.


## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY INDICATORS

### Scopes of reporting

	Scope of reporting	2016	
		Owned, leased and managed hotels	Owned, leased, managed and franchised hotels
Total number of AccorHotels hotels in the consolidation scope		2,089	3,898
Number of hotels applying Planet 21 in Action		1,892	3,135
■ response rate		91%	80%
■ With restaurants		1,432	2,402
Number of hotels Water, Energy and Carbon		1,897	1,970
■ response rate		88%	88%

### Results for Bronze initiatives

	Scope of reporting	2016	
		Owned, leased and managed hotels	Owned, leased, managed and franchised hotels
Appoint a person in charge of Planet 21		99%	98%
Raise employees' awareness of the need to respect the Group's ethical values and rules		97%	95%
Raise employees' awareness of environmentally friendly practices for their jobs		98%	97%
By default, reuse the bed linen for stays of more than one night		99%	99%
Offer complimentary, eco-friendly products (soaps, shower gels, shampoos)		85%	87%

	Scope of reporting	2016	
		Owned, leased and managed hotels	Owned, leased, managed and franchised hotels
Display key communication indicators on Planet 21		98%	96%
Use eco-labeled cleaning products		98%	96%
Participate in the "Plant for the Planet" program		75%	62%
Deploy the child protection program WATCH		86%	85%
Ban endangered species of fish		98%	97%
Measure and analyze monthly water and energy consumption. Act in the event of drift		100%	98%
Comply with the water flow standard for all showerheads, faucets and toilets		94%	94%
Ensure that all wastewater is treated		98%	97%
Use energy-efficient bulbs		97%	97%
Sort and have your hazardous waste sorted using appropriate channels		96%	95%
Sort and recycle at least 2 types of waste: paper, glass, card or plastics		91%	92%

### Energy, carbon and water Indicators

Indicators	2015		2016		% change at comparable scope of reporting	
	Perf. owned, leased and managed hotels	Perf. owned, leased, managed and franchised hotels	Perf. owned, leased and managed hotels	Perf. owned, leased, managed and franchised hotels	Perf. owned, leased and managed hotels	Perf. owned, leased, managed and franchised hotels
<b>Energy and carbon footprint</b>						
Total energy used	4,063 GWh	NA	4,231 GWh	NA	(2.4)%	NA
Total CO <sub>2</sub> emission	1,727 thousand teq CO <sub>2</sub>	NA	1,859 thousand teq CO <sub>2</sub>	NA	(2.5)%	NA
Direct emissions	302 thousand teq CO <sub>2</sub>	NA	255 thousand teq CO <sub>2</sub>	NA	(1.9)%	NA
Indirect emissions	1,425 thousand teq CO <sub>2</sub>	NA	1,604 thousand teq CO <sub>2</sub>	NA	(2.6)%	NA
<b>Water</b>						
Total water use	33.0 million m <sup>3</sup>	NA	33.9 million m <sup>3</sup>	NA	(1.8)%	NA
<b>Local environmental impacts</b>						

## 2.10 INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

**Year ended on December 31<sup>st</sup>, 2016**

*This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the shareholders,

In our quality as an independent verifier, accredited by the COFRAC<sup>(1)</sup>, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Accor, we present our report on the consolidated social, environmental and societal information established for the year ended on the December 31<sup>st</sup>, 2016, presented in the management report, hereafter referred to as the "CSR Information" pursuant to the provisions of the article L. 225-102-1 of the French Commercial code (*Code de commerce*).

### RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company composed of the social reporting protocol, sustainable procurement reporting explanation sheets, Guidelines for the Planet 21 actions and sustainable development reporting protocol in their updated versions of 2016 (hereafter referred to as the "Criteria"), and of which a summary is included in paragraph 2.9.4 "Methodological review" of the management report.

### INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

### RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria;

Our verification work mobilized the skills of 6 people between July 2016 and the date of our report signature for an estimated duration of 14 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the limited assurance report, in accordance with the international standard ISAE 3000<sup>(2)</sup>.

(1) Scope available at [www.cofrac.fr](http://www.cofrac.fr)

(2) ISAE 3000 - Assurance engagements other than audits or reviews of historical information.



## I. ATTESTATION OF PRESENCE OF CSR INFORMATION

### Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L. 233-1 and the entities which it controls, as aligned with the meaning of the Article L. 233-3 of the French Commercial code (*Code de commerce*).

### Conclusion

Based on this work, we confirm the presence in the management report of the required CSR information.

## II. LIMITED ASSURANCE ON CSR INFORMATION

### Nature and scope of the work

We undertook 6 interviews with the people responsible for the preparation of the CSR Information in the different departments in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important<sup>(1)</sup>:

- At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative selection of entities that we selected<sup>(2)</sup>, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 19% of headcount, 14% of hotels for Planet 21 indicators and 14% of listed suppliers for sustainable procurement that were considered as representative characteristics of the environmental and social domains.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

#### (1) Social information:

Indicators (quantitative information): *headcount breakdown per sex and geographic zone; headcount out; hours of training; people trained; absenteeism; working accidents especially their frequency and severity.*

Qualitative information: *organization of social dialogue; review of collective agreements; implemented policies and measures in favor of equality between women and men; implemented policies and measures for employment and integration of disabled people; implemented policies and measures to fight discrimination.*

#### Environmental and societal information:

Indicators (quantitative information): *water consumption; energy consumption; significant greenhouse gas emissions generated as a result of the company's business, especially the use of produced goods and services; mandatory actions for Planet 21 in Action; number of listed suppliers and number of listed suppliers having signed the Group's Charter.*

Qualitative information: *the company's organization to take into account environmental issues; the environmental assessment approaches or certifications; actions taken for the prevention, recycling, other form of valorization and elimination of waste; actions taken against food waste; consideration of social and environmental issues in the procurement policy of the company; importance of subcontracting and addressing the social and environmental responsibility of suppliers.*

#### (2) Social: Saudi Arabia, Brazil, France, Georgia, Kazakhstan, Ukraine and Russia.

#### Environmental and societal information:

*For Planet 21 indicators: Argentina, Brazil, Colombia, Ecuador, Italy, Paraguay, Peru, Portugal, Uruguay, Spain and Switzerland*

*For sustainable procurement: Brazil, United Arab Emirates and Switzerland.*

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

## Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, March 15, 2017

*French original signed by:*

Independent Verifier

ERNST & YOUNG et Associés

Éric Duvaud

Partner, Sustainable Development

Bruno Perrin

Partner