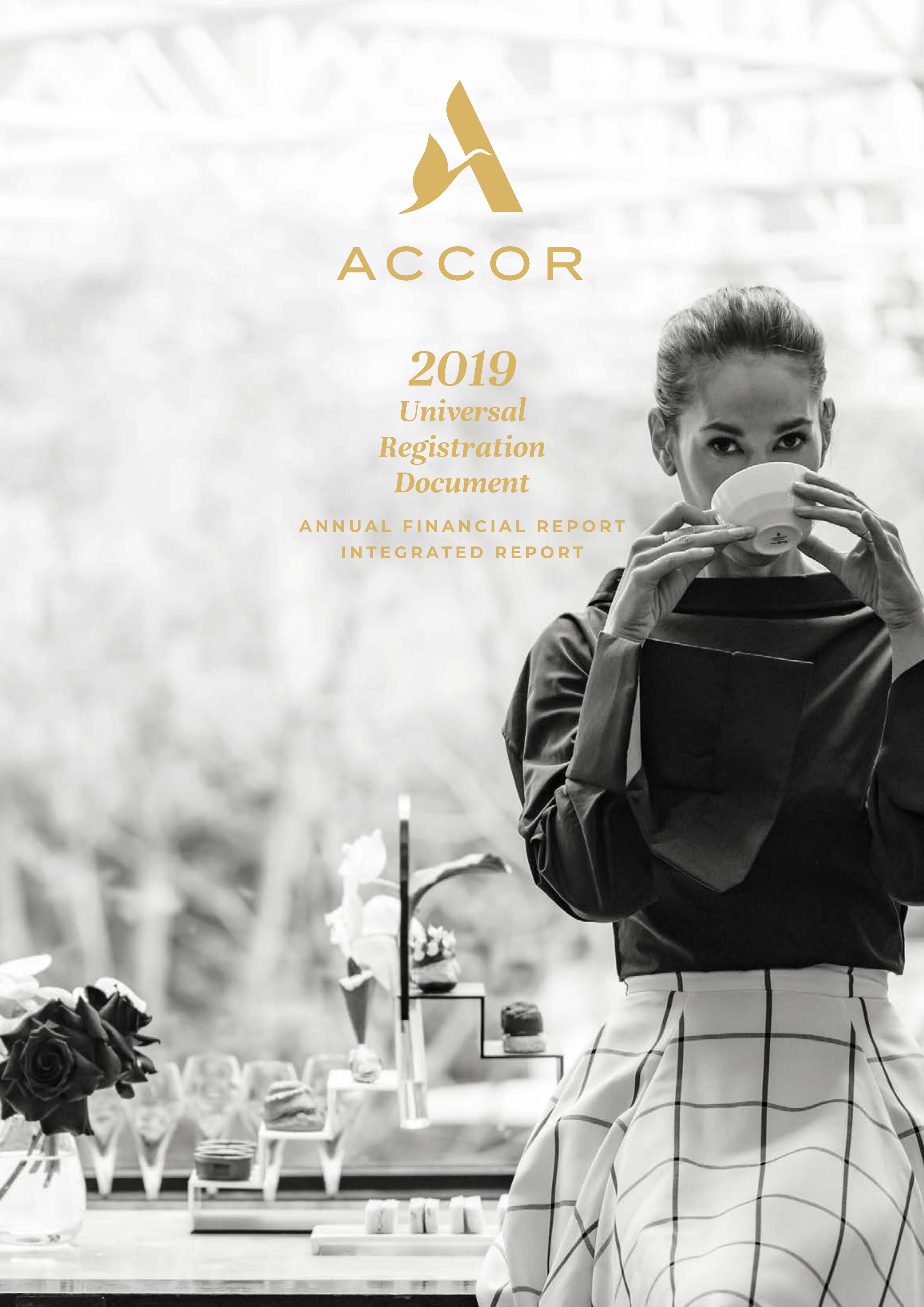
ACCOR

2019 Universal Registration Document

ANNUAL FINANCIAL REPORT

INTEGRATED REPORT



CONTENT

AFR Information disclosed in the Annual Financial Report is indicated in the contents by the pictogramm

2019 Universal Registration Document

ANNUAL FINANCIAL REPORT
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This Universal Registration Document has been filed on April 9, 2020 with the French Market Authority, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

We are much more than a world leader.
We are 300,000 women and men who put people at the heart of everything we do, always going the extra mile, driven by a relentless passion for service.

CONTENTS

Sébastien Bazin

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

MESSAGE FROM THE CHAIRMAN SÉBASTIEN BAZIN AND CEO

Guests, partners and employees are the driving force behind our growth and the Group's performance

As our Universal Registration Document goes to press, the world is witnessing an unprecedented health crisis. It has affected almost every country on the planet and is set to have major economic, political and social repercussionsl.

In just a few weeks, industries across the board, including hospitality, have shifted their strategic objectives from growth and business model optimization to crisis management and short- and medium-term impact reduction. For hospitality, the effects will be considerable. Our business is based on three fundamental principles: the free movement of people, economic growth, which favors business travel, and the development of leisure activities. Without them, we cannot grow.

At Accor, our first priority in the face of the severe crisis sweeping across the world was the health and safety of our employees and guests in our 5,000 hotels, in our subsidiaries and at our headquarters.

With that covered, we then had to manage the emergency while preparing for the recovery, ensuring business continuity and quickly adapting our organizations to protect jobs and resources, which will be precious once the crisis is over.

Despite today's climate of extreme uncertainty, and even though our business has been greatly affected, Accor remains on course and is holding up well. The Group turned a major page in its transformation in 2019. Our shift to an asset-light model is complete. We have redefined our profile, that of a global leader uniting 300,000 talented people and leveraging powerful brands and extremely efficient distribution and loyalty tools for the benefit of hotel owners and guests around the world.

Now with a simpler organization and model, we have the resources needed to stay the course and devote our considerable strengths – our people, our brands, our distribution tools and our sound financial position – to bouncing back.

The crisis has also highlighted the vigor and vitality of our values: the world over, our teams have shown extraordinary energy as they work to support disadvantaged communities, medical personnel and the authorities in their fight. In the Group's 100 host countries, we have contributed at our level to the outpouring of solidarity and mutual aid, and it is a great source of pride to see so much drive and commitment placed in the service of our communities.

This mindset was on display well before the crisis, manifesting itself in our daily efforts to advance our people and protect the planet, wherever we can make a real difference. We take action by promoting access to employment, reducing our environmental footprint and supporting the most vulnerable.

Over the last 50 years, our Group has weathered many storms, boldly and determinedly pushing ahead. Each time we have emerged stronger, drawing lessons from our trials. Today's crisis is major, global and unprecedented. But it will pass. And I firmly believe that our industry and our Group will return to a path of growth as we continue to reinvent ourselves.

Before letting you read about our ambitions and achievements in the pages that follow, I would like to thank you warmly for your trust.

Accor, the most diversified hotel group

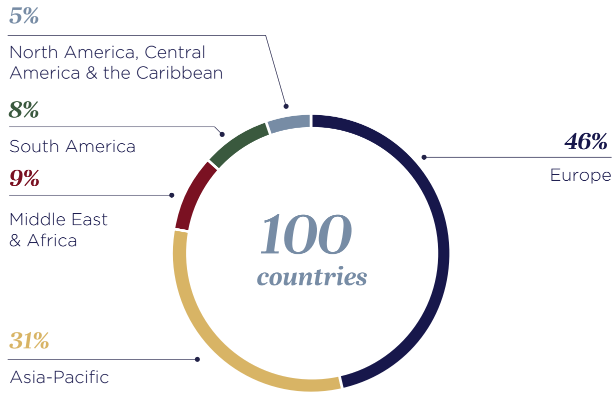
Accor, leading the way in augmented hospitality

Accor is a world-leading augmented hospitality group, offering unique and unmatched experiences in more than 5,000 hotels, resorts and residences across 100 countries. The Group has been providing hospitality expertise for more than 50 years through an unrivaled portfolio of brands, spanning from luxury to economy.

Beyond accommodation, Accor enables new ways to live, work, and play, blending food and beverage with nightlife, well-being and coworking within its brands. To boost its commercial performance, Accor has developed a range of business accelerators to drive the distribution and operations of its venues and enrich the experiences offered to guests, who also enjoy access to one of the world's most attractive lifestyle loyalty programs, ALL – Accor Live Limitless, unveiled in December 2019.

Accor is deeply committed to sustainable development, for the planet and local communities. Its Planet 21 – Acting Here program advocates positive hospitality, while the Accor Solidarity endowment fund gives disadvantaged groups access to employment by offering them vocational training.

Across all geographies
(as a % based on number of rooms)



Across all segments
(as a % based on number of rooms)

4.0
BILLION
IN REVENUE

5,036
HOTELS
IN THE NETWORK
(739,537 ROOMS)

No. 1
WORLDWIDE
EXCLUDING
THE UNITED STATES
AND CHINA

1,206
HOTELS
IN THE PIPELINE
(208,000 ROOMS)

5,000
exceptional private residences
across the world

10,000
restaurants and bars

300,000
committed men and women
giving life to the Accor brands

55%
of employees
under 35

82,000
new hires in 2019

ACTING HERE
Planet 21

A CSR program
in place for more
than 15 years,
worldwide,
across all brands
and in all hotels

450,000
direct and indirect
beneficiaries
of Accor Solidarity
in its ten years
of community outreach

Plant for the Planet,
a global agroforestry program
promoting ecological farming
30 countries,
7.2 million trees planted
in ten years

Our history

50 years of reinventing hospitality

From day one,
Paul Dubrule and Gérard Pélisson consistently
ought to reinvent the very notion of hospitality.
Going beyond the idea of just traveling,
they offered people new ways to live and enjoy life.
Our Group has always been on the cutting edge,
tirelessly expanding the very meaning of hospitality.
Today is the first page in a new chapter of this adventure:
by casting itself as the leader in augmented hospitality,
Accor is once again revolutionizing the industry.

The early days, with the Novotel Lille Lesquin

1967

Paul Dubrule and Gérard Pélisson grasped what no one else had anticipated: the post-war years were ushering in a new, more modern and faster-paced lifestyle offering the chance for travel. At a time when hotels were either family businesses or luxury establishments, our founders invented the modern, standardized hotel chain.

While the standards of the day required nothing more than a single shared bathroom per corridor, the Novotel Lille Lesquin revolutionized the industry by providing one in each room. And as the French started crisscrossing the country for work or on paid leave, Novotel offered them an office, a grill, a swimming pool and breakfast – all for the price of a hotel room.

Tirelessly reinventing hospitality

1960-1970

Accor invents economy and midscale hotels with the creation of France's leading brands in this market: Novotel, Ibis and Mercure.

1980

Accor enters the luxury sector with the acquisition of the iconic Sofitel chain.

Accor enters the managed food segment with the acquisition of Jacques Borel International.

Accor becomes a trailblazer in well-being with the creation of the Thalassa Spa brand.

1990

Accor makes a move into gourmet meals with the acquisition of renowned Parisian patisserie chain Lenôtre.

2000

Accor creates a brand to meet the need for individuality with MGallery, a collection of distinctive properties steeped in history.

2010

Accor meets the unique needs of businesses with the creation of Pullman, a premium brand for business travelers.

Accor confirms its global leadership in the world of luxury with the acquisition of Fairmont, Raffles and Swissôtel, and a partnership with Banyan Tree.

Accor steps up the pace of hyper-segmentation with such carefully selected brands as Jo & Joe, Mama Shelter, 25hours Hotels, The House of Originals, TRIBE and greet, as well as names synonymous with design including Hyde Hotels, Delano, SLS Hotels and Orient Express.

Accor embraces home sharing with the acquisition of onefinestay, the leader in luxury home rentals.

Accor reinvents office life by launching the Wojo coworking brand.

Accor accelerates the move into lifestyle & entertainment with the acquisition of sbe Entertainment Group and event specialists Paris Society and Potel & Chabot.

Making a positive impact

1970

Accor adopts its first Gender Equality at Work Charter, with the implementation of an action plan for women in the workplace.

1988

Accor is recognized for its "best environmental policy" based on its initial charter of 65 actions.

1994

Accor becomes the first CAC 40 company to create an Environment Department, recast as the Sustainable Development Department in 2000.

2006-2010

Accor creates Earth Check, the hospitality industry's premier sustainable development program.

2008

Accor sets up the Accor Solidarity endowment fund, tasked with fighting exclusion and empowering, training and protecting the most vulnerable people.

2009

Accor launches Plant for the Planet, a global agroforestry initiative to promote greener agriculture.

2012

Gender equality becomes a Group-wide objective with the launch of its Gender Equality Network, RiiSE.

2015

Accor seals a partnership with Energy Observer, a revolutionary catamaran embodying its support for the ecological transition.

2016-2020

Accor rolls out Planet 21 – Acting Here, a corporate social responsibility (CSR) strategy summed up in six commitments serving as an industry benchmark. In 2019, Accor signed a commitment letter with the SBTi, undertaking to develop a carbon trajectory compatible with the collective ambition of keeping global warming below 1.5°C.

Trends and challenges
in the hospitality industry

The tourism and travel industry is enjoying fast growth on all continents

AN INDUSTRY BOASTING SOUND FUNDAMENTALS

International tourism has grown continuously over the last 70 years, buoyed by a steady rise in the number of travelers and their spending, and a diversification of destinations around the world. While the occasional crisis has disrupted this trend in the past, the tourism industry has always made it through these periods of high uncertainty, which have had only a limited impact in the long run. One of the most dynamic business sectors, with growth of 4% [1] in 2019 on the heels of record growth of 7% [1] and 6% [1] in the prior two years, the tourism and travel industry represents 10.4% of global GDP, making it one of the biggest contributors to growth worldwide.

1 In number of international tourists.
2 Excluding the impact of Covid-19 in 2020.

Reflecting economic growth trends over the past decade, international tourism boasts very promising medium- and long-term prospects:

- 1.5 billion people traveled worldwide in 2019, up from 300 million in the 1980s;
- global traveler numbers are expected to hit nearly 2 billion in 2030; [2]
- the number of nights booked in the hotel industry climbed to 8.5 billion in 2019, compared with 7 billion in 2010 [1], and will reach some 10.5 billion in the coming years;
- tourism- and travel-related spending has been increasing by 5% per annum for eight years, and annualized growth is expected to amount to 4% until 2030; [2]
- Europe received 51% of international travelers.

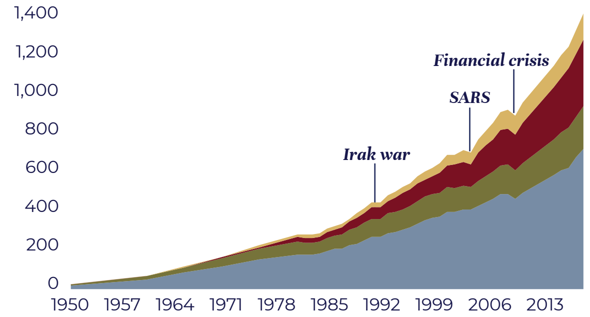
Growth in traveler numbers around the world, a major trend observed over the past ten years, is driven by a range of factors including the rise of the middle classes of emerging countries (roughly 3 billion people) and the more mobile younger generations, who share a passion for travel. But while rising living standards are a factor in the surge in international tourism, the trend has also been facilitated by open borders in a growing number of countries and by a wider variety of means of transportation (train, car, low-cost airlines, etc.), which are now easier to access (lower prices, internet, etc.).

An essential component of global tourism, China is the world's largest source market. Its contribution expands each year, with Chinese tourists spending almost twice as much as their American counterparts. And growth potential is considerable, as only 10% of Chinese citizens currently have passports, compared with 40% of Americans and 76% of the British. In 2019, 150 million Chinese nationals traveled abroad, disbursing nearly $280 billion, or one-fifth of global tourism spending. Over ten years, departures for stays outside China have more than tripled. The China Tourism Research Institute estimates that there will be 400 million Chinese tourists worldwide by 2030, making up half of the industry's global growth. As in previous years, Europe was the third most popular tourist destination for Chinese travelers in 2019, after Asia and the Pacific, which together account for 88% of Chinese tourism.

Europe receives almost 10% of Chinese tourists (80% on leisure stays), and France is the leading European destination, attracting 2.2 million Chinese tourists in 2019.

Moreover, domestic tourism is flourishing in Asia, particularly in China, India and Indonesia, where the number of international tourists is still below that of domestic tourists, implying enormous potential for growth in the coming years.

4% CAGR between now and 2030
2bn travelers by the same year[2]
(In millions)



Projected CAGR for global tourism and travel spending[1]

	2019-2022 CAGR
Western Europe	*+5%*
Eastern Europe	*+8%*
North America	*+5%*
Latam	*+5%*
Middle East	*+8%*
Africa	*+6%*
China	*+11%*
India	*+11%*
Rest of ASPAC	*+6%*

(1) World Travel & Tourism Council.
(2) Excluding the impact of the Covid-19 pandemic.

A MORE MUTED MACROECONOMIC CLIMATE IN 2019

The 4% rise in global tourism observed in 2019 far exceeded global economic growth of 2.4%, attesting to the strength of the industry's fundamentals. Tourism continued to enjoy significant growth in 2019, although the pace slowed in Asia-Pacific (+5% in 2019, vs. +7% in 2018) and Europe (+4% vs. +6%), as well as in Latin America, the North America, Central America & the Caribbean region and Africa (+4% vs. +9%). Only the Middle East saw an increase in the pace of growth in tourist numbers (+8%, vs. +3% in 2018), on the back of Saudi Arabia's drive to attract foreign tourists. The broad slowing of growth momentum can be attributed to a deterioration in market conditions in China as a result of trade tensions with the United States, which, combined with unrest in Hong Kong, had a significant impact on activity. Demand in Europe was penalized by the yellow vest protests in France, uncertainties surrounding Brexit in the United Kingdom and the dip in German exports due to unfavorable market conditions in China. The slowdown in Chinese tourism also impacted demand in Australia, which was additionally hit by very extensive bushfires penalizing the latter part of the year. In the Middle East and Africa, social unrest, pressure on oil prices and the situation in Yemen have clouded the region's economic outlook. Activity in Latin America deteriorated as well, especially in Argentina and Chile, while stagnation in Brazil put a hold on the impressive recovery seen in recent years. Against this backdrop, a number of industry players have disappeared, including Thomas Cook, Aigle Azur and XL Airways.

THE HEALTH CRISIS WILL SLOW ASIAN TOURISM IN 2020

While growth in tourism reflects global growth as a whole over the long term, the industry has frequently been exposed to security, geopolitical, environmental, health and many other types of crises and therefore does not always experience linear development over the short term. Since the beginning of the year, the Covid-19 pandemic in many regions has prompted governments to adopt exceptional measures in line with the risks to local populations, limiting public meetings, restricting people's movement and imposing lockdowns to curb the spread of the virus when the risk of large-scale contagion requires it. In close collaboration with its partners, the Group is vigilantly monitoring developments in its host regions and adapting its action plans in order to manage the consequences of such measures as effectively as possible for hotel employees and guests. While the magnitude of the pandemic and its ongoing spread around the world preclude any definitive assessment of the financial impact for the Group at this stage, the situation represents a very significant deterioration in Accor's operating environment and business. The context also makes it impossible to provide an industry outlook for 2020. However, the drop in the number of infections observed three months after the start of the outbreak in China gives some cause for hope that the pandemic will come to an end within a similar timeframe in affected economies – provided that they manage to contain the virus as effectively as China has done – but without it being possible to anticipate the strength of the recovery following the crisis.

History has shown that economic activity can bounce back swiftly following events of this scale. For this reason, even though 2020 will be significantly impacted by the pandemic, the Group is confident in the industry's resilience and strong fundamentals, which are built on essential needs and high aspirations.

For the time being, it is very hard to assess the extent of the repercussions of such a near-halt in economic activity in so many countries, given how many chain reactions there may be in the short term. Accor will naturally inform the market of the impact of the situation on its business on every necessary occasion, and when next reporting its revenue and earnings.

Independent hotels represent the vast majority of the global offer and very significant development potential for chains

In 2019, the global hotel industry represented a total of 29 million rooms, 42% of which operated by hotel chains.

Fully 58% of existing hotels worldwide are owned by independent operators, and therefore represent very significant development potential for chains.

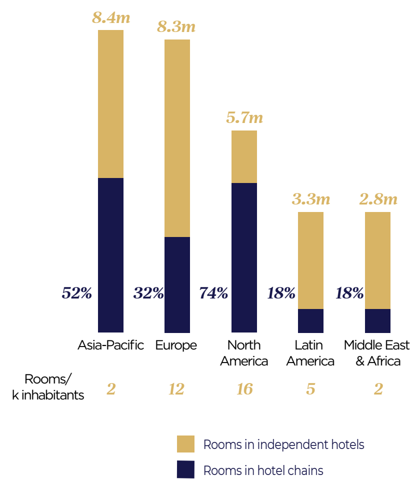
Accor is the most firmly established hotel group in Europe, Asia-Pacific, Latin America and the Middle East & Africa region.

In North America, where chains control 74% of the market, the Group is expanding in a targeted manner in high value-added segments.

In Europe, the Group's legacy market, where is has the highest volume of rooms (31%, as opposed to 20% in the United States), chains represent only 32% of the offer as a whole.

This high level of fragmentation in the global hotel market, in growing markets boasting tourist appeal, represents extremely strong development and growth potential for the years and decades to come.

Global hotel network still highly fragmented



The hospitality industry is undergoing profound changes and facing new forms of competition

CONSOLIDATION AMONG PLAYERS SEEKING ECONOMIES OF SCALE

In recent years, the hotel industry has entered a phase of consolidation initiated in large part by Chinese, American and European players. M&A strategies are designed to meet several core objectives:

- acquire new geographic growth drivers;
- deepen local hotel networks in fast-growing regions;
- enrich the brand portfolio, be present in new high value-added segments;
- capitalize on guest loyalty programs;
- leverage synergies and economies of scale;
- expand the range of services on offer;
- enhance the business model and corporate image.

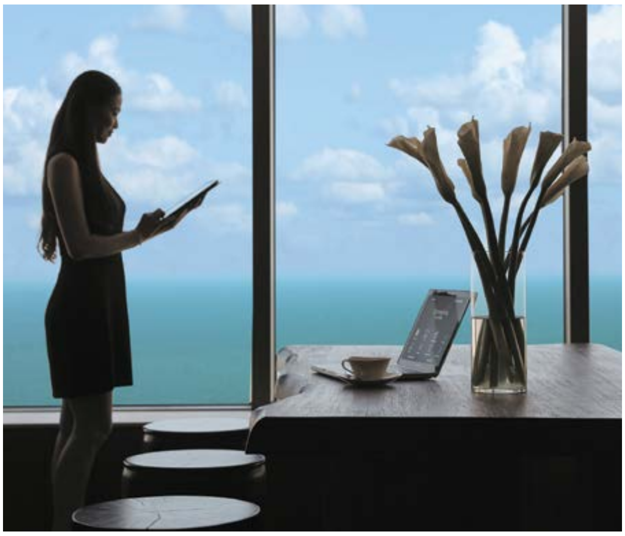
Consolidation helps hotel groups entrench their leadership by deepening their footprints and taking them into the most dynamic destinations. It also allows them to diversify their offerings by endowing their portfolios with new concepts and brands in the various segments, covering all aspirations, and providing guests unparalleled and personalized experiences. M&A also opens up new strategic avenues, fostering synergies and the sharing of best business practices, like loyalty programs reserving exclusive deals for club members.

DIGITAL TECHNOLOGY INTENSIFIES COMPETITION IN THE INDUSTRY

With this in mind, all players in the hospitality industry devote a great deal of time to technological intelligence to keep up with the latest innovations available. Their ability to effectively personalize the relationship with guests tomorrow, and to retain them over time, is hinged on their ability to **accelerate their digital transformation** today.

While people are the beating heart of the tourism industry, digital technology has paradoxically never been as ubiquitous as it is today, transforming the sector's competitive landscape and allowing operators to enrich their range of services.

In recent years, swathes of digital players have entered the hospitality market and gradually expanded their business models to take part of the value chain.

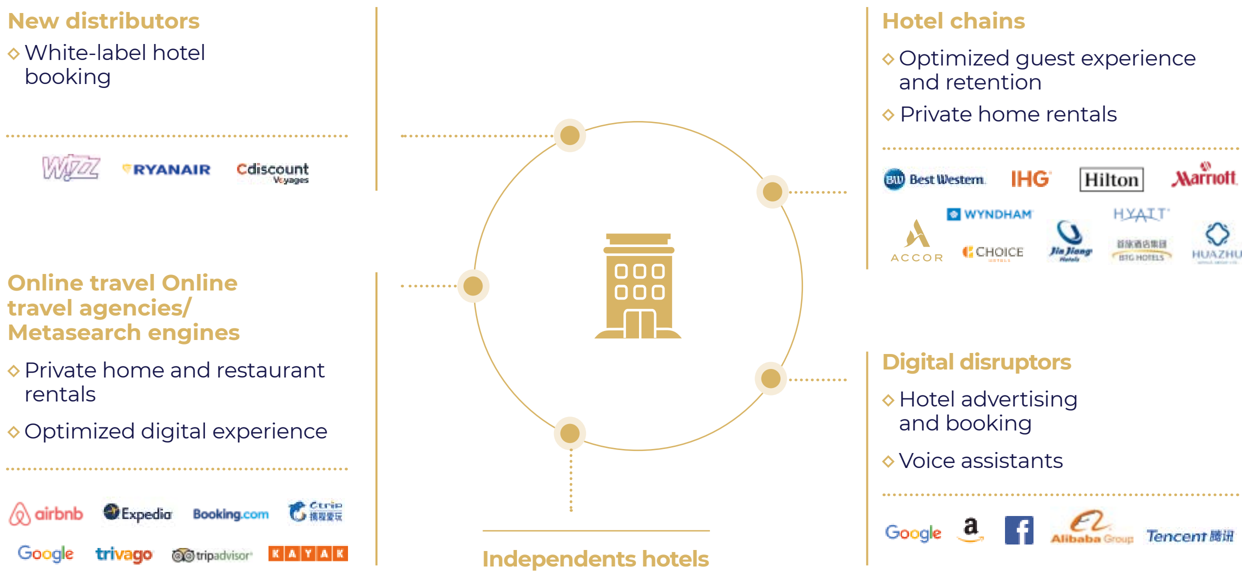


- **Intermediation by online travel agencies and metasearch engines**[1]. Digital players and a number of stakeholders in the sharing economy have carved out positions along the value chain as intermediaries between hotel operators and their guests. Focusing their resources on the research and booking stages, they are paid by hotel operators in exchange for the customers they bring them. Their technologies allow them to quickly collect a great deal of personal information about customers, grasp their consumption habits and offer them a wide choice corresponding to their profile, with an optimal browsing experience. Metasearch engines have a big impact on the competitive landscape and margins, not only for incumbents, but also for digital platforms by promoting the deals of the players offering the most generous compensation. Since expanding into hotel booking, most of the metasearch engines have been acquired by online travel agencies, eager to expand their model as well.
- **The emergence of private home rental platforms.** Other digital players offering rentals of private homes have also emerged over the last decade, providing customers with alternatives to conventional hotels. Operated by online platforms, these accommodation solutions compete with those of hotels, responding to new consumer aspirations for authenticity and sometimes including personalized services.
- **The emergence of digital disruptors**[2] **in the tourism industry.** Through their technological innovations, including the development of voice assistants, digital disruptors have penetrated the hospitality industry by promoting and distributing accommodation. As they entered the value chain, they came into direct competition with online travel agencies. This helped push down intermediation costs and allowed hotel operators to regain some independence.
- **Convergence of business models.** Given the wide variety of options now available, hotel operators and digital players have diversified their portfolios into private home rentals, while private home rental platforms have started listing hotels and developing luxury services. Diversification has in turn prompted a measure of convergence between models, and the emergence of powerful ecosystems that now integrate a wide choice of services designed to enrich the overall experience, and to keep guests coming back.
- **Dovetailing of distribution models and emergence of new distributors.** The line between bricks-and-mortar retail and e commerce platforms is becoming increasingly blurred, both being links in longer chains. Companies are also seeking to diversify their distribution to address a broader range of both individual and business customers. Building on the catalogues given to them by online travel agencies, some distribution platforms have also decided to expand their offering into the hotel industry by proposing white label accommodation.

INCUMBENTS HAVE NOT SAID THEIR LAST WORD, WITH ONGOING COMPETITION IN THE FIELD OF THE GUEST EXPERIENCE

Three main types of consolidated players stand out today, each one focused on strengthening the fundamentals of its model: loyalty, distribution or development. For incumbent hotel groups[3], competition is all about deciphering and anticipating guests' new aspirations. But key differentiators also include the strength of their brands and their ability to innovate and retain customers. For many years, travelers' chief aspirations have been choice, experience, comfort and personalization. They want to be pleasantly surprised by the service in their hotel, by its staff and by its setting. This puts the onus on hotel operators to work on the design, architecture, furniture, and food and beverage options of their venues. The experience offered to guests has become vital to standing out from the pack. Recently, online travel agencies have been hurt by Google's entry into the world of travel, including the rental of private accommodation.

The highly diverse competitive environment



1 Booking, Expedia, Airbnb et Ctrip.
2 Google, Amazon, Facebook, Apple, Alibaba et Tencent.
3 Accor, Marriott, Hilton, IHG, Wyndham, Choice, Best Western, Huazhu, Jin Jiang, BTH, OYO.

Global environmental and social challenges impacting the hospitality sector

Operating at the crossroads of many sectors ranging from hotels and restaurants to real estate, tourism and digital services, the hospitality industry is unique in that it faces a host of far-reaching environmental, social and societal challenges. Sustainability challenges can be divided along the following main lines:

Empowering communities

Accor's business has deep roots in its host regions. It can deepen them further by involving local communities in its development, as well as by protecting them from the excesses of large-scale tourism and by creating new touchpoints locally.

KEY CHALLENGES

Fight against exclusion, support for communities, fight against sexual exploitation, solidarity, protection of cultures and heritage.

Business integrity

As a major economic player, Accor operates in 100 countries, interacting with many established economic and public partners. It has been expanding its activities in the digital world for several years. An industry leader, it must consistently apply the highest ethical standards in its operations.

KEY CHALLENGES

Fight against corruption and conflicts of interest, protection of personal data.

Caring for people

Accor is a people-centric group in a highly labor-intensive business (tourism accounts for one job in ten worldwide). It has a responsibility to take care of the people whose work is the foundation of its business and to contribute to their development. This applies not only to its employees, but also to all the people working right across the value chain.

KEY CHALLENGES

Decent work, inclusion, diversity, well-being, development of individuals.

Accor has also identified the main ethical and CSR risks that its activities entail for its stakeholders. They are described in section 2 of the 2019 Universal Registration Document, alongside the measures implemented by the Group to prevent them or mitigate their consequences.

Promoting sustainable food

Accor derives one-third of its business volume from food and beverage. In its own way, it is one of the world's largest restaurant chains. This gives it a responsibility in fostering a more sustainable food system.

KEY CHALLENGES

Fight against food waste, healthy and high-quality food, environmentally friendly farming practices, protection of biodiversity.

Reducing the environmental footprint

The hotel industry has many global and local environmental impacts. Accor is aware of its responsibility to implement solutions and technologies that limit or even neutralize these effects.

KEY CHALLENGES

Carbon, water, waste, pollution (air, water and sea).

A business model

designed to deliver augmented hospitality

In line with the industry developments described above, and extending the actions carried out for several years, Accor has continued to optimize its business model in order to sustain earnings growth and boost value creation.

A stronger value-creation model featuring numerous growth drivers

Accor's business model is unique in the travel industry. Operating 5,036 hotels in 100 countries, the Group is the leader everywhere in the world other than the United States and China.

Boasting unique expertise in hotel operations and high value-added services, Accor has the market's most comprehensive portfolio of brands, all segments combined, and builds its success on the customer experience.

The experiences offered to travelers match the vision of augmented hospitality that the Group has been developing for three years, now based on a comprehensive ecosystem and backed up by a promise: ALL – Accor Live Limitless.

Accessible via a single platform, the ALL ecosystem combines the full range of offers from the Group and its partners. Its aim is to increase touchpoints with customers as a means of inspiring lasting loyalty to the products and services it offers.

Promoting customer loyalty is an opportunity for Accor to get to know its guests better and to align its offers as closely as possible with their individual expectations.

At the same time, the volume of personal and commercial data used by Accor means that it is increasingly required to secure its technological and distribution capacities by establishing partnerships that speed up its technological development and bring competitive advantages. This in turn makes for faster growth in footfall generated for hotel operators attentive to the level of fees invoiced, and faster analysis of commercial and financial data from hotels.

A pillar of the Group's growth, the loyalty of its customers increases its attractiveness for its hotel and business partners. It supports its organic development, but also the appeal of its brands and the growth of its fees, and helps attract the most value-creating business partners.

Armed with these tools and a simplified model generating greater cash flows, capable of deleveraging and making acquisitions or forming partnerships to enrich it, Accor now has the means matching its strategic and financial ambitions, without compromising its social, environmental and societal commitments.

RESOURCES AND ASSETS IN THE VARIOUS PARTS OF THE MODEL

HUMAN CAPITAL
highly diverse and inclusive
- ~19,000 employees in head offices, 200,000 in hotels, 80,000 in restaurants
- Expertise in Talent & Culture, Procurement, Marketing, Design, Sustainable Development, F&B
- Corporate culture breeding innovation

BUSINESS CAPITAL
augmented hospitality ecosystem
- 250 million customers and 64 million cardholders
- Recognized expertise in hotel development and management
- 39 brands spanning all segments, diversified distribution channels
  - A broader range of hotel and service businesses: Mama Shelter, sbe, Mantis, Rixos, Atton, Adagio, Risma, 25hours, Orient Express, Banyan Tree/ ResDiary, D-Edge, VeryChic, Gekko, Adoria, OFS, John Paul, Wojo, Paris Society, Potel & Chabot
- A new lifestyle loyalty program: ALL – Accor Live Limitless
  - 80 partnerships, including with PSG, IMG, AEG, Visa, Grab, Alibaba and Air France

ASSET-LIGHT NETWORK
leadership in Europe and emerging regions
- 5,036 managed & franchised hotels, 4% of which owned or leased
- 5,000 private residences and 10,000 bars and restaurants
- 14,000 travel agencies (18,000 agents) and 700 concierges

FINANCIAL CAPITAL
- Optimized balance sheet and sound financial structure (net debt/EBITDA 1.6x)
- Investment grade BBB- credit rating

4 strategic drivers
to maximize the value created by the Accor model

- *Generate traffic and foster loyalty*
- *Accelerate growth*
- *Optimize the model*
- *Promote positive hospitality*

Augmented hospitality

LIVE/WORK/PLAY
for a unique customer experience

LOCAL COMMUNITIES AND NATURAL ENVIRONMENTS

Natural resources
~0.5Mt of food**
~45M cu.m of water**
5.3Mt of CO2 emitted
Use of renewable or non-renewable materials
Green spaces

Local communities
Economic fabric
Workforce
Heritage
Authentic tourist experiences

ACCOR LIVE LIMITLESS
80 business partners[5]

GLOBAL DIGITAL ECOSYSTEM
enhancing Accor's attractiveness and the loyalty program's profitability

HOTEL OWNERS[1]
on whose behalf Accor operates hotels

Real estate capital
5,036 hotels
740,000 rooms
100 countries

Human capital
~300,000 employees worldwide

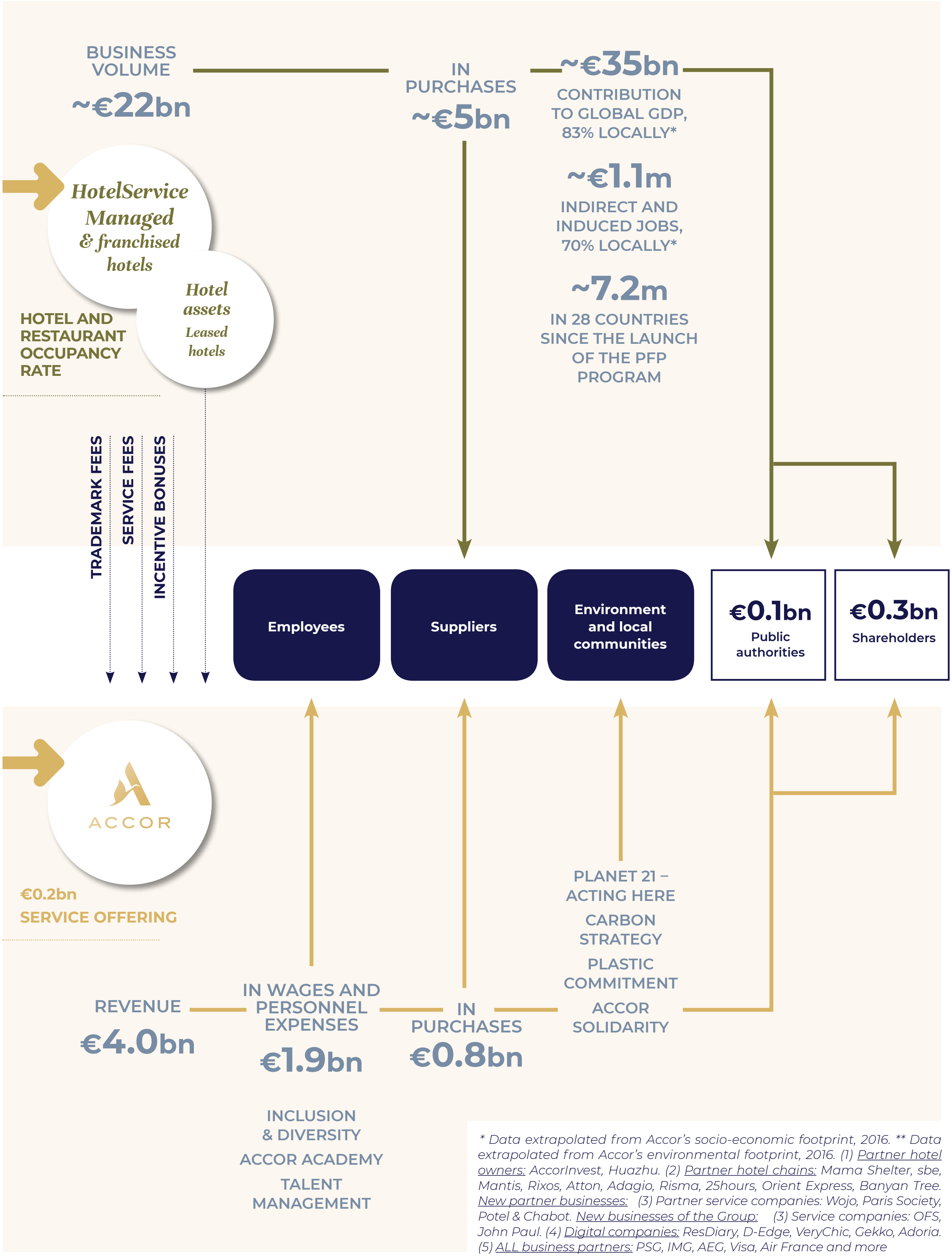
HOSPITALITY SERVICES OFFERING
expanding the catalogue of brands and services for hotel owners and guests

Hotel chains [2]

New businesses
Service companies [3]
Digital companies [4]

NGOs and purpose-driven companies

SHARED VALUE-CREATION WITH OUR STAKEHOLDERS



** Data extrapolated from Accor's socio-economic footprint, 2016. ** Data extrapolated from Accor's environmental footprint, 2016. (1) Partner hotel owners: AccorInvest, Huazhu. (2) Partner hotel chains: Mama Shelter, sbe, Mantis, Rixos, Atton, Adagio, Risma, 25hours, Orient Express, Banyan Tree. New partner businesses: (3) Partner service companies: Wojo, Paris Society, Potel & Chabot. New businesses of the Group: (3) Service companies: OFS, John Paul. (4) Digital companies: ResDiary, D-Edge, VeryChic, Gekko, Adoria. (5) ALL business partners: PSG, IMG, AEG, Visa, Air France and more*

Accor, a global ecosystem of augmented hospitality services

Accor has chosen to structure its core business around the concept of augmented hospitality, reflecting a sophisticated vision of hospitality and bespoke services designed to provide guests and local residents with unique experiences.

An organization and brand portfolio designed to deliver augmented hospitality

AUGMENTED HOSPITALITY, A DEFINING VOCATION FOR THE GROUP

Augmented hospitality means anticipating a customer's every need. Whether in organizing upscale events, delivering personalized services, creating unique experiences or offering digital solutions, Accor's aim is to open new pathways in travel and the discovery of new ways to live thanks to activities forming the categories "Live", "Work", and "Play".

These three areas of development are rounded out by an entity known as Business Accelerators intended for its real estate and business part-ners, resulting in the following new brand architecture:

- **Live**, with the Group's 39 hotel brands, and a determination to have hotels that do not confine their focus on the stays of guests, but which also strive to cater to the daily needs of local communities;
- **Work**, bringing the Group's coworking offers center stage;
- **Play**, with the entertainment services offered by Accor, notably through Potel & Chabot, Paris Society, sbe and the thousands of res-taurants and bars in its hotels around the world;
- **Business Accelerators**, combining D-Edge, Gekko, ResDiary, VeryChic and other brands, whose role is to amplify the perfor-mance and capacities of hotel owners and Group partners alike, while putting a special focus on customer needs.

Classic		Collections	Lifestyle	Resorts	Extended stay
RAFFLES	mantra	ORIENT EXPRESS	DELANO	BANYAN TREE	onefinestay
Fairmont	NOVOTEL	SOFITEL LEGEND	SLS	RIXOS	THE SEBEL
SOFITEL	Mercure	THE HOUSE OF ORIGINALS	SO/	ANGSANA	adagio
pullman	BreakFree	mantis	MONDRIAN		
swissôtel	ibis	M GALLERY	25h twenty five hours hotels		
MÖVENPICK	ibis STYLES	21c	HYDE		
GRAND MERCURE	ibis budget	Art Series	MAMA SHELTER		
PEPPERS	hotelF1		TRIBE		
			greet		
			JO&JOE		

Travailler	Vibrer	Distribution	Experience	Operations
WOJO	DISRUPTIVE GROUP	d-edge	JOHN PAUL	adoria
MAMAWORKS	POTEL & CHABOT	GEKKO		ASTORE
	PARIS SOCIETY	VERYCHIC		
		ResDiary		

A MODEL UNDERPINNED BY THREE COMPLEMENTARY OPERATING DIVISIONS AND A COMPLETELY REDE-SIGNED LOYALTY PROGRAM

Accor's business model is founded on a wide range of accommodation in hotels and private residences offered to travelers and travel professionals, together with coworking spaces and countless services. It is based on three complementary strategic segments with distinct trends:

DIVISION

HotelServices

Combining the hotels operated under management and franchise agreements, together with the corporate functions operated by the holding company.

DIVISION

New Businesses

Which has been expanded over the last five years to enhance the Group's expertise and diversify its ecosystem of hospitality services.

DIVISION

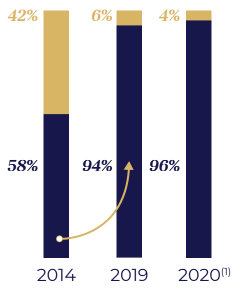
Hotel Assets

Housing owned and leased hotels, mainly in Australia and Brazil.

Hotel management and franchise activities

Under its various banners, Accor operates 4,787 privately owned hotels under management and franchise contracts. In 2019, these hotels, which are housed in the HotelServices division, accounted for 96% of the Group's hotel network.

Accor, a more asset-light Group
(as a % based on number of rooms)



(1) After disposal of Orbis assets and Mövenpick leased assets.

The Group covers operating costs for the services it provides to hotel owners (personnel and other expenses – IT infrastructure, distribution and marketing costs, CRM, etc.), and in return receives fees breaking down into three types:

- a trademark fee as a percentage of the hotel's revenue;
- additional sales and marketing fees, distribution and loyalty fees, IT fees, etc.;
- for managed hotels only, an incentive bonus based on the EBITDAR generated by the hotel. This rewards Accor's sound management of the hotel on behalf of the owner.

At the same time, the hotels operated by the Group incur operating costs to welcome travelers in the best possible conditions and offer them high-quality services meeting the specifications defined with Accor (wages and personnel expenses, and operating expenses including food, energy and sanitation, maintenance and upkeep services, equipment and furniture).

Strong local roots

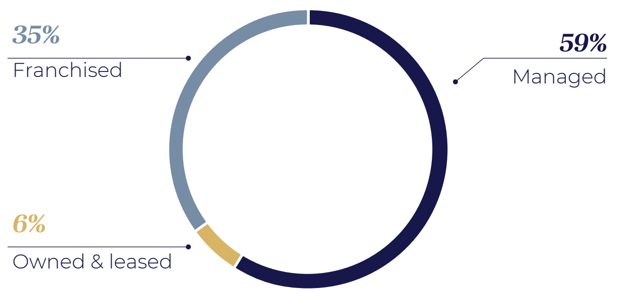
The Group's hotels call on the resources provided by local communities and the natural environments in which they are located. This comes in the form of the workforce needed to operate the hotel, the economic ecosystem used to support its value chain, and raw materials, including food, water and energy, which are key to providing a quality hotel service to guests.

They also owe much to the regional culture and heritage, which constitute the well from which visitors can draw an endless source of authentic tourist experiences.

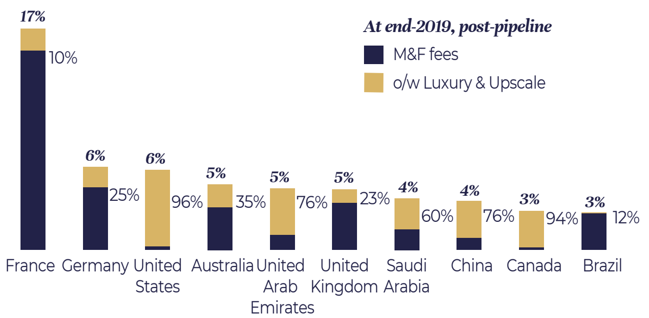
The hotels in turn support their host communities by fostering the training and integration of local populations, by using businesses in the local economic ecosystem to meet their supply and service needs, and by promoting locations as tourist destinations.

They generate economic benefits and create jobs for local communities by sharing their profits with hotel owners, local authorities and public services in the form of taxes and duties, and by leading outreach and environmental projects with positive local impacts.

Group profile
(as a % based on number of rooms)



The top 10 countries account for 60% of Management & Franchise fees
Luxury & Upscale represents 42% of the top 10 countries



A highly diversified partnership ecosystem

To benefit from the best expertise, and expand its business model relevantly and efficiently, Accor regularly acquires and builds partnerships with companies whose core businesses are those in which it aims to grow and enrich its ecosystem.

The chosen partners are either:

PROPERTY OWNERS
on whose behalf Accor operates hotels, and with which it develops its network

CHAINS OF HOTELS
with attractive brands or hotels that the Group wishes to offer in its catalogue

SERVICE COMPANIES
that can enrich the range of solutions offered by its ecosystem

DIGITAL COMPANIES
that can help it optimize its distribution by diversifying it and making it more visible and efficient

NGOS, NON-PROFITS AND PURPOSE-DRIVEN COMPANIES
that assist Accor in implementing its CSR programs

BUSINESS PARTNERS
to increase global awareness of the Group and its brands, and the attractiveness of the loyalty program thanks to a wider range of benefits

ACCOR

Hotel Assets division

The remaining 6 % of the hotels in the portfolio still operated by Accor are part of the Hotel Assets division, which had 29,000 rooms at the end of 2019. Dating from the Mantra acquisition (7,000 rooms), these hotels are mainly in Australia, as well as in Brazil where they are operated under variable lease contracts indexed to a percentage of EBITDAR.

This division also includes three businesses in Asia-Pacific: AccorPlus (discount card program), Accor Vacation Club (timeshare business) and Strata (room distribution and management of common areas).

Targeted service activities, diversifying the Group's business model

Recent acquisitions have brought Accor new distribution channels (Gekko, VeryChic, ResDiary, D-Edge), new services (John Paul, Adoria) and new spaces for guests to stay, play and work (onefinestay, Wojo). These companies are now helping to drive the Group's augmented hospitality strategy aimed at improving the customer experience by imagining new products and services to round out the hotel stay. Acquisitions save Accor time in relation to its competitors, and keep it at the forefront of innovation. Expertise, especially in digital technology, acquired in customer relations improves not only the entire customer journey, but also the quality of the experiences that the Group offers.

With the diversification of such services, Accor can now multiply touchpoints with its guests to create a more personalized relationship, making data central to its analyses so as to create value for its customers and partners.

Finalization of the asset-light model

In 2019, Accor put the finishing touches on its asset-light model by completing several strategic disposals for its network.

- It organized the sale of its subsidiary Orbis, and with it the hotels it gave the Group in Central Europe, for a net amount of €730 million, without relinquishing the operating contracts.
- It sold 5.2% of the capital of AccorInvest to shareholders keen to increase their stakes, on top of the sale of 64.8% in 2018. This sale, which raised €199 million, leaves Accor holding 30% of AccorInvest, which is the lock-up level the Group undertook to maintain until May 2023 at the time of the AccorInvest spin-off in 2018.
- Following the acquisition of the Mövenpick chain in 2018, Accor entered into a sale and management-back agreement with private investment fund HR Group for 16 leased hotels in Germany, Switzerland and the Netherlands, which the Group will manage for 20 years.
- The Group sold nearly 4,9% of the capital of Huazhu Group Limited to lock in the return on its investment, whose value has been multiplied by 4.5 since the establishment of the two groups' partnership in January 2016, for €405 million. The sale does not call into question the partnership established with Huazhu, which to date has seen the opening of 200 economy and midscale hotels in China. A further 250 openings are planned over the coming three years.

A new unifying and value-creating loyalty program

A global digital portal combining the entire Accor offer

Accor aims to invent travel for tomorrow's world and to embrace all lifestyles by standing alongside its customers in their daily lives and pas-sions. But customer expectations have changed dramatically in terms of loyalty. People want greater ease of use, more practical and immediate benefits and heightened customization, plus an ecosystem that goes well beyond just hotels.

In response, the Group has developed ALL – Accor Live Limitless, a new loyalty program to spearhead its new business strategy, accessible to any customer from a single mobile app opening the doors to the entire Accor universe. A veritable showcase of augmented hospitality dedicated to mobility, accommodation, travel and entertainment, ALL aims to transform venues into vibrant hubs combining hotels, leisure, catering, sport, meetings, coworking and entertainment to satisfy travelers in their every desire.

ALL also offers members the possibility of redeeming their loyalty points with many program partners, including a long list of players in the travel industry, such as Air France, Qatar Airways, Hertz, Europcar and Paris Aéroport, and from the world of entertainment, such as PSG, IMG (an American sporting, events and food giant) and AEG (a show and concert organizer). But the list does not stop there. Members can additionally use the program with start-ups like valet parking specialist Ector, car parks or other bespoke services. And to round out the offer, ALL has curated a collection of bookable events, sightseeing tours, private sales and countless other benefits in tune with members' passions.

A strategic initiative for Accor, ALL is designed to allow the Group to rapidly increase its sales and secure an increasing part of its revenue by lifting both the number of customers holding loyalty cards and their contribution to revenue by ensuring that everyone is inspired to use it in their daily lives. ALL has accordingly eased Accor through the fundamental transition to more emotion and experience, and recast its entire loyalty promise.

ALL takes up a range of essential challenges:

- loyalty and direct distribution;
- increased number of touchpoints with customers and footfall growth;
- greater frequency of use of the ecosystem and member upgrades through an architecture enriched with new statuses.

A drawing card to attract new partners, drive growth in footfall and boost loyalty

To generate traffic within the ALL loyalty program and increase its attractiveness to its members, Accor established several major partnerships with international players in the fields of mobility and finance at the end of 2019. They aim not only to extend the range of benefits, but also to generate more footfall and in turn greater revenue for the Group. Examples include:

- A partnership with Alibaba improving the consumer and traveler experience through the development of a range of digital applications and loyalty programs aimed at offering Chinese customers (nearly 700 million) better access to Accor's international offerings through the extensive Alibaba ecosystem.
- A partnership with Grab allowing its members to use their GrabRewards points within the 39 Accor hotel banners, and ALL members to enjoy easier access to the benefits of GrabRewards, the biggest loyalty program in Southeast Asia, which rewards its users for their daily purchases through a wide range of services, from ride-hailing and delivery services to digital payments.
- A partnership with Visa with a view to creating an ALL-Visa payment card that ALL members will be able to use for their everyday purchases.

On top of bringing in members of loyalty programs to generate additional revenue for Accor, these partnerships should also significantly boost benefits and rewards for ALL members, the only way of sustainably increasing their engagement within the program.

Accor, a group committed to its people and its communities

The commitment of its people has allowed Accor to grow strongly over the last 50 years and to become a global leader in the hotel industry. Accor's 300,000 employees are central to its daily operations in all their diversity. Hospitality is synonymous with a human touch, and that is why the Group's people are its most valuable asset.

WE ARE HEARTIST®

HEART

Everything we do comes from the heart

\+ ARTIST

We are experts in what we do

=

HEARTIST®

Diversity

55%

of employees are **under 35**

Skills development

800

in-house instructors certified by **Accor Academy**

92%

of employees trained in 2019

ACCOR'S COMMITMENT TO ITS PEOPLE – THE NEW "BE LIMITLESS" EMPLOYER PROMISE

The Accor culture calls on every employee to be a "heartist", that is, to do everything from the heart and to excel in their every endeavor. It leaves them scope to serve guests with generosity, inventiveness, freedom and efficiency. In 2019, Accor redefined its employer promise:

"Be Limitless. Do what you love.
Care for the world.
Dare to challenge the status quo!"

The “Be Limitless” employer promise brings with it a new framework for the organization and improvements to programs already existing within the Group. It is built on the following four pillars:

- ***Come as you are***

The Group aims to be an inclusive company and to welcome everyone, embracing the wealth of their differences.

- ***Work with purpose***

Accor wishes to give everyone the opportunity to show their personal commitment by participating in its positive hospitality programs, and by acting for sustainable development for the environment and local communities.

- ***Grow, learn and enjoy***

Accor aims to be an international school par excellence, where everyone can leverage training and career plans tailored to their ambitions and passions to develop their expertise in hospitality and lifestyle services.

- ***Explore limitless possibilities***

For Accor, hospitality extends far beyond the walls of its hotels. The Group creates lifestyle experiences that set new trends. Hotels, restaurants, coworking spaces, night clubs, spas and start-ups at the cutting edge of technology are all part of the Accor universe offered to its employees, with no fewer than 44 brands for living, working and playing.

ACCOR’S COMMITMENT TO ITS COMMUNITIES, AND IN SUPPORT OF ETHICS

Throughout the world, Accor operates in line with its ethical values, often demanding more than prevailing local laws. In the direct sphere of its activities, as with its guests, suppliers and partners, Accor is committed to defending human rights, fighting corruption and protecting the privacy of customers.

The Ethics & CSR Charter is the cornerstone of this commitment. It structures the Group’s responsibilities and informs its environmental, social and societal policies.

Accor’s CSR strategy, Planet 21 – Acting Here is built around four objectives and two priorities chosen in direct response to the social, environmental and societal challenges identified by the Group. This strategy is part of Accor’s contribution to the United Nations Sustainable Development Goals (SDGs).

UN SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION
5 GENDER EQUALITY

Being an inclusive company and guaranteeing the well-being of employees. This goal is reflected in the Group’s “Be Limitless” promise as an employer.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Involving guests in leveraging the positive effects of the Group’s actions and the actions of its hotels and its employees. Accor aims to provide its guests with an increasingly responsible hotel experience while inviting them to act alongside it.

8 DECENT WORK AND ECONOMIC GROWTH

Sealing a long-lasting relationship with partners, including suppliers and the hotel owners and independent hotels associated with the Group. Preserving its reputation means extending its social, societal and environmental commitments with its partners so that the entire hospitality value chain can benefit from them.

11 SUSTAINABLE CITIES AND COMMUNITIES
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Acting with local communities so that mobilization does not stop at the hotel door.

Lastly, the lessons learned from the Group’s environmental footprint are clear: two of its strategic priorities, developing the real-estate holdings that it operates under its brands and developing its food and beverage business, are also the chief levers for reducing its environmental impact. Naturally, Accor is paying particular attention to these two specific challenges, which it hopes to address fully by 2020:

UN SUSTAINABLE DEVELOPMENT GOALS

2 ZERO HUNGER
14 LIFE BELOW WATER

Offering guests healthy and sustainable food, while eliminating food waste.

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION

Supporting hotels through the energy transition by focusing on carbon-neutral buildings.

Planet 21 – Acting Here is guiding the company’s efforts through the 2016-2020 period. Each of the thrusts of the roadmap is broken down into specific objectives for 2020, reviewed each year and whose outcomes are described on pages 137 to 142.

Accor, a resolutely innovative group

The hotel industry is changing rapidly, and is one of those feeling the biggest impact from the arrival of digital players. As the pace of innovation accelerates, Accor is seeking to be more agile in anticipating customer needs and spearheading developments in its market. In 50 years, the Group has considerably extended its geographic footprint and built a larger and more complementary brand portfolio. It has also strengthened its distribution and loyalty capabilities.

HEIGHTENED DIGITAL CAPABILITIES, FOCUSED ON BENEFITS FOR CUSTOMERS AND PARTNERS

The rise of online booking platforms, the immediate expression of feedback by guests and the emergence of new practices have changed the game in the hotel industry. To reinvent digital hospitality, Accor recently embarked on numerous digital innovation projects with a view to developing new services dedicated to its customers, partners and employees:

- **offering customers consummate digital experiences** in order to get to know, welcome and serve them better, and in that way building loyalty to Accor brands;
- **strengthening customer knowledge for an increasingly personalized welcome**: trust is central to customer relationships, particularly in an industry where the appreciation of the quality of the experience stems from individual perceptions rather than objective data about the service;
- **simplifying and streamlining the customer experience** regardless of the channel used, with electronic online payment solutions, online check-in and fast check-out;
- **assisting travelers in their daily needs** with a new **ALL – Accor Live Limitless** lifestyle loyalty program and app giving them access to a comprehensive, simple and attractive digital ecosystem;
- **monitoring customer comments**. Before booking a hotel room, 95% of travelers check out the online reviews, which are now generally seen as a leading booking trigger.

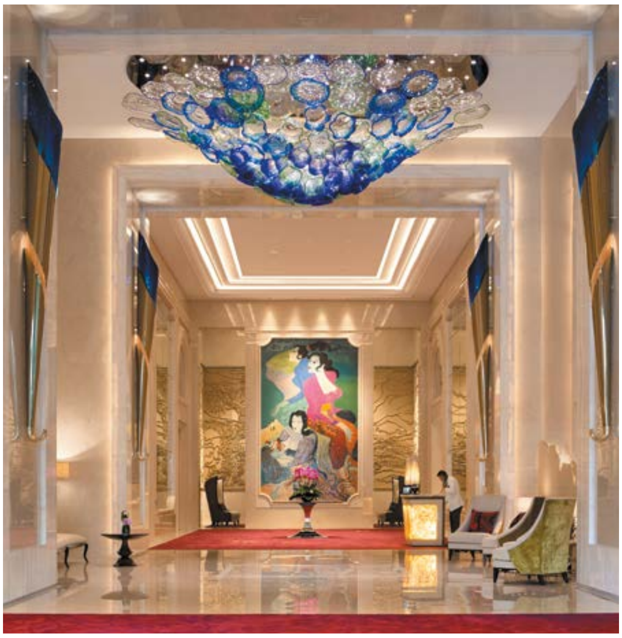
On average, 1 review is published every 15 seconds: this online feedback offers a unique opportunity to build customer knowledge and effectively improve the services offered to guests by listening to them.

Accor also seeks to make life easier for its hotel partners, and to strengthen its relationship with them by offering them high-quality and efficient information and reporting tools aligned with their needs:

- **increasing their revenues effectively and helping them to control their costs** thanks to comprehensive Dynamic Pricing and Revenue Management solutions;
- **offering a dedicated portal including personalized information and services**, as well as an optimized and automated billing process;
- **enhancing hotel operators' reputations** through online content and satisfaction surveys conducted with guests, as a means of understanding what they like and responding more effectively to their requests and suggestions;
- **increasing the agility, power and stability of IT systems** to bring new services to market more quickly, guarantee customers a seamless journey and keep pace with rising transaction volumes.

"TARS", Accor's distribution system, records 1.7 reservations per second and has logged more than 400 million bookings since its implementation in 1986.

- **optimizing the use of databases**, which can be analyzed to improve hotels and guarantee customers quality, bespoke service. Assembled on a large industrial-scale platform (ACDC), the data collected in hotels can be used by Accor as part of a predictive ap-proach, providing fact-based decision-making assistance.
- **offering innovative digital solutions for businesses (MICE & BtoB)**, in particular the booking of seminar spaces, enhanced with BtoB services.



OPEN INNOVATION, AN INTERNAL DRIVER FOR THE HOSPITALITY OF TOMORROW

To successfully open up to new uses, new generations, new professions and new activities, Accor seeks to create more value and stimulate the creativity of its teams through open innovation embracing all driving forces of progress, both internal and external. The Group sees anticipating change and constantly evolving as the keys to meeting the needs of its customers, employees and partners.

Accor's innovation ecosystem is designed to support and perpetuate value creation. To that end, the Group monitors and analyzes trends in its areas of business, always placing customers and partners at the heart of its thinking.

The purpose of the ecosystem is to:

- stimulate internal innovation, notably through "intrapreneurship" and mentoring programs;
- create new brands and new hotel concepts such as greet, JO & JOE, Le Loft, Flying Nest, etc.;
- acquire existing brands to penetrate new business sectors and new markets;
- develop the activity of its Business Accelerators;
- forge strong links with attractive partners around the world.

A stimulating innovation ecosystem

Accor's innovation ecosystem spans its entire organization, and calls on five main contributors:

Innovation Lab	*Disruption & Growth*	*Marketing, Digital & E-Commerce*	*Talent & Culture*	*Hotels*
observation of trends, support for the Group's transformation thanks to TechStars (accelerator for start-ups and intrapreneurship), events and partnerships (including with Viva Technology)	identification of growth opportunities in new high-potential business areas, support for start-ups and innovative partnerships	innovation in customer relationships, concepts and new experiences, with emphasis on customization, artificial intelligence and interactivity with customers and partners	talent identification and promotion, managerial and cultural transformation for multidisciplinary teams	implementation of transformation and testing of Group innovations.

Partnerships with start-ups

Accor also establishes innovation partnerships with external players in places where hospitality and technology meet, joining forces with them in endeavors that can be used to maximize their growth in its ecosystem. To identify new projects and test concepts that enhance the customer experience, Accor has adopted a co-development and co-creation approach with many start-ups, allowing it to anticipate changes, adapt more agilely and speed up transformation.

Start-ups are true strategic assets for Accor. They bring new life to its thinking and allow it to benefit from innovative skills and know-how. Since 2016, a dozen new businesses have taken their place within the Group. These start-ups are listed on an open innovation platform called Startup Flow, accessible to the entire organization.

800+ users
1,100+ start-ups met
60+ projects being rolled out

Co-innovate alongside the leaders of tomorrow

While start-ups and tech partners allow Accor to imagine the experiences that will spur tomorrow's hospitality, its people nonetheless remain the essence of its wealth. That is why the Group establishes key partnerships with top schools worldwide, in order to consolidate its attractiveness among higher education students, future leaders in the world of hospitality, and to benefit from their new and innovative vision.

With a network of more than 300 partner business and hotel management schools and universities in its various host countries, Accor organizes an annual challenge for students aimed at encouraging and promoting its open innovation approach. For seven years, the Group's teams have thrown down the gauntlet to students from all over the world in the global "TakeOff" challenge, a veritable springboard for the most creative among them. The event attracts more than 500 entrants each year, challenging them to find new solutions in a range of strategic areas, such as the loyalty program, F&B services, or the commitment of customers and employees to sustainable development.

Loosen the constraints on work to make it more agile and more cooperative

Accor also fosters new management and collaboration methods to decompartmentalize and deconstrain, and to abolish traditional power dynamics in favor of flowing relationships.

The Group's aim is to shake up habits, disrupt entrenched ways of thinking and unleash the creative potential of employees by offering them a stimulating work environment, training them in innovative work methods, and making action plans more collaborative.

To imagine and create unique human experiences, whether for customers, partners or employees, Accor has embraced a creative process that puts people first and draws on experiments in the field (feedback from employees in the Hotel Labs), shunning preconceptions in order to act faster and better.

Strategy
and objectives

As described above, Accor can now call on a long list of value-creation mechanisms, making it highly agile and helping it maximize growth.

By leveraging its chief assets – its brands, its network, its hotel development and management expertise, its distribution capacities, its new loyalty program, and its product and technology innovations – the Group is sustainably improving its financial and non-financial performance.

A business model addressing four fundamental strategic challenges

The ecosystem that Accor has built up in recent years is reflected in a business model that intimately links value-creation mechanisms with multiple partners, hotel operators, non-hotel players and business, making them essential stakeholders.

As an asset-light group, Accor seeks above all to maximize revenue on hotel assets on behalf of their owners, drawing on its portfolio of brands and the extensive range of services and benefits developed for its customers (entertainment, food & beverage, shows, fine dining, bespoke services, etc.) and its hotel partners (financial services, marketing, digital/IT, HR, purchasing, distribution, loyalty, etc.).

Accor also federates partners whose purpose is to broaden its service offerings or its brand portfolio, and to enrich the benefits of its new lifestyle loyalty program so as to boost its commercial appeal and retention power, and improve awareness of its offers.

Whatever the prism through which the Group's business model is seen, the ecosystem has been designed to meet the following fundamental and highly strategic growth challenges:

Generate traffic and foster loyalty

Accelerate growth

Optimize the model

Promote positive hospitality

Augmented hospitality

CLIENTS

A BUSINESS MODEL ADDRESSING FOUR FUNDAMENTAL STRATEGIC CHALLENGES

ALL ACCOR LIVE LIMITLESS

80 business partners [5]

GLOBAL DIGITAL ECOSYSTEM

enhancing Accor's attractiveness and the loyalty program's profitability

HOTEL OWNERS[1]

on whose behalf Accor operates hotels

Real estate capital

5,036 hotels

740,000 rooms

100 countries

Human capital

~300,000 employees worldwide

HOSPITALITY SERVICES OFFERING

expanding the catalogue of brands and services for hotel owners and guests

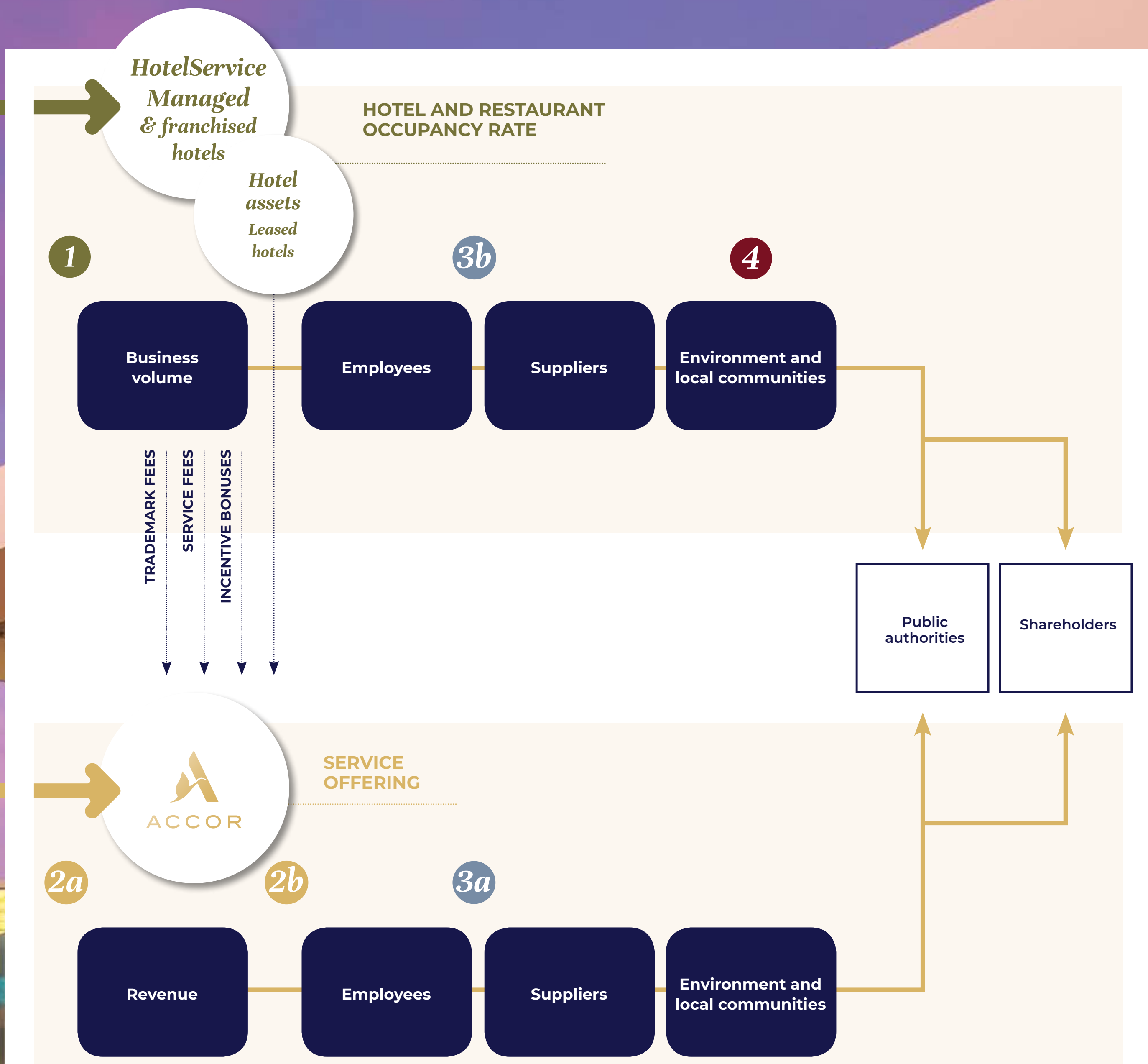
Hotel chains [2]

New businesses

1 Service companies[3]

2 Digital companies[4]

NGOs and purpose-driven companies



1 *Generate traffic and foster loyalty*

2 *Accelerate growth*

3 *Optimize the model*

4 *Promote positive hospitality*

(1) Partner hotel owners: AccorInvest, Huazhu. (2) Partner hotel chains: Mama Shelter, sbe, Mantis, Rixos, Atton, Adagio, Risma, 25hours, Orient Express, Banyan Tree. New partner businesses: (3) Partner service companies: Wojo, Paris Society, Potel & Chabot. New businesses of the Group: (3) Service companies: OFS, John Paul. (4) Digital companies: ResDiary, D-Edge, VeryChic, Gekko, Adoria. (5) ALL business partners: PSG, IMG, AEG, Visa, Air France and more

Generate traffic and foster loyalty

The emergence of digital players has accustomed guests to new services and new offers, sparking profound changes in their expectations. Once merely functional and practical, needs now extend into the areas of emotion and experience. Delivering the best value for money is obviously essential, but is no longer enough, as guests today are looking to satisfy other more deeply seated needs [1]:

Choice and offers

ACCOR'S RESPONSE

Augmented hospitality, or how to extend offers for guests to cover both a wider variety of accommodation (new brands and new concepts such as lifestyle, resorts, youth hostels and private homes); a new ecosystem of solutions spanning the entire tourism value chain (food and beverage, entertainment and leisure, transportation, ticketing, specialized distribution sites, etc.), built up through acquisitions and partnerships.

Personalization

ACCOR'S RESPONSE

Technological, harnessing the power of big data and artificial intelligence to better grasp and anticipate guests' needs (the ACDC[1] project, for instance), but at the same time profoundly human, transforming our management methods to encourage individual initiative aimed at giving guests a tailor-made experience throughout their stay (Heartist® program).

Fluidity and security

ACCOR'S RESPONSE

Continuous improvement of the security and robustness of reservation systems and the browsing experience on the distribution website, especially for mobile applications (in all.accor.com); capacity to switch seamlessly between digital and physical experiences, with reception counters at Ibis replaced by check-in on mobile tools.

Meaning and unique experiences

ACCOR'S RESPONSE

Iconic partnerships (IMG, AEG, PSG, Visa, Grab, Accor Arena) and new premium statuses (Diamond and Limitless) for experiences that money can't buy; an ecosystem to facilitate access to local activities, especially those that convey genuine authenticity or even a sense of satisfaction (through a community-oriented or environmental dimension); a redesigned loyalty program to increase the sense of belonging and more fully reward brand loyalty.

1 *Accor Customer Digital Card.*

ACCOR'S RESPONSE

Launched in December 2019, ALL – Accor Live Limitless, Accor's new lifestyle loyalty program, is the cornerstone of the conquest, attractiveness and loyalty approach implemented by the Group for its customers and partners. The long list of advantages available thanks to the ALL partnerships, and the extremely wide range of hospitality services on offer, are ways for ALL to win new customers and promote their loyalty on a lasting basis. The program's challenges are as simple as they are essential to the Group's future growth:

- meet the mobility and hospitality needs of as many travelers, workers and local residents as possible by offering them the widest possible range of attractive services and benefits;
- give people the urge to find out more about other Group offers regardless of their point of entry into the ecosystem, thanks to a single portal ensuring seamless browsing and nudges;
- get to know each customer through a personalized direct relationship, as a means of retaining them over time;
- forge partnerships that provide even more benefits and rewards for members, and so generate additional footfall and revenue (e.g., Eurostar, Air France, Grab, Alibaba, Visa, etc.), notably through partner loyalty programs.

In an asset-light model where **brands are a company's chief strength**, it is vital to invest in this intangible asset to unlock its full potential. This increases brand equity, grows hotel RevPAR by heightening brand appeal, and facilitates the development of the network by offering compelling brands to owners.

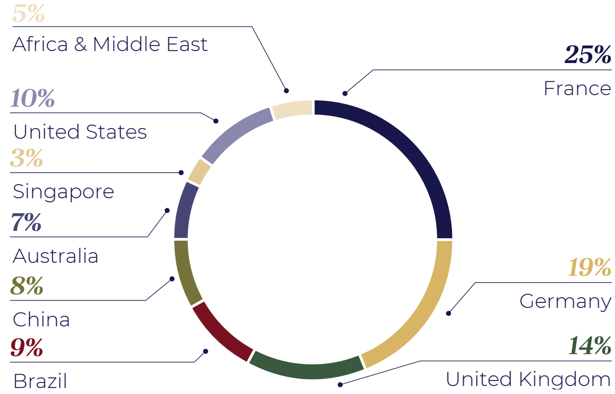
ACCOR'S RESPONSE

An extended brand portfolio; in-depth work on the brands' positioning and value propositions, especially in their sustainability dimension to match the growing aspiration of consumers for purpose-driven brands contributing to society.

Significant marketing investments are made to boost the international awareness, visibility, appeal and impact of the brands, especially the ones creating the most value, through targeted advertising campaigns and partnerships with front-ranking players worldwide. Fully 90% of the Group's marketing spend goes to seven global brands (Raffles, Fairmont, Sofitel, Pullman, Mercure, Novotel and Ibis).

Marketing spend by brand

Marketing spend by country



Accelerate growth

The development of the hotel network (2a) has a decisive influence on Accor's revenue growth.

There are traditionally two sources of leverage:

- **network growth,** either organically or through acquisitions;
- **increase in the fee/room ratio,** favoring more profitable segments (luxury, lifestyle, resorts, etc.), and amplifying the profitability of the hotel's floor space through concepts and solutions that generate more cash (such as restaurants) or new services that improve the performance of under-used and low-yield areas...

ACCOR'S RESPONSE

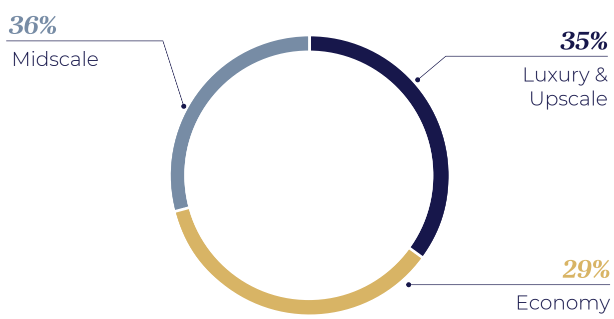
Doubling of **organic growth** in five years, ensuring greater **density and visibility** for the Group's network in key destinations, especially the **emerging countries**, where growth is stronger; strategy covering **all segments**, especially the **most profitable** (luxury, lifestyle, resort, etc.); **acquisition of hotel networks** strengthening **regional leadership and the brand portfolio** (FRHI, Mövenpick, Mantra, Atton, sbe Entertainment Group, BHG, etc.); **acquisition of new services, including digital ones**, offering hotels innovative solutions to **increase sales and reduce expenses** (e.g., ResDiary, Adoria, VeryChic, Gekko, D-Edge, AccorLocal for local services, etc.), optimize the **profitability of their floor space** (One Park for car parks, coworking solutions with Wojo, intrapreneurship projects or support for start-ups, etc.); expansion in **food and beverage** to develop restaurant concepts that are more attractive to guests and better suited to the local environment, with menus more in tune with customers' expectations, i.e., quality, healthy products, smaller choice but showcasing local and sustainable products.

Growing Lifestyle segment

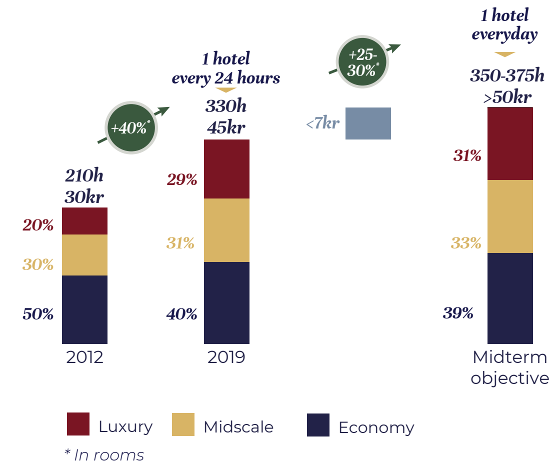
Network	**Pipeline**
50 hotels	80 hotels
10,000 rooms	14,000 rooms

SLS MONDRIAN HYDE JO&JOE 25h twenty five hours hotels TRIBE SO/ MAMA SHELTER greet

Increasing Luxury pipeline
in rooms



Acceleration of the pace of expansion



* In rooms

With this strategy, Accor aims to **consolidate its leading positions** in the regions and segments in which it operates, **accelerate its expansion in fast-growing regions**, such as China, thanks to Huazhu[1], and penetrate the American market in a targeted way through appropriate acquisitions in terms of brands and segments.

The intensification of development involves careful work on the pipeline to increase the number of hotels in the network, as well as their quality, which leads to higher fees per room.

Accor boasts the best conversion rate in the sector, reflecting its stellar ability to complete its opening projects, primarily in the most profitable segments, as well as in the midscale and economy segments so as to maintain a balanced brand portfolio.

Higher fee generation from openings

2019	Post-2020[2]
Run rate of €1.2k per room	*Run rate of €1.6k per room*

Another growth driver is to **increase the number of touchpoints** 2b to expand the ecosystem around hospitality. The idea is both to increase the frequency of interaction with guests and to generate growth drivers unrelated to hotel fees.

ACCOR'S RESPONSE

In addition to the acquisitions mentioned above in "New Businesses", those of Potel & Chabot, Paris Society and sbe to develop a new line of entertainment services; the AccorLocal project to turn local residents – and not just travelers and workers – into guests; the open innovation strategy to detect and test pilot projects or invest in the most promising start-ups; an enhanced partnership policy to generate commissions on sales made online on the digital platform.

Other than network growth, hotel acquisitions, services and partnerships, which are all opportunities for Accor to **expand its playing field and its range of offers**, the Group has also appropriated part of the value chain by acquiring reservation platforms giving it access to new customer groups.

ACCOR'S RESPONSE

The more numerous and diverse the opportunities for contacting customers, the better are Accor's chances of coming into contact with new targets and attracting new customers. The various channels not only bring new business to Accor, they also bring new customers and make them aware of its ecosystem.

One last growth driver, already mentioned above, is **loyalty**; its purpose is to sustainably increase the number of customers and to secure revenue.

1 *World Travel & Tourism Council (WTTC).*
2 *Following the Covid-19 pandemic.*

Optimize the model

For Accor 3a, the aim is to adapt the cost structure to the organization of the asset-light model, and to identify the key resources needed to meet the challenges of tomorrow.

ACCOR'S RESPONSE

A transformation plan has been implemented within the head office and regional offices to streamline the Group's organization. It has also been rolled out in Europe, with the aim of adjusting resources to identified needs.

For hotels and their owners 3b, the challenge is to make the hotel management model Accor brings them more efficient and more profitable by offering solutions to reduce operating expenses, by improving service quality and by increasing employee engagement and the attractiveness of the employer brand to reduce employee turnover.

ACCOR'S RESPONSE

The Heartist® project and the new employer promise, to usher in new talent management and training tools and processes and thereby elevate the role of employees; team motivation via outreach projects and the development of new inclusion-based recruitment channels; a new purchasing platform and a revised preferred supplier policy – including the goal of increasing sales volumes through partnerships – to reduce procurement costs; programs to reduce food waste, energy consumption, water and laundry; improvements to design and technique tools and processes, as well as to brand standard practices, to make them more flexible and less expensive to implement.

Promote positive hospitality

Accor can make a positive contribution to society in two big ways 4: by developing and connecting people, and by creating environmentally friendly hospitality experiences. But its overriding belief is that its activities must be developed with the greatest integrity.

ACCOR'S RESPONSE

Its Ethics & CSR Charter, applicable in all hotels and all Group activities; Planet 21, Accor's sustainable development program; the diversity and inclusion program; Accor Solidarity, the endowment fund to fight exclusion; compliance policy and tools (for details, see section 2 "Corporate responsibility").

Its swift progress on several objectives of its Planet 21 – Acting Here program (see page 137) has prompted Accor to review its ambitions in terms of corporate responsibility ahead of the 2020 deadline. The work will enable it to draw up a new CSR strategy that maximizes the potential for action of its new asset-light model and which provides the best possible response to the expectations of public opinion, the requirements of local and government authorities and growing pressure from a number of customers and investors.

Without waiting for the launch of its new strategy, Accor unveiled a set of new targets at the end of 2019:

- Accor has signed up to the Science Based Targets initiative to define a carbon trajectory compatible with the Paris Agreement objec-tive of limiting global warming to 1.5°C. With a view to achieving carbon neutrality by 2050, Accor has laid out this trajectory on the basis of a roadmap combining an internal shift in favor of a low-carbon culture in all of the Group's businesses with partnerships with energy experts to improve the energy efficiency of buildings, the use of renewable energy supplies and carbon offsetting. The details of the roadmap are set out on page 176.
- In January 2020, Accor announced its commitment to removing all single-use plastic items featuring in the customer experience from its hotels by the end of 2022. On top of the elimination of all plastic straws, stirrers and cotton swabs already promised for the end of 2019, the new Accor Group commitment includes:
  - the elimination of individual toiletries and cups made of plastic by the end of 2020;
  - the removal of all other single-use plastic items in rooms, meeting rooms, restaurants and relaxation areas (spas, fitness rooms, etc.) by the end of 2022.

Accor has also pledged to join the Global Tourism Plastics Initiative, spearheaded by the United Nations Environment Programme and the World Tourism Organization, in partnership with the Ellen MacArthur Foundation. The details of the commitment are set out on page 162.

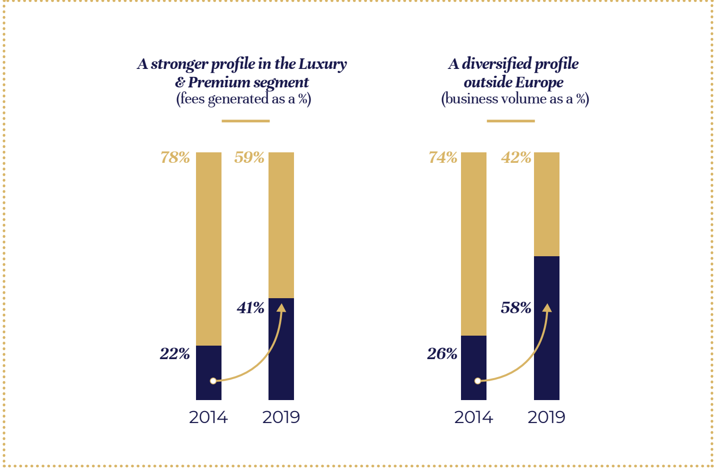
Landmarks illustrating the Accor strategy in 2019

	Generate traffic and foster loyalty	*Accelerate growth*		*Optimize the model*		*Promote positive hospitality*
		DEVELOP	MULTIPLY	ACCOR	HOTELS	
CROSS-CUTTING PROJECTS						
Commitment with the Science Based Targets initiative to define a carbon trajectory compatible with the Paris Agreement objective of limiting global warming to 1.5°C (cf. 2.7.3)						X
Commitment to phase out single-use plastics by 2022 (cf. 2.5.1.1)						X
Launch of the "Be Limitless" employer brand (cf. 2.3.2.1)				X	X	X
Integration of the Mantra and Mövenpick hotel chains (cf. page 45)				X	X	
BRANDS						
Launch of the new customer promise embodied by the ALL – Accor Live Limitless lifestyle loyalty program, combining distribution platforms and a new loyalty program (cf. 1.5.2)	X		X			
Acquisition of a 40.6% stake in the capital of Ken Group, an operator of upscale sports clubs in Paris (cf. 1.4.5)	X		X			
Launch of the new TRIBE lifestyle brand in the midscale segment (cf. 1.4.3)	X	X				
Launch by sbe of The House of Originals, its international lifestyle brand in the luxury and premium segment (cf. 1.4.3)	X	X				
Launch of the greet brand, centered on the circular economy and a second chance for people, places and objects (cf. 1.4.3)	X	X				X
PARTNERSHIPS						
Partnerships between Accor and AEG, IMG and the Paris Saint-Germain football club making ALL PSG's main partner and official jersey sponsor (cf. 1.5.2)	X		X			
Partnership between Accor and Air France-KLM allowing Flying Blue and ALL loyalty program members to earn Miles and Points simultaneously (cf. 1.5.2)	X		X			
Strategic partnership between Accor and Alibaba for the development of a range of digital apps and loyalty programs enhancing the consumer and traveler experience (cf. 1.5.2)	X		X			
Strategic partnership between D-Edge and dailypoint for the implementation of a solution allowing hotels to manage the entire customer journey and improve their sales through personalized and efficient management of customer data (cf. 1.5.2)	X				X	
Strengthening of the international partnership between Accor and AEG allowing ALL members to redeem their loyalty points for VIP tickets for festivals, concerts and sporting events operated by AEG (cf. 1.5.2)	X		X			
Partnership between Accor and Saber to develop the first technological platform dedicated to the hotel industry, combining a comprehensive suite of hotel asset management services with central booking tools (cf. 1.5.2)					X	
Partnership between Accor and Grab allowing their respective members to access the 39 Accor hotel banners and the very wide range of GrabRewards services (cf. 1.5.2)	X		X			
International partnership between Accor and Visa allowing ALL members to use the new ALL-Visa card for their everyday purchases (cf. 1.5.2)	X		X			
DISPOSALS						
Agreement on the **sale of 5.2% of the capital of AccorInvest** for approximately €200 million (cf. 1.3.1)				X	X	
Acquisition of 33.15% of the capital of Orbis for €339 million, then takeover of the Orbis hotel services activity for €286 million and **sale of Orbis real estate operations for €1.06 billion** (cf. 1.3.1)				X	X	
Agreement on the **sale of 5% of the capital of Huazhu Group Limited** for €1.06 million (cf. 1.3.1)				X	X	
Sale and management-back agreement with private investment fund HR Group to restructure a portfolio of 16 leased Mövenpick hotels located in Germany, Switzerland and the Netherlands (cf. 1.3.1)				X	X	

A more profitable and value-creating model, serving the Group's ambition of bringing EBITDA to €1.2 billion by 2022

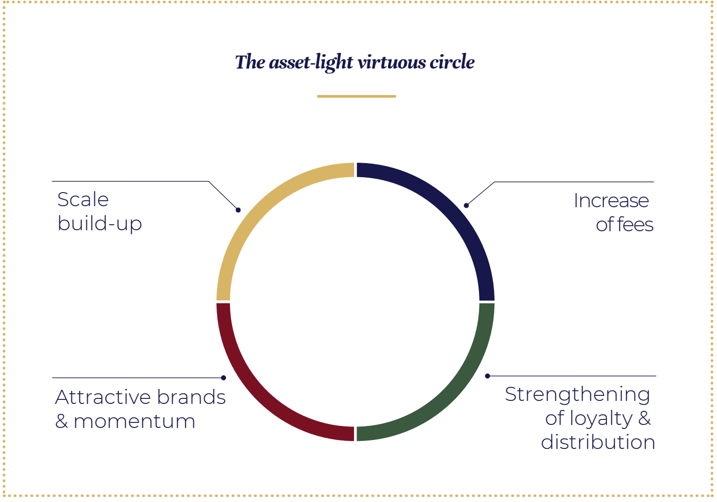
Its new model has made Accor more agile and innovative, and extended its core business. The Group now has a resilient operating profile, based on four defining strategic pillars that sustain its earnings growth.

Accor's transformation in 2018 has profoundly changed the nature of its revenue and its geographic footprint. Its revenue consists mainly of fees received from franchised and managed hotels, which accounted for 92.7% of consolidated EBITDA in 2019. The weight of the various geographies and segments in Accor's revenue and earnings has also been rebalanced in favor of emerging countries and the luxury/premium segment, which offer compelling growth and value-creation potential.



Going forward, the increase in the Group's earnings will be much more sensitive to its organic development and external growth, as any new hotel, even unprofitable, will bring in new fees. It will also be much more sensitive to customer satisfaction, measured on both the quality of each individual relationship and on the experiences offered. The Group's earnings will also be sensitive to the appeal of its brands, its offers and its loyalty program.

With a wide range of offers and services, Accor has secured the means to become the market's most attractive hospitality service provider. The Group will now continue to strengthen its distribution and fine-tune its loyalty systems, while steadily expanding its portfolio of brands and offers to satisfy an ever-increasing range of expectations.



IMPACTS OF THE NEW MODEL ON THE GROUP'S EBITDA AND MARGIN IN 2019

With the asset disposals carried out in recent years, Accor's asset-light model has sharply refocused its revenue on fees billed to franchised and managed hotels. The transformation also left its cost structure considerably leaner, improving its profitability in the process. With hotel overheads removed from the equation, the Management & Franchise activity generates a growing EBITDA margin representing 74.5% of fees collected in 2019.

Smaller in absolute terms than before the Group's transformation, EBITDA stands at €825 million at the end of 2019. Demonstrating the resilience of its new operating profile, Accor has given itself the means to ensure its growth in the coming years.

21% annual EBITDA growth between 2016 and 2019

(1) Restated amounts in application of IFRS 5.

GOAL OF DOUBLING EBITDA TO €1.2 BILLION BY 2022

As indicated in the first section of the Integrated Report, 2020 business will be significantly impacted by the Covid-19 pandemic, whose consequences on the Group's earnings are as yet impossible to assess.

However, Accor firmly believes in the industry's ability to bounce back, as has always been observed following crises of similar scales in the past.

For this reason, provided that the pandemic does not impact RevPAR growth or development trends beyond 2020, the Group considers that the situation does not weaken the industry's strong fundamentals in the medium term and has maintained its EBITDA target at €1.2 billion for 2022.

In practical terms, Accor announced in 2018 that some 60% to 70% of the doubling of EBITDA would stem from the growth of hotel earnings, split between organic development and RevPAR growth in the proportion of 30% to 40% and new markets related to acquisitions of Mantra, Atton and Mövenpick for 30%. Operating synergies and efficiency measures will account for 20% of growth in EBITDA, while new businesses will contribute 10%.

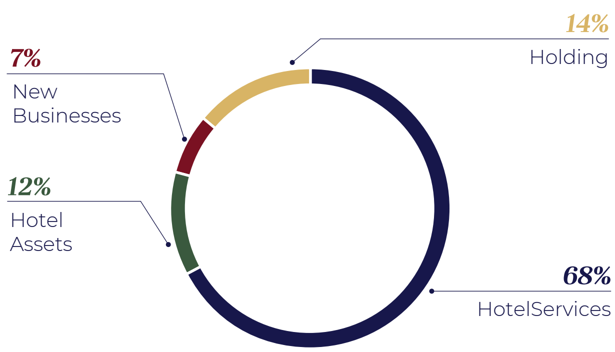
The Hotel Assets division, whose contribution was estimated at 5%, has seen its scope narrow following disposals of Orbis and Mövenpick portfolio assets in 2019, a movement offset by the positive impact of applying IFRS 16.

Accor's asset-light model has also substantially reduced expenditure devoted to property renovations, giving it scope to stabilize its development budget at around €200 million each year. These amounts will be split roughly 75% for HotelServices, 15% for Hotel Assets, 5% for New Businesses and 5% for the holding company.

More agile and defensive, the Group now bases its financial policy on margin and cash-generation indicators that are perfectly representative of its wealth creation. Accor's performance is now assessed through the free cash flow it generates, which is expected to increase by at least 10% each year.

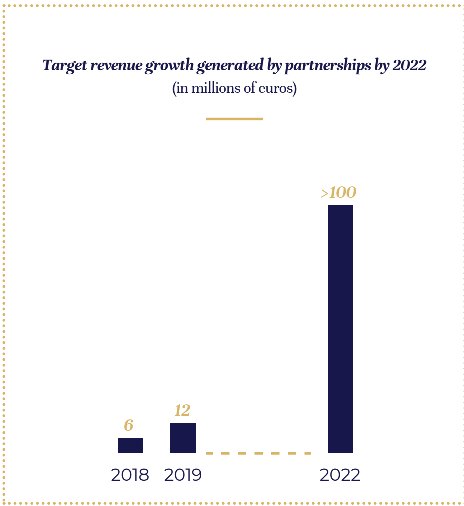
These objectives were researched and prepared on a comparable basis to the historical financial information and in accordance with the accounting policies applied by the Group.

Recurring expenditure by segment in 2019



MAJOR INVESTMENTS TO ENHANCE GROUP AWARENESS AND ATTRACTIVENESS

Determined to increase its brand awareness and attractiveness worldwide, Accor has also undertaken to invest €225 million to roll out ALL – Accor Live Limitless, its new lifestyle loyalty program, to forge partnerships aimed at generating more than €100 million in revenue by 2022 (compared with €6 million in 2018) and to run advertising campaigns for its international brands. The three are expected to contribute €60 million by 2022, and €75 million in the medium term.



PROFITABLE ACQUISITIONS CREATING VALUE FOR THE GROUP

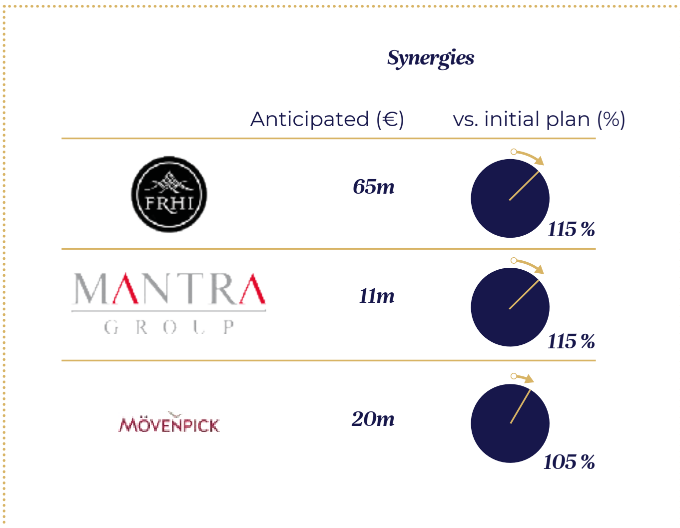
In view of the numerous acquisitions made since 2016, particularly of hotel chains, growth in the Group's earnings is additionally hinged on its ability to successfully integrate new companies and to extract the synergies identified in preliminary studies.

In general, synergies materialize two years after the completion of deals, and very often exceed the expected amount thanks to cost savings achieved through the relocation and consolidation of head office and cross-functional infrastructure activities, plus economies of scale obtained through pooled purchases.

The complexity of the FRHI Group meant that it took Accor three years to integrate the Fairmont, Raffles and Swissôtel chains into its HR, accounting, financial, distribution and other systems. But the operating synergies, initially seen totaling roughly €65 million, were ultimately exceeded by 15%.

Accor now plans to finalize the integration of the Mantra and Mövenpick chains into its distribution systems in the first half of 2020, a process initiated in 2018. It expects the integration of the two chains to generate €31 million in savings in the long run. Ultimately, the synergies actually generated will be much greater than those initially envisaged – by around 15% and 5%, respectively – because they will be affiliated with the Group's distribution and loyalty systems, the impact of which was not factored into the initial studies.

In addition, the various brands' development continued in a very sustained manner following the acquisitions, reflecting the Group's attractive-ness in terms of hotel management and franchising. For instance, FRHI has opened and signed 6,000 rooms since its acquisition by Accor, extending the initial network of the three chains by 14%; Mövenpick has to date opened and signed up 4,000 rooms, representing 20% of its network when it joined the Group.



GROUP DIVISION GROWTH ASSUMPTIONS UNDERLYING THE 2022 EBITDA TARGET OF €1.2 BILLION [1]

HotelServices & Holding

HotelServices is anticipating revenue growth of over 3% stemming from the increase in RevPAR, while growth attributable to the development of the network in fast-growing areas and highly profitable segments is expected to exceed 5%. Combined with the optimization of its overheads, annual growth in HotelServices' EBITDA is projected at between 10% and 12%.

Hotel Assets

The Hotel Assets division is expecting RevPAR growth of more than 3%. Hotel disposals resulting from the optimization of its property portfolio, mainly at Orbis and Mövenpick, will reduce the contribution of the Hotel Assets division, initially estimated at 5%. This will be offset by the positive impact of applying IFRS 16.

New Businesses

The New Businesses division is expecting revenue growth of more than 10% on a like-for-like basis.

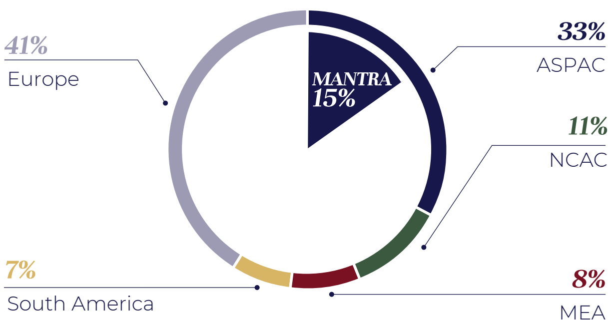
	HotelServices & Holding	Hotel Assets	New Businesses
Sales growth	RevPAR >+3% + System growth >5%	RevPAR >+3% + Asset rotation	Double-digit revenue growth
EBITDA	CAGR +10-12%	CAGR +2-3%	Breakeven Q4 2019
Recurring free cash flow	CAGR >10%		
Cash conversion [2]	CAGR >70%		

2019 ACHIEVEMENTS

Hotel Assets

This division mainly includes Mantra-operated hotels in Australia and hotels located in Brazil. In 2019, Mantra generated 15% of Group revenue. The Hotel Assets division represents 25% of Group EBITDA.

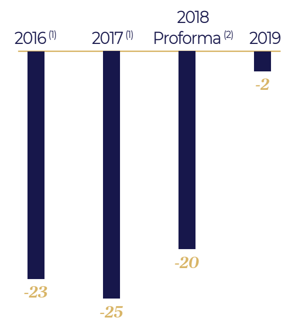
ASPAC performance impacted by MANTRA
(Accor's revenue by regions)[1]



(1) HotelServices & Hotel Assets excluding reimbursement costs.

New Businesses

EBITDA increased by 89% compared with 2018, and is now at breakeven.



(1) Figures for FY16 and FY17 are before IFRS 16 implementation.

(2) Proforma financial information for IFRS 16.

The merger of Fastbooking and AvailPro into D-Edge is now complete.

The revenue of Gekko, VeryChic, D-Edge and ResDiary increased by 13%, with double-digit margins.

Gekko is soon to join the Group's distribution system.

Certain activities, such as Gekko and ResDiary, are soon to join HotelServices.

Onefinestay and John Paul have terminated unprofitable contracts. Accor is looking into potential for partnerships between these two activities and D-Edge.

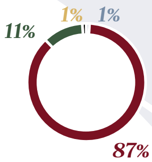
1 Excluding the impact of the Covid-19 pandemic on Group RevPAR and development trends beyond 2020.
2 Cash conversion rate = (EBITDA – recurring expenditure – reimbursement of lease liabilities)/(EBITDA – reimbursement of lease liabilities).

Performance et leadership

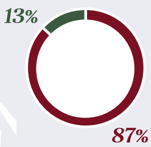
NORTH AMERICA, CENTRAL AMERICA & THE CARIBBEAN

31,300 employees

Employees by management style



Breakdown of hotel portfolio*



Network and pipeline

WORLD

~300,000
EMPLOYEES WORLDWIDE

€1,026
MILLION
IN HOTEL FEES

436,808
ROOMS
IN MANAGED HOTELS

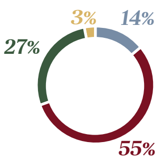
256,063
ROOMS
IN FRANCHISED HOTELS

46,666
ROOMS IN OWNED
AND LEASED HOTELS

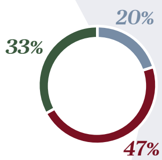
SOUTH AMERICA

20,100 employees

Employees by management style



Breakdown of hotel portfolio*



Network and pipeline

64m
CARDHOLDER MEMBERS
(EXCLUDING HUAZHU)

+31%
INCREASE
IN CARDHOLDERS IN 2019

EUROPE

88,100 employees

Employees by management style

4% 8% 46% 42%

Breakdown of hotel portfolio*

7% 49% 43%

Network and pipeline

344k 46k

ASIA-PACIFIC

120,700 employees

Employees by management style

1% 1% 19% 79%

Breakdown of hotel portfolio*

3% 25% 72%

Network and pipeline

232k 100k

MIDDLE EAST & AFRICA

37,800 employees

Employees by management style

6% 1% 4% 90%

Breakdown of hotel portfolio*

6% 2% 92%

Network and pipeline

64k 45k

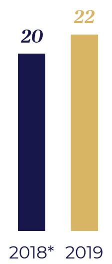
Network and pipeline
- Hotel portfolio
- Pipeline

Management style
- Owned & leased hotels
- Managed hotels
- Franchised hotels
- Headquarters

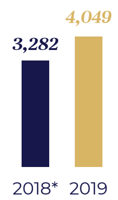
** As a % based on number of rooms.*

Financial performance

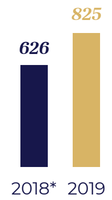
HotelServices' Business volume
(in €bn)



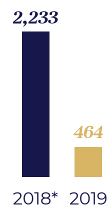
Revenue
(in €m)



EBITDA
(in €m)



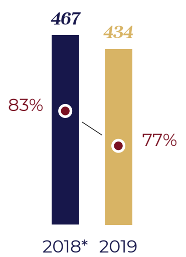
Net profit Group share
(in €m)



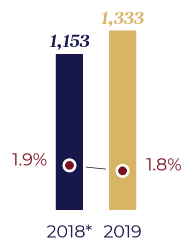
MARKET CAPITALIZATION
at December 31, 2019

€ 11.3bn

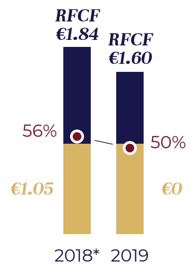
Recurring cash flow (in €m)
Cash conversion as a % of EBITDA



Net debt (in €m)
Cost of debt (as a %)



RFCF[(1)] per share (in €)
Payout ratio (as a %)
Dividend per share (in €)



** Restated amounts in application of IFRS 5.*

(1) Free Cash Flow récurrent.

ACCOR'S FINANCIAL AND NON-FINANCIAL RATINGS

INVESTMENT GRADE:
S&P: BBB- negative outlook
Fitch: BBB- negative outlook

ACCOR: CSR CHAMPION FOR NON-FINANCIAL RATING AGENCIES:
#2 CDP Carbon
#1 ISS-Oekom
#2 Sustainalytics
#1 MSCI
Accor is also included in STOXX®, Euronext Vigeo, FTSE4Good and Ethibel Sustainability, and received the RobecoSAM Silver Class Sustainability Award 2018.
Accor is included in the 2019 Sustainability Yearbook "sustainable" ranking published for the first time by RobecoSAM

STRONGER FINANCIAL CAPACITY

By selling 70% of AccorInvest, 85.2% of Orbis, 16 Mövenpick hotels and 5% of Huazhu, Accor has significantly reduced the number of its assets and the debt incurred to finance them.

These disposals have enabled the Group to strengthen its balance sheet while pursuing its organic growth, acquiring hotel chains and new service activities to extend its playing field, and forging value-creating partnerships to cement loyalty.

Accor now has very little real estate investment, and benefits from a lean cost structure derived from an optimized fee-based model. That reduces the Group's exposure to the ups and downs of business cycles.

Together, the funds raised and the asset-light model give Accor sound financial foundations on which to build its strategy, backed up by a robust balance sheet and structurally higher cash flows.

TARGETED ACQUISITIONS

With enhanced investment capacities, and while ensuring the quality of its credit profile and its investment grade[1] credit rating, Accor now intends to allocate its resources and the cash flows generated by its new business model to external growth. Accor aims to acquire small and medium-sized asset-light groups for their potential for profitability, growth, integration and enrichment of its ecosystem, with the aim of consolidating its leadership in key markets, acquiring new leadership positions in strong growth markets, and accelerating its growth in niche markets.

These investments in specific markets, services and segments will continue in a disciplined manner based on demanding financial indicators and attractive earnings growth projections.

ORDINARY DIVIDEND POLICY

The Group's dividend policy was redefined in 2018 to directly be correlated with the value creation of its new business model and its prof itability. To be more readily understood and based directly on cash-flow generation, the dividend policy is based on Accor's recurring free cash flow, to which a payout ratio of 50% is applied.

Exceptionally, in view of the uncertainties that the Covid-19 pandemic places on Accor's business in 2020, the Group has decided not to propose a dividend to its shareholders in respect of 2019.

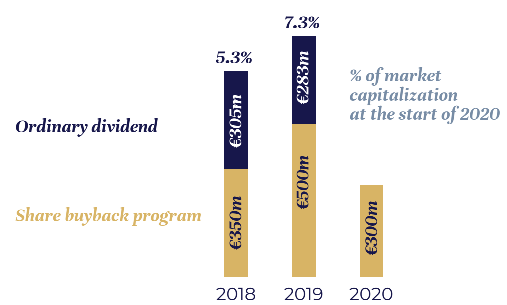
EXCEPTIONAL SHAREHOLDER RETURN IN THE FORM OF A NEW SHARE BUYBACK PROGRAM

Its solid financial base allows the Group to conduct timely external growth transactions and make exceptional returns to its shareholders, while at the same time ensuring a robust credit profile and investment grade status.

In 2018, Accor set itself the goal of buying back 10% of its capital by July 2020, purchasing €350 million worth of its own shares in 2018, followed by a second tranche of €500 million in 2019, bringing the total to €850 million or 7.5% of the capital at the end of 2019.

With its significant new resources, the Group has announced plans to make a fresh return of €1.0 billion to shareholders in 2020 and 2021, including €300 million or 2.5% of the capital earmarked for the share buyback launched in 2018, as well as €700 million split €300 million in 2020 and €400 million in 2021.

The €300 million share buyback program launched on January 20, 2020 was completed on March 24, 2020. Otherwise, the Group has suspended all other planned tranches until further notice to preserve cash amid the current Covid-19 pandemic.

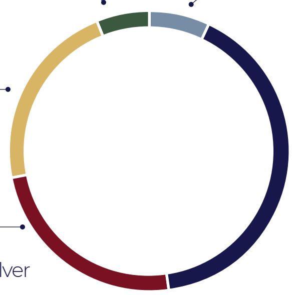


1 *Adjusted net debt/EBITDA <2.5x-3.0x and adjusted FFO/net debt >25%-30%.*

Non-financial performance

The hotels have a roadmap: Planet 21 In Action. It sets 10 actions (a shared base requiring compliance with actions to reduce environmental and social impacts and commitment to the Group's flagship programs), mandatory for all, which determine achievement of the "Bronze" level before the higher "Silver", "Gold" or "Platinum" levels can be attained. To achieve the higher levels, Planet 21 In Action proposes approximately 60 initiatives with points assigned to them, among which hotels may freely choose.

Planet 21 in action level achieved by hotels in 2019

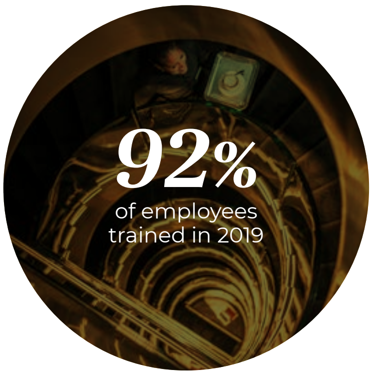


-6.1%
reduction in water consumption between 2015 and 2018
(on top of reductions of 8.4% between 2011 and 2015 and 12% between 2006 and 2010)

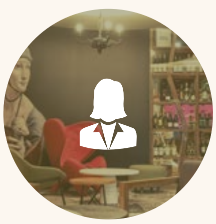
-6.4%
reduction in energy use between 2015 and 2019
(on top of reductions of 5.3% between 2011 and 2015 and 5.5% between 2006 and 2010)

-12.9%
reduction in greenhouse gas emissions between 2015 and 2019
(on top of a reduction of 6.2% between 2011 and 2015)

77%
employee engagement rate



PERCENTAGE OF WOMEN EMPLOYEES
Percentage of women by job category in 2019



43% total women

42% managers

29% of which hotel general managers

Reliable governance to support the strategy

Accor's governance supports the Group's strategy and good conduct

The roles of Chairman of the Board of Directors and Chief Executive Officer have been combined since 2009. The Board considered that, by combining the roles of Chairman of the Board and Chief Executive Officer, the Group would be able to have greater agility in its governance and management, particularly during a period of transformation or an economic downturn, while creating a direct relationship between management and shareholders. Since 2009, the Board has noted with satisfaction the effectiveness of the balance of power existing between its executive and non-executive directors, notably thanks to the presence of a Senior Independent Director.

The **independent directors** (more than 50% of members of the Board of Directors) and the four **Board Committees** also contribute to the balance of power. The activity of the Board Committees in 2019 is described below.

The **Board of Directors** determines the Company's strategy, oversees its implementation, examines any and all issues concerning the efficient running of the business, and makes decisions on all matters concerning the Company.

The **Executive Committee** has 15 members representing all of the businesses and geographical areas in which the Group operates. It contributes to the management and anticipation of major challenges. It implements the strategy laid down by the Board of Directors, reviews significant issues and monitors the operating results against the objectives set.

The **Com'Y** (formerly the Shadow Executive Committee) is made up of some ten women and men under 35 years of age. Its purpose is to support the existing Executive Committee by offering its opinion.

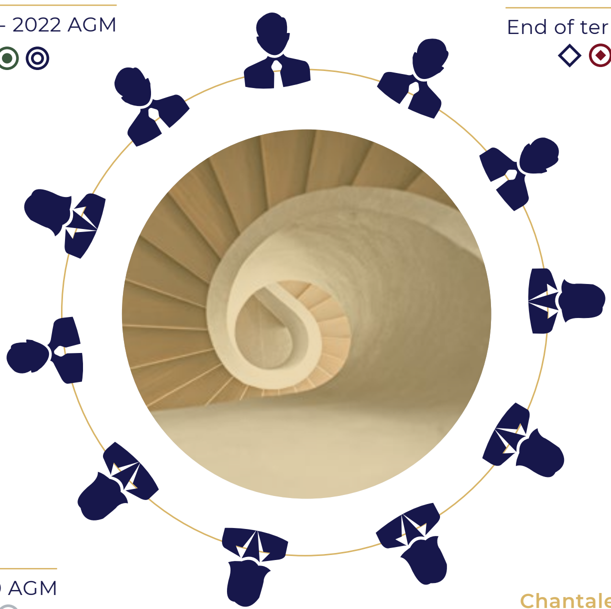
Since 2014, the role of the **Ethics & CSR Committee** has been to report to the Executive Committee on matters relating to ethics and CSR, to make recommendations on changes in commitments regarding human resources, risk management, respect for human rights and sustainable development, to monitor the implementation and performance of the Group's actions, to discuss any issue relating to managerial ethics, business conduct or potential conflicts of interest, and to analyze any dysfunctions and initiate additional specific checks if required.

More information on the governance of Accor is available in section 3.1 "Corporate governance and governance structure".

Close-up on the membership and organization of the Board of Directors

The Company is governed by a Board of Directors, which ensures that its members have complementary technical skills and expertise (notably in finance, marketing, digital, luxury and hospitality), which enable them to identify and fully grasp the challenges faced by the Group's operations and help foster their development.

MEMBERSHIP OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2019



Sheikh Nawaf BIN JASSIM BIN JABOR AL-THANI
End of term - 2022 AGM
◇ INTERNATIONAL STRATEGY

Aziz ALUTHMAN FAKHROO
End of term - 2022 AGM
◇ AUDIT, COMPLIANCE & RISKS · COMMITMENTS · Director chairing a Committee · APPOINTMENTS, COMPENSATION & CSR

Sébastien BAZIN
End of term - 2020 AGM
◇

Iliane DUMAS
End of term - 02/05/2020
◇ APPOINTMENTS, COMPENSATION & CSR · Director representing employees

Sophie GASPERMENT
End of term - 2022 AGM
◆ AUDIT, COMPLIANCE & RISKS · APPOINTMENTS, COMPENSATION & CSR · Director chairing a Committee

Chantale HOOGSTOEL
End of term - 11/01/2021
◇ COMMITMENTS · Director representing employees

Qionger JIANG
End of term - 2022 AGM
◆ AUDIT, COMPLIANCE & RISKS · APPOINTMENTS, COMPENSATION & CSR · INTERNATIONAL STRATEGY

Iris KNOBLOCH
End of term - 2020 AGM
◆ AUDIT, COMPLIANCE & RISKS · COMMITMENTS · APPOINTMENTS, COMPENSATION & CSR · INTERNATIONAL STRATEGY · Vice-Chairman and Senior Independent Director

Nicolas SARKOZY
End of term - 2022 AGM
◆ INTERNATIONAL STRATEGY · Director chairing a Committee

Isabelle SIMON
End of term - 2022 AGM
◆ AUDIT, COMPLIANCE & RISKS · Director chairing a Committee · APPOINTMENTS, COMPENSATION & CSR

Sarmad ZOK
End of term - 2022 AGM
◇ COMMITMENTS · APPOINTMENTS, COMPENSATION & CSR · INTERNATIONAL STRATEGY

AUDIT, COMPLIANCE & RISKS
COMMITMENTS
APPOINTMENTS, COMPENSATION & CSR
INTERNATIONAL STRATEGY

◆ Independent
◇ Non independent
Ⓟ Director chairing a Committee
AS Director representing employees
VP Vice-Chairman and Senior Independent Director

PERCENTAGE OF WOMEN DIRECTORS	AVERAGE AGE	INDEPENDENCE OF THE BOARD
Over 40%	***53***	***Over 50%***

BOARD OF DIRECTORS

9 meetings in 2019

90% attendance rate

- Sale of 85.8% of the capital of Orbis to AccorInvest
- Sale of 5% of the capital of Huazhu and 5.2% of the capital of AccorInvest
- Sale and management-back agreement for leased Mövenpick hotels
- Review of the Company's financing structure
- Continuation of the share buyback program
- Employee shareholding transaction
- 2018 parent company and consolidated financial statements and 2019 interim financial statements
- Monitoring of the implementation of the compliance program
- Examination of related-party agreements
- Review of the independence of the directors and potential conflicts of interest
- Calling of the Annual Shareholders' Meeting
- Review of the duties and membership of Board Committees

WORK OF THE BOARD OF DIRECTORS AND ITS COMMITTEES IN 2019

All information relating to the Company's governance is provided in the corporate governance report in section 3.1 of the Universal Registration Document.

BOARD COMMITTEES

Commitments

5 meetings

- Review of the various acquisition and disposal projects

Appointments, Compensation & CSR

5 meetings

- Compensation policy for the Chairman and CEO
- Review of the 2019 long-term incentive plan and employee share ownership
- Review of the succession process
- Review of director independence
- Monitoring of the recommendations of the AFEP/MEDEF Corporate Governance Code

Audit, Compliance & Risks

4 meetings

- Annual and interim financial statements
- Group's financial results
- Review of the accounting impact of acquisitions
- Review of the fees of the Statutory Auditors
- Adoption of a related-party agreements charter
- General Data Protection Regulation
- Monitoring of the Group compliance program

International Strategy

2 meetings

- Current affairs and their impact on the Group's business

Employee and executive officer compensation

OVERALL COMPENSATION POLICY

Accor has defined a global compensation strategy that can be adapted to local practices in each country. It has five underlying principles: take into consideration the performance and potential of each employee; apply competitive compensation in relation to the relevant markets and countries; allow employees to enjoy fair compensation; promote employee savings and share ownership; and strengthen social protection.

CSR, including employee engagement, accounts for at least 10% of the variable compensation criteria, which vary according to functions or job categories. For operational functions, for instance, the hotels' achievement of the Planet 21 "Bronze" level is the main criterion. However, at the local level, managers are free to add other criteria based on the specific priorities or issues of the country or region. For support functions, managers can set an objective related to the business line, based on a list of previously defined CSR criteria.

More information on the talent compensation policy is available in section 2.3.7. "Recognizing and valuing employees".

EXECUTIVE COMPENSATION

The Company's compensation policy for its executive officer is determined by the Board of Directors, acting on the recommendation of the Appointments, Compensation & CSR Committee. The Board's primary objective is to put together executive compensation packages that are reasonable, balanced, equitable and performance-based, and which create value in the short, medium and long term. Consequently, fixed and variable compensation principles, criteria and amounts are analyzed each year by the Appointments, Compensation & CSR Committee, using compensation benchmarks conducted by external consultants of the practices of other CAC 40 companies and international hotel groups. An additional aim of the analysis is to ensure that the Company's compensation policy for its executive officer complies with the AFEP/MEDEF Corporate Governance Code.

The compensation policy for the Chairman and Chief Executive Officer for 2020, together with the components paid during or granted in respect of 2019 to the Chairman and Chief Executive Officer, will be submitted for shareholder approval at the Company's Annual Shareholders' Meeting scheduled for June 30, 2020 and are presented in section 3 of this Universal Registration Document.

Summary of the overall structure of the Chairman and Chief Executive Officer's compensation package

Components	Criteria and objectives	Amount/Weighting
ANNUAL FIXED COMPENSATION	Determined by the Board of Directors based on the recommendation of the Appointments, Compensation & CSR Committee, taking into account: ◇ experience ◇ responsibilities ◇ market practices	€950,000 Unchanged since January 1, 2016
ANNUAL VARIABLE COMPENSATION	Annual variable compensation that varies depending on performance in relation to the following objectives:	The annual variable compensation will represent between 0% and 150% of a Reference Amount set at €1,250,000, and will therefore be equivalent to between 0% and 197% of his annual fixed compensation
	Quantitative objectives (accounting for 80% of the annual variable compensation): ◇ **financial objectives** (actual versus budgeted consolidated EBITDA for 2020, actual versus budgeted free cash flow – excluding disposals and acquisitions, after change in operating working capital – for 2020, net organic growth in number of rooms, excluding acquisitions, in line with the budget ◇ **non-financial** (guest experience, CSR including employee engagement)	Each quantitative objective, depending on the achievement rate, may trigger the payment of between 0% and 160% of the share of variable compensation it represents
	Qualitative objectives (accounting for 20% of the annual variable compensation) : ◇ strategic vision and identification of strategic options ◇ operational excellence of the organization and talent development	Each qualitative objective, depending on the degree to which it is met, may trigger the payment of between 0% and 120% of the share of variable compensation it represents
LONG-TERM COMPONENTS	**Performance shares**, which vest subject to fulfillment of performance conditions decided by the Board of Directors and to continued presence in the Group	The grants represent a maximum of 250% of annual fixed compensation, determined by the Board of Directors

A structured approach to comprehensive risk management

Approach

THE GROUP'S RISK MANAGEMENT APPROACH AIMS TO:

- **identify, assess and reduce risks** whose consequences may, even partially, jeopardize the achievement of its objectives and the implementation of its strategy;
- **identify, assess and reduce risks** generated by the Group's business with social, societal or environmental consequences and with an indirect impact on its image;
- **protect the Group's guests, employees, data and brands** as well as its **customer and partner portfolios** while implementing the strategy.

Risk mapping		*Anticipatory actions*		*Event*	*Reactive actions*
Identification	*Evaluation*	*Prevention*	*Protection*		*Reaction*
Menace Universe Risk assessment scales Risk matrices		*CSR* *Compliance* *Safety and Security* *Ethics* *Information system security* *Etc.*	Conception of crisis management and communication system Conception of business continuity plans Risk transfer policy		Activation of crisis management and communication system Activation of business continuity plans Risk financing

The approach is based on risk maps, specific to one or several risks (see section 1.8.1 "Risk management architecture"), carried out on the basis of a shared methodology that can nevertheless be adapted to the specific nature of each risk category. Operational and functional units design, implement and run prevention and protection programs in response to the risks identified.

Material risks

The material risks resulting from the map of the Group's major risks are presented in the table below. They are classified into two categories and are shown in decreasing order of criticality within each category. The description of these risks and the associated mitigation measures are described in section 1.8.3.

Category	Name of the risk
RISKS RELATED TO THE BUSINESS ENVIRONMENT	Malicious attack on the integrity of digital personal data
	Unfavorable change in the geopolitical, health or economic environment
	Non-compliance with standards, laws and regulations
RISKS RELATED TO THE BUSINESS MODEL	Integration of acquisitions
	Unavailability of digital operating data

1. Group presentation

1.

Corporate profile

Accor is a world-leading augmented hospitality group offering unique experiences in more than 5,000 hotels and residences across 100 countries. The Group has been acquiring hospitality expertise for more than 50 years, resulting in an unrivaled portfolio of 39 hotel brands, from luxury to economy. It also offers digital solutions that maximize distribution, optimize hotel operations and enhance the customer experience.

ALL – Accor Live Limitless, the new daily lifestyle companion, is elevating the Group's relationship with its customers, members and partners from transactional to emotional, and inventing new, more aspirational ways to live, work and play limitless. Beyond accommodation, ALL enables new lifestyles by blending food and beverage with nightlife, wellbeing, and coworking.

Accor is deeply committed to sustainable value creation and plays an active role in giving back to planet and community *via* its Planet 21 – Acting Here program and the Accor Solidarity endowment fund, which gives disadvantaged groups access to employment through professional training.

1967
1982

1983
1990

1991
1995

1967

- Paul Dubrule and Gérard Pélisson create SIEH.
- First Novotel hotel opens in Lille.

1974

- First ibis hotel opens in Bordeaux.
- Acquisition of Courtepaille.

1975

- Acquisition of Mercure.

1976

- Hotel operations are launched in Brazil.
- Ticket Restaurant® meal vouchers are introduced in Brazil, Italy, Germany, Belgium and Spain.

1980

- Acquisition of Sofitel (43 hotels and two seawater spas).

1981

- Initial public offering of SIEH shares on the Paris Bourse.
- Start-up of Services operations in Mexico.

1982

- Acquisition of Jacques Borel International, European leader in managed food services (Générale de Restauration) and concession restaurants (Café Route, L'Arche), and world leader in the issuance of meal vouchers (Ticket Restaurant®), with 165 million vouchers a year distributed in eight countries.

1983

- Creation of Accor following the merger of Novotel SIEH Group and Jacques Borel International.

1985

- Creation of Formule 1, a new hotel concept based on particularly innovative construction and management techniques.
- Creation of Académie Accor, France's first corporate university for service activities.
- Acquisition of Lenôtre, which owns and manages caterer boutiques, gourmet restaurants and a cooking school.

1988

- 100 new hotels and 250 restaurants are opened during the year, for an average of one opening a day.
- Start-up of Services operations in Argentina.

1989

- Formule 1 expands outside France, with two properties in Belgium.
- Alliance formed with Groupe Lucien Barrière SAS to develop hotel-casino complexes.

1990

- Acquisition of the Motel 6 chain in the United States, comprising 550 properties. With its global brands, Accor becomes the world's leading hotel group, in terms of hotels directly owned or managed (excluding franchises).
- Ticket Restaurant® business launched in Venezuela.

1991

- Successful public offer for Compagnie Internationale des Wagons-Lits et du Tourisme, which is active in hotels (Pullman, PLM, Altea, Arcade), car rental (Europcar), onboard train services (Wagons-Lits), travel agencies (Wagonlit Travel), managed food services (Eurest) and highway restaurants (Relais Autoroute).
- Creation of Etap Hotel.

1993

- Accor Asia Pacific Corp. (AAPC) is created by the merger of Accor's Asia-Pacific businesses with Quality Pacific Corp.
- Interest acquired in the Pannonia chain (24 hotels), as part of Hungary's privatization program.
- Services business starts up operations in Czech Republic, Austria and Luxembourg.

1994

- Partnership between Carlson and Wagonlit Travel in business travel services.
- Ticket Restaurant® introduced in Slovakia, Uruguay and Hungary.

1995

- Eurest is sold to Compass, making Accor the largest shareholder in the world's leading food services company.
- Disposal of 80% of the concession restaurants business.
- Introduction of an extensive training and communication program to improve environmental protection.

1996
1998

1999
2002

2003
2005

1996

- Accor becomes the market leader in the Asia-Pacific region, with 144 hotels in 16 countries and 56 projects under construction.
- Management of the ibis, Etap Hotel and Formule 1 chains is consolidated within Sphere International.
- Launch of the Compliment Card in partnership with American Express.

1997

- Accor changes its corporate governance system. Paul Dubrule and Gérard Pélisson become Co-Chairmen of the Supervisory Board, while Jean-Marc Espalioux is appointed Chairman of the Management Board.
- Carlson and Wagonlit Travel merge to form Carlson Wagonlit Travel, owned equally by Accor and Carlson Companies.
- Public offer made for all outstanding shares of Accor Asia Pacific Corp.
- Acquisition of a majority interest in SPIC, renamed Accor Casinos.

1998

- Introduction of the Corporate Card in partnership with Air France, American Express and Crédit Lyonnais.
- Development of new partnerships, with Air France, French National Railways SNCF, American Express, Crédit Lyonnais, Danone, France Telecom and others.

1999

- The hotel portfolio grows by 22% with 639 new properties, led by the acquisition of Red Roof Inn in the United States.
- Deployment of the Internet strategy.
- The 50% interest in Europcar International is sold.

2000

- Launch of accorhotels.com.
- Brand logos are redesigned to highlight the Accor name, raising international visibility and public awareness.
- 38.5% interest in Go Voyages acquired.
- 80% interest in Courtepaille sold.

2001

- Broader presence in the Chinese hotel market in partnership with Zenith Hotel International and Beijing Tourism Group.
- Suitehotel launched in Europe.

2002

- Acquisition of a 30% interest in German hotel group Dorint AG (87 hotels, 15,257 rooms).
- Accor Casinos is now equally owned with the Colony Capital investment fund, with Accor continuing to manage the Company.
- Stake in Go Voyages is raised to 60%.

2003

- Stake in Orbis is raised to 35.58% by purchasing an 8.41% interest held by minority shareholders.
- Stake in Go Voyages raised to 70% following the acquisition of an additional 10% interest.
- All the Dorint hotels are cobranded as Dorint Sofitel, Dorint Novotel and Dorint Mercure.

2004

- Accor, the Barrière Desseigne family and Colony Capital set up Groupe Lucien Barrière SAS to hold the casino and hotel assets of Société Hôtelière de la Chaîne Lucien Barrière, Société des Hôtels et Casino de Deauville, Accor Casinos and their respective subsidiaries. Accor owns 34% of the new combination.
- Acquisition of a 28.9% interest in Club Méditerranée.
- Stake in Go Voyages is raised from 70% to 100%.

2005

- Colony Capital invests €1 billion in Accor in exchange for €500 million in ORA equity notes and €500 million in convertible bonds, enabling Accor to strengthen its equity base and step up the pace of expansion.
- Accor implements a new property management strategy and signs an initial agreement with French real estate company Foncière des Murs to transform fixed-rent leases on 128 hotels in France into variable leases.

2006 2007 2008

2006

- Accor changes its corporate governance system from a Supervisory Board and Management Board to a Board of Directors, with Serge Weinberg as Chairman and Gilles Pélisson as Chief Executive Officer.
- As part of the non-strategic asset disposal process, Accor sells its 1.42% stake in Compass Group PLC and its 50% interest in Carlson Wagonlit Travel, as well as most of its investment in Club Méditerranée (22.9% out of a total 28.9% stake).
- As part of the ongoing shift in the Hotels business model, Accor carries out a second transaction with Foncière des Murs, involving 59 hotels and five seawater spas in France, as well as 12 hotels in Belgium. The deal means that Accor continues to operate the hotels under 12-year leases with variable rents and no guaranteed minimum, renewable four times per hotel at Accor's option.
- Accor sells six US Sofitel hotels to a joint venture comprised of GEM Realty Capital, Whitehall Street Global Real Estate Limited Partnership 2005 and Accor, which remains a 25% shareholder in the joint venture and continues to manage the hotels under the Sofitel brand through a 25-year contract.
- Compagnie des Wagons-Lits wins a tender from French National Railways SNCF for onboard food services on the TGV Est Européen high-speed train line.

2007

- Accor sells two other US Sofitel units in New York and Philadelphia to a joint venture comprised of GEM Realty Capital, Whitehall Street Global Real Estate Limited Partnership and Accor. Accor remains a 25% shareholder in the venture and continues to manage the hotels under the Sofitel brand through a 25-year management contract.
- As part of the ongoing shift in the Hotels business model, Accor sells 47 hotel properties in France and ten in Switzerland to a real estate consortium comprising two investment funds managed by AXA Real Estate Investment Managers and Caisse des Dépôts et Consignations. Accor continues to operate the hotels under 12-year leases with variable rents and no guaranteed minimum, renewable six times per hotel at Accor's option.
- Also as part of the sustained implementation of the Hotels strategy, Accor sells 30 hotels in the United Kingdom to Land Securities and leases them back under 12-year leases with variable rents and no guaranteed minimum, renewable six times.
- In addition, a memorandum of understanding is signed with Moor Park Real Estate for the sale of 72 hotels in Germany and 19 in the Netherlands, with Accor continuing to operate the units under similar leaseback conditions.
- Accor Services acquires Kadeos, Prepay Technologies and Surf Gold.
- Red Roof Inn is sold to Citigroup Inc.'s Global Special Situations Group and Westbridge Hospitality Fund II, LP.
- The Italian food services business is sold to Barclays Private Equity.
- 28,400 new rooms are opened during the year.

2008

- As part of its strategy of refocusing on its two core businesses, Services and Hotels, Accor sells its remaining 50% stake in the Brazilian food services business to Compass Group.
- Pursuing its asset-right strategy, Accor sells the Sofitel The Grand hotel in Amsterdam under a sale and management-back arrangement for an enterprise value of €92 million.
- In line with its commitment to expanding the Hotels business in Central Europe, Accor raises its interest in the Poland-based Orbis hotel group to 50% by acquiring an additional 4.53% stake in the Company.
- Accor launches AIClub, a free cross-brand loyalty program that earns points in more than 2,000 hotels and 90 countries worldwide.
- Creation of the Accor Corporate Foundation to promote training and professional integration for disadvantaged people.
- Accor continues to expand worldwide with the opening of 28,000 new rooms.

2009 2010 2011

2009

- Gilles Pélisson, Chief Executive Officer, is appointed Chairman of the Board of Directors.
- Accor raises its stake in Groupe Lucien Barrière to 49%.
- In late August, the Board of Directors approves Gilles Pélisson's recommendation to conduct a review of the potential benefits of demerging the Hotels and Prepaid Services businesses into two self-managing companies, each with its own strategy and resources for growth. The findings demonstrate the sustainable, profitable nature of each business, as well as their ability to meet the challenges of future growth and development. At year-end, the Board of Directors therefore approves the potential benefits of demerging the two businesses.
- In line with its ongoing asset-right strategy, Accor announces a major real estate transaction in the budget segment in France, with the sale of 158 hotelF1 properties, representing a total of 12,300 rooms.
- 27,300 new rooms are opened during the year.

2010

- Initiated in 2009, the project to demerge the Hotels and Prepaid Services businesses is approved by shareholders at the Combined Ordinary and Extraordinary Shareholders' Meeting on June 29, 2010 and becomes effective on July 2 following the initial stock market listing of Edenred, the new company formed from the Services business.
- In line with its asset management strategy, Accor continues to dispose of non-strategic operations and hotel properties during the year, including (i) the sale of Compagnie des Wagons-Lits' onboard rail catering businesses in July, (ii) the sale of two portfolios of European hotels, one of five hotels to Invesco Real Estate in February and the other of 49 hotels to Predica and Foncière des Murs in August, and (iii) the sale and franchise-back of 18 hotels in Sweden in December.
- Denis Hennequin is appointed Chief Executive Officer in December, then Chairman and Chief Executive Officer in January 2011.
- Following the opening of 25,000 new rooms during the year, the Accor portfolio comprises more than 500,000 rooms at year-end.

2011

- Now a pure player in hotels, Accor launches its new corporate signature, "Open New Frontiers in Hospitality", and revitalizes its economy brands around the ibis megabrand, with ibis, all seasons and Etap Hotel being transformed into the new ibis, ibis Styles and ibis budget.
- In March, Accor sells its 49% stake in Groupe Lucien Barrière and, in September, completes the disposal of Lenôtre to Sodexo.
- As part of its asset-light strategy, Accor confirms its ability to continue actively managing its assets in order to focus on its core hotel operator business, with the sale and franchise-back of its 52.6% stake in Hotel Formula 1 (South Africa), the sale and variable leaseback of seven Suite Novotel hotels (France) and the sale and management-back of the Novotel New York Times Square, Pullman Paris Bercy and Sofitel Arc de Triomphe.
- In December, Accor strengthens its presence in Australia and New Zealand with the acquisition of Mirvac, involving 48 hotels (6,100 rooms) and a 21.9% equity interest in Mirvac Wholesale Hotel Fund (MWHF). As a result, Accor's offering in the two countries totals 241 hotels across every hospitality segment.
- In September, a franchise agreement is signed with Jupiter Hotels Ltd., whose 24 hotels (2,664 rooms) increases to 68 the number of Mercure hotels in the United Kingdom.
- Annual room openings reach a new historic high, with 38,700 units coming on line during the year.

2012 2013 2014

2012

- As part of its asset management strategy, Accor restructures its hotel base in North America by selling the Motel 6/Studio 6 chain for €1.5 billion. Accor announces the sale of the Pullman Paris Rive Gauche and the sale and management-back refinancing of such properties as the Pullman Paris Tour Eiffel, the Novotel Times Square in New York and the Sofitel Paris-La Défense.
- Accor continues to expand with the opening of 38,000 new rooms in every segment, mostly under management contracts and franchise agreements and more than 70% located in emerging markets. Accor strengthens its market leadership in Brazil by acquiring the Posadas hotel chain.
- Throughout the year, Accor works on revitalizing its brand portfolio. In the economy segment, it implements the ibis megabrand project that enables more than 1,500 hotels to embrace the new ibis, ibis Styles and ibis budget standards, while in the upscale segment, it initiates MGallery's repositioning, led by its boutique hotels, and launches Mei Jue in China. The Group also consolidates Sofitel's image with high-profile openings in Mumbai, Bangkok and Agadir and enhances Pullman's image with a vast renovation program.

2013

- Several major projects are completed in 2013, including some that were initiated in prior years, such as the renovation of a large number of Pullman hotels, the project to move MGallery further up market and enhance its visibility, and the final stages of deployment of the ibis megabrand.
- Progress is also made on the development strategy, particularly *via* several high-profile openings in the Middle East, which include the first Pullman hotel in Dubai and an ibis/Novotel complex in Abu Dhabi.
- At the same time, the strategy of optimizing the property portfolio is pursued, with the two most significant transactions concerning the sale and management-back of the Sofitel Paris Le Faubourg early in the year for €113 million and the sale of the interest in Australian hotel owner TAHL for a total of €100 million.
- Sébastien Bazin is appointed Chairman and Chief Executive Officer in August 2013.
- The Foundation, created in 2008, becomes the Accor Solidarity endowment fund to collect donations from a larger number of stakeholders.

2014

- In 2014, Accor begins an in-depth transformation of its organization around two separate but strategically related businesses – hotel operator and brand franchisor HotelServices and hotel owner and investor HotelInvest.
- It also pursues its development in fast-growing regions, particularly in the Asia-Pacific region, and acquires hotel portfolios in Switzerland, the United Kingdom, Germany and the Netherlands, representing a total of 110 hotels.
- In addition, Accor forges an alliance with Huazhu and reinforces the existing partnership with Orbis to guarantee new development capabilities in China and Central Europe, respectively, and acquires a 35% stake in Mama Shelter, a source of inspiration for new, innovative "lifestyle" concepts.
- The Group launches its five-year, €225 million digital plan to streamline and personalize its communications with customers, employees and partners.

2015 — 2016 — 2017

2015

- In 2015, the Group maintains its strategic, operational and cultural transformation dynamic.
- AccorHotels boosts its visibility and the strength of its brands, especially its corporate brand, by adopting the same name as its market place, AccorHotels, which brings together all of the Group's brands.
- The accorhotels.com booking platform becomes a market place, offering independent hotels selected by AccorHotels the chance to be listed alongside the Group's hotels.
- The Group consolidates its worldwide leadership in the luxury segment with the announced acquisition of the FRHI Group and its three flagship brands Fairmont, Raffles and Swissôtel.
- AccorHotels continues to restructure its hotel portfolio through various buyback operations and the sale of profitable portfolios, and continues its development in fast-growing regions, with a record 229 hotel openings worldwide, including two in Iran.

2016

- AccorHotels opens a new chapter in its history in 2016 by setting out to conquer new markets and expanding its business model.
- The Group significantly consolidates its worldwide leadership in the luxury hotel segment through the acquisition of the Raffles, Fairmont and Swissôtel brands.
- Backed by FRHI, but also by its strategic partnership with Huazhu in China, AccorHotels continues its expansion in high-growth regions, opening a record 347 hotels (81,042 rooms). It also begins reaping the benefit of the combination of the Le Club Accor, FRHI and Huazhu loyalty programs, expanding its visibility among 106 million members.
- AccorHotels also extends its model to include luxury serviced private rentals by acquiring 100% of onefinestay and equity interests in Squarebreak and Oasis Collections, and negotiates with Travel Keys to further entrench its global leadership.
- The Group increases its visibility in the lifestyle segment, where Mama Shelter already operates, by launching its Jo&Joe brand and partnering with 25hours Hotels.
- AccorHotels acquires John Paul, the world leader in concierge services, to expand its service offerings to the benefit of customers of its hotel network and its digital platforms, and to enhance its customer relations expertise.

2017

- AccorHotels strengthens its leadership and continues its transformation, to become a global multi-service travel and mobility specialist.
- The Group diversifies its accommodation solutions into the rental of luxury private homes with the acquisition of Travel Keys and Squarebreak, now grouped together under the onefinestay brand, as well as into the rental of collaborative workspaces with the acquisition of Nextdoor.
- AccorHotels consolidates its digital services division dedicated to independent hotels through the acquisition of Availpro, thereby rounding out Fastbooking's range of services.
- The Group enhances its accommodation solutions with gastronomy and entertainment services by acquiring stakes in Noctis and Potel & Chabot.
- AccorHotels diversifies its distribution channels into private sales of hotel accommodation and luxury holidays by acquiring VeryChic, and into hotel bookings for business customers with Gekko.
- The Group expands its business among new customers by launching AccorLocal, which provides local services to people living near its hotels in France.
- AccorHotels increases the number of brands in its portfolio to 25, rebalancing its business toward the luxury & premium segment with Banyan Tree, Rixos Hotels and Orient Express.
- The Group cements its leading positions in Brazil with the acquisition of BHG and in Australia with the signing of a new agreement to acquire Mantra, and continues its fast-paced development in China thanks to Huazhu.
- AccorHotels makes a major change in its model by agreeing to the sale of 55% of AccorInvest to long-term investors, with the transaction to be effective in the second quarter of 2018.

2018 2019

2018

- Accor refocuses on its hotel operator business by selling 64.8% of AccorInvest to international investors, and deconsolidating the entity.
- Accor continues its organic growth, with the opening of a record 300 hotels (43,905 rooms), and steps up its development in the luxury, lifestyle, premium and midscale segments through the acquisitions of Mantra, Mövenpick, Atton and 21c Museum, and partnerships with sbe and Mantis.
- The Group further diversifies its activities by acquiring new distribution channels, in hotel bookings for business travelers with the acquisition of Gekko, in restaurant bookings with ResDiary, and in supply management and meal preparation optimization solutions for restaurants with Adoria.
- Accor launches its “ImpACT” digital modernization program to keep pace with the changing behavior and consumption patterns of its customers (chatbot), better meet their expectations in terms of fluidity and speed, further personalize their experience (ACDC), optimize loyalty, CRM and payment solutions, and make its IT systems and architecture more robust and more agile.

2019

- Accor completes its transition to an asset-light model with the disposals of 85.8% of Orbis and of 16 leased Mövenpick hotels (effective as of the start of March 2020), as well as of an additional tranche of 5.2% of AccorInvest and of 4.9% of Huazhu.
- Accor continues its organic growth, with the opening of a record 327 hotels (45,108 rooms), and steps up its development in the lifestyle segment through the launch of The House of Originals, Tribe and greet brands.
- The Group expands its ecosystem of services with the acquisition of 40.6% of Ken Group in the upscale sports club segment.
- Accor creates ALL – Accor Live Limitless, a new lifestyle loyalty program offering access to a new world of experiences, additional services and rewards.
- Accor forges several world-class partnerships in segments prized by customers to enrich their experiences and offer them even more rewards within the ALL – Accor Live Limitless ecosystem, including with AEG, IMG and the PSG football club in the fields of sport, entertainment and fine dining, Air France-KLM in air travel, and Alibaba in retailing and loyalty.

1.2 The Group's activities

As shown in the 2019 Integrated Report, Accor has built its model and its strategy on four growth drivers:

- extension of its catalogue of offers by building on a stronger, more varied and better balanced portfolio of products (hotels, residences, apartments, office spaces, etc.) and brands in the most profitable segments (luxury, lifestyle, resorts);
- acceleration of the pace of organic development to diversify its locations in fast-growing regions and consolidate its geographic leadership;
- expansion of its ecosystem of services to diversify the customer base (leisure, business, Millennials, independent hotels, local residents) and enrich its augmented hospitality model;
- consolidation of its digital capacity to better predict the behavior and consumption patterns of its guests, give them more personalized experiences, enhance its loyalty programs, and make its systems more efficient.

1.2.1 A balanced brand catalogue with a stronger focus on fast-growing, value-creating segments

In the competition between players in hospitality, everyone's goal is to offer guests the most compelling experience possible, in a tireless search for ways to surprise them and take their satisfaction to a higher level. Because finding the keys to matchless service of this nature is a major source of differentiation in today's market, Accor places particular emphasis on the perpetual quest for fresh ways to offer guests high-quality stays and unforgettable experiences.

Accor strives relentlessly to identify promising trends enabling it to offer the most attractive products. To this end, it creates and acquires brands and properties capable of embodying these trends, with the following steps:

- start with a market after having precisely identified expectations;
- measure up possible competition by studying the DNA of the brands operating in the specific market segment;
- meet identified aspirations by acquiring brands or creating a global concept that can be split into several brands;
- design tangible products embodied by these brands, without compromising on the quality of the building, comfort, equipment, technology, architecture, interior design, atmosphere or F&B offer, particularly in the luxury and premium segments.

1.2.2 A varied, easily understandable portfolio of experiences

Hospitality

Each day, Accor welcomes more than 600,000 guests to stay and eat in one of its 5,000 addresses.

Its 39 hotel banners as of end-2019 represent a comprehensive array of experiences allowing everyone to find a brand that chimes with their desires, satisfies their needs and respects their budget.

With a longstanding presence in economy and midscale hotels, Accor now operates across all segments, from the most upscale to economy:

- in the luxury and premium segments, with superlative and highly differentiated products (26%)*;
- in the midscale segment, with key products developed with leading partners (34%)*;
- in the economy segment, through standardized products, but without compromising on quality or value for money (40%)*.

* *As a % based on number of rooms*

Hospitality

LIVE

With a remarkable choice of more than 5,000 hotels around the world, ranging from luxury to economy establishments as well as 5,000 private residences for rent, Accor strives to meet all aspirations and all needs. Accor reinvents the guest experience each day.

Luxury Segment

RAFFLES

Each hotel of the iconic Raffles brand offers service that is at once graceful and discreet, bringing all the delights of luxury to the traveler. Entering a Raffles hotel is a unique experience, with special attention and hospitality that is personalized, generous and faithful to the spirit of the place and the destination. Legendary service since 1887.

Network

16 hotels, or 2,385 rooms, in 13 countries, and 2,000 rooms in the pipeline.

ORIENT EXPRESS

A cosmopolitan icon for more than 135 years, Orient Express to this day remains the very definition of timeless luxury. This legendary blend of exotic opulence and superlative refinement will soon be transposed to an international collection of Orient Express hotels, offering a new journey to absolute sophistication.

Network

A collection of 10 addresses in 2030.

BANYAN TREE

Banyan Tree hotels are an oasis of peace in some of the world's most beautiful settings, allowing guests to regenerate body and mind. They encapsulate the romance of travel, promising authentic and memorable experiences.

Network

26 hotels, or 3,090 rooms, in 11 countries, and 3,013 rooms in the pipeline.

DELANO

Delano (sbe) offers today's travelers the rarest and most coveted experiences. It rewrites the concept of the luxury resort, combining first-class service and personalized experiences that stimulate curiosity and nourish the senses.

Network

2 hotels, or 1,308 rooms, in 1 country, and 135 rooms in the pipeline.

LIVE

Luxury Segment

SOFITEL LEGEND

Legendary addresses where heritage meets French *art de vivre*. Exceptional architecture and settings for ultimate luxury experiences.
Each stay is a story just waiting to be written.

Network

5 hotels, or 874 rooms, in 5 countries.

Fairmont

The iconic Fairmont addresses, all located at the very heart of the destination, offer hospitality imbued with meaning characterized by warm service, a commitment to preserving the environment and holistic wellbeing experiences. Combining these aspects with unique architecture adds up to the consummate customer experience.

Network

79 hotels, or 31,091 rooms, in 27 countries, and 8,157 rooms in the pipeline.

SLS

SLS is the quintessence of an extraordinary experience, blending culinary art, theatrical staging and a hint of subversive design. From the giant metal duck to the bar prized as much by saints as by sinners, no other luxury hotel can boast such diversity, such abundance and such a sense of fun.

Network

7 hotels, or 1,844 rooms, in 2 countries, and 2,026 rooms in the pipeline.

SO/

A sparkling cocktail of refinement and style mixed with a burst of slightly offbeat local energy to create an inimitable experience. Guests come to these places to see or be seen, but also to be surrounded by like-minded individuals.

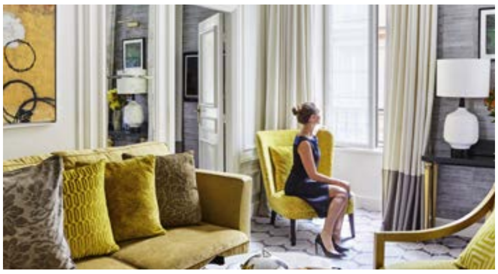
Network

9 hotels, or 1,349 rooms, in 8 countries, and 2,526 rooms in the pipeline.

LIVE

Luxury Segment

SOFITEL



Imagine luxurious, contemporary hotels where the essence of each destination blends harmoniously with French *art de vivre* to create refined experiences, to let modern travelers indulge in the pleasures of life and toast them in true French fashion.

Network

119 hotels, or 30,131 rooms, in 45 countries, and 5,418 rooms in the pipeline.

THE HOUSE OF ORIGINALS

The House of Originals opens the door to historic and iconic hotels that innovate constantly, setting trends – not following them. From nightlife to design, cooking to mixology, every hotel embodies this enduring spirit, offering the promise of originality.

Network

6 hotels, or 1,836 rooms, in 4 countries, and 558 rooms in the pipeline.

RIXOS

Dedicated to sharing the sense of Turkish hospitality and offering the experience of absolute relaxation in luxury environments, Rixos hotels are exceptional holiday resorts. At Rixos, "all-inclusive" means exclusive.

Network

24 hotels, or 8,877 rooms, in 7 countries, and 3,423 rooms in the pipeline.

onefinestay

onefinestay opens the doors to the most beautiful homes and villas around the world, offering superlative service to increasingly discerning guests.

Network

5,000 properties in 2 collections, City and Villa.

LIVE

Premium Segment

mantis

Mantis has uncovered hotels, eco-lodges and cruises in some of the most remote places on the planet, offering vibrant cityscapes, vast African plains and just about every other type of destination in between. Each has its own unique spirit, but all are bound by a common obsession, that of being extraordinary, preserving the environment and protecting all that is rare.

Network

35 hotels, or 852 rooms, in 20 countries, and 472 rooms in the pipeline.

M GALLERY

MGallery is a collection of boutique hotels steeped in history, where guests discover the world and more, designed for delightful and unique experiences. MGallery has welcomed **21c Museum Hotels** into its collection. 21c Museum Hotels combines contemporary art museums, boutique hotels and restaurants run by leading chefs.

Network

110 hotels, or 11,686 rooms, in 32 countries, and 7,177 rooms in the pipeline.

Art Series

Each hotel bears the name of a contemporary Australian artist and takes their work as inspiration for an end-to-end artistic experience, with everything from original works on the walls and art books on the shelves to dedicated television channels and visits on artistic themes. Sophistication and bespoke service have found a home.

Network

9 hotels, or 2,209 rooms, in Australia.

MONDRIAN

Mondrian (sbe) is in tune with the world's most vibrant cultural scenes. Its hotels provide a unique and offbeat setting where guests and locals can lose themselves in the culture of each destination. Mondrian is another way of traveling.

Network

5 hotels, or 1,030 rooms, in 2 countries, and 1,773 rooms in the pipeline.

LIVE

Premium Segment

pullman

Pullman Hotels & Resorts is driving a new tempo in travel and all it brings, providing an inspiring, energizing and enriching experience to new entrepreneurs. Pullman offers its guests the space they need to focus, work and play.

Network

136 hotels, or 40,068 rooms, in 41 countries, and 13,283 rooms in the pipeline.

swissôtel

Contemporary hotels characterized by the excellence and attention to detail typical of Swiss hospitality. Swiss by heart and cosmopolitan by nature, we offer our guests the vitality and peace of mind they need to explore the world and get the best out of life.

Network

35 hotels, or 14,789 rooms, in 18 countries, and 4,837 rooms in the pipeline.

ANGSANA

Angsana whets your appetite for adventure, whatever your age and desire for travel.
A successful alliance of local elegance and vibrant and entertaining experiences, Angsana offers a prodigious choice of destinations around the world for you to explore.

Network

15 hotels, or 2,239 rooms, in 8 countries, and 2,347 rooms in the pipeline.

25h twenty five hours hotels

At 25hours, hotels are unique and made to measure.
Their personalities are in tune with their vibrant host cities. Every 25hours hotel has its very own soul, inspired by the location and shaped by local art, culture, cuisine and history.

Network

13 hotels, or 2,065 rooms, in 4 countries, and 1,173 rooms in the pipeline.

LIVE

Premium Segment

MÖVENPICK

At Mövenpick, your stay is designed to be a succession of experiences. We know that small things can make a big difference. That's why Mövenpick hotels are passionate about doing ordinary things extraordinarily. Instilled with a culture of Swiss hospitality since the 1940s, Mövenpick offers a unique selection of contemporary hotels around the world, located in cities or resort towns, complemented by a culinary heritage dating back 70 years, with no compromise on quality or authenticity.

Network

97 hotels, or 23,398 rooms, in 26 countries, and 11,052 rooms in the pipeline.

HYDE

Hyde hotels, resorts and residences are designed to meet the needs, aspirations and tastes of connoisseurs. A new breed of hospitality born of the spirit of discovery, the fantasy of nightlife and the excitement of encounters, Hyde is more than just a brand, it is a state of mind.

Network

2 hotels, or 460 rooms, in the United States, and 230 rooms in the pipeline.

GRAND MERCURE

All over the world, Grand Mercure draws on its contemporary, high-end signature style to revisit and showcase the uniqueness of each culture, to surprise its guests and inspire them to rediscover what makes each one special.

Network

56 hotels, or 12,711 rooms, in 12 countries, and 5,934 rooms in the pipeline.

LIVE

Premium Segment

PEPPERS

Peppers creates irresistible hotels for select experiences in some of the most spectacular spots in Australia, New Zealand and Indonesia. Peppers is synonymous with refinement, infinite attention to detail and personalized service.

Network

28 hotels, or 4,798 rooms, in 3 countries, and 507 rooms in the pipeline.

THE SEBEL

The Sebel is a collection of sophisticated, elegant and spacious apartments with customized service, offering guests the chance to really get to know the destination.

Network

31 properties, or 2,141 apartments, in 3 countries, and 536 apartments in the pipeline.

LIVE

Midscale Segment

mantra

Mantra means upscale accommodation and a warm welcome in vibrant cities and popular seaside locations. Whether you're traveling for business or to relax with your family, you'll feel right at home. From hotels to resorts to apartments, Mantra has the perfect spot in the ideal destination.

Network

77 hotels, or 15,526 rooms, in 3 countries, and 691 rooms in the pipeline.

NOVOTEL

Each Novotel is a destination in itself. Their modern, natural and intuitive design gives the hotels both a relaxed and lively atmosphere, making them the perfect place to stay, or simply have a drink, eat, work, play or wind down.

Network

536 hotels, or 104,835 rooms, in 62 countries, and 31,449 rooms in the pipeline.

Mercure

Each Mercure hotel is a portal to its destination, offering travelers a comfortable stay and immersive local experiences. Each Mercure hotel is unique, an invitation to discover the local culture through design, F&B and craftwork.

Network

842 hotels, or 110,228 rooms, in 62 countries, and 32,443 rooms in the pipeline.

LIVE

Midscale Segment

adagio

How can you be out of town and yet enjoy all the comfort of home, all while discovering a new city? Adagio Aparthotels are functional apartments with hotel services and easy-going hospitality. Located in the heart of cities, the brand offers three ranges: Adagio, Adagio access and Adagio premium.

Network

113 aparthotels, or 12,719 rooms, in 13 countries, and 6,151 rooms in the pipeline.

MAMA SHELTER

Mama is more than just a place to eat and sleep. It's an urban refuge, a place for meeting and sharing. It's like being in your mother's arms – a cozy place where you feel good. Mama takes care of your stomach too, with tasty and unique dishes designed by fantastic chefs. Like a mom, Mama takes care of you!

Network

13 hotels, or 1,790 rooms, in 5 countries, and 1,332 rooms in the pipeline.

TRIBE

Tribe is a new breed of hotels, one that matches the desires and aspirations of today's travelers. A refreshing and disruptive design-driven brand, Tribe pushes back the boundaries, with a revamped hotel experience that puts it firmly at the forefront of the affordable luxury sector. Modern travelers, this hotel is for you.

Network

1 hotel, or 126 rooms, in Australia, and 4,309 rooms in the pipeline.

LIVE

Economy Segment

BreakFree

BreakFree offers spacious apartments and hotels near the most beautiful beaches, urban tourist attractions, or popular entertainment venues for holidaymakers. Families, couples or groups of friends know that BreakFree is the guarantee of unpretentious comfort and laid-back service.

Network

23 hotels, or 3,447 rooms, in 2 countries.

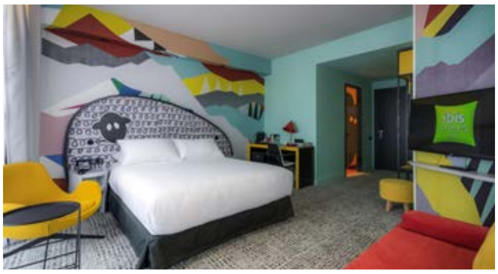
ibis

ibis is a door open to vibrant places where everyone can come to sleep, eat, meet new people and enjoy live music. Possibilities abound in ibis' fresh and flexible spaces fostering interactions and exchanges between customers, travelers and local residents.

Network

1,218 hotels, or 155,678 rooms, in 67 countries, and 24,190 rooms in the pipeline.

ibis Styles



Creative design and a fun atmosphere are what's in store for travelers when they stay at ibis Styles. With a unique design concept built around a specific theme and a creative and optimistic approach, ibis Styles hotels offer simple, trendy and affordably priced hospitality.

Network

534 hotels, or 56,277 rooms, in 51 countries, and 27,178 rooms in the pipeline.

ibis budget

ibis *budget* is the smart choice for urban adventurers looking for a base camp. Guests can meet to share their passion for smart sport and use the exercise equipment to stay in shape while having fun.

Network

636 hotels, or 63,783 rooms, in 23 countries, and 7,361 rooms in the pipeline.

LIVE

Economy Segment

greet

greet welcomes people looking for meaning in their relationships, their purchases and their way of life; people who each day help make our world a better place, giving a second chance to everything around them.

Network

1 hotel, or 52 rooms, in France, and 1,039 rooms in the pipeline.

JO&JOE

Designed especially for Millennials and all those who share their spontaneity and their quest for sharing and experiences, Jo&Joe is a hybrid hospitality concept, halfway between youth hostel and classic hotel.

Network

2 open houses, or 283 beds in France, and 1,096 beds in the pipeline.

hotelF1

hotelF1 is the brand for travelers on the road. For more than 30 years, our friendly hotels have been easy to find and affordably priced. With the #OnTheRoad concept, hotelF1 is rethinking comfort, design and service. New *à la carte* services are available to enrich guests' experience.

Network

172 hotels, or 13,198 rooms, in France, and 62 rooms in the pipeline.

Augmented hospitality

WORK

Augmented hospitality means anticipating a customer's every need.

Whether for organizing upscale events, delivering personalized services, creating unique experiences or offering digital solutions, Accor's vision of augmented hospitality is more than simply planning ahead, it is creating ahead.

Coworking

Accor provides coworking solutions and spaces adapted to the needs of all customers, from freelancers to entrepreneurs, as well as a wide selection of areas within hotels to host customers' meetings and events.

WOJO

Wojo is a leading player in the European coworking market. With a new take on workspaces – Wojo Spots and Wojo Corners – on top of its existing sites, Wojo puts everyone within 10 minutes of the office.

Network

11 sites, 9 in Greater Paris and 2 in Lyon.

Over 300 spaces managed by Accor, and 1,000 addresses planned for 2023.

MAMAWORKS

Mama Works is a real cocoon for inspiration and concentration. It's an invigorating agora where teams can get together to debate, discuss and create, a bright loft where ideas, people and energies circulate freely. Mama Works is all about freedom and flexibility, a rallying point for everyone from forward-thinking CEOs to promising entrepreneurs and freelancers.

Network

3 spaces totaling 6,495 sq.m in Lille, Lyon and Bordeaux, and 2 spaces covering 3,800 sq.m in development.

Business Meetings & Events

Accor harnesses cutting-edge technological equipment, innovative F&B offerings and tailor-made activities to host more than 700 events each day in its 3,100 seminar hotels, all segments combined, representing more than 18,000 meeting spaces available for its business customers.

PLAY

Live Limitless offers the freedom to take advantage of the full spectrum of services whenever the mood strikes. Accor provides an unlimited range of experiences, tailor-made events and sophisticated locations available day and night to entertain guests throughout the world.

Events & Catering

POTEL & CHABOT

Potel & Chabot has been reinventing the art of fine dining since 1820. A proud champion of French cuisine, its know-how and excellence are now part of the Accor portfolio. With nine spectacular sites in Paris and a catalogue of 600 addresses in France and abroad, Potel & Chabot can organize events of any size.

Some exclusive addresses

Pavillon Gabriel, Pavillon Kléber, Pavillon Dauphine and Hôtel d'Évreux.

PARIS SOCIETY

In just under ten years, Paris Society has become a leader in events, hospitality and entertainment in France. The brand is currently expanding in three areas: CLUBS, flagships of Parisian nightlife; TABLES, exceptional restaurants, laboratories of the new culinary arts; and PLACES, a unique portfolio of event locations.

These different yet perfectly complementary businesses allow it to create synergies and capitalize on its immense know-how.

Some iconic addresses

Apicius, Terminal 7, Paris Longchamp, Monsieur Bleu, Loulou, Raspoutine Paris, Rome & Marrakesh, Le Rooftop, R2 Marseille, Le Domaine de Longchamp and Les Pavillons des Étangs, and 9 prestigious projects in the pipeline.

Activity

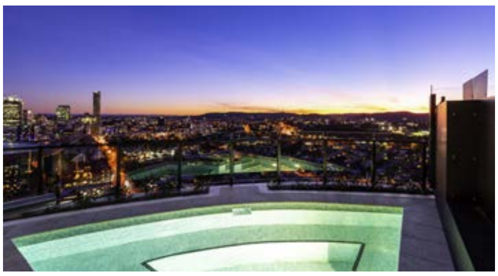
16,000 events organized each year.

DISRUPTIVE GROUP

Disruptive Group (sbe) owns and operates distinctive lifestyle brands in the restaurant and nightlife industry. The Disruptive Group brands offer 360° experiences in sbe hotels, as well as in independent restaurants around the world.

Network

30 lifestyle brands, 100 locations worldwide and 14 Katsuya restaurants.



Wellbeing

Today's travelers are looking for services and experiences that help keep them in shape.

Our teams of attentive and devoted experts are on hand to provide revitalizing seawater therapies, offer a wide range of holistic treatments inspired by local techniques, and share advice on fitness.

Network

Over 400 luxury spas, more than 500 fitness clubs and 14 Thalassa wellness centers.

BUSINESS ACCELERATORS

Accor delivers performance-enhancing solutions and services in the areas of distribution, operational management and customer experience. Our performance accelerators are all accomplished experts in their fields, ensuring the success of our customers' projects at each stage of their development.

D-Edge

D-Edge's high-end technology gives independent hotel operators and chains a range of flexible and transparent 360° solutions to optimize online distribution and maximize revenue.

Customer base

11,000 hotel customers in more than 100 countries.

GEKKO

Gekko is the European leader in hotel reservation platforms. Through its brands, it provides innovative solutions for business travel, pleasure travel and B2B hotel specialists.

Activity

More than 500 corporate customers, 14,000 travel agencies in 9 countries, and 1,000,000 hotels and private rentals spread around the world.

VERYCHIC

VeryChic offers its members exclusive deals in exceptional hotels, with discounts of up to 70%. More than 5,000 partner hotels optimize their distribution *via* VeryChic.

Network

9.1 million members and 5,000 partner hotels in 50 countries.

ResDiary

ResDiary is a flat-rate online table reservation system designed by restaurant owners for restaurant owners.
A leader in the management of distribution channels, it allows people to make reservations from anywhere, on the venue's own website or social networks, or through other channels such as Google.

Activity

185 million meals served every year in 9,700 restaurants in 59 countries.

BUSINESS ACCELERATORS

JOHN PAUL

John Paul provides businesses and brands with loyalty solutions for their customers and employees through three complementary programs. John Paul blends the unique know-how and skills of its 700 concierges with its digital platform of ultra-personalized content.

Network

800 talented staff available 24/7 worldwide, 10,000 exclusive partners.

adoria

Adoria's purpose is to contribute to the success of food and beverage groups through supply management and meal preparation optimization solutions for restaurants *via* an Internet platform that connects all players along the chain. Adoria is the first independent software platform for food and beverage.

Activity

65,000 references in the catalogue, more than 100,000 orders per month, and €400 million in purchases each year.

ASTORE

YOUR PROCUREMENT PARTNER

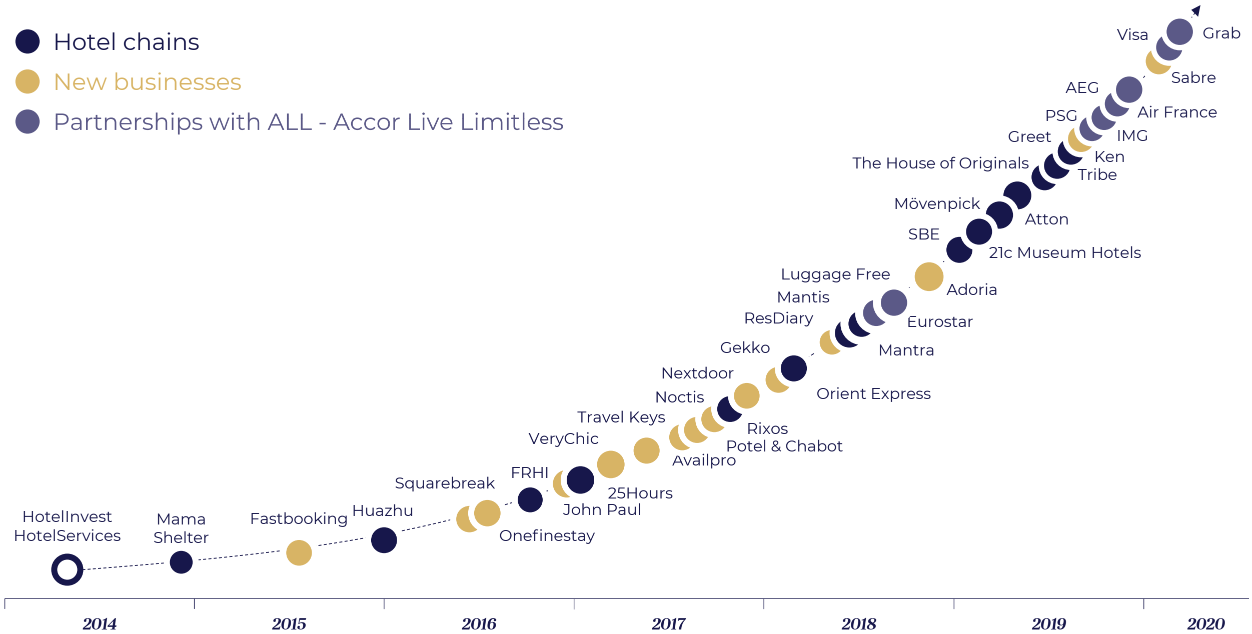
Astore is a global and local team of experts that responds to all hospitality needs with innovative digital solutions to secure and maximize the achievements of hotel operators.

Activity

€2.5 billion in purchases worldwide, 6 product families covering 100% of hotel needs, 3,500 providers worldwide.

1.3 A simplified, expanded and more agile business model

In an environment shaped by swift change in guests' habits and the need to rethink the codes for the hotels of tomorrow, Accor has profoundly redefined its business model by selling almost all of the real estate it previously owned. At the same time, it has used its numerous acquisitions and partnerships to build a hospitality ecosystem geared toward increasing its sources of revenue in growing areas and the most profitable segments, and to acquire new brands, new services and new rewards for its customers and partners.



1.3.1 Finalization of the Group's transition to an asset-light profile

In 2019, Accor took its asset-light strategy further by selling the majority of the property assets it still owned, notably those of its subsidiary Orbis in Central Europe, plus 16 Mövenpick hotels and part of its investments in Huazhu and AccorInvest.

Disposal of the Orbis property business, consolidating the Group's leadership in Central Europe

Acquisition of 85.8% of Orbis

Orbis is the leading hotel group in Central Europe. It has exclusive rights to most Accor brands through a master franchise agreement. Its portfolio includes 148 hotels (23,000 rooms) in 16 countries (Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia), operated under the Sofitel, Pullman, MGallery, Novotel, Mercure, ibis, ibis Styles and ibis budget brands.

To gain flexibility in the management of the Orbis hotel portfolio and sell the property without losing the management rights, Accor initially consolidated its control over the company (in which it held a 52.7% stake) by launching a public offer for its shares in November 2018. The transaction enabled Accor to acquire 33.1% of Orbis for €339 million, increasing its stake to 85.8%.

Acquisition of the Orbis Hotel Services business

Subsequently, Orbis split its owner-operator and hotel services (hotel management and franchise) operations, as HotelServices and HotelInvest did between 2015 and 2017, in order to refocus on its asset portfolio and sell its hotel services business. Orbis and Accor came to an agreement under which Accor acquired the hotel services business for approximately €286 million, making the Group the manager of the 73 hotels owned and leased by Orbis.

Sale of 85.8% of the Orbis real estate activity to AccorInvest

Following discussions with several potential investors, Accor signed a firm agreement with AccorInvest for the sale of its 85.8% stake in the capital of Orbis for €1.06 billion. This transaction was carried out in the form of a public offer for all outstanding shares in Orbis.

The disposal was completed on March 11, 2020.

Sale of 5.2% of AccorInvest's capital, reducing Accor's stake to 30%

In November 2019, Accor signed an agreement for the sale of 5.2% of the capital of AccorInvest with several existing shareholders of the company for €199 million. This represents a 12.9% increase in the value of AccorInvest compared with the sale price in 2018, reflecting the positive effects of the transformation initiated by AccorInvest, Europe's leading hotel owner. This sale leaves Accor holding 30% of AccorInvest, which is the lock-up level the Group undertook to maintain until May 2023 at the time of the AccorInvest spin-off in 2018.

AccorInvest has 30,000 employees in 25 countries worldwide, and owns 846 hotels (122,000 rooms) out of the 1,182 assets owned and leased by Accor. Of these, 348 are wholly owned by AccorInvest and 498 operated under fixed- and variable-rent leases. Management contracts governing the relationship between Accor and AccorInvest, including the fees paid by AccorInvest to Accor, are in line with market practices. Indexed to the hotels' EBITDAR (incentive fees), fees are expected to increase over time by virtue of investments to boost the performance of the hotels in the company's portfolio. Accor has signed management contracts relating to the operation of AccorInvest hotels, for a very long period for luxury and premium hotels (50 years including a 15-year renewal option), and a long period for the midscale and economy segments (30 years on average, with a 10-year renewal option).

Sale and management-back of 16 leased Mövenpick hotels

In December 2019, Accor also closed a transaction to restructure a portfolio of 16 leased Mövenpick hotels located in Germany, Switzerland and the Netherlands (including three hotels currently in the pipeline) managed by Accor under a 20-year management contract.

The transaction took the form of a sale and management-back agreement with HR Group, a German private investment fund. The removal of these hotels from Accor's hotel portfolio reduces consolidated debt by €430 million, corresponding to the total amount of the lease liabilities attached to them.

Sale of 4,9% of the capital of Huazhu for $451 million

Accor also signed a definitive agreement in December 2019 for the sale of 4.9% of the capital of Huazhu Group Limited for $451 million. Motivated by the company's strong growth in China, Accor initially acquired a 10.8% stake in Huazhu for $193 million in 2014. In December 2019, Accor sold around 5% of Huazhu's capital for €451 million, meaning that its value had increased 4.5-fold in the four years since the initial investment. The company's interest now stands at some 5% of the capital, valued at around €385 million based on the share price at March 31.

Completed in full cooperation with Huazhu, the deal allowed Accor to unlock the value created since the establishment of the partnership in January 2016, without calling its continuation into question. Its fruitful development and the growth momentum dating back four years have resulted in the opening of 266 economy and midscale hotels in China, mainly under the ibis, Novotel and Mercure brands.

As a reminder, Huazhu has exclusive rights to franchise development in the economy (ibis, ibis Styles) and midscale (Novotel and Mercure) segments, and for the Grand Mercure brand in China, Taiwan and Mongolia. Huazhu is to continue operating and developing these activities, while Accor will continue to develop and operate its luxury and premium brands in China (Sofitel, Pullman, MGallery and The Sebel). The partnership helped maintain the Group's growth in the region, with 170 hotels currently under negotiation and 254 hotels in the pipeline. At the end of 2019, the Group had a residual stake of approximately 5% in the capital of Huazhu.

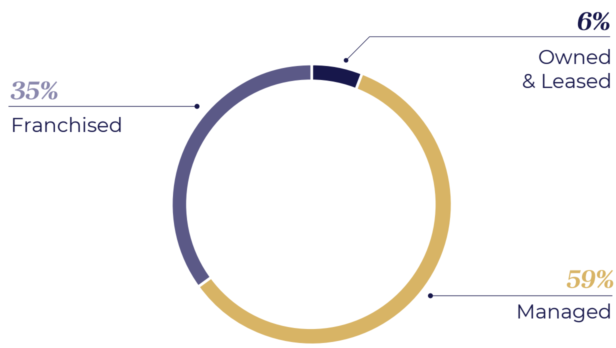
1.3.2 An asset-light model centered on management contracts and franchise agreements

Over the past two years, the disposals of 70% of AccorInvest and 85.8% of Orbis and the sale and management-back of 16 Mövenpick hotels have significantly reduced the size of Accor's asset portfolio and its overheads (rents and investments). Owned and leased hotels now account for just 6% of the portfolio, down from 26% in 2017. With its asset-light profile, the Group now operates 59% of its network under management contracts and 35% under franchise agreements, thereby reducing the volatility of its earnings.

The remaining 6% of hotels correspond mainly to those operated under ownership and lease arrangements by Mantra in Australia, and hotels operated under variable leases in Brazil.

Hotel portfolio by operating structure at December 31, 2019

As a % based on number of rooms



Accor decides how to operate its hotels based on its priorities, constraints set by local laws and negotiations with hotel chains and real estate partners. Its strategy is to choose hotels' operating structure in accordance with:

- their positioning (luxury, premium, midscale or economy);
- the size of the country and type of economy (developed or emerging);
- their location (large, mid-size or small city);
- their return on capital employed;
- their earnings volatility;
- their EBIT margin.

In mature markets, Accor prefers asset-light operating structures based on:

- management contracts in the luxury segment;
- management contracts and franchise agreements in the premium segment;
- management contracts and/or franchise agreements in the midscale segment;
- franchise agreements in the economy segment in Europe.

In emerging markets, Accor focuses on:

- management contracts in the luxury and premium segments.

Type of fees	Management contract	Franchise agreement
Trademark	✓	✓
Base management	✓	
Incentive	✓	
Sales & Marketing	✓	✓
Distribution	✓	✓
Loyalty	✓	✓

Hotel management contracts are contracts under which owners entrust Accor with the operation of their hotel in order to optimize profitability. In this format, the owner chooses Accor to benefit from recognized hotel know-how and to capitalize on the attractiveness of its brands, its loyalty program, its sales performance and its marketing actions, as well as the power of its booking platform.

The hotel owner undertakes to allocate Accor budgets consistent with the objectives set, and to invest regularly in the hotel to maintain the standards of the brand. The owner is also responsible for the risks of operating the hotel, except in the event of gross negligence by Accor in its management. Accor does not own the hotels it operates, and therefore does not record their revenue or profits.

Management contracts cover long periods of 15 to 20 years for hotels in the luxury and premium segments, and approximately 15 years for hotels in the midscale and economy segments. A non-compete clause may also be included in the contract for luxury and premium hotels, prohibiting Accor, for a limited time and a given brand, from opening a hotel under the same brand as the hotel under management in the same locality. In addition, luxury and premium hotels are subject to performance targets as of the third year following their opening to the public. Accor is required to respect the following two cumulative criteria:

- generate at least 85% of the EBITDAR budgeted; and
- deliver revenue per available room (RevPAR) at least equal to 85% of that of comparable hotels (of the same category and within the same locality).

If the assigned objectives are not achieved over two consecutive years, Accor is deemed to be in default (but has a chance to remedy this), unless its shortcomings can be ascribed to one of the following factors: *force majeure*, work affecting the hotel or an economic factor detrimental to the hotel's business.

In all segments, Accor receives two types of compensation: (i) a management fee corresponding to a percentage of the revenue generated by the hotel, and a performance fee indexed to the hotel's EBITDAR; and (ii) fees for the various services including brand use, distribution, sales, marketing and the loyalty program.

Franchise agreements are contracts whereby Accor offers hotel owners access to a brand, as well as distribution, sales, marketing and loyalty services. Hotels also have access to other services, including the Group's centralized purchasing system and Académie Accor for employee training.

Accor is compensated in the form of trademark, distribution, sales, marketing and loyalty fees. Where applicable, it also receives fees for ancillary services. Guaranteeing the operational know-how, reputation and image of its brands, of which it sells the right to use, Accor is responsible for managing its network, training franchisees and providing technical and commercial support to ensure the proper implementation of its concepts.

Each brand has its own standards, and franchisees are removed from the network if they fail to comply with them; the main risk for Accor is loss of control of its brand and its image. The Group accordingly ensures compliance with the specifications through regular quality audits.

A percentage of the franchise fees paid by franchisees goes into a fund used for marketing, distribution and digital initiatives undertaken in the interest of the brands. Franchisee associations, mainly in France (62% of franchised hotels belonging to two non-profit associations dedicated to the Mercure and ibis brands) and Germany (40%), issue an advisory opinion on the use of these funds, but Accor is ultimately responsible for their allocation.

Laws governing franchisor status vary greatly from one country to another, where they exist at all. In France, franchise agreements and those bearing on all distribution and service networks are governed by the Doubin Act, which mainly covers the pre-contractual information that franchisors are required to provide, namely:

- the physical and legal identity of the franchisor and of the business manager;
- the franchisor's brand and trademarks;
- the franchisor's bank details;
- the track record and experience of the franchisor covering at least five years;
- the products/services market, growth outlook and financial statements;
- the network of operators.

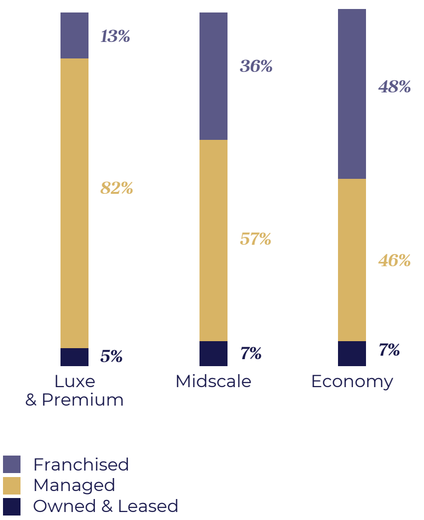
Franchise agreements are signed for an average term of 15 years. They can, however, be terminated early at the franchisor's request in some special cases, including:

- if the franchisee is legally incapable of performing the activity;
- if the franchisee fails to apply the terms of the contract with respect to the concept or supplies;
- if the franchisee provided false information about him or herself before signing the contract.

When the termination is at the initiative of the franchisor, it is entitled to claim financial compensation equivalent to the total amount of the remaining fees stipulated in the contract.

Hotel portfolio by segment and operating structure at December 31, 2019

As a % based on number of rooms



Although the sale of AccorInvest did little to change the shape of the Accor network in the luxury and premium segments (gain of 3 points *vs.* 2017[1]) and did not change the proportion of franchised hotels, it did significantly change the proportion of management contracts in the economy and midscale segments, since the contracts governing hotels that were previously owned and leased by Accor have been converted to this more profitable management style.

Management contracts and franchise agreements now account for 93% of hotels in the economy segment (up 29 points *vs.* 2017), 93% in the midscale segment (up 20 points *vs.* 2017), and 94% in the luxury and premium segments (up 5 points *vs.* 2017). More specifically, the share of management contracts increased significantly to 81% in the luxury and premium segments (up 6 points *vs.* 2017), while the proportion of franchise agreements has fallen slightly to 13%. Management contracts represent 57% of contracts in the midscale segment (up 17 points *vs.* 2017) and 46% in the economy segment (up 23 points *vs.* 2017), while the proportion of franchise agreements was up slightly to 36% in the midscale segment (2% increase *vs.* 2017) and up to 48% in the economy segment (gain of 5 points *vs.* 2017).

(1) Including acquisitions and partnerships completed in 2018.

Hotel portfolio by brand and operating structure at December 31, 2019

	Managed		Franchised		Owned & Leased		Total	
Brand	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
RAFFLES	16	2,385	0	0	0	0	16	2,385
FAIRMONT	77	30,679	2	412	0	0	79	31,091
SOFITEL	110	27,306	4	1,545	5	1,280	119	30,131
SO BY SOFITEL	8	1,257	0	0	1	92	9	1,349
PULLMAN	108	30,950	25	7,636	3	1,482	136	40,068
MGALLERY	63	7,720	46	3,797	1	169	110	11,686
SWISSÔTEL	30	13,306	4	1,245	1	238	35	14,789
GRAND MERCURE	38	10,050	18	2,661	0	0	56	12,711
THE SEBEL	12	1,046	19	1,095	0	0	31	2,141
RIXOS	14	4,457	10	4,420	0	0	24	8,877
MANTIS	35	852	0	0	0	0	35	852
ART SERIES	1	166	0	0	8	2,043	9	2,209
PEPPERS	22	4,188	3	230	3	380	28	4,798
MÖVENPICK	81	19,716	2	254	14	3,428	97	23,398
SBE	16	4,360	8	2,474	0	0	24	6,834
25HOURS	13	2,065	0	0	0	0	13	2,065
Luxury & Premium	**644**	**160,503**	**141**	**25,769**	**36**	**9,112**	**821**	**195,384**
NOVOTEL	323	71,626	143	21,678	35	7,182	501	100,486
NOVOTEL SUITES	24	3,269	11	1,080	0	0	35	4,349
MERCURE	271	44,373	555	62,275	16	3,580	842	110,228
ADAGIO	39	4,534	6	680	23	2,820	68	8,034
MANTRA	45	10,891	6	434	26	4,201	77	15,526
MAMA SHELTER	3	416	0	0	0	0	3	416
TRIBE	1	126	0	0	0	0	1	126
Midscale	**706**	**135,235**	**721**	**86,147**	**100**	**17,783**	**1,527**	**239,165**
Multibrand	**30**	**4,969**	**26**	**2,565**	**1**	**51**	**57**	**7,585**
IBIS	461	75,980	685	67,119	72	12,579	1,218	155,678
IBIS STYLES	114	18,881	413	36,137	7	1,259	534	56,277
IBIS *BUDGET*	217	27,332	395	31,639	24	4,812	636	63,783
ADAGIO ACCESS	38	3,949	1	110	6	626	45	4,685
HOTELF1	78	6,673	94	6,525	0	0	172	13,198
JO&JOE	1	185	0	0	1	98	2	283
BREAKFREE	21	3,101	0	0	2	346	23	3,447
GREET	0	0	1	52	0	0	1	52
Economy	**930**	**136,101**	**1,589**	**141,582**	**112**	**19,720**	**2,631**	**297,403**
TOTAL	**2,310**	**436,808**	**2,477**	**256,063**	**249**	**46,666**	**5,036**	**739,537**

1.4 Investments to consolidate the Group's network, brand portfolio and service offering

Since 2014, Accor has broadened its catalogue of offers by creating a more diversified portfolio of brands and products, from hotels, residences and apartments to coworking spaces, with a decisively stronger focus on the more buoyant luxury, lifestyle and resort segments. It is also consolidating its augmented hospitality model through the acquisition of new businesses and partnerships that enrich its ecosystem and diversify its customer base (leisure, business, Millennials, independent hotels, local residents).

Summary of investments[1] made by Accor from 2016 to 2019

Investment *(in millions of euros)*	Section	2016[1]	2017[2]	2018[1]	2019	% invested over the period
Asset portfolio		139	160	36	76	5.9%
Hotel acquisitions	1.4.1 & 1.4.3	2,625	108	1,803	108	62.6%
Acquisitions of new businesses	1.4.5	323	101	174	52	9.4%
Acquisitions of other businesses		0	46	24	45	1.7%
Digital plan	1.6	43	21	26	15	1.5%
Other	1.3.3	108	71	780	23	18.9%
TOTAL		**3,239**	**507**	**2,841**	**319**	**100.0%**

(1) Amounts restated in accordance with IFRS 5.
(2) Amounts restated in accordance with IFRS 15.

In 2018, Accor received €4.8 billion in cash from the sale of 64.8% of AccorInvest, and pursued its strategy further by reallocating €2.9 billion to the development of its business through acquisitions and strategic partnerships, including:

- €1,465 million to acquire the Mantra, Mövenpick, Atton, 21c Museum and Tribe hotel chains;
- €292 million to develop hotel partnerships with sbe and Mantis;
- €161 million to acquire Gekko, ResDiary, Adoria and OnePark;
- €727 million to acquire the Orbis portfolio and the Group's headquarters.

Investments made in 2019 were substantially below the levels seen in previous years, and broke down as follows:

- €108 million in additional equity investments in hotel chains, including Rixos Hotels and 25Hours ;
- €52 million in equity investments in the Ken Group and companies such as DailyPoint, Bizzon and SoyHuCe;
- €45 million in equity investments, notably in Group360 and Fever..

1.4.1 Hotel acquisitions which diversify the Group's brand portfolio and consolidate its network in growing areas

In recent years, Accor has invested €4.6 billion in hotels. The Group has significantly expanded its portfolio of brands in the luxury and premium segments by investing in names conveying the promise of unmatched experiences executed perfectly. Satisfying demand for bespoke experiences requires the Group to forget standardized services and to embrace high-level personalization as a means of surprising guests, exceeding their expectations and making their stays exceptional.

Accor strives constantly to heighten its hotels' appeal through attention to detail in each service and the special treatment given to guests, to secure their preference and stand out from the pack. The Fairmont, Raffles and Swissôtel brands have greatly improved the Group's skills in this respect, and helped develop the practices of the other differentiated brands in the portfolio.

Following the acquisitions of FRHI and BHG in 2016 and 2017, Accor expanded its brand portfolio further in 2018, taking it into innovative and high-value segments and structuring it to achieve a broad balance among the identities and positioning of each brand. Its acquisitions enabled Accor to increase the geographic density of its network and to gain market share in dynamic regions in Asia-Pacific, Latin America and the United States. In total, the acquisitions of Mantra, Atton, Mövenpick and 21c Museum represented an investment of €1.5 billion in 2018.

(1) See Note 8.4 to the consolidated financial statements for more details.

In its search for new markets and diversification, Accor has also entered into various hotel partnerships allowing it to broaden its range of hotel offers.

1.4.2 Hotel partnerships which broaden the Group's brand portfolio and consolidate its network in growing areas

Over the last five years, Accor has entered into numerous partnerships with Huazhu, Mama Shelter, 25hours, Orient Express, Banyan Tree and Rixos to expand its brand portfolio and diversify its network in terms of geography and segment. Last year, the Group continued making this type of alliance with Mantis and Katara Hospitality in Africa, with Dalmata Hospitality in France, and with sbe in the lifestyle segment in the United States. In 2019, the Group's most significant partnerships were those with AccorInvest, 30%-owned (€1.05 billion), and Huazhu, 4.9%-owned ($193 million). The hotel partnerships Accor establishes and maintains with other companies generally serve three specific objectives:

- increase the Group's revenue by expanding its network (number of hotels, geographic density), *i.e.*, the number of franchise agreements and management contracts, including for non-branded establishments;
- distribute new concepts (resort, lifestyle, collections, rentals of private residences) and the brands that house them to cover all the aspirations of travelers;
- increase its active customer base by multiplying touchpoints (qualitative approach) and combining its loyalty program with that of other partners (quantitative approach).

Thanks to these operations, Accor's development is very dynamic and represents a real asset at a time when the Group, like all of its competitors, needs to consolidate its market share around the world and extend its leading positions, while raising the bar in terms of the return on investment in development. In 2019, Accor accordingly continued the initiatives launched in the last two years in the lifestyle segment, where value-creation potential remains intact.

1.4.3 Reinforcement of the lifestyle portfolio

This segment reflects travelers' aspiration for incomparable experiences. Highly attractive, the lifestyle concept reflects a way of being, thinking and living for guests in a quest for unique and inspiring experiences, those seeking offers that resonate with their values and way of life. For the past three years, Accor has been seizing every opportunity to invest in this fast-growing segment around the world.

Its lifestyle offering has been a great success, especially with Millennials in the economy segment; witness the Jo&Joe hostels, where modular spaces offer scope to optimize use.

Similar options are also available in the luxury segment, where they are synonymous with exclusive experiences and outstanding concepts, with unrivaled quality of service and a new sense of what hotel accommodation can be. It was in this spirit of originality that Accor acquired 21c Museum Hotels and formed a partnership with sbe Entertainment Group in 2018. The Group also continued to develop its portfolio of lifestyle brands in 2019, acquiring Tribe in the midscale segment.

Acquisition of Tribe, reinforcing Accor in the midscale and lifestyle segments

Designed to meet the needs of travelers looking for quality hotel experiences but at an affordable price, Tribe's offerings are original, exciting and well thought out, with an emphasis on style. Tribe aims to build on its original and flexible model to provide an unrivaled response to the expectations of regular, independent, curious and bold international travelers.

Tribe establishments are lively places featuring a convivial lobby, rooms with premium comfort and advanced technologies. They offer traditional accommodation experiences by allowing guests to work, live and play in contemporary surroundings.

Attentive to ease of use, esthetics and comfort, Tribe hotels enjoy a modern style featuring iconic objects giving the impression of a high-end universe, based on design and technology.

Eight openings are planned in Europe and Asia-Pacific by 2022, representing more than 1,500 rooms. Accor has also partnered with sbe to develop the House of Originals brand in the luxury & premium segment.

Launch of The House of Originals, a lifestyle brand in the luxury & premium segment

The House of Originals is a collection of luxurious sbe establishments embodying a bold and inspiring spirit. This hotel collection will eventually include eleven locations in the United States and around the world, including the Sanderson and the St. Martins Lane in London, the Karakoy 10 in Istanbul and the Miami Beach Shore Club.

The House of Originals aims to create a community dedicated to its guests, based on a unique luxury experience and featuring sbe's iconic culinary offerings.

Accor's role is to establish the brand internationally by providing access for sbe customers and partners through its global distribution and supply infrastructure. The partnership has enabled Accor to enrich its catalogue with exclusive offers in a growing number of destinations, creating unforgettable experiences for demanding guests seeking trailblazing concepts.

Launch of the greet brand in the economy and lifestyle segments

Created early in 2019, the greet brand brings a singular touch to the Group's brand portfolio by allowing it to remain attentive to its partners and to offer its customers memorable and fresh experiences. Today's travelers want quality hotel experiences at an affordable price, but with a parallel quest for meaning in their purchases and their relationship with the world. In response, greet aims to be a community brand, committed and destandardized, in step with the times.

A new alternative hotel and sustainable tourism offering, greet combines environmental considerations, community outreach and thirst for authenticity. Multifaceted in its design and unique in its identity, the brand counts as one of its biggest strengths the ability to offer hotel owners a measure of freedom and considerable flexibility, while respecting three simple principles: reuse objects found in second-hand networks or through eco-responsible suppliers, recover curious decorative items, and (re)visit them in an offbeat style to give them a second life.

Today's radical changes in consumption patterns come with great expectations in terms of brand purpose, sustainable development policy and corporate social responsibility. In giving hotel owners greater flexibility and freedom, Accor's aim is to help its franchise partners create positive and virtuous hospitality, attentive to customers and the new considerations taking hold in society. That is the reason for the creation of an ecosystem to assist hotel operators in renovating and boosting the value of their assets. Partnerships with key names will help each hotel showcase its specific second-chance approach, faithfully follow the brand's eco-solidarity line and step up the pace of the indispensable and pressing ecological and social transition. After the launch of a first hotel in Beaune in April, the Group aims to open 300 greet hotels in Europe by 2030.

Strengthening its lifestyle ecosystem, Accor is continuing to expand its brand portfolio in the lifestyle segment, where it is the world leader. Building on the success of Jo&Joe and its partnerships with 25Hours, Mama Shelter and sbe Entertainment, Accor is enriching its catalogue of exclusive offers, with The House of Originals, Tribe and greet, available in a growing number of destinations, and creating unforgettable experiences for demanding guests seeking trailblazing concepts. Together, these brands reinforce Accor's lifestyle ecosystem and give it one of the industry's most comprehensive brand portfolios.

1.4.4 *A balanced, supremely well-rounded brand portfolio*

At the end of 2019, Accor's classic brand portfolio relied on major legacy networks ibis and Novotel, now fully modernized, higher value brands including Pullman, and big contributors such as Sofitel and Fairmont.

Moreover, the Group's portfolio has been broadened in all segments and has become easier to understand for customers and partners alike, responding with its breadth to all aspirations, whether they be for classic hotels, collections, lifestyle solutions, resorts or brands with strong regional roots.

Classic	Collections	Lifestyle	Resorts	Regional	
RAFFLES, Fairmont, SOFITEL	Orient Express, Sofitel Legend, The House of Originals, onefinestay	DELANO, SLS, SO/ Sofitel	BANYAN TREE, RIXOS		*LUXE*
pullman, MÖVENPICK, swissôtel, Grand Mercure	mantis, M Gallery, 21c Museum Hotel	MONDRIAN, 25h twenty five hours hotels, HYDE	ANGSANA	Art Series, PEPPERS, The SEBEL	*PREMIUM*
NOVOTEL, adagio, Mercure		MAMA SHELTER, TRIBE		mantra	*MILIEU DE GAMME*
ibis, ibis Styles, ibis budget		JO&JOE, greet		BreakFree, hotelF1	*ECONOMIQUE*

Accor has also continued to diversify its activities by acquiring other highly innovative players in their market to offer more services to its guests and partners.

1.4.5 An ecosystem rich with performance-enhancing services

With a diversified, balanced and innovative brand portfolio, Accor regularly expands its augmented hospitality model by consolidating an abundant ecosystem of coherent businesses and services enabling it to offer travelers innovative and exclusive personalized experiences.

Over the past five years, Accor has committed €654 million to new businesses. These transactions have allowed it to enrich its catalogue of customized services (John Paul) and other services in events, fine dining and entertainment (Paris Society and Potel & Chabot). The Group has also extended its accommodation activities to the rental of private residences (onefinestay) and coworking spaces (Wojo, Mama Works), and expanded into digital services for independent hotels (D-Edge) and distribution activities such as private sales of hotel accommodation and luxury vacations (VeryChic). In 2018, the Group continued its diversification strategy by acquiring Gekko, ResDiary and Adoria to expand its distribution to business customers and restaurants; in 2019, it acquired 40.6% of Ken Group, an operator of upscale sports clubs in Paris.

Acquisition of 40.6% of Ken Group, an upscale sports club operator in Paris

Dedicated to fitness, relaxation and wellbeing, the Ken Club is a 1,700-square-meter venue located on the banks of the River Seine between Trocadéro and the Maison de la Radio, with a restaurant and a spa. Unique in Paris, the prestigious location will further enrich the experiences that the Group can offer its customers, helping to make them as attractive as possible.

Representing 9% of Accor's capital expenditure from 2016 to 2019, these targeted equity investments boost hotels' operating performance by enabling them to:

- optimize hotel traffic *via* new distribution channels to reach more guests; offer digital services optimizing the online visibility of Accor hotels and independent hotels;
- optimize the availability of hotel infrastructure by meeting the needs of nomad workers and maximizing the use of car parks and kitchens;
- enrich the guest experience through tailor-made solutions, rental of private residences with bespoke services, events management, fine dining, entertainment and sport.

OPTIMIZING THE TOP/BOTTOM LINE FOR HOTELS

VeryChic — *Exclusive deals in exceptional hotels*

Gekko Group — *New distribution channels to reach more corporate and leisure guests*

d-edge — *Digital distribution solutions for hotels*

adoria — *Digital management solutions in F&B*

ResDiary — *Table reservation and management platform for restaurants*

LEVERAGING SQUARE METERS IN HOTELS

Accor Local — *Connect the hotel to its neighborhood with brunch, breakfast, fitness, yoga classes or a massage*

Wojo — *Better meet the needs of nomad workers*

onepark — *Optimize car park occupancy*

Grooms — *Optimize kitchen occupancy*

ENHANCING THE GUEST EXPERIENCE IN HOTELS

onefinestay — *Over 5,000 luxury private rentals*

John Paul — *Concierge service*

properly — *Rental housekeeping and inspection tech platform*

Ken Group — *Upscale sports clubs*

Complementing Accor's range of services in areas adjacent to the hotel industry, each of these activities fits into the Group's strategy of enriching the customer journey and increasing the number of touchpoints with a growing number of guests.

Through these acquisitions, Accor is mirroring trends in its industry and reinventing itself by leveraging new value-creation drivers. Each of them contributes to diversifying the Group's customer base, increasing the number of touchpoints and creating new outlets for hotels in the Accor network. Countless opportunities for emulation and synergies exist between Accor and its partners, as well as among its partners themselves, bringing to the Group's ecosystem a range of skills and services that contribute to enriching Accor's augmented hospitality model and give it new sources of growth.

At the same time, Accor has continued to invest in its digital capacity to keep ahead of the behavior and consumption patterns of its guests, further personalize their experiences, make its IT systems more agile, and optimize the attractiveness of its loyalty program.

1.5 Investments to consolidate the Group's digital and retention capacity

Faced with technological advances that are modernizing hotel codes, and the swift change in guests' habits, Accor has spent the last two years developing its ecosystem of offers and services in a comprehensive approach to digital challenges. Everything is done to surprise guests by offering increasingly personalized assistance, fresh new offers and bespoke experiences.

1.5.1 A strategy focused on the expectations of guests and partners

Now that its model is asset-light, Accor offers travelers and hotel owners a comprehensive, attractive and innovative ecosystem of offers that can meet all of their expectations. Doing everything possible to encourage this preference in recent years, Accor has invested heavily in:

- increasing its digital capacity to deal efficiently and in a customized way with a growing volume of data and demands from travelers. The Group boasts 250 million customers and 64 million members in its loyalty program – a number that is set to grow – thanks to its 39 brands and 80 partnerships;
- implementing high-quality support consisting of multiple distribution channels optimizing footfall in hotels, and the best solutions for optimizing their revenue, performance, profits, asset management and the personalization of experiences.

To this end, Accor entered into a partnership with Sabre in 2019 to create the first unified central reservation and property management platform for the international hotel sector.

Partnership with Sabre to develop the first unified technological platform dedicated to the hotel industry

Sabre Corporation is the leading technology and software provider to the travel industry. In partnership with Accor, Sabre is to develop a new comprehensive property management suite that will integrate with its existing central reservation and property management systems for hotels of all sizes. These technologies will combine within a new highly flexible cloud-native platform built for and made available to hotel operators across all property classes and geographies.

As a partner, Accor will be Sabre's newest corporate hospitality customer, initially adopting Sabre's SynXis Central Reservation system and, ultimately, the new global technology platform for all of its brands and geographies.

Until now, hotel operators only had a limited choice of solutions. With that in mind, the objective is to redefine the hotel experience by designing tools that meet their expectations. Once developed, the offer will encompass new-generation sales, distribution and order fulfillment solutions allowing hotel operators to increase their earnings by tapping other sources of revenue, and by offering personalized services going well beyond a room or a simple service for their customers.

The partnership will allow Accor to efficiently leverage existing and emerging technologies to accelerate the expansion of its hotel offering and reduce costs, both for hotel owners and for itself. The new technology is an opportunity to significantly improve the Group's operating activities, particularly in terms of hotel distribution, loyalty programs and relationships with hotel owners, and to allow hotel operators to benefit from technological innovations to drive their operational excellence, efficiency, savings and agility.

Partnership between D-Edge and dailypoint

Accor subsidiary D-Edge, a supplier of reservation systems for hotels, and dailypoint™, a customer data management solution, have decided to join forces by combining the D-Edge CRS and the dailypoint™ CRM and customer data management platform to offer an integrated data management solution, dedicated to hotel operators.

With technology playing an increasingly critical role in the hotel industry, hotel operators are looking for all-in-one solutions covering the full range of their technological needs. The partnership aims to provide the market with a solution combining CRS and CRM, which will simplify the complexity of technology for hotel operators so that they can focus on their guests.

Key for operators, CRMs have become the benchmark in terms of customer management. The partnership will give D-Edge access to unique expertise in creating a centralized, automated customer profile, using the industry's most sophisticated data cleansing algorithms. In addition, specific artificial intelligence-driven processes will provide unique information about guests at all possible touchpoints.

This fully integrated solution will allow hotel operators to manage their customers' entire travel journey while significantly improving their sales through personalized and efficient customer data management.

Holding the promise of fluidity, digital technology heightens the Group's relational and organizational efficiency. With that in mind, Accor invests constantly in its information systems, particularly in solutions that allow it to increase its capacity to process growing volumes of data, accelerate the speed of its booking systems, and make them easier to use.

In recent years, Accor has also redesigned the digital pathway of its guests from the beginning to the end of their stay by streamlining their relations with hotels, by facilitating their access to the services offered through a new ecosystem, and by forging a personalized relationship based on a better understanding of their aspirations.

1.5.2 The "Impact" program to meet the challenges of digital transformation

Increased competition from digital players and new consumption patterns of travelers in one of the most digital sectors poses many technological challenges. A prolific vector of innovation, digital technology pervades all of the Group's activities, from its range of services to its IT and booking infrastructure and communication methods, which have moved closer to travelers and improved the quality of the support they offer thanks to better personalization and greater loyalty. Supporting relationships in hotels, digitization also enhances the comfort of hotel rooms by improving the technologies available to travelers, facilitating their stays and amplifying their experiences.

Stronger distribution capacities

Accor has begun a process designed to profoundly improve its information systems and digital infrastructure and thereby strengthen its distribution and loyalty-building capacity.

To keep as close an eye as possible on emerging innovations and allow its guests to benefit from them, Accor also works with technology partners leading their respective fields, above all to more accurately target its guests and align its offers with their aspirations.

Improved guest experience by optimizing marketing campaign targeting

For the past two years, Accor has been customizing its offerings by applying the power of deep learning to its marketing databases in order to accurately identify future buyers of its offers and to control the marketing pressure exerted on them by adapting to their needs and tolerance levels. The Group uses artificial intelligence to maximize the overall performance of its marketing campaigns, which must be personalized and efficient. Its messages, whether they concern destinations, lifestyle themes or niche products such as luxury hotels, have gained commercial efficiency, and guests have better experiences with brands thanks to carefully dosed marketing pressure.

Diversification of the Group's distribution channels

In recent years, the Group has diversified its distribution channels *via* the Gekko, VeryChic, ResDiary and Adoria distribution platforms in order to reach a wider pool of premium business and leisure customers, which are otherwise difficult to access. It also forged strategic partnerships with Ctrip and Google in 2018, and with Alibaba in 2019.

Partnership with Alibaba to develop joint initiatives to digitize global tourism

Accor has entered into a strategic partnership with Alibaba for the development of a range of digital apps and loyalty programs aimed at improving the consumer and traveler experience.

The partnership will leverage nearly 700 million consumers across the various Alibaba marketplaces by offering Chinese travelers better access to Accor's international offers, and by ensuring the seamless integration of the Accor customer journey into Alibaba's comprehensive ecosystem. Fliggy, Alibaba's travel arm, will step in to take bookings for hotels, restaurants, entertainment and other lifestyle services. Payments may be made *via* Alipay, the digital payment service operated by Alibaba subsidiary Ant Financial.

Accor will bring an attractive hotel offer through a program dubbed "Haoke" geared toward Chinese travelers. Haoke, which means "Welcome" in Chinese, is an accreditation program ensuring that Accor's hotels offer Chinese guests information in Chinese, Chinese dishes on menus, Chinese-speaking staff, and other services and payment systems tailored to their needs.

The partnership between Accor and Alibaba will also be instrumental in the rollout of ALL – Accor Live Limitless, the Group's new lifestyle loyalty program, by enabling the very large number of Alibaba customers to access the program's services and rewards. That will in turn help speed up its expansion in China and worldwide, drawing on the strength of its ecosystem, the great knowledge of its customers and the power of its digital marketing.

Increased retention capacity through guest recognition, personalization and rewards

Digital technology increases the means available to Accor to personalize its relationships with guests, as well as its offers. Personalization is built directly on its ability to gain a better understanding of its individual guests, and to recognize them for optimal service and attention.

A better understanding of guests and enhanced personalization with the introduction of the Accor Customer Digital Card

Three years ago, Accor started rolling out the Accor Customer Digital Card database, which enables all Group hotels to share their knowledge of guests built up during their stays (consumption habits, special expectations in terms of reception, service, etc.). Combined with an extensive network, the knowledge of guests accumulated during their stays is a powerful driver of personalization over time, helping predict their expectations and increase their satisfaction.

The Group's loyalty program, a key tool for recognizing and rewarding members, giving rise to long-term preference

Like other players in hospitality, Accor is seeking to increase its hold on travelers in order to keep them in an ecosystem rich in offers over time. Meeting increasingly numerous and specific demands, the Group's ecosystem is gradually expanding to enrich Accor's relationships with its guests, and to maximize their experiences around diversified service lines with the aim of gaining their support and long-term preference.

The Group's ecosystem

Promoting guest satisfaction is key for the Group because it serves to instill preference at a time when viral information and comments from guests on the Internet can have a big impact on its image, or that of its hotels. Accor's loyalty program positions it as a travel companion offering its loyal guests the broadest range of services and benefits possible, to enrich their experiences. Geared toward satisfying, recognizing and rewarding its guests, the Group's loyalty program reinforces the trust established with each of them by making them want to be a lasting part of its augmented hospitality ecosystem, and to consume through it.

Stronger ability to attract guests thanks to Accor's new global digital loyalty platform, ALL – Accor Live Limitless

For some years now, loyalty club members have wanted more from their programs: more simplicity, more immediacy, more variety and more tailor-made offers.

To strengthen its distribution, build its guests' loyalty and give its brands an indelible impact throughout the world, Accor unveiled a new customer promise in February 2019. Embodied by the ALL – Accor Live Limitless program, it now combines the Group's distribution platform with a new experiential loyalty program, operational since December 2019.

As the new global digital loyalty platform, ALL – Accor Live Limitless seeks to accompany its members in their diverse daily needs and wants (live, work, play) by providing a wide range of hospitality services accessible from a single portal, all.accor.com, designed to grow frequency of use and increase touchpoints. Program members are able to access a comprehensive range of services and experiences that represent much more than just a night's stay, combined with advantages negotiated in partnerships with other players, including AEG, IMG, and the Paris Saint Germain football club. These partnerships, applauded by the Group's guests, formed with some of the biggest names and guaranteeing high exposure, are designed to increase the international visibility of Accor's loyalty program and brands, and to augment the efficiency of its distribution networks. Seeking to excite guests, these alliances are a source of value for the brands, whose reputation and attractiveness are increased, particularly among hotel owners, thereby helping further boost the Group's fees, performance and profits.

As loyalty points are exchanged for rewards within this ecosystem, Accor gains knowledge of its members' preferred touchpoints and their purchasing behavior, and is able to develop more targeted offers and messages. With a budget of €225 million, these initiatives generated an expense of €40 million in 2019, with €60 million expected in 2020 ahead of breakeven in 2021. Accor sees them adding €60 million to EBITDA by 2022 excluding the impact of the Covid-19 pandemic, and €75 million per year in the mid-term, thanks to:

- an increase of at least 10 points in the contribution of loyal members;
- a €100 million rise in revenue (*vs.* the €6 million delivered in 2018) thanks to greater use of the loyalty program stemming from attractive partnerships;
- an improvement of at least 3 points in RevPAR driven by greater brand awareness and new customers gained through partnerships.

Partnerships to diversify loyalty circuits within ALL – Accor Live Limitless and boost its attractiveness

Enrichment of ALL with the integration of the Fairmont, Raffles and Swissôtel loyalty program rewards

Another way to strengthen the Group's capacity to build loyalty and secure its revenue is to increase the number of cardholders and capitalize on the strengths of other programs. For instance, the integration of the Fairmont, Raffles and Swissôtel loyalty programs into the Accor program increased the opportunities to earn points and extended the range of privileges, rewards and exceptional experiences offered to members, making it one of the most diverse in the industry.

Development of ALL among Chinese travelers thanks to the strategic partnership with Huazhu

In addition to Accor's development in China through Huazhu since 2014, the strategic alliance between the two groups strengthens the Accor distribution system and loyalty program among Huazhu's Chinese customers, who have become members of its program. This alliance has given Accor increased visibility among 130 million Chinese members, who benefit from earn, burn and other Group rewards worldwide, giving a boost to the hotels in the Accor network.

Partnership with the Eurostar loyalty program, strengthening ALL among cross-Channel travelers

In 2018, Accor increased the attractiveness of its loyalty program for cross-Channel travelers by partnering with Eurostar. The joint system provides members of each group with exclusive access to a wider range of benefits, and the flexibility to exchange points between the two programs. The partnership enhances the appeal of the Accor loyalty program for its members by giving them new rewards, while attracting travelers who do not know Accor or its products, and giving them the chance to discover them.

Integration of Luggage Free services into ALL

Accor has also extended the range of services offered to its members by joining forces with Luggage Free, a leading provider of travel shipping services, which can take charge of their luggage during their journey.

Partnership with the Air France-KLM loyalty program, boosting ALL among airline passengers

Serving people who travel by air and stay in hotels, Accor and Air France-KLM decided to strengthen their partnership by offering their respective members a dual reward system in Points and Miles during their travels and their stays. Points and Miles are convertible and redeemable in both loyalty programs, allowing members to capitalize on both groups' international geographic footprints.

In addition to reinforcing the attractiveness of their respective loyalty programs by providing current members with the advantage of conversion, Accor and Air France-KLM also gain a non-negligible amount of potential bookings from each other's loyalty club members. The partnership also makes Accor more a part of the daily lives of its members outside the world of hospitality, as does that with AEG, one of its major partners in the field of entertainment.

Partnership with AEG, giving ALL members access to AEG's various international assets

Accor and AEG, the world leader in sporting events and concerts, have agreed to strengthen their partnership following a global deal covering a number of AEG-operated venues, festivals and events.

Brokered with AEG Europe Global Partnerships, AEG's in-house division responsible for worldwide sales and the activation of naming rights and strategic partnerships, the deal comes on the heels of the ten-year naming contract concluded with the AccorHotels Arena in Paris in 2015, and gives Accor access not only to AEG's various international assets including the Qudos Bank Arena Sydney and the Barclaycard Arena Hamburg, but also to ticketing rights with AEG Presents UK and AEG Presents Asia, the American Express Presents BST Hyde Park festival and more.

The extension of the partnership boosts ALL's attractiveness and brings more benefits to its members, whether traveling or at home, by offering them the chance to redeem their ALL points for sporting and cultural events. It is part of the strategy of positioning ALL – Accor Live Limitless as a daily companion combining the full palette of rewards, services and experiences offered within the Accor universe. The Group's aim is to elevate the relationship with its customers, members and partners from transactional to emotional..

Partnership with Grab, giving ALL members easier access to the benefits of GrabRewards, Southeast Asia's largest loyalty program (signed in 2020)

Accor has also announced the conclusion of a strategic partnership with Grab, Southeast Asia's leading super app, to give ALL and Grab members access to a range of rewards and benefits, including the possibility of transferring their points across programs, making their travel more seamless.

Grab is a Singapore-based company that gives users access to a whole range of services from private taxis and deliveries to digital payments through its mobile application. Thanks to the partnership, Grab members will be able to use their GrabRewards points to access the entire Accor universe of hotels, bars, restaurants, nightclubs, sporting events, shows and food events, and to treat themselves to experiences in its 39 hotel chains. At the same time, ALL members will enjoy easier access to the numerous benefits of GrabRewards.

Grab's 36 million users will discover the wealth of ALL – Accor Live Limitless rewards when they sign up and use their GrabRewards for stays, meals, purchases and trips, all over the world.

More than 19 million of the 64 million ALL – Accor Live Limitless members worldwide live in Asia-Pacific.

Partnership with Visa, opening up new payment possibilities for ALL members (signed in 2020)

Today's consumers are skilled in digital technologies, and want rewards adapted to their expectations and offering experiences that are both unique and pioneering. That is why Accor and Visa, the world leader in digital payments, have formed an international partnership to open up new payment possibilities for ALL members.

The partnership will spur the creation of industry-leading loyalty and payment products by combining the Group's loyalty program with the Visa card in a new ALL Visa payment card. Members who request the card will be able to use it for their daily purchases, wherever it is accepted. Accor will work with Visa's partner financial and banking institutions in the main markets of Europe, North and South America, the Middle East and Asia-Pacific for the issuance of the card.

The card will offer members rewards matching their personal tastes, as well as the possibility of earning more loyalty points, whether during their stays at Accor hotels, or when making their purchases.

Offering numerous benefits to ALL – Accor Live Limitless members, the new initiative will strengthen the loyalty program and likely drive an increase in the number of members, a source of additional engagement with Accor, prompting people to stay more frequently – and with greater ease – in its hotels.

The card will also allow Accor to maintain contact with its customers through the loyalty program, even when they are not staying in a hotel. It will give all members the opportunity to earn points, enjoy new experiences and spend more nights in hotels. Lastly, the cobranded card will promote customer engagement in hotels and will be an opportunity for ALL – Accor Live Limitless to recruit new members, while at the same time lifting their average spending.

ALL – Accor Live Limitless, a guest loyalty tool reinforcing the Group's revenue

Loyalty is central to Accor's strategy of capturing market share, because it has a direct impact on the contribution of its members to the Group's overall sales and its revenue growth. Members spend more than non-members because they can earn loyalty points. This is a key factor in stimulating and boosting their spending. Providing excellent data, members are more active and generate more revenue for the Group. Most of sales made directly on the Group's website are to loyalty program members, whose spending tends to increase as their status in the program rises, stimulated by the benefits granted.

Increasing the proportion of members within the loyalty program is therefore a strategic challenge for the Group, as it helps reinforce a significant part of its revenue base in an intensely competitive environment that would otherwise push members toward other players. In 2019, 31% of revenue from stays in the Group's hotels was generated by its loyalty program members. Accor must show boldness in the face of competitors who are highly active in the area.

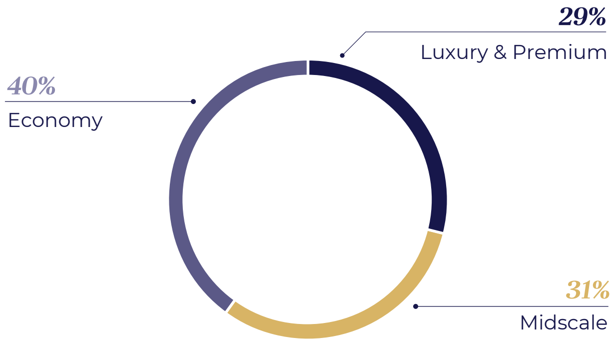
1.6 Development and geographic footprint of the Group

1.6.1 Record development driven by acquisitions and organic growth

Enjoying strong momentum, Accor saw its network grow by 45,108 rooms (327 hotels) in 2019, driven by organic growth. Accor's development covered all segments, predominantly economy (40%) and to a lesser extent luxury & premium (29%) and midscale (31%),

Openings by segment in 2019

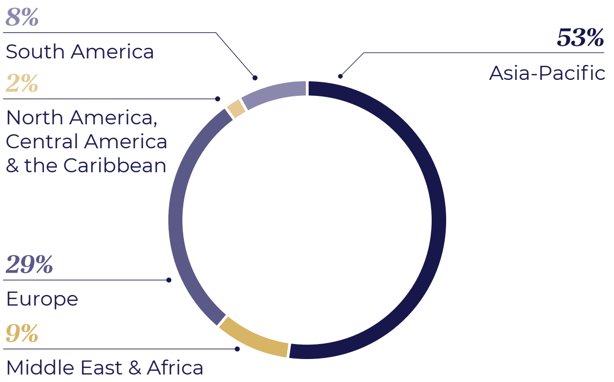
As a % based on number of rooms



Overall, the 25Hours, Mövenpick, Pullman, Swissôtel, MGallery and Fairmont brands accounted for 76% the Group's development, with the segment growing by 6.2% in 2019. Benefiting from growth of 3,9% over the year, the midscale segment owes 85% of its development to the Mercure and Novotel brands, while growth in the economy segment (5.3%) reflects the expansion of the ibis family, which continues to fulfill in its great potential around the world.

Gross openings by region in 2019 (including acquisitions)

As a % based on number of rooms



Geographically, 71% of openings were outside Europe in 2019: 53% in Asia-Pacific with the ibis and Mercure brands, 9% in the Middle East & Africa thanks to Novotel, Mövenpick and Swissôtel, 2% in North America, Central America & the Caribbean through Sofitel and ibis, and 8% in South America thanks to ibis and Mercure.

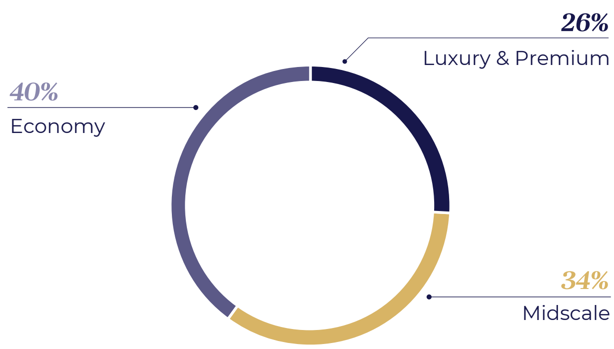
1.6.2 Global coverage spanning all market segments

Accor operates on six continents and covers all market segments, from economy to luxury. A leader in most geographies (other than China and the United States), Accor is consolidating its network and cementing its positions thanks to strong development and the optimization of its coverage in all regions and segments.

Present in more than 100 countries, Accor is the world's most diversified hotel operator, particularly in regions with the greatest potential. The Group's largest market for historical reasons is Europe, home to Accor's densest network: its 3,029 hotels and 343,772 rooms represented 46% of its total portfolio by number of rooms at the end of 2019. At the same time, Accor has new growth drivers in other parts of the world, such as in Asia-Pacific with 1,200 hotels (31% of rooms), North America, Central America & the Caribbean with 119 hotels (5% of rooms), South America with 398 hotels (8% of rooms) and the Middle East & Africa with 290 hotels (9% of rooms).

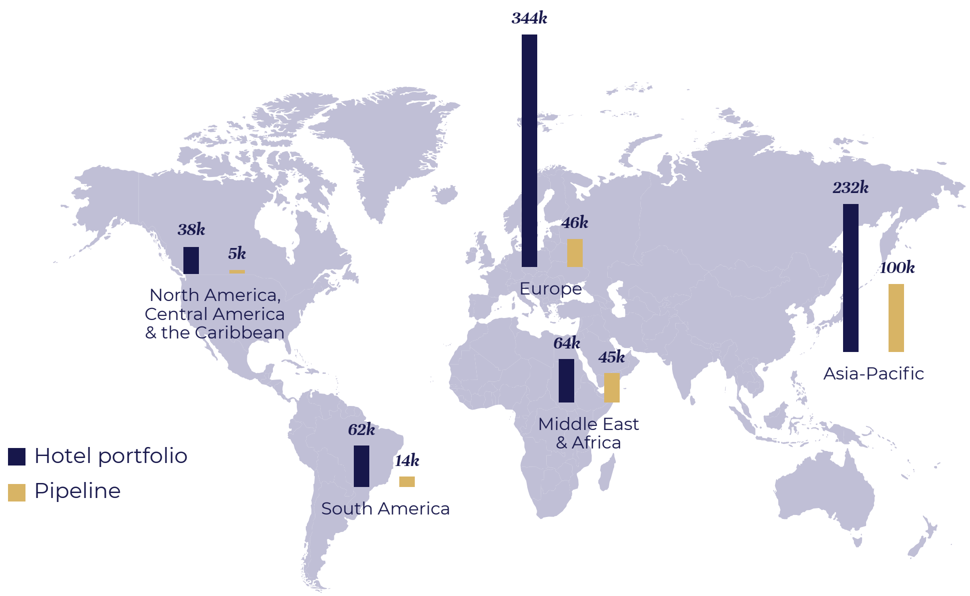
Hotel portfolio by segment at December 31, 2019

As a % based on number of rooms



Hotel portfolio and pipeline by region at December 31, 2019

In thousands of rooms



Accor currently ranks as the leading hotel operator in Europe and Asia-Pacific (excluding China), where it has the broadest footprint and is well placed to capitalize on projections of strong growth in tourism. The Group's portfolio is well balanced geographically. It is also resilient. The world's 15 most visited cities account for less than 20% of the Group's network, and the five most visited countries are spread over four continents.

With its homogeneous global presence, Accor can therefore tap growth in international tourist flows by strengthening its positions, both in places where it is already a leader and elsewhere. These flows still represent only 30% of the global tourism market, and so are expected to grow strongly in the coming years.

Hotel chain penetration is currently still low, amounting to 30% in Europe and Asia-Pacific, 35% in the Middle East & Africa and 20% in South America. This means that growth potential in these markets is correlatively very high, given rising Chinese tourist numbers worldwide. Accor is the leader in eight of the top 20 destinations for Chinese travelers. With these positions, the Group's aim is to double the number of Chinese members in its loyalty program in the mid-term, and to triple the number of bookings from Chinese travelers outside China.

Hotel portfolio by region and brand at December 31, 2019

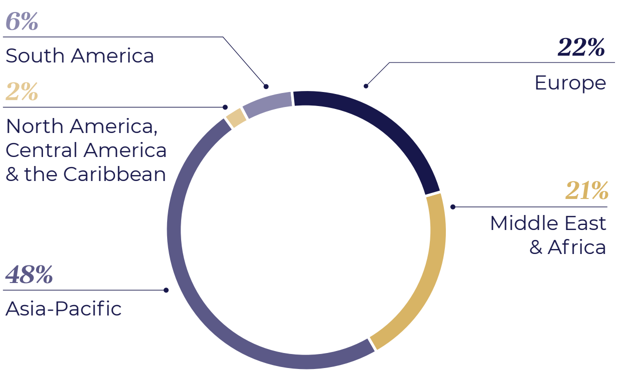
	Europe		Middle East & Africa		Asia-Pacific		North America, Central America & the Caribbean		South America		Total	
Brand	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
Raffles	4	504	4	630	8	1,251	0	0	0	0	16	2,385
Fairmont	10	3,094	14	4,646	12	3,471	42	19,505	1	375	79	31,091
Sofitel	32	6,588	22	5,575	50	14,568	7	2,184	8	1,216	119	30,131
So by Sofitel	3	397	1	92	4	610	1	250	0	0	9	1,349
Pullman	30	8,172	11	4,194	83	23,987	3	1,262	9	2,453	136	40,068
MGallery	55	4,892	7	1,094	36	4,397	8	943	4	360	110	11,686
Swissôtel	12	2,839	6	4,267	14	6,401	1	662	2	620	35	14,789
Grand Mercure	-	-	1	198	47	10,587	0	0	8	1,926	56	12,711
The Sebel	-	-	0	-	31	2,141	0	0	0	0	31	2,141
Rixos	16	5,432	8	3,445	0	0	0	0	0	0	24	8,877
Mantis	3	114	30	722	1	4	1	12	0	0	35	852
Art Series	-	-	0	-	9	2,209	0	0	0	0	9	2,209
Peppers	-	-	0	-	28	4,798	0	0	0	0	28	4,798
Mövenpick	19	4,179	59	14,483	19	4,736	0	0	0	0	97	23,398
sbe	3	425	2	495	0	0	19	5,914	0	0	24	6,834
25Hours	13	2,065	0	0	0	0	-	0	0	0	13	2,065
Luxury & Premium	**200**	**38,701**	**165**	**39,841**	**342**	**79,160**	**82**	**30,732**	**32**	**6,950**	**821**	**195,384**
Novotel	269	45,379	30	6,297	159	40,181	11	2,541	32	6,088	501	100,486
Novotel Suites	30	3,617	3	383	2	349	0	0	0	0	35	4,349
Mercure	589	67,391	23	4,755	165	29,718	0	0	65	8,364	842	110,228
Adagio	53	6,240	5	723	0	0	0	0	10	1,071	68	8,034
Mantra	0	0	0	0	76	14,349	1	1,177	0	0	77	15,526
Mama Shelter	1	238	0	0	0	0	0	0	2	178	3	416
Tribe	0	0	0	0	1	126	0	0	0	0	1	126
Midscale	**942**	**122,865**	**61**	**12,158**	**403**	**84,723**	**12**	**3,718**	**109**	**15,701**	**1,527**	**239,165**

	Europe		Middle East & Africa		Asia-Pacific		North America, Central America & the Caribbean		South America		Total	
Brand	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
Multibrand	**25**	**2,069**	**6**	**1,145**	**25**	**4,048**	**1**	**323**	**0**	**0**	**57**	**7,585**
ibis	752	83,640	47	8,541	244	37,660	20	2,686	155	23,151	1,218	155,678
ibis Styles	362	30,906	7	1,460	113	17,316	3	312	49	6,283	534	56,277
ibis *budget*	528	47,373	4	484	50	6,104	1	154	53	9,668	636	63,783
Adagio Access	45	4,685	0	0	0	0	0	0	0	0	45	4,685
hotelF1	172	13,198	0	-	0	-	0	-	0	-	172	13,198
Jo&Joe	2	283	0	-	0	-	0	-	0	-	2	283
BreakFree	0	0	0	0	23	3,447	0	0	0	0	23	3,447
greet	1	52	0	0	0	0	0	0	0	0	1	52
Economy	**1,862**	**180,137**	**58**	**10,485**	**430**	**64,527**	**24**	**3,152**	**257**	**39,102**	**2,631**	**297,403**
TOTAL	**3,029**	**343,772**	**290**	**63,629**	**1,200**	**232,458**	**119**	**37,925**	**398**	**61,753**	**5,036**	**739,537**

At the end of 2019, Accor operated 5,036 hotels (739,537 rooms) around the world. It is working to open 1,206 additional hotels (208,000 rooms) in the coming five years.

Pipeline by region at December 31, 2019

As a % based on number of rooms



1.6.3 A firm footprint in emerging markets

The Accor network has undergone a significant transformation over the past four years as a result of property restructuring between 2014 and 2019, and the expansion of the brand portfolio. At the same time, the Group has focused its organic development exclusively on hotel management and franchising, which are now the two management methods used by the Group.

Hotel portfolio by region and operating structure at December 31, 2019

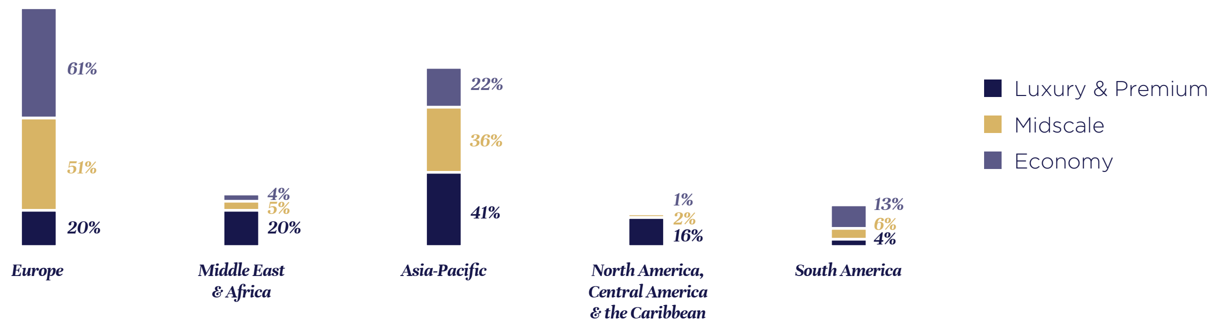
	Managed		Franchised		Owned & Leased		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Europe	1,025	148,158	1,868	170,122	136	25,492	3,029	343,772
Middle East & Africa	263	58,542	18	3,501	9	1,586	290	63,629
Asia-Pacific	743	168,150	417	57,195	40	7,113	1,200	232,458
North America, Central America & the Caribbean	100	33,043	19	4,882	0	0	119	37,925
South America	179	28,915	155	20,363	64	12,475	398	61,753
TOTAL	**2,310**	**436,808**	**2,477**	**256,063**	**249**	**46,666**	**5,036**	**739,537**

At December 31, 2019, 93% of Accor's hotels in Asia-Pacific were operated under management contracts and franchise agreements. The North America, Central America & the Caribbean, Middle East & Africa and South America regions had 100%, 98% and 80% of hotels under management contracts and franchise agreements, respectively.

Europe, which had the lowest proportion of hotels under management contracts and franchise agreements before the change of the Group's model (68% and 51% of hotels, respectively), had 93% of hotels under management contracts and franchise agreements in 2019. It is in this geography that the majority of assets were transferred to AccorInvest.

Hotel portfolio by region and operating structure at December 31, 2019

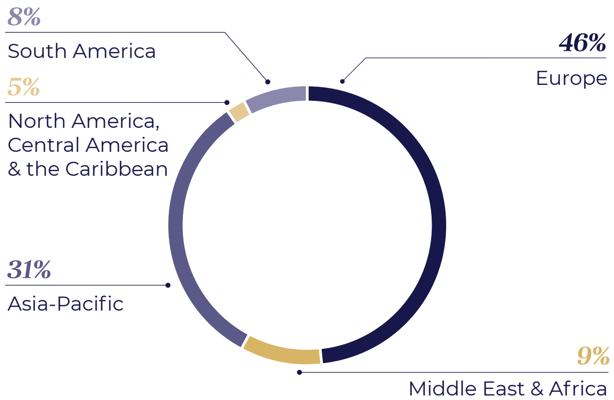
As a % based on number of rooms



Accor's growth and diversification in recent years have consolidated its operations in fast-growing areas, increasing their weighting by 6 points year on year (49% of the network) and in turn accelerating growth in fee income.

Hotel portfolio by region at December 31, 2019

As a % based on number of rooms

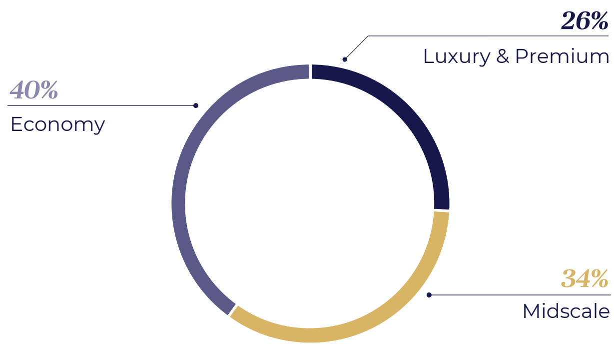


1.6.4 A broader footprint in the luxury and premium segments

The Group's development has been focused on the most profitable segments to increase the weighting of high-value markets in its brand portfolio. Between 2015 and 2019, the weight of the luxury and premium segments within the Accor network increased by 142%, *versus* growth of 45% in the network as a whole.

Hotel portfolio by segment at December 31, 2019

As a % based on number of rooms

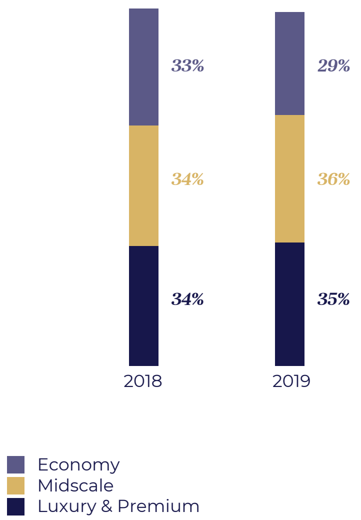


At December 31, 2019, the luxury and premium segments accounted for 26% of the Group's network, stable compared with 2018.

Acquisitions of brands in this segment in recent years are strategic because they have significantly improved the Group's image, its portfolio of offers and the range of its skills, and are more profitable (RevPAR of €5,000 per year for FRS). Fees for openings averaged €1,200 per room in 2019, and are expected to increase to €1,600 per room once the impacts of the Covid-19 pandemic have dissipated.

Pipeline by segment at December 31, 2019

As a % based on number of rooms



The range of 39 hotel brands offered by Accor at December 31, 2019 covers all segments to meet all the desires and needs of travelers. The strong international development of its various banners, particularly in fast-growing regions, allows the Group to take full advantage of a very dynamic global hotel market.

1.7 Markets and competition

Accor ranks seventh in the global hotel industry, based on number of rooms.

Hotel companies ranked by number of rooms worldwide at January 1, 2020

Rank	Group	Number of hotels	Number of rooms
1	MARRIOTT INTERNATIONAL	7,351	1,377,793
2	OYO	43,000	1,200,000
3	JIN JIANG	9,518	1,020,036
4	HILTON WORLDWIDE	6,055	962,864
5	IHG	5,903	883,563
6	WYNDHAM HOTEL GROUP	9,280	831,025
7	**ACCOR**	**5,036**	**739,537***
8	CHOICE HOTELS	7,153	590,897

Source: MKG Consulting - March 2020.
Note on methodology: MKG Consulting rankings of hotel groups are based on the number of rooms operated by chains at January 1, 2020, excluding timeshares (e.g., Marriott Vacation Club, Hilton Grand Vacation, Oyo Vacation Homes [formerly @Leisure Group]), excluding affiliated hotels/hotels in voluntary networks (Design Hotels, Hôtels & Préférence, etc.) and excluding owned hotels operated by another operator under third-party brands
* *Number of rooms operated by Accor at December 31, 2019, which is greater than the number of built rooms published by MKG Consulting.*

European hospitality companies by number of rooms at January 1, 2020 (27-country European Union and the United Kingdom)

Rank	Group	Number of hotels	Number of rooms
1	**ACCOR**	**2,806**	**305,595**
2	JIN JIANG – *INC. RADISSON HOTEL GROUP*	1,226	122,544
3	IHG	679	107,217
4	MARRIOTT INTERNATIONAL	505	99,966
5	BEST WESTERN	1,141	83,435

Source: MKG Consulting - March 2020.

According to the MKG Hospitality report, three Accor chains rank among the top ten, in number of rooms, in the European Union (27 countries) and the United Kingdom.

European integrated hotel chains by number of rooms at January 1, 2020 (27-country European Union and the United Kingdom)

Rank	Chain	Number of hotels	Number of rooms
1	**IBIS MEGA BRAND**	**1,547**	**149,084**
2	BEST WESTERN	1,031	77,151
3	PREMIER INN	805	76,511
4	HOLIDAY INN / HOLIDAY INN EXPRESS	504	73,128
5	**MERCURE**	**554**	**62,727**
6	NH HOTELS	291	45,313
7	B&B HOTELS	511	44,808
8	TRAVELODGE	589	44,797
9	**NOVOTEL / SUITE NOVOTEL**	**270**	**43,765**
10	SCANDIC	174	34,768

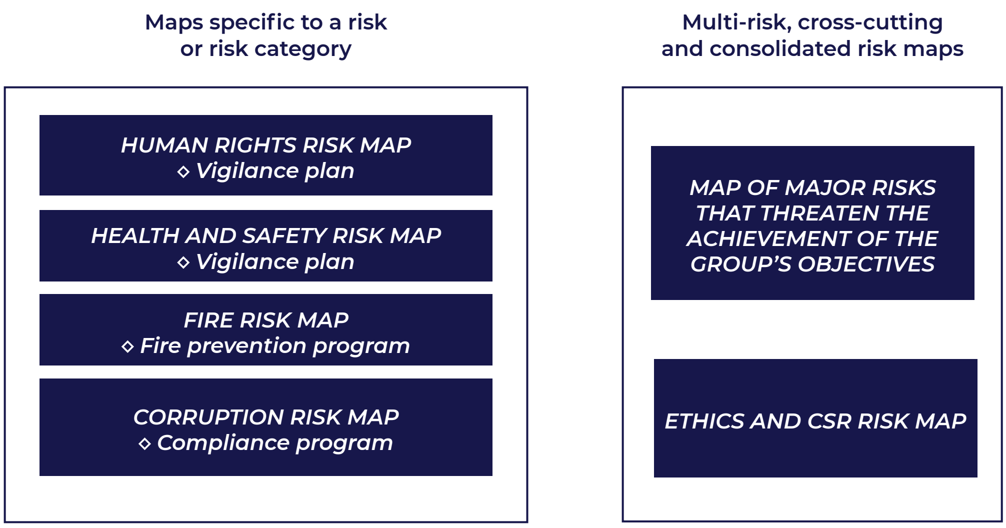
** Source: MKG Consulting - March 2020.*

1.8 Risk management

1.8.1 Risk management architecture

The Group's risk management system is built around:

- "multi-risk", cross-cutting and consolidated risk maps designed to inform senior management and ensure that the level of risk lies within the Group's risk tolerance range or, if it does not, to identify the risks for which the level of control needs to be reinforced;
- maps specific to a risk or risk category, designed to facilitate the steering of risk mitigation programs by the operating divisions and corporate functions.



Multi-risk, cross-cutting and consolidated risk maps

Two cross-cutting, consolidated risk mapping processes are performed at the Group level. The first maps the major risks threatening the achievement of the Group's objectives. The second – performed for the first time in 2018 – maps ethics and CSR risks, in other words risks arising from the Group's operations and with social, societal or environmental consequences.

Both of these processes group together different types of risks for the purpose of gaining an overall perspective. This grouping process makes it easier to compare and prioritize risks and it is underpinned by the use of shared rating scales. These assessments are performed in light of the Group's existing prevention and protection measures. In other words, likelihood and impacts are assessed in terms of net risk.

Major risk map

This risk map is managed by the Group Risk Management Department (section 1.8.2) and covers all of the risk categories to which the Group is exposed. It is updated annually. The results are presented each year to the Executive Committee and the Audit, Compliance & Risks Committee. The major risks threatening the implementation of the Group's strategy and the achievement of its objectives are noted there. The raw data comes from individual and group interviews conducted by the Risk Management Department in the operating divisions and corporate functions.

The most significant risks highlighted in this map, i.e., those with the greatest criticality (a function of likelihood and impact), are presented in section 1.8.3.

Ethics and CSR risk map

This risk map is managed by the Group Risk Management Department (section 1.8.2) and covers all risks related to human rights, health and safety, protection of the environment and business ethics. It is updated annually. The results are presented to the Group Ethics & CSR Committee. These risks are identified and assessed by consolidating the corruption, fire, human rights and health and safety risk maps.

The risks that are not subject to a specific mapping process are assessed using data extracted from their management tool (environmental footprint, materiality matrix, etc.) or based on individual and group interviews conducted in-house.

Each risk is rated using two four-tier scales based on its likelihood and the intensity of its potential impacts (environmental, financial, human, or reputation). The likelihood scale takes into account the plausibility of occurrence of the risk and the number of sites exposed. The impact scale takes into account the extent of the negative consequences of the risk and the degree to which Accor would be responsible for these consequences.

In 2019, four risks were deemed to be significant in view of their criticality. They are described in section 2.1. These risks have been identified pursuant to French government Decree No. 2017-1265 of August 9, 2017, enacting Order No. 2017-1180 of July 19, 2017 relating to non-financial disclosures by certain multinationals and groups.

Maps specific to a risk or risk category

These risk maps are managed by the Group Risk Management Department at the request of the corporate functions and are intended to be used as input in the design and deployment of specific risk management programs. These risk maps include:

- the corruption and influence peddling risk map, managed by the Compliance Department;
- the human rights and health and safety risk maps, managed by the Social Innovation Department (direct sphere: Accor employees and employees of managed and franchised hotels);
- the human rights, health and safety and environmental risk map, managed by the Procurement Department (indirect sphere: subcontractors and suppliers);
- the climate change risk map, managed by the Sustainable Development Department;
- the fire risk map, managed by the Group Risk Management Department.

Corruption and influence peddling risk map

In 2019, the scope and content of the corruption risk mapping methodology were fully revised and strengthened. A new exercise was launched in the second half of the year drawing on the new methodology, which is based on an assessment of the level of gross risk, the level of control and the level of net risk to which the Group's operating divisions and corporate functions are exposed in its various host regions.

Risks and their level of control were assessed on the basis of external data (Transparency International's Corruption Perceptions Index) and internal data (the Group's international footprint, concerns raised on the whistleblowing line, internal control self-assessment, audit reports, etc.), as well as interviews with 135 Group executives and employees in a range of professions covering the full scope of the business. The interviews were conducted on the basis of a common framework, yet adapted to the specificities of each profession, with the aim of ensuring consistency and comparability between risk assessments.

The results drawn from the interviews were the subject of a consolidation and analysis phase in early 2020, followed by a phase of reporting to the Group's governing bodies (Ethics & CSR Committee, Executive Committee and the Board of Directors' Audit, Compliance & Risks Committee), ultimately allowing them to be taken into account in the various pillars of the Group's anti-corruption system.

Human rights and health and safety risk maps (direct sphere)

In 2019, the methodology for mapping health and safety risks for all Accor-brand employees worldwide was revised and improved. A new exercise was launched in the second half of the year drawing on the new methodology. Risks were identified based on visits made in 2018 to some of the Group's hotels and in-depth interviews with members of their management team. Their assessment called both on the expertise of the Social Innovation Department and on internal and external data on workforce and claims.

In 2019, the Group also launched a new mapping exercise for the risks of non-respect of human rights and basic freedoms. Risks were identified and assessed based on external data (external reference databases) and internal data (employee data), as well as the expertise of the Social Innovation Department.

Human rights, health and safety and environmental risk map (indirect sphere)

In order to meet the commitments made in the Planet 21 program, the Group devised a plan for more effective control over its nominated suppliers solutions. In 2015, the Group's first ethics and CSR risk map was created based on the following criteria applied to each of the 98 product families identified by the Procurement Department: volume of purchases, CSR risks of product families, exposure to customer risks and Accor's influence on the supplier. Following this assessment, product families were classified into three levels: standard, at risk or at high risk. Approximately 50% of the purchase volumes are identified as "at risk", including 17% at very high risk. The risk map covers 100% of nominated suppliers (accounting for 50% of total purchases).

In 2018, a new risk mapping method was developed to improve the control methodology and make it more relevant and consistent with respect to the law on the duty of vigilance. The latter was reviewed and enhanced to refine the previous results through a more methodical assessment of the level of risk using external data for benchmarking purposes. The granulometry of the analysis was also refined. This work made it possible to implement a tool for prioritizing audits for the suppliers identified as at risk, notably taking into account the geographical location and the risk context linked to the country of the supplier.

Fire risk map

As part of the overall process for preventing hotel risks, the Group has set up a process for analyzing fire risk based on a questionnaire assessing the level of exposure and safety of the hotels it operates under management or franchise contracts. This detailed questionnaire is built on the three major pillars of fire safety: buildings (building standards, architecture, materials, etc.), technical aspects (electricity, detection, extinction, air conditioning, heating, evacuation system, etc.) and people (safety management, facilities maintenance, staff training, awareness, drills, etc.). Each of these major pillars is the subject of specific questions allowing levels of risk and safety to be assessed. This analysis is used to draw up an annual list of the hotels to be visited by experts with a view to enhancing their safety. The hotels visited receive a report in which the improvements to be made are cited, and the Group monitors their proper implementation.

The Group organizes fire prevention inspections to reduce risk exposure and obtain cover on a cost-effective basis in the insurance and reinsurance markets.

Climate change risk map

Climate change represents a challenge for the entire tourism industry. The change in the Group's business model prompted it to launch a new risk mapping exercise in 2019 on the consequences of climate change.

Risks were identified and assessed by an internal group of experts based on two factors: the timeframe of the appearance of the first significant effects on the Group's business and the extent of their potential financial impacts. The results of this risk mapping exercise are presented in section 2.7.2.

1.8.2 Risk management governance

The Audit, Compliance & Risks Committee

The Audit, Compliance & Risks Committee, whose membership and remit are described in section 3.4.1, oversees the annual mapping of major risks and the deployment of priority risk action plans.

Central Risk Management Coordination Committee

The Central Risk Management Coordination Committee is tasked with:

- monitoring the roll out of the major risk map and the ethics and CSR risk map;
- helping risk owners in their risk mitigation processes;
- monitoring the implementation of risk prevention and protection plans put in place by these risk owners.

In 2019, members of the Committee were as follows:

- the Deputy Chief Executive Officer until April 30, 2019;
- the Deputy CEO in charge of Hotel Operations;
- the Group General Counsel until February 12, 2019;
- the Chief Digital Officer;
- the Chief Talent & Culture Officer;
- the Group Chief Legal Officer;
- the Chief Safety & Security Officer;
- the Group Internal Audit Director;
- the Group Risk Management & Insurance Director.

The completion of the Group's transition to an asset-light model, acquisitions made in recent years and changes in the external risk landscape have resulted in a significant change in the Group's risk profile. With that in mind, and to ensure that the risks threatening the achievement of its objectives are correctly identified, assessed and treated, the Group has embarked on a phase of restructuring and strengthening of its risk governance. This transformation is reflected notably in the creation of the Transformation Office, but also in the redesign of the Committee's responsibilities and membership. These restructuring actions will continue in 2020.

Group Risk Management Department

The Group Risk Management Department reports to the Central Risk Management Coordination Committee and the Audit, Compliance & Risks Committee. It comprises five people who are involved throughout the Group risk management process described in the Integrated Report, page 58.

The department identifies and assesses the Group's major risks and contributes to the process of identifying and assessing the risks of the Group's various host regions and functions. It ensures that measures designed to reduce major risks are implemented and monitored. It is responsible for overseeing the proper implementation and consistency of the Group's risk maps (see section 1.8.1 "Risk management architecture").

As part of the overall process for preventing hotel risks, it defines, promotes and coordinates safety procedures in the Group's hotels. It also ensures, through controls, that these procedures are properly implemented by the relevant parties.

As part of the Group's protection strategy, it is responsible for arranging appropriate coverage for the Group's risks, notably by setting up insurance policies (see section 1.8.4).

Safety & Security Department

The Safety & Security Department, reporting directly to the Chairman and Chief Executive Officer, is responsible for defining and rolling out Group-wide safety and security policies.

It helps devise the Group travel policy by producing recommendations, circulating security and safety-related information and supporting the deployment of training initiatives and the development of dedicated tools. It also approves or prohibits employee travel to countries considered unsafe.

The Safety & Security Department is responsible for deploying, coordinating and monitoring measures aimed at preventing malicious damage in Group hotels. Its duties include consulting, performing audits and providing operational support to protect employees, guests and infrastructure.

It has developed a crisis management system and ensures that all Group hotels are incorporated and monitored accordingly (see section 1.8.4 "Crisis management").

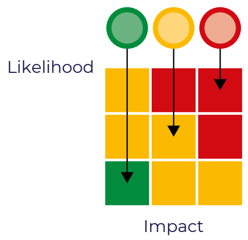
The Safety & Security Department tracks and analyzes the global safety and security situation on a daily basis, reviewing such things as the geopolitical context, public health and hygiene conditions, extreme weather events and social unrest.

1.8.3 Risk factors

In the interest of clarity, the Group has chosen to present significant risks identified in the Group risk maps from three complementary angles of analysis:

- the level of net risk;
- the existing level of control;
- the intensity of risk mitigation action plans.

Net risk

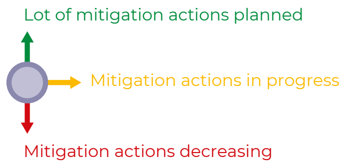


Whatever their nature, the risks faced by the Group are assessed on the basis of two factors: their likelihood and the intensity of their potential financial impact. Assessments are performed on a "net" basis, *i.e.*, taking into account existing risk mitigation measures.

Existing level of control

The level of control of each risk is assessed so that the Group can assess whether additional control measures should be implemented.

Intensity of risk mitigation action plans



Each risk is analyzed from a third angle, on top of the previous two: the number and effectiveness of future action plans.

These risks are classified into two categories: risks related to the business environment and risks related to the business model. They are shown in descending order of criticality within each category.

Risks related to the business environment

Malicious attack on the integrity of digital personal data

Description of the risk	Mitigation measures
For the needs of its business, Accor relies on the personal data of its 64 million loyalty program members (identity, stay, payment and other data), which are an essential source of value creation. These data, which are collected, stored, processed and circulated directly by Accor and its partners or by outside service providers, could be the target of a malicious attack, originating internally or externally. The Group's systems or those of its partners or service providers may be subject to viruses, denial-of-service or other attacks, sabotage, physical intrusion or hacking that could adversely affecting data availability, integrity or confidentiality. Such events, if they occur, could significantly affect the owners of the stolen or disclosed data, as well as the Group's business. In addition to the interruption of its operations, the Group's liability may be incurred and its reputation greatly affected, which could have a significant effect on its earnings (fines, compensation, loss of income, etc.) and its development projects.	Guaranteeing the safety, security and availability of the personal data of its customers and employees is a priority for the Group. The Information Systems Security Department is tasked with securing all of the IT infrastructure, systems and applications necessary for the Group's operations. Its role consists of (i) preventing intrusions, viruses and attacks by administering a suite of dedicated systems security hardware and software and performing regular intruder tests and application code reviews, and (ii) conducting awareness campaigns and training seminars for employees, for example on phishing. The renewal in 2019 of the PCI DSS certification of the central systems and the full range of services provided to local teams was a key factor in the prevention of risks affecting guests' bank details. The Group's hotels must also be fully compliant (e-learning, implementation of operational procedures, etc.) to guarantee optimal data security. In 2019, more than 70,000 Accor-brand employees completed the PCI DSS e-learning course. For the General Data Protection Regulation compliance program, supervised by the Data Governance Committee (section 2.2.2.4), the Group maintains a processing process map, assesses the risks to which these processes are exposed and, where necessary, establishes and implements mitigation plans. In 2019, the Group also created a toolbox for the development and deployment of Compliance programs, and made it available to hotels. This initiative is presented in section 2.2.2.4. The Group also has a specific audit team reporting to Group Internal Audit and dedicated to auditing and controlling the Group's information systems. Details of these audits are provided in section 1.9.3. The maturity of the access management system at the hotel level is tested by the operational Internal Audit Departments. Given the increased frequency and complexity of attacks, the Group remains exposed to this risk, despite the preventive measures presented above. If an incident were to occur, a business continuity plan has been developed to guarantee continuity of service, preserve data and ensure its confidentiality. Lastly, cyber risk insurance has been taken out in addition to the existing Group property damage, business interruption and liability insurance policies. This cyber policy covers the Group against claims raised by third parties but also against business interruption losses suffered by the Group resulting from the unavailability, modification, theft and/or disclosure of its customer or operational data, as well as all costs incurred in managing the incident. Depending on the scale and nature of the data affected, the Group could nevertheless incur significant costs.

Unfavorable change in the geopolitical, health or economic environment

Description of the risk	Mitigation measures
Accor's broad geographical business footprint exposes it significantly to a range of geopolitical, health and macroeconomic risks. As explained in section 1.6.2, the Group's operations are largely focused on Europe and Asia-Pacific, which represent 46% and 31% of the network, respectively. In light of this, a geopolitical conflict, an epidemic or a sharp economic slowdown in these regions could result in significant restrictions on the movement of people, which would have negative consequences on hotel RevPAR – and consequently Group revenue – but could also force the closure of hotels or the abandonment of development plans in the area or areas concerned. In early 2020, the risk of a health crisis became a reality with the outbreak of the Covid-19 pandemic, leading a number of national governments to place their countries on lockdown and impacting the Group's business. After three months of spreading steadily, the pandemic still has not been contained and its impacts on 2020, while probably very significant, cannot yet be definitively assessed, as they depend on external factors that are still largely unknown. The most recent known impacts reported at the date this document was published are described in section 4.4 "Subsequent events" The Group is also exposed to a risk of terrorist attack in most of its host countries. A series of large-scale attacks, or simultaneous attacks, could directly or indirectly impact the Group's guests and employees, and result in a significant decline in visitor numbers in the area or areas concerned.	Protecting guests and employees is a priority for the Group. That is why Accor has adopted a Safety & Security strategy based on an organization, monitoring and appropriate security measures that are subject to change in line with the severity of the risks identified (see section 1.8.4). In the event of an alert, the crisis management organization described in section 1.8.4 is activated to ensure guests' and employees' safety as quickly as possible. To reduce the consequences of a pandemic or social unrest on its business, the Group has business continuity plans drawn up by the Group Risk Management Department in collaboration with all relevant departments and circulated to all areas concerned. These plans were naturally activated in response to the spread of Covid-19 in Group host countries, and instructions sent to all head offices and hotels in the network. In addition, the Group's asset-light strategy (section 1.3) and organic (section 1.6) and external (section 1.4) growth strategy have the notable effect of reducing its exposure to these different risks by diversifying its portfolio geographically and by strengthening its operations in the luxury segment. In 2019, 71% of openings were outside Europe, and the Group's development pipeline is also predominantly focused on international markets, with 80% of rooms located outside Europe. The move up market of the Group's offering has also accelerated, with 35% of openings and 35% of the development pipeline (based on number of rooms) in the luxury & premium segment. These factors – among others – were behind the March 23 and 24, 2020 decisions by rating agencies Fitch and Standard & Poor's to maintain Accor's credit rating at the same level, despite the potential impacts of the Covid-19 health crisis. Lastly, the Group requires its partners to take out insurance against any possible property damage and related potential business interruption and provides solutions under the Group's insurance program (see section 1.8.4).

Non-compliance with standards, laws and regulations

Description of the risk	Mitigation measures
The Accor Group operates in more than 100 countries, in a very complex and shifting legal and regulatory environment marked by a proliferation of local and international standards, laws and regulations applicable to its business. In particular, and given the importance of these societal challenges, numerous local and international standards and laws governing the processing of personal data and the fight against corruption have been introduced. The ALL program, presented in detail in section 1.6.2, is based to a large extent on knowledge of the Group's customers with a view to aligning offerings as closely as possible with their expectations. To that end, the Group uses an increasing volume of personal and commercial data, which it must collect, process, store and disseminate in accordance with the prevailing laws and standards, and notably the Payment Card Industry Data Security Standard (PCI DSS) and the EU's General Data Protection Regulation (2016/679). Breaches could expose the group to financial sanctions and damage its reputation. Similarly, the Group's network of more than 5,000 hotels in over 100 countries brings it into contact with a great number of public and private agents in the conduct of its business. This organizational complexity exposes the Group to a risk of non-compliance with local and international regulations in the fight against corruption and influence peddling, in particular the French law on transparency, the fight against corruption and the modernization of economic life (known as Sapin II). Like the Group, public authorities, the courts and public opinion have zero tolerance for improper business conduct. Failure to comply with any of these standards or regulations could expose the Group to criminal and financial sanctions, while the resulting media exposure could tarnish its image and reputation.	The Group has legislative and regulatory watch systems in all of its host regions to guard against risks arising from failure to apply any new laws or regulations. These systems are implemented by legal teams throughout the world. The teams ensure compliance with applicable standards, laws, regulations and other texts by all Group entities in all host countries. In the field of personal data, the Group has set up an organization dedicated to ensuring the Group's compliance with PCI DSS and the General Data Protection Regulation, but also to supporting Accor-brand hotels brands in their own compliance. This organization, described in section 2.2.2.4, calls on a central team and a network of Privacy Champions in the various head office departments, plus the Regional Data Protection Coordinators (RDPCs) in each business unit. Their chief role is to maintain a map of the data processing system and to provide assistance to employees embarking on a project involving the collection or use of personal data. The Group is pursuing numerous initiatives to maintain compliance with the General Data Protection Regulation. For instance, it implemented an automated customer data extraction solution in 2019 to allow it to meet the legal one-month deadline when customers request access to their personal data. Also in 2019, the Group initiated the creation of a toolbox that will be made available to hotels to help them develop and implement their own Compliance Program. Led by the Chief Compliance Offer, the compliance function described in section 2.2.3.1 promotes implementation of the Group's anti-corruption policy throughout the organization. This policy is relayed by Executive Management and a network of 23 local compliance officers, supported by the Ethics & CSR Committee and the Committee of the Board of Directors in charge of compliance matters (see section 2.2.2.2 "Ethic, Compliance & CSR governance"). In 2019, the Group continued to raise awareness among its employees on the fight against corruption through an e-learning module for all employees. In addition, the due diligence process applicable to partners, suppliers and other third parties with which Accor enters into a business relationship has been extended to partners in the Group's loyalty program.

Risks related to the business model

Integration of acquisitions

Description of the risk	Mitigation measures
The hotel sector is the focus of continuous consolidation. The aim for hotel groups is on the one hand to strengthen their presence in the fastest-growing areas and to enrich their portfolios with new concepts, brands and services, and on the other hand to generate synergies, to capitalize on their loyalty programs and to pool best operating practices. In recent years, Accor has contributed to this trend by focusing part of its external growth strategy on frequent acquisitions of hotel chains (FRHI, Mantra, Mövenpick, Rixos, etc.), distribution channels (Gekko, VeryChic, ResDiary, D-Edge), new services (John Paul, Adoria) and new spaces to stay, play and work (onefinestay, Wojo). The Group intends to pursue this strategy by carrying out further external growth transactions, especially acquisitions of small and medium-sized asset-light groups. Accor's growth depends largely on its capacity to swiftly and efficiently integrate the newly acquired companies and achieve the anticipated synergies. This exposes the Group to risks resulting from the business plan and synergies being only partially carried out, difficulties in taking control of the acquired activities, and slowed or inefficient integration attributable to the insufficient involvement of the operating teams, notably during the due diligence phase. A description of the Group's main acquisitions since 2016 can be found in section 1.4. Note 2 to the consolidated financial statements (section 5.1.6) presents changes in the scope of consolidation in 2019.	Aware of these challenges, and in a strategy geared toward reinforcing its external growth, the Group created a dedicated structure within the Transformation Department, tasked with supervising integration projects, in the second half of 2018. Its key responsibilities are to structure, support and monitor the integration of the Group's acquisitions, from the acquisition phase to integration. Its support is based on a single methodology and tools shared within the Group to harmonize practices, increase the speed and efficiency of integrations, and identify and monitor risks. The department has also set up formal integration reporting to the Executive Committee, to which the relevant departments contribute (Finance, Human Resources, Operations, etc.).

Unavailability of digital operational data

Description of the risk	Mitigation measures
Accor's businesses are based on a suite of processes and applications (central reservation, property management, revenue management, etc.) that day after day support employees and hotel managers in their work and guests in their travel plans. The Group's digital transformation has made its business heavily dependent on the proper functioning and security of such applications. The data necessary for the Group's operations (personal data, strategic and financial data, etc.) are vulnerable to damage to its infrastructure or that of its service providers, and in particular its service providers' data centers. Infrastructure of this nature could be subject to intentional damage (network saturation, ransomware, sabotage, intrusion, etc.) or to an accident (technical failure, fire, flood, power outages, insufficient network capacity to cope with the growth of usage, etc.), making the operational data necessary for the Group's operations unavailable. Whatever the cause, the unavailability of Group data could trigger service interruptions and result in serious damage to the Group's reputation, or even incur its liability, which could have a significant impact on its revenue and in turn its earnings.	Guaranteeing the safety, security and availability of the operating and strategic data necessary for the proper functioning of the Group is a key priority. The Information Technology (IT) Department is tasked with managing the modernization of the IT architecture, and plays a major role in the prevention (security patches, specific anti-network saturation measures, etc.), detection and management of security incidents. It is notably in charge of implementing redundancy and back-ups, as well as maintaining the IT contingency plan (staff on call, back-ups and recovery capacity, back-up data center, etc.). The Information Systems Security Department is tasked with securing all of the IT infrastructure, systems and applications necessary for the Group's operations. Its role is to administer a set of hardware and software dedicated to risk prevention (firewall, antivirus, etc.) and intrusion detection (incident probe and response, etc.). It steps in if the IT contingency plan is activated. However, the proper implementation of these measures at the Group level relies on regional agents and the hotels, and the Group cannot be sure that its partners, suppliers and subcontractors will allocate sufficient resources to protect it from an interruption or disruption of its business. The Group also has a specific audit team dedicated to auditing and controlling Group's information Systems, which reports to Group Internal Audit. Details of its responsibilities are provided in section 1.9.3. A back-up system and redundant networks have been put in place to guarantee continuity of service if an incident were to occur despite these preventive measures. Given the uncertainties inherent to crisis situations and operation in degraded mode, doubts nevertheless remain as to the proper implementation of the contingency plan within very short timeframes. An action plan is underway to guarantee the reliability of the contingency plan by automatically reestablishing services in a sufficiently short time so as not to affect the Group's business. Lastly, cyber risk insurance has been taken out in addition to the existing Group property damage, business interruption and liability insurance policies. This cyber policy covers the Group against claims raised by third parties but also against business interruption losses suffered by the Group resulting from the unavailability, modification, theft and/or disclosure of its customer or operational data, as well as all costs incurred in managing the incident.

1.8.4 Prevention and protection

Prevention

Hotel risk prevention

Addressing guest expectations in the area of safety is a key priority for the Group. To help prevent or abate the primary risks faced by a hotel, such as fires and food or health-related incidents, Group-wide safety procedures are in place:

- hotels must comply with local building and fire protection legislation in such areas as regular inspections of utilities and equipment, employee training and evacuation drills. They are also subject to the additional criteria set out in the Group's fire safety policy. These are based on the Management, Building and Systems (MBS) methodology developed by HOTREC, the umbrella association for hotels, restaurants and cafés in Europe, which is recognized throughout the region;
- since 2002, a maintenance and inspection program that includes preventive measures has helped to combat the development and spread of legionella bacteria, with samples taken annually from hotel installations and analyzed by certified outside laboratories;
- in addition, kitchen health inspections are performed using the Hazard Analysis & Critical Control Points (HACCP) system and applying a similar process to that used for legionella bacteria inspections.

Safety and security, protecting guests and employees

Accor has a duty to ensure the physical protection of its guests, employees and equipment. To this end, the Safety & Security Department:

- monitors and assesses the security situation in the Group's host countries and the regions targeted for expansion;
- leads relations with local diplomatic networks and local authorities, directly and/or through correspondents;
- leverages the expertise and feedback of its private-sector contacts such as consultants, and international networks of security and safety officers;
- performs safety and security assessments at the Group's hotels and recommends improvements where necessary;
- approves or prohibits employee travel to countries considered as unsafe;
- communicates information to employees designed to instill a strong safety and security culture throughout the organization;
- participates in initiatives to uncover, prevent and combat people trafficking;
- includes safety and security issues in Products & Services audits in order to (i) obtain assurance concerning the hotels' compliance with the Group safety and security policy and (ii) deploy the necessary action plans to ensure consistency across the network.

In an environment where the risk of terrorist attack is high, the safety and security measures deployed in each hotel are determined based on the local situation, the site's vulnerability and the international context. Regular reminders are issued about the need to remain vigilant and the Group is constantly alert to the needs of the hotels in terms of advice and training.

The support provided to employees during business travel is constantly upgraded to become more interactive and also more responsive.

Finally, the teams are responsible for ensuring that newly acquired brands are effectively consolidated into global and local security processes.

Protection

Crisis management

The Group has set up a structured, aligned crisis management organization with specifically designated teams for the head office and for the operating units in the more than 110 host countries in order to quickly ensure the safety of guests, local employees, expatriates and onsite service providers in the event of a crisis.

The Safety & Security Department and Risk Management Department operate a 24/7 crisis hotline.

Transferring risk: insurance

The majority of the risks to which Group-brand hotels are exposed are covered by a global insurance program written on an "all risks" basis (subject to named exclusions) covering property, business interruption and liability risks. Pursuant to Group insurance guidelines, whenever possible and in compliance with local regulations, this program rounds out the solutions that Accor offers to franchised and managed hotels, providing the Group with better overall visibility of existing insurance coverage.

This Group insurance program offers:

- property damage insurance in over 60 countries worldwide for all Group brands;
- the possibility for owners of franchised and managed hotels to benefit from some of the Group's liability coverage so as to enhance the compensation paid out to guests in settlement of their claims. The maximum per-claim coverage currently stands at €500 million.

Due to the fact that its entities are spread across the globe and to its "asset-light" model, the Group is not exposed to a large risk of property damage. Nevertheless, even if owned by a third party, the value of a site identified as representing the estimated maximum loss is used to calibrate the Group's property damage and business interruption insurance program.

In the case of liability insurance, estimated maximum loss has been benchmarked with industry practices for similar operations, taking into account the fact that hotels are sometimes located in large property complexes or near sensitive sites such as airports or train stations.

All frequent property and liability risks covered by the Group's global insurance program are self-insured through a subsidiary reinsurance company, with all units sharing the related costs. The least frequent but more severe risks are reinsured in the global market in order to limit the Group's commitments and avoid exhausting the capacity of the reinsurance subsidiary. Direct access to the reinsurance markets provides the Group with a more diverse range of market players, creating beneficial competition and a wider range of options.

Local insurance programs have been set up in certain countries such as Australia, New Zealand and India. In Australia and New Zealand, heavy exposure to natural disaster risks combined with favorable conditions in the local insurance market prompted the Group to take out local coverage for property damage and business interruption risks. In India, insurance legislation has made local programs mandatory.

Protection against natural disaster risk is a particular priority and special terms have been negotiated on a country-by-country basis wherever possible. Similarly, specific coverage has been taken out for terrorism risks for countries where local coverage is not mandatory and where it is possible to do so under local legislation. This coverage is renewed each year.

Other forms of global insurance, such as for construction-related risks and fraud, are also set up centrally in order to optimize insurance costs and ensure the quality of purchased coverage.

To support its evolving business model and the growing importance of data processing, the Group has decided to maintain a cyber insurance coverage. This insurance policy is upgraded regularly according to the best offer available on the insurance market.

1.9 Internal control and internal audit

1.9.1 Internal control objectives

Scope

The Group applies the internationally recognized definition of internal control formulated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to this definition, internal control is a process, effected by an entity's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

Effectiveness and efficiency of operations	Reliability of financial reporting	Compliance with laws and regulations

This definition complies with that set out in the Reference Framework for Risk Management and Internal Control Systems issued by the AMF, which states:

"Internal control is a company's system, defined and implemented under its responsibility, which aims to ensure that:

- laws and regulations are complied with;
- the instructions and directional guidelines fixed by Executive Management or the Management Board are applied;
- the Company's internal processes are functioning correctly, particularly those implicating the security of its assets;
- financial reporting is reliable; and generally, contributes to the control over its activities, to the efficiency of its operations and to the efficient utilization of its resources."

By helping to anticipate and control risks that could result in the Company not meeting its objectives, the internal control system plays a key role in the conduct and management of its various activities.

One of the objectives of the internal control system is therefore to anticipate and control the risks arising in the course of the Company's business, as well as the risk of errors or fraud, particularly in the areas of accounting and finance. However, as stated in the AMF's Reference Framework, Internal Control procedures cannot provide an absolute guarantee that the Company's objectives will be achieved, no matter how well the system is designed or how well the procedures are applied.

Corporate values and principles

The Group's internal control system supports the corporate values expressed by the Board of Directors and Executive Management and communicated to all employees. The Group has drawn up rules of conduct and integrity relating to employee behavior and relations with customers, shareholders, business partners and competitors. As such, its Ethics Corporate Social Responsibility Charter provides clear framework for the responsible conduct that the Group expects in terms of ethics, integrity, legal compliance and overall corporate social responsibility. In 2019, the Group adopted a Compliance program designed to tackle compliance risk, particularly bribery-related and anti-trust risks (see section 2 on page 127 for more information on the duty of care).

1.9.2 *Overall organization of internal control*

Scope of internal control

The internal control procedures described below cover the parent company and all of its consolidated subsidiaries.

Internal control procedures are regularly reviewed to ensure that they are appropriate and aligned with the Group's objectives, particularly in view of the risks specific to each business and the costs of performing the controls.

Main participants in internal control

Internal control procedures are part of the policies defined by the Board of Directors and are implemented under the direct responsibility of the operating departments and corporate functions. Internal control is everyone's responsibility, from executive officers to front-line employees.

Internal control procedures are monitored on the following three fronts:

The main bodies responsible for overseeing the internal control system are as follows:

The Audit, Compliance & Risks Committee

As described in the Board of Directors Bylaws (see section 3.11, Appendix A), the Audit, Compliance & Risks Committee carries out the following main tasks:

- it reviews the risk management policy and ensures that adequate systems are in place;
- it is informed every year of the updates to the risk map and the results of the monitoring processes carried out for the Group's main risks;
- it obtains assurance concerning the effectiveness and efficiency of the Group's system of internal control, by reviewing the methods used to identify risks and the Group Internal Audit Department's organizational and operating principles. It is also informed of the internal audit program (details of the assignments carried out by Group Internal Audit) and progress made in applying action plans.

The Audit, Compliance & Risks Committee meets four times a year.

The Internal Audit Committee

The Internal Audit Committee comprises the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer in charge of Hotel Operations, the Deputy Chief Executive Officer in charge of Legal, Finance, Procurement, Communications and Strategy, other members of the Executive Committee (see the section on members of the management bodies in this Universal Registration Document) and the Director and Deputy Director of Group Internal Audit. Representatives of the Group's key functions also attend, including General Control, Taxation, Financing, Risk Management, Legal, Compliance, Information Systems and Procurement. Lastly, the Internal Audit Committee includes the Finance Directors of the Group's various regions and business lines.

The Internal Audit Committee guarantees the independence of the Internal Audit function. Its responsibilities are to:

- review the audit plan for the coming period (main areas of work, principles, audit scope, breakdown of assignments by type, etc.);
- review significant internal audit issues for the current year, in each of the audited areas, and approve the action plans for each audited unit;
- track and encourage improvements in internal control levels within the Group;
- track and facilitate implementation of the action plans to be deployed by the audited units;
- oversee the activities of the Internal Audit function, in terms of audit efficiency/optimization and the adequacy of the function's resources.

The Internal Audit Committee meets once a year.

The Executive Committee

In accordance with the law and the Company's Bylaws, the Chairman and Chief Executive Officer represents the Company in its dealings with third parties and has the broadest powers to act on behalf of the Company in all circumstances. The situations where exercise of the Chairman and Chief Executive Officer's powers is subject to the prior approval of the Board of Directors are detailed in the corporate governance report in section 3.1, as well as in the Board of Directors Bylaws on page 259.

For the purpose of carrying out his duties, the Chairman and Chief Executive Officer is assisted by an Executive Committee, which includes representatives from all of the operating departments and support functions. The membership of the Committee appears in section 3.1.2.

Group Internal Audit

Group Internal Audit, which has a dotted-line reporting relationship with the Audit, Compliance & Risks Committee and falls under the responsibility of the Chairman and Chief Executive Officer, is the cornerstone of the internal control system. Internal Audit carries out various types of assignments (see list in the "use of internal control self-assessments" section) and relies notably on the use of internal control self-assessments, addressed annually to Group entities and hotels.

Group Internal Audit coordinates its activities with the Statutory Auditors' audit plans. It is also responsible for coordinating the activities of the local Operational Internal Audit Departments within the operating departments (regions).

At December 31, 2019, Group Internal Audit had a staff of 61 auditors, 31 of whom work locally in the regions.

Group Finance

The Deputy Chief Financial Officer in charge of General Control and Tax ensures that the Group's financial policies are properly implemented, in particular by circulating to the Divisions the accounting principles and standards used to prepare the consolidated financial statements.

Group Finance maintains regular contact with the Statutory Auditors, who audit the financial statements of the Company and the Group in accordance with the applicable laws and regulations. In connection with their audit of the consolidated financial statements, the Statutory Auditors audit the consolidation packages transmitted by the subsidiaries included in the scope of their audit.

Group Internal Control

Against a backdrop of business transformation and external growth, the Accor Group chose to strengthen its internal control system and create a Group Internal Control Department in March 2019.

The new department is separate from Internal Audit and falls under the responsibility of Group transformation.

Its purpose is to improve the Group's internal control culture, introduce new internal control guidelines and assist central and regional support functions with their application.

The department works closely with Group Risk Management, Legal & Compliance, Finance and Internal Audit.

Internal Control will eventually coordinate the implementation of projects and initiatives decided by the Internal Audit Committee, jointly with business experts.

1.9.3 Organization of Group Internal Audit

To improve control of identified risks, the Group has set up control procedures that comply with its standards and cover both operating and financial information processes.

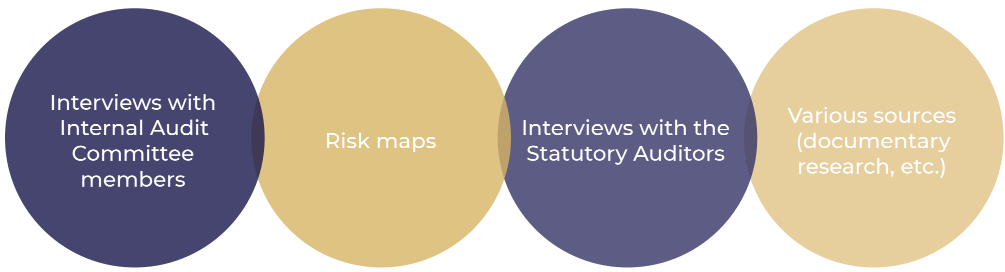
The Internal Audit Charter aims to provide a Group-level cross-functional view of Internal Audit resources and methodologies, as well as the methods used to communicate the results of internal audits. To this end, it defines the framework for Internal Audit activities within the Group, based on the professional standards issued by IIA and other bodies, which set down strict codes of conduct for internal auditors. The Charter also formally describes the role, membership and procedural rules of the Internal Audit Committee. Lastly, it sets out how Group Internal Audit should coordinate the activities of local Internal Audit Departments within the regions.

Internal Audit

Group Internal Audit carries out its audit assignments based on the following procedure:

Definition of the audit plan

Audit assignments are carried out according to the audit plan reviewed by the Internal Audit Committee and subsequently approved by the Audit, Compliance & Risks Committee. The audit plan is prepared taking into account the risks identified by the Group Internal Audit Department, based on the following:



Internal control self-assessments

Internal procedures have been prepared and disseminated for the main businesses. They are implemented under the direct responsibility of the operating departments and support functions and form part of a continuous process of identifying, assessing and managing risks. The application of these procedures is notably monitored using internal control self-assessments.

The Group places special emphasis on preparing, disseminating and monitoring internal control self-assessments, which have now been rolled out to the majority of hotels, hotel head offices and new businesses. These assessments interconnect with the Group's existing internal control standards and processes and are based on analyzing the internal control risks inherent in each business and identifying key control points.

Internal Audit programs for units where self-assessments have been deployed include a quantitative measurement, *via* a rating system, of the gap between the self-assessment and the internal auditors' assessment of the level of internal control. By analyzing these gaps, it is possible to evaluate the quality of the self-assessments performed by the unit manager.

Internal audit assignments

The main types of assignments, as described in the Internal Audit Charter, are as follows:

Corporate Audit

- **Head office audits (support functions),** which are designed to optimize internal control procedures applied at the head office and ensure that the head office is able to fulfill its role of overseeing and supporting managed hotels as effectively as possible. As part of these assignments, a review is conducted of the annual self-assessment campaign. It helps Internal Audit form its opinion.
- **Organizational and procedural audits,** which are aimed at helping head office to optimize and adapt its procedures and operating processes, notably when rolling out cross-functional projects that lead to a change in organizational structures.

- **Specific and/or theme-based audits,** which are audit assignments that comply with the ethical and professional standards applicable to internal auditors and fall within their remit. These assignments may relate as much to issues bearing on the integration of acquired entities, a function or a process as to one or more pillars of the anti-corruption system.

Operational Audit

These audits are aimed at evaluating the reliability and effectiveness of the operating units' internal control systems as well as ensuring that they comply with Group standards. They notably include regularly checking that the internal control self-assessments have been properly performed by hotels in their scope.

Operational audits are chiefly performed by the local Internal Audit Departments. These departments are set up in the main regions, report to their Region's Finance Director and have a dotted-line reporting relationship with Group Internal Audit. The sole exception to this rule is the local Internal Audit Department for the Europe region, which reports directly to Group Internal Audit.

These local departments have permanent, direct ties with Group Internal Audit, thereby ensuring that they comply with the fundamental principles of conduct and independence and follow the standards required of the Internal Audit profession, as well as the methods recommended by the Group. These ties also guarantee that the local Internal Audit Departments are given adequate resources to fulfill their objectives.

These departments also provide ongoing assistance to finance and operating departments in managing and monitoring internal control issues within the hotels in their scope.

Information Systems Audit

- **Information systems audits,** which are performed to ensure that best practices are applied in relation to the organization and monitoring of the audited units' information systems.
- **Audits of applications and processes,** which are aimed at ensuring that manual or automated checks in place provide an appropriate level of internal control in view of the operations covered by the applications concerned.
- **Project and digital product management audits,** which are designed to validate the implementation of best project and digital product management practices.
- **Pre-and post-acquisition technological reviews,** aimed at assessing the maturity of the digital environments of new acquisitions and their integration into the Group's information system.
- **IT security audits (cybersecurity),** which help to ensure the security of the Group's technological platforms. They are primarily performed by the Information Systems Security Department, which reports to Group Information Systems, and in some cases in response to queries raised by Group Internal Audit.

Follow-up audit of actions plans

These audits are intended to ensure that the actions plans prepared by the audited unit effectively take up the recommendations made, and that they are implemented in accordance with the schedule defined by the audited unit and approved by Internal Audit.

As part of their assignments, Internal audit teams perform due diligence reviews to verify compliance with the anti-corruption principles and procedures specified in the Group's Ethics & Corporate Social Responsibility Charter and those set out in the vigilance plan.

Audit reports and follow-up of deployed actions plans

A draft report is prepared after each internal audit, setting out observations, identified risks and recommendations. This report is sent to the management of the audited unit, which prepares an action plan when required.

The final report, which includes any actions plans prepared by the audited unit, is then sent to the managers in charge of overseeing operational and financial matters for the unit concerned.

The reports prepared by the local Internal Audit Departments are centralized by Group Internal Audit and a summary of the work performed by these departments is presented to the Internal Audit Committee and the Audit, Compliance & Risks Committee.

The Audit, Compliance & Risks Committee also receives a quarterly summary of the internal audits carried out during the period, including a status report on the annual audit plan, an assessment of the quality of internal control in the audited units and the gap between the internal auditors' assessments and any self-assessments performed by the units, as well as the internal auditors' main observations, and actions plans decided on by the parties concerned.

Once these reports are issued, Internal Audit tracks the action plans deployed by the auditees.

1.9.4 Internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Group Finance

The Chief Financial Officer ensures that the Group's financial policies are properly implemented, in particular by circulating to the Divisions the accounting principles and standards used to prepare the consolidated financial statements.

Group Finance is organized into the following departments:

- **General Control Department** in charge of Group financial control, Group financial information systems, Group consolidation, accounting studies and policies and parent company accounting
- **Strategy and Corporate Finance Department**
- **Group and France Tax Department** responsible for implementing and coordinating Group tax planning measures, particularly relating to cross-border transactions
- **Financial Communication and Investor Relations Department** in charge of releasing information on the Group's strategy and results to the financial markets
- **Finance Department of the Company** in charge of the Group's loyalty program and Distribution and Marketing management control
- **Finance Mergers Acquisitions Department** responsible for monitoring and integrating acquisitions, mergers and joint ventures
- **Project Finance Department** in charge of coordinating the Finance Department's cross-business projects

Group Finance maintains regular contact with the Statutory Auditors, who audit the financial statements of the Company and the Group in accordance with the applicable laws and regulations.

The accounting and financial information system

The Group's accounting and financial information system is designed to ensure the security, reliability, availability and traceability of information.

It is based on an interfaced reporting and consolidation system that covers virtually all of the Group's operations with the aim of providing consistent accounting data at the Company and Group level.

A specifically designed user manual has been prepared and issued to the employees concerned, in order to guarantee that the systems are correctly used and that the information obtained is appropriate and relevant.

The Group has also set up processes to ensure the security of the accounting and financial information system, as well as the integrity of the data involved. These include regular back-ups and programmed controls that trigger warnings in the event of incorrect data entries.

The accounting and financial information system is regularly updated in line with the Group's specific needs.

Accounting principles and procedure manuals

Several accounting principles and procedure manuals are distributed to all of the Finance Departments within the Group, including:

- the Finance Manual, which sets out the Group's charts of accounts;
- the reporting procedure;
- a presentation of International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), providing details on how to apply the standards to the Group's specific circumstances;
- consolidation instructions;
- specific procedures for managing cash flows involving countries subject to international sanctions and for issuing corporate payment cards to employees, as well as fraud awareness manuals.

Employees can access this information on the Group's Intranet.

Reporting procedure

Group Financial Control is responsible for overseeing the reporting procedure. The procedure requires the Divisions to submit monthly reporting packages comprising an analysis of key business indicators and the main components of income, in the format prescribed by the Group. All reporting data submitted by the Divisions must be analyzable both by nature and by function.

The reporting procedure is designed to provide a detailed analysis of changes in financial and operating results, which helps the Group to provide support with resource allocation decisions and measure the efficiency of the various organizational structures in place.

Preparing and controlling the consolidated financial statements

The consolidated financial statements are prepared by Group Finance based on information reported by the subsidiaries' Chief Executive Officers and Finance Directors. The format of the consolidation packages is determined by the Group.

The subsidiaries are responsible for the information contained in their consolidation packages and are required to make formal representations to Group Finance about the fairness of reporting data and its compliance with Group accounting standards and policies.

Consolidation instructions detailing the financial reporting schedule and specific points concerning consolidation adjustments to individual financial statements and non-standard transactions are issued every quarter to the various Finance Directors and consolidation teams. In addition, specific instructions on reporting off-balance-sheet commitments are provided as part of the annual and interim closing procedures so that a detailed report can be prepared and presented to the Audit Committee.

The Consolidation Department carries out systematic controls of the financial information submitted by the subsidiaries. A detailed schedule for reviewing the packages has been prepared and sent to the employees concerned.

In connection with their audit of the consolidated financial statements, the Statutory Auditors audit the consolidation packages transmitted by the subsidiaries included in the scope of their audit. Group Internal Audit also reviews from time to time the proper application of Group accounting standards and policies by the subsidiaries, and reports any issues identified during the review to Group Finance.

As the final stage of the process, the consolidated financial statements are examined by the General Controller and the Chief Financial Officer prior to their review by the Audit, Compliance & Risks Committee. The Board of Directors then approves the consolidated financial statements based on the recommendations of the Audit, Compliance & Risks Committee.


2.
Corporate responsibility

2.

2.1. Statement of non-financial performance and Accor Group vigilance plan

2.1.1. Summary table of risks identified as part of the statement of non-financial performance

The business model of the Accor Group is presented in the report included in page 19 "The Accor business model".

The table below presents the CSR risks identified pursuant to French Decree no. 2017-1265 of August 9, 2017, made in application of Ordinance no. 2017-1180 of July 19, 2017 on the publication of non-financial information by companies.

Designation of risk	Description of risk or sub-risks	Policies and measures implemented to control risk and results of risk management
RISKS ASSOCIATED WITH PERSONAL DATA		
Malicious harm to the integrity of digital personal data	For the needs of its business, Accor relies on the personal data of 64 million members of the loyalty program and its 10 million loyal customers (identity, stay, payment data, etc.). The use of those data is essential for value creation. The data is collected, processed, stored and distributed directly by Accor, by its partners or by intermediary of external service providers. The data could be subject to malicious use, internally or externally. The Group and its service providers could be victims of attacks on their computer systems (viruses, denial-of-service attacks, etc.), sabotage or intrusion (physical or digital), that could harm the availability, the integrity or the confidentiality of the data. Such events, should they occur, could significantly impact the owners of the data stolen or disclosed as well as the activity of the Group. In addition to interrupting its activities, the Group's responsibility could be engaged, and its reputation seriously harmed, which would have a significant impact on its revenue (fines, compensation, loss of income, etc.) and its development projects.	2.2.2.4 [SNFP] – Policies and measures implemented to guarantee the availability, protect the integrity and the confidentiality of personal data, and the results of such measures and policies
RISKS ASSOCIATED WITH PARTNERS		
Accor is present on the five continents with a portfolio of hotels distributed in more than 100 countries. To finalize the transformation from the "asset-light" model, a great majority of these hotels are operated through management contracts and as franchises. A great majority of the activities and development of Accor therefore are based on its network of third-party owners. The Group offers these owners, *via* its Astore Shop platform, access to more than 3,500 listed suppliers. In addition, as part of its new loyalty program "Lifestyle All", the Group is supported by a network of partners to offer unique experiences to its loyal customers.		
Partners non-compliant with ethical and CSR commitments	Despite the Group's vigilance, practices that are non-compliant with its ethics and CSR standards and commitments could take place in one or more hotels under the Accor brand, or at one of the listed suppliers or partners. In fact, the Group's geographical implantation and its business sector expose it to risks of violation of human rights (discrimination, child labor, forced labor, etc.) or of business ethics (bribery, money laundering, etc.) Such acts could harm the physical and psychological integrity of the Group's guests or employees, its image and its reputation, but also engage its liability for failure to comply with applicable laws and regulations. In addition, as part of its Planet 21 sustainable development program, the Group has made commitments to fight against food waste and consumption of non-renewable resources and reduce its contribution to water stress, the attainment of which depends to a large extent on its partners, in particular the owners of the hotels. In fact, the operation of the 10,000 restaurants and bars of the Group exposes it to a major risk of contributing to food waste. Likewise, the hotel activity involves the consumption of non-renewable resources (gasoline, metals, minerals, etc.) for the construction of hotels, their energy supply or the manufacture of products that constitute the hotel offering. Finally, according to the environmental footprint updated by Accor in 2015, 25% of the Group's hotels are located in areas of high to very high water stress, which exposes the Group to a Risk of participating in increasing local water stress.	2.2.3 [SNFP] Compliance program 2.3.3.3 [SNFP] – Preventing the risks related to bribery and influence trafficking 2.2.5 [SNFP] Planet 21 – Acting Here, the roadmap for 2020 2.4.2 [SNFP] – Favoring environmentally responsible products 2.5.2.1 [SNFP] – Policies and measures implemented and results obtained – Planet 21 commitment: our Ethical risk management and CSR process will be deployed with 100% of our partners by 2020. 2.6.2 [SNFP] – Protecting children from abuse 2.7.4 [SNFP] – Measures implemented and results obtained – reducing energy consumption per room and water consumption per overnight stay (owned, leased and managed hotels) 2.8 [SNFP] – Eliminating food waste and promoting healthy and sustainable food

Designation of risk	Description of risk or sub-risks	Policies and measures implemented to control risk and results of risk management
Partners non-compliant with health and safety standards	The Group is exposed to the risk of non-compliance, in one or more hotels under the Accor brand, with respect to its standards (PCI DSS, etc.) and regulations (fire safety, health, etc.). The Group is also exposed to the consequences of the non-compliance of its listed suppliers with the standards and regulations governing food safety or the safety of individuals. Failure to comply with these standards, resulting in an accident, a fire or food poisoning, could occur in a hotel of the Group, which would imperil the health and safety of its guests and employees and could harm its reputation.	2.2.2.4 [SNFP] – Policies and measures implemented to guarantee the availability, protect the integrity and the confidentiality of personal data, and the results of such measures and policies 2.5.2 [SNFP] – Policies and measures implemented and results obtained – Planet 21 commitment: our Ethical risk management and CSR process will be deployed with 100% of our partners by 2020.
RISKS ASSOCIATED WITH THE ENVIRONMENT		
Greenhouse gas emissions	Most of the Group's revenue is linked to the operation of buildings, the 5,000 hotels of the Group, and the operation of the 5,000 restaurants and bars present in its hotels. According to the 2018 carbon footprint study conducted by Accor (scopes 1, 2 and 3, excluding guest transportation), these activities also contribute the most to the Group's carbon impact (energy consumed in the hotels and upstream farming operations or the production of food served in the restaurants). Greenhouse gas emissions have consequences on world climate change, as well as the seriousness and frequency of extreme weather events, and could lead to population movements, and have effects on human health and ecosystems. Although it is a moderate contributor to greenhouse gas emissions (0.01% of world emissions in 2017), Accor is aware of the seriousness of the effects linked to climate change on the environment, biodiversity and the quality of life on earth and classifies this risk among its major risks.	2.7.3 [SNFP] – Policies and measures implemented – Accor Group's climate strategy 2.7.4 [SNFP] – Measures implemented and results obtained – reducing energy consumption per room and water consumption per overnight stay (owned, leased and managed hotels)

2.1.2 *Accor Group vigilance plan*

In accordance with its international commitments and the law of March 27, 2017 respecting the duty of vigilance, Accor has established a vigilance plan with measures to identify risks and prevent serious abuses of human rights and fundamental freedoms, health and safety as well as the environment.

The French law on Vigilance requires measures to be put in place to identify the risks resulting from “the activities of the Company and of the companies it controls as defined in Article L. 233-16-II (of the French Commercial Code)”. In this respect, the Accor Group takes into account the specific aspects of its organization as expressed in its various operating structures by applying the duty of vigilance to its owned and leased hotels and to its hotels operated under franchise agreements and management agreements.

To fully address all these issues, Accor has set up a working group composed of representatives from the Procurement, Social Innovation, Legal and Sustainable Development Departments.

2.1.2.1 Risk mapping

Risk mapping, head offices and owned, leased and managed or franchised hotels scope

In 2019, the Group methodically mapped the risks to which it is exposed regarding health and safety and compliance with human rights. The methodologies used in this mapping initiative are described in the “risk management” chapter.

The result of this mapping was transferred, in a consolidated manner, in the ethics and CSR risk mapping, the methodology of which is provided in the “Risk management” chapter. This mapping is a management tool that complements the two pre-existing tools in the Group: the materiality matrix and the environmental footprint.

The CSR materiality matrix is an overview of all the CSR challenges over the entire value chain of the Group and includes the challenges linked to health and workplace safety, human rights and the environment.

At the same time, a study of the environmental footprint made it possible to present an overview of the main environmental impacts of the Group, from which emerge two major challenges: the management of the environmental impacts of its building park and the promotion of sustainable food in its restaurants.

Lastly, in response to the requirement under Article 173 of the French energy transition law for green development, the Group has conducted a detailed climate risk analysis presented on page 175.

Risk mapping, suppliers and contractors scope

The Group is committed to identifying the environmental, societal, and social risks that can result from its business relationships with its suppliers, see the “Risk management” chapter. In 2018, this risk mapping was refined to better qualify the level of risk associated with each supplier. See details on the methodology in the “Risk factors” chapter.

2.1.2.2 Preventing serious abuses

Measures to prevent serious abuses by the activities of the Group and its hotels

Ethics and CSR Charter

In its Ethics and CSR Charter, Accor confirms its commitment to respecting fundamental principles, particularly human rights, health and safety of individuals, and the environment. The Charter provides guidance to employees on the appropriate behavior to adopt and actions to take in this regard.

To raise the awareness of all employees on the subjects covered by the Ethics and CSR Charter, Accor is making awareness kits available to all its hotels that include web series, e-learning and educational videos. To date, the awareness kits covered the following subjects: the fight against sexual exploitation of children, the fight against sexual harassment, the combating bribery, and the general data protection regulations. Kits covering non-discrimination and responsible purchasing will be available in 2020.

Accor promotes and implements its values and commitments through an Ethics and CSR Committee and a global network of Ethics and CSR officers. Details of Ethics and CSR governance are presented on page 131.

Planet 21 – Acting Here program

The Planet 21 – Acting Here program is built around commitments that directly address the social, environmental and societal issues identified by the Group. These commitments are binding upon its hotels. A description of the program can be found on page 137. This program results in a road map for hotels, containing actions, in particular films for awareness and e-learning, on subjects related to the duty of vigilance. Each of the following policies is described in different sections of the Universal Registration Document:

Subjects linked to the duty of vigilance	Section of this Universal Registration Document
Human rights	2.3.5 Promoting diversity and encouraging inclusion 2.3.6 Pursuing our commitment to workplace health, safety and quality of life 2.3.8 Promoting open dialogue 2.6.2 Protecting children from abuse
Workplace health and safety	2.3.6 Pursuing our commitment to workplace health, safety and quality of life
Environment	2.4.3 [SNFP] – Policies and measures implemented and results obtained – Planet 21 commitment: our Ethical risk management and CSR process will be deployed with 100% of our partners by 2020. 2.8 Eliminating food waste and promoting healthy and sustainable food

Sexual harassment policy

Accor is committed to eliminating all forms of harassment from the workplace, including bullying and sexual harassment. A new system was tested in 2019 in France, Dubai, and Switzerland in partnership with AccorInvest. The system consists of a button that allows any person who is equipped with it to alert management in the event of harassment. At the same time, the Group is creating an e-learning training module and a presentation video created by John Ozinga (CEO of AccorInvest), Maud Bailly (Chief Digital Officer) and Chris Cahill (CEO Luxury Brands) to raise awareness on sexual harassment. The whistleblowing hotline, in operation since May 4, 2018, and available in 29 languages for the employees of the head offices, the owned and leased hotels and the new activities, also allows employees to report situations of sexual harassment.

Fight against musculoskeletal disorders

Accor has undertaken to fight against musculoskeletal disorders. To prevent these disorders, training is given to all employees worldwide and various measures are put in place. These measures are described on page 154.

Inclusion & Diversity

The Group has implemented programs to promote diversity and inclusion, details of which are provided in part 2.2.7 "Promoting diversity and encouraging inclusion" of chapter 2. It is engaged in fighting all forms of discrimination. For that purpose, several programs have been put in place worldwide:

- HeForShe solidarity movement (page 152);
- Diversity & Inclusion champions (page 152);
- co-mentoring program (page 153);
- Women RiiSE network (page 152).

In addition, a specific e-learning training module on non-discrimination for the whole Group worldwide will be distributed in 2020.

Actions to prevent serious abuses by suppliers

Accor is committed to ensuring that its suppliers uphold its commitments and values. The Group sets out these requirements in its Procurement 21 Charter, containing a uniform and standardized list of its expectations and commitments in terms of compliance with international standards and norms. The aim is to raise awareness and secure commitment from the Group's suppliers on the following topics: labor and human rights, health and safety, environmental management, ethics and fair trade, and responsible consumption. The Charter is available externally on the Accor website.

According to the risk of negative impacts identified during the mapping process, Accor pays particular attention to the procurement categories most at-risk. Procurement 21 Charter is attached to all calls for tender, signed when suppliers are selected, and then attached to contracts. For at-risk categories, the CSR criteria are taken into account throughout the process and a CSR clause is included in the contracts. The whole risk management process concerning suppliers is provided on page 164.

2.1.2.3 Evaluation and monitoring procedure

All the monitoring indicators are detailed in part 2.9 "Measuring and evaluating performance".

Monitoring and control of the Planet 21 – Acting Here program

As part of the Planet 21 – Acting Here program, several indicators have been put in place covering all the Group's owned, leased and managed hotels, and franchised hotels. There are two types of indicators:

- monitoring of the action implementation rate;
- performance indicators (energy, water, waste, commitments, etc.).

These indicators enable the Group to monitor and check the application and effectiveness of the measures put in place and adherence to them. Monitoring is carried out *via* the Gaia tool (this tool is presented in 2.8.3.3 "Gaia, an online tool for global and detailed management") that hotels can use to evaluate their own performance, define their priority goals, create action plans and track their progress. The data, based on statements from the hotels, is then checked by sampling by the person in charge of Planet 21 In Action reporting, at the country and Group level, as well as during audits.

Internal audits

The internal audits, whose organization is described in paragraph 1.9.3, plays an important role in the identification and prevention of risks. Through the audits conducted, Internal Audit ensures compliance, through its due diligence – by the hotel head offices, the new businesses and the owned, leased and managed hotels – with the principles and procedures set out in the Group's Ethics and CSR Charter, particularly those designed to prevent acts of bribery and those covered by the vigilance plan.

The Risks and Insurance Department coordinates major-risk mapping, the results of which are presented to the Audit and Risks Committee each year, in december. By mapping all internal and external risks using a common framework, the degree of exposure perceived by the general management and by each entity can be quantified.

In addition, internal control risks are mapped on the basis of internal audits, as well as on the basis of self-assessment. These maps, which highlight the points that need to be prioritized for corrective actions, can be found in the relevant Internal Audit reports and are presented in the form of periodic summaries to the Internal Control Committee and to the Audit and Risks Committee.

Lastly, Internal Audit monitors the performance and effectiveness of the internal control system put in place within the Group.

Ethical and CSR risk management in supplier relations

Accor has implemented an ethics and CSR risk management process to ensure effectiveness and assess the quality of the measures implemented as part of a continuous improvement cycle. This process consists of assessing at-risk suppliers *via* a self-assessment platform managed by a third party, as well as external CSR on-site audits at high-risk suppliers, and delisting if any major non-compliance is detected. All the Ethics and CSR risk management processes with respect to supplier relations are described on page 162.

2.1.2.4 Whistleblowing mechanism

The Group's Ethics and CSR Charter has already long provided that any Group employee may, at any time, raise questions, concerns or doubts with their supervisors, or with the Talent & Culture or Legal Departments in their country and more recently with the Ethics and CSR Compliance Officers and correspondents. To offer enhanced protection to its employees and to encourage disclosure, the Group decided to set up a whistleblowing hotline for ethical, compliance, health and security, human rights and environmental issues. Launched in May 2018, the whistleblowing hotline was progressively put in place and accessible at the second half of 2019, for all employees of the head offices, owned and leased hotels, and new activities and AccorInvest hotels. This whistleblowing system is based on an Internet platform accessible 24/7 in 29 languages. The launch of this system for the employees of other managed hotels as well as the franchised hotels is planned to occur during the year 2020.

2.1.2.5 Report of the vigilance plan

Internal audits

In head office audits, the key elements of the Ethics and CSR Charter are systematically reviewed. These audits include verification of the proper distribution of the Ethics and CSR Charter of the Accor Group both in the hotels belonging to their scope and among other stakeholders, verification of the compliance with best practices in purchasing and hotel development as well as initiatives for raising awareness of the ethics and CSR commitments among employees of the head office.

In addition, all hotels (owned, leased and managed) must perform an annual self-evaluation and therefore must complete a self-evaluation questionnaire taking into account compliance and awareness of the commitments of the Ethics and CSR Charter. In 2019, 94% of the hotel directors (owned, leased and managed hotels) declare that they regularly conduct awareness campaigns for managers concerning the Ethics and CSR Charter.

Risk mapping, suppliers and contractors scope

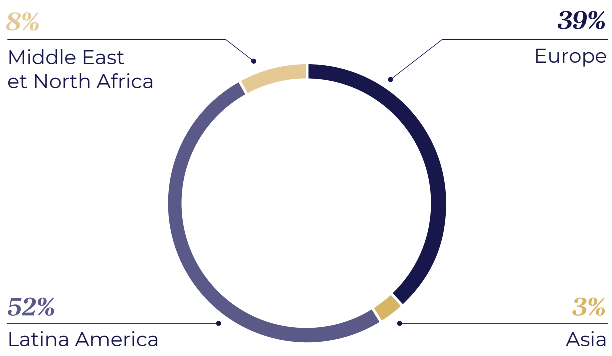
The risk map covers 100% of listed suppliers. Since 2017, three actions apply (according to the level of risk of the category) and must be put in place among the listed suppliers from now to the year 2020.

	2018	2019
Number of listed suppliers[1]	3,642	3,590
Number of suppliers that signed the Procurement 21 Charter	3,354	3,354
Number of suppliers that responded to the EcoVadis questionnaire	703	1,024
Number of audits on production sites considered the most at risk	178	300
Number of suppliers that do not abide by contractual CSR clauses	0	0
De-listing	1 in 2018 in France (Chicco – Artsana)	0

(1) A supplier listed by several country purchasing offices is accounted for as the same number of different suppliers.

In 2018, a new risk mapping method was developed to improve the control methodology and make it more relevant and consistent with respect to the law on the duty of vigilance. This work involved putting in place a tool for prioritizing audits for the suppliers identified as at-risk, taking into account the geographical location and the risk context linked to the country of the supplier. This new method is described in the "Risk management" chapter.

Whistleblowing hotline



The whistleblowing alerts received are processed by referral officers in the following categories: health and safety, human rights, environment and compliance, following a procedure to process the alerts anonymously and confidentially.

2.2 Management of the ethics, compliance and CSR approach

2.2.1 Societal commitment, an Accor pillar

Accor is convinced that its ethical, social and environmental commitment is helping to preserving the planet while providing added value to its stakeholders : health, safety, well-being for employees who work for the Group, ethical business relationships with owners or suppliers and subcontractors, sharing of the value created with local communities, etc.. The Group attempts to make a positive contribution at the local and the global level so that everyone can benefit from its hospitality. Accor breaks this commitment down into three major areas:

- its commitments as a company with integrity;
- its commitments as a responsible employer;
- its commitments as a player committed to civil society and the planet.

The **Accor Group's Ethics and CSR Charter** expresses the values of the Group, promotes its ethical, social and environmental commitment and serves as a framework for its responsibility process. All the non-financial policies of the Group derive from the Charter.

This Ethics and CSR Charter, initially drafted in 2015, was completely revised in 2019 to take into account new applicable regulations (duty of vigilance, the Sapin law, the law on influence trafficking, etc.) and bring it into compliance with the requirements made to a corporate Code of Conduct. This new version was also designed with spirit of pedagogy: the definitions are more precise, the undesirable situations are described, the behaviors to adopt are detailed as well as the solutions that the Accor Group proposes to its employees when they find themselves confronted with these undesired situations.

Policy and tools for dialogue with stakeholders

Implementing the Accor Group's CSR process means maintaining an ongoing dialogue with its stakeholders. That dialogue is a critical process that plays an inherent role in the business of the Group. A Group corporate stakeholder dialogue procedure defines the scope of application and implementation of the process, the responsibilities at every level (global, regional, local), and the resources used to enhance dialogue and keep stakeholders informed. The numerous partnerships that Accor maintains (*e.g.* ECPAT, PurProjet, Energy Observer, Community Conservation Fund Africa, The Camp) also support this dialogue policy.

2.2.2 Governance: ethics, compliance and CSR

2.2.2.1 Deployment and supervision of the Ethics and CSR Charter

This Charter applies to all Accor Group employees throughout the world, *i.e.* all full-time and part-time employees of the Accor company and the companies that it controls. This Charter also applies to the full-time and part-time employees of the establishments operated under the Group's brands.

The Accor Group's Ethics and CSR Charter has been rolled out in all the countries where the Group is active. It is available on the various Group Intranets and from the Accor website http://www.accor.group/en/commitment

Directors are responsible for promoting the values and commitments to their teams and carefully tracking its application. A network of Ethics and CSR officers hand off the deployment of the Charter in the countries.

In 2019, the focus of the ethics and CSR culture emphasized the following:

- combating bribery, with the distribution of an e-learning training module available in 19 languages used in the Accor Group;
- coming into compliance with the General Data Protection Regulation (GDPR) (see also page 132), with the distribution of an e-learning training module in French and English in 2019 and the preparation of eight other languages of the Group for 2020;
- the fight against sexual harassment, with the deployment of a complete system being tested in three countries in partnership with AccorInvest (see also page 155);
- these three modules, distributed in 2019, will supplement a broader plan to raise awareness and provide training on ethics, CSR, and compliance (water, waste, food, health-safety, the Plant for the Planet program). Other modules are being prepared, for example on responsible purchasing and non-discrimination.

2.2.2.2 Governance, Compliance and Corporate Responsibility incorporated into the committees of the Board of Directors

In matters of compliance, the Audit, Compliance and Risk Committee:

- reviews the organization and implementation of the Company's compliance program and remains up to date on the deployment of any compliance policies;
- reviews ethical issues referred to it by the Board or its Chairman or that it may address or of which it may have knowledge;
- reviews the report by the Ethics and CSR Committee annually.

The Audit, Compliance and Risk Committee holds at least three meetings per year. Every meeting is an opportunity for an update, if necessary, on the deployment of the compliance program, the anti-corruption policy and the whistleblowing system.

In terms of governance and CSR, it is the Appointment, Compensation and CSR Committee's responsibility to make sure that the corporate governance principles in place are properly applied and to prepare the decisions by the Board of Directors relating to social and environmental responsibility. In this capacity, it reviews the CSR policy guidelines and reviews the results thereof.

The Appointment, Compensation and CSR Committee holds at least two meetings per year.

2.2.2.3 Ethics and CSR Committee

The Ethics and CSR Committee was set up in 2014 to:

- inform the Executive Committee about questions pertaining to Ethics and CSR, in order to better anticipate associated opportunities, challenges and risks;
- issue recommendations on changes in human resources, risk management, human rights and sustainable development commitments;
- monitor the implementation and performance of the Group's processes;
- debate any issues related to managerial ethics or the conducting of business or any conflicts of interest;
- analyze any shortcomings and introduce specific additional controls if needed.

This Committee met two times in 2019, to supervise progress on the Ethics and CSR roadmap, with many agenda items on topics such as improving the anti-bribery system, deploying the whistleblowing hotline, implementing a system for fighting against harassment, the consequences of the PACTE law for Accor, and the strategy for coming into compliance, updating the Ethics and CSR Charter, changes in composition, missions and functioning of the Ethics and CSR Committee. In fact, after five years of existence of this Ethics and CSR Committee, but also following the change in its chairmanship, and the departure of some of its members and the disposal of AccorInvest, Accor started thinking about a possible evolution of its missions, its composition and its functioning. For that, an evaluation questionnaire was provided to its members during the month of November 2019.

The deployment of the CSR approach in the hotels

Accor's CSR commitments cover all its establishments, both managed and franchised. Accor's minimum CSR requirements are systematically integrated in the standards of each brands it holds.

For franchised hotels, when the CSR program is included in the franchise or management contract, the hotel is required to deploy it. In any case, Accor recommends that the owner implements it and provides the appropriate tools and solutions.

In the case of majority holdings, the CSR program is automatically integrated into any entities acquired. In the case of hotel subsidiaries (like FRHI, Mövenpick, etc.) the Planet 21 program is deployed within 24 months. It can take longer when the entity is engaged in activities less related to the hospitality industry. The CSR program is also made available to minority holdings, which are free to implement it or not.

Finally, as a listed company headquartered in France, Accor has a legal obligation to disclose information of a social, societal and environmental nature about its consolidated financial scope. Since the second half of 2018, Accor has refocused its activities on the management and franchising of hotels through the disposal of 70% of AccorInvest and the scope of former "Orbis" hotels. At present, Accor directly operates not more than 5% of hotels, but it continues insofar as possible to gather information from all hotels under the Accor brand. Depending on the themes, a greater or lesser proportion of managed and franchised hotels is included in the reported data. Coverage rates for each indicator are systematically specified in chapter 2.9.4.

AccorInvest thus became a key stakeholder of the Group. It is the owner of the largest number of hotels managed under the Accor Group brands, with 846 hotels (122,000 rooms) of which 348 hotels are owned outright by AccorInvest, and 498 that are operated through rental contracts at fixed and variable rental amounts. AccorInvest is linked to Accor through a management agreement and vows to respect Accor's CSR program, Planet 21 – Acting Here.

2.2.2.4 [SNFP] – Policies and measures implemented to guarantee availability, protect the integrity and the confidentiality of the personal data and results of such measures and policies

The risk of malicious attack on the integrity of personal digital data is described on page 126 of the summary table of the risks identified as part of the statement of non-financial performance.

Data Governance Committee

The Data Governance Committee includes all the jobs in the Group concerned by the use of data, whether or not it involves personal data according to the regulation. The purpose of this committee is to manage and optimize data use processes and technical methods. It is also the body primarily tasked with identifying and analyzing regulatory and ethical issues surrounding data use encountered by the Group, be it the protection of personal data or compliance with the rules of competition or ethical principles defined by the Accor Group for itself.

The Group's Ethics and CSR Committee may be consulted at any time on issues of ethics related to data processing and use, at the request of the Data Governance Committee or any other person or entity of the Group.

Policies and measures implemented and results obtained

Management of risk of harm to the availability, integrity or confidentiality of personal data focuses on showing compliance with the applicable regulations on the protection of personal data, in particular the European regulation called the General Data Protection Regulation (GDPR). For the Accor Group, it is a matter of ensuring that Accor SA, its business units, and new activities are brought into compliance, and, also, of assisting the Accor-brand hotels with their own compliance. Measures have been implemented at each level in response to the specific challenges of coming into compliance. The Charter on the protection of personal data of customers – public and available on our website – presents our commitments on the subject.

The list below presents the main measures maintained or implemented in 2019:

- maintaining a central "data protection" team: Data Protection Officer (DPO), Deputy DPO, Data Protection Manager and IT Compliance Officer;
- creation and deployment of a "GDPR" e-learning module. Nearly 8,000 people completed this module in 2019;
- maintaining a mapping of the data processing methods. The data processing methods are inventoried in a dedicated tool. This tool is used to document each process, evaluate the associated risks and establish an action plan for risk management and remediation;
- implementation of a documented plan for remediation actions, with, for example, the redrafting of the procedures for managing data access, the life cycle of data in systems, response plans in the case of an incident, etc;
- deployment of a "GDPR checklist", to ensure the confidentiality of data "by design" and "by default" and deployment of a network of relays in different departments of the head office, the "Privacy Champions". These are the ambassadors of the "GDPR checklist" and therefore constitute a first level of assistance for employees who launch a project involving the collection or the use of personal data. 44 "Privacy Champions" were trained in 2019 and thus acquired a culture of data protection;

- acquisition, in 2019, of a computer solution enabling Accor to automate the extraction of customer data when requested by customers, to access their personal data, in order to be able to comply with the legal time of one month for responding to this type of request;
- maintenance of the network of Regional Data Protection Coordinators (RDPC) in each business unit;
- awareness training in the owned and leased hotels by the central teams and assistance provided in creating their program for their GDPR compliance;
- a questionnaire to evaluate the maturity of their compliance with the GDPR sent to the new businesses and the newly acquired entities;
- clauses governing the use of personal data in franchise and management contracts reviewed, in order to describe the different cases when personal data is used by the parties and their respective responsibilities;
- creation, in 2019, of a toolbox for hotels for developing and deploying their own compliance programs.

In 2019, the Group renewed its annual compliance with the Payment Card Industry Data Security Standard (PCI DSS) for its central systems and all the services it provides to local teams in the countries where it is established.

The Payment Card Industry Data Security Standard is a data security standard that applies to the different players in the monetary chain.

This program, initiated centrally at Accor and in the head offices of the countries, must be supplemented by certification of hotels when they complete an e-learning module and receive training on operating procedures before confirming their PCI DSS compliance through a self-evaluation questionnaire. More than 70,000 employees in the hotels completed this PCI DSS e-learning module in 2019.

2.2.3 [SNFP] – Compliance program

The risk of partners failing to comply with the Accor Group's ethics and CSR commitments is described on page 126 of the summary table of the risks identified in the statement of non-financial performance.

In 2016, the Accor Group adopted a Compliance program to prevent any conduct within the Group or through its partners that could intentionally or unintentionally expose it to legal action, damage its reputation, or jeopardize its business.

The Compliance program is divided into seven parts:

- a dedicated organization;
- major-risk assessment;
- the implementation of policies and processes to prevent such risks;
- awareness-raising and training for employees and partners on the Compliance program;
- a whistleblowing mechanism to report and address any violation of the program;
- policies and process checks and audits;
- disciplinary action for violations of the Compliance program by the Group's employees.

Although the purpose of the Compliance program is to cover all rules governing business ethics, the Accor Group has identified four priority areas: preventing active or passive bribery, preventing violations of the right to compete, preventing conflicts of interest and fighting against money laundering. The Group's aim is to establish a uniform compliance culture across all functions and regions.

2.2.3.1 Overseeing the Compliance process

This Compliance program is operated by a network of Compliance Officers, under the authority of the Chief Compliance Officer (CCO), who reports directly to the Group Chief Legal Officer; and has direct access to the Chairman and Chief Executive Officer of the Group.

The network consists of 23 experienced legal experts based in each region where the Group operates, all of whom received special training in early 2017 and receive regular training and updates.

The role of Compliance Officers is essentially twofold:

- fostering the culture of compliance in their area, specifically by discussing the Compliance program in general and related policies and procedures both inside and outside the organization and providing training to all the employees affected. In addition, they ensure that operational activities are in compliance with the applicable business ethics rules and with the Compliance program;
- acting as a privileged contact for all matters of compliance and business ethics, above and beyond the policies and procedures covered by the Compliance program. The job of each Compliance Officer is to provide advice and specific, appropriate answers to everyone who asks, whether or not they are employees or partners of the Group. He or she can be contacted at any time by anyone within the Group, especially if an employee should want to report a concern or whistle-blow about a potential violation of the program.

The Compliance program is deployed in conjunction with the Ethics and CSR Committee, under the supervision of the Audit, Compliance and Risk Committee.

2.2.3.2 Roll-out of the Compliance program

In 2019, Accor continued to raise awareness and provide information and training to employees about the Compliance program, especially for the prevention of bribery.

Since 2017, about one thousand employees (members of general management, staff from the head offices and hotel managers) attended one of the training sessions held by the Compliance Officers.

The purpose of these training sessions, which are held in a classroom setting, is both to train employees in these subjects by ensuring that everyone understands the essentials, and to make participants aware of changes in the legal, social, and media environment in which the Group conducts its activities. The strengthening of strict rules worldwide, zero tolerance towards those types of offenses, and the speed of transmission of information *via* social networks in particular are mentioned repeatedly in these sessions.

In July 2019, the Group created and deployed a mandatory remote training module (e-learning) on the prevention and combating bribery, for all the Group's employees and hotels under its brand who have an individual email address. This training, available 24/7 in 19 languages, is based on the policy for prevention of bribery, the gifts policy, and the Group's Ethics and CSR Charter; the procedures of the Group's internal whistleblowing hotline are also mentioned. As of December 31, 2019, more than 25,000 people had completed this e-learning module.

During the year 2019, the Group updated its anti-bribery policy which, through clear principles and concrete examples taken from the Group's business activities, provides an understanding of what bribery is and of the means to recognize and resist various forms of bribery. Moreover, the due diligence process applicable to the partners, suppliers and other third parties with which Accor has a business relationship (Know Your Counterparty), was extended to the partners of the Group's loyalty program during the year (see 2.5.2 [SNFP] – Policies and measures implemented and results obtained – Planet 21 commitment: ethics and CSR risk management process will be deployed among 100% of our partners by 2020). Finally, during the year 2019, the internal alert hotline (whistleblowing platform), available to the Group's employees, was extended to all AccorIvest hotels' employees throughout the world. This system will be launched for the employees of other managed hotels and franchised hotels during the year 2020.

If there is a question about a specific situation, for example, how to behave regarding an unsolicited proposition, employees may contact their direct managers or the Talent & Culture or Legal Departments in their country or the Compliance Officer.

2.2.3.3 [SNFP] – Prevention of risks related to bribery and influence trafficking

The risk of partners failing to comply with the Accor Group's ethics and CSR commitments is described on page 126 of the summary table of the risks identified in the statement of non-financial performance.

Bribery risk map

The methodology for mapping bribery risks is presented in part 1.8.3 "Risk factors" (page 110).

System for prevention of bribery risk

Accor's approach in terms of combating bribery of public officials and private corruption is based on a principle of zero tolerance. The Group ensures that no gratuities, commissions or other payments are made, directly or indirectly, to public officials or elected representatives, as part of its contracts or relationships with public authorities.

Similarly, the Group ensures that corruption risks are prevented within both its procurement and sales procedures. For this, clear principles and prohibitions are listed in the Ethics and CSR Charter and in the bribery prevention policy.

Since 2015, the Group has adopted a gift policy whose main principle is that an employee should not receive nor give gifts as part of a business relationship. This gift policy, updated in the year 2019, mentions exceptions to this principle to account for common business practices and specifies the behaviors to adopt according to situations encountered.

Since the Sapin II law took effect, the Group adopted a specific system for preventing and detecting bribery and influence trafficking.

This system relies on the commitment of the Group's management bodies for its implementation and is based on the eight pillars specified in Article 17 of the Sapin II law:

- the Code of Conduct represented by the Group's Ethics and CSR Charter that, through various examples drawn from the Group's activities, defines and illustrates the behaviors that could constitute acts of bribery and influence trafficking, and provides the conduct to adopt in such cases;
- a mapping of bribery risks (see 1.8 "Risk management");
- the internal whistleblowing hotline put in place by the Group as part of its Compliance program;
- a system of training on risks of bribery and influence trafficking, based both on a general e-learning module for all the Group's employees and on a classroom-type training module for the personnel more specifically exposed to these risks;
- procedures for evaluation of its counterparties (see 2.5.2.1 Planet 21 commitment: our Ethical risk management and CSR process will be deployed with 100% of our partners by 2020);
- internal and external procedures of accounting controls, including the use of tools for automatic detection of abnormalities and fraud in the accounting or financial recording or flows;
- internal control procedures, including the internal audit system that is used to prevent and identify risks of bribery through controls performed on specific processes or instruments considered as the potentially most exposed; a complete audit of the Group's endowment fund was performed for the year 2019;
- a system of disciplinary sanctions specified by the rules of procedure to which the Ethics and CSR Charter is annexed.

This risk prevention and detection system was defined in 2016. In 2017, following the entry into force of the Sapin II law, it was deployed in accordance with its requirements. It was reviewed in 2019 to strengthen and improve its approach to the main risks to which the Group is exposed as part of its activity. Following this review, an action plan was adopted and is being put in place, and should be completed during the first half of 2020. This action plan aims to enhance the existing processes and/or the implementation of additional controls on most of the pillars.

2.2.4 Other compliance policies

2.2.4.1 The Accor Group fiscal policy

The Accor Group fiscal policy is based on four concepts:

- tax compliance;
- tax risk management;
- operational support;
- tax transparency.

Tax compliance

Worldwide, Accor's business generates significant taxes of various kinds. In addition to corporate income tax, the Group is required to pay other taxes in its various host countries, such as local taxes, customs duties, stamp duties and social security contributions.

Accor ensures that the Group's various entities comply with all international laws, regulations and treaties. This involves filing the necessary tax returns and paying the taxes due on time.

Furthermore, Accor constantly monitors changes in regulations.

For more complex issues, it consults external advisors and liaises with the tax authorities.

Tax risk management

The Fiscal Department is managed by the Chief Tax Officer, who reports to the Chief Financial Officer. The latter, a member of the Executive Committee, reports to the Chairman and Chief Executive Officer.

Tax risk is managed so that the reputation of Accor is protected. This means:

- complying with all applicable regulations and paying taxes;
- mitigating tax risk through fiscal monitoring and the use of external advisors. Thus, any reform that has an impact on the Group's activity is analyzed;
- closely monitoring tax audits and disputes.

The Audit Committee also examines how fiscal policy could impact the Group and its stakeholders. The Audit Committee is responsible for the quality and completeness of financial disclosure and for managing the Group's risk exposure. It has oversight to ensure that the fiscal risks are fully understood. It is therefore periodically informed of the Group's fiscal risks.

Accor also publishes information concerning ongoing disputes with certain national tax authorities, on page 352.

In 2019, the Accor Group complied with the new rules for consolidation related to IFRIC 23.

Operational support

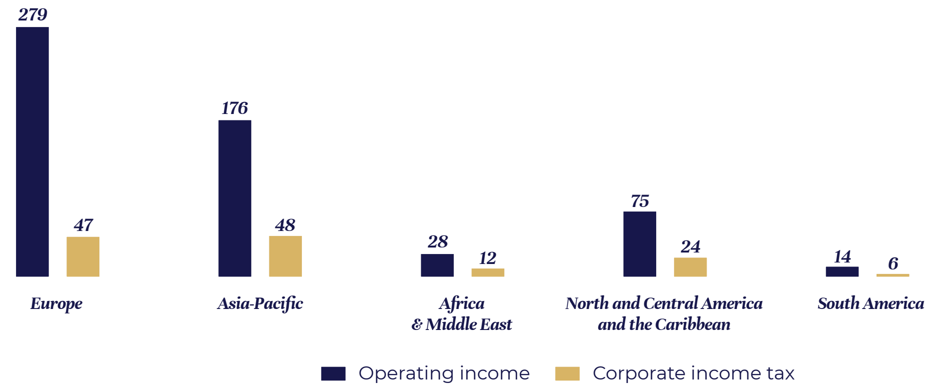
The Accor Group fiscal policy reflects the Group's business and development. For example, the Fiscal Department is organized around a central team which works closely with the operational teams. In this supporting role, the Fiscal Department ensures that the most relevant tax options are implemented in accordance with the various regulations.

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.

Tax transparency

Accor complies with the international tax standards established by the OECD and ensures that its intercompany transactions conform to the arm's-length principle. Furthermore, the Group meets its Country-by-Country Reporting (CBCR) obligations and sends the required information to the French tax authorities in accordance with the law.

Details of Accor's corporate income tax by geographical area *(in € million)*



The graph before presents the operating profit and corporate income tax according to IFRS 5, excluding deferred taxes and including the value-added contribution for businesses (CVAE).

Lastly, Accor publishes the overall amount of its tax on page 344 of the Universal Registration Document (after IFRS 5).

2.2.4.2 Responsible lobbying policy

Accor 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 aim of this contribution is to influence the public decision-makers. In 2019, a few subjects to which Accor made a contribution include: digital changes in the sector, including new forms of housing rental, training, labor law reforms, financing of the promotion of tourism, new governance of the tourism industry, several regulatory or tax-related issues related to establishments and their operations (visitor's tax, integration of new forms of housing into the hotel classification).

Accor 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 OECD guidelines. They are developed in line with the principles underpinning its strategic actions and its sustainable development policies.

The Accor Group's positions are always expressed by Sébastien Bazin, Chairman and Chief Executive Officer, the members of its Executive Committee, or by the international (WTTC, ITP, HOTREC, etc.) and domestic (UMIH, GNC, etc.) professional groups or organizations of which it is a member.

In France, under the law of December 9, 2016 on transparency, combating bribery and economic modernization (the "Sapin II law"), Accor has entered the names of its authorized spokespersons in the transparency register managed by the *Haute Autorité pour la Transparence de la Vie Publique* (the French authority for transparency in public life). Lastly, the Group does not use an external agency in its dealings with governments and public authorities and institutions.

The principal cash contributions paid by the Accor Group to industry organizations or professional federations are presented in the table below.

The Accor Group does not make any payments to political parties.

	Industry organizations or professional federations that receive funding	2018 amounts	2019 amounts
France	Union des Métiers et des Industries de l'Hôtellerie – Groupement National des Chaînes Hôtelières (UMIH-GNC)*	€250,000	€276,000
	Alliance 46.2 (network of companies from the tourism sector united to promote France as an attractive destination)	€30,000	€30,000
	AFEP-MEDEF PARIS**	€76,110	€69,996
Europe	European Hotel Forum	€110,000	€120,000
World	World Travel and Tourism Council (WTTC)	€68,000	€36,972

* *Contribution covered by Group hotels.*
** *Portion of AFEP membership fees corresponding to actions for representation of interests and portion applied to MEDEF Paris.*

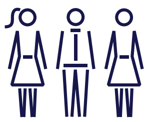
2.2.5 [SNFP] – Planet 21 – Acting Here, the roadmap for 2020

2.2.5.1 Key indicators of progress on the Planet 21 roadmap

At the end of 2019, the Group's performance continues to make progress toward several of its commitments. 83% of the countries are deploying a health/well-being at work program, 93% of the hotels have put in place the ten benchmark actions of Planet 21 In Action, 7.2 million trees were planted as part of the agro-forestry program Plant for the Planet, the reuse of waste is growing both in the scope of hotels monitored and the amount of waste reused, and the number of urban vegetable gardens continues to grow after reaching the initial objective set in 2018. Fourteen of the 19 objectives of the roadmap have been reached or will be, and five need to be strengthened by an action plan. This progress shows the strong involvement of all teams in Accor's sustainable development process and specifically, very high hotel commitment.

Moreover, while it had finished selling the hotels that it owned in 2018, the Group's targets to reduce water and energy consumption were achieved this year. These issues will now be monitored by AccorInvest, which will define its continuous improvement targets.

Finally, the Group is aware of efforts that still need to be made to achieve certain goals (reduction of food waste, implementation of its Charter on healthy and sustainable food, increase the proportion of women in hotel management positions). The areas of progress recorded in 2019 demonstrate that the resources deployed are showing results; In 2020 Accor plans to maintain the commitment of its teams to reaching its initially defined ambitions as closely as possible.

Topics	2020 targets[1]	2018 results	2019 results	Trend	Comments
 Act as an inclusive company for our people	The employee engagement index increases every year[2]	77%	77%		Seemingly stable, the rate in fact grew by 1 point for the hotel employees, on a like-for-like basis compared with 2018. This result enables Accor to come within the first quartile, *i.e.*, within the most highly performing companies in its sector.
	Each country implements a health/ well-being at work program	76%	83%		Based on the 82 countries that answered the questionnaire, 83% reported that they had implemented and deployed a health and well-being program corresponding to the criteria defined by the Group.
	35% of hotel General Managers are women by 2020	30%	29%		The 1-point decrease actually hides a nuanced result: the consolidation in the calculation of the new Luxury Brands (the consolidation of 82 Mövenpick hotels), which traditionally include a high proportion of male directors, brought down the rate by 1 point. However, the rate is counterbalanced by sustained growth in Accor's "historical" scope of consolidation, particularly in the economic and mid-range segments: proof of this is the 41% rate of women managers in franchised hotels. On a like-for-like basis, the rate remained stable compared with 2018, *i.e.* 30%. Including the franchised hotels (thus on the overall Accor scope), the rate remained at 34% in 2019.
	Employee awareness of the Group's high level of CSR commitment is growing[3]	83%	82%		Seemingly down by one point, the rate actually remained stable for the hotel employees, on a like-for-like basis compared with 2018 (*i.e.* 83%). The percentage of employees who considered Accor to be a committed company remained stable in 2019.
 Engage our guests in a sustainable experience	Every year, a major innovation to interact with our guests around sustainable development[4]	Completed	Completed		In 2019, the Group reinvented its loyalty program, ALL – Accor Live Limitless. The positioning of this new brand will rely strongly on commitment and sustainability. Many initiatives toward this end – unprecedented – have been developed in 2019 and others will be unveiled in 2020 (see 2.4.1.1).
	100% of our hotels implement the 10 mandatory actions of Planet 21 In Action	77%	93%		2019 saw major progress in the implementation of priority CSR actions for Accor. It should be noted that a new action was added this year, corresponding to a new commitment made by Accor: the elimination of straws, stirrers and plastic Q-tips.
	The 10 key hospitality products categories are ecofriendly	6 / 10	7 / 10		The deployment of environmental solutions continues for all products concerned (complimentary products, bedding, single-use products, paints, etc.). It should be noted, however, that, concerning textile products such as sheets and towels, alternatives are still being studied, in the current absence of large-scale solutions on the market.

(1) Scope of reporting: Owned, leased, managed and franchised hotels unless specified otherwise.
(2) Scope of reporting: Employees at owned, leased and managed hotels and head office employees.
(3) Scope of reporting: Employees at owned, leased, and managed hotels and head office employees with more than three months' service.
(4) Scope of reporting: Accor head offices, owned, leased, managed and franchised hotels.

Topics	2020 targets[1]	2018 results	2019 results	Trend	Comments
Co-innovate with our partners to open up new horizons	Every year, a major innovation to develop alternative and responsible models[4]	Completed	Completed		This year, Accor made an unprecedented commitment in the hotel industry: to eliminate single-use plastics in all its hotels by the end of 2022. More than a year of work was necessary to make this commitment possible: the listing of all plastic products, then, with suppliers' help, identifying large-scale alternatives with a better environmental profile. To assist this transition on the scale of the tourism industry overall, Accor joined the Tourism Plastic Initiative to make its contribution (see 2.5.1.1).
	Our "ethics and CSR risks management" process is deployed among 100% of our partners – Suppliers section[5]	61%	69%		From the second half of 2019, the implementation of the managing ethics and CSR risks process among suppliers benefited from enhanced organization and supervision. Betting on a large degree of proactivity in the audit program deployment, this organization will be maintained in 2020 in order to reach the objective initially set. Reaching this objective will also be conditioned on the capacity of the Accor Group to adjust its program to the constraints of very small businesses that represent a significant proportion of its suppliers.
	Owners section	N/A	N/A		In 2018, a program called Know Your Counterparty (KYC) was rolled out among hotel owners, applying to all management and franchise contracts signed during the year, as well as a portion of past contracts. The effort was extended in 2019.
Work hand-in-hand with local communities for a positive impact	100% hotels engaged in a citizen or solidarity project	82%	82%		The involvement of the hotels remains strong, in spite of the apparent stagnation of the indicator that hides the consolidation of new hotels in the Accor scope.
	100% of our hotels implement our program against child sexual exploitation	95%	98%		Each year the WATCH program, now clearly identified by the hotels, provides a reminder to the teams that they must maintain their vigilance in the fight against the sexual exploitation of children.
	10 million trees planted with our "Plant for the Planet program" by 2021[4]	6.3 million	7.2 million		Again this year, Accor financed the planting of 800,000 trees throughout the world, mainly in agroforestry projects. Plant for the Planet is thus one of the largest programs in the world in support of agro-ecology. Accor's commitment continues beyond this initiative. For example, it is a founding member of the *Pour une Agriculture du Vivant* movement in France, a movement that aims to massively redirect the agricultural model toward more environmentally respectful practices.

(1) Scope of reporting: Owned, leased, managed and franchised hotels unless specified otherwise.
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(5) Scope of reporting: Approved suppliers.
(6) Scope of reporting: Owned, leased and managed hotels validated in the reporting (see page 189).

Topics	2020 targets[1]	2018 results	2019 results	Trend	Comments
Move towards carbon-neutral buildings	-2.8% of energy consumption per room in 2019[6]	-	-2.1%		Accor made progress in reaching its objective. This overall result reflects the existence of very different realities of the Group on the international level. The Asia-Pacific region exceeded its objective, whereas the Africa Middle East region lost ground, bringing the world average down. Accor will aim for improving its energy efficiency with a combination of programs concerning internal culture, procurement, and partnerships to reach the goal of its carbon strategy.
	-2% of water consumption per overnight stay in 2019[6]	-	-2.4%		In 2019, Accor exceeded its objectives. The result is mostly due to significant gains in water consumption efficiency mainly in the Asia-Pacific region (-5.0%) and in Africa Middle East (-4.1%).
Let's eliminate food waste and favor healthy and sustainable food	65% of waste from hotel operations is recovered	49% (data on 634 hotels)	56% (data on 695 hotels)		The deployment of the program and waste management tools continues in the hotels, at a pace below the roadmap set, however. Feedback remains insufficient. To solve the problem, the Group is working on a new version of its data-tracking tool, which will be available during 2020. At the same time, Accor continues to seek solutions to reduce the amount of waste, to improve recycling rates and encourage a circular economy approach.
	-30% of food waste	-31% (data on 282 hotels)	-21% (data on 485 hotels)		At end-2019, 1,870 hotels under the Accor brand implemented the project "Introducing a program to combat food waste". More and more hotels are precisely tracking the volumes of wasted food: 485 at the end of 2019, compared with 282 at the end of 2018. The average reduction of food waste is 21% for these 485 hotels. 28% of them reached the objective of a 30% reduction. 57 hotels used the Winnow connected smart scale and reduced food waste by 64% in 2019.

(1) Scope of reporting: Owned, leased, managed and franchised hotels unless specified otherwise.
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(5) Scope of reporting: Approved suppliers.
(6) Scope of reporting: Owned, leased and managed hotels validated in the reporting (see page 189).

Topics	2020 targets[1]	2018 results	2019 results	Trend	Comments
Let's eliminate food waste and favor healthy and sustainable food	100% of our restaurants follow our Charter on healthy and sustainable food	11%	9%		The Charter on healthy and sustainable food was enhanced in 2019, to consider the growing expectations of consumers and civil society with new commitments, and some commitments were strengthened. Logically enough, that resulted in a relative decline in the rates of deployment in the hotels. The involvement of the restaurant and purchasing teams remains uniformly consistent, as shown by another result: 75% of the hotels used at least half of the commitments in the Charter, compared with 43% in 2018.
	1,000 urban vegetable gardens in our hotels	1,056	1,227		The establishment of vegetable gardens continues to see strong enthusiasm among the teams in the hotels. In a brand such as Mercure, half of the hotels in the network now have a vegetable garden.

This reporting is based on declarations from the hotels, which could involve a certain level of uncertainty despite audits carried out, in particular for the most complicated commitments (eco-labeled cleaning products, eco-responsible complimentary products); finally, the percentage of Bronze hotels is calculated by comparing the number of Bronze hotels to the hotels that responded to the Gaia reporting and not to the all of the hotels.

(1) Scope of reporting: Owned, leased, managed and franchised hotels unless specified otherwise.
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(5) Scope of reporting: Approved suppliers.
(6) Scope of reporting: Owned, leased and managed hotels validated in the reporting (see page 189).

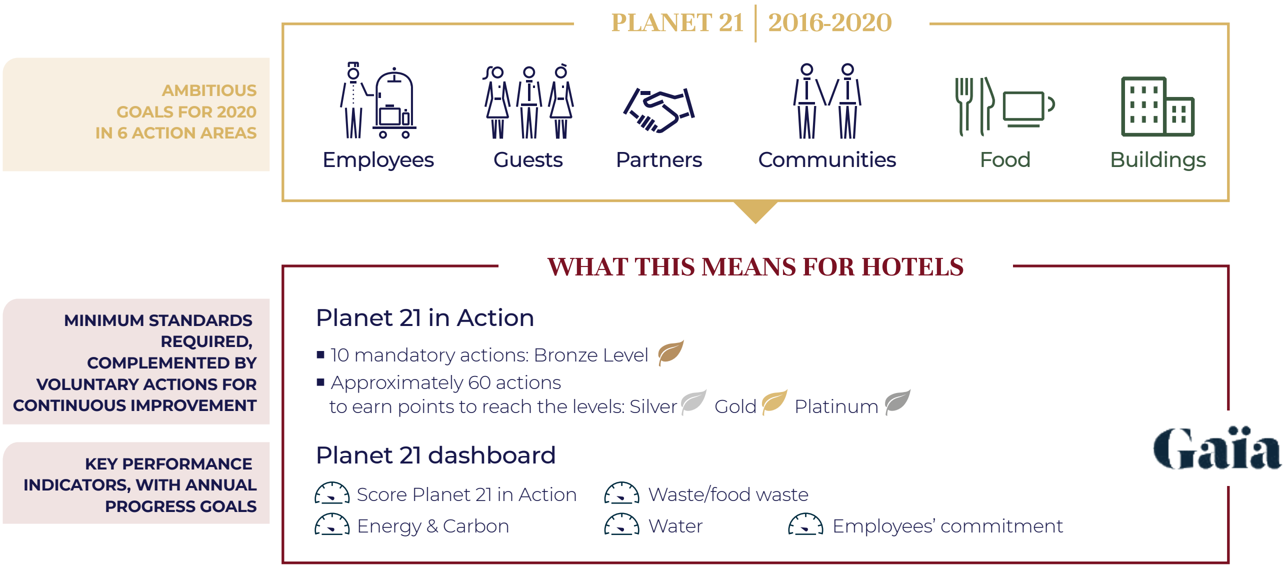
Legend:

Objective achieved
To be improved.
Action plans to strengthen to reach the goal.
Target not reached.

2.2.5.2 Planet 21 In Action, the hotel roadmap

The Group's hotels are the main agents in our ambition to create positive hospitality. For years a vast majority of them have been engaged in a process of continuous improvement around sustainable development.

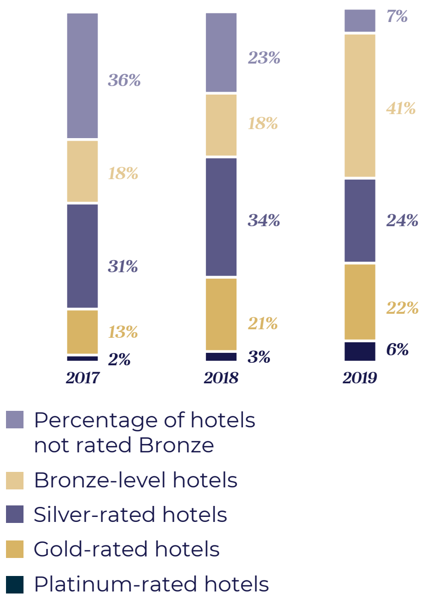
The Accor sustainable development performance management system



To achieve the Silver, Gold and Platinum levels, Planet 21 In Action is proposing approximately 60 initiatives with points assigned to them, among which hotels may freely choose, in addition to 10 compulsory initiatives to obtain the Bronze level. 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 makes the commitment of each hotel visible: the level of performance achieved by each hotel is displayed at group.accor.com (beginning with the Bronze level).

As part of the deployment of the Accor Group's sustainable development performance management system, achievement of the Bronze level is subject to audits by an independent verifier (see page 197 for details of verification procedures).

Planet 21 In Action levels achieved by hotels[1]



In 2019, the change from 16 to 10 mandatory initiatives to obtain the Bronze level was accompanied by the addition of a new initiative: the removal of straws, stirrers and plastic Q-tips. Hotels were granted a period of six months during 2019 to apply this new initiative and thus maintain their Bronze level.

(1) This reporting is based on statements by hotels, which can lead to a certain level of uncertainty in spite of the controls carried out, particularly for more complex commitments (ecolabelled cleaning products, ecofriendly complementary products); moreover, the accounting method of the hotels participating in the Plant for the Planet program has changed compared to 2017 (see methodology Note); lastly, the percentage of Bronze hotels is calculated by comparing the number of Bronze hotels to the hotels responding to the Gaia report, not the total number of hotels.

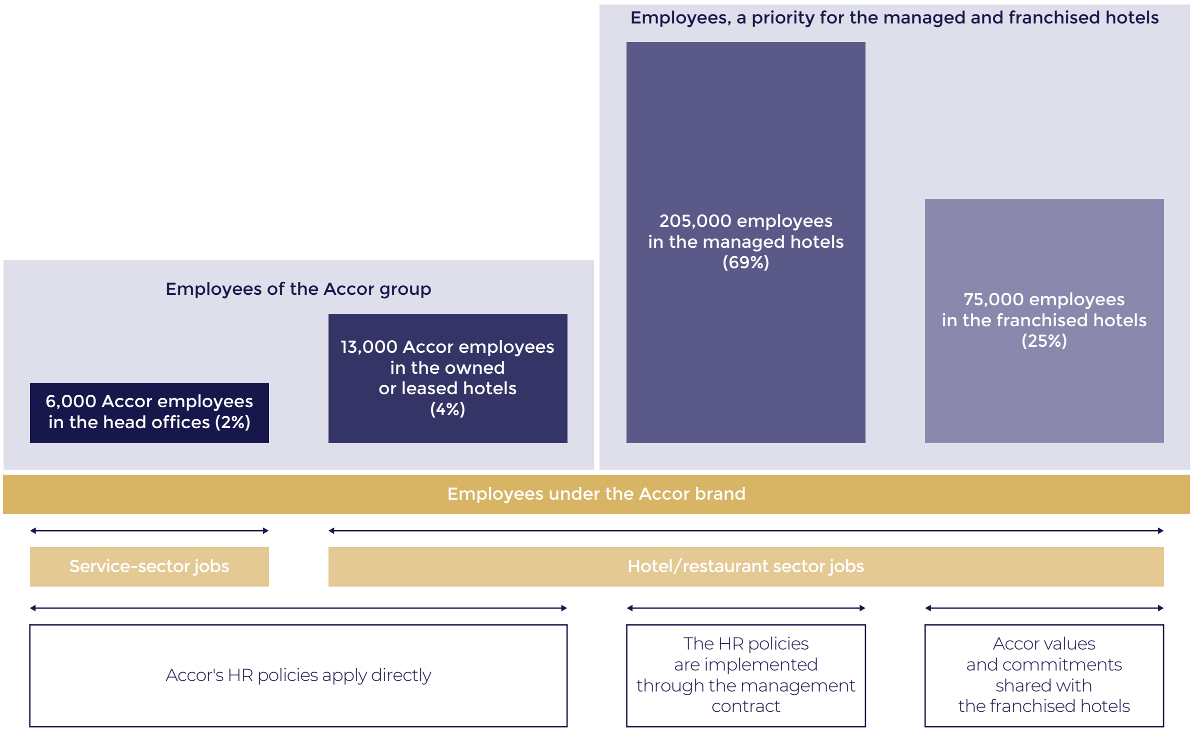
2.3 Be responsible and inclusive with our employees

Bolstered by its ability to create and sustain local jobs, Accor is renewing its commitment to being a place of inclusiveness, with respect for diversity that is focused on developing everyone's talents. Through its new employee promise that should be unveiled during year 2020, Accor defines how it intends to be a unique company to work for and thrive: "Be Limitless. Do what you love. Care for the world. Dare to challenge the status quo!". Its culture, values and everything the Group does to develop and support its Heartist® talent reflects this "Be Limitless" promise.

2.3.1 Accor Group's social model and human capital

2.3.1.1 Accor Group's social model

Accor business creates and maintains many jobs in 100 countries. As of the end of December 2019, there were around 300,000 Accor brand employees worldwide.



The different populations of people who work directly or indirectly for the Accor Group, and the way the HR policies apply, are as follows:

- 19,000 people employed directly by the Accor Group. Of these employees, 6,000 work at Group and country head offices (tertiary sector jobs), the others 13,000 work in the Group's owned and leased hotels (hospitality industry jobs). Within this scope, Accor exercises its responsibilities as an employer. Its values, managerial principles, compensation, social dialogue and talent development policies are directly applied, along with all the employee-relations responsibilities inherent to its position as a direct employer;
- 205,000 people employed by the owners of managed hotels. A management contract makes it possible to deploy the Group's human resources policies in managed hotels;
- 75,000 people employed by the owners of the 2,453 franchised hotels. In franchised hotels, the day-to-day management of employees is the responsibility of their employer: the franchisee. Accor strives to share its values and commitments in its relationships and communication with the entire franchise network. The Group's values and commitments are shared through several channels:
  - the Accor Group's ethical and CSR commitments are communicated to franchisees as early as the initial stages of contact prior to any contractual commitment. A reference to the Group's Ethics and CSR Charter is systematically included in franchise contracts,

- during franchisee meetings, subjects related to the Group's commitments in terms of ethics and CSR are regularly discussed,
- the frequent exchanges between the Franchise Operations Managers and the franchisees,
- access to dedicated content on the Group's intranet and to training provided by Accor Academy.

Employees of managed and franchised hotels are also referred to as "Accor-branded employees". The vast majority of these people work in the hotel and restaurant industries.

In addition, Accor's activities rely on tier 1 suppliers and subcontractors (temporary employees, laundry services, housekeeping and grounds maintenance staff, etc.), as well as the rest of the supply chain (tiers 2, 3, 4, etc.). For tier 1 suppliers, social risk management is supported by the Accor Group's responsible procurement policy and vigilance plan.

The same challenges apply to new business activities

Accelerating Accor's vision of augmented hospitality, the new businesses acquired by the Group since 2016 aim to go beyond simple hotel accommodation by offering new solutions and services to both hotel guests and hotel operators alike.

At the intersection of hospitality and technology, these new businesses have enriched the Group with strategic assets that include new guest networks, talent and entrepreneurs on the one hand, and patented technologies and expertise in hospitality, retail, private rental, coworking and concierge solutions on the other.

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. It is estimated at about 380,000 people. The management of labor-related and other sub-contracting risks and the procedures implemented by Accor to ensure that its commitments are shared with its suppliers and sub-contractors are described on 164 to 166.

2.3.1.2 Scope of reporting of human resources policies at Accor

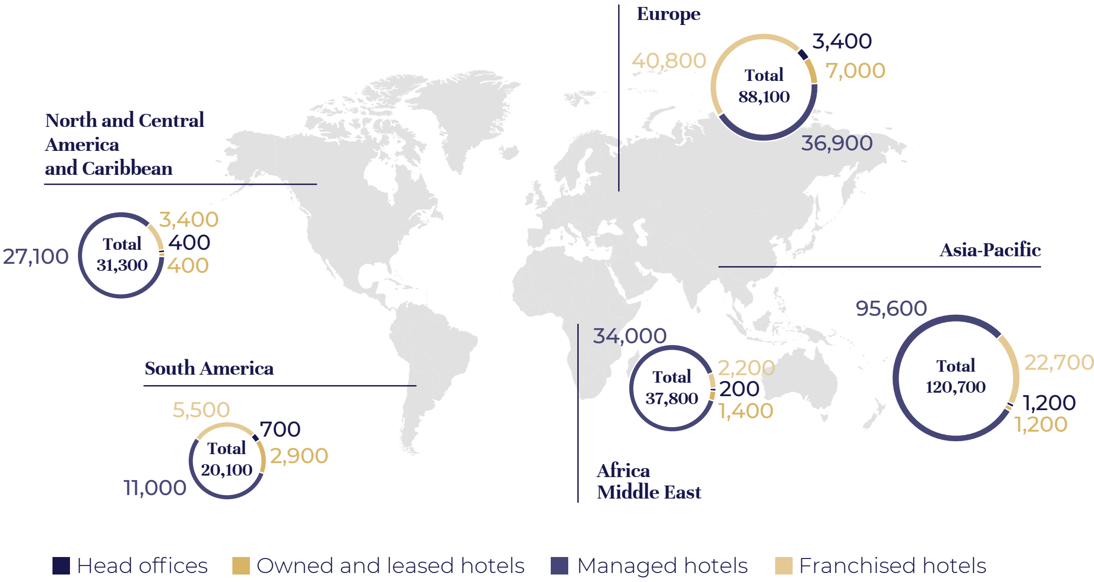
Human resources policies	Paragraph	Scope of reporting
Employer Promise & Recruitment	2.3.2 Deliver an attractive employer promise	Head offices, owned and leased hotels, managed hotels, franchised hotels
Engagement Survey	2.3.2.3 Planet 21 commitment: the employee engagement index increases every year	Head offices, owned and leased hotels, managed hotels
Acting Here Application	2.3.2.4 Planet 21 commitment: employees: perception of Accor's high level of commitment to CSR is increasing	Head offices, owned and leased hotels, managed hotels
Talent Journey	2.3.3.1 Talent Journey	Head offices, owned and leased hotels, managed hotels
Talent and Performance Management	2.3.3.2 Talent and performance management	Head offices, owned and leased hotels, managed hotels
Talent Review	2.3.3.3 Preparing the next generation of managers	Head offices, owned and leased hotels, managed hotels
Training	2.3.4 Learning solutions, key to skills development	Head offices, owned and leased hotels, managed hotels
Diversity & Inclusion	2.3.5 Promoting diversity and encouraging inclusion	Head offices, owned and leased hotels, managed hotels, franchised hotels
Health & Safety	2.3.6 Pursuing our commitment to workplace health, safety and quality of life	Head offices, owned and leased hotels, managed hotels
Compensation	2.3.7 Recognizing and valuing employees	Head offices, owned and leased hotels, managed hotels
Social Dialogue	2.3.8 Promoting open dialogue	Head offices, owned and leased hotels

2.3.1.3 Accor's human capital

Employees by region

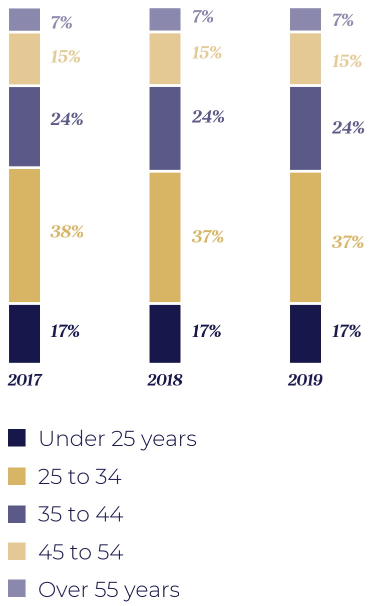
The number of employees working for Accor brands worldwide is estimated at around 300,000 compared with 285,000 in 2018. This significant increase is mainly due to the integration of the Art Series, BreakFree, Mantra, Peppers and Mövenpick brands in 2019.

The Group's employees are spread across every continent, in 100 countries, and work under three types of operating structures: owned and leased hotels accounting for 19,000 employees or 6% of the total, managed hotels representing 205,000 employees or 69%, and franchised hotels accounting for an estimated 75,000 employees or 25%.



Age pyramid

Accor has a young workforce, with 54% of employees under 35.



Gender diversity

Women accounted for 43% of employees and 34% of hotel General Managers in owned, leased, managed and franchised hotels.

For more information on Accor's programs to promote diversity and gender equality, see page 152.

Hirings and separations

In 2019, 91,321 people were hired by Accor and 89,350 left the Group. The total turnover rate is 34%*.

	2017	2018	2019
Total turnover rate	33%	36%	34%

* *Calculated from the total number of people who left (except those on non-permanent contracts) as a percentage of the total workforce.*

Separations by reason, worldwide

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

Voluntary separations

The Group had a resignation rate of 27% in 2019, which can be attributed to various factors, including the local economic environment. Countries with strong economic development and a highly competitive labor market recorded higher turnover. The location and age of the hotel also play a significant role. In 2019, 60,731 employees resigned; they accounted for 68% of all Group resignations.

	2017	2018	2019
Resignation rate	26%	29%	27%

Absenteeism

The number of days of medical leave per employee decreased between 2018 and 2019, while the number of days of absence per employee due to work-related accidents increased. This is due to accidents that occurred in 2018 and generated days of absence in 2019.

Average number of days absent per employee by cause	2017	2018	2019
Medical leave	4.2	4.3	4.0
Workplace accidents	0.4	0.4	0.5
Unauthorized leave	0.6	0.6	0.5

2.3.2 *Deliver an attractive employer promise*

Since 2014, the Accor Group has undergone a profound transformation in order to cope with major changes in its ecosystem: the expectations of guests and employees are increasingly diverse and demanding, new hotel concepts are emerging, the profession is adapting, new trades are surfacing, the incumbent operators in the sector are converging and others are hatching. Faced with these challenges, the Accor Group places the experience of guests and employees at the heart of all its actions and the guest is now the judge of performance. For this to happen, the Group relies 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: that of providing an unforgettable employee experience, of constantly improving the employees' know-how and interpersonal skills. To this end, recognizing and developing talent is the focus of the Accor strategy;
- **its Culture**. Since working environments that encourage autonomy enable employees to be personally involved in the guest relationship, the Group is constantly adapting its structures to make them more inclusive, open, dynamic, innovative, and relevant to the communities that they aim to serve.

2.3.2.1 2019, creation of the Accor Group's new employer promise "Be Limitless"

One of Accor's greatest assets is its talent pool, which is why attracting and retaining talented people is one of its priorities. In 2019, Accor wanted to develop a strong employer value proposition that embodies the Group's unique character, values and vision of augmented hospitality and that conveys a clear message to each employee about the experience and career path encountered and to be pursued within the Group.

Based on the corporate culture, in particular "Heartist®", and the Accor Group's values, Accor's new employer value proposition is:

"Be Limitless. Do what you love. Care for the world. Dare to challenge the status quo."

This employer promise has been jointly developed through a process implemented throughout 2019 including: a census of employees' experiences and feelings, the results of the engagement survey, the lessons learned from the Group's exit questionnaire, interviews with T&C teams in the countries and regions and a benchmark. It was designed by the T&C teams in close partnership with the marketing teams in order to ensure an alignment of promises made to employees and future employees, but also to guests (Accor Live Limitless) and owners of managed and franchised hotels.

The "Be Limitless" promise is a new benchmark for the organization. It is supported by the following four pillars:

1. Come as you are – develop an inclusive corporate culture.
2. Work with purpose – provide the opportunity to engage with the Group.
3. Grow, learn and enjoy – give access to attractive training and career plans.
4. Explore limitless possibilities – offer attractive employee benefits.

we are all Heartist®, Accor's corporate culture

With its "Heartist®" signature, Accor is promoting a corporate culture which is common to all Group employees, where each person is recognized as a "Heartist®" who masters the art of welcoming and serving guests with heart, curiosity and inventiveness. This signature was established from the Accor Group DNA, 85% of which consists of common elements throughout the Group across all regions, business lines and brands, with the remaining 15% being brand-specific. Based on this common DNA – and to focus its attention on the guest experience, on creating ties with guests, on personalized exchanges, on stirring emotions and on creating enthusiasm in daily interactions – the purpose of the corporate culture is that each employee must feel responsible and autonomous, learn from others, share knowledge and experience, and be able to rely on cutting-edge digital environments.

2.3.2.2 Attracting top talent

The recruitment process within the Accor Group is largely based on the new "Be Limitless" employer value proposition. With this in mind, the new Accor Careers recruitment site is based on a digital ecosystem that meets a dual objective:

- creating an optimized experience for each candidate. The candidate can now view personalized content (language, localization, history, connection with LinkedIn, etc.) and the time required to submit an application has been reduced to a minimum: less than five minutes. In each geographic area, the contents of the Accor Careers site can be adapted to the specific characteristics of the local labor market;
- the deployment of a consistent talent selection process throughout the Group, regardless of geography and brand. To this end, various online assessment tools based on the Accor Leadership Capability Framework have been designed. They allow recruiters to ensure that the candidate's behavioral skills match the position they are applying for. In addition, recruitment interview guides have been developed according to the Leadership Capability Framework of the Accor benchmark. These guides assist managers during the recruitment interview in order to assess a candidate's skills, the suitability of the candidate's profile for the position, the expected level of performance, etc.

In addition, to attract new talent, specific programs are also being developed such as INSPIRE. This program, launched in January 2019 and which has so far welcomed more than 300 participants worldwide, has been specially designed to attract high potential new graduates. The objective is to enable them to start their career journey with Accor, building their leadership foundation through meaningful experiences During 12 to 18 months, participants may evolve within a cross-exposure structure, where they will rotate between several departments across the property, moving into a focus area of interest or specialization to develop their expertise by gaining experience in departments with a specific focus.

As the recruitment of young talent is at the heart of the Group's concerns, Accor has been working for many years with more than 250 establishments, schools and universities of all levels and specializations around the world. A wide variety of activities targeted at this population (regular visits, specific partnerships, events on social networks, original recruitment events: speed meetings, open doors recruitment, simulation lab, etc.) creates a close network of relationships that facilitates the entry of young people into the Group.

2.3.2.3 Planet 21 commitment: the employee engagement index increases every year

Accor's engagement survey provides a general overview of employee engagement and measures progress year on year. In 2019, employees from head offices, owned, leased and managed hotels and new businesses (all brands combined) were invited to complete a standard questionnaire available in 33 languages and 88 countries. Of the 204,209 employees invited (69% of the Group's total workforce, including franchisees), 186,500 responded to the engagement survey, representing a high participation rate of 91%, which has remained stable for several years. The overall engagement score for the 2019 edition is 77%, stable compared to 2018. These results place Accor in the first quartile of companies with the most engaged employees in the global market [1].

(1) *Source benchmark Aon/Kincentric.*

The objective of this survey is to identify priorities that have an impact on the engagement index and to define concrete action plans. The implementation of action plans following the survey results is perceived positively by employees. In 2019, 82% responded positively to the question "I am confident that the results of this survey will lead to action".

The Group's employee engagement is a priority and an integral part of the variable remuneration of the Group's executives (indexed to changes in the level of engagement) and managers (conditional on their involvement in the definition and implementation of action plans).

2.3.2.4 Planet 21 commitment: employee awareness of the Group's high level of commitment to CSR is increasing

Accor is 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. Moreover, the Group 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. As part of the 2016-2020 Planet 21 program, Accor made a commitment to make its employees more aware of its high level of CSR commitment between now and 2020.

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;
- recognition by the management;
- the skills development policy.

This index was 82% in 2019.

	2017	2018	2019
The Group's CSR index	81%	83%	82%

To increase its CSR index, the Group gives visibility to its commitments and gives all employees the opportunity to get personally involved or to share best practices and social initiatives, be it within the context of Planet 21, Accor Solidarity, or via very local initiatives. Since 2018, the Group has been providing Accor employees and managed hotels (representing 75% of the Group's total workforce) with the Acting Here mobile application dedicated to teaching sustainable development and engaging employees in simple, concrete eco-gestures.

The Acting Here application uses gamification techniques to encourage a maximum number of employees to get involved, at work as well as at home. Accor has thus defined "The Essentials": 20 key practices that the Group would like its employees to adopt (not letting water run unnecessarily, turning off the light when leaving a room, etc.) In the second version of the application, planned for 2020, each new user will be required to practice the 20 essential eco-gestures (do not let tap water run, print only when necessary, use a mug instead of a plastic cup, turn off the lights, sort waste, etc.).

This mobile application is also used for sharing individual or Group good practices among employees and among hotels. Some of the good practices posted on Acting Here are then relayed on other social media in order to enhance their visibility and inspire employees of the Group. By the end of 2019, the app was available in 10 languages, 6,414 employees from 1,279 hotels and 35 head offices had participated in 88 of the 100 countries in which Accor operates, and more than 1,445 best practices have been shared since the app was launched in 2018.

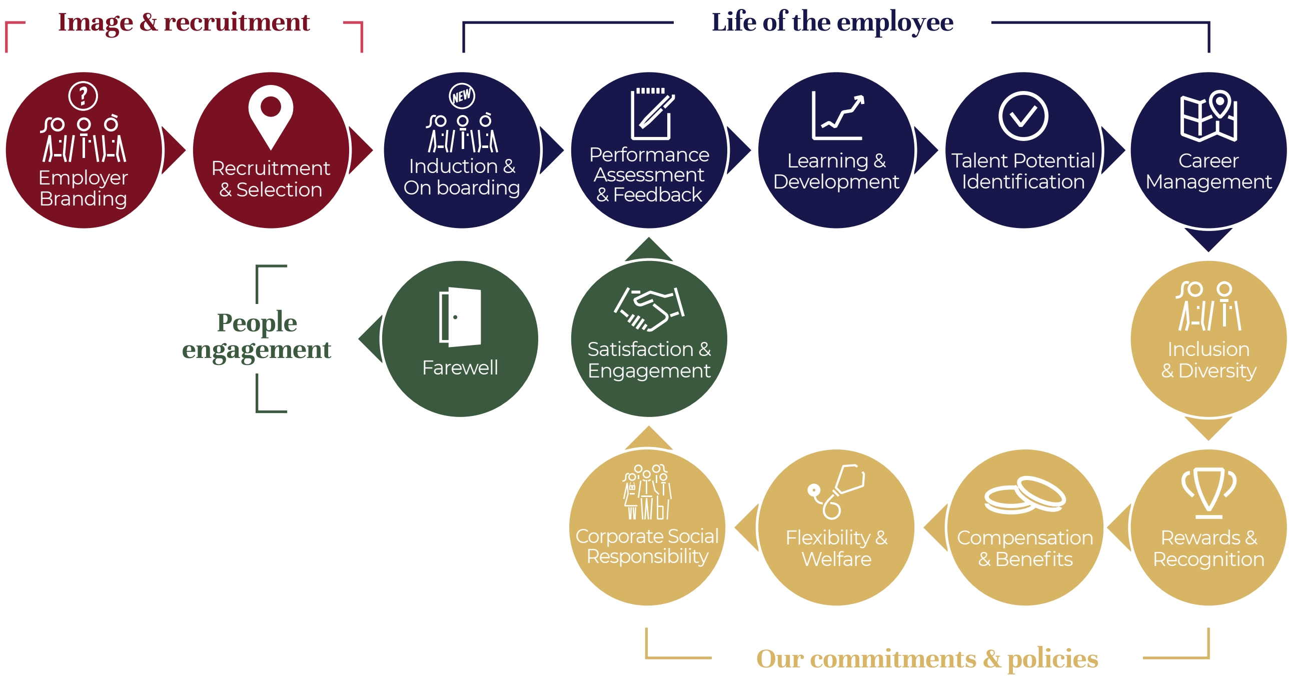
In addition, the theme of the Take-off 2020 program, an inter-school competition organized by Accor on digital innovation, will be employee commitment to CSR.

2.3.3 Employees throughout their career paths

Accor takes very good care of the 300,000 talented people who work under its banner. Talent management is a major driver for attracting and retaining talent, with a simple but ambitious objective: that everyone should feel free and responsible in their position in order to be able, collectively and individually, to offer the best guest experience. Accor is committed to supporting its employees throughout their careers within the Group.

2.3.3.1 Talent Journey: a systemic approach to employee career paths

Mirroring the "Guest Experience", which guides all the Group's reflections and 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 its competitors is just as important for attracting talent as a reputed hotel brand is for attracting 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.



The Talent Journey is fundamental to all the actions carried out by the Group to support its employees. It applies to head offices, owned and leased hotels and managed hotels (representing 75% of the Group's total workforce).

2.3.3.2 Talent and performance management

Within the Talent Journey, Talent management covers the following stages: performance assessment and feedback, identification of potential, career management and separation. Talent management is provided by Accor for employees at head offices, owned and leased hotels and managed hotels (representing 75% of the Group's total workforce).

Capitalizing on the deployment of the Talent & Culture (T&C) digital platform (see page 151), Accor has developed a cyclical, continuous and dynamic talent and performance management process. Each talent, regardless of his or her level in the Leadership model, benefits from a performance interview with his or her manager. As of the third level of leadership, the overall performance assessed is the combination of half of the target achievement and half of the development of the attitudes, conduct and leadership skills expected at that level. The performance interview is an opportunity to take stock of the past year and to set the targets for the coming year, on which the variable remuneration is contingent. It also gives employees an opportunity to express their career goals so that an appropriate development plan can be prepared. Since 2020, employees can choose to conduct this performance interview on a continuous, monthly, quarterly, half-yearly or annual basis. They can also request "peer-to-peer" feedback at any time to support their skills development.

2.3.3.3 Preparing the next generation of manager

The Talent Review process led by Accor is an imperative of the Talent management policy to support the deployment of the Group and its talents. The Talent Review process is applicable for employees at Accor head offices and for managerial roles starting from head of department for owned, leased and managed hotels (representing 75% of the Group's total workforce).

This process is based on the evaluation of performance (skills, conduct, achievements) and the identification of potential (aspirations, capacity, personal commitment), determined for each talent during their performance and development interview. In 2019, 15,000 managers were integrated into this process. The Group is pursuing its objective of integrating employees from the third level of leadership upwards into this initiative.

The mapping that is thereby established provides an overview of the talents that exist within the Group. It is used to establish development plans for each talent and to identify skills to be recruited or developed. It is also used to prepare succession plans to give the Group visibility over the pool of leaders and future leaders and to support mobility.

2.3.3.4 Talent Farewell: a questionnaire at the time of departure

An exit questionnaire, which applies to all employees leaving the Group, has been deployed since 2018. Accor wishes to improve its action to keep its talents and this confidential questionnaire is a tool to identify their motivations. At the time of their departure, employees answer questions online about their experience at Accor and the reasons for their departure. Starting in 2020, this questionnaire will be administered by an external service provider for the widest possible deployment. The questions will be reviewed and aligned with those of the engagement survey in order to allow for an in-depth analysis of the reasons for departure.

2.3.4 *Learning solutions, key to skills development*

The Accor Group is convinced that service quality and guest satisfaction depend primarily on the skills and commitment of its employees. Accor's Learning & Development strategy is the foundation of the third pillar, "Grow, learn and enjoy" of the new employer promise, "Be Limitless", which makes continuous talent development its number one priority, with a view to making learning a "lifestyle" at Accor. The aim is to give everyone the means to develop their autonomy, to enter a culture of lifelong learning and to develop their skills swiftly in response to a changing environment.

2.3.4.1 2019, overhaul of the Accor Academy

2019 was devoted to a global reorganization of the Accor Academy, which will take effect in 2020. The 18 existing academies will become five regional Accor Academy offering a standardized solution, as well as world-class certified content and facilitators. The new Accor Academy will focus on more multimedia and digital-oriented formats, and on community and peer-to-peer learning approaches. Finally, a key objective of the Accor Academy is to provide access to training content to as many people as possible, in particular through the T&C digital platform.

The Accor Academy training program is open to all Accor employees, regardless of job family, educational background, position or seniority. As a result, all employees of the head offices, owned and leased, managed and franchised hotels have access to the courses, which may be tailored to the specific needs of each hotel's management structure.

Training is provided by Group employees as part of new talent onboarding, or on themes specific to each brand. These sessions are designed to have a direct impact on service quality and spirit and attendance is mandatory. Accor managers deliver 77% of all training hours.

Training	2017	2018	2019
Training hours (in millions)	3.9	4.3	5.9

2.3.4.2 Professionalizing the industry and anchoring the culture

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

To support the launch of Accor Live Limitless (ALL), the Group's new loyalty program, and its deployment in hotels, specific training was provided in 2019 in more than 2,700 hotels across all Group regions. This training aims to facilitate the cultural change necessary to inculcate ALL with guests. In the same spirit, the training standards of 10 brands have been revised.

Several 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 job tracks are equipped with a digital environment dedicated to skills development in a specific field of expertise. This digital environment is a reference to the track's skills and includes courses, programs and content in line with the job track in question. These campuses exist for revenue management (since 2017), sales (since 2017) and marketing distribution (since 2019).

The integrated engagement services platform for employee engagement

The T&C digital platform, launched in January 2020, is a tool to enhance employee experience and performance. By managing their profile, each employee has access to a digital identity and useful resources at different stages of their career within the Group, including career management and training. It is also a recruitment and talent management tool. The T&C digital platform is being implemented in all Accor head offices and is being proposed as a solution to which hotel owners can subscribe.

The T&C digital platform was designed to make Accor's "Be Limitless" employer promise a reality for everyone: employees, hotel owners and, ultimately, guests.

Specifically, it offers tools and content in three areas:

- talent acquisition and mobility management: digital management and pre-selection of applications for greater efficiency, job posting enabling employees to find out about available positions and apply for them;
- talent management to manage performance, feedback, career development, succession plans;
- learning, which hosts Accor's entire training offer available from around the world in all functions and for all employees, and is largely available *via* their smartphone.

2.3.5 *Promoting diversity and inclusion*

Promoting diversity and inclusion is one of the Group's key drivers of performance and innovation, as well as job satisfaction. 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 and inclusion approach in 2008 is driving a variety of programs to support and demonstrate these commitments. These apply to head office, owned, leased and managed hotel employees (representing 75% of the Group's total workforce) and are communicated to the employees of service providers and subcontractors present in the hotels.

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

- corporate social responsibility: as a responsible employer, Accor has a duty to reflect the diversity of its host communities;
- attractiveness as an employer: Accor is an organization which is proud of its differences and projects a positive image to the public;
- business performance: making diversity a priority helps Accor 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.

2.3.5.1 Governance and tools

Accor's international commitments regarding diversity and inclusion

Accor 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 Accor's diversity & inclusion 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;
- disseminate Accor's 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 Accor's 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.

The engagement survey measures employees' perception of issues relating to equal opportunities, in particular:

- the promotion of diversity and inclusion;
- the skills development policy;
- recognition by the management.

In 2019, the Equal Opportunity Perception Index was 82% (+2 points compared to 2018).

Building the Diversity & Inclusion community

The Diversity & Inclusion (D&I) community is structured around D&I Champions whose primary role is to roll out the D&I strategy across regions and countries and to ensure that action plans are implemented.

Accor has two main ways of promoting diversity and combatting stereotyping: training employees and highlighting the best practices already being applied in the Group. To this effect, Accor 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 & Inclusion Intranet, the Diversity Glossary, the Recruitment Charter, the ILO Disability Guide, and the guide for recruiters and managers "recruiting through non-discrimination".

2.3.5.2 Promoting gender diversity and equality

Planet 21 commitment: 35% of hotel General Managers are women by 2020

Accor's objectives for gender diversity and equality are:

- equal representation of genders in management and equal pay, with 35% of female hotel General Managers by the end of 2020 and 30% of women on the Executive Committee by the end of 2022 (the previous target of 20% was achieved in 2016);
- Raising the awareness of male employees and fostering their support for gender diversity;
- changes in attitudes in line with changes in the hotel industry, in particular, to combat gender stereotyping;
- reach 35% of men in the Group's gender-balanced network by the end of 2017.

These objectives apply to the entire Group, including franchised hotels and new acquisitions.

Equal representation of genders in management and equal pay

Initially set for the end of 2018, the target of 35% female hotel General Managers has been postponed until the end of 2020. In 2019, the share of female hotel General Managers was 29%. The obstacles in each country were closely analyzed and action plans were defined in keeping with the needs of female employees. Since 2017, in-house programs have thus been set up in several countries where the Group is present to help high-potential female supervisors reach the level of hotel General Managers and the Group participates in numerous external leadership programs.

This gender equality commitment by the Accor Group was made a reality with the 2015 signing of the Women's Empowerment Principles, championed by the UN.

Since 2016, the Group has also been selected as Impact Champion by the "HeForShe" solidarity movement. In this context, Accor undertakes to reduce the gender pay gap. Each year, an analysis of equal pay is conducted, and an action plan is implemented to address any gaps.

Accor continued its commitment to the #StOpE initiative whose purpose is to share and promote best practices regarding the fight against everyday sexism at work and to create a community made up of companies and managers committed to this cause. Each company must roll out at least one of the eight major themes of the booklet on best practices created during work groups. Initially deployed in France, this initiative is intended to be extended to Europe in 2020.

For leadership training programs, increased attention is paid to female participation.

In 2019, Accor's corporate head office obtained the score of 86/100 in the gender wage equality index implemented by the French decree no. 2019-15 of January 8, 2019, on the provisions to close the gender pay gap in companies.

Raising the awareness of male employees and fostering their support for gender diversity

The Group has set a target of 35% male members in the gender diversity network by 2017. RiiSE (the Group's diversity network) is an international network present in more than 100 countries. At the end of 2019, this network had more than 30,000 members worldwide, 50% of whom were men.

Percentage of women payroll and non-payroll employees

	2017	2018	2019
Total women	44%	44%	43%
Managers	42%	42%	42%
of which hotel General Managers	*29%*	*30%*	*29%*

Integration of people with disabilities

Accor is a pioneering member of the ILO (International Labor Organization) Global Business and Disability Network, which it joined in 2015. 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, Accor 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.

Every year, Accor celebrates International Disability Day (December 3). This day provides an opportunity to raise employee awareness on a specific disability issue and, more broadly, to remind employees of the Group's involvement in this area.

In 2019, the Accor Group received the "Disability Matters" award in the "marketplace" category, underscoring the global influence of the policies for the inclusion of people with disabilities deployed by Accor in its hotels around the world.

In May 2019, Accor participated for the second year in DuoDay, a national day during which French companies welcome people with disabilities to spend the day with them. Eleven countries took action this year.

In 2019, the hotels owned, leased or managed by Accor employed 2,094 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. Accor considers that the real number of disabled employees has been under-estimated.

The 5th Group agreement for the integration and continued employment of people with disabilities came into force in 2018 for the 2018-2020 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, *Mission Handicap* implements actions in line with each of the objectives defined by the Group agreement. At the end of 2019, Accor reached the quota of 4.5% of employees with disabilities in France.

2.3.5.3 Promoting cultural diversity and combatting discrimination

Each country in which the Group operates implements an action plan based on local discrimination issues. In Australia, for example, specific programs have been implemented to promote the inclusion of Aborigines; in France, Accor participates in the Paqte program for the professional integration of young people from priority city neighborhoods; in the Middle East, programs focus on the priority integration of nationals into teams. Accor has also been a partner of Tent since 2018, a foundation that mobilizes the private sector to improve the living conditions of more than 25 million refugees.

An e-learning course on non-discrimination and inclusion is planned for 2020. It will be distributed to all Group employees, excluding franchisees (representing 75% of the Group's total workforce).

For the second time, Accor celebrated Diversity & Inclusion Week from May 13 to 19, 2019 by spotlighting the four pillars of the Group's Diversity & Inclusion policy. Events and awareness-raising activities linked to the different pillars were organized in the Group's hotels and head offices across the world during that week.

2.3.5.4 Promoting intergenerational diversity

An intergenerational program has been in place at Accor since 2017. The principle behind it is the following: two-person teams consisting of a "Smart Digit", passionate about new trends and digital technologies, and a "Smart Leader", living the Accor culture on a daily basis and wishing to share his professional experience, share their respective knowledge between them. Since the launch of the program, more than 200 duos have taken part.

2.3.6 *Pursuing our commitment to workplace health, safety and quality of lIFE*

As an employer, Accor is responsible for ensuring employee health and safety. As a result, working conditions and work-life quality are a major focus of the Group's concerns.

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 *ad hoc* training modules;
- limiting the impact of the hospitality business and its unusual working hours on employees' health and personal lives, so as to enhance Accor employer appeal and increase employee commitment;
- setting up a work organization that is more agile while complying with each country's regulations in order to promote 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.

2.3.6.1 Preventing workplace accidents and occupational illness and protecting health

Although the claim frequency rate is average, the hospitality industry is not exempt from risks regarding health and occupational safety. Accor takes steps to ensure the occupational health and safety of all Group employees worldwide.

As part of its Ethics & CSR Charter, Accor has made a commitment to:

- identify and assess the risks related to the activity, department or workstation;

- provide appropriate training and tools for reducing work-related accidents and illness and for disease prevention (training on health and well-being, including nutrition, first aid, psychosocial risks, chronic illness and the prevention of HIV/AIDS).

In 2019, Accor updated its health and safety risk map and will define its priorities and action plans in 2020.

Local managers are in the front line when it comes to health and safety. They must seek to identify and mitigate risks on a daily basis and implement action plans to ensure safety at work.

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.

For people who regularly travel internationally, especially missionaries and expatriates, 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, “Acting Here” (see page 148). This application also made it possible to broadcast several videos in 2018 and 2019 to raise employee awareness of occupational health and safety and the use of chemicals.

Preventing musculoskeletal disorders

Many training modules are offered by Accor Academy 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.

Moreover, among respondents to the qualitative reporting, 57,401 employees underwent special training in ergonomics.

Number of employees having attended special courses in ergonomics	2017	2018	2019
Europe	5,138	6,548	10,723
Africa Middle East	5,328	5,289	8,003
Asia-Pacific	35,973	38,043	37,825
North and Central America and Caribbean	2,256	2,576	200
South America	11,829	670	650
TOTAL	**60,524**	**53,126**	**57,401**

Accor does not have any quantitative indicators concerning occupational illness. One of the main difficulties for a major international group such as Accor lies in the definition of an occupational illness. This concept, as understood under French law, is not applicable to all countries where the Group operates.

Workplace accidents

	2017	2018	2019
Number of days of absence due to workplace accidents	81,215	86,168	103,163
Number of workplace accidents with lost time	4,099	4,577	5,596

Lost-time injury rate and severity rate of workplace accidents

	2017	2018	2019
Lost-time injury rate	12.1	3.2	1.26*
Incident severity rate for workplace accidents	0.27	0.05	0.10*

* *Following the sale of hotels to AccorInvest, the consolidation of hours worked data over the scope of the hotels could not be carried out. Since 2018, frequency and severity rates shown include only head offices.*

In 2019, Accor deplored the deaths of two employees due to work-related accidents in France (1) and the Maldives (1), and of seven employees due to accidents on the way to or from work in Algeria (1), Saudi Arabia (1), Egypt (1), Indonesia (1), Switzerland (1) and Thailand (2).

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.

Accor is committed to eliminating all forms of harassment from the workplace, including bullying and sexual harassment. A new system was tested in 2019 in France, Dubai and Switzerland in partnership with AccorInvest. The system consists of a button that allows any person who is equipped with it to alert management in the event of harassment. The team is immediately informed of the location in the hotel where the report is made. Designed with housekeeping teams, this button is at their disposal and used on a voluntary basis. Its distribution was accompanied by e-learning training and a presentation video produced by John Ozinga (CEO AccorInvest), Maud Bailly (Chief Digital Officer) and Chris Cahill (CEO Luxury Brands). This test button completes the whistleblowing hotline, which has been in operation since May 4, 2018 and is available in 29 languages for employees at head offices, owned and leased hotels and new businesses.

2.3.6.2 Planet 21 commitment: each country implements a workplace health and well-being program

The deployment of health and well-being programs in countries is one of the key commitments of the Planet 21 2016-2020 CSR process. The objectives pursued are:

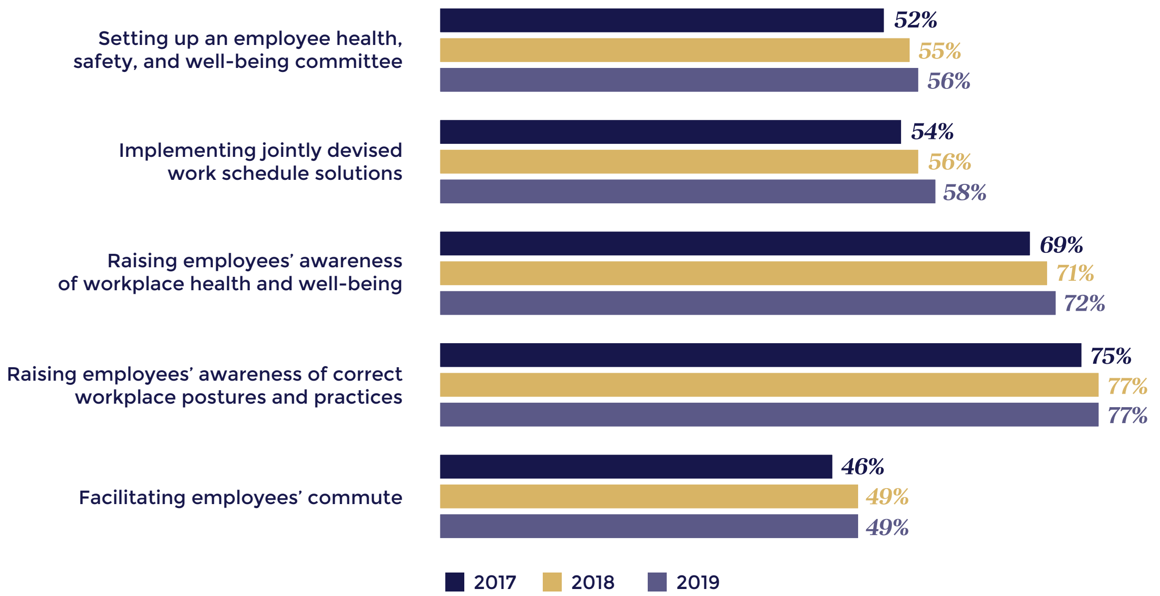
- to raise greater awareness of the challenges of workplace health and well-being and to make management more sensitive to these issues;
- to make best practices more systematic so that they can be incorporated into countries' Talent & Culture policies;
- to structure and manage the approach to workplace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

This commitment applies to employees at Accor head offices, owned, leased and managed hotels (representing 75% of the Group's total workforce). In 2019, 68 countries had implemented a workplace health and well-being program.

Hotel mobilization at the end of 2019

In addition to the deployment of national occupational health and well-being programs, hotels are urged to implement initiatives which promote occupational health and safety and employee well-being through the Planet 21 In Action road map.

The following chart shows the progress made in the deployment of a few of the actions implemented.



This reporting is based on declarations of the hotels, which can lead to a certain level of uncertainty in spite of the controls carried out, in particular for the more complex commitments (environmentally-labeled cleaning products, environmentally responsible complimentary products, Plant for the Planet program).

2.3.7 Recognizing and valuing employees

2.3.7.1 Celebrating the remarkable accomplishments of the Group's employees

Every year, Accor honors employees from owned, leased, and managed hotels and the head offices (representing 75% of the Group's total workforce) 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 awards: two for individual initiatives – the Gold Bernache and the Silver Bernache – and one for team initiatives – the Team Bernache. Achievements are measured against Accor's six Values. A Special Achievement Bernache can also be awarded at the discretion of the Chief Operating Officer or the Head of Talent & Culture to recognize an exceptional initiative or achievement, exceeding all expectations.

In 2020, the Group plans to award 15 Gold and Silver Bernaches (individual initiatives) and 15 Team Bernaches to the most successful initiatives conducted in 2019.

2.3.7.2 Compensation policies

Accor has defined a global compensation policy for the employees of its head offices and owned, leased and managed hotels (representing 75% of the Group's total workforce).

This policy is adapted to each country's specific practices. 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.

Accor ensures that no criteria related to age, gender, nationality or any other personal criteria are considered when defining employee compensation.

The Group is also committed to compensating every employee in line with market practices, thanks to global and local job maps prepared for each job track and a common job evaluation method.

In order to ensure the proper application of its compensation policy, the Group organizes internal training sessions with the Talent & Culture community on the following topics: job classification and evaluation methods, short-term and deferred compensation tools (performance shares), employee benefits, etc.

Each year, the Group participates in compensation surveys on the general market and the hotel market with reference service providers in most of the countries in which it operates. Participation in these surveys makes it possible to establish compensation grids that will be applied by Talent & Culture managers to define employee compensation.

All base salaries (corresponding to the fixed part of the compensation) are reviewed annually. The basis for salary raises is defined locally, in accordance with the cost of living, 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 4.2. on page 285.

Management receives a base salary as well as variable compensation. They may also receive long-term compensation in the form of performance shares that are awarded based on potential and individual performance.

Since 2016, the variable compensation policy for people with a team management role includes:

- a factor related to guest satisfaction in hotels, with a weighting of at least 10%;
- a CSR target linked to employee engagement, with a weighting of at least 10%. Depending on the function or job family, other CSR objectives can be measured, such as the hotel Planet 21 bronze level for operational functions.

2.3.7.3 Discretionary profit-sharing and employee savings in France (Accor only)

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 2019 in France, nearly €5.5 million in discretionary profit-shares earned in 2018 was paid to 3,353 Accor employees, representing an average net amount of €1,651 per person.

In France, employees benefit from profit-sharing as part of a Group agreement including 16 companies for the 2018 fiscal year. The amount of profit-sharing paid in 2018 to employees in 2019 was €863,000 and benefited 3,581 employees, *i.e.* an average amount of €241 per person.

Every year since 1985, Accor employees in France have been able to participate in a Corporate Savings Plan (PEEG) and a Group Retirement Savings Plan (PERCO). These plans allow employees to invest in various mutual funds with matching funds provided by Accor.

In 2019, 2,782 employees invested in a Corporate Savings Plan (PEEG) for savings purposes and 1,533 employees invested in a Group Retirement Savings Plan (PERCO) to top up their retirement income. Among those who invested in 2019, 1,494 invested in the PEEG and the PERCO.

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 "Accor Investissement" fund consisting solely of Accor shares. Its aim is to involve employees in the Group's development.

2.3.8 Promoting open dialogue

Accor is committed to maintaining ongoing, constructive dialogue about employee rights and benefits with employee representative organizations. The restructuring operations, acquisitions, and disposals that set the pace of its transformation are accompanied by sustained social dialogue, often at a very early stage in the process.

2.3.8.1 Dialogue forums and resources

The European Works Council, set up on May 31, 1996, is co-chaired by the Chairman & Chief Executive Officer and an IUF[1] representative. It meets at least twice a year and deals with the Group's organization, strategy and results as well as subjects of a transnational nature. It may be convened in extraordinary session to discuss the measures envisaged by the Group. In 2019, the European Works Council met three times, among other things to assist with the reorganization of the Group in Europe that was required following the completion of AccorInvest's transfer (project to adapt and rationalize the business model and organizations in the new AccorHotels European ecosystem).

In the case of owned and leased hotels, social dialogue is ensured by local bodies in application of national laws.

In 2019, qualitative reporting concerned 97% of the hotels covered by quantitative reporting. On that basis, 55% of the hotels have an employee representative organization that meets on a regular basis.

2.3.8.2 Social dialogue in support of the company's transformations

As part of an overall strategy aimed at building a business model adapted to the profound changes expected in the hospitality market, the European Works Council and social dialogue bodies have carried out a project to safeguard the competitiveness of the Accor Group's hospitality business. Accor SA and the other Group companies in Europe wish to carry out their transformation around the following three priorities:

- the adaptation of operational organizations;
- the transformation of the digital and distribution organizations;
- the transformation of the support/corporate functions.

2.4 Involving our guests in a long-term relationship

Accor 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, regardless of the brand or the country.

The Group is therefore committed to meeting minimum environmental standards in all its hotels and employing ecofriendly 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.

2.4.1 Leveraging the positive impact of Planet 21 – Acting Here

Everywhere throughout the world, consumers expect brands to commit to their well-being, the preservation of the environment and the improvement of the quality of life[2]. These expectations are consolidating and growing from year to year, suggesting that brands should commit themselves and engage with their regular guests in meaningful programs focused on the co-construction of solutions to planetary challenges.

Therefore, Accor has developed a four-step strategy for transforming consumers' interest in environmental and related issues into a competitive advantage. This is not only to set itself apart but also to encourage a preference for its brands and to obtain the guests' adherence to common values:

- **Communicate** and publicize its ambition, commitments and results: this information is directly communicated to guests on the Group's websites, in the hotels in various digital or hard-copy formats or through its employees, who are the best ambassadors for the Planet 21 – Acting Here initiative;
- **Explain:** by providing pedagogical content about the challenges and actions required, Accor enables its guests to transform their stay into a time of discovery and learning that they can prolong by adopting new and better habits when they return home;
- **Encourage positive action:** the Group and its hotels want to encourage its guests to make financial contributions, participate in the hotels' actions in the local community or adopt ecofriendly habits in their daily lives. Accor encourages action by removing the barriers, both large and small, that sometimes come between intention and action. All levers are used to transform intentions into tangible actions. Accor is making a bet that helping people learn and encouraging them to take action are ways of creating customer loyalty;

(1) *IUF: International Union of Foodworkers, and workers in agriculture, hotels/restaurants, tobacco, and related sectors.*
(2) *"Meaningful Brands" survey – Havas Paris – 2019. "75% of those surveyed expect a brand to contribute positively to well-being and quality of life." Carried out amongst 350,000 citizens in 31 markets, 22 industries and 1,800 brands.*

- **Involve:** Accor wants to take the next step and involve its guests in sustainable development experiences by matching them with co-innovation projects and creating a community of guests who are deeply interested in environmental and social issues and driven by common values and the desire to innovate or become involved in a very meaningful experience.

2.4.1.1 Planet 21 commitment: every year, one major innovation to interact with our guests around sustainable development

2019, make Accor Live Limitless a pioneering loyalty program through its committed and engaging character

The major innovation of 2018 is in the fourth level of this "Involve" strategy, with the aim of starting to create a community of very committed guests, with whom we can co-create and co-innovate to provide sustainable solutions for the world of the future. In 2018, it meant transforming the Group's loyalty program into one that was pioneering through its committed and engaging character.

In 2019, Accor began to redesign its loyalty program, which became Accor Live Limitless (ALL) to improve this approach still further. A sustainable development dimension was included in each of the four pillars of ALL, in order to do much more than just a loyalty program: "ALL for good", a program which inspires everyone to experience their journey and daily life in a more positive and sustainable manner. The aim remains to build a community of members committed to a better future. 2019 laid the foundations of this new device and tested several innovative offers with guests and members of the loyalty program. The actual launch of "ALL for Good" will really occur during 2020, and take-up will continue in accordance with additional IT developments. Currently, the existing products and services are the following:

- **Burn for good:** support good causes and have a positive impact on communities and the planet. Guests can convert their ALL points to serve two great causes: the transition to a more responsible and sustainable mode of agriculture supported by Plant for the Planet – and the fight against economic and social exclusion for people experiencing great economic uncertainty – supported by Accor Solidarity;
- **Green and good soft benefits:** unique and sustainable experiences to celebrate a responsible way of life. Members of ALL are invited to take part in Green Elite Experiences (day at sea on the Energy Observer, visit to Tristan Lecomte's farm in Thailand [PurProjet], day with a committed winemaker, family survival course with the Bear Grylls Academy, etc.) or Live Sustainable Dream Stays in exceptional sites in South Africa.

Also, ALL facilitates responsible consumption choices when traveling and in daily life, by offering meaningful services and experiences. For example, the E-shop collection from ALL offers several ranges of cosmetic, fashion and accessory products, chosen according to responsible criteria. The Green Dream Stays from Fairmont hotels also offer an experience on a theme related to the preservation of the environment: spend a day on an organic farm, stay in a biodiversity preservation zone or an archeological site, etc.

Partnerships with the Accor Group, for high-quality guest interactions

Energy Observer
Throughout its journeys around the world, Energy Observer takes advantage of its stopovers to offer unique experiences to guests. To give them total immersion in the adventure, several activities have been organized: visits to the ship, meetings with the crew, voyages on board and many other privileges.

VivaTech
At the VivaTech exhibition, a challenge organized by Accor on sustainable development generated potential partners to offer guests new experiences. For example, among the participants, Yes We Green offers workshops around local, seasonal and vegetable food, the circular economy, urban re-vegetation and zero waste.

2.4.1.2 Raising the visibility of hotel initiatives

It is a well-established fact that the Group's hotels are committed to sustainable development. Nevertheless, guests are often unaware of this fact. Therefore, since 2016, Accor has increased the visibility of the Planet 21 – Acting Here program in its hotels (steps 1 and 2 above), which it sees as the foundation for its communication and interactions with guests. The introduction of means of communication and awareness-raising continues in 2019, with the local versions of the notices in bathrooms inviting guests to reuse their towels for several days in a row. For each of the 29 countries with a local Plant for the Planet project, the printed card now shows a photo of the planting site, as well as a description of the project, its location and benefits. This means that guests can instantaneously visualize the benefits of their donations.

The brands ibis, Novotel and Mercure now offer a "Rainforest"-certified coffee in all of their European hotels during breakfasts. Notices inform guests of this responsible choice and its benefits for the conservation of biodiversity and the protection of producers.

For the third consecutive year, Accor invited its guests and other communities to take part in the Green Stars Challenge on the theme of the fight against food waste, Love Food, Not Waste ("see 2.8.1.1 Planet 21 commitment: -30% of food waste").

2.4.1.3 Enhance the guest experience by committing the brands

In 2019, Accor established a methodology to support its brands in defining their social, societal and/or environmental commitments. With the ambition to cover the more than 30 brands in its portfolio, Accor would like each one to identify, in coherence with its positioning and values, the cause or causes that they will support from 2020 or 2021. In line with the vision of the Group for augmented hospitality, the causes adopted and the procedures for commitment must be based on initiatives that the hotels are already applying internally or for the benefit of their neighboring communities and promote action and interactivity with guests.

This methodology of support to the brands includes five stages:

1. include the mandatory Planet 21 In Action obligations in the brand standards and have 100% of hotels reach at least Bronze level;
2. choose the cause or causes supported by the brand in line with its DNA and from among the range of commitments defined by Accor;
3. define the brand ambition: commit or act as a leader at the service of one's cause;
4. define the means of proving the reality of the commitment to guests;
5. ensure that the communication of the brands is coherent, to embody the commitment.

One by one, the brands are supported by the central teams dedicated to sustainable development. This project is a major means of including the Group's CSR commitments in the operations and, ultimately, in the guest experience.

2.4.1.4 [SNFP] – Planet 21 commitment: 100% of our hotels implement the 10 mandatory actions of Planet 21 In Action

The risk of partners failing to comply with the Accor Group's ethics and CSR commitments is described on page 127 of the summary table of the risks identified in the statement of non-financial performance.

So as to guarantee the inclusion of minimum sustainable development requirements in the whole of its network, and therefore reduce the risk of partners that do not comply with Accor's standards, the Group has defined 10 actions that all hotels are obligated to put in place by 2020 and which determine the achievement of Bronze level in Planet 21 In Action. Previously containing 16 actions, this list of mandatory actions was reviewed in 2019 to concentrate the efforts of the hotels on the outstanding subjects. The deleted actions are those which had reached a completion rate of 100% and those relative to the provision of resources (*vs.* obtaining results). Certain actions were merged.

Results for the "Bronze" actions

Also, at the end of 2019, 93% of hotels had implemented the 10 mandatory Planet 21 actions[1]. This good performance reflects the strong mobilization by hotels in all countries.

In order to achieve this target, the Group's key challenge in the future is to deploy the following actions where the level of deployment is less than 95% in hotels: "Offer complimentary, ecofriendly products (soaps, shower gels, shampoos)" and "Propose that guests reuse their sheets and towels by default".

*(1) As "eco-responsible complimentary products" were not available for certain hotels depending on the brand or the country (**e.g.**: ibis India, Sofitel), this action is recorded as "not applicable", to enable these hotels to reach the Bronze level.*

	2019	
	Owned, leased and managed hotels	Owned, leased, managed and franchised hotels
Propose that guests reuse their sheets and towels by default	100%	95%
Offer complimentary, ecofriendly products (soaps, shower gels, shampoos)	83%	90%
Use eco-labeled cleaning products	100%	99%
Eliminate plastic straws, stirrers and cotton swabs	100%	99%
Deploy the child protection program WATCH	100%	98%
Ban endangered species of fish	100%	100%
Comply with the water flow standard for all showerheads, faucets and toilets	100%	99%
Ensure that all wastewater is treated	100%	99%
Use energy-efficient bulbs	100%	100%
Sort your hazardous waste and at least two types of waste from among the following: paper, glass, cardboard or plastic	100%	99%

The information in the above table relates to the scope of "number of hotels that have validated Planet 21 In Action" in the following table.

Scope of reporting

	2019	
Scope of reporting	Owned, leased and managed hotels	Owned, leased, managed and franchised hotels
Total number of Accor hotels in the scope of consolidation	2,218	4,516
Number of hotels that have validated Planet 21 In Action • rate of response	2,035 96%	3,712 82%

2.4.2 [SNFP] – *Favoring environmentally responsible products*

2.4.2.1 Planet 21 commitment: the 10 key product families in our hospitality offer are ecofriendly

The risk of partners failing to comply with the Accor Group's ethics and CSR commitments is described on page 127 of the summary table of the risks identified in the statement of non-financial performance.

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. The issue is environmental: use products that use less material, energy, water or that are made of recyclable materials. But it is also a health issue. Paints, carpets and cleaning products may give off chemicals that are harmful to the quality of the interior air.

In 2016, Accor promised that, by 2020, all new products (developed internally or referenced from external suppliers) associated with ten key product families will always meet eco-responsible criteria, and they will be gradually deployed in hotels. This commitment relies on the mobilization of the Procurement and Marketing teams in head offices and countries to ensure that eco-responsible criteria are properly integrated into the products that are offered to hotels *via* the head offices. Sustainable development criteria were defined with the internal and external teams. When a recognized ecolabel exists (EU Ecolabel, NF Environnement, Nordic Swan, FSC or PEFC for wood and paper fiber, Oekotex standard 100 for textiles, etc.), gaining certification from the appropriate ecolabel is one of the criteria sought by the Group's purchasing teams. Some of the other criteria identified are: a ban on certain chemical substances, the use of recycled materials, integration of eco-designed elements, the ban on live plucking to make duvets, etc.

This commitment will be implemented through the Planet 21 In action plan, in which deployment rates are monitored. Deployment is considered significantly achieved once a threshold of 60% of hotels that have implemented the action has been reached (30% for products with multi-year lifespans such as bedding, sheets and towels, paints and flooring). The overall deployment rate is calculated on the average deployment of the 10 actions.

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

Results at the end of 2019

Key product family	Defined ecofriendly criteria	Level of deployment in hotels 2018	2019	
1. Soaps, shampoos and shower gels	Ecolabels or no controversial substances	88%	90%	✓
2. Cleaning products	Extremely concentrated (reduction of plastic waste) and eco-labeled (reduced environmental impact) products	98%	99%	✓
3. Bed linens 4. Hand towels	Sustainable labels, eco-design	Deployment stopped due to lack of commitment from partner launderers		
5. Bedding: duvets/pillows/box springs and mattresses	Recycled materials, OEKOTEX Standard 100 label, cruelty-free, VOC test, ergonomic	42%	43%	✓
6. Single-use products; toilet paper/ paper towels/paper napkins/trash bags/cardboard cups/plastic cups	Sustainable fiber with FSC/PEFC label or recycled (for toilet paper, paper towels, paper napkins) Recycled or compostable material for plastic products	56%	61%	✓
7. Printing paper	Durable fiber with FSC/PEFC label and/or ecolabel and/or recycled	62%	69%	✓
8. Paints	Ecolabels	35%	39%	✓
9. Flooring	GÜT label for carpets FSC or PEFC label for parquet flooring			✓
10. Welcome gifts for guests: pens/ children's gifts	Recycled or certified sustainable materials. Products supporting solidarity or environmental projects	39%	41%	✗
TOTAL				**7/10**

Legend:

✓ *Pictogram Target reached or exceeded*

↑ *Pictogram Improving.*

✗ *Objective not achieved.*

This reporting is based on declarations by hotels, which may cause various uncertainties in spite of checks carried out.

In 2019, the Group improved its process of eco-design in matters of interior design, working with interior design teams from various geographical zones and teams responsible for the brands' standards. Mandatory environmental criteria, inspired by those defined for the key product families, were defined in the guidelines for the brands. They concern choices of materials, ecolabels, design rules according to usage criteria and the consideration of the end of product life. The sustainable development actions and strategy of suppliers are also considered in the referencing procedure.

Other non-mandatory criteria, but which can still further improve the environmental quality of the interiors of hotels, were also listed. These criteria were disseminated to all designers.

The launch of the first hotel of the new "Greet" brand also forms part of this process. Non-standardized, committed and community-based, its ambition is to receive those who seek meaning in their purchases, relationships and lifestyle. The concept of a Greet hotel is to give a second chance to persons, places and objects and leave a positive environmental footprint by applying the principle of the circular economy. For example, in Beaune, the furniture and crockery are second-hand, bargain-hunted in Emmaüs shops, the shop offers local products from artisans from the region or a local association, the relaxation area has a shared library and the Greet Times are an opportunity, each week, to take part in a workshop or meet an association. By 2030, Accor plans to open 300 Greet hotels across Europe. To assist future hoteliers to implement their second chance process, partnerships with key organizations have been established. Some examples: with Emmaüs, which enables owners to supply themselves with second-hand furniture, and with Valdelia, an eco-organization offering a complete solution for collection, recycling and reuse of used furniture to professionals. The other key partnership, with *L'atelier consommateur & Citoyen* [socially-responsible consumer workshop], the aim of which is to build everything directly with consumers, from the co-creation of the project to means of improvement and constant developments to the concept, is intended to make Greet the sustainable hotelier model.

2.5 [SNFP] – Involving our partners in a long-term relationship

The risk of partners failing to comply with the Accor Group's ethics and CSR commitments is described on page 127 of the summary table of the risks identified in the statement of non-financial performance.

Accor wishes to establish a sustainable relationship with its partners (its suppliers and the owners of its hotels) in order to encourage the hotel sector to adopt more ethical solutions. Accor is therefore implementing clear processes with its partners in order to best manage CSR risk and seize the many opportunities to develop its offering of products and services with a positive impact.

2.5.1 Planet 21 commitment: every year, one major innovation to develop alternative and responsible models

Through this commitment, Accor pursues a double objective:

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

The Group therefore draws on collective intelligence and collaborative economics to attain this goal and wishes to combine its experience with the experience of its existing or new partners (start-ups, suppliers, hospitality professionals, social integration companies, associations, citizens' groups, etc.), which are seeking to develop new approaches around the world. Accor's open innovation work supports this ambition within the Group.

2.5.1.1 In 2019, Accor formalized its worldwide commitment to eradicate single-use plastics

Faced with the increasing environmental concerns related to plastic, Accor has carried out an assessment of its use of single-use plastics. Each year, more than 200 million single-use plastic items are used in the rooms, restaurants and meeting rooms of the Group's hotels. These products are highly visible to guests in the hotels: individual complimentary products such as shampoo, shower gel and other hygiene products, bottles of water, accessories such as cotton swabs, plastic cups, sometimes wrapped in plastic, straws, laundry bags, individual food packaging, accessories in meeting rooms, containers for takeaway meals, etc.

Aware of its impact on the planet and in order to have a means of changing the behavior of its guests, in January 2020 Accor announced its commitment to remove all single-use plastic items from the guest experience in its hotels by the end of 2022. In addition to the elimination of all plastic straws, stirrers and cotton swabs, already committed for the end of 2019, this new commitment by the Accor Group includes:

- the elimination of individual toiletry items and plastic cups by the end of 2020;
- the elimination of all other single-use plastic items in the bedrooms, meeting rooms, restaurants and all relaxation areas (spas, fitness rooms, etc.), by the end of 2022.

Single-use plastics are defined as items used once before being thrown away, such as plastic straws, cotton swabs, coffee stirrers, plastic cups, plastic bags for laundry or additional pillows, plastic water bottles, all plastic packaging (food, complimentary products, etc.), plastic plates and cutlery to take away, plastic gifts and complimentary products (toiletry items, slippers, pencils, etc.), plastic key cards, etc.

With this commitment, Accor intends to define a new standard in the hotel business. Numerous initiatives already exist within the Group, at the level of the hotels or the brands, to eradicate single-use plastics. 40% of Accor hotels have already introduced alternatives to plastic water bottles. More than 100 hotels are committed to withdrawing all single-use plastic items in Asia, South America, North America and in Europe. Reaching this commitment is based on a process of identifying and using alternatives to plastic, which implies the collaboration, throughout the whole world, of the Procurement, CSR and Brands teams: identify solutions in the market, evaluate the environmental impacts with life-cycle analyses carried out by the CSR teams or by choosing labeled or certified products, test practical feasibility and acceptance by guests, validate alternatives with the Brand and propose a modified operational process for the teams to apply these changes in the hotels.

The Group will continue to innovate at all levels to identify and implement alternative solutions everywhere.

Accor is also committed to joining the worldwide initiative to fight plastic in tourism, implemented by the United Nations Environment program and the World Tourism Organization, in collaboration with the Ellen MacArthur Foundation. Governments and companies commit to reaching various ambitious objectives, endeavoring to limit superfluous plastic items, to innovate so that all unavoidable plastics are designed so as to be able to be reused, recycled or composted in complete safety and to have everything circulate within the economy to eliminate discharges to the environment.

2.5.1.2 Accor's open innovation work provides fertile ground for meaningful innovations for its hotels, guests and partners

Over recent years, Accor has been engaged in an open innovation process to support its corporate strategy. For Accor, open innovation involves building and coordinating a large internal and external community to create an open approach, gain from each other's experience, and discover new territories that sometimes prove astonishing. It allows the Group to conquer the world with agility, anticipate its economic, environmental and social changes, and accelerate its transformation to co-create value for and with its customers, partners, employees, as well as society as a whole, for the good of the planet.

Accor's open innovation process is built around three areas:

- Marketing innovation by identifying new usage patterns in line with the Group's augmented hospitality strategy and which create value. The Innovation Lab explores new areas such as co-working, mobility and well-being. It creates new concepts (Jo&Joe, Le LOFT) or accelerates the business units with new products and/or services (WOJO Spots and Corners). It also creates links between start-ups and the business (Vivatechnology and Techstars) and therefore contributes to the cultural transformation of the Group;
- digital innovation in the guest experience throughout the hotel experience, run by the Innov Center;
- innovation through investment in new businesses, run by the "Disruption & Growth" department. This team aims to identify investments that can open new business sectors or markets, support the structuring of the governance of acquired companies and facilitate the development of commercial opportunities for these new businesses within Accor.

Within this open innovation process, CSR topics are acknowledged as full-fledged innovation opportunities within the Group. These are also likely to strengthen the Group's value proposition while helping to bolster the positive impacts of its activities. This dimension is built into its open innovation work and all the teams ensure that those in charge of CSR projects within the Group are included at each stage of the process. Accordingly, "green" companies or non-profit and community-oriented companies can be supported as part of the Group's open innovation process. For illustration purposes, the presence of CSR within the open innovation process is visible at several levels:

- as part of the partnership with Vivatech, challenges are organized by Accor to identify young start-ups with potential for its activities. A CSR category is systematically created;
- as part of its intrapreneurship program (see below), a criterion for contribution to the Group's CSR process was added to assess the relevance of the projects presented;
- as part of the partnership with The Camp, several projects supported by Accor cross-reference environmental or social issues;
- "promising" start-ups from the non-profit or community oriented sector are integrated into the same assessment process as those from the "traditional" economy, which aims to assess potential and value creation for Accor to achieve acceleration, a partnership or even an equity investment. Several CSR start-ups have undergone this assessment, including Too Good To Go (see below).

Accor, partner of The Camp

Accor is a partner of The Camp, a non-profit organization that supports initiatives to empower a new generation of game changers: human-centered projects with young risk-takers who are thinking differently, working together and inventing sustainable models. The Camp's focus areas are sustainable mobility and the city of the future. The Group's employees mentor start-ups from an early stage of their development, take part in think tanks and receive training on campus.

2.5.1.3 Innovation 2018, Accor's intrapreneurship program, is becoming more permanent

Convinced that its talents can also bring about new ideas that would create value for the Group, and which could eventually become start-ups, Accor is also introducing its open innovation process internally, with its intrapreneurship program: Techstars. Launched in 2017, this program takes the form of an annual challenge, intended to bring out innovative projects. Selected for their links with the Group's strategy, their innovative character and their potential to create value for the Group and its stakeholders, each year two winning projects benefit from six weeks of coaching within the Techstars start-up accelerator, where the teams running projects are put in contact with the winners from other partnerships (Air Liquide, FDJ, GEFCO, Groupama, Total).

One of the teams from the "first season" Techstars challenge, for which the employees were detached from their usual duties for the occasion, devoted itself fully to the development of its project for three months in 2018 and the whole of 2019. The project, which became a service offer proposed by Accor, relates to the optimization of the use of kitchen and restaurant surface areas.

In 2019, for the second season of the challenge, two new projects were selected, including one for which the team running it dedicates 20% of its time to the development of the project over six months. They are running a project to engage guests in the creation of social brand content for the Accor brands.

The beginning of 2020 saw the launch of the third Techstars season, with two projects strongly committed to sustainable development: the development of more responsible products and supporting the commitment of guests in adopting more virtuous behavior. Each year, the challenge involves some 60 employees in the head offices in France. The Group is studying the appropriateness of increasing the number of such programs in other geographical areas.

Apart from its innovation aspect, this intrapreneurship program enables the Group to detect talent. Some of them, although their projects were not adopted for the Techstars accelerator, have found new opportunities within Accor.

2.5.2 [SNFP] – Policies and measures implemented and results obtained – Planet 21 commitment: ethics and CSR risk management process will be deployed among 100% of our partners by 2020

Accor's performance and activity are closely connected to those of its partners, namely, its suppliers or hotel owners under management or 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.

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

- consistent respect for current laws and regulations;
- respect of human rights;
- ethical business conduct;
- compliance with trade rules, etc.

Therefore, the deployment of its ethical and CSR risk management process among its partners is one of Accor Group's commitments in its Planet 21 – Acting Here program. These requirements by Accor have been reinforced by the adoption in France of law No. 2017-399 respecting the duty of vigilance.

2.5.2.1 In its relations with suppliers and service providers

The Accor Procurement process

The Accor Group's purchases were around €5 billion in 2018, including approximately €2.5 billion in purchases from nominated suppliers[1].

Based in France, the Corporate Procurement Department manages international contracts and coordinates the network of 21 national Procurement Offices, which employ 199 buyers on five continents.

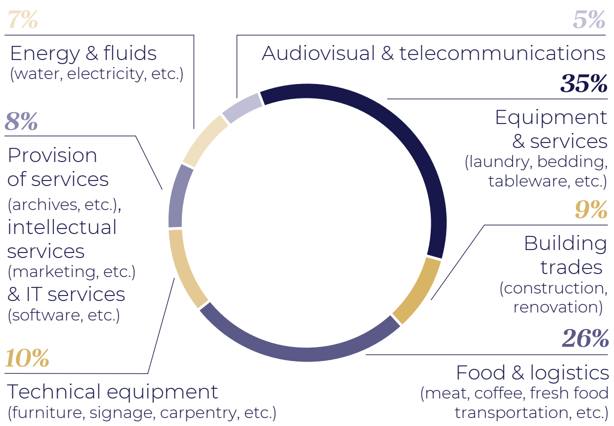
Contracts are signed at the international or national level, depending on the features of each category. "Standardizable" products and services that meet several countries' needs are managed globally, while those specific to a particular country are managed by the national Procurement Office.

Purchases are classified as "nominated" if they are sourced by hotels and head offices from suppliers that have signed a contract with an Accor Procurement Department. They are overseen directly by Accor 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 to be 50% of the Group's total purchases.

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

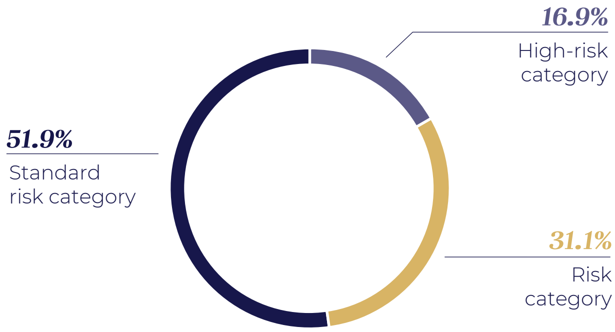
(1) €5 billion: Total estimate of the nominated and non-nominated procurement volume for countries where there is a Procurement Department (including owned and leased hotels, franchised hotels and managed hotels), extrapolated from the nominated purchase revenue.

Purchases from nominated suppliers by product family
(in %)



Because 2019 figures were not available, by the time this Universal Registration Document was disclosed, the above breakdown is based on 2018 performance. Accor is not planning any major changes in 2019. The data affects only the countries in which there is a Procurement Department.

Breakdown of purchase volumes per category of level of risk



Risk management process for suppliers managed by the Procurement Department

A supervision and follow-up plan has been established for each of the three categories of risks to define the points to be integrated at each stage of the procurement process: tender, selection of suppliers, contracts, evaluation, audit, action plan, or even dereferencing.

The table below describes the process of risk management related to suppliers managed by Procurement implemented for the period 2016-2020.

STAGES	STANDARD RISK CATEGORIES	RISK CATEGORIES	HIGH-RISK CATEGORIES
TENDER	• Procurement 21 Charter is appended • KYC* questionnaire	• CSR criteria are integrated into the specifications in accordance with the tender • Procurement 21 Charter is appended • A CSR clause is included in the call for tender • KYC* questionnaire	
SELECTION	• The supplier signs Procurement 21 Charter	• The supplier signs Procurement 21 Charter • Evaluation of CSR criteria (within the six months following the signature) • Mandatory CSR criteria for at least 10% of the final score	
CONTRACTS		• A CSR clause is included in the contract • Procurement 21 Charter is attached to the contract	
EVALUATIONS OVER THE LIFE OF THE CONTRACT		• Evaluation on CSR criteria (validity period set by Accor: three years) • Action plan	
AUDITS			• On-site external social and/or environmental audits
ACTION PLAN AND FOLLOW-UP		• Follow-up on action plan after evaluation with suppliers	• Follow-up on action plan after evaluation and audits with suppliers • Re-audit in case of major non-compliance
APPROVAL PROCESS	• Removal from approved list in the event of significant non-compliance, if not accompanied by action plan		

* *Know Your Counterparty.*

The process described in this table was disseminated to all Procurement Offices within the Group beginning in 2016 and is still being gradually rolled out.

The Procurement 21 Charter is the Ethics and CSR Charter for suppliers. It summarizes the Group's commitments and those expected from nominated suppliers as well as those of sub-contractors.

The "Know Your Counterparty" (KYC) questionnaire has been in use since 2018 for tenders of over €750,000 annually. The answers provided by suppliers are verified by the Group's and regions' Compliance Officers (see following paragraph for more details on the KYC process).

The CSR assessments: The use of the CSR rating platform developed by EcoVadis makes it possible to assess CSR performance *via* a specific questionnaire completed by the supplier. Suppliers are scored on their social responsibility, environmental and ethical performance and on how much control they have over their own supply chain. The partner's CSR analysts perform a documentary control. Depending on their scores, suppliers may be asked to create action plans.

Audits program: The national Procurement Departments are responsible for implementing an audit plan for high risk suppliers for the 2017-2020 period. The three yearly external audits are commissioned by the procurement departments or by the supplier, which must then have an external audit based on a recognized standard such as SA 8000, SMETA, BSCI or WRAP. The cost of the initial audit is paid by Accor. The supplier must pay for any re-audits that are performed due to significant events of non-compliance. The buyer is responsible for monitoring the audits and the corrective action plan. A part of its variable compensation may be subject to compliance with the sustainable purchase process, in conjunction with the Planet 21 – Acting Here objective. In 2019, the central procurement teams obtained tools enabling their national procurement offices to perform weekly monitoring of the risk management related to suppliers. They ensure that audits are performed, audit reports are received and sent to the buyer, that a corrective action plan is sent to the supplier and that it is implemented. At the end of 2019, out of about 600 suppliers with high risk, 50% of the audits were performed[(1)].

Group performance

For its "suppliers" section, monitoring the Planet 21 – Acting Here commitment: "Our process of managing the ethical and CSR risks will be applied with 100% of our partners by 2020" is performed using four indicators, which measure the rate of application of each stage of the process according to the number of supplier entities concerned:

Indicators	Scope of reporting	2017	2018	2019
Percentage of suppliers who have signed Procurement 21 Charter	All suppliers	94%	92%	93%
Percentage of suppliers that have conducted a self-assessment	"At-risk" and "high-risk" suppliers	20%	37%	54%
Percentage of suppliers that have undergone an external audit	"High-risk" suppliers	12%	26%	50%
Percentage of action plans followed	"At-risk" and "high-risk" suppliers	-	50%	100% reports 2019

An aggregate indicator of all these results:

Indicators	Scope of reporting	2017	2018	2019
Percentage of suppliers for whom the ethical risk and CSR management process is deployed*	All suppliers	53%	61%	69%

* *Charters signed for all risk categories; documentary evaluations and action plans monitored for "at-risk" and "high-risk" categories; external audits for "high-risk" categories.*

Responsible procurement process

The procurement teams support Accor's various CSR commitments Thus, in 2019, in preparing for the commitment to eradicate single-use plastics, the procurement teams worked on listing alternative existing solutions. They also work in building Accor's range of eco-responsible products (see 2.4.2 Favoring ecofriendly products) and in preparing a food offer that complies with the commitments of the Healthy and Sustainable Food Charter.

2.5.2.2 In relations with hotel owners

Accor has over 4,787 hotels operated under the Accor brand by third-party owners pursuant to franchise or management contracts. The actions and decisions by these owners (who are the Group's privileged and long-term partners) may represent a risk for the Group if the rules regarding compliance, corruption, ethics, conflicts of interest or the respect of standards in general are not followed. For hotels operated under the Group's brands, any infraction committed by a franchisee or the owner of an Accor hotel would obviously affect the Group's image and reputation.

(1) *Amongst the 313 suppliers audited, this includes 13 whose audit was invoiced and planned in 2019 but will be carried out for 2020.*

In this regard, franchise and management contracts signed since 2016 may include a clause stating that owners of a hotel franchised or managed under the Accor brand commit to complying with the values and principles stipulated in the Accor Group's Ethics and CSR Charter.

In addition, the "Know Your Counterparty" (KYC) process implemented effective August 1, 2018 has the specific objective of identifying, prior to any new commitments with a partner, particularly owners of managed or franchised hotels, whether factors exist that may call into question the integrity of the counterparty. This process particularly focuses on the potential existence of legal proceedings or convictions for acts of corruption or the infringement of international economic sanctions. This KYC process is based on questionnaires completed on the one hand by the counterparty (owners of managed or franchised hotels, intermediaries, suppliers exceeding a certain volume of annual revenue, a joint venture partner, or counterparty in an M&A transaction in which the Group is participating, other partners), and on the other by the individual within the Group who is in contact with said counterparty. Based on these two questionnaires, as well as the consultation of an information database to which the Group subscribes, the Compliance Officer assesses whether the counterparty is likely to place the Group at risk. If the existence of a risk comes to light, additional resources are deployed to mitigate this risk where possible (additional investigation, specific contractual commitments or clauses, etc.) In certain cases, this process has led the Group to terminate a contract.

"Know your counterparty" process

Situations triggering the KYC process	Before the signature of a new contract	Contract renewal (procurement, franchise or management contracts)	Change in contracting partner during the term of the contract
STEP 1: Collection of information	• External completion of the questionnaire by the co-contractor • Internal completion of the questionnaire by the person in charge of the deal at Accor		
STEP 2: Analyzing the information	• Analysis of the questionnaires by the Compliance Officer with the individual in charge of the case at Accor.		
STEP 3: Contracts	• Possible in the absence of an alert • Conditional in the event of an alert · on the inclusion of specific contractual clauses · and/or recommendations from the Compliance Officer following an internal or external investigation · and based on a final decision by the regional Director of Operations, the Ethics Committee and the Chief Compliance Officer		

2.6 Working hand-in-hand with local communities for a positive impact

Motivated by their grounding in local communities, the hotels' teams have a unique opportunity for carrying out real projects to boost local social and economic development or solidarity: local employment, access to training for the untrained, the promotion of the local culture and economy, combatting poverty, protecting children from abuse, actions to protect natural ecosystems, solidarity actions, etc.

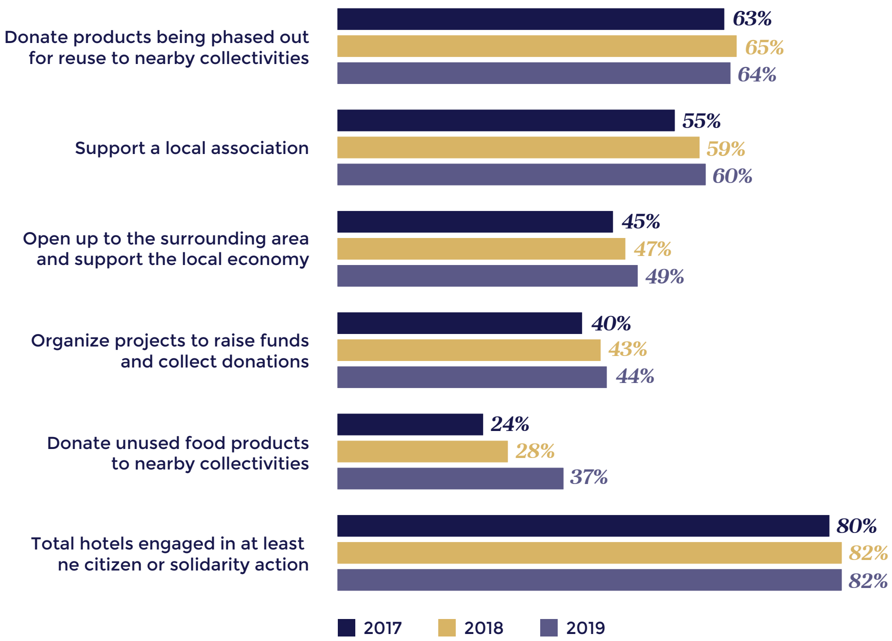
2.6.1 Getting people involved "beyond the hotel walls"

Worldwide, the Group wants its business to benefit host territories and communities. Accor 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%[1] of the wealth created by the hotel business remains in the local economies.

To go further, Accor wishes to recognize and promote the local mobilization capacity of its employees better. To this end, the Group has reaffirmed the place of local communities at the heart of its Planet 21 – Acting Here program by dedicating a commitment and actions in Planet 21 In Action to them.

2.6.1.1 Planet 21 commitment: 100% of our hotels are engaged in a citizen or solidarity project

So that 100% of our hotels get involved, the Planet 21 In Action roadmap encourages them to implement various citizen or solidarity actions. The mobilization measured at the end of 2018 showed that a total of 82% of hotels were involved in a citizen or solidarity project.



(1) Sources: Study, "Worldwide socio-economic impact of the Accor Group" – 2016.

2.6.1.2 A commitment supported by the Group's endowment fund: Accor Solidarity

Fighting economic and social exclusion

The corporate responsibility of the Group, its hotels, and its employees is expressed through the Accor Solidarity endowment fund. Accor Solidarity aims to fight against the economic and social exclusion of disadvantaged people through vocational activities, by supporting projects together with local organizations and NGOs. After more than 10 years of commitment and contact with the associations at the heart of the projects, the endowment fund has developed real expertise in these areas of action that it wants to reinforce and complement today.

The fund is continuing its commitment in favor of training and professional integration by financing numerous projects and may also increase its support for certain associations to duplicate programs that have proven their worth or finance large-scale initiatives. Also, over the coming years, the Accor Solidarity teams will look for the best ways to support access to sustainable employment for people that have completed training or integration. One way of doing this is to help associations that develop tools to facilitate contact between people that have completed training programs and recruiters. Accor Solidarity wants to act to improve the effectiveness of the job market access mechanisms designed for people that have completed their integration sessions.

For more than 10 years, Accor Solidarity has been increasing its upstream response to emergency situations and providing its assistance to local populations to help deal with the immediate and long-term consequences of natural disasters. Since 2018, the fund has extended its support to projects that respond to other types of humanitarian crises, especially in major cities. Whether they concern extreme poverty, isolation or the conditions for supporting the most disadvantaged populations, they still must deal with the same problems as humanitarian emergencies, which generate economic and social exclusion.

Governance

The fund is supported by decision-making and advisory bodies: a Board of Directors, a Selection Committee, an Advisory Committee and a permanent team.

The Accor Solidarity Board of Directors, which is chaired by Sébastien Bazin, Chairman and Chief Executive Officer of the Accor Group, meets two to three times a year. It approves the Accor Solidarity strategic guidelines, votes on projects whose budgets are greater than or equal to €20,000 and oversees their implementation. The Board of Directors is made up of nine members: six representatives of Accor and four qualified external members (detailed composition can be found at: solidarity-accorhotels.com).

The Advisory Committee is responsible for advising the Board of Directors on the fund's financial policy and the management of its cash position by measuring changes in financial risk, as well as any possible equity investment.

The Selection Committee votes on projects funded at less than €20,000 and oversees their operational implementation. It is composed of employees of the Group who are often operational contacts based in different countries (South Asia, Europe, Africa, etc.).

The permanent team works 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 Accor Solidarity and local employees. They are vital to the success of these projects, not only because of the expertise they bring, but also their knowledge of the area, background and local stakeholders.

Lastly, at the core of the mission of Accor Solidarity: the employees of the Group and its partners. The fund provides technical and financial assistance to the associations selected by employees to make their initiatives possible in the countries where Accor operates. All the projects are led by non-governmental organizations (NGOs) or by local not-for-profit associations for the benefit of our hotels' host communities. Finally, the employees provide genuine added value to programs by contributing their personal and professional skills (in cooking, service, housekeeping, marketing, consulting, etc.). They are regularly involved in training programs to present various hospitality industry careers, share their expertise with trainees, and they are generally on hand to assist. The programs may include hotel visits, careers conferences, presentations about the Group, and internships at hotels.

Donation collections

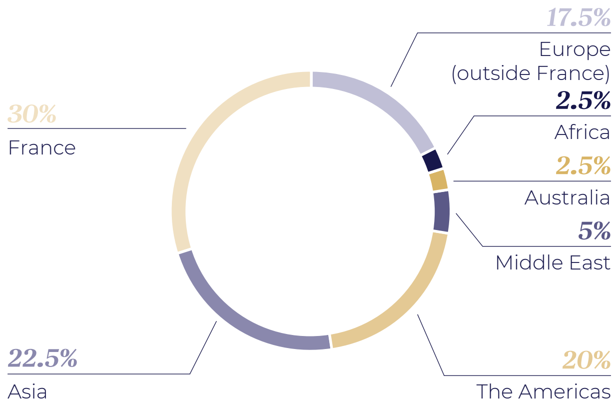
In 2019, the Group's annual donation was increased to €1 million. At the same time, increasing numbers of stakeholders have joined the fund in collecting donations. To mobilize employees and customers, Accor Solidarity has diversified and digitalized its collection methods. Without changing its focus areas or functioning, which have proved their effectiveness for more than 10 years, Accor Solidarity will use these additional resources in favor of even more beneficiaries through projects co-constructed with associations and NGOs.

Projects supported in 2019

Accor Solidarity, key figures 2019

- 40 projects supported in 22 countries.
- Over 780 employees involved.
- In favor of about 100,000 beneficiaries through actions carried out across the world by hotels during Solidarity Week 2019.
- €950,000 awarded to projects by the Fund.

Projects supported in 2019 by region *(in numbers)*



A few noteworthy projects supported in 2019 by Accor Solidarity:

IECD (Institut Européen de Coopération et de Développement), *Thailand, Myanmar & Vietnam*

The *Institut Européen de Coopération et de Développement* (IECD) is a French non-profit international solidarity association founded in 1988. Its mission is to provide resources to all persons so that they can train themselves to find their place in society. The IECD has been working in Southeast Asia since 2002, more precisely in the region of Mae Sot in Thailand since 2008, and it established itself in Myanmar in 2016 and in Vietnam in 2018.

Solidarity AccorHotels has supported training for hospitality/restaurant/baking industries careers since 2013, training more than 300 disadvantaged young people. In total, around ten Accor hotels, such as the Novotel Yangon Max, the Sofitel SO in Bangkok and the Novotel Phnom Penh, as well as the regional head office in Bangkok, are involved to run this project in these three countries. This flagship partnership in Southeast Asia between Solidarity AccorHotels and the IECD is intended to last and involve even more hotels for the success of these young people.

Des Étoiles et des Femmes, *France*

In 2015, the *Départ* association set up its first training program for jobs in upmarket restaurants in Marseille: *Des Étoiles et des Femmes*, intended for women from the priority districts of the city. The aim is to support classes of 12 women in obtaining the *CAP commis de cuisine* diploma by work/study training in the kitchens of the chefs that partner the program.

Solidarity AccorHotels has supported this initiative since it was created in 2015 in Marseille. Since 2017, the fund has supported the roll-out of the project in Montpellier, Bordeaux, Biarritz, Paris and the Hauts-de-Seine. In each of these cities, the chefs in the Group's restaurants commit to receiving a beneficiary for a year, to undergo work/study training in their teams, to share experience and practical advice. In total, some fifteen chefs within the Group and its partners are involved, and more than 150 women benefit from this program each year.

Fundación Forge, Argentina, Chile & Peru

Fundación Forge, founded in 2005, is an NGO that works on the professional integration of young people from disadvantaged environments. It offers professional training in four fields of activity where there is strong demand for staff: sales and customer relationships, logistics and distribution, hospitality/restaurants and administration. It works in Argentina, Uruguay, Mexico, Chile, and, since 2012, in Peru (14 training centers and 12,000 young people trained since 2005).

Solidarity AccorHotels has been working in partnership with *Forge* since 2013 in Peru and has since extended its partnership to Chile (since 2018) and more recently to Argentina in 2019. In 2019, 400 young people in difficulty benefited from training in hospitality/restaurant industry careers offered by *Forge* in these three countries. *Forge* is now one of the largest association partners of Accor in Latin America.

2.6.2 [SNFP] Protecting children from abuse

The sexual exploitation of children crosses geographic, social and cultural borders. According to Unicef, this problem affects around 2 million girls and boys under 18 worldwide. Because these practices can take place in Group establishments – located in over 100 countries – it is Accor's moral and legal duty, as the world's leading hotel operator, to commit to protecting children from abuse.

The risk of partners failing to comply with the Accor Group's ethics and CSR commitments is described on page 127 of the summary table of the risks identified in the statement of non-financial performance.

2.6.2.1 Policies and measures implemented – Planet 21 commitment: 100% of our hotels implement our program against children sexual exploitation

The Sexual Exploitation of Children in the Travel and Tourism Industry (SECTT) is, according to the NGO ECPAT[1], "the sexual exploitation of children by a person or persons who travel from their home district, home geographical region, or home country in order to have sexual contact with children".

(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 sexual exploitation. Its network comprises 80 organizations working in 75 countries.*

Since 2001, Accor, concerned to respect human rights, joined the fight against SECTT by signing a partnership with ECPAT (End Child Prostitution, Pornography and Trafficking of Children for Sexual Purposes), an international non-governmental organization composed of more than 100 organizations established in 95 countries. Accor therefore became the first hotel group to conclude a partnership of this kind with this international organization.

The Group stepped up its children protection commitment in 2002 by implementing the first training programs for Accor employees on SECTT, followed in 2012 by the creation of the WATCH – We Act Together for Children program (see below).

In 2019, the Group, notably recognized for its WATCH approach, along with Thailand, was still amongst the Top Members of The Code – "Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism" drawn up by ECPAT and the World Tourism Organization. The following entities were also members in 2019: Belgium, Canada, the United States, India, Mexico, the Netherlands, Romania, Russia, Vietnam, Novotel Sofia, hotel ibis Lagos Airport.

2.6.2.2 Measures implemented and results – "WATCH – We act together for children" – Accor's program to fight sexual exploitation of children in the tourism and travel sector

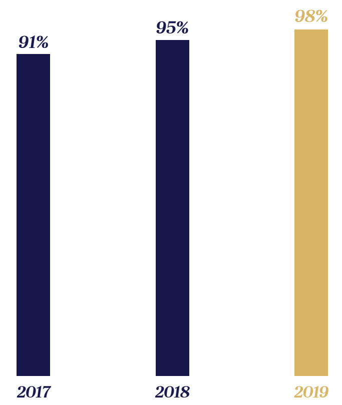
Created by Accor, the WATCH program helps country organizations and hotels put procedures in place to detect cases of SECTT and take the appropriate response. It is based on a set of training and educational resources geared toward hotels. It targets different groups including General Managers, team leaders and employees, and it incorporates films, a training module for hotel teams and guideline sheets, available in nine languages.

On November 20, 2019, to mark World Children's Day, Accor reiterated its campaign to raise awareness in hotels in order to remind of the Group's commitments and train new arrivals. On this occasion, Accor made itself the relay for the reporting platform put in place by ECPAT, enabling professionals to report at-risk situations in their establishments.

Hotel mobilization at the end of 2019

"Roll out the WATCH child protection program" is one of the 10 mandatory actions on the Planet 21 In Action roadmap. Hotels engage in this activity, notably by training teams to detect and respond to abuse or sexual exploitation of minors in the establishment.

Percentage of hotels committed to protecting children



The percentage of hotels committed to protecting children is on the rise. Since 2017, monitoring of this action has been made stricter with the requirement that hotels supplement employee training with a message shared with guests to inform them of this commitment. The improvement in results despite the introduction of tighter requirements is promising.

This reporting is based on a declaration of the hotels, which can lead to a certain level of uncertainty in spite of the controls carried out, in particular for the more complex commitments.

2.6.3 *Plant for the Planet, a program in support of agro-forestry*

2.6.3.1 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 they stay for more than one night in the hotel, in return for which Accor undertakes to finance tree planting with part[1] of the laundry savings generated (water, energy, detergent savings). In order to enhance the benefits and meaning offered by the program, Plant for the Planet became an agro-forestry program with the aim of speeding up the transition of agricultural practices to move towards agro-ecology; this ambition includes many innovations in terms of agricultural techniques, cooperation mechanisms and funding sources dedicated to tree planting.

(1) The calculation of the contribution was historically based on an estimate of the amount represented by half of the laundry savings. This complex method of calculation has moved towards a simpler and fairer formula, which retains a comparable participation amount but now considers the activity of the hotel (Revpar) and its size (available rooms).

Agro-forestry consists of planting trees in agricultural plots to improve preservation and productivity and diversify the income of farmers. The role of trees is widely recognized for their ability to encourage biodiversity, fix groundwater reserves and absorb some pollution.

Thus, the benefits from the projects supported under the Plant for the Planet program can be threefold:

- **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 is helping to shrink Accor's environmental footprint;
- **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.

Since 2016, Accor has worked to integrate the Plant for the Planet program into its value chain, by encouraging hotels to source supplies from producers that have implemented agro-ecological practices thanks to support from Plant for the Planet; guests find products in the hotel restaurants from farms in which they have subsidized tree planting through their civic gestures. Since 2019, visits to farms taking part in the program have been offered to guests who are members of the Accor loyalty club. The Accor Group also encourages suppliers that are already approved to commit themselves or commit their own producers to agro-forestry processes, which may eventually be supported by the Plant for the Planet program.

2.6.3.2 Innovation in support of the diversification of funding sources and promotion of the agro-forestry program

In order to support the ecological transition in France and to recognize the vital importance that trees have in a sustainable agricultural system, Accor founded the *Agriculteurs d'Avenir* competition, with partners such as Pur Projet and Fermes d'Avenir to help farmers move towards an agro-forestry production model. Since the launch in 2015, 177 farms were supported through the collection of €1.7 million from 650 hotels, which financed 200,000 trees in France. 45 new farms were supported in 2019 on French territory. Products from several competition winners will be offered to guests in hotels from 2020.

Another source of diversification of funding for the benefit of Plant for the Planet is the reduced-frequency housekeeping program, put in place in Germany, Austria and Switzerland. The plan is driven by the desire of guests, who can let hotel staff know that they wish to opt out of housekeeping for all or part of their stay. In return, guests can contribute to tree planting or earn ALL loyalty points or vouchers for consumption within the hotel. In 2019, this arrangement was chosen more than 100,000 times. Those that chose to donate the money they saved to Plant for the Planet enabled the planting of 46,550 additional trees. This program should be extended to Southern Europe in 2020.

The mobilization of the Group at the end of 2019

The number of trees financed in 2019 reached nearly 820,000. Plant for the Planet has helped fund almost 7.2 million trees since it was started in 2009. Currently, the project supports more than 420 plantation projects in 29 countries throughout the world.

2.7 Aiming for carbon neutrality for the hotel network under the Accor brand

The fight against climate change is a collective challenge and the construction industry has a huge influence on world greenhouse gas emissions; Accor therefore has a role to play. It is acting by reducing the carbon footprint of its buildings and operations (sustainable building certification, renovation of the hotels to improve energy performance, promotion of agro-forestry, fight against food waste, etc.). Faced with increased pressure on water resources, Accor has also mobilized to reduce its water impact, especially in regions experiencing significant water stress.

2.7.1 Accor Group's carbon footprint

For several years, Accor has been using the analysis of its carbon footprint to identify the major issues and document its policies and strategies as they are developed. Accor applies the methodological review by the GHG Protocol of the World Resource Institute and the Science-Based Targets initiative.

Scopes 1, 2 and 3 are included in this study with the following scopes:

As part of the ongoing work to define its carbon trajectory (see below), Accor has updated its carbon footprint. This new study includes the newly acquired entities (list) and takes into account the methodological recommendations of the World Resource Institute's GHG Protocol and the Science-Based Targets initiative.

Scopes 1, 2 and 3 are included in this study with the following scopes:

- scope 1 covers emissions from buildings owned or operated by the Group and vehicles owned by the Group (fuel consumption);

- scope 2 covers the indirect emissions from the production of energy purchased for its operations (electricity purchased, steam, heating and air conditioning);
- scope 3 covers the indirect emissions due to upstream and downstream activities required for the Group's direct activity:
  - upstream activities: purchase of goods and services, capital goods, indirect fuel and energy consumption, waste generated by activities, business travel,
  - downstream activities: franchises, property, plant and equipment.

Emissions due to guest transport have not been taken into account in the scope 3 calculation.

The latest complete analysis of Accor's carbon footprint was prepared for year 2017. The data on emissions for 2019 will be prepared during 2020 and will guide the establishment of a reference base for emission reduction objectives in the future.

Results

2017 carbon footprint

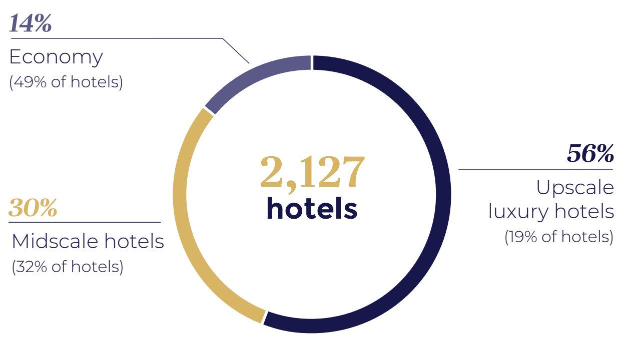
Direct emissions (scope 1)	434,890 teqCO_2
Indirect emissions (scope 2 market-based)	2,050,298 teqCO_2
Total Scope 1 + 2	2,485,188 teqCO_2
Other indirect emissions (scope 3)	3,826,676 teqCO_2
Total Scope 1+2+3	6,311,864 teqCO_2
Emission intensity (scope 1)	1.12 teqCO_2 per room and per year
Emission intensity (scope 2)	5.28 teqCO_2 per room and per year

These results, aggregated to the Group scope, hide very different realities between hotel ranges and countries, notably due to the variation in national energy mixes.

Breakdown of emissions by scope – Accor Group

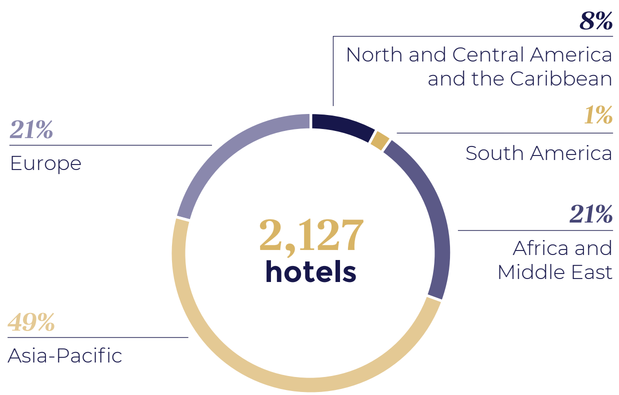
The significant weight of electricity (79% of scope 1 and 2 emissions) is due to two factors: consumption in hotels and the weight of carbon emission factors that depends on countries' energy mix. In the hotels, electricity is used for ventilation, air conditioning, some heating, lighting and supplies for all equipment, which is the main source of consumption. This substantial portion of consumption is then accentuated by emissions factors that vary greatly from one country to another, depending on each country's energy mix. For 33% of the hotels, the emissions factor used is that of the country; for 65% of hotels, the residual mix was used; for 2% the emissions factor specific to the supplier was used.

Breakdown of greenhouse gas emissions by hotel category (scope 1 and 2)

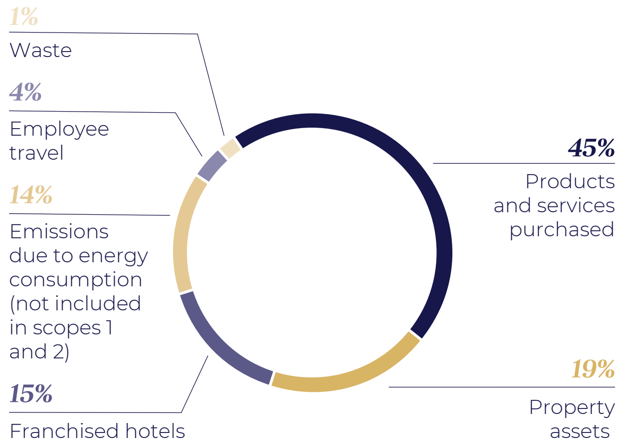


The acquisition of different Luxury hotel chains over the last few years has accentuated the share of the carbon footprint from this hotel category. The important size of these hotels and the presence of numerous high-range services (swimming pool, spa, meeting rooms, restaurants, gardens) are additional energy consumption items compared to economy or mid-range hotels.

Breakdown of greenhouse gas emissions by continent (scope 1 and 2)



Scope 3 emissions



The location of carbon emissions reflects several realities in the Group's economic environment: specifically Asia, the Middle East and North America, which are characterized by the strong development of the luxury sector and a significant share of leisure-focused hotels, and lastly, an energy mix with a high carbon emission factor.

On the contrary, France, with its wide scope of economic and mid-range hotels, and its mainly decarbonized electrical energy (strong share of nuclear energy) represents a low percentage of the Group's carbon emissions (2%).

Purchases of products and services represent the most significant share of scope 3. These correspond to all purchases of materials required for the hotel activity, as well as food and drink purchases in the hotels.

Scope 3 emissions due to direct and indirect emissions (electricity purchased, steam, heating, air conditioning, etc.) for franchised hotels represent the second-largest item in scope 3 carbon emissions. Emissions due to energy consumption are the emissions related to energy production and distribution (extraction and transport for fossil fuels, losses from cables for electricity)).

2.7.2 [SNFP] – Risks related to greenhouse gas emissions

Risks	Description	Consequences	Time frame	Financial impact
Epidemic, pandemic	Development of new illnesses (adaptation and mutations) and increase in speed and extent of contagions.	Declining attractiveness of certain destinations travel ban.	Short term	Strong
Change in laws and regulations	Change in requirements at the national and international level (increase in carbon taxes, enhanced energy constraints on buildings, etc.).	Increase in transportation costs and lowering of occupancy rate. Slowdown in new hotel openings, investment in hotel renovation, affecting management and distribution income.	Short term	Medium
Changes in consumer preferences and behavior	Change in individual behaviors and expectations in terms of products and services.	Guests prefer hotels and brands that correspond to their expectations, affecting the occupancy rate and the average prices for rooms.	Short term	Low
Extreme weather events, natural disasters	Increase in the frequency and/or intensity of droughts, floods, hurricanes, etc.	Declining attractiveness of certain destinations. Increase in insurance premiums for hotel owners.	Short term	Low
Water stress, scarcity of drinking water resources	Reduction in water supply, shortages, owing either to decisions by local authorities or to desertification with consequences sometimes even leading to population migrations.	Occasional or definitive hotel closings. Declining attractiveness of a destination.	Medium term	Low
Rising water levels, ocean warming and acidification	Coastal erosion, reduction of tourist areas (coral reefs, etc.) and habitable areas, with consequences sometimes even including population migrations.	Occasional or definitive hotel closings. Declining attractiveness of a destination.	Medium term	Low
Stricter carbon criteria for access to the financial market	Investors and shareholders tighten their carbon criteria.	In the event of poor environmental performance by Accor, growing difficulty obtaining financing or even a decline in the share price.	Medium term	Low

Horizon Time frame: Time frame for the appearance of the initial significant effects on Accor's business.

- Short-term: under 5 years;
- Medium-term: [5-10] years;
- Long-term: over 15 years.

2.7.3 [SNFP] – Policies and measures implemented – Accor Group's climate strategy

In December 2019, Accor made a commitment by signing the "letter for a call to action" from the Science-Based Targets initiative (SBTi). In signing this letter, Accor agrees to define a carbon reduction objective based on scientific data. This objective will have to correspond to the collective ambition of the Paris Agreement. It will be verified according to the criteria developed by the SBTi. It concerns the Group's owned, leased and managed hotels.

In preparation for this commitment, Accor defined its carbon trajectory during 2018 and 2019 and an action plan to achieve it. It is based on four pillars:

- establishing **a low-carbon culture** in all the Group's activities through the development of thorough systematic tools for measuring the carbon footprint, recurring training and awareness-raising sessions for all teams regardless of business line, location and brand, and through the commitment of hotel owner partners, suppliers and guests on the path to achieving Group carbon neutrality;
- introducing **energy efficiency as a design standard:** 60% of the Accor Group's total emissions come from the energy consumed in the hotels. The Group, in partnership with energy experts and with a financial and environmental focus, is developing design and equipment standards for energy performance, and is considering incorporating low-carbon technologies for any new hotel or hotel renovation project;
- systematizing **renewable energy supplies:** indispensable for achieving an ambitious carbon trajectory. Partnerships are established with suppliers to implement the best energy supply solution based on the configuration of each site;
- beyond actions for gradually reducing greenhouse gas emissions, which is the Group's priority, Accor hopes to **analyze the offsetting of its impact on the climate** by investing in certified tree planting projects, combating deforestation, and developing renewable energies.

Accor set and achieved its energy consumption objectives for the period 2015-2018. On that basis, the hotel network (owned, leased and managed hotels) recorded a -6.4% improvement in its energy efficiency and reduced its greenhouse gas emissions by 12.9% during the period 2015-2019.

The Accor Group's "asset light" model has deeply influenced the means of action available to the Group for its carbon trajectory. It is up to Accor to define this collective trajectory, in line with the Paris Agreement; to act on the levers at its disposal – brand standards in particular – to ensure that its processes are consistent with decarbonization objectives; and lastly, to propose operational solutions to hotel owners to reduce the carbon footprint of their buildings. However, investment decisions (on equipment, insulation, green energy production, etc.) ultimately lie solely with the hotel owners.

Given that fact, Accor defines technical standards, which include environmental specifications, and energy specifications, particularly for current operations and for construction or renovation phases. In 2017, the technical standards for the luxury brands were updated in order to strive for at least the Gold level of Planet 21 In Action for each construction or renovation. Along with the criteria related to Planet 21 In Action, Accor's Technical Standards incorporate the criteria used for the current labels in the various regions (BREEAM, LEED, HQE, DGNB, GREENMARK, IGBC, etc.).

2.7.4 [SNFP] – Measures implemented and results – Reducing energy consumption by room and water consumption per overnight stay (owned, leased and managed hotels)

The buildings are the Group's first biggest source of energy consumption and greenhouse gas emissions and they also contribute to its water use. Accor has a duty to control the consumption of its entire network of hotels operated under its brands.

With its first five-year plan (2006-2010), Accor 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.

In 2015, Accor once again committed to reducing its water and energy consumption by 5% at end-2018. In 2018, after that three-year period, Accor achieved this dual objective with water consumption per guest reduced by 6.1% and energy consumption per available room by 5.6%.

In 2019, pending the launch of long-term objectives with the new program, targets for the year of 2% for water and 2.8% for energy were set.

Water and energy targets by geographical area

	Water Targets	Energy Targets
North and Central America and the Caribbean	-4.3%	-4.5%
South America H1	-2.0%	-2.0%
Aspac H1	-1.9%	-3.5%
Europe H1	-1.7%	-1.6%
MEA H1	-0.9%	-2.0%
GROUP	**-2.0%**	**-2.8%**

Monitoring water and energy performance

Monitoring hotel performance is based on:

- monthly monitoring – even daily for some hotels – of energy consumption using the Gaia tool;
- a good knowledge of the hotels (number of rooms, number of restaurant-bar sales outlets, technical equipment, etc.) and of their consumption (monitored since 2005);
- a thorough analysis of the ratios, accounting for the effects of weather and the occupancy rate for comparability with the different years;
- benchmarks per brand, family of hotels and region.

Scope of reporting

With the aim of providing the most accurate and complete figures possible, Accor strives every year to present the water and energy consumption data of as many hotels as it can.

*Scope of reporting**

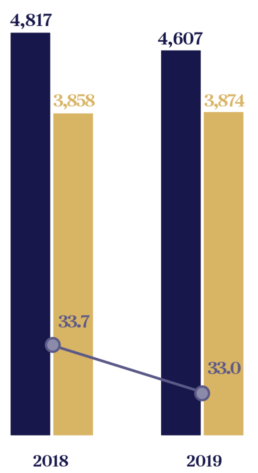
	2018	2019
Number of hotels in the baseline Group	2,125	2,053
Number of hotels validated	1,785	1,531
Validation rate	84%	75%
Number of hotels at a comparable scope to 2019	1,415	

* *The definitions of scopes of reporting are listed in the methodological appendix on page 189.*

In 2019, the number of hotels included in the reporting scope fell slightly to 2,053 hotels, although including new brands in the Group reporting scope continues to rise. There are constant changes in the list of hotels, and this continued in 2019 with the incorporation of a growing number of upscale luxury hotels. The scope of comparable hotels between 2018 and 2019 (hotels with two complete validated years) stood at 1,415.

Energy and carbon performance of the hotels: 2019 results

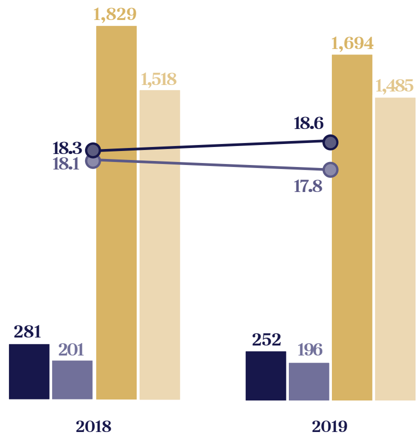
Total energy use



Energy consumption in GWh
- Total energy use
- Total energy use at comparable scope

In kWh/available room/day
- Average energy ratio at a comparable scope

Monitoring of greenhouse gas emissions



Greenhouse gas emissions in kteq CO_2
- Scope 1—Direct GHG emissions
- Scope 1—Direct GHG emissions (at comparable scope)
- Scope 2—Indirect GHG emissions
- Scope 2—Indirect GHG emissions (at comparable scope)

In kg eq CO2/available room/day
- Average ratio of direct and indirect GHG emissions per available room
- Average ratio of direct and indirect GHG emissions per available room (at a comparable scope)

Of the 1,415 hotels for which comparable data were validated in 2019, energy efficiency improved by 2.14% compared to 2018. This result combines diverse realities in the regions where the Group is located:

- the energy ratio of the Asia-Pacific region fell significantly by 3.9%. At 47.4 KWh/available room/day this ratio also represents potential for future improvement;
- Europe, where hotels are mostly economy and mid-range has long been deploying energy efficiency initiatives. In 2019, the zone recorded a 2.5% improvement in energy intensity;
- in the Africa – Middle East region, the number of hotels continued to grow to the benefit of luxury lines. These hotels have substantial needs for cooling. During the past 12 months, energy intensity increased by 3.3%, representing both a challenge and an opportunity for the region.

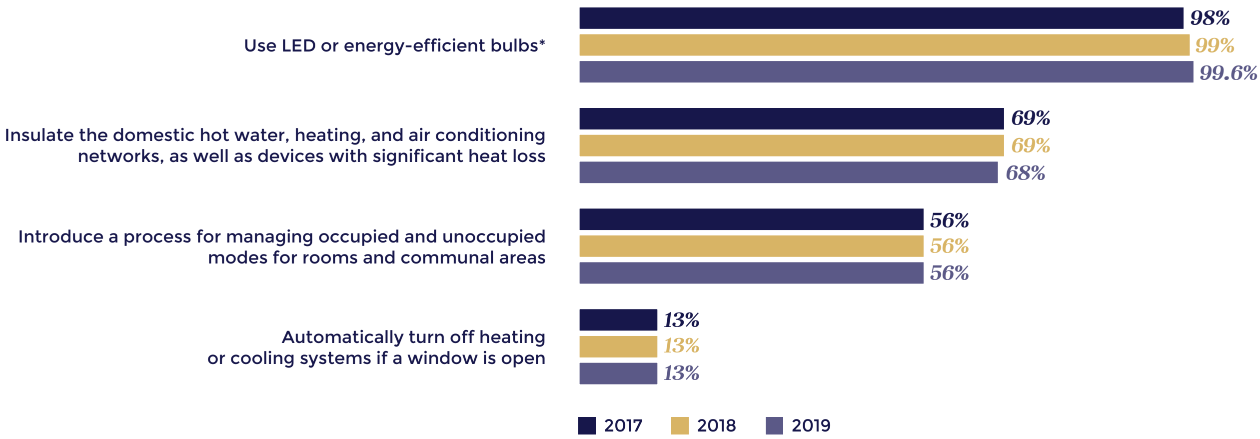
In terms of geographic breakdown, the 423 hotels in the Asia-Pacific zone consumed 39% of the network's energy (1,796 GWh). The results of this zone where tourism is focused on recreational and luxury hotels and where the climate leads to the use of air conditioning should be put in perspective with those of Europe (863 hotels, 1,301 GWh, 28% of consumption) that are more energy efficient.

Greenhouse gas (GHG) emission performance is measured in kilograms of CO_2 equivalent (kg eq CO_2) per available room. In 2019, over the reporting scope of 1,531 validated hotels, GHG emissions reached 1,946 kteq of CO_2 broken down into 87% in scope 2 (indirect emissions related to electricity and to urban networks) and 13% in scope 1 (direct emissions related to fuel).

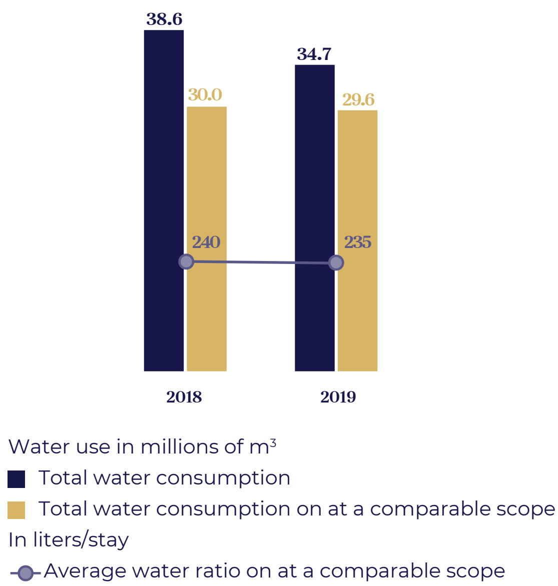
The Group has made progress in energy consumption scores at comparable scope: the ratio decreased from 18.1 kg eq CO_2/available room to 17.8 kg eq CO_2/available room. The data mainly increased (around 90% of the change) following the updating of the countries' emission factors; this expressed the energy transition that the world is gradually experiencing. In China, the UAE, India, Indonesia and Poland, some hotels are partly supplied with green electricity.

To reduce carbon emissions, a major priority is granted to entering renewable energy supply contracts through electricity purchasing agreements, green rates or equivalent energy products. The number of hotels with on-site renewable energy production also continues to grow every year. These measures, combined with the ongoing search for improving energy efficiency, will be essential if Accor is to reach its climate objectives.

Hotel mobilization at the end of 2019

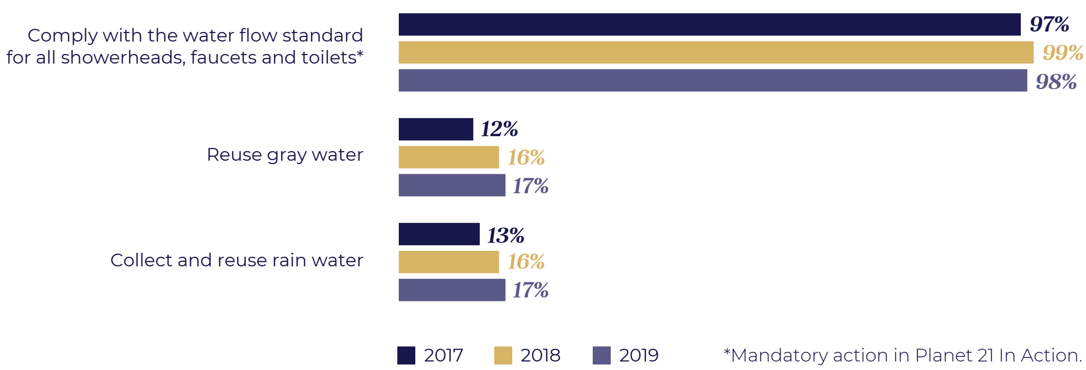


Water performance of hotels and financial impacts: 2018 results and target achievement report



The change in the number of hotels incorporated into the reporting contributes to the reduction in total water consumption reported. Accor tracks its hotels' intrinsic performance by measuring water consumption in liters per guest (liters per room night). On a like-for-like basis, the Group recorded a decrease in the water ratio from 240 to 235 liters per guest (2.4%). Asia and the Middle East continued their marked improvement initiated in previous years, posting reductions of 5.0% and 4.1% respectively. Europe again made marginal gains of 0.1%. Lastly, the South American ratio increased sharply by 9.0%, reflecting the change in the composition of hotel stock. The action plan designed in 2018 continues to be implemented.

Hotel mobilization at the end of 2019



*Mandatory action in Planet 21 In Action.

2.7.5 Take advantage of the hidden value of waste

The Group's activity produces more than a million tons of waste per year, 70%[1] of which comes from building construction and refurbishment.

The waste generated in the Group's hotels comes from two major categories:

- waste from hotel operations: packaging, consumables such as light bulbs, complimentary products, food, etc. (for which the priority is to reduce volumes at the source and limit scraps when operations are carried out at the hotels), and guest waste with a challenge of increasing the proportion of sorted and recycled waste;
- refurbishing and construction waste, where recycling is increasingly used by the Group.

2.7.5.1 Planet 21 commitment: 65% of waste from hotel operations is recovered

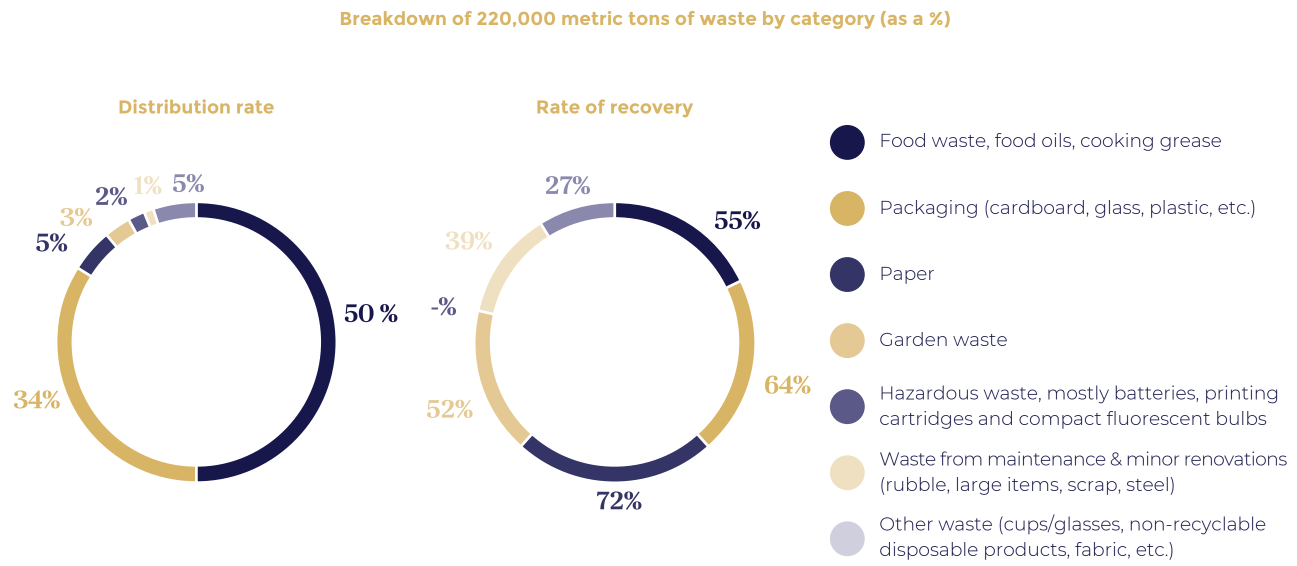
Analysis of Accor's waste

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). Operating waste accounts for around 220,000 metric tons/year for around 4,500 Group hotels. This is an average of around 50 metric tons per hotel per year, reflecting a range of realities for the different hotel categories: "budget category" (around 25 metric tons/hotel/year), "economy category" (around 30 metric tons/hotel/year), "midrange category" (around 60 metric tons/hotel/year) and "luxury, top-end category" (90 metric tons/hotel/year).

These figures are based on information collected from hotels that recorded all the required data in the Accor waste management tool (600 hotels in 57 countries), and data from waste management providers (United Kingdom and Australia, covering 95 hotels).

The analysis of the detailed data from the Accor waste management tool offers insight on the breakdown of waste produced by category and the average rate of recovery:

Breakdown of 220,000 metric tons of waste by category *(as a %)*



The biggest source of waste is catering. More than 50% of waste is food waste and cooking 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). It is good to note that hotels produce small amounts of hazardous waste.

(1) *Figure comes from the environmental footprint done in 2011; not updated in the second study.*

Accor's waste policy

To attain its objective of recovering 65% of waste by 2020, in 2016, Accor defined its waste policy, in a document intended for hotels to recall the challenges and set three priorities:

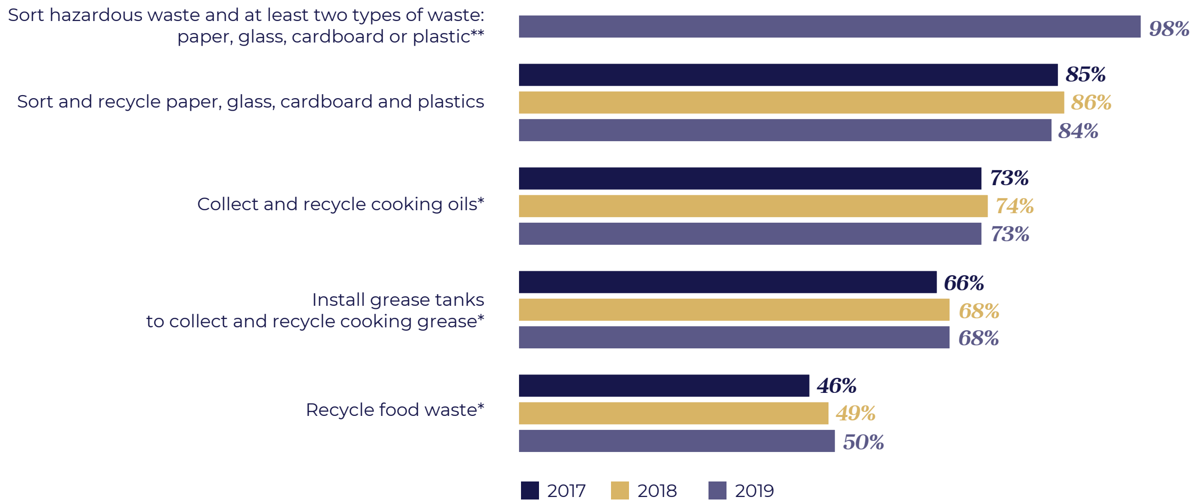
- priority 1: have 100% of hazardous waste treated in appropriate facilities;
- priority 2: reduce the quantity and volume of the largest waste categories: food waste, packaging waste, paper waste;
- priority 3: sort and recover the main waste generated by Group activities: materials recovery, reuse, recycling (excluding incineration, including with energy recovery).

Actions implemented by Accor to reduce waste

In 2019, Accor continued to disseminate and support its "waste management tool" with branches in the countries. It was incorporated into the Gaia management tool to increase its functions even more and facilitate dissemination to the largest number of hotels. Accor has a powerful tool that allows hotels to manage their waste and make progress in their recovery: complete mapping of waste produced in the hotel, reconstruction of sorting and recovery lines, cooperation with providers responsible for collection and processing, tracking of waste data (or, in case the data are not available at the hotel level, recommendation of data that are extrapolated by default from the Accor database), restatement in dashboards that make it possible to track the hotel's environmental and economic performance. At the end of 2019, 609 hotels were using this tool and providing detailed data.

Hotel mobilization at the end of 2019

At the end of 2019, Accor reached a total waste recovery rate of 56%. The program and waste management tools continue to be applied in the hotels, at a pace below the roadmap set, however. Feedback remains insufficient. To solve the problem, the Group is working on a new version of its data-tracking tool, which will be available during 2020. At the same time, Accor continues to seek solutions to reduce the amount of waste, to improve recycling rates and encourage a circular economy policy.



This data is reported by the hotels. This can lead to a certain level of uncertainty despite the controls carried out, for the most complex commitments, in particular for the most complex commitments (eco-labeled cleaning products, eco-friendly hospitality products).
**Hotels with restaurant.*
***Mandatory action in Planet 21 In Action, resulting from the merger in 2019 of two former mandatory actions. This merger involves the lack of data for the years 2017 and 2018.*

2.7.5.2 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.). Accor's waste management policy is as follows:

- compliance with regulatory requirements (concerning for instance 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 circular economy both upstream (choice of products made from recycled material) and downstream (such as recycling of uniforms);
- 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 [SNFP] – Eliminating food waste and promoting healthy and sustainable food

Offering guests healthy and sustainable food, while eliminating food waste. The Accor motto is simple: "Feeding our own guests responsibly, as we feed our own children". To this end, the Group seeks to offer healthy food to combat public health problems caused by poor-quality food; to support the change in the agricultural model to achieve higher-quality food production that is closer to the places of consumption, more environmentally friendly and responsible; and to drastically reduce food waste.

2.8.1 Reduce food waste

For Accor, this challenge has ethical, environmental and economic dimensions.

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.[1]

Ecological: water consumption, use of chemical fertilizer and pesticides, etc. Agricultural production weighs heavily on the environment and on the Group's environmental footprint, further emphasizing the importance of avoiding waste as much as possible.

Economic: in the hotel and restaurant industries, an estimated 25% of food purchases are thrown away. If hotels reduce this waste, they also reduce their expenses.

The risk of partners that fail to comply with the Accor Group's ethical and CSR commitments is described on page 127 of the summary table of the risks identified in the statement of non-financial performance.

2.8.1.1 Planet 21 commitment: – 30% less food waste

Each year, over 30% of food waste produced worldwide is thrown out without being consumed. In the restaurants, this waste is estimated at 25% of food, so reducing it is an economic issue as well as an environmental and ethical one. Accor has defined a simple four-step strategy to achieve its target of reducing food waste by 30% by 2020:

1. measure food waste;
2. reduce food waste in the kitchen;
3. interact with guests to reduce food waste;
4. resell unconsumed food at low prices or donate it.

The actions implemented and tools used as part of this strategy are described in detail below.

In April 2019, Accor launched the mini-site "Love Food, Not Waste", allowing hotels, by answering seven questions, to obtain a personalized toolkit including all the solutions and recommendations for acting at each step: weighing and measuring/reducing/reselling and donating. With this mini-site, available in the Gaia tool used by a large majority of the hotels, Accor hopes to further mobilize the hotels in combating food waste. Thus, 51% of the hotels are deploying a program to combat food waste, and 37% give away or resell unconsumed food products.

To measure and reduce food waste, the hotels have several tools available:

- A **food waste reduction module** "Food Waste Management" developed in-house by Accor. This is a simple tool that weighs items without precisely categorizing the discarded products. It is used to measure the cost which that represents.
- **External waste reduction solutions** are offered to the hotels, such as smart scales proposed by ingredient or recipe (bread, dairy products, fish, meat, etc.). Thanks to these smart scales, all products not consumed are weighed by category (expired items, buffet leftovers, cooking errors, peelings, returned plates), then more precisely by ingredient or recipe (bread, dairy products, fish, meat, etc.). This solution allows the hotels to measure in detail the weight of the waste as well as the financial value and the impact on revenue. These data enable the teams to establish an action plan to reduce the foodstuffs that are thrown out the most. In 2019, Winnow launched the "Winnow Vision" solution, equipped with an artificial intelligence module that, through systematic training, is capable of automatically recognizing the products that are thrown out. This solution is proposed to the largest hotels under the Accor banner, and makes it even easier to identify waste. At end-2019, three hotels opted for this innovative solution, and other hotels are planning to install it in 2020.

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

Love food, not waste, the leading theme of 2019 Planet 21 Day

Every year the hotels involved in the contest that is part of the Planet 21 Day celebration (April 21) in the Group, were invited to post their initiatives promoting the reduction of food waste. The program involving the hotels was called "Love Food, Not Waste".

The more than 500 initiatives posted by hotels in 52 countries were put to the vote on the "Green Stars" platform internally and externally. In all, 700,000 votes were recorded.

Resell or donate unused food. Initiatives are under way to ensure that unused foodstuffs can be donated to food banks, or associations, or sold at affordable prices to local people. Thus, the Too Good To Go start-up, which puts citizens in touch with restaurants or merchants offering their unconsumed products cheaply, was introduced in 11 European countries. At end-2019, more than 650 Accor hotels had the use of this application, which identifies more than 18 million users, and the number of not wasted meals in Accor restaurants was 380,000 since the application was launched in 2016, of which 264,000 in 2019. It is estimated that until now this partnership has avoided the equivalent of 1,000 metric tons of CO_2 emissions.

To monitor the commitment to reducing food waste by 30%, an indicator that is applicable to and comparable across all the hotels has been defined: the cost of food waste related to the restaurant business. More precisely, during weighing campaigns lasting several days, each discarded food product is weighed and assessed (based on the average purchase cost). The total waste value will be calculated relatively to the restaurant revenue, in order to account for variations in business. The 30% reduction in food waste by 2020 is based on this ratio.

Hotel mobilization at the end of 2019

At end-2019, 1,870 hotels under the Accor banner implemented the "Introducing a program to combat food waste" project. 485 hotels with data allowing a precise management of food waste reduction were able to reduce food waste by 21% in 2019; 28% of those hotels reached the target of -30%. 57 hotels had the Winnow smart scale and reduced food waste by 64% in 2019.

The Love Food, Not Waste campaign launched on the occasion of the 2019 Planet 21 Day rewarded three initiatives that are emblematic of the involvement of the Group as a whole:

- the Sofitel Cairo Nile El Gezirah was rewarded for its "special Planet 21 menu" containing recipes breathing new life into bread, but also for its cooking classes offered to hotel guests and the introduction of a "Clear Your Plate" campaign;
- the Sofitel Legend Old Cataract Aswan signed partnership agreements with local NGOs aimed at organizing weekly food donations and raising awareness of the need to reduce food waste;
- the Sofitel Luxor Winter Palace donates the leftovers from its buffet to different orphanages.

Another notable good practice: in North America, restaurant chefs have compiled a collection of "zero waste" recipes.

2.8.2 Offer food that is healthy and sustainable for the planet

As a restaurateur, the Group has responsibilities that motivate it to shift from intensive production that consumes a lot of chemical products that are toxic for the environment and sometimes for farmers, to higher-quality production that is more respectful of people and the environment, while meeting the demands of consumers seeking authenticity, premium products that are healthier, fresher, organically farmed or produced by agroecology, accessible through short supply chains, etc.

This goal to actively take part in the agroecological transition took shape in 2018 with membership in the *Pour une Agriculture Du Vivant en France* (For an agriculture of living things in France) movement.

2.8.2.1 Planet 21 commitment: 100% of our restaurants follow our Healthy and Sustainable Food Charter

In the Healthy and Sustainable Food Charter, Accor set out the Group's ambitions and commitments, which focus on three priorities: combating food waste, protecting the health of our guests and sourcing sustainable products.

This Charter was conceived in a collaborative spirit, bringing together different teams in the Group and incorporating a critical review of the project by an outside firm. It was also designed to change regularly in order to account for the Group's commitments and the stakeholders' expectations. This Charter provides a framework for the restaurants under the Accor brand. It includes the nine commitments listed below. It is available at: http://www.accor.group/en/commitment/planet-21/food.

In 2019, the Charter was rewritten to be simpler and easier to read and apply for better use by the teams. This review was carried out without changing the level of the ambition of the Charter and with the same commitment themes.

Hotel involvement in 2019

The implementation of the Healthy and Sustainable Food Charter is strongly supported by the Group's hotels'. Various initiatives have been put in place depending on the country.

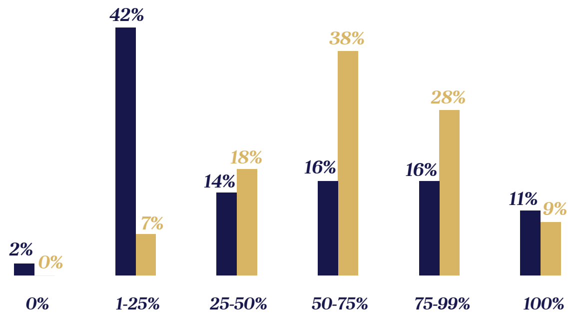
The table below presents the commitments' results of the Healthy and Sustainable Food Charter. It shows the information about the hotels that provided their data and had access to the tracking of the Charter's actions (this excludes the hotels in Germany and FRHI, which do not yet use GAIA).

Deployment of the 9 commitments for healthy sustainable food by end-2020	Actions	Number of applicable hotels[1]	% of hotels having applied the action
1. Reduce food waste by an average of 30%	Deploy a program for fighting against food waste	3,712	50%
	Donate or resell unconsumed food	3,712	37%
2. Favor local and seasonal supplies	Offer at least 10 regional products with ¾ of the offering consisting of in-season fruits or vegetables.	3,712	58%
3. Expand the offering of organic products and support agroecology	Offer two major organic or certified agroecological products	3,712	60%
4. Favor sectors incorporating animal well-being criteria	Offer eggs (in shell and liquid forms) that come from free-range or cage-free hens	3,712	42%
5. Ban endangered species of fish and promote responsible fishing	Ban endangered species of fish	3,712	99.6%
	Offer wild fish or fish raised with responsible practices	3,712	33%
6. Eliminate throwaway plastic	Eliminate plastic straws, stirrers, and plastic cotton swabs	3,712	99%
	Offer an alternative to plastic water bottles	3,322	61%
	Offer an alternative to plastic when available	3,712	38%
7. Eliminate controversial additives and limit fat and sugar	Eliminate controversial additives in five products and limit fat and sugar	3,712	46%
	Eliminate palm oil or use sustainable palm oil	3,712	31%
8. Offer responsible coffee or tea	Offer responsible coffee or tea at breakfast	3,712	52%
9. Meet different food needs	Meet different food needs (vegetarian, etc.)	2,947	78%

(1) This reporting is based on declarations of the hotels, which can lead to a certain level of uncertainty in spite of the controls carried out, in particular for the more complex commitments (environmentally-labeled cleaning products, environmentally responsible complimentary products).

Progress of the deployment of the Healthy and Sustainable Food Charter[1]

(% of hotels that have fulfilled the commitments)



A total of 9% of hotels fulfilled all the commitments, but the trend is positive, with 75% of hotels fulfilling at least 50% of the commitments as at end-2019.

2.8.2.2 Favor animal well-being

In its Healthy and Sustainable Food Charter, Accor committed to favoring sectors incorporating animal well-being criteria. Its commitment was finalized for hens in 2016 and for chickens in 2019.

Identify the sustainable subsidiaries for eggs from cage-free hens

Accor's procurement teams are working to provide its restaurants only with eggs from free range or cage-free hens (in-shell and liquid); they are also working with suppliers so that they can gradually adopt animal welfare practices. This commitment should be reached in the year 2020 in areas where the supply chains are developed (in-shell eggs in Europe, for example) and by 2025 on the markets where the supply chains are still in development.

To accomplish this, in 2016, Accor partnered with the Humane Society International (HSI), a global animal protection organization that helps it find and develop production sources of cage-free eggs, especially in regions where these sources are limited or hard to identify. The HSI teams and Accor teams in Asia and Latin America engage in dialogue with the goal of identifying suppliers, informing them about the Group's ambition to improve its provisioning and consequently help create sources. In France, Australia and Poland, Group hotels were already getting part of their egg supply from cage-free hens before the Group made its commitments.

Improve the welfare of broilers from the supply chain

In July 2019, Accor announced its commitment to establish animal welfare standards for 100% of the broilers in its European supply chain by 2026 by adopting the European chicken commitment. This commitment, which is made by several associations covers the most urgent concerns in terms of raising broilers and the means to improve practices.

By the year 2026, the Group aims to meet the following requirements for 100% of its chicken meat for Europe:

- respect for stricter standards concerning chicken-raising conditions: lower stocking density, better lighting, better air quality, perch space;
- use of breeds allowing the use of stunning and processing methods more respectful of the welfare of chickens;
- strengthening existing partnerships by attempting to convince more farms to commit to animal welfare.

Hotel mobilization at the end of 2019

At end-2019, 42% of hotels got supplies of eggs laid by free-range hens raised outdoors.

2.8.3 *Developing 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, Accor wants to play a pioneering role and support this system-wide transition.

2.8.3.1 Planet 21 commitment: 1,000 urban vegetable gardens in our hotels

These vegetable gardens must meet certain criteria, among other things, a minimum area of cultivation, the production of plants intended for food consumption, regular maintenance, environment-friendly cultivation practices, etc. Every vegetable garden is suited to the context of the hotel and its space constraints. 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.

An Intranet site helps the hotels to create their vegetable gardens, taking into account different criteria.

(1) *This reporting is based on declarations of the hotels, which can lead to a certain level of uncertainty in spite of the controls carried out, in particular for the more complex commitments (environmentally-labeled cleaning products, environmentally responsible complimentary products).*

Thanks to large-scale mobilization by hotels, the Group's objective was reached in 2018 with more than 1,056 gardens[1]. At end-2019, the Group had 1,227 of them. The gardens are most often put in place and maintained by hotel teams, and they are the subject of emulation in all regions of the world.

2.8.3.2 Accor and the preservation of biodiversity

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

In hotels (which contribute approximately 10% to the Group's biodiversity footprint):

- 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 ecofriendly landscape maintenance products or ban chemical treatments" action, in which 58% of the hotels participated as of the end of 2019;
- control of waste is a lever to reduce the Group's impact on biodiversity, and one of the 10 mandatory actions of Planet 21 In Action.

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

- the commitment to promote healthy and sustainable food in its restaurants (see page 183), for example by increasing the use of products from organic or rational farming, or by not offering endangered species of fish on the menu;
- Plant for the Planet program (see page 171);
- the commitment to favor environmentally responsible products such as products using certified wood (see page 160).

In communities with the CCFA fund, for the protection of African fauna and wild nature, pillar of the tourism economy for some communities on that continent (see below).

Accor And Mantis, partners of the Community Conservation Fund Africa

Mantis is a brand of the Accor Group whose hotel offer is entirely devoted to the preservation of wild spaces in Africa, to the protection of the environment and positive interaction with local communities. At the time of their merger in 2018, Accor and Mantis created the Community Conservation Fund Africa (CCFA), a fund aimed at amplifying the commitment by the two groups to combat the decline of African wildlife. CCFA is backed by three leading NGOs in this area: Wilderness Foundation, Tusk Trust and African Parks to mobilize the communities directly concerned by the development of tourism in their regions, while respecting wildlife and biodiversity.

2.9 Measuring and assessing performance

2.9.1 CSR indices and standards

Accor is present in different stock indexes recognized worldwide:

- Euronext Vigeo index: World 120, Europe 120, Eurozone 120, France 20;
- FTSE4Good index series;
- Ethibel Sustainability Index (ESI) Excellence Europe & Excellence Global;
- Standard Ethics French Index;
- MSCI ACWI ESG Leaders Index, MSCI ACWI ESG UNIVERSAL Index;
- STOXX: EURO STOXX & STOXX 600 Low Carbon, EURO STOXX & STOXX Global Reported Low Carbon, EURO STOXX & STOXX Europe Sustainability, STOXX Europe & STOXX Global Climate Impact Ex Global Compact, STOXX Global 1800 Low Carbon, STOXX Global Reported Low Carbon, STOXX Global ESG Environmental Leaders, STOXX Global ESG Governance Leaders, STOXX Global ESG Impact, STOXX Global ESG Leaders + STOXX Global Climate Awareness Ex Global Compact; STOXX Global ESG Social Leaders.

Accor is also noted by extrafinancial organizations:

- CDP Carbon rating: A-. Accor has been participating in CDP Carbon since 2006;
- ISS ESG Prime rating;
- Ecovadis rating: "2019 gold level";
- Sustainalytics rating: "Overall ESG Score 2019: 76, Leader Performance" (highest level).

And this year for the first time, RobecoSam published the percentile ranks of all the businesses evaluated for The Sustainability Yearbook 2019. Accor was evaluated and was included in its "sustainable" category.

(1) This reporting is based on a declarations of the hotels, which can lead to a certain level of uncertainty in spite of the controls carried out, in particular for the more complex commitments (environmentally-labelled cleaning products, environmentally responsible complementary products, Plant for the Planet program).

Accor uses responsible innovative financing for the acquisition of its head office in France

The majority of Accor's acquisition of its headquarters in Issy-les-Moulineaux (France) was financed by a "green" mortgage loan of €300 million. The Sequana tower benefits from a high level of HQE certification. The "green loan" was established in compliance with "Green Loan Principles" (GLP) and was subjected to an external verification by Sustainalytics.

Published in March 2018 by the Loan Market Association (LMA), these guidelines make note of the emergence of a green trend on the banking credit market and set the rules applicable to green loans to preserve the market's integrity.

In addition, the Accor Group achieved a world first in its sector by signing an agreement with a 15-bank consortium in July 2018. This agreement involved the establishment of a renewable credit facility of €1.2 billion to replace the undrawn credit facility obtained in 2014. The novelty aspect is the incorporation of CSR in the mechanics of this financing. The facility's interest rate is conditional, among other factors, on the ESG (environmental, social and governance) performance of the Group, based on an evaluation completed each year by Sustainalytics.

2.9.2 *Awards and recognition*

In 2019, the Group was awarded several international prizes. Some emblematic examples below:

- in Asia, Accor received two prizes at the Sustainable Business Awards (SBA) for best commercial and ethical responsibility and the best sustainable development process towards communities for its constant involvement in operating responsibly and ethically, and in giving back to the communities in which it operates;
- in Europe, the ibis Budapest City South was nominated for the 2019 European prize for ecological gardening in the category "Green spaces and user-friendly garden projects in the area of gastronomy/hospitality and commercial zones."

2.9.3 *Methodological review*

This note 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.

Accor distinguishes four categories of indicators:

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

The reporting period is January 1 to December 31 of the fiscal year.

2.9.3.1 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 includes:

- employees of owner or leased hotels. These are employees of the Accor Group. People who work in the managed hotels are included in the report;
- employees of the managed hotels (including AccorInvest hotels). The employees working in these hotels are not employees of the Accor Group but under Accor management, except for certain cases in hotels where Accor employees are on assignment;
- employees of the Adagio hotels and head offices.

Employee data does not include:

- employees of owned, leased or managed hotels closed as of December 31, 2019;
- employees of owned, leased or managed hotels opened after November 30, 2019;
- contingent workers, interns, and temporary workers;
- employees of new business activities;
- employees of franchised hotels or units in which Accor owns an equity interest but does not exercise any management responsibility (condition-based management contracts);
- employees of new business activities;
- employees of the hotel brands in which Accor owns a stake below 50%.

In 2019, the quantitative report includes the Adagio, Adagio Access, Art Series, BreakFree, Fairmont, Grand Mercure, HotelF1, ibis, ibis *Budget*, ibis Styles, Mantra, Mercure, MGallery, Mövenpick, Novotel, Novotel Suites, Peppers, Pullman, Raffles, Sofitel, Swissotel and The Sebel brands.

In 2019, the Group was unable to report the indicators of one hotel in Australia, in Austria, in Myanmar and in the Czech Republic, five hotels in Switzerland and 91 hotels in France, including the brands Adagio and Adagio Access, which represent 72 hotels.

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

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 reporting process for the Group is defined in the **"Talent & Culture reporting protocol"**. This document applies to everyone involved in reporting, from the Accor head office to the 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 a specific 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. They are responsible for collecting, entering, verifying and approving employee data in compliance with the recommendations of the human resources reporting protocol:

- hotel level:
  - collect and approve 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

The indicators relating to employees are accounted for and recorded in **average monthly workforce.**

Disabled employees are only included as such if officially recognized in the countries where they work. Accor therefore considers that this indicator could 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 independence in making decisions and must fulfill at least two of the following responsibilities: supervisory responsibility (responsible for evaluating, recruiting and compensation for one or more employees), in relationship with their job (independence and level of responsibility) or financial responsibility (budgeting, costs, profits);
- an employee with **Director** status is the General Manager, or in the head 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 or during the same month;
- when an employee transfers to another position in the Group.

Departures involving the abandonment of position are systematically considered as individual dismissals. In fact, defection is at the initiative of the employee while breach of contract is at the initiative of the employer. Internal transfers to a managed hotel not considered as a transfer may be considered a departure at the initiative of the employee.

Health and working conditions

Absenteeism

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

Three categories are distinguished:

- 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;
- absences due to 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 theoretical 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 – (theoretical hours of leave X workforce).

The **incident severity rate for workplace accidents** is calculated as follows: absences for cause of workplace accidents divided by the number of theoretical hours worked x 1,000.

The accident severity rate is calculated from the number of work-related absences.

In 2019, the frequency and seriousness rates include only the head offices. For 28% of the hotels, head offices, *i.e.* 29% of the workforce, the number of hours worked was estimated using data deemed unreliable or unconsolidated. The estimate was done based on a study conducted in 2016 on the hours worked and average paid leave per employee according to the countries. Including these estimated data, the frequency and seriousness rates in 2019 cover 63% of the hotels or 86% of the workforce.

Fatal workplace accidents are considered in workplace accidents with stoppage of at least one day. An accident is considered fatal if the employee dies within 365 days following the incident.

Training

The **number of training hours** reported includes courses conducted by Accor Academy, Accor managers and contract service providers for hotels and head offices.

The number of hours' training is counted differently according to the specificities of the 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 start-up training or non-brand-program training provided by management using specialist equipment provided by Accor Academy.

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 2019, qualitative reporting covered 2,213 hotels, which corresponds to 97% of the quantitative reporting scope (in number of hotels). It is declarative and prepared from an on-line questionnaire on Microsoft Forms, carried forward to the Talent & Culture correspondents of the quantitative report for each scope.

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

2.9.3.2 Planet 21 In Action

Reporting scope and frequency

The Planet 21 In Action indicators cover all the Group's owned, leased, managed, and franchised hotels.

Excluded from the scope of reporting are:

- hotels that joined the Accor network after September 15 of the reporting year;
- hotels that were no longer part of the Accor network as of December 31 of the reporting year;
- 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 Accor's stake is less than 50%, *e.g.* Mama Shelter;
- the Thalassa sea and spa facilities, whose data are often reported with their host hotel's;
- the brands being incorporated into the Planet 21 program, owing to a recent acquisition: Rixos, Mövenpick, Mantra, BreakFree, Peppers, Arts Series, Mantis, Hyde, Mondiran, SLS, Delano, The Originals, Redbury Hotels, Tribes, Adagio Access;
- Planet 21 In Action indicators are reported continuously during the year.

Indicators

Planet 21 In Action data are reported by the hotels concerned. This can lead to a certain level of uncertainty despite the four controls described above. The results are expressed as a percentage and correspond to the number of hotels that implemented the action in question compared with the total number of hotels that completed their Planet 21 In Action reporting (recording of the status of 10 bronze actions, 82% in 2019). As some actions are only applicable to hotels that have specific facilities (for example: restaurants, including those not operated by Accor), or to certain brands or countries, the percentage of hotels is then calculated with respect to the relevant scope. As "complementary environmentally responsible products" are not available for some hotels depending on the brand and the country (*e.g.*: ibis India, Sofitel), this action is recorded as "not applicable" so that those hotels can reach the Bronze level. Because alternatives to plastic straws, cotton swabs and stirrers with the certification FSC/PEFC are not available in some countries, this certification criterion is not applicable for those countries.

Gaia, an online application for comprehensive and detailed management

Gaia is the online application used by the Group to manage Planet 21 – Acting Here at all levels (hotels, countries, Group). Every hotel sets targets in this application. Gaia allows hotels to evaluate themselves, set their priority goals, create their action plan, and monitor their progress.

After Gaia functions were expanded in 2017 to include monitoring data on water, energy, and carbon as well as compliance with technical and regulatory requirements and the management of the hotels' commitment in Plant for the Planet, the tool continues to evolve. The consolidated results are also searchable by country, which makes it possible to seek out hotels based on their performance in each action; a waste management and food waste reduction module was added in Gaia and has been available for hotels since the beginning of 2019; a library of documents (training sessions, communication aides) on Planet 21 actions has been provided to the hotels. Tutorials were developed in 2019 to facilitate the use of the Gaia tool and help the hotels to implement the Planet 21 In Action roadmap.

Data collection and control

Hotels enter Planet 21 In Action data annually and confirm it in the GAIA application. The data is then subject to 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 out;
- by the person in charge of Planet 21 In Action reporting at the country level: tracking of progress and compliance with deadlines, fit with definitions and data consistency;
- by the person in charge of Planet 21 In Action reporting at the Group level: consolidation of results and checks;
- quality audits are performed every year in some hotels, covering the ten actions corresponding to the Bronze level of Planet 21 In Action.

In addition, external controls are carried out to strengthen the reliability of the data: some key Planet 21 In Action actions were incorporated into the "Brand Essentials" process, which are then audited by an outside party in connection with the "mystery visits". The Planet 21 In Action actions integrated are either Bronze level or linked to a Planet 21 – Acting Here KPI, visible to guests and directly auditable.

However, despite the number and variety of checks, Accor is aware that no system can guarantee the complete absence of risk when it comes to the reliability of data. The Group therefore strives to improve its reporting and control procedures each year to enhance data quality.

2.9.3.3 Carbon footprint

The carbon footprint updated in 2018 includes scopes 1, 2 and 3 described on page 191 and follows a market-based methodology.

The scope of study used is the following:

- the emissions of scopes 1, 2 and 3 were evaluated for the six greenhouse gases (CO_2, CH_4, N_2O, HFCs, PFC_S, SF_6);
- the evaluation year is 2017;
- the scope used is the following:
  - 2,127 owned, leased and managed hotels incorporated (*i.e.* 388,194 rooms),
  - 2,030 franchised hotels included (*i.e.* 191,198 rooms), included in the scope 3 calculation,
  - 109 hotels excluded (*i.e.* 18,545 rooms).

In total, over the scopes 1 and 2, it is estimated that 4% of emissions from the hotels' energy consumption were excluded. In addition, the emissions not linked to the hotels' energy consumption (emissions from the head office, company vehicle emissions and new businesses) were excluded from scopes 1 and 2.

Detail of the scope – Scope 1 and 2 – Excluding franchises

	Group Total
Number of hotels	2,127
Number of rooms	388,164
Surface area *(in millions of m^2)* – Gross floor area*	18.1

* *The Gross Floor Area (GFA) of the buildings is equal to the sum of surface areas of each floor level, the surface areas of roofed balconies or loggias and the unenclosed surface areas located on the ground floor, including the thickness of the walls and dividers.*

The following data could not be evaluated as part of scope 3: emissions from guest travel and employee home-to-work commuting, emissions linked to investments, assets in upstream and downstream leases, the usage of products sold, the conversion of products sold, upstream and downstream distribution and freight.

2.9.3.4 Water, energy and greenhouse gas

Data collection and control

At the start of every month, the hotels enter their water and energy consumption in the online water and energy reporting and analysis tool. The country and hotel maintenance teams monitor the inputs and discuss drifts and possible improvements with the hotels.

At the end of the year, the data are validated at the regional level initially and then at the central level before being submitted to the auditors. These are the data controlled and audited that are presented in this document.

Scope of reporting

The scope of consolidation covers all the hotels under the Accor banner, managed as subsidiaries or under management and open as of December 31 of the current fiscal year. The following hotels are excluded from the scope for gradual consolidation into the Accor network or because it is impossible to measure consumption:

- hotels that joined the network after September 15 of the reporting year;
- independently operated units or structures and franchised hotels;
- new acquisitions (during the reporting year and during the previous year);
- hotels closed for renovation during the reporting period;
- the Thalassa sea and spa facilities, whose data are often reported with their host hotels;
- Mercure Appartement in Brazil;
- ancillary in-hotel activities, such as retail outlets and residential units, that are not managed by Accor assuming their data can be clearly segregated;
- hotels that do not have access to the Gaia reporting platform.

This year, the data from the FRHI & Adagio France hotels are part of the scope of reporting. A group of French franchised hotels overseen by Accor's technical teams was also included.

Indicators

Energy consumption

Reported energy use is the final energy used over one year by the hotels in the reporting scope expressed in MWh. The quantity taken into account is the total energy used by the hotels from all energy sources (electricity, gas, etc.) for all uses (lodging, food service, etc.).

Consumption data reported by the hotels are expressed by type of energy. For fuel, energy consumption is calculated based on the volume or mass consumed and each unit's heating value (HV).

The performance indicator is the energy ratio per available room. Energy consumption changes with the number of available rooms because it correlates strongly to the surface area that is air conditioned.

Greenhouse gas emissions

The greenhouse gas emissions presented in the report, expressed in tons of CO_2 equivalent, are the direct emissions, known as scope 1 (which correspond to the fuels, such as gas and fuel oil burned at the hotels) and indirect emissions, known as scope 2 (due on the one hand to the electricity consumed in the hotels, and on the other hand to the heat, and air conditioning supplied by urban heating and cooling networks).

The 2018 greenhouse gas emissions were evaluated based on the following emission factors:

- for electricity: IEA 2017;
- for fuel: Base Carbone, version 14;
- for urban networks: DEFRA 2017.

Water use

Total water use in m^3 is the amount of water used over one year by the hotels in the scope of reporting, regardless of purpose (lodging, food service, grounds watering, etc.).

Total specific water use (hotel pumping facilities, recycling of rainwater or wastewater) is reported if metered.

The performance indicator is the ratio in liters per night.

2.9.3.5 Procurement

Scope of reporting

The indicator for the Group's consolidated volume of purchases (€4 billion in 2016) covers all hotel operating structures and purchases from listed suppliers, as well as estimated purchases from non-listed suppliers by the country Procurement Departments in countries where they exist.

The other indicators cover purchases from nominated suppliers.

Data is 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 & Luxembourg, Brazil, China, France, Germany, Hungary, Italy, the Netherlands, New Zealand, Poland, Portugal, Spain, Switzerland, the United Arab Emirates and the United Kingdom and the United States. Data was also reported by the Corporate Purchasing Department.

In 2017, contracts between Accor and active suppliers as at December 31, 2017 are included. This means that a supplier who has terminated its 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 per “supplier entity”. For the Accor hotels that have signed an approval agreement with the parent company and/or one or more subsidiaries of the same supplier, the basis for calculating the indicators is hence the number of entities owning one or more approval agreements in one or more procurement categories.

Indicators

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

Percentage of suppliers that have conducted a self-assessment: percentage of assessments done by suppliers on a CSR assessment platform compared to the number of suppliers in the at-risk and high-risk categories.

Percentage of suppliers having undergone an external audit: percentage of suppliers audited by an independent agency compared to the number of suppliers in high-risk categories.

Action plans: percentage of action plans monitored in relation to the number of at-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.

2.9.3.6 Plant for the Planet

Reporting scope and frequency

The Plant for the Planet indicators cover all the owned, leased, managed and franchised hotels participating in the program, excluding the budget segment (hotelF1), Adagio, Swissotel, Middle East (except for United Arab Emirates), Algeria, Fiji Islands.

Number of participating hotels: this indicator is calculated based on the number of hotels that verified their program participation in the Gaia tool for 2019.

Combined 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*, Accor’s partner in charge of supervising and managing the Plant for the Planet program.

2.9.4 Indicator tables

2.9.4.1 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.

	2018		2019		Change	
Indicators	Owned and leased hotels	Owned, leased and managed hotels	Owned and leased hotels	Owned, leased and managed hotels	Owned and leased hotels	Owned, leased and managed hotels
EMPLOYMENT COMMITMENTS						
Number of payroll and non-payroll employees	**14,911**	**196,020**	**18,784**	**223,370**	**3,873**	**27,350**
of which % women	56%	44%	55%	43%	-1%	-1%
% of men	44%	56%	45%	57%	1%	1%
By age						
Under 25	13%	17%	14%	17%	1%	0%
25 to 34	35%	37%	34%	37%	0%	0%
35 to 44	28%	24%	28%	24%	0%	0%
45 to 54	16%	15%	16%	15%	-1%	0%
Over 55	8%	7%	8%	7%	0%	0%
By seniority						
Less than 6 months	10%	15%	14%	15%	4%	0%
6 months to 2 years	26%	30%	27%	30%	1%	1%
2 to 5 years	23%	24%	23%	23%	0%	-1%
5 to 10 years	16%	14%	15%	15%	-1%	1%
10 to 20 years	15%	11%	14%	11%	-2%	-1%
Over 20 years	10%	6%	8%	5%	-2%	0%
% of workforce disabled	1.58%	0.89%	0.88%	0.94%	-1%	0%
Management						
% of total workforce	28%	13%	26%	13%	-2%	0%
of which % women	51%	42%	51%	42%	0%	0%
% of men	49%	58%	49%	58%	0%	0%
Hotel Managers by age – total						
Under 25	1%	2%	1%	2%	0%	0%
25 to 34	30%	34%	28%	32%	-2%	-1%
35 to 44	38%	38%	39%	39%	1%	1%
45 to 54	23%	20%	23%	21%	1%	1%
Over 55	9%	7%	9%	7%	0%	0%
Hotel Managers by age – hotels						
Under 25	1%	2%	1%	2%	0%	0%
25 to 34	33%	34%	31%	33%	-2%	-1%
35 to 44	43%	38%	41%	39%	-2%	0%

	2018		2019		Change	
Indicators	Owned and leased hotels	Owned, leased and managed hotels	Owned and leased hotels	Owned, leased and managed hotels	Owned and leased hotels	Owned, leased and managed hotels
45 to 54	16%	20%	20%	20%	4%	1%
Over 55	7%	6%	7%	7%	0%	0%
of which Hotel General Managers	173	1,863	203	1,970	31	106
of which % women	41%	30%	37%	29%	-4%	-2%
% of men	58%	69%	63%	71%	5%	2%
Working conditions						
Average number of days of medical leave per employee over the year	6.6	4.3	6.2	4.0	-0.4	-0.2
Average number is days of leave due to workplace accident per employee over the year	0.3	0.4	0.3	0.5	0.0	0.0
Average number of days of unauthorized leave per employee over the year	0.6	0.6	0.3	0.5	-0.4	-0.1
Lost-time injury rate resulting in more than one day of lost time	3.2	3.2	1.26*	1.26*	N/A	N/A
Incident severity rate for workplace and commuting accidents	0.05	0.05	0.10*	0.10*	N/A	N/A
Number of fatal workplace and commuting accidents	0	11	2	9	2	-2

* *Since 2018, following the sale of hotels to AccorInvest, it has not been possible to consolidate the hours worked data over the extended scope of the hotels. The frequency and seriousness rates include only the head offices.*

	Europe		Africa Middle East		Asia-Pacific		South America		North and Central America and the Caribbean		Total	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Owned and leased hotels	**8,978**	**10,400**	**1,592**	**1,605**	**799**	**2,393**	**2,723**	**3,652**	**819**	**735**	**14,911**	**18,784**
Upscale luxury hotels	824	2,409	923	926	26	317	0	0	0	0	1,772	3,652
Midscale hotels	3,363	3,117	137	99	0	873	303	946	444	389	4,247	5,423
Economy hotels	1,309	1,489	342	364	0	28	1,890	1,977	0	0	3,542	3,858
International head offices	**2,061**	**1,875**	**190**	**216**	**774**	**1,174**	**530**	**729**	**375**	**346**	**3,930**	**4,341**
Holding company – payroll employees	**1,421**	**1,510**									**1,421**	**1,510**
Managed hotels – non-payroll employees	**39,101**	**36,859**	**22,479**	**33,948**	**86,488**	**95,647**	**8,482**	**11,010**	**24,559**	**27,123**	**181,109**	**204,586**
Upscale luxury hotels	12,556	12,874	15,313	26,782	46,677	52,845	3,167	4,044	23,468	25,486	101,181	122,031
Midscale hotels	15,789	13,701	5,130	5,219	31,980	34,488	2,588	4,413	649	1,148	56,135	58,969
Economy hotels	10,757	10,283	2,036	1,947	7,824	8,314	2,728	2,553	443	489	23,787	23,586
International head offices					**7**						**7**	**0**
TOTAL EMPLOYEES	**48,079**	**47,259**	**24,071**	**35,554**	**87,287**	**98,039**	**11,205**	**14,662**	**25,379**	**27,857**	**196,020**	**223,370**
Training												
Total training hours	554,105	505,484	328,506	1,508,990	2,654,670	3,288,475	394,925	296,061	407,170	375,540	4,339,376	5,974,550
Number of employees having attended at least one training course	35,779	39,843	24,310	31,531	97,933	104,663	14,479	16,107	26,807	28,223	199,308	220,367
Employee movements												
New hires	22,035	20,434	6,360	10,676	37,668	42,921	5,052	6,720	11,333	10,570	82,448	91,321
Departures	25,572	22,797	6,388	9,341	37,244	40,570	4,634	6,376	10,220	10,266	84,058	89,350
of which resignations	11,297	10,293	4,703	6,319	32,021	34,949	1,687	2,518	7,217	6,652	56,925	60,731
of which terminations	3,395	2,969	890	1,075	2,820	2,869	2,740	3,144	1,251	1,629	11,096	11,686
of which redundancies	234	147	65	143	96	179	24	9	32	57	451	535

2.9.4.2 Environmental and social responsibility indicators

Scope of reporting

Scope of reporting	2019 Owned, leased and managed hotels	2019 Owned, leased, managed and franchised hotels
Total number of Accor hotels in the scope of consolidation	2,218	4,516
Number of hotels applying Planet 21 In Action • response rate	2,035 96%	3,712 82%

Energy, carbon and water Indicators

Scope of reporting	2018	2019	% change at comparable scope of reporting
Energy and CO_2 indicators			
Total energy used	3,858 GWh	3,874 GWh	0.4%
Total CO_2 emissions	1,719 thousand of $teqCO_2$	1,681 thousand of $teqCO_2$	-2.2%
Direct emissions	201 thousand of $teqCO_2$	196 thousand of $teqCO_2$	-2.5%
Indirect emissions	1,518 thousand of $teqCO_2$	1,485 thousand of $teqCO_2$	-2.2%
Water indicators			
Total water use	30.0 million m^3	29.6 million m^3	-1.5%

2.10 Independent third party's report on consolidated non-financial statement presented in the management report

Year ended the 31 December 2019

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 General Assembly,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity Accor (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the 31 December 2019 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

The entity's responsibility

The Board of Directors is responsible for the preparation of the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement in the paragraph "Methodological Review" of the chapter 2.9.3.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

It is also our role in response to the entity's request, and outside of our accreditation scope, to express a limited assurance conclusion that the Information Selected by the entity and identified in Appendix 1 are fairly presented, in all material aspects, in accordance with the Criteria.

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

1. Assurance report on the compliance and the fairness of the Statement

Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[1].

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning one risk (breach of the availability, integrity or confidentiality of personal data) our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: Accor UK, Accor Germany, Accor United Arab Emirates, Accor India ;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers 13% of the consolidated headcount and 15% of hotels for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our verification work mobilized the skills of 6 people and took place between July 2019 and March 2020 on a total duration of intervention of about 14 weeks.

We conducted around 10 interviews with the persons responsible for the preparation of the Statement including in particular the Talent & Culture, Sustainable Development, Procurement and Technical Services directions.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

(1) *ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information*

2. Assurance report on the Selected Information

Nature and scope of the work

Regarding the Information Selected by the entity identified in Appendix 1 by the sign *, we conducted work of the same nature as described in the paragraph 1.

The work was performed in accordance with ISAE 3000 (International Standard on Assurance Engagements) and with the professional guidance applicable in France.

The selection of contributing entities covers 13% of the consolidated headcount.

We believe that the work carried out is sufficient to provide a basis for our limited assurance conclusion on the Selected Information.

Conclusion

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

Paris-La Défense, March 27th 2020

French original signed by:

Independent third party

EY & Associés

Eric Duvaud	Jean-François Bélorgey
Partner, Sustainable Development	*Partner*

Appendix 1: The most important information

Social Information	
Quantitative Information (including key performance indicators)	***Qualitative Information (actions or results)***
Share of women hotel managers (%) Average monthly personnel * Number of departures per reason * Number of external recruitments * Average number of days of absence per employee per reason * Number of workplace accidents with lost time * Number of days of absence following a workplace accident *	Results of the policy combatting discrimination and promoting diversity Measures in place to attract and retain talents * Measures in place to develop skills *
Environmental Information	
Quantitative Information (including key performance indicators)	***Qualitative Information (actions or results)***
Greenhouse gas emissions (scope 1 and 2) Energy consumption Water consumption	Measures taken to improve energy efficiency and water management Measures taken to reduce carbon footprint Measure taken tot fight against food waste
Societal Information	
Quantitative Information (including key performance indicators)	***Qualitative Information (actions or results)***
Share of suppliers among which the Ethical and CSR risk management process is deployed Share of hotels which are at least rated Bronze level in Planet 21	Measures in place to ensure that suppliers comply with Accor's ethical and CSR commitments Measures in place to ensure hotels comply with Accor's ethical and CSR commitments Measures in place to ensure integrity and confidentiality of data Measures in place to fight against corruption

**information that the entity voluntarily presents in its management report (excluded from the Statement).*

2.11 Appendices

2.11.1 Contribution of the Accor Group to the United Nations sustainable development goals

Accor follows the principles of the global reporting initiative launched in 2016 and declares its report in accordance with the GRI Standards: Core Option. A cross-reference table is available on the website: https://group.accor.com/en/commitment/the-expert-room/our-accolades.

United Nations Sustainable Development Goals	Planet 21 Strategy Pillars	Main contributions of Accor
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture		
2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.	Communities & Food	See chapter 2.8.2.1 Planet 21 commitment: 100% of our restaurants follow our Healthy and Sustainable Food Charter. See chapter 2.6.3 Plant for the Planet, a program of support to agro-forestry.
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		
4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	Employees	See chapter 2.3.4 Learning solutions key to skills development.
4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	Communities	See chapter 2.6.1.2 A commitment supported by the Group's endowment fund: Accor Solidarity.
5. Achieve gender equality and empower all women and girls		
5.1 End all forms of discrimination against all women and girls everywhere.	Employees	2.3.5.2 Promoting gender diversity and equality.
5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.	Communities	2.6.2.2 Measures implemented and results – "WATCH – We act together for children" – Accor's program to fight sexual exploitation of children in the tourism and travel sector.
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.	Employees	2.3.5.2 Promoting gender diversity and equality.
6. Ensure availability and sustainable management of water and sanitation for all		
6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	Buildings & Guests	See chapter 2.4.2.1 Planet 21 commitment: The 10 key hospitality product categories are ecofriendly. See chapter 2.7.4 [SNFP] – Measures implemented and results – Reduce energy consumption per room and water consumption per overnight stay (owned, leased and managed hotels). See chapter 2.7.5.1 Planet 21 commitment: 65% of the waste from our hotels is recycled.

United Nations Sustainable Development Goals	Planet 21 Strategy Pillars	Main contributions of Accor
7. Ensure access to affordable, reliable, sustainable and modern energy for all		
7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.	Buildings	2.7.4 [SNFP] – Measures implemented and results – Reduce energy consumption per room and water consumption per overnight stay (owned, leased and managed hotels.)
7.3 By 2030, double the worldwide rate of energy efficiency improvement.	Buildings	
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		
8.4 hrough 2030, progressively improve global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead.	-	See page 41, the strategic development driver: Promote positive hospitality.
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	Employees	See chapter 2.2.2.1 Deployment and organization of the Ethical and CSR Charter.
8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.	Employees & Communities	See chapter 2.3.4 Learning solutions key to skills development. See chapter 2.6.1.2 A commitment supported by the Group's endowment fund: Accor Solidarity.
8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.	Employees & Partners	See chapter 2.1.2 Accor Group vigilance plan. See chapter 2.2.2.1 Deployment and organization of the Ethical and CSR Charter. See chapter 2.5.2 [SNFP] – Policies, measures implemented and results – Planet 21 commitment: Our process of ethical and CSR risk management will be applied with 100% of our partners by 2020.
8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Employees	See chapter 2.3.8 Promoting open dialogue. See chapter 2.3.6.2 Planet 21 commitment: each country implements a workplace health and well-being program. See chapter 2.3.6.1 Preventing workplace accidents and occupational illness and protecting health. See chapter 2.5.2 [SNFP] – Policies, measures implemented and results – Planet 21 commitment: our process of ethical and CSR risk management will be applied with 100% of our partners by 2020.
8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.	Employees	See chapter 2.4.1.1 Planet 21 commitment: every year, one major innovation to interact with our guests around sustainable development.
11. Make cities and human settlements inclusive, safe, resilient and sustainable		
11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	Buildings	See chapter 2.7 Aiming for carbon neutrality for the hotel network under the Accor brand. See chapter 2.7.5.1 Planet 21 commitment: 65% of the waste from our hotels is recycled.

United Nations Sustainable Development Goals	Planet 21 Strategy Pillars	Main contributions of Accor
12. Ensure sustainable consumption and production patterns		
12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	Buildings & Guests	See chapter 2.4.2.1 Planet 21 commitment: The 10 key hospitality product categories are ecofriendly. See chapter 2.7 Aiming for carbon neutrality for the hotel network under the Accor brand.
12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.	Food	See chapter 2.8 [SNFP] – Eliminating food waste and favoring healthy and sustainable food.
12.4 By 2020, achieve the environmentally sound management of chemicals and all waste throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	Buildings & Guests	See chapter 2.4.2.1 Planet 21 commitment: The 10 key hospitality product categories are ecofriendly. See chapter 2.7.5.1 Planet 21 commitment: 65% of the waste from our hotels is recycled.
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Buildings	See chapter 2.7.5.1 Planet 21 commitment: 65% of waste from hotel operations is recycled.
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	-	See chapter 2.12 Report by the independent verifier on the consolidated CSR information in the management report.
12.b Develop and implement tools to monitor sustainable development impacts for sustainable tourism which creates jobs, promotes local culture and products.	-	See chapter 2.2.5 [SNFP] – Planet 21 – Acting Here, the roadmap for 2020.
13. Take urgent action to combat climate change and its impacts		
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	Buildings	See chapter 2.7.2 [SNFP] – risks related to greenhouse gas emissions. See chapter 2.7.3 [SNFP] – policies and measures implemented – the climate strategy of the Accor Group.
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development		
14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.	Buildings	See chapter 2.7.5.1 Planet 21 commitment: 65% of waste from hotel operations is recycled.
14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.	Food	See chapter 2.8.2.1 Planet 21 commitment: 100% of our restaurants follow our Healthy and Sustainable Food Charter.

United Nations Sustainable Development Goals	Planet 21 Strategy Pillars	Main contributions of Accor
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss		
15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.	Communities	See chapter 2.6.3 Plant for the Planet, a program of support to agro-forestry. See chapter 2.4.2.1 Planet 21 commitment: The 10 key hospitality product categories are ecofriendly.
15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.	Buildings, Communities	See chapter 2.7.4 [SNFP] – Measures implemented and results – Reduce energy consumption per room and water consumption per overnight stay (owned, leased and managed hotels). See chapter 2.6.3 Plant for the Planet, a program of support to agro-forestry.
15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	Food	See chapter 2.8.2.1 Planet 21 commitment: 100% of our restaurants follow our Healthy and Sustainable Food Charter. See chapter 2.4.2.1 Planet 21 commitment: The 10 key hospitality product categories are ecofriendly.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels		
16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children.	Communities	See chapter 2.6.2.2 Measures implemented and results – "WATCH – VWe act together for children" – Accor's program to fight sexual exploitation of children in the tourism and travel sector.
16.5 Substantially reduce corruption and bribery in all their forms.	Partners	See chapter 2.2.2.1 Deployment and organization of the Ethical and CSR Charter. See chapter 2.2.3 [SNFP] — the compliance program.
16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.	Employees	See chapter 2.3.2.1 2019, construction of the Accor Group's new employer promise "Be Limitless.

SDG and targets to which Accor actively contributes.
SDG and targets to which Accor indirectly contributes.

2.11.2 Accounting for scope 3 targets in measuring the environmental footprint

The table below shows the scope taken into account for the environmental footprint analysis. For example, the Group's carbon footprint included scope 3, considering the following items:

- hotel construction and refurbishment;
- hotel management: cleaning products, pesticides;
- employee travel;
- food and beverages.

Guest transportation was excluded from the study because, in general, guests do not travel specifically to go to the hotels, but they have another motive for their trip (seminars, exploration, tourism, etc.). Moreover, the means are not available to evaluate the impact of such transportation.

A breakdown of the activities studied and the indicators covered is provided below:

Changes to items and impacts included in the life-cycle analysis between 2011 and 2015

ITEMS	IMPACTS				
	Energy	Water	CO_2	Eutrophication	Biodiversity
Air conditioning and cooling system	✔	✔	✓	✔	✔
Construction and renovation	✓	✓	✓	✓	✔
Room equipment: Towels and paper products, toiletry products, televisions	✓	✓	✓	✔	✔
Energy consumption in hotels	✓	✓	✓	✓	✔
Water consumption in hotels	✔	✓	✔	✓	✔
Management of hotels: cleaning products, pesticides	✓	✓	✓	✓	✔
Management of offices: Printers, paper, IT equipment and telephones	✓	✓	✓	✓	✔
Employee travel	✓	✓	✓	✔	✔
Laundry	✓	✓	✓	✓	✔
Food & Drink	✓	✓	✓	✓	✔
Waste treatment	✓	✓	✓	✓	✔
Guest travel	✗	✗	✗	✗	✗

✔ Impacts evaluated in 2015 and not evaluated in 2011

✓ Impacts evaluated in 2015 and in 2011

✗ Items not evaluated in 2015 and in 2011

Concerning the methodology for measuring the carbon footprint, it accounts for the different greenhouse gases emitted by the Group based on their climate warming power over a trajectory of one hundred years. The study is based on the Life Cycle Analysis methodology (ISO standards 14040 and 14044). The indicator is expressed in kg CO_2-eq and the emission factors of the GHG Protocol are used. CO_2 emissions are closely tied to energy consumption, especially when only non-renewable energy consumption is considered. For the study, the emission factors used to calculate the carbon footprint of every flow were updated.


3.
Board of Directors' report
on corporate governance

3.

This report on corporate governance was prepared as required under Article L. 225-37 of the French Commercial Code *(Code de commerce)* and approved by the Board of Directors at its meeting of February 19, 2020. It will be presented to shareholders at the next 2020 Annual Shareholders' Meeting.

3.1 Corporate governance and governance structure

3.1.1 Corporate Governance Code

Accor complies with all of the recommendations contained in the Corporate Governance Code for listed companies published by the AFEP and MEDEF (the "AFEP/MEDEF Code"), which is available from the AFEP, the MEDEF or the Company's head office.

The Board of Directors' operating procedures are described in its Bylaws, presented in Appendix A to this report on page 259.

In addition, each director is required to comply with the Board of Directors Code of Conduct, set out in Appendix B on page 266.

3.1.2 Governance structure

The roles of Chairman of the Board of Directors and Chief Executive Officer have been combined since 2009.

During 2013, following the departure of the previous Chairman and Chief Executive Officer, the Board set up a transitional governance structure under which it temporarily separated the role of Chairman of the Board of Directors from that of Chief Executive Officer.

On August 27, 2013, the Board ended the transition period by appointing Sébastien Bazin as Chairman and Chief Executive Officer and creating the role of Vice-Chairman of the Board and Senior Independent Director (position currently held by Iris Knobloch).

The Board considers that, by combining the roles of Chairman of the Board and Chief Executive Officer, the Group is able to have greater agility in its governance and management, particularly during periods of rapid transformation or economic downturns, while creating a direct relationship between management and shareholders. This type of governance structure also encourages extensive dialogue between the executive team and the Board of Directors. Since 2009, the Board has noted with satisfaction the effectiveness of the balance of power existing between the Chairman and Chief Executive Officer and the other directors, notably thanks to the presence of a Senior Independent Director. The Senior Independent Director's presence on the Board, combined with the fact that 56% of Board members are qualified as independent and none of them are executive directors, ensures the smooth conduct of the Board's business.

During the last formal assessment of the Board of Directors' operating procedures realized in 2017, the directors confirmed that this governance structure, with the combined role of Chairman and Chief Executive Officer, is adapted to the Group's situation and that the allocation of powers and responsibilities between the Chairman and Chief Executive Officer, the Senior Independent Director and the Board of Directors as a whole is effective and balanced.

At its meeting on December 12, 2019, based on the recommendation put forward by the Appointments, Compensation & CSR Committee, the Board of Directors unanimously decided to table a resolution at the 2020 Annual Shareholders' Meeting re-electing the Chairman and Chief Executive Officer for a three-year term.

This proposal reflects the Board's renewed confidence and its choice to pursue the strategic roadmap. The Board notably pointed to the magnitude of the transformation masterminded by Sébastien Bazin and his commitment to pursuing a business model delivering sustainable growth and shareholder value.

In accordance with the law and the Company's Bylaws, the Chairman and Chief Executive Officer chairs Board meetings, organizes and leads the work of the Board and its meetings, ensures that the Company's corporate governance structures function effectively and, in particular, obtains assurance that directors are in a position to fulfill their responsibilities.

The Chairman and Chief Executive Officer represents the Company in its dealings with third parties and has the broadest powers to act on behalf of the Company in all circumstances. The exercise of the Chairman and Chief Executive Officer's powers is subject to prior authorizations to be given by the Board of Directors under the conditions described in the Company's Bylaws (Article18) and the Board of Directors Bylaws (see "Board of Directors' role" below).

Vice-Chairman and Senior Independent Director's role

The Board of Directors appointed independent director Iris Knobloch as Vice-Chairman of the Board of Directors and Senior Independent Director on July 27, 2016. At the 2020 Annual Shareholders', shareholders will be asked to re-elect Iris Knobloch as a director. Assuming the related resolution is adopted, the Board will renew her appointment as Vice-Chairman of the Board and Senior Independent Director.

Assisted by the Board Secretary for administrative tasks, the Senior Independent Director has the following roles and responsibilities, in accordance with the Company's Bylaws and the Board of Directors Bylaws:

- she may call Board meetings in the event that the Chairman and Chief Executive Officer is unable to do so, and chair Board meetings in the absence of the Chairman and Chief Executive Officer;
- she is the preferred contact for shareholders not represented on the Board. In this regard, a specific email address has been created (iris.knobloch@accor.com) to enable any shareholder to contact her directly with comments or queries;

- she coordinates the independent directors;
- she organizes – whenever she deems necessary and at least once a year – meetings reserved for non-executive directors and, where appropriate, meetings reserved for independent directors, for which the Company manages the logistics and bears the costs. She sets the agenda for these meetings and chairs them, ensuring that each director has the opportunity to raise any issue not included on the agenda. Following the meetings, the Senior Independent Director may, at her initiative, meet with the Chairman and Chief Executive Officer to discuss all or some of the comments and requests expressed by the directors. If necessary, she may also decide to comment on the work of the directors during the full meetings of the Board;
- she oversees the formal assessments of the Board's operating procedures and approves the corresponding report;
- she may request that the Chairman and Chief Executive Officer add items to Board meeting agendas. In any event, she approves the annual plan of the strategic issues that will be included in the Board meeting agendas, as submitted by the Chairman and Chief Executive Officer;
- she is in charge of dealing with any cases of conflict of interest that may arise among members of the Board of Directors as part of the management procedure for conflicts of interest set forth in the Board of Directors Bylaws.

Report on the Senior Independent Director's activities

During 2019, in her role as Senior Independent Director, Iris Knobloch:

- regularly discussed governance issues with the Chairman and Chief Executive Officer and the Executive Management teams;
- engaged with certain shareholders not represented on the Board;
- oversaw the Board's self-assessment exercise;
- regularly organized sessions with the directors in the absence of management, including a meeting restricted to non-executive directors;
- participated in meetings of the four Committees of the Board throughout the year.

Board of Directors' role

The Company is governed by a Board of Directors, which determines the Company's strategy, oversees its implementation, examines any and all issues concerning the efficient running of the business, and makes decisions on all matters concerning the Company.

The Board of Directors deals with all matters falling within the powers vested in it under the applicable laws and regulations.

In particular, the Board of Directors is responsible for:

a) approving the annual budget (including the annual financing plan) and the multi-year business plan presented by the Chairman and Chief Executive Officer;

b) reviewing and approving all of the Group's strategic objectives, at least once a year, in accordance with the Board of Directors Bylaws;

c) based on the recommendation of the Commitments Committee, authorizing the following decisions of the Chairman and Chief Executive Officer prior to their implementation:

(i) any and all immediate or deferred financial commitments representing more than €100 million per transaction. "Financial commitments" are defined as:

- any and all acquisitions or disposals of assets and majority or minority interests in other companies, measured on the basis of the enterprise value of the entity,
- any and all direct investments, for example for the creation of a business, the construction, refurbishment or extension of a hotel property, or expenditure on technological developments,
- rental investments, measured on the basis of the market value of the leased asset,
- hotel management contracts with a guaranteed minimum fee,
- any and all loans to entities in which the Company or one of its subsidiaries does not hold the majority of the shares and voting rights, and any and all commitments to participate in share issues by such entities,
- any and all financing operations representing more than €1 billion (carried out through one or more transactions). The Chairman and Chief Executive Officer is authorized to carry out any and all financing operations of up to €1 billion without obtaining prior approval from the Board of Directors, provided that such operations are undertaken in accordance with the annual Group financing policy as approved in advance by the Board of Directors. In this case, the Chairman and Chief Executive Officer is required to inform the Board of Directors of the operations after they have been completed. In addition, the Board's prior approval is not required for borrowings due in less than one year, regardless of the amount,

(ii) any and all transactions that may impact the Group's strategy or lead to a material change in the Group's business base (mainly entry into a new business or withdrawal from an existing business), whatever the amount of the transaction,

(iii) any and all transactions involving the Company's shares carried out in application of Article L. 225-209 of the French Commercial Code that exceed one million shares per transaction or two million shares per year;

d) authorizing the Chairman and Chief Executive Officer to issue guarantees, bonds and endorsements in the Company's name, up to a cumulative amount of €1 billion per year. In accordance with the Company's Bylaws, any such authorizations may be given for a period of one year. The Chairman and Chief Executive Officer is required to report to the Board of Directors each year on the amount and nature of guarantees, bonds and endorsements issued under the authorization;

e) discussing and deciding on any proposed changes to the Group's management structure and reviewing information about the main organizational changes.

The Board shall be kept regularly informed of the Group's financial position, cash position and commitments as well as the Group's strategy and main policies in the areas of human resources, organization and information systems, and shall discuss them periodically.

Founding Co-Chairmen

In accordance with the Company's Bylaws, Paul Dubrule and Gérard Pélisson, Accor's Founding Co-Chairmen, may attend Board meetings in a consultative capacity, and may be invited to attend meetings of the Board Committees.

Paul Dubrule

Born on July 6, 1934 in Tourcoing, France, Paul Dubrule graduated from Institut des Hautes Études Commerciales at the University of Geneva. In 1963, he and Gérard Pélisson co-founded the Novotel hotel chain. After serving as Co-Chairman of the Novotel SIEH Group between 1971 and 1983, he co-founded Accor, serving as its Co-Chairman from 1983 to 1997. Mr. Dubrule also held the position of Chairman of Entreprise et Progrès from 1997 to 2006, as well as Vice-Chairman of the World Travel and Tourism Council (WTTC) and Chairman of Maison de la France. In addition, he served as Mayor of Fontainebleau between 1992 and 2001, and Senator for the Seine-et-Marne *département* between 1999 and 2004. He was Co-Chairman of the Institut Français du Tourisme until 2013 and the founder of the Conseil Supérieur de l'Œnotourisme (CSO). A Paul Dubrule Chair for Sustainable Development was created by INSEAD in 2002 and a Paul Dubrule Chair for Innovation has been set up at the Haute École d'Hôtellerie in Lausanne, Switzerland. Mr. Dubrule has also personally opened a hotel and tourism school in Siem Reap, Cambodia. In addition, he owns the La Cavale vineyard in the Luberon, France.

Gérard Pélisson

Born on February 9, 1932 in Lyon, France, Gérard Pélisson holds an engineering degree from École Centrale des Arts et Manufactures de Paris and a Master of Science in Industrial Management from the Massachusetts Institute of Technology, United States, for which he wrote a thesis on operations research. In 1963, he and Paul Dubrule co-founded the Novotel hotel chain. After serving as Co-Chairman of the Novotel SIEH Group between 1971 and 1983, he co-founded Accor, acting as its Co-Chairman from 1983 to 1997. Mr. Pélisson also co-founded the World Travel and Tourism Council (WTTC), for which he served as Vice-Chairman, and was President of the École Supérieure de Commerce de Lyon from 1990 to 1996.

Executive Committee(1)

Sébastien Bazin	Chairman and Chief Executive Officer
Chris J. Cahill	Deputy CEO and CEO, Hotel Operations
Jean-Jacques Morin	Deputy CEO in charge of Finance, Strategy, Legal, Communications and Procurement
Maud Bailly	Chief Digital Officer in charge of Digital, Distribution, Sales and Information Systems
Gaurav Bhushan	Chief Development Officer
Steven Daines	Chief Talent & Culture Officer
Franck Gervais	CEO, Europe
Michael Issenberg	CEO, Asia-Pacific
Heather McCrory	CEO, North & Central America
Patrick Mendes	CEO, Latin America
Amir Nahai	CEO, Food & Beverage and Lifestyle
Laurent Picheral	Chief Transformation Officer
Steven Taylor	Chief Marketing Officer
Thibault Viort	CEO, New Businesses and Chief Disruption & Growth Officer
Mark Willis	CEO, Middle East & Africa

(1) *As of the date of the Universal Registration Document.*

3.2 Membership of the Board of Directors at December 31, 2019

3.2.1 Information about directors at December 31, 2019

Name	Independent	Gender	Nationality	Number of shares held	First appointed on	Term renewed on	End of term
Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani	No	M	Qatari	1,000	03/21/2017	04/30/2019	ASM to approve financial statements for 2021
Aziz Aluthman Fakhroo	No	M	French & Qatari	1,000	07/12/2016	04/30/2019	ASM to approve financial statements for 2021
Sébastien Bazin(1)	No	M	French	181,694	01/09/2006	05/05/2017	ASM to approve financial statements for 2019
Iliane Dumas(2)	No	F	French	N/A	05/02/2014	05/02/2017	05/02/2020
Sophie Gasperment	Yes	F	French	1,564	06/29/2010	04/30/2019	ASM to approve financial statements for 2021
Chantale Hoogstoel(2)	No	F	Belgian	N/A	01/11/2018	N/A	01/11/2021
Qionger Jiang	Yes	F	French	2,000	07/12/2016	04/30/2021	ASM to approve financial statements for 2021
Iris Knobloch(3)	Yes	F	German	1,009	04/25/2013	05/05/2017	ASM to approve financial statements for 2019
Nicolas Sarkozy	Yes	M	French	1,028	02/21/2017	04/30/2019	ASM to approve financial statements for 2021
Isabelle Simon	Yes	F	French	1,000	07/12/2016	04/30/2019	ASM to approve financial statements for 2021
Sarmad Zok	No	M	Lebanese & British	28,700	07/12/2016	04/30/2019	ASM to approve financial statements for 2021

(1) Chairman and Chief Executive Officer.
(2) Director representing employees.
(3) Senior Independent Director and Vice-Chairman of the Board.

Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani – Director

- First appointed as a director on March 21, 2017.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ended December 31, 2021.
- Number of Accor shares held: 1,000.
- Born January 1, 1972.
- Qatari national.
- Chairman of Katara Hospitality.

Sheikh Nawaf began his career at Qatar Airways before joining Katara Hospitality as Chairman of the Board of Directors in December 2003. Alongside his role with Katara Hospitality, Sheikh Nawaf is also Chairman of Al Hosn Investment Company SAOC, based in Oman, and Deputy Chairman of Sheikh Jassim Bin Jabor Charitable Foundation, which implements and oversees humanitarian and development projects. Sheikh Nawaf is a graduate of Qatar University.

Other positions held at December 31, 2019 with companies controlled[1] by Katara Hospitality

Position	Company	Country
In France		
Chairman	Q Hotels & Restaurants France SAS (unlisted company)	France

Position	Company	Country
Outside France		
Chairman	Katara Hospitality (unlisted company)	Qatar
Legal Manager	Qatar National Hotels Morocco SARL (unlisted company)	Morocco
Chairman	Quteifan Projects LLC (unlisted company)	Qatar
Chairman	Lackberg Corporate S.L.U (unlisted company)	Spain
Chairman	Al Rayyan Hospitality LLC (unlisted company)	Qatar
Legal Manager	Doha Port LLC (unlisted company)	Qatar
Legal Manager	Hotel Park LLC (unlisted company)	Qatar
Legal Manager	Katara M.G.D LLC (unlisted company)	Qatar
Legal Manager	Murwab Hotel Group LLC (unlisted company)	Qatar
Legal Manager	Katara M.H.D LLC (unlisted company)	Qatar
Legal Manager	Katara R.C.H.D LLC (unlisted company)	Qatar
Legal Manager	Sealine Beach Resort LLC (unlisted company)	Qatar
Legal Manager	Sharq Village Hotel LLC (unlisted company)	Qatar
Legal Manager	Katara S.G.D.R LLC (unlisted company)	Qatar
Legal Manager	Katara S.W.B LLC (unlisted company)	Qatar
Legal Manager	Al Messila Resort LLC (unlisted company)	Qatar

Other positions held at December 31, 2019 with companies not controlled[1] by Katara Hospitality

Position	Company	Country
Outside France		
Chairman	Al Hosn Investment Company SAOC (unlisted company)	Oman
Member of the Board	Qatar National Tourism Council	Qatar

Former positions held in the past five years

Position	Company
In France	
Member of the Board	GVE

(1) *Within the meaning of Article L. 233-16 of the French Commercial Code.*

Position	Company	Country
Outside France		
Chairman	Dhofar Tourism Company	Oman
Legal Manager	H&G Management Sarl	Luxembourg
Director	FRHI Holding Limited	Cayman Islands

Aziz Aluthman Fakhroo – Director

- First appointed as a director on July 12, 2016.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ended December 31, 2021.
- Number of Accor shares held: 1,000.
- Born July 20, 1977.
- French and Qatari national.
- Under-Secretary of State at the Ministry of Finance, Qatar.

Aziz Aluthman Fakhroo founded and managed Idealys SARL, a 3D industrial simulation company, before joining Qatar Investment Authority (QIA) in 2007. He was appointed Director of Mergers & Acquisitions at QIA, where he executed a large number of acquisitions between 2007 and 2013 representing a total of more than USD 25 billion. He was appointed Director of the Public Investment Management Department in Qatar's Ministry of Finance in January 2014 and then Director of the Public Budget Department in March 2015. In December 2016, Aziz Aluthman Fakhroo was appointed Under-Secretary of State at this same Ministry. Aziz Aluthman Fakhroo is a graduated of Paris ESLSCA Business School.

Other positions held at December 31, 2019

Position	Company
In France	
Member of the Advisory Committee	Axa Real Estate DVIII (unlisted company)

Position	Company	Country
Outside France		
Member of the Board	Ooredoo Group (listed company)	Qatar
Member of the Board	Qatar RAIL (unlisted company)	Qatar
Member of the Board	Chelsfield LLP (unlisted company)	United Kingdom

Former positions held in the past five years

Position	Company	Country
Outside France		
Member of the Board	CITIC Capital	Hong Kong
Chairman	Ooredoo Myanmar Ltd	Burma
Member of the Board	Ooredoo Kuwait	Kuwait
Member of the Board	United Arab Shipping Company	United Arab Emirates
Member of the Board	Canary Wharf Plc (unlisted company)	United Kingdom

Sébastien Bazin – Chairman and Chief Executive Officer

- First appointed as a director on January 9, 2006. Previously a member of the Supervisory Board from May 3, 2005.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ended December 31, 2019[1].
- Number of Accor shares held: 181,694.
- Born November 9, 1961.
- French national.

Sébastien Bazin began his career in the US finance industry in 1985 before joining Colony Capital, a private-equity firm, in 1997 to set up and develop its European operations. During his 15 years with the firm, he managed and participated in a large number of investments in the hospitality industry (including the acquisition of luxury hotel chains Fairmont and Raffles), the acquisition and management of hotel assets from Compagnie Générale des Eaux and Club Méditerranée, the acquisition of an equity stake in the Lucien Barrière Group, and the investment in Accor. He is also Vice-Chairman of the Supervisory Board of the Gustave Roussy Foundation. Sébastien Bazin has a Masters in Business Management from Paris-Sorbonne University.

Other positions held at December 31, 2019 with companies controlled[2] by Accor

Position	Company
In France	
Director	Adagio SAS (unlisted company)

Other positions held at December 31, 2019 with companies not controlled[2] by Accor

Position	Company
In France	
Chairman of the Board of Directors	Théâtre du Châtelet (unlisted company)
Chairman	Bazeo Europe SAS (unlisted company)
Legal Manager	SARL Rohan (unlisted company)
Managing Partner	Bazeo Invest SNC (unlisted company)
Managing Partner	SCI Nina (unlisted company)
Managing Partner	SCI Haute Roche (unlisted company)

Position	Company	Country
Outside France		
Director	Sisters Soparfi (unlisted company)	Luxembourg
Director	Huazhu (formerly China Lodging Group) (listed company)	China
Director	General Electric (listed company)	United States

(1) Shareholders will be asked to re-elect Mr. Bazin as director at the 2020 Annual Shareholders' Meeting.
(2) Within the meaning of Article L. 233-16 of the French Commercial Code.

Former positions held in the past five years

Position	Company
In France	
Chairman	Data 4 SAS
Chairman	Adagio SAS
Legal Manager	Société du Savoy à Méribel
Managing Partner	SCI MB (formerly Madeleine Michelis)
Managing Partner	SCI Ranelagh
Legal Manager	CC Europe Invest

Position	Company	Country
Outside France		
Managing Director	Sisters Soparfi	Luxembourg

Iliane Dumas – Director representing employees

- First appointed as a director on May 2, 2014.
- Current term due to expire on May 2, 2020.
- Born March 5, 1971.
- French national.
- Social innovation project manager within the Group's Talent & Culture Department.

Iliane Dumas joined the Accor Group in 1991, where she was initially part of the sales team in the Distribution Department. She has held several employee representative positions, notably Representative of the Central Works Council on Accor's Board of Directors. Iliane Dumas is currently social innovation project manager within the Group's Talent & Culture Department. She is also a member of the Appointments, Compensation & CSR Committee and a judge at the Paris Employment Tribunal. Iliane Dumas is a graduate of École de Paris des Métiers de la Table.

Other positions held at December 31, 2019

None.

Former positions held in the past five years

None.

Sophie Gasperment – Independent Director[(1)]

- First appointed as a director on June 29, 2010.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ended December 31, 2021.
- Number of Accor shares held: 1,564.
- Born August 1, 1964.
- French national.
- Senior Advisor at Boston Consulting Group.

Sophie Gasperment joined L'Oréal in 1986. After 14 years in operational and strategic marketing positions, she was appointed General Manager for L'Oréal in the UK in 2000. She remained UK-based for the following 14 years, notably as Chairman and Chief Executive Officer of The Body Shop International, the iconic English brand spanning 60 countries and ca. 20,000 people strong. She then became the L'Oréal Group General Manager leading Financial Communication and Strategic Prospective. Since 2019, she has focused on her activities as Senior Advisor at Boston Consulting Group, company director and angel investor. Sophie Gasperment was appointed French Foreign Trade Advisor in 2005, elected to the UK executive board, and has contributed to the Business Advisory Council of Said Business School, Oxford University. Sophie Gasperment also serves as a Non-Executive Director on the board of Kingfisher plc, of the D'Ieteren group, and is the Lead Independent Director of Cimpress, a NASDAQ-listed technology company. Sophie Gasperment is a graduate of ESSEC business school and INSEAD.

(1) Based on the independence criteria set out in the AFEP/MEDEF Code.

Other positions held at December 31, 2019

Position	Company	Country
Outside France		
Non-Executive Director	Kingfisher plc (listed company)	United Kingdom
Lead Independant Director	Cimpress plc (listed company)	Ireland
Independant Director	S.A. D'Ieteren N.V. (listed company)	Belgium

Former positions held in the past five years

None.

Chantale Hoogstoel – Director representing employees

- First appointed as a director on January 11, 2018.
- Current term due to expire on January 11, 2021.
- Born September 22, 1957.
- Belgian national.
- Accor Benelux HACCP and Health & Safety Coordinator.

Chantale Hoogstoel began her career with the Accor Group in 1983 and held a number of different positions in Belgium, the Netherlands, Germany and France. She also served as an employee representative in various capacities, including on the Works Council and the Prevention and Work Protection Committee in Belgium and on the European Works Council. Chantale Hoogstoel is currently the Hazard Analysis and Critical Control Points (HACCP) and Health & Safety Coordinator for Accor Benelux. She is also a member of the United Nations World Tourism Organization's World Tourism Network on Child Protection. Chantale Hoogstoel holds a Director certificate from IFA/Sciences Po, and is a member of the Commitments Committee. Chantale Hoogstoel studied translation and interpreting at the Marie Haps Faculty (Brussels, Belgium) and then Chinese religions and philosophies at the China Institute (New York, USA).

Other positions held at December 31, 2019

None.

Former positions held in the past five years

None.

Qionger Jiang – Independent Director(1)

- First appointed as a director on July 12, 2016.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ended December 31, 2021.
- Number of Accor shares held: 2,000.
- Born November 13, 1976.
- French national.
- Chief Executive Officer and Artistic Director of Shang Xia.

Qionger Jiang founded a number of design companies before setting up the Chinese subsidiary of Artcurial. In 2008, she teamed up with Hermès to create Shang Xia, China's first luxury brand. In 2013 and 2016, respectively, she was awarded the titles of *Chevalier des Arts et Lettres and Chevalier de l'Ordre National du Mérite* by the French President. Qionger Jiang is a graduate of the design school at Tongji University (China) and has also studied interior design and furniture design at École Nationale Supérieure des Arts Décoratifs de Paris.

Other positions held at December 31, 2019

Position	Company	Country
Outside France		
Chief Executive Officer	Shang Xia (unlisted company)	China

(1) Based on the independence criteria set out in the AFEP/MEDEF Code.

Former positions held in the past five years

Position	Company	Country
Outside France		
Director	China Lodging Group	China

Iris Knobloch – Independent Director[(1)], Senior Independent Director and Vice-Chairman of the Board

- First appointed as a director on April 25, 2013.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ended December 31, 2019[(2)].
- Number of Accor shares held: 1,009.
- Born February 13, 1963.
- German national.
- President of Warner Bros Entertainment France.

Iris Knobloch is President of Warner Bros Entertainment France, with responsibility for overseeing all of the Group's activities in France and Benelux, and the strategic development of the business in Africa. Prior to taking up this position, she spent 18 years in various sales and marketing positions with Warner Bros and was responsible for Time Warner's international relations and strategic policy. Before that, Iris Knobloch was an attorney with Norr, Stiefenhofer & Lutz and O'Melveny & Myers in Munich, New York and Los Angeles. Iris Knobloch has a J.D. degree from Ludwig-Maximilians Universität Munich and an L. L.M. degree from New York University.

Other positions held at December 31, 2019 with companies controlled[(3)] by Warner Bros

None.

Other positions held at December 31, 2019 with companies not controlled[(3)] by Warner Bros

Position	Company
In France	
Member of the Board of Directors	LVMH (listed company)

Position	Company	Country
Outside France		
Member of the Board of Directors	Lazard Ltd (unlisted company)	Bermuda

Former positions held in the past five years

Position	Company	Country
Outside France		
Member of the Board of Directors	Axel Springer	Germany
Member of the Board of Directors	Central European Media Enterprises	Bermuda

(1) En application des critères du Code AFEP/MEDEF.
(2) Le renouvellement de son mandat est soumis à l'approbation de l'Assemblée Générale annuelle 2020.
(3) Within the meaning of Article L. 233-16 of the French Commercial Code

Nicolas Sarkozy – Independent Director[1]

- First appointed as a director on February 21, 2017.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ended December 31, 2021.
- Number of Accor shares held: 1,028.
- Born January 28, 1955.
- French national.
- Leader of the French political party Les Républicains from November 2014 to November 2016.

Nicolas Sarkozy was the President of the French Republic from 2007 to 2012. His previous positions include Mayor of Neuilly-sur-Seine (1983-2002), National Assembly Representative for Hauts-de-Seine (1988-2002), President of the General Council for Hauts-de-Seine (2004-2007), Minister for the Budget (1993-1995), Minister for Communications (1994-1995), Government spokesman (1993-1995), Minister of the Interior, Internal Security and Local Freedoms (2002-2004), Minister of State, Minister for the Economy, Finance and Industry (2004), Minister of State, Minister of the Interior and Town and Country Planning (2005-2007). He was also the elected leader of French political parties UMP (2004-2007) and Les Républicains (2014-2016). A trained lawyer, Nicolas Sarkozy is married and has four children. He is the author of several books, including Libre, *Témoignage*, *La France pour la Vie*, *Tout pour la France and Passion*.

Other positions held at December 31, 2019

Position	Company
In France	
Chief Executive Officer	SELAS CSC (unlisted company)
Administrateur	Groupe Lucien Barrière (unlisted company)

Former positions held in the past five years

None.

Isabelle Simon – Independent Director[1]

- First appointed as a director on July 12, 2016.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ended December 31, 2021.
- Number of Accor shares held: 1,000.
- Born May 1, 1970.
- French national.
- Group Secretary & General Counsel, member of the Executive Committee, Thales Group.

Isabelle Simon began her career in 1995 as a lawyer at law firm Cleary Gottlieb Steen & Hamilton, where she practiced in Paris and New York. In 2003, she became Executive Director of the Investment Banking Division of Goldman Sachs. In 2009, she joined the Publicis Group as Senior Vice-President, heading the M&A and Legal Departments and managing the Group's external development strategy and minority holdings. In 2011, Isabelle Simon became Senior Vice-President of Société des Bains de Mer de Monaco, where she headed the Real Estate, Marketing & Sales, Artistic, Communications and Legal Departments and was responsible for internal and external development operations. In 2015, she was appointed Group Secretary & General Counsel, and a member of the Executive Committee, of the Thales Group. Isabelle Simon is a graduate of Sciences Po Paris, HEC and Harvard Law School. She also holds a DEA postgraduate diploma in English and North American business law from Paris I Panthéon-Sorbonne and a DESS postgraduate diploma in international taxation from the Université Jean Monnet. She is also a qualified lawyer, and has been admitted to the Paris Bar and the New York Bar.

(1) *Based on the independence criteria set out in the AFEP/MEDEF Code.*

Other positions held at December 31, 2019 with companies controlled[1] by Thales

Position	Company
In France	
Member of the Supervisory Board	Thales Alenia Space SAS (unlisted company)
Permanent representative of Thales	Thales Avionics SAS (unlisted company)
Permanent representative of Thales	Thales SIX GTS France SAS (unlisted company)
Director	Thales Corporate Ventures (unlisted company)
Director	Thales Solidarity endowment fund

Position	Company
Outside France	
Director	Gemalto Holding B.V. (unlisted company)

Other positions held at December 31, 2019 with companies not controlled[1] by Thales

None.

Former positions held in the past five years

Position	Company
In France	
Director	Thales Foundation
Director	Neopost
Director	Wefcos

Sarmad Zok – Director

- First appointed as a director on July 12, 2016.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ended December 31, 2021.
- Number of Accor shares held: 28,700.
- Born August 9, 1968.
- Lebanese and British national.
- Chairman and CEO of Kingdom Hotel Investments and Non-Executive Board Director of Kingdom Holding Company.

Sarmad Zok is the Chairman and Chief Executive Officer of Kingdom Hotel Investments (KHI) headquartered in Dubai, UAE and a non-executive director on the boards of Four Seasons Hotels and Resorts, BlackRock Frontiers Investment Trust plc and Kingdom Holding Company. In 2006, Mr. Zok led KHI on its initial public offering on the Dubai International Financial Exchange (the predecessor to NASDAQ Dubai) and the London Stock Exchange. Since a successful take-private he has headed KHI's accomplished hotel investment management team in Dubai in managing an integrated luxury hospitality investment portfolio across the US, Europe and growth/developing markets in the Middle East, Africa and Asia. In 2016, he successfully led the KHI team on the sale and merger of Fairmont Raffles with Accor. In his early career, Mr. Zok worked at HVS International and Hilton International. He holds a Bachelor of Science in Hotel Management from the University of Surrey and a Master of Arts in Property Valuation and Law from City University Business School in London.

(1) *Within the meaning of Article L. 233-16 of the French Commercial Code.*

Other positions held at December 31, 2019 with companies controlled[1] by Kingdom Hotel Investments and Kingdom Holding Company

Position	Company	Country
Outside France		
Chairman, Member of the Board and Chief Executive Officer	Kingdom Hotel Investments (unlisted company)	Cayman Islands
Member of the Board	Kingdom Holding Company (listed company)	Saudi Arabia
Member of the Board	Kingdom 5-KR-35, Ltd (unlisted company)	Cayman Islands
Member of the Board	Kingdom Hotels (Europe) Ltd (unlisted company)	Dubai International Financial Centre
Manager A (Member of the Board)	Shercock Sarl (unlisted company)	Luxembourg
Manager B (Member of the Board)	Hotel George V BV (unlisted company)	Netherlands

Other positions held at December 31, 2019 with companies not controlled[1] by Kingdom Hotel Investments or Kingdom Holding Company

Position	Company	Country
Outside France		
Member of the Board	Blackrock Frontiers Investment Trust Plc (unlisted company)	United Kingdom
Member of the Board	Four Seasons Holdings Inc. (unlisted company)	Canada

Former positions held in the past five years

Position	Company	Country
Outside France		
Member of the Board	Yotel Investments Limited	British Virgin Islands
Member of the Board	Kingdom 5-KR-59, Ltd	Cayman Islands
Member of the Board	FRHI Holdings Limited	Cayman Islands
Chairman	Kingdom Beirut SAL	Lebanon
Member of the Board	Mövenpick Hotels and Resorts Management AG	Switzerland

(1) Within the meaning of Article L. 233-16 of the French Commercial Code.

3.2.2 Board of Directors' diversity policy

As part of the drive to have a more diverse Board, in accordance with Article L. 225-37-4 of the French Commercial Code and on the recommendation of the Appointments, Compensation & CSR Committee, the Board of Directors has paid close attention to its membership.

More generally, the Company is committed to promoting diversity and inclusion and eliminating all forms of discrimination. The Company's objectives in the area of gender diversity and equality and the outcomes of the measures implemented in this regard are described in section 2.3.5.2 of this Universal Registration Document.

The Board diversity policy aims to ensure that a variety of different cultures, skills, experiences and nationalities are represented on the Board and that the matters brought before the directors are discussed objectively, but also in a collegial manner in a spirit of openness.

The Board ensures that it has the necessary skills and expertise, notably in hospitality, brand management, marketing, digital, innovation, international business, finance, mergers and acquisitions, operational business management and the luxury market, to lead Accor's development and strategy.

To this end, a skills matrix has been developed to accurately map each director's areas of expertise.

As of December 31, 2019:

- six of the Board members are women, including the two directors representing employees, and the Vice-Chairman and Senior Independent Director is a woman;
- the Audit, Compliance & Risks Committee and the Appointments, Compensation & CSR Committee are both chaired by independent directors, who are women;
- the two directors representing employees participate in the work of the Board and of two Board Committees (the Appointments, Compensation & CSR Committee for one of them and the Commitments Committee for the second one);
- six nationalities are represented on the Board and a majority of directors currently work outside France or have worked outside France in the past with international groups; concerning the goal of international diversity, the Board ensures that at least a third of its members have international experience or are foreign nationals;
- the directors' engagement is reflected in their attendance rate at meetings of the Board and its Committees.

Cartography of the competencies of Board members as of December 31, 2019

Finance: experience in the finance sector (banking, accounting, financial markets), capital management or risk management (detailed understanding of financial reporting and corporate finance processes).

Management experience: experience as Chief Executive Officer, Executive Committee member or senior executive in a large international group.

Hospitality: experience in the hotel or broader hospitality industry.

International experience: extended relevant experience acquired in sales and marketing positions in various regions or as an executive responsible for overseeing multinational operations.

Digital: recent experience or expertise in developing and deploying digital strategies, experience working in digital-driven companies.

Luxury: experience working for companies in the luxury industry.

Brands & Marketing: experience enhancing the value of brands and products, leveraging client intelligence.

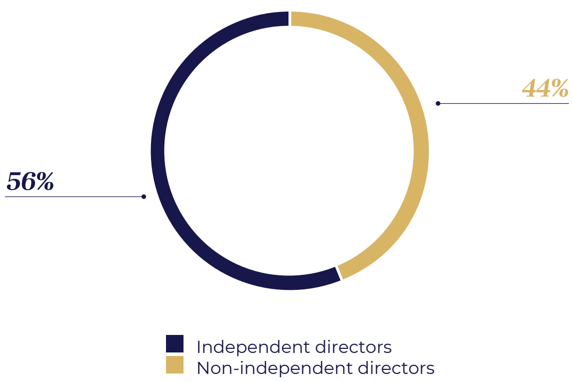
6 nationalities

French
German
Belgian
British
Lebanese
Qatari

56% of directors are independent(1)

Objective
50% of directors to be independent, in accordance with the AFEP/MEDEF Code

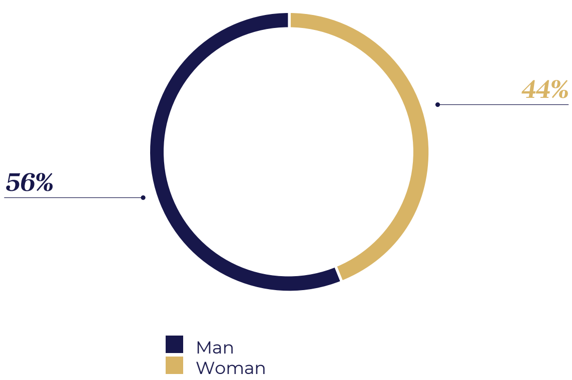
% of independent directors



44% of directors are women(1)

Objective
Balanced representation of men and women on the Board of Directors

% of women on the Board of Directors



(1) Directors representing employees are not taken into account for the calculation of the percentage of independent directors or women directors.

3.2.3 Directors' independence

As of December 31, 2019, the Board of Directors had 11 members, including nine elected by the Shareholders' Meeting and two representing employees.

A director is independent when he or she has no relationship of any kind whatsoever with the Company, the Group or its management that may interfere with his or her freedom of judgment or give rise to a potential conflict of interest. The Board assesses the independence of its members each year by applying the criteria set out in the AFEP/MEDEF Code, which states that independent directors must:

- not be and not have been during the course of the previous five years an employee or executive officer[1] of the Company, or an employee, director or executive officer of the Company's parent company or a company consolidated within this parent, or of a company consolidated within the Company;
- not be an executive officer of a company in which the Company directly or indirectly holds a directorship, or in which an employee appointed as such or an executive officer of the Company (current or in the past five years) holds a directorship;
- not be a customer, supplier, investment banker, commercial banker or advisor[2]:
  - that is material for the Company or its Group, or
  - for which the Company or its Group represents a significant part of the entity's activity;
- not have close family ties with an executive officer;
- not have been a Statutory Auditor of the Company in the last five years;
- not have been a director of the Company for more than 12 years;
- not be a non-executive officer receiving variable compensation in cash or shares, or any performance-related remuneration from the Company or the Group.

Directors who represent major shareholders of the Company may be considered as independent provided that these shareholders do not take part in the control of the Company. However, if the shareholder owns 10% or more of the Company's capital or voting rights, the Board of Directors must systematically review whether that shareholder's representative may be qualified as independent, based on a report issued by the Appointments, Compensation & CSR Committee and taking into account the Company's capital structure and any potential conflicts of interest.

The assessment of the significance or non-significance of any relationships with the Company or the Group is discussed by the Board, following a review by the Appointments, Compensation & CSR Committee.

On February 17, 2020, the Appointments, Compensation & CSR Committee reviewed the independent director status of the members of the Board of Directors, focusing in particular on whether or not the business relationships that may exist between the Company and certain directors are significant. For that purpose, it examined the nature of the relationships (types of services provided, exclusive arrangements, etc.) and the amounts of the transactions carried out during the year with the companies in which the directors hold executive positions.

It then compared those amounts with the Group's revenue and equity for 2019. The Board also examined the proportion represented by these relationships in the revenue of the groups in which the independent directors hold positions.

Following the Committee's review, the Board of Directors noted that in 2019 Accor did not have any significant business relationships with the companies in which Sophie Gasperment, Qionger Jiang, Iris Knobloch and Nicolas Sarkozy hold positions.

The Board examined the business relationships with the Thales Group, where Isabelle Simon is Group Secretary & General Counsel and a member of the Executive Committee, and noted that these relationships represent an amount significantly lower than 1% of the Group's revenue and equity as well as a non-material share of the Thales Group's revenue. The contract in question concerns IT facilities management services provided by the Thales Group for Accor, which pre-dates the election of Isabelle Simon. The Board considered that this contract was part of the normal business activities of the two groups and that the business relationships involved were not significant.

In view of the results of this analysis, and based on the criteria above, on February 19, 2020 the Board confirmed that Sophie Gasperment, Qionger Jiang, Iris Knobloch, Isabelle Simon and Nicolas Sarkozy qualify as independent directors.

(1) *In accordance with the AFEP/MEDEF Code, in public limited companies with a Board of Directors, this concept covers the Chairman and Chief Executive Officer, the Chief Executive Officer and the Deputy Chief Executive Officer(s).*
(2) *Or be linked directly or indirectly to these persons.*

Independence criteria applied

	Not to be/ have been an employee or executive officer of the Company[1]	No cross-directorships[1]	No material business relationships with the Company	No family ties with an executive officer	Not to have been an auditor or a former auditor	Not to have been a director of the Company for more than 12 years	Not to own more than 10% of the Company's share capital[2]
Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani	√	√	√	√	√	√	
Aziz Aluthman Fakhroo	√	√	√	√	√	√	
Sébastien Bazin		√	√	√	√	√	√
Iliane Dumas[3]		√	√	√	√	√	√
Sophie Gasperment	√	√	√	√	√	√	√
Chantale Hoogstoel[3]		√	√	√	√	√	√
Qionger Jiang	√	√	√	√	√	√	√
Iris Knobloch	√	√	√	√	√	√	√
Nicolas Sarkozy	√	√	√	√	√	√	√
Isabelle Simon	√	√	√	√	√	√	√
Sarmad Zok	√	√		√	√	√	√

(1) During the past five years.
(2) Acting alone or in concert.
(3) Director representing employees.

3.3 Operating procedures and conditions of preparation and organization of the work of the Board of Directors and its Committees

3.3.1 Board of Directors' work

The preparation and organization of the Board of Directors' work are governed by the laws and regulations applicable to French public limited companies (*sociétés anonymes*), the Company's Bylaws, and the Board of Directors Bylaws, which describe the operating procedures of the Board Committees.

The Board met nine times in 2019. The notices of meeting together with the agenda were emailed to all the members several days before each meeting date. In the period between two meetings, members were kept regularly informed of significant events and transactions involving the Company and were sent copies of the related press releases issued by the Company and financial analysts' reports on the Group. Each ordinary Board meeting lasted four hours on average and the attendance rate was 90% (78% in 2018).

At its meetings, the Board performed the duties required of it by law and the Company's Bylaws. It was also informed by the Chairman and Chief Executive Officer – as well as in some cases by other senior executives – of numerous significant achievements and projects relating to the Company's business.

In 2019, the Board of Director's work included:

- authorizing the sale of 85.8% of the capital of Orbis to AccorInvest;
- authorizing the sale and management-back agreement for leased Mövenpick hotels;
- authorizing the sale of 5% of the capital of Huazhu and 5.2% of the capital of AccorInvest;
- reviewing the Company's financing structure;
- deciding to continue the share buyback program;
- launching an employee shareholding transaction;
- approving the 2018 parent company and consolidated financial statements and 2019 interim financial statements.

The Board's work in the governance sphere included:

- proposing to the Annual Shareholders' Meeting the re-election of Mr Sébastien Bazin and Mrs Iris Knobloch;
- reviewing the roles and membership of the Board Committees;
- reviewing the independence criteria set out in the AFEP/MEDEF Code and confirming the independence of certain Board members;
- tracking deployment of the Compliance programme;
- authorizing of a related party agreement concluded with the company SASP Paris-Saint-Germain Football;
- seeking out candidates for election as director who have different skills and would enhance the expertise and experience represented on the Board;
- finalizing the compensation payable to the Company's executive officers.

The Board of Directors continued to receive updates from the different Committees throughout the year.

Lastly, the Board called the Annual Shareholders' Meeting and approved the report on corporate governance.

3.3.2 Assessing the Board of Directors' operating procedures

In addition to regularly discussing its procedures during scheduled meetings, the Board of Directors also periodically performs a formal assessment of its operations, including an assessment conducted by an external consultant every three years. The Company uses the assessment report to draw up an action plan aimed at enhancing the Board of Directors' operating procedures.

In the second half of 2017, the Board of Directors conducted a formal assessment of its operating procedures, with the help of an external consultant. The Company has used the assessment report to draw up an action plan aimed at enhancing the Board's operating procedures. The plan's key measures are set out in the 2017 Registration Document.

During a February 2020 meeting, the Board of Directors reviewed its operating procedures, based on a questionnaire that was filled out by the directors ahead of the meeting.

Following this review, which showed that the directors were generally satisfied with the Board's procedures, on the recommendation of the Appointments, Compensation & CSR Committee, the Board adopted measures to improve the information given and presented to directors, and decided to appoint an additional independent director.

3.3.3 Minimum shareholding requirement and preventing conflicts of interest

Pursuant to Article 12 of the Company's Bylaws, with the exception of the directors representing employees, all directors are required to hold at least 1,000 registered shares. In addition, to emphasize the importance of directors' attendance at Board and Committee meetings and to comply with the related recommendation in the AFEP/MEDEF Code, the Board of Directors Bylaws provide that two-thirds of the fees paid to directors must be based on their attendance record.

With a view to preventing any potential conflicts of interest, members of the Board are required to complete a statement every year disclosing any and all direct or indirect ties they have with the Company. If a new direct or indirect business relationship is envisaged between the Company or the Group and a director or a Founding Co-Chairman, the procedure for related-party agreements provided for in Article L. 225-38 *et seq.* of the French Commercial Code is applied whenever the business relationship concerned does not constitute a routine agreement entered into on an arm's length basis.

At its meeting of February 19, 2020, the Board of Directors reviewed the related-party agreements approved in prior years that remained in force in 2019 and the agreements authorized by the Board in application of the procedure provided for in Article L. 225-38 et seq. of the French Commercial Code. During the same meeting, the Board of Directors also adopted a Related-Party Agreement Assessment Charter, as required by the article L. 225-39 of the French Commercial code and implementing a procedure permitting a regular assessment of the agreements concerning the day-to-day business of the Company and concluded under normal conditions.

In 2016, the Board of Directors reinforced the measures to prevent conflicts of interest within the Group by adopting Article 9 of its Bylaws (presented in Appendix A). Under the terms of this article, any director that is in a position of a conflict of interest must inform both the Vice-Chairman of the Board and the Board Secretary. Article 9 stipulates that any information that may be sensitive from a competition perspective may not be disclosed or discussed in the presence of a director who has direct links to a person with interests that are in competition with those of the Company. Based on declarations made by the directors, the Vice-Chairman, with the assistance of the Board Secretary and external consultants if necessary, draws up a list of issues for each individual director that are likely to generate conflicts of interest and informs the Board of Directors on an annual basis. In the event of a conflict of interest – or even a potential conflict of interest – the director concerned shall abstain from the discussion and decision-making on the matters concerned and shall be asked to leave the Board or Committee meeting during the discussion and the corresponding vote. The director shall not receive information relating to the agenda item that concerns the conflict of interest nor the corresponding section in the minutes of the Board meeting.

In addition, directors adhere to the Board of Directors Code of Conduct (presented in Appendix B), which defines the scope of their duty of diligence, discretion and confidentiality, and specifies the rules applicable to trading in the Company's securities.

3.3.4 Board Committees

Board discussions and decisions on certain topics are prepared by specialist Board Committees made up of directors appointed by the Board for the duration of their term as director. These Committees examine matters falling within their terms of reference, as well as any matters referred to them for consideration by the Chairman and Chief Executive Officer. They report regularly to the Board on their work, and provide the Board with their observations, opinions, proposals and recommendations. There are four standing Board Committees:

- the Audit, Compliance & Risks Committee;
- the Commitments Committee;
- the Appointments, Compensation & CSR Committee;
- the International Strategy Committee.

The organizational and procedural framework applicable to the Board Committees is described in the Board of Directors Bylaws, which are presented below.

The Board may also set up one or several special Committees.

Each Committee shall be chaired by one of its members, appointed by the Board on the recommendation of the Appointments, Compensation & CSR Committee.

The Committee Chairman appoints a person who may or may not be a Committee member to act as secretary.

The Chairman of each Committee may ask for the Committee to be consulted on any matters falling within its terms of reference that have not been referred to it.

Each Committee is required to periodically review its rules of procedure and propose to the Board any changes that are considered necessary.

The Board Committees do not have any decision-making authority.

To assist them in their work, the Board Committees may commission technical reports from Company management or external consultants. In both cases, the Chairman and Chief Executive Officer is notified in advance. The Committees may also arrange meetings with members of Company management responsible for the areas under review, without any executive officers necessarily being present. In this case also, the Chairman and Chief Executive Officer is informed in advance.

In the event of a conflict of interest – or even a potential conflict of interest – the director concerned shall abstain from the discussion and decision-making on the matters concerned and shall be asked to leave the Committee meeting during the discussion and the corresponding vote.

3.3.5 Directors' attendance at Board and Committee meetings in 2019

Director	Board	Audit, Compliance & Risks Committee	Commitments Committee	Appointments, Compensation & CSR Committee	International Strategy Committee
Aziz Aluthman Fakhroo	100%	100%	100%	100%	-
Sébastien Bazin	100%	-	-	-	-
Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani	89%	-	-	-	100%
Iliane Dumas	100%	-	-	100%	-
Sophie Gasperment	100%	100%	-	100%	-
Chantale Hoogstoel	100%	-	100%	-	-
Qionger Jiang	90%	50%	-	40%	100%
Iris Knobloch	89%	100%	80%	80%	100%
Nicolas Sarkozy	89%	-	-	-	100%
Patrick Sayer[1]	33%	100%	-	80%	-
Isabelle Simon	89%	100%	-	80%	-
Sarmad Zok	100%	-	100%	100%	100%

(1) Director whose term of office expired at the close of the Annual Shareholders' Meeting of April 30, 2019.

3.4 Board Committees

3.4.1 Audit, Compliance & Risks Committee

The Audit, Compliance & Risks Committee has five members – Sophie Gasperment, Qionger Jiang, Iris Knobloch, Isabelle Simon and Aziz Aluthman Fakhroo – all of whom have the necessary technical knowledge to fulfill the Committee's duties.

Four of these members are qualified by the Board as independent. The membership of the Audit, Compliance & Risks Committee therefore complies with the recommendations in the AFEP/MEDEF Code. The Committee is chaired by Isabelle Simon, independent director. The Committee met four times in 2019, with an average attendance rate of 92% (*vs*. 61% in 2018).

Statutory Auditors, the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer and Chief Financial Officer, and the Board Secretary attend the meetings, joined when appropriate by the Internal Audit Director. The meetings in which the annual and interim financial statements are reviewed begin with a discussion with the Statutory Auditors, which takes place without Company management being present.

During its meetings, the Audit, Compliance & Risks Committee:

- prepared the Board's review and discussion of the annual and interim financial statements;
- monitored the presentation of the Group's financial results;
- reviewed the process for integrating companies acquired by the Group;
- updated the Audit Committee's Charter;
- approved the non-audit services provided by the Statutory Auditors;
- Monitored the implementation of the Group's compliance programme. It thus ensured the introduction of a system for preventing and detecting corruption and influence peddling after reviewing the initiatives implemented by the Company and their follow-up;
- reviewed the Company's risk map;
- reviewed the measures deployed in the areas of cyber security and personal data protection.

Lastly, the Committee also tracked developments in the Group's tax disputes, examined the Statutory Auditors' fees and reviewed Internal Audit findings and the implementation of the identified measures, as well as the yearly update of the risk map. In early 2020, the Committee also adopted a Related Party Agreement Assessment Charter.

3.4.2 Appointments, Compensation & CSR Committee

The Appointments, Compensation & CSR Committee comprises seven members, four of whom are qualified by the Board as independent.

In accordance with the AFEP/MEDEF Code recommendations:

- the Committee is chaired by independent director Sophie Gasperment;
- the Committee's members include Iliane Dumas, director representing employees;
- the Committee consists mostly of independent directors.

The Committee is chaired by Sophie Gasperment and its other members are Iliane Dumas, Qionger Jiang, Iris Knobloch, Isabelle Simon, Aziz Aluthman Fakhroo and Sarmad Zok.

The Committee met five times in 2019, with an average attendance rate of 88% (*vs.* 91% in 2018).

During its meetings, the Committee:

- prepared the compensation policy for executive officers to be submitted to the Annual Shareholders' Meeting;
- reviewed achievement rates for the objectives set for performance shares granted in prior years and for the senior management supplementary pension plan;
- reviewed the 2019 long-term incentive plan (performance shares) and the mechanisms for employee share ownership;
- reviewed the succession plan and led the process for re-electing the Chairman and Chief Executive Officer and the Senior Independent Director;
- assessed the candidate whose election as director will be put to the vote at the 2020 Annual Shareholders' Meeting;
- reviewed the independence criteria for directors;
- performed the annual review of related-party agreements approved in prior years that remained in force in 2019;
- monitored the application of the recommendations contained in the AFEP/MEDEF Code;
- reviewed the work carried out by the Ethics & CSR Committee;
- reviewed the Company's gender equality policy.

The Committee also put forward recommendations concerning executive officers' compensation and the allocation of directors' fees among the Board members.

3.4.3 Commitments Committee

The Commitments Committee is comprised of four members. It is chaired by Aziz Aluthman Fakhroo and its other members are Iris Knobloch, Chantale Hoogstoel and Sarmad Zok. Due to the nature of the responsibilities assigned to this Committee – which sometimes has to give its opinion on acquisition or disposal projects within a short timeframe – Committee meetings may be called at any time, either in writing or verbally, by the Committee Chairman or by the Chairman and Chief Executive Officer.

The Committee met five times in 2019, with an average attendance rate of 86% (*vs.* 76% in 2018). Directors not on the Committee may also participate in its meetings, at the invitation of the Committee Chairman.

In 2019, the Commitments Committee primarily:

- monitored the disposal of Orbis;
- reviewed the Group's various acquisition and disposal projects.

3.4.4 International Strategy Committee

The International Strategy Committee has five members, of whom three are qualified by the Board as independent. It is chaired by Nicolas Sarkozy and the other members are Qionger Jiang, Iris Knobloch, Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani and Sarmad Zok.

The Committee met twice in 2019, with an average attendance rate of 100% (*vs.* 67% in 2018).

During its meetings, the Committee discussed international current affairs, including geopolitical developments in various regions of the world and their impacts on the Group's operations. The main topics discussed by the Committee were the consequences of the trade war between China and the United States, and the crises affecting several of the Group's host countries.

3.5 Executive officer's compensation

3.5.1 2020 compensation policy for the Chairman and Chief Executive Officer

The Company's compensation policy for the Chairman and Chief Executive Officer is determined by the Board of Directors, acting on the recommendation of the Appointments, Compensation & CSR Committee.

The Board's primary objective is to put together executive compensation packages that are reasonable, balanced, equitable and performance-based. Consequently, fixed and variable compensation principles, criteria and amounts are analyzed each year by the Appointments, Compensation & CSR Committee. In particular, the Committee uses compensation benchmarks conducted by external consultants of the practices of other CAC 40 companies and international hotel groups. An additional aim of the analysis is to ensure that the Company's compensation policy for its executive officer complies with the AFEP/MEDEF Corporate Governance Code.

Ahead of the proposed reappointment of Sébastien Bazin as a director, Chairman and Chief Executive Officer, at its meeting on February 19, 2020 the Board of Directors revised his compensation package for the duration of his term in order to align it with market practices and link it even more closely to the Group's performance. On the recommendation of the Appointments, Compensation & CSR Committee, the Board decided not to change Sébastien Bazin's fixed and variable compensation and to increase his long-term compensation, consisting of performance shares.

Short-term components

- **Annual fixed compensation,** which takes into account the Chairman and Chief Executive Officer's experience and responsibilities as well as market practices.
- **Annual variable compensation,** which is contingent on the Chairman and Chief Executive Officer's contribution to the Group's success, particularly in terms of financial and extra-financial performance, and depends on performance in relation to quantitative objectives (for 80%) and qualitative objectives (for 20%) set by the Board of Directors, as explained below. Each quantitative objective, depending on the achievement rate, triggers the payment of between 0% and 160% of the share of variable compensation it represents, and each qualitative objective between 0% and 120%.

For 2020, Sébastien Bazin will receive annual fixed compensation of €950,000 and variable compensation equal to between 0% and 150% of a gross reference amount of €1,250,000, representing between 0% and 197% of his annual fixed compensation. If his variable compensation reaches 100% of the reference amount, this will represent 132% of his annual fixed compensation.

These compensation arrangements have been unchanged since January 1, 2016.

The Board has decided that Sébastien Bazin's annual variable compensation will be based on the achievement of the following performance objectives:

- **quantitative objectives (accounting for 80% of the total):**
  - consolidated EBITDA in line with the 2020 budget (25% weighting),
  - free cash flow (excluding disposals and acquisitions) after change in operating working capital, in line with the 2020 budget (20% weighting),
  - organic net growth in the number of rooms (excluding acquisitions) in line with the 2020 budget (20% weighting),
  - a combination of criteria:
    - guest experience (5% weighting),
    - CSR, including level of employee engagement (10% weighting).

  The Board decided to replace the comparative TSR performance objectives with an objective concerning organic net growth in the number of rooms (excluding acquisitions), in order to align the Chairman and Chief Executive Officer's compensation more closely with the Group's business development objectives. This objective, which constitutes a benchmark indicator observed among Accor's peers in the hospitality sector, also helps to better differentiate between the objectives that determine short-term compensation and those used as the basis for assessing long-term compensation.

  In addition, the weighting of the "combination of criteria" has been raised from 10% to 15% in order to place increased weight on the CSR criterion among the quantitative objectives, in line with AFEP/MEDEF recommendations;

- **qualitative objectives (accounting for 20% of the total):**
  - strategic vision and identification of strategic options (10% weighting),
  - operational excellence of the organization and talent development (10% weighting).

Lastly, the Board of Directors has retained the option of paying an exceptional bonus to the Chairman and Chief Executive Officer in certain special circumstances (such as in the event of a transformative operation), which would be announced and explained to shareholders, in accordance with the AFEP/MEDEF Code. In any event and subject to approval of this compensation policy at the 2020 Annual Shareholders' Meeting, any decision by the Board of Directors to pay an exceptional bonus to the Chairman and Chief Executive Officer would be subject to the shareholders' prior approval at the 2021 Annual Shareholders' Meeting.

Criteria and weighting of the variable components of the Chairman and Chief Executive Officer's compensation

		% of the Reference Amount		
Quantitative objectives	Weighting	Min	Target	Max(1)
Actual *versus* budgeted consolidated EBITDA for 2020	25%	0%	25%	40%
Actual *versus* budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital for 2020	20%	0%	20%	32%
Organic net growth in the number of rooms (excluding acquisitions) in line with the 2020 budget	20%	0%	20%	32%
Guest experience	5%	0%	5%	8%
CSR, including level of employee engagement	10%	0%	10%	16%
Total, quantitative objectives	**80%**	**0%**	**80%**	**128%**

(1) Each quantitative objective, depending on the achievement rate, may trigger the payment of up to 160% of the share of variable compensation it represents.

		% of the Reference Amount		
Qualitative objectives	Weighting	Min	Target	Max(1)
Strategic vision and identification of strategic options	10%	0%	10%	12%
Operational excellence of the organization and talent development	10%	0%	10%	12%
Total, qualitative objectives	**20%**	**0%**	**20%**	**24%**
TOTAL, QUANTITATIVE AND QUALITATIVE OBJECTIVES AS A % OF THE REFERENCE AMOUNT		**0%**	**100%**	**150%(2)**
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION (CAPPED AMOUNT)		**0%**	**132%**	**197%**

(1) Each qualitative objective, depending on the achievement rate, may trigger the payment of up to 120% of the share of variable compensation it represents.
(2) The variable compensation is capped at 150% of the reference amount.

In any event, the Chairman and Chief Executive Officer's variable compensation and any exceptional bonus will be paid only with the approval of the shareholders at the Annual Shareholders' Meeting.

Long-term components

Performance shares in the Company are regularly granted to the executive officer of the Company and to certain Group employees subject to the fulfillment of performance conditions and continued presence in the Group. These share grants are intended to closely align the Chairman and Chief Executive Officer's interests with those of the Company's shareholders and encourage him to deliver long-term performance. The performance conditions (which are both internal and external) are determined by the Board of Directors, which then gives the Chairman and Chief Executive Officer the necessary powers to carry out the grants. In accordance with the AFEP/MEDEF Code, the plans are mostly issued during the first half of the year.

At its meeting on February 19, 2020, based on recommendations put forward by the Appointments, Compensation & CSR Committee and as indicated above, the Board of Directors decided to increase the cap on the number of performance shares that may be granted to the Chairman and Chief Executive Officer to a number equivalent to 250% of his gross annual fixed compensation. In any event, the number of performance shares that may be granted to him shall not represent more than 15% of the total number of performance shares under the resolution which authorized the grant of the performance shares, valid for a period of 38 months.

In addition to the requirement that the Chairman and Chief Executive Officer continues to be employed by the Group at the end of the three-year vesting period, these performance shares shall only vest in accordance with the following performance conditions:

- actual *versus* budgeted consolidated EBITDA (50% weighting);
- actual *versus* budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital (20% weighting);
- change in Accor's Total Shareholder Return (TSR) *versus* the Stoxx Europe 600 Travel & Leisure Gross Return index (30% weighting).

On the recommendation of the Appointments, Compensation & CSR Committee, the Board of Directors decided to adjust the weighting of the plans' performance criteria, in accordance with the AFEP/MEDEF Code, in order to strike a better balance between internal and external criteria.

These continued employment and performance conditions are the same as those applicable to all Group employee grantees of performance shares.

In addition, the performance shares are subject to a lock-up period and the Chairman and Chief Executive Officer is required to retain a certain proportion of the shares for as long as he remains in this position (see table 14, page 250).

The Board of Directors also decided to recommend to the 2020 Annual Shareholders' Meeting a new co-investment plan based on the same principles as the one approved in 2017. Under this plan, participants would make a significant unsecured personal investment in Accor shares that would be locked up for the duration of the plan and would entitle the participant to performance shares. The performance shares would be subject to vesting conditions based on the Group's operating and stock market performance over the period to 2023.

Around 150 key executives would be given the opportunity to participate in the plan, including the Chairman and Chief Executive Officer, the members of the Executive Committee and the representatives of Group key functions.

The co-investment plan represents a dynamic instrument for promoting executive engagement and aligning executives' long-term interests with those of shareholders in the drive to create value, as well as an important loyalty-building instrument in an environment where the core talents needed to lead the Group's transformation are increasingly in demand.

The Board of Directors, on the recommendation of the Appointments, Compensation & CSR Committee, may make discretionary use of judgment when determining the components of the Chairman and Chief Executive Officer's bonus if unforeseen circumstances not reflected in his objectives have had a material positive or negative impact on the achievement of one or more performance criteria. This provision enables the Board of Directors to ensure that the application of the compensation policy, the performance of the Chairman and Chief Executive Officer and the performance of the Group are properly aligned.

In addition, the quantitative performance criteria applied to the short- and long-term variable components of the Chairman and Chief Executive Officer's compensation may be assessed after adjusting for the impact of Covid-19.

Any use of these provisions by the Board of Directors will be disclosed as necessary.

Other benefits awarded to the Chairman and Chief Executive Officer

- **A company car.**
- **Unemployment insurance.** A private insurance plan has been set up with *Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise* (GSC) to provide the Chairman and Chief Executive Officer with unemployment benefits should the need arise. The benefits under this plan would be based on net taxable professional-source income for the previous year, and would be payable as from the 31st unbroken day of unemployment. The maximum length of time that Sébastien Bazin could be paid benefits under the plan is 24 months, and the total amount of benefits is capped at €411,360 (based on the applicable rate for 2020).
- A maximum of 100 hours of **tax and asset management advice** per year provided by an external company.
- **Supplementary pension plans:** an "Article 83" defined contribution plan and an "Article 39" defined benefit plan: in light of developments concerning "Article 39" plans (see below), the Company is currently considering the shape a replacement plan should take:
  - Defined contribution plan

    Sébastien Bazin, as executive officer of the Company with over one year of service and a gross annual salary of more than four times the annual ceiling used for calculating French social security contributions (the "PASS"), qualifies to participate in the Company's defined contribution pension plan. He will be entitled to a pension annuity (with the possibility of survivor benefits) determined based on the contributions paid by the Company for each year of his membership of the plan. As from 2020 (*i.e.*, for contributions payable in 2021 and subsequent years), the annual contribution paid by the Company will represent 8% of his gross annual compensation for the previous year, capped at eight times the PASS. This change is due to the recent reform of the "Article 39" defined benefit system. In accordance with the French Social Security Code, if participants leave the Group before the date of retirement, they retain the rights accrued under the plan.

    However, in the case of Sébastien Bazin, the Board of Directors may decide to cancel the benefit of this plan.
  - Defined benefit plan

    Sébastien Bazin, as executive officer of the Company with a gross annual salary of more than five times the PASS and having fulfilled the service criteria, qualified to participate in the Company's defined benefit pension plan. He will therefore be entitled to a pension annuity (with the possibility of survivor benefits), provided he remains with the Group until he retires. If he leaves the Group before retiring, he will forfeit these pension rights. The pension annuity paid under the plan will be reduced by the amount of the annuity financed by contributions paid prior to 2020 into the defined contribution plan described above.

    In accordance with Order No. 2019-697 dated July 3, 2019 concerning professional defined benefit plans, the plan has been closed to new entrants since July 4, 2019 and no new conditional benefit entitlements will be allocated for periods of employment after December 31, 2019.

    However, in the case of Sébastien Bazin, the Board of Directors may decide to cancel the benefit of this plan.

His benefit entitlement was built up gradually until December 31, 2019, and was calculated each year for which he was a plan member based on his annual reference compensation. Each year of plan membership represents between 1% and 3% of the annual reference compensation, depending on the compensation brackets concerned, i.e.:

- portion of reference compensation representing between 4 and 8 times the PASS: 1%;
- portion of reference compensation representing between 8 and 12 times the PASS: 2%;
- portion of reference compensation representing between 12 and 24 times the PASS: 3%;
- portion of reference compensation representing between 24 and 60 times the PASS: 2%.

The annuity payable under the supplementary defined benefit plan is subject to the following two performance conditions:

- actual *versus* budgeted consolidated EBITDA (50% weighting);
- actual *versus* budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital (50% weighting).

Each year, the performance condition achievement rates are validated by the Board of Directors. Benefit entitlements vest in full if the performance conditions are at least 90% met (below 90%, the vested entitlement is calculated on a straight-line basis).

The benefit entitlement for any given year of plan membership therefore corresponds to the aggregate of the amounts accrued for each of the above portions, provided that the related performance conditions are met. The amount of the final pension annuity equals the sum of the entitlements calculated for each year until December 31, 2019.

Two caps are applied to the final amount of the pension annuity:

- the amount of the gross annuity may not exceed 30% of the member's last annual reference compensation;
- given that Sébastien Bazin's last reference compensation was more than 12 times the PASS, the overall replacement rate represented by pension benefits payable under government-sponsored plans and Accor supplementary pension plans will be capped at 35% of the average of his best three years' reference compensation in the ten years prior to retirement.

Sébastien Bazin, as executive officer of the Company, will be covered by a new system as from 2020 if his gross annual salary represents more than eight times the PASS and he completes more than six months' service during the year concerned. This new system is being considered following the freeze on his potential rights under the "Article 39" defined benefit plan described above. However, due to the uncertainty resulting from the fact that not all of the texts have been published yet concerning the new vested defined benefit plans referred to in Article L. 137-11-2 of the French Social Security Code, the Company is not currently in a position to choose between setting up a vested defined benefit plan or an "Article 82" plan, or paying a bonus or granting any other form of benefit considered appropriate by the Board of Directors. Once the decision is made, it will be made public.

- **Compensation for loss of office:** the Board of Directors decided that the compensation payable to the Chairman and Chief Executive Officer in the event of loss of office would be equal to twice the aggregate amount of his fixed and variable compensation due for the fiscal year preceding that of the loss of office. This termination benefit would only be payable if (i) the performance criteria set by the Board of Directors are met, and (ii) his departure is involuntary, *i.e.*, if Mr. Bazin's term of office as Chairman and Chief Executive Officer is terminated (except in the event of gross or willful misconduct) or if he is not re-elected as a director. It would not be payable if Mr. Bazin resigns or decides not to stand for re-election as a director, if he moves to a new position within the Group, or if he would be able to claim his full-rate pension within a short period of time.
  - The performance criteria applicable to the termination benefit are as follows:
    - consolidated return on capital employed for the previous three years must have exceeded the Group's cost of capital;
    - operating free cash flow must have been positive in at least two of the previous three years;
    - like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the previous three years.
  - These performance criteria would be applied as follows:
    - if all three criteria were met, the compensation would be payable in full;
    - if two of the three criteria were met, half of the compensation would be payable;
    - if none or only one of the three criteria were met, no compensation would be due.

Note that the Chairman and Chief Executive Officer does not receive any directors' fees as member of the Company's Board of Directors.

Summary of the overall structure of the Chairman and Chief Executive Officer's compensation package

Components	Criteria and objectives	Amount/Weighting
Annual fixed compensation	Determined by the Board of Directors based on the recommendation of the Appointments, Compensation & CSR Committee, taking into account: • his experience; • his responsibilities; • market practices.	€950,000 Unchanged since January 1, 2016
Annual variable compensation	Annual variable compensation that varies depending on performance in relation to the following objectives:	The annual variable compensation will represent between 0% and 150% of a reference amount set at €1,250,000, and will therefore be equivalent to between 0% and 197% of his annual fixed compensation
	Quantitative objectives (accounting for 80% of the annual variable compensation): • **financial objectives** (actual *versus* budgeted consolidated EBITDA for 2020, actual *versus* budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital for 2020, net organic growth in number of rooms, excluding acquisitions); • **extra-financial objectives** (guest experience and CSR (including level of employee engagement).	Each quantitative objective, depending on the achievement rate, may trigger the payment of between 0% and 160% of the share of variable compensation it represents
	Qualitative objectives (accounting for 20% of the annual variable compensation): • strategic vision and identification of strategic options; • operational excellence of the organization and talent development.	Each qualitative objective, depending on the degree to which it is met, may trigger the payment of between 0% and 120% of the share of variable compensation it represents
Long-term components	**Performance shares,** which vest subject to fulfillment of performance conditions decided by the Board of Directors and to continued presence in the Group.	The grants represent a maximum of 250% of annual fixed compensation, determined by the Board of Directors

The compensation policy described above will be submitted to shareholders for approval at the 2020 Annual Shareholders' Meeting. Payment of the components of variable and exceptional compensation due under the above policy will be subject to approval of the Annual Shareholders' Meeting called to approve the 2020 financial statements.

3.5.2 Compensation policy for Company directors

Directors' compensation is allocated by the Board among its members according to the following principles:

- the annual amount of directors' compensation is divided into an amount set aside for the Board and an amount set aside for the Board Committees, as determined by the Board of Directors;
- one-third of the amount set aside for the Board and for the Committees is used to pay the fixed portion of directors' compensation;
- two-thirds of the amount set aside for the Board and Committees is used to pay the variable portion of directors' compensation based on a per-meeting amount set by the Board depending in each case on the total number of meetings held during the year and on the number of members composing each instance. The calculated variable portion of directors' compensation is then paid to each director depending on its attendance rate;
- the Vice-Chairman of the Board of Directors receives the fixed portion of directors' compensation payable to all directors as well as a fixed portion of a lump sum determined by the Board of Directors;
- a lump sum is set aside for non-voting directors to be allocated on the same basis as that applied to the amounts set aside for the Board and for the Board Committees;
- Committee Chairmen receive a fixed portion of directors' compensation equal to double the fixed portion payable to Committee members;
- members of the Audit, Compliance & Risks Committee, and members of the Appointments, Compensation & CSR Committee, receive an increased portion of directors' compensation, as decided by the Board of Directors;
- directors who also hold the position of Chairman and Chief Executive Officer, Chief Executive Officer or Deputy Chief Executive Officer do not receive any directors' compensation;
- directors representing employees do not receive any directors' compensation. The compensation that they would have received is not distributed and instead the Company has pledged to allocate the equivalent amount to supporting Group employees in difficulty;
- the Board of Directors may award an exceptional bonus as part of their variable portion for a mission entrusted to a director or non-voting director;
- directors' compensation is paid no later than three months following the end of the fiscal year for which it is due.

The compensation policy described above will be submitted to shareholders for approval at the 2020 Annual Shareholders' Meeting.

3.5.3 Compensation payable to the Executive Officer of the Company in 2019

The compensation paid or awarded to the executive officer for 2019 complies with the compensation policy approved by the Annual Shareholders' Meeting in application of Article L. 225-37-2 of the French Commercial Code, as presented in section 3.5.1 of the 2018 Registration Document.

An overview of the fixed, variable and exceptional components of the total compensation and benefits paid in 2019 or awarded in respect of that year to the executive officer, which will be submitted to the 2020 Annual Shareholders' Meeting for approval in application of Article L. 225-100-III of the French Commercial Code, is presented in a specific table in section 3.7 of the Universal Registration Document.

Fixed and variable compensation payable to Sébastien Bazin

Sébastien Bazin's gross annual **fixed compensation** for 2019 amounted to €950,000, unchanged since January 1, 2016.

Sébastien Bazin's annual **variable compensation** would represent between 0% and 150% of a reference amount of €1,250,000 (unchanged since he was first appointed Chairman and Chief Executive Officer in 2013), corresponding to between 0% and 197% of his annual fixed compensation, based on the achievement of the following objectives:

- quantitative objectives (accounting for 80% of the total):
  - consolidated EBITDA in line with the 2019 budget (25% weighting),
  - free cash flow (excluding disposals and acquisitions) after change in operating working capital in line with the 2019 budget (25% weighting),
  - Accor's TSR *versus* the TSR of eight other international hotel groups (Marriott, Hilton, Choice, Hyatt, Whitbread, Intercontinental Hotels, NH Hoteles and Melia) (10% weighting),
  - Accor's TSR *versus* the TSR of other CAC 40 companies (10% weighting),
  - a combination of criteria: guest experience, level of employee engagement, and sustainable development and CSR performance (10% weighting);
- qualitative objectives (accounting for 20% of the total), *i.e.*:
  - strategic vision and identification of strategic options (10% weighting),
  - implementation of the post-Booster organization and change in Group businesses (10% weighting).

Each quantitative objective, depending on the achievement rate, triggers the payment of between 0% and 160% of the share of variable compensation it represents, and each qualitative objective between 0% and 120%.

The variable compensation is capped at 150% of the reference amount of €1,250,000. If his variable compensation reaches 100% of the reference amount, this will represent 132% of his annual fixed compensation.

Following an assessment of the degree to which Sébastien Bazin's objectives had been achieved, at its meeting on February 19, 2020 the Board sets his variable compensation for 2019 at €1,126,113, breaking down as:

- **€838,613 for the quantitative objectives,** which were 83.9% met overall (0% for Accor's TSR *versus* the TSR of eight other international hotel groups, 0% for Accor's TSR *versus* the TSR of other CAC 40 companies, and non-disclosable for the other objectives relating to the budget or to the internal ambition, in view of their confidential nature). It is nevertheless specified that the objectives relating to the budget (EBITDA, and free cash flow [excluding disposals and acquisitions] after change in operating working capital), were exceeded. Lastly, the objectives concerning the Group's internal ambitions, *i.e.*, (i) objective related to the guest experience and (ii) objectives related to employee engagement and sustainable development and CSR performance, were also exceeded.
- **€287,500 for the qualitative objectives,** which were 115% met overall (120% for strategic vision and identification of strategic options, and 110% in respect of the successful implementation of the new post-Booster organization and change in Group businesses).

The Board examined in detail the progress made in establishing the new organization and the skills needed for its deployment. It noted that no time had been lost in setting up the post-Booster organization and that Group businesses were progressing well.

The Board also recognized the Chairman and Chief Executive Officer's powerful and agile strategic vision, observing that this represented an essential quality in today's fast-changing hospitality industry.

Consequently, Sébastien Bazin's total variable compensation for 2019 represents 90% of the annual reference amount (and 119% of his fixed compensation for the year).

Termination benefits

Compensation payable to Sébastien Bazin in the event of loss of office as Chairman and Chief Executive Officer

The compensation for loss of office that would be payable to the Chairman and Chief Executive Officer is described in section 3.5.1 "2020 compensation policy for the Chairman and Chief Executive Officer", in the sub-section entitled "Other benefits awarded to the Chairman and Chief Executive Officer".

Supplementary pension benefits

The executive officer and several dozen other senior executives are members of a top-hat **supplementary pension plan** set up within the Company. This plan complies with the recommendations contained in the AFEP/MEDEF Code, as described below.

The overall plan comprises an "Article 83" **defined contribution plan,** set up in accordance with Articles L. 242-1 and L. 911-1 of the French Social Security Code, and an "Article 39" **defined benefit plan,** established in accordance with the provisions of Article L. 137-11 of the same code.

Both plans have been outsourced to an accredited organization, to which the relevant contributions are paid.

Those eligible for the **defined contribution plan** are the executive officer and senior executives with over one year of service and a gross annual salary of more than four times the annual ceiling used for calculating French social security contributions (the "PASS"), *i.e.*, €162,096 in 2019. Members are entitled to a pension annuity (with the possibility of survivor benefits), which is determined based on the contributions paid by the Company for each year of their membership of the plan. The annual contribution paid by the Company for each plan member corresponds to 5% of the member's annual gross compensation received for the year concerned, capped at five times the PASS. The maximum contribution paid for 2019 therefore amounted to €10,131[1]. In accordance with the French Social Security Code, if a plan member leaves the Group before the date of retirement, he or she will retain the rights accrued under the plan.

Those eligible for the **defined benefit plan** are the executive officer and senior executives with a gross annual salary of more than five times the PASS, *i.e.*, €202,620 in 2019, who have fulfilled this criterion for more than six months during the reference year. Members are entitled to a pension annuity (with the possibility of survivor benefits), provided they remain with the Group until they retire and they have participated in the plan for at least five years (or have served with the Group for at least 15 years). If they do not meet these requirements, they are not entitled to any payments under the plan. However, under the plan's provisions, members may retain:

- potential benefits accrued under the plan in the event of (i) removal from office after the age of 55, (ii) forced early retirement, with benefits payable for the period from when the member leaves the Company through to the date on which they become entitled to the basic state pension, or (iii) category 2 or 3 disability as defined under the French Social Security Code, with benefits payable for the period before they become entitled to supplementary pension benefits;
- surviving spouse rights in the event of death in the period before they become entitled to supplementary pension benefits.

Each member progressively acquires their entitlement, calculated each year for which they are a plan member based on their annual reference compensation[2], 2019 being the last year of calculation for potential benefits (in accordance with Order No. 2019-697 dated July 3, 2019).

Each year of plan membership represents between 1% and 3% of the reference compensation, depending on the compensation brackets concerned, *i.e.*:

- portion of reference compensation representing between 4 and 8 times the PASS: 1%;
- portion of reference compensation representing between 8 and 12 times the PASS: 2%;
- portion of reference compensation representing between 12 and 24 times the PASS: 3%;
- portion of reference compensation representing between 24 and 60 times the PASS: 2%.

The entitlement for any given year of plan membership therefore corresponds to the aggregate of the amounts accrued for each of the above compensation brackets. The amount of the final pension annuity equals the sum of the entitlements calculated for each year until December 31, 2019. The pension annuity payable under the defined benefit plan will be reduced by the amount of the annuity payable under the above-described defined contribution plan. Any voluntary payments into the plan made by members will not be taken into account.

Two caps are applied to the final amount of the pension annuity:

- the amount of the gross annuity may not exceed 30% of the member's last annual reference compensation;
- for members whose last reference compensation was more than 12 times the PASS, the overall replacement rate represented by pension benefits payable under government-sponsored plans and Accor supplementary pension plans is capped at 35% of the average of their best three years' reference compensation in the ten years prior to retirement.

(1) *For the defined contribution plan, the employer's contribution paid by Accor for 2019 for the Chairman and Chief Executive Officer corresponded to a gross amount of €10,131.*
(2) *The reference compensation corresponds to total gross fixed and variable compensation plus any exceptional bonus paid during the reference year.*

Approximately 70 executives were eligible for this plan in 2019.

For example, for a reference compensation of €1,000,000 in 2019, provided that all of the plan's eligibility criteria are met, the entitlement would be calculated as follows:

- 1% for compensation representing between four times the PASS (€162,096) and eight times the PASS (€324,192), corresponding to 1% of €162,096, *i.e.*, €1,621 (a);
- 2% for compensation representing between 8 times and 12 times the PASS (€486,288), corresponding to 2% of €162,096, *i.e.*, €3,242 (b);
- 3% for compensation representing between 12 times and 24 times the PASS (€972,576), corresponding to 3% of €486,288, *i.e.*, €14,589 (c);
- 2% for compensation representing between 24 times the PASS and €1,000,000 (the reference compensation), corresponding to 2% of €27,424, *i.e.*, €548 (d).

The sum of these components – *i.e.*, (a) + (b) + (c) + (d) – represents a total potential annuity entitlement of €20,000 for 2019.

This calculation will be performed for each year of plan membership based on the member's reference compensation, the applicable PASS for that year and any adjustment related in particular to changes in the value of the Agirc-Arrco pension point. The final annuity corresponds to the aggregate of the annual amounts thus calculated.

This total final annuity under the defined benefit plan corresponds to an overall amount that includes any annuity to which the member would be entitled under the Company's defined contribution plan, *i.e.*, the defined contribution plan annuity is not added to the defined benefit plan annuity.

Sébastien Bazin was eligible for these supplementary pension plans in 2019.

The Board of Directors, acting on the recommendation of the Appointments, Compensation & CSR Committee, decided to make the payment of the annuity under the supplementary defined benefit plan subject to the following two performance conditions:

- actual *versus* budgeted consolidated EBITDA (50% weighting);
- actual *versus* budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital (50% weighting).

Each year, the performance condition achievement rates are validated by the Board of Directors. Potential benefit entitlements for the year in question vest in full if the performance conditions are at least 90% met (below 90%, the vested entitlement is calculated on a straight-line basis).

Provided that he fulfills the plan's conditions at the time of retirement and subject to possible changes in the law, Sébastien Bazin's potential benefit entitlements for 2019 – taking into account achievement rates for the two performance conditions mentioned above (as approved by the Board of Directors on February 19, 2020) – would be €47,111. This amount has been calculated based on his fixed and variable compensation for 2018, which totaled €2,355,549, taking into account the 100% achievement rate for the two performance conditions.

Consequently, Sébastien Bazin's estimated potential benefits under this plan at December 31, 2019 amount to €246,126.

Taxation of these Group plans under the French system of social levies can be summarized as follows:

- defined contribution plan: (i) the Company pays the 20% *forfait social* levy due on compensation that is exempt from social security contributions, which is calculated on the Company's total contribution to the plan and (ii) plan participants pay the *Contribution Sociale Généralisée* (CSG) and *Contribution au Remboursement de la Dette Sociale* (CRDS) levies, which are calculated on the basis of the portion of the Company's contribution allocated to them;
- defined benefit plan: the Company has irreversibly elected to pay the social security tax contribution at the rate of 32% on annuities paid to plan participants who retired on or after January 1, 2013 and 16% on annuities paid to plan participants who retired before that date. For their part, plan participants are liable for the CSG and CRDS levies, a national health insurance contribution and the *Contribution Additionnelle de Solidarité pour l'Autonomie* (CASA) social levy, calculated in each case on the amount of their annuities in the same way as for other income replacements. In the specific case of annuities received under defined benefit pension plans (top-hat plans), a *Contribution Sociale* levy is also due by the retiree at a rate that varies depending on the amount of the annuity and the retirement date.

Unemployment insurance

A private insurance plan has been set up with *Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise* (GSC) to provide the Chairman and Chief Executive Officer with unemployment benefits should the need arise. The benefits under this plan would be based on net taxable professional-source income for the previous year, and would be payable as from the 31st unbroken day of unemployment.

The maximum length of time that Sébastien Bazin could be paid benefits under the plan is 24 months, and the total amount of benefits is capped at €411,360 (based on the applicable rate for 2020).

3.5.4 Summary of compensation

Analysis of compensation paid to the executive officer

The following tables provide a summary of the total gross compensation and benefits paid and stock options and performance shares granted by the Group to its executive officer for 2018 and 2019[1].

Table 1: Summary of compensation, options and shares awarded to the executive officer (Table 1 – AFEP/MEDEF Code)

Sébastien Bazin **Chairman and Chief Executive Officer since August 27, 2013**	**2018** *(in euros)*	**2019** *(in euros)*
Compensation awarded for the year (see Table 2 for details)	2,887,780 including variable compensation of €1,405,549 and an exceptional bonus for 2018[2] of €475,000	2,133,974 including variable compensation of €1,126,113
Value of stock options granted during the year	-	-
Value of performance shares granted during the year including exceptional bonus (see Table 9 for details)[1][2]	1,235,022	2,277,746 including variable exceptional compensation for 2018[2] of 377,710
TOTAL	**4,122,802**	**4,411,720**

(1) In accordance with the AFEP/MEDEF Code, the valuation of the shares corresponds to the accounting value at the grant date and not to the effectively paid compensation. Performance shares are forfeited if the grantee leaves the Group before the shares vest or if the performance conditions are not met.

(2) The exceptional bonus for 2018 decided by the Board of Directors on June 26, 2018 and approved by the Annual Shareholders' Meeting of April 30, 2019, was paid in performance shares issued in 2019, as shown in Table 9 below. This bonus was paid in the form of 13,480 performance shares granted in 2019. This number was determined in 2018 based on the accounting value of the performance shares at the grant date of the plan dated June 26, 2018. As the exceptional bonus was awarded in respect of 2018 and granted in 2019, it is therefore shown in the 2 columns of the table (years 2018 and 2019).

Table 2: Summary of compensation paid to the Executive Officer (Table 2 – AFEP/MEDEF Code)

	2018		**2019**	
Sébastien Bazin **Chairman and Chief Executive Officer since August 27, 2013**	**Amounts awarded for 2018** *(in euros)*	**Amounts paid in 2018** *(in euros)*	**Amounts awarded for 2019** *(in euros)*	**Amounts paid in 2019** *(in euros)*
Fixed compensation[1]	950,000	950,000	950,000	950,000
Variable compensation[2]	1,405,549	1,505,719	1,126,113	1,405,549
Exceptional bonus[3]	475,000	-	-	377,710
Compensation as member of the Board of Directors[4]	N/A	N/A	N/A	N/A
Benefits in kind[5]	57,231	57,231	57,861	57,861
TOTAL	**2,887,780**	**2,512,950**	**2,133,974**	**2,791,120**

The above amounts are presented in euros on a gross pre-tax basis.

(1) The fixed compensation of the Chairman and Chief Executive Officer is paid in the year in which it is earned.

(2) Variable compensation is calculated and paid in the year following the one in which it was earned, subject to ex post approval of the "say on pay" at the Annual Shareholders' Meeting called to approve the financial statements for the year in question.

(3) At its meeting on June 26, 2018, the Board of Directors decided to award Sébastien Bazin an exceptional bonus equivalent to 50% of his annual fixed compensation at December 31, 2017, to be paid in the form of a performance share grant in 2019, as approved as part of the ex post "say on pay" at the Annual Shareholders' Meeting of April 30, 2019. This bonus was paid in the form of 13,480 performance shares granted in 2019. This number was detemined in 2018 based on the accounting value of the performance shares at the grant date of the plan dated June 26, 2018.

(4) The Chairman and Chief Executive Officer does not receive any compensation in his capacity as member of the Board of Directors.

(5) In the case of Sébastien Bazin, corresponding to (i) a company car (ii) unemployment insurance cover taken out by the Company on his behalf, as described on page 232, and (iii) tax and asset management advisory services provided by an external company (capped at 50 hours in 2019).

(1) The fixed, variable and exceptional components of the total compensation and benefits paid or awarded in respect of 2019 to the executive officer will be submitted to the 2020 Annual Shareholders' Meeting for approval.

Equity ratios and annual change in the Chairman and Chief Executive Officer's compensation, average Employees' compensation and the Company's performance

The following disclosures are made in accordance with Order No. 2019-1234 dated November 27, 2019 concerning the compensation of corporate officers of listed companies.

The AFEP/MEDEF guidelines published on January 28, 2020 were taken into account for the determination of the method to be used to calculate the ratios.

The compensation components used to calculate the ratios correspond to the total gross compensation paid or awarded (for the performance shares whose valuation corresponds to the accounting value at the grant date) during the year (excluding supplementary pension plan contributions, in accordance with AFEP/MEDEF guidelines). The employees taken into account for the calculation of the ratios correspond to the employees of the listed company, Accor SA, with two years of presence (the "Employees" below).

Equity ratios between the level of compensation of the Chairman and Chief Executive Officer and the average and median compensation of the Employees

	2015	2016	2017[1]	2018	2019
Chairman and CEO-to-Average Employee pay ratio	43.7	43.4	35.0	41.0	43.6
Chairman and CEO-to-Median Employee pay ratio	59.0	59.3	44.5	56.3	66.7

(1) 2017 compensation does not take into account performance share grants made under the co-investment plan, because this plan does not represent a component of compensation. It consists of a dynamic instrument for promoting executive engagement and aligning executives' long-term interests with those of shareholders, that is based on the participants' significant unsecured personal investment in Accor shares.

Annual change in the Chairman and Chief Executive Officer's compensation, average Employees' compensation and the Company's performance

	2015	2016	2017[1]	2018	2019[3]
EBITDA *(in millions of euros)*	986	1,037	626	712	825
Change in EBITDA	**-**	**5.2%**	**-39.6%[2]**	**13.7%**	**15.9%**
Sébastien Bazin's compensation *(in thousands of euros)*	3,814	3,742	2,831	3,748	4,691
Change in Sébastien Bazin's compensation	**-**	**-1.9%**	**-24.3%**	**32.4%**	**25.2%**
Change in average Employees' compensation	**-**	**-1.3%**	**-5.9%**	**12.8%**	**17.7%**
Change in Chairman and CEO-to-Average Employee pay ratio	**-**	**-0.7%**	**-19.4%**	**17.1%**	**6.3%**
Change in Chairman and CEO-to-Median Employee pay ratio	**-**	**0.5%**	**-25.0%**	**26.5%**	**18.5%**

(1) 2017 compensation does not take into account performance share grants made under the co-investment plan, because this plan does not represent a component of compensation. It consists of a dynamic instrument for promoting executive engagement and aligning executives' long-term interests with those of shareholders, that is based on the participants' significant unsecured personal investment in Accor shares.

(2) The decline in EBITDA in 2017 was due to the deconsolidation of the hotel owner business, AccorInvest, in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations). This business was sold in 2018.

(3) The increase in Sébastien Bazin's total compensation for 2019 corresponds to the exceptional bonus awarded to him by decision of the Board of Directors on June 26, 2018. The bonus was paid in the form of 13,480 performance shares granted in 2019. Average Employees' compensation rose due to an increase in performance share grants.

Table 3: Summary of commitments given to the Executive Officer (Table 11 – AFEP/MEDEF Code)

			Compensation or benefits payable in the case of:		
	Employment contract	Supplementary pension benefits(1)	termination/ removal from office(2)	transfer to a new position within the Group	Non-compete indemnity
Sébastien Bazin Chairman and Chief Executive Officer since August 27, 2013	No	Yes	Yes	No	No

(1) See pages 232 and 233 for details of the supplementary pension plans of which the Chairman and Chief Executive Officer is a member.
(2) See pages 232 and 233 for details of these types of compensation and benefits payable to the Chairman and Chief Executive Officer.

Compensation paid to other senior executives

The total gross compensation and benefits paid in 2019 by the Group's French and non-French companies to members of the Executive Committee as at December 31, 2019 – other than the Chairman and Chief Executive Officer, whose compensation is described above – amounted to €11.7 million, including aggregate gross variable compensation of €5.4 million.

Directors' fees

Directors' fees are allocated by the Board among its members according to the principles mentioned in the paragraph 3.5.2.:

Based on the maximum gross amount of €1,320,000 in directors' compensation approved by the Annual Shareholders' Meeting of April 20, 2018, the Board allocated a total gross amount of €1,309,121 to its members for 2019 in accordance with the above principles whose details are described below.

Table 4: Compensation received by non-executive directors (Table 3 – AFEP/MEDEF Code)

	Due for the year						Paid during the year			
	2018			2019			2018		2019	
Board of Directors *(in euros)*	Total	Fixed portion	Variable portion	Total	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion
Aziz Aluthman Fakhroo	**128,714**	36,202	92,512	**169,679**	47,049	122,630	28,437	57,357	36,202	92,512
Vivek Badrinath[3]	**21,767**	6,963	14,804	**N/A**	N/A	N/A	10,333	22,960	6,963	14,804
Jean-Paul Bailly[3]	**45,183**	14,654	30,530	**N/A**	N/A	N/A	21,648	36,300	14,654	30,530
Sébastien Bazin	**N/A**	N/A	N/A	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A
Ali Bouzarif[2]	**N/A**	N/A	N/A	**N/A**	N/A	N/A	1,378	1,766	N/A	N/A
Philippe Citerne[3]	**77,137**	23,333	53,804	**N/A**	N/A	N/A	23,333	45,920	23,333	53,804
Iliane Dumas[1]	**68,585**	20,291	48,294	**96,974**	26,429	70,545	16,368	41,924	20,291	48,294
Mercedes Erra[3]	**22,826**	12,002	10,824	**N/A**	N/A	N/A	17,876	32,768	12,002	10,824
Sophie Gasperment	**117,340**	38,854	78,486	**143,462**	46,384	97,079	34,471	61,215	38,854	78,486
Chantale Hoogstoel[1]	**63,637**	16,313	47,324	**93,648**	23,103	70,545	N/A	N/A	16,313	47,324
Qionger Jiang	**76,762**	31,429	45,334	**113,826**	43,058	70,768	19,385	25,378	31,429	45,334
Iris Knobloch	**134,579**	37,793	76,786	**211,935**	99,709	112,225	39,385	44,016	37,793	76,786
Bertrand Meheut[3]	**34,865**	13,169	21,696	**N/A**	N/A	N/A	34,471	55,591	13,169	21,696
Nadra Moussalem[2]	**N/A**	N/A	N/A	**N/A**	N/A	N/A	2,198	5,624	N/A	N/A
Patrick Sayer	**138,720**	42,566	96,154	**40,943**	15,295	25,688	29,946	57,356	42,566	96,154
Isabelle Simon	**106,071**	36,467	69,604	**133,321**	46,384	86,937	20,139	42,251	36,467	69,604
Natacha Valla[3]	**24,154**	9,350	14,804	**N/A**	N/A	N/A	22,402	32,442	9,350	14,804
Sarmad Zok	**113,737**	33,020	80,717	**146,552**	39,732	106,820	23,911	55,591	33,020	80,717
Nicolas Sarkozy	**79,563**	26,655	52,907	**85,599**	29,755	55,844	15,679	70,676	26,655	52,907
Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani	**23,252**	20,291	2,961	**73,142**	23,103	50,039	11,973	17,987	20,291	2,961
Jenny Zhang[3]	**1,944**	1,944	0	**N/A**	N/A	N/A	N/A	N/A	1,944	0

(1) In accordance with Article 8 of the Board of Directors Bylaws, the director representing employees does not receive directors' fees. The Company has pledged to allocate the equivalent amount to the Accor Solidarity fund.
(2) Directors' fees paid until the end of the term as director in 2017.
(3) Directors' fees paid until the end of the term as director in 2018.

3.6 Executive officers' and employees' interests in the capital of the Company

Shares in the Company may be granted to executive officers of the Company and to senior and middle managers. The terms and conditions of the plans are determined by the Board of Directors, which then gives the Chairman and Chief Executive Officer the necessary powers to carry out the grants.

3.6.1 Stock option plans

Stock options granted in 2019

The Company has not granted any stock options to employees or executive officers since the September 26, 2013 plan.

Achievement levels of performance conditions for outstanding stock option plans

There have been no outstanding stock option plans since 2018.

Table 5: Stock options exercised in 2019 by the current executive officer (Table 5 - AFEP/MEDEF Code)

None.

Table 6: Historical information concerning stock options granted to employees and/or executive officers (Table 8 – AFEP/MEDEF Code)

Stock option plans	Plan 23	Plan 24	Plan 25	Plan 26	Plan 27	Total
Grant date	4/4/2011	4/4/2011[3]	3/27/2012	3/27/2012[3]	9/26/2013[3]	
Date of Board of Directors' decision	2/22/2011	2/22/2011	2/21/2012	2/21/2012	8/27/2013	
Date of Shareholders' Meeting approval	5/13/2008	5/13/2008	5/30/2011	5/30/2011	4/25/2013	
Total number of grantees	783	8	390	8	1	
Total number of options granted	**621,754**	**53,125**	**527,515**	**47,375**	**40,000**	**1,289,769**
• Of which to executive officers	99,375[4]	33,125[4]	80,250[4]	26,750[4]	40,000	
• Of which to the top ten employee grantees[1]	107,439	20,000	101,375	20,625	–	
Exercisable from	4/5/2015	4/5/2015	3/28/2016	3/28/2016	9/27/2017	
Expiry date	4/4/2019	4/4/2019	3/27/2020	3/27/2020	9/26/2021	
Exercise price *(in euros)*	31,72	31,72	26,41	26,41	30,13	
Options exercised in 2019	**201,764**	**9,766**	**46,320**	**1,094**	**-**	**258,944**
Total options exercised at 12/31/2019	**568,974**	**33,203**	**326,925**	**7,930**	**-**	**937,032**
Total options canceled at 12/31/2019[2]	**52,780**	**19,922**	**32,610**	**26,648**	**30,000**	**161,960**
Options outstanding at 12/31/2019	**-**	**-**	**167,980**	**12,797**	**10,000**	**190,777**

(1) Excluding executive officers.
(2) Options canceled due to grantees leaving the Group or performance conditions not being met. Cancellations due to failure to meet performance conditions are carried out at the end of the last performance measurement period.
(3) All options granted subject to performance conditions.
(4) The condition that Denis Hennequin and Yann Caillère still be a member of the Group has been waived.

Table 7: Stock options granted to and exercised by the ten employee grantees other than executive officers who received or exercised the largest number of options

	Number of options	Average exercise price *(in euros)*
Options granted in 2019 to the ten employees other than executive officers who received the largest number of options	-	-
Options exercised in 2019 by the ten employees other than executive officers who exercised the largest number of options	44,164	30.90

Lock-up conditions

In accordance with the French Commercial Code and the recommendations of the AFEP/MEDEF Code, when executive officers or other Executive Committee members purchase shares on exercise of stock options granted since March 22, 2007, a significant proportion of these shares, as set by the Board of Directors, must be held by the grantee until he or she either leaves the Group or ceases to hold the position of executive officer or Executive Committee member of the Group, as applicable. The lock-up conditions vary depending on the plan concerned, as shown in the table below.

Table 8: Lock-up conditions for shares purchased on exercise of stock options by executive officers and other members of the Executive Committee

Plan[1]	Grant date	Lock-up conditions applicable to executive officers	Lock-up conditions applicable to other Executive Committee members
Plan 20 Plan 21	04/02/2010 04/02/2010	For as long as the grantee holds the position of executive officer: Shares corresponding to the equivalent of 40% of the net capital gain on the exercised options	For as long as the grantee is an Executive Committee member: Shares corresponding to the equivalent of 25% of the net capital gain on the exercised options
Plan 27	09/26/2013	For as long as the grantee is an executive officer: Shares corresponding to the equivalent of 40% of the net capital gain on the exercised options However, if the value of the shares exceeds two years of the grantee's fixed compensation, the minimum number of shares locked up following the exercise of stock options is reduced to the equivalent of 10% of the net capital gain on the exercised options.	N/A

(1) Plans granted to current executive officers and Executive Committee members and subject to this obligation.

Share equivalents – Stock options granted to employees and executive officers

At December 31, 2019, a total of 190,777 stock options were outstanding.

Exercise of all of these options would lead to the issuance of 190,777 shares, representing 0.070% of the Company's capital at December 31, 2019, of which 0.004% corresponding to grants to the current executive officer.

Hedging instruments

Accor's executive officers have undertaken not to use any hedging instruments in relation to their stock options, and members of the Executive Committee who receive stock options are banned by the Company from using any such instruments.

3.6.2 Performance share plans

Performance share plans issued in 2019

Under the terms of the authorization given in the thirty-first resolution of the April 30, 2019 Annual Shareholders' Meeting, the number of shares granted subject to performance conditions and continued presence in the Group may not correspond to more than 2.5% of the Company's capital. Moreover, the number of performance shares granted to executive officers of the Company may not represent more than 15% of the total performance shares granted under that resolution.

Accor has a discretionary profit-sharing plan covering at least 90% of all employees in the Company and its subsidiaries in France. It therefore fulfills the pre-condition for setting up a performance share plan specified in Article L. 225-197-6 of the French Commercial Code.

Two performance share plans have been set up:

- a first plan set up on May 31, 2019 concerned 1,459 beneficiaries in some 40 countries worldwide, including the executive officer (the number of performance shares granted to the Chairman and Chief Executive Officer is set out in Table 9 on page 245). The applicable performance conditions are based on the following:
  - actual *versus* budgeted consolidated EBITDA (60% weighting),
  - actual *versus* budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital (20% weighting),
  - change in Accor's Total Shareholder Return (TSR) *versus* the Stoxx Europe 600 Travel & Leisure Gross Return index (20% weighting);
- a second plan set up on October 25, 2019 concerned 39 beneficiaries, in particular employees who joined the Group after the first plan was set up. The performance conditions applicable to this plan are identical to those described above for the plan set up on May 31, 2019.

The performance share plans have a three-year vesting period and the shares are not subject to any lock-up period.

The performance conditions under these plans are measured at the end of the three-year period. The number of shares that vest, provided that the grantees have not left the Group, will be based on the achievement rates for the performance conditions set out above, as validated by the Board of Directors. The achievement rates will be calculated based on the vesting criteria stipulated by the Board of Directors when the plan was set up.

Concerning the external performance condition (increase in Accor's TSR compared with that of the Stoxx Europe 600 Travel & Leisure Gross Return), the shares will vest if the achievement rate is at least 90%. The other quantitative objectives relating to the internal budget (which is not made public) are confidential and it is therefore not possible to disclose the achievement rates for these objectives.

At the end of the measurement period, an objective under one performance condition that has not been met may be offset by outperformance in relation to the objective for another performance condition. However, the number of shares that vest at the end of the vesting period will not exceed 100% of the number of shares originally granted.

Grantees must also continue to be part of the Group in order for the shares to vest. For all of the performance shares initially granted to vest, and subject to fulfillment of the performance conditions, the grantee must continue to be either an executive officer or an employee of the Accor Group throughout the period from the grant date to May 31, 2022 for the plan set up on May 31, 2019, and from the grant date to October 25, 2022 for the plan set up on October 25, 2019 (the plan vesting dates), except in the case of death, disability or retirement. In the event of termination of the executive officer's term of office or the employee's employment contract before the vesting date, his or her rights to all of the performance shares initially granted will be forfeited, regardless of the performance condition achievement rates, unless the Board of Directors decides otherwise.

Table 9: Performance shares granted to the executive officer in 2019 (Table 6 – AFEP/MEDEF Code)

The performance shares granted to Sébastien Bazin for 2019 break down as follows:

- 67,810 performance shares granted in accordance with the 2019 compensation policy approved by the Company's shareholders, corresponding to 200% of the Chairman and Chief Executive Officer's gross fixed annual compensation;
- 13,480 performance shares granted in 2019 as an exceptional bonus decided by the Board of Directors on June 26, 2018, in accordance with the compensation policy for 2018 that was approved at the Annual Shareholders' Meeting of April 20, 2018. The number of shares granted corresponded to 50% of Sébastien Bazin's basic annual compensation for 2017.

Grantee	Grant date	Number of shares granted	Theoretical value based on the method used in the consolidated financial statements *(in euros)*	Vesting date	End of lock-up period	Performance conditions
Sébastien Bazin	05/31/2019 performance share plan (including exceptional bonus)	81,290(1)	2,277,746(2)	05/31/2022	05/31/2022	Actual *versus* budgeted consolidated EBITDA. Actual *versus* budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital. Change in Accor's Total Shareholder Return (TSR) *versus* the Stoxx Europe 600 Travel & Leisure Gross Return index.

(1) Including 13,480 performance shares corresponding to the exceptional bonus decided by the Board of Directors in 2018. The number was determined in 2018 based on the accounting value of the performance shares at the grant date (June 26, 2018).
(2) In accordance with the AFEP/MEDEF Code, the valuation of the shares corresponds to the accounting value at the grant date and not to the effectively paid compensation.

The total number of performance shares granted to the Chairman and Chief Executive Officer in 2019, as explained above, and which were still valid at the date of this Universal Registration Document would represent 0.03% of the Company's capital at December 31, 2019 should they fully vest.

Table 10: Performance shares granted to the Chairman and Chief Executive Officer for which the lock-up period expired in 2019 (Table 7 – AFEP/MEDEF Code)

Grantee	Grant date	Number of vested shares no longer subject to lock-up
Sébastien Bazin	06/16/2015 performance share plan	37,382
	06/16/2016 performance share plan	40,000

Table 11: Performance shares granted in 2019 to the top ten employee grantees other than the executive officer

	Number of shares
Performance shares granted in 2019 to the ten employee grantees other than executive officers who received the largest number of shares	182,000

Achievement levels of performance conditions for outstanding performance share plans

Each year, the Board of Directors places on record the achievement level of the performance conditions applicable under outstanding performance share plans.

The table below shows the maximum number of shares that may vest and the number of shares that have vested based on the performance condition achievement rates (as placed on record by the Board of Directors on February 19, 2020) for outstanding performance share plans.

Table 12: Performance condition achievement rates in 2019 for outstanding performance share plans

Grant date	Performance conditions	Weighting	Target	Achievement rate	Percentage of shares vested (before cap)	Percentage of shares vested (after cap)
6/30/2017 10/18/2017	Actual *versus* budgeted EBIT margin	60%	Average actual EBIT margin for 2017, 2018 and 2019 equal to the average budgeted EBIT margin for 2017, 2018 and 2019	101.1%	75.8%	100.0%
	Actual *versus* budgeted free cash flow (excluding disposals and acquisitions), after change in working capital.	20%	Average actual free cash flow (excluding disposals and acquisitions), after change in operating working capital, for 2017, 2018 and 2019 equal to the average budgeted free cash flow (excluding disposals and acquisitions), after change in operating working capital for 2017, 2018 and 2019	145.7%	30%	
	Accor's TSR *versus* the TSR of eight competitors	10%	3rd place	8th place	0%	
	Accor's TSR *versus* the TSR of other CAC 40 companies	10%	10th place	24th place	0%	
TOTAL		**100%**			**105.8%**	**100%**

Table 13: Historical information concerning performance shares granted to employees and/or executive officers (Table 9 – AFEP/MEDEF Code)

Performance share plans	06/16/2015 Plan	06/16/2015 Plan	06/16/2016 Plan	10/26/2016 Plan
Grant date	06/16/15	06/16/15	06/16/16	10/26/16
Date of Board of Directors' decision	02/17/15	02/17/15	02/17/16	02/17/16
Date of Shareholders' Meeting approval	04/28/15	04/28/15	04/22/16	04/22/16
Total number of grantees	1,034	16	1,155	14
Total number of shares granted	**326,290**	**153,800**	**491,690**	**14,525**
• Of which to executive officers	–	60,000	60,000	–
• Of which to the top ten employee grantees[1]	21,600	79,000	86,500	14,125
Vesting date	06/16/19	06/16/19	06/16/19	10/26/19
End of lock-up period	06/16/19	06/16/19	06/16/19	10/26/19
Total vested shares at 12/31/2019	**273,067**	**133,863**	**423,580**	**14,425**
Number of shares canceled[2]	**53,223**	**19,937**	**68,110**	**100**
Performance shares outstanding at 12/31/2019	**-**	**-**	**-**	**-**
Performance condition(s)	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted operating cash flow (excluding acquisitions and disposals).	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted operating cash flow (excluding acquisitions and disposals). Degree of completion of budgeted asset disposals. Accor's Total Shareholder Return (TSR) relative to eight other international hotel groups and relative to that of other CAC 40 companies.	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow excluding acquisitions and disposals, after change in working capital. Accor's Total Shareholder Return (TSR) relative to eight other international hotel groups and relative to that of other CAC 40 companies.	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow excluding acquisitions and disposals, after change in working capital. Accor's Total Shareholder Return (TSR) relative to eight other international hotel groups and relative to that of other CAC 40 companies.

(1) Excluding the executive officer.
(2) Shares canceled due to grantees leaving the Group or performance conditions not being met.

06/30/2017 Plan	10/18/2017 Plan	06/20/2017 Co-investment Plan	12/14/2017 Co-investment Plan	06/26/2018 Plan	10/17/2018 Plan	05/31/2019 Plan	10/25/2019 Plan
06/30/17	10/18/2017	6/20/2017	12/14/2017	6/26/2018	10/17/2018	5/31/2019	10/25/2019
02/21/17	02/21/2017	03/21/2017	03/21/2017	02/20/2018	02/20/2018	02/20/2019	02/20/2019
04/22/16	04/22/2016	05/05/2017	05/05/2017	04/22/2016	04/22/2016	04/30/2019	04/30/2019
1,137	10	103	14	1,288	21	1,459	39
570,579	**27,340**	**1,304,754**	**141,168**	**632,462**	**22,830**	**1,275,675**	**37,120**
54,350	–	242,763	–	52,930	–	81,290	–
91,660	27,340	388,521	134,910	101,234	20,450	182,000	20,800
06/30/20	10/18/2020	6/20/2020	12/14/2020	6/26/2021	10/17/2021	5/31/2022	10/25/2022
06/30/20	10/18/2020	6/20/2020	12/14/2020	6/26/2021	10/17/2021	5/31/2022	10/25/2022
-	-	-	-	-	-	-	-
44,411	**-**	**87,803**	**2,277**	**26,311**	**-**	**31,520**	**-**
526,168	**27,340**	**1,216,951**	**138,891**	**606,151**	**22,830**	**1,244,155**	**37,120**
Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow excluding acquisitions and disposals, after change in working capital. Accor's Total Shareholder Return (TSR) relative to eight other international hotel groups and relative to that of other CAC 40 companies.	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow excluding acquisitions and disposals, after change in working capital. Accor's Total Shareholder Return (TSR) relative to eight other international hotel groups and relative to that of other CAC 40 companies.	Actual *versus* budgeted cumulative consolidated EBIT. Average Accor share price versus a benchmark price.	Actual *versus* budgeted cumulative consolidated EBIT. Average Accor share price versus a benchmark price.	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow excluding acquisitions and disposals, after change in working capital. Accor's Total Shareholder Return (TSR) relative to eight other international hotel groups and relative to that of other CAC 40 companies.	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow excluding acquisitions and disposals, after change in working capital. Accor's Total Shareholder Return (TSR) relative to eight other international hotel groups and relative to that of other CAC 40 companies.	Actual *versus* budgeted EBITDA, actual *versus* budgeted free cash flow excluding acquisitions and disposals, after change in operating working capital, and Accor's TSR performance *versus* the Stoxx Europe 600 Travel & Leisure Gross Return index.	Actual *versus* budgeted EBITDA, actual *versus* budgeted free cash flow excluding acquisitions and disposals, after change in operating working capital, and Accor's TSR performance *versus* the Stoxx Europe 600 Travel & Leisure Gross Return index.

Lock-up conditions

In accordance with the French Commercial Code and the AFEP/MEDEF Code, when executive officers or other Executive Committee members acquire shares under performance share plans issued since May 14, 2007, a certain proportion of these shares, as set by the Board of Directors, may not be sold until the grantee either leaves the Group or ceases to hold the position of executive officer or Executive Committee member, as applicable. The lock-up conditions vary depending on the plan concerned, as shown in the table below.

Table 14: Lock-up conditions for vested performance shares held by executive officers and other members of the Executive Committee

Grant date	Lock-up conditions applicable to executive officers	Lock-up conditions applicable to other Executive Committee members
06/18/2014	The following conditions apply until the grantee ceases to hold an executive officer's position within the Group: • at the end of the lock-up period, the grantee must keep 25% of the vested shares (based on the performance condition achievement rates) until the value of all the freely transferable shares held in registered form by the grantee represents the equivalent of at least two years of his fixed compensation. For the purposes of the above paragraph: • the value of the shares held in registered form is determined based on the average of the Accor opening share price quoted over the 20 trading days preceding the measurement date; • "fixed compensation" means the amount of the grantee's annual gross fixed compensation at the measurement date. Once the two year compensation threshold is reached: **(i)** the 25% lock-up no longer applies; and **(ii)** the grantee is required to acquire, or keep, 3% of his vested shares.	The following conditions apply until the grantee ceases to be a member of the Group Executive Committee: • At the end of the lock-up period, grantees who were Executive Committee members at the grant date are required to keep 25% of the vested shares (based on the performance condition achievement rates) until the value of all the freely transferable shares held in registered form by the grantee represents the equivalent of at least two years of his or her fixed compensation. For the purposes of the above paragraph: • the value of the shares held in registered form is determined based on the average of the Accor opening share price quoted over the 20 trading days preceding the measurement date; • "fixed compensation" means the amount of the grantee's annual gross fixed compensation at the measurement date. Once the above threshold is reached, the 25% lock-up condition no longer applies.
2015 to 2019 plans	The following conditions apply until the grantee ceases to hold an executive officer's position within the Group: • at the end of the vesting period, the grantee must keep 25% of the vested shares (based on the performance condition achievement rates) until the value of all the freely transferable shares held in registered form by the grantee represents the equivalent of at least two years of his fixed compensation. For the purposes of the above paragraph: • the value of the shares held in registered form is determined based on the average of the Accor opening share price quoted over the 20 trading days preceding the measurement date; • "fixed compensation" means the amount of the grantee's annual gross fixed compensation at the measurement date. Once the two year compensation threshold is reached: **(i)** the 25% lock-up no longer applies; and **(ii)** the grantee is required to acquire, or keep, 3% of his vested shares.	The following conditions apply until the grantee ceases to be a member of the Group Executive Committee: • at the end of the vesting period, grantees who were Executive Committee members at the grant date are required to keep 25% of the vested shares (based on the performance condition achievement rates) until the value of all the freely transferable shares held in registered form by the grantee represents the equivalent of at least two years of his or her fixed compensation. For the purposes of the above paragraph: • the value of the shares held in registered form is determined based on the average of the Accor opening share price quoted over the 20 trading days preceding the measurement date; • "fixed compensation" means the amount of the grantee's annual gross fixed compensation at the measurement date. Once the above threshold is reached, the 25% lock-up condition no longer applies.

Share equivalents – Performance shares granted to employees and executive officers

At December 31, 2019, a total of 3,819,606 performance share rights were outstanding.

If all of these rights had vested at December 31, 2019, this would have led to the issuance of 3,819,606 shares, representing 1.410% of the Company's capital at that date, of which 0.113% corresponding to performance share rights granted to current executive officers.

Hedging instruments

Accor's executive officers have undertaken not to use any hedging instruments in relation to their performance shares, and members of the Executive Committee who receive performance shares have been banned by the Company from using any such instruments.

3.6.3 Non-discretionary and discretionary profit-sharing agreements

Non-discretionary profit sharing

In France, a Group-level non-discretionary profit-sharing agreement providing for payment in excess of the legally mandated minimum (*accord dérogatoire*) has been negotiated with employee representatives. It is applicable to Accor and certain French subsidiaries that are at least 50% owned, irrespective of the number of employees in the company concerned.

The agreement enables employees with more than three months' seniority to receive profit-shares based on the results of all of the subsidiaries covered by the program.

Sums are paid into a special profit-sharing reserve, calculated by applying a standard legal formula to the profits of each company that falls within the scope of application of the agreement, as follows:

Special profit-sharing reserve = 1/2 x (net profit - 5% of equity) x (salaries/value added)

Based on this formula, a gross amount of around €863,000 was allocated to the profit-sharing reserve for 2018 and paid in 2019 (excluding AccorInvest).

Amounts allocated to the special profit-sharing reserve in previous years were:

- around €656,000 for 2017, excluding AccorInvest (paid in 2018);
- around €3.78 million for 2016, including AccorInvest (paid in 2017).

The total amount of the reserve is allocated among all of the employee beneficiaries in proportion to their individual salary for the reference year, which is capped by the agreement at double the amount of the annual ceiling for French social security contributions, set at December 31 of the reference year.

In compliance with the French Act of December 3, 2008 in favor of working income, the lock-up period on amounts allocated to employee profit-shares has been optional rather than compulsory since 2009. Consequently, in 2019, 26.07% of 2018 profit-share was paid immediately to beneficiaries.

Where such a request is not made, in accordance with the law, the amounts in the profit-sharing reserve are invested in corporate mutual funds, with half allocated to the managed Group Retirement Savings Plan (PERCO) and the other half to the Corporate Savings Plan (PEEG). In order to qualify for tax and social security exemptions, the amounts allocated to the Group Retirement Savings Plan are locked in until the employee retires and amounts allocated to the Corporate Savings Plan are locked in for a period of five years.

In 2019, 23.15% of the total profit-share was allocated to the Group Retirement Savings Plan and 50.78% to the Corporate Savings Plan, as 30% of beneficiaries did not request otherwise.

Discretionary profit sharing

Due to the Group's organization structure and compensation policy, a large number of discretionary profit-sharing agreements have been negotiated at the level of Accor SA, its subsidiaries and the operating units.

These profit-shares are determined based on whether the subsidiary or unit concerned meets or exceeds its profit targets. In the case of Accor SA, the amount is dependent partly on meeting objectives for reducing support costs and partly on achieving EBIT targets.

The calculation method is based on quantitative criteria specified in each agreement. The amounts vary from year to year and are capped. Discretionary profit-sharing agreements are negotiated with Works Councils or union representatives.

3.6.4 Transactions carried out by the executive officers involving Accor SA shares

Schedule of transactions involving shares of the Company carried out during the past fiscal year, within the meaning of Article L. 621-18-2 of the French Monetary and Financial Code

Person concerned	Transaction date	Type of transaction	Number of shares
Sarmad Zok	March 12, 2019	Purchase	27,700
Gérard Pélisson	April 23, 2019	Sale	113,374

3.7 Say on pay 2019 for the Chairman and Chief Executive Officer

The compensation paid or awarded to the executive officer for 2019 complies with the compensation policy approved by the Annual Shareholders' Meeting of April 30, 2019 in application of Article L. 225-37-2 of the French Commercial Code, as presented in section 3.5.1 of the 2018 Registration Document.

The fixed, variable and exceptional components of the total compensation and benefits paid in or awarded in respect of 2019 to the Chairman and Chief Executive Officer, as presented below, will be submitted to the 2020 Annual Shareholders' Meeting for approval, in accordance with Article L. 225-100-III of the French Commercial Code.

In accordance with Article L. 225-100-II of the French Commercial Code, the compensation paid to directors, presented on page 241 of this Universal Registration Document, will also be submitted to the Annual Shareholders' Meeting for approval.

Compensation paid in or awarded in respect of 2019	Amounts (or accounting value) submitted to the vote	Description
Annual fixed compensation	€950,000	Sébastien Bazin's annual fixed compensation for 2019 was decided by the Board of Directors at its meeting on December 20, 2018, based on the recommendation put forward by the Appointments, Compensation & CSR Committee. It complies with the 2019 compensation policy approved by the Annual Shareholders' Meeting of April 30, 2019, as presented in section 3.5.1 of the 2018 Registration Document. It was paid in monthly installments during 2019.
2019 annual variable compensation	€1,126,113	According to the 2019 compensation policy approved by the Annual Shareholders' Meeting of April 30, 2019, Sébastien Bazin's variable compensation could represent between 0% and 150% of an annual reference amount of €1,250,000, representing the equivalent of between 0% and 197% of his annual fixed compensation, depending on the achievement rate for the performance objectives set by the Board of Directors on December 20, 2018 and presented below. **Quantitative objectives:** • consolidated EBITDA in line with the 2019 budget (25% weighting); • free cash flow (excluding disposals and acquisitions) after change in operating working capital in line with the 2019 budget (25% weighting); • Accor's Total Shareholder Return (TSR) *versus* the TSR of eight other international hotel groups (Marriott, Hilton, Choice, Hyatt, Whitbread, Intercontinental Hotels, NH Hoteles and Melia) (10% weighting); • Accor's TSR *versus* the TSR of other CAC 40 companies (10% weighting); • a combination of three criteria: guest experience, level of employee engagement, and sustainable development and CSR performance (10% weighting). **Qualitative objectives:** • strategic vision and identification of strategic options (10% weighting); • implementation of the post-Booster organization and change in Group businesses (10% weighting). Each quantitative objective, depending on the achievement rate, triggered the payment of between 0% and 160% of the share of variable compensation it represented, and each qualitative objective between 0% and 120%. Following an assessment of the degree to which Sébastien Bazin's objectives had been achieved, at its meeting on February 19, 2020 the Board set his variable compensation for 2019 at €1,126,113, breaking down as: • **€838,613 for the quantitative objectives**, which were 83.9% met overall (0% for Accor's TSR *versus* the TSR of eight other international hotel groups, 0% for Accor's TSR *versus* the TSR of other CAC 40 companies and non-disclosable for the other objectives relating to the budget or to the internal ambition, in view of their confidential nature). It is nevertheless specified that the objectives relating to the budget (EBITDA, and free cash flow [excluding disposals and acquisitions] after change in operating working capital), were exceeded. Lastly, the objectives concerning the Group's internal ambitions, *i.e.*, (i) objective related to the guest experience and (ii) objectives related to employee engagement and sustainable development and CSR performance, were also exceeded.

Compensation paid in or awarded in respect of 2019	Amounts (or accounting value) submitted to the vote	Description
2019 annual variable compensation		• **€287,500 for qualitative objectives**, which were 115% met overall (120% for strategic vision and identification of strategic options, and 110% in respect of the successful implementation of the new post-Booster organization and change in Group businesses). The Board examined in detail the progress made in establishing the new organization and the skills needed for its deployment. It noted that no time had been lost in setting up the post-Booster organization and change in Group businesses. The Board also recognized the Chairman and Chief Executive Officer's powerful and agile strategic vision, observing that this represented an essential quality in today's fast-changing hospitality industry. Consequently, Mr. Bazin's total variable compensation for 2019 represented 90% of the annual reference amount (and 119% of his fixed compensation for the year). Payment of this variable compensation for 2019 is subject to shareholder approval at the 2020 Annual Shareholders' Meeting.
2018 exceptional bonus (paid in 2019)	Number of shares = 13,480 (€377,710)	In view of his key role in successfully spinning off and opening up the capital of AccorInvest (Booster project), and in accordance with the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting, the Board of Directors has decided on June 26, 2018 to award to Mr. Sébastien Bazin an exceptional bonus equivalent to 50% of his annual fixed compensation at December 31, 2017, to be paid in the form of a performance share granted in 2019, following approval at the Annual Shareholders' Meeting of April 30, 2019. The number of shares granted in 2019 was determined based on a valuation of the accounting value at the issue date of the performance share plan on June 26, 2018.
2019 performance shares (excluding exceptional bonus)	Number of shares = 67,810 (€1,900,036)	On February 20, 2019, the Board of Directors decided to grant performance shares to executive officers of the Company and Group employees. In accordance with the 2019 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 30, 2019, 67,810 performance shares were granted to Sébastien Bazin, representing 200% of his gross annual fixed compensation (and 0.0250% of the Company's share capital at December 31, 2019). The performance conditions attached to the shares are as follows: • actual *versus* budgeted consolidated EBITDA (60% weighting); • actual *versus* budgeted free cash flow (excluding disposals and acquisitions) after change in working capital (20% weighting); • change in Accor's Total Shareholder Return (TSR) *versus* the Stoxx Europe 600 Travel & Leisure Gross Return index (20% weighting). The performance conditions under the plans will be measured at the end of the three-year vesting period. The number of shares that vest, provided that Sébastien Bazin has not left the Group, will be based on the achievement rates for the performance conditions set out above, as validated by the Board of Directors. The achievement rates will be calculated based on the vesting criteria stipulated by the Board of Directors when the plan was set up. Concerning the external performance condition (increase in Accor's TSR compared with that of the Stoxx Europe 600 Travel & Leisure Gross Return), the shares will vest if the achievement rate is at least 90%. The achievement rate for the two other (internal) performance conditions are confidential as they concern the budget, which is not publicly disclosed. At the end of the measurement period, an objective under one performance condition that has not been met may be offset by outperformance in relation to the objective for another performance condition. However, the number of shares that vest at the end of the vesting period will not exceed 100% of the number of shares originally granted. Sébastien Bazin must also continue to be an executive officer of the Company in order for the granted shares to vest. Subject to the performance condition achievement rates, Sébastien Bazin will have to continue to serve as the Company's Chairman and Chief Executive Officer without interruption until May 31, 2022, except in the case of his death, disability or retirement before that date. If he steps down from this position, all of the shares initially granted will be forfeited, whatever the performance condition achievement rates, unless otherwise decided by the Board of Directors.

Compensation paid in or awarded in respect of 2019	Amounts (or accounting value) submitted to the vote	Description
Directors' fees	N/A	Sébastien Bazin does not receive any directors' fees.
Benefits in kind	€57,861	In accordance with the 2019 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 30, 2019, Sébastien Bazin has the use of a company car and is a member of a private unemployment insurance plan. He was also entitled to up to 50 hours' advice from tax and financial advisors in 2019.
Termination benefits	N/A	At its meeting on December 16, 2013, the Board of Directors approved the principle of paying compensation for loss of office to Sébastien Bazin and on February 19, 2014, the Board reviewed the performance conditions attached to such compensation. The commitment to pay compensation for loss of office was approved at the Annual Shareholders' Meeting of April 29, 2014 and renewed at the Annual Shareholders' Meeting of April 20, 2018. In accordance with the 2019 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 30, 2019, Mr. Bazin is entitled to compensation for loss of office equal to twice the sum of the fixed and variable compensation payable to him for the fiscal year preceding his loss of office. This compensation would be payable if Mr. Bazin's term of office as Chairman and Chief Executive Officer was either terminated or not renewed (except in the event of gross or willful misconduct) or if he was not re-elected as a director. Payment of the compensation for loss of office would be subject to the following performance criteria being met: • consolidated return on capital employed for the previous three years must have exceeded the Group's cost of capital; • operating free cash flow must have been positive in at least two of the previous three years; • like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the previous three years. These performance criteria would be applied as follows: • if all three criteria were met, the compensation would be payable in full; • if two of the three criteria were met, half of the compensation would be payable; • if none or only one of the three criteria were met, no compensation would be due. Moreover, no compensation would be due if Mr. Bazin were to resign from his position or to decide not to stand for re-election, or if he were to move to another position within the Group or if he would be able to claim his full-rate pension benefit within a short period of time. Sébastien Bazin did not receive any compensation for loss of office in 2019.
Non-compete indemnity	N/A	Sébastien Bazin is not entitled to any non-compete indemnity.

Compensation paid in or awarded in respect of 2019	Amounts (or accounting value) submitted to the vote	Description
Supplementary pension benefits	€0	At its meeting on December 16, 2013, the Board of Directors authorized Sébastien Bazin's inclusion in the top-hat supplementary pension plan whose members comprise several dozen Group senior executives. This commitment was approved at the Annual Shareholders' Meeting of April 29, 2014 and renewed at the Annual Shareholders' Meeting of April 20, 2018. Details of the supplementary pension plan are provided in the description of the 2019 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 30, 2019. Sébastien Bazin participates in an "Article 83" defined contribution plan and an "Article 39" defined benefit plan: • Article 83 plan: Sébastien Bazin, as executive officer of the Company with over one year of service and a gross annual salary of more than four times the annual ceiling used for calculating French social security contributions (the "PASS"), qualifies to participate in the Company's defined contribution pension plan. He will be entitled to a pension annuity (with the possibility of survivor benefits) determined based on the contributions paid by the Company for each year of his membership of the plan. The annual contribution paid by the Company corresponds to 5% of his annual gross compensation paid in the previous year, capped at five times the PASS. In accordance with the French Social Security Code, if Sébastien Bazin leaves the Group before the date of retirement, he will retain the rights accrued under the plan. Contributions paid under the plan on behalf of Sébastien Bazin amounted to €10,131 in 2019. • Article 39 plan: Sébastien Bazin, as executive officer of the Company with a gross annual salary of more than five times the PASS, and having complied with these criteria for more than six months during the previous year, qualifies to participate in the Company's defined benefit pension plan. He will be entitled to a pension annuity (with the possibility of survivor benefits), provided he remains with the Group until he retires and has participated in the plan for at least five years (or has served with the Group for at least 15 years). If he does not meet these requirements, he will not be entitled to any payments under the plan. The pension annuity payable under the defined benefit plan will be reduced by the amount of the annuity payable under the above-described defined contribution plan. His benefit entitlement is built up gradually and is calculated each year until December 31, 2019 for which he is a plan member based on his annual reference compensation, 2019 being the last year of calculation for potential benefits (in accordance with Order No. 2019-697 dated July 3, 2019).. Each year of plan membership represents between 1% and 3% of the annual reference compensation, depending on the compensation brackets concerned, *i.e.*: • portion of reference compensation representing between 4 and 8 times the PASS: 1%; • portion of reference compensation representing between 8 and 12 times the PASS: 2%; • portion of reference compensation representing between 12 and 24 times the PASS: 3%; • portion of reference compensation representing between 24 and 60 times the PASS: 2%. Based on recommendations put forward by the Appointments, Compensation & CSR Committee, the Board of Directors decided to make payment of the annuity payable under the supplementary defined benefit plan subject to the following two performance conditions: • actual *versus* budgeted consolidated EBITDA (50% weighting); • actual *versus* budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital (50% weighting). Each year, the performance condition achievement rates are validated by the Board of Directors. Benefit entitlements vest in full if the performance conditions are at least 90% met (below 90%, the vested entitlement is calculated on a straight-line basis). The benefit entitlement for any given year of plan membership therefore corresponds to the aggregate of the amounts accrued for each of the above compensation brackets, provided that the related performance conditions are met. The amount of the final pension annuity equals the sum of the entitlements calculated for each year. Two caps are applied to the final amount of the pension annuity: • the amount of the gross annuity may not exceed 30% of the member's last annual reference compensation; • given that Sébastien Bazin's last reference compensation was more than 12 times the PASS, the overall replacement rate represented by pension benefits payable under government-sponsored plans and Accor supplementary pension plans will be capped at 35% of the average of his best three years' reference compensation in the ten years prior to retirement.

3.8 Items likely to have an influence in the event of a public takeover offer

Pursuant to Article L. 225-37-5 of the French Commercial Code, the Company must present and, when necessary, explain the items that are likely to have an influence in the event of a public takeover offer. These items include agreements signed by the Company which would be amended or terminated in the event of a change in control. As mentioned on page 340 of this Universal Registration Document, certain financing contracts contain change of control clauses.

In addition, shareholders at the Annual Shareholders' Meeting of April 30, 2019 authorized the Company to issue free share warrants to shareholders in the event of a public offer for the shares of the Company. The warrants would be exercisable for shares representing up to 25% of the Company's capital. This authorization would be used if the Company considered that the price of the public offer was too low, to either drive up the price or cause the offer to be withdrawn if the offeror did not wish to increase the price.

Its use during a public tender offer would be decided by the Board of Directors on the recommendation of a special committee of the Board chaired by the Vice-Chairman and Senior Independent Director and comprising three independent directors, made after consulting a financial advisor.

Free warrants issued under the authorization would be canceled in the event of the failure of the offer or any competing offer.

To the best of the Company's knowledge, there are no other items likely to have an influence in the event of a public takeover offer.

3.9 Agreements between company executive officers or significant shareholders and Group subsidiaries

At the date of this Universal Registration Document, with the exception of routine agreements entered into on an arm's length basis, no agreements have been signed, either directly or *via* an intermediary, between an executive officer or a shareholder that holds more than 10% of the Company's voting rights and a company in which the Company directly or indirectly holds more than half of the capital.

3.10 Annual Shareholders' Meeting

3.10.1 Conditions and procedures for attending the 2020 Annual Shareholders' Meeting

In accordance with the law, the applicable conditions and procedures for attending Annual Shareholders' Meetings are set out in the Company's Bylaws, which are available on the Company's website. They notably concern admittance conditions (Article 24 of the Bylaws), organization of the meetings (Article 25), and disclosure thresholds relating to shareholders' interests in the Company's capital and voting rights (Article 9).

As of the date of the Universal Registration Document and in the current context of uncertainties and the acceleration of the coronavirus (Covid-19) pandemic across the world, the Board of Directors of Accor has decided to reschedule the Annual General Meeting initially planned on April 30, 2020, to June 30, 2020. This information has been published on the Company's website and through full and effective dissemination on March 24, 2020.

The notice of meeting including the agenda, the proposed resolutions and the conditions and procedures for attending to the 2020 Annual Shareholders' Meeting will be published in the French legal gazette (Bulletin des Annonces Légales et Obligatoires) and will be available on the Company's website at group.accor.com.

3.11 Authorizations relating to capital increases

Shareholders have granted the Board of Directors the following authorizations.

Type of authorization	Date of authorization	Nominal amount authorized	Term and expiry date	Utilization in 2019
Reduction of capital by canceling treasury stock	Annual Shareholders' Meeting of April 30, 2019 21st resolution	10% of the share capital	24 months April 30, 2021	Reduction of capital on June 28, 2019 by canceling 13,391,702 ordinary shares within the framework of the share buyback program authorized by the Annual Shareholders' Meeting of April 20, 2018
Issuance of shares and share equivalents:	Annual Shareholders' Meeting of April 30, 2019 22nd to 26th resolutions		26 months June 30, 2021	
• with pre-emptive subscription rights		50% of the share capital approx. €424 million(1)		
• by public offering without pre-emptive subscription rights		10% of the share capital approx. €85 million(1) with or without priority subscription rights		
• by restricted offering without pre-emptive subscription rights		10% of the share capital approx. €85 million(1)		
• in connection with a stock-for-stock offer		10% of the share capital approx. €85 million(1)		
• to increase the amount of any issues that are oversubscribed		15% of the initial issue (or according to legislation prevailing on the issue date)		
• in payment for contributed assets		10% of the share capital approx. €85 million(1)		
Issuance of new shares by capitalizing reserves, retained earnings or additional paid-in capital	Annual Shareholders' Meeting of April 30, 2019 27th resolution	50% of the share capital approx. €424 million(1)	26 months June 30, 2021	
Blanket ceiling on the authorizations to issue shares and/or other securities (par value):	Annual Shareholders' Meeting of April 30, 2019 28th resolution			
• with or without pre-emptive subscription rights (22nd to 27th resolutions)		50% of the share capital approx. €424 million(1)		
• without pre-emptive subscription rights (23rd to 26th resolutions)		10% of the share capital approx. €85 million(1)		
Issue of shares reserved for employees that are members of a Group employee stock ownership plan	Annual Shareholders' Meeting of April 30, 2019 29th resolution	2% of the Company's share capital on the date of the Board of Directors' decision to increase the share capital	26 months June 30, 2021	Capital increase of €19,809,348.79 on December 19, 2019, through the issue of 598,289 shares
Issue of securities reserved for certain categories of employees under an employee share ownership transaction	Annual Shareholders' Meeting of April 30, 2019 30th resolution	2% of the Company's capital on the date of the Board of Directors' decision to carry out the issue, to be deducted from the ceiling provided for in the 29th resolution presented above	18 months October 30, 2020	Capital increase of €489,000.59 on December 19, 2019 through the issue of 14,769 shares

Type of authorization	Date of authorization	Nominal amount authorized	Term and expiry date	Utilization in 2019
Grant of free shares	Annual Shareholders' Meeting of April 30, 2019 31st resolution	2.5% of the share capital at April 30, 2019 Shares granted to executive officers capped at 15% of the total shares granted by virtue of this resolution (32nd resolution)		Grant, subject to performance and presence conditions, of (i) 1,275,675 shares on May 31, 2019 and (ii) 37,120 shares on October 25, 2019
Share warrants to be issued freely to shareholders in the event of a public offer for the shares of the Company	Annual Shareholders' Meeting of April 30, 2019 33rd resolution	25% of the share capital approx. €212 million[1]	14 months June 30, 2020	

(1) As of the date of the authorization given by the Annual Shareholders' Meeting (April 30, 2019).

Appendix A

The members of the Board of Directors of Accor (hereinafter the Company) abide by the following rules of procedure, which constitute the Bylaws of the Board of Directors.

These Bylaws are based on recommendations aimed at ensuring compliance with the fundamental principles of corporate governance, notably the AFEP/MEDEF Corporate Governance Code for listed companies.

Intended for internal use only, these Bylaws are designed to supplement the Company Bylaws by specifying the Board of Directors' organizational and operating procedures. They may not be used by shareholders or third parties as a basis for any claims against the directors, the Company or any company of the Accor Group (hereinafter the Group). They apply, where appropriate, to the non-voting directors appointed by the Board of Directors as well as to the Founding Co-Chairmen designated in Article 21 of the Company's Bylaws.

These Bylaws shall be disclosed to the shareholders and to the public.

1. Composition

At least half of the directors on the Board of Directors must be independent within the meaning of the criteria set forth in the AFEP/MEDEF Corporate Governance Code for listed companies.

Every year, the Board of Directors shall determine which of the directors are independent according to the above-mentioned criteria. The conclusions of said assessment shall be disclosed to the shareholders and to the public in the Universal Registration Document.

2. Meetings

The Board of Directors shall hold at least six meetings per year, of which one dedicated to reviewing the budget and one dedicated to a strategic review of the Group's operations. The proposed dates of each year's meetings shall be sent to the directors no later than March 31 of the previous year. Notices of Meeting shall be sent by mail, email or fax, or given verbally, by the Board Secretary.

The draft minutes of each meeting shall be sent to the directors within 15 days after said meeting and submitted to the Board for approval at the meeting following the next meeting.

Part of at least one meeting a year shall be devoted to assessing the Board's efficiency and effectiveness, in order to identify possible areas for improvement. In addition, the Board of Directors shall conduct a formal self-assessment at least every three years.

Non-executive directors shall meet once a year, without the executive directors or corporate officers being present, to assess the latter's performance and consider the future management structure.

For the purpose of calculating the quorum and majority, directors who take part in meetings by any means making it possible to identify them and enabling their actual participation pursuant to current statutes and regulations shall be deemed to be in attendance.

3. Information for the Board of Directors

The directors shall be provided with all the information necessary for them to carry out their duties.

Except when compliance with confidentiality or physical obstacles make it impossible, an information package pertaining to the items on the agenda that require prior study shall be sent to the directors in a timely manner prior to the meetings.

In addition, the directors shall be kept periodically informed between meetings of all significant events and transactions in the life of the Group. To this end, they shall be provided with all the press releases issued by the Company and a periodic summary of financial analysts' research reports on the Group and, when necessary, the actual reports.

The Board shall be regularly informed of and shall periodically discuss the Group's financial position, cash position and commitments as well as its strategy and main policies in the areas of human resources, organization and information systems.

The directors shall be entitled to require the provision of any document necessary for the proceedings of the Board that has not been submitted to them. Any such requests shall be sent to the Chairman and Chief Executive Officer who may submit it to the Board for a decision.

The directors shall have the right to meet with the Group's main executives, including without the presence of the executive officers. To do so, they must first file a request with the Chairman and Chief Executive Officer.

4. Powers of the Board of Directors

The Board of Directors deals with all matters falling within the powers vested in it under the applicable laws and regulations.

In addition, the Board of Directors shall:

a) approve the annual budget, including the annual financing plan, as well as the business plan presented by the Chairman and Chief Executive Officer;

b) review and approve the Group's overall strategy, at least once a year, in accordance with Article 2 of these Bylaws;

c) based on the Commitments Committee's recommendation, authorize the following decisions of the Chairman and Chief Executive Officer prior to their implementation:

i. any and all immediate or deferred financial commitments representing more than €100 million per transaction. "Financial commitments" are defined as:

- any and all acquisitions or disposals of assets and majority or minority interests in other companies; in the latter case, the amount of the commitment is considered equal to the entity's enterprise value,

- any and all direct investments, for example for the creation of a business, the construction, refurbishment or extension of a hotel property, or expenditure on technological developments,
- rental investments, measured on the basis of the market value of the leased asset,
- hotel management contracts with a guaranteed minimum fee,
- any and all loans to entities in which the Company or one of its subsidiaries does not hold the majority of the shares and voting rights, and any and all commitments to participate in share issues by such entities.

In the case of financing transactions, however, the Chairman and Chief Executive Officer is authorized to make any and all financial commitments of up to €1 billion without obtaining prior approval from the Board of Directors, provided that such commitment is undertaken in accordance with the annual Group financing policy as approved in advance by the Board of Directors. In this case, the Chairman and Chief Executive Officer shall inform the Board of Directors of the transactions after they have been completed. It is noted as well that the Board's prior approval is not required for borrowings due in less than one year, whatever the amount borrowed,

ii. any and all transactions that may impact the Group's strategy or lead to a material change in the Group's business base (mainly entry into a new business or withdrawal from an existing business), whatever the amount of the transaction;

iii. any and all transactions involving the Company's shares carried out in application of Article L. 225-209 of the French Commercial Code that exceed one million shares per transaction or two million shares per year;

d) authorize the Chairman and Chief Executive Officer to issue guarantees, bonds and endorsements in the Company's name, up to a cumulative amount of €1 billion per year. In accordance with the Company's Bylaws, any such authorizations may be given for a period of one year. The Chairman and Chief Executive Officer is required to report to the Board of Directors each year on the amount and nature of guarantees, bonds and endorsements issued under the authorization;

e) discuss and decide on any proposed changes to the Group's management structure and review information about the main organizational changes.

5. Vice-Chairman of the Board of Directors – Senior Independent Director

In accordance with Article 14 of the Company's Bylaws, the Board of Directors may appoint one of its independent members to act as Vice-Chairman for the duration of his or her term as director. The appointment may be terminated at any time by decision of the Board of Directors.

In accordance with the Company's Bylaws, the Vice-Chairman may call meetings of the Board of Directors if the Chairman and Chief Executive Officer is unable to do so, and shall chair Board meetings in the Chairman and Chief Executive Officer's absence.

The Vice-Chairman shall act as the preferred contact for the other independent directors. Whenever necessary and at least once a year, he or she shall organize and lead a meeting reserved exclusively for independent directors to allow them to discuss certain issues outside full Board meetings.

The Vice-Chairman shall ensure that requests from shareholders not represented on the Board are answered, and shall make him or herself available to hear their comments and suggestions and, where necessary, answer their questions. A specific e-mail address shall be created for this purpose. The Vice-Chairman shall inform the Board of Directors about such contact with the shareholders.

In addition, the Vice-Chairman shall oversee formal assessments of the Board of Directors' practices, approve the list of strategic issues to be discussed at Board meetings, as prepared each year by the Chairman and Chief Executive Officer, and deal with any conflicts of interest affecting Board members under the procedure for managing conflict of interest situations as described in Article 9.

He or she shall be assisted by the Corporate Secretary for any related administrative tasks.

6. Board Committees

Board discussions and decisions in certain areas shall be prepared by specialist Board Committees made up of directors appointed by the Board for the duration of their term. These Committees shall examine matters falling within their terms of reference, as well as any matters referred to them for consideration by the Chairman and Chief Executive Officer. They shall report regularly to the Board on their work, and provide the Board with their observations, opinions, proposals or recommendations.

To assist them in their work, the Board Committees may commission technical reports from management or from external consultants, at the Company's expense. In both cases, the Chairman and Chief Executive Officer shall be notified in advance. The Committees may also arrange meetings with members of Company management responsible for the areas under review, without any executive officers being present. In this case also, the Chairman and Chief Executive Officer shall be informed in advance.

There are four standing Board Committees:

- **the Audit, Compliance & Risks Committee;**
- **the Commitments Committee;**
- **the Appointments, Compensation & CSR Committee;**
- **the International Strategy Committee.**

The Board may also set up one or several special Committees.

Each Committee shall be chaired by one of its members, appointed by the Board on the recommendation of the Appointments, Compensation & CSR Committee.

The Chairman and Chief Executive Officer may be invited to attend any and all Board Committee meetings by the Chairman of the Committee concerned. However, he shall not attend the part of Appointments, Compensation & CSR Committee meetings during which agenda items concerning him personally are discussed, nor the part of Audit, Compliance & Risks Committee meetings during which the Committee members discuss matters with the Statutory Auditors.

The Committee Chairman shall appoint a person who does not need to be a Committee member to act as secretary.

The Chairman of each Committee may ask for the Committee to be consulted on any matters falling within its terms of reference that have not been referred to it.

Each Committee shall periodically review its rules of procedure and propose to the Board any changes that are considered necessary.

The Board Committees shall not have any decision-making authority.

6.1. The Audit, Compliance & Risks Committee

The Audit, Compliance & Risks Committee shall be responsible for ensuring that the accounting policies applied for the preparation of the financial statements of the Company and the Group are appropriate and applied consistently from one period to the next. Its terms of reference also include checking that internal reporting and control procedures provide adequate assurance concerning the reliability and completeness of financial information and the control of Group risk exposure. Furthermore, it is responsible for preparing the Board of Directors' decisions pertaining to compliance.

To this end, it carries out the following tasks:

Audit and Risks:

- it reviews the interim and annual consolidated financial statements and the financial statements of the Company, prior to their examination by the Board of Directors, and obtains assurance that the related accounting policies are appropriate and applied consistently from one period to the next. This includes reviewing draft results press releases and announcements to be issued by the Company;
- it reviews the scope of consolidation and the reasons for excluding any entities;
- it reviews the risk management policy and ensures that adequate systems are in place;
- it assesses the material risk exposure and off-balance sheet commitments, and receives a copy of the Chief Financial Officer's detailed report on these matters;
- it assesses the effectiveness of internal audits covering the procedures for the preparation and processing of accounting and financial information, without compromising the internal auditors' independence; it obtains assurance concerning the effectiveness of the Group's system of internal control by reviewing the methods used to identify risks and the Internal Audit Department's organizational and operating principles. It is also informed of the internal audit program and of the results of the internal audits;
- it monitors the execution of the Statutory Auditors' engagement and reviews their work plan and audit findings. It receives a copy of the Statutory Auditors' post-audit letter setting out the main issues identified during their audit and describing the main accounting options selected;
- it leads the Statutory Auditor selection procedure, organizing a call for bids from various accounting firms (except where the incumbent firm is being re-appointed), and makes a recommendation to the Board of Directors on the choice of auditor;
- it validates the services other than statutory audit work that the Statutory Auditors and the members of their networks may be asked to perform in accordance with the applicable laws and regulations;
- at the end of each year, it is informed of the fees paid by Group companies to the Statutory Auditors and the members of their networks during the year, including a detailed breakdown by type of engagement, reports to the Board of Directors on these fees, and expresses an opinion on the proposed fee for the statutory audit of the financial statements;
- it obtains assurance concerning the Statutory Auditors' independence, notably by reviewing the Statutory Auditors' statement of independence, and informs the Board of Directors of its assessment of the Statutory Auditors' actual level of independence;
- it reports regularly to the Board of Directors on the results of the statutory audit engagement and the ways in which this engagement contributes to ensuring the integrity of financial information, as well as on the Committee's role in this process.

Compliance:

- it reviews the organization and implementation of the Company's compliance program, and is regularly informed about the deployment of its compliance policies;
- it reviews all ethical issues that come to its attention or are submitted to it for review by the Board or its Chairman;
- it reviews the Ethics & CSR Committee's annual report.

The Audit, Compliance & Risks Committee comprises three to six members possessing the necessary technical knowledge to fulfill the Committee's duties. At least two-thirds of these members, including the Committee Chairman, must be independent directors.

The Audit, Compliance & Risks Committee holds at least three meetings per year. One meeting – attended by the Senior Vice-President, Internal Audit – is devoted to reviewing the effectiveness of the system of internal control.

The Audit, Compliance & Risks Committee may make enquiries of the Statutory Auditors without the executive officers and/or the Chief Financial Officer being present, after first notifying the Chairman and Chief Executive Officer.

Calls to meeting shall be issued by the Committee Chairman and include the meeting agenda. Meetings to review the interim and annual financial statements shall be held at least two days prior to the Board meeting called to approve the financial statements. The members of the Audit, Compliance & Risks Committee must receive all necessary documents on a timely basis. When members are first appointed to the Committee, they are given detailed information about accounting, financial and operational issues that are specific to the Group. The Chairman and Chief Executive Officer, the Chief Financial Officer and the Statutory Auditors shall attend Audit, Compliance & Risks Committee meetings as needed.

6.2. The Commitments Committee

The Commitments Committee is comprised of no more than seven members. Meetings of the Committee may be called at any time, in writing or verbally, by the Committee Chairman or the Chairman and Chief Executive Officer.

The Commitments Committee's recommendations are adopted by a simple majority and must then be discussed by the Board of Directors before the commitments can be implemented by the Group. The Commitments Committee is therefore responsible for preparing Board meetings and making recommendations to the Board on the following matters:

- any mergers, demergers or asset transfers;
- any amendments to the Company's corporate purpose;
- any and all commitments or transactions for which the Chairman and Chief Executive Officer is required to obtain the Board of Directors' prior approval in accordance with Article 4. c) of these Bylaws.

6.3. The Appointments, Compensation & CSR Committee

The Appointments, Compensation & CSR Committee's role is to prepare the Board of Directors' decisions pertaining to the compensation of executive officers and the policy for granting long-term incentive instruments, and to prepare changes in the composition of the Company's management bodies. It is also responsible for ensuring that the principles of good corporate governance are properly applied and preparing the Board of Directors' decisions pertaining to the environment and corporate social responsibility.

To this end, it carries out the following tasks:

Appointments:

- it prepares recommendations, in liaison with the Chairman and Chief Executive Officer, regarding the appointment and succession of the executive officers and the selection of new directors. In selecting possible directors, the Committee takes into consideration the desirable balance in the Board's composition, takes special care that each candidate has the required capabilities and availability and ensures that the directors have the array of experience and skills necessary to enable the Board of Directors to carry out its duties effectively with the required objectivity and independence vis-à-vis both senior management and a given shareholder or group of shareholders;
- it is informed of the succession plan concerning members of the Group's Executive Committee.

Compensation:

- it studies and prepares recommendations regarding both the salary and bonus portions of the executive officers' short-term compensation, the granting of medium- and long-term incentives such as performance shares and stock options, all the provisions regarding their retirement plans and all other in-kind benefits;
- it defines and implements the rules for setting the bonus portion of the executive officers' compensation while ensuring that said rules are consistent with the annual appraisal of executive officers' performance and with the Group's medium-term strategy;
- it expresses an opinion to the Board regarding the general policy for granting medium and long-term incentives such as stock options and performance shares to Group employees, and the plans proposed by the Chairman and Chief Executive Officer;
- it is kept informed of and gives an opinion on the compensation policy for members of the Group Executive Committee and reviews the consistency of such policy;
- it issues a recommendation to the Board on the overall amount of directors' compensation, which is submitted to shareholders for approval. It proposes to the Board rules for allocating said directors' compensation and the individual amounts of the payments to be made as compensation to the directors based on their attendance at Board and Committee meetings pursuant to Article 8 of these Bylaws;
- it reviews the policy and the Chairman and Chief Executive Officer's proposals regarding employee share issues and any employee share ownership plans;
- it reviews the insurance coverage taken out by the Company regarding the civil liability of executive officers;
- it approves the information provided to shareholders in the Universal Registration Document regarding (i) executive officer compensation; (ii) the principles and procedures used to set such compensation; and (iii) the grant and exercise of stock options and the grant of performance shares.

Governance:

- it is tasked, in liaison with the Chairman and Chief Executive Officer, with issuing recommendations on implementing best corporate governance practices and preparing the assessment of the Board's work;
- it reviews and issues recommendations on best corporate governance practices, and in particular, assesses whether the Company's governance practices comply with the recommendations of the corporate governance code to which the Company refers;
- it periodically reviews whether the directors meet the independence criteria defined by the Board and makes recommendations if it appears necessary to review the independent status of directors;
- it continuously monitors changes in the Company's ownership structure and determines how the Company's awareness of such changes could be improved, particularly through legal procedures;
- under the procedure for managing conflict of interest situations, it reviews all cases where there is a conflict of interest concerning one or more shareholders and (i) the interests of the Company or (ii) the interests of the shareholders as a whole and cases where there is a conflict of interest concerning members of the Board of Directors;
- it reviews changes in the role and responsibilities of the Board of Directors;
- it prepares all matters for discussion between the Company and its shareholders relating to (i) changes in their equity interests; (ii) their representation in the Company's corporate governance structures; and (iii) any contractual commitments between them and the Company. This latter role is fulfilled in part by preparing decisions of the Board of Directors authorizing related-party agreements.

Corporate social responsibility:

- it reviews the Company's CSR strategy and the results obtained.

The Appointments, Compensation & CSR Committee is comprised of three to seven members. A majority of these members, including the Committee Chairman, must be independent directors. A director representing employees attends the Committee's meetings.

The Appointments, Compensation & CSR Committee shall hold at least two meetings per year. Calls to meetings are issued on instructions from the Committee Chairman and include the meeting agenda.

6.4. The International Strategy Committee

The International Strategy Committee comprises all directors. It is responsible for preparing Board meetings and making recommendations to the Board concerning the international strategic guidelines of the Group, and in particular on the following matters:

- strategic priorities for the Group's international hotel development;
- geographic breakdown of the Group's activities, geopolitical issues and risks;
- monitoring of significant international projects, alliances and partnerships.

The Committee shall hold at least two meetings per year. Calls to meetings are issued on instructions from the Committee Chairman and include the meeting agenda.

7. Secretary to the Board of Directors

Pursuant to the Company's Bylaws, the Board of Directors shall name a Secretary who does not need to be a director.

The Board Secretary's role is to call members to meetings of the Board of Directors when requested to do so by the Chairman and Chief Executive Officer and to prepare the draft minutes of the meetings of the Board of Directors, which are then submitted to the Board for approval. He or she is tasked with sending the working documents to the directors according to the procedure set forth in Article 3 of these Bylaws and in general responds to any request from directors for information pertaining to their rights and obligations, the Board's operation or the life of the Company.

His or her duties also include maintaining and updating the statements designed to prevent conflicts of interest, as provided for in Article 9 of the directors Code of Conduct.

Lastly, the Board Secretary shall attend the meetings of the Board Committees as needed at the request of the Chairman and Chief Executive Officer or the Committee Chairmen. He or she may also be tasked with sending the working documents to the Committee members.

8. Directors' compensation

The annual amount of directors' compensation approved by shareholders is allocated by the Board based on a recommendation by the Compensation, Appointments & CSR Committee.

Board members are entitled to a fixed portion of compensation for their duties as directors and, as the case may be, their role as a member or Chairman of one or more Board Committees, as well as a variable portion of compensation determined according to their actual attendance at Board and Committee meetings.

Distribution is based on the following principles:

- the annual amount of directors' compensation is divided into an amount set aside for the Board and an amount set aside for the Board Committees, as determined by the Board of Directors;
- one-third of the amount set aside for the Board and for the Committees is used to pay the fixed portion of directors' compensation;
- two-thirds of the amount set aside for the Board and Committees is used to pay the variable portion of directors' compensation based on a per-meeting amount set by the Board depending in each case on the total number of meetings held during the year and on the number of members composing each instance. The calculated variable portion of directors' compensation is then paid to each director depending on its attendance rate;
- the Vice-Chairman of the Board of Directors receives the fixed portion of directors' compensation payable to all directors as well as a fixed portion of a lump sum determined by the Board of Directors;
- a lump sum is set aside for non-voting directors to be allocated on the same basis as that applied to the amounts set aside for the Board and for the Board Committees;
- Committee Chairmen receive a fixed portion of directors' compensation equal to double the fixed portion payable to Committee members;
- members of the Audit, Compliance & Risks Committee, and members of the Appointments, Compensation & CSR Committee, receive an increased portion of directors' compensation, as decided by the Board of Directors;
- directors who also hold the position of Chairman and Chief Executive Officer, Chief Executive Officer or Deputy Chief Executive Officer do not receive any directors' compensation;
- directors representing employees do not receive any directors' compensation. The compensation that they would have received is not distributed and instead the Company has pledged to allocate the equivalent amount to supporting Group employees in difficulty;
- the Board of Directors may also decide to allocate an exceptional bonus for a given assignment or mandate to a director or non-voting director as part of their variable compensation;
- directors' compensation is paid no later than three months following the end of the previous fiscal year.

9. Conflicts of interest and sensitive information

9.1. *Situations giving rise to conflicts of interest*

Any director that is directly or indirectly, through a third party or otherwise, exposed to an actual or potential conflict between his or her interests and those of the Company because of the positions that he or she holds and/or any interests that he or she has elsewhere, shall inform the Vice-Chairman of the Board of Directors and the Board Secretary.

As well as giving rise to a conflict of interests, direct or indirect ties to an entity whose interests compete with those of the Company may also lead to a breach of competition rules. Consequently, while they are members of the Company's Board, directors shall not accept any directorship, management position or consulting engagement with an entity whose interests compete with those of the Company without the Board's prior authorization.

Pursuant to Article 15 of the Company's Bylaws, directors and any other persons who attend Board meetings shall be required to treat all information provided during these meetings as strictly confidential.

9.2. *Sensitive information as defined in competition law*

No sensitive information, as defined in competition law, may be disclosed or discussed in the presence of any director who has direct or indirect ties to an entity whose interests compete with those of the Company (a "Concerned Director").

The definition of sensitive information in competition law covers all information not in the public domain that could enable the Concerned Director to understand or influence the Company's commercial and other strategies in markets served by the entity whose interests compete with those of the Company and with which the Concerned Director has ties.

It notably includes information concerning, for the market or markets in question:

- current or future business development projects, particularly planned mergers and acquisitions;
- current or future prices or pricing strategies (including discount and rebate plans);
- sales, promotional offers, terms and conditions of current or future promotional and advertising campaigns (including promotional or advertising expenditure, terms and conditions of sale and general sales strategies);
- margins and profitability objectives or indicators for specific businesses, products or services;
- current or future capacity, including planned capacity extensions or reductions;
- customers, customer lists, loyalty programs and contract bids or proposed bids;
- product, service or technology costs;
- technology, IT or research and development projects;
- market shares;
- market analyses, covering *inter alia* forecast changes in offer and/or demand and prices;

in each case unless the information no longer qualifies as sensitive under competition law due to its general nature, or because it is too old or too aggregated, or because it consists solely of information in the public domain.

The risk of an exchange of sensitive information as defined in competition law is equivalent in all respects to a conflict of interest within the meaning of this article.

9.3. Reporting conflicts of interest

When a director takes office and by January 31 of each year thereafter, he or she shall prepare a statement setting out his or her direct ties or indirect ties through a third party or otherwise – whatever their form – with Group companies, their management or their competitors, customers, partners or suppliers. He or she shall submit this statement to the Chairman and Chief Executive Officer and the Vice-Chairman, with a copy given to the Board Secretary.

If any event occurs that affects the accuracy of all or part of the statement, or if any questions arise as to the existence of an actual or potential conflict of interests, the director shall notify the Vice-Chairman and the Board Secretary without delay.

The Vice-Chairman, assisted by the Board Secretary and, if necessary, by outside consultants, shall prepare a list, director by director, of the issues likely to give rise to a conflict of interest. The Vice-Chairman shall inform the Board of Directors of these issues each year and following each modification, and shall remind the Board of the measures adopted to prevent any risk of a conflict of interest.

9.4. Guidelines for dealing with conflicts of interest

In the event of an actual or potential conflict of interest, the Concerned Director shall not take part in the discussion of the matter concerned or the related vote and shall be asked to step out from the meeting while the discussion and vote take place.

He or she shall not receive the information prepared for Board members on the agenda item giving rise to the conflict of interest or the corresponding section of the minutes of the Board meeting.

If necessary due to the agenda of a given Board or Committee meeting, the Chairman and Chief Executive Officer or the Vice-Chairman may decide to organize the meeting in two parts, with the first part attended by the Concerned Director(s) and dealing with the agenda items not involving disclosure of any sensitive information as defined in competition law or giving rise to any conflicts of interest, and the second held without the Concerned Directors being present.

Decisions by the Board of Directors concerning a conflict of interest shall be recorded in the minutes of the relevant Board meeting.

Any problems concerning application of this Article 9 shall be submitted to the Vice-Chairman of the Board or, at the latter's request if difficulties arise and with its presence, to the Audit, Compliance & Risks Committee. If the problem cannot be resolved by this process, the Board of Directors shall make a decision based on the Committee's recommendation.

Appendix B

Board of Directors Code of Conduct (as amended on April 29, 2014)

The Board of Directors collectively represents all the shareholders and acts in the Company's interest. Each director, regardless of the reasons for his or her appointment and his or her qualification by the Board of Directors as regards the independence criteria set forth in the AFEP/MEDEF Corporate Governance Code for listed companies, represents all the shareholders and as such adheres to the principles of conduct defined in this Code of Conduct.

The non-voting directors appointed by the Board of Directors and the Founding Co-Chairmen referred to in Article 21 of the Company's Bylaws shall be governed by all of the provisions of this Code of Conduct that are applicable to them.

Duty of due care

Directors shall carry out their duties as they see fit in the best interest of the Company. They shall strive at all times to improve their knowledge of the Group and its business lines and agree to be bound by a duty of vigilance and warning. They shall devote the necessary time and attention to their directorship in particular by attending the meetings of the Committees to which they belong, the meetings of the Board of Directors and the Shareholders' Meetings.

In addition to complying with the applicable statutes and regulations on the holding of several directorships, it is the responsibility of each director to ascertain whether his or her duties as a director of the Company are compatible with the directorships or positions that he or she holds in other companies in particular as regards the workload. Each director shall disclose periodically to the Company the directorships that he or she holds in any other company in order to enable the Company to comply with its statutory disclosure obligations in this regard.

Information

Directors have the duty to request the information that they deem necessary to carry out their duties from the Company's management *via* the Chairman and Chief Executive Officer or, where applicable, the Board Secretary. They shall have the right to meet with the Company's principal executives, whether or not in the presence of the Chairman and Chief Executive Officer, after having requested such a meeting from the Chairman and Chief Executive Officer.

When a new director takes up office, the Board Secretary shall provide him or her with an information package containing the Company's Bylaws, the Board of Directors Bylaws, the Board of Directors Code of Conduct as well as the principal statutes and regulations regarding directors' liability.

Directors may consult the Board Secretary at any time regarding the scope of said statutes and regulations and the rights and obligations incumbent on him or her.

Transparency and preventing conflicts of interests

Directors strive to remain independent in all circumstances as regards their analysis, judgment, decisions and actions.

Directors agree not to seek out or accept any benefit likely to call into question their independence.

Any director that is directly or indirectly in a position of a conflict of interest – even potentially – with respect to the interest of the Company because of the positions that he or she holds, and/or any interests that he or she has elsewhere, shall inform the Chairman and Chief Executive Officer or any individual designated by the Chairman and Chief Executive Officer. He or she shall abstain from the debates and decision-making on the matters concerned and may have to leave a Board meeting during the debate, and, where applicable, the vote.

When he or she takes up office, and subsequently every year no later than January 31, each director shall fill in a statement according to the template attached to this Code of Conduct in which he or she discloses any relationships of any kind with Group companies, their managers, suppliers, customers, partners or competitors. He or she shall send this statement to the Chairman and Chief Executive Officer and a copy thereof to the Board Secretary.

Directors shall refrain from participating, directly or indirectly, in any transaction of any amount with a Group company involving the sale by said company of one or several hotel assets.

The Board of Directors shall deliberate on the rates granted to directors when staying in a non-official capacity in Group hotels.

Trading in Company securities by the directors

Directors have access to insider information. Such information, if made public, could impact the price of the Company's shares or any other securities issued by the Company.

Pursuant to the applicable statutes and regulations, they shall be required:

- to refrain from using insider information to trade such securities either directly or *via* an intermediary;
- not to knowingly allow a third party to carry out such trading;
- not to disclose such information to third parties even through carelessness.

In addition, without prejudice to the statutes and regulations on insider trading, periods known as "negative windows" shall be determined each year. During such periods, directors shall refrain from trading the Company's shares or any other securities issued by the Company (including exercising stock options), either directly or *via* an intermediary, even *via* the trading of derivatives. Such periods shall consist of (i) 30 calendar days prior to the date of publication of the annual and interim consolidated financial statements, as well as the day of these publications and the following day, and (ii) 15 calendar days prior to the date of publication of quarterly revenue figures, as well as the day of these publications and the following day.

The exact dates of the "negative windows" shall be disclosed each year to the directors by the Board Secretary. If specific "negative windows" are set up in connection with financial or strategic transactions, the directors shall be informed immediately thereof by the Board Secretary.

Directors may not hedge the risks of losses on the Company shares or stock options they own.

Each director shall be responsible for reporting to the French securities regulator (*Autorité des Marchés Financiers* – AMF) and to the Company (to the attention of the Board Secretary) any trading involving the Company's shares or any other securities issued by the Company and carried out by him or her or individuals that are closely related to him or her, pursuant to applicable statutes and regulations.

Directors may consult the Board Secretary at any time regarding the scope of the "negative windows" system and on the conditions of its application to any specific case.

Duty of discretion and confidentiality

Pursuant to Article 15 of the Company's Bylaws, directors shall be bound by a duty of discretion and confidentiality in the interest of the Company. To that end, they undertake that they shall be responsible for maintaining the professional secrecy of all the confidential information to which they have access, the resolutions and the operation of the Board of Directors and of any Committees to which they may belong, as well as the content of the opinions issued or votes cast during Board or Committee meetings.

When requested by the Chairman and Chief Executive Officer, each director agrees to return or destroy immediately any document in his or her possession containing confidential information.

In addition, directors shall be required to consult with the Chairman and Chief Executive Officer prior to any personal disclosure that they may make in the media on matters involving or likely to affect the Group, the Company and/or its governing bodies. This provision shall not apply to directors who concurrently hold the position of Chief Executive Officer or Deputy Executive Officer and who may have to make disclosures in that capacity in the name of the Company.

Shares owned privately

Pursuant to the Company's Bylaws, directors other than those representing employees must own 1,000 shares in the Company. Such shares and any shares acquired in excess of that number must be registered shares.

The permanent representatives of legal entities that are directors shall be subject to the same obligation.

The number of Company shares owned by each director (and each permanent representative of any legal entity that is a director), excluding that of Company shares owned by directors representing employees, shall be publicly disclosed by the Company.

To the best of the Company's knowledge, in the last five years no director or executive officer has (i) been convicted of any fraudulent offense; (ii) been a member of the administrative, management or supervisory body of a company that has been declared bankrupt, or placed in liquidation or receivership; (iii) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities; or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

3.12 Statutory Auditors' special report on related-party agreements

*This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.***)**

(Annual General Meeting held to approve the financial statements for the year ended December 31, 2019

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements submitted for approval to the Annual General Meeting

Agreements authorized during the year ended 2019

In accordance with Article L.225-40 of the French Commercial Code, we were informed of the following agreements authorized in advance by the Board of Directors.

With Paris Saint-Germain Football company

Person(s) concerned

Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani and Aziz Aluthman Fakhroo, directors of the Company, designated by Qatar Investment Authority, of which SASP Paris Saint-Germain Football is an indirect subsidiary.

Nature and purpose

Partnership agreement signed with the Paris Saint-Germain football club.

Conditions

On February 20, 2019, the Board of Directors authorized the Company to enter into a partnership agreement under which Accor becomes the main partner of the Paris Saint-Germain professional football club and the ALL-Accor Live Limitless logo is featured on the club's team jerseys.

Reasons why the agreement is beneficial for the Company

The Board of Directors believes that this partnership agreement, signed on February 21, 2019, gives the new ALL-Accor Live Limitless program worldwide visibility, by benefiting from the club's and its players' extensive media exposure, and that it also allows the Accor Group, through its loyalty program, to offer unique experiences to its members, such as attending a match or meeting players.

Agreements previously approved by the Annual General Meeting

Agreements approved during the year ended 2019

We were informed of the implementation during the year of the following agreements, previously approved by the Annual General Meeting of April 30, 2019, as indicated in the Statutory Auditors' special report of March 22, 2019. .

With Katara Hospitality company (Kasada project)

Person(s) concerned

Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani, director of the Company and Chairman of the Board of Directors of Katara Hospitality, Aziz Aluthman Fakhroo, director of the Company, designated by Qatar Investment Authority.

Nature and purpose

Agreement entered into with Katara Hospitality, with a view to setting up an investment fund dedicated to Hospitality in Africa (Kasada Capital Management).

Conditions

On June 26, 2018, the Board of Directors authorized the Company to enter into an agreement with Katara Hospitality with a view to setting up an investment fund dedicated to Hospitality in Africa, Kasada Capital Management. The fund's equity will amount to US$ 500 million, of which Katara Hospitality and Accor will contribute US$ 350 million and US$ 150 million, respectively, over the next 5-7 years.

In 2019, the Company paid a total of 598 816 euros under this partnership agreement.

Neuilly-sur-Seine and Paris-La Défense, April 2, 2020

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit		**ERNST & YOUNG et Autres**	
Olivier Lotz	Cédric Haaser	Jean Christophe Goudard	François-Guillaume Postel

4. 2019 business review and subsequent events

4.

4.1 Review of 2019

Accor delivered another record-breaking year in 2019. More diversified than ever, the Group remains focused on implementing its strategy, executing its roadmap, and creating value.

Its performance was all the more remarkable for being delivered in a troubled macroeconomic environment, and was achieved as the Group completed its transformation to its asset-light model with the disposals of 85.8% of Orbis, an additional tranche of 5.2% of AccorInvest, 4.9% of Huazhu and 16 Mövenpick hotels (three of which being in development).

With a portfolio of 739,537 rooms (5,036 hotels), it was another record year for organic development: 45,108 rooms (327 hotels), 29% of which in the Luxury segment and 69% in emerging markets were opened.

The Group also continued to expand its ecosystem of brands and services to attract ever more customers, and is now working actively to retain them. To that end, Accor has created ALL – Accor Live Limitless, a new lifestyle loyalty program offering access to a new world of experiences, additional services and rewards aimed at increasing the contribution of loyal members to its revenue to 40% by 2022. The Group has also stepped up marketing investments compared with previous years to promote the recognition of its brands and the attractiveness of its new universe, establishing partnerships with a global scope.

Lastly, Accor is still putting as much effort into reinforcing the fundamentals that drive its model: the engagement and talent of its 300,000 employees, the quality and diversity of its offers, its portfolio of powerful brands, its efficient distribution tools and loyalty programs, its proven leadership in high-potential areas and its extremely robust financial position.

The Group's 2019 results reflect this change. Driven by growing business worldwide, its results are clearly improving, with EBITDA of €825 million, and free cash flow of €434 million.

Operating profit, which amounted to €678 million, benefited largely from the proceeds from the disposals mentioned above. Net financial expense increased €12 million, notably due to an €11 million increase in the cost of hedges.

Net income Group share was €464 million, down on the €2,233 million reported last year, which included the €2.4 billion capital gain generated by the disposal of 64.8% of AccorInvest.

The full-year 2019 results confirm the strength of the asset-light model. The company delivered on its targets despite the uncertain environment. After adding a record 45,108 rooms (327 hotels) on an organic basis during the period, including 12,954 rooms (65 hotels) in the Luxury segment, Accor had a portfolio of 739,537 rooms (5,036 hotels) and a pipeline of 208,000 rooms (1,206 hotels) at December 31, 2019, of which 76% were in emerging markets.

2019 consolidated results

(in millions of euros)	2018*	2019	Change (as reported)	Change (LFL)[1]
Revenue	3,282	4,049	+23.4%	+3.8%
EBITDA	**626**	**825**	**+31.9%**	**+5.9%**
EBITDA margin	19.1%	20.4%	+1.3 pt	+0.4 pt
EBIT	**505**	**497**		
Operating profit	153	678		
Profit/(loss) from continuing operations	**(41)**	**447**		
Profit from discontinued operations	2,274	17		
NET PROFIT, GROUP SHARE	**2,233**	**464**		

* *Restated amounts in application of IFRS 5.*
(1) *LFL = like-for-like: at constant scope of consolidation and exchange rates. This change enables the periods to be compared by eliminating the effect of 2019 business acquisitions and disposals as well as the currency impact on the financial statements.*

Revenue

Consolidated revenue totaled **€4,049 million** in full-year 2019, **up 3.8% like-for-like** and **up 23.4% as reported** compared with full-year 2018. The difference between the like-for-like and reported changes stems primarily from the acquisitions of Mantra and Mövenpick in 2018.

(in millions of euros)	2018*	2019	Change (as reported)	Change (LFL)[1]
HotelServices	2,618	2,894	+10.5%	+4.6%
Hotel Assets	751	1,077	+43.4%	+2.9%
New Businesses	149	159	+7.2%	+3.8%
Holding & Intercos	(236)	(81)	N/A	N/A
TOTAL	**3,282**	**4,049**	**+23.4%**	**+3.8%**

* *Restated amounts in application of IFRS 5.*
(1) *LFL = like-for-like: at constant scope of consolidation and exchange rates. This change enables the periods to be compared by eliminating the effect of 2019 business acquisitions and disposals as well as the currency impact on the financial statements.*

Reported revenue for the period reflects the following factors:

- **changes in the scope of consolidation** (acquisitions and disposals) had a positive impact of €380 million (+10.9%), largely due to the contributions of Mantra and Mövenpick;
- **currency effects** had a positive impact of €48 million (+1.4%), mainly due to the US dollar (€50 million).

EBITDA

The **Group's EBITDA** totaled €**825 million** in 2019, an increase of 5.9% on a like-for-like basis and 31.9% as reported compared with 2018, driven by acquisitions and slight currency effects.

(in millions of euros)	2018*	2019	Change (as reported)	Change (LFL)[1]
HotelServices	705	741	+5.1%	+5.8%
Hotel Assets	80	216	+168.0%	-7.3%
New Businesses	(28)	(2)	93%	+88.8%
Holding & Intercos	(132)	(129)	N/A	N/A
TOTAL	**626**	**825**	**+31.9%**	**+5.9%**

* *Restated amounts in application of IFRS 5.*
(1) *LFL = like-for-like: at constant scope of consolidation and exchange rates.*

Up 5.1% as reported and 5.8% like-for-like, **HotelServices'** EBITDA was **€741 million,** compared with €705 million in 2018, reflecting the deferral to 2020 of €19 million in marketing expenses for the launch of ALL, which took place later than expected.

The **New Businesses** reported negative EBITDA of **€2 million**, at breakeven as expected in the fourth quarter of 2019 thanks to the refocus of the onefinestay and John Paul activities on profitable contracts. The division's EBITDA was up 89% like-for-like, lifted by a 13% increase in revenue from D-Edge, Gekko, VeryChic and ResDiary.

Hotel Assets & Other delivered growth of 168.0% as reported thanks to the acquisition of the Mövenpick Hotels & Resorts and Mantra portfolios. In 2019, they contributed €642 million to revenue and €168 million to EBITDA (compared with €350 million and €44 million respectively on comparable period). Like-for-like, EBITDA was down 7.3% due to higher exposure to Australian RevPAR [1].

Together, the **Holding & Intercos lines**, which represent corporate overheads, reported stable EBITDA.

(1) *RevPAR, or Revenue Per Available Room, is an indicator of business performance over a given period. It is calculated by multiplying the average room rate by the average occupancy rate.*

EBIT

EBIT was **€497** million in 2019, compared with €505 million in 2018.

(in millions of euros)	2018*	2019
Revenue	**3,282**	**4,049**
Personnel expenses	(1,722)	(1,939)
Rental expense	(135)	(62)
Other operating expenses	(800)	(1,223)
EBITDA	**626**	**825**
Depreciation, amortization and provision expense	(120)	(328)
EBIT	**505**	**497**

* *Restated amounts in application of IFRS 5.*

Personnel expenses, which include hotel personnel costs (reimbursed to HotelServices by partner hotel owners, and recognized in revenue pursuant to IFRS 15), amounted to €1,939 million in 2019, compared with €1,722 million in 2018, an increase of 13%.

Rental expense, which is the variable portion of rents for hotel assets operated under leases (in accordance with IFRS 16), amounted to €62 million in 2019, compared with €135 million in 2018.

Depreciation, amortization and provision expense for the year was €328 million, compared with €120 million in 2018, mainly reflecting the acquisitions of Mantra and Mövenpick, for which the Group depreciated right-of-use assets in accordance with IFRS 16.

Other operating expenses consist mainly of marketing, advertising, promotional, selling and information systems costs. They include the impact of eliminating intra-group flows from discontinued operations: AccorInvest over the first five months of 2018 and Orbis over the two years.

Operating profit

Operating profit rose by €525 million to **€678 million**, compared with €153 million in 2018.

(in millions of euros)	2018*	2019
EBIT	**505**	**497**
Share of net profit of associates and joint ventures	80	3
Restructuring costs	(126)	(8)
Asset impairment	(250)	(181)
Disposal gains or losses	2	352
Reversals of provisions for pensions	-	37
Other non-recurring income and expenses	(58)	(22)
OPERATING PROFIT	**153**	**678**

* *Restated amounts in application of IFRS 5.*

- The **share of net profit of associates and joint ventures** fell by €77 million to **€3 million** in 2019, compared with €80 million in 2018, linked to a smaller contribution from Huazhu, which is dealing with a challenging environment in China (RevPAR down 3.1%), and a reduced contribution from AccorInvest, whose financing costs increased with it achieving independence.
- **Restructuring costs**, mainly related to a transformation plan in Europe and in the Group's Paris headquarters, amounted to €8 million, compared with €126 million in 2018.
- **Disposal gains** totaled **€352 million** in 2019, including the proceeds from the disposal of 4.9% of the capital of Huazhu Group Ltd (€301 million) and the investment in the Fairmont Claremont hotel in the United States (€32 million). A capital gain of €19 million was also generated by the sale of an additional 5.2% tranche of the capital of AccorInvest.
- **Asset impairment** amounted to **€181 million**, compared with €250 million in 2018, linked to hotel assets operated in Australia (€150 million) and the Mövenpick hotels currently in the process of being sold (€23 million).

- A **reversal of provisions for pensions of €37 million** was carried out, resulting from the freezing of the supplementary pension schemes applied in accordance with the provisions of France's new Pacte law.
- **Other non-recurring expenses** also fell by €36 million to €22 million, compared with €58 million in 2018. This item notably includes expropriation to discontinued of €25 million on a hotel in the United Kingdom and the cost of acquiring and integrating the Mövenpick Hotels & Resorts, Mantra and FRHI groups for €17 million.
- In 2018, **non-recurring income and expenses** consisted mainly of €246 million impairment losses on the New Businesses, €126 million in restructuring costs in Europe and at the Group's Paris headquarters, and €23 million in acquisition and integration costs.

Net profit, Group share

(in millions of euros)	2018*	2019
Operating profit	**153**	**678**
Net financial expense	(63)	(75)
Income tax	(109)	(138)
Profit from discontinued operations	2,303	20
Net profit	2,284	485
NET PROFIT, GROUP SHARE	**2,233**	**464**
EARNINGS PER SHARE *(in euros)*	**7.61**	**1.55**
Net profit, minority interests	51	21

* *Restated amounts in application of IFRS 5.*

Net financial expense amounted to **€75 million** in 2019, compared with €63 million in 2018. This increase of €12 million is attributable mainly to the following items:

- a financial expense of €17 million resulting from the application of IFRS 16 "Leases";
- an increase of €11 million in foreign currency hedging expense;
- interest income of €11 million linked to a loan to sbe.

The Group's **income tax expense** was **€138 million**, compared with an expense of €109 million in 2018.

Profit from discontinued operations was **€20 million**, compared with €2,303 million in 2018. This 2018 figure included the capital gain of €2.4 billion generated by the sale of 64.8% of AccorInvest in 2018.

Net profit, Group share was accordingly **€464 million**, compared with €2,233 million in 2018. Based on a weighted average number of shares outstanding of 271,823,856 at December 31, 2019, **earnings per share** was **€1.55** in 2019, compared with €7.61 in 2018.

Recurring free cash flow

(in millions of euros)	2018*	2019
EBITDA	**626**	**825**
Cost of net debt	(50)	(73)
Income tax paid	(121)	(122)
Payment of lease liabilities	-	(137)
Non-cash revenue and expenses included in EBITDA and other	88	104
Funds from operations excluding non-recurring items	**543**	**597**
Recurring renovation and maintenance and development expenditure	(106)	(161)
Change in working capital and contract assets	30	(2)
Recurring free cash flow	**467**	**434**
Cash conversion rate(1)	**83%**	**77%**

* *Restated amounts in application of IFRS 5.*
(1) *(EBITDA – recurring expenditure – payment of lease liabilities)/(EBITDA – payment of lease liabilities).*

Funds from operations amounted to **€597 million** in 2019, compared with €543 million in 2018, due to good levels of business in most of the Group's markets, which covered the increase in personnel, marketing, information systems, distribution, advertising and promotional costs, as well as lease liabilities now required to be taken into account in accordance with IFRS 16. Other income includes €64 million in dividends paid by AccorInvest, an increase of €32 million compared with 2018.

Recurring expenditure – which includes key money paid by HotelServices in relation to its development, as well as digital and information systems investments, and maintenance investments in the remaining owned and leased hotels – came to **€161 million** in 2019, *versus* €106 million in the prior year.

Working capital was broadly stable in 2019, increasing by **€2 million** compared with a change of €30 million in 2018.

Recurring free cash flow came to **€434 million** in 2019, reflecting a cash conversion rate of 77%.

Dividend and payout ratio

Exceptionally, in view of the uncertainties that the Covid-19 pandemic places on Accor's business in 2020, the Board of Directors has decided not to propose a dividend to its shareholders in respect of 2019.

The €300 million share buyback program launched on January 20, 2020 was completed on March 24, 2020. The two new tranches of €300 million and €400 million planned for 2020 and 2021 have been suspended to preserve the Group's cash, and will be reactivated when economic conditions are more favorable.

(in millions of euros)	2018*	2019
Recurring free cash flow(1)	**467**	**434**
Weighted average shares outstanding	288	272
Recurring free cash flow(1) per share *(in euros)*	1.62	1.60
Ordinary dividend per share *(in euros)*	**1.05**	**-2)**
Ordinary dividend payout	**305**	**-**
Payout ratio(3)	*65%*	-

(1) *Corresponds to funds from operations, less investments, less change in working capital and contract assets.*
(2) *In light of the ongoing health crisis, the Board of Directors has decided not to propose a dividend to its shareholders in respect of 2019.*
(3) *The 2019 payout ratio is calculated on recurring free cash flow per share.*
* *Restated amounts in application of IFRS 5.*

Financial flows

(in millions of euros)	2018*	2019
Recurring free cash flow	**467**	**434**
Acquisitions	(2,765)	(214)
Proceeds from disposals of assets	4,844	635
Change in lease liabilities (IFRS 16)	-	(548)
Dividends	(306)	(294)
Share buybacks	(850)	-
Hybrid financial instruments (net of issuance expenses)(1)	(37)	148
Other	(202)	(50)
Change in AccorInvest net debt	(497)	-
Change in Orbis net debt	82	(292)
CHANGE IN NET DEBT	**735**	**(180)**
Net debt	**1,153**	**1,333**

(1) Coupon of €37 million paid in 2018 on the €900 million perpetual hybrid bond issued in June 2014.
Balance resulting from the renegotiation of two new perpetual hybrid bonds of €500 million each, with coupons of 4.375% and 2.625%, respectively, as part of the partial redemption of €772 million of the June 2014 perpetual hybrid bond issue. This transaction generated a surplus of €190 million, less the coupon paid in 2019 for €42 million.
** Restated amounts in application of IFRS 5.*

Acquisitions made in 2019 totaled **€214 million**, including equity investments of €62 million in the Rixos Hospitality chain and €22 million in the 25Hours chain, as well as €30 million in Ken Group.

Proceeds from disposals of assets amounted to **€635 million** in 2019, including those from the disposals of 4.9% of Huazhu (€301 million), the additional 5.2% tranche of AccorInvest (€199 million) and Fairmont Claremont (€32 million). In 2018, this item included the proceeds from the disposal of 64.8% of AccorInvest and other asset disposals including the Sofitel Budapest in a total amount of €4,844 million.

The **change in lease liabilities** was **€548 million**. It includes the €978 million in lease liabilities on leased hotels, partially reduced by a sale & management back transaction on a portfolio of 16 leased Mövenpick hotels in the amount of €430 million.

Dividends paid to shareholders decreased to **€294 million** in 2019 from €306 million in 2018. The Group launched a **share buyback program** in 2018, buying back two tranches in a total amount of €850 million, a first tranche of €350 million completed at the end of November 2018 and a second tranche of €500 million launched in December 2018 and completed in June 2019.

Net debt accordingly totaled **€1,333 million** at December 31, 2019, up €180 million compared with December 31, 2018.

As a reminder:

- in January 2019, Accor successfully placed two bonds: a €600 million senior bond maturing in 2026 with a 1.75% coupon and a €500 million perpetual hybrid bond with a 4.38% coupon and a first call date in 2024. These transactions allowed for the early redemption of a €350 million bond maturing in 2021 with a 2.63% coupon and the redemption of €386 million on the perpetual hybrid bond with a first call date in 2020;
- in October 2019, Accor further optimized its hybrid capital through the placement of a new €500 million perpetual hybrid bond with a 2.63% coupon and a first call date in 2025. This transaction enabled it to finance the redemption of €386 million on the perpetual hybrid bond with a first call date in 2020. Following this second redemption, Accor had redeemed a total of 85.7% of the amount of the hybrid bond initially issued in 2014.

This series of liability management transactions lowered the **average cost of the Group's debt** to **1.8%** and brought its **average maturity** to a comfortable level of **3.7 years** at December 31, 2019.

Consolidated income by strategic business

As a result of its business model transformation, Accor has redefined its internal reporting in order to reflect the Group's refocusing on its core business as a hotel operator, the diversification of its business portfolio as well as the resulting new organizational structure.

The Group is organized into the three strategic divisions presented below. The cost of central support functions (governance, finance, communication, human resources, legal, etc.) is presented separately in a dedicated "Holding & Intercos" item.

HOTELSERVICES	NEW BUSINESSES	HOTEL ASSETS & OTHER	HOLDING & INTERCOS
MANAGEMENT & FRANCHISE • Purchasing SERVICES TO HOTEL OWNERS • Sales, Marketing, Distribution • Shared services • Reimbursement of personnel expenses	• Onefinestay • D-Edge • VeryChic • John Paul • Gekko • Resdiary • Adoria	• Mantra hotels, owned or operated under fixed leases • Hotels operated under variable lease agreements based on EBITDAR in Brazil • Sofitel Gezirah/BelOmbre • AccorPlus • Strata • Timeshare	• Interco eliminations • Corporate functions

Global indicators by division

Accor reported **EBITDA** up 5.9% on a like-for-like basis in 2019, and an **EBITDA margin** up 1.3 points at 20.4%.

(in millions of euros)	HotelServices	New Businesses	Hotel Assets & Other	Holding & Intercos	Accor
Revenue	2,894	159	1,077	(81)	4,049
EBITDA	**741**	**(2)**	**216**	**(129)**	**825**
EBITDA margin	*+25.6%*	*-1.2%*	*+20.0%*	*N/A*	*+20.4%*
2018 revenue*	2,618	149	751	(236)	3,282
2018 EBITDA*	**705**	**(28)**	**80**	**(132)**	**626**
2018 EBITDA margin	*26.9%*	*-18.8%*	*10.7%*	*N/A*	*19.1%*

* *Restated amounts in application of IFRS 5.*

HotelServices

HotelServices corresponds to Accor's business as a hotel manager and franchisor, which are presented separately:

- **"Management & Franchise":** the hotel management and franchise business, based on the collection of management and franchise contract fees, as well as revenue generated by Purchasing:
  - **franchise agreements:** franchised hotels are operated by their owners. Accor provides various services to its franchisees, such as the use of its brands, first and foremost, and access to the Group's centralized booking system. The other services offered to hotel owners include access to the centralized purchasing system and to Accor Académie for employee training. Accor is remunerated for these services *via* fees, including trademark fees and sales and marketing fees, as well as through the invoicing of additional services, where applicable,
  - **management contracts:** hotels under management contracts are similar to franchised hotels in that Accor only records the fees paid by the owner and not the hotel's revenue. However, these hotels are managed by Accor. Fees collected include franchise fees, as well as a revenue-indexed management fee and, in a number of cases, an owner-paid incentive fee representing a percentage of EBITDAR;
- **"Services to hotel owners":** activity comprising the various services on which the Group spends the sums received from the hotels: sales, marketing and distribution activities, loyalty program, shared services as well as re-billed costs incurred on behalf of hotels (such as the cost of employees working in them).

The Management & Franchise activity is divided into the following five operational regions:

- Europe;
- Middle East & Africa;
- Asia-Pacific;
- North America, Central America & the Caribbean;
- South America.

Revenue

HotelServices reported **business volumes of €22 billion,** *versus* €20 billion in 2018, and **revenue of €2,894 million, up 10.5% as reported** and **up 4.6% like-for-like**. These figures reflect the resilience generated by the geographic and segment diversification of the businesses and by the expansion of the hotel network.

(in millions of euros)	2018*	2019
Business volume *(in billions of euros)*	20.0	22.0
Revenue	**2,618**	**2,894**
Management and franchise	964	1,026
Services to hotel owners	1,654	1,867
EBITDA	**705**	**741**
EBITDA margin	*26.9%*	*25.6%*

* *Restated amounts in application of IFRS 5.*

Management & Franchise revenue by region

Management & Franchise (M&F) revenue amounted to **€1,026 million,** a like-for-like increase of 3.8% that reflects the Group's growth in all of its markets.

(in millions of euros)	2018*	2019	Change reported	Change (LFL)[1]
Europe	500	525	+4.9%	+4.0%
Asia-Pacific	209	214	+2.1%	+2.3%
Middle East & Africa	80	107	+32.9%	+5.3%
North America, Central America & the Caribbean	132	132	-0.2%	+1.5%
South America	43	49	+15.5%	+13.0%
TOTAL	**964**	**1,026**	**+6.4%**	**+3.8%**

* *Restated amounts in application of IFRS 5.*
(1) LFL = like-for-like: at constant scope of consolidation and exchange rates.

Overall, the **Management & Franchise activity** reflects the RevPAR trends observed in the various regions, particularly strong development in the final quarter of 2019 and some non-recurring items.

In **Europe,** Management & Franchise revenue was sound, with RevPAR growth of 2.6% and dynamic organic development in the fourth quarter. In **Asia-Pacific,** revenue was up by a slight 2.3% due to a drop in RevPAR, despite a 6.8% increase in development (excluding Huazhu). In **North America, Central America & the Caribbean,** RevPAR grew by 0.7%, compared with growth of 12.3% in **South America,** driven by growth in RevPAR. The **Middle East & Africa** recorded a revenue increase of 5.3%, linked to development and contract termination compensation received in Saudi Arabia.

2019 RevPAR[1] excluding tax by operating structure and segment

	Occupancy rate		ARR		RevPAR	
2019	**%**	**Chg pts (LFL)**	**€**	**Chg % (LFL)**	**€**	**Chg % (LFL)**
Luxury & Upscale	71.9	+1.1	166	+1.6	119	+3.1
Midscale	71.5	+0.4	96	+1.7	69	+2.2
Economy	71.8	+0.3	66	+2.4	47	+2.9
Europe	**71.6**	**+0.4**	**87**	**+2.1**	**62**	**+2.6**
Luxury & Upscale	66.0	+0.3	113	-1.3	75	-1.0
Midscale	70.9	+0.6	80	-1.3	57	-0.4
Economy	72.7	-0.7	44	-1.5	32	-2.5
Asia-Pacific	**69.6**	**+0.2**	**81**	**-1.1**	**56**	**-0.9**
Luxury & Upscale	65.2	+3.3	151	-3.3	98	+1.8
Midscale	67.7	+1.1	69	-4.7	47	-3.3
Economy	64.8	+1.4	54	-4.5	35	-2.5
Middle East & Africa	**65.2**	**+2.5**	**117**	**-2.9**	**76**	**+0.9**
Luxury & Upscale	72.8	+0.2	243	+0.7	177	+0.9
Midscale	77.5	+0.2	141	+0.7	109	+0.9
Economy	60.9	-3.1	42	+0.5	26	-4.3
North America, Central America & the Caribbean	**72.3**	**-0.2**	**215**	**+0.9**	**155**	**+0.7**
Luxury & Upscale	56.0	-0.1	116	+12.7	65	+12.4
Midscale	60.0	+2.4	65	+9.4	39	+13.9
Economy	56.9	+2.8	42	+6.2	24	+11.7
South America	**57.6**	**+2.4**	**56**	**+7.6**	**32**	**+12.3**
Luxury & Upscale	67.6	+0.9	153	-0.2	103	+1.2
Midscale	70.5	+0.6	88	+0.8	62	+1.7
Economy	69.7	+0.4	58	+1.8	40	+2.4
TOTAL	**69.3**	**+0.6**	**92**	**+0.7**	**64**	**+1.7**

Consolidated RevPAR rose by **1.7%** overall during the period.

Management & Franchise (M&F) revenue increased substantially in **Europe** (up 4.0% like-for-like), underpinned by RevPAR growth of 2.6% all segments combined.

- In **France,** RevPAR was up 2.6% like-for-like. The strong first half of the year, buoyed by events such as the Paris Air Show and the FIFA Women's World Cup, was offset by a more mixed end of year. The Paris region (RevPAR up 1.6% in full-year 2019) suffered from the absence of certain major conventions and from the strikes, which had an impact on corporate customers in the fourth quarter, while the regional cities were more resilient (+3.3%).
- RevPAR remained stable (+0.2%) in the **United Kingdom,** with considerable differences persisting between London and the regional cities. The increase in RevPAR in London (+2.0%) reflected the still-dynamic domestic tourism market, offsetting the decline in RevPAR seen in the regional cities (-1.7%) due to soft corporate demand.
- RevPAR rose by 1.4% in **Germany.** RevPAR growth picked up in the fourth quarter, as expected, due to a more favorable trade fair calendar.

M&F revenue in **Asia-Pacific** was up 2.3% like-for-like despite slightly negative RevPAR for full-year 2019 (-0.9%). The trend continued to worsen in the fourth quarter (-1.9%).

- RevPAR was down 6.1% in **China** in full-year 2019. While domestic demand remained strong, trade tensions between China and the United States, combined with the unrest in Hong Kong, continued to cause market conditions to deteriorate. This had a significant impact on demand from business customers.
- RevPAR growth in **Australia** was slightly negative at -0.8%. The slowdown in tourism from China affected demand and the major fires that broke out in the country had an adverse impact at the end of the year.

(1) *RevPAR, or Revenue Per Available Room, is an indicator of business performance over a given period. It is calculated by multiplying the average room rate by the average occupancy rate.*

M&F revenue in the **Middle East & Africa** region rose by 5.3% despite moderate RevPAR growth of 0.9%. This strong growth in revenue can be attributed to the expansion of the network in the region and the receipt of payments for breach of contract.

M&F revenue in **North America, Central America & the Caribbean** was up 1.5%, driven by 0.7% RevPAR growth in the region.

Lastly, **South America** continued to post significant growth, particularly in Brazil, with revenue up 13.0% reflecting a 12.3% increase in RevPAR.

Services to Owners, which includes the Sales, Marketing, Distribution and Loyalty division, as well as shared services and the repayment of hotel personnel costs, generated revenue of €1,867 million, *versus* €1,654 million in full-year 2018.

EBITDA

HotelServices' M&F activity reported **EBITDA** up 8.3% on a like-for-like basis and 16.1% as reported, backed by strong revenue growth across all regions, thanks to efficiency measures and reversals of provisions in almost all regions. Restated for this impact, like-for-like growth would be 6.0%.

In **Europe**, EBITDA grew by 6.6% on a like-for like basis, thanks to the restructuring plan for corporate functions announced in 2018, which generated significant cost savings.

M&F EBITDA by region

(in millions of euros)	2018*	2019	Change (as reported)	Change (LFL)[1]
Europe	387	416	+7.5%	+6.6%
Asia-Pacific	128	152	+18.4%	+8.9%
Middle East & Africa	51	82	+59.3%	+14.5%
North America, Central America & the Caribbean	76	92	+19.9%	+7.5%
South America	16	24	+45.1%	+21.4%
TOTAL	**659**	**765**	**+16.1%**	**+8.3%**

* *Restated amounts in application of IFRS 5.*
(1) *LFL = like-for-like: at constant scope of consolidation and exchange rates.*

HotelServices' performance

HotelServices derived 35% of its revenue from management and franchise fees, and 65% from the "Services to hotel owners" activity because of the inclusion of personnel expenses reimbursed by the owners to HotelServices, in accordance with IFRS 15.

HotelServices' EBITDA margin was down 1.3 points, impacted by the costs associated with the marketing investment plan launched in February 2019, transferred to Services to Hotel Owners.

(in millions of euros)	M&F	Services to hotel owners	HotelServices
2019 revenue	1,026	1,867	2,894
2019 EBITDA	**765**	**(24)**	**741**
EBITDA margin	*+74.6%*	*-1.3%*	*+25.6%*
2018 revenue*	964	1,654	2,618
2018 EBITDA*	**659**	**46**	**705**
EBITDA margin	*+68.4%*	*+2.8%*	*+26.9%*

* *Restated amounts in application of IFRS 5.*

- The **EBITDA margin** of the **M&F** activity expanded by a substantial 6.2 points to **74.5%.** This division includes the management, brand and profit-sharing fees of hotels operated by the Group.
- Since the purpose of the **"Services to hotel owners"** activity is to spend the fees collected from hotel operators on sales, marketing, distribution, loyalty or shared services, its **EBITDA** margin is very low, and even negative in 2019 at **1.3%.** This trend reflects a return to normal activity after a strong performance in 2018. The expenses of the marketing plan announced in 2019 amounted to €36 million. As indicated above, the Group has also performed a more relevant reclassification of some of its services in this activity.
- **Organic development** reached new record levels in 2019. Accor opened 327 new hotels, with 45,108 rooms; it enjoys very encouraging prospects, with a pipeline of 1,206 hotels and 208,000 rooms at December 31, 2019.

New Businesses

This operating segment corresponds to new businesses developed by the Group (mainly through acquisitions):

- digital services, which offer digital solutions for independent hotels to foster the development of their direct sales (activity carried out by D-Edge) and restaurant owners to optimize table management and supplies (activities carried out by ResDiary and Adoria);
- hotel booking services for companies and travel agencies with Gekko;
- concierge services provided by John Paul;
- digital sales, carried out by VeryChic, which offers exclusive private sales of luxury and upscale hotel rooms and breaks;
- luxury home rentals operated by onefinestay, which has a portfolio of more than 5,000 addresses worldwide.

(in millions of euros)	2018*	2019	Change (as reported)	Change (like-for-like)[1]
Revenue	149	159	+7.2%	+3.8%
EBITDA	**(28)**	**(2)**	**+93.0%**	**+88.8%**
EBITDA margin	*-18.8%*	*-1.2%*	*+17.6 pts*	*+12.1 pts*

* *Restated amounts in application of IFRS 5.*
(1) *LFL = like-for-like: at constant scope of consolidation and exchange rates.*

New Businesses generated **revenue** of **€159 million** in 2019, up 3.8% on a like-for-like basis. The 7.2% increase as reported reflects the acquisitions of ResDiary and Adoria in April and June 2018, respectively.

New Businesses EBITDA improved sharply to **negative €2 million** in 2019 from negative €28 million in 2018, reflecting the initial benefits of the strategy implemented to restructure and streamline the operations of onefinestay and John Paul. As expected, EBITDA was at breakeven in the fourth quarter of 2019. The objective will soon be to transfer some of the activities of this division to HotelServices, and to forge partnerships with some of the others, including D-Edge, onefinestay and John Paul.

Hotel Assets & Other

The Hotel Assets & Other division corresponds to the Group's owner-operator activities (owned and leased hotels). The division includes Mantra and Mövenpick group hotels as well as a number of other hotels, primarily in Brazil, operated under variable rent leases based on a percentage of EBITDAR.

Its business model aims to improve the return on assets and optimize the impact on the statement of financial position. The division spans all asset portfolio management activities, hotel design, construction, refurbishment and maintenance activities. This division also includes three activities in Asia-Pacific: AccorPlus (discount card program), Accor Vacation Club (timeshare business) and Strata (room distribution and management of common areas).

(in millions of euros)	2018*	2019	Change (as reported)	Change (like-for-like)[1]
Revenue	751	1,077	+43.4%	+2.9%
EBITDA	**80**	**216**	**+168.0%**	**-7.3%**
EBITDA margin	10.7%	20.0%	+9.3 pts	-2.1 pts

* *Restated amounts in application of IFRS 5.*
(1) *LFL = like-for-like: at constant scope of consolidation and exchange rates.*

Hotel Assets & Other revenue was up 2.9% like-for-like to **€1,077 million**. The reported rise of 43.4% notably reflects the consolidation of Mantra in May 2018 and Mövenpick in September of the same year. Following the reclassification of Orbis' real estate operations to discontinued operations in accordance with IFRS 5, this segment was mainly driven by the Asia-Pacific region. Excluding Orbis and the portfolio of leased Mövenpick hotels, the division's hotel base comprised 163 hotels and 29,417 rooms at December 31, 2019.

Hotel Assets & Other EBITDA came to €216 million in 2019, compared with €80 million in 2018, a significant increase linked to the acquisitions of Mantra and Mövenpick. **Hotel Assets' EBITDA margin** came to 20.0%. By contrast, the division's EBITDA fell by 7.3% on a like-for-like basis, reflecting its most significant exposure being to Asia-Pacific, especially Australia, where RevPAR was down 0.8%. This division's operating leverage naturally increases the sensitivity of EBITDA to economic conditions, which is why a deteriorated environment forced the Group to recognize an impairment loss of €150 million on Mantra.

4.2 Report on the parent company financial statements for the year ended December 31, 2019

Activities of Accor SA

Accor SA provides other Group companies with hotel management, purchasing, cash management, IT and advertising services, as well as various advisory services, and assigns staff to them as required. Billings for these services correspond either to a percentage of the hotel's revenue and/or profit, either as a flat fee or a fee per service. They are determined on an arm's length basis.

As the Group's holding company, Accor SA manages a substantial portfolio of equity interests, receives dividends from subsidiaries and leads the Group's expansion.

Accor SA has two branches outside France, in Dubai and in Egypt. Their book profit/loss represents a net contribution of €8.7 million to the Company's earnings.

Review of 2019 results

Revenue from all of the Company's operations amounted to €1,217.9 million in 2019, compared with €992.3 million the year before. This 22.7% or €225.6 million increase reflected the invoicing of loyalty fees following the transfer of all assets and liabilities of Profid to Accor on June 30, 2019, but also the implementation of a new business model for intercompany invoicing.

Revenue includes hotel royalties, rental and business-lease revenue and service fees.

(in millions of euros)	2018	2019
France	528	514
Outside France	464	704
NET REVENUE	**992**	**1,218**

In 2019, **own work capitalized, reversals of depreciation, amortization and provisions and expense transfers, and other income** amounted to €172.8 million compared to €66.6 million in 2018. This €106.2 million increase is attributable chiefly to a €21.4 million increase in the value of own work capitalized, and reversals of depreciation, amortization and provisions and transfers of charges in the amount of €86.3 million, offsetting a €1.6 million decline in other recurring management income.

Operating expenses stood at €1,446.1 million in 2019 compared to €1,177.6 million in 2018. This €268.5 million increase is attributable primarily to a €261.2 million increase in other purchases and external charges. Wages and salaries increased by €21.3 million. Depreciation, amortization and provision expense was down €27.1 million, with declines of €29.8 million in provisions for contingencies and charges and €7 million in debt provisions offsetting a €9.7 million increase in depreciation and amortization. Other operating expenses increased by €9.9 million, including €8.8 million in Soluxury fees.

Operating loss in 2019 amounted to €55.4 million, compared with €118.7 million in 2018, representing a decrease in the loss of €63.3 million.

Net financial income came out at €274.4 million in 2019, compared with €69.6 million in 2018, a €204.8 million increase mainly reflecting the decline in dividend payments from subsidiaries, the increase in reversals of impairment on subsidiaries, and the reduction in impairment losses on subsidiaries.

In 2019, dividend income amounted to €238.8 million compared with €525 million the year before. The decline is related to the non-recurrence of dividend payments.

Total provision movements included in net financial income and expense, represented net income of €87.1 million in 2019, compared with a net expense of €357.5 million in 2018. Total financial provision movements mainly concern impairments of subsidiaries. The most significant impairments were €75.4 million on Actimos securities, €30.9 million on those of Accorhotels Middle East and Africa, and €18 million on those of Accor SBE Acquisition Corp, while the largest reversals were €171 million on Accorhotels Belgium securities, €57 million on those of Accor UK and €16.9 million on those of Startom Hospitality.

Recurring income before tax of €219.4 million was recorded in 2019, compared with an expense of €49.1 million in 2018.

Net non-recurring expense totaled €30.3 million for the year ended December 31, 2019, *versus* €30.5 million for the prior year.

Income tax included group relief of €13.2 million and an income tax benefit of €6 million, compared with group relief of €21.3 million and income tax expense of €2 million in 2018.

Accor SA ended the year with a net profit of €208.4 million, *versus* a net loss of €60.3 million in 2018.

Details of the other directorships and positions held by the Company's directors and corporate officers, as well as their compensation, are provided in the Corporate Governance section of the Universal Registration Document.

Supplier payment periods

Invoices received and past due at December 31, 2019 (incl. tax)

	0 days	1 à 30 days	31 à 60 days	61 à 90 days	More than 90 days	TOTAL 1 day or more
(A) Breakdown of past due payments						
Number of invoices	1,451	451	185	93	760	2,940
Total amount of invoices	42,324,893	24,719,746	3,670,420	4,248,378	920,000	75,883,437
Percentage of total purchases for the period (excl. tax)	3.94%	2.30%	0.34%	0.40%	0.09%	7.06%
Percentage of revenue for the period (excl. tax)						
(B) Invoices excluded from (A) relating to disputed or unrecognized payables and receivables						
Number of invoices excluded	N/A					
Total amount of invoices excluded	N/A					
(C) Reference payment terms used (contractual or statutory pursuant to Article L. 441-6 or L. 443-1 of the French Commercial Code)						
Payment terms used to calculate past due payments	Statutory terms: 60 days after invoice date					

Invoices issued and past due at December 31, 2019

	0 days	1 à 30 days	31 à 60 days	61 à 90 days	More than 90 days	TOTAL 1 day or more
(A) Breakdown of past due payments						
Number of invoices	5,088	1,014	753	431	4,433	11,719
Total amount of invoices	52,253,705	14,308,101	1,166,674	1,894,736	94,252,356	163,875,572
Percentage of total purchases for the period (excl. tax)						
Percentage of revenue for the period (excl. tax)	4.29%	1.17%	0.10%	0.16%	7.74%	13.46%
(B) Invoices excluded from (A) relating to disputed or unrecognized payables and receivables						
Number of invoices excluded	N/A					
Total amount of invoices excluded	1,534,255					
(C) Reference payment terms used (contractual or statutory pursuant to Article L. 441-6 or L. 443-1 of the French Commercial Code)						
Payment terms used to calculate past due payments	Contractual terms: 30 days after invoice date					

Accor SA's operations in 2019

On November 26, 2018, Accor SA, which held 47.7% of the capital of Orbis, a company listed on the Warsaw stock exchange, made a public offer to acquire the 21,800,593 Orbis shares not already held by the Group (representing 47.3% of the capital). At the close of the offer period, on January 23, 2019, shares representing 33.1% of Orbis' capital had been tendered to the offer, allowing Accor SA to raise its interest in the company to 80.8% at a cost of €339 million.

FRHI Holdings Limited was merged with Accor on December 27, 2018. Following the transaction, a technical deficit of €973 million was recognized in goodwill in the Accor SA financial statements. This amount reflects the calculation of the difference between net book value of the FRHI Holdings Limited securities held by Accor SA and canceled, and the value of the net assets of FRHI Holdings Limited. The technical deficit stems from the unrealized capital gains on the securities of FRHI Hotels and Resorts transferred as part of the merger. In 2019, in accordance with ANC regulation 2015-06, the technical deficit was allocated to its underlying assets and was therefore reclassified to an investments account.

On May 27, 2019, Accor SA acquired a 40.6% stake in the capital of Ken Group, a Paris-based operator of high-end fitness clubs for €30 million through the acquisition of ordinary shares and the subscription of convertible bonds. As a result of the significant influence exercised by the Group, the investment has been accounted for in the consolidated financial statements using the equity method.

On July 19, 2019, Accor SA acquired an additional 20% stake in Rixos Hospitality for €34 million. This transaction brings the Group's stake to 70% of that entity's capital and voting rights, allowing it to take control.

On July 22, 2019, Accor SA exercised the option allowing it to acquire an additional 20% stake in 25hours Hotels for €22 million, thereby bringing its stake to 50% of that entity's voting rights and capital. The Group also has a call option allowing it to purchase all of the remaining shares in 2023.

In 2019, Accor received transfers of all assets and liabilities of four companies in which Accor SA held the entire capital. These transactions were carried out as follows:

- PROFID on May 27, 2019: the decision was made to dissolve the company early without liquidation, resulting in the transfer of all assets and liabilities to its sole shareholder, Accor. The resulting transfers were made on the basis of their net book value. From a tax perspective, the transaction was subject to the preferential tax regime for mergers, and was retroactive to January 1, 2019. The transaction resulted in a merger gain of €41 million being recorded in the accounts of Accor SA, recognized in financial income in full;
- FIRST CONTINENT on June 24, 2019, IJAG on October 18, 2019 and AWOL on October 18, 2019: the decision was made to dissolve these companies early without liquidation, resulting in the transfer of all assets and liabilities to their sole shareholder, Accor. The resulting transfers were made on the basis of their net book value. The transaction resulted in a merger gain of €0.3 million being recorded in the accounts of Accor SA in financial income, and €0.1 million being recognized in equity.

In 2019, Accor SA acquired material interests in the following companies with registered offices located in France: Energy Observer Développement, Hôtel Homes, KAC, KEN Group, Soyhuce and Turenne Hôtellerie.

Transactions in Accor SA shares

In May 2019, Accor SA paid an ordinary dividend for 2018 of €1.05 per share for a total payout of €282.9 million in cash.

On May 27, 2013, Accor appointed Rothschild & Cie to act as market maker in its shares on the Euronext Paris stock exchange, under a liquidity contract complying with the Code of Conduct issued by the French Financial Markets Association (AMAFI) and recognized by the French securities regulator (AMF). To fund the contract, an amount of €30 million was allocated to the liquidity account. The related bank fees amount to a total of €260,000 per year.

In December 2018, Accor SA signed a €500 million share buyback contract with Natixis. Under its terms, the bank bought back 6,642,306 Accor SA shares for €249.7 million. The contract was terminated in March 2019 before its expiry.

In March 2019, Accor SA signed a €250 million share buyback contract with Natixis. Under its terms, the bank bought back 6,749,396 Accor SA shares for €250 million.

In June 2019, Accor SA reduced its share capital by canceling 13,391,702 shares purchased for a total of €499.7 million.

In December 2019, Accor SA carried out an employee rights issue. It resulted in the issue of 613,058 new Accor SA shares and a €20.3 million increase in shareholders' equity.

Overall, changes in shareholders' equity involved the issue of 1,716,252 new shares and the cancellation of 13,391,702 shares. These operations reduced the share capital by €35 million.

Financing and investing transactions

As of December 31, 2019, Accor SA had the following bank debts:

- €900 million worth of 2.625% seven-year bonds, comprising an initial €750 million issue carried out in February 2014 and a €150 million tap issue carried out in September 2014. In February 2019, Accor SA made a partial redemption of €350 million, breaking down as €150 million on the additional tranche and €200 million on the initial tranche. The balance of this bond was €550 million at the end of the year;
- a CHF150 million (€138 million as at December 31, 2019) 1.750% eight-year bond issue placed on the Swiss market in June 2014;
- a €60 million, 1.679% seven-year private placement notes issue carried out in December 2014;
- a €500 million, 2.375% eight-year bond issue carried out in September 2015;
- a €600 million, 1.25% seven-year bond issue carried out in January 2017;
- a €600 million, 1.750% seven-year bond issue carried out in February 2019.

In June 2015, Accor SA purchased interest-rate swaps from Société Générale and Natixis on a notional amount of €300 million to hedge the €900 million bond issued in February 2014 and maturing in February 2021. The aim of this transaction was to swap 2.625% fixed-rate interest streams for floating rate streams at the six-month Euribor plus a spread.

Accor SA also has other equity capital breaking down as follows:

- a €900 million hybrid bond issued in June 2014 at 4.125% with a first call date at the end of the sixth year.

  After deducting issue premiums of €6 million, the net proceeds of €894.2 million were booked to «Other equity» on the balance sheet in accordance with current accounting regulations.

  In addition, in 2019, Accor SA made two partial redemptions, the first of €385.9 million in February and the second of 387.4 million. The issue premium was reduced by €5 million;
- a €500 million hybrid bond issued in January 2019 at 4.375% with a first call date in 2024.

  After deducting issue premiums of €2.8 million, the net proceeds of €497.2 million were booked to "Other equity" on the balance sheet in accordance with current accounting regulations;
- a €500 million hybrid bond issued in October 2019 at 2.625% with a first call date in 2025.
- After deducting issue premiums of €3.1 million, the net proceeds of €496.9 million were booked to "Other equity" on the balance sheet in accordance with current accounting regulations.

The Company also has a €1.2 billion, five-year syndicated credit facility set up in June 2018.

In addition, at December 31, 2019, the Company had €470 million in term deposits and €897.1 million in cash, plus €495.4 million invested in mutual funds.

Information about subsidiaries

Accor SA owns 50% or more of the capital of 85 companies. The list of investments in subsidiaries and affiliates is presented at the end of the notes to the parent company financial statements in the Universal Registration Document.

Subsequent events

Since the beginning of the year, the Covid-19 pandemic has prompted governments to adopt exceptional measures. The situation precludes any definitive assessment of the financial impact for Accor SA at this stage, but represents a very significant deterioration in its operating environment and business. The most recent known impacts reported at the date of this document are described in section 4.4 "Subsequent events".

4.3 Material contracts

In 2019, material contracts (other than contracts entered into in the ordinary course of business) corresponded to agreements signed in relation to disposals, acquisitions, organic growth and real estate transactions, as described in Notes 2 and 6 to the consolidated financial statements, pages 300 and 323.

4.4 Subsequent events

On January 20, 2020, Accor entered into an agreement with an investment services provider to carry out a €300 million share buyback between January 20, 2020 and June 30, 2020.

On January 20, 2020, Accor announced the conclusion of a strategic partnership between ALL – Accor Live Limitless and Grab, a flagship application in Southeast Asia, offering their respective members access to various travel-related benefits and rewards.

On January 22, 2020, Accor and Sabre joined forces to create the first unified technology platform for the hospitality industry.

On February 18, 2020, Accor and Visa, the global leader in digital payments, announced a global partnership to bring new payment experiences to ALL – Accor Live Limitless loyalty members.

Since the beginning of the year, the Covid-19 pandemic in many regions has prompted governments to adopt exceptional measures, limiting public meetings, restricting people's movement and imposing lockdowns. In close collaboration with its partners, the Group is vigilantly monitoring developments in its host regions and adapting its action plans in order to manage the consequences of such measures as effectively as possible for hotel employees and guests. While the magnitude of the pandemic and its ongoing spread around the world preclude any definitive assessment of the financial impact for the Group at this stage, the situation represents a very significant deterioration in its operating environment and business.

On March 11, Accor announced that RevPAR had decreased by 4.5% like-for-like in the two months to end-February versus the same period in 2019, with a 10.2% decline in February alone due to the very significant downturn in the tourism industry amid the spread of the Covid-19 virus. The two-month performance reflects a sharp drop in business, with Covid-19 having an impact of around €20 million on consolidated EBITDA. Since the final week of February, the Group has seen business in Europe contract at a highly accelerated pace, particularly in Italy, France and Germany, and has implemented significant cost-saving measures to partially offset the lower business volumes. As of April 2, 2020, more than half of the hotels operated under Accor brands were closed, and two-thirds are expected to be closed within the coming weeks.

On March 23 and 24, 2020, rating agencies Fitch and Standard & Poor's decided to revise Accor's outlook from stable to negative, reflecting the uncertainty surrounding the potential impact of the Covid-19 health crisis, while maintaining the Company's rating at BBB-, attesting to their confidence in the Group's solvency despite the current environment.

Note that Accor ended the year with a cash position of close to €2.3 billion, strengthened by the completed sale of 85.8% of Orbis' share capital to AccorInvest for €1.06 billion on March 11. In the same week, the Group finalized the disposal of the portfolio of leased Mövenpick hotels, resulting in a positive €430 million impact on the Group's net debt. In an uncertain global environment, the two transactions improve Accor's financial and cash position.

On March 24, 2020, Accor announced the completion of its share buyback program launched on January 20, 2020 for an amount of €300 million. At completion, the Group had acquired 10,175,309 shares at an average price of €29.48. In order to preserve cash, Accor also announced that other share buyback programs were suspended until further notice.

In parallel, in a context of uncertainty and acceleration of the Covid-19 pandemic across the world, the Board of Directors of Accor decided to reschedule the Annual Shareholders' Meeting, initially planned for April 30, 2020, to June 30, 2020, at 10:00 am, at its headquarters in Issy-les-Moulineaux, France.

In addition, Accor announced that the liquidity contract signed with Rothschild Martin Maurel, which had been suspended since March 3, 2020, had been reactivated as of March 24, 2020.

On April 2, following the sharp deterioration in the business environment in the wake of Covid-19, Accor decided to take further aggressive measures. Collectively, these include:

- A travel ban, a freeze on new hires, and short-time working or furlough for 75% of head office staff worldwide in the second quarter, generating a reduction of at least €60 million in general and administrative expenses in 2020;
- A review of recurring expenditure planned for 2020, resulting in a €60 million reduction in capital outlay over the year.

At the same time, the Group is continuing to streamline all other cost sources (distribution, marketing, IT, etc.) to cope with the anticipated drop in revenue.

On the same day, the Accor Board of Directors decided to round out the initiatives taken by management by withdrawing its proposal to pay a dividend in respect of 2019, representing €280 million.

After consulting with the Group's main shareholders, JinJiang International, Qatar Investment Authority, Kingdom Holding and Harris Associates (affiliated with Natixis IM), Accor decided to allocate 25% of the planned dividend (i.e., €70 million) to the launch of the "ALL Heartist Fund", a Covid-19 special-purpose vehicle designed to assist employees and – on a case-by-case basis – individual partners experiencing great financial difficulty, as well as stakeholders providing support to local communities through the crisis.

This initiative reflects the ambition of the Group and its shareholders to make a meaningful and significant contribution to global solidarity initiatives to address the current health crisis while planning for future needs. It has received unanimous support from the members of the Board of Directors, who collectively decided to reduce their attendance fees by 20% to the benefit of the "ALL Heartist Fund". Additionally, Sebastien Bazin, Chairman and Chief Executive Officer of Accor, will forego 25% of his compensation during the crisis. The equivalent amount will be donated to the Fund.

Its recent transformation to an asset-light model and its strategy of preserving cash mean that Accor now boasts a strong financial position, with more than €2.5 billion in available cash, and a €1.2 billion undrawn revolving credit facility. While it is still too early to estimate the length of the crisis, the Group is already expecting it to take a heavy toll on its performance in 2020. It nevertheless remains very optimistic about the prospects for the hotel industry, not to mention for the Group, whether for its employees, hotel owners or shareholders.

Accor will naturally inform the market of the impact of the situation on its business on every necessary occasion, and when next reporting its revenue and earnings.


5.
Financial
Statements

5.

5.1 Consolidated financial statements and notes

Unless stated otherwise, the amounts presented are in millions of euros, rounded to the nearest million. In general, the amounts presented in the consolidated financial statements and the notes to the financial statements are rounded to the nearest unit. This may result in a non-material difference between the sum of the rounded amounts and the reported total. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

5.1.1 Consolidated income statement

(in millions of euros)	Notes	2018*	2019
REVENUE	3	3,282	4,049
Operating expenses	3	(2,656)	(3,224)
EBITDA	3	626	825
Depreciation, amortization and provision expenses		(120)	(328)
EBIT		505	497
Share of net profit of associates and joint-ventures	5	80	3
EBIT INCLUDING PROFIT OF ASSOCIATES AND JOINT-VENTURES		585	501
Other income and expenses	6	(432)	177
OPERATING PROFIT		153	678
Financial result	10	(63)	(75)
Income tax	11	(109)	(138)
PROFIT FROM CONTINUING OPERATIONS		(19)	465
Profit from discontinued operations	2	2,303	20
NET PROFIT OF THE YEAR		**2,284**	**485**
• Group		2,233	464
· from continuing operations		(41)	447
· from discontinued operations		2,274	17
• Minority interests		51	21
· from continuing operations		22	18
· from discontinued operations		29	3
Basic earnings per share *(in euros)*			
Earnings per share from continuing operations		(0.27)	1.49
Earnings per share from discontinued operations		7.88	0.06
Basic earnings per share		**7.61**	**1.55**
Diluted earnings per share *(in euros)*			
Diluted earnings per share from continuing operations		(0.27)	1.49
Diluted earnings per share from discontinued operations		7.87	0.06
Diluted earnings per share	**12**	**7.60**	**1.55**

* *Restated amounts in application of IFRS 5 (see note 2).*

5.1.2 Consolidated statement of comprehensive income

(in millions of euros)	Notes	2018*	2019
NET PROFIT OF THE YEAR		**2,284**	**485**
Currency translation adjustments	12	41	153
Effective portion of gains and losses on cash flow hedges	12	(24)	1
Currency translation adjustments from discontinued operations	12	9	1
Items that may be reclassified subsequently to profit or loss		**26**	**155**
Changes in the fair value of non-consolidated investments	12	(3)	4
Actuarial gains and losses on defined benefit plans	12	(24)	(20)
Actuarial gains and losses from discontinued operations	12	7	(0)
Items that will not be reclassified to profit or loss		**(19)**	**(16)**
Other comprehensive income, net of tax		**7**	**139**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**2,291**	**624**
• Group share		2,246	607
• Minority interests		45	17

* *Restated amounts in application of IFRS 5 (see note 2).*

5.1.3 Consolidated statement of financial position

Assets

(in millions of euros)	Notes	Dec. 2018*	Dec. 2019
GOODWILL	7	2,068	1,995
OTHER INTANGIBLE ASSETS	7	3,053	3,049
PROPERTY, PLANT & EQUIPMENT	7	1,183	632
RIGHT-OF-USE ASSETS	8	-	531
Investments in associates and joint-ventures	5	2,177	1,841
Other non-current financial assets	10	339	383
NON-CURRENT FINANCIAL ASSETS		2,516	2,224
Deferred tax assets	11	199	218
Contract assets	3	174	216
Other non-current assets		4	4
Non-current assets		**9,197**	**8,869**
Inventories	3	15	20
Trade receivables	3	617	649
Other current assets	3	258	264
Current financial assets	10	55	61
Cash and cash equivalents	10	2,820	2,279
Current assets		**3,764**	**3,274**
Assets classified as held for sale	2	14	1,761
TOTAL ASSETS		**12,975**	**13,904**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

Liabilities and shareholders' equity

(in millions of euros)	Notes	Dec. 2018*	Dec. 2019
Share capital	12	848	813
Additional paid-in capital and reserves	12	2,361	4,427
Net profit of the year		2,233	464
ORDINARY SHAREHOLDERS' EQUITY		5,441	5,703
Perpetual subordinated bonds	12	887	1,127
Shareholders' equity – Group share		**6,328**	**6,830**
Minority interests	12	115	148
Shareholders' equity	**12**	**6,443**	**6,978**
Long-term financial debt	10	2,760	2,820
Long-term lease liability	8	-	461
Deferred tax liabilities	11	573	604
Non-current provisions	9	125	89
Non-current contract liabilities	3	27	26
Non-current liabilities		**3,484**	**4,001**
Trade payables	3	426	441
Current liabilities	3	698	703
Current provisions	9	449	316
Current contract liabilities	3	201	228
Short-term financial debt	10	1,268	306
Short-term lease liability	8	-	87
Current liabilities		**3,042**	**2,080**
Liabilities associated with assets classified as held for sale	2	6	845
TOTAL EQUITY AND LIABILITIES		**12,975**	**13,904**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

5.1.4 Consolidated statement of cash flow

	(in millions of euros)	Notes	2018*	2019
+	EBITDA	3	626	825
+	Cost of net debt	10	(50)	(73)
+	Income tax paid		(127)	(122)
-	Non cash revenue and expenses included in EBITDA		24	19
-	Reversal of provisions included in net financial expenses and non-recurring taxes		6	(0)
+	Dividends received from associates and joint-ventures		60	86
+	Impact of discontinued operations	2	202	47
=	FUNDS FROM OPERATIONS		740	782
+	Decrease (increase) in operating working capital	3	(9)	(32)
+	Impact of discontinued operations	2	(60)	31
+	Decrease (increase) in contract assets and liabilities	3	10	(12)
=	NET CASH FROM OPERATING ACTIVITIES (BEFORE NON-RECURRING ITEMS)		680	769
+	Cash received (paid) on non-recurring items (incl. related taxes)		(176)	(126)
+	Impact of discontinued operations	2	(13)	(3)
=	NET CASH FROM OPERATING ACTIVITIES (A)		491	641
-	Renovation and maintenance expenditure	7	(101)	(119)
-	Development expenditure	7	(2,740)	(200)
+	Proceeds from disposals of assets		4,578	678
+	Impact of discontinued operations	2	(214)	(28)
=	NET CASH FROM INVESTING ACTIVITIES (B)		1,523	330
+	Issue of perpetual subordinated bonds	12	-	986
-	Reimbursment of perpetual subordinated bonds	12	-	(796)
+	Proceeds from issue of shares		(339)	21
-	Dividends paid		(306)	(294)
-	Interests paid on perpetual subordinated bonds	12	(37)	(42)
-	Repayment of long-term debt		(184)	(355)
+	New long term debt		492	546
=	INCREASE (DECREASE) IN LONG-TERM DEBT		309	65
+	Share buyback program		-	(489)
+	Orbis shares purchase	2	-	(339)
+	Increase (decrease) in short-term debt		243	(215)
+	Repayment of lease liability		-	(136)
+	Impact of discontinued operations	2	(243)	(11)
=	NET CASH USED IN FINANCING ACTIVITIES (C)		(373)	(1,123)
+	Effect of changes in exchange rates (D)		17	13
+	Effect of changes in exchange rates on discontinued operations (D)	2	26	2

	(in millions of euros)	Notes	2018*	2019
=	**NET CHANGE IN CASH AND CASH EQUIVALENTS (E) = (A) + (B) + (C) + (D)**		**1,684**	**(136)**
-	Cash and cash equivalents at beginning of period		1,048	2,837
-	Effect of changes in fair value of cash and cash equivalents		(20)	3
-	Reclassification of cash and cash equivalents from assets held for sale		-	(6)
-	Net change in cash and cash equivalents for discontinued operations		126	(462)
+	Cash and cash equivalents at end of period		2,837	2,236
=	**NET CHANGE IN CASH AND CASH EQUIVALENTS**		**1,684**	**(136)**

* *Restated amounts in application of IFRS 5 (see note 2).*

5.1.5 Consolidated statement of changes in shareholders' equity

(in millions of euros)	Number of shares	Share capital	Additional paid-in capital	Currency translation reserve	Retained earnings	Equity Group share	Minority interests	Total Equity
BALANCE AT DECEMBER 31, 2017	290,122,153	870	2,684	(372)	2,260	5,442	341	5,783
Restatements IFRS 9	-	-	-	-	(13)	(13)	-	(13)
RESTATED BALANCE AT JANUARY 1, 2018	290,122,153	870	2,684	(372)	2,247	5,429	341	5,770
Capital increase	(7,514,353)	(23)	(307)	-	(500)	(829)	1	(828)
Dividends paid	-	-	-	-	(305)	(305)	(23)	(328)
Share-based payments	-	-	-	-	20	20	-	20
Perpetual subordinated bonds	-	-	-	-	(37)	(37)	-	(37)
Effects of scope changes*	-	-	-	-	(196)	(196)	(249)	(445)
Transactions with shareholders	**(7,514,353)**	**(23)**	**(307)**	**-**	**(1,018)**	**(1,347)**	**(271)**	**(1,618)**
Net profit of the year	-	-	-	-	2,233	2,233	51	2,284
Other comprehensive income	-	-	-	52	(39)	13	(6)	7
Total comprehensive income	**-**	**-**	**-**	**52**	**2,194**	**2,246**	**45**	**2,291**
BALANCE AT DECEMBER 31, 2018	282,607,800	848	2,378	(321)	3,423	6,328	115	6,443
Restatements IFRIC 23**	-	-	-	-	(38)	(38)	-	(38)
RESTATED BALANCE AT JANUARY 1, 2019	282,607,800	848	2,378	(321)	3,385	6,290	115	6,405
Capital increase	(11,675,450)	(35)	(435)	-	491	21	0	21
Dividends paid	-	-	-	-	(283)	(283)	(12)	(294)
Share-based payments	-	-	-	-	29	29	-	29
Perpetual subordinated bonds	-	-	-	-	148	148	-	148
Effects of scope changes	-	-	-	-	21	21	28	49
Other movements	-	-	-	-	(4)	(4)	0	(4)
Transactions with shareholders	**(11,675,450)**	**(35)**	**(435)**	**-**	**403**	**(67)**	**16**	**(51)**
Net profit of the year	-	-	-	-	464	464	21	485
Other comprehensive income	-	-	-	158	(15)	143	(4)	139
Total comprehensive income	**-**	**-**	**-**	**158**	**449**	**607**	**17**	**624**
BALANCE AT DECEMBER 31, 2019	**270,932,350**	**813**	**1,943**	**(163)**	**4,237**	**6,830**	**148**	**6,978**

* *Restated amounts following the finalization of price purchase allocation of groups acquired in 2018 (see note 7.1).*
** *Restated amounts in application of new accounting standards (see note 15).*

5.1.6 Notes to the Consolidated Financial Statements

NOTE 1 BASIS OF PREPARATION

The consolidated financial statements of Accor Group for the year ended December 31, 2019 were authorized for issue by the Board of Directors on February 19, 2020. They will be submitted to shareholders for final approval at the Annual General Meeting on April 30, 2020.

The consolidated financial statements comprise the financial statements of Accor SA ("the Company") and its subsidiaries (collectively "the Group") as well as the Group's interests in entities accounted for under the equity method (associates and joint-ventures).

1.1 Accounting framework

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and adopted for use in the European Union at December 31, 2019. These standards can be consulted on the European Commission's website[1].

1.2 Evolution of accounting framework

1.2.1 New accounting standards adopted

At December 31, 2019, the Group applied the same accounting policies and measurement methods as were applied in its consolidated financial statements for the year ended December 31, 2018, except for changes required to meet new IFRS requirements applicable from January 1, 2019 and, if any, changes resulting from the option to early apply a new standard at that date.

IFRS 16 "Leases"

IFRS 16, the new standard for leases, supersedes IAS 17 "Leases" and related interpretations. The standard removes the distinction between operating and finance leases for lessees. It introduces a single on-balance sheet accounting model for lessees, with recognition of an asset reflecting the right to use the leased item and a liability representing the obligation to make lease payments.

The Group has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated the comparative information for the 2018 reporting period, as permitted under the specific transition provisions in the standard ("Modified retrospective approach"). Accordingly, the reclassifications and the adjustments arising from the initial application of IFRS 16 have been recognized in the opening balance sheet at January 1, 2019. The effect of applying IFRS 16 on the Group's consolidated financial statements is presented in note 15.

IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment"

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Accor has applied IFRIC 23 using the retrospective approach, without restatement of the comparative information for 2018 as permitted by the specific transition provisions. The cumulative effect of first application has been recognized as an adjustment to the opening consolidated statement of financial position at January 1, 2019 (see note 15).

Besides, the Group applied the following amendments, which had no material impact on the consolidated financial statements:

- amendments to IAS 19 "Plan amendment, curtailment or settlement", which clarifies that the current service cost and net interest for the period after a remeasurement shall be determined based on the revised assumptions used at modification date;
- amendments to IAS 28 and IFRS 9 "Long-term interests in associates and joint-ventures", which clarifies that the provisions of IFRS 9, in particular related to impairment, apply to interests that form part of the net investment in an equity accounted investment before any allocation of share in net losses or impairment loss in accordance with IAS 28;
- annual improvements to IFRS 2015-2017 Cycle, comprising notably the amendment to IAS 12 "Income taxes", which clarifies that the income tax consequences of dividends shall be recognized in the income statement of the period, unless the transactions that generated distributable profits were initially recognized in other comprehensive income or in equity.

1.2.2 Future standards, amendments and interpretations

On January 1, 2019, the Group early applied the amendments to IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark reform (phase 1) issued by the IASB in September 2019 and endorsed by the European Union on January 15, 2020. These amendments, applicable for periods beginning on or after January 1, 2020, shall be applied retrospectively. They provide temporary relief from applying specific hedge accounting requirements allowing to maintain, under certain conditions, the hedging relationships directly affected by IBOR reform before its effective application (see details in note 15).

The Group has not opted for the early application of any other standards, amendments or interpretations applicable to fiscal years starting after December 31, 2019, regardless of whether they were adopted by the European Union.

1.3 Foreign currency translation

The presentation currency is the euro, which is the Company's functional currency.

(1) https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

Translation of the financial statements of foreign operations

The financial statements of consolidated companies are prepared in their functional currency, corresponding to the currency of the primary economic environment in which the company operates. The financial statements of foreign operations whose functional currency is not the euro are translated into euros as follows:

- assets and liabilities are translated at the closing exchange rate;
- income and expenses are translated at the average exchange rate for the period, unless the use of the average rate for a period is inappropriate due to significant fluctuations in exchange rates;
- the resulting translation gains and losses are recognized in other comprehensive income on the line "Currency translation adjustments", and are recycled to profit or loss when all or part of the investment in the foreign operation is derecognized (*i.e.* when the Group no longer exercises control, joint control or significant influence over the company).

Foreign currency transactions

Transactions by Group companies that are denominated in a currency other than the company's functional currency are translated at the transaction date exchange rate. At closing date, the corresponding receivables and payables are translated using the closing exchange rate. The resulting unrealized translation gains and losses are generally recognized in financial income and expenses.

1.4 Use of judgments and estimates

The preparation of consolidated financial statements requires the use by management of judgments, estimates and assumptions that may affect the reported amount of certain assets and liabilities, income and expenses as well as the information disclosed in certain notes to the financial statements. Due to the inherent uncertainty of assumptions, actual results may differ from these estimates. In exercising its judgment, management refers to past experiences and all available information that are considered as having a decisive impact, taking into account the prevailing environment and circumstances.

The significant estimates, judgments and assumptions used by Management for the preparation of the consolidated financial statements at December 31, 2019 mainly concern:

- the measurement of intangible assets acquired in business combinations;
- the measurement of the carrying amounts and useful lives of tangible and intangible assets;
- the assessment of lease term and measurement of lease liability;
- the measurement of the recoverable amounts of goodwill and other non-current assets;
- the assumptions used to calculate obligations under pension plans and share-based payment plans;
- the measurement of provisions for contingencies, claims and litigations;
- the recognition of deferred tax assets.

NOTE 2 GROUP STRUCTURE

Accounting policy

1. Basis of consolidation

Full consolidation method

Entities over which the Group exercises exclusive control, directly or indirectly, are fully consolidated. Control is deemed to exist when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power. In the hospitality industry, assessment of power relies on the ability to make all operational, financial and strategic management decisions. In practice, this means that the investor has the power to appoint the hotel's management and to approve the business plan. In particular, in the case of managed hotels, Accor acts on behalf and for the benefit of the hotel owner and, as such, is considered as an agent of the owner.

All transactions between consolidated companies are eliminated, together with all intra-group profits (gains, dividends, etc.). Newly acquired subsidiaries are consolidated from the date when control is acquired.

Equity method (applied to associates and joint ventures)

Entities over which the Group exercises significant influence (associates) and arrangements whereby the Group shares joint control and has rights only to the net assets of the arrangement (joint ventures) are accounted for by the equity method.

Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control of those policies. If the Group holds 20% or more of the voting power of the investee, it is presumed to have significant influence. In some countries, Accor may choose to acquire a minority interest in a local company that is then used as a vehicle for developing hotel projects. In exchange for its investment, Accor may be granted the right to manage the hotels concerned. In most cases, Accor has a seat on the Board, allowing it to participate in decisions.

Joint control is the contractually agreed sharing of control of an arrangement between two or more partners, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The principles applied to investments accounted for using the equity method are presented in note 5.

Investments in non-consolidated companies

Where the Group does not exercise control, joint control or significant influence over the financial and operating policy decisions of an investee, the investment is accounted for as a financial asset measured at fair value, as explained in note 10.2. It is presented as an investment in non-consolidated companies under "Other non-current financial assets" in the statement of financial position.

2. Business combinations

Business combinations are accounted for using the acquisition method.

The acquisition price corresponds to the acquisition-date fair value of the consideration transferred to the vendor in exchange for control of the investee, including any contingent consideration. Goodwill arising from a business combination is measured as the difference between:

- the fair value of consideration transferred, increased by the amount of any non-controlling interest recognized and, if applicable, the fair value of any previously held interest in the acquiree; and
- the acquisition-date fair value of the assets acquired and liabilities assumed.

In the case of a bargain purchase, the negative goodwill is recognized immediately as profit in the consolidated income statement.

In a business combination involving the acquisition of an interest of less than 100%, non-controlling interests in the acquiree are measured at either:

- their proportionate share in the acquiree's identifiable net assets, leading to the recognition of a goodwill only for the share acquired ("partial goodwill" method); or
- their fair value, leading to the recognition of the goodwill attributable to these non-controlling interests ("full goodwill" method).

Identifiable assets acquired and liabilities assumed are initially measured at their fair value at acquisition date. The accounting for the business combination is completed during a 12-month measurement period following the acquisition date.

Contingent consideration is included in the acquisition price at its acquisition-date fair value, regardless of the probability that it will be paid. Adjustments to the provisional accounting for the business combination during the measurement period are recognized by adjusting goodwill when they relate to facts and circumstances that existed at the acquisition date. Where this is not the case, and after the end of the measurement period, adjustments are recognized directly in the income statement.

When a business combination is achieved in stages, the previously held equity interest is remeasured at fair value at the acquisition date through profit or loss. The attributable other comprehensive income, if any, is fully reclassified to profit or loss. In order to determinate the goodwill, the acquisition price is increased with the fair value of previously held interest.

The costs directly related to the acquisition are recorded under "Other income and expenses" in the period in which they are incurred, except for the costs of issuing equity instruments.

3. Disposals resulting in a loss of control

If a transaction leads to a loss of exclusive control, the carrying amounts of the subsidiary's assets (including goodwill) and liabilities are derecognized, together with minority interests, and the disposal gain or loss is recognized in the income statement. If the Group retains a residual interest in the sold subsidiary, the remaining investment is reclassified under "Investments in associates and joint ventures" or "Investments in non-consolidated companies" as appropriate and remeasured at fair value through profit or loss. The total gain or loss recognized on the date when control is lost corresponds to the sum of the gain or loss realized on the sold interest and the gain or loss arising from remeasurement at fair value of the residual interest.

2.1 Changes in the scope of consolidation

The list of main consolidated companies at December 31, 2019 is presented in note 14.3.

2.1.1 Acquisitions for the period

On July 19, 2019, Accor acquired an additional 20% stake in Rixos Hospitality for €40 million, including a €5m estimated contingent consideration. This transaction increases its ownership to 70% of the share capital and voting rights, enabling the Group to take control over the entity.

The acquisition price amounted to €148 million, including the effect of remeasuring the interest previously held by Accor at fair value, which resulted in a €8 million gain recognized in the income statement for the year. It also included the commitment granted by Accor to pay a dividend contractually agreed to the seller for an estimated amount of €29 million, recognized as a financial liability in the consolidated statement of financial position at December 31, 2019. Besides, the Group benefits from an option to acquire the 30% remaining shares in 2029.

The provisional goodwill amounts to €90 million using the partial goodwill approach. The purchase price allocation will be completed within the 12-month measurement period following the acquisition date.

Rixos Hospitality contributed revenue of €11 million and net profit €4 million to the Group from the period from July 19 to December 31, 2019. If the acquisition had occurred at January 1, 2019 the Group's consolidated revenue and net profit for the year 2019 would have been €4,058 million and €488 million respectively.

This acquisition resulted in an outflow of €28 million (net of the cash acquired) in the consolidated statement of cash flows for the year 2019.

2.1.2 Equity investments of the period

On May 27, 2019, Accor acquired a 40.6% interest in the share capital of Ken Group, the high-end fitness group based in Paris for an amount of €30 million. As a result of the significant influence exercised by the Group, the investment was accounted for under the equity method in the consolidated financial statements.

On July 22, 2019, Accor exercised its option to acquire an additional 20% stake in 25hours for €22 million, thus increasing its ownership interest to 50% of the share capital and voting rights. The Group continued to exercise significant influence over the company as the transaction had no effect on the previously agreed governance principles. Besides, the Group has an option to acquire all the remaining shares in 2023.

2.1.3 Disposals over the period

On December 13, 2019, Accor, which then owned 10.2% of the share capital of Huazhu Group Ltd, sold 4.9% of its shares for $451 million (€405 million). The Group recognized a €301 million gain on disposal, presented as "Other income and expenses" in the consolidated income statement. After completion of the transaction, Accor continued to exercise significant influence over Huazhu Group Ltd, primarily due to its seat on the company's Board of Directors being maintained.

On December 20, 2019, Accor sold an additional 5.2% stake in the share capital of AccorInvest to several existing shareholders of the company for €199 million, allowing to recognize a €19 million gain on disposal. Subsequently, Accor owned 30% of AccorInvest's share capital, corresponding to the lock-up level to which the Group committed in 2018 at the time of the initial sale of AccorInvest, that will end in May 2023.

These two disposals resulted in cash-in flows of €597 million in the consolidated statement of cash flows in 2019.

2.2 Assets or disposal groups held for sale and discontinued operations

Accounting policy

When the carrying amount of a non-current asset or disposal group is expected to be recovered principally through a sale transaction rather than through continuing use, it is presented separately in the consolidated statement of financial position under "Assets classified as held for sale". Any related liabilities are also reported on a separate line under "Liabilities associated with assets classified as held for sale". For the reclassification to be made, (i) the sale must be highly probable; (ii) management must be committed to a plan to sell the asset (or disposal group) and (iii) the asset (or disposal group) must be available for immediate sale in its present condition.

Assets (or disposal groups) held for sale and associated liabilities are measured at the lower of their carrying amount and fair value less costs to sell. Depreciation of the assets ceases when it is reclassified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations, or is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The post-tax profit or loss of the discontinued operation and related disposal gains or losses are presented as a single amount on a separate line of the income statement, with restatement of the prior year as a comparative. Cash flows from discontinued operations are also reported separately in the consolidated statement of cash flows.

2.2.1 Orbis disposal project

Description of the project

On November 26, 2018, Accor, which owned 52.7% of the share capital of Orbis, a company listed on the Warsaw stock exchange, announced a tender offer for the acquisition in cash of the 21,800,593 shares of Orbis it did not already own, representing 47.3% of the share capital. On January 23, 2019, after completion of the subscription period, the Group acquired 33.1% of Orbis' share capital for €339 million; thus increasing its ownership to 85.8% of the company's share capital. This transaction was accounted for as a transaction with minority interests, with no change in the consolidation method, as Orbis was already controlled by Accor.

On May 17, 2019 Orbis announced its decision to separate its business into two separate activities: a hotel-owner business ("Hotel assets") and a hotel management and franchise business ("Hotel Services"), with a view to focus on its asset portfolio. On May 29, 2019, Orbis announced its intention to sell its Hotel Services business and entered into exclusive negotiations with Accor. On June 12, 2019, Accor and Orbis agreed on key terms for the acquisition by Accor of the Hotel Services business for 1.2 billion zlotys (c. €286 million). On October 31, 2019, Orbis disposed its Hotel Services business to Accor and entered into hotel management agreements under which Accor manages all 73 hotels owned and leased by Orbis. This internal transaction has no impact on the Group's key indicators.

In accordance with Polish corporate law, the sale of Orbis Hotel Services business to Accor was approved by the shareholders of Orbis at the Extraordinary General Meeting held on October 18, 2019. The transaction was also approved by the Management Board and the Supervisory Board of Orbis.

In order to pursue its asset light strategy, Accor announced, on June 12, 2019, its intention to sell its 85.8% ownership interest in Orbis which, post-completion of the above-mentioned Hotel Services transaction, comprises the Hotel assets business, with a portfolio of 73 owned and leased hotels.

In June 2019, Accor has initiated discussions with a number of potential investors. On December 16, 2019, the Group entered into a binding agreement to sell its stake in Orbis to AccorInvest at a price of PLN115 per share, corresponding to proceeds for Accor of PLN4.55 billion (€1.06 billion). This sale will be implemented by way of a public tender offer, which has been filed on December 17, 2019 by AccorInvest with the Polish Financial Supervision Authority for all of the shares in Orbis' share capital. Accor irrevocably committed to tender its 85.8% stake to the public tender offer, subject to antitrust clearance by the European Commission.

The closing of the transaction is expected to take place by the end of the first quarter 2020.

Accounting treatment

The assets and liabilities related to the Hotel assets business of Orbis have been classified as held for sale from June 30, 2019, the date at which the conditions for applying IFRS 5 "Non-current assets held for sale and Discontinued operations" have been met. The Group considers that Orbis' Hotel assets business constitutes a separate major line of business as defined by the standard. Indeed, it represents a significant part of the Group Hotel assets segment, and all its operations in Eastern & Central Europe. Accordingly, it is reported as a discontinued operation.

In the consolidated financial statements, Orbis' Hotel assets business is presented as follows:

- the assets held for sale and associated liabilities are presented separately from the Group's other assets and liabilities on specific lines in the consolidated statement of financial position at December 31, 2019. They have been measured at the lower of their carrying amount as stated at June 30, 2019 (with no further subsequent depreciation expense) and fair value less costs to sell. At December 31, 2019, a comparison of these two amounts did not reveal any impairment;
- the net profit for the year is reported on a separate line in the consolidated income statement under "Net profit or loss from discontinued operations", and items of comprehensive income are presented separately. The comparative information for the year 2018 has been restated accordingly;
- cash flows attributable to Orbis' Hotel assets business are presented on separate lines in the consolidated statement of cash flows, with restatement of the comparative information for the year 2018.

The detail of Orbis' assets and liabilities classified as held for sale at December 31, 2019 and their contribution to the Group's consolidated net profit and cash flows for the years 2018 and 2019 are presented hereafter in note 2.2.4.

2.2.2 Mövenpick leased hotels disposal project

On December 13, 2019, Accor entered into a binding agreement with HR Group, a German private fund, in order to sell 70% of the share capital and voting rights of its subsidiary Hospitality Swiss Proco AG, which directly and indirectly owns the leasehold interests of 16 Mövenpick hotels located in Germany, Switzerland and the Netherlands, on the basis of a €30 million enterprise value. Accor will retain a 30% minority stake in the company's share capital and will continue to manage the hotels under Mövenpick brand through the implementation of management agreements.

Closing of the transaction is subject to merger control clearance by the German competition authority.

Accor considers that the planned disposal will lead to the loss of control of the company, in accordance with the principles of IFRS 10 "Consolidated financial statements". On completion of the transaction, the rights held by the Group (voting rights retained combined to contractual rights resulting from the management agreements) will not give it power to unilaterally direct the relevant activities of the company, *i.e.* operation of the hotels and strategic management of the hotel portfolio. Upon completion, the assets and liabilities of Hospitality Swiss Proco AG will be derecognized and the Group's retained residual stake in the company net assets will be recognized as an equity-accounted investment.

In view of the project's progress, the Group expects to finalize the transaction by the end of the first quarter 2020. Consequently, the assets and liabilities of Hospitality Swiss Proco AG have been classified held for sale at December 31, 2019. In accordance with the principles of IFRS 5 "Non-current assets held for sale and Discontinued operations", the carrying value of the disposal group has been reduced to its fair value less costs to sell, leading to the recognition of a €23 million impairment loss included in the line "Other income and expenses" in the consolidated income statement. This loss has been fully allocated to the goodwill of the hotel assets in the portfolio.

2.2.3 John Paul disposal project

Accor considers that the conclusion of a partnership with a view to dispose of the control over its subsidiary John Paul during the year 2020 is highly probable and, consequently, applies the provisions of IFRS 5 related to assets and liabilities held for sale at December 31, 2019. At this date, the comparison of the carrying value of the subsidiary's assets and liabilities with their fair value less costs to sell did not reveal any impairment.

2.2.4 Detailed financial information

Assets and disposal groups held for sale

At December 31, 2019 the main assets and liabilities classified as held for sale were as follows:

(in millions of euros)	Orbis	Mövenpick	John Paul
Intangible assets	62	7	52
Property, plant & equipment	516	24	1
Right-of-use assets	138	423	5
Other non-current assets	(7)	2	(6)
Non-current assets	**709**	**455**	**51**
Trade receivables and other current assets	41	13	13
Cash and cash equivalents	471	3	4
Assets classified as held for sale	2	-	-
ASSETS CLASSIFIED AS HELD FOR SALE	**1,222**	**471**	**68**
Non-current liabilities	**162**	**406**	**10**
Short-term financial debt	71	-	0
Short-term lease liability	12	32	1
Trade payables and other current liabilities	113	21	15
LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**358**	**459**	**27**

Discontinued operations

The net result of Orbis' Hotel assets business is analyzed as follows:

(in millions of euros)	2018	2019
Revenue	**328**	**338**
Operating expenses	(228)	(234)
EBITDAR	**100**	**103**
Property rents	(13)	(3)
EBITDA	**87**	**101**
Depreciation, amortization and provision expense	(42)	(26)
EBIT	**45**	**74**
Other income and expenses	31	12
Net financial expense	(4)	(11)
Income tax	(10)	(54)
NET PROFIT	**62**	**20**

The cash flows attributable to Orbis' Hotel assets business are as follows:

(in millions of euros)	2018	2019
Net cash flows from operating activities	79	76
Net cash flows from investing activities	(4)	(28)
Net cash flows from financing activities	(15)	(11)
Effect of exchange rates changes	3	2
NET CASH FLOWS	**63**	**39**

NOTE 3 OPERATING ITEMS

3.1 Segment information

Accounting policy

In accordance with IFRS 8 "Operating segments", the segment information presented below is based on the Group's internal reporting that is provided to the Executive Committee (defined as the Chief Operating Decision Maker as defined by the standard) to assess operating performance and make decisions about resources allocation.

The Group is organized around three strategic businesses.

HotelServices

This segment corresponds to the Group's core business as hotel manager and franchisor, and is split in two businesses:

- **Management & Franchise**: Hotel management and franchise business based on the collection of fees, as well as revenue generated by purchasing;
- **Services to owners**: Activity gathering all the services rendered to hotel owners (sales, marketing and distribution, loyalty program, shared services as well as rebilling of costs incurred on behalf of hotel owners, such as the cost of employees working in the hotels).

The Management & Franchise business is organized around the five following operating regions:

- Europe;
- Middle East & Africa;
- Asia-Pacific;
- North America, Central America & the Caribbean;
- South America.

Hotel assets & others

This segment corresponds to the hotel owner-operator business, comprising the Group's owned and leased hotels. Its business model aims to improve the return on assets and optimize the statement of financial position. It spans all asset portfolio management activities, hotel design, construction, refurbishment and maintenance activities. This segment also includes three activities conducted in Asia-Pacific: AccorPlus (rewards cards program), Accor Vacation Club (timeshare business) and Strata (room distribution and management of hotels common areas).

New Businesses

This segment corresponds to new activities developed by the Group, mainly through external growth transactions:

- **Digital services**, which consists in offering digital solutions to independent hotel owners to drive growth in their direct sales (activity operated by D-edge) and to restaurant owners to optimize table management and supply (activities operated by ResDiary and Adoria);
- **Private luxury home rentals**, operated by onefinestay, with over 5,000 addresses worldwide;
- **Digital sales**, operated by VeryChic, which offers exclusive private sales with luxury and high-end partners;
- **Hotel booking services** for travels agencies and corporates with Gekko;
- **Concierge services** provided by John Paul.

The cost of central support functions (governance, finance, communication, human resources, legal…) is presented separately in a dedicated section "Corporate & Intercos".

3.1.1 Reporting by strategic business

The Group's performance by strategic business is as follows:

			Variation (%)	
(in millions of euros)	**2018***	**2019**	**Actual**	**L/L [1]**
HotelServices	2,618	2,894	+10.5%	+4.6%
• of which Management & Franchise	964	1,026	+6.4%	+3.8%
• of which Services to owners	1,654	1,867	+12.9%	+5.1%
Hotel Assets & others	751	1,077	+43.4%	+2.9%
New Businesses	149	159	+7.2%	+3.8%
Corporate & Intercos	(236)	(81)	N/A	N/A
REVENUE	**3,282**	**4,049**	**+23.4%**	**+3.8%**
HotelServices	705	741	+5.1%	+5.8%
• of which Management & Franchise	659	765	+16.1%	+8.3%
• of which Services to owners	46	(24)	(151.3)%	(23.2)%
Hotel Assets & others	80	216	+168.0%	(7.3)%
New Businesses	(28)	(2)	+93.0%	+88.8%
Corporate & Intercos	(132)	(129)	N/A	N/A
EBITDA	**626**	**825**	**+31.9%**	**+5.9%**

* *Restated amounts in application of IFRS 5.*
(1) *L/L: Like-for-like change at constant scope of consolidation and exchange rates. This change enables the periods to be compared by eliminating the effect of 2019 business acquisitions and disposals as well as the currency impact on the financial statements.*

The line "Corporate & Intercos" includes the elimination of the flows realized with AccorInvest prior to its disposal in May 2018 as well as those realized with Orbis, consistently with consolidation principles.

The change for Hotel Assets & others segment is mainly explained by the full-year effect of Mövenpick Hotels & Resorts and Mantra acquisitions. In 2019, the contribution of these acquisitions amounted to €642 million in revenue and €168 million in EBITDA (respectively €350 million and €44 million on comparable period).

Revenue recognized in France amounted to €473 million in 2019 (€374 million in 2018 and €448 million including revenue with AccorInvest over the first five months of 2018).

AccorInvest is the main client of the Group with a contribution to the revenue of 9% and 11% respectively in 2018 and 2019.

3.1.2 Detailed information for Management & Franchise

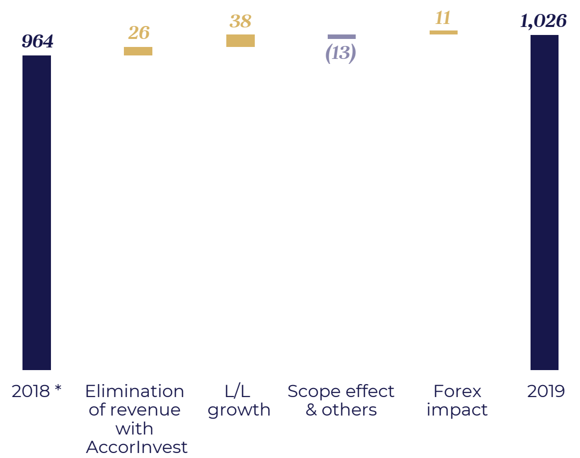
A. Management & Franchise revenue

(in millions of euros)	2018*	2019	Variation *(%)* Actual	L/L [1]
Europe	500	525	+4.9%	+4.0%
Middle East & Africa	80	107	+32.9%	+5.3%
Asia Pacific	209	214	+2.1%	+2.3%
North America, Central America & Caribbean	132	132	(0.2)%	+1.5%
South America	43	49	+15.5%	+13.0%
TOTAL	**964**	**1,026**	**+6.4%**	**+3.8%**

* *Restated amounts in application of IFRS 5.*
(1) *L/L: Like-for-like change.*

Management & Franchise revenue mainly comprise trademark royalty fees and management fees invoiced to hotel owners. In 2019, these fees include c. 30% of incentive fees based on hotel's profitability.

Over the period, the change in Management & Franchise revenue breaks down as follows:



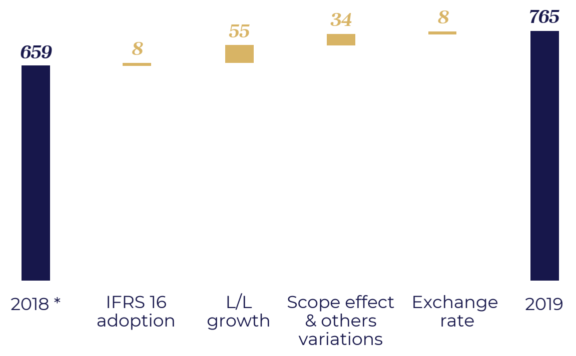
** Restated amounts in application of IFRS 15.*

B. Management & Franchise EBITDA

(in millions of euros)	2018*	2019	Variation *(%)* Actual	L/L [1]
Europe	387	416	+7.5%	+6.6%
Middle East & Africa	51	82	+59.3%	+14.5%
Asia Pacific	128	152	+18.4%	+8.9%
North America, Central America & Caribbean	76	92	+19.9%	+7.5%
South America	16	24	+45.1%	+21.4%
TOTAL	**659**	**765**	**+16.1%**	**+8.3%**

* *Restated amounts in application of IFRS 5.*
(1) *L/L: Like-for-like change.*

Over the period, the change in Management & Franchise EBITDA breaks down as follows:



** Restated amounts in application of IFRS 15.*

3.2 Revenue

Accounting policy

Revenue corresponds to the value of goods and services sold by the Group in the ordinary course of business. The Group recognizes revenue when it transfers the control of the promised goods and services to the customer, which may be overtime or at a point in time. Revenue is recognized in an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring promised goods or services.

The Group applies the guidance provided in IFRS 15 to determine whether it acts as the principal or an agent in its contractual relationships with hotel owners. It is considered as acting as the principal if it controls the promised service before that service is transferred to a customer. In such a case, revenues and related expenses are reported separately in the income statement. Otherwise, the Group is considered as acting as an agent and only the remuneration corresponding to the agency fee is recognized in revenue.

Fees billed to franchised hotels and hotels under management contracts

- Trademark royalty fees received from hotel owners under licenses for the use of the Group's brands. These fees are generally based on the hotel's Room revenue.
- Management fees received from the owners of hotels managed by the Group. These fees are generally based on hotel's revenue. In some cases, they also include an incentive fee subject to hotel profitability.
- Other fees for support services provided to managed and franchised hotels for marketing, distribution, IT and other services…

The Group applies the IFRS 15 guidance for recognition of revenue related to licenses of intellectual property with sales-based royalties, which allows to account for trademark royalty fees when the hotel's room revenue is recognized.

Other fees relate to services representing distinct performance obligations which are generally satisfied over time, when the hotel owners simultaneously receive and consume the benefits provided. The Group elects the practical expedient to recognize revenue based on amounts invoiced to the customer, when this method of measuring progress best depicts the performance provided. Invoicing is based on contractual prices, which represent the stand-alone selling prices of specified promised goods or services.

The Group may provide a contractually agreed performance to hotel owners, generally during the first years of hotel operations. These variable considerations, which are definitely earned at the end of the period over which they are applied, are estimated using the most likely amount method, based on all reasonably available information, and are, if need be, capped at the minimum amount considered as highly probable. At each reporting period, the Group revises its estimates of variable considerations and assesses whether a constraint should apply.

Loyalty program

Accor manages the loyalty program on behalf of the Group's hotels. This service is considered as a single distinct performance obligation, which is satisfied in full when the reward points are redeemed for a stay by members or expire. Loyalty program fees invoiced to hotel owners are deferred in an amount that reflects the stand-alone selling price of the future benefit to the member. They are recognized as revenue when the reward points are redeemed or when they expire.

The Group acts as an agent for hotel owners to the extent that it does not control the services rendered to members upon redemption. Accordingly, revenue is presented net of the redemption cost paid to the hotel that is providing the service to the member.

Hotel revenues

It corresponds to all the revenues received from guests by owned and leased hotels. The services rendered (including room sales, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room sales, along the stay in the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

The disaggregation of revenue is outlined in the note 3.1 above.

3.3 Operating expenses

(in millions of euros)	**2018***	**2019**
Cost of goods sold	(76)	(107)
Personnel expenses	(1,722)	(1,939)
Property rents	(135)	(62)
Energy, maintenance and repairs	(51)	(70)
Taxes	(46)	(60)
Other operating expenses	(627)	(986)
OPERATING EXPENSES	**(2,656)**	**(3,224)**

* *Restated amounts in application of IFRS 5.*

Upon adoption of IFRS 16 "Leases", property rents expense recorded in 2019 relates to the variable part of hotel properties operated under lease contracts.

Other operating expenses consist mainly of marketing, advertising, promotional, selling and information systems costs. They include the elimination of intragroup flows with discontinued operations, with AccorInvest over the first five months of 2018 and with Orbis over 2018 and 2019.

3.4 Working capital

The working capital breaks down as follows:

(in millions of euros)	Dec. 2018*	Variation	Dec. 2019
Inventories	15	5	20
Trade receivables	617	32	649
Other current assets	258	6	264
Current assets	**890**	**43**	**933**
Trade payables	426	15	441
Other current liabilities	698	4	703
Current liabilities	**1,125**	**19**	**1,144**
WORKING CAPITAL	**235**	**(25)**	**210**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

The change in working capital requirements can be analyzed as follows:

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

3.4.1 Current assets

Trade receivables break down as follows:

(in millions of euros)	Dec. 2018	Dec. 2019
Gross value	687	720
Provisions	(70)	(71)
TRADE RECEIVABLES	**617**	**649**

Other current assets break down as follows:

(in millions of euros)	Dec. 2018	Dec. 2019
Recoverable VAT	82	88
Income tax receivable and other taxes	11	12
Other receivables	145	143
Other prepaid expenses	41	28
Gross value	**279**	**271**
Provisions	(21)	(7)
NET BOOK VALUE	**258**	**264**

3.4.2 Current liabilities

Other current liabilities break down as follows:

(in millions of euros)	Dec. 2018*	Dec. 2019
VAT payable	62	63
Wages salaries and Payroll tax payables	220	219
Other tax payables	91	161
Other payables	250	193
Deferred income	75	66
OTHER CURRENT LIABILITIES	**698**	**703**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

The change in "Other tax payables" is mainly explained by the recognition of a €38 million liability following the first application of IFRIC interpretation 23 at January 1, 2019 and the reclassification of the €27 million income tax provisions into income tax liabilities.

3.5 Contract assets and liabilities

Accounting policy

In accordance with IFRS 15 "Revenue from contracts with customers", the Group recognizes assets and liabilities on contracts with customers:

- contract assets represent a right for the Group to receive consideration in exchange for goods or services already transferred to a customer, when that right is conditioned on something other than the passage of time. They also include revenue reductions granted in advance to customers when the corresponding services have not been transferred yet ("key moneys" mainly);
- contract liabilities represent the Group's obligation to transfer goods or services for which the customer has already paid a consideration, or when the amount is due from the customer. They mainly correspond to deferred revenues related to the loyalty program (including the amount to be paid to hotel owners and partners upon redemption of reward points) and entrance fees invoiced at contract's inception.

(in millions of euros)	Dec. 2018*	Dec. 2019
Advance payments to hotel owners	174	216
Contract assets	**174**	**216**
Advance invoicing to hotel owners	27	26
Loyalty program deferred points	201	228
Contract liabilities	**227**	**254**
NET CONTRACT ASSETS AND LIABILITIES	**(53)**	**(38)**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

NOTE 4 EMPLOYEE BENEFIT EXPENSES

4.1 Headcount

The Group's workforce breaks down as follows:

Headcount	2018*	2019
Full-time equivalent	18,667	19,254

* *Restated amounts in application of IFRS 5.*

Full-time equivalent are based on the ratio between the number of hours worked during the period and the total working legal hours for the period. Employees for associates and joint-ventures are not included.

4.2 Personnel expenses

Accounting policy

Group employees are entitled to short-term benefits such as paid annual leave, paid sick leave, bonuses and profit-shares payable within twelve months of the end of the period in which the corresponding services are rendered. These benefits are recorded in current liabilities and expenses when the service is rendered by the employee.

Employees are also entitled to various long-term benefits, including:

- post-employment benefits payable after the employee leaves the Group, such retirement termination benefits and pension benefits;
- other long-term benefits payable during employment, such as long-service bonuses, loyalty bonuses and seniority bonuses.

Benefit plans depend on local legislation and on collective bargaining in force in each of the Group's countries. Post-employment benefits are broken down into two categories:

- defined contribution plans, under which the Group's liability is limited to the periodic contributions paid to external organizations that are responsible for administrative and financial management of the plans. These contributions are recognized as expenses for the period to which they relate;
- defined benefit plans, under which the Group guarantees a contractually future level of benefits. The Group's obligation is recognized as a liability in the consolidated statement of financial position.

Equity-settled long-term incentive plans have also been set up for executive officers and certain employees. The accounting treatment of these plans is presented in note 4.4.

The personnel expenses break down as follows:

(in millions of euros)	2018*	2019
Salaries and social charges	(1,701)	(1,911)
Share-based payments	(21)	(28)
PERSONNEL EXPENSES	**(1,722)**	**(1,939)**

* *Restated amounts in application of IFRS 5.*

4.3 Pensions and other long-term benefits

Accounting policy

The provision for pensions corresponds to the present value of the projected benefit obligation less the fair value of plan assets in funds allocated to finance such benefits, if any. If plan assets exceed the projected benefit obligation, the surplus is recognized only if it represents future economic benefits that are available to the Group.

The projected benefit obligation is determined by independent actuaries using the projected unit credit method, based on actuarial assumptions such as increase in salaries, retirement age, mortality, employee turnover and discount rate. These assumptions take into account the macro-economic environment and other specific conditions in the various countries in which the Group operates.

The expense recorded in the consolidated income statement includes:

- current service cost and past service cost resulting from a new plan, a plan amendment or a plan curtailment or settlement, recognized in operating expenses; and
- net interest cost on defined benefit obligation and plan assets, recognized in net financial expense.

Actuarial gains and losses on post-employment benefit plans that arise from changes in actuarial assumptions and experience adjustments are recognized in the statement of comprehensive income.

Actuarial gains and losses on other long-term benefit plans are recognized immediately in profit or loss.

4.3.1 Pensions and other long-term benefits obligations

(in millions of euros)	Dec. 2018	Dec. 2019
Pension plans	95	72
Other long-term benefits	6	4
Provision	**102**	**75**
Surplus on pension plans	4	4
Pension asset	**4**	**4**
NET COMMITMENT	**98**	**71**
• of which net provisions for pensions	92	68
• of which net provisions for other benefits	6	4

4.3.2 Description of the plans

At Accor, the main post-employment defined benefit plans concern:

- **pension plans:** The main pension plans are located in France (35% of the obligation), in the United Kingdom (27% of the obligation) and in Canada (24% of the obligation). Pension benefit obligations are determined by reference to employees' years of service and end-of-career salary. They are funded by payments to external organizations that are legally separate from Accor Group. In Holding, the pension plan concerns senior executives. Pension rights are unvested and plan participants receive a regular pension, not a lump sum;
- **length-of-service awards in France:** these are lump sum benefits determined by reference to the employee's years of service and end-of-career salary;
- **supplementary pension plan in France:** this plan provides for the payment of periodic benefits to executive officers and senior executives whose final annual compensation represents more than five times the annual ceiling used for calculating social security contributions ("PASS"), provided that they are employed by the Group up to their retirement.

4.3.3 Actuarial assumptions

The main actuarial assumptions used by the Group to estimate the obligations are as follows:

	Discount rate		Rate of future salary increases	
	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
France	0.5%	1.6%	3% – 4%	3% – 4%
Belgium	0.5%	1.6%	2.8%	2.8%
Switzerland	0.1%	1.2%	1.0%	1.0%
Canada	2.8% – 3.0%	3.5% – 3.8%	3.0%	3.0%
United States	2.3%	3.3%	3.0%	3.0%

The discount rate in each country is determined by reference to market yield on investment grade corporate bonds with maturities equivalent to the related employee benefits. If the local corporate bond market is not sufficiently liquid, the government bond rate is used.

4.3.4 Breakdown and changes in the pension obligations

At December 31, 2019, pension obligations break down by country as follows:

(in millions of euros)	France	Canada	United Kingdom	Belgium	Switzerland	Others	Total
Actuarial debt	76	51	58	15	5	10	215
Fair value of plan assets	(35)	(39)	(61)	(9)	(4)	(2)	(151)
Irrecoverable surplus	-	3	-	-	-	1	4
NET OBLIGATION	**41**	**15**	**(3)**	**6**	**1**	**8**	**68**

The movements in the net obligation for pensions over the period are as follows:

(in millions of euros)	Present value of obligation	Fair value of plan assets	Irrecoverable surplus impact	Net
Situation at January 1, 2019	**225**	**(136)**	**4**	**92**
Current service cost	10	-	-	10
Interest expense/(income)	5	(3)	-	2
Other elements [(1)]	(40)	-	-	(40)
Total recognized in profit or loss	**(24)**	**(3)**	**-**	**(27)**
Actuarial gains and losses related to experience adjustments	10	(10)	-	(1)
Actuarial gains and losses related to changes in demographic assumptions	(1)	-	-	(1)
Actuarial gains and losses related to changes in financial assumptions	15	-	-	15
Actuarial (gains)/losses	**24**	**(10)**	**0**	**14**
Benefits paid	(12)	2	-	(9)
Exchange differences and others	3	(4)	0	(1)
SITUATION AT DECEMBER 31, 2019	**215**	**(151)**	**4**	**68**

(1) In accordance with the ordinance published on July 3, 2019, in application of the “Pacte Law” (Art. 197), the rights acquired by the beneficiaries under existing defined benefits supplementary pension plans have been frozen. The effect resulting from the freeze of these plans has been treated as a plan modification under IAS 19 “Employee benefits”, leading to the release of a €37 million provision, recognized in “Other income and expenses” in the income statement of the year.

4.3.5 Plan assets

The Group's pension obligations are funded under insured plans or by external funds. The assets of insured plans are invested in investment funds in each of the countries concerned.

At December 31, 2019, the breakdown of assets is as follows:

(in millions of euros)	Canada	France	United Kingdom	Belgium	Others	Total
Bonds	29	27	-	-	1	58
Shares	10	5	-	-	1	15
Insurance contracts	-	-	-	9	3	12
Real Estate	-	3	-	-	1	4
Liquidity	-	0	3	-	0	3
Other	-	0	58	-	1	59
PLAN ASSETS	**39**	**35**	**61**	**9**	**7**	**151**

The expected long-term return on plan assets is matched to the discount rate.

4.3.6 Sensitivity analysis

At December 31, 2019, the sensitivity of provisions for pensions to a change in discount rate is as follows:

(in millions of euros)	Impact on obligation
Impact of increase in discount rate by 0.5 pt	(9)
Impact of decrease in discount rate by 0.5 pt	12

4.3.7 Expected cash flows

The following table shows expected cash outflows for the coming years, without taking into account any cash inflows generated by plan assets:

(in millions of euros)	2020	2021	Hereafter	Total
Expected benefits payments	11	10	96	118

4.4 Share-based payments

Accounting policy

Performance share plans

Performance share plans are set up regularly for Group managers. The plans generally have a vesting period between two and four years and the shares vest only if the grantee is still employed by the Group on the vesting date.

The fair value of the employee benefit is determined by independent experts using the "Monte Carlo" model. It corresponds to the share price at grant date, less (i) the present value of dividends not received during the vesting period, and (ii) a discount reflecting the estimated probability of the external performance conditions being fulfilled. The total cost of each plan is calculated at grant date and is not adjusted in subsequent periods.

Internal performance conditions (continued presence within the Group at vesting date and internal performance objectives) are not taken into account for the fair value calculations. However, they are taken into account for the purpose of estimating the number of shares that are likely to vest. This estimate is updated at each period end.

Stock option plans

No stock options have been granted since 2013. The plans set up in previous years included plans for which the only condition was the grantee's continued presence within the Group at the exercise date and performance stock option plans.

The cost of these plans corresponds to the fair value of the options, as determined using the Black & Scholes option-pricing model based on the plan's characteristics and market data (such as the underlying share price and stock market volatility). The number of potentially exercisable options is reviewed at each period end.

Employee share plans

As part of its incentive policy, the Group may organize employee rights issues giving staff the opportunity to purchase Accor SA shares at a discount. The employee benefit corresponds to the difference between the price at which the shares are offered to employees and the Accor SA share price on the date the rights are exercised.

The cost of share-based payment plans is recognized in employee benefits expenses on a straight-line basis over the vesting period, together with:

- a corresponding increase in equity for equity-settled plans;
- a corresponding liability recognized for the fair-value of cash-settled plans, to be revised at each closing date If the plan is not subject to any vesting conditions, the cost is recognized in full on the grant date.

If the plan is not subject to any vesting conditions, the cost is recognized in full on the grant date.

Substantially all of the plans in progress at December 31, 2019 were equity-settled plans.

The dilutive effect of plans that have not yet vested is reflected in diluted earnings per share calculations.

In 2019, the expense recognized for share-based plans amounts to €28 million, as follows:

(in millions of euros)	2018	2019
2015 Plans	1	0
2016 Plans	5	1
2017 Plans	11	10
2018 Plans	4	8
2019 Plans	-	7
Performance shares plans	**21**	**26**
Employee share plans	**-**	**2**
TOTAL	**21**	**28**

4.4.1 Performance share plans

The movements over the period are as follows:

(in number of shares)	2018	2019
Performance shares at beginning of period	**3,046,630**	**3,503,637**
Shares granted	655,292	1,312,795
Shares cancelled or expired during the period	(114,050)	(152,576)
Shares vested during the period	(84,235)	(844,250)
Performance shares at end of period	**3,503,637**	**3,819,606**

Performance shares

On May 31, 2019, the Group granted 1,275,675 performance shares to its employees, subject to a three-year vesting period. At this date, the fair value of the performance share was €28.02, corresponding to a share price of €32.97 less the discounted present value of dividends not received during the vesting period and the effect of external conditions.

The shares will vest provided that the grantee remains with the Group until the end of the three-year vesting period, and the three following performance conditions are fulfilled over the years 2019 to 2022:

- internal conditions (80% weighting): EBITDA margin compared to the budget and free cash flows excluding disposal proceeds and external growth including changes in operating working capital compared to the budget;
- external condition (20% weighting): change in Accor's Total Shareholder Return (TSR) compared with other international hospitality groups' ones. The estimated probability of this performance condition being fulfilled was taken into account to determine the fair value of the performance shares on the grant date.

On October 25, 2019, the Group set up a performance share plan with similar characteristics to the May plan.

The fair value of these plans amounts to €37 million and will be recognized on a straight-line basis over the vesting period under employee benefits expenses with a counterpart in equity. The expense recorded for these plans in 2019 amounts to €7 million.

The plans' main characteristics and the assumptions used to determine their cost are as follows:

	Plan	
Characteristics	**May**	**Oct.**
Number of shares granted	1,275,675	37,120
Vesting period	3 years	3 years
Share price at grant date *(in euros)*	32.97	38.35
Share fair value at grant date	28.02	32.96

4.4.2 Stock options plans

The movements over the period are as follows:

	December 31, 2018		December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at beginning of period	**1,267,511**	**€28.55**	**459,051**	**€29.05**
Options cancelled or expired during the period	(28,283)	€28.32	(9,330)	€31.72
Options exercised during the period	(780,177)	€26.66	(258,944)	€30.75
Options outstanding at end of period	**459,051**	**€29.05**	**190,777**	**€26.60**
Options exercisable at end of period	**459,051**	**€29.05**	**190,777**	**€26.60**

Outstanding options at December 31, 2019 are as follows:

Plan	Grant date	Number of outstanding options	Remaining life	Exercise price
Plan 25	March 2012	167.980	3 months	€26.41
Plan 26	March 2012	12.797	3 months	€26.41
Plan 27	September 2013	10.000	1 year and 9 months	€30.13

4.4.3 Employee share plans

In 2019, Accor launched a leveraged employee share plan for Group employees in ten countries (“Share 19”). Eligible employees were given the opportunity to purchase Accor SA shares at a price of €33.11 through a corporate mutual fund (FCPE). In countries where it was not possible or appropriate to set up a corporate mutual fund, the shares could be purchased directly together with stock appreciation rights (“SAR”).

The subscription price corresponds to the average of the opening prices quoted for Accor SA shares over the 20 trading sessions preceding the pricing date less a 15% discount. It was set on November 25, 2019 by the Chairman and Chief Executive Officer. The shares are subject to a five-year lock-up, which may be waived in the specific cases listed in the plan’s rules. The personal investment by participating employees is protected throughout the duration of the plan and they also benefit from any increase in the share price according to a pre-defined formula.

On December 19, 2019, a total of 613,058 shares with a par value of €3 were issued to participants in the “Share 19” plan at a price of €33.11 per share. The issue premium, corresponding to the difference between the aggregate par value of the new shares and the total issue proceeds net of transaction expenses, amounted to €18 million.

The expense recorded in 2019 amounts to €2 million.

4.5 Corporate officer’s compensation

Corporate officers are defined as members of the Executive Committee, which had fifteen members at the end of December 31, 2018 and 2019 and the Board of Directors.

The following table shows the compensation received by the persons who were members of the Executive Committee during the period:

(in millions of euros)	2018	2019
Short-term benefits received	19	21
Share-based payments	8	9
Termination benefits	0	2
Post-employment benefits	3	(15)
TOTAL COMPENSATION	**30**	**16**

The decrease of post-employment benefits is mainly related to the freeze of supplementary pension plans in application of the “Pacte Law” in France (see note 4.3).

Members of the Board of Directors do not receive any compensation and receive only attendance fees. Attendance fees paid by the Group amounted to €1 million in 2019.

NOTE 5 ASSOCIATES AND JOINT-VENTURES

Accounting policy

The consolidated financial statements include the Group's share of changes in the net assets of associates and joint-ventures accounted for by the equity method. Investments in associates and joint ventures are initially recorded at cost in the consolidated statement of financial position and are subsequently adjusted at each period end to include the Group's share of their undistributed net profit.

In the following specific cases, the investment is initially recognized at fair value:

- upon loss of control of an investee with a retained interest providing joint-control or significant influence;
- upon gain of significant influence or joint control over a previously non-consolidated investment.

Goodwill arising on acquisition of associates and joint-ventures is included in the carrying amount of the investment.

If the carrying amount of an investment is reduced to zero due to the cumulative losses of the associate or joint-venture, the Group's share of any further losses is not recognized unless it has a legal or constructive obligation in relation to the investee's negative net assets. Investments in associates and joint-ventures are tested for impairment when there is an indication that they may be impaired.

Entities accounted for under the equity method are an integral part of the Group's operations.

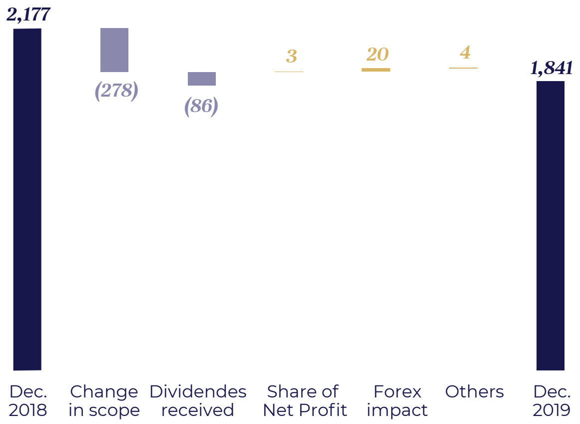
5.1 Share of net profit of associates and joint-ventures

The main contributions of associates and joint-ventures are analyzed as follows:

(in millions of euros)	2018	2019
AccorInvest	45	34
Huazhu Group Ltd	19	9
Others	13	3
Associates	**77**	**45**
SBE	(5)	(46)
Other	8	4
Joint ventures	**2**	**(42)**
SHARE IN RESULTS OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	**80**	**3**
• of which share of income before taxes	109	35
• of which share of taxes	(29)	(32)

5.2 Investments in associates and joint-ventures

(in millions of euros)	Dec. 2018	Dec. 2019
AccorInvest	1,275	1,056
Huazhu Group Ltd	200	113
Others	444	529
Associates	**1,919**	**1,698**
SBE	102	62
Others	156	81
Joint ventures	**258**	**142**
TOTAL	**2,177**	**1,841**



The decrease in investments over the period corresponds to the disposal of a 5.2% stake in AccorInvest and the disposal of a 4.9% stake in Huazhu Group Ltd (see note 2).

5.3 Summarized financial information

5.3.1 Material Joint-ventures

Accor owns a 50% stake in sbe Entertainment Group, company that manages and operates hotels and restaurants, mainly in United States.

Key financials of sbe on a 100% basis are as follows:

(in millions of euros)	Sept. 2019
Balance sheet	
Cash & cash equivalents	4
Other current assets	22
Non-current assets	291
Assets classified as held for sale	476
Current liabilities	53
Non-current financial liabilities	559
Liabilities associated with assets classified as held for sale	438
NET ASSETS	**(257)**
Group's share in %	50.0%
Group's share of net assets	(128)
Goodwill	190
CARRYING AMOUNT	**62**
P&L	
Revenue	238
Depreciation and amortization	(31)
Financial result	(75)
Income tax expense	3
Net profit (loss)	**(93)**
Other comprehensive income	(0)
Total comprehensive income	**(93)**
Dividends received by the Group	-

In the Group's consolidated financial statements, the share in sbe's net result is based on the 12-month period ending at September 2019 considering the deadlines for availability of the company's financial statements.

The Assets and Liabilities held for sale correspond to two hotels assets. Sbe entered into exclusive negotiations with a view to sell these assets. Given the progress of the negotiation process, sbe expects to complete the disposal during the first semester 2020.

In the consolidated financial statements for the year ended December 31, 2019, the net loss of sbe has been considered as an indicator of a potential impairment by the Group. An impairment test was performed and did not lead to the recognition of an impairment loss. The key assumptions used for this test were a 8.9% discount rate and a 2% perpetual growth rate. For the recoverable value to equal the carrying value, it would be necessary to increase the discount rate by +110 bps.

5.3.2 Material associates

The following associates are material to the Group:

- AccorInvest, hotel-owner operator (30% interests);
- Huazhu Group Ltd, Chinese Hospitality group listed on Nasdaq (5.3% interest).

Key financials on a 100% basis for these two entities are as follows:

	Dec. 2019	Dec. 2019
(in millions of euros)	**AccorInvest**	**Huazhu Group Ltd**
Balance sheet		
Current Assets	727	755
Non-current Assets	6,528	4,871
Assets held for sale	276	-
Current Liabilities	1,248	1,334
Non-current Liabilities	5,508	3,326
Liabilities associated with assets held for sale	44	-
NET ASSETS	**730**	**966**
Group's share in %	30.0%	5.3%
Group's share of net assets	219	51
Goodwill	838	62
CARRYING AMOUNT	**1,056**	**113**
P&L		
Revenue	3,994	1,420
Net profit (loss)	**96**	**81**
Other comprehensive income	16	(2)
Total comprehensive income	**112**	**79**
Dividends received by the Group	64	1

In the Group's consolidated financial statements, the share in Huazhu Group Ltd's net profit is based on the 12-month period ending at September 2019. The company issues its financial statements after Accor's publication deadlines.

To the best of the Group's knowledge, there are no material restrictions on the ability of any associate or joint venture to transfer funds to Accor in the form of cash dividends or to repay any loans other liabilities.

NOTE 6 OTHER INCOME AND EXPENSES

Accounting policy

In order to facilitate assessment of the Group's underlying performance, unusual items of income and expenses that are material at the level of the Group and income and expense items which, by definition, do not contribute to the Group's operating performance, are presented separately in the income statement on the line "Other income and expenses". This caption is used primarily to report restructuring costs, impairment losses recognized following impairment tests, gains and losses on disposals of non-current assets as well as the impacts related to scope changes (transaction costs, gains and losses arising on disposals of assets and remeasurement of any previously hold interest).

(in millions of euros)	2018*	2019
Impairment losses	(250)	(181)
Reversal of pension provision	-	37
Restructuring expenses	(126)	(8)
Gains and losses on disposal	2	352
Other non recurring income and expenses	(58)	(22)
OTHER INCOME AND EXPENSES	**(432)**	**177**

* *Restated amounts in application of IFRS 5.*

At December 31, 2019, this caption mainly includes:

- impairment losses on hotels assets operated in Australia for €(150) million (see note 7.4.1) and on Mövenpick leased hotels in the process of disposal for €(23) million (see note 2.2.2);
- a provision reversal for €37 million resulting from the freeze of supplementary pension plans in application of the "Pacte Law" in France (see note 4.3.4);
- gains on:
  - disposal of 4.9% of Huazhu Group Ltd's capital for €301 million (see note 2.1.3),
  - disposal of equity investment in Fairmont Claremont in the United States for €32 million,
  - and disposal of 5.2% of AccorInvest's capital for €19 million (see note 2.1.3);
- an expropriation compensation received for €25 million concerning an hotel in the United-Kingdom;
- directly-related costs on acquisitions and integration for €(17) million, notably concerning Mövenpick Hotels & Resorts, Mantra and FRHI.

In 2018, other income and expenses mainly included impairment losses on New Businesses for €(246) million and restructuring costs for €(126) million notably related to transformation plans in Europe and Parisian headquarters, and acquisition costs for €(23) million.

NOTE 7 INTANGIBLE AND TANGIBLE ASSETS

7.1 Goodwill

Accounting policy

Goodwill is initially recorded on business combinations. It is not amortized in subsequent periods, but is tested for impairment at least once a year and as soon as there is an indication that it may be impaired. Goodwill is allocated to the cash generating units (CGU) that are expected to benefit from the synergies of the business combination.

Changes in the carrying amount of goodwill over the period were as follows:

(in millions of euros)	Dec. 2018*	Scope impacts	Translation adjustment & others	IFRS 5 Reclass.	Dec. 2019
Europe	355	-	7	-	362
Mediterranean, Middle East & Africa	233	90	14	-	337
Asia Pacific	497	-	13	-	510
North/Central America & Caribbean	279	-	9	-	288
South America	73	-	(5)	-	68
HOTELSERVICES	1,437	90	38	-	1,565
HOTEL ASSETS & OTHERS	567	(3)	3	(55)	513
NEW BUSINESSES	353	-	(1)	(87)	265
Gross value	**2,358**	**87**	**40**	**(142)**	**2,343**
Impairment losses	(290)	-	(176)	118	(348)
NET BOOK VALUE	**2,068**	**87**	**(136)**	**(24)**	**1,995**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018.*

In 2019, the Group recognized a €90 million provisional goodwill in relation to the acquisition of Rixos Hospitality (see note 2), which was allocated to HotelServices Mediterranean, Middle East & Africa.

The purchase price allocation of Mövenpick Hotels & Resort, acquired on September 3, 2018, was completed over the year. The fair value of net assets acquired amounted to CHF413 million (€367 million) and mainly comprised:

- management agreements concluded with hotels owners for CHF204 million;
- the Mövenpick brand recognized for CHF146 million;
- tangible assets (mainly leasehold improvements) for CHF23 million;
- current assets for CHF137 million of which CHF98 million of cash;
- deferred tax liabilities for CHF30 million;
- provisions for CHF15 million; and
- current liabilities for CHF55 million.

The final goodwill amounted to CHF221 million (€196 million) based on an acquisition price of CHF634 million (€563 million).

It was allocated to the HotelServices business for CHF189 million (€168 million) in Mediterranean, Middle East & Africa (CHF78 million), Europe (CHF70 million) and Asia-Pacific (CHF41 million), as well as Hotel Assets business for CHF32 million (€28 million).

The purchase price allocation of 21c Museum Hotels, acquired on September 28, 2018, and Atton Hoteles, acquired on November 12, 2018, was also completed during the year.

The goodwill recognized for 21c Museum, using the partial goodwill approach, amounted to US$20 million (€17 million). It corresponds to the difference between:

- on one hand, the US$52 million acquisition price and minority interests measured at their share in the net assets' fair value for US$6 million; and
- on the other hand, the US$38 million net assets acquired, mainly comprising management agreements and the 21c brand recognized for respectively US$37 million and US$6 million, and deferred tax liabilities for US$6 million.

Goodwill was allocated to HotelServices North America, Central and the Caribbean.

Regarding Atton Hoteles, final goodwill amounted to 7 billion Chilean pesos (€8 million) based on net assets acquired of 32 billion Chilean pesos (€40 million). The purchase price allocation exercise lead to the recognition of management contracts for 34 billion Chilean pesos (€43 million), the Atton brand for 5 billion Chilean pesos (€7 million) and deferred taxes for 12 billion Chilean pesos (€15 million). Goodwill was allocated to HotelServices South America.

In accordance with IFRS 3 "Business combinations", the values resulting from the final purchase price allocation for these transactions have been adjusted in the restated statement of financial position at December 31, 2018. The impact of these price allocations to depreciations and their effect on income tax in the consolidated income statement for the year 2018 is not material. As a result, the consolidated income statement, statement of comprehensive income and statement of cash flows have not been restated accordingly.

Besides, impairment losses were recognized during the year on certain hotel assets and the room distribution and management of hotel common areas activity in Australia for €150 million (see note 7.4.1) as well as the Mövenpick hotel assets under disposal for €23 million (see note 2.2).

At December 31, 2019, the goodwill related to John Paul and Mövenpick hotel assets under disposal have been reclassified as assets held for sale for a net value of €12 million and €6 million respectively.

7.2 Intangible assets

Accounting policy

In accordance with IAS 38, "Intangible assets", separately acquired intangible assets are measured initially at cost. Identifiable intangible assets acquired in a business combination are measured initially at fair value. After initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses.

Brands and other intangible assets are generally amortized on a straight-line basis over their estimated useful life. These assets are tested for impairment whenever there is an indication that they may be impaired and, at least once a year, for intangible assets, whose useful life cannot be determined.

Software costs incurred during the development phase are capitalized as internally-generated intangible assets if the Group can demonstrate all of the following in accordance with IAS 38, "Intangible assets": (i) its intention to complete the project and the availability of adequate technical, financial and other resources for this purpose, (ii) how the intangible asset will generate probable future economic benefits, and (iii) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets breakdown as follows:

	Dec. 2018*	Dec. 2019		
(in millions of euros)	Net book value	Gross value	Amort. & depreciation	Net book value
Trademarks	1,719	1,867	(52)	1,815
Management contracts	1,003	1,176	(179)	997
Licenses, software	128	347	(251)	96
Customer relationships	72	49	(8)	41
Other intangible assets	131	153	(54)	99
INTANGIBLE ASSETS	**3,053**	**3,592**	**(544)**	**3,049**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

Changes in the carrying amount of intangible assets in 2019 were as follows:

(in millions of euros)	Dec. 2018*	Increase	Disposals	Translation adjustment & others	IFRS 5 Reclass.	Dec. 2019
Trademarks	1,769	48	(0)	58	(8)	1,867
Management contracts	1,129	30	(10)	27	-	1,176
Licenses, software	351	24	(11)	(2)	(15)	347
Customer relationships	81	-	-	0	(32)	49
Other intangible assets	178	53	(0)	(13)	(65)	153
Gross value	**3,508**	**154**	**(20)**	**70**	**(119)**	**3,592**
Accumulated depreciation	(455)	(120)	8	(1)	24	(544)
NET BOOK VALUE	**3,053**	**34**	**(12)**	**69**	**(95)**	**3,049**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

The carrying amount of brands breaks down as follows:

	Déc. 2018 *	Déc. 2019		
(in millions of euros)	Net book value	Gross value	Amort. & depreciation	Net book value
Fairmont	996	1,035	-	1,035
Swissôtel	240	248	-	248
Raffles	146	152	-	152
Mövenpick	130	135	-	135
Mantra	122	124	-	124
Rixos	-	48	-	48
Orient-Express	40	40	-	40
Other trademarks	45	86	(52)	34
TRADEMARKS	**1,719**	**1,867**	**(52)**	**1,815**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

The increase in the carrying value of trademarks mainly results from Rixos trademark acquired during the year, whose value is as included in the net assets acquired before purchase price allocation.

Management contracts relate to the agreements with hotel owners recognized as part of business combinations, mainly in relation to FRHI Hotels & Resort acquired in 2016 (€395 million) and Mantra acquired in 2018 (€244 million). They also comprise the contracts recognized as part of the completion of the purchase price allocation of Mövenpick and 21c for a total of €197 million.

7.3 Property, plant & equipment

Accounting policy

Property, plant & equipment are measured initially at acquisition or production cost. For hotel assets that take a substantial period of time to get ready for their intended use ("qualifying assets" as defined in IAS 23 "Borrowing costs"), the initial cost includes borrowing costs that are directly attributable to these assets. After initial recognition, they are measured at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant & equipment are depreciated on a straight-line basis over their estimated useful lives, determined by the components method, from the date when they are put in service, as follows:

	Economy Hotels	Luxury Upscale and Midscale Hotels
Buildings and related cost	35 years	50 years
Building improvements, fixtures and fittings	7 to 25 years	7 to 25 years
Equipments	5 to 15 years	5 to 15 years

In the case leasehold improvements are undertaken in a leased property asset, the depreciation period is aligned with the duration of the lease agreement of the underlying asset.

Useful lives are reviewed regularly and adjusted prospectively if necessary.

Property, plant & equipment break down as follows:

	Dec. 2018*	Dec. 2019		
(in millions of euros)	Net book value	Gross value	Amort. & depreciation	Net book value
Land	68	25	(5)	20
Buildings	814	643	(144)	500
Leasehold improvements	144	192	(126)	66
Equipment and furniture	106	135	(104)	32
Constructions in progress	51	17	(2)	15
TANGIBLES ASSETS	**1,183**	**1,012**	**(380)**	**632**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

Changes in the carrying amount of tangible assets in 2019 were as follows:

(in millions of euros)	Dec. 2018*	Increase	Decrease	Translation adjustment & others	IFRS 5 Reclass.	Dec. 2019
Land	73	0	-	(0)	(49)	25
Buildings	1,267	9	(14)	18	(636)	643
Leasehold improvements	371	20	(20)	12	(193)	192
Equipment and furniture	332	14	(41)	19	(186)	135
Constructions in progress	57	23	(0)	(29)	(33)	17
Gross value	**2,100**	**66**	**(76)**	**20**	**(1,098)**	**1,012**
Accumulated depreciation	(852)	(83)	46	(10)	564	(335)
Impairment losses	(66)	2	1	1	16	(45)
NET BOOK VALUE	**1,183**	**(15)**	**(29)**	**11**	**(517)**	**632**

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

The decrease in net book value is mainly explained by the reclassification of Orbis, John Paul and Mövenpick's property, plant & equipment as assets held for sale.

7.4 Impairment tests

Accounting policy

The carrying amounts of property, plant & equipment, intangible assets and right-of-use assets are reviewed and tested for impairment when there is any indication that they may be impaired. These tests are performed at least once a year for goodwill and intangible assets for which the useful life cannot be determined.

Criteria used for impairment tests

The criteria considered as indicators of a possible impairment are the same for all businesses:

- 15% drop in revenue, excluding perimeter effects and foreign exchange differences; or
- 30% drop in EBITDA, excluding perimeter effects and foreign exchange differences.

Impairment tests

Each brand is tested for impairment separately. Goodwill is tested for impairment at the level of the cash-generating unit ("CGU") or group of CGUs to which it is allocated for internal management purposes. A CGU corresponds to the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is monitored as follows:

- HotelServices: at the level of the regions as presented in the segment information in note 3.1;
- HotelAssets & others: at the level of the property for Hotel assets and at the level of the activity for other activities conducted in Asia-Pacific (room distribution and management of hotel common areas, timeshare);
- New Businesses: at the level of the business lines (Digital services, Hotel reservation services, Concierge services, Digital sales and Private rentals).

Determination of recoverable value

The recoverable value of a group of CGUs, or a CGU, corresponds to the higher of its fair value less costs to sell and its value in use.

For all activities, except Hotel Assets, the recoverable value of the groups of CGUs is estimated using the value in use. The projection period is limited to five years. Cash flows are discounted at a rate corresponding to the year-end weighted average cost of capital. The projected perpetual growth rate reflects each country/region's economic outlook. Each calculation takes into account the specific features of the country or region concerned.

For the Hotel Assets, recoverable values are first estimated using fair values calculated based on a standard EBITDA multiple. For hotel properties, this method is considered as the most appropriate approach to estimating fair value less costs of disposal, as it most closely reflects the amount that would be expected to be recovered through the sale of the asset. The multiples method consists of calculating each hotel's average EBITDA for the last two years and applying a multiple based on the hotel's location and category. The multiples applied by the Group correspond to the average transaction prices observed on the market and are as follows:

Segment	Multiples
Luxury and Upscale	$8.1 < x < 11.9$
Midscale	$7.8 < x < 12.0$
Economy	$7.6 < x < 12.6$

If the recoverable value is less than the carrying amount, the recoverable value will be recalculated according to the discounted cash flows method.

Impairment loss measurement

If the recoverable value is less than the carrying amount, an impairment loss is recognized in the income statement in "Non-current income and expenses". An impairment loss recognized on an asset other than goodwill may be reversed if there has been a change in circumstances indicating that the impairment loss might have decreased or no longer exists. If this is the case, the carrying amount of the asset is increased to its recoverable value. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

7.4.1 Impairment losses

At December 31, 2019, the impairment tests conducted by the Group lead to recognize impairment losses on certain hotel assets operated in Australia under the Mantra brands (€120 million) and the room distribution and management of hotel common areas activity in Australia (€30 million), recognized in the consolidated income statement as non-current income and expenses. These impairment losses mainly reflect a deterioration of the Australian hotel market in a context of supply overcapacity. They have been fully allocated to goodwill.

7.4.2 Main key assumptions

The value in use of a group of CGUs, or a CGU, is determined by discounting its future cash flows, using the cash flow projections used for the budget preparation, in line with the Group strategic plan. They reflect past experience and take into account external sources of information, such as growth forecasts for the hotel industry or the geopolitical and macroeconomic context of the areas concerned.

The table below presents the main key assumptions used to determine the value in use of groups of CGUs, or each CGU, with significant goodwill and/or intangible assets:

	Dec. 2018		Dec. 2019	
	Perpetual growth rate	Discount rate	Perpetual growth rate	Discount rate
HotelServices Europe	+1.5%	+8.0%	+1.5%	+6.9%
HotelServices Middle East and Africa	+3.0%	+9.2%	+3.0%	+9.7%
HotelServices Asia Pacific	+2.0%	+9.1%	+2.0%	+7.8%
HotelServices North America, Central America & Caribbean	+3.0%	+9.1%	+3.0%	+7.7%
HotelServices South America	+4.0%	+13.6%	+4.0%	+12.6%
New Businesses Digital services	n/a	n/a	+2.0%	+8.0%
New Businesses Hotel booking services	n/a	n/a	+2.0%	+12.0%

The discount rate used for the groups of CGUs of HotelServices business corresponds to the Group's weighted average cost of capital, taking into account the specific risks of the regions, in which it operates. For New Businesses, this is the weighted average cost of capital, as determined by independent experts, in order to take into consideration the specific risks of their activity.

7.4.3 Sensitivity of recoverable values

In order for recoverable values to become equal to carrying amounts, the main assumptions used at December 31, 2019 should be modified as follows (in number of basis points):

	Dec. 2019	
	Discount rate	Growth rate
HotelServices Europe	+3,800 pts	n/a
HotelServices Middle East and Africa	+1,007 pts	-2,153 pts
HotelServices Asia Pacific	+1,551 pts	-5,446 pts
HotelServices North America, Central America & Caribbean	+302 pts	-414 pts
HotelServices South America	+626 pts	-1,151 pts
New Businesses Digital services	+139 pts	-186 pts
New Businesses Hotel booking services	+162 pts	-238 pts

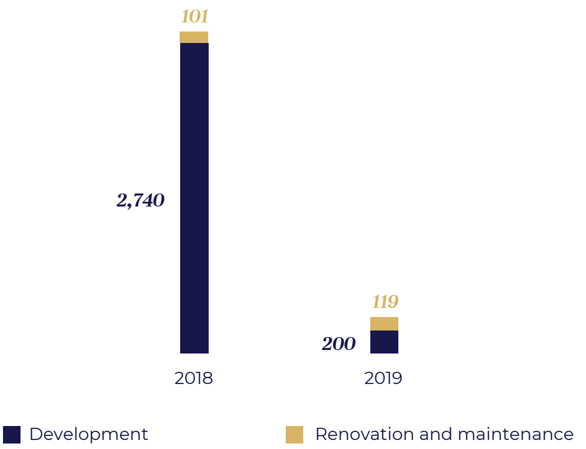
Sensitivity tests on these recoverable values show that a 10% decline in projected discounted operating cash flows would not result in the recognition of any impairment loss.

Concerning Hotel Assets, a simultaneous matching change in the underlying macro-economic environment affecting the EBITDA of all the hotels constituting separate CGUs is highly improbable and a general analysis of sensitivities is not considered relevant. However, if the carrying amounts of certain hotels were to become sensitive to such changes, sensitivity analyses would be disclosed for the main hotels concerned.

7.5 Renovation and maintenance and development expenditure

Accounting policy

- Renovation and maintenance expenditure correspond to capitalized costs for maintaining or improving the quality of assets held by the Group at the beginning of each year as a condition of their continuing operation.
- Development expenditure comprise the acquisition of subsidiaries (amount net of net cash or debt acquired), investments in equity accounted entities, acquisitions of non-current assets and construction of new assets.



In 2019, main development expenditure include:

- €30 million related to the acquisition of a stake in Ken Group;
- €28 million related to the acquisition of an additional 20% stake in Rixos;
- €22 million related to the acquisition of an additional 20% stake in 25hours;
- €30 million related to the acquisition of minority investments.

In 2018, development expenditures mainly comprised the acquisition of the Group head office (€388 million), the liability recognized at December 31, 2018 for the obligation to acquire 33.15% of Orbis €339 million) and the acquisitions of Mantra, Mövenpick Hotels & Resorts, Gekko, Atton Hoteles, 21c Museum Hotels and ResDiary (€1,598 million).

NOTE 8 LEASE CONTRACTS

As indicated in note 1, the Group applied IFRS 16 “Leases” from January 1, 2019 using the modified retrospective approach. Therefore, the comparative information for the 2018 reporting period has not been restated and continues to be reported under the principles of IAS 17 “Leases”.

Accounting policy applicable until December, 31 2018

In the comparative period, leases were classified either as finance leases, when they transferred substantially all of the risks and rewards incidental to ownership to the Group, or operating leases otherwise.

For finance leases, the leased assets were recognized as tangible assets in the statement of financial position at an amount equal to the lower of their fair value and the present value of minimum lease payments. A financial liability was recognized for the same amount. Lease payments were allocated between reduction in the lease liability and interest expense.

Payments made under operating leases (net of any incentive received from the lessor) were charged to income statement on a straight-line basis over the period of the lease.

At December 31, 2018, almost all of the Group’s leases were classified as operating leases.

Accounting policy applicable from January, 1 2019

Definition of a lease

A contract is, or contains, a lease when it conveys the right to use an underlying asset for a period of time, in exchange for consideration. At inception of a contract, the Group assesses whether it meets the two following cumulative conditions to be qualified as a lease: its execution involves the use of an identified asset, and it conveys the right to direct the use of that identified asset.

Leases are recognized on the Group's statement of financial position as follows:

- an asset representing the right to use the underlying asset over the lease term;
- a liability for the obligation to make lease payments.

Right-of-use asset

The right-of-use asset is initially measured at cost at the lease commencement date, *i.e.* the date at which the underlying asset is available for use by the Group. The cost of a right-of-use asset comprises:

- the initial amount of the lease liability recognized;
- lease prepayments made to the lessor, less any lease incentives received;
- initial direct costs incurred; and
- estimated restoration costs of the underlying asset, when applicable.

The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. It is subject to impairment tests in accordance with IAS 36 "Impairment of assets".

Lease liability

The lease liability is initially measured at the present value of lease payments to be made over the lease term.

These lease payments comprise:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease when the Group is reasonably certain to exercise the exit option at the lease commencement date.

The Group applies the practical expedient permitted by the standard allowing not to separate the lease component from other service components included in its property lease agreements. Accordingly, all fixed payments provided for in the lease agreement, whatever their nature, are included in the lease liability.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the commencement date if the interest rate implicit in the lease is not readily determinable. It corresponds to the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment, with similar terms and conditions. This rate is determined based on sovereign bond yields and credit spreads specific to the country in which the leased asset is located and contract maturity, adjusted for a duration factor in order to reflect the pattern of lease payments.

The lease liability is measured at amortized cost using the effective interest method. At each closing date, the lease liability is increased to reflect the accretion of interests and reduced by the lease payments made.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an option to extend or terminate the lease. In such a case, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded to the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

Determination of lease term

The lease term is defined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. Management applies judgement to determine the lease term when lease contracts include renewal options that are exercisable only by the Group. It considers all relevant factors that create an economic incentive to exercise the renewal option, such as the existence of leasehold improvements with a significant remaining value in its leased property assets. After the commencement date, the Group reassesses the lease term if there is a significant event or a change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew, or to terminate the lease.

Short-term leases and leases of low-value assets

The Group applies the recognition exemption for short-term leases (*i.e.* lease with a lease term of 12 months or less from the commencement date) and leases of low-value assets (mainly comprising IT equipment). Associated lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Variable leases payments

Some leases for hotel properties contain contingent rent payments that are based on the hotel's performance, as defined by the agreement. These payment terms are common practice in the Hospitality industry. Variable lease payments are recognized in the income statement in the period in which the condition that triggers those payments occurs.

In the case variable leases include guaranteed amounts payable to the lessor, such guaranteed amounts are considered to be in-substance fixed payments, and are included in the lease liability.

The Group mainly leases lands and buildings for its hotel properties and headquarters. The leases for hotels are typically made for a period from 15 to 20 years, and may include a renewal option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group also identified lease agreements on other assets such as car parks, restaurants and stores located in its hotels and vehicles.

8.1 Right-of-use assets

The table below details the right-of-use assets by category of underlying assets:

	Right-of-use assets			
(in millions of euros)	Buildings	Other property assets	Vehicles	Total
At December 31, 2018	**-**	**-**	**-**	**-**
First application at January 1, 2019	999	71	8	1,078
Additions	155	6	3	163
Derecognitions	(4)	(0)	(0)	(4)
Depreciation expense	(144)	(5)	(3)	(152)
Impairment loss	(2)	-	-	(2)
Foreign exchange impacts	12	0	0	13
IFRS 5 reclassification	(565)	-	-	(565)
AT DECEMBER 31, 2019	**451**	**73**	**8**	**531**

8.2 Lease liability

At December 31, 2019, changes in the lease liability are analyzed as follows:

(in millions of euros)	
At December 31, 2018	**-**
First application at January 1, 2019	1,069
Additions	162
Accretion of interest	22
Payments	(161)
Foreign exchange impacts	13
IFRS 5 reclassification	(558)
AT DECEMBER 31, 2019	**548**

The maturity analysis of lease payments (before discounting impact) is as follows:

(in millions of euros)	2019
Less than 1 year	111
1 to 5 years	320
More than 5 years	163
TOTAL	**594**

8.3 Amounts recognized in the income statement

In 2019, following amounts were recognized in the Group's consolidated income statement in relation to leases:

(in millions of euros)	2019
Rent expense for variable lease payments	(62)
Rent expense for short-term leases and low-value assets	(5)
Depreciation expense and impairment of right-of-use assets	(148)
Interest expense on lease liabilities	(17)
TOTAL	**(232)**

The total expense recognized in 2019 comprises the full year impact of the acquisitions of Mövenpick Hotels & Resorts (September 2018) and Mantra (May 2018), which operate hotel assets under lease agreements.

Variable lease payments relate to leases for hotel properties that are based on the performance of the hotel, notably in Brazil. The Group does not expect the level of variable lease payments to materially change in future periods.

On the comparative 2018 reporting period, the total lease expense, presented as operating expense, amounted to €160 million, of which €148 million in relation to property assets and €12 millions in relation to non-property assets.

The total cash outflow for leases in 2019 was €219 million, excluding the payments related to Orbis' Hotel assets business classified as discontinued operations, of which:

- €135 million presented in cash flows from financing activities for the repayment of lease liability ; and
- €84 million presented in cash flows from operating activities for the payment of interests on lease liability (€17 million) and the payment for leases not recognized in the statement of financial position (€67 million).

NOTE 9 PROVISIONS

Accounting policy

A provision is recognized when the Group has a present obligation (legal, contractual or implicit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, but whose amounts and maturity are uncertain. Provisions are determined based on the best estimate of the expenditure required to settle the obligation, in application of certain assumptions. Provisions are discounted when the effect of the time value of money is material.

Provisions for restructuring costs are recorded when the Group has a detailed formal plan for the restructuring and the plan's main features have been announced to those affected by it as of the period end. Where applicable, the amount of the provision includes late interest and penalties, if any. Other provisions are intended to cover specifically identified risks and claims and litigation arising in the normal course of business.

Movements in provisions over 2019 can be analyzed as follows:

(in millions of euros)	Dec. 2018*	IFRIC 23 reclass.**	Global result	Allowance	Reversal Utilizations	Reversal Unused provisions	Translation adjustment and other	IFRS 5 reclass	Dec. 2019
Pensions and other benefits	102	-	14	14	(11)	(40)	2	(6)	75
Litigation and others	365	(27)	-	28	(38)	(28)	0	(6)	294
Restructuring	107	-	-	3	(32)	(11)	(29)	(2)	36
PROVISIONS	**574**	**(27)**	**14**	**45**	**(80)**	**(78)**	**(27)**	**(14)**	**405**
• Including non-current	125	-	14	17	(14)	(45)	4	(12)	89
• Including current	449	(27)	-	28	(66)	(33)	(31)	(2)	316

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*
** *The reclassification of provisions made as part of IFRIC 23 implementation is detailed in note 15.3.*

Litigation provisions mainly include a provision covering risks associated with guarantees provided as part of AccorInvest disposal, recorded in 2018 for €262 million and partially reversed in 2019 for €39 million.

Changes in restructuring provisions are primarily explained by a €32 million reversal related to the transformation plan in Europe and voluntary departures in France, as well as costs related to FRHI Hotels & Resorts.

Changes in pensions provisions are primarily explained by a €37 million reversal related to the freeze of supplementary pension plans in application of the "Pacte Law" in France (see note 4.3).

NOTE 10 FINANCING AND FINANCIAL INSTRUMENTS

10.1 Financial result

Accounting policy

Cost of net debt includes interest received or paid on loans, receivables and debts measured at amortized cost, and gains and losses corresponding to the ineffective portion of related hedges. It also includes investment income from marketable securities and miscellaneous income from banks.

Other financial income and expenses mainly include gains and losses corresponding to the ineffective portion of hedges, dividend income from non-consolidated companies, exchange gains and losses and movements in provisions.

The financial result is analyzed as follows:

(in millions of euros)	2018*	2019
Interests on bonds and bank borrowings	(57)	(60)
Other interests income and expenses	7	19
Interests on lease liability	-	(17)
Cost of net debt	**(50)**	**(58)**
Other financial income and expenses	(13)	(17)
NET FINANCIAL RESULT	**(63)**	**(75)**

* *Restated amounts in application of IFRS 5.*

The €12 million negative impact is mainly attributable to:

- the booking of a €17 million interests expense resulting from the first application of IFRS 16 “Lease contracts” standard at January 1, 2019, partially offset by an increase in interest income on the loan granted to sbe;
- an increase of €11 million in hedging costs.

Other financial income and expenses include the following items:

(in millions of euros)	2018*	2019
Hedging	(9)	(19)
Exchange gains/(losses)	(6)	(2)
Dividend income	4	5
Movements in provisions	(2)	(1)
OTHER FINANCIAL INCOME AND EXPENSES	**(13)**	**(17)**

* *Restated amounts in application of IFRS 5.*

10.2 Financial market instruments

10.2.1 Details of financial assets and liabilities

Accounting policy

Financial instruments are classified under the categories defined by IFRS 9. The classification of financial assets is based on the nature of their contractual cash-flows as well as the Group's business model for managing the assets.

Financial Assets

- Assets at amortized cost: these are financial assets held to collect contractual cash-flows that consist solely of payments of principal and interests at specified dates. They are initially measured at fair value, and subsequently measured at amortized cost using the effective interest method. This category mainly includes cash, trade receivables, time deposits and loans to non-consolidated entities.
- Assets at fair value through other comprehensive income: these are equity instruments not held for trading, for which the Group had irrevocably elected at initial recognition, and on a line-by-line basis, to present changes in fair value in other comprehensive income. This category mainly comprises investments in non-consolidated companies, initially recorded at cost, and subsequently measured at fair value, with no recycling of gains or losses to income statement upon disposal. Only dividends received are recorded in financial result. The cash flow hedge derivative instruments are also classified in this category.
- Assets at fair value through profit or loss: these include equity instruments, for which the Group had not, when applicable, elected the option of fair value through other comprehensive income as well as all other financial assets qualified as debt instruments that are not included in either of the above categories (in particular, when they do not have a fixed maturity or determinable cash flows). This category mainly includes units in mutual funds (SICAV, FCP) as well as derivatives instruments not eligible for hedge accounting.

Financial liabilities

- Financial liabilities at amortized cost: these are initially recognized at the fair value of the consideration transferred and are subsequently measured at amortized cost using the effective interest method. Transaction costs and premiums directly attributable to the issue of a financial liability are deducted from the initial fair value. Financial liabilities at amortized cost are amortized by the yield-to-maturity method over the life of the liability, based on the effective interest rate. This category consists primarily of bonds, drawdowns on bank lines of credit, bank overdrafts, trade payables and other payables.
- Financial liabilities at fair value through profit or loss: these are financial liabilities held for trading. This category corresponds mainly to derivative instruments.

Put options on non-controlling interests

The Group may grant put options to minority (non-controlling) interests on all or part of their investment. These options ("NCI put option") represent a financial liability for the Group. The liability is measured at the present value of the NCI put option' exercise price and a corresponding amount is deducted from shareholders' equity attributable to minority interests. The difference between the present value of the NCI put option and the book value of the minority interests is recorded in shareholders' equity – Group share, as a deduction from reserves. The financial liability is adjusted at each period end to reflect changes in the exercise price of the NCI put option, with a corresponding adjustment to shareholders' equity.

The breakdown of the financial market instruments is as follows:

(in millions of euros)	Breakdown by financial market instrument classes					
	Fair value through P&L	Fair value through equity	Assets at amotized cost	Debt at amortized cost	Dec. 2019	Dec. 2018
Loans	-	-	240	-	240	219
Non-consolidated investments	-	109	-	-	109	74
Deposits	-	-	35	-	35	45
Trade receivables	-	-	649	-	649	617
Cash and cash equivalents	-	525	1,754	-	2,279	2,820
Receivables on disposals	-	-	54	-	54	25
Derivatives	8	-	-	-	8	30
FINANCIAL ASSETS	**8**	**634**	**2,731**	**-**	**3,373**	**3,830**
Bonds	-	-	-	2,416	2,416	2,630
Bank borrowings	-	-	-	290	290	319
Other financial debts	-	-	-	172	172	1,070
Trade payables	-	-	-	441	441	426
Derivatives	33	15	-	-	48	9
FINANCIAL LIABILITIES	**33**	**15**	**-**	**3,318**	**3,366**	**4,453**

10.2.2 Fair value hierarchy

Accounting policy

IFRS 13 establishes a hierarchy of valuation techniques for financial instruments identified as follows:

- Level 1: inputs based on quoted prices (unadjusted) in active markets for a similar instrument;
- Level 2: valorization technique using the observable data in an active market for similar instrument;
- Level 3: prices established using valuation techniques drawing on non-observable inputs.

(in millions of euros)	Dec. 2019		Fair value hierarchy		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-consolidated investments	109	109	-	-	109
Mutual funds units	525	525	525	-	-
Derivatives – assets	8	8	-	8	-
Derivatives – liabilities	48	48	-	48	-

The fair value of mutual fund units corresponds to the period-end net asset values.

The fair value of investments in non-consolidated companies corresponds to the market price for shares traded on an active market or the estimated value for other shares, determined using the most appropriate financial criteria under the circumstances.

The fair value of forward foreign exchange contracts and interest rate and currency swaps corresponds to the market price that the Group would have to pay or receive to unwind these contracts.

10.3 Group net financial debt

10.3.1 Breakdown of net debt

At December 31, 2019, Group net debt amounts to €1,333 million and is analyzed as follows:

(in millions of euros)	Dec. 2018	Dec. 2019
Bonds	2,630	2,416
Negociable commercial paper	-	200
Bank borrowings	319	290
Bonds and bank borrowings	**2,949**	**2,906**
Other financial debts	1,070	172
Derivative financial instruments	9	48
Gross financial debt	**4,027**	**3,126**
Lease liability		548
Total financial debt	**4,027**	**3,674**
• of which, long-term liabilities	2,760	3,281
• of which, short-term liabilities	1,268	393
Cash and cash equivalents	2,820	2,279
Other current financial assets	25	54
Derivative financial instruments	30	8
Financial assets	**2,874**	**2,341**
NET DEBT	**1,153**	**1,333**

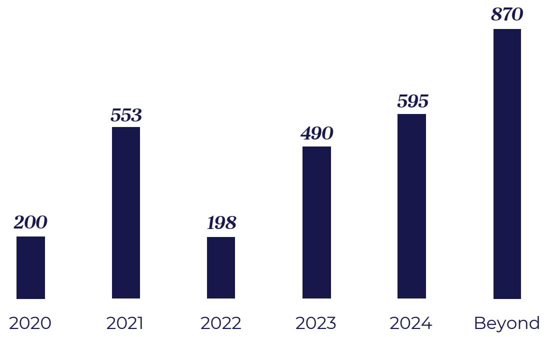
The breakdown of the variation of the period is as follows:

			Other changes					
(in millions of euros)	Dec. 2018	Cash flows	IFRS 16	Translation adjustments	Fair value	IFRS 5	Others	Dec. 2019
Bonds	2,630	(104)		5	-	(117)	1	2,416
Negociable commercial paper	-	200		-	-	-	-	200
Bank borrowings	319	(23)		(1)	-	(4)	(1)	290
Other financial debts	1,070	(864)		5	-	(2)	(38)	172
Derivative financial instruments	9	-		-	(3)	-	43	48
Gross financial debt	**4,027**	**(791)**	**-**	**9**	**(3)**	**(123)**	**5**	**3,126**
Lease liability	0	(161)	1,069	12	-	(558)	184	548
Total debt	**4,028**	**(952)**	**1,069**	**21**	**(3)**	**(681)**	**189**	**3,674**
Cash and cash equivalents	2,820	(419)		16	-	(153)	16	2,279
Other current financial assets	25	26		2	-	(1)	2	54
Derivative financial instruments	30	-		-	-	-	(22)	8
Financial assets	**2,874**	**(393)**	**-**	**18**	**-**	**(154)**	**(4)**	**2,341**
NET DEBT/(CASH)	**1,153**	**(559)**	**1,069**	**4**	**(3)**	**(527)**	**194**	**1,333**

10.3.2 Analysis of gross financial debt

Bonds and bank borrowings by maturity

The maturity profile of bonds and bank borrowings is one of the indicators used to assess the Group's liquidity position. At December 31, 2019, maturities of long and short-term debt were as follows:



In 2019, financial interests on bonds and bank borrowings amount to €60 million. Financial costs are estimated at €50 million for the period from January 2020 to December 2020.

These estimates are based on the average cost of debt at the end of the period, after hedging, assuming that no facilities will be rolled over at maturity.

Analysis of bonds and bank borrowings by currency

	Before hedging			After hedging		
(in millions of euros)	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Euro	2,755	+2%	+95%	1,429	2%	49%
Australian dollar	-	-	-	588	4%	20%
US dollar	-	-	-	333	3%	11%
Swiss franc	138	+2%	+5%	288	1%	10%
Pound sterling	-	-	-	108	1%	4%
Chinese yuan	-	-	-	35	3%	1%
Japanese yen	-	-	-	35	0%	1%
Mauritius rupee	14	+8%	+0%	-	-	-
Other currencies	-	-	-	90	3%	3%
BONDS AND BANK BORROWINGS	**2,906**	**+2%**	**+100%**	**2,906**	**+2%**	**+100%**

Analysis of bonds and bank borrowings by interest rate (after hedging)

At 31 December 2019, 80% of long and short-term debt was fixed rate, with an average rate of 1.8%, and 20% was variable rate, with an average rate of 4%. At December 31, 2019, fixed rate debt was denominated primarily in Euro (49%).

Breakdown of bonds

Bonds at December 31, 2019 break down as follows:

Nominal amount	Local currency	Date of issuance	Maturity	Initial interest rate (%)	Dec. 2018	Dec. 2019
600	M EUR	January 2017	January 2024	1.25%	594	595
600	M EUR	February 2019	February 2026	1.75%	0	580
900	M EUR	February 2014	February 2021	2.63%	904	552
500	M EUR	September 2015	September 2023	2.38%	488	491
150	M CHF	June 2014	June 2022	1.75%	133	138
60	M EUR	December 2014	February 2021	1.68%	60	60
600	M EUR	March 2013	March 2019	2.5%	335	-
300	M PLN	June 2015	June 2020	2.76%	70	-
200	M PLN	July 2016	July 2021	2.69%	47	-
BONDS AND BANK BORROWINGS					**2,630**	**2,416**

On February 4, 2019, the Group issued a 7-year bond for €600 million, with an annual coupon of 1.75%. The Group took advantage of favorable conditions on the credit market to optimize its cost of debts and lengthen the average maturity of its debt. This new bond enabled the Group to redeem the bond maturing in March 2019 and to partially repurchase €350 million on bonds maturing in 2021 issued in February 2014.

The exchanged portion of the bond issued has been analyzed as a modification of the existing debt as the terms and conditions have not been substantially modified.

At December 31, 2019, Orbis' bonds are presented in "Assets held for sale" (see note 2.2.1).

Covenants

None of the loan agreements include any rating triggers for early repayment. However, certain loan agreements include acceleration clauses that may be triggered in the event of a change of control, following the acquisition of more than 50% of outstanding voting rights. Among the €2,906 million bonds and bank borrowings, a total of €2,628 million worth is subject to such clauses. In the case of bonds, the acceleration clause can be triggered only if the change of control leads to Accor' credit rating being downgraded to non-investment grade.

Note, however, that in the case of the syndicated loan negotiated in June 2018, the early redemption clause can be triggered if Accor does not comply with the leverage ratio covenant (consolidated net debt to consolidated EBITDA before application of the IFRS 16 "Leases").

In addition, in the case of the €300 million mortgage loan negotiated in October 2018 to fund the acquisition of the headquarter building of the Group, the early redemption clause can be triggered if the Société Civile Immobilière Sequana does not comply with the Loan-to-Value (debt to the value of the asset) and Interest cover ratios.

None of the loan agreements include a cross default clause requiring immediate repayment in the event of default on another facility. Cross acceleration clauses would be triggered solely for borrowings and only if material amounts were concerned.

Unused confirmed credit line

At December 31, 2019, the Group has a revolving credit facility for EUR 1,200 million (maturity in June 2023)

10.3.3 Current financial assets

At December 31, 2019, current financial assets break down as follows:

(in millions of euros)	Dec. 2018	Dec. 2019
Other negotiable debt securities	1,718	1,528
Mutual funds units convertible into cash	833	525
Cash	268	227
Cash and cash equivalents	**2,820**	**2,279**
Short-term loans	20	54
Receivables on disposals of assets	5	0
Other current financial assets	**25**	**54**
Derivative financial instruments	30	8
CURRENT FINANCIAL ASSETS	**2,874**	**2,341**

10.4 Other non-current financial assets

	Dec. 2018	Dec. 2019		
(in millions of euros)	Net book value	Gross value	Depreciation	Net book value
Long-term loans	219	246	(6)	240
Deposits	45	35	-	35
Non-current assets at amortized cost	**264**	**281**	**(6)**	**275**
Non-consolidated investments	74	109	n.a.	109
Non-current assets at fair value	**74**	**109**	**n.a.**	**109**
TOTAL	**339**	**390**	**(6)**	**383**

10.4.1 Long-term loans

On December 31, 2019, long-term loans breakdown is as follows:

(in millions of euros)	Dec. 2018	Dec. 2019
SBE	175	202
Hotels, Asia-Pacific	21	17
Others	24	21
TOTAL	**219**	**240**

At December 31, 2019, long-term loans mainly consisted of a loan to sbe for an amount of €202 million, at a rate interest from 5.5% to 7.75%. Interests on this loan are capitalized.

10.4.2 Non-consolidated investments

Investments in non-consolidated companies breakdown is as follows:

(in millions of euros)	Dec. 2018	Dec. 2019
A-Htrust/Ascott Residence Trust	23	32
Raise Investment	13	14
Banyan Tree Hotels	15	11
Others	24	52
TOTAL	**74**	**109**

The change in fair value of investments in non-consolidated companies during the year amounted to €4 million.

10.5 Derivative financial Instruments

Accounting policy

Derivative financial instruments are used to hedge exposures to changes (to which it is confronted in the frame activities) in interest rates and exchange rates.

These instruments are recognized in the consolidated statement of financial position and measured at fair value as follows:

- the fair value of currency derivatives is determined based on the forward exchange rate at the period end;
- the fair value of interest rate derivatives is equal to the present value of the instrument's future cash flows, discounted at the interest rate for zero-coupon bonds.

The accounting treatment of changes in fair value of derivative instruments depends on whether or not they are qualified as hedge accounting.

Derivative instruments designated as hedging instruments

The Group applies three types of hedge accounting:

- fair value hedges of assets and liabilities that are measured at fair value in the statement of financial position. Gains or losses arising from changes in the fair value of the underlying asset or liability are recorded in profit or loss and are offset by the effective portion of the loss or gain on the fair value hedge;
- cash flow hedges: The effective portion of the gain or loss on the derivative instrument is initially recognized in "Other comprehensive income" and subsequently reclassified to the income statement when the hedged item affects profit or loss. The ineffective portion of the gain or loss is recognized directly in financial result;
- hedge of a net investment in a foreign operation: The effective portion of the gain or loss on the hedging instrument is initially recognized in "Other comprehensive income" and subsequently reclassified to the income statement on disposal of the investment, either on a full-basis, in case of derecognition, or up to the Group share otherwise. The ineffective portion of the gain or loss is recognized directly in financial result.

Hedge accounting is applied when, at the inception of the hedging relationship, there is a formal designation and documentation of the hedging relationship, and the hedging relationship meets all of the hedge effectiveness requirements at inception and throughout the duration of the hedge.

Other derivative instruments

Other derivative instruments are measured at fair value, with changes in fair value recognized in net result.

At December 31, 2019, derivatives financial instruments are as follows:

(in millions of euros)	Dec. 2018	Dec. 2019
Interest rate hedging instruments	10	8
Foreign currency hedging instruments	20	-
Derivatives financial instruments – assets	**30**	**8**
Interest rate hedges	9	16
Currency Hedging	-	32
Derivatives financial instruments – liabilities	**9**	**48**

10.5.1 Foreign currency hedging

At December 31, 2019, characteristics of the foreign currency hedging instruments are as follows:

(in millions of euros)	Dec. 2019 Nominal amount	Dec. 2019 Fair value
Zloty (PLN)	1,072	(3)
Australian dollar (AUD)	588	(13)
American dollar (USD)	333	(15)
Swiss franc (CHF)	150	1
British pound (GBP)	108	(3)
Others	129	0
FOREIGN CURRENCY	**2,380**	**(32)**

For each currency, the nominal amount corresponds to the amount of currency sold or purchased forward. Fair value corresponds to the difference between the amount sold or purchased in this currency (converted at the period-end forward exchange rate) and the amount purchased or sold in the counter currency (converted at the period-end forward exchange rate).

At December 31, 2019, the main covered positions are the following:

- hedging of an AUD$ 900 million intercompany loan through a EUR/AUD cross currency swap maturing in December 2028 (designated as cash flow hedge);
- forward sale concerning Orbis disposal project for a nominal amount of PLN 4,845 million, *i.e.* €1,100 million (designated as cash flow hedge);
- hedging of the financing granted to sbe for a nominal amount of USD$ 202 million, maturing in 2021 (designated as fair value hedge);
- hedging of assets in Swiss Franc following Mövenpick Hotels & Resorts acquisition (designated as net investment hedge).

All other currency hedging instruments purchased by the Group relate to intercompany loans loans granted or received in foreign currencies.

At December 31, 2019, the total fair value of currency derivatives was €32 million, recorded in liabilities.

10.5.2 Interest rate hedging

At December 31, 2019, the characteristics of the interest rate hedging instruments are the following:

(in millions of euros)	Dec. 2019 Nominal amount	Dec. 2019 Fair value
Rate swaps	594	(12)
INTEREST RATE HEDGING	**594**	**(12)**

Hedging instruments on interest rates all have a term beyond 2020.

The notional amount corresponds to the amount covered by the interest rate hedge. Fair value corresponds to the amount that would be payable or receivable if the positions were unwound on the market.

The portfolio comprises mainly:

- interest rate swaps converting interest on part of the Group's bond debt to variable rate, designated as fair value hedge (fair value of the swap: €8 million);
- interest rate swaps fixing interest on the €294 million mortgage loan set up for the acquisition of the head office completed in October 2018, designated as cash flows hedge (fair value of €(20) million);

At December 31, 2019, the total fair value of rates derivatives was €12 million, recorded in liabilities.

NOTE 11 INCOME TAX

Accounting Policy

Income tax expense (or benefit) includes both current and deferred tax expense.

Deferred taxes are recognized using the liability method on temporary differences between the carrying amount of assets and liabilities and their tax base. They are measured using the tax rates enacted or substantively enacted by the end of the reporting period that are expected to apply to the period when the asset is realized or the liability is settled. The effects of changes in tax rates (and tax laws) are recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive items, for the period in which the rate change is announced.

Deferred tax assets are recognized only to the extent that they can be utilized against future taxable profits. The recoverability of deferred tax assets is reviewed periodically by taxable entity. Based on the results of the review, previously recognized deferred tax assets may be derecognized. The recoverability of deferred tax assets is assessed based on business plans prepared the Group companies, taking into account projected taxable profits (usually over a five-year period), past experience and local legal and tax environment.

The Group recognizes deferred taxes on the temporary differences resulting from the assets and liabilities recognized in relation to its lease agreements. On initial recognition, there is no temporary difference as the values of the asset equals the value of the liability. Subsequently, a deferred tax is recognized for the net amount of taxable and deductible temporary differences.

The tax assessed on the value added by the business ("CVAE") is included in the income tax for the year.

The Group applies the IFRIC 23 guidance for income tax :

- a liability is recognized in the consolidated statement of financial position when a tax risk arising from positions taken by the Group, or one of its subsidiary, is considered as probable, assuming that the tax authorities have full knowledge of all relevant information when making their examination;
- the Group determines the level, which is the more relevant, to assess a tax risk considering the specific facts and circumstances and the nature of the risk considered;
- when applicable, the liability recognized corresponds to the amount expected to be paid, and is measured using the method, which reflects the Group's best estimate of the underlying risk.

11.1 Income tax in consolidated income statement

11.1.1 Income tax expense for the period

(in millions of euros)	2018*	2019
Current tax	(143)	(136)
Deferred tax	34	(2)
INCOME TAX	**(109)**	**(138)**

* *Restated amounts in application of IFRS 5.*

11.1.2 Income tax expense analysis

(in millions of euros)		2018	2019
PROFIT BEFORE TAX	(A)	90	603
Non deductible impairment losses		225	174
Tax on share of profit (loss) of associates		30	32
Others		14	6
TOTAL PERMANENT DIFFERENCES	(B)	269	212
UNTAXED PROFIT AND PROFIT TAXED AT A REDUCED RATE	(C)	91	(444)
Profit taxed at standard rate	**(D) = (A) + (B) + (C)**	**450**	**371**
STANDARD TAX RATE IN FRANCE	(E)	+34.4%	+34.4%
TAX AT STANDARD FRENCH TAX RATE	(F) = (D) X (E)	(155)	(128)
• Differences in foreign tax rates		39	8
• Unrecognized tax losses for the period		(68)	(40)
• Utilization of tax loss carryforwards		13	24
• Share of profit (loss) of associates		30	32
• Net charges to/reversals of provisions for tax risks		0	(2)
• Company value-added contribution (CVAE)		(6)	(6)
• Changes in tax rates		16	(1)
• Other items		22	(25)
TOTAL EFFECTS ON TAX AT STANDARD FRENCH TAX RATE	(G)	46	(10)
INCOME TAX EXPENSE	**(H) = (F) + (G)**	**(109)**	**(138)**

* *Restated amounts in application of IFRS 5.*

At December 31, 2019, the income tax rate remains unchanged at 34.43%, including “contribution sociale de solidarité” tax of 3.3% based on the standard tax rate in France 33.3%.

11.2 Deferred tax assets and liabilities

The main natures of deferred tax assets and liabilities are the following:

(in millions of euros)	Dec. 2018*	Dec. 2019
Intangible assets	(564)	(570)
Property, plant and equipment	(17)	(14)
Recognized tax losses	66	67
Provision for employee benefits	39	33
Provision for contingencies	62	63
Impairment losses	8	5
Others	32	30
TOTAL NET DEFERRED TAX	**(374)**	**(386)**
• Deferred tax assets	199	218
• Deferred tax liabilities	(573)	(604)

* *Restated amounts following the finalization of purchase price allocation of groups acquired in 2018 (see note 7.1).*

Deferred taxes liabilities on intangible assets mainly concern the FRHI Group acquired in 2016.

Deferred tax assets recognized on provision for contingencies are mainly related to the provision of €224 million set up to cover the future risks associated with the guarantees provided on AccorInvest disposal.

11.3 Unrecognized deferred tax

Unrecognized deferred tax assets amount to €439 million at December 31, 2019 (€420 million at December 31, 2018). They mainly correspond to evergreen tax loss carry-forwards in Luxembourg (€133 million), in France (€101 million), in Belgium (€84 million) and in the US (€33 million).

Unrecognized deferred tax assets will expire in the following periods if not utilized:

(in millions of euros)	Deductible temporary differences	Tax loss carryforwards	Total
From 2018 to 2021	1	19	20
2022 and beyond	-	2	2
Evergreen	4	412	417
TOTAL	**5**	**433**	**439**

NOTE 12 SHAREHOLDERS' EQUITY AND EARNING PER SHARE

Accounting policy

Shareholders' equity is attributable to two categories of owners: owners of the parent (Accor SA shareholders) and owners of non-controlling interests (minority interests).

Transactions with minority interests

Transactions with minority interests leading to a change in a parent's ownership interest in a subsidiary that does not result in the parent losing control of the subsidiary are equity transactions (*i.e.* transactions with owners in their capacity as owners). If an additional interest is acquired in a controlled company, the difference between the purchase price of the shares and the additional share of net assets acquired is recognized in shareholders' equity, Group share. The carrying amount of the subsidiary's assets and liabilities, including goodwill, is unchanged.

Equity instruments

The classification in shareholders' equity depends on the specific analysis of the characteristics of each instrument issued by the Group. An instrument is classified as an equity instrument if it does not include any contractual obligation to pay cash or another financial asset to the holder. In particular, instruments that are redeemable at the Group's initiative and that entitle holders to a dividend are classified in shareholders' equity.

12.1 Shareholders' equity

12.1.1 Shareholders

At December 31, 2019, Jin Jiang is Accor' leading shareholder with 11.6% of the share capital corresponding to 15.8% of voting rights. Moreover, following the acquisition of the FRHI Group, whose capital was held by Qatar Investment Authority (QIA) and Kingdom Holding Company (KHC), these companies became shareholders of Accor SA in July 2016 and respectively hold 10.9% and 6.1% of the Company's share capital, representing 16.9% and 9.2% of voting rights.

Harris Associates also holds 7.3% of the Company's share capital and 5.6% of voting rights.

Finally, Huazhu Group Ltd holds 3.1% of the Company's share capital and 2.4% of voting rights.

12.1.2 Changes in share capital

At December 31, 2019, Accor SA's share capital was made up of 270,932,350 shares with a par value of €3 each, all fully paid. Changes in the number of outstanding shares during 2019 were as follows:

(in number of shares)	2019
Number of issued shares at January 1, 2019	**282,607,800**
Performance shares vested	844,250
Employee ownership plan	613,058
Shares issued on exercise of stock options	258,944
Shares cancelled	(13,391,702)
NUMBER OF ISSUED SHARES AT DECEMBER 31, 2019	**270,932,350**

On December 19, 2019, the Group carried out an employee rights issue as part of the Share 19 employee share plan. A total of 613,058 new shares with a par value of €3 were issued at a price of €33.11 per share. Share premiums recorded in 2019 totaled €18 million. This amount represents the difference between the par value of the new shares and the issue proceeds received by Accor net of share issuance costs.

12.1.3 Distribution of dividends

On May 14, 2019, the Group paid a dividend of €1.05 per share for 2018 financial year results in the form of a cash payment of €283 million.

12.1.4 Perpetual subordinated notes

On January 24, 2019, Accor placed a €500 million perpetual hybrid bond with a 4.375% coupon. On October 23, 2019, Accor placed a second €500 million perpetual hybrid bond with a 2.625% coupon. These bond issues enabled the Group to partially repurchase €772 million on the €900 million perpetual subordinated bonds issued in June 2014, with a first call date in 2020 and a fixed coupon until that date, then with a step-up clause every five years.

In accordance with IAS 32 “Financial instruments”, these two bond issues were recorded as an equity instrument in the Group’s consolidated statement of financial position. Accor has an unconditional right to avoid delivering cash: repayment of principal amount is at its sole discretion and payment of coupons is subject to events under its control, such as a decision to pay dividends to holders of ordinary shares.

In 2019, interest payments on perpetual subordinated notes amounted to €42 million. These payments are analyzed as a profit distribution.

12.1.5 Share buy-back program

As authorized by the Annual General meeting on April 20, 2018, the Group implemented a share buy-back program over a two-year period, through investment services providers, that would cover up to a maximum of 29 million shares.

As at December 31, 2018, the Group had acquired 9,240,421 shares of which:

- 8,378,765 shares at an average price of €42.4947 per share for the first tranche. These shares were then cancelled by way of capital decrease completed on December 31, 2018;
- 861,656 shares at an average price of €36.1091 per share for the second tranche launched on December 20, 2018. Those shares have been cancelled in 2019.

During 2019, the Group completed the second tranche of the program and acquired 12,530,046 shares at an average price of €37.4076 per share. These shares were cancelled by way of capital decrease completed on June 28, 2019.

12.1.6 Consolidated reserves

Items recognized directly in shareholders’ equity Group share are the followings:

(in millions of euros)	Dec. 2018	IFRIC 23	Change	Dec. 2019
Currency translation reserve	(321)	-	158	(163)
Changes in fair value of financial Instruments	(43)	-	17	(25)
• of which non-consolidated investments	(27)	-	17	(11)
• of which derivative instruments	(15)	-	1	(15)
Reserve for actuarial gains/losses	(90)	-	(24)	(114)
Share based payments	239	-	29	268
Retained earnings and others	3,317	(38)	829	4,108
RESERVES – GROUP SHARE	**3,102**	**(38)**	**1,010**	**4,074**

12.1.7 Currency translation reserve

The currency translation reserve breaks down as follows:

(in millions of euros)	2018	Change	2019
British sterling (GBP)	(124)	3	(121)
Brazilian real (BRL)	(92)	(1)	(93)
Chinese yuan (CNY)	(40)	7	(33)
Canadian dollar (CAD)	(54)	66	12
Polish zloty (PLN)	16	8	25
Swiss franc (CHF)	6	23	28
United States dollar (USD)	58	23	81
Other currencies	(92)	24	(68)
CURRENCY TRANSLATION RESERVE	**(322)**	**154**	**(168)**
• Of which Group share	(321)	158	(163)
• Of which Minority interests	(1)	(4)	(5)

Exchange differences on 2019 represent a positive impact of €154 million, mainly explained by the appreciation of the Canadian dollar (€66 million), the Swiss franc (€23 million) and the US dollar (€23 million).

The period-end euro/local currency exchange rates applied to prepare the consolidated financial statements were as follows:

	GBP	BRL	CNY	CAD	PLN	CHF	USD
December 2018	0,8945	4,4440	7,8751	1,5605	4,3014	1,1269	1,1450
December 2019	0,8571	4,5220	7,7652	1,4577	4,2609	1,0870	1,1075

For the period presented, the Group has no significant subsidiaries in hyper-inflationary economies.

12.2 Minority interests

12.2.1 Breakdown of minority interests

Minority interests break down as follows:

(in millions of euros)	Dec. 2018*	Change	Dec. 2019
Orbis Group	72	7	79
Others minority interests	43	27	70
MINORITY INTERESTS	**115**	**33**	**148**

* *Restated amounts following the finalization of price purchase allocation of groups acquired in 2018 (see note 7.1).*

The change over the period is mainly explained by the recognition of Rixos Hotels & Resorts's minority interests for €25 million following the takeover of Accor (see note 2).

12.2.2 Information about material minority interests

Material minority interests mainly concern Orbis, of which the Group holds 85.8% of the capital and voting rights. In the frame of Orbis disposal project, the detailed financial information are presented in note 2.2.1.

Minority interests in other subsidiaries are not individually material.

To the best of the Group's knowledge, no minority shareholders have any particular protective rights that could materially affect Accor' ability to use and dispose of its subsidiaries' assets or use and settle their liabilities.

12.3 Diluted earnings per share

Accounting policy

Basic earnings per share are calculated by dividing net profit Group share, less interest paid to holders of subordinated notes, by the weighted average number of shares outstanding during the year.

Diluted earnings per share are determined by adjusting the weighted average number of shares for the effects of all potentially dilutive instruments (stock options and performance shares). Stock options are considered as potentially dilutive if they are in the money. The adjustment is performed using the treasury stock method.

Earnings per share are calculated as follows:

(in millions of euros)	2018	2019
Net profit, Group share	**2,233**	**464**
Interests on perpetual subordinated bonds	(37)	(42)
Adjusted Net profit, Group share	**2,196**	**422**
Weighted average number of ordinary shares	288,491,096	271,823,856
Fully diluted weighted average number of shares	289,007,464	272,289,941
EARNINGS PER SHARE *(in euros)*	**7.61**	**1.55**
DILUTED EARNINGS PER SHARE *(in euros)*	**7.60**	**1.55**

At December 31, 2019, the weighted average number of ordinary shares is computed as follows:

Outstanding shares	**270,932,350**
Effect of share issued	(982,753)
Effect for stock option plans exercised during the period	(79,534)
Cancellation of shares	6,530,748
Weighted average number of ordinary shares	**276,400,811**
Weighted average number of ordinary shares excluding treasury shares	(4,576,956)
Weighted average number of ordinary shares excluding own shares	**271,823,856**
Number of shares resulting from the exercise of stock options	74,596
Number of shares resulting from performance shares granted	391,490
Fully diluted weighted average number of shares	**272,289,941**

NOTE 13 UNRECOGNIZED ITEMS

13.1 Off-Balance Sheet commitments

Accounting policy

Commitments given and received by the Group correspond to outstanding contractual obligations that are conditional upon the satisfaction of future conditions or the completion of future transactions. At December 31, 2019, to the best of the Group's knowledge, there were no commitments likely to have a material effect on the Group's current or future situation other than those disclosed in this note.

13.1.1 Commitments given

Off-balance sheet commitments (which are not discounted) given at December 31, 2019 break down as follows:

(in millions of euros)	Less than 1 year	1 to 5 years	Beyond 5 years	Total
Commitments given in the normal course of business	51	46	17	114
Commitments increasing net debt	26	21	8	55
Commitments related to development	3	6	-	9
COMMITMENTS GIVEN	**79**	**73**	**25**	**177**

Commitments given for current operations are mainly composed of key money, of which €49 million concerned Fairmont hotels and €12 million for Australian hotels.

Following IFRS 16 application, lease commitments related to headquarters and hotels assets are now recognized in the Group statement of financial position (see note 15).

Commitments given related to assets held for sale and discontinued activities amount to €222 million including lease commitments for contracts not yet started for Mövenpick hotel assets (€164 millions).

13.1.2 Commitments received

Off-balance sheet commitments received (not discounted) at December 31, 2019 break down as follows:

(in millions of euros)	Less than 1 year	1 to 5 years	Beyond 5 years	Total
Guarantees received in the normal course of business	5	4	5	14
COMMITMENTS RECEIVED	**5**	**4**	**5**	**14**

The guarantees received in the normal course of business mainly correspond to bank guarantees.

13.2 Litigations, contingent assets and liabilities

Accounting policy

A contingent asset or liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent assets and liabilities are not recognized in the statement of financial position but are disclosed in the notes to the financial statements.

In the normal course of business, the Group may be exposed to claims, litigation and legal proceedings. All known outstanding claims, litigation and legal proceedings involving Accor or any Group company were reviewed at the period-end and all necessary provisions were set aside to cover the estimated risks. To the best of management's knowledge, there are no contingent liabilities that could have a material adverse effect on the Group's financial position or business.

The main outstanding claims and litigations are presented below.

Litigation Dividend withholding tax

In 2002, Accor SA mounted a legal challenge to its obligation to pay "précompte" dividend withholding tax on the redistribution of European source dividends on the grounds that it breached European Union rules.

In the dispute between Accor SA and the French State, on December 21, 2006 the Versailles Administrative Court ruled that Accor SA was entitled to a refund of the "précompte" dividend withholding tax paid in the period 1999 to 2001, in the amount of €156 million. The amount of €156 million was refunded to Accor SA during the first half of 2007, together with €36 million in late interest due by the French State. The French State appealed the ruling at Court of Appeal, however the Versailles Administrative Court confirmed Accor SA's right to the refund. As the State had not yet exhausted all avenues of appeal, a liability was recognized for the amounts received and the financial impact of the rulings by the Versailles Administrative Court and Court of Appeal was not recognized in the financial statements.

Before ruling on the French State's appeal, the French Supreme Court of Appeal applied to the European Court of Justice (ECJ) for a preliminary ruling on the issue. The ECJ held that the French *précompte*/tax credit system restricts the freedom of establishment and free movement of capital.

In its ruling handed down on December 10, 2012, the French Supreme Court of Appeal considered that the dividend tax credit and *précompte* withholding tax systems had been shown to be incompatible and restricted Accor SA right to a refund of €6 million. Therefore, Accor SA refunded to the French state €185 million including the late interest in the first semester of 2013. Accor has noted the Supreme Court of Appeal's decision and intends to continue to use the avenues available to it to defend its position in the dispute with the French tax authorities.

On February 7, 2007, Accor SA filed an application originating proceedings in front of the Cergy Pontoise Court on the same grounds, to obtain a refund of the €187 million in "précompte" dividend withholding tax paid in the period 2002 to 2004.

In a ruling handed down on May 27, 2014, the Cergy Pontoise decided the refund to Accor SA €7 million for the principal and €3 million of interest. A liability has been recognized in the statement of financial position since June 30, 2014 in relation to the amounts received as Accor SA appealed the decision before the Versailles Administrative Court of Appeal on July 23, 2014 and the ruling is therefore not final.

On July 10, 2017, the European Commission summoned France to appear before the EJC due to its failure to comply with the ECJ's ruling referred to above in that the calculation method applied by the French Supreme Court to Accor and other companies restricted their right to a refund of the "précompte". A EUCJ decision on October 4, 2018 convicted again the French state on the "précompte" refund litigations. An answer of the French state is expected the earliest possible.

Tax audit at Accor SA

On December 26, 2013, the tax authorities notified the Company of proposed adjustments to its 2010 and 2011 accounts. The tax authorities were challenging the independent valuation of the Accor Services brands that was used by Accor SA to calculate the capital gain on the brands contributed at the time of the Group's demerger in 2010 and they have also queried the alleged waiver by Accor SA of income due by its wholly-owned Brazilian subsidiary, Hotelaria Accor Brasil S.A. The total risk including late interest is estimated at €30 million.

Following Accor SA observations and an appeal to the department head, the tax authorities have only maintained the reassessment concerning the alleged waiver of income from its Brazilian subsidiary, Hotelaria Accor Brasil S.A, This led to a reduction in back taxes due as a result of the reassessments, from €30 million to €8 million (including late interests), of which €4 million paid to the tax authorities in 2015 and the outstanding amount in 2016. As a consequence, the contingency provision has been fully reversed on December 31, 2016.

Accor Group will continue to assert its rights toward the competent authorities and contest this rectification proposal.

Accor Group has gone to the Administrative Court in August 2018 to contest this reassessment. In September 2019, the Group received a partial reimbursement of €1.4 million from tax administration in respect of this dispute.

13.3 Subsequent Events

Share buy-back program

On January 20, 2020, Accor announced it has initiated a share buy-back program, assigned to an investment services provider, for an amount of €300 million. The purchase period goes from January 20, 2020 to June 30, 2020. The purchase price per share shall not exceed the maximum price of €70 set by the Ordinary Shareholders' Meeting held on April 30, 2019. This program aims to complete the share buy-back launched in 2018.

NOTE 14 OTHER INFORMATION

14.1 Related parties

Companies that exercise significant influence over Accor

At December 31, 2019, the following companies exercised significant influence over the Company:

- Jin Jiang, the Company's leading shareholder with 11.6% of the capital and 15.8% of the voting rights;
- Qatar Investment Authority (QIA) and Kingdom Holding Company of Saudi Arabia (KHC), which respectively acquired 10.9% and 6.1% of the Company's capital (representing 16.9% and 9.2% of the voting rights), following the acquisition of FRHI Group by Accor. Pursuant to the agreements signed at the time of this transaction, QIA has two seats on the Board of Directors and KHC has one seat.

The following agreements are considered related party agreements:

- agreement concluded over the second semester 2018 with Katara Hospitality, subsidiary of QIA, with a view to set-up an investment fund (Kasada Capital Management) dedicated to Hospitality in Africa;
- agreement concluded on February 21, 2019 with SASP Paris Saint-Germain Football, owned by Qatar Sport Investment (QSI), subsidiary of QIA, in order to become the principal partner and official jersey sponsor of Paris-Saint-Germain from the 2019/2020 season.

Fully consolidated companies, joint-ventures and associates

Transactions between the Company and its subsidiaries, joint-ventures and associates are concluded in the normal course of business operations. The transactions with subsidiaries are eliminated in the Group's consolidated financial statements. When appropriate, the main transactions with equity accounted investments are mentioned directly in the associated notes (see notes 3.1, 9 and 10.4).

Members of the Executive Committee and the Board of Directors

Transactions with members of the Executive Committee and Board of Directors are presented in note 4.

All transactions with companies in which a member of the Executive Committee or the Board of Directors holds material voting rights are conducted in the normal course of business on arm's length terms and are not material.

14.2 Fees paid to auditors

The total amount of auditors' fees booked in the Group's income statement for the years 2018 and 2019 breaks down as follows:

	2018			2019		
(in millions of euros)	**Deloitte**	**EY**	**Total**	PwC	EY	Total
FEES RELATED TO CERTIFICATION OF ACCOUNTS						
Issuer	0.5	0.6	1.2	0.7	1.2	1.9
Fully consolidated subsidiaries	1.5	1.4	2.8	1.3	1.7	3.0
Subtotal	**2.0**	**2.0**	**4.0**	**1.9**	**2.9**	**4.9**
FEES FOR SERVICES OTHER THAN CERTIFICATION OF ACCOUNTS						
Services required by laws and regulations		-	-	0.0	0.1	0.2
Due diligence services	0.3	0.2	0.5	0.6	-	0.6
Tax services*	0.4	1.0	1.5	0.7	0.6	1.3
Others services**	0.7	0.4	1.1	0.6	0.2	0.8
Subtotal	**1.4**	**1.6**	**3.1**	**1.9**	**0.9**	**2.8**
TOTAL	**3.4**	**3.6**	**7.1**	**3.8**	**3.9**	**7.7**

* *Tax services mainly relate to compliance assignments performed for foreign subsidiaries.*
* *Others services mainly relate to assignments performed in France and abroad by members of respective auditors' networks.*

14.3 Main consolidated companies

The main subsidiaries and equity-accounted investments represent at least 75% of consolidated revenue and EBITDA. The other companies represent individually less than 0.07% of these aggregates.

The Group consolidates under the appropriate method the entirety of its subsidiaries.

To the best of the Group's knowledge, there are no material restrictions on the use and sale by Accor of the assets of subsidiaries controlled by the Group.

ACCOR SA

EUROPE			
ACADEMIE FRANCE	France	FC	100,00 %
IBIS BUDGET	France	FC	97,60 %
MER & MONTAGNE	France	FC	100,00 %
SH DEFENSE GRANDE ARCHE	France	FC	100,00 %
ACCOR HOTELS SWITZERLAND SA	Switzerland	FC	100,00 %
swissotel management gmbh	Switzerland	FC	100,00 %
MÖVENPICK hotels & ressorts management ag	Switzerland	FC	100,00 %
sogemco sa	Switzerland	FC	75,00 %
frhi hotels & resorts S.A.R.L.	Luxembourg	FC	100,00 %
MP HOTELS DEUTSCHLAND GMBH	Germany	FC	100,00 %
accor hotels dEUtschland gmbh	Germany	FC	100,00 %
ACCOR HOTELBETRIEBS GMBH	Austria	FC	100,00 %
ACCOR HOTELS BELGIUM	Belgium	FC	100,00 %
OU SWISSOTEL ESTONIA	Estonia	FC	100,00 %
LEISURE HOTELS - HOTEL AND TOURISTIC ENTERPRISES SA	Greece	FC	100,00 %
ACCOR HOTELS ITALIA S.R.L	Italy	FC	100,00 %
ACCOR HOTELS & community services SPAIN S.L.	Spain	FC	100,00 %
ACCOR HOTELS UK	United Kingdom	FC	100,00 %
ACCOR HOTELS services netherlands	Netherlands	FC	100,00 %
RUSSIAN MANAGEMENT HOTEL COMPANY	Russia	FC	100,00 %
TAMARIS TURIZM TRY	Turkey	FC	100,00 %
ORBIS	Poland	FC	85,84 %
ACCOR PANNONIA hotels ZRT	Hungary	FC	85,78 %
KATERINSKA HOTEL SRO	Czech Rep.	FC	85,84 %
uab hekon	Lithuania	FC	85,84 %
ACCOR HOTELS ROMANIA SRL	Romania	FC	85,84 %
ACCOR PANNONIA SLOVAKIA S.R.O.	Slovakia	FC	85,78 %

SOUTH AMERICA			
HOTELARIA ACCOR BRASIL SA	Brazil	FC	100,00 %
ACCOR HOTELS ARGENTINA SA	Argentina	FC	100,00 %
ACCOR HOTELS CHILE SPA	Chili	FC	100,00 %
SOCIEDAD ANONIMIA DE GESTION HOTELERA DE COLOMBIA	Colombia	FC	100,00 %
ACCOR HOTELS PERU SA	Peru	FC	100,00 %

FC : Fully consolidation
EI : Equity Investment
The percentages correspond to the Group's percentage interest.

AFRICA & MIDDLE EAST			
RIXOS CONSULTANCY FZE	United Araab Emirates	FC	70,00 %
ACCOR AFRIQUE	Africa Structures	FC	100,00 %
ACCOR GESTION MAROC	Morocco	FC	77,99 %
ACCOR HOTEL SAE	Egypt	FC	99,93 %
ACCOR MIDDLE EAST AND AFRICA FZ-LLC	United Araab Emirates	FC	100,00 %
BELLE RIVIERE HOTEL	Mauritius	FC	100,00 %
EL GEZIRAH HOTELS TOURISM CY	Egypt	FC	65,71 %
FRH GULF MANAGEMENT FZ-LLC	United Araab Emirates	FC	100,00 %
RISMA	Morocco	EI	33,34 %
SAUDI FRENCH COMPANY HOTEL MGT	Saoudi Arabia	FC	100,00 %
MÖVENPICK HOTELS & RESORTS MANAGEMENT	United Araab Emirates	FC	100,00 %

ASIA-PACIFIC			
AAPC SINGAPORE PTE LTD	Singapore	FC	100,00 %
AAPC INDIA HOTEL MANAGEMENT PRIVATE LIMITED	India	FC	51,00 %
AAPC PROPERTIES PTY LTD	Australia/NZ	FC	100,00 %
AAPC HONG-KONG CO LTD	Hong-Kong	FC	100,00 %
HUAZHU GROUP LTD	China	EI	5,28 %
MANTRA	Australia/NZ	FC	100,00 %

NORTH, CENTRAL AMERICA & CARIBBEAN			
ACCOR CANADA INC	Canada	FC	100,00 %
SI HOTELERA DE MEXICO	Mexico	FC	100,00 %
ACCOR MANAGEMENT CANADA INC	Canada	FC	100,00 %
ACCOR MANAGEMENT US INC	United States	FC	100,00 %
21C MUSEUM HOTELS	United States	FC	85,00 %
sbe ENTERTAINMENT GROUP	United States	EI	50,00 %

NEW BUSINESSES			
VERYCHIC	France	FC	93,32 %
D-EDGE	France	FC	100,00 %
D-EDGE HOSPITALITY SOLUTIONS PTE LTD	Singapore	FC	100,00 %
JOHN PAUL	France	FC	100,00 %
LIFEALIKE LTD	United Kingdom	FC	100,00 %
GEKKO	France	FC	100,00 %
RESIDIARY	Singapore	FC	100,00 %

ACCOR INVEST			
ACCOR INVEST GROUP	Luxembourg	EI	30,00 %

NOTE 15 ADOPTION OF NEW STANDARDS

This note presents the impacts of the adoption of following new standards at January 1, 2019: IFRS 16 “Leases”, IFRIC interpretation 23 “Uncertainty over Income Tax Treatment” and the amendments to IFRS 9, IAS 39 and IFRS 7 “Interest rate benchmark reform” on the Group’s consolidated financial statements.

15.1 Impacts on financial statements

As indicated in note 1.2, IFRS 16 and IFRIC interpretation 23 were applied retrospectively, with the cumulative effect of initial application recognized in the consolidated statement of financial position at January 1, 2019 without restatement of the comparative information for 2018.

Restated opening statement of financial position

(in millions of euros)	31 Dec. 2018 actual	IFRS 16	IFRIC 23	Jan. 1. 2019 restated
Intangible assets	5,052	(14)	-	5,038
Property, plant & equipment	1,192	-	-	1,192
Right-of-use assets	-	1,078	-	1,078
Non-current financial assets	2,516	-	-	2,516
Deferred tax assets & others	379	-	-	379
Non-current assets	**9,139**	**1,065**	**-**	**10,203**
Current assets	**3,764**	**(4)**	**-**	**3,760**
Assets held for sale	14	1	-	15
TOTAL ASSETS	**12,917**	**1,062**	**-**	**13,979**
Shareholders’ Equity	**6,436**	**-**	**(38)**	**6,398**
Long-term financial debt	2,760	-	-	2,760
Long-term lease liability	-	929	-	929
Non-current provisions	118	-	-	118
Deferred tax liabilities & others	558	-	-	558
Non-current liabilities	**3,435**	**929**	**-**	**4,364**
Short-term financial debt	1,268	-	-	1,268
Short-term lease liability	-	140	-	140
Current provisions	449	-	(27)	422
Current liabilities & others	1,323	(8)	64	1,379
Current liabilities	**3,039**	**132**	**38**	**3,209**
Liabilities with assets held for sale	6	1	-	7
TOTAL LIABILITIES & EQUITY	**12,917**	**1,062**	**-**	**13,979**

15.2 Adoption of IFRS 16

15.2.1 Main impacts of first adoption

From January 1, 2019, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets (notably IT equipment). The Group recognized on its balance sheet lease liabilities representing the obligation to make lease payments and right-of-use assets representing the right to use the underlying assets.

Adoption of IFRS 16 lead to the recognition of lease liabilities amounting to €1,069 million. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at January 1, 2019. The weighted average discount rate applied at transition date was 2.1%.

The lease liabilities at January 1, 2019 can be reconciled to the operating lease commitments at December 31, 2018 as follows:

(in millions of euros)	
Operating lease commitments at December 31, 2018	**1,096**
Add: Contracts that meet the definition of a lease under IFRS 16	178
Add: Rents for extension options reasonably certain to be exercised	94
(Less): Rents for termination options reasonably certain to be exercised	(28)
(Less): Discounting impact	(271)
LEASE LIABILITY AT JANUARY 1, 2019	**1,069**

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognized in the balance sheet at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

15.2.2 Practical expedients applied

When first applying IFRS 16, the Group has used the following practical expedients permitted by the standard:

- the exclusion of initial direct costs for the initial measurement of the right-of-use assets;
- reliance on previous assessments of whether lease contracts were onerous at December 31, 2018 instead of performing an impairment test on right-of-use assets at January 1, 2019;
- the use of hindsight in determining the lease term, where the contracts contain options to extend or terminate the lease.

15.3 Application of IFRIC Interpretation 23

The Group reviewed its income tax treatments in order to determine whether IFRIC Interpretation 23 could have an impact on the consolidated financial statements. In that respect, the Group recognized a €38 million income tax liability, with a corresponding adjustment to retained earnings at January 1, 2019.

Furthermore, the Group reclassified its existing income tax provisions into income tax liabilities.

15.4 Early application of amendments to IFRS 9, IAS 39 and IFRS 7

A fundamental reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In this context, the Group early applied the amendments to IFRS 9, IAS 39 and IFRS 7 "Interest rate benchmark reform", which were issued by the IASB on September 2019 and endorsed by the European Union on January 15, 2020. These amendments, applicable for annual periods beginning on or after January 1, 2020, provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. In particular, they require an entity to assume, during the transition period before the effective application of the reform, that the interest rate benchmark will not be altered in order to assess the "highly probable" requirement on future hedged cash flows and the effectiveness of hedge relationships.

These amendments have been applied retrospectively in accordance with the requirements of IAS 8 "Accounting policies, changes in accounting estimates and errors". The Group identified one hedging relationship that is affected by the reform: an interest rate swap based on 3-month Euribor fixing the interests on the mortgage loan set-up for the acquisition of the Group head office (cash flows hedge). The initial nominal amounts to €300 million. Hedging will end in October 2026. The new provisions allowed the Group to maintain this hedging relationship.

5.2 Statutory auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2019

To the Annual General Meeting of Accor S.A.,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Accor S.A. for the year ended 31 December 2019. These consolidated financial statements were approved by the Board of Directors, on February 19, 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes).

Emphasis of Matter

We draw attention to the following matter described in Note 15 "Adoption of new standards" to the consolidated financial statements which sets out the effects of the mandatory application as from 1 January 2019 of IFRS 16 "Leases" and interpretation IFRIC 23 "Uncertainty over Income Tax Treatments". Our opinion is not modified in respect of this matter.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of intangible assets

Risks identified	Our response
As at 31 December 2019, the net carrying amount of intangible assets amounts to €5,044m, namely 42% of total assets excluding assets held for sale. These fixed assets comprise goodwill (€1,995m), brands (€1,815m) and contracts (€997m) mainly recognized on external growth transactions, as well as other intangible fixed assets (€236m). As described in Note 7.4 to the consolidated financial statements, impairment must be recognized when the recoverable amount of these assets falls below their net carrying amount. The recoverable amount of intangible assets is estimated on the basis of the value in use, the calculation of which is generally based on discounted cash flow projections, for a maximum duration of five years and a perpetual growth rate specific to each Cash Generating Unit (CGU) or group of CGUs to which the assets belong. We have considered the measurement of intangible assets to be a key audit matter, given their significance in the group's consolidated accounts and the methods used to determine their recoverable amount. Indeed, these recoverable amounts are based on the use of significant assumptions, estimates or assessments on the part of Management, in particular concerning projected future cash flows, the estimation of discount rates and long-term growth rates.	Our work notably consisted in: • familiarizing ourselves with the process implemented by Management to assess the intangible assets'valuation and assessing the principles and methods used to determine the recoverable amounts of the CGUs or groups of CGUs to which the intangible assets belong; • assessing, with the support of our valuation experts where needed, the relevance of the valuation models used, the long-term growth rates and the discount rates applied, based on market practices, and verifying, by sampling, the arithmetical accuracy of the valuations used by Management; • substantiating, through discussion with Management, the main assumptions on which the budget estimates underlying the cash flows used in the valuation models are based. In this respect, we have notably compared the estimates of cash flow projections for previous periods with the corresponding actual results, in order to measure the relevance and reliability of the forecasting process; • assessing, for the goodwill and intangible assets presenting a recoverable amount that is close to the net carrying amount, the results of the sensitivity analyses carried out by Management, by comparing them to the results of the analyses performed by us. • assessing the appropriateness of the information disclosed in Note 7.4 "Impairment tests" to the consolidated financial statements.

Assets and liabilities held for sale and discontinued operations

Risks identified	Our response
Within the context of the proposed sale of the Accor group's holding in Orbis and the Mövenpick hotels operated under lease, as described in Note 2.2 "Assets held for sale and discontinued operations", the group considered that the conditions of application of IFRS 5 "Non-current Assets held for Sale and Discontinued Operations", were fulfilled and consequently reclassified the related assets and liabilities as assets and liabilities held for sale as at 31 December 2019 for the total respective amounts of €1,693m (i.e., 96% of the €1,761m of assets held for sale as at 31 December 2019) and €817m (i.e., 97% of the €845m of liabilities held for sale as at 31 December 2019). In addition, the transactions relating to the hotel assets activity of Orbis and having an impact on the group's income statement have been reclassified in a separate line in the income statement entitled "Net profit(loss) from discontinued operations", this activity having been considered by the group as a separate major line of business within the meaning of IFRS 5, as stated in Note 2.2.1 to the consolidated financial statements. The assets and liabilities held for sale as at 31 December 2019 were valued at the lower of their net carrying amount as at the date of reclassification and their fair value less costs to sell, leading to the recognition of an impairment loss of €23m. In view of the significance of these judgments and their impact on the group's consolidated financial statements, we considered the related accounting treatment and presentation of these planned disposals in the consolidated financial statements to be a key audit matter.	Our work consisted mainly in: • assessing the relevance of the application of IFRS 5 regarding the facts and circumstances of these planned disposals; • examining the processes of identification and reclassification of the assets and liabilities as assets and liabilities held for sale in the group's balance sheet as at 31 December 2019, and the reclassification of the transactions affecting the income statement to "Net profit (loss) from discontinued operations; • comparing the net carrying amount of the net assets held for sale with the expected sale price less costs to sell, notably based on the agreements signed with the third-party acquirers before the close of financial year 2019; • assessing the appropriateness of the information disclosed in respect of these transactions in the notes to the consolidated financial statements, in particular Note 2.2 "Assets held for sale and discontinued operations".

Impacts of the first-time application of IFRS 16 "Leases"

Risks identified	Our response
The group has applied IFRS 16 relating to leases since 1 January 2019, opting for the "modified retrospective" transition method. The conditions of this first-time application are detailed in Note 15 "Adoption of new standards" to the consolidated financial statements. This standard modifies the accounting treatment of leases with the recognition, as from the inception of the lease, of a liability in the balance sheet corresponding to the discounted future payments in respect of the fixed portion of the lease payments, in exchange for rights to use the leased asset amortized over the term of the lease. As stated in Note 8 "Leases" to the consolidated financial statements, the impact of the first-time application of the standard as from 1 January 2019 amounts to €1,078m under assets in the balance sheet in respect of the right to use the asset, and €1,069m under liabilities in the balance shset in respect of the lease liablity. We considered the first-time application of IFRS 16 on leases to be a key audit matter due to its impact on the group's consolidated accounts, the complexity of its implementation, and the degree of judgment exercised by Management.	Our work mainly consisted in: • familiarizing ourselves with the process set up by Management to apply the new IFRS 16 standard at the level of the group and its subsidiaries; • assessing the relevance of the accounting estimates and key assumptions made by Management in connection with the adoption of this IFRS standard. To that end, the discount rates applied to determine the lease liabilities have been examined with the support of our valuation experts; • implementing audit procedures, at the level of the subsidiaries, to examine the process which was set-up to collect lease agreements and to assess the consistency of the operating data and key assumptions used by the subsidiaries' management on a representative sample of leases; • verifying the arithmetical accuracy of the calculation of the impacts of transition on the consolidated accounts for all the group's leases and the reconciliation performed by Management with the group's lease liabilities as at 31 December 2018, as set out in Note 15 "Adoption of new standards" to the consolidated financial statements; • assessing the appropriateness of the information set out in Note 8 "Leases" and Note 15 "Adoption of new standards" to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the group given in the Board of Directors' management report, as approved on February 19, 2020. Regarding the events that occurred and the elements known after the date of approval of the consolidated financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the annual general meeting called to decide on these financial statements.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the information pertaining to the group given in the management report, it being specified that, in accordance with article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained in the non-financial statement. This information should be the subject of a report by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Accor S.A. by the annual general meetings held on 30 April 2019 for PricewaterhouseCoopers Audit and on 16 June 1995 for ERNST & YOUNG et Autres.

As at 31 December 2019, PricewaterhouseCoopers Audit was in its first year of engagement and ERNST & YOUNG et Autres was in its twenty-fifth year of engagement.

Prior to ERNST & YOUNG et Autres (formerly Barbier Frinault et Autres), Barbier Frinault et Associés had been statutory auditor since 1970.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Risk Committee

We submit to the Audit and Risk Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, April 2, 2020

The statutory auditors
French original signed by:

PricewaterhouseCoopers Audit		**ERNST & YOUNG et Autres**	
Olivier Lotz	Cédric Haaser	Jean Christophe Goudard	François-Guillaume Postel

5.3 Parent company financial statements and notes

5.3.1 2019 Balance Sheet

Assets

(in millions of euros)	Notes	Dec. 31, 2018 net	Dec. 31, 2019 net
Licenses, trademarks and rights of use	(2-3-4)	105	106
Contractual relationships	(2-3-4-7)	1,007	22
Other intangible assets	(2)	43	83
INTANGIBLE ASSETS		1,155	211
Land	(2-4)	3	3
Buildings	(2-3-4)	3	13
Machinery and equipment	(2-4)	3	3
Other	(2-4)	23	17
Assets under construction	(2)	4	0
Prepayments to suppliers of property and equipment	(2)	-	-
PROPERTY AND EQUIPMENT		36	36
Shares in subsidiaries and affiliates	(2-6-7-19)	6,542	7,384
Loans and advances to subsidiaries and affiliates	(2-7-11-18-19)	1,700	1,398
Other investment securities	(2-6-7-19)	33	56
Other loans	(2-7-11-18)	0	235
Other investments	(2-7-18)	62	1,005
INVESTMENTS		8,337	10,078
Fixed assets		**9,528**	**10,325**
Prepayments to suppliers	(5)	7	28
Trade receivables	(5-7-11-18-19)	332	557
Other receivables	(5-7-11-18-19)	285	261
Marketable securities	(8-11)	1,644	965
Cash and cash equivalents	(11)	971	1,119
Current assets		**3,239**	**2,930**
Accruals and other assets			
Prepaid expenses	(9-18)	8	10
Deferred charges	(9)	32	49
Bond redemption premiums		4	5
Unrealized foreign exchange losses	(10)	43	31
Accruals and other assets		**87**	**95**
ASSETS	**(1)**	**12,854**	**13,350**

Liabilities and equity

(in millions of euros)	Notes	Dec. 31, 2018 net	Dec. 31, 2019 net
Share capital	(13-14)	848	813
Additional paid-in capital	(13-14)	2,166	1,732
Legal reserve	(13)	87	87
Untaxed reserves	(13)	9	9
Other reserves	(13-14)	11	9
Retained earnings	(13)	3,376	3,033
Net profit (loss) for the year	(13)	(60)	208
Shareholders' equity		**6,437**	**5,891**
Proceeds from issue of non-voting securities (perpetual hybrid bonds)	(15)	894	1,120
Other equity		**894**	**1,120**
Provisions for contingencies	(7)	61	78
Provisions for charges	(7)	114	209
Provisions for contingencies and charges		**175**	**287**
Other bonds	(12-16-17)	2,569	2,483
Bank borrowings	(12-17)	271	221
Other borrowings	(12-17-19)	2,045	2,706
Prepayments received for work in progress	(17)	-	-
Trade payables	(12-17-19)	303	474
Accrued taxes and payroll costs	(12-17-24)	86	106
Due to suppliers of fixed assets	(17)	14	12
Other payables	(12-17)	19	23
Liabilities		**5,307**	**6,025**
Deferred income	(9-17)	1	4
Unrealized foreign exchange gains	(10)	40	23
Accruals and other liabilities		**41**	**27**
LIABILITIES AND EQUITY	**(1)**	**12,854**	**13,350**

5.3.2 2019 Income statement

(in millions of euros)	Notes	2018 net	2019 net
Sales of goods and services		992	1,218
NET REVENUE	(20)	992	1,218
Own work capitalized		36	57
Reversals of depreciation, amortization and provisions and expense transfers	(7)	28	114
Other income		3	2
Operating income		**1,059**	**1,391**
Purchases of goods for resale		-	-
Purchases of raw materials and supplies		-	-
Other purchases and external charges		821	1,083
Taxes other than on income		17	19
Wages and salaries	(21)	123	144
Payroll taxes		53	55
Depreciation, amortization and provision expense			
• Depreciation and amortization of fixed assets	(4)	53	62
• Additions to provisions for fixed assets	(7)		-
• Additions to provisions for current assets	(7)	13	6
• Additions to provisions for contingencies and charges	(7)	68	38
Other expenses	(21)	30	39
Operating expenses		**1,178**	**1,446**
OPERATING PROFIT (LOSS)		**(119)**	**(55)**
Share of profits from non-managed joint ventures or transferred losses of managed joint ventures		-	-
Share of losses of non-managed joint ventures and transferred profits from managed joint ventures		-	-
Joint ventures		**-**	**-**
Income from investments in subsidiaries and affiliates	(19)	570	276
Income from investment securities and long-term loans		(0)	15
Other interest income	(19)	10	44
Provision reversals and expense transfers	(7)	78	265
Foreign exchange gains		62	40
Net income on sales of marketable securities		-	0
Financial income		**720**	**640**
Amortization and provisions – financial assets	(7)	436	178
Interest expense	(19)	145	150
Foreign exchange losses		68	37
Net expenses on sales of marketable securities		1	1
Financial expenses		**650**	**366**
NET FINANCIAL INCOME	**(22)**	**70**	**274**

(in millions of euros)	Notes	2018 net	2019 net
RECURRING INCOME (EXPENSE) BEFORE TAX		**(49)**	**219**
Non-recurring income from revenue transactions		1	1
Non-recurring income from capital transactions		2,333	13
Exceptional provision reversals and expense transfers	(7)	36	44
Non-recurring income		**2,370**	**58**
Non-recurring expenses on revenue transactions		1	0
Non-recurring expenses on capital transactions		2,390	77
Exceptional additions to depreciation, amortization and provisions	(7)	9	11
Non-recurring expenses		**2,400**	**88**
NET NON-RECURRING INCOME (EXPENSE)	**(23)**	**(30)**	**(30)**
Income tax expense	(24)	(19)	(19)
TOTAL INCOME		**4,149**	**2,089**
TOTAL EXPENSES		**4,209**	**1,881**
NET PROFIT (LOSS)		**(60)**	**208**

The financial statements of Accor SA have been prepared in accordance with French generally accepted accounting principles, as set out in France's General Accounting Plan (Plan Comptable Général). Unless otherwise specified, all amounts are stated in millions of euros.

The notes below relate to the balance sheet at December 31, 2019 before appropriation of net profit or loss for the year, which shows total assets of €13,350 million, and to the income statement for the year then ended, which shows a net profit of €208 million.

The financial statements cover the 12-month period from January 1 to December 31, 2019.

Accor SA's individual financial statements are included in the consolidated financial statements of the Accor Group.

The preparation of financial statements requires the use of estimates and assumptions that can affect the carrying amount of certain assets and liabilities, income and expenses, and the information disclosed in the notes to the financial statements. These estimates and assumptions are determined by Management based on past experience, the current economic situation and other factors considered reasonable in the circumstances. They may be revised at each reporting date to take into account any change of circumstances or any new information that has come to Management's attention.

The main assumptions and judgments made by Management for the preparation of the financial statements concern the value of investments, the level of provisions for contingencies, claims and litigation and the determination of post-employment benefit obligations and obligations under the ALL loyalty program.

The main assumptions applied by the Company are presented in the relevant notes to the financial statements.

Significant events of 2019 for Accor SA were as follows:

- transfer to the Company of all the assets and liabilities of Profid, the entity responsible for managing the Group's loyalty program for member hotels. On May 27, 2019, the decision was made to dissolve Profid early without launching a liquidation process, by transferring all of its assets and liabilities to its sole shareholder, Accor. The assets and liabilities were transferred at net book value. From a tax perspective, the transaction was subject to the preferential tax regime for mergers, and was retroactive to January 1, 2019. The transaction resulted in a total merger gain of €41 million being recorded in financial income in the accounts of Accor SA ;
- completion of the second tranche of the share buyback program, with the acquisition of 12,530,046 shares at an average price of €37.4076 per share. These shares and those bought back at the end of 2018 were canceled on June 28, 2019, leading to a capital reduction of €499.7 million ;
- acquisition of an additional 33.1% interest in the capital of Orbis for €339 million, raising Accor SA's interest to 80.8% ;
- january 2019 placement of €600 million worth of 1.75% senior bonds maturing in 2026 and €500 million worth of 4.38% perpetual hybrid bonds with a first call date in 2024. The proceeds from these two issues were used to retire €350 million worth of 2.63% bonds maturing in 2021 and to buy back €386 million worth of perpetual hybrid bonds with a first call date in 2020 ;
- further optimization of Accor SA's hybrid capital in October 2019 through the placement of a new €500 million 2.63% perpetual hybrid bond issue with a first call date in 2025. The issue proceeds were used to buy back an additional €386 million worth of perpetual hybrid bonds with a first call date in 2020. Following this second buyback, 85.7% of the hybrid bonds initially issued in 2014 had been bought back.

Notes 1 to 30 set out below form an integral part of the financial statements.

5.3.3 Notes to the financial statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accor SA's annual financial statements have been prepared in accordance with the provisions of the French Commercial Code (Code de commerce – Articles L. 123-12 to L. 123-28) and French accounting standards authority regulation ANC 2014-03 of June 5, 2014 including the various additional regulations applicable as of the date of preparation of the financial statements.

The financial statements of Accor SA have been prepared and are presented in accordance with French generally accepted accounting principles for annual financial statements, including the principles of prudence, materiality and segregation of accounting periods, for the purpose of giving a true and fair view of the assets, liabilities and financial position of the Company and the results of its operations.

They are presented on a going concern basis and accounting methods have been applied consistently from one year to the next.

Assets recorded in the balance sheet are stated at historical cost or contributed value, as applicable.

Only material information is disclosed. Unless otherwise specified, all amounts are stated in millions of euros, rounded to the nearest million.

The significant accounting policies used are described below:

Property and equipment and intangible assets are recognized when the following two conditions are met:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company;
- the cost or value of the asset can be reliably measured.

a) Intangible assets

Purchased intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives, as follows:

- software: 2 to 5 years;
- licenses: 3 to 5 years.

Leasehold rights, networks and trademarks with indefinite useful lives are not amortized.

Development expenditure for new projects is capitalized when all of the following criteria are met:

- the project is clearly identifiable;
- the project costs are separately identifiable and can be reliably estimated;
- the project's technical feasibility has been demonstrated and the Company has both the intention and the financial ability to complete the project and use it;
- it is probable that the project will generate future economic benefits for the Company.

Development expenditure that does not meet these criteria is expensed as incurred.

Capitalized development expenditure is amortized over a period ranging generally from 2 to 5 years from the date the project is put into service.

b) Property and equipment

Property and equipment are stated at cost, corresponding to i) the asset's purchase price, ii) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management, and iii) borrowing costs directly attributable to the construction or production of the asset.

Property and equipment are depreciated on a straight-line basis over their estimated useful lives, as follows:

- buildings: 35 to 50 years;
- fixtures and fittings: 7 to 25 years;
- other property and equipment: 5 to 15 years.

a and b bis) Fair values of intangible assets and property and equipment

At each year-end, the Company determines whether there are any indicators of impairment in value of intangible assets or property and equipment. Impairment indicators include obsolescence, physical damage, significant changes in the manner in which the asset is used, lower-than-expected economic performance, a steep fall in revenues, or other external indicators. Where there is an indication that the value of an asset may be impaired, its present value is assessed and compared with its carrying amount for the purpose of calculating the potential impairment charge.

The present value of an asset is deemed to be the higher of its fair value or value in use.

c) Investments

Shares in subsidiaries and affiliates are stated at cost. Transaction costs on these assets are recorded in the income statement.

At each reporting date, the value in use of shares in subsidiaries and affiliates is estimated based on the Company's equity in the underlying net assets and, if appropriate:

- a multiple of the investee's average EBITDA for the last two years;
- the prices of comparable recent transactions;
- the historical data used to value the investment at the time of acquisition;
- current data such as profitability and the value of the underlying net assets;
- projections of future profitability, realizable values and economic trends.

When the value in use of an investment is below the carrying amount an impairment loss is recorded in financial expense. Loans and receivables are recognized at nominal value. An impairment loss is recorded to cover any collection risk.

d) Deferred charges

In accordance with the applicable French accounting standards relating to assets, since January 1, 2005 deferred charges have consisted solely of debt issuance costs, which are amortized over the life of the related debt.

e) Receivables and payables

Receivables and payables are recognized at nominal value.

Provisions for impairment of receivables are subsequently recorded if their fair value is lower than their carrying amount.

f) Marketable securities

Marketable securities are stated at cost. A provision for impairment may be booked at year-end depending on market value.

g) Revenue

Revenue includes the amount of services and contractual fees (i.e., management and franchise fees) billed to managed and franchised hotels, subsidiaries and non-related parties. It also includes amounts billed under real estate and business lease contracts as well as fees received in return for rent and debt guarantees issued by the Company.

Revenue from product sales is recognized when the product is delivered and ownership is transferred to the buyer. Revenue from sales of services is recognized when the service is rendered.

Consequently:

- rental and business lease revenues are recognized on a straight-line basis over the life of the contract;
- fees billed to subsidiaries and non-related parties are recognized over the life of the contract;
- fees for guarantees are recognized on a straight-line basis over the term of the guarantee concerned;
- revenue from other services is recognized when the service is rendered.

Since Profid was folded into the Company, revenue from sales of services includes the fees billed to managed and franchised hotels for the management of the ALL loyalty program.

h) Provisions for contingencies and charges

A provision is recorded when the Company has an obligation toward a third party, which is probable or certain of giving rise to an outflow of economic resources without any inflow of economic resources of at least an equivalent value being expected.

Since Profid was folded into the Company, a provision for charges is recorded for loyalty award credits granted to loyalty card holders on the sale of hotel nights. The provision corresponds to the cost of the free or discounted goods or services provided in exchange for loyalty award credits, as estimated based on:

- the number and value of the loyalty award credits;
- the burn rate, estimated by an actuary at the reporting date.

i) Provisions for pensions and other post-employment benefit obligations

The Company's total obligation for the payment of pensions and other post-employment benefits is provided for in the balance sheet. This obligation concerns statutory length-of-service awards payable in France and other defined benefit plans. The projected benefit obligation is recognized on a straight-line basis over the vesting period of the plans concerned, taking into account the probability of employees leaving the Company before retirement age. The amount recorded in provisions for charges is equal to the projected benefit obligation under defined benefit plans. Actuarial gains and losses are recognized in the income statement for the period in which they arise.

In addition to these statutory benefit plans, certain employees are members of:

- a defined contribution supplementary pension plan funded by periodic contributions to an external organization that is responsible for the administrative and financial management of the plan as well as for payment of the related annuities. The contributions made by Accor under this plan are expensed as incurred;
- a defined benefit supplementary pension plan under which beneficiaries are entitled to pension benefits calculated based on their salary and the duration of their participation in the plan. The provision recorded for the Company's obligation under this plan takes into account any amounts funded through an external organization (plan assets).

j) Paid vacation

Since January 1, 2018, vacation rights have been acquired and vacation taken in the same fiscal year.

k) Plain vanilla bonds

For plain vanilla bonds issued at a discount to face value, the difference between the issue proceeds and the face value of the bonds is amortized on a straight-line basis over the life of the bonds.

l) Other equity

Perpetual hybrid bonds have the characteristics of "Other equity". Their issue premium is recorded as a deduction from the nominal amount of the debt.

The interest payable on the bonds is included in "Other borrowings" and the related debt issuance costs are amortized through the income statement.

m) Foreign currency transactions

Income and expenses in foreign currencies are converted into euros at the exchange rate prevailing on the transaction date.

Receivables, payables, currency swaps and cash balances in foreign currencies are converted at the year-end exchange rate. Conversion differences on payables, receivables and currency swaps are recorded in "Unrecognized foreign exchange gains/losses" in the balance sheet. Conversion differences on cash are recorded in the income statement, along with differences on current account advances to subsidiaries, which are classified as cash equivalents.

In accordance with regulation ANC 2015-05, hedge accounting principles are applied to all clearly identified and documented symmetrical foreign exchange positions that are intended to reduce the risk arising from exchange rate fluctuations. Exchange gains and losses on payables/receivables and currency hedges included in these symmetrical positions are also recorded in "Unrecognized foreign exchange gains/losses". Payables, receivables and currency derivatives not included in symmetrical hedging positions are accounted for as an overall currency position, by currency, in accordance with Article 420-6 of France's General Accounting Plan. When the terms of these items are sufficiently close, a provision is recorded for the net unrealized loss. This position is calculated currency by currency.

n) Financial instruments

Accor SA has a policy of hedging currency risks on investments denominated in foreign currencies, financing provided to subsidiaries in their local currencies, and purchases and sales denominated in foreign currencies.

Foreign currency loans and borrowings with subsidiaries are hedged using currency derivatives such as currency swaps, forward contracts and cross-currency swaps. Purchases and sales denominated in foreign currencies are hedged primarily by forward contracts and currency swaps.

The value of forward foreign exchange contracts is determined by reference to the period-end exchange rate defined by the Company. The difference between the instrument's spot price and period-end price is recorded in the financial statements under "Unrecognized foreign exchange gains/losses". The difference between the instrument's forward price and the spot price is recorded in a specific "contango/backwardation" account. This method allows a distinction to be made between the price effect and the currency effect. The contango/backwardation is recognized in financial income or expense on a straight-line basis over the life of the instrument.

Interest rate swaps have been purchased to hedge market risks arising from changes in interest rates. In accordance with regulation ANC 2015-05, gains and losses on these instruments are recorded in the income statement on a symmetrical basis with the loss or gain on the hedged transactions.

o) Corporate income tax

Accor has elected for group relief in application of the French Act of December 31, 1987. Under the group relief system, tax losses of companies in the tax group can be netted off against the profits of other companies in the group, provided that certain conditions are met. The applicable tax rules are defined in Article 223 A et seq. of the French General Tax Code (*Code général des impôts*).

Each company in the tax group records in its accounts the tax charge it would have incurred if it had been taxed on a standalone basis. The group relief benefit or charge is recorded in the balance sheet of Accor SA as head of the tax group.

p) Stock options and performance shares

Accor SA launches performance share plans and/or stock option plans each year for selected Group employees. Rights under the plans launched since 2006 vest after a two or four year vesting period, provided that the grantee is still employed by the Group at the end of that period and certain performance conditions are met. New shares will be issued when the rights under these plans vest. Consequently, no provision has been recorded for the cost of these plans in the financial statements at December 31, 2019.

NOTE 2 MOVEMENTS IN FIXED ASSETS

(in millions of euros)	Gross value at Jan. 1, 2019	Acquisitions and inter-item transfers	Retirements and disposals and inter-item transfers	Other	Gross value at Dec. 31, 2019
Trademarks and rights of use	59	0	-	-	59
Licenses and software	237	33	(6)	-	264
Contractual relationships[a]	1,009	1	(973)	-	37
Other intangible assets	11	15	-	36	62
Intangible assets not yet available for use	35	53	(35)	10	63
Prepayments to suppliers of intangible assets	-	-	-	-	-
Intangible assets	**1,351**	**102**	**(1,014)**	**46**	**485**
Land	3	-	0	-	3
Buildings	19	10	(6)	-	23
Machinery and equipment	6	1	0	-	7
Other property and equipment	83	3	(12)	-	74
Assets under construction	4	1	(5)	-	-
Prepayments to suppliers of property and equipment	0	-	-	-	-
Property and equipment	**115**	**15**	**(23)**	**-**	**107**
Shares in subsidiaries and affiliates[b]	8,592	771	(75)	(20)	9,268
Loans and advances to subsidiaries and affiliates[c]	1,786	184	(513)	41	1,498
Other investment securities[b]	34	23	0	0	57
Other loans	3	227	0	7	237
Other investments[a]	62	973	(30)	-	1,005
Investments	**10,477**	**2,178**	**(618)**	**(28)**	**12,065**
FIXED ASSETS	**11,943**	**2,295**	**(1,655)**	**(74)**	**12,657**

(a) *FRHI Holdings Limited was merged with Accor on December 27, 2018. Following the transaction, a technical deficit of €973 million was recognized in the financial statements. In 2019, in accordance with regulation ANC 2015-06, the technical deficit was allocated to its underlying assets, in an investments account.*
(b) *See Note 6 for a breakdown of the aggregate €699 million increase in these items.*
(c) *The changes in this item reflect the combined effect of new loan originations and loans maturing during the year, and the valuation of currency positions at the period-end exchange rate.*

NOTE 3 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Trademarks and rights of use

This item mainly relates to the valuation of the Novotel trademark and rights granted to subsidiaries to use the Accor Group's trademarks.

Licenses and software

These correspond to IT licenses and software used by the Company in its operating activities.

Contractual relationships

The amount reported under this caption primarily corresponds to contractual customer relationships associated with the hotel reservation call center and hotel management contracts.

In 2019, the €973 million technical deficit on the FRHI Holding Limited merger was allocated to the FRHI Hôtels & Resorts investment. It is recognized under other investments.

Other intangible assets

These items mainly correspond to software for IT projects that are not yet operational.

Buildings and fixtures and fittings

These items mainly correspond to buildings and fixtures and fittings related to headquarters premises.

NOTE 4 MOVEMENTS IN DEPRECIATION AND AMORTIZATION

(in millions of euros)	At Jan. 1, 2019	Increase	Decrease	Other movements	At Dec. 31, 2019
Trademarks and rights of use	0	-	-	-	0
Licenses and software	168	31	(6)	-	193
Contractual relationships	2	3	-	-	5
Other intangible assets	3	8	-	29	40
Intangible assets	**173**	**42**	**(6)**	**29**	**238**
Land	1	0	(1)	-	0
Buildings	16	1	(6)	-	11
Machinery and equipment	4	1	(1)	-	4
Other property and equipment	57	8	(9)	0	56
Property and equipment	**78**	**10**	**(17)**	**-**	**71**
FIXED ASSETS[1]	**251**	**52**	**(23)**	**29**	**309**

(1) Reversals of provisions for impairment correspond to provisions reversed upon the sale of the underlying assets which had been fully amortized or depreciated, and have no impact on the income statement.

NOTE 5 RECEIVABLES[1]

(in millions of euros)	Dec. 31, 2018 Gross amount	Dec. 31, 2019 Gross amount
Prepayments to suppliers	**7**	**28**
Trade receivables	**343**	**563**
Other receivables	**334**	**316**
Supplier-related receivables	4	1
Recoverable VAT and other taxes	81	70
Current accounts with subsidiaries	227	168
Other	22	77
TOTAL	**684**	**907**

(1) Including prepayments to suppliers.

NOTE 6 MOVEMENTS IN SHARES IN SUBSIDIARIES AND AFFILIATES AND OTHER INVESTMENT SECURITIES

Business acquisitions and purchases of newly issued shares	Number of shares acquired	Amount *(in millions of euros)*	% interest at Dec. 31, 2019
ENERGY OBSERVER DEVELOPPEMENT	6	1	20.00%
SOYHUCE	194,205	2	40.82%
KASADA HOSPITALITY FUND	30	2	30.00%
AGENT CASH	75,846	3	20.94%
FEVER LABS INC	15,000,000	4	5.00%
CAVOD VENTURES	20	4	20.00%
TURENNE HÔTELLERIE 2	400,000	4	10.00%
TOED, Dr SELK & COLL GMBH	6,000	6	21.82%
HOSPITALITY SWISS PROCO	3,333,333	8	33.33%
GROUPS 360	1,087,548	12	16.72%
KEN GROUP	1,179,394	20	40.76%
ACCOR SERVICES POLAND SP Z.O.O	16,000,100	205	100.00%
ACQUISITIONS		**270**	

Additional investments	Number of shares acquired	% acquired	Amount *(in millions of euros)*	% interest at Dec. 31, 2019
IBIS BUDGET	9,600	1.60%	1	97.60%
TRAVEL KEYS	-	0.00%	1	100.00% [5]
HOTEL HOMES	-	0.00%	2	100.00% [5]
AHS (Portugal)	329,668	0.00%	2	50.00% [6]
25 HOURS HOTELS COMPANY	5,000	20.00%	22	50.00% [4]
RIXOS	20	20.00%	34	70.00% [3]
ACCOR HOTEL BELGIUM	217,600	0.00%	105	100.00% [2]
ORBIS	15,274,116	33.15%	339	80.84% [1]
ADDITIONAL INVESTMENTS			**505**	

Bonds	Number of shares acquired	Amount *(in millions of euros)*	% interest at Dec. 31, 2019
KEN GROUP	10,000,000	10	N/D
I AM PLUS	N/D	9	N/D
BONDS		**19**	

Disposals	Number of shares sold	% sold	Carrying amount derecognized (in millions of euros)	% interest at Dec. 31, 2019
DISPOSALS				
Capital reductions				
AHS (Portugal)	-		(10)	50.00%(7)
SIHM	-		(8)	100.00%(7)
SOGECOL LTDA	-		(16)	94.52%(7)
Liquidations				
EEPLE	(17,413)		(3)	0.00%
PROGETTO VENEZIA	(4,150,000)		(8)	0.00%
HOLPA	(1,353,427)		(30)	0.00%
DISPOSALS			**(75)**	

Other movements	Number of shares	% involved	Amount (in millions of euros)	% interest at Dec. 31, 2019
CAPITAL CONTRIBUTIONS				
Reverse stock splits				
AHS (Portugal)	(1,977,038)		(10)	
AHS (Portugal)	24,998		10	
Transfer of all assets and liabilities – PROFID				
PROFID	(350,000)	100.00%	(14)	0.00%
Transfer of all assets and liabilities – IJAG				
IJAG DANS ACCOR SA	(1,000)	100.00%	(3)	0.00%
HOTEL HOMES	4,684	23.88%	0	100.00%
Transfer of all assets and liabilities – AWOL				
AWOL DANS ACCOR SA	(1,000)	100.00%	(3)	0.00%
HOTEL HOMES	4,684	23.88%	0	100.00%
TOTAL OTHER MOVEMENTS			**(20)**	
TOTAL ACQUISITIONS			**794**	
TOTAL DISPOSALS AND LIQUIDATIONS			**(75)**	
TOTAL OTHER MOVEMENTS			**(20)**	
TOTAL MOVEMENTS			**699**	

(1) Acquisition of an additional 33.1% interest in the capital of Orbis for €339 million, raising Accor SA's interest to 80.8%.
(2) Partial or full take-up of shares in connection with a share issue.
(3) Acquisition of an additional 20% interest in Rixos Hospitality for €34 million, raising Accor SA's interest to 70%.
(4) Acquisition of an additional 20% interest in 25hours Hotels for €22 million, raising Accor SA's interest to 50%.
(5) Contingent consideration.
(6) Share issue before a sale or merger – see next sections.
(7) Decrease in the carrying amount of Accor's investment following a capital reduction without the cancellation of shares.

NOTE 7 MOVEMENTS IN PROVISIONS

(in millions of euros)	At Jan. 1, 2019	Increase	Decrease: Surplus provisions	Decrease: Utilized provisions	Other movements	At Dec. 31, 2019
Claims and litigation	7	1	(2)	(0)	0	6
Foreign exchange losses	8	4	(0)	-	-	12
Other provisions for contingencies[1]	46	35	(22)	(0)	1	60
PROVISIONS FOR CONTINGENCIES	**61**	**40**	**(24)**	**(0)**	**1**	**78**
Pensions and other post-employment benefit obligations[5]	60	20	(39)	(6)	-	35
Taxes	6	0	-	-	-	6
Other[2]	48	14	(22)	(29)	137	168
PROVISIONS FOR CHARGES	**114**	**34**	**(63)**	**(13)**	**137**	**209**
Untaxed provisions and provisions for contingencies and charges	**175**	**74**	**(87)**	**(13)**	**138**	**287**
Intangible assets[3]	24	11	-	-	1	36
Property and equipment	2	-	(2)	-	-	0
Investments[4]	2,139	135	(280)	-	(7)	1,987
Trade receivables	10	2	(7)	-	0	6
Other receivables[4]	49	8	(3)	-	1	55
Provisions for impairment in value	**2,224**	**156**	**(292)**	**-**	**(5)**	**2,083**
PROVISIONS	**2,400**	**230**	**(379)**	**(13)**	**133**	**2,371**

Income statement impact of movements in provisions	Increase	Decrease
Operating income and expenses	44	(87)
Financial income and expenses	176	(305)
Non-recurring income and expenses	11	(0)
TOTAL	**230**	**(392)**

(1) Other provisions for contingencies mainly comprised €54 million in provisions for risks related to subsidiaries in respect of negative carrying amounts. These provisions are set aside after taking into account provisions for shares in and loans and advances to subsidiaries and affiliates.

(2) Other provisions for charges comprised restructuring provisions and loyalty program provisions.
Restructuring provisions were reversed in the amount of €30 million, reducing their total to €17 million. A total of €22 million in provisions was reclassified to accrued expenses (for items whose amounts are now precisely known), €6 million in provisions was utilized and €2 million in surplus provisions was reversed.
Other provisions amounted to €150 million; they mainly covered the valuation of valid loyalty program points.

(3) Impairment of contractual customer relationships was recognized for €11 million relating to the Evry reservation center.

(4) These provisions comprise impairment in the value of shares in subsidiaries and affiliates, and current accounts and loans and advances to subsidiaries and affiliates, the most significant of which are on CIWLT (€838 million), IBL (€663 million), Turambar (€95 million), Actimos (€77 million), Belle Rivière Hôtel (€63 million), STARTOM Hospitality (€54 million), Chammans (€36 million) and Société Hotelière de Montparnasse (€27 million).
Movements for the year broke down as €135 million in additions and €280 million in reversals. Additions primarily concerned Actimos (€75 million) and Accor SBE Acquisition Corp (€18 million). Reversals mainly concerned Accor Hotels Belgium (€171 million), Accor UK (€57 million) and Holpa (€29 million).

(5) Pension benefit obligations and underlying actuarial assumptions.

	2018 General Plan	2018 Senior Executive Plan	2019 General Plan	2019 Senior Executive Plan
Discount rate	1.6%	1.6%	0.5%	0.5%
Mortality tables	TG05 Générationnelle INSEE	TG05 Générationnelle INSEE	TGH05/TGF05	TGH05/TGF05
Rate of future salary increases	3.00%	4.00%	3.00%	3.00%
Retirement age	65 years	Between 62 and 67, depending on the age when the participant started work and the contribution period	65 years	Between 60 and 65, depending on the age when the participant started work and the contribution period
Voluntary or compulsory retirement	Voluntary	Voluntary	Voluntary	Voluntary
Staff turnover rate	Rate progressively decreasing in line with age: • between 7.1% and 0% for non-managerial employees and 0% as from 44 years of age; • between 5.2% and 0% for managerial employees and 0% as from 55 years of age.	Rate progressively decreasing in line with age: • before 55 years: 2% and beyond 55 years: 0%.	Rate progressively decreasing in line with age: • between 7.1% and 0% for non-managerial employees and 0% as from 44 years of age; • between 5.2% and 0% for managerial employees and 0% as from 55 years of age.	Rate progressively decreasing in line with age: • before 55 years: 2% and beyond 55 years: 0%.
Payroll tax rate	46.00%	46.00%	46.00%	46.00%

	2018	2019
Provisions for pensions and other post-employment benefit obligations at Jan. 1	46	60
Service cost	5	8
Interest expense	1	1
Actuarial (gains)/losses	(9)	10
Curtailments and settlements	-	(37)
Benefits/contributions paid	(1)	(7)
Other movements	-	-
PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DEC. 31	**60**	**35**

Pursuant to the French government order of July 3, 2019, in application of Article 197 of the French Pacte Act, no further rights will vest for beneficiaries under the Group's supplementary defined benefit pension plans. This change has been classified as a plan curtailment, resulting in a €37 million provision reversal recognized in the income statement.

NOTE 8 MARKETABLE SECURITIES PORTFOLIO

(in millions of euros)	Dec. 31, 2018 Gross amount	Dec. 31, 2019 Gross amount
Mutual fund units	32	32
Money market funds	762	463
Term deposits	850	470
TOTAL	**1,644**	**965**

No provisions for impairment in value were set aside for marketable securities as their fair value exceeded or was equal to their carrying amount at December 31, 2019.

NOTE 9 ACCRUALS AND OTHER ASSETS/LIABILITIES

(in millions of euros)	Net at Jan. 1, 2019	Increase	Decrease	Net at Dec. 31, 2019
Debt issuance costs	32	39	(22)	49
DEFERRED CHARGES	**32**	**39**	**(22)**	**49**
Issue premiums	4	3	(2)	5
BOND ISSUE PREMIUMS	**4**	**3**	**(2)**	**5**
Prepaid IT rental and maintenance costs	3	3	-	6
Prepaid property rents	1	-	-	1
Other	4	-	(1)	3
PREPAID EXPENSES	**8**	**3**	**(1)**	**10**
Marketing fund	1	-	-	1
Le Club card sales	-	3	-	3
DEFERRED INCOME	**1**	**3**	**-**	**4**

NOTE 10 UNREALIZED FOREIGN EXCHANGE GAINS AND LOSSES

Assets

(in millions of euros)	Dec. 31, 2018	Dec. 31, 2019
Decrease in receivables	35	2
Increase in payables	8	29
ASSETS	**43**	**31**

Liabilities and equity

(in millions of euros)	Dec. 31, 2018	Dec. 31, 2019
Increase in receivables	3	23
Decrease in payables	37	-
LIABILITIES AND EQUITY	**40**	**23**

NOTE 11 ACCRUED INCOME

Accrued income is included in the following balance sheet items

(in millions of euros)	Dec. 31, 2018	Dec. 31, 2019
Loans and advances to subsidiaries and affiliates	6	3
Trade receivables	156	398
Other loans	-	0
Current accounts with subsidiaries	1	0
Other receivables	-	50
Marketable securities	0	0
Money market securities	7	12
TOTAL	**170**	**463**

NOTE 12 ACCRUED EXPENSES

Accrued expenses are included in the following balance sheet items

(in millions of euros)	Dec. 31, 2018	Dec. 31, 2019
Bonds	40	35
Bank borrowings	33	34
Other borrowings	2	2
Trade payables	228	398
Accrued taxes and payroll costs	60	79
Other payables	12	18
TOTAL	**375**	**566**

NOTE 13 CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	At Dec. 31, 2018	Appropriation of 2018 net profit	Capital increase/ reduction	Other	2019 net profit (loss)	At Dec. 31, 2019
Number of shares making up the Company's capital[1]	282,607,800	-	1,103,194	(12,778,644)	-	270,932,350
Share capital	848	-	5	(40)	-	813
Additional paid-in capital	2,166	-	26	(460)	-	1,732
Legal reserve	87	-	-	-	-	87
Untaxed reserves	9	-	-	-	-	9
Other reserves	11	-	(2)	-	-	9
Retained earnings	3,376	(343)	-	-	-	3,033
Net profit (loss)	(60)	60	-	-	208	208
SHAREHOLDERS' EQUITY	**6,437**	**(283)[2]**	**29[3]**	**(500)[4]**	**208**	**5,891**

(1) With a par value of €3 per share.
(2) €283 million in dividends paid on May 14, 2019.
3) Shares issued under free share plans or on the exercise of employee stock options.
In 2019, Accor carried out an employee rights issue, which resulted in the issuance of 613,058 new Accor shares and a €20 million increase in shareholders' equity.
(4) Cancellation of 13,391,702 shares following a share buyback

Potential shares: if all employee stock options had been exercised and performance shares granted at December 31, 2019, the number of issued shares would have been increased by 4,010,383, raising the Company's shareholders' equity by €5.1 million.

NOTE 14 STOCK OPTION AND PERFORMANCE SHARE PLANS

Stock option plans	Plan 23	Plan 24	Plan 25	Plan 26	Plan 27
Grant date	04/04/2011	04/04/2011	03/27/2012	03/27/2012	09/26/2013
Expiration date	04/04/2019	04/04/2019	03/27/2020	03/27/2020	09/26/2021
Post-demerger exercise price *(in euros)*	31.72	31.72	26.41	26.41	30.13
Value used for calculating the contribution sociale surtax *(in euros)*[1]	7.99	7.99	7.88	6.50	6.30
Vesting conditions	4 years of seniority	4 years of seniority + performance conditions[2]	4 years of seniority	4 years of seniority + performance conditions[2]	4 years of seniority + performance conditions[2]
NUMBER OF OPTIONS OUTSTANDING AT DEC. 31, 2018	**211,094**	**9,766**	**214,300**	**13,891**	**10,000**
Number of options granted in 2019	-	-	-	-	-
Number of options exercised in 2019	201,764	9,766	46,320	1,094	-
Number of options canceled in 2019	9,330	-	-	-	-
NUMBER OF OPTIONS OUTSTANDING AT DEC. 31, 2019	**-**	**-**	**167,980**	**12,797**	**10,000**
Number of options exercised since the plan launch	568,974	33,203	326,925	7,930	-
Number of options canceled since the plan launch	52,780	19,922	32,610	26,648	30,000

(1) Rate between 10% and 30% depending on the date of allocation of the plans.
(2) Performance condition based on the Accor TSR versus the TSR of eight other international hotel groups.

Performance share plans	2015 plan	2015 plan	2016 plan	2016 plan	2017 plan	2017 plan
Grant date	06/16/2015	06/16/2015	06/16/2016	10/26/2016	06/30/2017	06/20/2017
Expiration date	06/16/2019	06/16/2019	06/16/2019	10/26/2019	06/30/2020	06/20/2020
Value used for calculating the contribution sociale surtax *(in euros)*	42.00	38.40	30.72	29.41	34.34	10.35
Vesting conditions	2 performance conditions[1]	4 performance conditions[2]	3 performance conditions[3]	3 performance conditions[3]	3 performance conditions[3]	2 performance conditions[4]
Number of shares granted at the plan launch	326,290	153,800	491,690	14,525	570,579	1,304,754
POTENTIAL NUMBER OF NEW SHARES ISSUABLE AT DEC. 31, 2018 IF PERFORMANCE CONDITIONS MET	**275,478**	**133,863**	**436,635**	**14,425**	**544,733**	**1,284,253**
Number of performance shares granted in 2019	-	-	-	-	-	-
Number of performance shares vested in 2019	272,657	133,863	423,305	14,425	-	-
Number of performance shares forfeited in 2019	2,821	-	13,330	-	18,565	67,302
Number of performance shares canceled in 2019 due to failure to achieve the performance conditions	-	-	-	-	-	-
POTENTIAL NUMBER OF NEW SHARES ISSUABLE AT DEC. 31, 2019 IF PERFORMANCE CONDITIONS MET	**-**	**-**	**-**	**-**	**526,168**	**1,216,951**
Number of performance shares vested since the plan launch	273,067	133,863	423,580	14,425	-	-
Number of performance shares forfeited or canceled since the plan launch	53,223	19,937	68,110	100	44,411	87,803

(1) Performance condition based on actual versus *budgeted EBIT margin, and actual* versus *budgeted operating cash flow excluding acquisitions and disposals.*
(2) Performance condition based on actual versus *budgeted EBIT margin, actual* versus *budgeted operating cash flow excluding acquisitions and disposals, the degree of completion of the asset disposal plan included in the budget, and Accor TSR* versus *the TSR of eight other international hotel groups and compared with that of other CAC 40 companies.*
(3) Performance condition based on actual versus *budgeted EBIT margin, actual* versus *budgeted free cash flow excluding acquisitions and disposals, after change in working capital, and Accor TSR* versus *the TSR of eight other international hotel groups and compared with that of other CAC 40 companies.*
(4) Performance condition based on actual versus *budgeted cumulative consolidated EBIT and the average Accor share price* versus *a benchmark price.*
(5) Internal conditions (80% weighting): actual versus budgeted EBITDA, and actual versus budgeted consolidated free cash flow (excluding disposals and acquisitions) after change in working capital;
External condition (20% weighting): Accor's Total Shareholder Return (TSR) versus the TSR of other international hotel groups. The estimated probability of this performance condition being fulfilled was taken into account to determine the fair value of the performance shares on the grant date.

2017 plan	2017 plan	2018 plan	2018 plan	2019 plan	2019 plan
10/18/2017	12/14/2017	06/26/2018	10/17/2018	05/31/2019	10/25/2019
10/18/2020	12/14/2020	06/26/2021	10/17/2021	05/31/2022	10/25/2022
36.01	10.71	35.24	35.00	28.02	32.96
3 performance conditions(3)	2 performance conditions(4)	3 performance conditions(3)	3 performance conditions(3)	3 performance conditions(5)	3 performance conditions(5)
27,340	141,168	632,462	22,830	1,275,675	37,120
27,340	**140,072**	**624,008**	**22,830**	**-**	**-**
-	-	-	-	1,275,675	37,120
-	-	-	-	-	-
-	1,181	17,857	-	31,520	-
-	-	-	-	-	-
27,340	**138,891**	**606,151**	**22,830**	**1,244,155**	**37,120**
-	-	-	-	-	-
-	2,277	26,311	-	31,520	-

NOTE 15 OTHER EQUITY

In line with its strategy of increasing the maturity of its borrowings and ensuring the sustainability of its financial resources, Accor placed two €500 million issues of perpetual hybrid bonds in January 2019 and October 2019, simultaneously carrying out partial redemptions on its €900 million perpetual hybrid bond in the amounts of €386 million in January 2019 and €387 million in October 2019.

(in millions of euros)	Currency	Original issue amount	Fixed/ variable rate	Interest rate	Outstanding principal at Dec. 31, 2018	Outstanding principal at Dec. 31, 2019
June 2014 issue of perpetual hybrid bonds	Euros	900	Fixed	4.125%	900	127
Issue premium on June 2014 perpetual hybrid bonds	Euros				(6)	(1)
January 2019 issue of perpetual hybrid bonds	Euros	500	Fixed	4.375%	-	500
Issue premium on January 2019 perpetual hybrid bonds	Euros				-	(3)
October 2019 issue of perpetual hybrid bonds	Euros	500	Fixed	2.625%	-	500
Issue premium on October 2019 perpetual hybrid bonds	Euros				-	(3)
OTHER EQUITY					**894**	**1,120**

NOTE 16 OTHER BONDS

(in millions of currency units)	Currency	Original issue amount *(in currency units)*	Original issue amount *(in euros)*	Fixed/ variable rate	Interest rate	Term	Outstanding principal at Dec. 31, 2018	Outstanding principal at Dec. 31, 2019
March 2013 bond issue	Euros	600	600	Fixed	2.500%	6 years	335	-
February 2014 bond issue	Euros	900	900	Fixed	2.625%	7 years	900	550
June 2014 bond issue	Swiss francs	150	123	Fixed	1.750%	8 years	133	138
December 2014 bond issue	Euros	60	60	Fixed	1.679%	7 years and 2 months	60	60
September 2015 bond issue	Euros	500	500	Fixed	2.375%	8 years	500	500
January 2017 bond issue	Euros	600	600	Fixed	1.250%	7 years	600	600
February 2019 bond issue	Euros	600	600	Fixed	1.750%	7 years	-	600
OTHER BONDS							**2,528**	**2,448**

NOTE 17 LIABILITIES BY MATURITY

(in millions of euros)	Gross amount	Due within 1 year	Due in 1-5 years	Due beyond 5 years
Bonds[1]	2,448	-	1,848	600
Bonds – accrued interest	35	35	-	-
Bonds	**2,483**	**35**	**1,848**	**600**
Bank overdrafts	170	170	-	-
Cross-currency swaps[2]	7	-	-	7
Currency swaps[2]	9	3	6	-
Forward contracts[2]	0	0	0	-
Hybrid bonds – accrued interest	20	20	-	-
Interest payable	15	15	-	-
Bank borrowings	**221**	**208**	**6**	**7**
Current accounts with subsidiaries	637	637	-	-
Borrowings from Group companies	1 867	1,867	-	-
Loans and advances from subsidiaries and affiliates	2	2	-	-
NEU CP instruments	200	200	-	-
Other borrowings[4]	**2,706**	**2,706**	**-**	**-**
BORROWINGS[3][5]	**5,410**	**2,949**	**1,854**	**607**
Prepayments received for work in progress	0	0	-	-
Trade payables[5]	474	474	-	-
OPERATING PAYABLES	**474**	**474**	**-**	**-**
Accrued taxes and payroll costs	106	106	-	-
Due to suppliers of fixed assets	12	12	-	-
Other payables	23	23	-	-
Deferred income	4	4	-	-
MISCELLANEOUS PAYABLES[5]	**145**	**145**	**-**	**-**
LIABILITIES	**6,029**	**3,568**	**1,854**	**607**

(1) Interest rate hedges are described above.
(2) Derivatives are described above.
(3) Gross amount of new borrowings during the year: €1,528 million.
Gross amount of borrowings repaid during the year: €1,021 million.
(4) Including €2,506 million due to related parties.
(5) Breaking down as follows by currency:

Liabilities by currency	
AED	1
AUD	33
CAD	80
CHF	321
CNY	47
EUR	4,913
GBP	36
HKD	10
JPY	7
MXN	1
NZD	25
SEK	1
SGD	20
USD	534
BY CURRENCY	**6,029**

Financing policy

At December 31, 2019, Accor had a confirmed line of credit maturing in more than one year. The unused portion of this facility totaled €1,200 million, expiring in 2024.

NOTE 18 INTEREST RATE RISK

(in millions of euros)	Notional amount at Dec. 31, 2018	Interest at Dec. 31, 2018	Notional amount at Dec. 31, 2019	Interest at Dec. 31, 2019	Maturity	Fair value at Dec. 31, 2019
Swaps hedging debt						
Fixed-for-floating swaps on Feb. 2014 bonds	300	5	300	5	02/05/2021	8
TOTAL	**300**	**5**	**300**	**5**		

NOTE 19 CURRENCY RISK

(in millions of euros)	PURCHASES at Dec. 31, 2019	Within 1 year	1-5 years	Beyond 5 years	SALES at Dec. 31, 2019	Within 1 year	1-5 years	Beyond 5 years	FAIR VALUE at Dec. 31, 2019
Cross-currency swaps									
AUD	-	-	-	-	562	-	-	562	(12)
EUR	555	-	-	555	-	-	-	-	-
Total cross-currency swaps	**555**	**-**	**-**	**555**	**562**	**-**	**-**	**562**	**(12)**
Forward contracts									
GBP	8	8	-	-	-	-	-	-	-
USD	4	4	-	-	4	1	3	-	-
EUR	4	1	3	-	12	12	-	-	-
Total forward contracts	**16**	**13**	**3**	**-**	**16**	**13**	**3**	**-**	**-**
Currency swaps									
AED	-	-	-	-	31	31	-	-	-
AUD	-	-	-	-	25	25	-	-	-
CAD	13	13	-	-	-	-	-	-	-
CHF	150	150	-	-	-	-	-	-	1
CNY	35	35	-	-	-	-	-	-	-
GBP	-	-	-	-	106	106	-	-	(3)
HUF		-	-	-	1	1	-	-	-
ILS	-	-	-	-	2	2	-	-	-
JPY	-	-	-	-	35	35	-	-	-
PLN	-	-	-	-	5	5	-	-	-
RON	-	-	-	-	1	1	-	-	-
SEK	1	1	-	-	-	-	-	-	-
SGD	10	10	-	-	-	-	-	-	-
USD	48	48	-	-	288	98	190	-	(15)
EUR	484	300	184	-	256	256	-	-	-
Total currency swaps	**741**	**557**	**184**	**-**	**750**	**560**	**190**	**-**	**(17)**
TOTAL ON-BALANCE SHEET CURRENCY DERIVATIVES	**1,312**	**570**	**187**	**555**	**1,328**	**573**	**193**	**562**	**(29)**
Off-balance sheet forward contracts									
PLN	-	-	-	-	1,067	1,067	-	-	(3)
Total off-balance sheet forward contracts	**-**	**-**	**-**	**-**	**1,067**	**1,067**	**-**	**-**	**(3)**
TOTAL OFF-BALANCE SHEET CURRENCY DERIVATIVES	**1,312**	**570**	**187**	**555**	**2,395**	**1,640**	**193**	**562**	**(32)**

All derivatives are used for hedging purposes. Isolated open positions are non-material.

NOTE 20 RECEIVABLES BY MATURITY

(in millions of euros)	Gross amount at Dec. 31, 2019	Due within 1 year	Due beyond 1 year
Loans and advances to subsidiaries and affiliates	1,498	31	1,467
Other loans	237	38	199
Other investments	1,005	-	1,005
FIXED ASSETS	2,740	69	2,671
Trade receivables	563	563	-
Other receivables	316	316	-
Prepaid expenses	10	10	-
CURRENT ASSETS	889	889	-
RECEIVABLES[1]	**3,629**	**958**	**2,671**

(1) Breaking down as follows by currency:

Receivables by currency	
AED	9
AUD	620
CHF	31
CNY	11
EUR	2,232
GBP	132
HKD	10
HUF	1
ILS	2
JPY	42
MXN	1
NZD	25
PLN	94
RON	1
SGD	10
USD	408
BY CURRENCY	**3,629**

NOTE 21 RELATED PARTY ITEMS[1]

(in millions of euros)	2018	2019
Shares in subsidiaries and affiliates	7,312	7,875
Loans and advances to subsidiaries and affiliates	1,607	1,497
Trade receivables	155	401
Other receivables	227	168
Borrowings	2,010	2,506
Trade payables	103	172
Income from investments in subsidiaries and affiliates	525	233
Other financial income	44	39
Financial expenses	10	32

(1) Companies that are fully consolidated in the Group's consolidated financial statements are deemed to be related parties.

NOTE 22 BREAKDOWN OF NET REVENUE

(in millions of euros)	2018	2019
France	528	514
International	464	704
NET REVENUE	**992**	**1,218**

NOTE 23 DIRECTORS' FEES, EXECUTIVE COMPENSATION AND HEADCOUNT

Compensation paid to members of the Company's administrative and supervisory bodies

(in millions of euros)	2018	2019
Directors' fees	1.02	1.28
Members of the Executive Committee (excl. payroll taxes)	11.51	10.83

Headcount

Employee category	2018	2019
Managerial staff	1,079	1,159
Supervisors	150	136
Administrative staff	65	68
Apprentices	49	56
HEADCOUNT	**1,343**	**1,419**

The Company had 1,419 employees at December 31, 2019, including ten whose salaries are rebilled to subsidiaries.

Training entitlement

The CPF (*compte personnel de formation* – personal training account) replaced the DIF (*droit individuel à la formation* – statutory training entitlement) on January 1, 2016, with the right to utilize unused DIF training hours for a period expiring on December 31, 2020.

NOTE 24 FINANCIAL INCOME AND EXPENSES

(in millions of euros)	2018	2019
Dividends received from subsidiaries	525	239
Interest received on intragroup loans and receivables	45	37
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND AFFILIATES	570	276
INCOME FROM INVESTMENT SECURITIES AND LONG-TERM LOANS	0	15
Interest on current accounts	2	2
Interest on loans and advances	0	-
Interest on marketable securities	-	0
Interest on bank deposits	3	4
Interest on interest rate swaps	8	8
Interest on currency swaps	(5)	(12)
Other	-	1
Other financial income	2	41
OTHER INTEREST INCOME	10	44
Bond issue premiums	1	1
Reversals of provisions for shares in subsidiaries and affiliates	52	239
Reversals of provisions for loans and advances to subsidiaries and affiliates	5	-
Reversals of provisions for contingencies and charges	14	22
Reversals of provisions for current assets	6	3
REVERSALS OF PROVISIONS FOR FINANCIAL ITEMS	78	265
FOREIGN EXCHANGE GAINS	62	40
NET INCOME FROM SALES OF MARKETABLE SECURITIES	-	0
Financial income	**720**	**640**
Interest on bonds	(55)	(49)
Interest on bank borrowings	(37)	(42)
Interest on other borrowings	(17)	(10)
Interest on interest rate swaps	(5)	(5)
Interest on currency swaps	(5)	(7)
Other	(26)	(37)
INTEREST EXPENSE	(145)	(150)
Additions to provisions for shares in subsidiaries and affiliates	(410)	(121)
Additions to provisions for loans	(12)	(14)
Additions to provisions for current assets	(7)	(5)
Amortization of bond issue premiums	(2)	(2)
Additions to provisions for contingencies and charges	(5)	(36)
AMORTIZATION AND PROVISIONS – FINANCIAL ASSETS	(436)	(178)
FOREIGN EXCHANGE LOSSES	(68)	(37)
NET EXPENSES ON SALES OF MARKETABLE SECURITIES	(1)	(1)
Financial expenses	**(650)**	**(366)**
NET FINANCIAL INCOME	**70**	**274**

NOTE 25 NON-RECURRING INCOME AND EXPENSES

In 2019, total non-recurring items before tax represented a net expense of €30 million.

Non-recurring items break down as follows:

(in millions of euros)	2018	2019
Non-recurring income and expenses on revenue transactions	0	1
Gains (losses) on disposals of intangible assets and property and equipment	(8)	(1)
Gains (losses) on disposals and liquidations of investments[1]	(36)	(63)
Reversals of provisions for contingencies and charges	1	0
Reversals of provisions for shares in subsidiaries[2]	35	41
Additions to and reversals of amortization and provisions – financial assets[3]	(9)	(8)
Other non-recurring expense	(13)	(0)
NET NON-RECURRING INCOME (EXPENSE)	**(30)**	**(30)**

(1) In 2019, liquidation losses were recorded on shares in subsidiaries and affiliates, mainly for the liquidation of shares in Holpa (€29 million) and Progetto Venezia (€9 million). At the same time, a downward adjustment was made to the sale price of shares in favor of Accor Invest Group (€22 million). In 2018, losses were recorded on company liquidations, including La Thermale de France (€32 million).

(2) In 2019, provisions were reversed for shares in subsidiaries and affiliates, mainly following the liquidation of shares in Holpa (€29 million) and Progetto Venezia (€9 million). In 2018, the provision for La Thermale de France shares was reversed for €35 million, in connection with that company's liquidation.

(3) Impairment of contractual customer relationships was recognized on €11 million relating to the Evry reservation center.

NOTE 26 INCOME TAX

a) Accor SA income tax

(in millions of euros)	2018	2019
Group relief	21	13
Adjustment to prior-year tax benefit	1	0
Corporate income tax, withholding tax and other taxes	(2)	6
TOTAL	**20**	**19**

In 2019, the Company's contribution to the tax group was a loss of €176.6 million taxed at the standard rate.

b) Group relief

Group relief for the Company in its capacity as head of the French tax group amounted to €13.2 million in 2019.

c) Tax group

The tax group headed by Accor SA comprises the following 24 subsidiaries:

ACCOR Afrique	IBL	SODETIS
Actimos	Tour Eiffel snc	SOLUXURY HMC SARL
SA Chammans	Mer et Montagne SNC	SOPARAC
CIWLT Succursale France	New Lifestyle Hotels	SOPARFI
DEVIMCO	Roissypole Management Hôtels SNC	RESTAU-COMM
D-EDGE	SHDM	Sté Française de Participations et d'Investissements Européens
FHH	SHEMA	Sté Management Intermarques
ibis *budget*	SNC Management Hôtels	Sté Participations d'Île-de-France

d) Provision recognized in accordance with Article 322-1 of ANC regulation 2014

In 2014, Accor applied Recommendation 2005-G issued on October 12, 2005 by the French National Accounting Board's Urgent Issues Task Force concerning the conditions applicable for recognizing a provision within a parent company that has set up a tax group (Article 233-A of the French General Tax Code).

Under the group relief agreement between Accor SA and its subsidiaries, the tax benefits resulting from the utilization by the tax group of a subsidiary's tax losses revert to the subsidiary if it leaves the tax group.

As required by Article 322-1 of ANC regulation 2014, a provision is recorded for the Company's liability when it is probable that the tax benefit will be transferred as a result of a subsidiary leaving the tax group.

In practice, over the past four years the majority of the companies that have left the tax group have done so as a result of a liquidation, merger or disposal not requiring any transfer of tax benefits.

e) Dividend withholding tax *(précompte)*

In 2002, Accor SA launched a legal challenge to its obligation to pay *précompte* withholding tax on the redistribution of European-source dividends, on the grounds that the tax was incompatible with European Union law.

Ruling on this dispute between Accor SA and the French State, on December 21, 2006 the Versailles Administrative Court ordered the State to refund the *précompte* withholding tax paid by Accor SA in the period from 1999 to 2001, for a total of €156 million. This amount was refunded to the Company in the first half of 2007, together with interest of €36 million. The French State appealed the ruling before the Versailles Administrative Court of Appeal but this appeal was rejected on May 20, 2008. The French State went on to appeal the ruling to the French Supreme Court and a provision was therefore booked for the amount of the refund and the late payment interest, with the result that the decisions of the Versailles Administrative Court and Administrative Court of Appeal had no net impact on the 2011 accounts.

Before ruling on the French State's appeal, the French Supreme Court of Appeal applied to the Court of Justice of the European Communities (ECJ) for a preliminary ruling on the issue. The ECJ held that the French *précompte*/tax credit system restricts the freedom of establishment and free movement of capital.

In its ruling handed down on December 10, 2012, the French Supreme Court of Appeal considered that the dividend tax credit and *précompte* withholding tax systems had been shown to be incompatible. However, it also ruled that Accor SA was entitled to a refund of only approximately €6 million. Accor SA therefore had to pay €185 million in principal and interest to the French State in the first half of 2013. While noting the Supreme Court of Appeal's decision, AccorHotels intends to continue to use the avenues available to it to defend its position in the dispute with the French tax authorities.

On February 7, 2007, Accor SA filed an application originating proceedings before the Cergy-Pontoise Court on the same grounds, to obtain a refund of the €187 million in *précompte* paid in the period 2002 to 2004. In a ruling handed down on May 27, 2014, the Cergy-Pontoise Court found that Accor SA was entitled to a refund of principal and interest in the amount of €7 million and €3 million respectively. These amounts have been carried in the balance sheet since December 31, 2014, without any income statement impact, as Accor SA appealed the decision before the Versailles Administrative Court of Appeal on July 23, 2014. The appeal is currently being heard by the Versailles Administrative Court of Appeal.

On July 10, 2017, the European Commission summoned France to appear before the ECJ due to its failure to comply with the ECJ's ruling referred to above in that the calculation method applied by the French Supreme Court of Appeal to Accor SA and other companies restricted their right to a refund of the *précompte*. On October 4, 2018, the ECJ once again ruled against France in its disputes concerning the *précompte* refund. The French State is expected to comply with this ruling in the near future.

NOTE 27 DEFERRED TAX

Additions and reversals of non-deductible provisions recorded in 2019 by subsidiaries that form part of the Accor tax group represented a net non-taxable reversal of provisions of €30 million, resulting in a €10.3 million reduction in deferred tax assets calculated at the rate of 28% up to €500,000 and 31% beyond €500,000 (excluding the 3.3% *contribution sociale* surtax on corporate income tax) for companies with revenue less than or equal to €250 million and 33.33% beyond €500,000 (excluding the 3.3% *contribution sociale* surtax on corporate income tax) for companies with revenue greater than €250 million.

NOTE 28 OFF-BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

Lease commitments

Commitments given by Accor SA to its subsidiaries concerning fixed and variable lease payments were as follows at December 31, 2019::

At December 31 *(in millions of euros)*	2018	2019
Fixed lease payment commitments given to subsidiaries	297	262
Variable lease payment commitments given to subsidiaries	148	99
TOTAL LEASE PAYMENT COMMITMENTS GIVEN	**444**	**361**

Other off-balance sheet commitments

Other off-balance sheet commitments given at December 31, 2019 break down as follows: :

At December 31 *(in millions of euros)*	2018	2019
COMMITMENTS GIVEN (LIABILITIES)		
Pledge of BRH shares(1)	0	0
Hotel purchase commitments	0	0
Other purchase commitments	485	0
Pledge of networks and securities – France	0	0
TOTAL PURCHASE COMMITMENTS	**485**	**0**
Construction performance bonds – France	0	0
TOTAL WORKS COMMITMENTS	**0**	**0**
Guarantees given(2)	41	72
Guarantees for confirmed credit lines(3)	32	22
Guarantees for bank borrowings(3)	3	0
Guarantees given to third parties(4)	0	7
Guarantees for liabilities	68	67
TOTAL GUARANTEE COMMITMENTS	**145**	**168**
COMMITMENTS GIVEN IN THE NORMAL COURSE OF BUSINESS	**-**	**-**
TOTAL COMMITMENTS GIVEN	**630**	**168**

(1) Security interests given on assets correspond to pledges and mortgages valued at the acquisition cost of the underlying assets. Accor has fully written down its original €25.7 million interest in BRH, which has been pledged as collateral for a loan in the same amount granted to BRH by Mauritius Commercial Bank. As this pledge was indexed to the net value of the shares held by Accor SA, its amount was zero at December 31, 2019.
(2) This item includes various guarantees given on behalf of direct and indirect subsidiaries either to banks or directly to the subsidiaries' customers. Accor also stands as guarantor for five Adagio hotels, representing an aggregate amount of €19 million at December 31, 2019.
(3) Accor has no outstanding guarantees for borrowings but has given guarantees for confirmed credit lines (€22 million).
(4) Total guarantees given to other third parties came to €7 million.

NOTE 29 SUBSEQUENT EVENTS

On January 20, 2020, Accor announced the launch of a share buyback program, through an investment services provider, for an amount of €300 million. The purchase period runs from January 20, 2020 to June 30, 2020. The purchase price per share may not exceed the maximum price of €70 set by the Ordinary Shareholders' Meeting of April 30, 2019. The program comes as the 2018 program draws to a close.

NOTE 30 MAIN SUBSIDIARIES AND AFFILIATES AT DECEMBER 31, 2019

(in thousands of local currency units)

Subsidiaries and affiliates	Currency	Share capital	Reserves (retained earnings)	Percent interest
A. SUBSIDIARIES AND AFFILIATES WITH A BALANCE SHEET VALUE IN EXCESS OF 1% OF ACCOR SA'S CAPITAL				
1. Subsidiaries (at least 50%-owned)				
a) French subsidiaries				
SOCIÉTÉ HÔTELIÈRE DE MONTPARNASSE, 2, rue de la Mare Neuve 91000 Évry (2)	EUR	16,008	(8,257)	100.00%
IBL, 82, rue Henri Farman 92130 Issy-les-Moulineaux (2)	EUR	28,767	18,245	100.00%
SOLUXURY HMC, 82, rue Henri Farman 92130 Issy-les-Moulineaux (2)	EUR	10,226	1,378	100.00%
CHAMMANS, 82, rue Henri Farman 92130 Issy-les-Moulineaux (2)	EUR	102,048	97,583	100.00%
ACCOR AFRIQUE, 2, rue de la Mare Neuve 91000 Évry (2)	EUR	29,709	119,160	100.00%
ACTIMOS, 82, rue Henri Farman 92130 Issy-les-Moulineaux (2)	EUR	58,838	176,435	100.00%
SFPIE, 82, rue Henri Farman 92130 Issy-les-Moulineaux (2)	EUR	15,129	(103)	99.99%
AH FLEET SERVICES, 82, rue Henri Farman 92130 Issy-les-Moulineaux (2)	EUR	31,000	0	99.00%
b) Foreign subsidiaries				
ACCOR SUISSE SA (Switzerland)(2)	CHF	14,300	26,939	100.00%
ACCOR POLSKA (Poland)(2)	PLN	73,001	7,514	100.00%
ACCOR UK LTD (United Kingdom)(2)	GBP	85,530	392,092	100.00%
ACCOR HOTELS BELGIUM (Belgium)(2)	EUR	1,277,505	123,848	100.00%
ACCORHOTELS DEUTSCHLAND GMBH (Germany)(2)	EUR	500	103,482	100.00%
BELLE RIVIÈRE HOTEL (Mauritius)(2)	MUR	1,420,000	(2,840,919)	100.00%
SOCIEDAD INMOBILIARIA HOTELA DE MEXICO(2)	MXN	181,604	16,421	100.00%
ACCOR AUSTRIA (Austria)(2)	EUR	5,542	3,095	100.00%
ACCORHOTELS ITALIA (Italy)(2)	EUR	15,010	8,407	100.00%
TURAMBAR (Spain)(2)	EUR	13,000	73,178	100.00%
SAOUDI FRENCH COMPANY FOR HOTEL MANAGEMENT (Saudia Arabia)(2)	SAR	1,000	500	100.00%
ACCOR HOTELS BETRIEBS G.m.b.H. (Austria)(2)	EUR	5,090	1,770	100.00%
ACCORHOTELS SERVICES NETHERLANDS BV (Netherlands)(2)	EUR	0	32,453	100.00%
TRAVEL KEYS (United States)(2)	USD	0	(6,107)	100.00%
ACCOR SBE ACQUISITION CORP (United States)(2)	USD	117,500	0	100.00%
ACCORHOTELS CHILE (Chile)(2)	CLP	59,166,112	0	100.00%
MP INVEST AG (Switzerland)(2)	CHF	118	42,385	100.00%
FRHI HOTEL ET RESORTS (Luxembourg)(2)	EUR	890,969	(395,888)	100.00%
Accor Services Poland SP Z.O.O(2)	PLN	800,005	77,294	100.00%
COMPAGNIE DES WAGONS-LITS (Belgium)(2)	EUR	50,676	247,239	99.93%
ACCORHOTELS PERU(2)	PEN	46,898	6,461	99.83%
SOGECOL LTDA (Colombia)(2)	COP	16,469,996	22,727,715	94.52%
ORBIS (Poland)(2)	PLN	517,754	2,194,639	80.84%

(in thousands of euros)

Carrying amount of shares						
Cost	Net	Outstanding loans and advanced granted by Accor SA	Guarantees given by Accor SA	Last published net revenue	Last published net profit (loss)	Dividends received by Accor SA during the year
34,623	7,327	14	-	1,164	(661)	-
706,501	43,587	-	-	-	(39)	-
10,226	10,226	20,038	-	62,472	17,805	19,430
108,161	72,161	4,832	-	-	(159,872)	-
81,266	81,266	-	-	10,269	(985)	-
240,039	162,746	8,546	-	-	(74,846)	-
24,640	24,640	-	-	-	(2,317)	-
30,690	30,690	17,560	-	2,444	(4,012)	-
25,907	25,907	-	-	-	1,627	9,106
37,267	37,267	-	-	-	(24)	-
156,066	156,066	55,128	-	-	(196,816)	-
1,519,700	1,519,700	-	-	35,926	2,811	38,968
125,500	125,500	425,374	-	N/D	(30,477)	-
35,315	-	28,332	-	5,583	(4,242)	-
20,707	8,476	-	-	7,326	(1,766)	-
21,573	21,573	-	-	-	110	22,421
56,676	56,676	-	-	27,279	(64)	-
180,970	86,202	-	-	62	(13)	-
9,638	9,638	-	-	35,403	5,265	3,091
82,000	82,000	-	-	18,605	4,251	-
96,144	96,144	-	-	34,369	10,278	-
9,909	-	648	-	2,844	1,364	-
102,156	84,138	5,921	-	-	(499)	-
77,113	77,113	-	-	8,029	535	-
391,765	391,765	-	-	8,825	6,970	-
1,154,902	1,154,902	-	-	30,405	207,188	-
205,313	205,313	93,905	-	5,635	(2,480)	-
1,151,347	313,117	-	-	2,727	3,054	-
12,359	12,359	-	-	4,147	1,207	-
14,824	13,281	-	-	5,388	1,473	-
545,183	545,183	-	-	217,463	184,185	-

(in thousands of local currency units)

Subsidiaries and affiliates	Currency	Share capital	Reserves (retained earnings)	Percent interest
RIXOS (Netherlands)[(2)]	EUR	0	121,565	70.00%
EL GEZIRAH HOTELS AND TOURISM CO (Egypt)[(2)]	USD	9,415	4,777	65.71%
TRIBE HOTEL GROUP (Australia)	AUD	0	N/D	55.00%
2. Affiliates (10 to 50%-owned)				
a) French affiliates				
WOJO, 3, boulevard Gallieni 92130 Issy-les-Moulineaux [(2)]	EUR	23,182	(4,315)	50.00%
ORIENT EXPRESS, 82, rue Henri Farman 92130 Issy-les-Moulineaux [(2)]	EUR	1,204	6,210	50.00%
TOWN AND SHELTER, 61, rue Servan, 75011 Paris [(2)]	EUR	8	4,541	45.00%
KEN GROUP, 4 bis, rue Saint Sauveur 75002 Paris [(1)]	EUR	932	6,235	40.58%
FINANCIÈRE LOUIS, 3, rue Chaillot 75016 Paris [(2)]	EUR	24,612	(5,796)	39.35%
NOCTIS EVENT, 23, rue de Ponthieu 75008 Paris [(1)]	EUR	12	12,153	29.45%
MAMA SHELTER, 61, rue Servan, 75011 Paris [(2)]	EUR	1,822	12,706	25.35%
ONEPARK, 10, rue Chaptal 75009 Paris [(2)]	EUR	49	N/D	15.00%
b) Foreign affiliates				
25HOURS HOTELS COMPANY (Germany)[(1)]	EUR	25	3,881	50.00%
RISMA (Morocco)[(2)]	MAD	1,433	(47)	33.34%
MÖVENPICK HOTELS RESORTS MANAGEMENT AG (Switzerland)[(2)]	CHF	52,500	24,670	33.33%
ACCORINVEST GROUP (Luxembourg)[(2)]	EUR	2,429,723	947,837	28.49%
ACCORHOTELS & COMMUNITY SERVICES SPAIN (Spain)[(2)]	EUR	13,830	8,281	20.59%
AAPC (Australia)[(2)]	AUD	727,715	(447,833)	18.10%
GROUPS360 (United States)[(2)]	USD	50,000	N/D	16.71%
FAIRMONT HOTELS & RESORTS (U.S.) INC. (United States)[(2)]	USD	516,370	34,015	15.40%
3. Affiliates (less than 10%-owned)				
a) French affiliates				
RAISE INVESTISSEMENT, 138 B rue de Grenelle 75007 Paris[(3)]	EUR	409,742	6,444	3.01%
a) Foreign affiliates				
BANYAN TREE (Singapour)[(1)]	SGD	241,520	478,235	4.75%
B. OTHER INVESTMENTS IN COMPANIES WITH A BALANCE SHEET VALUE OF LESS THAN 1% OF ACCOR SA'S CAPITAL				
1. Other investments and subsidiaries (at least 10%-owned)				
a) French companies (aggregate)				
b) Foreign companies (aggregate)				
2. Other investments and subsidiaries (less than 10%-owned)				
a) French companies (aggregate)				
b) Foreign companies (aggregate)				
TOTAL				

(1) Balance sheets at December 31, 2018.
(2) Provisional or unaudited balance sheets.
(3) Financial information at September 30, 2019.

(in thousands of euros)

Carrying amount of shares		Outstanding loans and advanced granted by Accor SA	Guarantees given by Accor SA	Last published net revenue	Last published net profit (loss)	Dividends received by Accor SA during the year
Cost	Net					
101,713	101,713	13,544	-	24,075	10,968	9,274
29,847	29,847	-	-	11,873	7,604	4,952
9,472	9,472	-	-	N/D	N/D	-
24,001	8,020	3,143	-	2,023	(13,213)	-
24,359	23,142	219	-	380	(1,914)	-
19,550	19,550	-	-	900	29	-
20,003	20,003	10,183	-	1,707	(174)	-
9,713	9,713	890	-	1,656	(1,810)	-
20,000	20,000	12,402	-	77,914	4,086	-
19,929	11,301	-	-	17,435	(61)	-
10,000	8,594	-	-	N/D	N/D	-
57,629	57,629	-	-	108,762	7,019	927
64,061	64,061	-	-	138	13	743
169,880	169,880	-	-	54,063	10,046	7,805
1,096,232	1,096,232	-	-	5,472	32,794	51,680
18,714	18,714	-	-	31,150	3,388	-
89,914	89,914	588,780	-	23,940	(29,826)	-
12,006	12,006	-	-	N/D	N/D	-
81,023	81,023	-	-	114,174	7,193	3,371
12,340	12,340	-	-	N/D	162	1,527
14,940	11,187	-	-	215,358	9,420	32
45,856	**25,412**	**126,301**	**-**			**15,350**
56,334	**41,091**	**69,764**	**-**			**49,641**
7,987	**6,230**	**30**	**-**			**476**
6,881	**4,120**	**9,081**	**-**			**-**
9,290,860	**7,406,149**	**1,494,634**	**-**			**238,795**

5.3.4 Five-year financial summary

(in millions of euros)	2015	2016	2017	2018	2019
Capital at year-end					
Share capital	706	854	870	848	813
Number of shares in issue	235,352,425	284,767,670	290,122,153	282,607,800	270,932,350
Results of operations					
Net revenues	881	895	915	992	1,218
Profit before tax, depreciation, amortization and provisions	209	(879)	3,596	362	90
Income tax	(20)	(24)	(60)	(19)	(19)
Net profit (loss)	130	(9)	3,698	(60)	208
Dividends	235	299	305	297	284(1)
Per-share data *(in euros)*					
Earnings (loss) per share after tax, before depreciation, amortization and provisions	0.97	(3.01)	12.60	1.35	0.40
Earnings (loss) per share	0.55	(0.03)	12.75	(0.21)	0.77
Dividend per share (before tax credit/allowance)	1.00	1.05	1.05	1.05	1,05(1)
Employees					
Number of employees	1,145	1,275	1,285	1,343	1,419(2)
Total payroll and employee benefits	133	149	152	171	196

(1) After the date of approval of the financial statements, in light of the ongoing health crisis, the Board of Directors has decided not to propose a dividend to its shareholders in respect of 2019.
(2) Number of employees on the Accor SA payroll at December 31, 2019.

5.4 Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2019

To the Annual General Meeting of Accor S.A.,,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Accor S.A. for the year ended 31 December 2019. These financial statements were approved by the Board of Directors, on February 19, 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes).

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of equity securities

Risks identified	Our response
Equity securities are recorded in the balance sheet at their acquisition cost, excluding acquisition expenses. As at 31 December 2019, the net carrying amount of equity securities is €7,384m, representing 55% of the balance sheet total. As stated in Note 1 "Accounting rules and methods" section c) "Financial assets" to the financial statements, impairment is recognized when the value in use is less than the net carrying amount. The value in use is determined on the basis of the share of the shareholders' equity of the subsidiary that the equity securities represent and if applicable: i) the average gross operating profit for the last two years to which a multiple is applied, ii) values for recent comparable transactions, iii) historical data used to assess the original value of the securities, iv) current data such as the company's profitability or the actual value of the underlying assets, v) future data corresponding to prospects in terms of profitability or performance and to economic trends. The choice of method for determining value in use requires significant judgment on the part of Management. In view of the significant amount in the balance sheet represented by the equity securities and the impact of the choice of valuation method for determining the value in use, we considered the measurement of equity securities to be a key audit matter.	Our audit procedures mainly consisted in: • assessing the valuation methods used by Management; • reconciling the shareholders' equity used with the source data from the accounts of the subsidiaries concerned and examining any adjustments made, as well as the documentation underlying these adjustments; • verifying that the value in use of the equity securities was correctly determined on the basis of the methods adopted by Management; • verifying the appropriateness of the information disclosed in the following notes to the financial statements: Note 1 "Accounting rules and methods", section c) Financial assets", Note 6 "Movements in equity securities and other capitalized securities in 2019", and Note 7 "Statement of provisions and depreciation of assets as at December 31, 2019".

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report, as approved on February 19, 2020, and in the other documents with respect to the financial position and the financial statements provided to the Shareholders. Regarding the events that occurred and the elements known after the date of approval of the financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the annual general meeting called to decide on these financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in article D. 441-4 of the French Commercial Code (Code de commerce).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (Code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights and cross-shareholdings has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Accor S.A. by the annual general meetings held on 30 April 2019 for PricewaterhouseCoopers Audit and on 16 June 1995 for ERNST & YOUNG et Autres.

As at 31 December 2019, PricewaterhouseCoopers Audit was in its first year of engagement and ERNST & YOUNG et Autres was in its twenty-fifth year of engagement.

Prior to ERNST & YOUNG et Autres (formerly Barbier Frinault et Autres), Barbier Frinault et Associés had been statutory auditor since 1970.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit to the Audit and Risk Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine et Paris-La Défense, April 2, 2020

The statutory auditors

French original signed by:

PricewaterhouseCoopers Audit		**ERNST & YOUNG et Autres**	
Olivier Lotz	Cédric Haaser	Jean Christophe Goudard	François-Guillaume Postel

6. Capital and ownership structure

6.

6.1 Information about the Company

Company name

Accor

Registered office

82, rue Henri-Farman – 92130 Issy-les-Moulineaux, France.

Website

www.group.accor.com

The information found on the Group's website does not form part of the prospectus unless it is incorporated by reference.

Legal form

Joint stock company *(société anonyme)* governed by the applicable French laws and regulations, including Articles L. 225-17 to L. 225-56 of the French Commercial Code.

Governing law

Joint stock company governed by the applicable French laws and regulations.

Term

The Company was incorporated on April 22, 1960.

It will be dissolved on April 22, 2059 unless it is wound up in advance or its term is extended.

Corporate purpose

(Article 3 of the Bylaws)

The Company's corporate purpose is to engage in the following activities on its own behalf, or on behalf of third parties, or jointly with third parties:

- the ownership, financing and management, directly, indirectly, or under specified mandates, of hotels, restaurants and bars of any nature or category and, more generally, any establishment related to accommodation, food, tourism, leisure, and services;
- the economic, financial and technical review of projects and, generally, all services related to the development, organization and management of the above-mentioned establishments, including all actions related to their construction or the provision of any related consulting services;
- the review and provision of services intended to facilitate the supply of meals to employees in companies, institutions and other organizations;
- the creation of any new company and the acquisition of interests by any method in any company operating in any business;
- all civil, commercial, industrial and financial transactions, involving both securities and property, related to the purposes of the Company and all similar or related purposes;
- in France and in any other countries.

Registration of the Company

The Company is registered in Nanterre under number 602 036 444.

Business Identification (APE) code: 7010Z.

Legal Entity Identifier (LEI) code: 969500QZC2Q0TK11NV07.

Documents on display

Corporate documents, including the Bylaws, balance sheets, income statements, Board of Directors' reports and Auditors' reports, may be inspected at the Company's registered office.

Fiscal year

The Company's fiscal year begins on January 1 and ends on December 31.

Profit available for distribution

(Article 27 of the Bylaws)

Profit available for distribution consists of net profit for the year, less any losses brought forward from prior years and any amounts to be credited to reserves pursuant to the law, plus any unappropriated retained earnings brought forward from prior years.

After approving the accounts for the year, the Annual Shareholders' Meeting may decide to appropriate all or part of the profit available for distribution, if any, to the payment of a dividend. In the event of partial distribution, the Annual Shareholders' Meeting may decide to appropriate the remaining profit to one or more reserve accounts. Alternatively, the Annual Shareholders' Meeting may decide to appropriate all of the profit available for distribution to said reserve accounts.

Shareholders' Meetings

Notice of Shareholders' Meetings

(Article 24 of the Bylaws)

Shareholders' Meetings shall be called as provided for by law. The meetings shall take place at the Company's registered office or at any other venue specified in the notice of meeting.

Attendance and representation

(Article 24 of the Bylaws)

In accordance with the applicable regulations, shareholders have the right to attend and participate in Shareholders' Meetings in person or by proxy, whatever the number of shares held, upon presentation of evidence that their shares have been recorded in a securities account opened in their name or in that of their accredited financial intermediary, as specified in the applicable laws and regulations.

In the case of bearer shares, such evidence shall take the form of a statement of share ownership (attestation de participation) issued by the accredited financial intermediary in accordance with the law.

Organization of Shareholders' Meetings

(Article 25 of the Bylaws)

All shareholders have the right to attend or be represented at Shareholders' Meetings, under the conditions set by law. They may vote by post in accordance with Article L. 225-107 of the French Commercial Code. The proxy/postal voting form may be sent to the Company or to the Company's registrar in paper form or, by decision of the Board of Directors published in the notice of meeting, by electronic mail in accordance with the applicable laws and regulations.

In addition, if decided by the Board of Directors when the meeting is called, shareholders who participate in the meeting by videoconference or by any electronic means enabling their identification, on the basis and by the method stipulated in the applicable laws and regulations, will be considered as being physically present for the calculation of the quorum and voting majority.

To cast a vote or execute a proxy by electronic means, shareholders or their duly authorized representative or attorney must either:

- provide a secure electronic signature fulfilling the requirements of the applicable laws and regulations; or
- enter a unique username and password on the Company's website, if such a website exists, in accordance with the applicable laws and regulations.

Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a director designated by the Board. Otherwise, the meeting elects its own Chairman.

The function of Scrutineer of the meeting is fulfilled by the two shareholders present at the meeting who represent the largest number of voting rights and who consent to take on the role. The Bureau thus formed names a Secretary, who may or may not be a shareholder.

An attendance register is kept, pursuant to the law.

Copies or excerpts of the meeting minutes may be certified by the Chairman of the Board of Directors, the Chairman of the meeting, or the meeting Secretary.

Ordinary and Extraordinary Shareholders' Meetings fulfilling the relevant quorum and majority voting requirements exercise the powers vested in them by law.

Double voting rights

(Article 25 of the Bylaws)

All fully paid shares registered in the name of the same holder for at least two years carry double voting rights.

In the event of a capital increase through the capitalization of retained earnings, profits or additional paid-in capital, the resulting bonus shares distributed in respect of registered shares carrying double voting rights will similarly carry double voting rights.

Registered shares converted into bearer shares or sold to a different holder lose their double voting rights. However, transfers through inheritance, liquidation of marital assets, *inter vivos* transfers to a spouse or to a relative in the ascending or descending line do not result in the loss of double voting rights or a break in the qualifying period. The merger of the Company has no impact on double voting rights, provided that the Bylaws of the surviving company allow for their exercise.

When shares are held by beneficial and non-beneficial owners, voting rights in Ordinary and Extraordinary Shareholders' Meetings are exercised by the beneficial owner.

Disclosure thresholds

(Article 9 of the Bylaws)

Any shareholder, acting alone or in concert with other shareholders within the meaning of Article L. 233-10 of the French Commercial Code, that directly or indirectly acquires an interest, or raises or reduces its interest, in the capital or voting rights of the Company, including any equivalent shares or voting rights as defined in Article L. 223-9-1 of the French Commercial Code, to above or below any statutory disclosure threshold is required to disclose its interest to the Company. In the case of failure to make such disclosure, the sanctions provided for by law will apply.

In addition, any shareholder that acquires or raises its interest to 1% of the capital or voting rights is required to disclose its interest to the Company by registered letter with return receipt requested sent to the head office, within five trading days of the transaction date or the signature of any agreement resulting in the disclosure threshold being crossed, whatever the date on which the shares are recorded in the holder's account. The notification must include details of the total number of shares and/or share equivalents held and the number of voting rights held as provided for above.

Beyond said 1% threshold, the same disclosure rules as defined above ("i.e. in the capital or voting rights") will apply to any increase in a shareholder's interest by any multiple of 0.5% of the capital or voting rights and to any reduction in a shareholder's interest by any multiple of 1% of the capital or voting rights.

For the application of the above paragraphs, the shares or voting rights referred to in paragraphs 1 to 8 of Article L. 233-9-1 of the French Commercial Code are considered as being equivalent to the shares or voting rights held by the shareholder.

Restrictions on voting rights

(Article 9 of the Bylaws)

In the case of failure to comply with the applicable disclosure rules, at the request of one or several shareholders representing at least 3% of the Company's capital or voting rights, as duly recorded in the minutes of the Shareholders' Meeting, the undisclosed shares will be stripped of voting rights at all Shareholders' Meetings held in the two years following the date when the omission is remedied.

Notification of intentions

(Article 9 of the Bylaws)

Any shareholder that acquires or raises its interest to more than one-twentieth, three-twentieths or one-quarter of the capital or voting rights is required to notify the Company of its intentions over the following twelve months.

At the end of each successive twelve-month period, any shareholder that continues to hold a number of shares or voting rights in excess of the above fractions will be required to notify the Company of its intentions for the following twelve months.

In particular, the shareholder must inform the Company of whether it is acting alone or in concert with other shareholders, whether or not it plans to purchase additional shares, and whether or not it intends to acquire control of the Company or to request its election or the election of one or several candidates of its choice as directors of the Company. The Company will have the right to inform the public and shareholders of the said shareholder's disclosed intentions, or of the shareholder's failure to comply with this requirement.

For the application of the above paragraphs, the shares or voting rights referred to in paragraphs 1 to 8 of Article L. 233-9-1 of the French Commercial Code are considered as being equivalent to the shares or voting rights held by the shareholder.

6.2 Ratings

The ratings assigned to Accor by Standard & Poor's and Fitch Ratings are as follows:

Rating agency	Long-term debt	Short-term debt	Most recent rating confirmation	Outlook	Most recent outlook update
Standard & Poor's	BBB-	A-3	03/24/2020	Negative	03/24/2020
Fitch Ratings	BBB-	F3	03/23/2020	Negative	03/23/2020

6.3 Share capital

6.3.1 Share capital

At December 31, 2019, the Company's share capital amounted to €812,797,050 divided into 270,932,350 common shares with a par value of €3.00, all fully paid-up and in the same class.

Shares may be held in either registered or bearer form.

The Company avails itself of legal procedures to identify its shareholders.

Shares are freely transferable within legal and regulatory limits.

The transfer of shares, regardless of price or terms, is made by account transfer, pursuant to the regulations in force.

6.3.2 Share buyback program

Authorization granted by the Annual Shareholders' Meeting of April 30, 2019

At the Annual Shareholders' Meeting on April 30, 2019, shareholders authorized the Board of Directors to buy back the Company's shares on the stock market. The authorization was given for a period of 18 months and superseded all previous authorizations.

The Annual Shareholders' Meeting set the maximum number of ordinary shares that may be bought back at the equivallent of 10% of the share capital and the maximum per-share price at €70 (excluding purchase costs). The maximum total investment in the buyback program was therefore €1.96 billion.

The authorization may be used to purchase shares for the following purposes:

- for cancellation at a later date in connection with a capital reduction decided or authorized by shareholders in an Extraordinary Meeting;
- for allocation under employee stock ownership plans, in particular free stock grant plans made under Articles L. 225-197-1 *et seq.* of the French Commercial Code, employee savings (or similar) plans under Articles L. 3332-1 *et seq.* of the French Labor Code, and stock option plans under Articles L. 225-177 *et seq.* of the French Commercial Code;
- for allocation on the conversion, redemption, exchange or exercise of share equivalents;
- to make a market in the Company's shares under a liquidity contract that complies with the Code of Conduct recognized by the French securities regulator (*Autorité des Marchés Financiers* – AMF);
- to perform any market transaction or practice permitted, now or hereafter, under the laws or regulations in force or by the AMF.

Implementation of the share buyback program in 2019

As of May 30, 2013, and for a period of twelve months tacitly renewable for successive twelve-month terms, Accor contracted with Rothschild & Cie Banque to implement a liquidity contract complying with the Code of Conduct issued by the French Financial Markets Association (AMAFI) and approved by the AMF on March 24, 2011. To fund the contract, €30 million has been allocated to the liquidity account.

The liquidity contract was suspended on July 27, 2018. Indeed, on July 27, 2018 the Company announced that it intended to implement, over a two-year period, a share buyback program of up to €1.35 billion, representing a maximum of 10% of its share capital based on market capitalization at the end of February 2018 during the launch of the program.

The first tranche of the program, which was implemented over the period from July 30, 2018 to November 8, 2018 inclusive, resulted in a total of 8,378,765 shares being bought back for a total amount of €351,484,758. The 8,378,765 shares were then canceled by the Chairman and Chief Executive Officer on December 31, 2018, in line with the objectives of the share buyback program approved at the Annual Shareholders' Meeting held on April 20, 2018.

The second tranche of the program, implemented from December 20, 2018 to June 20, 2019, for a target amount of €500 million, resulted in a total of 13,391,702 ordinary shares being bought back between December 20, 2018 and March 26, 2019, for a total amount of €499,683,807. The 13,391,702 shares were then canceled by the Chairman and Chief Executive Officer on June 28, 2019, in line with the objectives of the share buyback program approved by shareholders.

The liquidity contract suspended on July 27, 2018 was then reactivated on October 4, 2019.

At December 31, 2019, Accor therefore does not hold shares in treasury.

6.3.3 Employee stock ownership

The first employee share issue, open to participants in the "Accor en Actions" Corporate Savings Plan, was carried out in France in 1999.

In 2000, Accor launched its first international employee share issue in 23 countries, demonstrating its commitment to offering a significant number of employees worldwide the opportunity to become Accor shareholders by tailoring the plan rules to comply with legal and tax restrictions in each country.

International employee share issues were again carried out in 2002 in 25 host countries.

In 2004, another share issue for employees in 20 or so countries took place.

In 2007, for the first time, a leveraged employee share ownership plan was offered in the 26 countries where such plans are permitted by local legislation.

In 2017, a new leveraged employee share ownership plan (Share 17) was offered in nine European countries. 35% of eligible employees participated in Share 17.

In 2019, Accor launched another leveraged employee share ownership plan (Share 19), which was offered in 12 European countries. Under this plan, as with Share 17, for each Accor share purchased by an employee, the Group's partner bank financed the purchase of an additional nine shares on the employee's behalf (except in four countries where the formula was adjusted to comply with local legislation). At the end of the five-year lock-up period, or earlier if the lock-up is waived, the employee recovers his or her personal contribution plus a multiple of the locked-in average increase in the Accor share compared to the reference price. 25% of eligible employees participated in Share 19.

At December 31, 2019, 1.40% of the Company's capital was held by Accor employees and former employees.

6.3.4 Shares not representing capital

None.

6.3.5 Changes in capital

Year	Changes in capital over the past five years	Increase/(decrease) in capital (in euros) Share capital	Additional paid-in capital	New capital (in euros)	New shares outstanding
2015	Exercise of stock options at €18.20	885,171	4,484,866	696,394,368	232,131,456
	Exercise of stock options at €26.41	11,250	87,788	696,405,618	232,135,206
	Exercise of stock options at €26.66	2,021,748	15,944,853	698,427,366	232,809,122
	Exercise of stock options at €28.32	93,960	793,022	698,521,326	232,840,442
	Exercise of stock options at €30.49	4,500	41,235	698,525,826	232,841,942
	Exercise of stock options at €30.81	2,365,770	21,930,688	700,891,596	233,630,532
	Exercise of stock options at €31.72	350,946	3,359,723	701,242,542	233,747,514
	Exercise of stock savings warrants at €40.08	2,367	29,256	701,244,909	233,748,303
	Vesting of performance shares	703,935	-	701,948,844	233,982,948
	Dividend reinvestment at €46.20	4,108,431	59,158,667	706,057,275	235,352,425
2016	Exercise of stock options at €18.20	223,533	1,132,567	706,280,808	235,426,936
	Exercise of stock options at €26.41	214,920	1,677,092	706,495,728	235,498,576
	Exercise of stock options at €26.66	248,325	1,958,457	706,744,053	235,581,351
	Exercise of stock options at €30.49	4,524	41,455	706,748,577	235,582,859
	Exercise of stock options at €31.72	58,320	558,317	706,806,897	235,602,299
	Vesting of performance shares	1,250,730	-	708,057,627	236,019,209
	Share issue on acquisition of the FRHI Group	140,100,000	-	848,157,627	282,719,209
	Distribution of 2015 dividend	-	(90,123,965)	848,157,627	282,719,209
	Dividend reinvestment at €34.73	6,145,383	64,997,668	854,303,010	284,767,670
2017	Exercise of stock options at €18.20	443,451	2,246,818	854,746,461	284,915,487
	Exercise of stock options at €26.41	248,760	1,941,157	854,995,221	284,998,407
	Exercise of stock options at €26.66	1,485,594	11,716,385	856,480,815	285,493,605
	Exercise of stock options at €30.49	13,572	124,365	856,494,387	285,498,129
	Exercise of stock options at €31.72	167,172	1,600,393	856,661,559	285,553,853
	Vesting of performance shares	125,685	-	856,787,244	285,595,748
	Employee share issue at €33.51	1,651,311	16,451,450	858,438,555	286,146,185
	Distribution of 2016 dividend	-	(308,798,267)	858,438,555	286,146,185
	Dividend reinvestment at €37.16	11,927,904	135,819,067	870,366,459	290,122,153
2018	Exercise of stock options at €26.41	387,393	3,022,956	870,753,852	290,251,284
	Exercise of stock options at €26.66	1,102,887	8,698,102	871,856,739	290,618,913
	Exercise of stock options at €30.49	254,748	2,334,341	872,111,487	290,703,829
	Exercise of stock options at €31.72	595,503	5,700,949	872,706,990	290,902,330
	Performance share grant	250,650	-	872,957,640	290,985,880
	Accelerated vesting of performance shares[(1)]	2,055	-	872,959,695	290,986,565
	Cancellation of treasury shares	(25,136,295)	(326,348,463)	847,823,400	282,607,800

		Increase/(decrease) in capital *(in euros)*			
Year	**Changes in capital over the past five years**	**Share capital**	**Additional paid-in capital**	**New capital** *(in euros)*	**New shares outstanding**
2019	Exercise of stock options at €26.41	142,242	1,109,962	847,965,642	282,655,214
	Exercise of stock options at €31.72	634,590	6,075,142	848,600,232	282,866,744
	Performance share grant	2,532,750	-	851,132,982	283,710,994
	Employee share issue at €33.11	1,839,174	17,697,612	852,972,156	284,324,052
	Cancellation of treasury shares	(40,175,106)	(459,508,702)	812,797,050	270,932,350

(1) Accelerated vesting for beneficiaries of the performance share plan.
N.B.: There are no options outstanding to purchase existing shares of the Company. All options granted are to purchase new shares.

6.4 Ownership structure

6.4.1 Ownership and voting rights structure

At December 31, 2019, the Company's capital consisted of 270,932,350 shares, representing a total of 349,469,956 voting rights, 320,578,237 of which were exercisable. There are 78,537,606 double voting rights outstanding.

The Company had 5,770 registered shareholders at December 31, 2019, representing 30.5% of the capital and 46.1% of total voting rights.

Shareholders at December 31, 2019

	Shares	% capital	Voting rights	% voting rights	Exercisable voting rights	% exercisable voting rights
JinJiang International Holdings Co., Limited[1]	31,290,000	11.55%	55,128,324	15.77%	48,285,363	13.82%
Qatar Investment Authority	29,505,060	10.89%	59,010,120	16.89%	36,961,362	10.58%
Kingdom Hotels (Europe) LLC	16,494,440	6.09%	32,176,520	9.21%	32,176,520	9.21%
Huazhu Investment Limited[2]	8,470,677	3.13%	8,470,677	2.42%	8,470,677	2.42%
Founders	*3,727,266*	*1.38%*	*7,391,970*	*2.12%*	*7,391,970*	*2.12%*
Other members of the Board of Directors	*219,014*	*0.08%*	*328,067*	*0.09%*	*328,067*	*0.09%*
Subtotal: Board/founders	3,946,280	1.46%	7,720,037	2.21%	7,720,037	2.21%
Free float	181,225,893	66.89%	186,964,278	53.50%	186,964,278	53.50%
CAPITAL AT DECEMBER 31, 2019	**270,932,350**	**100.00%**	**349,469,956**	**100.00%**	**320,578,237**	**100.00%**

(1) Since the start of 2020, Jin Jiang has disclosed that it has raised its interest in Accor's capital above thresholds on January 16, March 2, March 9, March 17 and March 23. Following these transactions, Jin Jiang holds 33,924,608 Company shares and 57,762,932 voting rights, representing an interest of 12.52% in the capital and 16.53% of the voting rights, based on the number of outstanding shares and voting rights in the Company at February 29, 2020.

(2) Huazhu Investment Limited disclosed that it held 7,467,023 Company shares and as many voting rights on February 24, 2020, representing 2.76% of the capital and 2.14% of the voting rights, on the basis of the total number of shares and voting rights in the capital as of February 29, 2020.

At December 31, 2019, 3,800,783 shares (1.40% of total capital) and 7,102,714 voting rights (2.03% of the total) were held by Accor employees and former employees.

During the year, the following registered intermediaries or fund managers notified the AMF of changes in their interests, in accordance with disclosure threshold rules:

Registered intermediary or fund manager	Disclosure date	AMF reference number	Increase or decrease in interest	Number of shares	% capital	Number of voting rights	% theoretical voting rights
Harris Associates L. P.	January 29, 2019	219C0177	▲	14,854,385	5.26%	14,854,385	4.12%
Harris Associates L. P.	March 13, 2019	219C0491	▲	18,067,189	6.39%	18,067,189	5.01%

Changes in ownership structure over the past three years

	December 31, 2017			December 31, 2018			December 31, 2019		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
JinJiang International Holdings Co., Limited[1]	35,757,485	12.32%	11.55%	33,890,000	11.99%	16.01%	31,290,000	11.55%	15.77%
Qatar Investment Authority	29,505,060	10.17%	9.53%	29,505,060	10.44%	16.37%	29,505,060	10.89%	16.89%
Kingdom Hotels (Europe) LLC	16,494,440	5.69%	5.33%	16,494,440	5.84%	8.93%	16,494,440	6.09%	9.21%
Huazhu Investment Limited[2]	-	-	-	13,092,112	4.63%	3.63%	8,470,677	3.13%	2.42%
ColDay A S.à.r.l./Legendre Holding 19 acting in concert[3]	12,185,303	4.20%	7.87%	-	-	-	-	-	-
Founders	3,769,505	1.30%	2.43%	3,772,067	1.33%	2.09%	3,727,266	1.38%	2.12%
Other shareholders	192,410,360	66.32%	63.29%	184,992,465	65.45%	52.73%	181,444,907	66.96%	53.59%
Treasury shares[4]	-	-	-	861,656	0.31%	0.24	-	-	-
CAPITAL	**290,122,153**	**100.00%**	**100.00%**	**282,607,800**	**100.00%**	**100.00%**	**270,932,350**	**100.00%**	**100.00%**

(1) Since the start of 2020, Jin Jiang has disclosed that it has raised its interest in Accor's capital above thresholds on January 16, March 2, March 9, March 17 and March 23. Following these transactions, Jin Jiang holds 33,924,608 Company shares and 57,762,932 voting rights, representing an interest of 12.52% in the capital and 16.53% of the voting rights, based on the number of outstanding shares and voting rights in the Company at February 29, 2020.
(2) Huazhu Investment Limited disclosed that it held 7,467,023 Company shares and as many voting rights on February 24, 2020, representing 2.76% of the capital and 2.14% of the voting rights, on the basis of the total number of shares and voting rights in the capital as of February 29, 2020.
(3) On March 6, 2018, Legendre Holding 19 (Eurazeo) announced that it had sold all of its stake in Accor and that it no longer held any voting rights.
(4) Treasury shares held as part of the share buyback program launched in 2018 (see section 6.2.2 "Share buyback program").

Sources: Accor share register, disclosures made to the AMF and the Company.

A Euroclear France survey of financial institutions holding at least 100,000 shares and of shareholders holding at least 250 shares at December 31, 2019 identified 9,457 shareholders owning an aggregate 67.43% of the Company's capital, representing 52.28% of total voting rights.

Analysis by shareholder category at December 31, 2019	% capital	% voting rights
Private shareholders	1.45%	1.13%
Institutional investors	65.98%	51.15%
French institutions	*11.16%*	*8.65%*
Foreign institutions	*54.82%*	*42.50%*
Unidentified in the Euroclear survey	32.57%	47.72%
CAPITAL AT DECEMBER 31, 2019	**100.00%**	**100.00%**

Source: Euroclear France.

Shareholders' agreements relating to the shares making up the Company's capital

To the best of the Company's knowledge, apart from the shareholders' agreements described below, there are no other agreements between shareholders concerning the Company's shares.

Agreements concerning the governance of FRHI, acquired on July 12, 2016

On December 9, 2015, Accor entered into an agreement with the shareholders of FRHI Holdings Limited (FRHI) including subsidiaries of the Qatar Investment Authority (QIA) and Kingdom Holding Company, for the acquisition of FRHI for a combination of cash and Accor shares. Under the terms of this agreement, the Qatar Investment Authority and Kingdom Holding agreed to sell their FRHI shares subject to certain conditions precedent, mainly approval of the transaction and related share issue by Accor shareholders.

The transaction and related share issue were approved at an Ordinary and Extraordinary Shareholders' Meeting held on July 12, 2016, after which Lodge Investment Company and Voyager Fund Enterprise I Ltd[1] received a total of 29,505,060 Accor shares representing 10.38% of the capital and 9.26% of the voting rights, and Kingdom Hotels[2] received 16,494,440 Accor shares representing 5.80% of the capital and 5.18% of the voting rights.

(1) Companies ultimately controlled by the Qatar Investment Authority.
(2) Company ultimately controlled by HRH Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud.

Two shareholders' pacts were signed on the transaction completion date, with similar terms, between Accor and the Qatar Investment Authority (through Lodge Investment Company[1], Voyager Fund Enterprise I Ltd[1] and Qatar Holding LLC[1] to which the rights were transferred) and between Accor and Kingdom Holding Company (through Kingdom Hotels (Europe) LLC[2]).

The main clauses of the pact between Accor and the Qatar Investment Authority provide for:

- election to the Accor Board of Directors of two directors proposed by QIA, provided that it holds over 6% of Accor's capital, or one director if its interest stands at between 3% and 6% of Accor's capital. One of these two directors will also sit on the Commitments Committee and the Appointments and Compensation Committee;
- an undertaking by the Qatar Investment Authority to hold all of the 29,505,060 Accor shares received in consideration for the contribution of FRHI shares for a period of 12 months after the transaction date, and then to hold 50% of the Accor shares received in consideration for the contribution until January 1, 2018, subject to the customary exceptions and unless the shares are transferred to companies owned by Kingdom Holding Company;
- an undertaking by QIA not to hold, alone or in concert, more than 57,556,980 Accor voting rights during a period of three years after the transaction date. The above cap may be raised in the event of certain corporate actions involving Accor shares. If QIA were to enter into a concert arrangement with Kingdom Holding Company, the cap would be raised to 91,100,000 voting rights and would apply to the combined interest of the concert group members;
- in the event of a third party tender offer for Accor shares that complies with French securities regulations as formulated by the AMF, the option for QIA to file a competing bid for all outstanding Accor shares;
- a right of first refusal for Accor in the event of a planned transfer of Accor shares to certain identified competitors of the Accor Group;
- the orderly sale of Accor shares on the market in order to limit the impact on the share price;
- disclosure to Accor of any transfer of shares that leads to a direct or indirect, partial or total, immediate or deferred transfer of title;
- an undertaking to hold Accor shares in registered form;
- the possibility for QIA to act in concert, with regard to Accor, with another shareholder including Kingdom Holding Company but excluding certain identified competitors of Accor.

The pact came into effect on the transaction completion date (July 12, 2016) for a 12-year term. It will be terminated in advance if the combined interest of Lodge Investment Company, Voyager Fund Enterprise I Ltd and Qatar Holding LLC (direct Accor shareholders) is reduced to less than 3% of Accor's capital or if they cease to be wholly owned, directly or indirectly, by the Qatar Investment Authority.

The main clauses of the pact between Accor and Kingdom Holding Company provide for:

- election to the Accor Board of Directors of a director proposed by Kingdom Holding Company, provided that it holds over 3% of Accor's capital. The director concerned will also sit on the Commitments Committee and the Appointments and Compensation Committee;
- an undertaking by Kingdom Holding Company to hold all of the 16,494,440 Accor shares received in consideration for the contribution of FRHI shares for a period of 12 months after the transaction date, and then to hold 50% of the Accor shares received in consideration for the contribution until January 1, 2018, subject to the customary exceptions and unless the shares are transferred to companies owned by QIA;
- an undertaking by Kingdom Holding Company not to hold, alone or in concert, more than 32,176,520 Accor voting rights during a period of three years after the transaction date. The above cap may be raised in the event of certain corporate actions involving Accor shares. If Kingdom Holding Company were to enter into a concert arrangement with QIA, the cap would be raised to 91,100,000 voting rights and would apply to the combined interest of the concert group members;
- in the event of a third party tender offer for Accor shares that complies with French securities regulations as formulated by the AMF, the option for Kingdom Holding Company to file a competing bid for all outstanding Accor shares;
- a right of first refusal for Accor in the event of a planned transfer of Accor shares to certain identified competitors of the Accor Group;
- the orderly sale of Accor shares on the market in order to limit the impact on the share price;
- disclosure to Accor of any transfer of shares that leads to a direct or indirect, partial or total, immediate or deferred transfer of title;
- an undertaking to hold Accor shares in registered form;
- the possibility for Kingdom Holding Company to act in concert, with regard to Accor, with another shareholder including QIA but excluding certain identified competitors of Accor.

The pact came into effect on the transaction completion date (July 12, 2016) for a 12-year term. It will be terminated in advance if the interest of Kingdom Hotels (Europe) LLC (direct Accor shareholder) is reduced to less than 3% of Accor's capital or if it ceases to be wholly owned, directly or indirectly, by Kingdom Holding Company.

(1) Companies ultimately controlled by the Qatar Investment Authority.
(2) Company ultimately controlled by HRH Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud.

6.4.2 Dividends

Year	Shares outstanding at December 31	Dividend for the year *(in euros)*	Paid on	Share price *(in euros)* High	Low	Year-end closing price	Yield based on year-end closing price
2013	228,053,102	0.80	June 4, 2014	34.32	24.54	34.30	2.33%
2014	231,836,399	0.95	June 3, 2015	39.58	28.87	37.34	2.54%
2015	235,352,425	1.00	May 18, 2016	51.65	35.99	40.00	2.50%
2016	284,767,670	1.05	June 6, 2017	41.25	29.96	35.43	2.96%
2017	290,122,153	1.05	May 15, 2018	43.67	35.17	43.00	2.44%
2018	282,607,800	1.05	May 14, 2019	48.95	35.30	37.11	2.83%
2019	270,932,350	-(1)	-	42.58	32.39	41.75	-(1)

(1) In light of the ongoing health crisis, the Board of Directors has decided not to propose a dividend to its shareholders in respect of 2019.

Dividends are paid through Euroclear France.

Dividends not claimed within five years from the date of payment are forfeited, as provided for by law.

6.5 The market for Accor securities

The market for Accor securities

Accor shares are traded on the Euronext Paris stock exchange (Compartment A) and are included in the CAC 40 index. Ordinary shares are identified by ISIN code FR0000120404 and ticker symbol AC.

Accor is also included in the benchmark international socially responsible investing indexes:

- Euronext Vigeo index: World 120, Europe 120, Eurozone 120, France 20;
- FTSE4Good Index Series;
- Ethibel Sustainability Index (ESI) Excellence Europe & Excellence Global;
- Standard Ethics French Index;
- MSCI ACWI ESG Leaders Index, MSCI ACWI ESG UNIVERSAL Index;
- STOXX: EURO STOXX & STOXX 600 Low Carbon, EURO STOXX & STOXX Global Reported Low Carbon, EURO STOXX & STOXX Europe Sustainability, STOXX Europe & STOXX Global Climate Impact Ex Global Compact, STOXX Global 1800 Low Carbon, STOXX Global Reported Low Carbon, STOXX Global ESG Environmental Leaders, STOXX Global ESG Governance Leaders, STOXX Global ESG Impact, STOXX Global ESG Leaders + STOXX Global Climate Awareness Ex Global Compact; STOXX Global ESG Social Leaders.

Accor is also rated by the following non-financial organizations:

- CDP Carbon score: A-. Accor has been participating in CDP Carbon since 2006. This international organization surveys major corporations about how they are factoring climate change into their strategy, their approach to carbon reduction and their performance in terms of greenhouse gas emissions;
- ISS ESG rating: “Prime”;
- Ecovadis rating: “gold level 2019”;
- Sustainalytics rating: “Overall ESG Score 2019: 76, Leader Performance” (highest level).

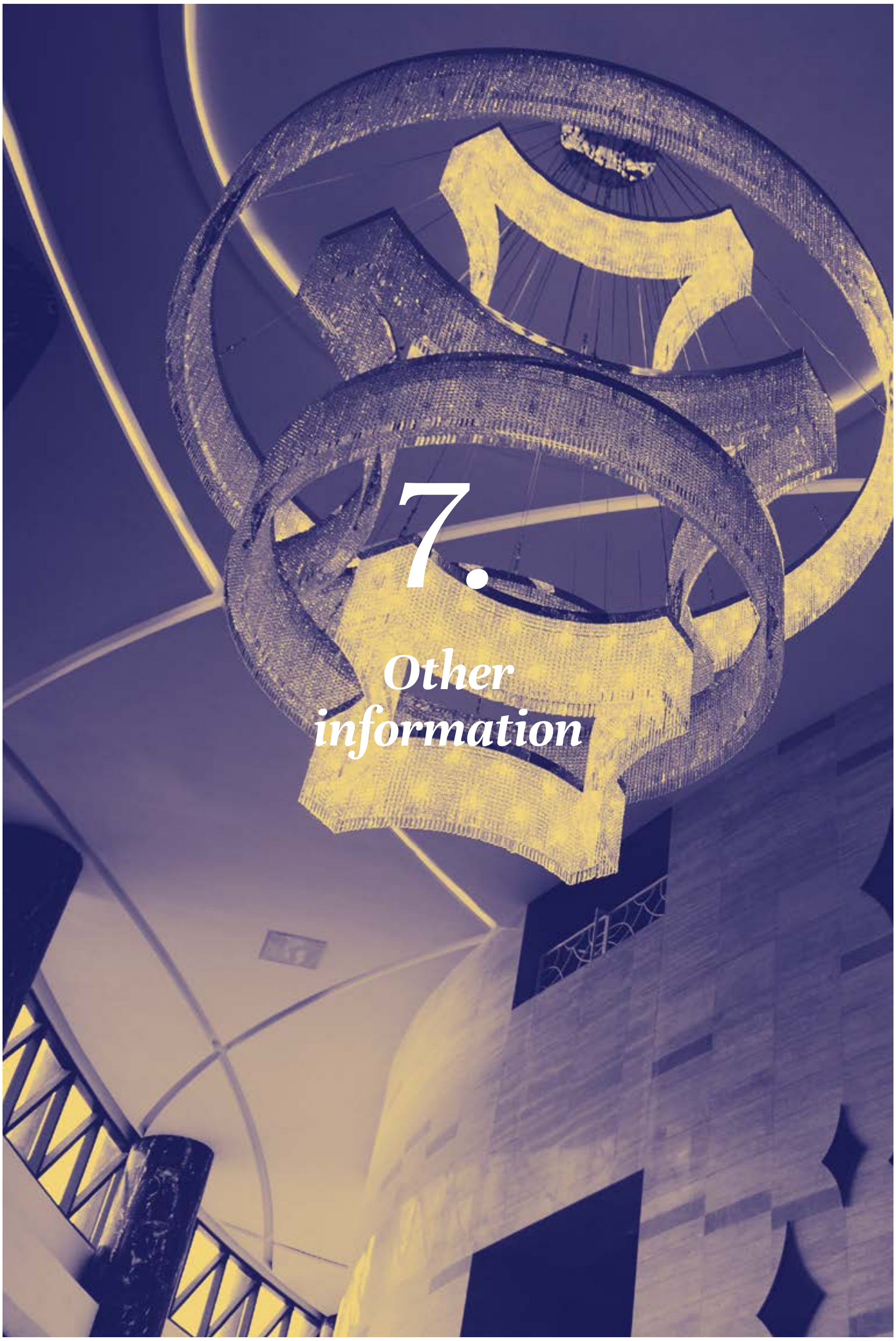
Accor has been included in the Sustainability Yearbook 2019 ranking, published for the first time this year by RobecoSAM.

At December 31, 2019, the Company’s market capitalization stood at roughly €11.3 billion, based on the closing share price of €41.75.

Accor share prices and trading volumes (ISIN: FR0000120404)

	Average closing price	High-Low		Trading volume
		High	Low	
2019				
January	37.86	39.31	36.00	16,263,215
February	38.62	40.14	36.94	18,816,528
March	36.86	38.29	35.24	26,656,555
April	37.44	38.84	36.08	14,557,705
May	34.96	38.16	32.76	17,283,828
June	35.27	37.78	32.39	18,978,176
July	39.54	41.75	37.74	19,540,194
August	38.26	40.54	36.62	14,409,544
September	39.18	40.42	37.75	14,559,265
October	37.95	39.26	36.44	15,110,871
November	39.08	40.27	37.87	16,725,800
December	40.31	42.58	37.51	17,603,065
2020				
January	39.37	42.24	36.12	22,634,685
February	37.41	39.28	31.63	26,012,928

Source: Euronext.



7. Other information

7.

7.1 Investor relations and documents on display

In addition to the Annual Shareholders' Meeting and the events organized to present the annual results, Accor keeps both individual and institutional shareholders informed of the latest developments on a highly responsive daily basis. This information is tailored to the specific needs of different types of shareholders and financial analysts while constantly complying with the principle of fair access to information.

Meetings with investors

In 2019, Accor met with 634 representatives from more than 384 financial institutions and organized 17 roadshows in France, the United Kingdom, Asia, the United States, Italy and Australia.

Three hotel tours in France and the United Kingdom enabled investors to talk with line managers and gain a better understanding of management practices and processes.

Accor also took part in 20 investor conferences during the year, in France, the United Kingdom, the United States, Spain, Italy, Ireland, the Netherlands and Belgium.

Held on April 30, 2019 at the Novotel Paris Tour Eiffel Hotel, the Annual Shareholders' Meeting was attended by 295 shareholders and provided many opportunities for exchanging views and opinions on the Group's 2018 results and its strategy.

Shareholder Advisory Committee

The Shareholder Advisory Committee serves as both a consultative body and a forum for discussion, to improve the way we communicate with our retail shareholders. The aim is to enhance our understanding of individual shareholder expectations about the information they receive and their relationship with the Group, in order to make the communication process as transparent as possible and align it more closely with their specific needs.

The Committee, which is composed of nine members, met twice in 2019 with the following agenda:

- on April 15, 2019 at the Group's headquarters in Issy-les-Moulineaux:
  - review of the Group's annual results and development in 2018 (geographic coverage, pipeline, etc.),
  - overview of the major transformative transactions carried out by the Group in 2018 and its priorities in terms of distribution, marketing, loyalty and the adaptation of its organization to its new strategic model,
  - discussions concerning the reinvestment of the €4.6 billion in cash proceeds from the disposal of AccorInvest: share buyback program, acquisition of hotel chains (Mövenpick, Atton, SBE and 21C Museum) and service providers (Adoria, ResDiary, onefinstay, D-EDGE, VeryChic, Wojo, Gekko, John Paul, Potel & Chabot, properly, onepark and Ken) to build a comprehensive ecosystem of attractive, coherent and profitable services; update on this ecosystem to date, and the role and objectives of each company in 2019,
  - preparations for the Annual Shareholders' Meeting of April 30, 2019;
- on November 29, 2019 at the Sofitel Arc-de-Triomphe Hotel:
  - review of the half-year results and the Group's development at mid-year, as well as revenue trends for the third quarter of 2019 (RevPAR growth),
  - update on global competition, business trends within the sector, opportunities, threats,
  - update on the ecosystem of services, benefits and experiences assembled by the Group to increase the engagement of its customers and support its attractiveness among its partners,
  - discussions on the challenges of loyalty and direct distribution, how to increase footfall and the frequency of use of the ecosystem created, how to increase opportunities for contact with customers, and how to increase customer satisfaction through unique experiences,
  - presentation of the new ALL – Accor Live Limitless lifestyle loyalty program and the main partnerships formed to date; discussions on the challenges in forming such partnerships within the program (increasing customer engagement and the number of loyal customers to secure an increasing share of revenue, increasing the range of benefits and rewards including members benefits, bringing in loyal members from other loyalty programs to generate new revenue for the Group, etc.),
  - presentation of the marketing investments made by Accor to strengthen the visibility and recognition of its international brands,
  - update on the Group's food and beverage offer and the related values: 200 million meals served each year, 80,000 employees in 10,000 bars and restaurants, offering diverse, quality and novel cuisine,
  - discussions on the Group's dividend policy based on recurring free cash flow and on additional returns made through share buyback programs,
  - lunch at the hotel.

Accor Shareholders Club

Created in May 2000, the Accor Shareholders Club had 5,865 members at year-end 2019, with each one owning at least 50 bearer shares or one registered share.

Club members take advantage of dedicated benefits and events such as regular e-mail updates throughout the year with press releases, Shareholder webzines and other news, the possibility of subscribing to all of our other corporate publications, the opportunity to discover the Group's businesses in a more personal way through site visits, and VIP invitations to investor events in which Accor participates.

During the first year after signing up, Shareholders Club members receive the Group's ALL – Accor Live Limitless lifestyle loyalty program Gold Card, which offers a systematic upgrade whenever possible, a 7% discount in the form of points that can be saved and used in the Accor network and with its partners, and exclusive deals and benefits offered by its partners.

Easily accessible information tailored to shareholder profiles

All of the Group's financial news and publications can be accessed in the "Investors" section of the group.accor.com website, which serves as a comprehensive investor relations database. The site carries live webcasts of results presentations, Investor Days and Annual Shareholders' Meetings, which are also available for replay on demand. It also tracks the Accor share price in real time and features a dedicated section for retail shareholders and members of the Shareholders Club.

Accor publishes a wide array of documents far exceeding regulatory requirements.

These documents, which cover both the current year and previous years, may be viewed in the "Investors" section of the group.accor.com website. They include:

- the Universal Registration Document filed with the Autorité des Marchés Financiers (available in electronic form since 1997);
- the Integrated Report included in the Universal Registration Document;
- the Annual Report;
- information memoranda filed with the Autorité des Marchés Financiers concerning corporate actions;
- brochures notifying Shareholders' Meetings, sent systematically to registered shareholders and on request to members of the Shareholders Club;
- the Shareholder Webzine.

Legal documents are on display at the Company's primary business office: Tour Sequana, 82, rue Henri-Farman, 92130 Issy-les-Moulineaux.

Since January 20, 2007, when the European Transparency Directive was transposed into French law, Accor has issued its regulatory filings through a professional disclosure service that complies with the criteria set out in the AMF's General Regulations. The filings are also available on the corporate website.

Shareholder hotline

Shareholders in France can call 0805 650 750 (free from a landline) at any time to obtain general information about the Group, the share price, the latest news and practical guidelines for individual shareholders. Operators are available to answer questions from 9:00 a.m. to 6:00 p.m. from Monday to Friday. Messages left out of hours are answered as soon as possible. Shareholders may also submit written questions to comfi@accor.com.

7.2 Persons responsible for the Universal Registration Document and the audit of the accounts

Name and position of the person responsible for the Universal Registration Document

- Sébastien Bazin
  Chairman and Chief Executive Officer

Statement by the person responsible for the Document

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements included in the Universal Registration Document have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Accor and its subsidiaries, and that the management report represents a fair view of the business, results and financial position of Accor and its subsidiaries and that it describes the main risks and uncertainties to which they are exposed.

Paris, April 9, 2020

Sébastien Bazin

Persons responsible for information

- Jean-Jacques Morin
  Deputy CEO responsible for Legal Affairs, Finance, Communications and Strategy
  Phone: +33 (0)1 45 38 87 03
- Besma Boumaza
  Group General Counsel and Senior Vice-President, Compliance
  Phone: +33 (0)1 45 38 86 68
- Sébastien Valentin
  Senior Vice-President, Communications
  Phone: +33 (0)1 45 38 86 25

Statutory Auditors

Statutory Auditors

- Ernst & Young et Autres
  Member of the Ernst & Young network
  Jean-Christophe Goudard, François-Guillaume Postel
  1/2, place des Saisons
  92400 Courbevoie – Paris-La Défense 1, France
  Date of first appointment: June 16, 1995.
  Re-appointed for six years at the April 30, 2019 Annual Shareholders' Meeting.
- PricewaterhouseCoopers Audit
  Olivier Lotz, Cédric Haaser
  63, rue de Villiers
  92208 Neuilly-sur-Seine Cedex, France
  Date of first appointment: April 30, 2019
  Appointed for six years at the April 30, 2019 Annual Shareholders' Meeting.

Alternate Auditors

- Auditex
  Tour Ernst & Young – 11, allée de l'Arche
  92037 Paris La Défense Cedex, France
  Appointed for six years at the April 25, 2013 Annual Shareholders' Meeting.
- Patrice Morot
  63, rue de Villiers
  92208 Neuilly-sur-Seine
  Date of first appointment: April 30, 2019.
  Appointed for six years at the April 30, 2019 Annual Shareholders' Meeting.

7.3 Information incorporated by reference

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is included by reference in this Universal Registration Document:

- the consolidated financial statements and the related Statutory Auditors' report contained in the 2018 Registration Document filed with the *Autorité des Marchés Financiers* on **March 29, 2019** under **no. D.19-0229** (pages **312** to **374**, and **375**);
- the parent company financial statements and the related Statutory Auditors' report contained in the 2018 Registration Document filed with the *Autorité des Marchés Financiers* on **March 29, 2019** under **no. D.19-0229** (pages **380** to **414**, and **415**);
- the financial information contained in the 2018 Registration Document filed with the *Autorité des Marchés Financiers* on **March 29, 2019** under **no. D.19-0229** (pages **294** to **304**);
- the consolidated financial statements and the related Statutory Auditors' reports contained in the 2017 Registration Document filed with the *Autorité des Marchés Financiers* on **March 29, 2018** under **no. D.18-0227** (pages **264** to **325**, and **326**);
- the parent company financial statements and the related Statutory Auditors' report contained in the 2017 Registration Document filed with the *Autorité des Marchés Financiers* on **March 29, 2018** under **no. D.18-0227** (pages **330** to **364**, and **365**);
- the financial information contained in the 2017 Registration Document filed with the *Autorité des Marchés Financiers* on **March 29, 2018** under no. **D.18-0227** (pages **248** to **257**).

Sections of these documents that are not mentioned above are either not applicable to investors or are covered in another part of the Universal Registration Document.

7.4 Cross-reference table for the Universal Registration Document

The Universal Registration Document contains all of the key information required under Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing Regulation (EU) 2017/1129 of June 14, 2017. The table below cross-references this information with the relevant pages of the 2019 Accor Universal Registration Document filed with the AMF or, when specifically stated, the 2018 or 2017 Registration Documents.

Key information required under Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing Regulation (EU) 2017/1129 of June 14, 2017		Page numbers
5.7.	Investments	36-40; 42; 45; 86-87; 91-99; 276-277; 287; 300-305; 319; 330. 71; 297-298; 309; 321-325; 340; 348-349 of the 2018 Registration Document 20-26; 30-34; 37-41; 44-47; 251; 256-257; 372; 303 of the 2017 Registration Document
5.7.1.	Material investments for the period up to the date of the Universal Registration Document	36-40; 42; 45; 86-87; 91-99; 276-277; 287; 300-305; 319; 330
5.7.2.	Material investments that are in progress or for which firm commitments have already been made, and method of financing	36-40; 42; 45; 86-87; 91-99; 276-277; 287; 300-305; 319; 330
5.7.3.	Joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	25; 36-40; 42; 86-87; 91-99; 300-305; 319; 320-321
5.7.4.	Environmental issues that may affect the issuer's utilization of tangible fixed assets	N/A
6.	**Organizational structure**	
6.1.	Brief description of the Group	9-11; 19-32; 54; 211; 355
6.2.	List of significant subsidiaries	86; 91; 283-286; 319; 355; 372; 394-397
7.	**Operating and financial review**	
7.1.	Financial condition	272-286; 290-296
7.1.1.	Development and performance of the issuer's business and of its position including financial and, where appropriate, non-financial key performance indicators	298; 294-304; 305-308; 312-317 of the 2018 Registration Document 251; 248-257; 258-260; 264-268 of the 2017 Registration Document 2017
7.1.2.	Issuer's likely future development and activities in the field of research and development	30-32
7.2.	Operating results	272-283; 305-309
7.2.1.	Significant factors, unusual or infrequent events or new developments, materially affecting the issuer's income from operations	12-18; 58; 110-114; 272-274; 300-305
7.2.2.	Reasons for material changes in net sales or revenues	273 ; 278-283
8.	**Capital resources**	
8.1.	Information concerning the issuer's capital resources	276; 294; 335-341
8.2.	Sources and amounts of the issuer's cash flows	276; 294
8.3.	Information on the borrowing requirements and funding structure of the issuer	335-344
8.4.	Information regarding any restrictions on the use of capital resources	N/A
8.5.	Information regarding anticipated sources of funds	335-340

Key information required under Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing Regulation (EU) 2017/1129 of June 14, 2017		Page numbers
9.	**Regulatory environment**	**112**
10.	**Trend information**	
10.1.	Most significant trends in production, sales and inventory, costs and selling prices and any significant change in the financial performance of the Group since the end of the last financial period to the date of the Universal Registration Document	12-18; 287
10.2.	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	12-18; 287
11.	**Profit forecasts or estimates**	
11.1.	Published profit forecasts or profit estimates	43-46
11.2.	Statement setting out the principal assumptions used for forecasts	46
11.3.	Statement of comparability with historical financial information and consistency of accounting policies	44
12.	**Administrative, management and supervisory bodies and senior management**	
12.1.	Information on the Board of Directors and Executive Management	211-220
12.2.	Administrative, management and supervisory bodies and senior management conflicts of interests	221-224; 259-267; 353
13.	**Remuneration and benefits**	
13.1.	Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	56; 229-240; 242-251; 316-317; 353; 387
13.2.	Total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	231-234; 236; 238; 240; 334; 374-375
14.	**Board practices**	
14.1.	Date of expiration of the current term of office of members of the administrative, management and supervisory bodies	54; 211-220
14.2.	Members of the administrative, management or supervisory bodies' service contracts with the issuer	208 : 223-226
14.3.	Information about the issuer's audit committee and remuneration committee	226 ; 260-262
14.4.	Statement as to whether or not the issuer complies with the applicable corporate governance regime	208-209 ; 259-267
14.5.	Potential material impacts on corporate governance	N/A
15.	**Employees**	
15.1.	Number of employees and breakdown by category of activity	48-49; 143
15.2.	Shareholdings and stock options	156; 242-251; 316-318; 379-381
15.3.	Arrangements for involving the employees in the capital of the issuer	156; 251
16.	**Major shareholders**	
16.1.	Persons with an interest of more than 5% in the capital as at the date of the Universal Registration Document	412-414
16.2.	Issuer's major shareholders with different voting rights	407; 412-414
16.3.	Ownership or control of the issuer and measures in place to ensure that such control is not abused	N/A
16.4.	Arrangements whose operation may result in a change in control of the issuer	413-414
17.	**Related-party transactions**	**355; 369 of the 2018 Registration Document; 323 of the 2017 Registration Document**

7.5 Cross-reference table for the Annual Financial Report

The 2019 Universal Registration Document contains all of the key information required in the Annual Financial Report pursuant to Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulation. To make this information easier to find, the following cross-reference table lists it by main topic.

		Page numbers
1.	**Accor parent company financial statements**	**399-402**
2.	**Accor consolidated financial statements**	**358-361**
3.	**Management report**	
3.1.	**Economic information**	
	Outlook and prospects (Article L. 232-1-2 of the French Commercial Code)	33-46; 86-99
	Description of the Company's outlook and prospects (Article L. 232-1-2 of the French Commercial Code), revenue analysis, earnings analysis, financial position, financial instruments, main risks and uncertainties (Article L. 225-100-1 of the French Commercial Code)	110-114; 272-286; 290-296; 335-336; 339-340; 342-344
	Policy relating to the hedging of each of the main categories of planned transactions for which hedge accounting is used (Article L. 225-100-1 of the French Commercial Code); exposure to price, credit, liquidity and cash flow risks; and information on the use of financial instruments	335-344; 369; 383-385
	Financial position and key financial performance indicators (Article L. 225-100-1 of the French Commercial Code)	272-286; 290-296; 305-309
	Business review and results of subsidiaries and controlled companies (Articles L. 233-6 and L. 247-1 of the French Commercial Code)	319
	Accor SA five-year financial summary (Article R. 225-102 of the French Commercial Code)	398
	Trade receivables and payables (Article L. 441-6-1 of the French Commercial Code)	284
	Inter-company loans within the meaning of Article L. 511-6-3 bis of the French Monetary and Financial Code	321-322
	Existing branches (Article L. 232-1-2 of the French Commercial Code)	355; 394-397
	Research and development (Article L. 232-1-2 of the French Commercial Code)	30-32
	Subsequent events (Article L. 232-1-2 of the French Commercial Code)	287
	Key human resources and environmental indicators	193-196
	Key characteristics of internal control and risk management procedures relating to the preparation and processing of accounting and financial information (Article L. 225-100-1 of the French Commercial Code)	116-122
3.2.	**Share capital**	
	Ownership and voting rights structure (Article L. 233-13 of the French Commercial Code)	412-414
	Equity and controlling interests (Articles L. 233-6 and L. 247-1 of the French Commercial Code)	42; 86-87; 91-94; 300-305; 319; 355; 372-373; 394-397
	Adjustments in the event of the issue of securities carrying rights to the capital (Article L. 228-99 of the French Commercial Code)	N/A
	Alienation of shares (cross-shareholdings) (Article R. 233-19 of the French Commercial Code)	N/A
	Share buybacks (Articles L. 233-13 and L. 225-211 of the French Commercial Code)	51; 257; 276-277; 287; 294; 348; 350; 353; 365; 378; 408-409; 413

		Page numbers
	Treasury shares (Article L. 233-13 of the French Commercial Code)	409
	Transactions on shares by executive officers (Articles 223-26 and 223-22A of the AMF's General Regulation, and Articles L. 621-18-2 and R. 621-43-1 of the French Monetary and Financial Code)	251
	Employee share ownership, proportion of the capital represented by shares held by employees under a company savings plan or corporate mutual fund, and registered shares held directly by employees following a free share allocation or other program (Article L. 225-102 of the French Commercial Code)	242-251; 316-318; 409
	Allocation of free shares (Article L. 225-197-1-2, paragraph 4 of the French Commercial Code) and stock options (Article L. 225-185, paragraph 4 of the French Commercial Code)	56; 156; 230; 234; 237-238; 244; 251-253; 316-318; 369; 379-381; 410-411
	Dividend (Article 243 bis of the French General Tax Code)	50; 51; 276; 347; 398; 410-411; 415
3.3.	**Legal information**	
	Non-deductible expenses and expenses added back following a tax audit (Articles 223 quater and 223 quinquies of the French General Tax Code)	N/A
	Opinion of the Accor Works Council on changes in economic or legal structure (Article L. 225-105, paragraph 5 of the French Commercial Code)	N/A
	Anti-competitive behavior (Article L. 464-2, paragraph 5 of the French Commercial Code)	N/A
3.4.	**Corporate governance report**	
	Corporate governance code prepared by corporate representative organizations to which the Company refers (Article L. 225-37-4, paragraph 8 of the French Commercial Code)	208
	Arrangements for exercising general management (Article L. 225-37-4, paragraph 4 of the French Commercial Code)	208
	List of all directorships and functions exercised in any company by each corporate officer during the year (Article L. 225-37-4, paragraph 1 of the French Commercial Code)	211-220
	Composition and conditions governing the preparation and organization of the work of the Board of Directors (Article L. 225-37-4, paragraph 5 of the French Commercial Code)	211; 225-228
	Application of the principle of balanced representation of men and women on the Board of Directors (Article L. 225-37-4, paragraph 6 of the French Commercial Code)	221-222
	Any limits to the powers of the Chief Executive Officer imposed by the Board of Directors (Article L. 225-37-4, paragraph 7 of the French Commercial Code)	209
	Information on the compensation policy for executives (Article L. 225-37-2 of the French Commercial Code)	229-234
	Agreements entered into either directly or via an intermediary between one of the Company's executive officers or a shareholder holding more than 10% of a company's voting rights and another company controlled by the former within the meaning of Article L. 233-3 of the French Commercial Code, with the exception of agreements entered into in the normal course of business and on an arm's length basis	256
	Items that could have an impact in the event of a public offer (Article L. 225-37-5 of the French Commercial Code)	256
	Arrangements for shareholder participation at the annual shareholders' meeting (Article L. 225-37-4, paragraph 9 of the French Commercial Code)	256
	Summary table of the capital increase delegations granted by the annual shareholders' meeting that are currently in force and the capital increase delegations that were used during the year (Article L. 225-37-4, paragraph 3 of the French Commercial Code)	257-258
	Procedure implemented by the Board of Directors to regularly assess whether agreements entered into in the normal course of business and on an arm's length basis have indeed been concluded on these terms (Article L. 225-37-4 10° of the French Commercial Code)	226

	Page numbers
Where appropriate, for each executive officer, including executive officers whose term expired or who were first elected in the prior year	
Total compensation and benefits of any kind, broken down into fixed, variable and exceptional components, including in the form of equity securities, debt securities or securities carrying rights to Company shares or debt securities, paid as compensation for the office in the prior year, or awarded as compensation for the office in respect of the said year, and main conditions for exercising the related rights, notably the exercise price and date and any changes in these conditions (Article L. 225-37-3 1° of the French Commercial Code)	235-255
Relative proportion of fixed and variable compensation (Article L. 225-37-3 2° of the French Commercial Code)	235 and 241
Use of the possibility of requesting restitution of variable compensation (Article L. 225-37-3 3° of the French Commercial Code)	N/A
Commitments of any kind made by the Company in the form of compensation or benefits of any kind payable or liable to be payable following an appointment to a new position, termination/removal or a change in office or following the time in office, notably any retirement benefits or other annuities, and specific details of the methods used to determine these commitments and to estimate the amounts liable to be paid in this respect (Article L. 225-37-3 4° of the French Commercial Code)	236-237 and 252-255
Compensation paid or awarded to any executive officer by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code	N/A
For the Chairman of the Board of Directors, the Chief Executive Officer and each Deputy Chief Executive Officer, the ratio of the compensation of each of these officers to (i) the average compensation on a full-time equivalent basis of Company employees other than the executive officers; and (ii) the median compensation on a full-time equivalent basis of Company employees other than the executive officers (Article L. 225-37-3 6° of the French Commercial Code)	239
Year-on-year change in compensation, the Company's performance, the average compensation on a full-time equivalent basis of Company employees other than the executive officers, and the ratios referred to in Article L. 225-37-3 6° of the French Commercial Code, in at least the five most recent fiscal years, presented together in such a way as to allow a comparison (Article L. 225-37-3 7° of the French Commercial Code)	239
Explanation of how the total compensation package complies with the compensation policy adopted, including how it contributes to the long-term performance of the Company, and how the performance criteria were applied (Article L. 225-37-3 8° of the French Commercial Code)	229-234, 235 and 252-253
Information on how the vote made pursuant to Article L. 225-100 II of the French Commercial Code at the most recent ordinary shareholders' meeting was taken into account (Article L. 225-37-3 9° of the French Commercial Code)	N/A
Departures from the compensation policy, exemptions made in accordance with Article L. 225-37-2 III paragraph 2 of the French Commercial Code, explanation of the nature of the exceptional circumstances and indication of the specific items exempted (Article L. 225-37-3 10° of the French Commercial Code)	N/A
Application of the provisions of Article L. 225-45 paragraph 2 of the French Commercial Code relating to the suspension of the payment referred to in paragraph 1 of the said Article in the event of a failure to comply with Article L. 225-18-1 paragraph 1 of the French Commercial Code (gender representation on the Board of Directors) (Article L. 225-37-3 11° of the French Commercial Code)	N/A

	Section of the Universal Registration Document	Page numbers
3.5. Statement of non-financial performance		
Business model of the Company	Integrated report – Accor's business model	19
Description of the main employee and environmental risks linked to the company's activity	1.8 Risk management	110
Description of the policies applied by the company in employee and environmental matters and results of these policies for the management of the major CSR risks identified:		
• Malicious harm to the integrity of digital personal data	2.2.2.4 [SNFP] – Policies and measures implemented to guarantee the availability, protect the integrity and the confidentiality of personal data, and the results of such measures and policies	132
• Partners non-compliant with ethical and CSR commitments	2.2.3 [SNFP] – Compliance Program 2.3.3.3 [SNFP] – Preventing the risks related to bribery and influence trafficking 2.2.5 [SNFP] – Planet 21 – Acting Here, the roadmap for 2020 2.4.2 [SNFP] – Favoring environmentally responsible products 2.5.2.1 [SNFP] – Policies and measures implemented and results obtained – Planet 21 commitment: our Ethical Risk Management and CSR Process will be deployed with 100% of our partners by 2020 2.6.2 [SNFP] – Protecting children from abuse 2.7.4 [SNFP] – Measures implemented and results obtained – reducing energy consumption per room and water consumption per overnight stay (owned, leased and managed hotels) 2.8 [SNFP] – Eliminating food waste and promoting healthy and sustainable food	133 144 137 160 164 170 176 182
• Partners non-compliant with health and safety standards	2.2.2.4 [SNFP] – Policies and measures implemented to guarantee the availability, protect the integrity and the confidentiality of personal data, and the results of such measures and policies 2.5.2 [SNFP] – Policies and measures implemented and results obtained – Planet 21 commitment: our Ethical Risk Management and CSR Process will be deployed with 100% of our partners by 2020	132 164
• Greenhouse gas emissions	2.7.3 [SNFP] – Policies and measures implemented – Accor Group's climate strategy 2.7.4 [SNFP] – Measures implemented and results obtained – reducing energy consumption per room and water consumption per overnight stay (owned, leased and managed hotels)	176 176
The manner in which the company takes into account the social and environmental consequences of its activity	2 Corporate Responsibility	124
The impacts of the activity concerning respect for human rights	Accor's commitment to its communities, and in support of ethics 2.2.1 Societal commitment, an Accor pillar 2.2.2 Governance: ethics, compliance and CSR 2.6.2 [SNFP] – Protecting children from abuse	29 130 131 170
The effects of the activity concerning the fight against corruption	2.2.1 Societal commitment, an Accor pillar 2.2.2 Governance: ethics, compliance and CSR 2.2.3 [SNFP] – Compliance Program 2.2.4 Other compliance policies/The Accor Group fiscal policy 2.5.2 [SNFP] – Policies and measures implemented and results obtained – Planet 21 commitment: our Ethical Risk Management and CSR Process will be deployed with 100% of our partners by 2020	130 131 133 135 164

		Section of the Universal Registration Document	Page numbers
	The manner in which the company takes into account the risk of tax evasion	2.2.4 Other compliance policies/The Accor Group fiscal policy	135
	Other themes mentioned in Article L. 225-102-1		
	Consequences of the company's activity on climate change and the usage of goods and services that it produces	2.4.2 [SNFP] – Favoring environmentally responsible products 2.7 Aiming for carbon neutrality for the hotel network under the Accor brand	160 172
	Societal commitments to sustainable development	2 Corporate Responsibility	124
	Societal commitments to the circular economy	2.4.2 [SNFP] – Favoring environmentally responsible products 2.7.5 Take advantage of the hidden value of waste	160 180
	Societal commitments to the fight against food waste	2.7.5 Take advantage of the hidden value of waste 2.8 [SNFP] – Eliminating food waste and promoting healthy and sustainable food	180 182
	Societal commitments to the fight against food precarity	2.8.1 Reduce food waste	182
	Societal commitments to respect for the well-being of animals	2.8.2 Offer food that is healthy and sustainable for the planet	183
	Societal commitments to responsible, fair and sustainable food	2.8.2 Offer food that is healthy and sustainable for the planet	183
	Collective agreements within the company and their effects on the economic performance of the company as well as on the working conditions of employees	2.3.8 Promoting open dialogue	157
	Actions aiming to fight against discrimination and promoting diversity and measures taken in favor of disabled persons	2.3.5 Promoting diversity and inclusion	151

		Page numbers
3.6.	**Other social, environmental and societal information**	
	Dangerous activities (Article L. 225-102-2 of the French Commercial Code)	N/A
	Financial risks related to the effects of climate change and measures taken by the company to reduce them by implementing a low-carbon strategy (Article L. 225-100-1, paragraph 4 of the French Commercial Code)	175
	Vigilance plan (Article L. 225-102-4 of the French Commercial Code)	127
4.	**Statement by the persons responsible for the Annual Financial Report**	**422**
5.	**Auditors' reports on the parent company and consolidated financial statements**	**358-361 ; 399-402**

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