ACCOR

2018
Registration Document

ANNUAL FINANCIAL REPORT
INTEGRATED REPORT

Content

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

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Registration Document

ANNUAL FINANCIAL REPORT
INTEGRATED REPORT

The original French version of this translated Registration Document was filed with the Autorité des Marchés Financiers on March 29, 2019 in accordance with article 212-13 of the General Regulations of the Autorité des Marchés Financiers. It may be used in connection with a financial transaction in conjonction with an Information Memorandum approved by the Autorité des Marchés Financiers. This document was prepared by the issuer and is binding on its signatories.

Integrated report

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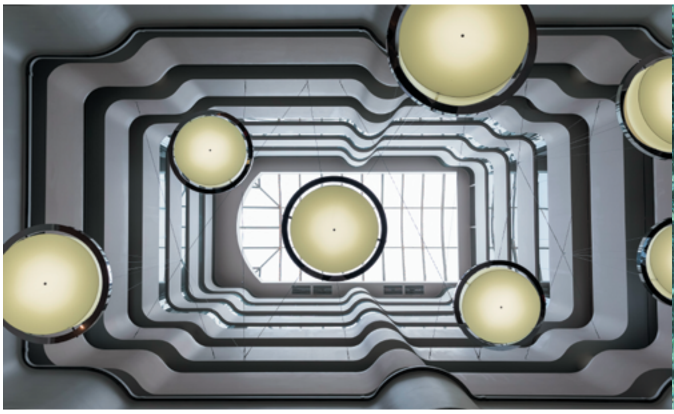


Message from the Chairman and CEO

Sébastien Bazin
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

In response to disruption in the hotel industry and changing consumption patterns, Accor has been committed, over the last few years, to fundamentally transforming its model. Our profile is not what it was five years ago. We now offer more brands, and the balance of our portfolio has shifted to the luxury and lifestyle segments. We have achieved record growth, and further enhanced our leadership position, primarily through targeted acquisitions. Thanks to an enlarged playing field, we have expanded our customer offering, for owners and guests alike. And lastly, to increase our digital presence, we have invested heavily in our web platforms, our app, and technologies to deliver a seamless customer experience.

For Accor, 2018 was a pivotal year. We have turned the page and are entering a new era. With the sale of AccorInvest, we have become an asset-light group and acquired the flexibility needed to bring to life our unique vision of our work, which we call "augmented hospitality". This is hospitality that gives back and nurtures close ties with local communities. It rewards our guests' loyalty, motivates our teams and promotes responsibility and inclusion. We have redesigned our identity under the Accor corporate brand to make this transformation visible. In homage to both our history and to innovation, our new signature reflects our ambition to "go beyond hotels".

We have also developed a single digital platform under a single brand name, ALL – Accor Live Limitless, which brings together all of the rewards, services and experiences that we offer our loyal customers to give them more freedom to **live, work and play**.

Our aim is to redefine the notion of hospitality. By leveraging our ecosystem of brands, talents and solutions, we intend to become the driving force behind the hospitality of tomorrow. We want to innovate, look further ahead and fulfill the as yet unsatisfied travel and lifestyle needs of our customers, by offering them new ways of appreciating and experiencing the world. We are convinced that hospitality goes beyond a stay in one of our hotels. The hospitality of tomorrow, as Accor sees it, is rooted in a unique combination of extraordinary experiences, high performance solutions and strong human values. I believe that these human values are the key to our success. Human beings are at the center of everything we do. As a people-centric group, Accor wants guests and employees to feel valued, welcome and cared for. Our employees are Heartists. They excel in their professions and put their heart into everything they do. They serve others and the world around them with generosity, creativity and care.

We may have a new profile and a new brand identity, but we are as deeply attached to our commitments as ever. Positive, sustainable hospitality is entrenched in our values and operating methods. Our objectives remain the same. We want our employees and host communities to expand and develop. By fostering a diverse and inclusive culture, we want to enable our employees to thrive and grow. By supporting and interacting with our host communities, we seek to share the benefits of our development with the local population. And finally, we aim to create lasting, memorable experiences for our customers. This means reducing the environmental impact of our operations, introducing a new sustainable lineup of dining and travel services and developing our loyalty program.

Tomorrow's hospitality has yet to be invented. We are pleased and proud to show the way, with confidence and audacity.

A new model for more value

Welcome to the Accor's first integrated report

AT A MAJOR STRATEGIC TURNING POINT, Accor is seizing this opportunity for "integrated thinking" to show itself in a new light. 2018 was a significant milestone in the transformation of the Group's model toward one that creates more value. The information provided in this integrated report has been compiled and summarized to demonstrate the new model's potency.

Accor, the most diversified hotel group

Accor, leading the way in augmented hospitality

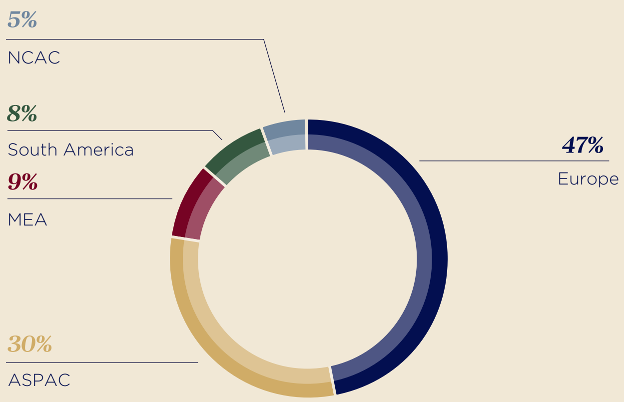
A global leader in augmented hospitality, Accor offers unique and unmatched experiences in close to 4,800 hotels, resorts and residences in 100 countries. For more than 50 years, it has combined the full breadth of its hotel know-how in an incomparable collection spanning from luxury to economy brands.

Accor offers more than just a night away from home: it gives its guests new ways of living, working and playing, blending food and beverage, nightlife, wellness 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 rewarding hotel loyalty programs.

Accor's commitment to sustainable development, for the planet and local communities alike, runs deep. Its Planet 21 – Acting Here program advocates positive hospitality, while the Accor Solidarity endowment fund focuses on enabling disadvantaged populations to access employment by offering them vocational training.

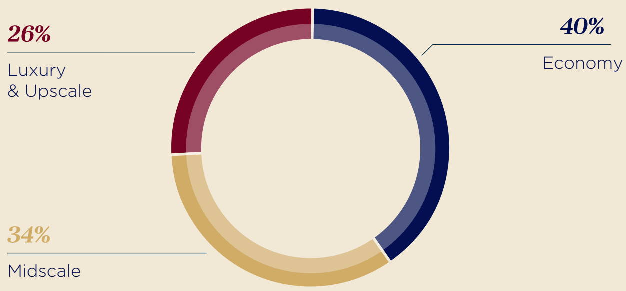
◆ ***Across all geographies***
(in % of rooms)*

+100 Countries



◆ ***Across all segments***
(in % of rooms)*

33 leading BRANDS



** At 31 december 2018*

REVENUE
€3.6
BILLION

4,780
HOTELS
IN THE NETWORK
(703,806 ROOMS)

N°1
WORLDWIDE
EXCLUDING
THE UNITED STATES
AND CHINA

1,118
HOTELS
IN THE PIPELINE
(198,000 ROOMS)

5,000
exceptional private residences across the world

10,000
restaurants and bars

285,000
committed men and women giving life to the Accor brands

80,000
new hires in 2018

54%
of employees under 35

A CSR program
in place for 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,
and 7 million trees planted in ten years

An organization and brand portfolio designed to deliver augmented hospitality

We have reorganized our unique portfolio to reflect our Group's spirit and ambition, share our augmented hospitality strategy and lay the foundations for future acquisitions.

Live

Luxury

- RAFFLES
- ORIENT EXPRESS
- BANYAN TREE
- DELANO
- SOFITEL LEGEND
- Fairmont
- SLS
- SO/
- SOFITEL
- THE HOUSE OF ORIGINALS
- RIXOS
- onefinestay

Premium

- mantis
- MGALLERY
- 21c
- Art Series
- MONDRIAN
- pullman
- swissôtel
- ANGSANA
- 25h twenty five hours hotels
- HYDE
- MÖVENPICK
- GRAND MERCURE
- PEPPERS
- THE SEBEL

Midscale

- mantra
- NOVOTEL
- Mercure
- adagio
- MAMA SHELTER
- TRIBE

Economy

- BreakFree
- ibis
- ibis styles
- ibis budget
- JO&JOE
- hotelF1

Work

- nextdoor
- MAMAWORKS

Play

- DISRUPTIVE GROUP
- POTEL & CHABOT
- PARIS SOCIETY

Business accelerators

Distribution

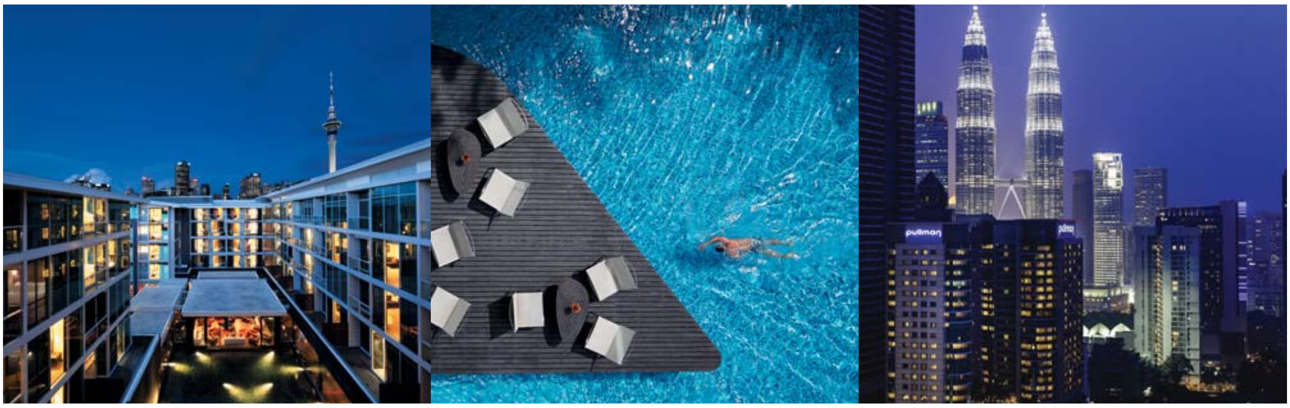
- d-edge
- GEKKO
- VERYCHIC
- ResDiary

Experience

- JOHN PAUL

Operations

- adoria
- ASTORE



Our history

50 years of reinventing hospitality

From day one, Paul Dubrule and Gérard Pélisson consistently sought 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.

1967
The early days, with the Novotel Lille Lesquin

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

1960s-70s

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

1980s

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.

1990s

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

2000s

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

2010s

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 and 25hours Hotels, 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 steps up the move into lifestyle & entertainment with the acquisition of SBE Entertainment 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 creates 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 the Women at Accor Generation gender equality network, renamed RiiSE in 2018.

2015

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

2016-2020

Accor launches Planet 21 – Acting Here, a corporate social responsibility (CSR) strategy summed up in six commitments serving as a benchmark in the sector.

Trends and challenges in the hospitality sector

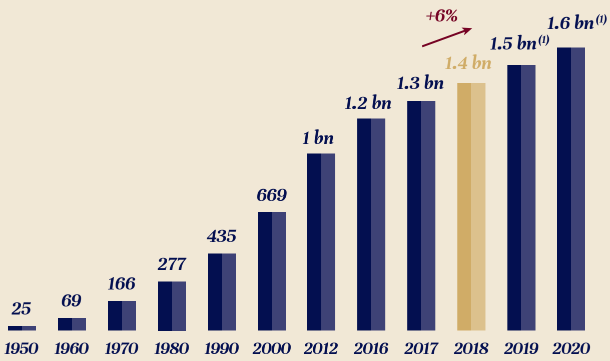
The tourism sector is enjoying fast growth on all continents, especially in China

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. In recent years, global tourism has been one of the most dynamic business sectors, posting growth of 6% and representing 10.4% of worldwide GDP in 2018.

Reflecting bright trends in global growth, international tourism boasts stellar medium- and long-term prospects:

- 1.4 billion people traveled worldwide in 2018, up from 300 million in the 1980s, with Europe attracting 50% of international travelers;
- the number of nights booked in the hotel industry climbed to 8.5 billion in 2018, compared with 7 billion in 2010, and is set to approach 10.5 billion by the end of 2020[1];
- tourism and travel-related spending have been increasing by 5% per annum for eight years, with growth expected to accelerate to around 7% annually by 2022.

Change in spending related to international tourism



Source : UNWTO
(1) UNWTO forecasts

Across all geographies

	2018 - 2022 CAGR
Western Europe	+5%
Eastern Europe	+8%
North Am	+5%
Latam	+5%
Middle East	+8%
Africa	+6%
China	+11%
India	+11%
Rest of ASPAC	+6%

The growth in traveler numbers around the world is mainly driven by the middle classes of emerging countries (representing 3 billion people), and by the more mobile younger generations, who share this passion for travel. But while rising living standards are a key factor in the surge in international tourism, the trend has also been facilitated by open borders in a growing number of countries, a wider variety of means of transportation (train, car, low-cost airlines, etc.), and easier access (lower prices, internet, etc.).

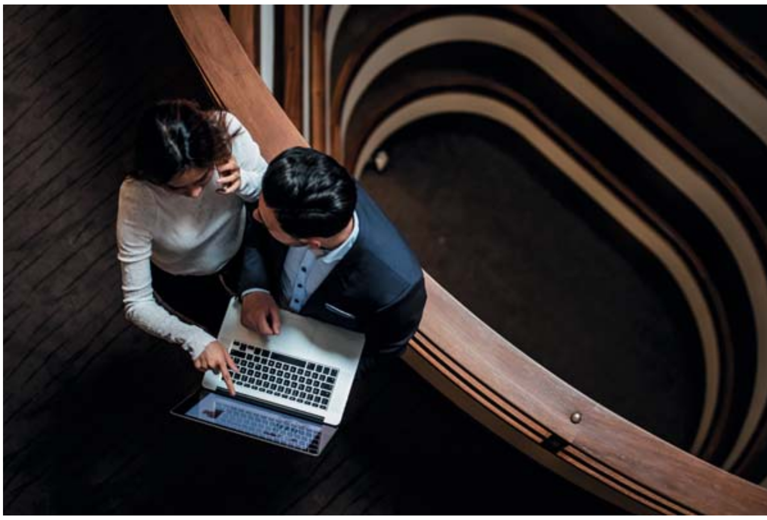
With their numbers growing year after year, **Chinese tourists already generate twice the spending of their American counterparts in global markets.** Some 140 million Chinese people traveled abroad in 2018, representing a market of $120 billion[2]. Europe is the third most popular tourist destination for Chinese travelers, just after Asia and the Pacific.

France is the preferred destination in Europe, attracting 24.6% of Chinese tourists[3] visiting the continent (80% of whom on leisure stays).

Moreover, domestic tourism has flourished in some parts of the world, particularly in Asia (and above all China, India and Indonesia), where the number of international tourists is below that of domestic tourists, implying that potential for growth remains intact.

1 *World Travel & Tourism Council (WTTC)*
2 *China Tourism Academy*
3 *According to an Alliance 46.2 study*

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 sector 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 and acquire brands in new 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 offers for club members.

DIGITAL TECHNOLOGY INTENSIFIES COMPETITION IN THE SECTOR

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 in the area. 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.

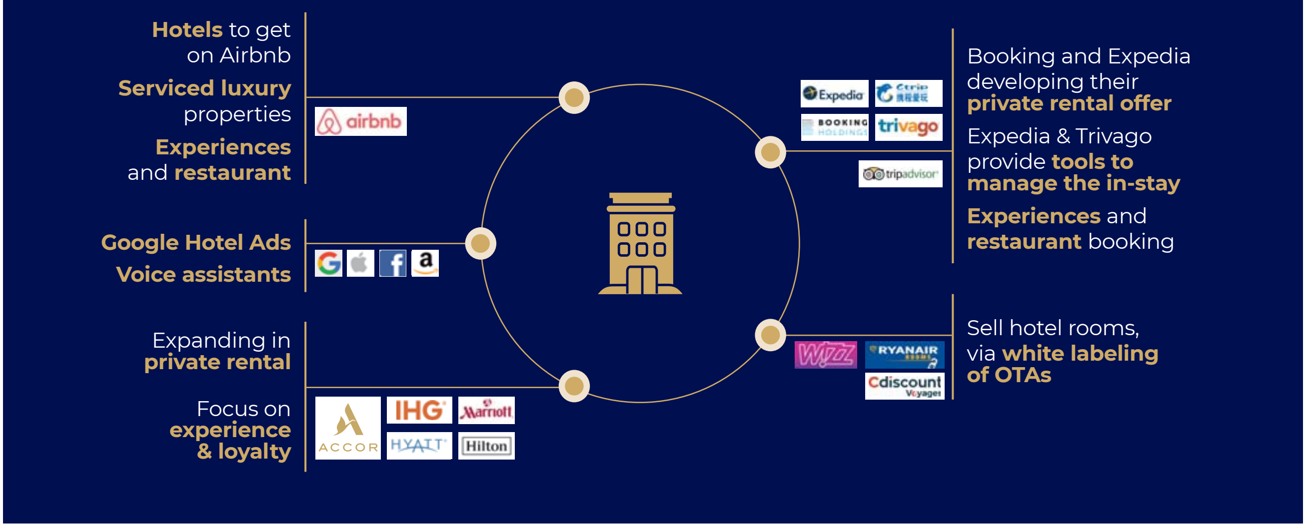
- **Intermediation by online travel agencies and metasearch engines.** Digital players and a number of stakeholders in the sharing economy have carved out positions along the value chain as intermediaries between hotel operators and their guests. Focusing their resources on the research and booking stages, 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.

- **Convergence of challenges and business models in hospitality.** 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.
- **Shift into the tourism sector by tech giants.** Through their technological innovations, including the development of voice assistants, the GAFA[1] tech giants have penetrated the hospitality sector 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 independence.
- **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

For incumbent hotel groups, 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.

◆ ***The highly diverse competitive environment of the hospitality industry***



(1) *Google, Amazon, Facebook and Apple*

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:

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.

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 points of contact 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 more than 100 countries, interacting with many established economic and public partners. It has been expanding its activities in the digital world for several years. A sector 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.

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

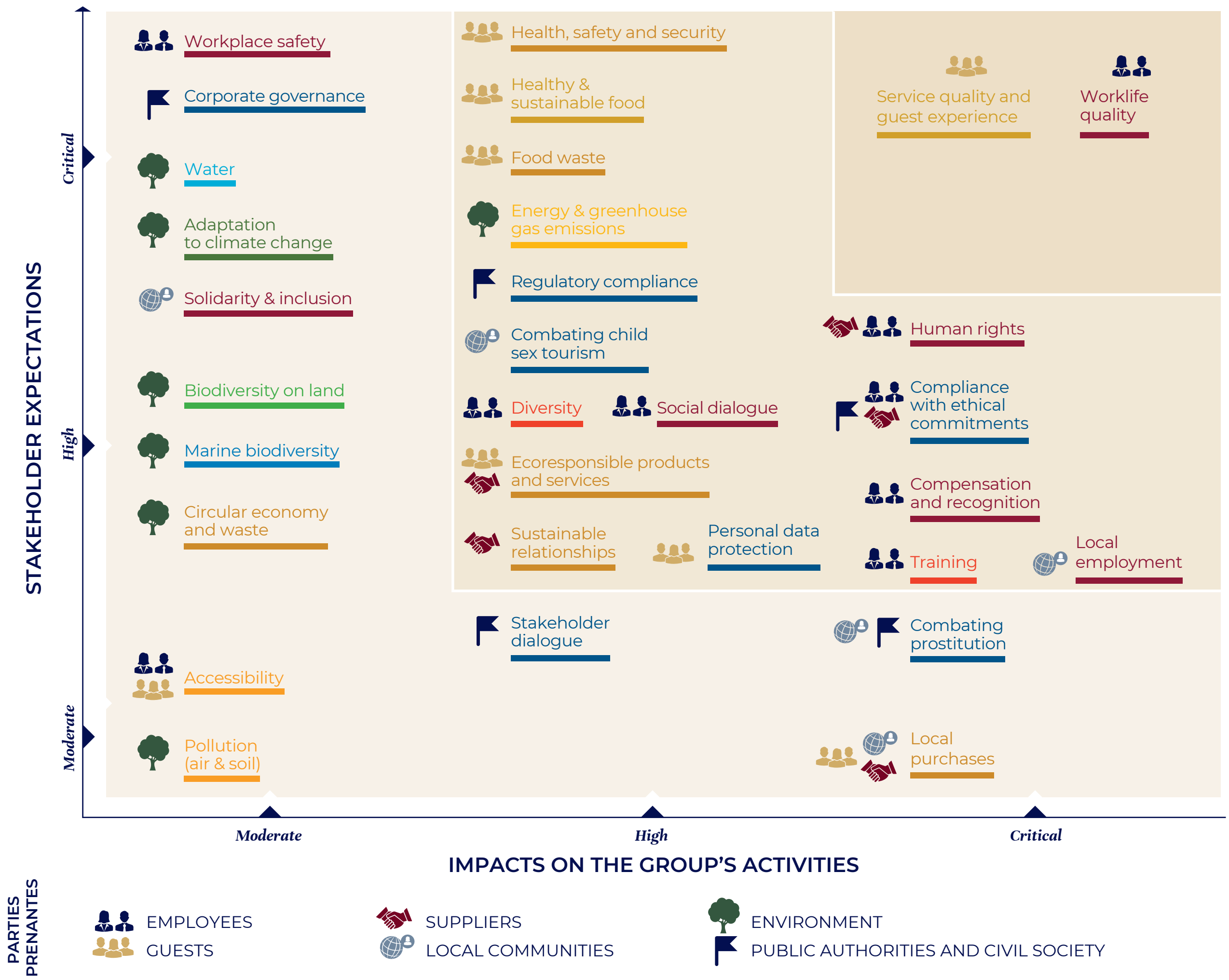
The hotel industry has many global and local environmental impacts. Accor is aware of its responsibility to implement solutions and technologies that limit or even neutralize these effects.

KEY CHALLENGES

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

With these numerous challenges in mind, Accor has carried out a materiality analysis to determine its priorities. The Group called on three major studies to quantify some of its challenges: environmental footprint, socioeconomic footprint and a study of how guests perceive sustainable development. These issues were compared with the concerns of stakeholders and plotted in a graph along two axes: "Stakeholder expectations" and "Impacts on the Group's activities". The analysis was examined from the perspective of the United Nations Sustainable Development Goals (SDGs), to which Accor contributes through its activities and its CSR strategy, Planet 21 – Acting Here.

◆ ***Accor's CSR materiality matrix***



The materiality matrix, focused on the hotel operator business, only partially incorporates the new businesses recently acquired or developed by Accor.

United Nations sustainable development goals to which Accor actively contributes

- 2 Zero hunger – End hunger, achieve food security, improve nutrition and promote sustainable agriculture
- 7 Affordable and clean energy – Ensure access to affordable, reliable, sustainable and modern energy for all
- 8 Decent work and economic growth – Promote inclusive and sustainable economic growth, employment and decent work for all
- 12 Responsible consumption and production – Ensure sustainable consumption and production patterns
- 16 Peace, justice and strong institutions – Promote just, peaceful and inclusive societies*

** Particular targets:*
16.2: End abuse, exploitation, trafficking and all forms of violence against and torture of children.
16.5: Substantially reduce corruption and bribery in all their forms.

United Nations Sustainable Development Goals to which Accor indirectly contributes

- 4 Quality education – Ensure inclusive and quality education for all and promote lifelong learning
- 5 Gender equality – Achieve gender equality and empower all women and girls
- 6 Clean water and sanitation – Ensure access to water and sanitation for all
- 11 Sustainable cities and communities – Make cities inclusive, safe, resilient and sustainable
- 13 Climate action – Take urgent action to combat climate change and its impacts
- 14 Life below water – Conserve and sustainably use the oceans, seas and marine resources
- 15 Life on land – Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

Strategy and objectives

The sector trends described above have prompted Accor to transform and recast itself in line with changes dating back several years.

- For example, in 2018: Accor finalized its transformation (the Booster project) to make itself an asset-light group and implement a simplified value-creation model offering numerous advantages;
- Accor defined its resolutely expansionist strategy.

A successful transformation for a simplified value-creation model

THE SALE OF ACCORINVEST MAKES ACCOR AN ASSET-LIGHT GROUP BUILT AROUND THREE SEGMENTS WITH DISTINCT TRENDS

Mirroring its competitors in the 1990s, Accor changed its business model by carving its real estate activities out of the rest of its business to create HotelInvest in 2015. The carve-out was completed in 2017 with the incorporation of AccorInvest, which housed nearly all of the Group's owned and leased hotels, ahead of the sale of 64.8% of AccorInvest's capital to international investors in 2018.

AccorInvest's disposal refocused Accor on hotels operated under management and franchise agreements, representing 93% of its network (as opposed to 59% in 2013). The Group's EBITDA, which reflects the wealth generated by its operating cycle, is now derived in the proportion of 87% from hotels operated under these two management styles, up from 46% in 2013.

This transaction transformed Accor's profile by rebalancing the weight of the various regions and segments in its revenue and earnings, in favor of emerging countries and the luxury and premium segments.

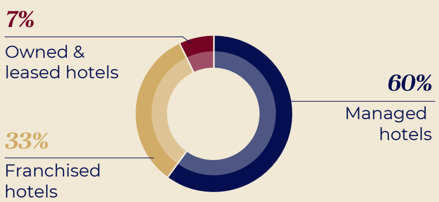
The change of model has made Accor's cost structure leaner, and improved the Group's profitability profile. More agile and defensive, the Group now assesses its financial policy on the basis of margin and cash generation indicators.

Accor's asset-light model focuses the Group on hotel operations and a range of diversified products and services. It is based on three strategic segments with distinct trends:

Divisions

HotelServices	*Hotel Assets*	*New Businesses*
combining the hotels operated under management and franchise agreements, together with the corporate functions operated by the holding company	**housing owned and leased hotels, mainly in Central Europe through Orbis, in which Accor holds an 85.8% stake**	**which has been expanded over the last four years to enhance the Group's expertise and diversify its ecosystem of services**

The Group's new asset-light profile
(as a % based on number of rooms)



The takeover offer for Orbis reinforces Accor's asset-light model

To complete its transformation to a fully asset-light model and strengthen its leadership in Central Europe, the Group launched a takeover offer on Polish hotel company Orbis in November 2018. Orbis owns and operates hotels in Central Europe, and Accor previously held a 52.7% stake. Since the completion of the transaction, Accor has owned 85.8% of Orbis' capital. It will now embark on a review of ways to optimizing the use of the company's real estate in order to refocus on managing and franchising its hotels.

WE ARE HEARTISTS®

HEART
Everything we do comes from the heart

+ ARTIST
We are experts in what we do

=

HEARTIST®

Gender diversity

54%
Employees are **under 35**

Development

1,000
In-house instructors **certified by the accor academy**

4,3m
training hours

A MODEL CONSISTENTLY BASED ON THE COMPANY'S COMMITMENT TO ITS TALENTS AND COMMUNITIES

The commitment of its employees has allowed Accor to grow strongly over the last 50 years and to become a global leader in the hotel industry. Accor's 285,000 employees are central to its transformation, as they are at the core of 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.

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.

Accor values people in all their diversity, and actively promotes a culture of inclusion. At Accor, individuality is celebrated, creativity encouraged and agility rewarded. Sensitive to the issues of equality and diversity, Accor is committed to actively promoting women and young people in leadership positions, both in head offices and in hotels. Women accounted for 30% of hotel managers in 2018.

As everyone is unique, Accor develops the potential of each talent by fostering lifelong learning through experience, training and mentoring. In 2018, 91% of employees received training, and the Académie Accor program trained 1,000 certified internal trainers.

Employee engagement at all levels (high employee engagement rate of 77%, stable since the previous survey of 178,000 employees), in both hotels and head offices, makes Accor what it is: a Group rich thanks to the dedication, skills and diversity of its talents, with all it takes to be a committed player in its growth and value creation.

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

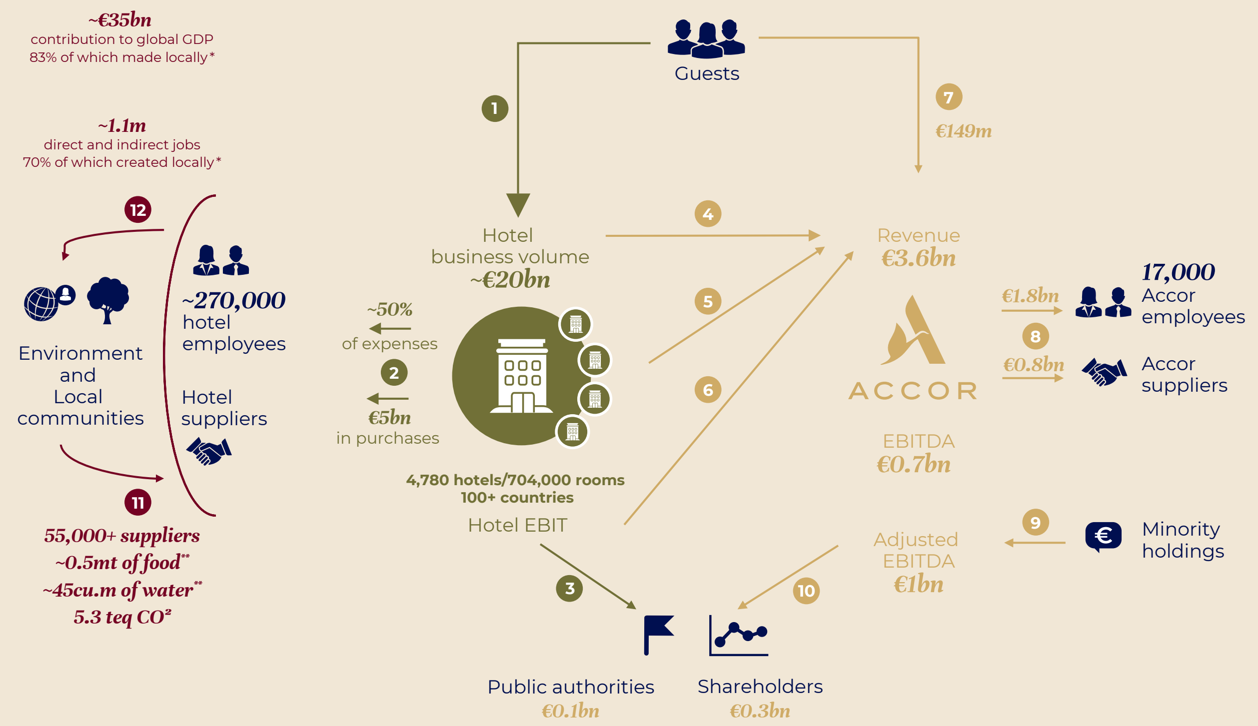
Accor strives to systematically integrate environmental and social concerns into its packages, concepts and processes in order to create new, committed and value-driven experiences. It seeks to reduce its ecological footprint, offer healthy, local food, and promote collaboration and interaction between employees, guests and communities.

Accor endeavors to ensure that the benefits of its activity are shared with its host communities. By fighting exclusion, protecting endangered ecosystems and supporting local initiatives, the Group gains credibility as a member of local communities, while at the same time improving the experiences of its guests.

The Accor's business model

Accor has adopted an asset-light business model that closely binds its value-creation mechanisms and the hotels operating under its brands: Accor works with hotels it does not own, maximizing their revenue through the brands and services (marketing, loyalty programs, distribution systems, etc.) it develops for them.

◆ ***The Accor's business model***



* Data extrapolated from Accor's socioeconomic footprint, 2016.
** Data extrapolated from Accor's environmental footprint, 2016.

The business model of hotels operated under the Accor brand is "classical" in its simplicity: the guests they welcome into their rooms and restaurants allow them to generate business volume (**flow** 1) and cover expenses related to their activities (**flow** 2: wages and payroll charges, operating expenses, the biggest of which are food, energy and sanitation, maintenance and upkeep services, equipment and furniture, etc.). They ultimately generate a profit that they partly redistribute to their owners and to local public services (**flow** 3).

Accor derives its "hotel" revenue from three types of fees and services:

- a trademark fee (**flow** 4), based on a percentage of the hotel's revenue (franchise and management contracts);
- mandatory and additional service fees (**flow** 5). Mandatory fees include marketing and sales fees, distribution and loyalty fees and IT fees (franchise and management contracts);
- for managed hotels only, there is an incentive bonus (**flow** 6) based on the EBITDAR generated by the hotel. This rewards Accor's sound management of the hotel on behalf of the owner.

Accor only owns a very small part of its hotel portfolio (mainly the Orbis scope in Central Europe). It fully consolidates these hotels' income statements. However, it plans eventually to extend the asset-light model to this scope as well.

Accor is also developing other activities through majority-owned subsidiaries (such as John Paul, onefinestay, VeryChic, ResDiary and Adoria), which allow it to generate direct revenue (**flow** 7).

To carry out its activities, Accor assumes operating expenses (**flow** 8: **personnel and other expenses – IT infrastructure, distribution and marketing costs, CRM, etc.**) and generates EBITDA that is then adjusted (**flow** 9) taking into account the profits generated by its minority holdings, both strategic (AccorInvest and Huazhu) and tactical (Potel & Chabot, Wojo, SBE Entertainment, Mantis, Rixos, Paris Society, Adagio, etc.).

Lastly, Accor pays taxes and duties to local and public authorities, and dividends to its shareholders (**flow** 10).

This business model is based fundamentally on the resources provided by local communities and the natural environments hosting its hotels. They provide labor to operate the hotel, an economic ecosystem to support its value chain, raw materials (including food), and water and energy, which are key to providing a quality hotel service to guests. Lastly, local landscapes, cultures and heritage are an endless source of authentic tourist experiences for visitors (**flow** 11).

In return, the hotels support their host communities by developing training and integration for local populations, by using the companies forming the surrounding economic ecosystem for their supplies and the services they need to operate, by ensuring the promotion of the destination – which in turn generates economic benefits and local job creation – and by promoting environmental and outreach-based projects designed to achieve positive outcomes locally (**flow** 12).

A more clearly defined dividend policy, based on cash flow generation

The Group's shareholder return policy has also been clarified. In line with its goal of buying back 10% of its capital by July 2020, Accor purchased €350 million worth of its own shares in 2018. The purchase of a second tranche of €500 million is currently in progress. A new dividend policy will also apply from 2019. It will be directly linked to the Group's value creation and profitability. The dividend will therefore no longer be established on the basis of recurring profit after tax, but on recurring free cash flow, to which a payout ratio of 50% will be applied. Going forward, while ensuring the soundness of its credit profile and its investment grade rating, which it aims to maintain[1], the Group will allocate surplus cash flow to pursuing further external growth, strengthening its balance sheet or making additional returns to shareholders.

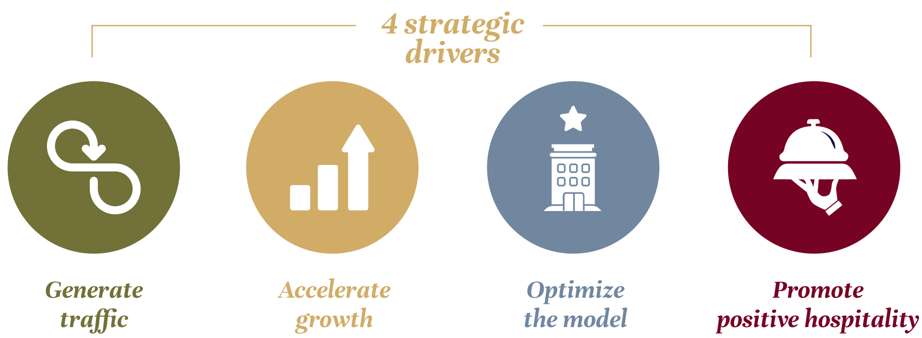
1 *Adjusted net debt/EBITDA < 2.5x-3.0x and adjusted FFO/net debt > 25%-30%*

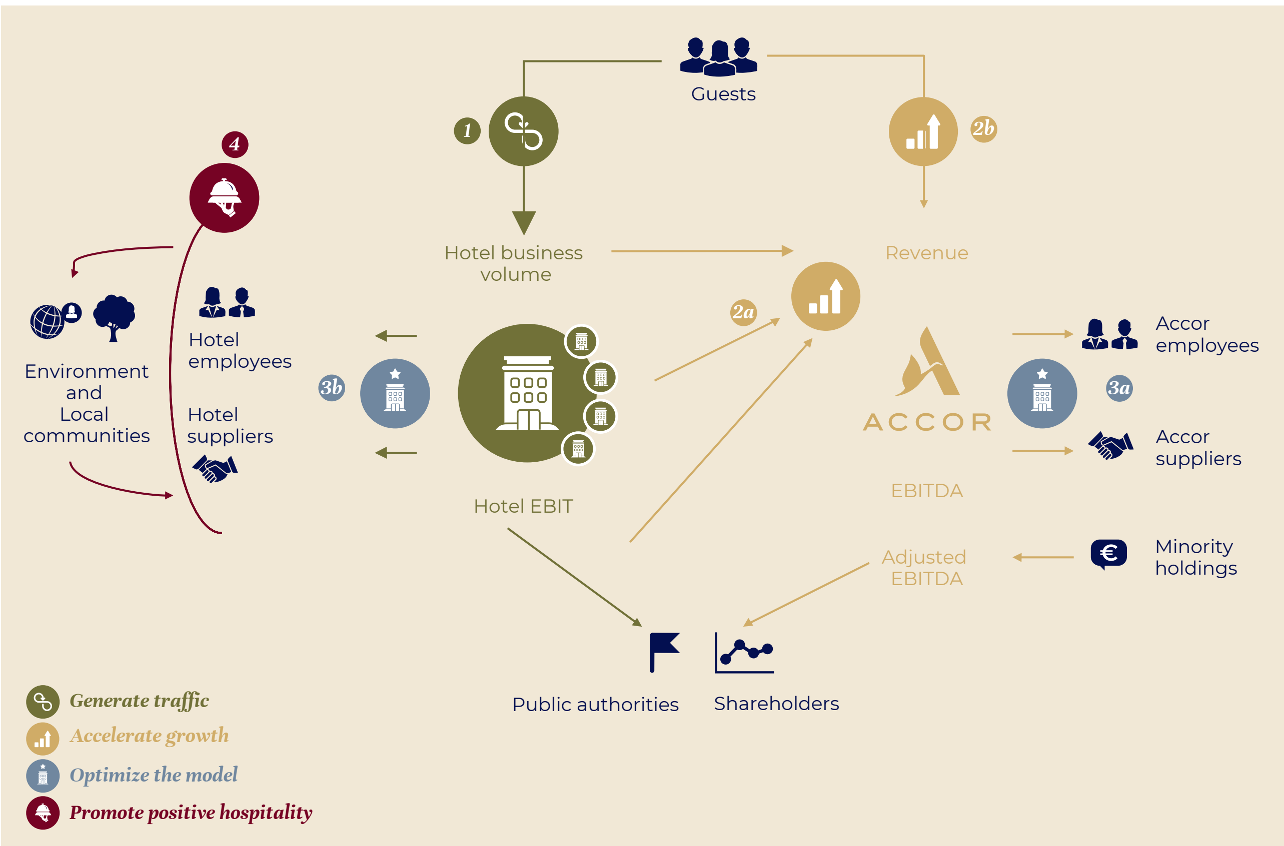
The new Accor: resolutely expansionist, innovative and value-creating

THE STRATEGIC DEVELOPMENT DRIVERS OF THE ACCOR MODEL

Accor's new business model has given it a large number of value-creation drivers that significantly increase its agility and potential. Building on its chief assets – its brands, its distribution system and its loyalty program, not forgetting its expertise in hotel development and management – the Group aims to increase its financial and non-financial performance sustainably.

To do so, it focuses on four strategic drivers:





Generate traffic

The emergence of new 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 essential, but it is not enough: 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, 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 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

ACCOR'S RESPONSE

Continuous improvement of our distribution site, especially for mobile applications (currently being recast as *all.accor.com*); capacity to switch seamlessly between digital and physical experiences, with reception counters at ibis replaced by check-in on mobile IT tools, for example.

Meaning and unique experiences

ACCOR'S RESPONSE

Iconic partnerships (IMG, AEG, PSG, Accor Arena) 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.

The loyalty program is in itself a strategic challenge for Accor, enabling it to increase recurring sales and secure a larger share of its revenue. The aim is both to grow the number of cardholders among guests and to boost the conversion rate, that is, the revenue generated by each cardholder.

ACCOR'S RESPONSE

Intensive recruitment of new members, merger with the programs of new groups in the Accor portfolio (FRHI, Mövenpick, etc.) and partnerships with other loyalty programs (e.g., Eurostar); launch of ALL, a radical overhaul of the Accor loyalty program to give more back to our loyal guests and make the system more attractive (more rewards across the full ecosystem of offers, partnerships to add further value, etc.).

Lastly, 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 to increase brand awareness and impact.

Accelerate growth

The development of the hotel network (see 2a in the diagram above) has a decisive influence on Accor's revenue growth. There are two sources of leverage:

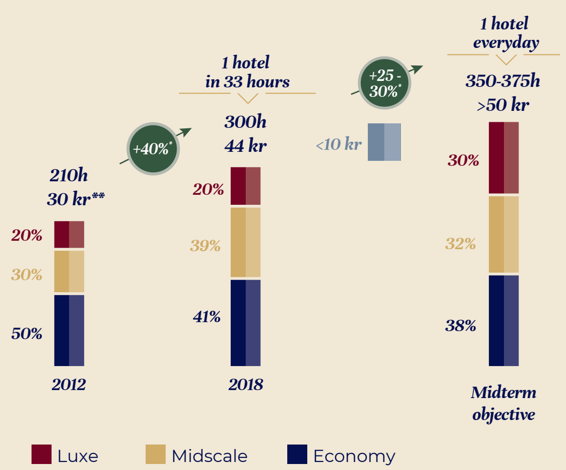
- **network growth**, either organically or through acquisitions;
- **increase in the fee/room ratio**, by favoring more profitable segments (luxury, lifestyle, etc.) as well as by amplifying the profitability of the hotel's floor space through concepts and solutions that generate more cash (such as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

ACCOR'S RESPONSE

Doubling of organic growth in five years, especially in the luxury segment; densification and visibility strategy in key destinations, particularly in China ; acquisition of luxury and lifestyle hotel brands and networks that strengthen regional leaderships (FRHI, Mövenpick, Mantra, SBE Entertainment Group, BHG, 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 – quality, healthy products, a smaller choice but showcasing local and sustainable products; acquisition of digital players that offer solutions allowing hotels to increase their sales or reduce their costs (e.g., ResDiary, VeryChic, Gekko, D-EDGE, etc.); launch of solutions to optimize the performance of low-yield areas (One Park for parking, coworking solutions with Wojo, intrapreneurship projects or support for start-ups, etc.).

With this strategy, Accor aims to consolidate its leading positions in the regions and segments in which it operates, accelerate its expansion in China, where it is growing rapidly 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, particularly in the economy and midscale segments, is being made through 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. In this respect, Accor boasts the best conversion rate in the sector (107% between 2014 and 2017), reflecting its stellar ability to complete its opening projects, primarily in the most profitable segments, but also in the midscale and economy segments so as to maintain a balanced brand portfolio.

◆ ***Acceleration of the pace of expansion***



* In rooms
** In thousands of rooms

Another growth driver for Accor is to **increase the number of points of contact** (see 2b to expand the ecosystem of services 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

Other than the acquisitions mentioned above in "new businesses", those of Potel & Chabot, Paris Society and SBE Entertainment to develop new lines of services; the AccorLocal project to turn local residents – and not just travelers – into guests; the open innovation strategy to detect, test through pilot projects or even invest in the most promising start-ups; an enhanced partnership policy to generate commissions on sales made online on the ALL website.

1 *World Travel & Tourism Council (WTTC)*

Optimize the model

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

ACCOR'S RESPONSE

Transformation plan, aimed at streamlining the Group's organization, particularly in Europe, and adjusting resources to identified needs.

For hotels and their owners (see 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® 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").

Accor partners

To benefit from the best expertise and work effectively in each of these areas, Accor regularly acquires and builds partnerships with companies whose core businesses are precisely those in which it intends to expand its model. The chosen partners are either:

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

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

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

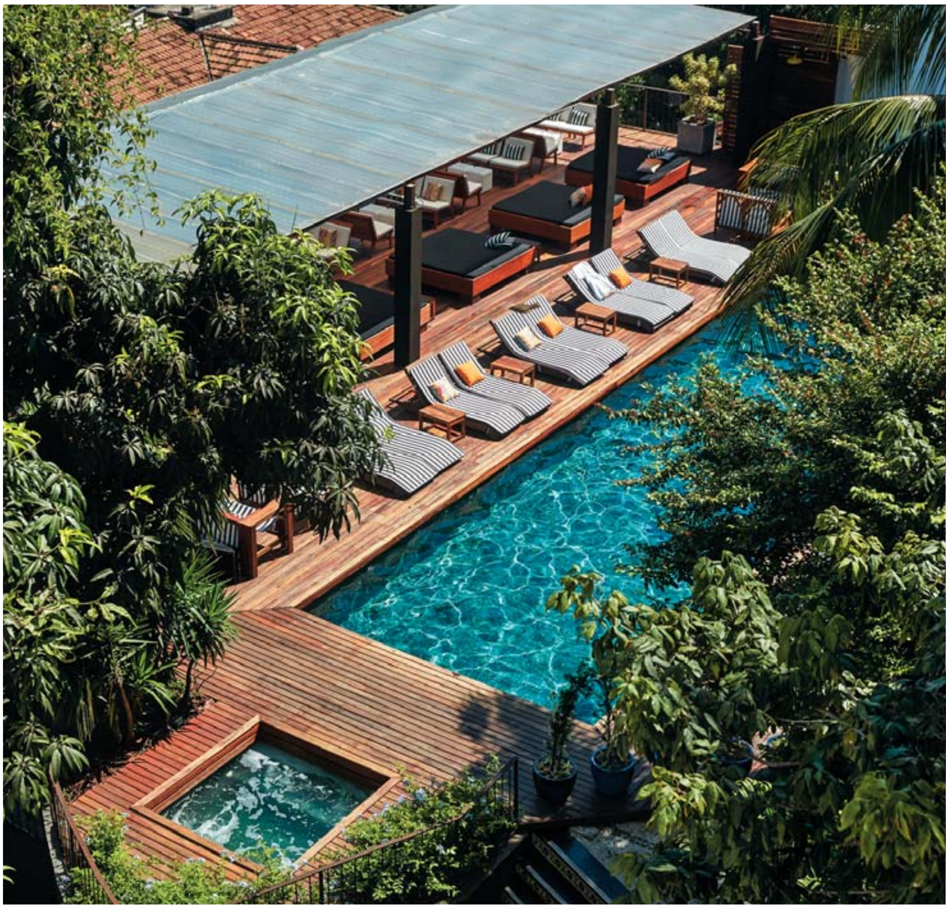
PROPERTY OWNERS
on whose behalf Accor operates hotels, and with which it develops its network

ACCOR

NGOs AND PURPOSE-DRIVEN COMPANIES
that assist Accor in implementing its CSR programs

LANDMARKS ILLUSTRATING THE ACCOR STRATEGY IN 2018

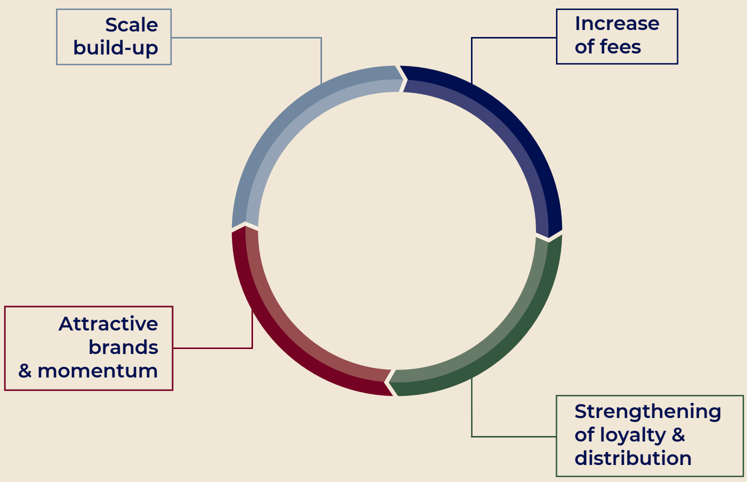
	Generate traffic	*Accelerate growth*		*Optimize the model*		*Promote positive hospitality*
		DEVELOP	MULTIPLY	ACCOR	HOTELS	
ACQUISITIONS						
Mantra: Accor became three times larger than its closest competitor in the Pacific (see 1.4.1.)		X				
Mövenpick: Accor strengthened its leadership in Europe and the Middle East, soon to be followed by Africa and Asia-Pacific (see 1.4.1.)		X				
Atton Hoteles: Accor strengthened its network in Chile, Peru, Colombia and Florida in the midscale and premium segments dedicated to business travelers (see 1.4.1.)		X				
Gekko: Accor increased its distribution capacity and captured hard-to-reach premium business and leisure customers (see 1.4.4.)	X		X		X	
Adoria: Accor acquired attractive services for its hotel partners in search of optimization solutions for their food and beverage portfolios (see 1.4.4.)			X		X	
ResDiary: Accor strengthened its management and distribution of restaurant tables, and empowered restaurateurs to optimize their revenue and control their operating costs (see 1.4.4.)	X		X		X	
21c Museum Hotels: Accor strengthened its positions in North America on a unique and highly promising niche market combining contemporary art museums and boutique hotel-come-restaurants (see 1.4.3.)	X	X	X			
PARTNERSHIPS						
Mantis to extend the Group's footprint in Africa and commit to preserving African biodiversity and wildlife (see 1.4.2.)		X				X
SBE Entertainment Group to consolidate its leadership in the luxury and lifestyle segments in North America (see 1.4.3.)	X	X	X			
Katara Hospitality to create an investment fund dedicated to hospitality in Sub-Saharan Africa (see 1.4.2.)		X				
Dalmata Hospitality to secure the Group's leadership in the economy segment in France (see 1.4.2.)		X				
Tinyclues to improve the guest experience by optimizing marketing campaign targeting (see 1.6.2.)	X				X	
Travelsify to launch MoodMatch, the first search engine for holiday experiences with no preselected destination (see 1.6.2.)	X					
Ctrip to capitalize on the strong international growth in the number of Chinese travelers in search of personalized experiences and a wide choice of establishments (see 1.6.2.)	X					
Google to make the Group's offers available in Google Assistant, and enrich its palette of digital services by developing applications that allow its network to be accessible from Google Assistant via Phil, its bot (see 1.6.2.)	X	X				
INTERNAL PROJECTS						
Booster – Disposal of AccorInvest				X	X	
Accor Live Limitless (ALL), a new global digital loyalty platform aimed at enhancing life for its members through a wide variety of hospitality solutions accessible from a single portal, combining the best advantages with their favorite brands (see 1.6.2.)	X		X			X
Accor Customer Digital Card (since 2017), a database allowing all hotels in the Accor network to share their knowledge of customers built up with each of their stays, and to offer them tailor-made experiences (see 1.6.2.)	X					
Enrichment of the Le Club Accor loyalty program through partnerships with the Fairmont, Raffles and Swissôtel, Eurostar and Luggage Free loyalty programs, and the development of CSR and Solidarity experiences (see 1.6.2.)	X		X			
Heartist®, driving a corporate culture shared by all Group employees, in which each of them is recognized as a "Heartist®" mastering the art of welcoming and serving others with heart, curiosity and inventiveness (see 2.2.2.)	X				X	X
Techstars challenge, the Accor's first intrapreneurship program (launched in 2017) (see 2.4.1.)			X	X		X
Compliance program (organization, policies and processes, awareness, whistleblowing line) to prevent any behavior within the Group or its partners that could trigger its liability, damage its reputation or endanger its activities (see 2.1.4.)						X



A model serving Accor's aim of doubling EBITDA by 2022

The change in the Group's model has fundamentally transformed the nature of its revenue, which previously consisted of the earnings of owned and leased hotels, as well as fees[1] collected from franchised and managed hotels. Now that owned and leased hotels are no longer consolidated in Accor's financial statements, the Group's EBITDA[2] is derived solely from fees collected from hotels, which are significantly smaller in value than the earnings of the hotels in question. On a like-for-like basis, Accor's EBITDA fell from €1.15 billion to €626 million in 2017.

◆ ***THE ASSET LIGHT VIRTUOUS CIRCLE***



1 *Share of revenue derived from managed and franchised hotels*
2 *Wealth creation generated by the management of hotels*

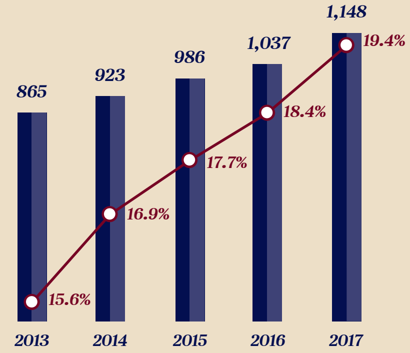
IMPACTS OF THE CHANGE IN MODEL ON THE GROUP'S EBITDA AND MARGIN

Although the Group's EBITDA contracted mechanically with the change in its model, it increased by 14% year on year in 2018, considerably outpacing the 7% average growth observed every year from 2013 to 2017. Going forward, the growth of Accor's earnings will be more sensitive to its development, as any new hotel, even unprofitable, will bring in new fees.

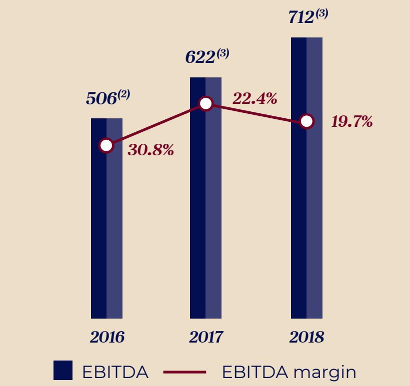
Furthermore, as HotelServices' management and franchise business no longer includes hotel overheads, its EBITDA margin now represents 68.3% of the fees collected. Demonstrating the resilience of its new operating profile, Accor expects these positive trends to continue in the coming years. At the Group level, however, the increase in EBITDA margin to 19.7% has been lower than expected. This reflects the lower profitability of the Hotel Assets division and the New Businesses.

In view of the change in its model and the growing number of partners in which the Group takes minority stakes (Mama Shelter, Wojo, SBE, Mantis, Rixos, Atton, Adagio, Risma, 25hours, Paris Society and Potel & Chabot), Accor now calculates adjusted EBITDA including the share of EBITDA of these companies in order to assess the value creation of its broader ecosystem, which contributes directly to its wealth creation. In total, the share of the EBITDA of these strategic (71%) and tactical (29%) investments increased Accor's overall EBITDA by 40% to €999 million in 2018.

Historical Accor [1]
+7% EBITDA CAGR 2013-2017



Accor today
+20% EBITDA CAGR 2016-2018



(1) Historical Accor means Accor + AccorInvest
(2) Restated amounts in application of IFRS 5
(3) Reported figures

THE AIM OF DOUBLING EBITDA

Following the change in its model, Accor aims to double EBITDA by 2022 by basing the growth of its earnings on HotelServices, which operates 93% of its portfolio under management and franchise agreements, and on the services that are today an integral part of its ecosystem.

The Group's performance is now assessed through the free cash flow it generates, which is expected to increase by at least 10% each year. In practical terms, between 60% and 70% of the two-fold EBITDA increase will stem from the growth of hotel earnings, split between organic development in the proportion of 30% to 40%, and new markets related to the acquisitions of Mantra, Atton and Mövenpick for 30%. Accor's operating synergies and efficiency measures will account for 20% of growth in EBITDA, while new businesses and hotel assets will contribute 10% and 5%, respectively. Accor expects its new asset-light model to result at the same time in a significant reduction in capital expenditure devoted to property renovations. The Group now intends to allocate between €200 million and €250 million per year to its development. These amounts will be split 75% for HotelServices, 15% for hotel assets, 5% for new businesses and 5% for the holding company. Seeking to increase its brand awareness and attractiveness, the Group has also committed €225 million to the rollout of ALL - Accor Live Limitless, its lifestyle loyalty program, advertising campaigns for its brands and partnership formation. Together, these three aspects are expected to add €60 million to EBITDA by 2022 (on top of the €1.2 billion target), and €75 million per year after that.

GROWTH ASSUMPTIONS BY DIVISION

HotelServices

HotelServices is anticipating revenue growth of between 2% and 4% 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 growth of between 2% and 4%, in line with RevPAR. Combined with hotel disposals resulting from the optimization of its real estate portfolios, mainly that of Orbis, EBITDA is expected to increase by between 5% and 7%.

New Businesses

The **New Businesses division** is expecting revenue growth of more than 10%. It is projected to break even in the fourth quarter of 2019.

	HotelServices	*Hotel Assets*	*New Businesses*
Sales Growth	RevPar *+2-4%* + System Growth *>5%*	RevPar *+2-4%* + Asset Rotation	Topline double digit growth
EBITDA	CAGR *+10-12%*	CAGR *+5-7%*	Breakeven *Q4 2019*
Recurring Free Cash Flow	CAGR *>10%*		

Performance and leadership

World

285,000
employees worldwide

€965 Million
in hotel fees

427,260
rooms in managed hotels

230,323
rooms in franchised hotels

46,223
rooms in owned and leased hotels

50 million
cardholder members (excluding Huazhu)

30%
increase in cardholders in 2018

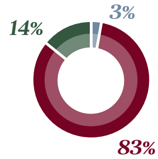
85%
of web revenue generated directly via the loyalty program

North America, Central America & Caribbean

29,900 employees

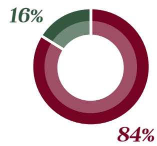
€132m
in hotel fees

◆ Employees by management style



◆ Network and pipeline

◆ Breakdown of hotel portfolio*

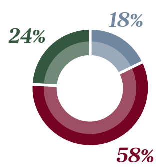


South America

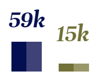
14,800 employees

€43m
in hotel fees

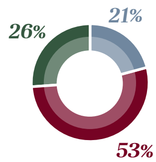
◆ Employees by management style

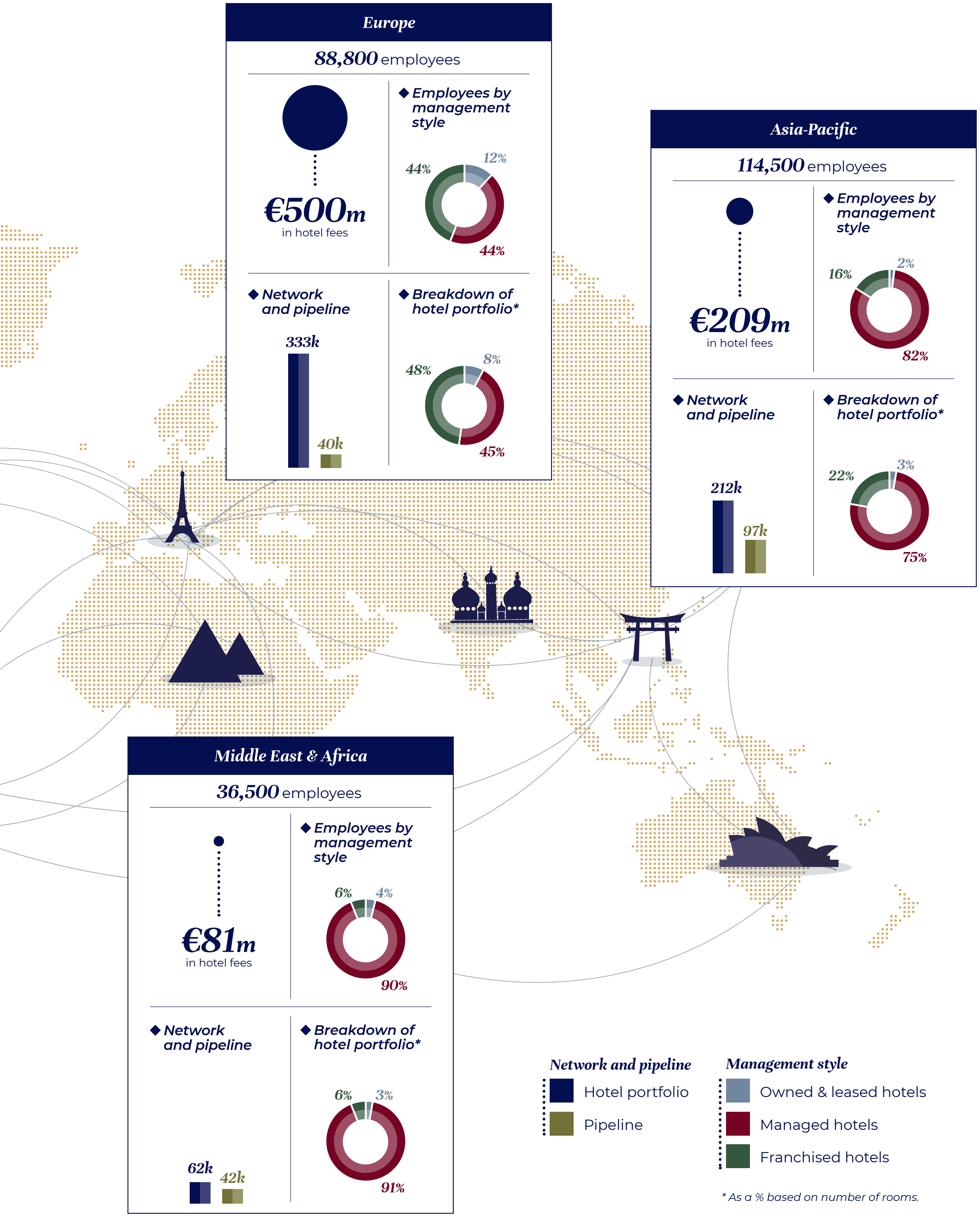


◆ Network and pipeline



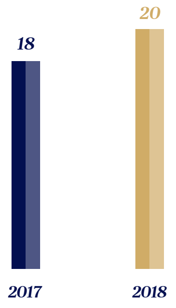
◆ Breakdown of hotel portfolio*



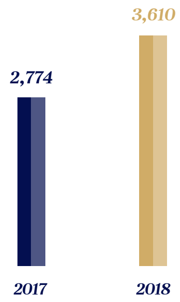

Europe
88,800 employees
€500m
in hotel fees
◆ Employees by management style
12%
44%
44%
◆ Network and pipeline
333k
40k
◆ Breakdown of hotel portfolio*
8%
48%
45%
Asia-Pacific
114,500 employees
€209m
in hotel fees
◆ Employees by management style
2%
16%
82%
◆ Network and pipeline
212k
97k
◆ Breakdown of hotel portfolio*
3%
22%
75%
Middle East & Africa
36,500 employees
€81m
in hotel fees
◆ Employees by management style
6%
4%
90%
◆ Network and pipeline
62k
42k
◆ Breakdown of hotel portfolio*
6%
3%
91%
Network and pipeline
Hotel portfolio
Pipeline
Management style
Owned & leased hotels
Managed hotels
Franchised hotels
* As a % based on number of rooms.

Financial performance

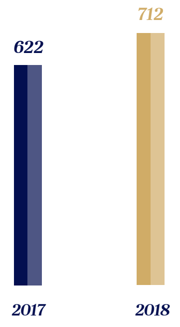
BUSINESS VOLUME
(in €Bn)



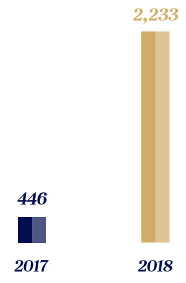
REVENUE
(in €m)



EBITDA
(in €m)



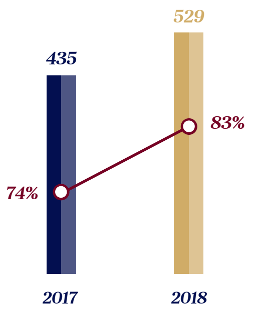
NET PROFIT, GROUP SHARE
(in €m)



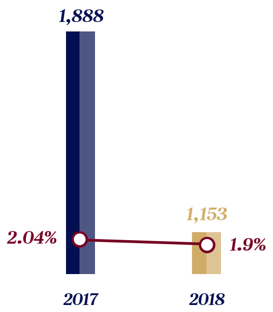
MARKET CAPITALIZATION
at december 31, 2018

€10.5 billion

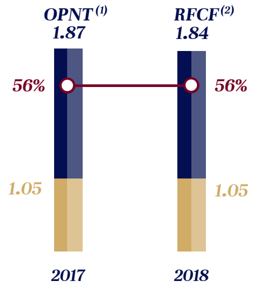
RECURRING FREE CASH FLOW *(in €m)*
Cash conversion as a % of EBITDA



NET DEBT *(in €M)*
Cost of debt (as a %)



OPNT[(1)] / RFCF[(2)] PER SHARE *(in €)*
Dividend per share (in €)
Payout ratio (as a %)



(1) Operating profit, net of tax per share
(2) Recurring free cash flow per share

A MODEL WITH A ROBUST FINANCIAL STRUCTUREE

By selling close to 64.8% of AccorInvest in 2018, Accor significantly reduced the number of its assets, as well as the debt contracted to finance them. Accor now has very little real estate investment, and benefits from a lean cost structure derived from an optimized fee-based model. This reduces the Group's exposure to the ups and downs of business cycles.

The sale of AccorInvest has enabled Accor to strengthen its financial structure while continuing its acquisitions, organic development and diversification, with substantial potential for value creation. Together, the funds raised and the new model give Accor sound financial foundations on which to build its strategy, backed up by a robust balance sheet and structurally higher cash flows.

Its investment capacity is also stronger. Investments aimed at accelerating its development in specific markets or segments, or rounding out its service portfolio, will continue in an orderly manner based on demanding financial indicators. Medium-sized companies will be targeted primarily for their profitability, growth and integration potential and the scope they offer to enrich the Group's ecosystem.

ACCOR'S FINANCIAL AND NON-FINANCIAL RATINGS

Investment grade :
S&P: BBB- stable outlook
Fitch: BBB- positive outlook

Accor: CSR champion for non-financial rating agencies

#1 CDP Carbon

#1 ISS-Oekom

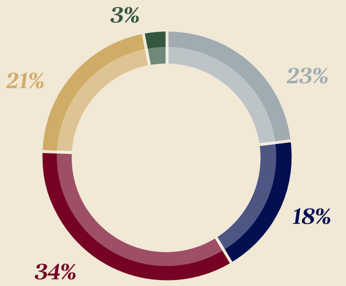
#2 Sustainalytics

#2 MSCI

Accor is also included in STOXX®, Euronext Vigeo, FTSE4Good and Ethibel Sustainability, and received the RobecoSAM Silver Class Sustainability Award 2018.

Non-financial performance

◆ *Planet 21 in action level achieved by hotels in 2018*



Percentage of hotels not yet rated Bronze

Percentage of hotels rated Bronze

Percentage of hotels rated Silver

Percentage of hotels rated Gold

Percentage of hotels rated Platinum

The hotels have a roadmap: Planet 21 In Action. It sets 16 actions (a shared base requiring compliance with actions such as the use of energy-saving lighting 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.

-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)

-5.6%
reduction in energy use between 2015 and 2018
(on top of reductions of 5.3% between 2011 and 2015 and 5.5% between 2006 and 2010)

-8.3%
reduction in greenhouse gas emissions between 2015 and 2018
(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*

44%
Total women

42%
Managers

30%
of which hotel general managers

91%
of employees trained in 2018

82%
of hotels engaged in at least one citizen or solidarity initiative

61%
rollout of the E&RSE risk control process for suppliers/owners

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** (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 2018 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 14 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 14 men and women under 35 years of age. Its purpose is to support the existing Executive Committee. All decisions made by the Executive Committee are run by the shadow committee for their thoughts.

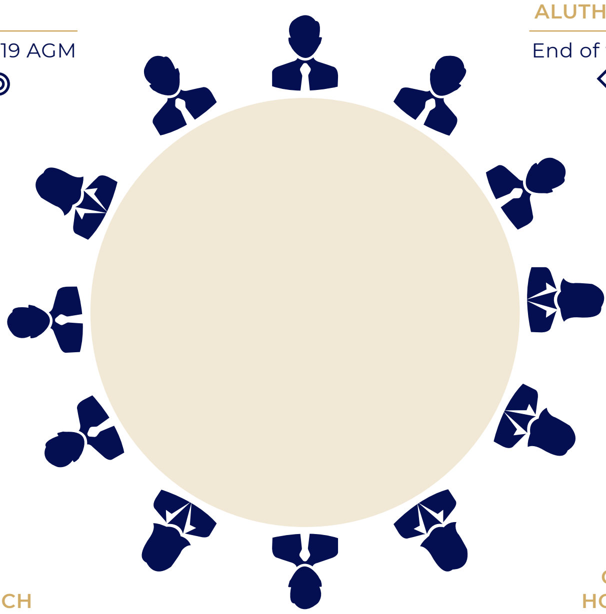
Since 2014, the role of the **Ethics & CSR Committee** has been to report to the Executive Committee on matters relating to ethics and CSR, to make recommendations on changes in commitments regarding human resources, risk management, respect for human rights and sustainable development, to monitor the 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 composition 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, 2018



Sheikh Nawaf BIN JASSIM BIN JABOR AL-THANI
End of term - 2019 AGM
◇

Sarmad ZOK
End of term - 2019 AGM
◇

Aziz ALUTHMAN FAKHROO
End of term - 2019 AGM
◇

Isabelle SIMON
End of term - 2019 AGM
◆ ©

Sébastien BAZIN
End of term - 2020 AGM
◇

Patrick SAYER
End of term - 2019 AGM
◇ ©

Iliane DUMAS
End of term - 05/02/2020
◇ DE

Nicolas SARKOZY
End of term - 2019 AGM
◆ ©

Sophie GASPERMENT
End of term - 2019 AGM
◆ ©

Iris KNOBLOCH
End of term - 2020 AGM
◆ VC

Chantale HOOGSTOEL
End of term - 01/11/2021
◇ DE

Qionger JIANG
End of term - 2019 AGM
◆

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

◆ Independent
◇ Non independent
© Director chairing a Committee
DE Director representing employees
VC Vice-Chairman and Senior Independent Director

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

WORK OF THE BOARD OF DIRECTORS AND ITS COMMITTEES IN 2018

BOARD OF DIRECTORS

12 meetings in 2018

- Completion of the Booster transaction
- Approval of acquisitions, investments and partnerships
- Launch of a public takeover offer for Orbis shares
- Implementation of a share buyback program
- Approval of the parent company and consolidated financial statements for 2017

78% attendance rate

- Review of the succession plan
- 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 membership of Board Committees

BOARD COMMITTEES

Audit, Compliance & Risks

4 meetings

- Annual and interim financial statements
- Group's financial results
- Selection of the company's auditors
- Review of acquisitions
- Monitoring of the completion of the Booster transaction
- General Data Protection Regulation
- Group compliance program

Commitments

8 meetings

- Completion of the Booster transaction
- Launch of a public takeover offer for Orbis shares
- Review of the Group's various acquisition projects

Appointments, Compensation & CSR

4 meetings

- Compensation policy for executive officers
- 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

International Strategy

2 meetings

- International current affairs

Corporate Governance, Compliance & CSR [1]

1 meetings

- Review of director independence
- Examination of related-party agreements
- Board of Directors' assessment process
- Compliance program
- Review of the work of the Ethics & CSR Committee

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

1 *On May 30, 2018, the Board of Directors decided to dissolve the Corporate Governance, Compliance & CSR Committee and divide its duties between the Audit, Compliance & Risks Committee and the Appointments, Compensation & CSR Committee.*

Directors' and officers' 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 and employee engagement each account for 10% of the criteria for the variable portion of compensation, aligned with the job or type of profession. For operational functions, for instance, the hotels' achievement of the Planet 21 "Bronze" level is the main criterion. However, locally, managers are free to add other criteria related to country- or region-specific priorities or challenges. For support functions, managers set an objective related to the business line, also based on a list of previously defined CSR criteria.

More information on the talent compensation policy is available in section 2.2.6 "Recognizing and valuing employees".

EXECUTIVE COMPENSATION

The Company's compensation policy for its executive officers 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 officers complies with the AFEP/MEDEF Corporate Governance Code.

The compensation policy for the Chairman and Chief Executive Officer for 2019, together with the components due to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer[1] for 2018, will be submitted for shareholder approval at the Company's Annual Shareholders' Meeting scheduled for April 30, 2019 and are presented in section 3 of this 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: ◇ 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 EBITDA for 2019, actual versus budgeted free cash flow – excluding disposals and acquisitions, after change in operating working capital – for 2019, Accor's Total Shareholder Return (TSR) *versus* the TSR of its peer group and Accor's TSR *versus* the TSR of other CAC 40 companies) ◇ **CSR objectives** (guest experience, level of employee engagement, sustainable development and CSR performance)	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 ◇ implementation of the post-Booster organization and change in Group businesses	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 TERME	**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 200% of annual fixed compensation, determined by the Board of Directors

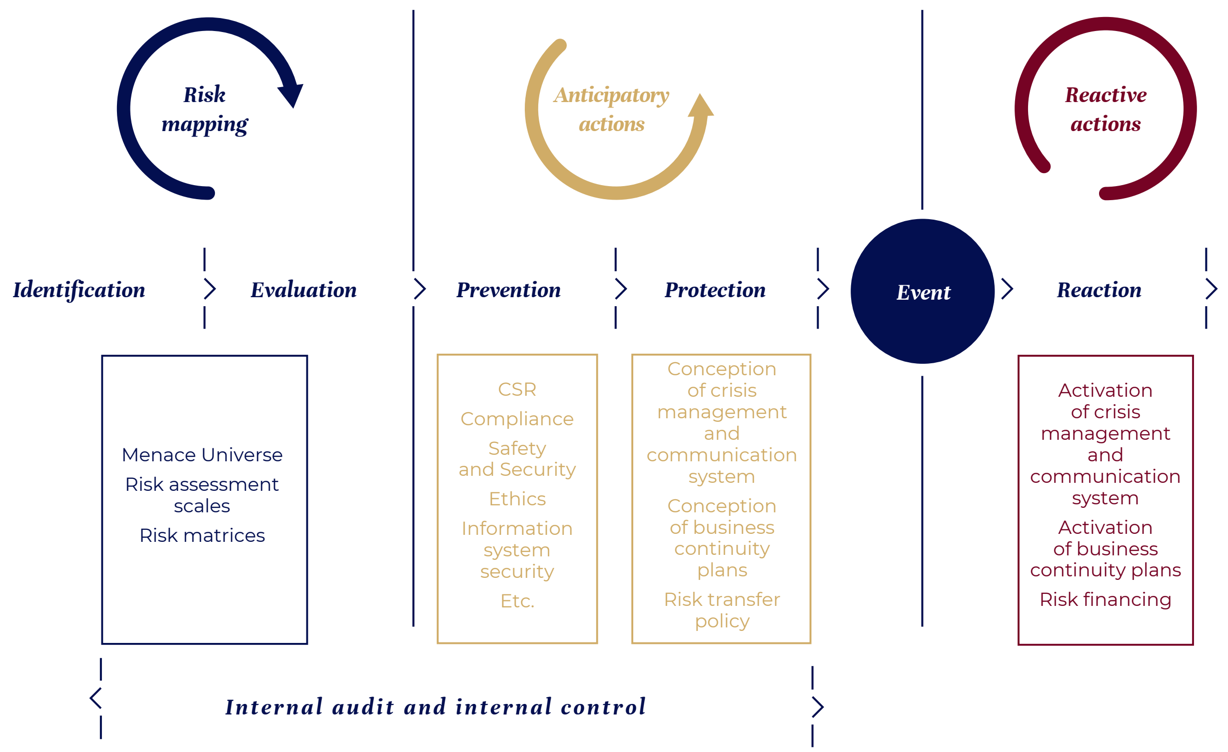
1 *Sven Boinet's term of office as Deputy Chief Executive Office expired on December 2, 2018.*

A structured approach to comprehensive risk management

Approach

The Group's risk management approach aims to:

- **prevent the occurrence of risks** that may jeopardize the achievement of the Group's objectives;
- **prevent the occurrence of risks** with social, societal or environmental consequences arising from the Group's activities;
- **protect the Group's guests, employees, data and brands** as well as its **customer and partner portfolios.**



The approach is based on risk maps, specific or cross-cutting (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 lines design, implement and run prevention and protection programs in response to the risks identified.

Significant risks

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 impacts. These assessments are performed taking into account existing risk management plans.

Risks seen as significant, that is, those with the greatest criticality (in view of their likelihood and the intensity of their potential impact), 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 prevention and protection plans associated with them are described in section 1.8.3.

The main risks with social, societal or environmental consequences arising from the Group's activities are indicated by an asterisk. These risks are identified in accordance with French Declaration of non-financial performance (DNFP)*.

Category	Name of the risk	Mitigation measures	DNFP* prevention measures
RISKS RELATED TO THE BUSINESS ENVIRONMENT	Acts of terrorism or political instability	1.8.3 Risk Factors, page 93	
	Natural events	1.8.3 Risk Factors, page 93	
	Changes in the competitive and technological environment	1.8.3 Risk Factors, page 94	
	Smear campaigns and libel	1.8.3 Risk Factors, page 95	
	Unfavorable change in the economic environment	1.8.3 Risk Factors, page 95	
RISKS RELATED TO THE BUSINESS MODEL	Competition in the job market	1.8.3 Risk Factors, page 96	
	* Breach of the availability, integrity or confidentiality of personal data	1.8.3 Risk Factors, page 97	2.1.3 Governance: ethics, compliance and CSR / Data Governance Committee 2.3.4 A guest-centered culture/ Strengthening data protection for guests
	* Breaches by partners of the Group's ethical and CSR standards	1.8.3 Risk Factors, page 98	2.1.3 Governance: ethics, compliance and CSR 2.1.4 Compliance Program 2.4.2 Cultivating common ethics to foster best practices
	* Greenhouse gas emissions	1.8.3 Risk Factors, page 98	2.6 Aiming for carbon neutrality for the hotel network under the Accor brand

* *French Decree No. 2017-1265 of August 9, 2017 (used for the application of Order No. 2017-1180 of July 19, 2017 on the publication of non-financial information by certain large companies and certain groups of companies).*

1

Corporate presentation

Corporate profile

A global leader in augmented hospitality, Accor offers unique and unmatched experiences in close to 4,800 hotels, resorts and residences in 100 countries. For more than 50 years, it has combined the full breadth of its hotel know-how in an incomparable collection spanning from luxury to economy brands.

Accor offers more than just a night away from home: it gives its guests new ways of living, working and playing, blending food and beverage, nightlife, wellness 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 rewarding hotel loyalty programs.

Accor's commitment to sustainable development, for the planet and local communities alike, runs deep. Its Planet 21 – Acting Here program advocates positive hospitality, while the Accor Solidarity endowment fund focuses on enabling disadvantaged populations to access employment by offering them vocational training.

1.1 Milestones

1967–1985 — 1988–1994 — 1995–1999

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

- 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
2004

2005

2006

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

- 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 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 2008 2009

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 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

- 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 2011 2012

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

- 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 2014 2015

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 upmarket 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.
- 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

- 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 — 2017 — 2018

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 continued 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/Upscale 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

- 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.

1.2 The Group's activities

As shown in the 2018 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 and partnerships to diversify the customer base (leisure, business, Millennials, independent hotels, local residents) and enrich its augmented hospitality model;
- consolidation of its digital capacity to predict the behavior and consumption patterns of its guests, give them more personalized experiences and loyalty programs, and make the Group's 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 630,000 guests to stay and eat in one of its 4,800 addresses.

Its 33 hotel banners 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 (25%);
- 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 (41%).

Hospitality

LIVE

With a remarkable choice of more than 4,800 hotels around the world, ranging from luxury to economy establishments as well as 5,000 private residences for rent, Accor is committed to meeting 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

13 hotels, or 2201 rooms, in 11 countries, and 981 rooms in the pipeline.

Guests

73% business – 27% leisure.

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

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 1,221 rooms in the pipeline.

Guests

50% business – 50% leisure.

DELANO

Delano 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 466 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.

Network

5 hotels, or 873 rooms, in 5 countries.

Guests

58% business – 42% leisure.

Fairmont

Fairmont offers its guests extraordinary destinations and places. Their unique art-inspired architecture and matchless service make for an unforgettable experience.

Network

76 hotels, or 30,276 rooms, in 26 countries, and 7,017 rooms in the pipeline.

Guests

73% business – 27% leisure.

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

6 hotels, or 2,557 rooms, in 2 countries, and 2,048 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

8 hotels, or 1,099 rooms, in 7 countries, and 2,615 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 and incomparable experiences. Sofitel hotels win acclaim from those among today's travelers who are blessed with an innate sense of style.

Network

121 hotels, or 30,588 rooms, in 43 countries, and 3,837 rooms in the pipeline.

Guests

66% business – 34% leisure.

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

4 hotels, or 1,540 rooms, in 2 countries, and 170 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

23 hotels, or 8,556 rooms, in 7 countries.

Guests

54% business – 46% leisure.

onefinestay

At onefinestay, guests can choose private homes, apartments and luxury villas in popular destinations around the world, where they enjoy customized high-end services to satisfy their every need during their stay.

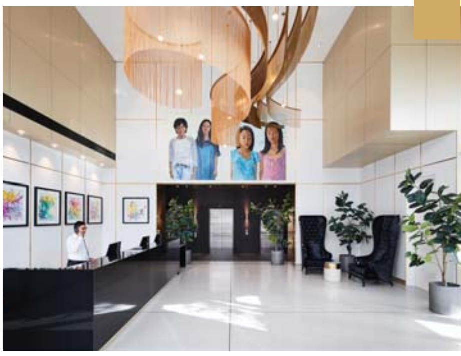
Network

5,000 properties in 50 destinations.

LIVE

Premium Segment



mantis

Mantis has developed a collection of extraordinary destinations on seven continents. Authentic celebrations of their unique settings, Mantis properties offer an ideal setting to revive mind and body. Whether located on a vast African plain, in a bustling city, on a private tropical island or in an expanse of icy snow, each of them is exceptional.

Network

29 hotels, or 578 rooms, in 11 countries, and 321 rooms in the pipeline.

MGallery

MGallery is a collection of boutique hotels steeped in history, where guests discover the world and more. All addresses are designed for delightful and unique experiences inspired by local culture and the history of the hotel itself.

Network

101 hotels, or 10,639 rooms, in 26 countries, and 6,741 rooms in the pipeline.

Guests

59% business – 41% leisure.

21c

MGallery has welcomed 21c Museum Hotels into its collection.

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 with Art Series.

Network

7 hotels, or 1,640 rooms, in Australia, and 290 rooms in the pipeline.

LIVE

Premium Segment




MONDRIAN

Mondrian 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

4 hotels, or 901 rooms, in 2 countries, and 350 rooms in the pipeline.

pullman

Hotels and resorts in tune with today's world, where performance and well-being combine. Pullman promises vibrant environment, where nomads from the four corners of the earth can feel at home, whether they are there for work or for play.

Network

131 hotels, or 38,563 rooms, in 39 countries, and 15,335 rooms in the pipeline.

Guests

71% business – 29% leisure.

swissôtel

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

Network

31 hotels, or 13,325 rooms, in 18 countries, and 4,510 rooms in the pipeline.

Guests

78% business – 22% leisure.

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

13 hotels, or 1,630 rooms, in 8 countries, and 2,818 rooms in the pipeline.

Guests

34% business – 66% leisure.

LIVE

Premium Segment




25h twenty five hours hotels

At 25hours, we create unique, bespoke hotels with personality in vibrant cities. Every 25hours hotel has its very own soul, inspired by the location and shaped by art, culture, gastronomy and local history.

Network

12 hotels, or 1,828 rooms, in 3 countries, and 1,184 rooms in the pipeline.

Guests

35% business – 65% leisure.

MÖVENPICK

At Mövenpick, your stay is designed to be a succession of experiences. We know that simple things can make a difference, so we're committed to 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 holiday resorts, complemented by a culinary heritage dating back 70 years, with no compromise on quality or authenticity.

Network

88 hotels, or 21,605 rooms, in 25 countries, and 13,579 rooms in the pipeline.

HYDE

Hyde hotels, resorts and residences are designed to meet the needs, interests, 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

1 hotel, or 60 rooms, in the United States.

GRAND MERCURE

The world over, Grand Mercure revisits local culture in its own striking and inspiring way. Our hotels offer authentic and contemporary immersion in local culture while guaranteeing world-class standards of quality.

Network

53 hotels, or 12,151 rooms, in 13 countries, and 6,353 rooms in the pipeline.

Guests

73% business – 27% leisure.

LIVE

Premium Segment

PEPPERS

Peppers creates irresistible hotels for select experiences in some of the most spectacular spots in Australia, New Zealand and Indonesia. Spanning superb country and vineyard properties, renowned beach resorts and international golf courses, they are synonymous with refinement, infinite attention to detail and personalized service.

Network

27 hotels, or 4,085 rooms, in 3 countries, and 893 rooms in the pipeline.

THE SEBEL

Elegant, spacious, warm and inspiring, The Sebel apartments offer a range of discreet and customized services, and a chance to really get to know the destination.

Network

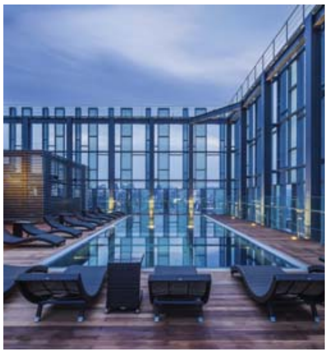
28 properties, or 1,980 apartments, in 3 countries, and 526 rooms in the pipeline.

Guests

59% business – 41% leisure.

LIVE

Midscale Segment

mantra

DMantra 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 15,241 rooms, in 3 countries, and 812 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

526 hotels, or 103,105 rooms, in 60 countries, and 29,380 rooms in the pipeline.

Guests

69% business – 31% leisure.

Mercure

Each Mercure hotel is a window onto the destination. Staff know their city perfectly, and every detail of the decoration tells a story about the location and its cultural heritage. And while our Mercure hotels are all unique, they share the same passion for high quality service.

Network

810 hotels, or 104,969 rooms, in 64 countries, and 28,435 rooms in the pipeline.

Guests

72% business – 28% leisure.

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

107 aparthotels, or 12,200 rooms, in 11 countries, and 6,538 rooms in the pipeline.

Guests

67% business – 33% leisure.

LIVE

Midscale Segment

MAMA SHELTER

Mama is more than just a place to eat and sleep.
It's an urban kibbutz, 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

10 hotels, or 1,280 rooms, in 5 countries, and 1,562 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. Welcome to Tribe.

Network

1 hotel, or 126 rooms, in Australia, and 1,152 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

24 hotels, or 3,477 rooms, in 2 countries.

ibis

Comfort and design, taste and simplicity, sociability and pleasure – yes, you can have it all. Because right next door and across the world, there's always an ibis hotel to welcome you. Leave everything up to us and just make yourself at home. All you have to do is relax and have fun.

Network

1,174 hotels, or 150,748 rooms, in 66 countries, and 25,736 rooms in the pipeline.

Guests

70% business – 30% leisure.

ibis Styles

At ibis Styles, each hotel has its own design and unique personality. Creative and urban, our eclectic hotels blend warm service and elegant comfort.
The smallest detail has been thought out to ensure an experience full of surprises, for young and old.

Network

476 hotels, or 48,842 rooms, in 48 countries, and 27,491 rooms in the pipeline.

Guests

69% business – 31% leisure.

ibis budget

The best deal in town! ibis *budget* offers urban and contemporary design, a relaxed, easy-going atmosphere, smart and comfortable rooms, living spaces that foster interaction, a dash of humor – and unbeatable value for money!

Network

614 hotels, or 61,226 rooms, in 20 countries, and 8,529 rooms in the pipeline.

Guests

56% business – 44% leisure.

LIVE

Economy Segment

JO& JOE

Designed especially for Millennials, neighbors and travelers, Jo&Joe hotels are lively and accessible "open houses", where everyone has a place and can do what they like! The first Jo&Joe opened in Hossegor; the second will welcome its guests in Paris in April 2019.

2020 ambition

8 open houses, or 1,602 beds, in 4 countries.

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 13,210 rooms, in France, and 273 rooms in the pipeline.

Guests

85% business – 15% leisure.

Augmented hospitality

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.

WORK

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.

Coworking

WOJO

Each Wojo workspace is designed to help you be as productive as possible. Whether you're a freelancer or an entrepreneur looking for a friendly place to work, or a company looking for flexible and private offices, Wojo has the perfect space to bring more energy and creativity to your professional life!

Network

8 spaces with surface area of 50,000 sq.m, and 55 spaces in the pipeline.

Customer base

More than 5,000 residents.

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

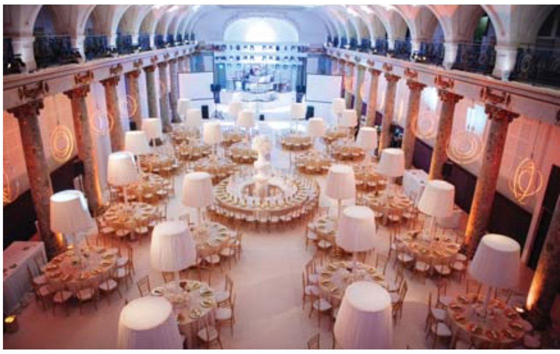
3 spaces covering 6,495 sq.m, and 2 spaces covering 3,800 sq.m in the pipeline.

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.

Meetings & Events





PARIS SOCIETY

In just under ten years, Paris Society has become a leader in events, hospitality and entertainment in France. It is now building on three pillars: 30 exceptional Paris Society locations, top-of-the-range restaurants in iconic addresses and party spaces in the most sought-after parts of Paris. These different yet perfectly complementary businesses allow it to create synergies and capitalize on its immense know-how.

Some iconic addresses

Terminal 7, 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

3,000 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 and 14 Katsuya restaurants.

POTEL & CHABOT

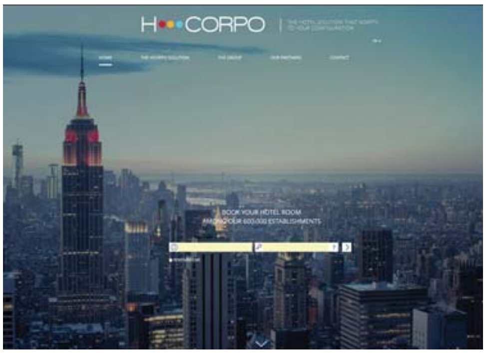
Potel & Chabot has been reinventing the art of gastronomy since 1820. A proud champion of French cuisine, its know-how and excellence are now part of the Group's portfolio. With seven spectacular sites in Paris and a catalogue of 600 addresses in France and abroad, Potel & Chabot can organize events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

Some exclusive addresses

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

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 offers innovative solutions in business and leisure travel, as well as wholesaler distribution solutions.

Activity

More than 400 corporate customers, 14,000 travel agencies in 9 countries, and 600,000 hotels and private rentals spread around the world.

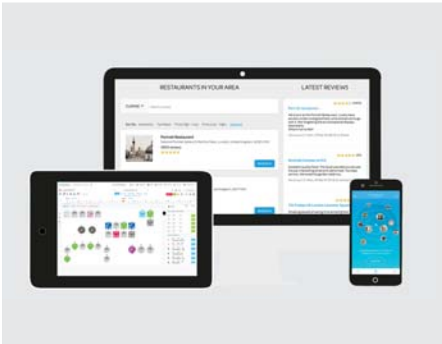
VERYCHIC

VVeryChic offers its members exclusive deals in exceptional hotels, with discounts of up to 70%. More than 4,000 partner hotels optimize their distribution *via* VeryChic.

Network

8.5 million members and 4,000 partner hotels in 50 countries.

BUSINESS ACCELERATORS



JOHN PAUL

Back in its early days in 2008, John Paul offered tailor-made services to individual private customers, before starting to work with companies.
Today positioned as the world leader in digital concierge services, John Paul creates and runs customized loyalty programs.

Network

1,000 talents available
24/7 worldwide,
50,000 exclusive partners.

ResDiary

ResDiary is a commission-free restaurant booking system offering unparalleled table management and clear financial forecasts, with no unforeseen costs.
It gives restaurateurs bookings for the best slots and the power to control the origin of reservations.
For diners, two interfaces offer an array of choices backed up by verified user-generated reviews.

Activity

166 million meals served every year in 8,600 restaurants in 60 countries.

adoria

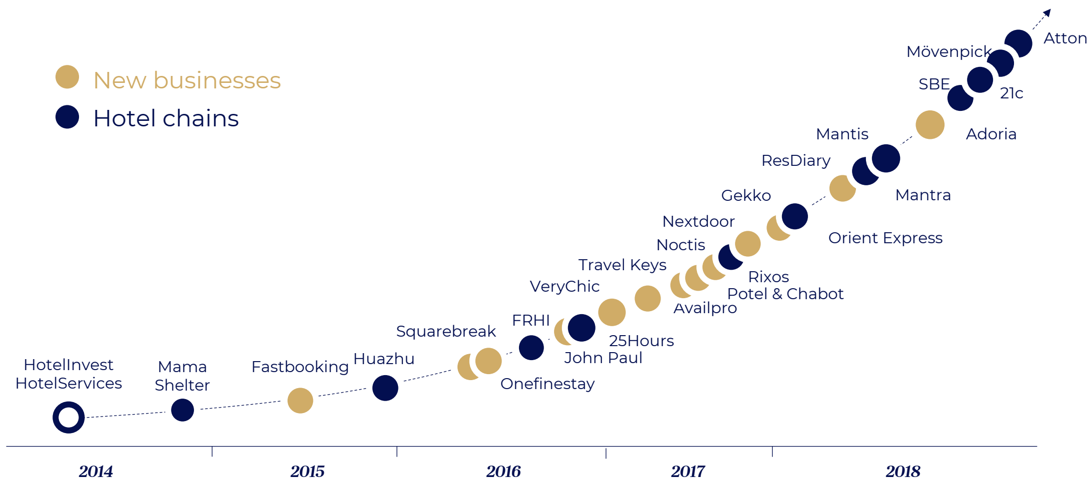
Adoria's purpose is to contribute to the success of food and beverage groups through supply management and meal preparation optimization solutions for restaurants *via* an Internet platform that connects all players along the chain. Adoria is the first independent software platform for food and beverage.

Activity

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

1.3 A transformed business model, creating more value

In an environment shaped by swift change in guests' habits and the need to refresh the established codes, Accor has profoundly changed its business model in 2018 by selling a majority of its property assets and by consolidating a new ecosystem of brands and services to enrich the exceptional nature of the experiences it offers its guests.



1.3.1 Value-creating portfolio restructuring for AccorInvest and Accor

More than 600 real estate transactions between 2014 and 2016 have seen Accor profoundly reshape its hotel portfolio and significantly boost its performance.

Portfolio restructuring for €1.1 billion and development through acquisitions and hotel constructions for €0.7 billion have lifted AccorInvest's gross asset value, which corresponds to the fair value of the hotel properties owned outright plus the fair value of all the hotel businesses, from €4.5 billion to €7.6 billion. Restructuring has boosted the gross value of AccorInvest's assets by €1.5 billion thanks to the acquisition of leased-hotel portfolios (approximately €2 billion) and to the elimination of loss-making units, which was made possible by the disposal of unprofitable hotels and renegotiations of high rents (€800 million). Hotel earnings amounted to €1.2 billion over the same period. In total, the Group created €2.7 billion in value between 2014 and 2016, with the total number of hotels simultaneously declining from 1,500 to fewer than 1,200. In addition, the portfolio's profitability more than doubled, with the operating margin reaching 8.3% in 2016.

Having inherited all of the Group's restructured assets, AccorInvest was valued at €6.6 billion (excluding the Orbis assets, valued at €1 billion), and sold to international investors in May 2018 on the basis of an enterprise value of €6.3 billion. The sale of 64.8% of AccorInvest enabled the Group to receive cash proceeds of €4.8 billion in 2018.

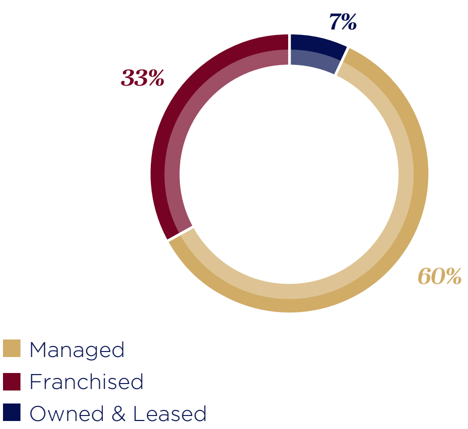
1.3.2 Operating structures refocused on management and franchise contracts

The sale of 64.8% of AccorInvest has significantly reduced both Accor's asset portfolio and its overheads (rents and investments). Owned and leased hotels now account for just 7% of the portfolio, down from 26% in 2017. The Group now operates 60% of its network under management contracts and 33% under franchise agreements, thereby reducing the volatility of its earnings.

The remaining 7% of hotels correspond mainly to hotels owned or leased by Polish company Orbis in Central Europe, in which Accor holds an 85.8% stake.

Hotel portfolio by operating structure at December 31, 2018

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 the 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 contract
Trademark	✓	✓
Base management	✓	
Incentive	✓	
Sales & Marketing	✓	✓
Distribution	✓	✓
Loyalty	✓	✓

Hotel management agreements 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 programs, sales and marketing, and 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 (62.1% of franchised hotels belonging to two non-profit associations dedicated to the Mercure and ibis brands) and Germany (39.9%), 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.

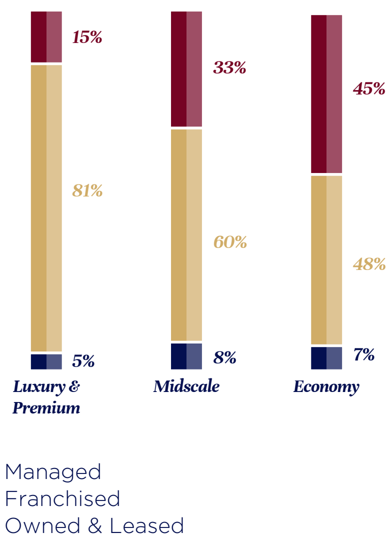
Franchise agreements are signed for an average term of 15 years. They can, however, be terminated early at the franchisor's request in some special cases, including:

- 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, 2018

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 agreements 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 and franchise agreements now account for 93% of hotels in the economy segment (up 28 points *vs.* 2017), 92% in the midscale segment (up 19 points *vs.* 2017), and 95% in the luxury and premium segments (up 5 points *vs.* 2017). More specifically, the share of management agreements increased slightly to 81% in the luxury and premium segments (up 6 points *vs.* 2017), while the proportion of franchise agreements was stable at 15%. Management agreements represent 60% of contracts in the midscale segment (up 20 points *vs.* 2017) and 48% in the economy segment (up 26 points *vs.* 2017), while the proportion of franchise agreements was stable at 33% in the midscale segment and up slightly to 45% in the economy segment (gain of 3 points *vs.* 2017).

(1) Including acquisitions and partnerships completed in 2018.

Hotel portfolio by brand and operating structure at December 31, 2018

	Managed		Franchised		Owned & leases		Total	
Brands	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
RAFFLES	13	2,201	0	0	0	0	13	2,201
FAIRMONT	74	29,864	2	412	0	0	76	30,276
SOFITEL	113	28,119	3	1,196	5	1,273	121	30,588
SO BY SOFITEL	7	1,007	0	0	1	92	8	1,099
PULLMAN	102	29,112	26	7,969	3	1,482	131	38,563
MGALLERY	53	6,291	47	4,179	1	169	101	10,639
SWISSÔTEL	26	11,842	4	1,245	1	238	31	13,325
GRAND MERCURE	36	9,698	17	2,453	0	0	53	12,151
THE SEBEL	10	879	18	1,101	0	0	28	1,980
RIXOS	13	4,136	10	4,420	0	0	23	8,556
MANTIS	29	578	0	0	0	0	29	578
ART SERIES	0	0	0	0	7	1,640	7	1,640
PEPPERS	21	3,477	3	230	3	378	27	4,085
MÖVENPICK	74	18,177	0	0	14	3,428	88	21,605
SBE	13	3,235	6	3,487	0	0	19	6,722
Luxury & Premium	**584**	**148,616**	**136**	**26,692**	**35**	**8,700**	**755**	**184,008**
NOVOTEL	327	72,225	131	19,544	34	7,134	492	98,903
NOVOTEL SUITES	23	3,122	11	1,080	0	0	34	4,202
MERCURE	289	46,118	504	55,014	17	3,837	810	104,969
ADAGIO	36	4,324	5	588	21	2,535	62	7,447
MANTRA	44	10,606	6	381	27	4,254	77	15,241
MAMA SHELTER	3	416	0	0	0	0	3	416
TRIBE	0	0	0	0	0	0	0	0
Midscale	**722**	**136,811**	**657**	**76,607**	**99**	**17,760**	**1,478**	**231,178**
Multibrand	**27**	**4,943**	**13**	**1,272**	**1**	**51**	**41**	**6,266**
IBIS	470	77,665	633	60,660	71	12,423	1,174	150,748
IBIS STYLES	108	17,593	361	29,990	7	1,259	476	48,842
IBIS *BUDGET*	222	27,531	368	28,898	24	4,797	614	61,226
ADAGIO ACCESS	38	3,970	0	0	7	783	45	4,753
HOTELF1	82	7,006	90	6,204	0	0	172	13,210
JO &JOE	0	0	0	0	1	98	1	98
BREAKFREE	22	3,125	0	0	2	352	24	3,477
Economic	**942**	**136,890**	**1,452**	**125,752**	**112**	**19,712**	**2,506**	**282,354**
TOTAL	**2,275**	**427,260**	**2,258**	**230,323**	**247**	**46,223**	**4,780**	**703,806**

1.3.3 Acquisition of Orbis

To consolidate its leadership in Central Europe and gain flexibility in the management of Orbis' asset portfolio, Accor launched a takeover offer for Orbis in November 2018. It held a 52.7% stake at the time. 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 128 hotels (21,000 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.

The transaction, amounting to €339 million, will allow Accor to boost the development of its brands in the region. It will also give the Group the possibility of eventually selling Orbis' remaining owned and leased hotels and to round out its asset-light model.

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 2018

Investments *(in millions of euros)*	**Section**	**2016[(1)]**	**2017[(2)]**	**2018**	**% invested over the period**
Asset portfolio		139	160	119	6.3%
Hotel acquisitions	1.4.1 & 1.4.3.	2,625	108	1,803	68.0%
Acquisitions of new businesses	1.4.5	323	101	174	9.0%
Acquisitions of other businesses		0	46	24	1.1%
Digital plan	1.6.	43	21	26	1.3%
Other	1.3.3.	108	71	780	14.4%
TOTAL		**3,239**	**507**	**2,925**	**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.

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

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 €4.5 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, 21c Museum and Tribe represented an investment of €1.5 billion in 2018.

Acquisition of Mantra, strengthening Accor in the midscale segment in Asia-Pacific

Accor acquired Mantra Group Limited for €830 million. Trading under the Peppers, Mantra and BreakFree banners, Mantra's establishments range from luxury beach resorts to hotel apartments in cities and major tourist destinations.

Mantra's know-how in apartment management represents a new growth opportunity for Accor, allowing it to access new locations, new forms of accommodation and new customers, and complementing its hotel offering in Australia, New Zealand, Indonesia and Hawaii.

The merger of the two groups provides the new entity with new facilities, know-how and complementary services, as well as better distribution and improved operating systems, reinforcing its growth.

The Group has also consolidated its operations in Europe and the Middle East with the acquisition of Mövenpick Hotels & Resorts.

Acquisition of Mövenpick, reinforcing Accor in the premium segment in Europe and the Middle East

The acquisition of Mövenpick Hotels & Resorts for €482 million illustrates Accor's strategy of seizing every opportunity to consolidate its leadership and boost growth.

Founded in Switzerland in 1973, Mövenpick Hotels & Resorts operates in 27 countries with 84 hotels (20,000 rooms) and a strong presence in Europe and the Middle East. Mövenpick Hotels & Resorts also plans to open 42 additional hotels by 2021, representing almost 11,000 rooms, with significant expansion in the Middle East, Africa and Asia-Pacific

The acquisition consolidates Accor's presence in Europe and the Middle East, and accelerates its growth in key regions where it has already had well-established operations for many years. Offering high-end expertise in the main hotel-related services, Mövenpick Hotels & Resorts employs more than 16,000 people worldwide. An ideal combination of modernity and authenticity, the Mövenpick brand dovetails perfectly with Accor's portfolio. Mövenpick hotels can build on the strength of Accor's loyalty program, distribution channels and operating systems to maximize their performance.

The acquisition was made on an enterprise value of 10x pro forma estimated 2019 EBITDA before annualized synergies and secured pipeline development. The transaction will have an accretive impact on Group earnings from 2019.

The Group has also strengthened its presence in South America with the acquisition of Atton Hoteles.

Acquisition of Atton Hoteles, bolstering Accor in the midscale and premium segments in South America

Together with Chilean group Algeciras, Accor has acquired Atton Hoteles, which operates 11 hotels (2,259 rooms) in Chile, Peru, Colombia and Florida, for €98 million.

Accor acquired 100% of the management company (€74 million) and 20% of the real estate company holding the assets (€24 million), with the remaining 80% acquired by Algeciras.

Founded in Chile in 2000, the Atton Hoteles brand caters to business travelers on the midscale and premium segments. It has three hotels under development to add to the 11 it currently operates. This acquisition will enable Accor to further consolidate its current footprint in Latin America, where the Group has maintened leadership for many years, with 335 hotels operating, and 166 under development, while strengthening its presence in fast-growth markets such as Chile and Peru.

In order to capitalize on Atton's existing brand equity, most of these properties will be co-branded with Accor brands, before being fully rebranded to Pullman, Novotel, MGallery and Mercure in the medium term.

The transaction reflects estimated 2020 enterprise value/ EBITDA ratios of 10x and 9x, respectively, post-synergies and pipeline. It will have an accretive impact on Group earnings from 2019.

In its search for markets and diversification, Accor has also entered into various hotel partnerships.

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

Over the last four 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. In 2018, 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.

At the end of 2018, the Group's most significant strategic partnerships in terms of its investment were AccorInvest, with a 35.2% stake (€1.25 billion), and Huazhu, with a 10.8% stake ($1.1 billion). Accor's hotel partnerships with other companies generally serve the same objectives, namely:

- increase the Group's revenue by expanding its network (number of hotels, geographic density), *i.e.*, the number of franchise and management agreements, 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 points of contact (qualitative approach) and combining its loyalty program with that of other partners (quantitative approach).

Strategic partnership with AccorInvest

AccorInvest has 30,000 employees in 27 countries worldwide, and owns 881 hotels (126,000 rooms) out of the 1,182 assets owned and leased by Accor. Of these, 348 are wholly owned by AccorInvest and 533 operated under fixed- and variable-rent leases.

New management contracts governing the relationship between Accor and AccorInvest, including the fees paid by AccorInvest to Accor, have now been entered into in line with market practices. Better aligned with the hotels' EBITDAR (incentive fees), these fees are expected to increase going forward thanks to significant investments to boost the performance of the hotels in the AccorInvest portfolio. Accor also retains the management contracts relating to the operation of these 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).

Strategic partnership with Huazhu

In 2014, Accor concluded a strategic alliance with Huazhu, giving the Chinese company 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 operates and develops these activities, while Accor continues to develop and operate its luxury and premium brands in China (Sofitel, Pullman, MGallery and The Sebel).

A development target of 350 to 400 hotels by 2020 has been set. However, the Group's growth in the countries covered by the partnership has been extremely rapid since the establishment of the alliance, with 177 hotels signed up at the end of 2018 and more than 280 under negotiation.

In addition, around 1,273 Accor hotels are available on Huazhu's distribution platforms and nearly 380 Huazhu hotels are available on the accorhotels.com platform, enabling Huazhu's 122 million Chinese loyalty program members to benefit from the Accor loyalty program.

In view of Huazhu's strong growth in China, the 10.8% equity interest acquired for $193 million in 2014 was worth $1.1 billion as of February 2019. The 470% increase in four years has exceeded the Group's initial expectations and substantially contributed to its performance.

Furthering its expansion in growing areas, Accor has also forged two major partnerships with Mantis and Katara Hospitality in travel and hospitality in Africa.

Partnership with Mantis, reinforcing Accor in the luxury segment in Africa

Mantis is a pioneer in customized, one-of-a-kind travel, with some of the world's most imaginative hotels. This strategic partnership announced on April 5, 2018 has allowed Accor to deepen its footprint in Africa. Mantis is a brand boasting strong roots and a rich history. It is renowned for its commitment to preserving the natural environment, and boasts a stellar reputation in the hospitality sector.

Mantis operates a collection of high-end establishments, either directly owned and managed or bearing its brand. The network includes 28 properties, plus an international portfolio of hotels and residences operated under the Mantis brand, including boutique villas and establishments such as the Founders Lodge, a game reserve on the Eastern Cape; Mantis St Helena, a boutique hotel nestled on the remote island of St. Helena; and the Draycott Hotel in London. Mantis also owns and operates several cruise ships and a luxury lodge operated under the Zambezi Queen Collection brand.

The partnership was accompanied by the launch of the Community Conservation Fund Africa (CCFA), a non-profit organization aimed at increasing both groups' commitment to preventing the decline of wildlife in Africa, with the support of three conservation organizations: Wilderness Foundation, Tusk Trust and African Parks.

Creation of a hotel investment fund with Katara Hospitality in Sub-Saharan Africa

Accor and Katara Hospitality have created an investment fund with investment capacity of more than $1 billion to meet the fast-growing need for quality hospitality in various Sub-Saharan African countries enjoying very strong growth.

The fund will have $500 million in equity, of which Katara Hospitality and Accor will contribute $350 million and $150 million, respectively, over the next five to seven years, with additional financing capacity through debt and joint investments with other partners.

These resources will be allocated to the construction of new hotels in greenfield areas or in urban regeneration projects, or the acquisition and rebranding of existing properties, in a region offering compelling growth opportunities. Forty hotels (approximately 9,000 rooms) have been identified across the full range of Accor's internationally acclaimed brands, from the economy to luxury segments, including private residences.

With this initiative, Katara Hospitality and Accor aim to create the leading hotel fund dedicated to long-term growth in Africa, bringing support to job creation, training, skills transfer, local supply chains and local communities, operating in accordance with the United Nations Sustainable Development Goals.

Accor has also embarked on a strategic partnership with Dalmata Hospitality, France's leading independent hotel management company in the economy segment.

Partnership with Dalmata Hospitality, strengthening Accor in the economy segment in France

As part of this partnership, Dalmata Hospitality is to rebrand 20 of its franchised hotels (1,500 rooms) as ibis Styles, ibis, ibis *budget* or hotelF1, and contribute to their development through a major renovation program spanning 18 months, while the implementation of quality management will help increase the value of these hotels. Dalmata Hospitality will also play a part in the three-year renovation plan of the hotelF1 brand, whose entire portfolio will offer new designs and services by 2020, all thought out with the needs of nomads in mind.

The partnership combines Accor's key skills in development, purchasing, technology, IT, marketing and revenue management with Dalmata Hospitality's expertise in purchasing, renovation, management and increasing the value of franchised economy hotels. It strengthens Accor's leadership in the economy segment in France and demonstrates the appeal of its brands among hotel operators.

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 2018, Accor accordingly continued its strategy of the last two years of investing in the lifestyle segment, where value-creation potential remains intact.

1.4.3 Reinforcement of the lifestyle portfolio

Travelers aspire above all to 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 two 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 the Group acquired 21c Museum Hotels and formed a partnership with SBE Entertainment Group.

Acquisition of 21c Museum Hotels, fortifying Accor in the premium and lifestyle segments in North America

Accor has acquired 85% of 21c Museum Hotels for €46 million (excluding any earn-out payments).

21c Museum Hotels is a hotel management company that sets out to provide an innovative travel experience by bringing together contemporary art museums, boutique hotels and restaurants. Founded in 2006 by contemporary art collectors seeking to use art as a driver of urban revitalization and a catalyst for social cohesion, 21c Museum Hotels has expanded its network across the United States. It currently operates eight properties and is planning to open three more soon.

21c Museum Hotels now ranks as one of America's largest museums of contemporary art, and is home to the only collection devoted solely to 21st century art in North America. The exhibitions and events proposed by 21c are free and open to the public 24 hours a day, 7 days a week. Each establishment innovatively combines a warm welcome, meticulous design and culinary creativity.

Since its products are so atypical, the 21c Museum Hotels are a perfect fit for MGallery's collection of boutique locations, which each have their own design and their own story to tell, thereby helping the brand make its debut in the North American market.

21c Museum Hotels enjoys Accor's support in terms of development and commercial visibility, joining its hotel platform and gaining access to its distribution networks, while still cultivating an independent spirit. The co-founders remain closely associated with 21c Museum Hotels by bringing their creativity and support to the blend of art, design and hospitality that characterizes the 21c experience.

Partnership with SBE Entertainment Group, strengthening Accor in the luxury and lifestyle segments in North America

Accor has partnered with SBE Entertainment Group to expand its offering in the luxury hotel segment and round out its network with a series of iconic hotels in major North American cities including Los Angeles, Miami, Las Vegas and New York. Accor's total investment amounted to €278 million, including the acquisition of 50% of SBE's capital for €104 million, with Sam Nazarian keeping a 50% stake in the company, and its participation in the issue of a preferred debt instrument repaying an existing loan in the amount of €174 million.

SBE is one of the world's most innovative groups in luxury and lifestyle. Founded in 2002, it is a major luxury hotel operator combining property development, management and operation of hotels and well-known brands, spanning luxury residences and apartment hotels, wellness and spa programs, and catering and event services. At the end of 2018, SBE operated 25 hotels in North America (7,498 rooms), plus 170 restaurants, bars and clubs in the most popular international destinations. Plans include 20 new hotels and residences, 59 restaurants, and bars and nightclubs outside its hotel business in the Middle East, Asia and Latin America. The SLS, Delano, Mondrian, Hyde and The Originals brands (Sanderson, St. Martin Lane, Hudson, 10 Karakoy, Shore Club and Redbury hotels) are the company's main hotel and residence brands. Building on its Disruptive Restaurant Group platform, SBE has created award-winning restaurant banners around the world, as well as innovative brands in the bar and nightlife worlds.

The partnership strengthens Accor's position in this fast growing segment synonymous with exclusive experiences, consummate quality of service and constantly refreshed hotel stays in key US cities and other world-leading destinations. SBE's residential, culinary and event brands have joined Accor's loyalty program and are now distributed on its hotel platform to speed up their growth worldwide.

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

Accor continued to develop its brand portfolio in 2019, launching the Tribe lifestyle brand in the midscale segment.

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

Tribe establishments will be lively places featuring a convivial lobby, rooms with premium comfort and advanced technologies. They will offer traditional accommodation experiences by allowing guests to work, live and play in contemporary surroundings. Attentive to ease of use, but without comprising on esthetics or comfort, Tribe hotels will enjoy a modern style embellished with iconic objects giving the impression of a high-end universe, based on design and technology, guaranteeing a quality hotel experience. Ten openings are already planned in Europe and Asia-Pacific by 2022, representing more than 1,700 rooms.

With this new concept, 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, the Group is enriching its catalogue of exclusive offers 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.

Luxury	Premium	Midscale	Economy
DELANO SLS HOTELS	SO/ SOFITEL THE ORIGINALS MONDRIAN 21c 25h twenty five hours hotels	HYDE New brand MAMA SHELTER	New brand JO&JOE

1.4.4 A balanced, well-rounded brand portfolio

At the end of 2018, 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 (fees of 8.4%) and Fairmont (fees of 14%).

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, Sofitel, Fairmont	Orient Express, Original	Delano, SLS, SO/ Sofitel	Banyan Tree, Rixos		LUXURY
Pullman, Grand Mercure, Mövenpick, Swissôtel	mantis, MGallery, 21c	Mondrian, 25h twenty five hours hotels, Hyde	Angsana	Art Series, Peppers, The Sebel	PREMIUM
Novotel, Mercure		Mama Shelter		mantra	MIDSCALE
ibis, ibis styles, ibis budget		Jo&Joe		BreakFree	ECONOMY

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 enriched with new performance-enhancing services

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

Over the past four years, Accor has committed €633 million to new businesses seen as future growth drivers for the Group. 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 (ex-Nextdoor), MamaWorks), and expanded into digital services for independent hotels (D-EDGE, formerly Fastbooking and Availpro) 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.

Representing 9% of Accor's capital expenditure from 2016 to 2018, 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 and entertainment.

TOP/BOTTOM LINE OPTIMIZATION FOR OUR HOTEL

VeryChic – Exceptional private sales

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

Availpro, Fastbooking – Digital expertise for independent and Accor hotels

adoria – Procurement services in F&B

ResDiary – Distribution platform for restaurants

LEVERAGING SQUARE METERS IN OUR HOTEL

Wojo – Better meet the needs of nomad workers

onepark – Optimize car park occupancy

Grooms – Optimize kitchen occupancy

EXPERIENCE ENHANCEMENT FOR OUR HOTEL GUESTS

onefinestay – Luxury private rentals

John Paul – Personalized services for guests

properly – Housekeeping and Inspection Tech Platform

Acquisition of Gekko, a specialist in hotel distribution solutions dedicated to business customers

The acquisition of Gekko is part of Accor's strategy of strengthening its leadership across the customer value chain by rounding out its service offering for business travelers. Accor's strong international presence combined with Gekko's technological leadership has created a world leader in B2B hotel distribution.

Business tourism is a key part of the Group's business. Gekko can meet the specific needs of business customers throughout the value chain, through its subsidiaries HCorpo (key accounts), Teldar Travel (leisure travel agencies), Teldar Travel Biz (travel agencies for SMEs), Miles Attack (loyalty program) and Infinite Hotel (wholesaler dedicated to independent French hotels).

Gekko gives Accor a network of 300 large companies and 14,000 travel agencies, and extends its sphere of influence in terms of distribution *via* a connected interface to 600,000 hotels around the world, across all segments. The Group now also has a range of innovative turnkey management tools for these customers, enabling them to manage their payments online and to track and optimize their expenses.

The Group has also consolidated its food and beverage activities by acquiring Adoria and ResDiary.

Acquisition of Adoria, the European leader in management solutions for corporate and contract catering

Adding to its recent acquisitions in the food and beverage sector, Accor has acquired Adoria, the SaaS platform that enables the catering industry to optimize supply management.

The deal fits in with the Group's strategy of acquiring the most innovative and visionary players in their market to offer more services to its guests and partners.

Founded in 2003, Adoria offers centralized solutions for the management of tendering, procurement, logistics and production. Its modular suite guarantees that all stakeholders in the catering chain provide a quality service, from producer to consumer, and ensures their profitability. Adoria is used by 2,700 organizations (30 catering groups), bringing together 300,000 active users and more than 800 manufacturers and distributors.

Accor will support Adoria's international development while benefiting from its expertise and highly qualified team.

Rounding out its equity investments in the food and beverage industry (Potel & Chabot and Paris Society), the acquisition of Adoria dovetails perfectly with the Group's strategy of increasing the number of points of contact with a fast-growing customer base, as does the acquisition of ResDiary in restaurant reservation and table management.

Acquisition of ResDiary, a leading restaurant reservation and table management platform

ResDiary offers restaurant owners a high-end table management service with technology that allows them to optimize their revenue while reining in their operating costs. Its yield and distribution channel management solutions help restaurateurs control availability displayed on third-party channels in order to maximize revenues and limit the booking fees paid to them.

Established in Glasgow in 2004, ResDiary employs more than 100 people in six countries. Particularly well established in Asia-Pacific and the United Kingdom, the platform has a footprint in 60 countries globally, seating 166 million diners a year in more than 8,600 venues.

Accor will support ResDiary's international development while harnessing its expertise to increase the offer of services to its customers.

Through these acquisitions, Accor is mirroring trends in its industry, which is going digital and reinventing itself by leveraging new value-creation drivers. Each of them contributes to diversifying the Group's customer base, increasing the number of points of contact 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.

1.5 Development and geographic footprint of the Group

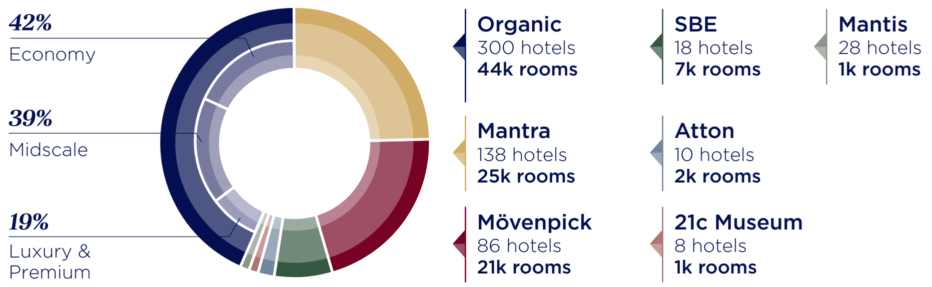
1.5.1 Record development driven by acquisitions and organic growth

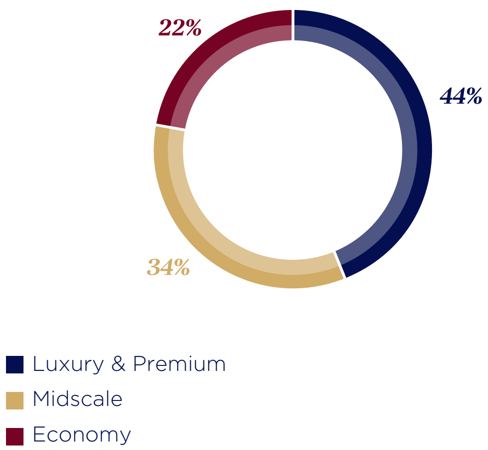
Enjoying strong momentum, Accor saw its network grow by 100 k rooms (588 hotels) in 2018, on the back of acquisitions over the year (49 k rooms, 242 hotels), organic growth (44 k rooms, 300 hotels) and partnerships with other hotel chains (7 k rooms, 46 hotels).

Accor's development covers all segments, particularly luxury and premium, which accounted for 44% of openings, followed by midscale (34%) and economy (22%).

Openings by segment in 2018

As a % based on number of rooms



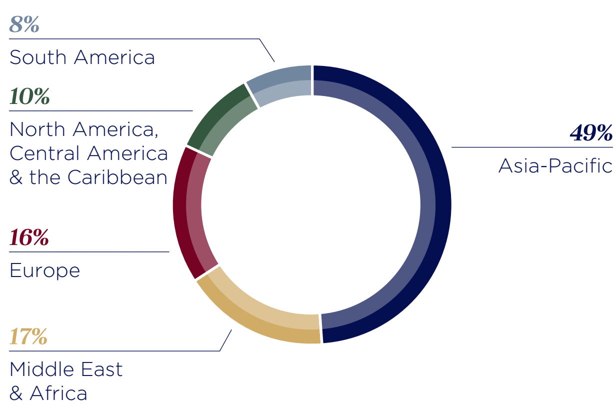


At the same time, a new record was set for organic development, breaking down as 42% in the economy segment, driven by the expansion of the ibis family, which confirmed its strong potential worldwide, 39% in the midscale segment and 19% in the luxury segment.

Together, Accor's acquisitions and partnerships increased the number of luxury hotels in its network by 25% in 2018. The deals with SBE Entertainment, Mövenpick and Mantra (Peppers and Art Series Hotels) were the biggest contributors to growth in this segment (82% of openings in 2018), with the Mantra network also benefiting from growth in the midscale segment (54% of openings) and the economy segment (19% of openings) through the BreakFree brand.

Gross openings by region in 2018 (including acquisitions)

As a % based on number of rooms



Geographically, 84% of openings were outside Europe in 2018: 49% in Asia-Pacific thanks to Mantra, 17% in the Middle East & Africa thanks to Mantis, 10% in North America, Central America & the Caribbean thanks to SBE and 21c Museum, and 8% in South America thanks to Atton.

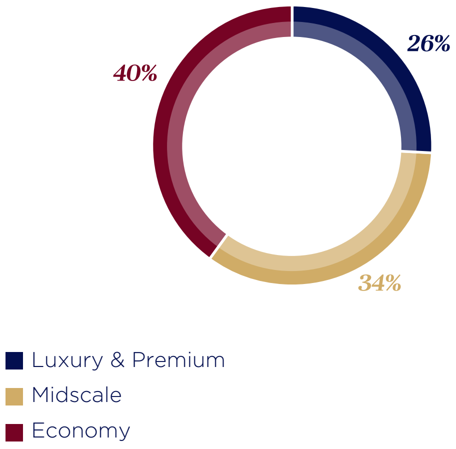
1.5.2 Global coverage spanning all market segments

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 2,939 hotels and 333,348 rooms represented 47 % of its total portfolio by number of rooms at the end of 2018. At the same time, Accor has new growth drivers in other parts of the world, such as in Asia-Pacific with 1,082 hotels (30% of rooms), North America, Central America & the Caribbean with 113 hotels (5% of rooms), South America with 375 hotels (8% of rooms) and the Middle East & Africa with 271 hotels (9% of rooms).

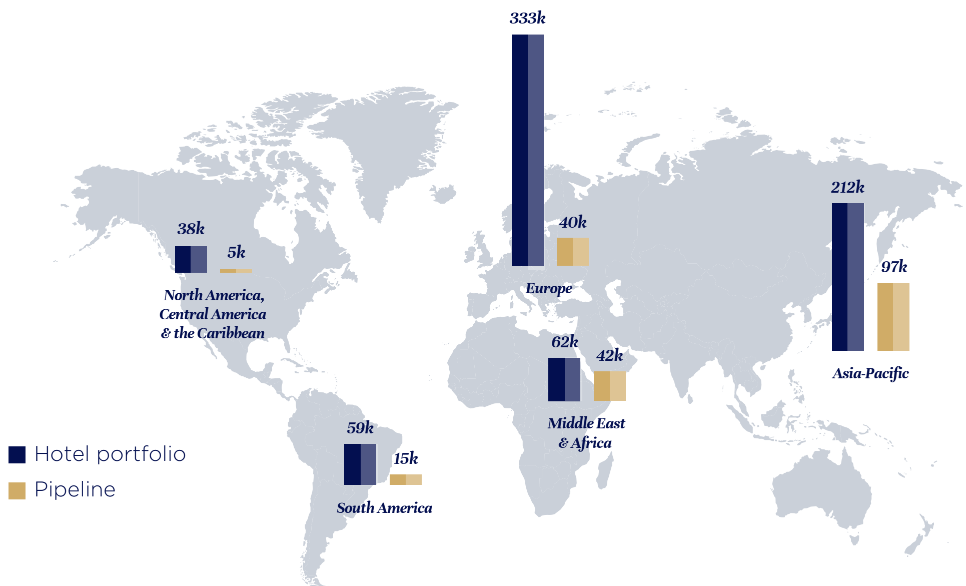
Hotel portfolio by segment at December 31, 2018

As a % based on number of rooms



Hotel portfolio and pipeline by region at December 31, 2018

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 20 most visited cities account for less than 25% 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 by 2020, and to triple the number of bookings from Chinese travelers outside China.

Hotel portfolio by region and brand at December 31, 2018

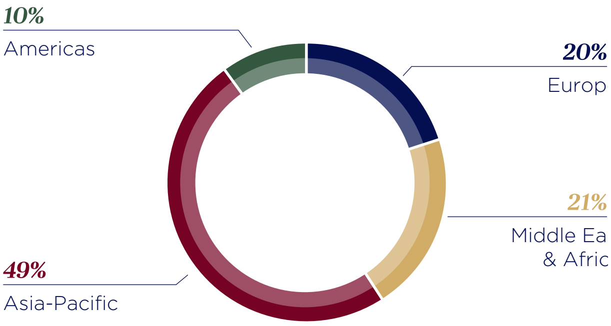
	EUROPE		Middle East & Africa		Asia-Pacific		North America, Central America & the Caribbean		South America		Total	
Brands	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
Raffles	3	440	3	552	7	1,209	0	0	0	0	13	2,201
Fairmont	9	2,687	14	4,652	11	3,393	42	19,544	0	0	76	30,276
Sofitel	32	6,474	24	6,294	50	14,308	6	1,909	9	1,603	121	30,588
So by Sofitel	3	397	1	92	4	610	0	0	0	0	8	1,099
Pullman	30	8,189	12	4,067	77	22,600	3	1,262	9	2,445	131	38,563
MGallery	52	4,743	5	742	33	3,915	8	943	3	296	101	10,639
Swissôtel	12	3,003	4	3,731	12	5,310	1	661	2	620	31	13,325
Grand Mercure	0	0	2	552	43	9,530	0	0	8	2,069	53	12,151
The Sebel	0	0	0	0	28	1,980	0	0	0	0	28	1,980
Rixos	16	5,376	7	3,180	0	0	0	0	0	0	23	8,556
Mantis	2	46	25	516	1	4	1	12	0	0	29	578
Art Series	0	0	0	0	7	1,640	0	0	0	0	7	1,640
Peppers	0	0	0	0	27	4,085	0	0	0	0	27	4,085
Mövenpick	18	4,174	54	13,880	16	3,551	0	0	0	0	88	21,605
SBE	2	354	1	270	0	0	16	6,098	0	0	19	6,722
Luxury & Premium	**179**	**35,883**	**152**	**38,528**	**316**	**72,135**	**77**	**30,429**	**31**	**7,033**	**755**	**184,008**
Novotel	267	45,393	27	5,660	154	38,946	12	2,865	32	6,039	492	98,903
Novotel Suites	30	3,617	3	383	1	202	0	0	0	0	34	4,202
Mercure	582	66,529	23	4,755	141	25,451	1	178	63	8,056	810	104,969
Adagio	50	5,957	3	550	0	0	0	0	9	940	62	7,447
Mantra	0	0	0	0	76	14,065	1	1,176	0	0	77	15,241
Mama Shelter	1	238	0	0	0	0	0	0	2	178	3	416
Tribe	-	0	0	0	0	0	0	0	0	0	0	0
Midscale	**930**	**121,734**	**56**	**11,348**	**372**	**78,664**	**14**	**4,219**	**106**	**15,213**	**1,478**	**231,178**
Multibrand	**5**	**265**	**6**	**1,313**	**29**	**4,365**	**1**	**323**	**0**	**0**	**41**	**6,266**

	EUROPE		Middle East & Africa		Asia-Pacific		North America, Central America & the Caribbean		South America		Total	
Brands	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
ibis	751	83,127	46	8,409	208	34,185	18	2,425	151	22,602	1,174	150,748
ibis Styles	333	27,627	7	1,460	95	14,750	3	312	38	4,693	476	48,842
ibis *budget*	524	46,807	4	484	38	4,781	0	0	48	9,154	614	61,226
Adagio Access	44	4,597	0	0	0	0	0	0	1	156	45	4,753
hotelF1	172	13,210	0	0	0	0	0	0	0	0	172	13,210
Jo&Joe	1	98	0	0	0	0	0	0	0	0	1	98
BreakFree	0	0	0	0	24	3,477	0	0	0	0	24	3,477
Economic	**1,825**	**175,466**	**57**	**10,353**	**365**	**57,193**	**21**	**2,737**	**238**	**36,605**	**2,506**	**282,354**
TOTAL	**2,939**	**333,348**	**271**	**61,542**	**1,082**	**212,357**	**113**	**37,708**	**375**	**58,851**	**4,780**	**703,806**

At the end of 2018, Accor operated 4,780 hotels (703,806 rooms) around the world. It is working to open 1,118 additional hotels (198,000 rooms) in the coming five years.

Pipeline by region at December 31, 2018

As a % based on number of rooms



1.5.3 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 2018, and the expansion of the brand portfolio. At the same time, Accor has focused its development exclusively on hotel management and franchising, which are now the only two management styles used by the Group.

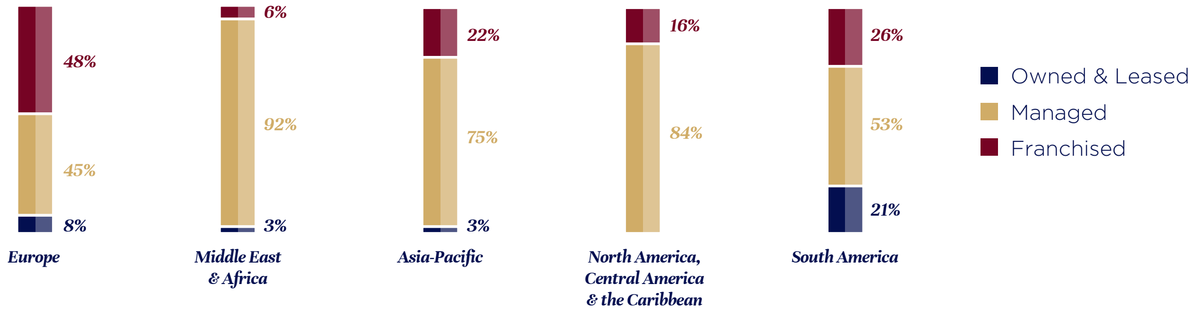
Hotel portfolio by region and operating structure at December 31, 2018

	Managed		Franchised		Owned & leases		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Europe	1,034	148,632	1,769	159,004	136	25,712	2,939	333,348
Middle East & Africa	244	56,455	18	3,501	9	1,586	271	61,542
Asia-Pacific	713	159,382	329	46,208	40	6,767	1,082	212,357
North America, Central America & the Caribbean	95	31,562	18	6,146	0	0	113	37,708
South America	189	31,229	124	15,464	62	12,158	375	58,851
TOTAL	**2,275**	**427,260**	**2,258**	**230,323**	**247**	**46,223**	**4,780**	**703,806**

At December 31, 2018, 97% of the Group'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%, 97% and 79% of hotels under management contracts and franchise agreements, respectively. Europe, which had the lowest proportion of hotels under management and franchise agreements before the change of the Group's model (68% and 51% of hotels, respectively), had 93% of hotels under management and franchise agreements in 2018. It is in this geography that the majority of assets were transferred to AccorInvest.

Hotel portfolio by region and operating structure at December 31, 2018

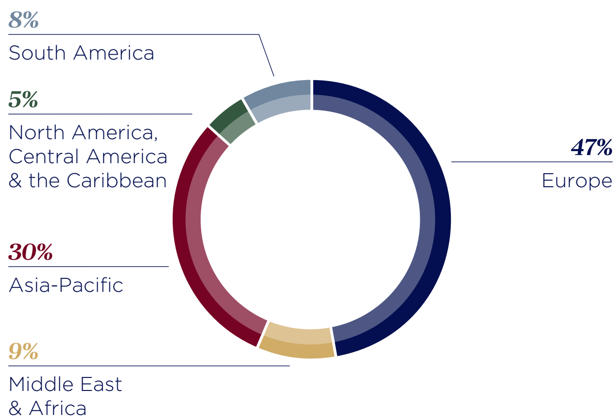
As a % based on number of rooms



Accor's growth and diversification have consolidated its operations in fast-growing areas, increasing their weighting by 4 points year on year (47% of the network) and in turn accelerating growth in the Group's fee income.

Hotel portfolio by region at December 31, 2018

As a % based on number of rooms

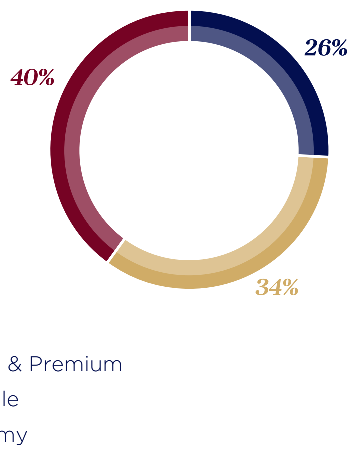


1.5.4 A broader footprint in the luxury and premium segments

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 2018, the weight of the luxury and premium segments within the Accor network increased by 128%, *versus* growth of 38% in the network as a whole.

Hotel portfolio by segment at December 31, 2018

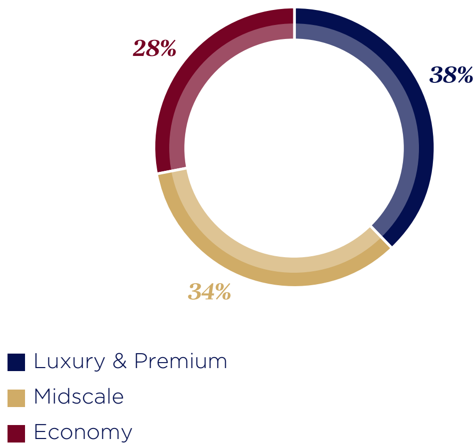
As a % based on number of rooms



At December 31, 2018, the luxury and premium segments accounted for 26% of the Accor network, a gain of 3 points on end-2017, driven by acquisitions of hotel chains and partnerships.

Acquisitions of brands in this segment are strategic because they significantly improve 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). Accor accordingly derived 38% of its fees from the luxury and premium segments in 2018, 34% from the midscale segment and 28% from the economy segment, illustrating the preponderance of luxury hotels in the Group's revenues.

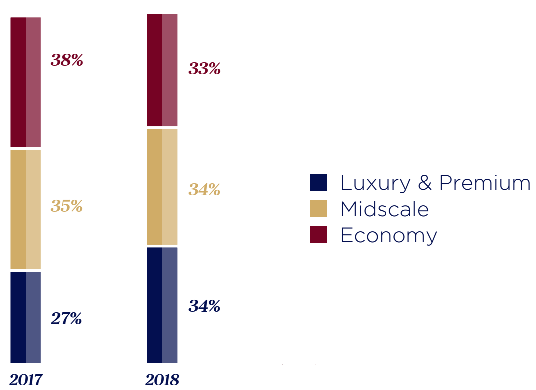
Fees by segment in 2018



The luxury and premium segments are the largest contributor to Accor's revenue. The pipeline points to a continuation of the trend in the coming years, with these segments set to gain 7 points to represent 34% of the total, with the midscale segment stable at 34% and the economy segment poised for a 5-point decline to 33%. This will keep the Group's margins at a high level in the coming years.

Pipeline by segment at December 31, 2018

As a % based on number of rooms



The range of 33 hotel brands offered by Accor at December 31, 2018 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.

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 theirs experiences, optimize loyalty, CRM and payment solutions, and make its IT systems more agile.

1.6 Investments to consolidate the Group's digital 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.

1.6.1 A strategy focused on the expectations of guests and partners

Now that its model is asset light, Accor intends to position itself among travelers and hotel owners as 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. At the same time, the Group has attracted 50 million members to its loyalty program – a number that is set to grow – built around 33 brands and 70 partnerships;
- implementing ongoing, high-quality support for hotel partners, multiple distribution channels optimizing use of their hotels, and the best solutions for maximizing their revenue, performance and profits.

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.

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.

1.6.2 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 with Tinyclues

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. The tool has boosted campaign revenues, and the rate of unsubscription to communications has declined.

Launch of MoodMatch, the first search engine for holiday experiences with no preselected destination with Travelsify

Accor plans to launch the MoodMatch website in April 2019. It will offer travelers a new way to find hotels based on their experience and desires.

Through this new emotion-based way of finding destinations, MoodMatch caters to new trends in hotel booking by offering travelers holiday ideas and relevant information about destinations. The DNA of nearly 1,000 of the Group's hotels has been documented based on guest reviews and expert comments posted on the web describing the atmosphere, decor and surroundings – not to mention those little extras. This will allow the engine to display a selection of hotels with a percentage of affinity calculated according to the desires expressed by the guest and the hotel DNA.

Diversification of the Group's distribution channels

Accor has also diversified its distribution channels to reach a wider audience. As mentioned earlier, the Group has acquired the Gekko, VeryChic, ResDiary and Adoria distribution platforms, and forged strategic partnerships with Ctrip and Google.

Acquisition of Gekko, VeryChic, ResDiary and Adoria to diversify the Group's distribution channels and attract new customers

These online platforms have enabled Accor to increase its hotels' distribution capacity through their networks, and to tap into hard-to-reach premium business and leisure customers.

Partnership with Ctrip to increase the visibility of the Group's hotels among Chinese international travelers

Accor has signed a memorandum of understanding with Ctrip in China to capitalize on the strong international growth in the number of Chinese travelers in search of personalized experiences and a wide choice of establishments. Ctrip.com is one of the main players in the Chinese travel market, particularly for booking hotel rooms, transportation, tour packages and corporate travel. The partnership gives Accor a flagship store on the platform, increasing its visibility among Ctrip's 300 million active monthly users; by 2020, it plans to launch a certification program based on Chinese standards, guaranteeing a good welcome for these guests in 250 establishments. A billion Chinese people use WeChat Pay to pay for their purchases, and 520 million use Alipay. The Group is currently looking into the future use of these payment methods within its network.

Partnership with Google to make the Group's offers available in Google Assistant

Accor has also enriched its palette of digital services by developing applications that allow its network to be accessible from Google Assistant *via* Phil, its bot.

Phil is intelligent, and has been developed to accompany travelers before, during and after their stay in the Group's hotels, interacting with them in a personalized way. Able to respond to requests for practical information about the 4,780 hotels in the network, Phil learns to know guests through his chats with them, allowing him to suggest hotels or restaurants corresponding to their aspirations, and to anticipate their needs. Voice searches on the Group's booking site are pertinent, with a high comprehension rate of 83%.

Increased loyalty-building 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

In 2017, Accor started rolling out the Accor Customer Digital Card database, which enables all Accor hotels to share their knowledge of guests built up during their stays (consumption habits, special expectations in terms of reception, service, etc.). Surveys show that 83%[1] of guests are willing to share their personal information to improve their experience, and 50% of new guests had already stayed at another of the Group's hotels. 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.

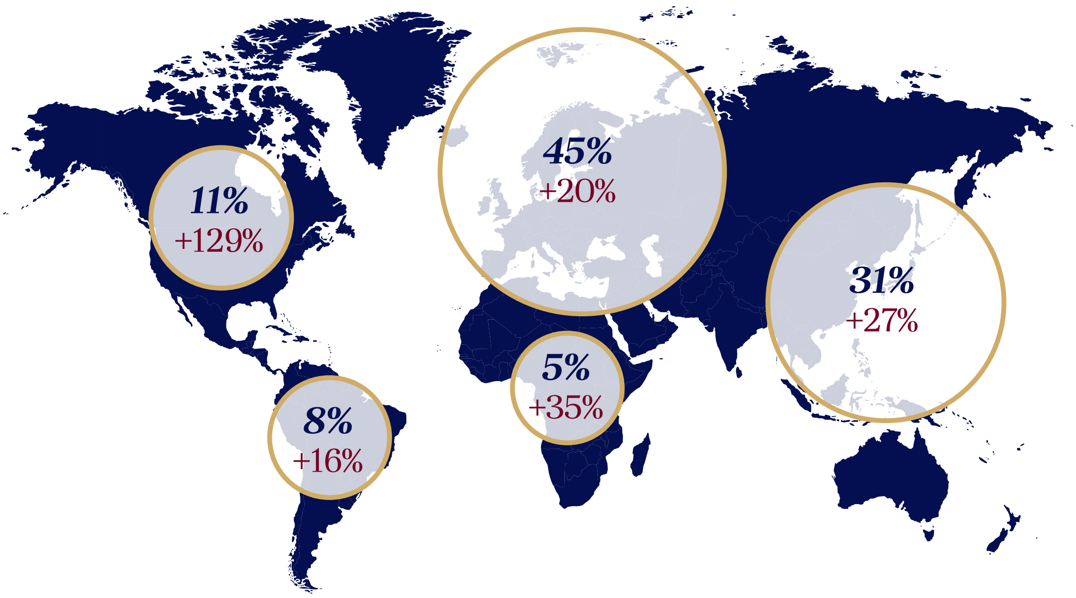
Diversification of loyalty circuits to reinforce the attractiveness of the Group's loyalty program

Enrichment of Accor's loyalty program with the integration of Fairmont, Raffles and Swissôtel loyalty program benefits

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

(1) Source: revinate.com.

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. With this integration and the acquisitions completed in 2018, Accor recorded a 30% increase in the number of cardholders worldwide, with notable growth in North America, Central America and the Caribbean (+129%), Africa (+35%) and Asia (+27%). The loyalty program totaled more than 50 million members at the end of 2018, with most living in Europe (45%) and Asia-Pacific (31%).



Improved visibility among Chinese travelers thanks to the strategic partnership between Accor and 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 122 million Chinese members, who benefit from earn, burn and other Group rewards worldwide, giving a boost to the hotels in the Accor network.

Enhanced appeal among cross-Channel travelers with the partnership between the Accor and Eurostar loyalty programs

Accor has also 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.

More services with the integration of Luggage Free into the Accor loyalty programs

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.

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 building their support and long-term preference.

The Group's ecosystem

Promoting guest satisfaction is key 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 the image of the Group, or 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 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 will combine the Group's distribution platform with a new experiential loyalty program starting in October 2019.

As the new global digital loyalty platform, ALL will 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 points of contact. Program members will be 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 will be a source of value for the brands, whose reputation and attractiveness will be 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 will gain knowledge of its members' preferred points of contact and their purchasing behavior, and will be able to develop more targeted offers and messages. Totaling €225 million, these initiatives will generate expenses of €55 million in 2019 and €45 million in 2020, with breakeven expected in 2021. The Group sees them adding €60 million to EBITDA by 2022, on top of the EBITDA of €1.2 billion expected that year, and €75 million per year in the following years, 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.

ALL – Accor Live Limitless, a guest loyalty tool securing 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. Fully 85% of the Group's direct sales are made to loyalty program members, whose spending tends to increase as their status in the program rises, stimulated by the benefits granted. Between 2015 and 2018, Platinum members' expenses increased by 22%, while those of Gold and Silver members increased by 14% and 7%, respectively, representing a one- to three-fold growth gap.

Increasing the proportion of members within the loyalty program is therefore a strategic challenge for the Group, as it helps secure a significant part of its revenue in an intensely competitive environment that would otherwise push members toward other players. Having secured 30% of its 2018 revenue though its program members, the Group must show boldness in the face of competitors who are highly active in the area.

1.7 Markets and competition

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

Hotel companies ranked by number of rooms worldwide at January 1, 2019

Rank	Group	Number of hotels	Number of rooms
1	MARRIOTT INTERNATIONAL	6,817	1,295,182
2	JIN JIANG - *INC. RADISSON HOTEL GROUP*	9,436	915,507
3	HILTON WORLDWIDE	5,634	904,593
4	IHG - *INC. SIX SENSES*	5,622	837,915
5	WYNDHAM HOTEL GROUP	9,157	809,933
6	**ACCOR - *INC. SBE***	**4,780**	**703,806***
7	CHOICE HOTELS - *INC. WOODSPRING SUITES*	7,021	569,108

** Number of rooms operated by Accor at December 31, 2018, which is lower than the number of built rooms published by MKG Consulting.*
Source: MKG Consulting - March 2019.

Accor competitors share two characteristics: they are all well established in the United States and they mainly operate through franchise agreements.

European hospitality companies by number of rooms at January 1, 2019 (27-country European Union and the United Kingdom)

Rank	Group	Number of rooms	Number of hotels
1	**ACCOR**	**2,734**	**297,707**
2	JIN JIANG - *INC. RADISSON HOTEL GROUP*	1,235	123,022
3	IHG	664	105,806
4	MARRIOTT INTERNATIONAL	484	96,547
5	BEST WESTERN	1,128	81,951

Source: MKG Consulting - March 2019.

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, 2019 (27-country European Union and the United Kingdom)

Rank	Chain	Number of rooms	Number of hotels
1	**IBIS MEGA BRAND**	**1,518**	**145,455**
2	BEST WESTERN	1,048	77,422
3	PREMIER INN	791	73,565
4	HOLIDAY INN / HOLIDAY INN EXPRESS	497	71,514
5	**MERCURE**	**547**	**61,744**
6	**NOVOTEL / SUITE NOVOTEL**	**270**	**44,209**
7	TRAVELODGE	578	43,999
8	NH HOTELS	285	43,465
9	B&B HOTELS	472	41,351
10	SCANDIC	181	35,061

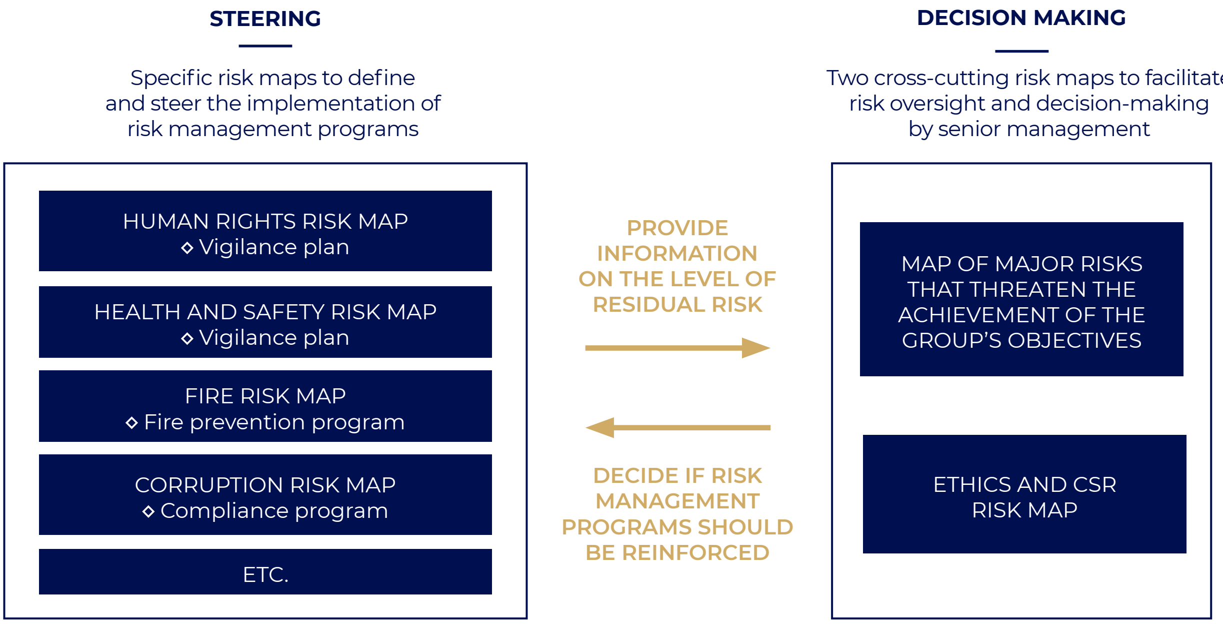
Source: MKG Consulting - March 2019.

1.8 Risk management

1.8.1 Risk management architecture

The Group's risk management architecture is built around:

- specific, detailed risk maps designed to facilitate the steering of risk management programs by the operating divisions and corporate functions;
- cross-cutting, consolidated risk maps designed to inform senior management and ensure that the level of residual risk lies within the Group's risk tolerance range.



Risk maps to facilitate the steering of risk management programs

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

- the corruption risk map, managed by the Compliance Department;
- the human rights and health and safety risk maps, managed by the Social Innovation Department (direct sphere);
- the human rights, health and safety and environmental risk map, managed by the Purchasing Department (indirect sphere);
- the climate change risk map, managed by the Sustainable Development Department.

The Risk Management and Insurance Department plays a supporting role and ensures that the resulting maps reflect the Group's risk management culture and adhere to risk management guidelines.

Corruption risk map

In order to get a detailed overview of the corruption risks faced by the Group, these risks were mapped by the Compliance Department in 2017 with help from the Risk Management and Insurance Department. This risk mapping process covered the Corporate and Head Office units in the regions in which the Group operates, together with hotels under management contracts and franchise agreements.

Risks were identified and assessed using external data (Transparency International Corruption Perceptions Index (ICP) and interviews conducted with a pre-identified selection of Group managers and employees, based on their extensive knowledge of the corruption risks to which the Group is exposed and the operational and support processes deployed to prevent such risks (*i.e.*, heads of support departments and operating units, Executive Committee members in charge of specific regions, etc.).

The method used is similar to that used for the Group's other risk mapping processes with adjustments made where necessary. The likelihood and potential impacts of the risk are first assessed in terms of "gross risk" (also known as inherent risk) and subsequently reassessed as a "net risk" (also known as residual risk), once risk mitigation measures (especially preventative measures) have been identified.

The risk mapping results, which were presented to the Ethics & CSR Committee and the Central Risk Management and Coordination Committee, were used to prioritize the actions to be deployed as well as the regions concerned.

Human rights and health and safety risk maps (direct sphere: subsidiaries, managed and franchised hotels)

In 2018, the Group undertook a health and safety risk mapping process covering all Accor brand employees worldwide. Risks were identified based on visits to some of the Group's hotels and in-depth interviews with members of their management team. The risks were assessed using the expertise of the Social Innovation Department and the results of a questionnaire sent out to the Group's hotels. The risk mapping will be completed in the first half of 2019 and the results will be used to steer the Group's health and safety approach.

In 2018, the Group also mapped the risks of non-respect of human rights and basic freedoms. Risks were identified and assessed based on both external data and the expertise of the Social Innovation Department.

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

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 ethical and CSR risk mapping process was undertaken based on the following criteria applied to each of the 98 product families identified by the Purchasing 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 60% of the purchase volumes are identified as "at risk" including 33% at high risk. Country risk is assessed locally by each Purchasing Office based on a list circulated by the Group. This risk mapping process covers 100% of nominated suppliers.

In 2018, the risk mapping methodology 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 and risk assessment is no longer based on product families but on each individual supplier and their geographical location. All of this work will culminate in the deployment in 2019 of an application for prioritizing audits on suppliers identified as "at risk".

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 that assesses individual hotel exposure. It is used to draw up an annual list of the hotels to be visited by professionals with a view to enhancing their safety. Hotels are notified when certain facilities need to be brought into line with Group fire safety guidelines and Accor ensures that corrective action is effectively implemented.

Climate change risk map

Climate change represents a challenge for the entire tourism and travel industry and in 2016 the Sustainable Development Department mapped the risks and opportunities arising from this phenomenon.

The results are presented in section 1.8.3 and the methodology was distinct from that used for the aforementioned risk maps.

Risk maps to facilitate decision-making

Two cross-cutting, consolidated risk mapping processes are performed at Group level. The first maps the major risks that may jeopardize the achievement of the Group's objectives while the second – performed for the first time in 2018 – maps the risks with social, societal or environmental consequences arising from the Group's activities.

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. Each risk is rated using two four-tier scales based on its likelihood and the intensity of its potential impacts (*i.e.*, environmental, financial, human, or media) over a given time horizon. 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 residual risk.

Major risk map

This mapping process is managed by the Risk Management and Insurance Department and covers all of the risk categories to which the Group is exposed (section 1.8.2). The results are presented each year to the Executive Committee and the Audit, Compliance & Risks Committee and brings together all the risk categories to which the Group is exposed. It provides a 360-degree perspective of the major risks that may jeopardize the achievement of the Group's objectives and most of the raw data come from individual and group interviews conducted by the Risk Management and Insurance 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 mapping process is managed by the Risk Management and Insurance Department (section 1.8.2). The results are presented to the Central Risk Management and Coordination Committee and covers all risks related to human rights, health and safety, protection of the environment and business ethics.. These risks are identified and assessed by consolidating the corruption, fire, human rights and health and safety risk maps. The whole consolidation process is facilitated by using rating scales that are identical and/or consistent with those used for mapping major risks, with the exception of the likelihood scale, which takes account of the number of hotels exposed to the risk.

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 the findings of expert working groups.

In 2018, three risks were deemed to be significant in view of their criticality; they are described in section 1.8.3 and indicated by an asterisk. These risks have been identified pursuant to French government Decree No. 2017-1265 of August 8, 2017, enacting Order No. 2017-1180 of July 19, 2017 relating to the CSR disclosures of certain multinationals and groups.

1.8.2 Risk management governance

The Audit, Compliance & Risks Committee

The Audit, Compliance & Risks Committee, whose composition 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 priority risk owners in their risk mitigation processes;
- monitoring the implementation of risk prevention and protection plans put in place by these risk owners.

In 2018, members of the Committee were as follows:

- the Deputy Chief Executive Officer;
- the Deputy CEO responsible for Hotel Operations;
- the Group General Counsel;
- the Chief Digital Officer;
- the Chief Talent & Culture Officer;
- the Group Chief Legal Officer;
- the Chief Safety and Security Officer;
- the Internal Audit Director;
- the Risk Management and Insurance Director.

Risk Management and Insurance Department

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

It is primarily responsible for overseeing the implementation and consistency of the Group's risk mapping processes (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. It ensures, through controls, that these procedures are properly implemented.

As part of the Group's prevention and data protection approach, and together with the Data Protection Officer, the Department coordinates the implementation of the various standards and regulations that apply to data.

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 Deputy 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 dedicated applications.

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, providing operational support and helping to protect employees, guests and infrastructures.

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 the safety and security situation on a daily basis, reviewing the geopolitical context and public health and hygiene conditions, as well as risks relating to extreme weather events and social unrest.

1.8.3 Risk Factors

Significant risks

This section presents the risks identified by two cross-cutting, consolidated risk-mapping processes as being significant in view of their high level of criticality. They are classified in two categories: risks related to the business environment and risks related to the business model and are shown in decreasing order of criticality within each category.

Risks related to the business environment

Acts of terrorism or political instability

Description of the risk	Mitigation measures
The evolving geopolitical situation exposes the Group to the risk of terrorist attacks in most of its host countries. A terrorist attack could take place in one of the Accor brand hotels, either because the establishment is specifically targeted or because its location is considered a prime target. The occurrence of such events could have a direct or indirect impact on the guests, employees and assets of the Group and its partners, and adversely affect the Group's financial position and possibly its reputation. In addition, acts of terrorism, political upheaval or an outbreak of war would affect tourism and the Group's business (by triggering a fall in guest numbers, hotel closures and abandoned development projects) in the region(s) concerned, as well as threatening employees' safety.	Protecting guests and employees is a priority for the Group. To effectively protect them against the main identified threats, the Group has developed a safety and security strategy aligned with the severity of the estimated risks at each hotel. The strategy is based on an organization, a monitoring system and appropriate safety and security measures that evolve in line with developments in each situation. These measures, which are described in section 1.8.4, are designed to guarantee the safety of guests and employees, while also ensuring the continuity of operations. In the event of an alert, the crisis management system described in section 1.8.4 is activated immediately to ensure guests' and employees' safety. 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).

Natural events

Description of the risk	Mitigation measures
In the majority of host countries, the Group is exposed to the risk of extreme natural events (such as earthquakes and tsunamis) and weather events (such as floods, hurricanes and cyclones) whose frequency and/or severity may be amplified by climate change. The occurrence of such an event could have a direct or indirect impact on the Group's guests, employees and assets as well as those of its partners, and adversely affect the Group's financial position.	Protecting guests and employees is a priority for the Group. For this reason, permanent or temporary protection measures are implemented when these risks are identified, For seismic risks in particular, drills are carried out by teams in the countries concerned so that they can respond effectively in the event of an earthquake. In addition, the Safety & Security Department tracks the safety and security situation in all host countries on a daily basis. In the event of an alert, the crisis management system described in section 1.8.4 is activated immediately to ensure guests' and employees' safety. The financial impacts of these risks on the Group's results are limited by the broad geographical distribution of its operations, as presented in section 1.5.2. 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).

Changes in the competitive and technological environment

Description of the risk	Mitigation measures
Accor operates in a highly competitive environment in its various markets, shaped by the accelerating pace of technological innovations and their rapid take-up. Competition may become even more intense in several regions due to the arrival in the market of new players, new products or brands launched by competitors or a process of industry concentration. Moreover, the Group does business in an era of technological innovation and the pace of this change could increase, particularly in the area of customer service (reservation system, loyalty programs, payment systems, etc.). The more complex competitive environment may lead to a fall in the Group's business volumes and adversely affect its results.	Raising its brands' recognition and enhancing their attractiveness is a key priority for the Group. Its teams work continuously to upgrade the brands and align them with the expectations of a demanding clientele in order to avoid losing business to competitors. For example, the Group launched a plan to revamp the hotelF1 brand and redesigned the Ibis brand with more of a lifestyle focus. The Group continued to enhance the brand portfolio with the acquisition of Mantra Group Limited and Mövenpick Hotels & Resorts, and it acquired a 50% stake in SBE Entertainment Group. It also took an 85% stake in 21c Museum Hotels which will be added to MGallery, the Group's collection of luxury, boutique hotels. The Group also expanded its brand portfolio by designing and developing new lifestyle brands, such as Tribe, its new midscale brand, and The House of Originals, the new luxury brand launched in partnership with SBE. As well as meeting customer expectations, the Group needs to provide an enhanced customer experience, especially in terms of selection and reservation, and revamped its service offering *via* its digital strategy with this goal in mind (see section 1.7.2). This strategy focuses on improving the customer experience – especially the on-line reservation experience. In the same vein, the Group is bolstering its loyalty program offering through partnerships such as those signed with Eurostar and Huazhu. Club AccorHotels and accorhotels.com are set to merge before the end of 2019 and will re-emerge as ALL – Accor Live Limitless. This brand will be underpinned by a fully integrated digital platform providing all of the benefits, services and experiences offered by Accor. The aim is to enhance customers' day-to-day routine by letting them "Live, Work and Play". Lastly, personalizing the customer's hotel experience lies at the very heart of the Group's business and Accor is transforming its culture with Heartist® (see section 2.2.2). In order to improve the welcome afforded to guests every time they visit a Group hotel and fulfill the promise behind the slogan "We are all heartists", the Accor Customer Digital Card (ACDC) has been created to collect and share guest data among the Group's hotels worldwide (see section 1.6.2).

Smear campaign and libel risks

Description of the risk	Mitigation measures
If the Group were to make a mistake in the conduct of its business or if some of its practices were to be considered unacceptable by certain stakeholders, it could face criticism or a smear campaign or calls to boycott its hotels. The Group is also exposed to a risk of libel, or of unfounded or false accusations. Any such campaign or accusations, founded or unfounded, would have a negative impact on the Group's image and reputation, and would adversely affect its business and growth outlook.	Protecting employees and guests is a priority for the Group and every effort is made to guarantee their safety. The systems in place to prevent hotel risks and Safety & Security systems are described in section 1.8.4. The Group's CSR and Ethics commitments and Compliance program presented in section 2 "Corporate Responsibility" aim to prevent risks associated with doing business and with the Group's corporate social responsibility. Nevertheless, to ward against negative publicity, the Group uses media tracking systems to detect any early warning signs. At the level of the individual hotels, the "Voice of the Guest" platform provides a central repository for guest feedback gathered from all channels and provides the hotels with a clear and intuitive interface to help them manage their on-line reputation. If a criticism or allegation leveled against the Group were to spread rapidly, crisis management and communication procedures could be triggered.

Unfavorable change in the economic environment

Description of the risk	Mitigation measures
A sharp economic slowdown in a geographical region or in the world economy could confront the Group with a significant decrease in its business, particularly due to fewer people traveling. In addition, as explained in section 1.5.2, the Group's operations are still fairly heavily focused on Europe. Any unfavorable change in the economic situation in Europe would have an adverse effect on the Group's business and revenue.	The Group's "asset light" strategy (section 1.3), organic growth strategy (section 1.5) and acquisitions strategy (section 1.4.1) as well as the partnerships signed by Accor (section 1.4.2) are all designed to reduce exposure to this risk. For example, the acquisition of Mantra Group Limited, Mövenpick Hotels & Resorts and Atton Hoteles together with the acquisition of a 50% stake in SBE Entertainment Group have reduced the Group's European exposure. The Group also took an 85% stake in 21c Museum Hotels which will be added to MGallery, the Group's collection of luxury, boutique hotels. Moreover, 84% of openings in 2018 were outside Europe: 49% in Asia-Pacific thanks to Mantra, 17% in the Middle East & Africa thanks to Mantis, 10% in North America, Central America & the Caribbean thanks to SBE and 21c Museum, and 8% in South America thanks to Atton. The development pipeline is also focused on markets outside Europe, with 49% of planned rooms located in the Asia-Pacific region, 10% in the Americas and 21% in the Middle East & Africa region (see section 1.5.2).

Risks related to the business model

Competition in the job market

Description of the risk	Mitigation measures
Fulfilling the customer experience promise depends on the availability, engagement and passion of talents. If Accor's attractiveness as an employer were to be impaired, its ability to attract and retain the talent it needs could be affected, with direct consequences not only for the Group's business but also for its image and reputation. The challenges associated with the digital transformation program and the reinvention of the Group's businesses could similarly affect the guest experience, with negative consequences for the Group's image and reputation.	The Group's employees are its most valuable resource, and attracting and retaining the best talents is a key priority. Mirroring the Guest Experience, the Talent Experience described in section 2.2.10 draws a parallel between the experience of an employee working for the Group and that of a guest who stays in one of its hotels. This approach reflects the Group's commitment to being an attractive employer attentive to the well-being and safety of its employees and engaged in supporting their professional growth. To develop its employer brand, Accor is present on several social networks, which have become the partners of choice for communicating the Group's news and values, publicizing job offers and establishing an interactive relationship with candidates. The Group's attractiveness to future employees also depends on its participation in job fairs and trade fairs, and on its active relations and partnerships with hotel management colleges, business schools and universities. These events represent excellent opportunities to meet the young people who represent the talents of the future, help them to discover what Accor and its brands have to offer and answer their questions. The department responsible for relations with schools and universities also leads the network of students who volunteer to act as "Ambassadors" on their campus. The Group's competitive and fair compensation policy (see section 2.2.6) which rewards individual performance is another factor in building the Group's attractiveness as an employer. Guaranteeing the safety and well-being of employees in the workplace is a major concern for the Group. The initiatives to improve worklife quality, promote health and a good work/life balance, and prevent workplace accidents and occupational illness are described in section 2.2.5. To retain the best talents, the Group supports them throughout their career with the Group. Priority is given to ensuring they acquire the necessary skills to fully master the tasks they are asked to perform. Performance reviews give employees an opportunity to express their career goals so that an appropriate development plan can be prepared. The talent development strategy and the Academy are presented in section 2.2.9 "Learning solutions key to skills development". The Talent & Culture department has a dedicated team to support employees in deploying the digital transformation plan and reinventing the Group's businesses (see section 2.2.8). Lastly, Accor considers that the quality of relations with employee representatives is of critical importance. In the belief that effective social dialogue is a driver of cohesion and performance, the Group does everything it can to establish open and constructive exchanges of views to support the Group's transformation process (see section 2.2.4 "Promoting open dialogue").

* Breach of the availability, integrity or confidentiality of data

Description of the risk	Mitigation measures
The Group's businesses are based on an array of processes and applications that support employees and hotel managers in their daily work and guests in their travel plans. Some of these processes and applications are dependent on complex information systems and infrastructure for the collection, processing, storage and dissemination of increasing quantities of operational and strategic data that are essential to support the value creation process. These data, which are collected, stored, processed and disseminated directly by the Group and its partners or by outside service providers, may suffer accidental or malicious damage. The Group's systems or those of its IT service providers may be subject to viruses, denial-of-service or other attacks, technical failures of hardware or software, sabotage, physical intrusion or hacking adversely affecting data availability, integrity and confidentiality. These threats may also originate internally and be due to malicious intent, an error or infrastructure obsolescence. Whatever the origin, any alteration, theft, disclosure or unavailability of Group data could affect the Group's guests and employees and have negative consequences on its business, reputation and development projects.	Guaranteeing the safety, security and availability of operational and strategic data entrusted to the Group is a key priority. 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 all 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 to alert them to phishing risks. Renewal of the central systems' PCI DSS certification is a key factor in the prevention of risks affecting guests' bank details. This compliance approach is currently being deployed throughout the Group in order to guarantee optimal protection of these data. Preparations for application of the General Data Protection Regulation, launched in 2016 under the supervision of the Data Governance Committee (see section 2.1.3), are an additional preventative measure to protect personal data held by the Group. This approach is presented in section 2.3.4 "A guest-centered culture". The Group also has a specific Information Systems Internal Audit team, which reports to Corporate Internal Audit and is dedicated to ensuring that information systems work effectively and securely. Details of these audits are provided in section 1.9.3. If an incident were to occur despite these preventive measures, a business continuity plan has been developed to guarantee continuity of service and to preserve data 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 a security or data breach, as well as all costs incurred in managing the incident.

* Breaches by partners of the Group's ethical and CSR standards

Description of the risk	Mitigation measures
Accor operates worldwide, with a portfolio of 4,780 hotels spanning more than 100 countries. Most of these hotels are operated under management and franchise contracts and the Group's business and development are therefore heavily reliant on partners. Despite the Group's vigilance, practices that are in breach of its ethical and CSR standards (discrimination, bullying, etc.) could take place in one or a number of hotels operating under the Accor brand. Any such action could compromise the physical or psychological integrity of guests or employees, potentially damaging the Group's image and reputation and leaving it liable to an action for non-compliance with applicable laws and regulations. Like the Group, public authorities, the courts and public opinion have zero tolerance for improper business conduct. For example, accusations of bribery levied against the Group would expose the Group and any incriminated employees to criminal and financial sanctions, while the resulting bad press would tarnish its image and reputation.	The Ethics & CSR Charter presented in section 2 provides a clear framework for the responsible conduct that the Group expects in terms of ethics, integrity, legal compliance and overall corporate social responsibility. The Charter is a preventative resource designed to ensure the Group complies with all of the applicable laws and regulations, including the International Labour Organization's (ILO) fundamental conventions and the 1948 Universal Declaration on Human Rights. It was sent out to all of the Group's partners in 2016 and, as of the same year, all new and rolled-over contracts must include a non-negotiable ethics and CSR clause. Ethics and CSR awareness-raising initiatives are also circulated *via* the Acting Here! app (section 2.1.3). A "Know Your Counterparty" process was launched in 2017 to ensure that proposed new partners share Accor's values and standards before the Group enters into any commitments with them (see section 2.4.2). Securing partners' compliance with the Group's CSR commitments is one of the undertakings of the Accor Planet 21 program "Cultivating shared ethics to promote best practices" (see section 2.4.2). More specifically, Accor adopts a zero-tolerance policy towards attempted bribery of government officials and private individuals. Led by the Chief Compliance Offer, the Compliance function described in section 2.1.4 promotes implementation of the Group's anti-corruption policy throughout the organization. This policy is relayed by executive management and a network of 19 local compliance officers, supported by the Ethics & CSR Committee and the Governance, Compliance & Corporate Social Responsibility Committee of the Board of Directors (see section 2.1.3 "Ethics and CSR governance"). In 2018, the Group set up a hotline that may be used to report issues concerning ethics, compliance, health and safety, human rights and the environment.

* Greenhouse gas emissions

Description of the risk	Mitigation measures
The risk of causing environmental damage remains generally low in the hotels business. The Group uses very few toxic or hazardous products and the risk of accidental pollution with an impact beyond the hotel concerned is remote. On the other hand, the building sector is a major contributor to greenhouse gas emissions. Accor's first environmental footprint study was carried out in 2011 (scopes 1, 2 and 3, excluding guest transport) and updated in 2015 and 2018. The carbon footprint of our hotels is mainly related to the energy consumed in our hotels and upstream consumption by farmers who produce the food served in the Group's restaurants.	The disposal of a majority stake in AccorInvest has refocused the Group's activities around an "asset light" model that greatly changes the Group's ability to impact its carbon strategy. Accor needs to define this joint strategy in line with the Paris Climate Agreement, to use the levers at its disposal and to propose workable solutions to hotel owners for reducing the carbon footprint of their buildings. Investment decisions will ultimately depend on the hotel owner and AccorInvest will continue to harness all of its resources and expertise in pursuit of long-term carbon-neutrality. In 2018, Accor continued to work on its carbon reduction strategy in pursuit of the overriding goal of limiting global warming in accordance with the Paris Agreement. This new climate strategy will develop and strengthen the levers for action which Accor announced when it signed up to the French Climate pledge in 2017: › gradually achieving carbon neutrality through more demanding green building requirements in the construction and renovation phases; › constantly cutting energy consumption and greenhouse gas emissions in the Group's hotels; and › reducing the carbon footprint throughout the value chain, particularly the part that concerns food consumption. The milestones achieved by the Group in line with this action plan are set out in section 2.6. In 2018, no provisions were set aside for environmental risks.

Other risks

Legal and regulatory risks

Non-compliance with laws and regulations

Description of the risk	Mitigation measures
The Group is not subject to any specific regulations that could have a major impact on its operations. Nonetheless, the Group and its subsidiaries are exposed to non-compliance risk arising from inadequate knowledge of the laws and regulations in force in their host countries. The Group is also exposed to the potential negative repercussions of any legal proceedings that may be brought against it before the courts or administrative authorities. Information concerning claims, litigation and arbitration proceedings that could have – or in 2018 had – a material adverse effect on the Group's financial position is provided in Note 13.2 to the consolidated financial statements of this Registration Document. Management considers that except as explained in this note, there are no governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which the Group was aware) that could have – or had over the past twelve months – a material adverse effect on the Group's financial position or profitability.	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 oversee compliance with applicable laws and regulations by all Group entities in all host countries. The Group's tax policy ensures full compliance with all tax laws and regulations applicable in its host countries. Tax risks are managed at Group level by the Corporate Tax Department supported by the Internal Audit Department. Action plans are developed to defend the Group's interests regarding compliance with applicable local rules and international tax treaties. These plans are described in section 2.1.6. Lastly, if the Group is served with a summons in a legal action, an assessment of the related risk is carried out jointly with its external counsel. Based on this assessment, a provision is recognized where appropriate. Details of these provisions are presented in Note 9 to the consolidated financial statements. Liabilities are recognized and provided for in accordance with the applicable accounting standards (see Note 10 to the consolidated financial statements).

Financial Risks

In the course of its business, the Group is exposed to financial risk, particularly in the areas of liquidity, counterparties, currencies and interest rates. Policies are in place to manage these risks with the three objectives of security, liquidity and an acceptable return. Most are deployed centrally by the Corporate Treasury, Financing and Credit Management Department, which reports directly to the Deputy Chief Executive Officer, who is a member of the Executive Committee.

Liquidity risk

Cash pooling management enables the Group to offset cash needs and cash surpluses internally, in addition to or instead of raising funds in the financial markets.

Accor' financing policies are designed to ensure that it has immediate, timely access, at the lowest possible cost, to all the liquid resources it needs to meet short-term cash requirements, finance its strategy and fund expansion.

Accor currently has an undrawn long-term committed credit line of €1,200 million expiring in June 2023, with two one-year renewal options exercisable in 2019 and 2020. This credit line with leading banks strengthens the Group's liquidity position (see Note 10.3.2 to the consolidated financial statements, page 355).

Accor has €2,551 million in cash investments with an average maturity of 1.2 months, fully available at any time (see Note 10.3.3 to the consolidated financial statements, page 308). These investments consist mainly of short-term deposits with leading financial institutions.

Consequently, at December 31, 2018, the Group had a total of €3,751 million in available liquidity resources.

The Group also has access to diversified financial resources (on debt and equity markets, bank borrowings, etc.) to finance its medium and long-term development.

It is not subject to any restrictions on the use of its funds that could significantly impact its operations.

The maturities of the Group's financial assets and liabilities at December 31, 2018 were as follows:

	Within one year	Between one and three years	Beyond three years	Total
Bonds	335	1,213	1,082	2,630
Bank and other borrowings	8	25	287	319
Derivatives (liabilities)	9			9
Bank overdrafts and other	896	170	3	1,069
Financial liabilities	**1,247**	**1,408**	**1,372**	**4,027**
Cash and cash equivalents	(2,820)			(2,820)
Other current financial assets	(55)			(55)
Current financial assets	**(2,874)**			**(2,874)**
NET DEBT	**(1,627)**	**1,408**	**1,372**	**1,153**

On February 25, 2019, the Group announced the establishment of a €500 million Negotiable EUropean Commercial Paper (NEU CP) program. This program has enabled Accor to diversify its sources of financing and optimize the average cost of its debt. The Group can issue up to €500 million in short-term debt securities with a maturity of between one day and one year, using the proceeds to fund its general short-term requirements.

None of the Group's loan agreements includes any rating triggers for early repayment. However, certain agreements include acceleration clauses that may be triggered in the event of a change of control, *i.e.*, if a third party acquires more than 50% of the Company's voting rights. In the case of bonds, the acceleration clause can only be triggered if the change of control leads to the Company's credit rating being downgraded to non-investment grade.

For the line of credit of €1,200 million, the acceleration clause can be triggered if the Group does not comply with the leverage ratio covenant (consolidated net debt to consolidated EBITDA).

None of the Group's loan agreements includes a cross default clause requiring immediate repayment in the event of default on another facility. They include cross acceleration clauses only, which are triggered solely for borrowings and only if material amounts are concerned.

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	03/25/2019	Stable	03/25/2019
Fitch Ratings	BBB-	F3	03/22/2018	Positive	03/22/2018

Standard & Poor's and Fitch Ratings confirmed Accor' ratings and outlooks on March 14, 2018 and March 22, 2018, respectively.

Counterparty risk

The Group is exposed to counterparty risk in relation to its commercial and financial transactions. This risk is not material due to the breadth and geographic diversity of the Group's counterparties.

This risk is managed by:

- performing credit analyses of all significant counterparties;
- diversifying the portfolio of counterparties; and
- setting exposure limits per counterparty.

For counterparties to financial transactions, the Group continuously monitors their creditworthiness based on credit ratings issued by rating agencies.

In view of the Group's broad geographic footprint, country risk is limited.

Cash pooling arrangements set up by the Corporate Treasury, Financing and Credit Management Department are used to manage most cash investments.

Currency and interest rate risks

A variety of financial instruments, including swaps and forward purchases and sales of foreign currencies, are used to manage and hedge interest rate and currency risks arising in the normal course of business. The use of these instruments forms part of the Group's investment, financing and hedging policies designed to help manage debt and minimize risks on business transactions. A dedicated treasury management information system is used to track the breakdown of debt by fixed/floating rate and currency.

Management of currency risks

Long-term investment policy

When the parent company invests directly or indirectly in a foreign subsidiary, the investment is generally made in the subsidiary's local currency. These are very long-term positions and, in most cases, the policy has been not to hedge the related currency risk.

Financing

An internationally recognized signature allows Accor to raise various forms of financing, including through bond issues, short-term European commercial paper, private placements and bank loans.

From time to time, the Group also takes advantage of market opportunities to raise financing in a given currency and at a given rate of interest and then use a swap to convert the facility into the currency and interest rate required to finance business needs (see Note 10.3.2 to the consolidated financial statements, page 354).

Generally, the Group's policy is to finance its assets and operating requirements in the currency of the country concerned in order to pool currency risk at Accor SA and implement adequate hedging strategies.

By using its subsidiaries' surplus cash as well as the financial instruments described above, the Group is able to optimize the cost of its resources while reducing currency risks.

Other currency hedges

Currency hedges are rarely used other than for financing transactions because revenues are generally denominated in the same currency as the related operating costs.

The Group does not generally hedge currency risk arising on the translation of foreign subsidiaries' financial statements.

At December 31, 2018, the volume of forward sales and purchases of foreign currencies represented €1,041 million and €230 million, respectively. All of the related instruments expire in 2019.

Management of interest rate risks

After currency hedging, 52% of Accor' debt is denominated in euros, with 86% at fixed rates and 14% at floating rates (an analysis of the Group's exposure to interest rate risks before and after hedging is provided in Note 10.5.2 to the consolidated financial statements, page 358).

These target breakdowns are reviewed at regular intervals by the Corporate Treasury, Financing and Credit Management Department and revised targets for future periods may be submitted to Executive Management.

At December 31, 2018, the volume of interest rate hedges represented €600 million.

The interest rate and currency instruments used by the Group are contracted with banks based on the model recommended by the French Banking Federation.

Accor does not conduct any speculative transactions and has no plans to engage in any financial transactions that are not connected to the Group's general requirements for its business. Neither the parent company nor the Group has any open currency or interest rate positions that would be likely to expose the Group to significant risks.

Sensitivity Analysis

Based on reported 2018 data, sensitivity analyses have been performed to measure the impact on EBITDA of any changes in (i) RevPAR (revenue per available room, as calculated by multiplying the occupancy rate by the average room rate) and (ii) the euro exchange rate against the main operating currencies. Sensitivity analysis has also been conducted to assess the impact on operating profit before tax and non-recurring items of fluctuations in interest rates.

Sensitivity to RevPAR

A 1% change in RevPAR would impact EBITDA as follows:

Sensitivity to RevPAR

1% decrease in RevPAR	Hotel Services	Hotel Assets	Total
Impact on EBITDA(1)	€(6) million	€(1) million	€(7) million

(1) Earnings before interest, taxes, depreciation and amortization.

Sensitivity to RevPAR

1% increase in RevPAR	Hotel Services	Hotel Assets	Total
Impact on EBITDA(1)	€6 million	€1 million	€7 million

(1) Earnings before interest, taxes, depreciation and amortization.

In absolute value, a 1% decrease in RevPAR has a larger impact on EBITDA[1] than a 1% increase.

(1) Earnings before interest, taxes, depreciation and amortization.

Any rebound in hotel demand initially results in an increase in occupancy rates. This feeds through to higher variable costs, which in turn weigh on growth in EBITDA[1]. In a second phase, the stronger demand drives an increase in average room rates, which does not affect operating costs and therefore has a stronger impact on growth in EBITDA[1]. The flow-through ratio[2] for a 1% increase in RevPAR resulting from higher average room rates is higher than the flow-through ratio[2] for a 1% increase in RevPAR resulting from higher occupancy rates.

Sensitivity to exchange rates

A 10% increase or decrease in exchange rates would have the following impact on EBITDA:

Sensitivity to exchange rates

Currency		EBITDA[1] impact of a 10% increase in exchange rates	EBITDA[1] impact of a 10% decrease in exchange rates
GBP	United Kingdom	€1.9 million	€(1.9) million
CNY	China	€2.8 million	€(2.8) million
AUD	Australia	€10.2 million	€(10.2) million
CHF	Switzerland	€3.0 million	€(3.0) million
USD	United States, Southeast Asia	€15.8 million	€(15.8) million
PLN	Poland	€7.4 million	€(7.4) million
HUF	Hungary	€2.8 million	€(2.8) million
CAD	Canada	€3.4 million	€(3.4) million

(1) Earnings before interest, taxes, depreciation and amortization.

Climate change risks

Given the nature of its business, the Group is exposed to climate change risks. The risks presented below were identified and analyzed based on the expertise of the Sustainable Development Department with methodological support provided by the Risk Management and Insurance Department.

This methodology takes into account the specific features of these risks, especially the differing time horizons before the initial effects become apparent. Consequently, each risk is associated with a time horizon together with a financial impact over this time horizon.

(1) Earnings before interest, taxes, depreciation and amortization.
(2) When like-for-like revenue goes up, the ratio of the change in like-for-like EBITDAR/change in like-for-like revenue is known as the flow-through ratio.

Categories	Risks	Consequences on the Group's business	Time horizon	Financial impact
Availability of energy resources	Decline in the reserves of rare natural resources	Increase in structural costs	Short	High
Extreme meteorological events/ Natural disasters	Increase in the frequency and/or intensity of these events (drought, more and more irregular rains, floods, more frequent cyclones, etc.)	Partial or total destruction of assets and interruption of business Decline in the attractiveness of some destinations Security threat for guests and employees Increase in insurance costs	Short	High
Standards and regulations	Increasing pressure on energy performance of buildings New taxes	Increase in costs, financial penalties in case of non-compliance, trademark infringement, damage to the image	Medium	High
Increase in the cost of transportation	Decline in the volume of travelers	Fall in guest numbers Moving guests to alternative mobility solutions (virtual reality)	Long	High
Water stress	Reduction in water supplies, shortages, conflicts of use	Occasional closures, rising costs, new regulations	Short	Medium
Difficulty in food sourcing	Decline in agricultural yields (productivity), increase in commodity price volatility, extinction of species	Increase in costs, decline in quality	Long	Medium
Increase in water levels and acidification of oceans.	Coastal erosion, floods, reduction in tourist areas Deterioration/decrease in drinking water resources (saline water in water sources) Migration of populations	Partial or total destruction of assets. Decline in the attractiveness of some destinations	Long	Medium
Destruction of biodiversity	Destruction of wildlife, deterioration of coral reefs	Decline in the attractiveness of some destinations	Long	Low
Health/Epidemics	Increase in the temperature, development of new diseases Transportation, easy and quick adaptation and mutation of viruses	Decline in the attractiveness of some destinations Security threat for guests and employees	Long	Low

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 outside laboratories. In addition, hotels track the risk of Legionnaire's disease *via* the SET regulatory monitoring application. Country organizations take action to ensure compliance with consumer safety and other legislation, in accordance with local standards;
- in addition, kitchen health inspections are performed by 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 100 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

Due to the fact that its entities are spread across the globe and 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.

The majority of the risks to which the brand's hotels are exposed are covered by global insurance programs 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.

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.

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.

The Group has not incurred any major uninsured losses and therefore considers that its insurance coverage is adequate. Its self-insurance capacity is also considered adequate, based on loss experience and statistical analyses by actuaries.

The Group organizes fire prevention inspections to reduce risk exposure and obtain cover on a cost-effective basis. Changes in conditions in the insurance and reinsurance markets are closely monitored and, where appropriate, risks are self-insured in order to limit the insurance costs incurred by the various businesses and to avoid steep increases. The centralized risk management database rolled out in 2008 has enabled tighter tracking of loss experience, allowing the Technical Department to take swift measures to reduce the related risk exposure.

New functions have been added to the database to accompany the changes in the Accor business model and to monitor the insurance coverage directly taken out by the owners who are not members of Group programs.

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 the risks involved in not meeting the objectives the Company has set for itself, the Internal Control system plays a key role in conducting and monitoring 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, and in 2014 it replaced its Management Ethics Guide by a more comprehensive Ethics and Corporate Social Responsibility Charter. This new Charter provides a clear framework for the responsible conduct that the Group expects in terms of ethics, integrity, legal compliance and overall corporate social responsibility. In 2016, the Group adopted a Compliance program designed to tackle compliance risk, particularly bribery-related and anti-trust risks (see chapter 2 related to 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 of 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 divisions and corporate functions. Internal Control is everyone's responsibility, from executive officers to front-line employees.

Internal Control procedures are monitored by the following three participants:

The main structures responsible for overseeing the Internal Control system are as follows:

The Audit, Compliance & Risks Committee

As described in the Board of Directors Bylaws (Appendix A in section 3.11), 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 organizational principles and procedures of the Internal Audit Department. It is also informed of the Internal Audit program and given an overview of the internal audit findings.

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 and other members of the Executive Committee (see list in the "Directors and Corporate Officers" section of this Registration Document), as well as the Director of Information Systems and the Director and Deputy Director of Group Internal Audit. It also includes the Chief Finance Officers of the Group's main subsidiaries.

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

- validate the annual Internal Audit program;
- 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 changes in Internal Control levels within the Group;
- oversee the activities of the Internal Audit function, in terms of audit efficiency/optimization and the adequacy of the function's resources;
- track the action plans deployed by the auditees.

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 and in the Board of Directors Bylaws on page 277.

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 divisions and corporate functions. The membership of the Committee appears in section 3.1.2.

Group Internal Audit

Group Internal Audit, which falls under the responsibility of the Deputy Chief Executive Officer, has a dotted-line reporting relationship with the Internal Audit Committee and ultimately with the Audit, Compliance & Risks Committee. The cornerstone of the Internal Control system, Group Internal Audit is responsible for helping to develop Internal Control tools and standards, and for performing internal audits based on the annual audit program approved by the Internal Control Committee and the Audit, Compliance & Risks Committee.

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

At December 31, 2018, Group Internal Audit had a staff of 62 auditors, 34 of whom are seconded to the Divisions.

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 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.

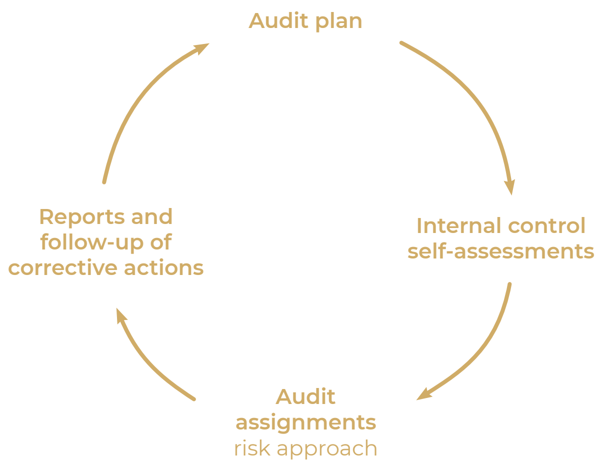
1.9.3 *Organization of Internal Audit*

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 IFACI 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 is sets out how Group Internal Audit will coordinate the activities of local Internal Audit Departments within the Divisions.

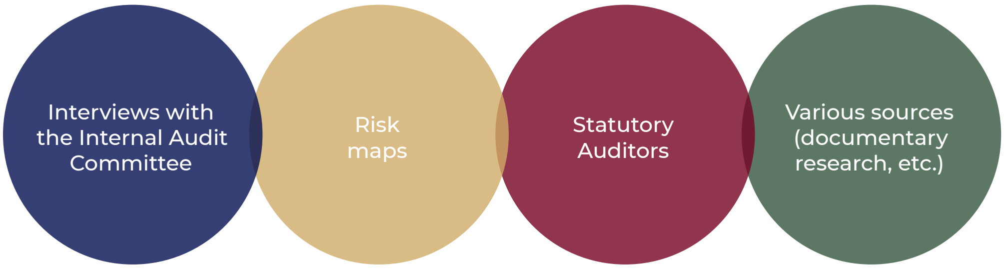
Internal Audit

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 program reviewed by the Internal Audit Committee and subsequently validated by the Internal Control and Audit, Compliance & Risks Committee. The audit program is elaborated taking into account the risks identified by the Internal Audit Department, based on the following:



Internal Control self-assessments

Internal procedure manuals have been produced for the main businesses. The purpose of these manuals is to structure and define Group procedural guidelines, based on an assessment of the specific Internal Control risks of each business.

Internal Control procedures are implemented under the direct responsibility of the operating divisions and corporate functions and form part of an ongoing process of identifying, assessing and managing risks. The performance of these procedures is notably monitored using the Internal Control self-assessment.

The Group places considerable emphasis on preparing, issuing and monitoring Internal Control self-assessment procedures, which have now been rolled out to the majority of hotel operating units and head offices. These procedures 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 issues.

Internal Audit programs for units where the self-assessment system has 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-assessment procedures implemented 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 operating units as effectively as possible;
- **organizational and procedural audits,** which are aimed at helping the Divisions to optimize and adapt their procedures and operating processes, notably when rolling out cross-functional projects that lead to a change in organizational structures;
- **specific audits,** which are review assignments that comply with the professional standards applicable to internal auditors and fall within their remit. They can concern issues applicable to the integration of new businesses, one or more operating units, or to a particular country, function or process.

Operational Audit

- **operational audits,** which 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. These audits notably include checking on a regular basis that the Internal Control self-assessments have been properly performed by the operating units.

The operational audits are chiefly performed by the local Internal Audit Departments. These Departments are set up in the main Divisions, report to their Division'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 the Group Internal Audit Department.

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 their Division's operating units.

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,** 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 the Group Internal Audit Department.

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 and Corporate Social Responsibility Charter and those set out in the vigilance plan.

Audit reports and follow-up of deployed action 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. A summarized version of this draft report is also sent on request to the members of the Executive Committee.

The final report, which includes any corrective action 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 the Group Internal Audit Department 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 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 action 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 function 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 substantially all of the Group's operations with the aim of providing consistent accounting data at 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 conformity 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. Corporate Internal Audit also reviews from time to time the proper application of Group accounting standards and policies by the subsidiaries, and reports to Group Finance any issues identified during the review.

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 and Risks Committee. The Board of Directors then approves the consolidated financial statements based on the recommendations of the Audit and Risks Committee.

2

Corporate responsibility

2.1 CSR strategy and management of the ethics, compliance and CSR process

The Accor Group's CSR strategy is incorporated into its economic model. Its contribution to the corporate strategy is described in the **Integrated Report**. It is also described in further detail in the following sections.

Accor is convinced that its ethical, social and environmental commitment is helping to preserving the planet while providing added value to its stakeholders. 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 down this commitment into three major goals:

Acting with integrity and compliance in mind: everywhere in the world, Accor operates its business in accordance with its ethical values, which often commits them to go beyond applicable local laws. In the direct sphere of its activities, such as with guests, suppliers and partners, Accor vows to protect human rights, combat corruption and protect the privacy of our guests.

Acting for sustainable development: Accor constantly strives to incorporate environmental and social concerns into its offers, concepts or processes to create new engaged and value-creating experiences: reduced environmental footprints, healthy local food, co-construction and interaction among employees, guests and communities.

Acting for communities: Accor makes sure that the benefits from these activities are shared with the communities where it operates. By combating exclusion, protecting endangered ecosystems or supporting local initiatives, the Group develops roots that help communities but also improve the experiences of its guests.

2.1.1 Planet 21 – Acting Here, an ambitious milestone for CSR strategy

A positive vision of our responsibility

With the launch of its Planet 21 – Acting Here CSR strategy in 2016, Accor reaffirmed its vision: "Wherever we are, let us open up new pathways to positive hospitality".

The slogan "Acting Here!" stresses the fact that the Group is acting wherever it is located. Hotels are its core business and are therefore the main focus of its commitments.

Every hotel is the heart of its ecosystem, like the center of a small planet. It interacts with its stakeholders – guests, employees, partners (owners and suppliers) and communities. Accor has hotels around the world and derives its strength from strong local roots.

This positive hospitality seeks to mitigate its negative impact on the climate, water, waste, and so on of local communities as much as possible and have a positive effect on human rights, working and employment conditions, and the environment for the well-being of employees, guests, partners and communities.

A program built around four objectives and two priorities

For nearly fifty years, Accor has shown itself to be both a pioneer in the hospitality industry and a model corporate citizen, setting high standards for itself and its partners. An indicator of Accor's interest in abiding by ethical principles and reaffirming its commitments, the Group's Ethics and CSR Charter sets forth Accor's responsibility process.

Planet 21 – Acting Here fits into this framework as a driver of change and progress based on commitments and goals that can be measured over time.

Accor's CSR strategy for the period 2016-2020, 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 (see the section "Global environmental and social challenges impacting the hospitality sector", pages 16 and 17).

- **Being an inclusive company** and guaranteeing the well-being of its employees. Accor is renewing its commitment to be a place of welcome and inclusion, of respect for individuals in all their diversity and a place where talent can flourish. This goal is reflected in the Group's "Feel Valued" promise as an employer.
- **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. Being close to guests makes Accor even more demanding in terms of services provided, which incorporate a strong social and environmental component regardless of brand or country.
- **Sealing a long-lasting relationship with partners,** as Accor's performance and business are closely linked to those of its partners: its 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.
- **Acting with local communities** so that mobilization does not stop at the hotel door. The Group plans to continue supporting initiatives to promote economic, social and local development or solidarity efforts.

Finally, the lessons learned from the Group's environmental footprint are clear: two of its strategic priorities, developing its real estate holdings, and developing its restaurant 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:

- **Offering guests healthy and sustainable food,** while eliminating food waste. Therefore the Group aims to offer healthy food, take part in the change from agriculture to a more sustainable model, and drastically reduce all forms of food waste.
- **Accompany the hotels operated under the Group's banners to the energy transition.** Before becoming an asset-light group, Accor has until 2018, maintained a strategy to gradually design more sustainable buildings, renovate regularly its hotel park to increase its energy performance and reduce water consumption. In 2018, Accor achieved its objectives of reducing energy and water consumption. Beginning in 2019, new goals will be defined by hotel owners, in keeping with Accor's ambition expressed in Planet 21 - Acting Here.

Each of these goals is broken down into specific objectives to be achieved by 2020, which are reviewed every year (see pages 126 to 129).

The chart below represents the six goals of the Planet 21 – Acting Here program and the UN SDG to which they contribute.

Critical SDG
Important SDG

** SDGs also covered by other topics. Details of Accor' contribution to the SDGs and related targets can be found on pages 202 to 205 of the appendix.*

Accor's contribution to the UN Sustainable Development Goals

With more than fifteen years of experience in actively implementing sustainable development, the Accor Group hopes to introduce a CSR strategy in line with its economic model that meets the environmental, social and societal challenges facing it. In so doing, the Group is developing programs that point to a way forward for the Group and its stakeholders, which are helping to reach the Sustainable Development Goals set by the UN (see page 17).

Accor is doing everything possible to gain an in-depth knowledge of its impact by conducting the necessary studies on a regular basis. The socioeconomic footprint assessment published in 2016 shows that, like other businesses in the labor-intensive hospitality sector, Accor supports nearly four other jobs indirectly for each of its 285,000 direct jobs. This means that Accor activity supports a total of around 1.4 million jobs around the world, 70% of which have a local footprint around hotels. In addition to the jobs created and supported indirectly, the activity of Accor has a strong impact on local economies, with €1.70 in contributions to local GDP for each euro of business generated by the Group. 87% of the value created by the Group benefits local development, mostly through local healthcare and education institutions, as well as through the government. Finally, among the sectors impacted, agriculture ranks high, with 0.5 jobs supported by every job created within the Group.

By preserving this capacity for local development and job creation, Accor participates in Sustainable Development Goal (SDG) No. 8 defined by the UN (a complete list of SDGs is provided below). The Group performs its responsibilities as employer by attempting to reconcile the professional lives of its employees with efforts to ensure their health and well-being, with respect for all forms of diversity. In that respect, Accor participates in SDG No. 5.

The environmental footprint of Accor measured in 2011 and updated in 2016 shows that the overall carbon footprint is 4.5 million CO_2 TEQs. Buildings are the number one item representing greenhouse gas emissions by the Group (77%), and operating these buildings points to a major need to control water consumption (25% of the hotels are in an area of high water stress). As it is committed to controlling and reducing the environmental footprint of its buildings, the Group has made this one of the major goals of its CSR strategy, Planet 21 – Acting Here (see page 114). Based on the objectives set and the action programs introduced, it contributes to SDG No. 7, SDG No. 6 and, to a lesser degree, SDG No. 13, for which responsibility for implementation falls more naturally to States. This environmental footprint also shows that, because of the environmental impacts of upstream farming operations, the consumption of food and beverages in the hotels and their restaurants represents a major part of the Group's imprint on water (40%) and on biodiversity (88%). These issues are also addressed by a major Accor commitment that strives to reach SDG No. 2 and to a lesser extent SDGs No. 14 and 15.

Accor is also exposed to the diffuse but substantial impacts related to its product and services offering. Through eco-design programs and guest information and mobilization campaigns, the Group contributes to SDG No. 12.

Through being active in tourist and other urban environments, the Group also hopes to participate in the development of resilient cities (SDG No. 11). Lastly, Accor participates in child protection, an issue related to the tourism business, and thus supports certain targets of SDG No. 16.

2.1.2 Commitment to society, a founding principle of Accor based on the Ethics & CSR Charter

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 of the non-financial policies of the Group derive from the Charter.

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

- the six Group Values, including "sustainable performance": "We stand for creating value, for as many as possible, over the long term";
- the frame of reference that expresses the Group's commitment to systematic compliance with applicable laws and regulations, as well as fundamental international principles[1], such as the UN Global Compact, which the Group signed in 2003, or the Conventions of the International Labour Organization (ILO); or the principles of the Universal Declaration of Human Rights;
- the Group's ethical commitments in the way the Group conducts its business, in such areas as fairness and respect for people, compliance with good business practices and the protection of property and data;
- specific commitments made to the main categories of stakeholders: employees, guests, financial and business partners, suppliers, communities, and the environment;
- the process *via* which the Charter will be distributed is detailed therein: it is made available both internally and externally, especially to the partners of owned and leased hotels of the Group; involvement of the management or Talent & Culture or Legal teams.

The Charter has been rolled out in all of the countries where the Group is active. It is available on the various Group Intranets and from the 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 correspondents has been put into place. This is led at Corporate level by three people who coordinate deployment of the Charter and lead and track the related projects.

Continuing with an assessment taken in 2017 of the first three years of the deployment and implementation of the Ethics and CSR Charter, and in order to meet the growing requirements in terms of regulations and risk control, the Ethics and CSR Committee (see below) decided to reinforce the process of facilitating and deploying the Charter within the Group. Thus the Ethics and CSR Charter, now in the process of being updated, will be completed with the requirements of the Sapin 2 Law (combating bribery), made even more readable by highlighting the most important points. The approach is general so that it applies to all the jobs in the Group.

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

2.1.3 *Governance: ethics, compliance and CSR*

Governance, Compliance and Corporate Responsibility incorporated into the committees of the Board of Directors

In 2018, following an evaluation by an independent service provider of the work of the Board of Directors, the Board decided, for the sake of simplification, to reduce the number of its committees.

For that reason, the powers of the Committee of Governance, Compliance and Corporate Responsibility were distributed and assigned (with compliance going to the Audit and Risk Committee, now the Audit, Compliance and Risk Committee, and governance and corporate responsibility to the Appointment and Compensation Committee, now the Appointment, Compensation and CSR Committee).

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 that relate 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.

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 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.

Chaired by Sven Boinet, Acting Managing Director, at year-end 2018 it was composed of the following: five members of the Executive Committee (including a representative of Europe as well as a representative of the Middle East), two representatives from Southeast Asia and Latin American operations and seven representatives of the Group support functions directly concerned (Talent & Culture, Safety and Security, Legal, Sustainable Development, Procurement, Communications and Audit).

This Committee met four times in 2018 to supervise progress on the Ethics and CSR road map, with many topics on the agenda such as the duty of vigilance, data protection, the compliance program and the introduction of the Group's policies, monitoring actions and results of Planet 21 – Acting Here, combating workplace harassment, the right to organize and respect for human rights, introduction of a whistleblowing hotline or training sessions for employees on combating prostitution.

The Ethics and CSR Charter in action

The information and training program for the topics covered by the Ethics and CSR Charter was strengthened in 2018. Under the umbrella name Acting for positive hospitality, films were made to raise awareness of ethical, CSR and compliance issues such as water, waste, food, health and safety, the Plant for the Planet program, and human trafficking for sexual exploitation. These films are distributed to employees through the Acting Here! CSR and employee commitment app (see also 2.3.11 Planet 21 commitment: employee awareness of the Group's CSR commitment is increasing).

E-learning aids on combating bribery, non-discrimination, responsible procurement, combating sexual exploitation and implementation of the general regulation for data protection were prepared in French and English and will be included in the curriculum of the Accor Academies in 2019. Two additional e-learning aids on harassment and the freedom of association will also be added. Depending on the subjects, additional languages will be added in 2019.

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 by the Data Governance Committee or any other person or entity of the Group.

Overseeing the CSR process

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

The Sustainable Development Department is in constant contact with the country operations, the brands and the support functions (Talent & Culture, Marketing, Procurement, Technical Affairs, etc.). It is backed by a network of 82 country correspondents and dedicated committees in certain countries. It interacts with the brands and the support functions *via* a network of dedicated correspondents.

Since 2018, the Sustainable Development Department has reported to the Group's General Secretary, a member of the Accor Executive Committee.

The Sustainable Development Department is primarily responsible for:

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

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

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

The T&C community is organized around two clusters. First, there is the "experts" cluster, organized as follows: Talent Management, Learning & Development, Recognition, Social Innovation and T&C platform. There is also the T&C Business Partners cluster, which supports the career and support sectors, Digital and Marketing jobs, support jobs (Finance, Legal, T&C, Communications, Development, Technical Department) and New Businesses jobs.

Accor Solidarity, the Accor Group endowment fund, was set up in 2008 to help prevent the economic and social exclusion of people living in precarious situations. It supports charitable projects that facilitate the training and employability of vulnerable people. As for specific actions by Accor Solidarity, these projects are supported locally by the Group's employees, a commitment that involves a human connection that goes beyond financial aid.

Through this fund, the Group acts on its desire to give long-term support to populations suffering from extreme insecurity, helping them to face the immediate and long-term consequences of humanitarian disasters.

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 Accor, meets two to three times a year. It approves the Accor Solidarity strategic guidelines, votes on projects whose budgets exceed €20,000, and oversees their implementation. The Board of Directors is made up of nine members: six representatives of Accor and three qualified external members (details can be found at solidarity-accor.com).

The Advisory Committee was created in 2018 and 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.

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

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.

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.

Deploying the CSR process in the hotels

Accor's CSR commitments cover all of its establishments, both managed and franchised.

For franchised hotels, if the program is included in the franchise contract, the hotel is required to deploy it. In any case, Accor recommends that the owner implement it and provides the appropriate tools and solutions.

For the most part, the Talent & Culture policies and tools apply directly (except for social dialogue, which is managed by the Group under the authority of the owners). The Group offers franchised hotels recommendations and a variety of tools, but they remain responsible for their own Talent & Culture policies.

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 in 12 to 18 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 57.8% of AccorInvest. Therefore, although it owns only a very few owned and leased hotels (mostly the Orbis scope), Accor continues insofar as possible to gather this information from all hotels under the Accor name. Depending on the themes, a greater or lesser proportion of managed hotels is included in the reported data.

Therefore, AccorInvest has become a key stakeholder of the Group: it is the owner of the largest number of managed hotels under the Accor Group's name 891 property assets (128,000 rooms) out of the 1,182 wholly owned and leased by Accor, of which 324 hotels are wholly owned by AccorInvest and 567 are operated through lease agreements with fixed or variable rental costs. AccorInvest is linked to Accor through a management agreement and vows to respect Accor's CSR program, Planet 21 – Acting Here. In 2019, AccorInvest will define its own CSR strategy to take into account its specific challenges.

2.1.4 Compliance Program

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 for reporting any violation of the Program so that it can be addressed;
- checks and audits of policies and processes;
- 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 three priority areas: preventing corruption, preventing violations of the right to competition and preventing conflicts of interest. The Group's aim is to establish a uniform compliance culture across all functions and regions.

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 is also General Secretary, who reports directly to Sébastien Bazin, the Chairman and Chief Executive Officer of Accor.

The network consists of 19 legal experts based in each region where the Group operates, all of whom received special training in early 2017. It meets once a month.

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 the 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 whistleblow 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. There are plans to establish a Group compliance department under the General Secretary in 2019. Its role will be to ensure the roll-out of the Compliance Program.

Roll-out of the Compliance Program

In 2018, Accor continued to raise awareness and provide information and training to employees on the Compliance Program, especially with regard to preventing corruption and violations of competition law.

In 2018, 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 social, political 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 January 2018, the Group prepared and distributed to all employees an anti-bribery policy, which through clear principles and concrete examples borrowed from the Group's business activities provides an understanding of what corruption is and of the means to recognize and resist various forms of corruption. In addition to this policy, a due diligence process applicable to partners, suppliers and other third parties with which Accor enters into a business relationship was deployed throughout the Group during the second half of the year (see below – Know Your Counterparty).

Lastly, in 2019 there are also plans for the gradual deployment of the policies on preventing violations of competition law and on preventing conflicts of interest. There is also a remote training module comparable to e-learning on preventing and combating bribery.

Bribery risk map

The methodology for mapping bribery risks is presented in Part 3. Risk factors (page 90).

Corruption prevention system

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 & CSR Charter, the Corruption Prevention Policy and the Gift Policy. To implement them, the Group relies on its internal audit system and its program to prevent and combat bribery.

In 2015, the Group implemented a Gift Policy to fight against conflicts of interest and corruption. The principle states that an employee must not receive or offer gifts as part of business relationships. The Gift Policy governs the exceptions to this principle to take into account usual business practices and also stipulates the behavior to be adopted depending on the situations encountered.

In 2017, the corruption prevention approach was reinforced by the adoption of a Corruption Prevention Policy, which aims to prevent behaviors which, within the Group or its partners, voluntarily or involuntarily, could incur its liability or that of its employees, damage its reputation or integrity or jeopardize its activities.

An internal audit system is added to these policies to take part in preventing and identifying corruption risks through controls of certain processes considered to be the most exposed, including hotel development and purchasing.

If there is a question about a specific situation, for example, how to behave when faced with an undue request, employees may contact their direct managers or the Talent & Culture or Legal departments in their country or the Compliance Officer they report to.

Under the authority of the General Secretary, who carries out the functions of "Chief Compliance Officer", the Compliance function promotes the implementation of the Corruption Prevention Policy within the Group. It is supported by the Group's Executive Management and a network of 19 local Compliance Officers, in conjunction with the Ethics & CSR Committee and the Board of Directors' Committee more specifically responsible for compliance issues (see paragraph 2.1.3 "Governance of ethics and CSR").

2.1.5 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 and the environment.

The 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.

Risk mapping

Risk mapping, scope Head offices and owned, leased and managed or franchised hotels

In 2018, the Group methodically mapped the risks to which it is exposed concerning health and safety and compliance with human rights. The methods used in this mapping initiative are described in the chapter “1.8 Risk Management”.

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 chapter “1.8.1 Risk management architecture”. 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, presented on page 17, is an overview of all of the CSR challenges over the entire chain of value 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 enabled 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 (see page 102).

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 chapter “1.8 Risk Management”.

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 chapter “1.8.3 Risk Factors”.

Preventing serious abuses

Measures to prevent serious abuses by the Group and its hotels

Ethics and CSR Charter

In its Ethics & CSR Charter, Accor confirms its commitment to respecting fundamental principles, particularly human rights, health and safety and the environment. The Charter provides guidance to employees on the appropriate behavior to adopt and actions to take in this regard. See page 116.

To raise awareness among all employees of the subjects addressed by the Ethics & CSR Charter, Accor provides all hotels with awareness kits, which include a web-based program, e-learning courses and educational videos.

Accor promotes and implements its values and commitments through an Ethics & CSR Committee with 17 members, of which five are also members of the Executive Committee, and a global network of Ethics & CSR officers. Details of Ethics and CSR governance are presented on page 117.

The 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 114. 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 Registration Document:

Subjects linked to the duty of vigilance	Section of this Registration Document
Human rights	2.2.4 Promoting open dialogue 2.2.5 Pursuing our commitment to workplace health, safety and quality of life 2.2.7 Promoting diversity and encouraging inclusion 2.5.2 Protecting children from abuse
Workplace health and safety	2.2.5 Pursuing our commitment to workplace health, safety and quality of life
Environment	2.3.3 Favoring environmentally responsible products 2.6 Aiming for carbon neutrality for the hotel network under the Accor name 2.7 Eliminating food waste and promoting healthy and sustainable food

Sexual harassment policy

To prevent and fight against the risk of sexual harassment in its hotels, Accor plans to equip its employees with an whistleblowing system that they can trigger if they face this problem.

This system was piloted in the Group's hotels and will next be deployed throughout the world.

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 143.

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, a number of programs have been put in place world-wide:

- the HeForShe solidarity movement (page 148);
- the Diversity & Inclusion champions (page 148);
- the co-mentoring program (page 150);
- the Women RiiSE network (page 149);
- the 2019 establishment of specific e-learning "non-discrimination" training for the whole Group world-wide.

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 Charter 21. This contains 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 a 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 Charter 21 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 this process and a CSR clause is included in the contracts. Details on the whole risk management process concerning suppliers are provided on page 163.

Evaluation and monitoring procedure

All of the monitoring indicators are detailed in part 2.8 "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 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. For example, monitoring is carried out via the Gaia application (this tool is presented in "2.1.7 Planet 21 – Acting Here, the road map for 2020") that hotels can use to evaluate their performance, define their priority goals, create action plans and track their progress. The data is then checked 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 on page 107 play an important role in the identification and prevention of risks. Through its audits, Internal Audit ensures compliance with the principles and procedures set out in the Group's Ethics & CSR Charter, particularly those designed to prevent acts of corruption 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, Compliance and Risks Committee in December each year. 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 analysed on the basis of internal audits, as well as on the basis of the 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. The ethics and CSR risk management process with respect to supplier relations is described on page 163.

Whistleblowing mechanism

The Group's Ethics & CSR Charter has already long provided that any 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 & 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 and environmental issues. Launched in May 2018, the whistleblowing hotline was gradually put in place in the second half of 2018 in all regions in which the Group conducts business. This whistleblowing system is based on an Internet platform accessible 24/7 in 29 languages. Currently available to all of the Group's employees, it will also be available during the year to all of the employees of the hotels owned by AccorInvest. Finally, an internal working group is studying the future possibility of offering this whistleblowing hotline to the employees of the other hotels under management contract, in respect of labor law and the provisions of the management contracts concerned.

Report of the vigilance plan

In 2018, the working group strengthened the existing mapping process and established a new *ad hoc* mapping initiative on human rights and health and safety. In addition, in 2018 Accor strengthened its vigilance plan by putting in place the whistleblowing hotline. It continues to regularly report to the CSR Committee on the improvement and effectiveness of the vigilance plan.

Internal audits

In 2018, out of 1,600 hotels (owned, leased and managed), 85% replied to the annual self-evaluation questionnaire on compliance with and sensitivity to the commitments of the Ethics and CSR Charter of the Accor Group.

Concerning the Audits of Head Offices, in 2018, the points of control of the Ethics and CSR Charter were included in eight missions (out of 22 conducted):

- IT Consultants Procurement: verification of the compliance with good practices in procurement and transmission of the Procurements 21 Charter among service providers;
- Europe Development and South America Development: verification of the good communication of the Ethics and CSR Charter to hotel owners and analysis prior to signature;
- Algeria Head Office, John Paul Head Office, South Africa Head Office: verification of proper communication of the Ethics and CSR Charter to the hotel owners and proper transmission to Accor employees and analysis prior to signature;
- review of the effective implementation of the Know Your Counterpart process;
- review of the Plant for the Planet program.

Risk mapping, suppliers and contractors scope

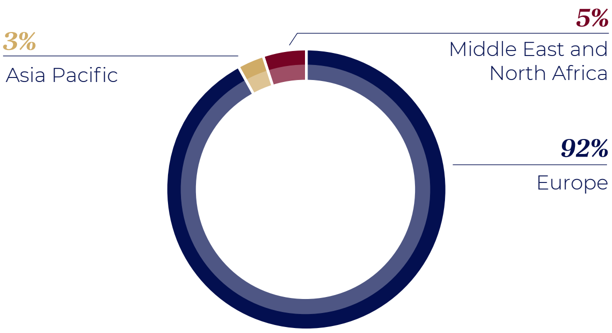
The risk map covers 100% of listed suppliers. Since 2017, three actions apply (according to the level of risk of the category) and must be put in place among the listed suppliers from now to the year 2020.

Number of listed suppliers	Number of suppliers that signed the Procurement 21 Charter	Number of suppliers that responded to the EcoVadis questionnaire	Number of audits on production sites considered the most at risk	Number of suppliers that do not abide by contractual CSR clauses	De-listing
3,642	3,354	703	178	0	1 in 2018 in France (Chicco – Artsana)

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 "Risks" chapter.

Whistleblowing hotline

In 2018, the alerts received came from three out of five regions: Europe, Asia Pacific, and Middle East and North Africa.



The 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 with confidentiality. In 2018, 92% of the alerts were processed and 8% are being investigated.

2.1.6 Other Compliance Policies

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 Chief Financial Officer, who sits on 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 ensures that any tax risk is fully addressed and is therefore periodically informed of the Group's tax risk.

Accor also publishes information concerning ongoing disputes with certain national tax authorities, on pages 367 and 406.

Operational support

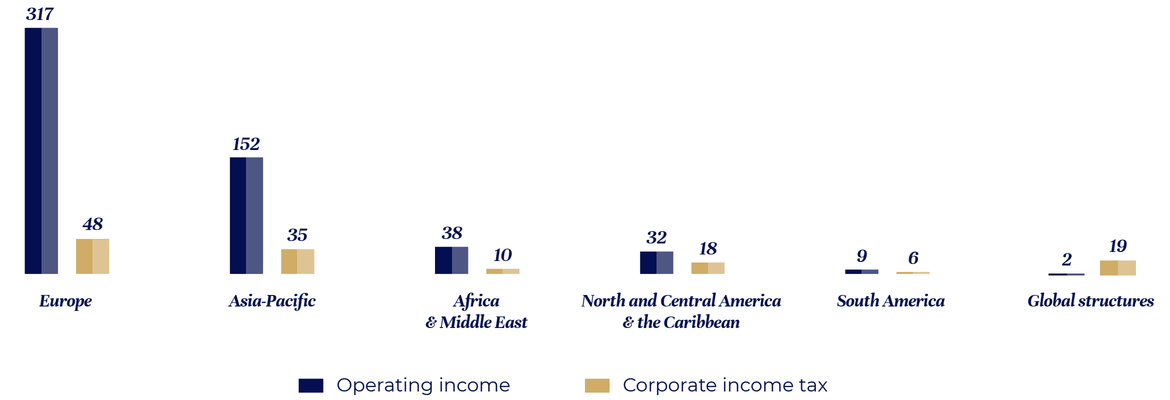
The Accor Group fiscal policy reflects the Group's business and development. For example, the Fiscal Department is organized around a central team which works closely with the operational teams. In this supporting role, the Fiscal Department ensures that the most relevant tax options are implemented 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 and its effective tax rate on page 315 of the Registration Document (after IFRS 5).

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 ultimate aim of this contribution was to influence the public decision-makers. In 2018, a few subjects to which Accor made a contribution include digital changes in the sector, including new forms of rental, lodging, training, labor law reforms, financing the promotion of tourism, several regulatory or tax-related issues related to establishments and their operations (visitor's tax, construction standards, accessibility).

Accor has made the following commitments, which are included in its Ethics & 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.

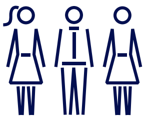
	Industry organizations or professional federations that receive funding	2017 amount	2018 amount
France	Union des Métiers et des Industries de l'Hôtellerie – Groupement National des Chaînes Hôtelières (UMIH-GNC)(1)	€250,000	€250,000
	Alliance 46.2 (network of 46.2 companies from the tourism sector united to promote France as an attractive destination)	€30,000	€30,000
	AFEP-Medef PARIS(2)	€76,110	€30,000
Europe	European Hotel Forum	€110,000	€110,000
World	World Travel and Tourism Council (WTTC)	€68,000	€48,000

(1) Contribution covered by Group hotels.
(2) Portion of AFEP membership fees corresponding to actions for representation of interests and the portion applied to MEDEF Paris.

2.1.7 Planet 21 – Acting Here, the roadmap for 2020

At end 2018, Accor is halfway through its Planet 21 roadmap. The Group's performance is well underway with four targets achieved in 2018 and 11 which are on target out of the 19 targets on the roadmap. This progress shows the strong involvement of all teams in Accor's sustainable development process and specifically, very high hotel commitment. Accordingly, 77% of hotels have implemented Planet 21 In Action's 16 benchmark actions, 82% have committed to a citizen or solidarity initiative and 95% have deployed Accor's program to fight against child sex exploitation. 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. Last, the Group is aware of the efforts that still need to be made to achieve certain ambitions (deployment of the ethics and CSR risk management system with its suppliers and hotel owners, reduction in food waste, recovery or reuse of waste and implementation of its Healthy and Sustainable Food Charter). Between 2016 and 2018, action plans were defined on these issues, and the tools were tested and selected. The Group intends to redouble its efforts over the next two years to come as close as possible to its initial ambition for these issues.

Key indicators of progress on the Planet 21 roadmap

Topics	2020 targets[1]	2017 results	2018 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 has actually grown to 78% for hotel employees, while for the "New Businesses" scope, consolidated for the first time this year, the rate is 55%. 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/ wellbeing at work program	N/A	**76%**		Based on the 85 countries that answered the questionnaire, 76% reported that they had implemented and deployed a Health/ Well-being program corresponding to the criteria defined by the Group.
	35% of hotel General Managers are women by 2020	29%	**30%**		The 1 point increase actually hides a nuanced result: the consolidation in the calculation of the new Luxury brands (Fairmont, Raffles and Swissôtel), which traditionally include a high proportion of male directors, is counterbalanced by the sustained increase over the "historical" Accor scope, particularly in the economy and mid-range segments. Evidence of this is the rate of 41% of women General Managers in franchised hotels. Including franchised hotels (so over the Total Accor scope), the target of 35% was achieved in 2018.
	Employee awareness of the Group's high level of CSR commitment is increasing[3]	81%	**83%**		The percentage of employees that considered Accor to be a committed company continued to grow in 2018. This result is in line with the continued increase in employee commitment around the Planet 21 program, who have positively welcomed the launch of the new internal mobilization application, "Acting Here."
 Engage our guests in a sustainable experience	Every year, one major innovation to interact with our guests around sustainable development[4]	Completed	**Completed**		In 2018, the achievement concerned the reinforced integration of sustainable offers in the Accor loyalty club, with solutions to earn or redeem loyalty points in line with the committed actions.
	100% of our hotels implement the 16 mandatory actions of Planet 21 In Action	64%	**77%**		There was a sustained increase in 2018, in line with the 100% target by the end of 2020. Note that among the 16 actions in question, 14 have been deployed at over 95%.
	The 10 key hospitality products categories are ecofriendly	3/10	**6/10**		The deployment of ecoresponsible products continues in a consistent manner across all brands. The only temporary drawback is the hiatus in the deployment of ecodesigned linens and towels as we await more suitable solutions.

(1) Scope of reporting: owned, leased, managed and franchised hotels, unless otherwise stated in the section 2.8.3 "Methodological review".
(2) Scope of reporting: employees at owned, leased and managed hotels and head office employees.
(3) Scope of reporting: employees at owned, leased, managed and franchised hotels and head office employees with more than three months' service.
(4) Scope of reporting: head offices, owned, leased, managed and franchised hotels.

Topics	2020 targets[1]	2017 results	2018 results	Trend	Comments
Co-innovate with our partners to open up new horizons	Every year, one major innovation to develop alternative and responsible models[4]	Completed	**Completed**		In 2018, emphasis was placed on sustainable innovation, with new processes to support entrepreneurship and intrapreneurship, with many partners, including Techstars.
	Our "CSR and ethical risk management" process is implemented by 100% of our partners (suppliers) – Suppliers Section[5]	53%	**61%**		In keeping with the vigilance plan instituted by the Group, the supplier audit processes continue to be applied. Efforts to audit the most at-risk suppliers have been bolstered (26% of suppliers were audited in 2018, up from 12% in 2017), and they will be further reinforced in 2019.
	Owners	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. This effort will continue in 2019 and will include an indicator that tracks deployment.
Work hand-in-hand with local communities for a positive impact	100% hotels engaged in a citizen or solidarity project	80%	**82%**		Rising from 80% to 82%, the Group continues to progress, reflecting the high commitment of hotels with respect to local communities.
	100% of our hotels implement our program against child sexual exploitation	91%	**95%**		Efforts to recommit to the WATCH program and the activity day devoted to the issue of child sexual exploitation helped to further raise the program's deployment rate.
	10 million trees planted with our "Plant for the Planet program" by 2021[4]	5.8 million	**6.8 million**		The number of trees financed in 2018 was 1.06 million (*versus* 0.8 million in 2017), an increase thanks to the program for the reuse of towels in which 2,678 hotels participate, and to alternative sources of funding.
Move towards carbon-neutral buildings	100% of our new or refurbished hotels are low-carbon buildings[6]	N/A	**N/A**	-	AccorInvest, Accor's asset management subsidiary, has confirmed its complete commitment to low-carbon construction, with the construction of the first Low Carbon Building (BBCA) hotel in Paris. Taking into account the Group's new organization, this objective is rescinded starting in 2019. AccorInvest set its own CSR targets during the year.
	-5% of energy consumption per room by 2018[7]	-2,0%	**-0,2%**		Despite a lackluster 2018 due to greater need for air conditioning during the summer, energy consumption fell by 5.6% between 2015 and 2018, surpassing the target that was set. Carbon emissions dropped by 8.3% over those three years.
	-5% of water consumption per night[7]	-4,0%	**-2,2%**		Following three years of a significant decrease in water consumption, the overall reduction between 2015 and 2018 was 6.1%, well beyond the targets set.
	65% of waste from hotel operations is recovered	47% (data on 410 hotels)	**49% (data on 634 hotels)**		The Accor waste management tool continued to be deployed in 2018, making it possible to increase the number of hotels involved and making the data little more reliable. Nevertheless, the rate of recovery remains short of the targets set, and Accor is studying ways to apply operating solutions to the hotels.

(1) Scope of reporting: owned, leased, managed and franchised hotels, unless otherwise stated in the section 2.8.3 "Methodological review".
(2) Scope of reporting: employees at owned, leased and managed hotels and head office employees.
(3) Scope of reporting: employees at owned, leased, managed and franchised hotels and head office employees with more than three months' service.
(4) Scope of reporting: head offices, owned, leased, managed and franchised hotels.
(5) Scope of reporting: approved suppliers.
(6) Scope of reporting: owned and leased hotels.
(7) Scope of reporting: owned and leased hotels and managed hotels with validated data (see page 197).

Topics	2020 targets[1]	2017 results	2018 results	Trend	Comments
Let's eliminate food waste and favor healthy and sustainable food	-30% of food waste	-52% (data on 96 hotels)	**-31% (data on 282 hotels)**	Action plans to strengthen to reach the goal	The food waste management tool was launched at the end of 2017. Third-party solutions have also been introduced at hotels. In 2018, 391 hotels began weighing their food waste. An encouraging 31% reduction in food waste was recorded for 282 hotels. This initiative will be stepped up in 2019, with a year dedicated to the topic of food waste.
	100% of our restaurants follow our charter on healthy and sustainable food	0.4%	**11%**	Action plans to strengthen to reach the goal	Efforts that started in 2017 were reinforced in 2018, when different items from the Food Charter were rolled out. While only 11% of hotels have put in place all the items, 43% of hotels have already implemented at least half of the requirements (up from 24% in 2017).
	1,000 urban vegetable gardens in our hotels	784	**1,056**	On target	Thanks to teams that are highly involved in this area, a wide variety of vegetable gardens has emerged (in-ground cultivation, rooftop beds, vertical planning, etc.), beyond the target of 1,000 that was initially set.

(1) Scope of reporting: owned, leased, managed and franchised hotels, unless otherwise stated in the section 2.8.3 "Methodological review".
(2) Scope of reporting: employees at owned, leased and managed hotels and head office employees.
(3) Scope of reporting: employees at owned, leased, managed and franchised hotels and head office employees with more than three months' service.
(4) Scope of reporting: head offices, owned, leased, managed and franchised hotels.
(5) Scope of reporting: approved suppliers.
(6) Scope of reporting: owned and leased hotels.
(7) Scope of reporting: owned and leased hotels and managed hotels with validated data (see page 197).

- On target.
- To be improved.
- Action plans to strengthen to reach the goal
- Target not reached.

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 (eco-labeled cleaning products, eco-friendly complementary products, Plant for the Planet program); 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.

Planet 21 In Action, the hotel roadmap

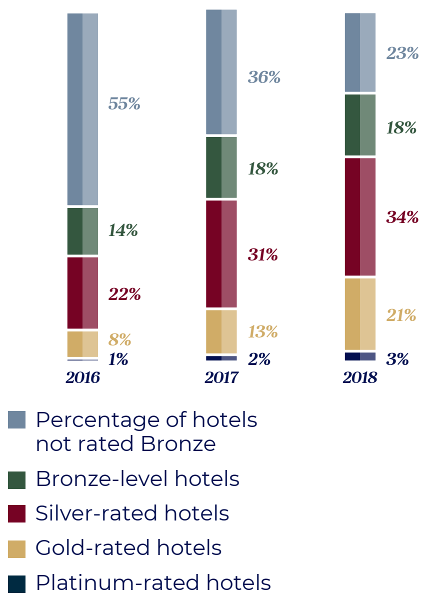
The Group's hotels are the main agents in our ambition to create positive hospitality. For years they have all been engaged in a process of continuous improvement around sustainable development.

The hotels have a roadmap: Planet 21 In Action. It defines 16 actions (presented in the appendix with 2018 results on page 197) that are mandatory for all and define the "Bronze" level before the higher "Silver", "Gold" or "Platinum" levels can be achieved. These 16 actions are a foundation that requires compliance with actions such as the use of energy-saving lighting in accordance with Accor standards and involvement in the Group's flagship programs such as Plant for the Planet and WATCH (the child protection program).

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

The Accor sustainable development performance management system

Planet 21 In Action level achieved by hotels in 2018[1]



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 each level (hotels, countries, Group). Designed as the nerve center for monitoring all sustainable development actions and technical issues, Gaia includes the Planet 21 In Action roadmap. *Via* this platform, each hotel sets its own targets and receives support with implementing the roadmap. Gaia allows hotels to evaluate themselves, set their priority goals, create their action plan, and monitor their progress. Designed with the technical teams, it is used to manage energy performance and, for some countries, to ensure compliance of facilities with regulations in terms of security, environment, etc.

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. Accordingly, in 2018:

- 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;
- Starting in 2019, tutorials will be developed to facilitate the use of the Gaia tool and help the hotels to implement the Planet 21 In Action roadmap.

In terms of oversight, various mechanisms are in place to improve the reliability of the information reported in Gaia. First, the Planet 21 representatives in each region (as well as the technical representatives for water and energy data) are responsible for internal control of the data from hotels in their region. Specific insights generated by the Gaia

(1) This reporting is based on declarations of hotels, which can lead to a certain level of uncertainty in spite of the controls carried out, particularly for more complex commitments (eco-labeled cleaning products, eco-responsible complementary products, Plant for the Planet program); moreover, the accounting method of the hotels participating in the Plant for the Planet program has changed since 2017 (see methodology note); finally, 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.

application facilitate this, with access to all hotel responses to a specific action, as well as comments made by the hotel and the supporting documents or evidence of achievement, if uploaded to the platform. This information makes it easier for the Planet 21 representative to check and if necessary correct the hotel's response. External checks are also carried out to improve the reliability of the data: some of the key actions of Planet 21 In Action have been integrated into the "Brand Essentials" control process. These are then audited by a third party during "mystery visits", to assess how well the brand's standards have been implemented by each Group hotel. 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.

2.1.8 Accor working together with stakeholders

Dialogue policy and tools

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

Stakeholder	Main expectations	Tools for dialogue, 2018 achievements and partnerships
Employee & representatives	› Worklife quality › Inclusion & Diversity › Workplace health and safety › Compliance with ethical commitments › Compensation and recognition › Training › Social dialogue › Social innovation › Accessibility › Combating harassment and discrimination	› The engagement survey is conducted every year to measure employee engagement and make it possible for each department to identify areas for improvement and action plans (page 139). › The Group has a European Works Council and a Group Works Council in France and a wide variety of ways to encourage social dialogue is in place in the various entities of the Group (page 140). › The social network YAMMER is accessible to all employees, including those in hotels that do not have dedicated email addresses or computers. › APPY is a platform that brings together mobile applications for employees that enable them to access their hotel rota, see the reviews posted by guests, access the advantages of the Bienvenue card, etc. (page 150). › Group employees receive an annual performance review with their immediate supervisors to evaluate the achievements of the previous year and set goals for the coming year (page 153). › Accor maintains and develops relationships and partnerships with more than 250 higher education institutions, business schools, hotel management schools and universities around the world (page 152). › The Group has created a "Com'Y" made up of 14 men and women who are under 35 years of age to support the existing Executive Committee. All decisions made by the Executive Committee are run by the shadow committee for their thoughts.

Stakeholder	Main expectations	Tools for dialogue, 2018 achievements and partnerships
Guests	› Service quality and guest experience › Health, safety and security › Responsible eating › Responsible product and services offering › Personal data protection › Local purchases › Accessibility	› The "Voice of the Guest" (VOG) platform collates all guest feedback for hotels, regardless of where the feedback was left. The information is presented *via* a clear, intuitive interface, using semantic category-based analysis in more than 19 languages (page 159). › The Accor loyalty club is the rewards program of the Group. It allows closer interaction with our most loyal customers. › Social Desk is a global platform to which all hoteliers can connect in order to act more efficiently on social networks, taking account of local specifics. › Accor has participated in numerous international BtoB trade fairs. These events attracted over 240,000 visitors including buyers, company travel managers, as well as the major tourist industry players. Many topics are discussed, including sustainable development. Each stand features a wall of greenery as a reminder of Accor' commitment to the Planet 21 – Acting Here program.
Partners	› Help with improving performance around › sustainable development › Management process for CSR risks and ethical commitments › Responsible product and services offering › Social innovation › Sustainable relationships › CSR and human rights	› "Portail Partenaire" is a web-based one-stop shop dedicated to Accor franchise partners. It highlights the brands and service offers available in each country and provides partners with customized information on the performance of their hotels. Over 400 partners currently use the portal. › Accor maintains close relationships with franchisee organizations and holds an annual conference for franchisees in Europe. › A partnership with TECHSTARS Paris was initiated in 2017 by the Innovation LAB team. › Accor is a partner of the "TheCamp" international campus project launched in 2017.
Communities	› Solidarity › Local employment › Combating child sex tourism › Local purchases	› Through its Plant for the Planet program, Accor has been a partner since 2012 in the Pur Projet (see below). › Accor is one of the founding members of the International Insetting Platform (page 171). › Accor has been fighting child sexual exploitation in its hotels since 2001 in partnership with ECPAT (see below). › In 2016, the Group became a member of the Board of Directors of the NGO TheCode.org, which has a Code of Conduct for protecting children from sexual exploitation in the tourism industry, and also a member of the Executive Committee for the World Tourism Network on Child Protection, a network of the World Tourism Organization (page 170).
Environment	› Climate change › Water › Biodiversity › Circular economy and waste › Energy › Nuisances and pollution	› Accor has been an official sponsor of the Energy Observer boat since 2015 (see below). › Accor has a partnership with Humane Society International, to source eggs from free-range chickens (page 187). › In 2016, the Group also entered into a partnership with CDC Biodiversité (page 171). › Following the Mantis acquisition, Accor was keen to extend the wilderness preservation initiatives carried out by this hotel chain by launching the conservation fund CCFA (pages 133 and 146).

Strong outside partnerships to extend the process

In order to provide joint responses to major challenges, Accor has entered into strong long-term partnerships:

- **ECPAT** (End Child Prostitution, Pornography and Trafficking of Children for Sexual Purposes): Accor has been fighting child sexual exploitation since 2001 through its partnership with ECPAT International, an international NGO made up of more than 100 organizations active in 95 countries.
- **Pur Project:** this organization helps businesses restore their ecosystems while enabling local communities to improve their living conditions through long-term projects. Since 2012, Accor's partnership with Pur Projet has supported the development of its Plant for the Planet program around agroforestry (see page 171).
- **Energy Observer:** since 2015, Accor has been a shareholder of Energy Observer SAS and official sponsor of the Energy Observer boat, which is used to demonstrate technology and acts as a renewable energy laboratory. The aim of the project is to involve scientists, researchers, engineers and journalists at 101 ports of call throughout the world. In parallel with this operation, Accor, mainly through its subsidiary AccorInvest, furthers the project's aims by testing the technology on board the boat in its hotels (complete hydrogen chain, next-generation solar panels, vertical-axis wind turbine, etc.).
- ***Pour une Agriculture du Vivant*:** in 2018, Accor joined the French movement *Pour une Agriculture du Vivant*, a group of operators representing the entire food chain, who have joined forces to support and accelerate the transition of the agricultural and food model towards agroecology. Through this partnership, Accor is deepening its commitment to healthy and sustainable food and has access to a vast supply chain for its 1,500 or more hotels in France. It also lends its experience of agroforestry with Plant for the Planet and its "Arbres d'Avenir" competition, launched in France in 2016.
- **International Insetting Platform:** Accor is a founding member, alongside Pur Projet, Nespresso, Chanel, L'Oréal and Kering, of the International Insetting Platform (IPI). The IPI's role is to promote and mainstream insetting by pooling the resources and supply chains of the organization's partners.
- **Community Conservation Fund Africa** (CCFA): set up by Accor and Mantis, the fund works with three leading NGOs in wildlife protection in Africa (Wilderness Foundation, Tusk Trust and African Parks) to mobilize local communities directly affected by tourism development while endeavoring to protect wildlife and biodiversity. Through the fund, Accor accompanies its development in Africa with a far-reaching operational response to the threats posed by the development of tourism to the continent's natural resources.
- **The Camp:** Accor is a partner of The Camp, a non-profit organization that supports initiatives to empower a new generation of game changers: young, human-centered risk-takers who are thinking differently, working together and inventing sustainable models for an exciting future. 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.

2.2 We strive to 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 welcome and inclusiveness, with respect for diversity that is focused on developing everyone's talents. As an employer, the Group is committed to making its employees "Feel valued". It aims to be a company that makes life and work better, a company that is open to the world and engaged in local training and recruitment, and in supporting marginalized populations.

2.2.1 Accor's employment model and human capital

Accor, a unique and evolving employment model

Accor business creates and maintains many jobs in 100 countries. As of the end of December 2018, there were around 285,000 Accor brand employees worldwide.

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

The spin-off and demerger in 2017 between Accor and HotelInvest (now AccorInvest, the Group's real estate subsidiary) followed by the transfer of control of AccorInvest in April 2018, allow the Accor Group to refocus on its core business of hotel operator while maintaining an employment policy applicable to all employees working for the brand. This has resulted in a new global social dialogue which reflects the Group's values.

Accor now has a three-pronged approach based on human rights, corporate social responsibility, and health and safety.

New roles within new businesses

Accelerating Accor's vision of augmented hospitality, the new businesses acquired since 2016 offer new solutions and services to both hotel guests and hotel operators alike. These new businesses, at the crossroads of hospitality and technology, seek to go beyond simple hotel accommodation and create value for guests in their day to day lives. As wholly owned subsidiaries of Accor, they serve all of the Group's businesses.

A dedicated team of five managers and 15 experts are responsible for developing these new businesses within Accor. The team is responsible for identifying potential acquisitions and implementing them, then monitoring their integration on a daily basis.

The Accor Group's policy of open innovation, introduced in 2017, was strengthened in 2018. It highlights the benefits of intrapreneurship while exploring new territories for Accor and attracting and retaining talent. In 2018, an initial partnership with Techstars Paris allowed three teams to be incubated until the completion of their project. This will be repeated in 2019.

The new businesses now represent 1,800 new Talents for Accor, deployed around three strategic objectives:

- new services;
- new distribution channels;
- new spaces.

See page 76 for details on new businesses.

To develop them, help is required from business experts, leading to the integration of 225 "Tech Talents" and 250 "Sales Talents". One of the major challenges for the continuation and growth of these new businesses is to identify, recruit and retain new talent. The creation of dedicated communities, like the "tech community" due to be launched in 2019, seeks to provide these employees with an opportunity to meet up, discuss issues, take part in co-mentoring, identify their recruitment needs and share these within the community.

Instilling Accor's values in these new businesses

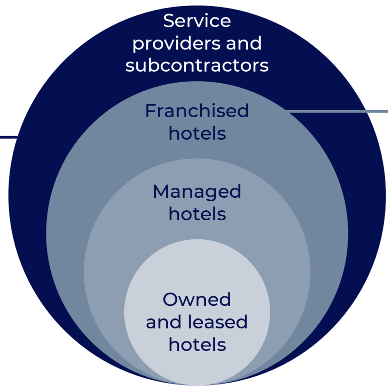
The new businesses are expected to subscribe to Accor's values and ethics and abide by its rules. They have already begun adopting the Group's human resources policies, such as Learning Development. The challenge is to allow them to become immersed in the culture of the Accor Group without diluting their own culture. In return, Accor hopes to benefit from their new mindset, agility and decision-making.

Accor and its new businesses signed mobility agreements in 2018. These resulted in five internal transfers.

The new businesses were included in the annual employee engagement survey carried out in 2018. The results of the survey will be used to develop an action plan.

INDIRECT SPHERE

Tier 1 suppliers and sub-contractors (temporary employees, laundry services, housekeeping and grounds maintenance staff, etc.), as well as the rest of the supply chain (tiers 2,3,4, etc.). An estimated 380,000 jobs are indirectly supported by these purchases.



DIRECT SPHERE

Accor brand employees (as of 12/31/2018)
- Accor employees: around 17,000 of which 1,400 at Corporate Headquarters and 4,000 in Country Headquarters
- Employees under the Accor banner managed hotels: about 200,000 of which 30,000 under AccorInvest
- Employees under the Accor banner franchised establishments: approximately 67,000 (estimate)

** Source: Accor's socioeconomic footprint, 2016.*

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

Direct sphere

Head offices and "owned and leased hotels"

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

Managed hotels

A management contract is used to standardize the Group's employment policies both collectively and individually in the managed hotels, even though the direct management of employees on a day-to-day basis is the responsibility of the hotel owners.

Franchised hotels

Accor strives to share its values and commitments in its relationships and communication with franchised hotels. The Accor brand requires those hotels (whose employees are paid by the franchisee) to adhere fully to the Group's values, in compliance with local rules. Indeed, Accor brand employees are ambassadors for the hotel brand and its values.

This is done through three main channels:

- the Accor Group Ethics and CSR commitments are shared with the franchisees from the very early stages of any arrangement before contracts are signed. A reference to the Ethics and CSR Charter has been systematically included in all new franchise contracts since 2016;
- in each region where the Group operates, franchisee conventions are held every year, with a regular focus on issues linked to the Group's ethics and CSR commitments. In France, Franchise Committees meet three or four times a year, depending on the brand, to present and make note of new developments in such areas as brand identity, marketing and Group processes;
- directors of Franchise Operations, who are in close and constant contact with the franchise operators in the regions and brands for which they act as ambassadors;
- access to dedicated content on the corporate Intranet and to the training courses provided by Académie Accor.

Talent & Culture	Sphere of influence	Page
Working conditions	Owned, leased and managed hotels	142
Employee growth and career development	Owned, leased and managed hotels Training resources available to franchised hotels	151
Social Dialogue	Owned, leased and managed hotels	140
Assessing employee engagement and well-being	Engagement survey: owned, leased, and managed hotels	139
Diversity and Inclusion	Owned, leased and managed hotels Provided to franchised hotels for their information	148
Promoting employee health and well-being	Owned, leased, managed and franchised hotels	144
Hiring	Owned, leased and managed hotels	154
The Women at Accor Generation gender diversity	Owned, leased and managed hotels	145
RiiSE Diversity Network (formerly "Women At Accor Generation")	Owned, leased, managed and franchised hotels	149

Indirect sphere

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

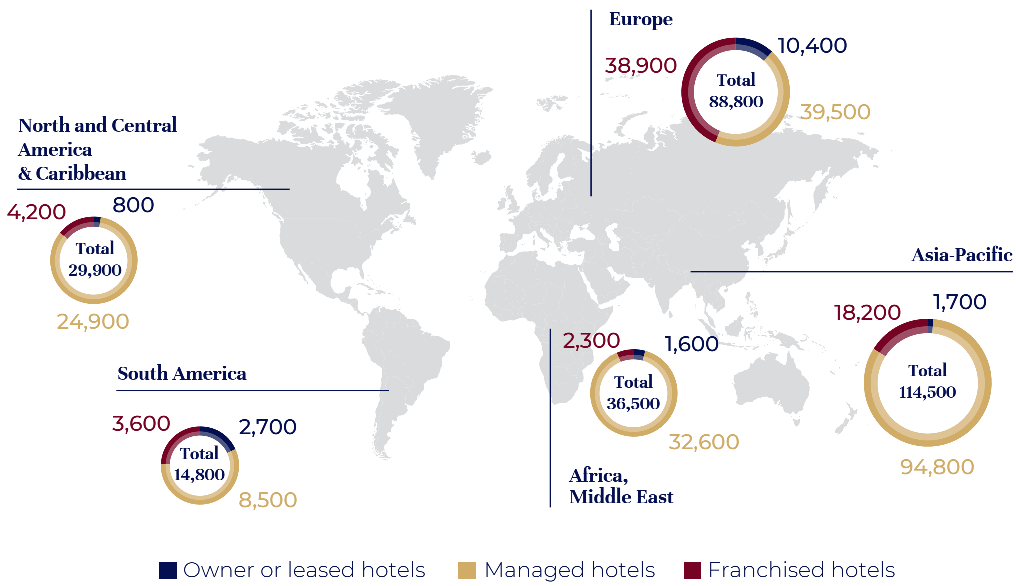
The management of labor-related and other sub-contracting risks and the procedures implemented by Accor to ensure that its commitments are shared with its suppliers and sub-contractors are described on pages 163 to 165.

Accor's human capital

Employees by region

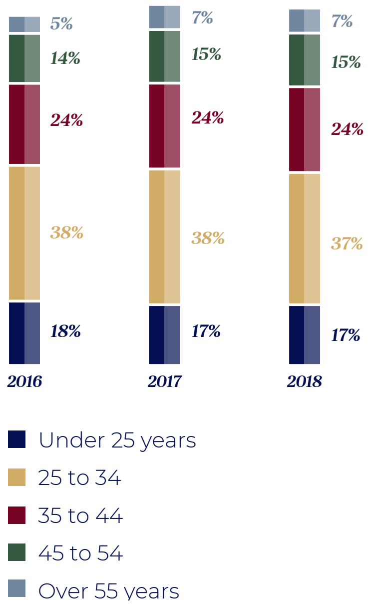
The number of employees working for Accor brands worldwide is estimated at around 285,000, compared with 250,000 in 2017. This significant increase is mainly due to the integration of Mantra and Mövenpick staff. The number of Mantra and Mövenpick employees is disclosed for information and in the interests of transparency. Given that the acquisition was only completed in 2018, the data have not been consolidated or audited.

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 17,000 employees or 6% of the total, managed hotels representing 200,000 employees or 70%, and franchised hotels accounting for an estimated 67,000 employees or 24%.



Age pyramid

Accor has a young workforce, with 55% of employees under 35.



Gender diversity

Women accounted for 44% of employees and 35% 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 148.

Hirings and separations

In 2018, 82,448 people were hired by Accor and 84,058 left the Group. The turnover rate is 36%[1].

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 has a high resignation rate, which can be attributed to various factors, including the local economic environment, Countries with strong economic development recorded higher turnover. The location and age of the hotel also play a significant role. In 2018, 56,925 employees resigned. They accounted for 68% of all separations in 2018.

Absenteeism

The number of days of medical leave per employee rose between 2017 and 2018.

Average number of days absent per employee by cause	2016	2017	2018
Medical leave	5	4.2	4.3
Workplace accidents	0.4	0.4	0.4
Unauthorized leave	0.6	0.6	0.6

(1) Calculated from the total number of people who left (except those on non-permanent contracts) as a percentage of the total workforce.

2.2.2 Supporting people through transformation

In 2014, the Accor Group embarked on a major transformation in response to significant changes in its ecosystem. The transformation was designed to rethink the guest experience, foster teamwork among employees and connect teams in the various regions and head offices.

Social innovation and collaborative work with talents and social partners are now undisputed drivers of creation and shared value for an enterprise focused on retaining its position as leader.

Accor' economic and partnership ecosystem is also experiencing major changes. Guests' expectations are increasingly diverse and demanding, new hotel concepts are emerging, the profession is changing, new businesses are appearing, traditional industry operators are merging and others are expanding.

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

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

Making the "Feel Valued" and "Feel Welcome" promises a reality in 2018

Social Innovation within Accor

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

- innovating in terms of social dialogue;
- developing our employees' skills;
- respecting and improving their working conditions;
- promoting a good work-life balance;
- promoting diversity and equal opportunities;
- supporting change, in particular the digital transformation.

As the basis for turning the "Feel Valued" promise into a reality, these principles are applied at every step of the employee's career path. Following the adoption of this Social Innovation policy by Executive Committees across all countries and regions, action plans for its implementation are in the process of being drafted at all Group levels, right down to the hotel network.

These action plans are coordinated with the Planet 21 In Action program which, in its "Employees" facet, proposes four generic actions as an operational response to the principles contained in the Social Innovation policy. The effective implementation of the Group's Social Innovation policy is measured through regular monitoring of employee engagement survey scores.

This social innovation policy seeks to enhance employee well-being and improve their day-to-day life by means of cross-functional projects. It adapts to the new lifestyles and aspirations of employees by suggesting daily improvements. In 2018, Accor worked with French higher education institutions to identify and research new technological solutions for social innovation. In the second half of 2018, eight teams of students from the École Centrale in Paris took part in an innovation competition. The winning team was chosen to work on an Accor pilot project. The competition will be held again in 2019.

Leadership Model to support a change of culture

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

In 2018, the Talent & Culture teams continued to incorporate the model into talent management processes, in particular in:

- the leadership skills checklist common to all brands, businesses and regions;
- the annual performance review so that a common language can be shared by everyone within the Group;
- the hiring process, job specifications and development programs.

The cultural transformation was also bolstered by the "Leadership in Motion" program, launched in 2017. Aimed at the Group's top 400 to 500 managers (Executive Committee levels N-2 to Hotel Managers), the program was deployed on the basis of a strong principle of diversity within training groups, *i.e.* diversity in terms of rank, gender, culture, business line and age.

As part of the Group's transformation, a two-day training course entitled "How to become a service provider" was organized for the Group's leaders on September 6 and 7, 2018 (Executive Committee, levels N-1, N-2 and N-3 and their head office and Europe teams). Staff were invited to half-day awareness courses in November 2018 to give them an insight into the Group's new business. Lastly, leaders were invited to work with their teams to identify the new challenges facing Accor. This training program will continue in 2019.

The 551 "Leadership in Motion" programs are being redefined in line with the skills framework that will be developed in 2019 and deployed throughout Accor in 2020. The aim of this reboot is to have a simpler, clearer service offering for end-users.

"We are all Heartists®": a cultural and digital transformation

Accor' business is built around quality of service and the guest experience. Accordingly, "Passionate about Guests" is one of the six values the Group shares with all its employees. The quality, enthusiasm and engagement demonstrated by employees when welcoming and serving guests represents a key link in its value creation chain. Accor guides its employees in the care of guests, whose profiles and expectations are changing, as each of them wants to enjoy a hotel experience rather than just a stay, something meaningful which allows them to act as responsible consumers.

In 2016, the "One Brand" project made it possible to define the Accor 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 – Accor is convinced 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.

With its "Heartist Journey" 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.

The mechanism for disseminating this corporate culture, launched in 2017, continued to be deployed in 2018. In 2017, a total of 600 people were trained in the Group's head offices. Following on from this, 180 "transformers" were tasked with training General Managers, with at least one "transformer" per hotel in more than 2,000 hotels. Workshops were offered to staff at these hotels. Those who took part were able to identify personal and collective transformation goals to become "Heartist®", implemented in the following month.

In 2018, new employees, for instance, benefited from a "New Heartist® Day" focused on the "Passionate about Guests" attitude and the art of being true to oneself in the way of welcoming guests.

"Feel Valued", embodied by a digital platform for employees

In 2018, Accor finalized its plan to launch a digital platform that lives up to the "Feel Valued" employer promise and supports its human and digital transformation. Due to be rolled out in June 2019, this multi-faceted platform will support employees, hotels and hotel owners in their common objective of enhancing the guest experience.

Designed as a talent engagement tool, this platform will be available as an Internet and smartphone application, through which every employee will be able to manage their profile to have a digital identity, access resources to improve their way of working, contact their colleagues or peers, highlight their achievements and be recognized for them, find out about opportunities open to them within the Group, etc.

2.2.3 Boosting employee commitment

ACTING HERE Planet 21

Planet 21 commitment: the employee engagement index increases every year

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

Designed as a space for employees to express themselves and as a means of establishing a consultative approach, this global survey contains six questions on engagement and 40 questions spread across 7 levers of action. From an operational point of view, it will enable every hotel to identify the action it needs to take to improve the engagement and job satisfaction of its individual employees.

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

In 2018, employees from owned, leased and managed hotels and New Businesses (all brands combined) were invited to complete a standard questionnaire available in 33 languages and 85 countries.

In 2018, out of the 174,333 employees approached, 159,557 responded to the engagement survey. This equated to a participation rate of 92%, up three points from 2017. The engagement rate that emerged from the 2018 global survey, including hotels and New Businesses, was 77%, *i.e.* relatively unchanged from 2017. The main drivers of engagement were found to be decision-making autonomy and good worklife quality.

The following year, after the implementation of action plans based on the results of the survey, a specific question was added: "I was able to take part in the creation of action plans in connection with this survey". In 2018, 77% of employees answered "yes" to that question, an increase of 7 points on the previous year. Part of the managers' variable compensation is subject to their involvement in the defining and implementation of action plans.

Such action plans vary greatly, depending on local contexts. For example, they include highlighting individual and collective achievements at service meetings, proposing a monthly lunch debate with a senior executive, installing WiFi in the employee rest area, proposing inter-team training, setting up a collaborative project management tool to eliminate silos, etc.

2.2.4 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. Social dialogue is one of the six key principles promoted by Accor' Social Innovation – "We encourage dialogue with employee representatives". It is crucial for the success of the Group's operations.

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 once a year to examine the Group's organization, strategy and results, as well as cross-border issues. It may also be especially convened to discuss any measures being considered by the Group. In 2018, the European Works Council met six times in support of the Booster project for the spin-off of AccorInvest. There were no changes to Accor's social dialogue forums in 2018.

In 2018, qualitative reporting concerned 99% of the hotels covered by quantitative reporting. On that basis, 67% of the hotels have an employee representative organization that meets on a regular basis. Across the Group, in units where there is no employee representative organization, employer-employee dialogue takes place in a variety of ways, depending on the contexts and cultures (*i.e.* open tables – informal round-table discussions with second-line executives, meetings with employee representatives in the hotel, information meetings concerning major projects and organizational changes, etc.).

Dialogue to support Group transformation

Numerous meetings and discussions also took place between Management and employee representatives in 2018 in support of the Booster project. Following the Booster operation, Accor kept all of its employee representation bodies and AccorInvest entered into negotiations to establish equivalent bodies. The employee representation bodies were set up in July 2018 and negotiations on how to modernize them will take place in 2019.

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

Collective agreements

The table below shows the number of collective agreements signed in 2018, by country, and the issues covered. It does not include agreements signed prior to 2015 and still in effect.

Agreements signed by country and issues

Country	Number of agreements signed	Compensation	Diversity	Healthcare coverage	Skills development	Health & Safety	Working conditions and working hours	Social Dialogue	Digital process and tools	Other issue
Germany	2	X	X	X	X	X	X	X	X	
Argentina	7	X		X	X					
Austria	3	X	X	X	X	X	X		X	
Belgium	4	X								
Bermuda	3	X	X							
Brazil	32	X								
Cambodia	1	X	X	X	X	X	X	X	X	
Cameroon	1	X								
Canada	2	X	X	X	X	X	X			X
China	11	X	X	X	X	X	X	X	X	
Côte d'ivoire	4	X		X		X		X		
Egypt	1	X								
United states	2	X		X	X	X	X			
France	55	X	X	X				X		X
Ghana	1	X	X	X	X	X	X	X	X	
Greece	1	X								
Hungary	1	X								
Indonesia	1					X	X	X		
Japan	12						X			
Jordan	2			X						
Morocco	3	X		X						
Mexico	21	X			X	X	X			X
Netherlands	3	X								X
Poland	1									X
Senegal	3	X		X		X	X	X		
Uruguay	1	X	X		X	X	X	X		
Vietnam	1	X	X	X	X	X	X			
TOTAL	**179**									

2.2.5 Pursuing our commitment to workplace health, safety and quality of life

As an employer, Accor is responsible for ensuring employee health and safety. Accordingly, working conditions remain a key concern for the Group, along with worklife quality, in order to improve employee performance.

The measures taken to improve working conditions take many forms:

- preventing accidents, repetitive strain injuries and other workplace health and safety issues, by identifying risks and deploying dedicated training modules;
- limiting the impact 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.

Managing workweek organization and ensuring a work-life balance

Working hours

Worldwide, working hours comply with ILO rules (Reduction of Hours of Work Recommendation no. 116, 1962), as well as European regulations in the Europe zone, and each country's laws and/or collective agreements. Overtime may be paid at a higher rate or taken in the form of additional time off, depending on the legislation and agreements applicable in each hotel and on the conditions defined in each employee's contract.

Workweek organization

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

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

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

Working from home

All employees of the French Hotels' headquarters and Group headquarters have the option to work from home one day a week under certain conditions. At end-2018, 26,5% of the employees concerned had adopted working from home, up from 21% at end-2017. This change is helping to bring head office employees in France into the transformation process under way; it is getting the teams to rethink their organization and work differently on a daily basis.

Coworking

The agreement signed in 2017 to promote well-being provides for a coworking scheme to be set up in France. This is a type of work organization allowing employees to work occasionally or on a regular basis from a dedicated shared space at one of the Accor coworking sites, alternating between there and periods predominantly spent at their normal place of work.

The coworking arrangements and eligibility for the scheme are laid down each year in a unilateral procedure. For 2018, the conditions were as follows:

- one full day of coworking per calendar week, in the context of regular coworking;
- a maximum of two four-hour coworking slots per calendar week, in the context of occasional coworking.

Any employee wanting to take advantage of the coworking scheme must first complete an application form The application form and the rules governing the allocation of coworking places can be found on the intranet (http://worldwide.accor.net/SiegeCorporate/Pages/SiegeCorporate/MesIndispensables.aspx).

Night work

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

This has been done in all European countries and in countries where night work is regulated (such as Brazil)[1].

Preventing workplace accidents and occupational illness and protecting health

In order to prevent and avoid workplace accidents, each company has an obligation to ensure the safety of its employees. Although the claim frequency rate is fairly low, the hospitality industry is not exempt from risks regarding health and occupational safety. Management pays close attention to the day-to-day risk of incidents and the long-term risk of musculoskeletal disorders caused by repetitive movements.

Accor takes steps to ensure the occupational health and safety of all Group employees worldwide.

(1) *According to ILO Convention 171.*

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).

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.

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 155).

In late 2018, Accor released a training video *via* the "Acting Here" app to educate hotel employees on the correct behavior, actions and posture to adopt to remain safe and in good health at work.

Preventing musculoskeletal disorders

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

Preventive measures are taken and ergonomists are brought in when furniture is being designed, hotels are being renovated, and new room concepts and themed restaurants are being created, etc. These measures are, for example, being put into practice in France where various materials are gradually being introduced: motorized trolleys to refill minibars, trolleys with removable bases for breakfast trays, dishwashers with automatic safety housings, standing seats for receptionists, anti-fatigue mats in reception areas, and even Levly® hydraulic bed-lifting systems.

Moreover, among respondents to the qualitative report, 53,126 employees underwent special training in ergonomics.

Number of employees having attended special courses in ergonomics	2016	2017	2018
Europe	5,550	5,138	6,548
Africa Middle East	6,264	5,328	5,289
Asia-Pacific	35,508	35,973	38,043
North & Central America & the Caribbean	0	2,256	2,576
South America	11,425	11,829	670
TOTAL	**58,481**	**60,524**	**53,126**

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

Workplace accidents

	2016	2017	2018
Number of lost-time workplace accidents	65,581	81,215	86,168
Number of days of absence due to workplace accidents	3,123	4,099	4,577

Lost-time injury rate and severity rate of workplace accidents

	2015	2016	2018
Lost-time injury rate	11.9	12.1	3.2*
Incident severity rate for workplace accidents	0.37	0.27	0.05*

Following the sale of hotels to AccorInvest, the consolidation of hours worked data on the extended scope of managed hotels was unable to be done this year. Frequency and severity rates shown include only Headquarters.

In 2016, the method used for calculating the lost-time and severity rates was modified. It is now based on theoretical hours worked, resulting in non-comparative data. Following the sale of hotels to AccorInvest, the consolidation of data for hours worked in the extended scope of the managed hotels was not conducted this year. The frequency and severity rates shown include the head offices only.

In 2018, Accor was saddened by the death of an employee due to a work-related accident in China, and of another ten employees killed in commuting accidents in Cambodia (two), Indonesia (four), Malaysia (one), Singapore (one) and Thailand (two).

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. Procedures are being defined for the handling of complaints against staff, stating that incidents must be reported to a senior manager or to the Human Resources Manager/Director. An identical procedure will be followed for incidents involving guests. In 2015, the European Works Council launched an initiative for the prevention of all forms of harassment in the workplace, including bullying and sexual harassment. A global action plan has been drawn up to combat harassment. An anti-harassment system was introduced based on an audible alarm, designed in partnership with an engineering college, the Talent and Culture teams (Accor and AccorInvest), the Digital teams, the Operational teams (chambermaids, room service and Hotel Managers) and in association with the trade unions.

Employees in pilot countries were issued with several tools in 2018:

- the whistle-blowing line has been open since May 4, 2018 (see page 123) and is available in 29 languages. It includes a health and safety category where employees can raise issues and concerns around occupational health and safety. It is managed by health and safety officers as part of the whistle-blowing procedure;
- in November 2018, an anti-harassment tool was piloted in France before being rolled out worldwide in 2019. Intended for hotel staff, it is designed to prevent the risk of sexual harassment.

ACTING HERE Planet 21

Planet 21 commitment: each country implements a workplace health and well-being program

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

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

In 2016, 43 countries had implemented a workplace health and well-being program. In 2017, in order to boost the involvement of the countries in this program, a toolbox was sent out, comprising a map of the main health/safety risks in the Hotel/Café/Restaurant sector, as well as a map of public health risks per major geographical area. The countries had been encouraged to define the topics of their Health and Well-Being programs, in keeping with local issues.

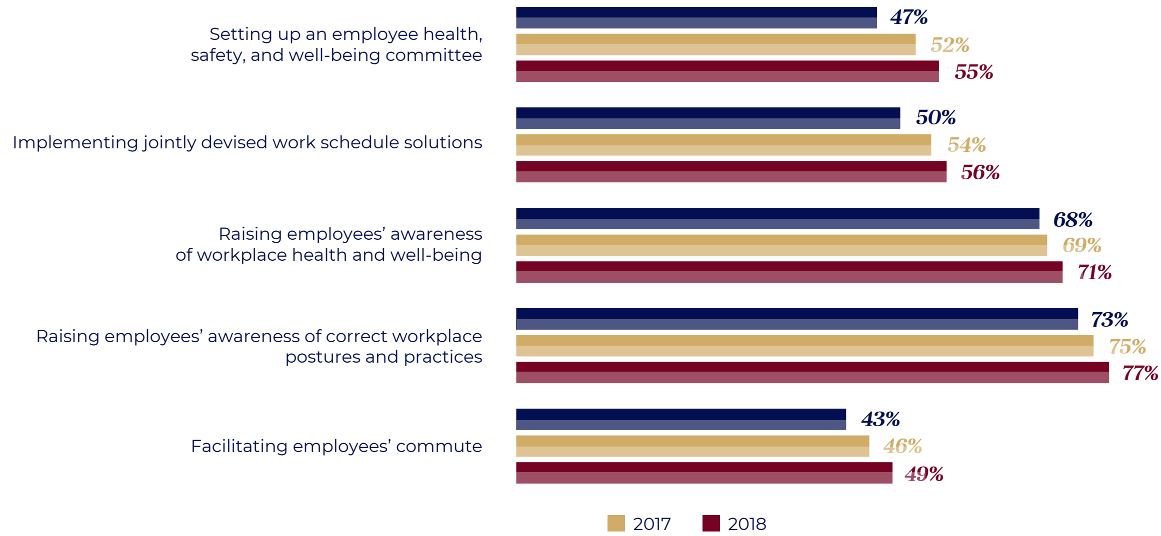
In 2018, they developed and provided their hotels with tools to support the deployment of their Health and Well-Being programs. A procedure to track the rate of deployment of each local program was set up. This makes it possible to report to hotel employees on the progress of the program set-up.

Hotel mobilization at the end of 2018

Through Planet 21 In Action, hotels are urged to implement initiatives which promote occupational health and safety and employee well-being. Accor wants to harmonize this policy at Group level over the next few years, based on the risk prevention map.

In 2018, a new employee awareness policy on "actions and posture" and "health and well-being" was implemented in hotels. This simplifies access to the information and recommendations and increases employee involvement in these areas (see paragraph on the Ethics and CSR Charter in action, on page 117).

The following chart shows the progress made in the deployment of a few of the actions implemented.



This reporting is based on the data reported by the hotels. This can lead to a certain level of uncertainty, despite the controls applied, particularly for the more complex commitments (environmentally-labelled cleaning products, environmentally responsible complimentary products, Plant for the Planet program).

2.2.6 *Recognizing and valuing employees*

Celebrating the remarkable accomplishments of the Group's employees

Every year, Accor honors employees from owned, leased, and managed hotels and the head offices for accomplishments considered exemplary and representative of the Group's corporate culture and values by giving them an award called the Bernaches. There are three types of awards: two for individual initiatives – the Gold Bernache and the Silver Bernache – and one for team initiatives – the Team Bernache. Accomplishments are assessed by a panel of fifteen judges from across the Group, based on an application file and an assessment grid containing 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 2019, the Group plans to award 15 Gold and Silver Bernaches (individual initiatives) and 15 Team Bernaches to the most successful initiatives conducted in 2018.

Compensation policies

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

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

Accor ensures that compensation policies do not discriminate in any way with regard to age, gender, nationality or any other personal criteria. The Group is also committed to compensating every employee in line with market practices, based on global and local job maps prepared for each job track and a common job evaluation method.

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 on the basis of potential and individual performance. The variable part of the annual compensation reflects their performance in meeting personal and team objectives. Over 28,000 employees receive annual variable compensation.

Since its revision in 2016, the variable compensation policy includes a criterion relating to the "Passionate about Guests" value (calculated using guest satisfaction scores) and a CSR criterion that reflects the "Sustainable Performance" value. Since January 1, 2016, it has covered team managers at headquarters (including the Chairman and Chief Executive Officer, corporate officer) as well as all members of the Executive Committee and hotel managers from Supervisors to General Managers (*i.e.* a total of over 25,000 employees across the Group).

Focus on CSR criteria in annual variable compensation

CSR and employee engagement account for respectively 10% of the variable compensation criteria, which vary according to functions or job categories:

- for operational functions, the main criterion is the hotel's Planet 21 "Bronze" level. However, at the local level, managers are free to add other criteria based on the specific priorities or issues of the country/region;
- for support functions, managers define a goal according to each business line, also drawn from a list of previously identified CSR criteria.

All base salaries are reviewed each year, on an individual basis for managers and collectively for non-managers. Across-the-board raises are defined locally, in accordance with 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 4.3 on page 331.

Information tools available to employees

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

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

Specific information may be added throughout the year if the employee is awarded fringe benefits such as performance shares, supplementary pension plan, healthcare, insurance coverage, etc.

In recent years, Talent & Culture managers have been able to attend in-house training courses on topics such as compensation policies, the job classification and evaluation method, deferred compensation systems (performance shares) and employee benefits. In 2018, 12 people were trained in this way and are now able to support the implementation of compensation policies with the teams under their responsibility. A simplified version of the same module has also been designed, enabling trained individuals to regularly update their knowledge and skills.

Discretionary profit-sharing and employee savings in France (Accor SA and SMI employees 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 2018 in France, nearly €6 million in discretionary profit-shares earned in 2017 was paid to 4,190 employees in France, representing an average net amount of €1,437 per person.

In 2018, 97 profit-sharing agreements were signed in 9 countries. This number does not include agreements signed previously and still in effect.

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 2018, 2,962 employees invested in a Corporate Savings Plan (PEEG) for savings purposes and 1,691 employees invested in a Group Retirement Savings Plan (PERCO) to top up their retirement income. Among those who invested in 2018, 1,580 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.

International benefits packages

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

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

Due to its continuous development and the integration of new companies into the Group, Accor being ever attentive to improving social protection to an international level, plans to conduct an audit of local health, welfare and disability programs in 2019.

The objective of this study, initially rolled out in 36 countries, is to understand the coverage level under the current plans in order to improve and optimize programs in line with market practices.

At a later stage, a study will be launched on the different health and retirement plans intended for international employees. The objective is to streamline and optimize the international programs currently in place in the Group.

Furthermore, agreements on healthcare and insurance coverage were signed in 17 countries in 2018 (Argentina, Austria, Cambodia, Canada, China, France, Germany, Ghana, Israel, Ivory Coast, Jordan, Kenya, Mauritius, Morocco, Senegal, United States, Vietnam). More specifically, these agreements covered death and disability (25 agreements), supplementary pension benefits (16 agreements), pension savings (15 agreements) and supplementary health insurance (20 agreements).

2.2.7 *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 commitments in 2008 is driving a variety of programs to support and demonstrate these commitments.

Initiatives designed to address four challenges

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

- corporate social responsibility: as a responsible employer, 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.

Governance and tools

Accor' 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 our diversity policy:

- fight against all forms of discrimination on the basis of ethnic, social or cultural origin, gender, age, physical characteristics, disabilities, religion, language, marital status, union membership, sexual orientation or other characteristics;
- give every employee the opportunity to succeed by placing skills at the heart of managerial and human resource policies, with the objective of welcoming, nurturing, and developing all talents in an equitable way;
- train employees and raise their awareness on diversity with the required tools and means to enable them to grasp the great value of their diversity, taking into consideration local situations;
- disseminate Accor' 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' 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 employee engagement survey measures the "Equal opportunities" index, based on responses to two questions:

- Accor promotes diversity in terms of age, gender, ethnic origin, language, education, qualifications, ideas, etc.;
- our working environment is open and welcomes individual differences.

In 2018, the "Equal opportunities" index was 86%, up 3 points over 2017[1].

Strengthen the Diversity & Inclusion Community

At the beginning of 2016, the Diversity & Inclusion community (D&I) was structured around D&I Champions. Their primary role was to roll out the D&I strategy across regions and countries and to ensure that action plans were implemented. Appointed by Operations Managers and regional Talent & Culture Heads, these Champions are the mouthpieces of the diversity initiative on local Executive Committees. In 2016, the focus was turned to sharing Accor' vision in terms of diversity and inclusion. In 2017 and 2018, each region deployed action plans focused on each of the four major priorities, drawing on their neighbors' best practices.

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, programs focused on "non-discrimination" and "diversity & inclusion", a guide for recruiters and managers, the Recruitment Charter, the Disability Guide, and gender diversity guidelines.

Promoting gender diversity and equality

ACTING HERE Planet 21

Planet 21 commitment: 35% of hotel General Managers are women by 2020

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

- equal representation of genders in management and equal pay with 35% female hotel managers by the end of 2020, 20% female members of the Executive Committee by the end of 2016 and 30% by the end of 2020;
- 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;
- a local "gender diversity" action plan suited to each country's cultural and legal context, with a "toolbox" – the gender diversity guidelines – to facilitate its deployment.

Equal representation of genders in management and equal pay

With 30% female managers at the end of 2018 in owned, leased and managed hotels, these objectives have not yet been met and have been brought forward to 2020. 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 to help high-potential female supervisors reach the level of hotel managers. These programs, which focus on leadership development, know-how and interpersonal skills, have been developed in different countries. In France, the second "Sing your way" program was held this year. In 2018, the "Women on Stage" program was launched for the first time in the Luxury segment in Europe. Other programs include: "Step Up" in the UK, "Strategic Leaders in Australia" in Australia, the "Females Leaders Development Program MEA" in the Middle-East and the "Women on the Rise Forum" in the United States scheduled for 2019.

Accor also participates in a number of inter-company leadership programs for high-potential women and men (JUMP Forum, EVE and Octave Programs), as well as those aimed exclusively at women: Women's Forum, Women In Africa, Women's Empowerment Forum in the Middle-East, etc.

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. Impact 10x10x10 is a global pilot initiative launched by UN Women that engages ten corporations, ten governments, and ten universities to improve behaviors and promote gender equality worldwide.

Every year, an annual report is drawn up by HeForShe and Accor has participated in drafting all Parity Reports created since 2016. As part of its HeForShe commitments, Accor undertakes to reduce the gender pay gap. Every year, an equal pay analysis is performed by the T&C and Compensation & Benefits teams. An action plan is conducted to address any gaps.

On December 4, 2018, at the initiative of Accor, EY and L'Oréal, thirty companies, including Accor, signed a joint undertaking to fight against everyday sexism at work. The aim of the #StOpE initiative is to share and promote good 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.

For leadership training programs, increased attention is paid to female participation.

In 2018, Accor 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.

(1) The index modified in 2018, is based on two questions "Accor encourages diversity (e.g.: age, gender, ethnic background, language, training, qualification, ideas, etc.)" and "My company helps its employees in their learning and development".

Raising the awareness of male employees and fostering their support for gender diversity

The Group has set itself several targets:

- 35% male members in the gender diversity network.

  The WAAG, created in December 2012 and which became RiiSE in October 2018, is an international network present in over 100 countries. In October 2018, the RiiSE network had over 14,000 members worldwide, including 42% men, and the mentoring program had 900 pairs;
- 50,000 employees involved in the HeForShe movement by the end of 2020.

Percentage of women payroll and non-payroll employees

	2016	2017	2018
Total women	46%	44%	44%
Managers	42%	42%	42%
of which Hotel General Managers	*27%*	*29%*	*30%*

Integration of people with disabilities

Accor is a pioneering member of the ILO Global Business and Disability Network. A United Nations initiative which, since June 2011, has brought together multinational companies committed to including people with disabilities in the workplace. In October 2015, 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. Through this network – which Accor vice-chaired in 2017 and will chair in 2018 – the Group is continuing to share good practices with members. At the 5th annual congress of the ILO, held in 2018, Accor presented the "Jaccede Challenge" organized at the international level and in which employees of the Group had an opportunity to participate in the context of the International Day of Persons with Disabilities in 2017. With competitors from the Group's seven operating regions across the globe, this challenge consisted in recording hotels and sites' accessibility in the "Jaccede" and "Jaccede Challenge" applications. Over 900 participating employees recorded 12,593 accessible sites.

From December 3 to 7, 2018, Accor celebrated the International Days of Persons with Disabilities. The International Day of Persons with Disabilities is officially celebrated on December 3 in the world. The topic this year focused on invisible disabilities. During that week, events and workshops were organized in hotels and at Group headquarters. At the global level, Accor launched a photo competition on the topic of invisible disabilities, with the participation of all regions.

On April 26, 2018, Accor participated in the DuoDay, a national day during which French companies welcome people with disabilities to spend the day with them. Ten people with disabilities had the opportunity to share the work and tasks of employees at the headquarters.

On September 16, 2018, the first edition of the "Ensemble" race was held. This is an innovative inter-company race created at the initiative of Accor to change people's attitudes towards disability. Each participating team complied with gender parity and included one person with disability.

In 2018, the hotels owned, leased or managed by Accor employed 1,742 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.

Signed by Accor and all employee representatives at the beginning of 2018, 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, the Disability Project adopted several measures to promote the integration of people with disabilities, in line with each of the objectives set forth in the Group agreement. At end 2018, Accor reached the quota of 4.4% of employees with disabilities in France[1].

Lastly, in France, Accor purchased about[2] €1.50 million worth of products and services in 2017 from organizations that help disabled people back into work and sheltered employment enterprises such as: Handiprint, Atelier Garlande, Séquences Clés Productions, JOAM, CEDATRA, ATF GAIA, etc.

Promoting cultural diversity and combatting discrimination

Since 2017, Accor has made major efforts to promote diversity and combat discrimination, particularly in France. At end-2018, a large part of the action plan defined by the Group had been implemented:

- diversity and non-discrimination awareness-raising sessions (face-to-face and video) for Operations Managers, recruiters and Hotel General Managers: a video to raise awareness of unconscious biases & stereotypes is broadcast since 2017 by the Diversity & Inclusion Champions network at numerous Executive Committee meetings and team meetings;
- set-up of a whistleblowing system on the Accor Jobs website;
- creation of a practical guide and pocket leaflet on recruitment without discrimination, distributed to hotels managed in France and accessible on the website for other hotels;

(1) The figure for 2018 includes the results of Accor, AccorInvest and Adagio

(2) Accor publishes 2017 data as 2018 data are not available.

- creation of an e-learning course with a Diversity expert and Académie Accor in France on the essentials of non-discrimination, available to all recruiters since mid-October 2017;
- set-up of a working group coordinated by diversity experts to deal with discrimination issues in all Talent processes, composed of trade union representatives and operational employees.

This action plan – presented to the Accor European Works Council – is monitored by the Executive Committee in France.

For the Group, an e-learning course on Non-Discrimination/ Inclusion will also be rolled out in 2019.

As part of the PAQTE (a pact to promote the social inclusion of children living in disadvantaged neighborhoods through integration in big companies) signed with the French State in July 2018, aimed to promote equal opportunities in QPV (the city's disadvantaged districts), Accor has undertaken to take on 500 trainees in ninth grade from REP REP+ (priority education areas/high-priority education areas), per year over three years. The first batch joined in November 2018. Accor also works jointly with local associations to allow young students in ninth grade do their work placements in hotels and at the headquarters in Issy-les-Moulineaux and Évry (France).

For the first time, Accor celebrated the Diversity & Inclusion Week from June 18 to 22, 2018 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 our hotels and headquarters across the world during that week.

Promoting intergenerational diversity

A pilot intergenerational program was launched in 2017. The principle behind it was the following: two-person teams consisting of a "Smart Digit", who is passionate about new trends and digital technologies, and a "Smart Leader", who lives the Accor culture on a daily basis and wishes to share his professional experience, share their respective knowledge between them.

50 two-person teams took part in this first pilot program, which proved to be a positive experience:

- 73% of participants would like to have access to a co-mentoring platform to enhance their experience;
- 87% of participants would like the program to be repeated;
- 96% think that the program should be rolled out on a larger scale at Accor.

Given those good results, the Group launched a digital platform called Co-mentoring in February 2018, with the goal of rolling out the program worldwide. At the end of 2018, there were more than 900 users across the world.

2.2.8 Facilitating digital transformation and supporting social innovation

Support employees in the digital transformation process

Knowing that the success of its transformation is only possible with the right level of support (technological tools are merely "facilitators"), Accor introduced a dedicated Talent & Culture team in 2015 to support digital transformation, working closely with local Talent & Culture teams in contact with the hotels. The digital platform launched in 2019 will give everyone access to training and make training more mobile (see below).

Digital plan projects will be phased in after they have been tested in some 30 hotels, the "Hotel Labs". These hotels have been selected from all brands, sectors, and regions and will have 45 days to implement the project and to feed their impressions, problems, successes, and suggested changes back to the support teams. The aim is to be as pragmatic as possible and to offer the teams concrete suggestions.

2018 was dedicated to the preparation of a new digital platform which will be operational in 2019. This global system was designed on the basis of an agile method, jointly developed with all employees, hotel managers, regional managers, the human resource function and operational staff. The platform will be rolled out in two phases: in February 2019 for the recruitment part (Talent acquisition) and in June and July 2019 for the platform's other functions and the mobile application. It will cover three areas:

- **the recruitment and mobility management process,** from the point of view of human resources, the manager and the applicant, which will be computerized. A new career module will be added to the recruitment management module. A mobile application will be available for employees to get information on available jobs and to apply;
- **Talent management** to manage performance, career development, succession plans;
- **Learning and e-learning,** which will host Accor's entire training offer available in the world in all functions and for all employees.

This new platform will improve the performance of Talent & Culture and help Accor employees share and promote their knowledge.

Digital tools to support employees: the Employee-Friendly program

The "Employee-Friendly" program, one of nine digital plan programs, is geared towards the teams themselves and aims to help employees through the digital changes. This led, in particular, to the deployment of the applications platform (APPY) dedicated to hotel employees, enabling them to access their hotel schedules *via* their own smartphones (STAFF HUB application created in collaboration with Microsoft), as well as view the comments and reviews posted by guests during or after their hotel stays (Trust you Radar), access the advantages of the Bienvenue card, get training *via* Digit'all (a digital acclimatization e-learning course), share best practices on the guest experience (CXC platform), put forward ideas for digital innovations for field staff, etc. At the beginning of 2018, a carsharing module was tested in the Paris region. APPY is currently being deployed worldwide.

2.2.9 Learning solutions key to skills development

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

A "Learning & Development" strategy to accompany Group changes

Accor' Learning & Development strategy is designed to support its transformation. With a focus on continuous learning, it aims to provide employees with the means to become more autonomous, embrace the continuous learning culture, and develop their skills in order to keep up with constant changes. The undertaking: "Everyone at Accor has opportunities for lifelong learning. Everyone feels valued."

The new strategy sets out a shared global framework, which takes account of regional characteristics and promotes the Group's "Learn local, think global" philosophy. The strategy is intended to help Accor meet its current and future learning needs, implement its digital development, continue to innovate and adapt to the fast-moving environment. It is designed to be inclusive and attractive to all generations. It also aims to support the Group-wide establishment and dissemination of the new shared Leadership Model and corporate culture – "The Heartist® Journey". Thus, in France, a "Service Culture and Management Culture" transformation course is offered by Accor Académie.

A project for the total reworking of the L&D strategy was launched in 2017 based on the information collected on the expectations of trendsetters and training program users. The transformation plan was developed in 2018. It provides a streamlining from 18 academies currently to five regional academies. The 2018-2019 period will be dedicated to the detailed development of the training programs.

Accor Académie, supporting and structuring the Learning & development strategy

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

Accor Académie is a dedicated training center for all Accor employees, regardless of job family, educational background, position or seniority. This means that all of the owned, leased, managed and franchised hotels have access to the courses, which may be tailored to the specific needs of each hotel's management structure. Accor Académie is an international and interdisciplinary organization created to support the changes within the Group, help it develop its talents and share its culture, disseminate its values and guarantee that its global procedures are properly implemented.

To disseminate the learning culture and make each person autonomous in their learning and knowledge-transmission actions, Accor Académie provides a real trainer development program: the Learning Campus. It is aimed at all employees and offers diverse tools and content to support them in all their efforts to pass on know-how or skills ("making a training video", "understanding ways of learning", "holding a virtual class", etc.). Within this course, the Trainer Pass is a training program offering three levels of accreditation: "Facilitation", "Content Creation" and "Coaching". Some 1,000 certified trainer-managers help to dispense brand and Group training and spread the culture.

2018 was also marked by the continuation of the Leadership in Motion program, described on page 138. 25% of the 1,550 training modules, *i.e.* 387 programs, are dedicated to leadership and are updated on a regular basis. Eventually, this number will be reduced to some thirty modules, as part of global leadership programs, jointly developed with the regions in order to ensure better content, including the Group strategy and the Heartist program®.

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

Managers also lead training sessions, for example during the induction process or concerning brand-specific issues. These sessions are designed to have a direct impact on service quality and spirit and attendance is mandatory. Accor managers deliver 72% of all training hours.

Training	2016	2017	2018
Training hours *(in millions)*	3.1	3.9	4.3

Enhancing professionalism in every job family

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

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

- **Revenue Management:** the goal of the Business Campus intended for revenue managers is to enhance the capabilities of revenue managers and operational teams who help to optimize hotel revenue, such as General Managers.
- **Sales:** the Sales Campus program, integrated into the Accor Académie in 2019, aims to ensure that the sales teams create added value for the guests as well as for the hotel partners. Through a methodology which is common to all sales approaches, the teams will be able to contribute to the optimization of the hotels' results. This program is available as a variety of modules, meeting the requirements of all employees who are in contact with guests, including the Hotel General Manager, the head of bookings, the person in charge of banquets, as well as the sales representatives in charge of customer acquisition and customer relations.

Fostering partnerships with educational institutions

In all the countries where the Group operates, Accor has always maintained close relationships with educational establishments through institutional partnerships and the development of joint projects. The Group collaborates with over 250 educational establishments, schools and universities, covering all levels and specialization areas, ranging from vocational training in hotel schools to university doctorates. The Group's collaboration involves exchanges with a broad range of schools – from high-tech to janitorial services. Both short-term and long-term partnerships are targeted.

Regular visits are organized in the establishments and the Group is present in various student forums. It also welcomes student groups in its hotels worldwide to introduce them to the jobs and opportunities offered by the hotel industry.

Special partnerships are formed with various establishments. In France, they include IAE Savoie-Mont-Blanc for revenue management, Institut Paul Bocuse for various training courses, the Angers University (Esthua) for cooperation in Group projects (research, competitions and conferences), as well as partnerships with top-rate higher education establishments such as the Sorbonne University, Sciences-Po, and ESSEC. At the international level, partnerships are formed with establishments such as École Hôtelière de Lausanne, Sommet Éducation, SEG, Cornell University, Ryerson University, ITHQ, Beijing Hospitality Institute, Hong Kong Polytechnic University, Nanyang Business School, Blue Mountains International Hotel School, RMIT in Vietnam and numerous others.

Moreover, initiatives are conducted with students such as challenges taking place on social media or conferences broadcast on Facebook Live with the participation of the Group's senior executives, and original recruiting events such as "speed meetings", "open doors recruitment", "simulation lab", etc.

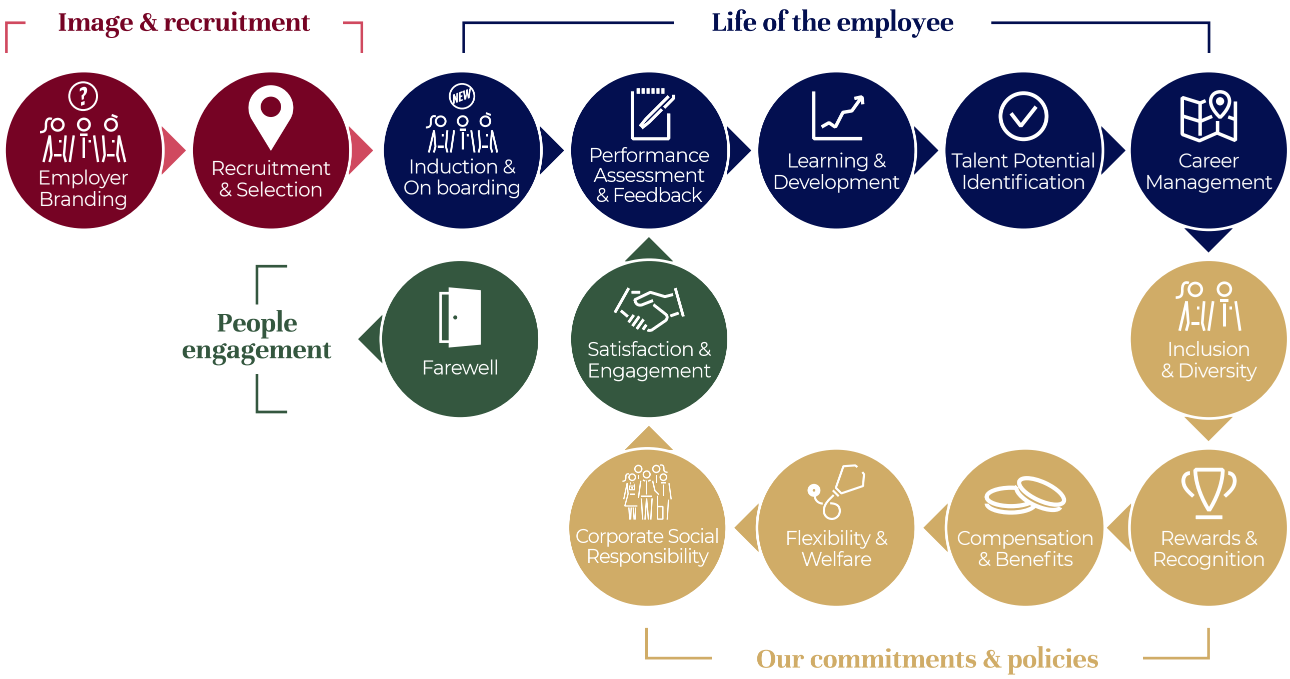
These diverse initiatives conducted worldwide create a tight-knit web of relations attracting numerous young people to the Group's professions. To cater for the Group's strong growth, the acquisition of young talents is at the heart of Accor' Talent & Culture strategy.

2.2.10 *Supporting employees throughout their career paths*

Accor looks after the 285,000 Talents who work under its banner very well. Talent management is at the heart of the Group's culture, with a simple but ambitious objective: that each position in the Group is held by the right talent so that, together and individually, we can offer the best guest experience. Accor is committed to supporting its employees throughout their careers within the Group.

Talent Journey: a systemic approach to employee career paths

Mirroring the "Guest Experience", which guides all of the Group's reflections and its 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 now key to all of the Group's discussions on how to support employees.

To the extent possible, the Group's talents have a yearly performance and development interview with their leader. This review is an opportunity to listen and exchange, discuss the past year's results, and set bonus-related objectives for the coming year. It also gives employees an opportunity to express their career goals so that an appropriate development plan can be prepared. The performance and development interview is based on the Leadership Model. Its procedures are common across all the Group's entities, and it gives a clear and consistent vision of what is expected from each talent to satisfy our guests' requirements, whatever the talent's position in the Group is. It is the benchmark for all the stages in the employee's career. It will be enriched in future years by feedback from "peers".

Talent Farewell: a new questionnaire for those leaving

A new questionnaire which is completed by all employees who leave the Group was rolled out in 2018. Accor wishes to improve its action to keep its talents and this questionnaire is a tool to identify their motivations. Upon their departure, employees respond online to questions in this confidential survey. It contains thirty questions relating to their experience with Accor and the reasons for their departure. Since it was launched in May 2018, 2,300 questionnaires have been completed.

Preparing the next generation of managers

Accor' Talent Review process is an essential part of the Talent Management process to support the deployment of the Group and its talents, especially since at this time, its business model is being radically transformed. This process is based on the performance and potential assessment of each talent during his or her performance and development interview. It is supported by an approach and tools that are common to all Group entities and places special emphasis on gender equality. In 2018, 13,000 managers were integrated into this process. The Group is working on setting up a digital solution to track Talents online. The Group is striving to meet its goal of including all employees in the evaluation by 2020.

The Talent Review 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 and provides the Group with perspective on its pool of leaders and future leaders.

Inspire, a new program to identify high potentials was launched to attract the best students in hotels of the Group and give them the possibility to extend their career after completing their qualification with Accor. Launched in August 2018, this 18-month program will welcome its first participants in 2019. The objective is to identify in each hotel one talent who has the profile of a future manager or Hotel General Manager. The program will replace the "high potentials" program existing in some Accor hotels.

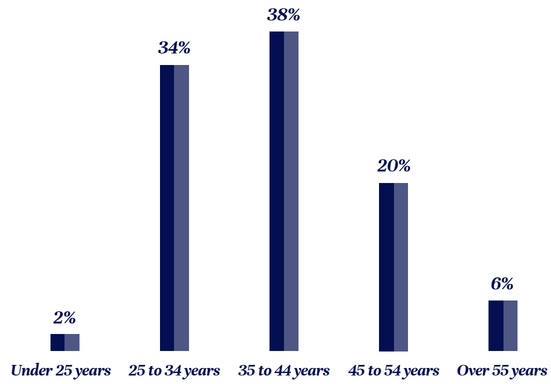
In terms of hiring, Accor developed these processes and tools in 2018 with the aim of fulfilling managers' specific needs within the context of the Group's rapid transformation. In terms of hiring, digital tools and innovation will also be harnessed to provide efficient services to improve the applicant's experience as well as that of the manager responsible for doing the hiring. With this in mind, a dedicated project team has been charged with defining the Group's future hiring strategy, in view of the rapid growth and societal changes under way. The first actions have focused on aligning the recruitment processes across all Group entities. The Talent & Culture Platform that is being designed will ensure that efficient, professional and "guest experience" oriented hiring processes are established.

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

In May 2018, Talent selection, a new selection process for managers in the regions and at headquarters was launched. It introduces a forward planning of skills and talents within Accor. In July 2018, a similar process was implemented in luxury Accor hotels. Between May and September 2018, 700 persons had followed the program, which will be extended.

A number of other projects will be launched in 2019 in connection with the new Talent&Culture digital platform.

Age pyramid for managers at Accor hotels in 2018



Promoting international mobility

With operations in 99 countries, Accor offers employees a wide range of international career opportunities. Talent & Culture teams and mobility experts are dedicated to supporting cross- border mobility by identifying the appropriate profiles, managing paperwork and practical issues, and ensuring compliance with Group mobility guidelines. They also ensure that the regions swap with one another in order to ease the inter-regional mobility flow: to this end, common tools were circulated in 2017 and conversations around mobility were reinforced between the regions.

2.2.11 Planet 21 commitment: employee awareness of the group's high level of CSR commitment is increasing

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

As part of the Planet 21 overhaul in 2016, 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 has grown considerably since 2015.

	2016	2017	2018
The Group's CSR index	76%	81%	83%

To increase its CSR index, the Group gives visibility to its commitments and gives all employees the opportunity to get personally engaged or to share best practices and social initiatives, be it within the context of Planet 21, Accor Solidarity, or *via* very local initiatives. In 2018, the Group launched a mobile application "Acting Here", in French and English, focused on teaching about sustainable development and employee involvement based on simple and concrete eco-friendly behaviors.

The app was also launched on Planet 21 Day 2018. The hotels, highly committed to the challenge surrounding the celebration of April 21 in the Group every year, were invited to download the app to post their initiatives on this year's theme "Every Eco-Action Counts". The initiatives were posted in one of the nine categories offered in the application, on which the Group has chosen to focus awareness creation in the first years: water, energy, food, resources, waste, transport, health & wellness, chemical products and safety. More than 500 initiatives were posted by hotels in 43 countries and these were then put to the vote on the "Green Stars" platform open externally. A total of over 43,000 votes were recorded on the platform.

The application Acting Here uses "gamification" techniques to encourage a maximum number of employees to get involved, at work as well as at home. From May to December, five themed campaigns were conducted, starting with "Les Essentiels": 20 behaviors that the Group would like to become entrenched habits for its employees (not letting water run uselessly, shutting off the light when leaving a room, etc.). This first campaign also focused on awareness creation among employees on the issues of sustainable development in general and on the Planet 21 program of the Accor group. The following campaigns focused on water, waste, food and safety. The 2019 campaigns will focus on chemical products, the conservation of resources, energy, health, amongst others. 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. At the end of 2018, employees of the 580 hotels in 75 of the 100 Accor host countries had participated and over 640 good practices had been shared.

In 2019, Accor plans to roll out the application in eight more languages: German, Arab, Chinese, Spanish, Italian, Dutch, Portuguese and Russian in order to make it accessible to more people. A working group was also set up, tasked with continuously enhancing the attractiveness of the app. This will also be included in the orientation program of new recruits and will be directly accessible on the Gaïa home page. Lastly, the Group plans to carry out an internal communication to make Acting Here better known.

2.3 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, irrespective 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.

2.3.1 Leveraging the positive impact of Planet 21 – Acting Here

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;
- **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.

Planet 21 commitment: every year, one major innovation to interact with our guests around sustainable development

The major innovation for 2018 deals with the fourth step of this strategy, "Involve", and aims to create a community of strongly committed guests with whom the Group will be able to co-create and co-innovate to provide sustainable responses to the world of the future. This innovation consists in transforming the Accor loyalty club into a pioneering loyalty program set apart by its engaged and engaging approach. This transformation involves the three key aspects of the loyalty program: earning points, using points, and receiving personalized attention:

- **earn for good:** Guests are encouraged to adopt ecofriendly behavior and are rewarded with loyalty points. In 2018, a few ecofriendly actions were already earning points: participating in a quarterly photo challenge on responsible eating and choosing reduced cleaning services during a stay. In 2019, guests will be able to choose a hotel that has achieved a minimum of Planet 21 bronze status, or they may opt to stay in a "My Green Room" and receive personalized attention in return;
- **burn for good:** For several years now, guests have been able to convert their 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. They can now participate in Green Elite Experiences (a day at sea on the Energy Observer, a day with a committed wine-grower, survival training with the Bear Grylls Academy, etc.) or Green Dream Stays in Fairmont hotels offering a new experience focused on environmental preservation: spend a day on an organic farm, stay in a biodiversity preservation area or an archeological site, etc. Beginning in 2019, other experiences will be offered such as visits to the Plant for the Planet plantation, new interactions with Energy Observer, and even stays in Mantis brand ecolodges in Africa (see box);
- **green soft benefits:** a range of special personalized guest services offered based on loyalty status is under development (*e.g.* complimentary welcome drink sourced from the hotel's organic garden, etc.).

Accor and Mantis are creating the Community Conservation Fund Africa

In 2018, Accor acquired a 50% stake in the capital of the South African group Mantis, whose hotel services are entirely dedicated to the preservation of wild spaces in Africa, environmental protection, and positive interactions with local communities. Along the same lines, the acquisition of this stake was accompanied by the launch of a non-profit organization, Community Conservation Fund Africa (CCFA), aimed at expanding the engagement of the two groups in combating the decline in African wildlife with the help of three of the top NGOs in this field: the Wilderness Foundation, Tusk Trust, and African Parks. During the first year of its existence, this fund was awarded €600,000 by Accor and Mantis, which will be allocated to projects supported by the three NGO partners.

This transformation of the Accor loyalty club was managed as a pilot in 2018 and has confirmed the interest guests (it has over 50 million members) have in this type of co-engagement with the Accor brand. The feedback of Accor loyalty club members is very positive, as is their strong mobilization around the 10th anniversary of Accor Solidarity's call for projects, offering them the possibility to ask for financial support for the association of their choice.

This represents a stepping stone in the deployment of substantially more ambitious measures in 2019. Accor's objective remains to establish its position as a driver of change by involving customers in meaningful experiences.

The "Give a Tree" operation, the major innovation for 2017, has become a recurring initiative

The "Give a Tree" digital platform, launched in November 2017, enables internet users to finance agroforestry projects deployed by the Group along with Pur Projet. Contributors receive a certificate for their trees and can follow the project and its progress (context and targets, photos, videos, GPS coordinates of the plot). Guests are targeted by regular campaigns to encourage them to participate (Christmas, Mother's Day, Father's Day, etc.).

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. This is why, 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 deployment of communication and awareness-raising tools continued in 2018 as exemplified by the adaptation of "in hotel" communication media to the brand identities of Fairmont, Swissôtel, Raffles, etc. Beginning in 2019, local versions of the bathroom signs proposing that guests reuse their towels several days in a row will be available in the hotels. For each of the 28 countries with a local Plant for the Planet project, the printed card will feature a photo of the planting site, as well as description of the project, its location and benefits. This means that guests will be able to instantaneously visualize the benefits of their donations.

For the second year in a row, Accor has invited its guests and other communities to participate in the Green Star Challenge (see Section 2.3.11. The Planet 21 commitment: employees' perception of the Group's high level of CSR engagement is increasing).

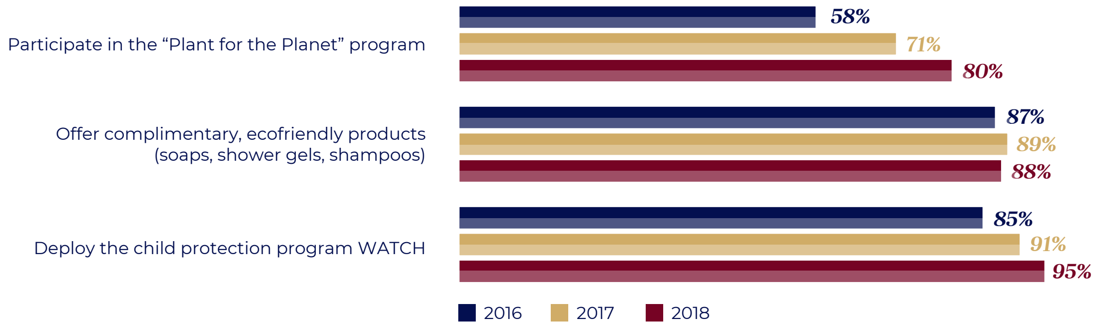
2.3.2 *Creating sustainable best practices in hotels*

Planet 21 commitment: 100% of our hotels implement the 16 mandatory actions of Planet 21 In Action

In order to ensure that the minimum development requirements are being respected across its entire network, Accor has defined 16 actions (corresponding to the Bronze level) that all hotels must have implemented by 2020.

These 16 mandatory actions cover the "basics" of the Group's sustainable development process since its beginnings, and its primary ambitions, over and above mere compliance with regulations. The list of the 16 mandatory actions and their adoption rate in 2018 is presented in the appendix on page 197. Also, at the end of 2018, 77% of hotels had implemented the 16 mandatory Planet 21 actions. This very 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:



This reporting is based on the data reported by the hotels. This can lead to a certain level of uncertainty, despite the controls applied, particularly for the more complex commitments (environmentally-labeled cleaning products, environmentally responsible complimentary products, Plant for the Planet program). In addition, the accounting method for hotels participating in the Plant for the Planet program has changed since 2017 (see methodology note).

2.3.3 *Favoring ecofriendly products*

Planet 21 commitment: the 10 key product families in our hospitality offer are ecofriendly

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 challenge is environmental, so we use products made with less material, energy, or water or products made from recyclable materials. But there is also a health dimension since paints, carpets, cleaning products can be the source of harmful chemical emissions into the air.

In order to roll out this approach across the board, sustainable development criteria have been defined for the ten key product families with the internal teams (sustainable development, procurement, design and marketing). Suppliers and external specialists have also been consulted on some products. 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 selected by Accor. Some of the other criteria identified are: a ban on certain chemical substances, the use of recycled materials, integration of ecodesigned elements, the ban on live plucking to make duvets etc.

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

Accor has promised that, by 2020, all new products (developed internally or referenced from external suppliers) associated with these ten product families will always meet ecoresponsible 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 ecoresponsible criteria are properly integrated into the products that are offered to hotels *via* the head offices. 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.

A new Accor commitment to reducing plastics in hotels

In July 2018, the Accor Group announced the launch of a worldwide plan for the proactive reduction of plastics in its hotels based on initiatives already in place throughout the Group. In practical terms:

- Accor will eliminate plastic straws and stirrers by the end of 2019. Substitute products may be provided at guest request and will have to be ecofriendly;
- Accor will replace plastic cotton swabs with cardboard swabs by the end of 2019;
- the Group is also encouraging its hotels to gradually replace other disposable plastic products (plastic bottles, plastic laundry bags, disposable plastic cups, articles individually wrapped in plastic such as toiletries kits, accessories, etc.) with more ecofriendly solutions.

As of year-end 2018, 51% of the hotels had proposed an alternative to plastic water bottles.

Hotel mobilization at the end of 2018

By way of illustration, the Sofitel brand introduced a bed that meets ecoresponsible criteria in 2018. The box springs and mattresses are manufactured with wood from sustainably managed forests (FSC label), the springs are not galvanized and the fabric bears the Oeko-Tex® standard 100 label, guaranteeing the absence of harmful substances. Duvets and pillows also meet the following criteria: covered in fabric labeled Oeko-Tex® Standard 100, filled with recycled material (PET from plastic bottles).

Other examples include: the Novotel brand, which is continuing to deploy the N'Room as its hotels are renovated. The N'Room will be fitted with complimentary ecolabeled complimentary products, ecolabeled paintings and carpets, pillows and duvets made from recycled materials, ecological bedding, LED lighting and water saving equipment.

Flying Nest is being set up in Avoriaz for the winter season

In 2018, Accor continued the installation of Flying Nest: a mobile housing solution with a reduced environmental footprint offering an experience combining comfort, well-being and closeness to nature. Made from recycled maritime containers, these hotel rooms include different spaces and fittings adapted to guest needs, designed to respect the environment (ecofriendly materials, reduced energy consumption, etc.), as well as a traditional bathroom with a shower featuring a conspicuous lighted indicator showing water consumption.

Accor is also testing the inclusion of major circular economy principles in a new room design for its ibis brand: by respecting the product's lifespan, the room has been designed to undergo more frequent renovations with a lower environmental footprint thanks to a more modular design and fittings. Furnishings are selected locally whenever possible. Transformable and/or recycled materials are given priority and the design has been made more scalable using simple and mobile furnishings.

For furniture, the Procurement teams comply with a key criterion on the origin and sustainability of the wood: (wood with FSC and PEFC sustainability certification). To date, these newer channels have not yet identified solutions to alleviate the impacts of glues and varnishes.

In November 2018, Accor decided to slow the European deployment of ecofriendly bedding. The main reason is the difficulty in obtaining buy-in from laundry professionals, who represent an essential link in the ethical ecosystem and are vital to the project's success. Accor, alongside local teams and operators, is continuing its search to find solutions for the long-term implementation of this innovation.

Key product family	Defined ecofriendly criteria	Level of deployment in hotels 2017	Level of deployment in hotels 2018	Progress og goal
1. Soaps, shampoos and shower gels	Ecolabels or no controversial substances	89%	88%	✓
2. Cleaning products	Extremely concentrated (reduction of plastic waste) and eco-labeled (reduced environmental impact) products	96%	98%	✓
3. Bed linens	Sustainable labels, ecodesign (ecru linen, see box below)	N/A	N/A	-
4. Hand towels		N/A	N/A	
5. Bedding: duvets/pillows/box springs and mattresses	Recycled materials, standard 100 OEKOTEX label, cruelty-free, VOC test, ergonomic	40%	42%	✓
6. Single-use products; toilet paper/ hand towels/paper towels/trash bags/ cardboard cups/plastic cups	Sustainable fiber with FSC/PEFC label or recycled (for toilet paper, paper towels, paper napkins) Recycled or composite material for plastic products	40%	56%	⇧
7. Printing paper	Durable fiber with FSC/PEFC label and/or ecolabel and/or recycled	41%	62%	✓
8. Paints	Ecolabels	23%	35%	✓
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	34%	39%	⇧
TOTAL				**06/10**

✓ Target reached or exceeded.

⇧ In progress.

This reporting is based on the data reported by the hotels. This can lead to a certain level of uncertainty, despite the controls applied, particularly for the more complex commitments (environmentally-labeled cleaning products, environmentally responsible complimentary products, Plant for the Planet program).

2.3.4 A guest-centered culture

Letting guests be the judge

A good indicator of the extent of the Group's cultural transformation is the fact that the Group has made the guest the main judge of its performance and the performance of its hotels. Although compliance with standards and spirit of service are still levers of success, from now on, the only indicator that truly matters is customer satisfaction.

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

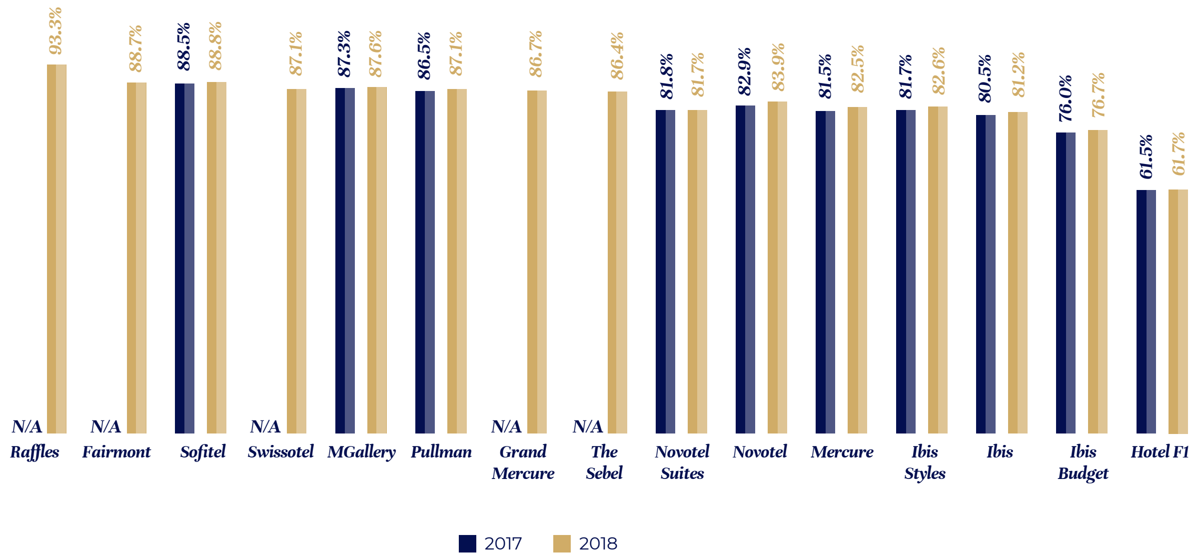
- access all guest feedback, whether solicited or unsolicited (in particular, spontaneous comments on social networks), *via* all channels;
- share feedback with employees;
- give each hotel the possibility to manage its e-reputation, by interacting in a swifter, more direct, and more flexible manner with guests;
- compare reviews received by Accor and its competitors and thus highlight the strengths of the Group's hotels when guests make comparisons;
- contribute to the natural indexing of Group hotels and help them to optimize their presence in the various media.

By the end of 2015, 100% of Group hotels (leased and managed) managed their e-reputation online, in line with the objective. An e-reputation score target was set for every hotel, which now represents the evaluation indicator for the hotels. Since 2017, VOG has included questionnaires for two of the three categories of Meeting & Events guests (buyers and planners). Questionnaires on the Well-being/ Spa experience are being rolled out as well as for F&B services. Finally, guest reviews of the Group are directly accessible on the accorhotels.com booking site and not only on comparative platforms.

Net promoter score by brand in 2018

The RPS (Reputation Performance Score) has been the main indicator for tracking guest satisfaction since 2016. The Group also continues to monitor the percentage of satisfied and very satisfied guests, as shown below. 2016 and 2017 RPS results and response to the question on “the overall stay” for Accor (active) at the end of December:

Reputation performance score (RPS)



The Reputation Performance Score (RPS) measures a hotel’s reputation based on the general satisfaction level expressed in all opinions, both solicited (in GSS satisfaction surveys) and unsolicited (on-line opinions on over 250 sites monitored by VOG, such as, for example, Booking, Google, TripAdvisor, Facebook, etc.).

These tools are connected to the central Quality Hub database and their data are fed into the indicator scorecard sent to every operations manager, from hotel General Managers to country Operations Directors, and to the various support functions, such as marketing, quality and safety. Based on the data provided, each country organization is responsible for conducting a quality review to monitor hotel performance and for preparing a corrective action plan if needed. Each hotel manager also possesses a simple and ergonomic interface on a smartphone app that gives details of each service in the hotel that he or she can use to rank the hotel against direct competitors.

An ever-simpler guest experience

The “Accor Customer Digital Card” (ACDC) was actively rolled out in 2018. ACDC is a next generation guest record that is comprehensive, editable and easily shared between hotel operators. It compiles various data on the identity of guests, their preference, loyalty date and a history of stays in Group hotels. All useful information to help improve the welcome afforded to guests every time they visit a Group hotel. ACDC meets our guests’ expectations for recognition and personalization and is an important tool that lets hotel owners to live up to the promise that “We are all Heartists”. It is used in over 80 countries, in 3,500 hotels from 23 different Accor Group brands and is accompanied by a net increase in NPS.

Accor has also worked to substantially simplify digital purchases, with particular attention paid to price simplification and transparency. This ensures that guests know everything that is included or excluded from the price as well as the cancellation policy.

Strengthening data protection for guests

Measures implemented and results obtained

The General Regulation on Data Protection (GRDP) went into effect in 2018[1]. Accordingly, Accor has continued its work to remain compliant with applicable regulations, whether:

- **at the Group level:** appointment of a Data Protection Officer, mapping of data processing (+250 applications), identification of their risk levels and implementation of remediation plans, processing of 700 monthly requests related to persons' rights (Art. 15.1);
- **at the head office level:** (documentation of processing to comply with the accountability principle, management of the processing register *via* the tool acquired by the Group, management of contracts with third parties to ensure data protection, management of intersecting topics such as those relating to retention periods, information provided to persons or the management of their rights, analysis on a case-by-case basis of initiatives involving the processing of personal data, etc.);
- **at the business unit level:** deployment of the method in connection with the regional data protection coordinators, local contacts for personal data protection issues (implementation of a coordinated approach to supporting the business units in their work to achieve compliance for the processing they handle);
- **at the hotel level**: deployment of the method by providing useful information for achieving compliance and working on the creation of a deployment kit, including a sample register of processing activities, for example.

Communication and awareness-raising initiatives on the subject of personal data protection continued in the form of events for the head offices in April 2018, presentations by the Data Protection Officer to the management committees, the operations teams and support teams, content being made available on the Group intranet and the finalization of e-learning dedicated to data protection to be rolled out in early 2019.

In addition, the Group has continued its work to achieve compliance with the payment card industry data security standard (PCI DSS) aimed at protecting customers and partners from online fraud. Centrally, the Group is in compliance with PCI DSS since 2015 (annual renewal of the certification). In the regions, the services provided to the local teams in the countries of operation are in compliance since 2018 and an e-learning program on PCI DSS compliance was completed by 60,000 employees in 2018 in hotels throughout the world.

2.4 Involving our partners in a long-term relationship

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.

2.4.1 Rely on collective intelligence to open up new avenues

Planet 21 commitment: every year, one major innovation to develop alternative and responsible models

Through this commitment, Accor pursues a double objective:

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

The 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.

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.

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

Accor's open innovation process is centered on three components:

- Open Intelligence: convinced that innovation thrives on collaboration, both internal and external, Accor encourages cross-cutting ideation and promotes platforms where talents can exchange points of view, create, and persevere together;
- Open Partnerships: Accor's ecosystem is open to start-ups as well as to global companies, academics and universities, and to laboratories in order to maximize the potential for co-creation and investment opportunities;
- Meaningful innovation: Accor places its guests and hotel partners at the heart of its open innovation process.

The acquisition strategy lies at the core of Accor's open innovation process. This strategy implemented by the "Disruption & Growth" department has the following objectives:

- research and select investments to open new business sectors or markets and to stimulate and accelerate innovation within these;
- support the structuring of the governance of the acquired companies;
- identify and facilitate commercial development opportunities within the Group for these new businesses;
- create solid connections between each new company and the rest of the organization, particularly on local markets, through its regional operations.

The "Disruption & Growth" department focuses its research on the digital realm, particularly promising in terms of innovation, and welcomes any new solution enabling it to innovate and grow revenue within the Group's business lines (food services, optimization of "dormant" areas, expansion of the concept of service and hospitality, etc.), while gaining time over its competition. 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-in to its open innovation work and the Disruption & Growth 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 entrepreneurship 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 Accord 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).

An effective partnership with Too Good To Go

"Too Good To Go" is a mobile application that offers to save unsold merchandise from merchants and restaurants by selling them at low-cost to people from their neighborhoods. Accor is a partner of Too Good To Go since 2016, when this start-up was still very new. Today, Too Good To Go has a European presence and the partnership with the Group has been expanded to 335 hotels of the following brands: Novotel, Mercure, ibis, Pullman, MGallery by Sofitel in France and in several European countries. Thanks to this collaboration, 98,000 meals have not been wasted since August 2016.

Innovation 2018, Accor's intrapreneurship program.

Based on the conviction that its talents can also create start-ups, Accor is also turning its open innovation process internally, with the Techstars challenge, the first intrapreneurship program by the Accor Group, launched in 2017. Selected for their connection with the Group's strategy, their innovative character, their value creation potential for the Group and its stakeholders, three project winners have received six weeks of coaching at the Techstars start-up accelerator. The teams heading the projects were then given the opportunity to make a pitch within the Group to test their idea. Finally, one of the teams, whose employees were exempted from their usual duties for the occasion, devoted itself entirely to developing its project over a period of three months.

With this entrepreneurship program, Accor is placing a special emphasis on internally generated innovations, and gives its Talents the opportunity to express their intrapreneurial potential in the service of its strategy. In so doing, the Group is also supplementing its Open Innovation system, which is very attuned to its surrounding ecosystem (see above).

Buoyed by the success of the first edition of the Techstars Challenge, Accor launched a second call for projects at the end of 2018. This second edition placed a new emphasis on the CSR dimension of the projects, and additional asset when selecting winners.

Accor used responsible innovative financing to acquire its headquarters 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.

AccorLocal, a major 2017 innovation, focuses on supporting hotels in their relations with their communities.

AccorLocal consists of a range of local services facilitating a closer relationship between hotels and their neighboring communities. In 2018, AccorLocal worked in partnership with some sixty hotels, mostly in Paris and its region, Lyon, Toulouse and Aix-en-Provence (France). AccorLocal's very nature means it has a strong social concern and the desire to bring momentum back to neighborhood life. It enables hotels to provide spaces for daily activities to people in their neighborhoods: yoga (*e.g.* Oly be, Affordable yoga or Fitter), activities for children and children/parents (*e.g.* Nanny Please). AccorLocal promotes start-ups, new businesses and non-profit or community-oriented companies, such as Too Good To Go (see boxed text above) as part of the services it offers. A partnership with the Red Cross is also being studied.

2.4.2 Cultivating common ethics to foster best practices

Planet 21 Commitment: our Ethical Risk Management and CSR Process will be deployed with 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.

This is why 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.

In its relations with suppliers and service providers

The Accor Procurement Process

The Accor Group's purchases were around €5 billion in 2017, including approximately €2.4 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 175 buyers on five continents.

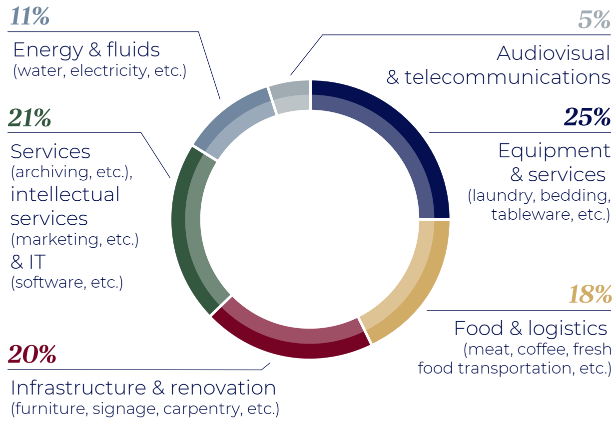
Contracts are signed at the international or national level, depending on the features of each category. "Standardizable" products and services that meet several countries' needs are managed globally, while those specific to a particular country are managed by the national Procurement Office.

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 48% of the Group's total purchases.

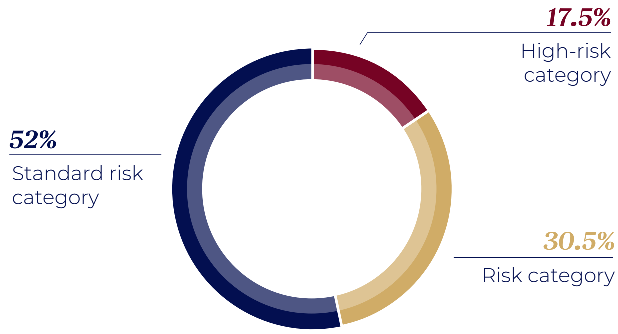
Purchases are classified as "non-nominated" if they are sourced directly by the hotels and head offices from suppliers that have not signed a contract with an Accor Procurement Department.

(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 %)*



Breakdown of purchase volumes per category of level of risk



Because 2018 figures were not available, by the time this document was disclosed, the above breakdown is based on 2017 performance. Performance is not expected to have changed significantly in 2018. The data affects only the countries in which there is a Procurement Department.

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 risk management process for suppliers managed by Procurement Department.

<table>
<tr><th>STAGES</th><th>STANDARD RISK CATEGORIES</th><th>RISK CATEGORIES</th><th>HIGH-RISK CATEGORIES</th></tr>
<tr><td>TENDER</td><td>◇ Procurement Charter 21 is appended
◇ KYC questionnaire*</td><td colspan="2">◇ CSR criteria are integrated into the specifications in accordance with the tender.
◇ Procurement Charter 21 is appended
◇ A CSR clause is included in the call for tender
◇ KYC questionnaire*</td></tr>
<tr><td>SELECTION</td><td>◇ The supplier signs Procurement Charter 21</td><td colspan="2">◇ The supplier signs Procurement Charter 21
◇ Evaluation of CSR criteria (within the six months following the signature)
◇ Mandatory CSR criteria for at least 10% of the final score</td></tr>
<tr><td>CONTRACTS</td><td></td><td colspan="2">◇ A CSR clause is included in the contract
◇ Procurement Charter 21 is attached to the contract</td></tr>
<tr><td>EVALUATIONS OVER THE LIFE OF THE CONTRACT</td><td></td><td colspan="2">◇ Evaluation on CSR criteria (validity period set by Accor: three years)
◇ Action Plan</td></tr>
<tr><td>AUDITS</td><td></td><td></td><td>◇ On-site external social and/or environmental audits</td></tr>
<tr><td>ACTION PLAN AND FOLLOW-UP</td><td></td><td>◇ Follow-up on action Plan after evaluation with suppliers</td><td>◇ Follow-up on action Plan after evaluation and audits with suppliers
◇ Re-audit in case of major non-compliance</td></tr>
<tr><td>APPROVAL PROCESS</td><td colspan="3">◇ Removal from approved list in the event of significant non-compliance, if not accompanied by Action Plan</td></tr>
</table>

* *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.

Procurement Charter 21 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).

CSR assessment: The use of the CSR rating platform developed by an expert partner 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 Group helps the Procurement Departments perform the audit plan and oversees its implementation *via* an annual report.

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, SEDEX, 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 is subject to compliance with the sustainable purchase process, in conjunction with the Planet 21 – Acting Here objective.

In 2018, 131 external audits were performed on suppliers in the high-risk purchase category. The Group plans to strengthen the deployment of external audits in 2019 and has already set aside additional resources to that end. This will be done thanks to changes in the methodology, which will now make it possible to prioritize audits according to risk level based on four criteria (generated by external sources): the CSR assessment rating, the revenue generated by Accor, the risk of the country of production and the assessment of the risk level by an external consulting firm. The country procurement departments are responsible for audit follow-up and the implementation of corrective measures.

This risk management process for suppliers managed by the Procurement Department is disseminated throughout the countries where the Group operates *via* bi-monthly meetings. During 2018, numerous information, awareness-raising, training and seminar sessions were devoted to explaining the regulatory context (Duty of vigilance, Sapin 2, etc.), the presentation of the work and support for its implementation.

In 2019, Accor wants to deploy tools within the local procurement departments to automatically extract items such as the status of all signed contractual appendices (Procurement Charter 21) for the countries and to centralize the follow-up of assessments and audits with the help of the control offices to obtain automatic, up-to-date progress statuses. The annual assessment of each local procurement office will then be geared toward the automatic export of data rather than declarations.

Group performance

The follow-up of the Planet 21 – Acting Here commitment for its "suppliers" section: "Our Ethical and CSR risk management process will be deployed among 100% of our partners by 2020" is being realized using four indicators that measure the deployment rate at each stage of the process based on the number of supplier entities:

KPI	Scope of reporting	2016	2017	2018
Percentage of suppliers who have signed Procurement Charter 21	All suppliers	90%	94%	92%
Percentage of suppliers that have conducted a self-assessment	"At-risk" and "high-risk" suppliers	6%	20%	37%
Percentage of suppliers that have undergone an external audit	"High-risk" suppliers	8%	12%	26%
Percentage of action plans followed	"At-risk" and "high-risk" suppliers	-	-	50%

An aggregate indicator of all these results:

KPI	Scope of reporting	2016	2017	2018
Percentage of suppliers for whom the ethical risk and CSR management process is deployed*	All suppliers	N/A	53%	61%

* *Charters signed for all risk categories; documentary evaluations for "at-risk" and "high-risk" categories; external audits for "high-risk" categories.*

In relations with hotel owners

Accor has over 4,500 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.

In this regard, franchise and management contracts signed since 2016 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), 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 ◇ Additional analysis by 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		

2.5 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.

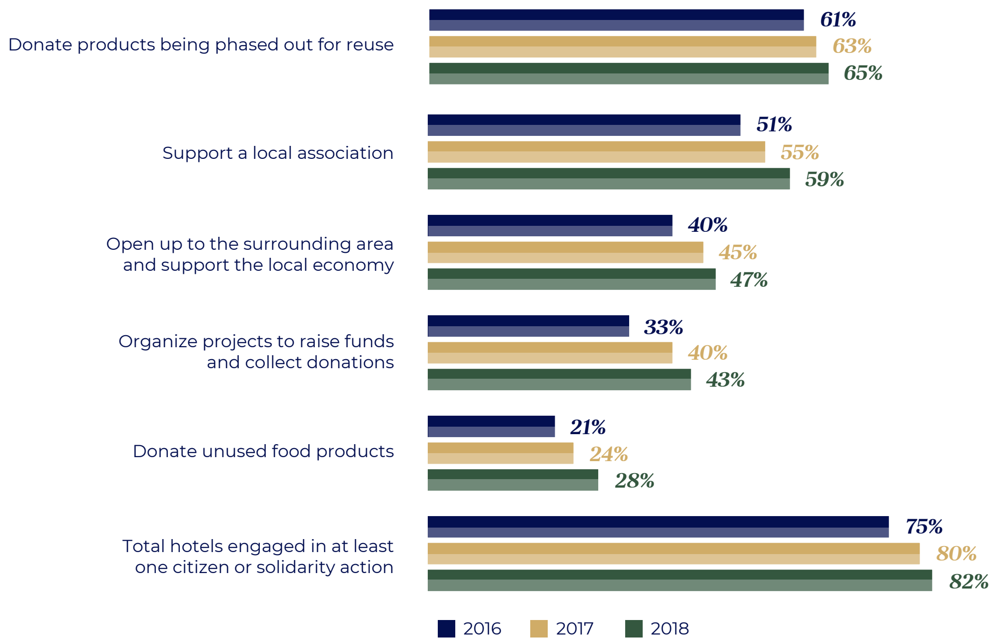
2.5.1 Getting people involved "beyond the hotel walls"

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% 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. This is why 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.

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.



Protecting African fauna, to preserve tourism in Africa

African fauna, wild nature and community involvement are the pillars of tourism in Africa. Based on this finding and the threats to these three pillars, Mantis and Accor have chosen to create Community Conservation Fund Africa (CCFA). In addition to preserving biodiversity (see page 188), CCFA recognizes the key role played by rural communities and offers a forum enabling the communities to participate and directly contribute to developing biodiversity conservation in Africa.

The chief aim is to dissuade local communities from converting their land for monoculture use, which would lead to a permanent loss of biodiversity. The current land-use problems in the Maasai Mara in Kenya are a striking example of the issue. For this, the CCFA has put an education program in place for the native defenders of the environment directly involved in tourism.

A commitment supported by the Group's endowment fund:

solidarity ACCORHOTELS

Fighting economic and social exclusion

The corporate responsibility of the Group, its hotels, and its employees is expressed through the 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 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.

Upstream: broadening the response to emergency situations. For ten years, Accor Solidarity has provided its assistance to local populations to help deal with the immediate and long-term consequences of natural disasters. Starting in 2018, the fund has extended its support to projects that respond to other types of humanitarian crises, especially in major metropoles. 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.

Professional training and integration: changing scale. The fund continues its commitment to integration by financing numerous projects and may also increase its support for certain associations to duplicate programs that have proven their worth or finance larger-scale initiatives.

Downstream: reinforcing post-training integration mechanisms. 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.

Employees at the heart of social initiatives

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

Donation collections

In 2018, 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 areas of involvement or its functioning, which have proven their effectiveness for over ten years, Accor Solidarity will use additional methods to contact more beneficiaries.

The mobilization of donations is a reality, as can be seen in the collection conducted in October and November 2018, for populations affected by the earthquake and tsunami of September 28, 2018 that hit the Indonesian island of Sulawesi. Almost €10,000 was collected and will be allocated to rebuilding the island with support from a local general interest association that works for the affected populations.

Impact report – 10 years of solidarity

For its tenth anniversary, Accor Solidarity wanted to measure the impact of its actions. Conducted by a French consulting company specializing in measuring social impact, the assessment has given us a better understanding of the effects of Accor Solidarity's actions on:

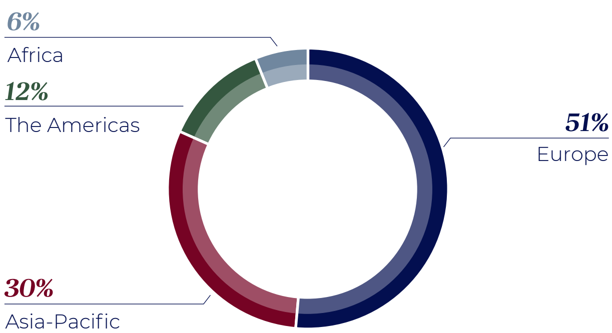
- associations supported: the fund's financial support is a determining factor for achievement of the project in over half the cases and has had a leverage effect on fund collection, with at least an additional €137,000 collected from other partners;
- their beneficiaries: with, for example, 53% of association beneficiaries questioned who have found employment after their training and according to 86% of the associations questioned, the beneficiaries of professional integration projects regain self-confidence;
- the Accor employees involved: 92% of employees questioned said that they feel useful and personally enriched when they mobilize their skills, and 100% of the employees involved in projects and questioned stated that they were proud to work for Accor.

Projects supported in 2018

Accor Solidarity, key figures 2018

- 43 projects supported in 14 countries.
- Over 1,000 employees involved.
- For close to 10,000 direct and almost 130,000 indirect beneficiaries.
- €786,294 awarded to projects by the Fund.

Projects supported in 2018 by region *(in numbers)*



A few noteworthy projects supported in 2018 by Accor Solidarity:

Sport dans la Ville, France

Sport dans la Ville (Sport in the City), created in 1998, is the main association for integration through sport in France. Its programs promote the social and professional integration of the 6,500 young people registered in the association. Accor Solidarity has supported the association for around ten years and in 2018, the Fund wanted to support the seeding and development of two flagship programs: Job dans la Ville and Entrepreneurs dans la Ville. These programs have enabled young people from disadvantaged neighborhoods to work on their professional orientation or develop a business creation project in further depth.

Friends, Cambodia (Phnom Penh)

Friends is both an international NGO and a social integration company located in Cambodia since 1994 that operates in Cambodia, Indonesia, Laos and Thailand, whose purpose is to build a future where children will be sheltered from abuse and become active citizens in their respective countries. Since its creation, the NGO has enabled the sustainable reintegration of over 300,000 vulnerable children, young people and families.

In 2018, Accor Solidarity, alongside Friends in Cambodia, supported two professional training programs in the hotel and restaurant sector designed to promote the professional integration of 160 marginalized young people in Phnom Penh.

Rescue and Hope, Benin (Cotonou)

Rescue and Hope, a Benin NGO created in 2008, supports vulnerable people through health, education, training and integration programs. It aims to improve the health and well-being of these fragile populations and their social and economic emancipation. Since 2016, it has a training center where it assists and trains young people in the transformation of agricultural and cosmetic products. This activity is closely related to local and traditional know-how and is an economic driver for those rural populations, allowing them to acquire financial autonomy.

Having achieved considerable success, the Rescue and Hope team enlarged the center in 2018 to welcome an increasing number of beneficiaries and users. Accor Solidarity and the Group's local teams support the NGO in this new stage of reinforcing the training center's capacities.

Ateliere Fara Frontiere, Romania (Village Ciocanari)

Ateliere Fara Frontiere (AFF), which was created in 2008, is a Romanian association and social integration company that gets people in difficulties back to work through the social and solidarity economy. It works on the fight against waste, responsible waste management and environmental protection, and since 2015, has developed a new market gardening activity for integration.

In 2016, Accor Solidarity supported the creation of the "Bio&Co" workshop to help 20 long-term unemployed people to get back to work. The very positive results of this first year of development (4,000 m² of equipped greenhouses, creation of organic vegetable baskets, collection of organic waste, food distribution, etc.) have encouraged Accor's teams to continue their support. As a result, in 2017 and 2018, Accor's teams in Bucharest actively took part in setting up an educational farm on the site, donating their organic waste (200 kg/month) and offering a monthly "Bio&Co" dish on the menu of two restaurants (ibis and Novotel in Bucharest).

Humbiumbi, Brazil (Belo Horizonte)

Humbiumbi, a Brazilian NGO created in 1996, sets up training programs for young people in the local community, allowing them to take control of their own lives fostering their integration in the labor market.

Since 2013, with support from Accor employees in Belo Horizonte and the region (10 hotels in total), this NGO has offered an initiation program for hospitality industry jobs to 60 young people from underprivileged communities. Accor Solidarity has supported this training program since its creation and contributes to training 60 new young people per year.

2.5.2 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, which are 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.

Planet 21 commitment: 100% of our hotels implement our program against child sexual exploitation

The Sexual Exploitation of Children in the Travel and Tourism Industry (SECTT) is, according to the NGO ECPAT[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".

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

Accor's commitment to combating SECTT is structured by the "code of conduct for the protection of children from sexual exploitation in travel and tourism" issued by ECPAT and the World Tourism Organization, the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism. It has been signed and implemented by 250 companies from the travel and tourism industry for their operations in 40 host countries. In 2018, the Group, notably recognized for its WATCH approach, is still one of the Top Members, along with Thailand. The following 10 countries where the Group operates were also members: Belgium, Bulgaria, India, Luxembourg, Mexico, Netherlands, Romania, Russia, Thailand, Vietnam.

WATCH – We act together for children – the Accor program to combat child sexual exploitation in travel and tourism

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. Combating Sexual Exploitation of Children involves local training initiatives designed to heighten employee vigilance, so that they can identify cases of SECTT more effectively, decide when to contact the authorities, and offer the child alternative life paths (*via* reintegration projects for example).

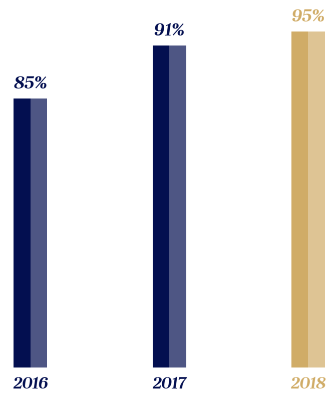
The WATCH program is based on a set of training and educational resources geared toward hotels. It targets different groups including general managers, team leaders and employees, and it incorporates films, a training module for hotel teams and guideline sheets, available in nine languages. This comprehensive training and awareness raising kit has been available since 2014 and is distributed by the Group through regular reminders. Accordingly, on November 20, 2018, to mark World Children's Day, the Group reaffirmed its commitment in this area by devoting the day to raising awareness of teams worldwide, training employees in the WATCH program and leading discussions with guests.

Through WATCH, Accor is committed at all levels: at the Group level with the Code of Conduct, at the country level with cooperation with ECPAT and local NGOs, at the hotel level with police departments and child protection organizations, and with its guests, who are made aware of the issue by employees.

Hotel mobilization at the end of 2018

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

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 declarations of hotels, which can lead to a certain level of uncertainty, despite the controls applied, particularly for the more complex commitments (environmentally-labelled cleaning products, environmentally responsible complimentary products, Plant for the Planet program).

(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.*

2.5.3 Plant for the Planet, agroforestry for more environmentally friendly agriculture and community development

ACTING HERE Planet 21

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 half the laundry savings generated (water, energy, detergent savings). In order to enhance the benefits and meaning offered by the program, the Group is recalibrating Plant for the Planet to make it an agroforestry program with the aim of speeding up the transition of agricultural practices to agro-ecology; this change includes many innovations in terms of agricultural techniques, cooperation mechanisms and funding sources dedicated to tree planting.

Accor is transforming Plant for the Planet into a pioneering insetting program

Initially devoted to reforestation projects, Plant for the Planet has been gradually evolving into agroforestry, which consists of planting trees in agricultural parcels of land to improve their conservation and productivity and diversify farmers' incomes. In this regard, trees play a widely acknowledged role, both in fixing groundwater reserves and absorbing part of the pollution.

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

- **the environment:** preserving ecosystems and threatened endemic species, conserving water resources, implementing remediation measures for unproductive soil, combating erosion, carbon sequestration, etc. Plant for the Planet 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. Accor also encourages suppliers that are already approved to commit themselves or commit their own producers to agroforestry processes, which may eventually be supported by the Plant for the Planet program. This virtuous approach, which for a business entails the implementation of environmental programs within its direct sphere of influence (main business and suppliers) in order to produce multiple sustainable positive impacts on the mitigation of and adaptation to climate change, soil, water, biodiversity and local communities, is known as insetting.

Accor's commitment to insetting is also expressed through its involvement, as a founding member, with Pur Projet, Nespresso, Chanel, L'Oréal and Kering in the International Platform for Insetting (IPI) (see also page 133) and through its support for the "Pour une Agriculture Du Vivant" movement (see also page 133).

Insetting initiatives are multiplying, including some over the long term, such as the sourcing of olive oil in the Group's hotels in Morocco. Other examples are proposed below:

- the Carameuh Farm, a family farm that won the competition hosted by Arbres d'Avenir (Trees for the Future), the local French counterpart of Plant for the Planet, converted to organic farming and transformed its milk operation to produce cream, butter and caramels after the milk crisis. This conversion interested the hotel managers in France with which it collaborates;
- Domaine Enclos de La Croix, a vineyard committed to agro-ecology and supported by Accor, which financed the planting of 2,300 trees through the Arbres d'Avenir competition, entered the Elite Experiences catalogue that the Accor loyalty club offers its members. In October 2018, 22 guests had the privilege of spending a day at the vineyard, taking part in harvesting and tasting organic wines;
- top-range hotels in the Malaysia-Indonesia-Singapore region committed to buying 2.5 tons of coffee from the KBQB cooperative, located on the island of Sumatra and recipient of local hotel contributions (excluding Bali and Celebes). The organic coffee produced according to the agro-forestry model by this cooperative will be proposed to hotel guests under the Plant for the Planet "brand".

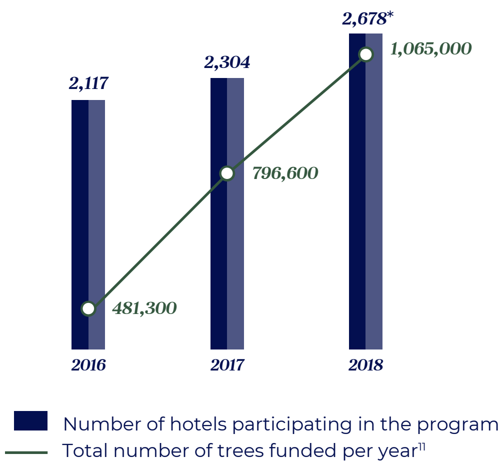
Innovation in support of the diversification of funding sources and promotion of insetting

In order to support the ecological transition in France and restore the tree to its vital position in the sustainable agricultural system, Accor worked with Fermes d'Avenir, Pur Projet and Blue Bees to start the Arbres d'Avenir competition, to help farmers switch to an agro-forestry production model. In 2018, the third annual competition took place, and support was given to 35 additional winners, with around one hundred farms now supported since its launch. Endowed with €350,000 from Accor, this competition continues to benefit from support from CDC Biodiversité, with a grant of €100,000, and Ministry of Agriculture recognition.

Another source of funding diversification, for Plant for the Planet is the housekeeping opt-out program, initiated in 2017 in Germany and Austria, which was extended to the Czech Republic and Switzerland. The plan is still 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 Accor loyalty points or vouchers for consumption within the hotel. In Germany and Austria, the operation was conducted for a full year in 2018 by 63 hotels. 105,760 guests took part, and those that chose to donate the money they saved to Plant for the Planet enabled the planting of 35,296 additional trees.

The "Give a tree" operation (see page 156) has been made permanent and constitutes an additional source of financing for Plant for the Planet, along with the offering of promotional objects and gifts to plant trees, with the example of the partnership with Gifts For Change.

The involvement of the Group and hotels at the end of 2018



* In 2018, the number of hotels accounted for were those that validated their participation in the Plant for the Planet program.

One million trees were funded, compared to almost 800,000 in 2017. In addition to the continued towel reuse program in hotels, this growth is due to alternative financing sources, such as the housekeeping opt-out program, and the implementation of a mechanism where a small share of the contributions from some countries is given to projects in countries to their south, in a spirit of solidarity and increased environmental benefits from planting projects in tropical areas.

Plant for the Planet has helped fund almost 7 million trees since it was started in 2009. Today, the program supports over 375 planting projects in 28 countries worldwide, including Canada and Russia, which were added to the list in 2018.

2.6 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. Finally, the Group is implementing solutions to create circular local economies and increase the proportion of waste that is ethically handled (reuse, recycling, etc.).

Accor Group's carbon footprint

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 the direct emissions from buildings owned or operated by the Group and vehicles owned by the Group (fuel);
- 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.

Results

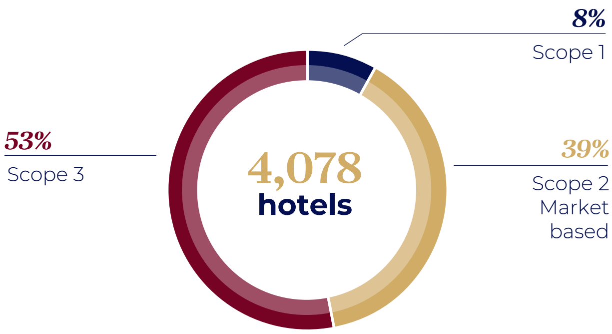
2017 carbon footprint

Direct emissions (scope 1)	435,000 teq CO_2
Indirect emissions (scope 2)	2,050,000 teq CO_2
Total Scope 1 + 2	**2,485,000 teq CO_2**
Other indirect emissions (scope 3)	2,796,000 teq CO_2
Total Scope 1+2+3	**5,281,000 teq CO_2**
Emission intensity (scope 1)	1.36 teq CO_2 per room and per year
Emission intensity (scope 2)	5.04 teq CO_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.

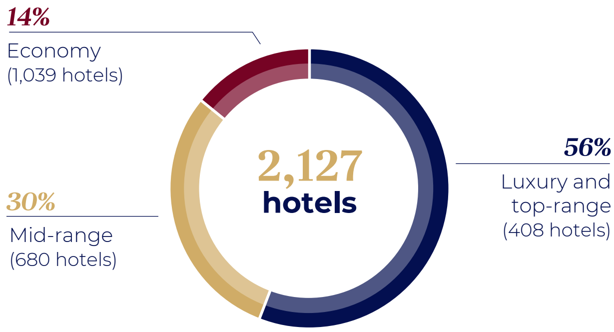
The carbon performance indicated in this chart is based on a different scope and calculation method from Accor Group's carbon footprint presented above.

Breakdown of emissions by scope – Accor Group



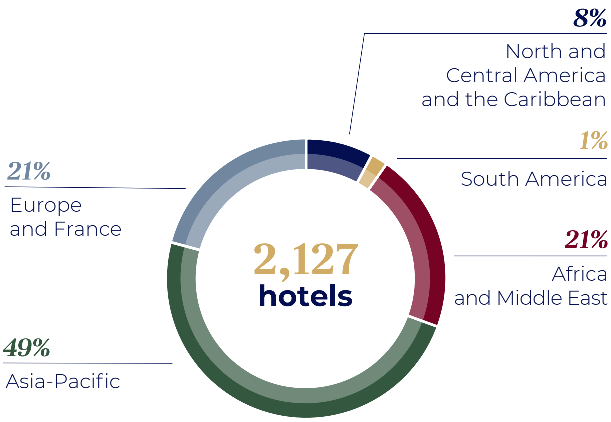
The significant weight of electricity (79% of scope 1 and 2 emissions) is due to two factors: consumption in hotels and the weight of carbon emission factors that depends on countries' energy mix. In the hotels, electricity is used for ventilation, air conditioning, some heating, lighting and supplies for all equipment, which is the main source of consumption. This significant share of consumption is then accentuated by emission factors that vary considerably from one country to another, depending on each one's energy mix. (for 33% of hotels, the emission factor used is that of the country, for 65% of hotels, the residual mix was used, for 2% the supplier's specific emission factor 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.

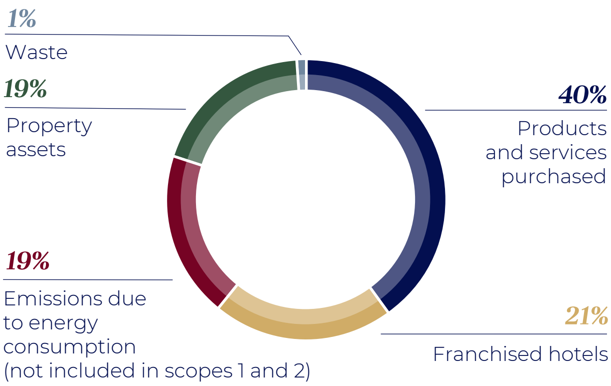
Breakdown of greenhouse gas emissions by continent (scope 1 and 2)



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%).

Scope 3 emissions *(in kteq CO_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 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).

Accor Group's climate strategy

2018 was marked by the disposal of the majority of the share capital in AccorInvest and the refocusing of Accor's activities around an "asset light" model in which the hotels are owned by third parties. This model has deeply influenced the Group's means of action 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. In this respect, AccorInvest will continue to mobilize its resources and expertise to aim for carbon neutrality over the very long term.

Within this framework, in 2018, Accor continued its work to define its trajectory in order to work toward the collective target of limiting global warming as defined by the Paris Agreement. An initial assessment was prepared, which provides the basis for preparing the roadmap that the Group will reveal during 2019, as well as the new targets for reducing its carbon footprint.

This new climate strategy will elaborate on and reinforce the action drivers already described by Accor when it joined the French Climate pledge in 2017:

- progressively aim for the carbon neutrality of buildings by reinforcing its "carbon" requirements during building and renovation phases;
- continuously reduce energy consumption and greenhouse gas emissions in hotels;
- reduce the carbon footprint over the value chain, especially from food.

The Group's achievements in line with this action plan are described in the following pages.

2.6.1 Aiming toward carbon footprint vigilance for new hotel constructions and renovations

Planet 21 commitment: 100% of renovated or new hotels are subject to carbon footprint vigilance (hotels owned by AccorInvest)[1]

Accor has a long history of commitment to transition towards low-consumption buildings as far as our construction and large-scale refurbishment projects are concerned. In 2020, all hotel construction and refurbishment projects owned by AccorInvest will be subject to vigilance concerning the carbon footprint with the aim of coming as close as possible to low-carbon building techniques, as currently available technologies are not conducive to building "passive" buildings (without footprint).

Technical standards serving equipment efficiency

In the spirit of the 2015 update to the Accor technical standards, AccorInvest focuses on equipment efficiency and the choice of energy architecture that includes all types of recovery (solar elevators, preheating of domestic hot water from calories produced by the refrigeration unit, rotary recovery from dual flow systems, use of heat pumps, thermal insulation and high-performance solar factors for windows, LED lighting, etc.) for its new hotels and refurbishment projects. These guidelines enable buildings to consume less without reducing the services delivered to guests and employees. The choice of connected equipment in technical work packages also offers the means to regulate them according to needs in the operating phase.

Environmental certifications and Low Carbon Building

AccorInvest pursued its objective of subjecting its constructions and renovations to applicable certification (examples: LEED, BREEAM, HQE, DGNB, GREENMARK, IGBC). Whatever the country, the certification with the highest recognition is selected for new buildings. New projects are always subject to certification, once they are eligible for the benchmark.

At end 2018, around fifty buildings among all Accor and AccorInvest buildings are certified or in the process of being certified, for HQE, BREAM, DGNB and other certifications.

AccorInvest explores the breakthroughs required for energy transition, notably by preparing Low Carbon Building certification, which covers all means to reduce the impact of buildings on climate change. As a result, the association for developing Low Carbon Buildings, in which AccorInvest is a founding member, offers a Low Carbon Building (BBCA) label, which takes into account greenhouse gas emissions from buildings throughout their life cycle: building, operation, end of life (demolition and recycling). AccorInvest plans to apply the "BBCA for new buildings" label to new building projects in France or extensions to existing hotels and is studying the possibility of applying the "BBCA for renovations" label to a project eligible for the certification for which work is planned in 2019.

In 2016, AccorInvest started a project to build the first BBCA hotel, the Jo&Joe hotel at Porte de Gentilly, which is due to open in 2019. After the provisional BBCA label obtained in April 2017, the definitive label will be confirmed at completion in relation to the actual performance of the delivered building. The Jo&Joe hotel in Porte de Gentilly notably incorporates the following best practices and targets: laminated timber superstructure, fully modular design (open spaces and partition walls), geothermal heating, rainwater recovery for watering and sanitation needs, elevator with energy recovery from its own movement.

Preparing for the construction of carbon-neutral buildings

To reach the ambitious aim of building carbon-neutral buildings, AccorInvest has identified three major areas of investment: innovation in energy technologies, innovation in construction materials and innovation for smart buildings.

AccorInvest is forging partnerships with players in **energy technology innovation** with the aim of speeding up the transition towards renewable energies. These partnerships enable it to access the best-performing solutions, test them in its hotels over one- or two-year periods in order to ensure their relevance and value in the business, and roll them out if they meet expectations.

Building on the very positive results (over 19,000 kilometers covered from renewable energies and hydrogen) from the first year of operation of the Energy Observer (see page 133), in 2019, AccorInvest plans to test a wind turbine from the boat in one of its hotels and install a fuel cell in one of its buildings. As an owner of numerous buildings in urban areas, AccorInvest wants to make its hotels capable of playing the role of recharging stations for hydrogen vehicles in the future. AccorInvest will also explore self-consumption of power from solar equipment in 2019.

Innovation in construction materials, which must be the most carbon-efficient during manufacture and recyclable at the end of their life cycle, is also a major driver. The selection of a wooden superstructure for the Jo&Joe hotel epitomizes this approach (see above).

Lastly, AccorInvest is very active in **innovation for smart buildings** and implements converged digital infrastructure with a preference for optical fiber in order to build an IT network encompassing web access, multimedia and intelligent building management that is shared by the different departments. This new infrastructure helps lower investments while improving service level and making it possible to add connected objects (IoT) over time. See also the "Carbon Action Plan" on page 180.

(1) *Details on the relationship between Accor and AccorInvest are discussed on page 119 in the box "Deployment of the CSR approach in the hotels".*

Incorporating CSR criteria into Accor's technical standards

For the construction of new buildings for the luxury brands, Accor outlines its Technical Standards, including specifications on the requirements of the Planet 21 In Action program. 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, the Technical Standards of Accor incorporate the criteria used for the current labels in the various regions (BREEAM, LEED, HQE, DGNB, GREENMARK, IGBC, etc.).

2.6.2 Operating our hotels with a "low carbon" objective

ACTING HERE Planet 21

Planet 21 commitment: -5% energy consumption per room and water consumption per night by 2018 (owned, leased and managed hotels)

The buildings are the Group's first biggest source of energy consumption and greenhouse gas emissions and also contribute to its water use. 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.

2018 was the target year for the Group's objectives to reduce water and energy consumption, and the reporting presented in this document takes stock of the achievement of these targets. The presentation of the data and the scope of indicators are identical to those of previous years. This reporting will be modified from 2019 to take the new targets into account.

The management of water and energy performance

The management of hotel performance revolves around monthly tracking – and even daily tracking for some hotels – of energy consumption using the Gaia tool, good knowledge of the hotels (number of rooms, number of restaurant and bar points of sale, technical equipment, etc.) and their consumption (tracked since 2005), and an in-depth analysis of ratios taking into account the impacts of weather and occupancy rates in order to be able to compare different years and benchmarks by brand, hotel family and region. The actions "Measure and analyze monthly water and energy consumption," "Act in the event of drift" and "Comply with the water flow standard for all showerheads, faucets and toilets" are mandatory in Planet 21 In Action.

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.

2018 marks the end of the commitments made in 2015. Consequently, the Group will present the results compared to 2017 and 2015.

*Scope of reporting**

	2015	2017	2018
Number of hotels in the baseline Group	1,897	2,127	2,125
Number of hotels validated	1,677	1,787	1,785
Validation rate	88%	84%	84%
Number of hotels (like-for-like, 2018-2018)	1,303	1,594	-

* *The definitions of scopes of reporting are listed in the methodological appendix on page 189.*

In 2018, the scope of reporting was constant at 2,125 hotels. The Group will phase in the hotels of the new brands (Mantra, Mövenpick, etc.) in its reporting starting in 2019. The list of hotels has continued to change since 2015, however, with the entry of luxury and top-end hotels into the reporting scope. Thus, the like-for-like scope of hotels between 2017 and 2018 (hotels with two complete and validated financial years) was 1,594 hotels.

Last, with regard to the comparative presentation of the results between 2015 and 2018, the like-for-like reporting scope is 1,303 hotels, or 61% of the current reporting scope.

Comparison of results over the Planet 21 commitment period (2015-2018)

Like-for-like scope of reporting 2015-2018	Nb Hotels	2018 Water Ratio (L/guest)	2015 vs. 2018 (in %)	2018 Energy Ratio (in kWh/ available rooms)	2015 vs. 2018 (in %)
North and Central America & the Caribbean	17	239	-4.5%	48	1.7%
South America	81	246	-1.1%	21	-4.3%
Europe	828	149	-3.6%	26	-0.8%
Africa Middle East	84	407	-13.2%	67	-12.0%
Asia-Pacific	293	457	-7.3%	56	-7.8%
TOTAL	**1,303**	**268**	**-6.1%**	**38**	**-5.6%**

In 2018, at the end of this three-year period, Accor has seen the results of its continuous efforts to manage water and energy and has ratified all its commitments. Out of the like-for-like reporting scope of 1,303 hotels, between 2015 and 2015:

- water consumption per guest decreased by 6.1%;
- energy consumption per available room decreased by 5.6%.

These improvements can be seen in every zone, with diverse realities in the different regions:

- despite the lowest ratios in the network, Europe continued to show progress for water management (-3.6%), but saw a slowdown for energy consumption (-0.8%);
- the strong progress in the Asia-Pacific region included contrasting results depending on the countries (-20% in water consumption in China and India; and
- the Africa Middle East zone, driven by the Middle East region, which managed to reduce its water and energy ratios by over 10%.

Strong progress recorded in China

Over the last three years, China has seen exceptional results in terms of water and energy savings: out of the 47 hotels in the like-for-like reporting scope, there was a 22% reduction in the water ratio and 7.6% in the energy ratio. These positive results were obtained through the combined actions of hotels and management teams spurred on by the regional technical team. The action plan has two sections:

Management and communication actions

- Implementation of a group on the messaging platform to respond to network questions on maintenance and tool use faster, and share best practices;
- Monthly communication to hotels and management teams to ensure that everyone is involved, fast reaction in the event of downward slides or showcasing of positive results;
- Annual technical audits during which water and energy consumption and costs are analyzed, then communicated internally and to owners.

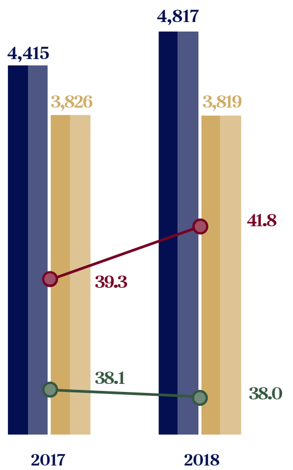
Technical actions in the hotels (renovations – action plan)

- The conclusions of the annual audits enable the construction of the investment review with the hotel owners and managers, in order to promote the viability of renovations and maintenance of technical equipment in the hotels;
- The use of certain technologies has been strongly encouraged, such as: magnetic levitation refrigeration units with 40% energy savings; hot water production through heat recovery from heat pumps; the replacement of boilers with efficiency levels under the minimum threshold set by the Chinese government; the widespread installation of low-consumption LED light bulbs;
- Locally, hotels are encouraged to install renewable energy production systems (wind or solar) to reduce emissions.

The combined actions of management and investment have enabled China to make considerable progress in the water and energy management. This action plan has a number of benefits: financial savings, environmental protections, increased lifetime for equipment through good maintenance, and the quality of essential services for guests (room temperature, air quality, availability of hot water). The teams are fully committed to continuing to improve the results over the coming years.

Energy and carbon performance of hotels: 2018 results and target achievement report

Total energy use



Energy consumption in GWh
- Total energy use
- Total energy use (like-for-like)

In kWh/available room/day
- Average energy ratio
- Average energy ratio on a like-for-like reporting scope

Out of the 1,785 hotels in the scope for which data was validated in 2018, the Group's energy consumption amounted to 4,817 GWh, up 9% compared to 2017. The 19 Fairmont Raffles and Swissôtel represent 398 GWh. On a like-for-like basis, the energy ratio per available room was stable compared to 2017 (38.1 kWh/available room, -0.1%).

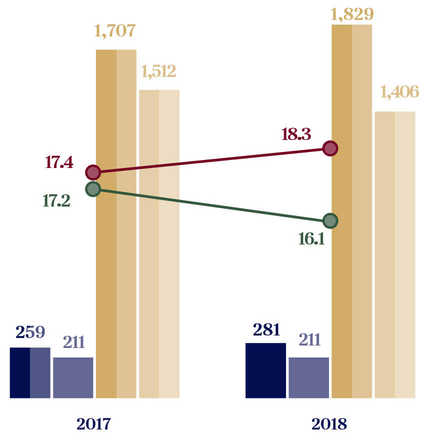
This balanced result does not reflect the positive performance at the regional level:

- the energy ratio for French hotels increased by only 1.8% whereas demand for air conditioning increased by over 20% (increase in unified degree days);
- some regions where the use of air conditioning is considerable (Central America & Caribbean, South America, Africa, Middle East and Pacific) benefited from a slightly cooler year to improve;
- North America reduced its ratio by 2.1% despite increased demand for air conditioning and heating (+9% and 19%).

The energy used is mainly electricity (3,055 GWh, or 63%), followed by fuel (1,317 GWh, or 27%) and the use of urban heating or cooling networks (437 GWh, or 9%).

In terms of geographic breakdown, the 484 hotels in the Asia-Pacific zone consumed 48% of the network's energy (2,305 GWh). The results of this region where tourism is focused on leisure activities and luxury hotels and where the climate requires the use of air conditioning can be compared to Europe (1,043 hotels, 1,434 GWh, 30% of consumption) where less energy is consumed and where the Group operates more economy and mid-range hotels.

Monitoring of greenhouse gas emissions



Greenhouse gas emissions in kteq CO_2
- Direct GHG emissions
- Direct GHG emissions (on a like-for-like reporting scope)
- Indirect GHG emissions
- Indirect GHG emissions (on a like-for-like reporting scope)

In kg eq CO_2/available room/day
- Average ratio of direct and indirect GHG emissions per available room
- Average ratio of direct and indirect GHG emissions by available room (on a like-for-like reporting scope)

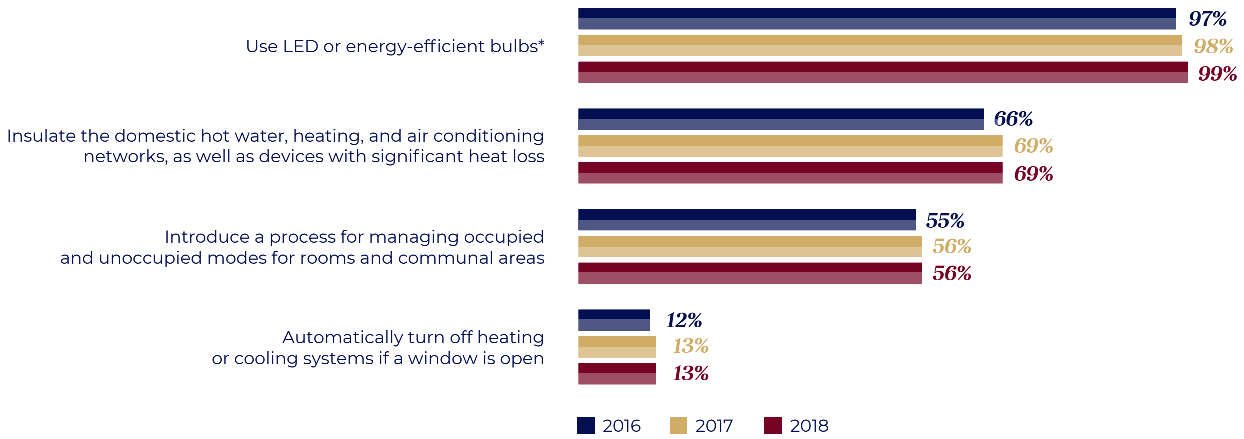
Greenhouse gas (GHG) emission performance is measured in kilograms of CO_2 equivalent (kg eq CO_2) per available room. In 2018, over the reporting scope of 1,785 validated hotels, GHG emissions reached 2,110 kteq CO_2 broken down into 86% for scope 2 (indirect emissions due to electricity and urban networks) and 14% for scope 1 (direct emissions due to fuel).

The Group has made progress in energy consumption scores on a like-for-like basis: the ratio decreased from 17.2 kg eq CO_2/available room to 16.1 kg eq CO_2/available room, *i.e.*, 6%. 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 order to reduce carbon emissions, the hotels use renewable energy supplies. In China, the UAE, India, Indonesia and Poland, some hotels are partly supplied with green electricity.

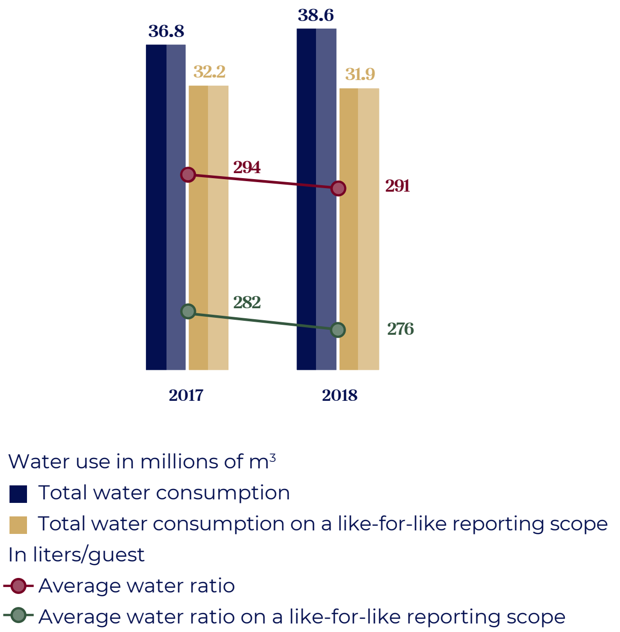
To reduce energy consumption and carbon emissions, renewable energy production equipment is installed in some hotels. In Australia, for example, 360 kW of solar panels were installed in four hotels, and an additional 250 kW are being studied for next year. In Poland, all heating and cooling production units have been reviewed and modernized to reduce energy consumption and GHG emissions.

Hotel mobilization at the end of 2018



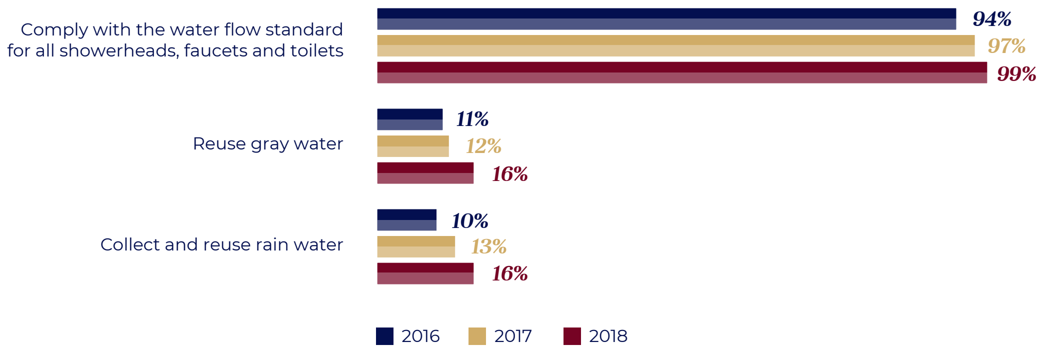
Water performance of hotels and financial impacts: 2018 results and target achievement report

Monitoring of water consumption



With the addition of the luxury hotels, the overall water consumption in the scope of reporting increased by 5% in 2018 to 38.6 million cubic meters of water. 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 282 to 276 liters per guest (2.0%). Asia and the Middle East continued their positive progress of previous years with reductions of 3.0% and 3.7%. Europe continued its efforts, with a ratio that remained the same as for 2017 (-0.3%). Last, the ratio for South America increased by 2.2%. An action plan has been implemented.

Hotel mobilization at the end of 2018



The "Carbon Action Plan" is a tangible, ambitious action plan for hotels owned by AccorInvest

The low-carbon plan renamed CAP (Carbon Action Plan) launched by AccorInvest in 2017 endeavors to change working methods and tools for maintenance teams in the hotels and at country level to reduce water and energy consumption from building operations. From a technical viewpoint, the CAP relies on technologies to automatically collect a hotel's consumption data from each major area of the hotel (rooms, restaurants, meeting rooms, spa, etc.), allowing it to target areas where savings can be made. From a human viewpoint, the hotel and country maintenance teams are mobilized to install connected objects or insulation equipment themselves, then read the collected data to see the consequences of their decisions in terms of water and energy savings.

At end 2018, the CAP had been deployed at over 10% of AccorInvest's 822 hotels and a second group of 10% is planned for 2019. The CAP is defined by three types of actions applied in the hotels:

- the implementation of savings solutions such as LED lighting, plumbing flow regulators and the installation of insulation on emitting technical elements (investments where the ROI is less than 24 months);
- the commissioning of technical equipment with the creation of operational specifications. The system's operation is tested and its structure is reviewed with an eye to optimization. If necessary, a maintenance plan is established and low-cost changes with immediate effect are made. All the optimal adjustments are recorded for easier tracking;
- installation of 28 sensors and probes per connected hotel to continuously measure the activity and consumption per point of sale with provision of data to the hotel or registered office teams.

AccorInvest considers the full effect of the CAP to be obtained five quarters after its roll-out. Its impact would represent a 5% reduction in water consumption and 8% in electricity consumption (after correction for weather data). In its discussions on the deployment of the CAP across all its hotels, AccorInvest is studying the use of artificial intelligence to define the action plan for the hotels that are not equipped based on the data collected for the hotels equipped with sensors and connected objects.

2.6.3 Take advantage of the hidden value of waste

The Group's business is responsible for more than one million metric tons of waste per year, of which 70%[1] is generated by the construction and renovation of buildings.

Hotel waste comes from two main sources:

- 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.

Planet 21 commitment: 65% of waste from hotel operations is recovered

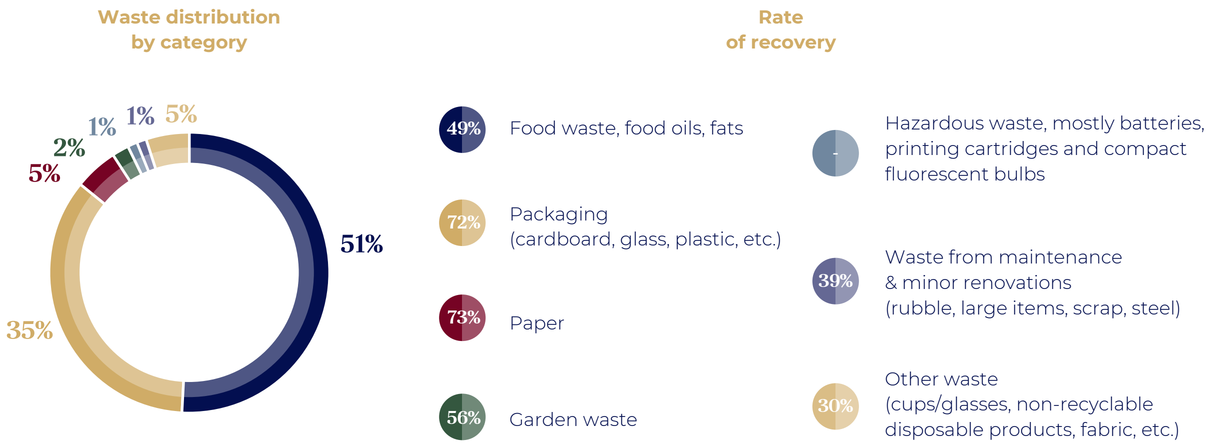
Analysis of Accor's waste

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). Across the 4,300 Group hotels, operating waste totals around 200,000 metric tons/year. This is an average of around 50 metric tonnes per hotel per year, reflecting a range of realities for the different hotel categories: "budget category" (around 25 metric tonnes/hotel/year), "economy category" (around 30 metric tons/hotel/year), "midrange category" (around 60 metric tonnes/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 (440 hotels in 44 countries), and data from waste management providers (United Kingdom and Australia, covering 194 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 200,000 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). Hotels produce small amounts of hazardous waste.

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% hazardous waste treated in appropriate facilities;
- priority 2: reduce the quantity and volume of the largest waste categories: food waste, packing 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).

(1) *Figure comes from the environmental footprint done in 2011; not updated in the second study.*

Actions implemented by Accor and AccorInvest to reduce waste

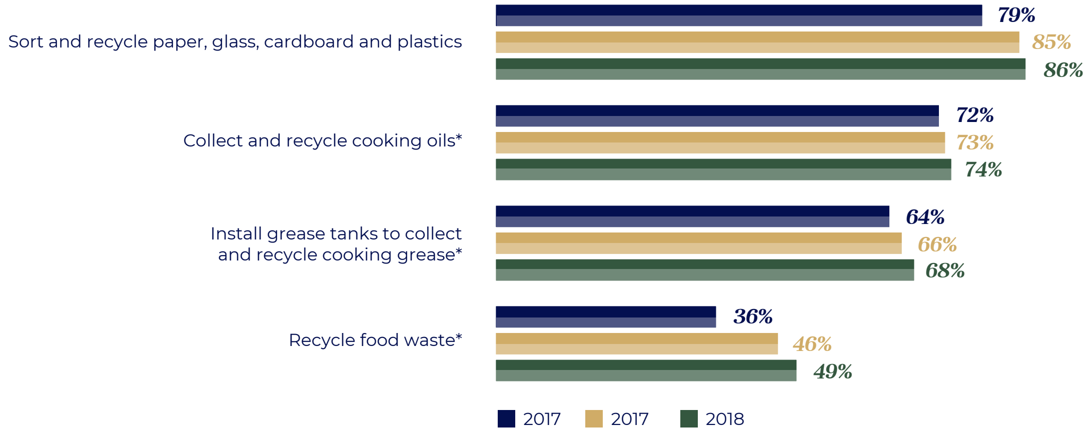
In 2018, Accor continued the implementation of a "Waste Management Tool", which precisely tracks the quantities of waste produced and ensures the traceability of processing (program described on page 184). Accor is thus equipped with a powerful tool that allows hotels to manage their waste and make progress 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 end 2018, 710 hotels were using this tool; of those hotels, 440 provided detailed data. At the start of 2019, the "Waste Management Tool" module was integrated into the Gaïa management tool in order to further enhance its functionalities and make it easier to distribute to as many hotels as possible. The waste recovery actions and the precise management of the quantities of 634 hotels make it possible to achieve a recovery rate of 49% in 2018, an increase of 2 points compared to 2017.

After the detailed audit on the management of waste from operations carried out in 2017 by AccorInvest for all the hotels in France, nine other European countries were included in the approach. Audits were conducted in 90% of the hotels, supporting the overall approach and a pilot project was launched with 30 hotels in Germany, France and the UK. This pilot project aims to ensure compliance of hotels in terms of waste management, and ensure total control of costs, optimization of waste management, reporting reliability and improvements to working conditions for on-site employees. At the same time, some hotels will receive more support to reduce their food waste with the installation of connected weighing scales and data analysis.

Accor and AccorInvest are committed to initiatives that promote the circular economy. Accor is testing a new ibis room designed according to circular economy principles (see page 158). At the start of 2018, AccorInvest joined the Ellen MacArthur Foundation to take part in a working group on the circular economy and food. Its aim will be to align its pilot projects with a more comprehensive approach to promote the circular economy.

In the UK, used cooking oils are recovered by the supplier then converted into biodiesel in accordance with the European NF EN 14214 standard and ISCC[1] certified. This conversion to biodiesel enables savings of over 90% of greenhouse gas emissions compared to ordinary fossil diesel. In 2018, Accor hotels in the UK returned 154,400 liters of used oil, representing savings of 329 teq CO_2.

Hotels involved in 2018



This reporting is based on statements by hotels, which may result in a certain level of uncertainty despite the controls applied, particularly for more complex commitments (environmentally-labelled cleaning products, environmentally responsible complimentary products, Plant for the Planet program).
** Hotels with restaurant.*
*** Mandatory action in Planet 21 In Action.*

(1) *International Sustainability & Carbon Certification relates to the sustainable production of biomass.*

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

In 2018, AccorInvest joined CircoLab, an association created by 11 building sector players (contracting bodies) to promote the development of the circular economy in the real estate and building sectors. By participating in CircoLab's working groups, AccorInvest aims to prepare guidelines which could become its standards for reusing or recycling materials and designing easy to renovate buildings in compliance with circular economy principles.

2.7 Eliminating food waste and favoring 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.

2.7.1 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].

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

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.

ACTING HERE Planet 21

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.

To measure food waste, hotels have several resources available to them:

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

A food waste reduction module, "Food Waste Management", which is incorporated into the "Waste Management Tool" that was developed in-house by Accor. This is a simple tool that weighs items without precisely categorizing the discarded products. It helps measure the cost that this disposal represents (more information on the "Waste management tool" on page 182).

External waste reduction solutions such as those offered by Winnow, which include tablet computers for kitchen use. These tablets are connected to a scale used to weigh all the waste by category, specifying the reasons for disposal (expired stock, buffet leftovers, cooking error, etc.). These solutions help hotels precisely measure food waste by product, estimate financial savings and the impact on revenue control, and carry out a targeted action plan for the most commonly discarded foodstuffs. At end-2018, 282 hotels in 35 countries from all hotel categories monitored their food waste. They reduced their food waste by an average of 31%, for total estimated savings of €6,970,000 for the Group. Of these 282 hotels, 22% used an outside solution made by Winnow. Diversey, a major Accor sub-contractor and supplier for responsible and eco-labelled cleaning and hygiene products, joined forces with Winnow to deploy a connected weighing solution, with the aim of increasing the hotel equipment rate.

To reduce food waste in the kitchen, the hotels have a guide listing best practices implemented by internal chefs, and initiative sharing for mutual inspiration. In 2018, other initiatives were tested, such as collaboration with Framheim, a social and solidarity economy start-up, which aims to help restaurant owners to fight against food waste. A detailed audit was carried out in "economy", "mid-range" and "top-end" categories to prepare tangible actions for each situation. These audits and diagnosis were then shared.

A connected weighing pilot in hotels owned by AccorInvest

In 2018, AccorInvest carried out an advanced experiment in the kitchens of three hotels. A connected scale automatically enters the weight of the discarded products, which is then correlated to the hotel business (number of place settings, revenue, etc.). This enables food loss trends for each meal type to be analyzed and compared with average data (ADEME). After 2018 dedicated to calibrating the scale, 2019 will be used to test it over a larger number of hotels.

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. An example is the application from the start-up Too Good To Go, which matches local consumers with restaurants or merchants that are selling their unconsumed portions at a low price. This application has been launched in France, UK, Belgium, Netherlands, Spain and Germany. At end-2018, 335 hotels and 56,000 users had access to this application, and the Accor restaurants avoided wasting 98,000 meals.

Initiatives to raise awareness among and engage guests have also been implemented. For instance, on World Food Day on October 16, the Group once again led a large-scale campaign to rally hotels around the issue of food and food waste. The "Clear Your Plate" campaign, initially launched in China, was extended to Singapore in 2018.

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 relative 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. For greater clarity, from 2019, monitoring will be carried out according to the number of place settings. In 2019, Accor also wanted to compare its food waste data with accounting purchasing data and thus prove the link between foodstuff savings and financial savings, which is a major driver for accelerating the transition.

Hotels involved in 2018

At the end of 2018, 282 hotels under the Accor banner implemented the action «Deploy a program to fight against food waste» with data allowing precise control of the reduction of food waste. 73 hotels had the Winnow connected scale. As a result, food waste was reduced by 31% in 2018.

Best practices are emerging throughout the Group on the initiative of hotels and countries:

- in Latin America and Asia, the fight against food waste is integrated in the program put forth by the Académie Accor. The Latin America purchasing teams aim to reduce food waste by working with meat and fruit & vegetable suppliers and by favoring local supplies;
- in North America, the reduction in food waste is one of the criteria included in the bonus calculation for chefs. Over 90% of hotels with restaurants weighed their food waste for at least 2 weeks, and started to launch action plans. In the USA, the teams have mobilized with "anti-waste committees" and are invited to take part in competitions on food waste;
- in Europe: Novotel hotels in France offer different sized salads adapted to people's appetites (small or large hunger) and the Novotel menu has been drastically reduced from 40 to 17 lines;
- in ibis hotels, the restaurant menu which offered 60 dishes two years ago, only offered 20 in 2018.

2.7.2 *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 (see page 133).

Planet 21 commitment: 100% of our restaurants follow our Healthy and Sustainable Food Charter

In the Healthy and Sustainable Food Charter, published in 2016, Accor set out the Group's ambitions and commitments, which focus on three priorities: combating food waste, protecting the 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 take into account the commitments of the Group and the expectations of the stakeholders. It is available at: www.Accor.group/en/commitment/planet-21/food.

This charter provides a framework for restaurants. It originally included 10 commitments common to all the hotels of the Group and 10 local commitments selected at the level of the country, among a list of 18 commitments. The choice was made based on local characteristics: agricultural model, local regulations, stakeholder expectations, etc.

Hotel involvement in 2018

The implementation of the Healthy and Sustainable Food Charter is strongly supported by the restaurants of the hotels of the Group. Various initiatives have been put in place depending on the country.

In the United States, compliance with the Charter is one of the criteria included in the calculation of management bonuses and a plan to increase commitment among the hotels was defined to reach 100% compliance with the commitments of the Charter in the year 2020.

In Latin America and Asia, sustainable food goals are included in the program put forth by the Académie Accor.

Since the beginning of 2019, Rainforest certified coffee is offered in all economy and mid-range hotels in Europe. This label guarantees the preservation of biodiversity and working conditions and the compensation of the coffee producers.

In France, the Sofitel, MGallery and Pullman brand hotels made a commitment that their unprocessed fresh fruit and vegetables would be produced organically, demonstrating that healthy and sustainable food is possible on a large scale. Through this action, the Group hopes to encourage customers to consume organic products that locally produced and in season, involving them in the agricultural and food transition. This organic offering includes raw fruit and vegetables served fresh or cooked in all restaurants. This initiative is, in addition to the already existing organic products offering – eggs, cereals, dry fruit and nuts, jams and spreads, a selection of wines and teas. To make this initiative visible to customers, badges designed in sustainable wood are worn by the restaurant teams with the words "le bio c'est tout ce qu'il nous faut" (all we need is organic) and new flyers on the organic offering for breakfast are presented in some hotels. In France, Procurement worked closely with their suppliers of fresh and processed products to increase the proportion of "local" provisioning in 2018 (located at less than 200 km distance).

In Switzerland, the implementation of the Healthy and Sustainable Food Charter is reflected in several concrete initiatives: certified "free range" eggs, including eggs used by the suppliers of pasta more than 90% from local suppliers, the recommended spread contains no palm oil, fruits and vegetables in season are promoted, as are organic products.

In the United Kingdom, when the subsidiaries allow, the teams encourage the purchasing of organic foods, local products and products manufactured with fewer additives, sugars and fats. Since December 2018, the United Kingdom also procures eggs from cage-free chickens for all products based on whole eggs. Efforts are underway so that scrambled eggs made from cage-free hens can be offered in 2019.

The charter is managed and implemented through the GAIA reporting application. For each commitment of the charter, every hotel reports on whether it has implemented the commitment. The objective is a demanding one: a hotel is considered as compliant with the Healthy and Sustainable Food Charter when it has met 20 commitments (10 Group commitments and 10 commitments chosen at the country or brand level out of 18).

The table below presents the results of the commitments 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).

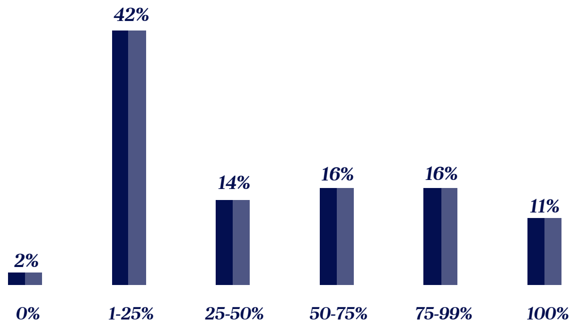
In 2018 (with publication in early 2019), the Charter was rewritten to be simpler and easier to read and apply for better use by the teams. This review was carried out without changing the level of the ambition of the Charter and with the same commitment themes. The number of commitments will be reduced to nine by avoiding redundancies.

	Number of applicable hotels[1]	that have implemented the action
COMMITMENTS COMMON TO THE GROUP		
Deploy a program for fighting against food waste	3,497	46%
Offer high-quality products at a good price, regardless of the price range of our restaurants	3,497	44%
Offer a vegetarian restaurant offering	3,497	67%
Offer eggs (in shell and liquid forms) that come from free-range hens raised outdoors	3,497	31%
Favor processed products that contain little or no chemical food additives	3,497	34%
Favor in-season fruits and vegetables – the action can be approved if the hotel does not purchase fruit or vegetables	3,497	47%
Offer food products from organic farms, in particular the most consumed fruits	3,497	24%
Offer responsibly produced, externally certified tea or coffee at breakfast	3,497	37%
Ban six endangered species of wild fish from menus	3,497	92%
Based on the region, ban threatened species of wild fish from menus	3,497	47%
LOCAL COMMITMENTS		
Give away non-consumed products	1,977	39%
Avoid individual portions for jam and other breakfast products	2,370	43%
Prohibit (or recycle) capsule coffee	2,555	45%
Favor large bottles of water and eliminate bottles smaller than 50 cl	3,456	37%
Not offer products or ingredients from producers located thousands of kilometers away	3,064	40 %
Procure food products from local food networks	2,915	41%
Plant a vegetable garden	0	-
Offer at least one ingredient from a Plant For the Planet farm	749	29%
Have a menu that includes one type of fish from sustainable fishing or sustainable aquaculture – the action can be approved if the hotel does not serve fish-based dishes	1,989	41%
At each meal, offer a choice designed to meet the nutritional needs of everyone	2,625	44%
Offer gluten-free dishes at all meals	2,335	44%
Offer meat that does not contain hormones – the action can be approved if the hotel does not serve dishes based on meat	2,204	72%
Offer milk from cows raised without growth hormones	3,154	76%
Eliminate palm oil in at least three key products	2,623	37%
When palm oil is essential for a recipe, favor products made from sustainable palm oil	2,930	38%
Do not cook with palm oil	1,985	52%
Favor bread, pastries and cakes that do not contain glucose-fructose syrup, or as little as possible	1,933	42%

(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-labeled cleaning products, environmentally responsible complementary products, Plant for the Planet program).

Progress of the deployment of the Healthy and Sustainable Food Charter[(1)]

(% of hotels that have fulfilled the commitments)



A total of 11% of hotels fulfilled 100% of the commitments, but the trend is positive, with 43% of hotels fulfilling at least 50% of the commitments as at end-2018.

Identify the sustainable subsidiaries for eggs from cage-free hens

In its Healthy and Sustainable Food Charter, Accor made a commitment to only provide free-range eggs or eggs from cage-free chickens (in shell and liquid form) and work with its suppliers so they gradually adopt practices for the well-being of animals. 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.

At end-2018, 31% of hotels got supplies of eggs laid by free-range hens raised outdoors.

2.7.3 *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.

ACTING HERE Planet 21

Planet 21 commitment: 1,000 urban vegetable gardens in our hotels

These vegetable gardens must meet certain criteria, in particular a minimum area of cultivation, 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. Hotels with a garden will be able to develop vegetable gardens in ground-beds, others will set up gardens on rooftops or terraces, grow plants in soil or test innovative solutions. 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 create their garden taking into account the different criteria such as climate, available space, or the desired use of the products. Since it was launched, the tool has recorded nearly 1,444 users and more than 5,900 pages viewed internally.

Thanks to large-scale mobilization by hotels, the Group's objective was reached in 2018 with more than 1,056 gardens[(1)]. The gardens are most often put in place and maintained by hotel teams, and they have been widely copied throughout the world.

(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-labeled cleaning products, environmentally responsible complementary products, Plant for the Planet program).*

At AccorInvest, the garden is studied in all construction and renovation projects

Reintroducing urban farming is a genuine challenge to society and AccorInvest wishes to participate actively at its level by implementing projects on rooftops, terraces or in the gardens of its hotels. All AccorInvest construction and renovation projects now include a systematic analysis of the relevance and the methods of including a vegetable garden in the design stage. It is currently re-writing its standards in this domain. The aim is not to focus on the self-sufficiency of one hotel but to commit its staff to a more general analysis of its supplies. Hotels will turn to their local economic ecosystem and seek local organic producers and produce. At the end of 2018, one third of AccorInvest hotels had a garden, therefore largely contributing to Accor's objective.

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 59% of the hotels participated as of the end of 2018;
- control of waste is a lever to reduce the Group's impact on biodiversity, and one of the 16 mandatory actions of Planet in Action.

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

- the commitment to promote healthy and responsible eating in its restaurants (see page 185), for example by increasing the use of products from organic or rational farming, or by not offering endangered species of fish on the menu;
- the Plant for the Planet program (see page 171) that is extended with insetting actions;
- the commitment to favor environmentally responsible products such as products using certified wood (see page 157);
- the partnership with CDC biodiversity around the "Concours Arbres d'Avenir (Trees of the Future Prize) and the Nature 2025 system in France (see page 171).

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 page 167).

2.8 Measuring and assessing performance

2.8.1 CSR indices and standards

- Euronext Vigeo index: World 120 ; Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120 ; Euronext Vigeo index: France 20:
- FTSE4Good;
- Ethibel Sustainability Index (ESI) Excellence Europe;
- 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;

Accor is also noted by extrafinancial organizations:

- CDP Carbon notation: A-. Accor has been participating since 2006 in CDP Carbon. This international organization is asking major corporations about the integration of climate change in their strategy, their approach to the carbon constraint and their performance in terms of greenhouse gas emissions;
- Oekom notation: "Prime" C +;
- Ecovadis' naming: "gold level 2018";
- Sustainalytics notation: "Overall ESG Score 2018: 78, Leader Performance" (highest level).

In addition, Accor received the "Silver Class Sustainability Award 2018" based on its score at "RobecoSAM's Annual Corporate Sustainability Assessment (CSA)".

2.8.2 Awards and recognition

In 2018, the Group was awarded a number of international prizes. Some emblematic examples below:

- the Group was awarded the Singapore Sustainable Business Award for its Ethics and CSR approach;
- the luxury hotels received the Commitment to Positive Change award, recognized by the Luxury Briefing Award;
- Accor Germany was recognized by a Green Franchise Award;
- Accor's world reservation center received an Environmental Awareness Award;
- the introductory film Plant for the Planet won an award in the Deauville Green Films Awards;
- the program Heartist journey won the Hospitality Award, in the category "best initiative in human resources and talent management".

2.8.3 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 financial year.

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 managed 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.

Employee data does not include:

- employees of owned, leased or managed hotels closed as of December 31, 2018;
- employees of owned, leased or managed hotels opened after November 30, 2018;
- 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);
- hotels belonging to a brand whose Accor share is less than 50%, for example: Mama Shelter;
- in 2018, the Group was not able to report the indicators for one hotel in Germany, in India and one in Switzerland, two hotels in Saudi Arabia, Australia and Vietnam, and 22 hotels in France;
- certain hotels are managed under co-ownership agreements (especially in Australia and New Zealand). Reports on workers at these hotels are provided for one of the two hotels, and therefore only for one brand.

In addition, the data of the Mantra and Mövenpick brands are not fully available for the year 2018, they are therefore not consolidated. The employee data is published for information and is not audited. The data from the Mantra and Mövenpick establishments will be consolidated in 2019.

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 particular attention. It also describes country-specific features, which are frequently updated.

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

Reporting officers have been designated at three levels. They are responsible for collecting, entering, verifying and approving employee data in compliance with the recommendations of the human resources reporting protocol:

- at the level of the hotels:
  - 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 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.

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

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;
- 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 workforce).

The **accident severity rate** is calculated from the number of work-related absences.

In 2018, following the sale of hotels to AccorInvest, the consolidation of hours worked data over the extended scope of the managed hotels could not be carried out. Frequency and severity rates include only seats. For 44% of the Headquarters, the number of hours paid was not consolidated or deemed reliable. It was therefore estimated by considering the number of hours worked per employee by country or region, based on a study conducted in 2016 on hours worked and paid holidays in Accor.

Despite the absence of data for paid hours, accidents and absences at seven hotels in Brazil and one hotel in France are included in the calculation for the consolidation of data.

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

Training

The **number of training hours** reported includes courses conducted by Académie Accor, Accor managers and contract service providers for hotels and head offices.

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

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

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 2017, qualitative reporting covered 2,024 hotels, which corresponds to 95% of the quantitative reporting scope (in number of hotels). It is self-assessed and done using an online questionnaire for the Vocaza software, and is sent to the T&C correspondents for quantitative reporting for each scope of reporting.

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.

Planet 21 In Action

Reporting scope and frequency

The Planet 21 In Action indicators cover all of 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;
- the Mantra and Mövenpick hotels;
- hotels that were no longer part of the Accor network as of December 31 of the reporting year;
- Thalassa sea and spa facilities, whose data are often reported with their host hotel's;
- hotels that were closed for renovation or other reasons during the reporting period or that suffered an exceptional event, such as a flood or an earthquake, that disrupted their operations during the reporting period;
- hotels forming part of a brand, in which Accor's stake is less than 50%, *e.g.* Mama Shelter.

The Planet 21 In Action indicators are reported annually.

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 16 bronze actions, 81% in 2018). 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 (for example, Plant for the Planet is not applicable in Algeria), the percentage of hotels is then calculated with respect to the relevant scope.

In 2018, "non-applicability" was deemed not relevant for some actions (*e.g.*: Using environmentally responsible printing paper). Therefore, for those actions, non-applicability is no longer taken into account and the 2017 results were recalculated with this new rule. This explains variations in the results.

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 through;
- 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 country 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.

Carbon footprint

The carbon footprint updated in 2018 includes scopes 1, 2 and 3 described on page 172 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, PFCS, SF_6);
- year of evaluation: 2017;
- the scope used is the following:
  1. 2,127 subsidiary and managed hotels included (*i.e.* 388,194 rooms),
  2. 1,951 franchised hotels included (*i.e.* 191,198 rooms), included in the scope 3 calculation,
  3. 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)* – SHOB*	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 terraces, 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.

Water, energy and greenhouse gas emissions

Data collection and control

At the start of every month, the hotels enter their water and energy consumption in the online water and energy management tool. The country and hotel maintenance teams control 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

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

- hotels that joined the network after September 15 of the reporting year;
- new acquisitions (during the reporting year);
- hotels closed for renovation during the reporting period;
- the Thalassa sea and spa facilities, whose data are often reported with their host hotel's;
- independently operated units or structures and franchised 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.).

Use data reported by the hotels are expressed by type of energy. For fuel, energy consumption is calculated on the basis of volume or mass consumed and each unit's heating value (HV).

The performance indicator is the energy ratio by 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 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 rain water or wastewater) is reported if metered.

The performance indicator is the ratio in liters per night.

Costs

The water and energy costs presented in the report correspond to all the water and energy invoices of the hotels in the scope of reporting as reported in the Group's financial reporting tool.

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 his agreement in the course of the year is not included in the reporting, whereas a contract that began during the year is included.

The number of suppliers was counted by "supplier entity". 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 Charter 21: Signing the Procurement Charter 21: percentage of suppliers that signed the Procurement Charter 21, 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 risk and high-risk suppliers.

Data collection and control

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

They are initially checked by the country Procurement Manager. The latter ensures that they are accurate and consistent with the rest of the information. They are then re-checked by the corporate sustainable Procurement reporting manager.

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

Plant for the Planet

Reporting scope and frequency

The Plant for the Planet indicators cover all of the owned, leased, managed and franchised hotels participating in the program, excluding the budget segment (hotelF1), Adagio, Swissôtel, Moyen-Orient (except for United Arab Emirates), Algeria, Fiji Islands.

2018 was marked by changes in the collection of contributions by hotels to the Plant For the Planet program. For simplification, this collection is now carried out once compared with twice in the past In order to guarantee compliance with the program for annual reporting of the program's results, the accounting for the financing is now complete on August 31, supplemented by extrapolation to cover a full year.

Indicators

Number of participating hotels: this indicator is calculated based on the number of hotels that verified their program participation in the Gaia tool for 2018.

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.

2.8.4 Indicator tables

Employee relations indicators

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

Indicators	2017 Owned and leased hotels	2017 Owned, leased and managed hotels	2018 Owned and leased hotels	2018 Owned, leased and managed hotels[1]	Change Owned and leased hotels	Change Owned, leased and managed hotels
EMPLOYMENT COMMITMENTS						
Number of payroll and non-payroll employees	**46,026**	**192,627**	**14,911**	**196,02**	**-31,115**	**3,394**
of which % women	54%	44%	**56%**	**44%**	2%	0%
of which % men	46%	56%	**44%**	**56%**	-2%	0%
By age						
Under 25 years	15%	17%	**13%**	**17%**	-3%	0%
25 to 34 years	33%	38%	**35%**	**37%**	1%	0%
35 to 44 years	26%	24%	**28%**	**24%**	3%	0%
45 to 54 years	17%	15%	**16%**	**15%**	-1%	0%
Over 55 years	9%	7%	**8%**	**7%**	0%	0%
By seniority						
Less than 6 months	13%	15%	**10%**	**15%**	-3%	0%
6 months to 2 years	22%	29%	**26%**	**30%**	4%	0%
2 to 5 years	21%	24%	**23%**	**24%**	2%	0%
5 to 10 years	18%	15%	**16%**	**14%**	-2%	-1%
10 to 20 years	18%	11%	**15%**	**11%**	-2%	0%
More than 20 years	9%	6%	**10%**	**6%**	1%	0%
% of workforce disabled	2.07%	0.89%	**1.58%**	**0.89%**	0%	0%
Management						
% of total workforce	19%	13%	**28%**	**13%**	9%	0%
of which % women	49%	42%	**51%**	**42%**	2%	0%
of which % men	51%	58%	**49%**	**58%**	-2%	0%
Hotel Managers by age – total						
Under 25 years	1%	2%	**1%**	**2%**	0%	0%
25 to 34 years	28%	34%	**30%**	**34%**	6%	-1%
35 to 44 years	36%	37%	**38%**	**38%**	2%	1%
45 to 54 years	25%	20%	**23%**	**20%**	-5%	0%
Over 55 years	10%	6%	**9%**	**7%**	-3%	0%
Hotel Managers by age – hotels						
Under 25 years	2%	2%	**1%**	**2%**	-1%	0%
25 to 34 years	35%	39%	**33%**	**34%**	-2%	-4%
35 to 44 years	43%	41%	**43%**	**38%**	0%	-3%
45 to 54 years	28%	21%	**16%**	**20%**	-11%	-1%

Indicators	2017 Owned and leased hotels	2017 Owned, leased and managed hotels	2018 Owned and leased hotels	2018 Owned, leased and managed hotels[(1)]	Change Owned and leased hotels	Change Owned, leased and managed hotels
Over 55 years	11%	6%	**7%**	**6%**	-4%	0%
of which Hotel General Managers	838	1,783	**173**	**1,863**	-666	80
of which % women	35%	29%	**41%**	**30%**	6%	2%
% men	65%	71%	**59%**	**70%**	-6%	-2%
Working conditions						
Average number of days of medical leave per employee over the year	7.6	4.1	**6.6**	**4.3**	-1.0	0.2
Average number is days of leave due to workplace accident per employee over the year	0.8	0.4	**0.3**	**0.4**	-0.5	0.0
Average number of days of unauthorized leave per employee over the year	0.7	0.6	**0.6**	**0.6**	0.0	0.0
Lost-time injury rate resulting in more than one day of lost time	23.1[(2)]	12.5[(2)]	**3.2[(3)]**	**3.2[(3)]**	N/A	N/A
Incident severity rate for workplace and commuting accidents	0.6[(2)]	0.3[(2)]	**0.05[(3)]**	**0.05[(3)]**	N/A	N/A
Number of fatal workplace and commuting accidents	1	4	**0**	**11**	-1	7

(1) The data of the Mantra and Mövenpick hotels will be consolidated in 2019. In 2018, based on 71 Mantra establishments and 92 Mövenpick establishments, the number of employees is estimated at 22,000.
(2) In 2017, the calculation of the rate of frequency and seriousness of the subsidiary establishments exclude the headquarters.
(3) In 2018, following the sale of hotels to AccorInvest, the consolidation of data of hours worked in the extended scope of the managed hotels was not conducted that year. The frequency and seriousness rates include only the head offices.

	Europe		Africa Middle East		Asia-Pacific		South America		North and Central America and Caribbean		Total	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Owned and leased hotels	**32,346**	**8,978**	**2,249**	**1,592**	**3,371**	**799**	**6,021**	**2,723**	**2,039**	**819**	**46,026**	**14,911**
Upscale luxury hotels	4,319	824	1,139	923	1,745	26	1,152	0	859	0	9,213	1,772
Midscale hotels	13,926	3,362	425	137	622	774	1,603	303	610	444	17,185	5,020
Economy hotels	9,981	1,309	507	342	228	0	2,681	1,890	182	0	13,579	3,542
International head offices	**2,745**	**2,756**	**179**	**190**	**776**	**774**	**585**	**530**	**389**	**375**	**4,673**	**4,624**
Holding company – payroll employees	**1,377**										**1,377**	**1,421**
Managed hotels – non-payroll employees	**15,337**	**24,192**	**22,690**	**22,479**	**79,925**	**86,488**	**6,126**	**8,482**	**22,523**	**24,559**	**146,601**	**181,109**
Upscale luxury hotels	8,668	12,556	16,078	15,313	43,514	46,677	1,498	3,167	21,671	23,468	91,429	101,181
Midscale hotels	5,025	15,788	4,701	5,13	29,560	31,980	2,949	2,588	628	649	42,863	56,135
Economy hotels	1,644	10,757	1,911	2,036	6,843	7,824	1,679	2,728	224	443	12,302	23,787
International head offices					**7**	**7**					**7**	**7**
TOTAL EMPLOYEES	**47,684**	**30,465**	**24,939**	**24,071**	**83,296**	**87,287**	**12,146**	**11,205**	**24,562**	**25,379**	**192,627**	**196,020**
Training												
Total training hours	525,756	554,105	255,148	328,506	2,542,255	2,654,670	297,808	394,925	290,168	407,170	3,911,135	4,339,376
Number of employees having attended at least one training course	35,262	35,779	20,216	24,310	84,772	97,933	13,199	14,479	21,880	26,807	175,329	199,308
Employee movements												
New hires	23,126	22,035	6,810	6,360	38,853	37,668	5,199	5,052	7,162	11,333	81,150	82,448
Separations	24,030	25,572	6,575	6,388	35,634	37,244	4,53	4,634	7,109	10,220	77,878	84,058
of which resignations	9,856	11,297	4,182	4,703	30,286	32,021	1,697	1,687	4,567	7,217	50,588	56,925
of which terminations	3,025	3,395	981	890	2,745	2,820	2,622	2,740	914	1,251	10,287	11,096
of which redundancies	270	234	306	65	173	96	5	24	40	32	794	451

	Europe	Africa Middle East	Asia-Pacific	South America	North and Central America & Caribbean	Total
	2018	2018	2018	2018	2018	2018
TOTAL EMPLOYEES INCLUDING MANTRA & MÖVENPICK*	**49,826**	**96,140**	**96,140**	**11,205**	**25,729**	**217,220**

Environmental and social responsibility indicators

Scopes of reporting

Scope of reporting	Scope of reporting	2018	
		Owned, leased and managed hotels	Owned, leased, managed and franchised hotels
Total number of Accor hotels in the scope of consolidation		2,218	4,316
Number of hotels applying Planet 21 In Action – response rate		2,065 93%	3,506 81%

Results for the "Bronze" initiatives

	Scope of reporting	2018	
		Owned, leased and managed hotels	Owned, leased, managed and franchised hotels
Designate a Planet 21 – Acting Here officer		100%	99%
Raise employees' awareness of the need to respect the Group's ethical values and rules		99%	98%
Raise employee awareness of environmental actions in their jobs		99%	99%
By default, reuse the bed linen for stays of more than one night		100%	100%
Offer complimentary, ecofriendly products (soaps, shower gels, shampoos)		83%	88%
Display key communication indicators on Planet 21 – Acting Here		99%	98%
Use eco-labeled cleaning products		99%	98%
Participate in the "Plant for the Planet" program		94%	80 %
Deploy the child protection program WATCH		98%	95 %
Ban endangered species of fish		100%	99%
Measure and analyze monthly water and energy consumption. Act in the event of drift		100%	99%
Comply with the water flow standard for all showerheads, faucets and toilets		99%	99%
Ensure that all wastewater is treated		99%	99%
Use energy-efficient bulbs		100%	99%
Sort and have your hazardous waste sorted using appropriate channels		99%	98%
Sort and recycle at least two types of waste: paper, glass, card or plastics		97%	97%

Energy, carbon and water Indicators

Scope of reporting [1]	2017	2018	% change at comparable scope of reporting
Energy and CO_2 indicators			
Total energy used	4,415 GWh	4,817 GWh	-0.2%
Total CO_2 emission	1,956 thousands of teq CO_2	2,110 thousands of teq CO_2	-6.2%
Direct emissions	249 thousands of teq CO_2	281 thousands of teq CO_2	-0.1%
Indirect emissions	1,708 thousands of teq CO_2	1,829 thousands of teq CO_2	-7.0%
Water indicators			
Total water use	36.8 millions of m^3	36.8 millions of m^3	-1.0%

(1) The definitions of perimeters are presented in the methodological appendix on page 189.

2.9 Independent third party's report on the consolidated non-financial statement presented in the management report

Year ended on December 31, 2018

This is a free translation into English of the original report 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 standards applicable in France.

To the shareholders,

In our quality as an independent third party, accredited by the COFRAC under number n° 3-1050 (whose scope is available at www.cofrac.fr), and as a member of the network of one of the statutory auditors of the company Accor (hereafter "entity"), we hereby report to you on the consolidated non-financial statement for the year ended on December 31st, 2018 (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 et R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing 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 and the information selected by the entity (hereafter the "Selected Information") have been prepared in accordance with the entity's procedures (hereinafter the «Criteria»), the main elements of which are presented in the Statement in the paragraph 2.8.3. "Methodological review".

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a quality control system, including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

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 provisions 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 responsibility to express, at the entity's request and outside the scope of our accreditation, a limited assurance conclusion that the Information Selected by the entity and identified in Appendix 1 has been prepared, in all material respects, in accordance with the Criteria.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, particularly the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

1. Report on the compliance and the fairness of the Statement

Nature and scope of the work

Our work described below has been performed in accordance with the provisions of articles A. 225 1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance applicable in France to such engagements, as well as to the international ISAE standard 3000 - *Assurance engagements* other than audits or reviews of historical financial information.

The work that we conducted allows us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- We obtained an understanding of the entity's activities and of all the companies included in the scope of consolidation, the statement of the main social and environmental risks related to this activity, and, where applicable, the impact of this activity on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- We assessed the suitability of the Criteria 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 of the French Commercial Code, as well as information regarding human rights and the anti-corruption and tax evasion legislation;
- We verified that the Statement presents the business model and the principal risks associated with the activity of all the entities included in the scope of consolidation; including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and outcomes, including key performance indicators;
- We verified that the Statement includes an explanation for the absence of the information required by the 2nd paragraph of III of Article L. 225-102-1 of the French Commercial Code;
- We verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II of the French Commercial Code;
- We assessed the process used to select and validate the principal risks;
- We asked about the existence of internal control and risk management procedures the entity has put in place;
- We assessed the consistency of the outcomes and the key performance indicators with respect to the principal risks and policies presented;
- We verified that the Statement covers the consolidated scope, i.e. all the companies included in the scope of consolidation in accordance with article L. 233-16 of the French Commercial Code, within limitations set out in the Statement;
- We assessed the data collection process implemented by the entity 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 their trends;
  - substantive tests 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 listed hereinafter: Accor Australia, Accor New Zealand, Accor Turkey, Accor France which cover between 9% of consolidated headcount and 43% of hotels for these tests;
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered the most important presented in Appendix 1;
- We assessed the overall consistency of the Statement based on our knowledge of the entity.

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 more extensive procedures.

Means and resources

Our verification work mobilized the skills of eight people and took place between July 2018 and March 2019 on a total duration of intervention of about fourteen weeks.

We conducted about ten interviews with the persons responsible for the preparation of the Statement representing the Talent & Culture, Sustainable Development, Procurement, Technical Services and Safety and Security departments.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us not to believe that the non-financial statement complies with the applicable regulatory provisions and that the Information, taken together, is fairly presented, in compliance with the Criteria.

2. Limited assurance report on the Selected Information

Nature and scope of the work

Concerning the Information Selected by the entity, identified in Appendix 1 by the sign *, we conducted work of the same nature as described in paragraph 1.

Our work has been performed in accordance with the international ISAE standard 3000 (International Standard Assurance Engagements) and with the professional guidance applicable in France.

The selection of contributing entities covers 9% of consolidated headcount and 43% of hotels.

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 not to believe that the Selected Information by the entity has been prepared in compliance with the Criteria.

Paris-La Défense, March 18th, 2019

French original signed by:

Independent third party
ERNST & YOUNG et Associés

Eric Duvaud	Jean-François Bélorgey
Partner, Sustainable Development	*Partner*

Appendix 1: Information considered as the most important

Social Information	
Quantitative Information (including key performance indicators)	***Qualitative Information (actions or results)***
Share of women that are hotel general managers Average monthly headcount [1] Number of departures by reason [1] Average number of days of absence per employee [1] Number of workplace accidents with lost time [1] Number of days of absence following a workplace accident [1]	Results of the policy combatting discrimination and promoting diversity Measures in place to attract talents [1] Measures in place to develop skills [1] Measures in place regarding health and safety [1]
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 regarding waste management
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 Number of trees funded by the Plant for the Planet program [1] Amount of contributions to the Plant for the Planet program [1]	Measures in place to ensure the safety and security of customers [1] Measures in place to ensure that suppliers comply with their ethical and CSR commitments Measures in place to ensure hotels comply with their ethical and CSR commitments

(1) Information related to the scope of hotels sold and still under management contracts that the entity has chosen to exclude from the Statement and voluntarily present in its management report.

2.10 Appendices

2.10.1 Global reporting initiative correspondence

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: http://www.Accor.group/fr-FR/ commitment/ the-expert-room/our-accolades.

2.10.2 Contribution of the Accor Group to the United Nations sustainable development goals

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 page 185, the healthy & sustainable food charter and local sourcing. See page 171, agroforestry operations backed by the Plant for the Planet program, to secure market opportunities for producers.
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	Employee	See page 151, training programs.
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 page 168, professional insertion projects supported by the Accor Solidarity endowment fund.
5. Achieve gender equality and empower all women and girls		
5.1 End all forms of discrimination against all women and girls everywhere	Employee	See page 148, the fight again t gender discrimination and the promotion of gender equality.
5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including traffickin and sexual and other types of exploitation	Communities	See page 170, the We Act Together for Children program (WATCH) against child sexual exploitation.
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	Employee	See page 148, the fight again t gender discrimination and the promotion of gender equality, the Women's Empowerment Principles carried by the UN to support the empowerment of women, the HeForShe solidarity movement, the program steered by UN Women, and the Women at Accor Generation network (WAAG).
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 page 159, the actions undertaken to limit water pollution through ecolabeled ecological products (cleaning products, shampoos, soap, etc.). See page 179, water use and water discharge. See page 181, waste management.

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	See page 178, actions undertaken to increase the share of renewable energies and reduce total energy consumption.
7.3 D'ici à 2030, multiplier par deux le taux mondial d'amélioration de l'efficac é énergétique	Buildings	
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial servi es.	Partners	See page 20, the economic footprint and jobs created. See page 161, the major innovation carried out each year to develop alternative, responsible models.
8.4 Improve progressively, through 2030, global resource efficie y in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.	-	See page 25, 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	Employee	See page 116, the Ethics and CSR Charter.
8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.	Employee & Communities	See page 151, training programs. See page 168, professional insertion projects supported by the Accor Solidarity endowment fund.
8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human traffickin and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.	Employees & Partners	See page 116, the Ethics and CSR Charter and compliance with the major international fundamental principles such as the United Nations Global Compact, of which the Group has been a signatory since 2003, the International Labour Organization (ILO) Conventions and the principles of the Universal Declaration of Human Rights. See page 163, the ethical and CSR risk management process with the Group's owner partners and suppliers.
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Employee	See page 140, the framework agreements, social dialogue, health and safety programs, management of workplace risks. See page 163, the ethics and CSR risk management process with our suppliers.
8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.	Employee	See page 20, the economic footprint and the creation of local jobs.
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 page 175, actions for low-carbon buildings. See page 181, actions to monitor and management waste.

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 tural resources	Buildings & Guests	See page 159, the 10 families of ecoresponsible products. See page 172, the “Buildings” pillar.
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 page 183, the program to reduce food waste by 30%.
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 educe their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	Buildings & Guests	See page 159, ecolabeled cleaning products. See page 181, waste management.
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Buildings	See page 181, the actions to reduce waste (reduction of packaging, support for the circular economy, etc.). See page 182, the actions in order to recycle 65% of hotel waste.
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	-	See page 199, the report by the independent verifier on the onsolidated 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 page 17, preparation of shared studies: Environmental footprint, socio-economic footprint, etc. See page 126, Planet 21 in Action, the hotel roadmap for sustainable development.
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 page 103, the table of risks associated with climate change. See page 103, actions to mitigate the risks.
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development		
14.1 By 2025, prevent and significantly educe marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	Buildings	See page 181, the actions to reduce waste (reduction of packaging, support for the circular economy, etc.). See page 182, the actions in order to recycle 65% of hotel waste.
14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, un eported and unregulated fishing and destructive fishing p actices and implement science-based management plans, in order to restore fish tocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics	Food	See page 186, endangered species of fish a e not served in our restaurants.

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 page 171, the Plant for the Planet program, to promote agroforestry. See page 157, products from FSC or PEFC certified wood or paper fibers.
15.3 By 2030, combat desertific tion, restore degraded land and soil, including land affected by desertific tion, drought and floods, and trive to achieve a land degradation-neutral world	Buildings, Communities	See page 179, the reduction in water consumption. See page 171, the Plant for the Planet program, to promote agroforestry.
15.5 Take urgent and significant action o reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	Food	See page 186, endangered species of fish a e not served in our restaurants. See page 157, products from FSC or PEFC certified wood or paper fibers.
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 orms of violence against and torture of children	Communities	See page 170, the We Act Together for Children program (WATCH) against child sexual exploitation.
16.5 Substantially reduce corruption and bribery in all their forms	Partners	See page 116, the Ethics and CSR Charter and the Compliance program.
16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	Employee	See page 139, the Heartist® pogram.

SDGs and targets to which Accor actively contributes
SDGs and targets to which Accor indirectly contributes

3

Board of Directors' report on Corporate Governance

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 20, 2019. It will be presented to shareholders at the next Annual Shareholders' Meeting, to be held on April 30, 2019.

3.1 Corporate Governance and governance structure

3.1.1 Corporate Governance Code

In 2018, Accor complied 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 277.

In addition, each director is required to comply with the Board of Directors Code of Conduct, set out in Appendix B on page 284.

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 Philippe Citerne as Vice-Chairman of the Board and Senior Independent Director (position held by Iris Knobloch since July 27, 2016). Also, on the recommendation of the Chairman and Chief Executive Officer, on December 2, 2013 the Board appointed Sven Boinet as Deputy Chief Executive Officer. Its mandate ended on December 2, 2018.

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. 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 its executive and non-executive directors, notably thanks to the presence of a Senior Independent Director.

During the 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.

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 situations where the exercise of the powers of the Chairman and Chief Executive Officer is subject to the prior approval of the Board of Directors are described in this report and in the Board of Directors Bylaws.

Vice-Chairman & 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.

Assisted by the Corporate Secretary for any related 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 meetings reserved where appropriate, 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 validates 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 Bylaws.

In 2018, Ms. Knobloch organized and chaired one meeting solely for non-executive directors and one meeting solely for independent directors.

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.

Non-voting director

In accordance with the Company's Bylaws, the Board of Directors may, on the recommendation of the Chairman, appoint one or more natural persons as non-voting directors. The number of non-voting directors cannot exceed one-quarter of the number of voting directors. Their role is decided by the Board of Directors, in compliance with the applicable laws and regulations and the Company's Bylaws.

Philippe Citerne was appointed by the Board of Directors as a non-voting director at its meeting of July 27, 2016. His term of office as a non-voting director came to an end on December 31, 2018.

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. He also 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
Sven Boinet	Deputy CEO responsible for Procurement, Audit, and Security & Safety
Maud Bailly	Chief Digital Officer responsible for Digital Media, Distribution, Sales and Information systems
Aranxta Balson	Chief Talent & Culture Officer
Gaurav Bhushan	Chief Development Officer
Chris J. Cahill	Deputy CEO responsible for Hotel Operations
Franck Gervais	CEO, Europe
Michael Issenberg	CEO, Asia-Pacific
Patrick Mendes	CEO, Latin America
Jean-Jacques Morin	Deputy CEO responsible for Legal Affairs, Finance, Communications and Strategy
Amir Nahai	CEO, Food & Beverage and Lifestyle
Laurent Picheral	Group Chief Transformation Officer
Thibault Viort	CEO, New Businesses & Chief Disruption and Growth Officer
Mark Willis	CEO, Middle East & Africa

(1) *As of the date of the Registration Document.*

3.2 Membership of the Board of Directors at December 31, 2018

3.2.1 Information about Directors

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	N/A	AGM to approve financial statements for 2018
Aziz Aluthman Fakhroo	No	M	French & Qatari	1,000	07/12/2016	N/A	AGM to approve financial statements for 2018
Sébastien Bazin(1)	No	M	French	104,312	01/09/2006	05/05/2017	AGM 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	04/22/2016	AGM to approve financial statements for 2018
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	N/A	AGM to approve financial statements for 2018
Iris Knobloch(3)	Yes	F	German	1,000	04/25/2013	05/05/2017	AGM to approve financial statements for 2019
Nicolas Sarkozy	Yes	M	French	1,028	02/21/2017	N/A	AGM to approve financial statements for 2018
Patrick Sayer	No	M	French	1,000	08/27/2008	04/22/2016	AGM to approve financial statements for 2018
Isabelle Simon	Yes	F	French	1,000	07/12/2016	N/A	AGM to approve financial statements for 2018
Sarmad Zok	No	M	Lebanese & British	1,000	07/12/2016	N/A	AGM to approve financial statements for 2018

(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, 2018.
- Number of Accor shares held: 1,000.
- Born January 1, 1972.
- Qatari national.
- Chairman of Katara Hospitality.

A graduate of Qatar University, Sheikh Nawaf began his career at Qatar Airways before joining Katara Hospitality as Chairman of the Board of Directors. 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.

Other positions held at December 31, 2018 with companies controlled[1] by Katara Hospitality

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

Other positions held at December 31, 2018 with companies not controlled[1] by Katara Hospitality

Position	Company	Country
Outside France		
Chairman	Al Hosn Investment Company SAOC (unlisted company)	Oman

Former positions held in the past five years

Position	Company
In France	
Member of the Board	GVE
Chairman	Q Hotels & Restaurants France SAS

Position	Company	Country
Outside France		
Chairman	Dhofar Tourism Company	Oman
Manager	H&G Management Sarl	Luxembourg
Member of the Board	Qatari Diar	Qatar
Director	Creative Design FZ LLC	United Arab Emirates
Director	FRHI Holding Limited	Cayman Islands

(1) Within the meaning of Article L. 233-16 of the French Commercial Code.

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, 2018.
- Number of Accor shares held: 1,000.
- Born July 20, 1977.
- French & Qatari national.
- Under-Secretary of State at the Ministry of Finance, Qatar.

Graduate of Paris ESLSCA Business School, he 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 is appointed Under-Secretary of State at this same Ministry.

Other positions held at December 31, 2018

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 (unlisted 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.
- Number of Accor shares held: 104,312.
- Born November 9, 1961.
- French national.

Having earned a Masters in Business Management from Paris-Sorbonne University, Sébastien Bazin began his career in the US finance industry in 1985. In 1997, he joined Colony Capital, a private-equity firm, 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.

Other positions held at December 31, 2018 with companies controlled[1] by Accor

Position	Company
In France	
Director	Adagio SAS (unlisted company)

Other positions held at December 31, 2018 with companies not controlled(1) 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	China Lodging Group (listed company)	China
Director	General Electric (listed company)	United States

Former positions held in the past five years

Position	Company
In France	
Chief Executive Officer	Colony Capital Europe
Chairman	Colony Capital SAS
Chief Executive Officer	Toulouse Cancéropole SAS
Chairman	Data 4 SAS
Chairman	Adagio SAS
Legal Manager	Colmed
Legal Manager	Société du Savoy à Méribel
Managing Partner	SCI MB (formerly Madeleine Michelis)
Managing Partner	SCI Ranelagh
Director	Carrefour
Member of the Supervisory Board	ANF Immobilier (Les Ateliers du Nord de la France)
Legal Manager	CC Europe Invest

(1) Within the meaning of Article L. 233-16 of the French Commercial Code.

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.

A graduate of École de Paris des métiers de la table, Iliane Dumas joined Accor 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.

Other positions held at December 31, 2018

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, 2018.
- Number of Accor shares held: 1,564.
- Born August 1, 1964.
- French national.
- Group General Manager, Financial Communication and Strategic Prospective, L'Oréal.

Sophie Gasperment is a graduate of ESSEC business school and Insead. She joined L'Oréal in 1886. After 14 years in operational and strategic marketing positions, she was appointed General Manager for L'Oréal in the UK. 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. In 2014, Sophie Gasperment became the L'Oréal Group General Manager leading Financial Communication and Strategic Prospective. 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.

Other positions held at December 31, 2018 with companies controlled[2] by L'Oréal

None.

Other positions held at December 31, 2018 with companies not controlled[2] by L'Oréal

Position	Company	Country
Outside France		
Non-Executive Director	Kingfisher plc (listed company)	United Kingdom
Lead Independant Director	Cimpress N.V. (listed company)	Netherlands
Independant Director	S.A. D'Ieteren N.V. (listed company)	Belgium

Former positions held in the past five years

Position	Company	Country
Outside France		
Chairman and Chief Executive Officer	The Body Shop International Plc	United Kingdom

(1) Based on the independence criteria set out in the AFEP/MEDEF Corporate Governance Code.
(2) Within the meaning of Article L. 233-16 of the French Commercial Code.

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.

After studying translation and interpreting at the Marie Haps Faculty (Brussels, Belgium) and then Chinese religions and philosophies at the China Institute (New York, USA), Chantale Hoogstoel began her career with Accor 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 HACCP (Hazard Analysis and Critical Control Points) 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.

Other positions held at December 31, 2018

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, 2018.
- Number of Accor shares held: 2,000.
- Born November 13, 1976.
- French national.
- Chief Executive Officer and Artistic Director of Shang Xia.

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. She founded a number of design companies before setting up the Chinese subsidiary of ArtCurial. In 2008, she teamed up with Hermès to set up 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.

Other positions held at December 31, 2018

Position	Company	Country
Outside France		
Chief Executive Officer	Shang Xia (unlisted company)	China

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.
- Number of Accor shares held: 1,000.
- Born February 13, 1963.
- German national.
- President of Warner Bros Entertainment France.

Iris Knobloch has a J.D. degree from Ludwig-Maximilians Universität Munich and an L.L.M. degree from New York University. She has spent more than 18 years with Warner Bros and the Time Warner Group, holding various different positions, and is currently President of Warner Bros Entertainment France. Before beginning her career with Warner Bros., Iris Knobloch was an attorney with Norr, Stiefenhofer & Lutz and O'Melveny & Myers in Munich, New York and Los Angeles.

Other positions held at December 31, 2018 with companies controlled[2] by Warner Bros.

None.

(1) Based on the independence criteria set out in the AFEP/MEDEF Corporate Governance Code.
(2) Within the meaning of Article L. 233-16 of the French Commercial Code.

Other positions held at December 31, 2018 with companies not controlled[2] by Warner Bros

Position	Company	Country
Outside France		
Member of the Board of Directors	Lazard Ltd (unlisted company)	Bermuda
Member of the Board of Directors	Axel Springer (listed company)	Germany

Former positions held in the past five years

Position	Company	Country
Outside France		
Member of the Board of Directors	Central European Media Enterprises	Bermuda

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, 2018.
- 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* and *Tout pour la France*.

Other positions held at December 31, 2018

Position	Company
In France	
Chief Executive Officer	SELAS CSC (unlisted company)

Former positions held in the past five years

None.

Patrick Sayer – Director

- First appointed as a director on August 27, 2008.
- 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, 2018.
- Number of Accor shares held: 1,000.
- Born November 20, 1957.
- French national.
- Chairman of Augusta.

A graduate of École polytechnique and École des mines de Paris, Patrick Sayer was Chairman of Eurazeo's Executive Board from May 2002 to April 2018. He previously held the positions of Managing Partner at Lazard Frères et Cie in Paris and Managing Director of Lazard Frères & Co. in New York. He was formerly the President of the Association française des investisseurs pour la croissance (AFIC) and is currently a director of the musée des Arts décoratifs in Paris and a lecturer in finance (Master 225) at Paris-Dauphine University. He is also a member of the Club des Juristes and a judge at the Paris Commercial Court.

(1) *Based on the independence criteria set out in the AFEP/MEDEF Corporate Governance Code.*
(2) *Within the meaning of Article L. 233-16 of the French Commercial Code.*

Other positions held at December 31, 2018

Position	Company
In France	
Chairman	CarryCo Croissance (unlisted company)
Chairman	CarryCo Croissance 2 (unlisted company)
Chairman	CarryCo Capital 1 (unlisted company)
Member of the Supervisory Board	Europcar Mobility Group (listed company)

Position	Company	Country
Outside France		
Member of the Board of Directors	I-Pulse (unlisted company)	United States
Member of the Board of Directors	Tech Data Corporation (listed company)	United States

Former positions held in the past five years

Position	Company
In France	
Chairman of the Executive Board	Eurazeo SE
Chief Executive Officer	Legendre Holding 19
Chairman	Legendre Holding 25
Chairman	Legendre Holding 26
Chairman	Eurazeo Capital Investissement
Vice-Chairman and Member of the Supervisory Board	ANF Immobilier
Director	Europcar Group
Chairman of the Supervisory Board	Europcar Group
Director	Rexel
Vice-Chairman of the Supervisory Board	Rexel
Member of the Supervisory Board	Foncia Holding
Legal Manager	Investco 3d Bingen

Position	Company	Country
Outside France		
Director	Gruppo Banca Leonardo	Italy
Director	Colyzeo Investment Advisors	United Kingdom

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, 2018.
- 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 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 Université Jean Monnet. She is a qualified lawyer, and has been admitted to the Paris Bar and the New York Bar. Isabelle Simon began her career in 1995 at law firm Cleary Gottlieb Steen & Hamilton, where she practiced as a lawyer in Paris and New York. In 2003, she joined the Investment Banking Division of Goldman Sachs as Executive Director. 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 and 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. She is also Group Secretary & General Counsel and a Board member of the Thales Foundation.

Other positions held at December 31, 2018 with companies controlled[(2)] 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 Communications & Security SAS (unlisted company)
Director	Thales Corporate Ventures (unlisted company)
Director	Fondation d'Entreprise Thales

Other positions held at December 31, 2018 with companies not controlled[(2)] by Thales

None.

Former positions held in the past five years

Position	Company
In France	
Director	Neopost
Director	Wefcos

Position	Company	Country
Outside France		
Chairman	Société Anonyme des Thermes Marins Monte-Carlo	Monaco

(1) Based on the independence criteria set out in the AFEP/MEDEF Corporate Governance Code.
(2) Within the meaning of Article L. 233-16 of the French Commercial Code.

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, 2018.
- Number of Accor shares held: 1,000.
- Born August 9, 1968.
- Lebanese & 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.

Other positions held at December 31, 2018 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
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, 2018 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	Kingdom 01 FZ LLC	Dubai free-trade zone, United Arab Emirates
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 Independence of Directors and balanced representation of women and men

At December 31, 2018, the Board of Directors had twelve members, including two directors representing employees.

The Board of Directors pays particular attention to the balance of its membership and that of its Committees and, when appointing or renewing directors, reviews its compliance with legal requirements and with the AFEP/MEDEF Code recommendations in terms of gender balance, the proportion of independent directors and the Board's international diversity. The Board also ensures that its members have complementary technical skills and expertise (notably in finance, marketing, digital, luxury and hospitality), which enable them to fully grasp the challenges faced by the Group's operations and help foster their development. In terms of international diversity, the Board ensures that at least one-third of its members are non-French nationals or have acquired experience abroad.

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 2.2.7 of this Registration Document.

As at December 31, 2018:

- six of the Board members are women, including the two directors representing employees;
- five Board members qualify as independent, based on the criteria set out in the AFEP/MEDEF Code;
- five Board members are non-French nationals;
- all of the Board members hold or have held key positions, primarily in large, multinational companies, and have the skills necessary to carry out their duties as a member of the Board of Directors.

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 following criteria, as set out in the AFEP/MEDEF Code:

- not to be and not to 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 director/officer of a company in which the corporation directly or indirectly holds a directorship, or in which an employee appointed as such or an executive director/officer of the corporation (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 18, 2019, 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 2018. 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 Accor did not have any significant business relationships with the companies in which Sophie Gasperment, Qionger Jiang and Iris Knobloch hold positions.

(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.*

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 represented 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 appointment 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.

Lastly, the Board also assessed Nicolas Sarkozy's qualification as an independent director based on the criteria listed in the AFEP/MEDEF Code and reviewed the Group's business relationships with law firm Claude & Sarkozy. Nicolas Sarkozy himself does not provide any legal advice to the Group and, in addition, the provision of any legal services to the Group by other partners and employees of Claude & Sarkozy is carried out in such a way, in particular in terms of business volumes, so as to preserve Mr. Sarkozy's independence with regard to the abovementioned criteria. In light of these factors, and given that the fees paid to Claude & Sarkozy represent a non-material amount in relation to the Group's revenue and equity and less than 1% of the law firm's revenue, the Board considered that Nicolas Sarkozy qualifies as an independent director under the criteria set out in the AFEP/MEDEF Code.

In view of the results of this analysis, and based on the criteria above, on February 20, 2019 the Board confirmed that Sophie Gasperment, Qionger Jiang, Iris Knobloch, Isabelle Simon and Nicolas Sarkozy qualify as independent directors.

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	√	√	√	√	√	√	√
Patrick Sayer[4]	√	√	√	√	√	√	
Isabelle Simon	√	√	√	√	√	√	√
Sarmad Zok	√	√		√	√	√	√

(1) During the past five years.
(2) Acting alone or in concert.
(3) Director representing employees.
(4) The former Chairman of Eurazeo's Executive Board, Patrick Sayer was the representative for Eurazeo, a Company shareholder until March 6, 2018.

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 12 times in 2018. The notices of meeting together with the agenda were e-mailed 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.

Each ordinary Board meeting lasted four hours on average and the attendance rate was 78% (88% in 2017).

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 and the Deputy 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 2018, the Board of Director's work included:

- monitoring the process to open up AccorInvest's capital to investors and finalizing the sale of the majority of its capital;
- approving the acquisitions of Mövenpick and Mantra and reviewing the planned acquisitions of interests in Mantis, SBE and 21C Museum;
- approving the launch of a public takeover offer for Orbis shares not already owned by the Company;
- approving the signature of a partnership agreement with Katara Hospitality to create an investment fund dedicated to hotel development in Africa;
- overseeing the Statutory Auditor tender and selection process;
- deciding to implement a share buyback program;
- approving the parent company and consolidated financial statements for 2017.

The Board's work in the governance sphere included:

- reviewing the number, roles and composition of the Board Committees;
- reviewing the independence criteria set out in the AFEP/MEDEF Code and confirming the independence of certain Board members;
- reviewing the succession plan submitted by the Appointments, Compensation & CSR Committee;
- examining the related-party agreements already approved by Annual Shareholders' Meetings in prior years that remained in force during the year;
- 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 were set out in the 2017 Registration Document.

In 2018, the Board of Directors reviewed its operating procedures during one of its meetings.

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 allocated 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 20, 2019, the Board of Directors reviewed the related-party agreements approved in prior years that remained in force in 2018 and the agreements authorized by the Board in application of the procedure provided for in Articles L. 225-38 *et seq.* of the French Commercial Code.

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 have therefore been four standing Board Committees:

- the Audit, Compliance & Risks Committee;
- the Commitments Committee;
- the Appointments, Compensation & CSR Committee;
- the International Strategy Committee.

On May 30, 2018, the Board of Directors decided to dissolve the Corporate Governance, Compliance & CSR Committee and divide its duties between the Audit, Compliance & Risks Committee and the Appointments, Compensation & CSR 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 2018

Director	Board	Audit, Compliance & Risks Committee	Commitments Committee	Appointments, Compensation & CSR Committee	International Strategy Committee
Aziz Aluthman Fakhroo	83%	100%	100%	100%	-
Vivek Badrinath[1]	83%	-	-	-	-
Jean-Paul Bailly[1]	83%	-	100%	100%	-
Sébastien Bazin	100%	-	-	-	-
Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani	16%	-	-	-	0%
Iliane Dumas	92%	-	-	100%	-
Mercedes Erra[1]	83%	-	67%	-	-
Sophie Gasperment	100%	75%	-	100%	-
Chantale Hoogstoel	100%	-	100%	-	-
Qionger Jiang	83%	0%[2]	-	50%	100%
Iris Knobloch	83%	67%	80%	100%	100%
Bertrand Meheut[1]	100%	-	-	-	-
Nicolas Sarkozy	83%	-	-	-	100%
Patrick Sayer	83%	50%	100%	75%	-
Isabelle Simon	75%	100%	-	100%	-
Natacha Valla[3]	83%	-	-	-	-
Sarmad Zok	83%	-	87%	100%	100%

(1) Director whose term of office expired at the close of the Annual Shareholders' Meeting of April 20, 2018.
(2) Qionger Jiang was appointed to the Audit, Compliance & Risks Committee on July 26, 2018.
(3) Natacha Valla stepped down from her position as a director of Accor on May 7, 2018.

3.4 Board Committees

3.4.1 Audit, Compliance & Risks Committee

The Audit, Compliance & Risks Committee has six members – Sophie Gasperment, Qionger Jiang, Iris Knobloch, Isabelle Simon, Aziz Aluthman Fakhroo and Patrick Sayer – 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 composition 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. In addition, Philippe Citerne attended Committee meetings in a consultative capacity as a non-voting director in 2018.

The Committee met four times in 2018, with an average attendance rate of 61% (*vs.* 64% in 2017).

Statutory Auditors, the Chairman and Chief Executive Officer, the deputy Chief Executive Officer in charge of finance 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;
- examined the implementation of the new presentation of the Group's financial results;
- oversaw the Statutory Auditor tender and selection process and made recommendations on the Statutory Auditors to be proposed to shareholders for appointment or renewal at the Annual Shareholders' Meeting of April 30, 2018. To this end, the Committee asked Isabelle Simon and Philippe Citerne to take part in the presentations of the different firms and the discussions with the special internal committee created to assess the various bids. Ms. Simon and Mr. Citerne then shared their observations with the Committee so that it could make its recommendation;
- reviewed the process for integrating companies acquired by the Group;
- monitored the finalization of the sale of the majority of AccorInvest's capital;
- verified the Company's compliance with the General Data Protection Regulation (GDPR);
- tracked deployment of the Group's Compliance project.

Lastly, the Committee also tracked developments in the Group's tax disputes and reviewed Internal Audit findings and the implementation of the identified measures, as well as the yearly update of the risk map.

3.4.2 Appointments, Compensation & CSR Committee

The Appointments, Compensation & CSR Committee comprises eight 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 Qionger Jiang, Iris Knobloch, Iliane Dumas and Isabelle Simon, Aziz Aluthman Fakhroo, Patrick Sayer and Sarmad Zok.

The Committee met four times in 2018, with an average attendance rate of 91% (*vs.* 78% in 2017).

During its meetings, the Committee:

- prepared the compensation policy for executive officers to be submitted to the Annual Shareholders' Meeting;
- reviewed the terms and conditions of the performance share plans launched in 2018 and the achievement levels of the performance criteria for previously launched stock option and performance share plans;
- reviewed the 2018 long-term incentive plan and the mechanisms for employee share ownership;
- reviewed the process for selecting an interim Chairman and Chief Executive Officer in the event of unforeseen circumstances;
- reviewed the independence criteria for directors;
- performed the annual review of related-party agreements approved in prior years that remained in force in 2018;
- monitored the application of the recommendations contained in the AFEP/MEDEF Code;
- reviewed the work carried out by the Ethics and CSR Committee.

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 five members. It is chaired by Patrick Sayer and its other members are Iris Knobloch, Chantale Hoogstoel, Aziz Aluthman Fakhroo and Sarmad Zok. Due to the nature of the responsibilities assigned to this Committee – which sometimes has to give its opinion on acquisitions 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 eight times in 2018, with an average attendance rate of 76% (*vs.* 88% in 2017). Directors not on the Committee may also participate in its meetings, at the invitation of the Committee Chairman.

In 2018, the Commitments Committee primarily:

- monitored the process to open up AccorInvest's capital to investors;
- reviewed the Group's various acquisition projects, including the acquisitions of Mövenpick and Atton;
- approved the launch of a public takeover offer for Orbis shares not already owned by the Company.

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 2018, with an average attendance rate of 67% (*vs.* 83% in 2017).

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.

3.4.5 Corporate Governance, Compliance & CSR Committee

To reflect changes in its composition, the Board of Directors decided on May 30, 2018 to dissolve the Corporate Governance, Compliance & CSR Committee and divide its duties between an Audit, Compliance & Risks Committee and an Appointments, Compensation & CSR Committee.

The Corporate Governance, Compliance & CSR Committee comprised four members, all of whom are qualified by the Board as independent. It was chaired by Jean-Paul Bailly, and its other members were Mercedes Erra, Sophie Gasperment and Isabelle Simon.

The Committee met once in 2018, with an average attendance rate of 50% (*vs.* 88% in 2017).

During this meeting, the Committee:

- reviewed the independence criteria for directors;
- performed the annual review of related-party agreements approved in prior years that remained in force in 2017;
- initiated the process for assessing the Board of Directors' operating procedures;
- tracked deployment of the Group's Compliance project and the preparation of its corruption risk map;
- reviewed the state of progress of the Group's Talent Management and Leadership projects.

3.5 Directors' and officers' compensation

3.5.1 2019 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. His compensation for 2019 was finalized by the Board of Directors at its meeting on December 20, 2018, based on recommendations put forward by 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, 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 officers complies with the AFEP/MEDEF Corporate Governance Code.

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 CSR 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%.

Variable compensation is capped at a percentage of a predetermined annual reference amount. The annual variable compensation received by Sébastien Bazin will represent between 0% and 150% of an annual reference amount of €1,250,000, corresponding to the equivalent of 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.

At its meeting on December 20, 2018, on the recommendation of the Appointments, Compensation & CSR Committee, the Board of Directors decided not to change Mr. Bazin's fixed and variable compensation in 2019. As a result, Mr. Bazin will receive gross fixed compensation of €950,000 and annual variable compensation of 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.

The Board has decided that Mr. 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 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 other CAC 40 companies (10% 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),
  - 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):**
  - strategic vision and identification of strategic options (10% weighting),
  - implementation of the post-Booster organization and change in Group businesses (10% weighting).

As allowed for in the AFEP/MEDEF Code, the Board of Directors has also retained the option of paying an exceptional bonus to the Chairman and Chief Executive Officer in certain circumstances (such as in the event of a transformative operation). Any such bonus would be announced and explained to shareholders. In any event and subject to approval of this compensation policy at the 2019 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 during the 2020 General Meeting of Shareholders.

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 2019	25%	0%	25%	40%
Actual *versus* budgeted free cash flow for 2019 (excluding disposals and acquisitions), after change in operating working capital	25%	0%	25%	40%
Accor's TSR *versus* the TSR of other CAC 40 companies	10%	0%	10%	16%
Accor's TSR *versus* the TSR of eight other international hotel groups	10%	0%	10%	16%
Guest experience, level of employee engagement, sustainable development and CSR performance	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**[2]
Strategic vision and identification of strategic options	10%	0%	10%	12%
Implementation of the post-Booster organization and change in Group businesses	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%**[3]
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION (CAPPED AMOUNT)		**0%**	**132%**	**197%**

(2) Each qualitative objective, depending on the achievement rate, may trigger the payment of up to 120% of the share of variable compensation it represents.
(3) The variable compensation is capped at 150% of the reference amount.

Long-term components

Performance shares in the Company are regularly granted to executive officers 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 20, 2019, based on recommendations put forward by the Appointments, Compensation & CSR Committee, the Board of Directors decided to cap the number of performance shares that may be granted to the Chairman and Chief Executive Officer at a number equivalent to 200% 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 granted.

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[1]:

- consolidated EBITDA *versus* budget (60% weighting);
- free cash flow (excluding disposals and acquisitions), after change in operating working capital *versus* budget (20% weighting);
- Accor's TSR performance *versus* the Stoxx Europe 600 Travel & Leisure Gross Return index (20% weighting).

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.

(1) The Board of Directors, based on recommendations put forward by the Appointments, Compensation & CSR Committee, decided to amend the performance conditions applicable to the plans to reflect the changes in the Company's environment. Given the change in our business model, the EBIT margin objective has been replaced by an objective relating to EBITDA performance. In addition, achievement of the Accor TSR objective will no longer be measured against the TSR performance of other CAC 40 companies or a peer group of other hotels, but against the performance of the Stoxx Europe 600 Travel & Leisure Gross Return index, which is more closely aligned with the Group's business segment and market listing.

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 €405,240 (based on the applicable rate for 2019).
- A maximum of 50 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:
  - Sébastien Bazin, as an executive director 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.
  - Sébastien Bazin, as an executive director of the Company with a gross annual salary of more than five times the PASS, and having fulfilled 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 for which he is 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:
  - consolidated EBITDA *versus* budget (50% weighting);
  - free cash flow (excluding disposals and acquisitions), after change in operating working capital *versus* budget (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.

  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.
- **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 as published in the Registration Documents for those years;
- 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 three previous 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.

The Chairman and Chief Executive Officer does not receive any **attendance 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 2019, actual *versus* budgeted free cash flow – excluding disposals and acquisitions, after change in operating working capital – for 2019, Accor's Total Shareholder Return (TSR) *versus* the TSR of its peer group and Accor's TSR *versus* the TSR of other CAC 40 companies); › **extra-financial objectives** (guest experience, level of employee engagement, sustainable development and CSR performance).	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; › implementation of the post-Booster organization and change in Group businesses.	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 200% of annual fixed compensation, determined by the Board of Directors

The compensation policy described above will be submitted to shareholders for approval at the Annual Shareholders' Meeting to be held on April 30, 2019 in the 19th resolution. Payment of the components of variable and exceptional compensation due under the above policy will be subject to approval of the Annual Shareholders' Meeting to be held in 2020.

3.5.2 Compensation payable to executive officers of the Company in 2018

The compensation paid or awarded to executive officers for 2018 complies with the compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018 in application of Article L. 225-37-2 of the French Commercial Code, as presented in section 3.5.1 of the 2017 Registration Document.

An overview of the fixed, variable and exceptional components of the total compensation and benefits paid or awarded to executive officers for 2018, which will be submitted to the Annual Shareholders' Meeting of April 30, 2019 for approval in application of Article L. 225-100 of the French Commercial Code, is presented in a specific table in section 3.7 of the Registration Document.

Fixed and variable compensation payable to Sébastien Bazin

Sébastien Bazin's gross annual **fixed compensation** for 2018 amounted to €950,000.

On December 14, 2017, the Board decided that Mr. Bazin's **annual variable compensation** would represent between 0% and 150% of a reference amount of €1,250,000, (*i.e.*, 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), *i.e.*:
  - consolidated EBITDA in line with the 2018 budget (25% weighting),
  - free cash flow (excluding disposals and acquisitions), after change in operating working capital, in line with the 2018 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);
- quantitative 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%. Variable compensation is capped at a percentage of a predetermined annual reference amount. The annual variable compensation received by Sébastien Bazin may represent up to 150% of an annual reference amount of €1,250,000 (the "Reference Amount"), corresponding to the equivalent of up to 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.

Following an assessment of the degree to which Sébastien Bazin's objectives had been achieved, at its meeting on February 20, 2019 the Board set his variable compensation for 2018 at €1,405,549, breaking down as:

- **€1,105,549 for the quantitative objectives,** which were 110.6% met overall (0% for Accor's TSR *versus* the TSR of eight other international hotel groups, 80% for Accor's TSR *versus* the TSR of other CAC 40 companies, and non-disclosable for the other objectives, which relate 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, and after changes in operating working capital) were exceeded. With respect to the objectives relating to the internal ambition (combination of criteria):
  - (i) the objective relating to the guest experience was partially met,
  - (ii) the objectives relating to employee engagement and to sustainable development and CSR performance were met in full;
- **€300,000 for the qualitative objectives,** which were 120% met overall (120% for strategic vision and identification of strategic options, and 120% in respect of the successful implementation of the new post-Booster organization and change in Group businesses). In its assessment, the Board noted the soundness of Sébastien Bazin's strategic vision, particularly the strategic and operational roadmap he advocated and deployed in order to realign the Group with the new challenges facing the hospitality industry based on an asset-light model. The Board also stressed the caliber of the current senior management team.

Consequently, Mr. Bazin's total variable compensation for 2018 represents 112.4% of the annual reference amount (and 148% of his fixed compensation for the year).

Lastly, in accordance with the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting, the Board decided to award Sébastien Bazin an exceptional bonus in view of his key role in successfully spinning off and opening up the capital of AccorInvest (Booster Project). This bonus was awarded to all Group employees who where particularly active in the Booster project, *i.e.*, around 70 people, and was paid in 2018 either wholly in cash or partly in perfomance shares and partly in cash.

Provided that it is approved by the Annual Shareholders' Meeting of April 30, 2019, this exceptional bonus shall be equivalent to 50% of his basic annual compensation at December 31, 2017 and take the form of a performance shares grant in 2019.

Fixed and variable compensation payable to Sven Boinet

The term of office of the Deputy Chief Executive Officer, Mr. Sven Boinet, expired on December 2, 2018. The breakdown of his compensation which were or will be paid to him in respect of 2018, was prorated over the time that he served in office in 2018.

Sven Boinet's annual fixed compensation for 2018 corresponded to €200,000 for his executive officer's position and €400,000 under his employment contract for his salaried position.

On December 14, 2017, the Board decided that Mr. Boinet's annual variable compensation for 2018 would represent between 0% and 150% of his annual fixed compensation of €600,000 pro rata, based on the achievement of the following objectives:

- quantitative objectives (accounting for 80% of the total), *i.e.*:
  - consolidated EBITDA in line with the 2018 budget (25% weighting),
  - free cash flow (excluding disposals and acquisitions), after change in operating working capital, in line with the 2018 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);
- quantitative objectives (accounting for 20% of the total), *i.e.*:
  - implementation of the post-Booster organization (10% weighting),
  - employee relations (10% weighting).

Each quantitative objective, depending on the level of achievement, triggers the payment of between 0% and 160% of the share of variable compensation it represents, and each qualitative objective between 0% and 120%. Variable compensation is capped at a percentage of annual fixed compensation. The annual variable compensation received by Sven Boinet may represent up to 150% of his annual fixed compensation.

Following an assessment of the degree to which Sven Boinet's objectives had been achieved, at its meeting on February 20, 2019 the Board set his variable compensation for 2018 at €621,060, breaking down as:

- **€488,501 for the quantitative objectives,** which were 110.6% met overall (0% for Accor's TSR *versus* the TSR of eight other international hotel groups, 80% for Accor's TSR *versus* the TSR of other CAC 40 companies, and non-disclosable for the other objectives, which relate 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, and after changes in operating working capital) were exceeded. With respect to the objectives relating to the internal ambition (combination of criteria):
  - (i) the objective relating to the guest experience was partially met,
  - (ii) the objectives relating to employee engagement and to sustainable development and CSR performance were met in full;
- **€132,559 for the qualitative objectives,** which were 120% met overall (120% for the successful implementation of the post-Booster organization and 120% for employee relations). In its assessment, the Board noted the role played by Sven Boinet in helping management teams to finalize the Booster operation while maintaining harmonious employee relations. In this respect, the Board noted his work in liaising with employee representative organizations.

This variable compensation represents 112.4% of his fixed compensation for the year (prorated over the time that he effectively served in office in 2018).

Lastly, in accordance with 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting, the Board decided to award Sven Boinet an exceptional bonus in view of his exceptional contribution to successfully spinning off and opening up the capital of AccorInvest (Booster Project).

Provided that it is approved by the Annual Shareholders' Meeting of April 30, 2019, this exceptional bonus will be equivalent to 25% of his basic annual remuneration at December 31, 2017 and will be paid in May 2019 in cash.

Termination benefits

Compensation payable to Sébastien Bazin in the event of loss of office as Chairman and Chief Executive Officer

The Board of Directors decided that the **compensation payable to Sébastien Bazin 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 applicable performance criteria 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 as published in the Registration Documents for those years;
- 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 three previous 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.

Compensation payable to Sven Boinet in the event of loss of office as Deputy Chief Executive Officer

The Board of Directors had decided that the **compensation payable to Mr. Boinet** in the event of loss of office would amount to €600,000, plus the amount of variable compensation due to him for the fiscal year preceding the loss of office, and less any termination benefit due for the termination of his employment contract. This termination benefit would only be payable if (i) the applicable performance criteria are met, and (ii) his departure is involuntary, *i.e.*, if Mr. Boinet's term of office as Deputy Chief Executive Officer is terminated (except in the event of gross or willful misconduct). It would not be payable if Mr. Boinet resigned or if he was not re-elected as a director, if he moved to a new position within the Group, or if he were able to claim his full-rate pension within a short period of time.

Because Sven Boinet's term of office ended on December 2, 2018, and he continues to hold a position in the Group, he is no longer entitled to this termination benefit.

Supplementary pension benefits

The Chairman and Chief Executive Officer, Deputy Chief 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 Chairman and Chief Executive Officer, the Deputy Chief 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.*, €158,928 in 2018. 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 2018 therefore amounted to €9,933[1]. In accordance with the French Social Security Code, if a plan member leaves the Group before the date of retirement, he or she retains the rights accrued under the plan.

Those eligible for the **defined benefit plan** are the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer and senior executives with a gross annual salary of more than five times the PASS, *i.e.*, €198,660 in 2018, 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]. 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. 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.

Approximately 70 executives were eligible for this plan in 2018.

(1) *For the defined contribution plan, the employer's contribution paid by Accor for 2018 for each of the Company's two executive officers corresponded to a gross amount of €9,933.*

(2) *The reference compensation corresponds to total gross fixed and variable compensation plus any exceptional bonus paid during the reference year.*

For example, for a reference compensation of €1,000,000 in 2018, provided that all of the plan's eligibility criteria are met, the entitlement will be calculated as follows:

- 1% for compensation representing between four times the PASS (€158,928) and eight times the PASS (€317,856), corresponding to 1% of €158,928, *i.e.*, €1,589 (a);
- 2% for compensation representing between 8 times and 12 times the PASS (€476,784), corresponding to 2% of €158,928, *i.e.*, €3,179 (b);
- 3% for compensation representing between 12 times and 24 times the PASS (€953,568), corresponding to 3% of €476,784, *i.e.*, €14,303 (c);
- 2% for compensation representing between 24 times the PASS and €1,000,000 (the reference compensation), corresponding to 2% of €46,432, *i.e.*, €929 (d).

The sum of these components – *i.e.*, (a) + (b) + (c) + (d) – represents a total potential annuity entitlement of €20,000 for 2018.

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.

Both Sébastien Bazin and Sven Boinet were eligible for these supplementary pension plans in 2018.

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:

- consolidated EBITDA *versus* budget (50% weighting);
- free cash flow (excluding disposals and acquisitions), after change in operating working capital *versus* budget (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 the plan's conditions are fulfilled when they take retirement and subject to any legislative changes, the potential benefit entitlement accrued by Sébastien Bazin and Sven Boinet in 2018, given the achievement rates for the above two performance conditions (as approved by the Board of Directors on February 20, 2019), would be as follows:

- for Sébastien Bazin: €47,678 (calculated on the basis of €2,455,719 in 2018, taking into account the fixed and variable compensation with respect to 2018 and the 100% achievement rates for the performance conditions). Consequently, Sébastien Bazin's estimated potential benefits under this plan at December 31, 2018 amount to €199,015;
- for Sven Boinet: €26,137 (calculated on the basis of €1,306,855 in 2018 taking into account the fixed and variable compensation with respect to 2018 and the 100% achievement rates for the performance conditions. Consequently, Sven Boinet's estimated potential benefits under this plan at December 31, 2018 amount to €104,618.

The amount of €26,137 accrued in 2018 breaks down as follows:

- €25,501 in potential benefits for 2018 subject to performance conditions, which were 100% met overall over the time that he served in office in 2018, *i.e.*, from January 1, 2018 to December 2, 2018;
- €636 in potential benefits for 2018 not subject to performance conditions for the period after his term of office ended (*i.e.*, from December 3, 2018 to December 31, 2018).

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 €405,240 (based on the applicable rate for 2018).

3.5.3 Summary of compensation

Analysis of compensation paid to executive officers

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 officers for 2017 and 2018[(1)].

Table 1: Summary of compensation, options and shares awarded to each executive officer (Table 1 – AFEP/MEDEF Code)

Sébastien Bazin **Chairman and Chief Executive Officer since August 27, 2013**	**2017** *(in euros)*	**2018** *(in euros)*
Compensation due for the year (see Table 2 for details)	2,512,548, including variable compensation of 1,505,719	2,887,780, including variable compensation of €1,405,549 and an exceptional bonus of €475,000
Value of stock options granted during the year	-	-
Value of performance shares awarded during the year (see Table 9 for details)[(1)]	1,236,096	1,235,022
TOTAL	**3,748,644**	**4,122,802**
Co-Investment Plan[(2)] Value of performance shares awarded under the Co-Investment Plan (including 51,647 shares corresponding to Mr. Bazin's personal investment) (see Table 9 for details)[(1)]	1,603,639	-
Total + Co-Investment Plan	**5,352,283**	**4,122,802**

(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 Co-Investment Plan set up in 2017 is intended to accompany the launch of the latest three-year phase of the strategic plan (will not be renewed before the end of the three-year plan).

Sven Boinet **Deputy Chief Executive Officer from December 2, 2013 to December 2, 2018 inclusive**	**2017** *(in euros)*	**2018** *(in euros)*
Compensation due for the year (see Table 2 for details)	1,343,775, including variable compensation of €722,745	1,372,846, including variable compensation of €621,060 and an exceptional bonus of €150,000
Value of stock options granted during the year	-	-
Value of performance shares awarded during the year (see Table 9 for details)[(1)]	630,066	630,020
TOTAL	**1,973,841**	**2,002,866**
Co-Investment Plan[(2)] Value of performance shares awarded under the Co-Investment Plan (including 29,274 shares corresponding to Mr. Boinet's personal investment) (see Table 9 for details)[(1)]	908,958	-
Total + Co-Investment Plan	**2,882,799**	**2,002,866**

(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 Co-Investment Plan set up in 2017 is intended to accompany the launch of the latest three-year phase of the strategic plan (will not be renewed before the end of the three-year plan).

(1) The fixed, variable and exceptional components of the total compensation and benefits paid or awarded to executive officers for 2018 will be submitted to the 2019 Annual Shareholders' Meeting for approval.

Table 2: Summary of compensation paid to each executive officer (Table 2 – AFEP/MEDEF Code)

Sébastien Bazin **Chairman and Chief Executive Officer since August 27, 2013**	**Due for the year** *(in euros)* **2017**	**Due for the year** *(in euros)* **2018**	**Paid during the year** *(in euros)* **2017**	**Paid during the year** *(in euros)* **2018**
Fixed compensation(1)	950,000	950,000	950,000	950,000
Variable compensation(2)	1,505,719	1,405,549	588,021	1,505,719
Exceptional bonus(3)	-	475,000	-	-
Directors' fees	-	-	-	-
Benefits in kind(4)	56,829	57,231	56,829	57,231
TOTAL	**2,512,548**	**2,887,780**	**1,594,850**	**2,512,950**

Sven Boinet **Deputy Chief Executive Officer from December 2, 2013 to December 2, 2018 inclusive**	**Due for the year** *(in euros)* **2017**	**Due for the year** *(in euros)* **2018**	**Paid during the year** *(in euros)* **2017**	**Paid during the year** *(in euros)* **2018**
Fixed compensation(1)	600,000	584,110	600,000	584,110
Variable compensation(2)	722,745	621,060	282,250	722,745
Exceptional bonus(3)	-	150,000	-	-
Directors' fees	-	-	-	-
Benefits in kind(4)	17,676	17,676	17,676	17,676
Discretionary profit-sharing(5)	2,624	NA	1,174	2,624
Statutory profit-sharing(5)	730	NA	684	730
TOTAL	**1,343,775**	**1,372,846**	**901,784**	**1 327 885**

The above amounts are presented in euros on a gross pre-tax basis.

(1) The fixed compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer is paid in the year in which it is earned.

(2) Variable compensation is calculated and paid at the beginning of 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, subject to ex post approval of the "say on pay" at the Annual Shareholders' Meeting of April 30, 2019.
At its meeting on June 26, 2018, the Board of Directors decided to award Sven Boinet an exceptional bonus equivalent to 25% of his annual fixed compensation at December 31, 2017, to be paid in cash in May 2019, subject to ex post approval of the "say on pay" at the 2019 Annual Shareholders' Meeting.

(4) Corresponding to (i) a company car for Sébastien Bazin and Sven Boinet, (ii) the benefits under the unemployment insurance policy taken out by the Company for Sébastien Bazin as described on page 237, and (iii) tax and asset management advisory services provided by an external company to Sébastien Bazin (capped at 50 hours) and Sven Boinet (capped at 25 hours).

(5) Statutory and discretionary profit-sharing are paid in the year following the one for which they are due. The amount disclosed for statutory profit-sharing includes any additional profit-sharing bonuses paid.

Table 3: Summary of commitments given to executive officers (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
Sven Boinet Deputy Chief Executive Officer from December 2, 2013 to December 2, 2018 inclusive	Yes[3]	Yes	Yes	No	No

(1) *See pages 236 and 237 for details of the supplementary pension plans of which the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer are members.*
(2) *See pages 235 and 236 for details of these types of compensation and benefits payable to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer.*
(3) *Sven Boinet was appointed Deputy Chief Executive Officer by the Board of Directors on November 26, 2013. On the same date, the Board also authorized the Company to enter into an employment contract with Mr. Boinet covering his position as Group Director responsible for Internal Audit, Legal Affairs and Security & Safety.*

Compensation paid to other senior executives

The total gross compensation and benefits paid in 2018 by the Group's French and non-French companies to the executives who were members of the Executive Committee as at December 31, 2018 – other than the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer whose compensation is described above – amounted to €9 million, including aggregate gross variable compensation of €3.9 million.

Provisions set aside at December 31, 2018 for pensions and other post-employment benefits payable to senior executives are presented in section 3.12, page 288 of the Registration Document.

Directors' fees

Directors' fees are allocated by the Board among its members according to the following principles:

- the annual amount of directors' fees is divided into an amount set aside for the Board and an amount set aside for the Board Committees, using an allocation key decided by the Board of Directors;
- one-third of the amounts set aside for the Board and for the Board Committees is used to pay the fixed portion of directors' fees;
- two-thirds of the amounts set aside for the Board and the Board Committees are used to pay the variable portion of directors' fees 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 the number of Board or Committee members; the variable portion is then paid to each director based on attendance;
- the Vice-Chairman of the Board of Directors receives the fixed portion of directors' fees payable to all directors as well as a fixed portion of a flat amount determined by the Board of Directors;
- a flat amount 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' fees equal to double the fixed portion payable to Committee members;
- members of the Audit, Compliance & Risks Committee receive an increased portion of directors' fees, 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' fees;
- directors representing employees do not receive any directors' fees. The directors' fees that they would have received are not distributed and instead the Group 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' fees are paid no later than three months following the end of the fiscal year for which they are due.

Based on the maximum gross amount of €1,320,000 in directors' fees approved by the Annual Shareholders' Meeting of April 20, 2018, the Board allocated a total gross amount of €1,278,836 to its members for 2018 in accordance with the above principles. The following table shows a breakdown of directors' fees paid to the Board's members in 2017 and 2018.

Table 4: Directors' fees and other compensation received by non-executive directors (Table 3 – AFEP/MEDEF Code)

	Due for the year						Paid during the year			
	2017			2018			2017		2018	
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	**85,794**	28,437	57,357	**128,714**	36,202	92,512	8,555	19,519	28,437	57,357
Vivek Badrinath[(4)]	**33,293**	10,333	22,960	**21,767**	6,963	14,804	2,793	3,740	10,333	22,960
Jean-Paul Bailly[(4)]	**57,948**	21,648	36,300	**45,183**	14,654	30,530	33,195	79,827	21,648	36,300
Sébastien Bazin	**N/A**	N/A	N/A	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A
Ali Bouzarif[(3)]	**3,144**	1,378	1,766	**N/A**	N/A	N/A	7,409	14,962	1,378	1,766
Philippe Citerne	**69,253**	23,333	45,920	**77,137**	23,333	53,804	46,081	68,209	23,333	45,920
Iliane Dumas[(1)]	**58,292**	16,368	41,924	**68,585**	20,291	48,294	N/A	N/A	16,368	41,924
Mercedes Erra[(4)]	**50,644**	17,876	32,768	**22,826**	12,002	10,824	29,282	65,141	17,876	32,768
Sophie Gasperment	**95,686**	34,471	61,215	**117,340**	38,854	78,486	27,440	71,847	34,471	61,215
Jonathan Grunzweig[(2)]	**N/A**	N/A	N/A	**N/A**	N/A	N/A	5,476	11,060	N/A	N/A
Chantale Hoogstoel[(1)]	**N/A**	N/A	N/A	**63,637**	16,313	47,324	N/A	N/A	N/A	N/A
Qionger Jiang	**44,763**	19,385	25,378	**76,762**	31,429	45,334	11,247	14,800	19,385	25,378
Iris Knobloch	**83,401**	39,385	44,016	**134,579**	37,793	76,786	23,346	42,939	39,385	44,016
Bertrand Meheut[(4)]	**90,062**	34,471	55,591	**34,865**	13,169	21,696	27,514	44,240	34,471	55,591
Virginie Morgon[(2)]	**N/A**	N/A	N/A	**N/A**	N/A	N/A	5,872	12,199	N/A	N/A
Nadra Moussalem[(3)]	**7,822**	2,198	5,624	**N/A**	N/A	N/A	26,590	52,166	2,198	5,624
Patrick Sayer	**87,302**	29,946	57,356	**138,720**	42,566	96,154	33,585	68,579	29,946	57,356
Isabelle Simon	**62,390**	20,139	42,251	**106,071**	36,467	69,604	9,961	27,936	20,139	42,251
Natacha Valla	**54,844**	22,402	32,442	**24,154**	9,350	14,804	7,268	14,962	22,402	32,442
Sarmad Zok	**79,502**	23,911	55,591	**113,737**	33,020	80,717	8,695	23,731	23,911	55,591
Nicolas Sarkozy	**86,355**	15,679	70,676	**79,563**	26,655	52,907	N/A	N/A	15,679	70,676
Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani	**29,960**	11,973	17,987	**23,252**	20,291	2,961	N/A	N/A	11,973	17,987
Jenny Zhang	**N/A**	N/A	N/A	**1,944**	1,944	0	N/A	N/A	N/A	N/A

(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 2016.
(3) Directors' fees paid until the end of the term as director in 2017.
(4) 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 2018

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

Since 2018 there are no longer any outstanding stock option plans.

Table 5: Summary of achievement levels in 2018 of the performance condition for stock option plans

None.

Table 6: Historical information concerning stock options granted to employees and/or executive officers (Table 8 – AFEP/MEDEF Code)

Stock option plans	Plan 20	Plan 21	Plan 22	Plan 23	Plan 24	Plan 25	Plan 26	Plan 27	Total
Grant date	04/02/2010	04/02/2010[4]	11/22/2010	04/04/2011	04/04/2011[4]	03/27/2012	03/27/2012[4]	09/26/2013[4]	
Date of Board of Directors' decision	02/23/2010	02/23/2010	10/13/2010	02/22/2011	02/22/2011	02/21/2012	02/21/2012	08/27/2013	
Date of Shareholders' Meeting approval	05/13/2008	05/13/2008	05/13/2008	05/13/2008	05/13/2008	05/30/2011	05/30/2011	04/25/2013	
Total number of grantees	1,020	10	5	783	8	390	8	1	
Total number of options granted[1]	2,618,770	153,478	92,448	621,754	53,125	527,515	47,375	40,000	4,154,465
› Of which to executive officers	190,125[5]	63,375[5]	–	99,375[5]	33,125[5]	80,250[5]	26,750[5]	40,000	
› Of which to the top ten employee grantees[2]	317,434	90,103	92,448	107,439	20,000	101,375	20,625	–	
Exercisable from	04/03/2014	04/03/2014	11/23/2014	04/05/2015	04/05/2015	03/28/2016	03/28/2016	09/27/2017	
Expiry date	04/02/2018	04/02/2018	11/22/2018	04/04/2019	04/04/2019	03/27/2020	03/27/2020	09/26/2021	
Exercise price *(in euros)*	26.66	26.66	30.49	31.72	31.72	26.41	26.41	30.13	
Options exercised in 2018	**354,905**	**12,724**	**84,916**	**177,798**	**20,703**	**122,295**	**6,836**	**-**	**780,177**
Total options exercised at 12/31/2018	**2,095,396**	**77,191**	**92,448**	**367,210**	**23,437**	**280,605**	**6,836**	**-**	**2,943,123**
Total options canceled at 12/31/2018[3]	**523,374**	**76,287**	**-**	**43,450**	**19,922**	**32,610**	**26,648**	**30,000**	**752,291**
Options outstanding at 12/31/2018	**-**	**-**	**-**	**211,094**	**9,766**	**214,300**	**13,891**	**10,000**	**459,051**

(1) After adjustments following the Group's July 2, 2010 demerger, made to all of the plans apart from Plans 22, 23, 24, 25, 26 and 27.
(2) Excluding executive officers.
(3) 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.
(4) All options granted subject to performance conditions.
(5) 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 2018 to the ten employees other than executive officers who received the largest number of options	-	-
Options exercised in 2018 by the ten employees other than executive officers who exercised the largest number of options	62,788	27.54

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	Shares corresponding to the equivalent of 40% of the net capital gain on the exercised options may not be sold until the grantee ceases to hold an executive officer's position within the Group.	Shares corresponding to the equivalent of 25% of the net capital gain on the exercised options may not be sold until the grantee ceases to be a member of the Executive Committee.
Plan 27	09/26/2013	Shares corresponding to the equivalent of 40% of the net capital gain on the exercised options may not be sold until the grantee ceases to hold an executive position within the Group. 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, 2018, a total of 459,051 stock options were outstanding.

Exercise of all of these options would lead to the issuance of 459,051 shares, representing 0.162% of the Company's capital at December 31, 2018, of which 0.003% corresponding to grants to current executive officers.

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 2018

Under the terms of the authorization given in the tenth resolution of the April 22, 2016 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 June 26, 2018 concerned 1,287 beneficiaries in some 40 countries worldwide, including the two executive officers (the number of performance shares granted to them is set out in Table 9 on page 246). The applicable performance conditions are based on the following:
  - actual *versus* budgeted EBIT margin (60% weighting);
  - actual *versus* budgeted free cash flow (excluding disposals and acquisitions), after change in operating working capital (20% 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), and Accor's TSR *versus* the TSR of other CAC 40 companies (10% weighting).
- A second plan set up on October 17, 2018 concerned 21 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 June 26, 2018.

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.

As regards the external performance condition, *i.e.*, Accor's TSR *versus* the TSR of eight other international hotel groups (10% weighting), and *versus* the TSR of other CAC 40 companies (10% weighting), the corresponding shares will vest if Accor achieves the median ranking. The objectives 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.

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 June 26, 2021 for the plan set up on June 26, 2018, and from the grant date to October 17, 2021 for the plan set up on October 17, 2018 (the plan vesting dates), except in the case of death or 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 each executive officer in 2018 (Table 6 – AFEP/MEDEF Code)

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	06/26/2018 performance share plan	35,050	1,235,022[1]	06/26/2021	06/26/2021	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow (excluding disposals and acquisitions), after change in working capital. Accor's TSR *versus* the TSR of eight other international hotel groups, and Accor's TSR *versus* the TSR of other CAC 40 companies.
Sven Boinet	06/26/2018 performance share plan	17,880	630,020[1]	06/26/2021	06/26/2021	

(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.

The 52,930 performance shares granted to the Company's executive officers under the June 26, 2018 performance share plan that were still valid at the date of this Registration Document would have represented 0.019% of the Company's capital at December 31, 2018 if they had all vested at that date.

Table 10: Performance shares granted to each executive officer that vested in 2018 but were subject to a lock-up, and performance shares whose lock-up period expired in 2018 (Table 7 – AFEP/MEDEF Code)

None.

Table 11: Performance shares granted in 2018 to the top ten employee grantees other than executive officers

	Number of shares
Performance shares granted in 2018 to the ten employee grantees other than executive officers who received the largest number of shares	102,000

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 20, 2019) for outstanding performance share plans.

Table 12: Performance condition achievement rates in 2018 for outstanding performance share plans

			Theoretical maximum number of shares that may vest		Actual number of shares vested in 2018		
Grant date	**Performance condition**	**Criteria weighting**	**By performance condition (before cap)**	**Aggregate (after cap)**	**By performance condition (before cap)**	**Aggregate (after cap)**	**% of original grants**
06/16/2015	Actual *versus* budgeted EBIT margin	50%	51,729	68,972	50,791	68,972	25%
	Actual *versus* budgeted operating cash flow (excluding disposals and acquisitions)	50%	51,729		51,729		
06/16/2015	Actual *versus* budgeted EBIT margin	30%	15,060	33,466	14,778	33,466	25%
	Actual *versus* budgeted operating cash flow (excluding disposals and acquisitions)	30%	15,060		15,060		
	Degree of completion of budgeted asset disposals	15%	7,536		7,536		
	Accor's TSR *versus* the TSR of eight other international hotel groups	12,5%	6,265		0		
	Accor's TSR *versus* the TSR of other CAC 40 companies	12,5%	6,292		3,146		

Grant date	Performance conditions	Weighting	Target	Achievement rate	Percentage of shares vested (before cap)	Percentage of shares vested (after cap)
06/16/2016 10/26/2016	Actual versus budgeted EBIT margin	40%	Average actual EBIT margin for 2016, 2017 and 2018 equal to the average budgeted EBIT margin for 2016, 2017 and 2018	101%	52%	100%
	Actual versus budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital	40%	Average actual free cash flow (excluding disposals and acquisitions), after change in operating working capital, for 2016, 2017 and 2018 equal to the average budgeted free cash flow (excluding disposals and acquisitions), after change in operating working capital, for 2016, 2017 and 2018	138%	60%	
	Accor's TSR *versus* the TSR of eight other international hotel groups	10%	3rd place	7th place	0%	
	Accor's TSR *versus* the TSR of other CAC 40 companies	10%	10th place	26th place	0%	
TOTAL		**100%**			**112%**	**100%**

Table 13: Historical information concerning performance shares granted to employees and/or executive officers (Table 9 – AFEP/MEDEF Code)

Performance share plans	06/18/2014 Plan	06/18/2014 Plan	06/16/2015 Plan	06/16/2015 Plan
Grant date	06/18/2014	06/18/2014	06/16/2015	06/16/2015
Date of Board of Directors' decision	02/19/2014	02/19/2014	02/17/2015	02/17/2015
Date of Shareholders' Meeting approval	04/25/2013	04/25/2013	04/28/2015	04/28/2015
Total number of grantees	890	20	1,034	16
Total number of shares granted	**285,900**	**198,500**	**326,290**	**153,800**
› Of which to executive officers	–	75,000	–	60,000
› Of which to the top ten employee grantees[1]	23,000	95,500	21,600	79,000
Vesting date	06/18/2016 or 06/18/2018[3]	06/18/2016 or 06/18/2018[3]	06/16/2019	09/16/2019
End of lock-up period	06/18/2018	06/18/2018	06/16/2019	06/16/2019
Total vested shares at 12/31/2018	**253,750**	**193,538**	**410**	**-**
Number of shares canceled[2]	**32,150**	**4,962**	**50,402**	**19,937**
Performance shares outstanding at 12/31/2018	**-**	**-**	**275,478**	**133,863**
Performance condition(s)	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted operating cash flow (excluding disposals and acquisitions).	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted operating cash flow (excluding disposals and acquisitions). Degree of completion of budgeted asset disposals. Accor's Total Shareholder Return (TSR) *versus* the TSR of eight other international hotel groups.	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted operating cash flow (excluding disposals and acquisitions).	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted operating cash flow (excluding disposals and acquisitions). Degree of completion of budgeted asset disposals. Accor's Total Shareholder Return (TSR) *versus* the TSR of eight other international hotel groups and *versus* the TSR of other CAC 40 companies.

(1) Excluding executive officers.
(2) Shares canceled due to grantees leaving the Group or performance conditions not being met.
(3) In some countries, the vesting period is four years.

	06/16/2016 Plan	10/26/2016 Plan	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
	06/16/2016	10/26/2016	06/30/2017	10/18/2017	06/20/2017	12/14/2017	06/26/2018	10/17/2018
	02/17/2016	02/17/2016	02/21/2017	02/21/2017	03/21/2017	03/21/2017	02/20/2018	02/20/2018
	04/22/2016	04/22/2016	04/22/2016	04/22/2016	05/05/2017	05/05/2017	04/22/2016	04/22/2016
	1,155	14	1,137	10	103	14	1,287	21
	491,690	**14,525**	**570,579**	**27,340**	**1,304,754**	**141,168**	**632,462**	**22,830**
	60,000	–	54,350	–	242,763	–	52,930	–
	86,500	14,125	91,660	27,340	388,521	134,910	101,234	20,450
	06/16/2019	10/26/2019	06/30/2020	10/18/2020	06/20/2020	12/14/2020	06/26/2021	10/17/2021
	06/16/2019	10/26/2019	06/30/2020	10/18/2020	06/20/2020	12/14/2020	06/26/2021	10/17/2021
	275	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	54,780	**100**	**25,846**	**-**	**20,501**	**1,096**	**8,454**	**-**
	436,635	**14,425**	**544,733**	**27,340**	**1,284,253**	**140,072**	**624,008**	**22,830**
	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow (excluding disposals and acquisitions), after change in working capital. Accor's Total Shareholder Return (TSR) *versus* the TSR of eight other international hotel groups and *versus* the TSR of other CAC 40 companies.	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow (excluding disposals and acquisitions), after change in working capital. Accor's Total Shareholder Return (TSR) *versus* the TSR of eight other international hotel groups and *versus* the TSR of other CAC 40 companies.	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow (excluding disposals and acquisitions), after change in working capital. Accor's Total Shareholder Return (TSR) *versus* the TSR of eight other international hotel groups and *versus* the TSR of other CAC 40 companies.	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow (excluding disposals and acquisitions), after change in working capital. Accor's Total Shareholder Return (TSR) *versus* the TSR of eight other international hotel groups and *versus* the TSR 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 disposals and acquisitions), after change in working capital. Accor's Total Shareholder Return (TSR) *versus* the TSR of eight other international hotel groups and *versus* the TSR of other CAC 40 companies.	Actual *versus* budgeted EBIT margin. Actual *versus* budgeted free cash flow (excluding disposals and acquisitions), after change in working capital. Accor's Total Shareholder Return (TSR) *versus* the TSR of eight other international hotel groups and *versus* the TSR of other CAC 40 companies.

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 2018 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, 2018, a total of 3,503,637 performance share rights were outstanding.

If all of these rights had vested at December 31, 2018, this would have led to the issuance of 3,503,637 shares, representing 1.24% of the Company's capital at that date, of which 0.165% 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 €656,000 was allocated to the profit-sharing reserve for 2017 and paid in 2018 (excluding AccorInvest).

Amounts allocated to the special profit-sharing reserve in previous years (including AccorInvest) were:

- €3.78 million for 2016 (paid in 2017);
- €2.61 million for 2015 (paid in 2016).

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 2018, just over 29.10% of 2017 profit-shares 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 2018, 20.11% of the total profit-share was allocated to the Group Retirement Savings Plan and nearly 50.79% to the Corporate Savings Plan, as 43% 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 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
Paul Dubrule	December 19, 2018	Purchase	1,851,635
Paul Dubrule	December 21, 2018	Purchase	360,000

3.7 Say on pay 2018

The compensation paid or awarded to executive officers for 2018 complies with the compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018 in application of Article L. 225-37-2 of the French Commercial Code, as presented in section 3.5.1 of the 2017 Registration Document.

The fixed, variable and exceptional components of the total compensation and benefits paid or awarded to executive officers for 2018, as presented below, will be submitted to the Annual Shareholders' Meeting of April 30, 2019 for approval, in accordance with Article L. 225-100 of the French Commercial Code.

3.7.1 Sébastien Bazin

Compensation paid or awarded for 2018	Amounts (or accounting value) submitted to the vote	Description
Annual fixed compensation	€950,000	Sébastien Bazin's annual fixed compensation for 2018 was decided by the Board of Directors at its meeting on December 14, 2017, based on the recommendation put forward by the Appointments & Compensation Committee. It complies with the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, as presented in section 3.5.1 of the 2017 Registration Document. It was paid in monthly installments during 2018.
Annual variable compensation	€1,405,549	According to the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, Sébastien Bazin's variable compensation for 2018 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 14, 2017 and presented below. **Quantitative objectives:** › consolidated EBITDA in line with the 2018 budget (25% weighting); › free cash flow (excluding disposals and acquisitions), after change in operating working capital, in line with the 2018 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 20, 2019 the Board set his variable compensation for 2018 at €1,405,549, breaking down as: › **€1,105,549 for the quantitative objectives,** which were 110.6% met overall (0% for Accor's TSR versus the TSR of eight other international hotel groups, 80% 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, and after changes in operating working capital), were exceeded. With respect to the objectives relating to the internal ambition (combination of criteria): **(i)** the objective relating to the guest experience was partially met, **(ii)** the objectives relating to employee engagement and to sustainable development and CSR performance were met in full; › **€300,000 for the qualitative objectives**, which were 120% met overall (120% for strategic vision and identification of strategic options, and 120% in respect of the successful implementation of the post-Booster organization and change in Group businesses). Consequently, Mr. Bazin's total variable compensation for 2018 represented 112.4% of the annual reference amount (and 148% of his fixed compensation for the year). Payment of this variable compensation for 2018 is subject to shareholder approval at the Annual Shareholders' Meeting on April 30, 2019 (17th resolution).

Compensation paid or awarded for 2018	Amounts (or accounting value) submitted to the vote	Description
Exceptional compensation	Number of shares = 13,480 (€475,000)	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 grant in 2019, subject to approval at the Annual Shareholders' Meeting of April 30, 2019.
Performance shares	Number of shares = 35,050 (€1,235,022)	On February 20, 2018, the Board of Directors decided to use the authorization given in the tenth resolution of the Annual Shareholders' Meeting of April 22, 2016 to grant performance shares to executive officers of the Company and Group employees. In accordance with the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, 35,050 performance shares were granted to Sébastien Bazin, representing 130% of his gross annual fixed compensation (and 0.0124% of the Company's share capital at December 31, 2018). The performance conditions attached to the shares are as follows: › actual *versus* budgeted EBIT margin (60% weighting); › actual *versus* budgeted free cash flow (excluding disposals and acquisitions), after change in working capital (20% weighting); › Accor's TSR *versus* the TSR of eight other international hotel groups (10% weighting) and *versus* the TSR of other CAC 40 companies (10% weighting). The performance conditions under the plan will be measured at the end of the three-year measurement 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. As regards the external performance condition, *i.e.*, Accor's TSR *versus* the TSR of eight other international hotel groups (10% weighting), and *versus* the TSR of other CAC 40 companies (10% weighting), the corresponding shares will vest if Accor achieves the median ranking. The objectives 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 shares to vest. Under the terms of the plan, 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 of the Company or an employee of the Accor Group throughout the period from the grant date to June 26, 2021 (the vesting date), except in the case of death or 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 achievement rate for the performance conditions, unless the Board of Directors decides otherwise.
Directors' fees	N/A	Sébastien Bazin does not receive any directors' fees.
Benefits in kind	€57,231	In accordance with the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, 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 2018.

Compensation paid or awarded for 2018	Amounts (or accounting value) submitted to the vote	Description
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 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, 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 as published in the Registration Documents for those years; › 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 2018.
Non-compete indemnity	N/A	Sébastien Bazin is not entitled to any non-compete indemnity.

Compensation paid or awarded for 2018	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 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018. Sébastien Bazin participates in an "Article 83" defined contribution plan and an "Article 39" defined benefit plan: › Article 83 plan: Sébastien Bazin, as an executive director 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 €9,933 in 2018. › Article 39 plan: Sébastien Bazin, as an executive director 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 for which he is 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 Board of Directors, acting on the recommendation of the Appointments and Compensation Committee, decided to make the payment of the annuity under the supplementary defined benefit plan subject to the following two performance conditions: › consolidated EBITDA *versus* budget (50% weighting); › free cash flow (excluding disposals and acquisitions), after change in operating working capital *versus* budget (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.

3.7.2 Sven Boinet

Compensation due or awarded for 2018	Amounts (or accounting value) submitted to the vote	Description
Annual fixed compensation	€584,110	Sven Boinet's annual fixed compensation for 2018 was decided by the Board of Directors at its meeting on December 14, 2017, based on the recommendation put forward by the Appointments & Compensation Committee. It complies with the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, as presented in section 3.5.1 of the 2017 Registration Document. Sven Boinet's annual fixed compensation breaks down as follows: €200,000 in his position as executive officer and €400,000 under his employment contract covering his position as Group Director responsible for Internal Audit, Legal Affairs and Security & Safety. It was paid in monthly installments during 2018. Note that payment due for his position of executive officer ended on December 2, 2018 when he ceased to be Deputy Chief Executive Officer.
Annual variable compensation	€621,060	According to the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, Sven Boinet's variable compensation for 2018 could represent between 0% and 150% of his annual fixed compensation of €600,000 pro rata, depending on the achievement rate for the performance objectives set by the Board of Directors on December 14, 2017 and presented below. **Quantitative objectives:** › consolidated EBITDA in line with the 2018 budget (25% weighting); › free cash flow (excluding disposals and acquisitions), after change in operating working capital, in line with the 2018 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:** › implementation of the post-Booster organization (10% weighting); › employee relations (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 Sven Boinet's objectives had been achieved, at its meeting on February 20, 2019 the Board set his variable compensation for 2018 at €621,060, breaking down as: › **€488,501 for the quantitative objectives**, which were 110.6% met overall (0% for Accor's TSR *versus* the TSR of eight other international hotel groups, 80% 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, and after changes in operating working capital), were exceeded. With respect to the objectives relating to the internal ambition (combination of criteria): **(i)** the objective relating to the guest experience was partially met, **(ii)** the objectives relating to employee engagement and to sustainable development and CSR performance were met in full; › **€132,559 for the qualitative objectives**, which were 120% met overall (120% for the successful implementation of the post-Booster organization and 120% for employee relations). Consequently, this variable compensation represents 112.4% of Sven Boinet's fixed compensation for the year (prorated over the time that he effectively served in office in 2018). Payment of this variable compensation for 2018 is subject to shareholder approval at the Annual Shareholders' Meeting on April 30, 2019 (18th resolution).
Exceptional compensation	€150,000	In view of the successful spin-off and opening-up of the capital of AccorInvest (Booster project) and the exceptional contribution made to the completion of this operation, 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 Sven Boinet an exceptional bonus equivalent to 25% of his annual fixed remuneration at December 31, 2017, to be paid in cash, subject to approval at the Annual Shareholders' Meeting of April 30, 2019.

Compensation due or awarded for 2018	Amounts (or accounting value) submitted to the vote	Description
Performance shares	Number of shares = 17,880 (€630,020)	On February 20, 2018, the Board of Directors decided to use the authorization given in the tenth resolution of the Annual Shareholders' Meeting of April 22, 2016 to grant performance shares to executive officers of the Company and Group employees. In accordance with the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, 17,880 performance shares were granted to Sven Boinet, representing 105% of his gross annual fixed compensation (and 0.0063% of the Company's share capital at December 31, 2018). The performance conditions attached to the shares are as follows: › actual *versus* budgeted EBIT margin (60% weighting); › actual *versus* budgeted free cash flow (excluding disposals and acquisitions), after change in working capital (20% weighting); › Accor's TSR *versus* the TSR of eight other international hotel groups (10% weighting) and *versus* the TSR of other CAC 40 companies (10% weighting). The performance conditions under the plan will be measured at the end of the three-year measurement period. The number of shares that vest, provided that Sven Boinet 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. As regards the external performance condition, *i.e.*, Accor's TSR *versus* the TSR of eight other international hotel groups (10% weighting), and *versus* the TSR of other CAC 40 companies (10% weighting), the corresponding shares will vest if Accor achieves the median ranking. The objectives 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. Sven Boinet must also continue to be an executive officer of the Company in order for the shares to vest. Under the terms of the plan, 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 of the Company or an employee of the Accor Group throughout the period from the grant date to June 26, 2021 (the vesting date), except in the case of death or 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 achievement rate for the performance conditions, unless the Board of Directors decides otherwise.
Benefits in kind	€17,676	In accordance with the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, Sven Boinet has the use of a company car. He was also entitled to up to 25 hours' advice from tax and financial advisors in 2018.

Compensation due or awarded for 2018	Amounts (or accounting value) submitted to the vote	Description
Termination benefits	N/A	At its meeting on February 19, 2014, the Board of Directors approved the principle of paying compensation for loss of office to Sven Boinet. The commitment to pay compensation for loss of office was approved by the Annual Shareholders' Meeting of April 29, 2014 (sixth resolution) and again at the Annual Shareholders' Meeting of May 5, 2017 (eleventh resolution). In accordance with the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, the compensation payable to Mr. Boinet in the event of loss of office would amount to €600,000, plus the amount of variable compensation due to him for the fiscal year preceding his loss of office, and less any termination benefit due under his employment contract. This compensation would be payable if Mr. Boinet's term of office as Deputy Chief Executive Officer were either terminated or not renewed (except in the event of gross or willful misconduct). In accordance with the AFEP/MEDEF Code, the compensation would not be due if, at the date of his departure, Mr. Boinet would be able to claim his full-rate pension benefit within a short period of time. 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 as published in the Registration Documents for those years; › 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. Sven Boinet did not receive any compensation for loss of office in 2018. Furthermore, because Sven Boinet's term of office ended on December 2, 2018, and he continues to hold a position in the Group, he is no longer entitled to this termination benefit.
Non-compete indemnity	N/A	Sven Boinet is not entitled to any non-compete indemnity.

Compensation due or awarded for 2018	Amounts (or accounting value) submitted to the vote	Description
Supplementary pension benefits	€0	At its meeting on October 11, 2016, the Board of Directors authorized Sven Boinet's inclusion in the top-hat supplementary pension plan whose members comprise several dozen Group senior executives. The commitment was approved by the Annual Shareholders' Meeting of May 5, 2017 (eleventh resolution). Details of the supplementary pension plan are provided in the description of the 2018 executive officer compensation policy approved by the Annual Shareholders' Meeting of April 20, 2018, as presented in section 3.5.1 of the 2017 Registration Document. Sven Boinet participates in an "Article 83" defined contribution plan and an "Article 39" defined benefit plan: › Article 83 plan: Sven Boinet, as an executive director 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 Sven Boinet 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 Sven Boinet amounted to €9,933 in 2018. › Article 39 plan: Sven Boinet, as an executive director 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 for which he is 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 Board of Directors, acting on the recommendation of the Appointments and Compensation Committee, decided to make the payment of the annuity under the supplementary defined benefit plan subject to the following two performance conditions: › consolidated EBITDA *versus* budget (50% weighting); › free cash flow (excluding disposals and acquisitions), after change in operating working capital *versus* budget (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 Sven Boinet'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 100 of this Registration Document, certain financing contracts contain change of control clauses.

In addition, shareholders at the Annual Shareholders' Meeting of April 20, 2018 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 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 2019 Shareholders' Meeting

The Annual Shareholders' Meeting will be held on April 30, 2019 at 10:00 a.m. at the Novotel Paris Tour Eiffel – 61, quai de Grenelle – 75015 Paris, France. The notice of meeting containing the agenda and draft resolutions were published in the French legal gazette (*Bulletin des Annonces Légales Obligatoires*) and are available on the Company's website at group.accor.com.

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).

3.10.2 Agenda Combined Ordinary and Extraordinary Shareholders' Meeting of April 30, 2019

Shareholders are invited to attend the Combined Ordinary and Extraordinary Shareholders' Meeting on **Tuesday, April 30, 2019 at 10:00 a.m.** at the **Novotel Paris Tour Eiffel – 61, quai de Grenelle – 75015 Paris – France,** to discuss and decide on the agenda below:

Ordinary resolutions

First resolution: Approval of the parent company financial statements and the reports thereon for the year ended December 31, 2018

Second resolution: Approval of the consolidated financial statements and the reports thereon for the year ended December 31, 2018

Third resolution: Appropriation of profit and dividend payment

Fourth resolution: Re-election of Mr. Nawaf Bin Jassim Bin Jabor Al-Thani as a director

Fifth resolution: Re-election of Mr. Aziz Aluthman Fakhroo as a director

Sixth resolution: Re-election of Mrs. Sophie Gasperment as a director

Seventh resolution: Re-election of Mrs. Qionger Jiang as a director

Eighth resolution: Re-election of Mr. Nicolas Sarkozy as a director

Ninth resolution: Re-election of Mrs. Isabelle Simon as a director

Tenth resolution: Re-election of Mr. Sarmad Zok as a director

Eleventh resolution: Appointment of a Statutory Auditor

Twelfth resolution: Renewal of the appointment of a Statutory Auditor

Thirteenth resolution: Appointment of an Alternate Auditor

Fourteenth resolution: Renewal of the appointment of an Alternate Auditor

Fifteenth resolution: Approval of a related-party agreement with Katara Hospitality

Sixteenth resolution: Approval of a related-party agreement with Kingdom Hotels (Europe) LLC

Seventeenth resolution: Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or awarded to Sébastien Bazin for the year ended December 31, 2018 (*ex post* say on pay)

Eighteenth resolution: Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or awarded to Sven Boinet for the year ended December 31, 2018 (*ex post* say on pay)

Nineteenth resolution: Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind to be awarded to the Chairman and Chief Executive Officer in respect of 2019 (*ex ante* say on pay)

Twentieth resolution: Authorization for the Board of Directors to trade in the Company's shares

Extraordinary resolutions

Twenty-first resolution: Authorization for the Board of Directors to reduce the Company's capital by canceling shares

Twenty-second resolution: Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares with pre-emptive subscription rights for existing shareholders

Twenty-third resolution: Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares, through a public offer without pre-emptive subscription rights for existing shareholders

Twenty-fourth resolution: Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares, through an offer governed by Article L. 411-2 II of the French Monetary and Financial Code without pre-emptive subscription rights for existing shareholders

Twenty-fifth resolution: Authorization for the Board of Directors to increase the number of securities included in an issue with or without pre-emptive subscription rights

Twenty-sixth resolution: Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares in payment for contributed assets

Twenty-seventh resolution: Authorization for the Board of Directors to increase the Company's capital by capitalizing reserves, retained earnings, additional paid-in capital or any other eligible amounts

Twenty-eighth resolution: Blanket ceiling on the authorizations to issue shares and/or securities carrying rights to shares

Twenty-ninth resolution: Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares to members of an Accor Group employee share ownership plan "PEG" without pre-emptive subscription rights for existing shareholders

Thirtieth resolution: Authorization for the Board of Directors to issue securities reserved for certain categories of employees under an employee share ownership transaction, without pre-emptive subscription rights for existing shareholders

Thirty-first resolution: Authorization for the Board of Directors to grant free shares to employees or executive officers of the Company

Thirty-second resolution: Restriction on the number of free shares that may be granted to executive officers of the Company

Ordinary resolutions

Thirty-third resolution: Authorization for the Board of Directors to issue free share warrants to shareholders in the event of a public offer for the shares of the Company

Thirty-fourth resolution: Powers to carry out formalities

3.10.3 Proposed resolutions submitted to the Combined Ordinary and Extraordinary Shareholders' Meeting of April 30, 2019

Ordinary resolutions

FIRST RESOLUTION

Approval of the parent company financial statements for the year ended December 31, 2018

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' report on the parent company financial statements:

- **approves** the report of the Board of Directors and the parent company financial statements for the year ended December 31, 2018, as presented to it, as well as all transactions reflected in these financial statements and summarized in these reports; and
- pursuant to the provisions of Article 223 *quater* of the French Tax Code, **notes** the absence of non-deductible charges and expenses for the year ended December 31, 2018, pursuant to Article 39 (4) of the said Code.

SECOND RESOLUTION

Approval of the consolidated financial statements for the year ended December 31, 2018

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, **approves** the consolidated financial statements for the year ended December 31, 2018, as presented to it, as well as all transactions reflected in these financial statements and summarized in these reports.

THIRD RESOLUTION

Appropriation of profit and dividend payment

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, on the recommendation of the Board of Directors:

1. **resolves** to appropriate the net loss for the year ended December 31, 2018 as follows:
   - Net loss: €60,317,979.02,
   - Retained earnings: €3,376,396,128.30,
   - Distributable amount: €3,316,078,149.28.

   Payment of a dividend per share of €1.05, representing a total dividend of €296,738,190 (based on the 282,607,800 shares comprising the Company's share capital at December 31, 2018).

   The balance, *i.e.*, the sum of €3,019,339,959.28, will be appropriated to retained earnings, which will have a new balance of €3,019,339,959.28;
2. **resolves** that, in the event of an upward or downward variation in the number of dividend-paying shares between the end of the financial year and the ex-dividend date, the aggregate amount of the dividend will be adjusted accordingly and that the amount appropriated to retained earnings will be adjusted on the basis of the dividend actually paid;
3. **authorizes** the Board of Directors, with the power to subdelegate, to withdraw or credit the retained earnings account in the amounts required under the conditions indicated above, when the dividend is paid;
4. **resolves** that the ex-dividend date will be set as May 10, 2019 and that the dividend will be paid on May 14, 2019.

   In addition, it is specified that the Company will not receive a dividend in respect of the shares it owns in the course of apportioning the dividend, the sums corresponding to the dividend not paid on the treasury shares being allocated to the retained earnings account and the aggregate amount of the dividend being adjusted accordingly.

For individuals residing in France:

(i) when the dividend is paid, the entity paying the dividend will deduct, subject to any applicable exceptions, the mandatory 12.8% withholding tax, constituting a non-definitive prepayment of their income tax liability, plus social security contributions of 17.2% (pursuant to Article 200 A of the French Tax Code). This levy will be set against their definitive tax liability;

(ii) during the year of receipt (year of the definitive tax levy), the relevant individuals will be taxed on that amount as follows:

- either at a flat-rate single levy of 12.8% (pursuant to Article 117 *quater* of the French Tax Code), or
- pursuant to a general election, using the progressive income tax rates after applying tax relief of 40% (pursuant to Article 158-3-2° of the French Tax Code).

For individuals residing outside France, the entity paying the dividend will deduct a 12.8% withholding tax when the dividend is paid, subject to applicable double tax treaties (pursuant to Article 119 *bis* of the French Tax Code);

5. **notes**, pursuant to Article 243 *bis* of the French Tax Code, that the Company has paid the following dividends in respect of the last three fiscal years, fully eligible for the 40% tax relief:

Year	2015	2016	2017
Total dividend *(in euros)*	235,352,425	299,006,053.50	304,628,260.65
Dividend per share *(in euros)*	1.00	1.05	1.05

FOURTH RESOLUTION

Re-election of Mr. Nawaf Bin Jassim Bin Jabor Al-Thani as a director

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **re-elects** as a director Nawaf Bin Jassim Bin Jabor Al-Thani, whose term of office expires at the close of this Shareholders' Meeting, for a further three-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2021 financial statements.

FIFTH RESOLUTION

Re-election of Mr. Aziz Aluthman Fakhroo as a director

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **re-elects** as a director Aziz Aluthman Fakhroo, whose term of office expires at the close of this Shareholders' Meeting, for a further three-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2021 financial statements.

SIXTH RESOLUTION

Re-election of Mrs. Sophie Gasperment as a director

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **re-elects** as a director Sophie Gasperment, whose term of office expires at the close of this Shareholders' Meeting, for a further three-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2021 financial statements.

SEVENTH RESOLUTION

Re-election of Mrs. Qionger Jiang as a director

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **re-elects** as a director Qionger Jiang, whose term of office expires at the close of this Shareholders' Meeting, for a further three-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2021 financial statements.

EIGHTH RESOLUTION

Re-election of Mr. Nicolas Sarkozy as a director

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **re-elects** as a director Nicolas Sarkozy, whose term of office expires at the close of this Shareholders' Meeting, for a further three-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2021 financial statements.

NINTH RESOLUTION

Re-election of Mrs. Isabelle Simon as a director

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **re-elects** as a director Isabelle Simon, whose term of office expires at the close of this Shareholders' Meeting, for a further three-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2021 financial statements.

TENTH RESOLUTION

Re-election of Mr. Sarmad Zok as a director

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **re-elects** as a director Sarmad Zok, whose term of office expires at the close of this Shareholders' Meeting, for a further three-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2021 financial statements.

ELEVENTH RESOLUTION

Appointment of a Statutory Auditor

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **resolves** to appoint as a Statutory Auditor PricewaterhouseCoopers Audit, whose registered office is located at 63 Rue de Villiers, Neuilly-sur-Seine, 92200, France, registered in the Nanterre Trade and Companies Register under number 672 006 483 and represented by Olivier Lotz, for a six-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2024 financial statements.

TWELFTH RESOLUTION

Renewal of the appointment of a Statutory Auditor

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **renews** the appointment of Ernst & Young et Associés, whose current appointment expires at the close of this Shareholders' Meeting, as a Statutory Auditor for a further six-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2024 financial statements.

THIRTEENTH RESOLUTION

Appointment of an Alternate Auditor

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **resolves** to appoint Patrice Morot (63 Rue de Villiers, 92208 Neuilly-sur-Seine cedex, France) as an Alternate Auditor for a six-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2024 financial statements.

FOURTEENTH RESOLUTION

Renewal of the appointment of an Alternate Auditor

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **renews** the appointment of Auditex, whose current appointment expires at the close of this Shareholders' Meeting, as an Alternate Auditor for a further six-year term expiring at the close of the Shareholders' Meeting called to approve, in particular, the 2024 financial statements.

FIFTEENTH RESOLUTION

Approval of a related-party agreement with Katara Hospitality

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the Statutory Auditors' special report on the agreements and commitments referred to in Article L. 225-38 of the French Commercial Code, **approves** the partnership agreement entered into with Katara Hospitality relating to the creation of an investment fund dedicated to hotel development in Africa.

SIXTEENTH RESOLUTION

Approval of a related-party agreement with Kingdom Hotels (Europe) LLC

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the Statutory Auditors' special report on the agreements and commitments referred to in Article L. 225-38 of the French Commercial Code, **approves** the signing of the documentation relating to the acquisition of Mövenpick Hotels & Resorts Management AG, in which Kingdom Hotels (Europe) LLC held shares.

SEVENTEENTH RESOLUTION

Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or awarded to Sébastien Bazin for the year ended December 31, 2018 (ex post say on pay)

The Shareholders' Meeting, pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, voting under the quorum and majority conditions of ordinary shareholders' meetings, **approves** the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or awarded to Sébastien Bazin for the year ended December 31, 2018, as presented in the Company's corporate governance report, as well as in the appendix to the Board of Directors' report on the resolutions.

EIGHTEENTH RESOLUTION

Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or awarded to Sven Boinet for the year ended December 31, 2018 (ex post say on pay)

The Shareholders' Meeting, pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, voting under the quorum and majority conditions of ordinary shareholders' meetings, **approves** the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or awarded to Sven Boinet for the year ended December 31, 2018, as presented in the Company's corporate governance report, as well as in the appendix to the Board of Directors' report on the resolutions.

NINETEENTH RESOLUTION

Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind to be awarded to the Chairman and Chief Executive Officer in respect of 2019 (ex ante say on pay)

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors on the compensation policy for executive officers established pursuant to Article L. 225-37-2 of the French Commercial Code and published in the Company's 2018 Registration Document, **approves** the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind to be awarded to the Chairman and Chief Executive Officer of the Company in respect of 2019, as presented in this report.

TWENTIETH RESOLUTION

Authorization for the Board of Directors to trade in the Company's shares

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors:

1. **authorizes** the Board of Directors, with the power to subdelegate, to trade in the Company's ordinary shares in compliance with Articles L. 225-209 *et seq.* of the French Commercial Code. Consequently, the Board may buy, sell or otherwise transfer the Company's ordinary shares, directly or through a representative, in compliance with the above provisions of the Code for the following purposes:
   - to purchase ordinary shares for cancellation, in connection with a capital reduction decided or authorized by shareholders pursuant to the twenty-first resolution submitted to this Shareholders' Meeting, or any other resolution with the same purpose that may be passed at another Shareholders' Meeting,
   - to purchase shares for allocation under employee share ownership plans, in particular free share 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,
   - to purchase shares for allocation on the conversion, redemption, exchange or exercise of securities carrying rights to ordinary shares in the Company,
   - 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, the AMF,
   - to perform any market transaction or practice permitted, now or hereafter, under the laws or regulations in force or by the AMF, in which case the Company will issue a press release notifying shareholders of said use;
2. **sets** the maximum number of ordinary shares that may be bought back at 10% of the share capital and the maximum per-share purchase price at €70 (excluding purchase costs) and **authorizes** the Board of Directors, with the power to subdelegate, to adjust that maximum purchase price to take into account the effect of any corporate actions on the share value, including in the event of changes to the share par value, a capital increase by capitalizing reserves, a free share grant or a stock split or reverse stock split; these ceilings do not include the number or price of any ordinary shares sold during the period that this authorization is in effect, if the shares concerned were originally bought back for market-making purposes in accordance with the terms and conditions defined in the General Regulation of the AMF;
3. **resolves** that (i) trading in ordinary shares may be effected and settled by any method, on the basis and within the limits prescribed by the laws and regulations in force on the transaction date, in one or several installments, on the market or over-the-counter, including through the use of options, derivatives – particularly, the purchase or sale of puts or calls – or securities carrying rights to ordinary shares of the Company, and that (ii) the entire buyback program may be implemented through a block trade;
4. **resolves** that in the event of the filing by a third party of a public offer for the Company's shares, the Board of Directors shall not make use of this authorization for the duration of the offer period without express authorization from the Shareholders' Meeting and that it shall suspend the execution of any share buyback program already initiated, except to execute it in order to satisfy a delivery of securities or a strategic transaction undertaken and announced before the launch of the public offer;
5. **resolves** that the Board of Directors may decide to implement this authorization, specifying, if necessary, its terms and conditions, and more generally do all that is necessary to achieve the successful completion of the proposed trades; and
6. **resolves** that this authorization shall be valid for a period of 18 months as from the date of this Shareholders' Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

Extraordinary resolutions

TWENTY-FIRST RESOLUTION

Authorization for the Board of Directors to reduce the Company's capital by canceling shares

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and pursuant to Article L. 225-209 of the French Commercial Code:

1. **authorizes** the Board of Directors to reduce the Company's capital, on one or more occasions, by canceling all or some of the ordinary shares bought back by the Company, provided that the number of shares canceled in any 24-month period does not exceed 10% of the total number of shares outstanding at the close of this Shareholders' Meeting;
2. **gives** full powers to the Board of Directors – which may be delegated in accordance with the law – to:
   - carry out the capital reduction(s),
   - set the final amount and the terms and conditions of the share cancellation(s), and place the capital reduction(s) on record,
   - charge the difference between the carrying amount of the canceled shares and their par value to any reserve or additional paid-in capital accounts,
   - appropriate the portion of the legal reserve that has become available pursuant to the capital reduction,
   - place on record the capital reduction(s) resulting from the transactions authorized under this resolution,
   - amend the Bylaws to reflect the new share capital amount and, generally, do all that is necessary to achieve the successful completion of this transaction,
   - all in compliance with the laws and regulations in force when this authorization is used;
3. **resolves** that this authorization shall be valid for a period of 24 months as from the date of this Shareholders' Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

TWENTY-SECOND RESOLUTION

Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares with pre-emptive subscription rights for existing shareholders

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and pursuant to Articles L. 225-129 to L. 225-129-6, L. 225-132 to L. 225-134, L. 228-91 to L. 228-93 and the other relevant provisions of the French Commercial Code:

1. **gives** the Board of Directors the necessary powers to issue, with pre-emptive subscription rights, on one or more occasions, ordinary shares and/or securities carrying immediate or deferred rights to ordinary shares of the Company – or of any entity in which the Company directly or indirectly holds over half of the capital – and/or securities carrying rights to debt securities. The Board of Directors shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad. The securities may be denominated in euros, foreign currencies or any monetary unit determined by reference to a basket of currencies and may be paid up in cash or by capitalizing liquid and callable debt. This authorization does not affect the authority vested in the Board of Directors by Article L. 228-92 of the French Commercial Code to issue compound debt securities with rights to other debt securities or rights to existing equity instruments;
2. **decides** that the aggregate par value of shares issued under this authorization, either directly or on exercise of conversion, exchange, redemption or other rights attached to securities, shall not exceed 50% of the capital, not including the par value of any additional shares to be issued pursuant to the applicable laws, regulations or any contractual provisions to protect the rights of existing holders of securities carrying rights to shares;
3. **decides** that the aggregate nominal value of bonds or other debt securities carrying rights to new shares that are issued under this authorization shall not exceed €10 billion or the equivalent in foreign currencies or monetary units;
4. **decides** that shareholders shall have a pre-emptive right to subscribe for the shares and/or other securities issued under this authorization, as provided for by law, pro rata to their existing holdings. In addition, the Board of Directors may grant shareholders a pre-emptive right to subscribe for any shares and/or other securities not taken up by other shareholders. If the issue is oversubscribed, such additional pre-emptive rights shall also be exercisable pro rata to the existing interest in the Company's capital of the shareholders concerned.

   If an issue is not taken up in full by shareholders exercising their pre-emptive rights as described above, the Board of Directors may take one or more of the following courses of action, in the order of its choice:
   - limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,
   - freely allocate all or some of the unsubscribed securities among the investors of its choice,
   - offer all or some of the unsubscribed securities for subscription by the public;
5. **decides** that warrants to subscribe for the Company's shares may be offered for subscription on the above basis or allocated among holders of existing shares without consideration;
6. **decides** that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;

7. **notes** and decides that this authorization will automatically entail the waiver of shareholders' pre-emptive rights to subscribe for the shares to be issued on exercise of rights attached to other securities;
8. **decides** that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
   - decide to carry out a capital increase and determine the type of securities to be issued,
   - decide on the amount of each issue, the issue price and any issue premium,
   - decide the timing and other terms of the issue(s), including the form and characteristics of the securities, the opening and closing dates of the subscription period, the securities' issue price and cum-rights date, the method by which they will be paid up, the terms applicable to the exercise of any rights to shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital, all other terms and conditions of issue and, in the case of debt securities, their ranking for repayment purposes,
   - determine, where appropriate, the terms and conditions for (i) exercising the rights attached to the shares and/or other securities, notably by setting the date – which may be retroactive – from which new shares will carry rights; and (ii) exercising any conversion, exchange and redemption rights, as well as any other terms and conditions applicable to such share issues,
   - set the terms and conditions under which the Company may buy back or exchange the securities by any method, at any time or during specified periods, with a view to holding them or canceling them in accordance with the applicable laws and regulations,
   - allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
   - at its sole discretion, charge any and all costs incurred in connection with the share issues against the related premiums, and deduct from these premiums the necessary amounts to be credited to the legal reserve,
   - determine and make any and all adjustments required to take into account the effect of the corporate actions and decide the method to be used, if necessary, to ensure that the rights of holders of securities with rights to shares are protected,
   - place on record the capital increase(s) resulting from the use of this authorization and amend the Bylaws to reflect the new capital,
   - generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorization and for the exercise of any related rights;
9. **decides** that this authorization shall be valid for a period of 26 months as from the date of this Shareholders' Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

TWENTY-THIRD RESOLUTION

Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares, through a public offer without pre-emptive subscription rights for existing shareholders

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and pursuant to Articles L. 225-129 to L. 225-129-6, L. 225-134 to L. 225-136, L. 225-148, L. 228-91 to L. 228-93 and the other relevant provisions of the French Commercial Code:

1. **gives** the Board of Directors the necessary powers to issue, without pre-emptive subscription rights, on one or more occasions, ordinary shares and/or securities carrying immediate or deferred rights to ordinary shares of the Company – or of any entity in which the Company directly or indirectly holds over half of the capital – and/or securities carrying rights to debt securities, through a public offer. The Board of Directors shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad. The securities may be denominated in euros, foreign currencies or any monetary unit determined by reference to a basket of currencies and may be paid up in cash or by capitalizing liquid and callable debt. This authorization does not affect the authority vested in the Board of Directors by Article L. 228-92 of the French Commercial Code to issue compound debt securities with rights to other debt securities or rights to existing equity instruments;
2. **decides** that the aggregate par value of shares issued under this authorization, either directly or on exercise of conversion, exchange, redemption or other rights attached to securities, shall not exceed 10% of the capital, not including the par value of any additional shares to be issued pursuant to the applicable laws, regulations or any contractual provisions to protect the rights of existing holders of securities carrying rights to shares;
3. **decides** that shares may be issued on exercise of conversion, exchange, redemption or other rights attached to securities issued by any entity in which the Company directly or indirectly holds over half of the capital, subject to the authorization of the Shareholders' Meeting of the Company concerned;
4. **decides** that the aggregate nominal value of bonds or other debt securities carrying rights to new shares that are issued under this authorization may not exceed €1.96 billion or the equivalent in foreign currencies or monetary units;

5. **decides** that existing shareholders shall not have a pre-emptive right to subscribe for the shares or securities carrying rights to shares issued pursuant to this authorization. However, as provided for in Article L. 225-135, paragraph 5, of the French Commercial Code, the Board of Directors may choose to offer shareholders a priority right to subscribe for all or part of the issue, exercisable over a period of at least three trading days on the basis to be decided by the Board in compliance with the applicable laws and regulations. Any such priority rights will be non-transferable. They will be exercisable pro rata to the number of shares already held and the Board may also give shareholders the opportunity to subscribe on a priority basis for any shares or other securities not taken up by other shareholders. The unsubscribed shares or other securities will then be offered through a public placement in France, abroad or on the international market;
6. **decides** that if an issue of shares or other securities is not taken up in full by shareholders and the public, the Board of Directors may take one or both of the following courses of action, in the order of its choice:
   - limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,
   - freely allocate all or some of the unsubscribed securities among the investors of its choice;
7. **decides** that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
8. **notes** and decides that this authorization will automatically entail the waiver of shareholders' pre-emptive rights to subscribe for the shares to be issued under this authorization on exercise of rights attached to other securities;
9. **notes** that:
   - the issue price of the ordinary shares issued directly under this authorization shall be at least equal to the minimum price provided for in the regulations applicable on the issue date (currently corresponding to the weighted average of the prices quoted for the Company's shares on Euronext Paris over the three trading days preceding the pricing date less a possible discount of no more than 5%), as adjusted for any difference in cum-dividend dates,
   - the issue price of securities carrying rights to ordinary shares shall be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined above for each new share,
   - the number of shares to be issued on exercise of conversion, exchange, redemption or other rights attached to securities issued under this authorization shall be determined in such a way as to ensure that the amount per share received by the Company – taking into account the nominal value of said securities – is at least equal to the minimum issue price set out above;
10. **decides** that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
    - decide to carry out a capital increase and determine the type of securities to be issued,
    - decide on the amount of each issue, the issue price and any issue premium,
    - decide the timing and other terms of the issue(s), including the form and characteristics of the securities, the opening and closing dates of the subscription period, the securities' issue price and cum-rights date, the method by which they will be paid up, the terms applicable to the exercise of any rights to shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital, all other terms and conditions of issue and, in the case of debt securities, their ranking for repayment purposes,
    - determine, where appropriate, the terms and conditions for (i) exercising the rights attached to the shares and/or other securities, notably by setting the date – which may be retroactive – from which new shares will carry rights; and (ii) exercising any conversion, exchange and redemption rights, as well as any other terms and conditions applicable to such issues,
    - set the terms and conditions under which the Company may buy back or exchange the securities by any method, at any time or during specified periods, with a view to holding them or canceling them in accordance with the applicable laws and regulations,
    - allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
    - if the securities are issued in payment for another issuer's securities tendered to a public offer with an exchange component, (i) draw up the list of securities tendered to the offer; (ii) set the terms and conditions of the issue, the exchange ratio and, if applicable, the amount of the cash component; (iii) determine the issue terms and conditions in the case of a paper offer, a paper offer with a cash alternative or a cash offer with a paper alternative, a cash and paper offer, a paper offer with a secondary cash offer or a cash offer with a secondary paper offer or any other form of public offer that complies with the applicable laws and regulations,
    - at its sole discretion, charge any and all costs incurred in connection with said issues against the related premiums, and deduct from these premiums the necessary amounts to be credited to the legal reserve,

- determine and make any and all adjustments required to take into account the effect of the corporate actions and decide the method to be used, if necessary, to ensure that the rights of holders of securities with rights to shares are protected,
- place on record the capital increase(s) resulting from the use of this authorization and amend the Bylaws to reflect the new capital,
- generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorization and for the exercise of any related rights;

11. **decides** that this authorization shall be valid for a period of 26 months as from the date of this Shareholders' Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

TWENTY-FOURTH RESOLUTION

Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares, through an offer governed by Article L. 411-2 II of the French Monetary and Financial Code without pre-emptive subscription rights for existing shareholders

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and pursuant to Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 to L. 228-93 and the other relevant provisions of the French Commercial Code:

1. **gives** the Board of Directors the necessary powers to issue on one or more occasions ordinary shares or securities with rights to shares to qualified investors or a limited group of investors as defined in Article L. 411-2 of the French Monetary and Financial Code without pre-emptive subscription rights for existing shareholders. This authorization may be used to issue ordinary shares and/or securities carrying immediate or deferred rights to ordinary shares of the Company – or of any entity in which the Company directly or indirectly holds over half of the capital – and/or securities carrying rights to debt securities. The Board of Directors shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad. The securities may be denominated in euros, foreign currencies or any monetary unit determined by reference to a basket of currencies and may be paid up in cash or by capitalizing liquid and callable debt. This authorization does not affect the authority vested in the Board of Directors by Article L. 228-92 of the French Commercial Code to issue compound debt securities with rights to other debt securities or rights to existing equity instruments;
2. **decides** that the aggregate par value of shares issued under this authorization, either directly or on exercise of conversion, exchange, redemption or other rights attached to securities, shall not exceed 10% of the capital, not including the par value of any additional shares to be issued pursuant to the applicable laws, regulations or any contractual provisions to protect the rights of existing holders of securities carrying rights to shares;
3. **decides** that shares may be issued on exercise of conversion, exchange, redemption or other rights attached to securities issued by any entity in which the Company directly or indirectly holds over half of the capital, subject to the authorization of the Shareholders' Meeting of the Company concerned;
4. **decides** that the aggregate nominal value of bonds or other debt securities carrying rights to new shares that are issued under this authorization may not exceed €1.96 billion or the equivalent in foreign currencies or monetary units;
5. **decides** that existing shareholders shall not have a pre-emptive right to subscribe for the securities issued under this authorization;
6. **decides** that if an issue is not taken up in full by qualified investors, the Board of Directors may take one or both of the following courses of action, in the order of its choice:
   - limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,
   - freely allocate all or some of the unsubscribed securities among the investors of its choice;
7. **decides** that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
8. **notes and decides** that this authorization will automatically entail the waiver of shareholders' pre-emptive rights to subscribe for the shares to be issued on exercise of rights attached to other securities;
9. **decides** that:
   - the issue price of the ordinary shares issued directly under this authorization shall be at least equal to the minimum price provided for in the regulations applicable on the issue date (currently corresponding to the weighted average of the prices quoted for the Company's shares on Euronext Paris over the three trading days preceding the pricing date less a possible discount of no more than 5%), as adjusted for any difference in cum-dividend dates,
   - the issue price of securities carrying rights to ordinary shares shall be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined above for each new share,
   - the number of shares to be issued on exercise of conversion, exchange, redemption or other rights attached to securities issued under this authorization shall be determined in such a way as to ensure that the amount per share received by the Company – taking into account the nominal value of said securities – is at least equal to the minimum issue price set out above;

10. **decides** that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
    - decide to carry out a capital increase and determine the type of securities to be issued,
    - draw up the list of investors to whom the securities will be offered,
    - decide on the amount of each issue, the issue price and any issue premium,
    - decide the timing and other terms of the issue(s), including the form and characteristics of the securities, the opening and closing dates of the subscription period, the securities' issue price and cum-rights date, the method by which they will be paid up, the terms applicable to the exercise of any rights to shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital, all other terms and conditions of issue and, in the case of debt securities, their ranking for repayment purposes,
    - determine, where appropriate, the terms and conditions for (i) exercising the rights attached to the shares and/or other securities, notably by setting the date – which may be retroactive – from which new shares will carry rights; and (ii) exercising any conversion, exchange and redemption rights, as well as any other terms and conditions applicable to such issues,
    - set the terms and conditions under which the Company may buy back or exchange the securities by any method, at any time or during specified periods, with a view to holding them or canceling them in accordance with the applicable laws and regulations,
    - allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
    - at its sole discretion, charge any and all costs incurred in connection with said issues against the related premiums, and deduct from these premiums the necessary amounts to be credited to the legal reserve,
    - determine and make any and all adjustments required to take into account the effect of the corporate actions and decide the method to be used, if necessary, to ensure that the rights of holders of securities with rights to shares are protected,
    - place on record the capital increase(s) resulting from the use of this authorization and amend the Bylaws to reflect the new capital,
    - generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorization and for the exercise of any related rights;
11. **decides** that this authorization shall be valid for a period of 26 months as from the date of this Shareholders' Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

TWENTY-FIFTH RESOLUTION

Authorization for the Board of Directors to increase the number of securities included in an issue with or without pre-emptive subscription rights

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and pursuant to Article L. 225-135-1 and R. 225-118 of the French Commercial Code:

1. **grants** the Board of Directors full powers – which may be delegated in accordance with the law – to increase the number of securities included in an issue of shares and/or securities carrying rights to shares, with or without pre-emptive subscription rights, notably in order to grant a greenshoe option in accordance with standard market practices. Said additional securities will be issued at the same price as for the original issue in accordance with the conditions and ceiling specified in the applicable regulations (currently the additional securities must be issued within 30 days of the close of the original subscription period and may not represent more than 15% of the original issue amount). Such additional issues will also be subject to the blanket ceiling set in the twenty-eighth resolution;
2. **decides** that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
3. **decides** that this authorization shall be valid for a period of 26 months as from the date of this Shareholders' Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

TWENTY-SIXTH RESOLUTION

Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares in payment for contributed assets

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with Articles L. 225-129 *et seq.* and especially Article L. 225-147, paragraph 6, of the French Commercial Code:

1. **authorizes** the Board of Directors to issue ordinary shares and/or securities carrying immediate and/or deferred rights to ordinary shares in payment for shares and/or securities carrying rights to shares contributed to the Company other than in connection with a public tender offer. The aggregate par value of shares issued directly or indirectly under this authorization may not exceed 10% of the capital. This authority may be delegated in accordance with the law. This authorization does not affect the exclusive authority vested in the Board of Directors by Article L. 228-92 of the French Commercial Code to issue compound debt securities with rights to other debt securities or rights to existing equity instruments;

2. **decides** that the aggregate nominal value of bonds or other debt securities carrying rights to new shares that are issued under this authorization may not exceed €1.96 billion or the equivalent in foreign currencies or monetary units;
3. **decides** that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
4. **decides** to give the Board of Directors full powers to use this authorization, including the power (i) to approve the value attributed to the contributed assets as well as the granting of any specific benefits; (ii) subject to the agreement of the contributor, to reduce the value attributed to the contributed assets or the consideration paid for specific benefits; (iii) to place the capital contribution on record; (iv) to charge any related fees and expenses to the share premium; and (v) to increase the Company's capital and amend the Bylaws accordingly. These powers may be delegated in accordance with the law;
5. **specifies** that, in accordance with the law, the Board of Directors' decision to carry out any issues under this authorization will be based on the report of one or several appraisal auditors;
6. **decides** that this authorization shall be valid for a period of 26 months as from the date of this Shareholders' Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

TWENTY-SEVENTH RESOLUTION

Authorization for the Board of Directors to increase the Company's capital by capitalizing reserves, retained earnings, additional paid-in capital or any other eligible amounts

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, and pursuant to Articles L. 225-129 to L. 225-129-6 and L. 225-130 of the French Commercial Code:

1. **gives** the Board of Directors full powers to decide to increase the capital, on one or more occasions, by capitalizing reserves, retained earnings, additional paid-in capital or any other eligible amounts and issuing bonus shares and/or increasing the par value of existing shares, as well as to determine the amount and timing of such increases. Any such capital increases may be carried out jointly with any share issues for cash carried out pursuant to the twenty-second to twenty-sixth resolutions of this Shareholders' Meeting;
2. **decides** that the aggregate par value of shares issued under this authorization shall not exceed 50% of the capital, not including the par value of any additional shares to be issued pursuant to the applicable laws, regulations or any contractual provisions to protect the rights of existing holders of securities carrying rights to shares;
3. **decides** that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
4. **decides** that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
   - set the terms and conditions of the authorized transactions; decide on the amount and types of items to be capitalized, the number of new shares to be issued or the amount by which the par value of existing shares is to be increased; set the retroactive or future date from which the new shares will carry dividend and voting rights or the date on which the increase in par value will be effective; and charge the share issuance costs and any other costs against the related premium,
   - decide that any rights to fractions of shares shall be non-transferable and that the corresponding shares will be sold and the sale proceeds allocated among the rights holders within the period specified in the French Commercial Code,
   - take all necessary measures and enter into any and all agreements to permit the execution of the planned transaction(s), and generally do whatever is necessary, perform all actions and formalities required to implement the capital increase(s) carried out under this authorization and amend the Bylaws to reflect the new capital;
5. **decides** that this authorization shall be valid for a period of 26 months as from the date of this Shareholders' Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

TWENTY-EIGHTH RESOLUTION

Blanket ceiling on the authorizations to issue shares and/or securities carrying rights to shares

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors, **decides:**

1. that the aggregate par value of shares issued directly or on exercise of conversion, exchange, redemption or other rights attached to securities pursuant to the authorizations granted to the Board of Directors in the twenty-second to twenty-seventh resolutions may not exceed 50% of the share capital;
2. that the aggregate par value of shares issued directly or on exercise of conversion, exchange, redemption or other rights attached to securities, without pre-emptive subscription rights, under the authorizations granted to the Board of Directors in the twenty-third to twenty-sixth resolutions may not exceed 10% of the share capital.

It is hereby specified that these ceilings shall not include the par value of any additional shares to be issued pursuant to the applicable laws, regulations or any contractual provisions to protect the rights of existing holders of securities carrying rights to shares.

TWENTY-NINTH RESOLUTION

Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares to members of an Accor Group employee share ownership plan "PEG" without pre-emptive subscription rights for existing shareholders

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code and Articles L. 225-129, L. 225-129-2 to L. 225-129-6 and L. 225-138-1 of the French Commercial Code:

1. **authorizes** the Board of Directors to issue ordinary shares and/or securities carrying rights to shares, on one or more occasions, to eligible employees and retired former employees of the Company and related French and foreign companies, as defined in Article L. 225-180 of the French Commercial Code, who are members of one or more employee share ownership plans implemented within the Accor Group. This resolution may be used to implement structured offers;
2. **authorizes** the Board of Directors to grant free shares and/or securities carrying rights to shares to replace all or part of the discount and/or matching contribution, within the limits prescribed in Article L. 3332-21 of the French Labor Code, as part of any capital increase(s) carried out under this resolution;
3. **resolves** that the aggregate par value of shares issued under this authorization, either directly or on exercise of conversion, exchange, redemption or other rights attached to securities, may not exceed 2% of the Company's share capital on the date of the Board of Directors' decision to increase the share capital;
4. **resolves** that the subscription price for new shares issued pursuant to this resolution may not exceed the average of the prices quoted for the Company's shares during the 20 trading days preceding the Board of Directors' decision setting the opening date of the subscription period, and may not represent less than said average less the maximum discount authorized by the regulations in force on the pricing date;
5. **resolves** that this resolution automatically entails for the above-mentioned beneficiaries the waiver by shareholders of their pre-emptive rights to subscribe for any shares and/or securities to be issued pursuant to this authorization. These shareholders also waive, in the event that free shares are granted to the beneficiaries, any right to those shares, including the fraction of the reserves, retained earnings, additional paid-in capital or any other eligible amounts capitalized for the granting of the free shares;
6. **decides** that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
7. **resolves** that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law and the Bylaws. Accordingly, the Board of Directors shall be authorized to:
   - determine which companies are eligible to subscribe for the shares and/or securities,
   - decide that the securities may be acquired either directly or through a corporate mutual fund or any other structure or entity permitted under applicable legal provisions,
   - set the opening and closing dates of the subscription period,
   - set the amounts of the issues to be performed under this authorization and decide, in particular, the issue prices, timing, deadlines, terms and conditions of the subscription, payment, delivery and cum-rights date of the shares (even retroactively), the reduction rules applicable if they are oversubscribed and the other terms and conditions of the issues, to the extent permitted under the laws and regulations in force,
   - in the event that free shares are granted, determine the form, characteristics and number of shares to be issued, the number to be granted to each beneficiary and decide the timing, deadlines, terms and conditions applicable to the granting of the shares, to the extent permitted under the laws and regulations in force and, where applicable, decide to charge the sums required to pay up the shares against reserves, retained earnings, additional paid-in capital or any other eligible amounts,
   - place the capital increases on record, in the amount actually subscribed, and carry out all related transactions and formalities, either directly or through a representative,
   - if applicable, charge the costs incurred for the capital increases against the corresponding additional paid-in capital and deduct from that amount the sums required to increase the legal reserve to one-tenth of the new share capital amount resulting from those capital increases,
   - enter into any and all agreements, complete (directly or indirectly through a representative) any transactions and formalities, including the formalities resulting from capital increases and the amendments required to the Bylaws to reflect the new share capital amount,
   - generally, enter into any and all agreements, in particular to achieve the successful completion of the planned issues, take all appropriate steps and decisions and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorization and for the exercise of any related rights or rights resulting from the completed capital increases;
8. **decides** that this authorization shall be valid for a period of 26 months as from the date of this Shareholders' Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

THIRTIETH RESOLUTION

Authorization for the Board of Directors to issue securities reserved for certain categories of employees under an employee share ownership transaction, without pre-emptive subscription rights for existing shareholders

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code, especially Article L. 225-129-2, and Articles L. 225-138 and L. 228-91 of the Code:

1. **notes** that, in some countries, due to legal, tax or practical problems or uncertainties, employee share ownership offers can only be implemented using alternatives to those offered to the employees of the French companies of the Accor Group who are members of an employee share ownership plan;
2. **authorizes** the Board of Directors accordingly, with the power to subdelegate as permitted by law, to issue, on one or more occasions, shares and any other securities carrying rights to the Company's shares, to be solely offered to any financial institution or subsidiary controlled by that institution or any entities organized and existing under French law or a foreign law, with or without a separate legal personality, whose sole corporate purpose is to subscribe, hold and dispose of the Company's shares and/or any other securities carrying rights to shares, for the implementation of structured offers as part of an international employee share ownership plan within the Accor Group;
3. **resolves** that the aggregate par value of shares issued under this authorization, either directly or on exercise of conversion, exchange, redemption or other rights attached to securities, may not exceed 2% of the Company's share capital on the date of the Board of Directors' decision to increase the share capital. This amount will be deducted from the ceiling provided for in the twenty-ninth resolution submitted at this Shareholders' Meeting;
4. **resolves** that this authorization may only be used for the purpose of an employee share ownership offer using the authorization granted in the twenty-ninth resolution submitted to this Shareholders' Meeting and solely to meet the objective stated in the first section of this resolution;
5. **resolves** that the issue price of the new shares and/or securities carrying rights to shares issued pursuant to this authorization will be determined by the Board of Directors based on the price of the Company's shares quoted on Euronext Paris. The price will be equal to the average of the prices quoted for the Company's shares over the 20 trading days immediately preceding the Board's decision setting the opening date of the subscription period for the capital increase performed pursuant to the twenty-ninth resolution submitted to this Shareholders' Meeting, less a discount that may not exceed the maximum discount permitted under Article L. 3332-19 of the French Labor Code;
6. **resolves** that existing shareholders will not have a pre-emptive right to subscribe for the ordinary shares and/or securities carrying rights to shares that may be issued pursuant to this resolution, for the benefit of the above-mentioned category of employees. These shareholders also waive their pre-emptive right to subscribe for the Company's ordinary shares to which the securities carrying rights to shares issued pursuant to this authorization could entitle their holders;
7. **decides** that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
8. **resolves** that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized, within the limits and on the terms set out below, to:
   - determine the amounts of the issues to be performed under this authorization and decide, in particular, the issue prices, timing, deadlines, terms and conditions of the subscription, payment, delivery and cum-rights date of the shares and/or securities (which may be retroactive), the form and characteristics of the securities carrying rights to shares to be issued, the arrangements for exercising the rights attaching to the shares and/or securities carrying rights to shares to be issued and the other terms and conditions of the issues, to the extent permitted under the laws and regulations in force,
   - determine the list of the one or more employees benefiting from the cancellation of pre-emptive subscription rights within the above-mentioned category and the number of shares and/or securities carrying rights to shares to be subscribed by each of them,
   - set the opening and closing dates of the subscription periods,
   - place the capital increase on record, in the amount of the shares and/or securities carrying rights to shares actually subscribed,
   - if applicable, at its sole discretion, charge any and all costs incurred for the capital increases against the related additional paid-in capital,
   - determine and carry out any adjustments to protect the rights of the holders of securities carrying rights to shares,
   - enter into any and all agreements, complete (directly or indirectly through a representative) any transactions and formalities, including the formalities resulting from capital increases and the amendments required to the Bylaws to reflect the new share capital amount,
   - generally, enter into any and all agreements, in particular to achieve the successful completion of the planned issues, take all appropriate steps and decisions and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorization and for the exercise of any related rights or rights resulting from the completed capital increases;
9. **resolves** that this authorization will be valid for a period of 18 months as from the date of this Shareholders' Meeting.

THIRTY-FIRST RESOLUTION

Authorization for the Board of Directors to grant free shares to employees or executive officers of the Company

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with Articles L. 225-129 *et seq.* and Articles L. 225-197-1 *et seq.* of the French Commercial Code:

1. **authorizes** the Board of Directors to implement one or several share grant plans involving either the issue of new shares or the allocation of existing shares;
2. **decides** that the free shares may be granted to all employees, certain categories of employees or executive officers of the Company or of directly or indirectly related companies within the meaning of Articles L. 225-197-1 *et seq.* of the French Commercial Code;
3. **resolves** that the Board of Directors will determine the identity of the grantees or categories of grantees and the number of free shares granted to each of them along with the performance targets to be met for the vesting of the shares;
4. **decides** that this authorization may be used to grant free shares to executive officers of the Company only if the thirty-second resolution of this Shareholders' Meeting is adopted;
5. **resolves** that the shares granted under this resolution, in particular those granted to the Company's executive officers, will only vest if performance targets are met, based on all or some of the following criteria:
   - operating performance,
   - business development,
   - share performance,
   - CSR performance,
   - Group's cash-flow;
6. for the free shares granted to executive officers of the Company, **gives** the Board of Directors full powers to set lock-up conditions and additional share purchase requirements (including the conditions under which this requirement could be fulfilled);
7. **decides** that the total number of free shares granted pursuant to this authorization shall be subject to and included in the blanket ceiling of 2.5% of the Company's capital, as determined as of the date of this Shareholders' Meeting. In accordance with the applicable regulations, this ceiling does not include any additional shares to be issued or allocated to protect grantees' rights in the case of a corporate action;
8. **decides** that the Board of Directors may decide that the free shares will be subject to a vesting period of at least three years, followed if applicable by a lock-up period;
9. **decides** that the shares may vest early in the event that the grantee becomes a victim of category 2 or 3 disability as defined in Article L. 341-4 of the French Social Security Code, in which case they shall immediately become freely transferable;
10. **authorizes** the Board of Directors to adjust the number of free shares if necessary to protect grantees' rights in the event of any corporate actions;
11. **notes** that if new free shares are granted, this authorization will entail, at the end of the vesting period, a capital increase by capitalizing reserves, retained earnings, additional paid-in capital or any other eligible amounts, for the benefit of the relevant grantees, and the corresponding waiver by existing shareholders, for the benefit of the grantees, of the fraction of the reserves, retained earnings, additional paid-in capital or any other eligible amounts capitalized for that purpose and the corresponding capital increase will be definitively completed solely by the vesting of the shares;
12. **gives** the Board of Directors full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to set the dates, terms and conditions of the grants, the vesting period and any lock-up period, and generally to take all useful measures and enter into any and all agreements to permit the completion of the planned share grants, place on record the capital increase(s) resulting from the use of this authorization and amend the Bylaws to reflect the new capital;
13. **resolves** that this authorization shall be valid for a period of 38 months as from the date of this Shareholders' Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

THIRTY-SECOND RESOLUTION

Restriction on the number of free shares that may be granted to executive officers of the Company

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors, **resolves** that the shares granted to the Company's executive officers under the thirty-first resolution submitted to this Shareholders' Meeting may not represent more than 15% of the total number of shares granted under the said resolution.

Ordinary resolutions

THIRTY-THIRD RESOLUTION

Authorization for the Board of Directors to issue free share warrants to shareholders in the event of a public offer for the shares of the Company

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and pursuant to Article L. 233-32 II of the French Commercial Code:

1. **authorizes** the Board of Directors, in the event of a public offer for the shares of the Company, to make one or more issues of warrants entitling the holders to subscribe for one or more shares of the Company on preferential terms, and to allot the warrants free of consideration to all shareholders of record prior to the last day of the public offer, in the proportions and at the times it deems appropriate;
2. **resolves** that the aggregate par value of shares issued upon the exercise of these warrants may not exceed 25% of the share capital, not including the par value of any additional shares issued to protect the rights of the warrant holders pursuant to applicable laws, regulations or any contractual provisions and that the maximum number of share warrants that may be issued pursuant to this authorization may not exceed the number of shares comprising the share capital when the warrants are issued;
3. **resolves** that this authorization may only be used by the Board of Directors after obtaining a positive opinion from a special committee of the Board of Directors, chaired by the Vice-Chairman and comprising three independent directors, which shall itself be required to consult a financial adviser of its choice before issuing its opinion;
4. **resolves** that the warrants issued pursuant to this authorization shall not be exercisable and shall lapse automatically if the public offer for the shares of the Company or any counter-bid should fail and that, in such case, this authorization shall be deemed not to have been used and shall accordingly remain in full force and effect. The lapsed warrants shall therefore not be included in the aggregate number of warrants that may be issued in the event of its subsequent use;
5. **notes** that, insofar as necessary, this authorization shall entail the waiver by the shareholders of their preemptive rights over the shares of the Company to which the warrants issued pursuant to this authorization entitle their holders;
6. **resolves** that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
   - set the terms and conditions of the issuance and allotment of the warrants, including the option to postpone or cancel the issue, and the number of warrants to be issued,
   - set the terms and conditions of exercise of the warrants, which shall be related to the terms of the public offer or any counter-bid, as well as the other characteristics of the warrants, including the exercise price or method of setting the exercise price,
   - set the terms and conditions of any adjustments to be made to protect the rights of warrant holders in accordance with the law, regulations or any contractual provisions,
   - set the terms and conditions of any capital increase arising upon exercise of the warrants, set the cum-rights date of the shares to be issued and, if it deems appropriate, deduct the costs, duties and fees incurred pursuant to the capital increases from the amount of related additional paid-in capital and deduct from this amount the sum required to bring the legal reserve up to one-tenth of the new share capital after each capital increase,
   - place on record the capital increase resulting from the exercise of the warrants, amend the Bylaws accordingly, perform all actions and formalities required and, more generally, do whatever is necessary;
7. **resolves** that this authorization shall be valid for a period expiring at the end of the offer period of any public offer for the shares of the Company made within 14 months of this Shareholders' Meeting and that it shall cancel as of this date any prior authorization with the same purpose.

THIRTY-FOURTH RESOLUTION

Powers to carry out formalities

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, **gives** full powers to the bearer of an original, extract or copy of the minutes of this Meeting to carry out any and all filing and other formalities required by law.

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 2018
Reduction of capital by canceling treasury stock	Annual Shareholders' Meeting of May 5, 2017 17th resolution	10% of the share capital	24 months May 5, 2019	Reduction of capital on December 31, 2018 by canceling 8,378,765 ordinary shares within the frame 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 May 5, 2017 18th to 22nd resolutions		26 months July 5, 2019	
› with pre-emptive subscription rights		€427 million		
› by public offering without pre-emptive subscription rights		€85 million with or without priority subscription rights		
› by restricted offering without pre-emptive subscription rights		€85 million		
› in connection with a stock-for-stock offer		€85 million		
› 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		€85 million		
Issuance of new shares by capitalizing reserves, retained earnings or additional paid-in capital	Annual Shareholders' Meeting of May 5, 2017 23rd resolution	€427 million	26 months July 5, 2019	
Blanket ceiling on the authorizations to issue shares and/or other securities (par value):	Annual Shareholders' Meeting of May 5, 2017 24th resolution			
› with or without pre-emptive subscription rights (18th to 23rd resolutions)		€427 million		
› without pre-emptive subscription rights (19th to 22nd resolutions)		€85 million		
Employee share issue	Annual Shareholders' Meeting of April 20, 2018 12th resolution	2% of the Company's capital, less the shares issued pursuant to 25th resolution of the Shareholders' Meeting of May 5, 2017, as of the date of said Meeting	July 5, 2019 (1)	
Grant of free shares	Annual Shareholders' Meeting of April 22, 2016 10th resolution	2.5% of the share capital at April 22, 2016 Executive officers: a cap of 15% of the share capital for all of the shares granted by virtue of the 11th resolution of the April 22, 2016 Annual Shareholders' Meeting	38 months June 22, 2019	Allocation, subject to performance and presence conditions, of (i) 632,462 shares on June 26, 2018 and (ii) 22,830 shares on October 17, 2018
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 20, 2018 12th resolution	€213 million	14 months June 20, 2019	

(1) This authorization has terminated the previous authorization granted for the same purpose and adopted in 25th resolution of the May 5, 2017 Shareholders' Meeting and has been granted for the remainder of the term of this 25th resolution, namely until July 5, 2019.

Appendix A

Board of Directors bylaws (as amended on June 26, 2018)

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 Annual Report.

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, e-mail 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 directors. 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 as being 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 have a material impact on 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 services 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 directors 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 and Risks Committee;**
- **the Commitments Committee;**
- **the Appointments, Compensation and 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 and 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 and CSR Committee meetings during which agenda items concerning him personally are discussed, nor the part of Audit, Compliance and 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 and Risks Committee

The Audit, Compliance and 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, he also has to prepare 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 and CSR Committee's annual report.

The Audit, Compliance and 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 and 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 and Risks Committee May make enquiries of the Statutory Auditors without the executive directors 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 and 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 and 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 and CSR Committee

The Appointments, Compensation and CSR Committee's role is to prepare the Board of Directors' decisions pertaining to the compensation of executive directors and the policy for granting long-term incentive instruments, and to prepare changes in the composition of the Company's management bodies.

At last, he also has to ensure that the principles of good corporate governance are properly applied and to prepare the Board of Directors' decisions pertaining to ethics 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 directors and the selection of new directors. In selecting possible directors, the Committee shall take into consideration the desirable balance in the Board's composition, take special care that each candidate has the required capabilities and availability and ensure 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 shall be 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 directors' 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 directors' compensation while ensuring that said rules are consistent with the annual appraisal of executive directors' 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' fees, which is submitted to shareholders for approval. It proposes to the Board rules for allocating said directors' fees and the individual amounts of the payments to be made as fees 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 directors;
- it approves the information provided to shareholders in the Annual Report regarding (i) executive director 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 and 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 and 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 three to six members. 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 axis 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 3 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' fees

The annual amount of directors' fees approved by shareholders shall be allocated by the Board based on a recommendation by the Compensation, Appointments and CSR Committee.

Board members shall be entitled to a fixed portion of fees 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 fees determined according to their actual attendance at Board and Committee meetings.

Distribution is based on the following principles:

- the annual amount of directors' fees shall be 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 shall be used to pay the fixed portion of directors' fees;
- two-thirds of the amount set aside for the Board and Committees shall be used to pay the variable portion of directors' fees 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' fees is then paid to each Director depending on its attendance rate;
- the Vice-Chairman of the Board of Directors shall receive the fixed portion of directors' fees 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' fees equal to double the fixed portion payable to Committee members;
- members of the Audit, Compliance and Risks Committee receive an increased portion of directors' fees, as determined 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' fees;
- directors representing employees do not receive any directors' fees. The directors' fees that they would have received are 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' fees shall be 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/her interests and those of the Company because of the positions that he/she holds and/or any interests that he/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/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/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 and 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/her appointment and his/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/her duties as a director of the Company are compatible with the directorships or positions that he/she holds in other companies in particular as regards the workload. Each director shall disclose periodically to the Company the directorships that he/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/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/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/she holds, and/or any interests that he/she has elsewhere, shall inform the Chairman and Chief Executive Officer or any individual designated by the Chairman and Chief Executive Officer. He/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/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/she discloses any relationships of any kind with Group companies, their managers, suppliers, customers, partners or competitors. He/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) 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/her or individuals that are closely related to him/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/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 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' report on related party agreements and commitments

This is a translation into English of a report issued in French 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.

Annual General Meeting held to approve the financial statements for the year ended December 31, 2018

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R.225-31of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended 2018, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements and commitments submitted for approval to the Annual General Meeting

Agreements and commitments authorized during the year ended 2018

In accordance with Article L.225-40 of the French Commercial Code *(Code de commerce)*, we have been notified of the following related party agreements and commitments which received prior authorization from your Board of Directors.

With Katara Hospitality

Person(s) concerned

MM. Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani, Chairman of the Board of Directors of the compagny, Aziz Aluthman Fakhroo, director of the designated company by Qatar Investment Authority.

Nature and purpose

Agreement concluded with Katara Hospitality, with a view to set-up an investment fund dedicated to Hospitality in Africa (Kasada Capital Management).

Conditions

On 26 June 2018, the Board of Directors authorized the company to conclude an agreement with Katara Hospitality with a view to set-up an investment fund dedicated to Hospitality in Africa, Kasada Capital Management. The fund will amount to up to US$ 500 million in equity, of which Katara Hospitality and AccorHotels will contribute respectively up to US$ 350 million and US$ 150 million over the next 5-7 years.

Reasons justifying why the Company benefits from this agreement

The Board of Directors considered that through this project, your company and Katara Hospitality will aim to create the first hotel fund dedicated to the sustainable development of Africa, such a fund providing your company with an opportunity to accelerate the development of AccorHotels brands in Africa.

With Kingdom Hotels (Europe) LLC

Person(s) concerned

Mr. Sarmad Zok, president and CEO of Kingdom Hotel Investments and director of Kingdom Holding Company.

Nature and purpose

Agreement concluded with Kingdom Hotels (Europe) LLC with a view to acquiring all outstanding shares in Mövenpick Hotels & Resorts Management AG.

Conditions

On 18 April 2018, the Board of Directors authorized the company to acquire, directly and indirectly, all the share capital of Mövenpick Hotels & Resorts Management AG, a company incorporated under Swiss law ("MHR"), in which Kingdom Hotels (Europe) LLC holds 33.33% of the share capital and voting rights.

In this context, your company has been authorized to conclude a "Share Purchase Agreement" with, in particular, Kingdom Hotels (Europe) LLC, as well as a coexistence and brand licensing agreement with Mövenpick Holding AG and MP Invest AG and to accept a letter of commitment from Kingdom Hotels International.

The amount paid by your company for this acquisition amounted to CHF 651 million, or €578 million.

Reasons justifying why the Company benefits from this agreement

The acquisition of MHR is of strategic interest to your company, enabling it to strengthen its position among the world leaders in luxury hotels, increase its growth and profitability potential and strengthen its presence in key geographical markets.

Agreements and commitments previously approved by the Annual General Meeting

Agreements and commitments approved in prior years

a) whose implementation continued during the year ended 2018

In accordance with Article R.225-30 of the French Commercial Code *(Code de commerce)*, we have been notified that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in prior years, continued during the year ended 2018.

With Mr. Sébastien Bazin, president and CEO

Mr. Sébastien Bazin's term of office as Chairman and Chief Executive Officer was renewed on February 21, 2017 by the Board of Directors for a three-year term.

In this context, after authorization by the Board of Directors, the General Meeting of 5 May 2017 approved the identical renewal of the following commitments made to it, which were implemented during the past financial year.

Participation of Mr. Sébastien Bazin in supplementary pension plans of an additive nature the Group's senior executives, in respect of the defined contribution pension plan (referred to as "Article 83")

Nature, purpose and conditions

The Board of Directors has decided to grant Mr. Sébastien Bazin the additional supplementary pension scheme, which includes several of the Group's senior executives and includes a defined contribution pension plan (referred to as "Article 83").

Mr. Sébastien Bazin, a corporate officer of your company with more than one year's seniority and a gross annual remuneration exceeding four Annual Social Security Ceilings, meets the conditions for eligibility for the defined contribution scheme ("Article 83"). At the time of the liquidation of his retirement, he will receive a life annuity, with the possibility of reversion, the amount of which is based on the contributions paid by your company each year of participation in the plan. The annual contribution paid by your company corresponds to 5% of its gross annual remuneration paid during the previous year, up to a maximum of five Annual Social Security Ceilings. In accordance with the clauses of the Social Security Code, participants retain their rights under this scheme in the event of leaving the company before their pension is paid.

For the 2018 financial year, your company paid the pension fund an amount of 9,933 euros, corresponding to the individual annual contribution to the scheme.

Application for private unemployment insurance

Nature, purpose and conditions

The Board of Directors has authorized the subscription to the "Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise" (GSC), of a private unemployment insurance allowing to make to benefit Mr. Sébastien Bazin from compensation in the event of loss of his professional activity. The benefits would be paid from the thirty-first day of continuous unemployment. The duration of the maximum compensation has been increased from twelve to twenty-four months, after twelve months of membership.

For the 2018 financial year, your company paid 31,646.54 euros to the "Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise", for the unemployment insurance of Mr. Sébastien Bazin.

With Mr. Sven Boinet, Deputy Chief Executive Officer until December 2, 2018

Conclusion of an employment contract with Mr. Sven Boinet

Nature, purpose and conditions

On his appointment, the Board of Directors authorised the conclusion of an employment contract between the company and Mr. Sven Boinet for functions as Group Director in charge of internal audit, legal and safety/security. Under this contract, Mr. Sven Boinet receives a gross annual remuneration of EUR 400,000, paid in twelve identical monthly instalments.

Under this contract, Mr. Sven Boinet is eligible for the additional supplementary pension scheme, which includes several of the Group's senior executives, it being specified that, as indicated below, Mr. Sven Boinet benefits from this scheme under his mandate as Deputy Chief Executive Officer.

Participation of Mr. Sven Boinet in the supplementary pension plans for the Group's senior executives

Nature, purpose and conditions

The Board of Directors has decided to grant Mr. Sven Boinet the additional supplementary pension scheme, which includes several of the Group's senior executives and includes a defined contribution pension scheme (referred to as "Article 83") and a defined benefit pension scheme (referred to as "Article 39"), the characteristics and conditions of which are described in the second part of this report, as far as Mr. Sébastien Bazin, Chairman and Chief Executive Officer is concerned.

For the 2018 financial year, your company paid the pension fund 9,933 euros corresponding to the individual annual contribution to the defined contribution plan.

With the company Eurazeo

Person(s) concerned

Mr. Patrick Sayer, director of your company and chairman of the management board of Eurazeo (until March 19, 2018) on the date of conclusion of the Framework Agreement.

Nature and purpose

Conclusion of a Framework Agreement with Eurazeo regarding the NOVA project.

Conditions

The Board of Directors of 22 April 2016 authorized the company to enter into a Framework agreement with Eurazeo, including the subscription by your company, directly or indirectly, of 30% of the share capital of the company "Grape Hospitality Holding" and the conclusion of franchise agreements for the operation by "Grape Hospitality" of hotels operated under the brands AccorHotels.

This Framework agreement was signed and executed on June 21, 2016.

For the 2018 financial year, the amount of franchise fees and other services related to the franchise agreement invoiced to "Grape Hospitality" by your company amounts to 10,710,856 euros excluding taxes.

With the Institut Paul Bocuse

Person(s) concerned

Mr. Sven Boinet, Managing Director of your company until December 2, 2018 and Administrator of the Institut Paul Bocuse and Gérard Pélisson, founding co-president of your company and president of the Institut Paul Bocuse.

Nature and purpose

Loan Cash Advance Agreement.

Conditions

The Board of Directors has authorized your company to consent, as a member of the association "Institut Paul Bocuse", a cash advance in the amount of 200,000 euros for a five-year period, paid at 2% per year.

This cash advance, which provides the Paul Bocuse Institute with the means to invest in new equipment, allows the AccorHotels group to participate in the development, notably of one of its historical partners.

During the 2014 financial year, your company paid the amount of the loan, namely 200,000 euros and has been collecting annual interest since that date.

For the 2018 financial year, the "Institut Paul Bocuse" paid an amount of 4,055.56 euros for these annual interests.

b) which were not implemented during the year ended 2018

In addition, we have been notified that the following agreements and commitments, which were approved by the Annual General Meeting in prior years, were not implemented during the year ended 2018.

With Mr. Sébastien Bazin, president and CEO

As mentioned above, as part of the renewal of Mr. Sébastien Bazin's term as President and Chief Executive Officer, the May 5, 2017 General Assembly approved the renewal of the following commitments, taken in respect of it and without execution during the preceding financial year.

Allowance for the termination of Mr. Sébastien Bazin's term of office as President and Chief Executive Officer or for the non-renewal of his term as Director

Nature, purpose and conditions

The Board of Directors has decided, with regard to the indemnity in the event of the revocation of Mr. Sébastien Bazin's term of office as President and Chief Executive Officer or the non-renewal of his term as Director, to pay him an allowance corresponding to twice the total of his fixed and variable remuneration received for the last financial year ended before the date of termination of his social mandate, except in the case of revocation for serious misconduct. It is specified that the payment of severance benefits to the President and CEO is excluded in the event of resignation, non-renewal of the term at his initiative, if he or she changes positions within the group or if he or she has the opportunity to exercise his or her full-rate pension rights in the short term.

Payment of the allowance is subject to the following performance criteria:

- return on capital employed for the group above the cost of capital as published in the reference document during the last three years;
- positive free cash flow at least two fiscal years over the last three fiscal years;
- EBITDAR margin rate (at constant scope and exchange rates) exceeding 27,50% at least two years over the last three years.

Performance measurement will be as follows:

- if all three criteria are met, the indemnity is due in full;
- if at least two of the three criteria are met, half of the compensation is due;
- if none or only one of the three criteria is met, no compensation is due.

Participation of Mr. Sébastien Bazin in the supplementary pension schemes of an additive nature of the senior executives of the group, as regards the defined benefit pension scheme ("section 39")

Nature, purpose and conditions

The Board of Directors has decided to make Mr. Sébastien Bazin benefit from the pension scheme an additive supplement that includes several senior executives of the group, including a defined benefit pension scheme (referred to as "section 39").

Mr. Sébastien Bazin, corporate representative of your company with an annual reference remuneration of more than five Annual Social Security Ceilings and having fulfilled these conditions for more than six months during the previous year, meets the conditions of eligibility for the defined benefit scheme ("section 39"). He will receive a life annuity at the time of the liquidation of his retirement, with the possibility of reversion, provided that he completes his career in the group and has a minimum of five years of participation in the scheme (or a minimum of 15 years in the group). Otherwise, he will have no rights. The pension provided by this scheme shall be reduced by the amount of annuity due under the defined contribution scheme described above.

Mr. Sébastien Bazin gradually acquires potential rights, calculated each year of participation in the scheme according to his annual reference salary. These potential entitlements represent, for each year of participation, between 1% and 3% of its annual reference salary based on instalments of salary.

Pursuant to the law of 6 August 2015, the Board of Directors has decided to subject Mr. Sébastien Bazin's participation in the defined benefit scheme to performance conditions, the satisfaction of which must be recorded annually by the Board of Directors.

The acquisition of rights under the defined benefit scheme (Article 39) is subject to the following two conditions:

- EBITDA relative to budget (for 50%); and;
- Free Cash Flow excluding disposals and external growth, including the change in operational working capital, compared to the budget (for 50%).

The pension that Mr. Sébastien Bazin would benefit from at the time of the liquidation of his retirement may not exceed 30% of his last annual reference compensation (fixed and variable) and the overall replacement rate (compulsory schemes plus supplementary schemes Accor) is capped at 35% of the average of the three highest remunerations recorded over a ten-year period prior to retirement.

Under this scheme and in the event of the group's departure before the liquidation of their retirement, except as provided for in law, the members retain only the entitlement from the defined contribution scheme and lose the entitlement from the defined benefit scheme.

With Mr. Sven Boinet, Deputy Chief Executive Officer until December 2, 2018

Termination Allowance for Mr. Sven Boinet

Nature, purpose and conditions

In the event of revocation, except for serious misconduct by Mr. Sven Boinet, the board of directors had decided to pay him compensation in the amount of 600,000 euros, increased by the amount of the variable remuneration due in respect of the last financial year ended before the date of termination of his social mandate and reduced, where appropriate, by the amount of the allowances due in respect of the termination of the employment contract.

This indemnity was due to the double condition that the performance criteria laid down by the board of directors were met and that it was a forced departure, namely revocation, except for serious or serious misconduct, the term of office of Deputy Chief Executive Officer. It is specified that the payment of the allowances was excluded in the event of resignation, if it changed its function within the group or if it had the opportunity to claim its full-rate pension rights in the short term.

Since Mr. Sven Boinet's term of office as Executive Director was not renewed on December 2, 2018, he is no longer eligible for such compensation.

Paris-La Défense, March 22, 2019

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
David Dupont-Noel	Guillaume Crunelle	Jean-Christophe Goudard	François-Guillaume Postel

4
2018 business review and subsequent events

4.1 Review of 2018

2018 was a landmark year with an abundance of achievements for Accor, whose model is now asset-light. The Group continued its strong organic growth, with the opening of a record 300 hotels (43,905 rooms) worldwide. It stepped up its development in the luxury, lifestyle, premium and midscale segments through the acquisitions of Mantra, Mövenpick, Atton and 21c Museum, and strategic partnerships with SBE and Mantis.

It continued to diversify its activities by acquiring new distribution channels in hotel bookings for business travelers with Gekko, in restaurant bookings with ResDiary, and in supply management and meal preparation optimization solutions for restaurants with Adoria.

Accor also refocused its core business on hotel operations by selling 64.8% of AccorInvest to international investors, and deconsolidating the entity.

Going forward, Accor's growth will be driven by the fast pace of its development, the high quality and diversity of its offerings, the appeal of its brands and its loyalty program, and the strength of its distribution; leverage from these aspects holds the prospect of delivering EBITDA of €1.2 billion in 2022.

Accor's results for 2018 reflect the transformation currently in progress. Driven by growing business worldwide, its results are clearly improving, with EBITDA of €712 million, and free cash flow of €529 million.

Operating income was affected by impairment recorded on onefinestay and John Paul in the amount of €246 million, and the net financial expense deteriorated by €14 million due to negative currency effects.

Net profit, Group share, which includes the €2.4 billion capital gain generated by the sale of 64.8% of AccorInvest, came to €2,233 million, compared with €446 million in 2017.

In 2018, Accor benefitted from solid business momentum in most of its markets and continued its transformation toward an asset-light model through the disposal of 64.8% of AccorInvest and the swift redeployment of the cash proceeds from core acquisitions. Capitalizing on record growth, including the addition of 300 hotels (43,905 rooms) on an organic basis and a further 288 hotels (56,108 rooms) through acquisitions and partnerships, the Group ended 2018 with a hotel portfolio of 703,806 rooms (4,780 hotels) and a pipeline of 198,000 rooms (1,118 hotels), 78% of which in emerging markets and 49% in the Asia-Pacific region alone.

2018 consolidated results

(in millions of euros)	2017*	2018	Change as reported	Change LFL**
Revenue	2,774	3,610	+30.2%	+8.8%
EBITDA	**622**	**712**	**+14.5%**	**+8.0%**
EBITDA margin	*22.4%*	*19.7%*	*-2.7 pts*	*-0.1 pts*
EBIT	**497**	**550**	**-**	**-**
Operating profit	425	229	-	-
Net profit before discontinued operations	**379**	**(8)**	**-**	**-**
Profit from discontinued operations	67	2,241	-	-
NET PROFIT, GROUP SHARE	**446**	**2,233**	**-**	**-**

* *Amounts restated in accordance with IFRS 15.*
** *LFL = like-for-like: at constant scope of consolidation and exchange rates.*

Revenue

Consolidated 2018 revenue amounted to €3,610 million, up 8.8% at constant scope of consolidation and exchange rates (like-for-like) and up 30.2% as reported compared with 2017. The difference between the like-for-like and reported changes stems primarily from the acquisitions completed over the year (including Mantra and Mövenpick), partly offset by a negative currency effect.

(in millions of euros)	2017*	2018	Change as reported	Change LFL**
HotelServices	2,443	2,618	+7.2%	+8.4%
Hotel Assets & Other	755	1,086	+43.8%	+8.4%
New Businesses	100	149	+49.4%	+2.4%
Holding & Intercos	(525)	(243)	N/A	N/A
REVENUE	**2,774**	**3,610**	**+30.2%**	**+8.8%**

* *Amounts restated in accordance with IFRS 15.*
** *LFL = like-for-like: at constant scope of consolidation and exchange rates.*

HotelServices reported business volume of €20 billion, up 13.4% at constant exchange rates, and revenue of €2,618 million, up 8.4% like-for-like, reflecting the solid trading conditions over the year and the development of the hotel portfolio, in line with the Group's targets (5% organic growth). Reported revenue growth amounted to 7.2%, impacted by a negative currency effect.

Reported revenue over the year reflected the following factors:

- changes in the scope of consolidation (acquisitions and disposals) had a positive impact of €394 million (+12.8%), due to the contributions of Mantra, Mövenpick, Atton, Gekko, ResDiary and Adoria;
- currency effects had a negative impact of €144 million, attributable chiefly to declines in the US dollar (€37.1 million), the Brazilian real (€31.9 million) and the Australian dollar (€28.4 million). The decline in currencies against the euro was felt primarily in H1 2018, with a residual impact in H2 2018.

EBITDA

Consolidated EBITDA amounted to **€712 million** in 2018, up 8.0% like-for-like and up 14.5% as reported compared with 2017. The 14.5% increase reflected the acquisitions of Mantra, Mövenpick and Gekko for €57 million, and the unfavorable exchange rate impact of €23 million over the year. The **EBITDA margin** was down 2.7 percentage points year on year to **19.7%.**

Adjusted EBITDA

In view of the change in the Accor model, and the growing number of partners in which the Group has minority stakes (Mama Shelter, Wojo, SBE, Mantis, Rixos, Atton, Adagio, Risma, 25hours, Paris Society and Potel et Chabot), Accor now calculates adjusted EBITDA including the share of EBITDA of these companies in order to assess the value creation of its broader ecosystem, which contributes directly to its earnings.

The following table shows the reconciliation of adjusted EBITDA with the aggregates presented in the consolidated financial statements:

(in millions of euros)	2017	2018
EBITDA	**622**	**712**
Share-based payments	**18**	**20**
AccorInvest(1)	-	146
Huazhu	34	43
Other	69	78
Total share of partner company EBITDA	**103**	**267**
ADJUSTED EBITDA	**743**	**999**

(1) Accounted for as minority since Booster closing in May 2018.

In 2018, the Group's **adjusted EBITDA** increased by 34% to **€999 million**, compared with €743 million in 2017, thanks to its share of the EBITDA of its various partners.

EBIT

EBIT was **€550 million** in 2018, compared with €497 million in 2017.

(in millions of euros)	2017*	2018
Revenue	**2,774**	**3,610**
Personnel expenses	(1,607)	(1,818)
Rental expense	(104)	(148)
Other operating expense	(441)	(932)
EBITDA	**622**	**712**
Depreciation, amortization and provision expense	(126)	(162)
EBIT	**497**	**550**

* *Amounts restated in accordance with IFRS 15.*

Personnel expenses amounted to €1,818 million, *versus* €1,607 million, an increase of 13% compared with 2017. **Rental expense** amounted to €148 million in 2018, compared with €104 million in 2017. **Depreciation, amortization and provision expense** totaled €162 million compared with €126 million in 2017.

Other operating expense includes the fees collected from AccorInvest in the amounts of €462 million in 2017 and €174 million in the first five months of 2018, which were eliminated until the date of loss of control of that entity. Other operating expenses consist mainly of marketing, advertising, promotional, selling and information systems costs.

Rental expense concerns the Group headquarters and hotel assets operated under leases.

Operating profit

Operating profit fell by €196 million to **€229 million**, compared with €425 million in 2017.

(in millions of euros)	2017*	2018
EBIT	**497**	**550**
Share of net profit of associates and joint ventures	28	80
Restructuring costs	(44)	(125)
Asset impairment	(3)	(250)
Gains and losses on management of hotel properties	(5)	33
Other non-recurring income and expenses	(47)	(58)
OPERATING PROFIT	**425**	**229**

* *Amounts restated in accordance with IFRS 15.*

The **share of net profit of associates and joint ventures** increased by €52 million, from €28 million in 2017 to **€80 million** in 2018.

Non-recurring income and expenses declined by €301 million to a **net expense of €401 million**, compared with a net expense of €99 million in 2017.

- **Gains and losses on the management of hotel properties** came to a gain of **€33 million** in 2018, corresponding to the sale of the Sofitel Budapest Chain Bridge, compared with a loss of €5 million in 2017.
- **Restructuring costs**, mainly related to a transformation plan in Europe and in the Group's Paris headquarters, amounted to **€125 million**, compared with €44 million in 2017.
- **Asset impairment** amounted to **€250 million**, compared with €3 million in 2017, with €246 million on onefinestay and John Paul.

Other non-recurring income and expenses totaled an expense of **€58 million**, compared with an expense of €47 million in 2017, covering transaction costs related to the Mantra and Mövenpick acquisitions for €23 million and integration costs for the FRHI Group for €9 million.

In 2017, **non-recurring income and expenses** consisted of bank fees, legal fees and consulting costs related to the spin-off and disposal of AccorInvest in the amount of €56 million, restructuring costs of €44 million and acquisition-related costs of €23 million.

Net profit, Group share

(in millions of euros)	2017*	2018
Operating profit	**425**	**229**
Net financial expense	(53)	(67)
Income tax	43	(119)
Net profit from discontinued operations	71	2,241
Net profit	486	2,284
NET PROFIT, GROUP SHARE	**446**	**2,233**
EARNINGS PER SHARE *(in euro)*	**1.42**	**7.61**
Net profit, minority interests	40	51

* *Amounts restated in accordance with IFRS 15.*

Net financial expense amounted to **€67 million** in 2018, compared with €53 million in 2017. This unfavorable change of €14 million is attributable mainly to the following items:

- a reduction of €19 million in interest on bonds resulting from the reimbursement of two bonds in June and November 2017;
- a loss of €14 million, partially counterbalancing the positive impact of €18 million in 2017 related to currency effects between the Swiss franc and the euro on balance sheet items generated during the legal restructuring of the AccorInvest scope.

The Group's **income tax expense was €119 million**, compared with a benefit of €43 million in 2017. As a reminder, this resulted from the combined impact of a €73 million deferred tax asset related to the spin-off of AccorInvest, the 14-percentage-point reduction in the tax rate in the United States in the amount of €59 million, and legislative changes on dividends received and paid in the amount of €63 million.

Net profit from discontinued operations was **€2,241 million**, compared with €71 million in 2017. This includes the capital gain of €2.4 billion generated by the sale of 64.8% of AccorInvest.

Net profit, Group share accordingly increased by a very strong €1,787 million to **€2,233 million**, while **earnings per share** rose from €1.42 in 2017 to **€7.61**, based on the weighted average number of shares outstanding at December 31, 2018 (288,491,096).

Recurring free cash flow

(in millions of euros)	2017*	2018
Funds from operations before non-recurring items	**555**	**617**
Recurring renovation and maintenance and development expenditure	(161)	(124)
Change in working capital and contract assets	41	36
Recurring free cash flow	**435**	**529**

* *Amounts restated in accordance with IFRS 15.*

Funds from operations amounted to **€617 million** in 2018, compared with €555 million in 2017, due to good levels of business in most of the Group's markets and strong €90 million growth in EBITDA.

Recurring expenditure, which includes digital and IT expenditure, as well as maintenance expenditure on the remaining owned and leased hotels, amounted to €124 million in 2018, down from €161 million in 2017, due essentially to calendar effects.

Working capital was a **negative €233 million** in 2018, compared with a negative €262 million at end-2017. This €29 million change is attributable mainly to the profit generated by legislative changes affecting the taxation of dividends received and paid.

The Group's **recurring free cash flow**, which was **€529 million**, or €1.84 per share, rose by 22% in 2018, with a cash conversion rate of 83% (EBITDA less recurring expenditure), driven both by the increase in income and a lower amount of expenditure than in 2017.

Dividend and payout ratio

On the basis of the good results of 2018, and on the recommendation of the Board of Directors, Accor will ask shareholders at the Annual Shareholders' Meeting of April 30, 2019 to approve the payment of a cash-only dividend of €1.05 per share.

(in millions of euros)	2017	2018
Operating profit before non-recurring items, net of tax[(1)]/Recurring free cash flow[(2)]	**538**	**529**
Weighted average shares outstanding	287	288
Operating profit before non-recurring items, net of tax[(1)]/Recurring free cash flow[(2)] per share *(in euros)*	1.87	1.84
Ordinary dividend per share *(in euros)*	**1.05**	**1.05[(3)]**
Ordinary dividend payout	**302**	**297**
Payout ratio[(4)]	*56%*	*56%*

(1) Corresponds to operating profit before tax and non-recurring items less current income tax and net profit attributable to minority interests (used in 2017 as the base for calculating the dividend).
(2) Corresponds to funds from operations, less investments, less change in working capital and contract assets (used in 2018 as the base for calculating the dividend).
(3) Submitted for approval at the Annual Shareholders' Meeting of April 30, 2019.
(4) The 2018 payout ratio is calculated on recurring free cash flow per share.

Financial flows

(in millions of euros)	2017*	2018
Recurring free cash flow	**435**	**529**
Acquisitions	(357)	(2,830)
Disposal of AccorInvest and other assets	147	4,923
Dividends	(163)	(323)
Share buybacks	-	(850)
Hybrid financial instruments (net of issuance expenses)[(1)]	(37)	(37)
Other	(201)	(180)
Change in AccorInvest net debt	(30)	(497)
CHANGE IN NET DEBT	**(206)**	**735**
Net debt	**1,888**	**1,153**

(1) Includes the €887 million hybrid instrument issue in 2014 and the coupon of €37 million paid in 2018.
** Amounts restated in accordance with IFRS 15.*

Acquisitions carried out in 2018 amounted to **€2,830 million**, of which mainly:

- **€1,598 million** for the acquisitions of Mantra, Mövenpick Hotels & Resorts, Atton Hoteles, 21c Museum Hotels, Gekko and ResDiary, and **€292 million** for equity investments in SBE Entertainment Group and Mantis;
- **€339 million** to acquire 33.15% of the capital of its subsidiary Orbis in a takeover bid. Following the completion of the bid, the Group holds 85.8% of its Polish subsidiary. This transaction fits in with Accor's strategy by allowing the Group to consolidate its leadership in Central and Eastern Europe, to reinforce its control of Orbis and to continue to roll out its asset management strategy;
- **€388 million** to acquire the building of its Paris headquarters, at a price well below its appraisal value.

Asset disposals amounted to **€4,923 million**, compared with €147 million in 2017, including the sale of 64.8% of AccorInvest for €4,825 million, and disposals of hotel assets in the amount of €98 million, including the Budapest Sofitel.

Dividends paid to shareholders increased to **€323 million** in 2018 from €163 million in 2017.

The two tranches of the share buyback program were carried out in a total amount of **€850 million**, with a first tranche of €350 million completed in late November 2018, and a second tranche of €500 million launched in December.

Net debt accordingly totaled **€1,153 million** at December 31, 2018, down €735 million compared with December 31, 2017. The €4.8 billion received by the Group from the sale of 64.8% of AccorInvest's capital was largely reinvested in 2018.

At December 31, 2018, the **average cost of the Group's debt** was **1.9%**, with an **average maturity of 3.6 years.**

In January 2019, Accor successfully placed two bond issues: a €600 million senior bond maturing in 2026 with a coupon of 1.75% and a €500 million perpetual hybrid bond with a first call in 2024 and a coupon of 4.38%. These issues were used to buy back the €350 million bond issue maturing in 2021 with a coupon of 2.63% and the €386 million perpetual hybrid bond issue with a first call in 2020. The remaining proceeds of the €1.1 billion raised will be use to reimburse the €335 million bond issue maturing in March 2019 with a coupon of 2.50%. The result of this liability management transaction was a decrease of the **cost of debt to 1.8% and an increase of the average maturity to a comfortable 4.8 years at end-February 2019.**

Consolidated income by strategic business

As part of the transformation of its business model, Accor has redesigned its internal reporting to reflect the Group's refocus on its hotel operator business, the diversification of its business portfolio and the resulting new organization.

The Group is now organized into the three strategic divisions presented below, the contours of which changed in 2018.

HOTELSERVICES

MANAGEMENT & FRANCHISE
- Purchasing

SERVICES TO HOTEL OWNERS
- Sales, Marketing, Distribution
- Shared services
- Reimbursement of personnel expenses

NEW BUSINESSES
- Onefinestay
- Fastbooking
- Availpro
- Verychic
- TravelKeys
- John Paul
- Gekko
- Resdiary
- Adoria

HOTEL ASSETS & OTHER
- Orbis assets
- Rents on EBITDAR
- Sofitel Gezirah/ BelOmbre
- AccorPlus
- Strata
- Timeshare

HOLDING & INTERCOS
- Interco eliminations
- Corporate functions

The cost of central support functions (governance, finance, communication, human resources, legal, etc.) is presented separately in a dedicated "Holding & Intercos" item.

In 2018, Accor's **EBITDA margin** was stable at approximately 20%.

(in millions of euros)	HotelServices	New Businesses	Hotel Assets & Other	Holding & Intercos	Accor
Revenue	2,618	149	1,086	(243)	3,610
EBITDA	**705**	**(28)**	**167**	**(132)**	**712**
EBITDA margin	*26.9%*	*(18.8)%*	*15.4%*	*N/A*	*19.7%*
2017 EBITDA*	**635**	**(25)**	**126**	**(114)**	**622**
2017 EBITDA margin	*26.0%*	*(25.3)%*	*16.7%*	*N/A*	*22.4%*

* *Amounts restated in accordance with IFRS 15.*

- Up 11.0% as reported and 12.3% like-for-like, **HotelServices'** 2018 EBITDA was €705 million, compared with €635 million in 2017.
- The **New Businesses** reported an EBITDA loss of €28 million in line with the guidance of between €25 million and €30 million announced.
- **Hotel Assets & Other** delivered a good performance, with like-for-like growth of 9.4%, well above the range of 5% to 7% expected over the medium term.
- **HotelServices and Holding & Intercos** (corporate overheads) together reported 10.7% like-for-like EBITDA growth, well in line with the guidance of 10% to 12% by 2022.

HotelServices

HotelServices corresponds to Accor' 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).

Until the end of 2017, the performance of the HotelServices segment was tracked by geographic region. Going forward, geographical monitoring will be performed within the Management & Franchise segment. Moreover, the regional breakdown has been adjusted to reflect the Group's new business organization. France and Switzerland have been merged into the Europe region. The Worldwide Structures area, which included support entities whose flows were not specific to a single region, has been removed, resulting in the reallocation of its revenue and expense flows to the various regions.

The Management & Franchise activity is accordingly 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 €20 billion**, up 13.4% (at constant exchange rates), and **revenue** of **€2,618 million**, up 7.2% as reported and **8.4%** like-for-like.

(in millions of euros)	2017*	2018
Business volume *(in billions of euros)*	17.9	20.0
Revenue	**2,443**	**2,618**
Management and franchise	877	965
Services to hotel owners	1,566	1,654
EBITDA	**635**	**705**
EBITDA margin	*26.0%*	*26.9%*

* *Amounts restated in accordance with IFRS 15.*

Management & Franchise revenue by region

(in millions of euros)	2017*	2018	Change LFL**
Europe	449	500	+8.7%
Asia-Pacific	194	209	+8.4%
Middle East & Africa	76	81	(1.1)%
North America, Central America & the Caribbean	116	132	+17.1%
South America	41	43	+13.8%
TOTAL	**877**	**965**	**+9.0%**

* *Amounts restated in accordance with IFRS 15.*
** *LFL = like-for-like: at constant scope of consolidation and exchange rates.*

The combination of solid RevPAR growth and rapid development drove the robust like-for-like M&F revenue growth for Europe and Asia-Pacific of 8.7% and 8.4%, respectively. In Middle East & Africa, revenue declined by 1.1% following the closing of some hotels and despite a slight 1.8% improvement in RevPAR. Conversely, the continued buoyant trading conditions in North America, Central America & the Caribbean and in South America translated into strong revenue growth of 17.1% and 13.8%, respectively.

The Luxury segment accounted for 38% of the Management & Franchise fees in 2018. This segment's contribution to revenue generation will continue to grow over the next years through the opening of many upscale hotels currently in the pipeline.

2018 RevPAR excluding tax by operating structure and segment

	Occupancy rate		ARR		RevPAR	
2018	**%**	**Chg pts *(LFL)***	**€**	**Chg % *(LFL)***	**€**	**Chg % *(LFL)***
Luxury & Upscale	72.0	+2.2	170	+5.1	122	+8.4
Midscale	71.7	+1.6	94	+4.5	68	+6.9
Economy	71.8	+0.7	64	+4.2	46	+5.2
Europe	**71.7**	**+1.1**	**84**	**+4.8**	**61**	**+6.5**
Luxury & Upscale	66.8	+0.6	110	+3.3	74	+4.2
Midscale	70.0	+0.8	81	+2.3	57	+3.5
Economy	72.4	+2.6	45	+1.6	33	+5.4
Asia-Pacific	**69.6**	**+1.2**	**81**	**+2.4**	**56**	**+4.3**
Luxury & Upscale	63.8	+2.8	156	(0.8)	100	+3.9
Midscale	66.1	+3.0	68	(7.5)	45	(3.2)
Economy	63.1	(0.9)	55	(3.7)	35	(5.2)
Middle East & Africa	**63.6**	**+2.1**	**113**	**(1.5)**	**72**	**+1.8**
Luxury & Upscale	72.5	+0.5	236	+3.6	171	+4.1
Midscale	77.8	(1.3)	131	+0.9	102	(0.8)
Economy	65.7	(0.4)	40	+6.0	27	+5.4
North America, Central America & the Caribbean	**72.5**	**+0.3**	**207**	**+3.7**	**150**	**+4.0**
Luxury & Upscale	56.7	+3.1	111	+13.0	63	+19.7
Midscale	58.8	+4.0	61	+3.5	36	+11.0
Economy	55.8	+3.5	41	+3.9	23	+10.8
South America	**56.7**	**+3.7**	**54**	**+5.3**	**30**	**+12.3**
Luxury & Upscale	67.7	+1.3	151	+3.6	102	+5.6
Midscale	70.2	+1.6	88	+3.2	62	+5.5
Economy	69.5	+1.3	57	+3.4	40	+5.3
TOTAL	**69.3**	**+1.4**	**89**	**+3.5**	**62**	**+5.6**

Group RevPAR was up **5.6%** overall in 2018.

Europe posted RevPAR growth of 6.5%.

- This performance was predominantly driven by France, where RevPAR grew by 6.9% over the year, lifted by strong gains in Paris of 12.2%.
- In the UK, RevPAR grew by 2.9% due particularly to strong demand in London, which reported 4.8% RevPAR growth.
- In Germany, excellent business volumes thanks to the Christmas markets in December boosted RevPAR at the end of the year, resulting in full-year growth of 3.2%.
- Spain saw a good recovery in Catalonia after the political tensions in 2017. The inflow of foreign tourists in the country reached a record level at 83 million, enabling RevPAR to grow by 3.8% over 2018.

Asia-Pacific continued to perform well, posting RevPAR growth of 4.3% over the full year, with a clear inflexion in Q4, following signs of a slowdown observed early in the year. China remains solid with 6.8% RevPAR growth over the year.

Middle East & Africa delivered more mixed results, posting moderate RevPAR growth of 1.8%, which is nevertheless a very good performance in a hotel market that was down overall. The region is impacted by oversupply in certain key cities.

North America, Central America & the Caribbean reported RevPAR growth of 4.0%, notably reflecting strong activity in Canada, where RevPAR was up by 7.1% over the full year.

South America experienced a strong recovery throughout 2018, on the back of the steady improvement of the Brazilian activity seen since Q4 2017. RevPAR in the region was up 12.3% over the full year.

EBITDA

HotelServices' EBITDA was a robust **€705 million** in 2018, compared with €635 million in 2017, an increase of 12.3% on a like-for-like basis. **HotelServices and the holding company together reported EBITDA** up **10.7%** on a like-for-like basis, in line with the Group's annual growth target of between 10% and 12%. HotelServices' **EBITDA margin** came to 26.9%, compared with 26.0% in 2017.

Management & Franchise EBITDA by region

(in millions of euros)	2017*	2018	Change LFL**
Europe	363	387	+11.0%
Asia-Pacific	128	128	+6.9%
Middle East & Africa	46	51	+2.6%
North America, Central America & the Caribbean	72	76	+9.6%
South America	12	16	+22.8%
TOTAL	**619**	**659**	**+9.7%**

* *Amounts restated in accordance with IFRS 15.*
** *LFL = like-for-like: at constant scope of consolidation and exchange rates.*

In **Europe**, EBITDA grew by 11.0% on a like-for like basis, faster than revenue growth, thanks especially to the first effects of the plan to right-size corporate functions.

On the contrary, in **Asia-Pacific**, the like-for-like EBITDA growth of 6.9% was slightly below revenue growth due to an unfavorable comparison basis linked to positive one-offs in 2017.

In **Middle East & Africa**, despite a slight contraction in revenue, like-for-like EBITDA growth amounted to 2.6% following the reversal of provisions in 2018.

Regarding **North America, Central America & the Caribbean**, like-for-like EBITDA growth was impacted by some non-recurring litigation costs but remained solid at 9.6%.

Finally, like-for-like EBITDA growth of 22.8% in **South America** was notably fueled by a solid business recovery, which triggered incentive fees from numerous hotels in the region.

HotelServices' P&L performance

HotelServices derived 37% of its **revenue** from management and franchise fees, and 63% 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.

(in millions of euros)	Management & Franchise	Services to hotel owners	2018
Revenue	965	1,654	2,618
EBITDA	**659**	**46**	**705**
EBITDA margin	*68.3%*	*2.8%*	*26.9%*

The **EBITDA margin** of the **Management & Franchise business** was up by a slight 0.5 points to **68.3%**, thanks to the combined effects of RevPAR and expansion, illustrating the resilience of the HotelServices model and the increase in economies of scale.

Since the **"Services to hotel owners"** activity spends the fees collected from hotel operators on sales, marketing, distribution, loyalty or shared services, its **EBITDA margin** is very low, at **2.8%.**

Organic development reached new record levels in 2018. Accor opened 300 new hotels, with 43,905 rooms; it enjoys very encouraging prospects, with a pipeline of 1,118 hotels and 198,000 rooms at December 31, 2018.

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 – formerly Fastbooking and Availpro) and, more recently, restaurant owners to optimize table management and supplies (with ResDiary and Adoria).
- Hotel booking services for companies and travel agencies with Gekko.
- Concierge services through the integration of John Paul, with the simultaneous acquisition of a controlling stake in Customer Care.
- Digital sales, created through 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)	2017	2018	Change as reported	Change LFL
Revenue	100	149	49.4%	2.4%
EBITDA	**(25)**	**(28)**	**(11.0)%**	**(70.5)%**
EBITDA margin	*(25.3)%*	*(18.8)%*	*6.5%*	*13.2%*

The **New Businesses** division posted **revenue** of **€149 million**, an increase of 2.4% on a like-for-like basis from €100 million in 2017. The 49% reported rise reflects the acquisitions of Gekko, whose EBITDA doubled year on year in 2018, as well as ResDiary and Adoria. These three acquisitions, completed in 2018, contributed positively to the Group's results.

EBITDA was stable at a **negative €28 million**, compared with a negative €25 million in 2017. AvailPro and Fastbooking, now housed together under the d-edge brand, generated a positive result for the first time since their acquisition. Accor is also continuing its efforts to bring onefinestay and John Paul to breakeven, notably through streamlining effects.

The Group expects its New Businesses to break even starting in the fourth quarter of 2019.

Hotel Assets & Other

The Hotel Assets & Other division corresponds to the Group's owner-operator activities (owned and leased hotels). It combines hotels operated in Eastern Europe, the hotels of the Mantra and Mövenpick groups acquired over the period, 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.

Going forward, this division will also include three activities carried out in Asia-Pacific, previously presented in the HotelServices division: AccorPlus (discount card program), Accor Vacation Club (timeshare business) and Strata (room distribution and management of common areas).

(in millions of euros)	2017	2018	Change as reported	Change LFL
Revenue	755	1,086	43.8%	8.4%
EBITDA	**126**	**167**	**32.6%**	**9.4%**
EBITDA margin	*16.7%*	*15.4%*	*(1.3)%*	*2.8%*

Revenue derived from the Group's **Hotel Assets** grew by a good **8.4%** like-for-like in 2018, reflecting the economic recovery in Brazil and excellent performances in Central Europe (Orbis). On a reported basis, the 43.8% increase in revenue reflects the consolidation of Mantra and Mövenpick.

EBITDA increased from €126 million in 2017 to **€167 million** in 2018, representing growth of **9.4%** on a like-for-like basis and 32.6% as reported due to acquisitions.

4.2 Report on the parent company financial statements for the year ended December 31, 2018

Activities of Accor SA

Accor SA owns the Pullman, MGallery, Novotel, Suite Novotel, Mercure, ibis, ibis Styles, ibis budget, HotelF1, Jo&Joe, Orient Express and Tribe brands, and receives royalties from their licensing. It also holds most of the hotel management contracts and franchise agreements in France.

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.

Review of 2018 results

Revenue from all of the Company's operations amounted to €992.3 million in 2018, compared with €915.1 million the year before. This 8.4% or €77.2 million increase reflected the increase in fees billed to unrelated companies in the amount of €150.4 million, offsetting the €24.1 million decline in income from property rentals.

Revenue includes hotel royalties, rental and business-lease revenue and service fees.

Breakdown of Accor SA revenue

(in millions of euros)	2017	2018	% of total	Change
Royalties from subsidiaries[2]	414	369	37%	(45.0)
Services fees[1][2]	311	309	31%	(2.0)
Rental and business-lease revenue	31	7	1%	(24.0)
Royalties from non-Group companies	153	304	31%	151.0
Guarantee fees	5	2	0%	(3,0)
REVENUE	**915**	**992**	**100%**	**77.0**

(1) Services provided by Accor SA include corporate services, purchasing, technical support, accounting fees and back-office systems.
(2) Reclassification between royalties and service fees (for 2017 and 2018).

In 2018, **provision reversals, expense transfers and other income** amounted to €66.6 million compared to €64.7 million in 2017. This €1.9 million increase primarily reflects increases of €7.5 million in the value of capitalized expenses and €2.8 million in other recurring management income, offsetting the decline in reversals of depreciation, amortization and provision expense, and expense transfers in the amount of €8.4 million.

Operating expenses stood at €1,177.6 million in 2018 compared to €1,043.9 million in 2017. The increase reflects a €32.5 million increase in other purchases and external expenses, mainly due to a €51.2 million increase in special project fees, and a €19.5 million decline in prepaid property rights. Wages and salaries increased by €17.1 million, including €6.6 million in incentive bonuses and €7.9 million in other compensation. Operating expenses increased by €53.9 million, including €46.5 million in provisions for contingencies and charges and €8.1 million in debt provisions. Other operating expenses increased by €25.0 million, including 23.6 million in Soluxury fees.

2018 **EBIT** represented a loss of €118.7 million, compared with a loss of €64.0 million in 2017.

Net financial income came out at €69.6 million in 2018 compared to €1,935.9 million in 2017, down €1,866.3 million, mainly as a result of a decrease in dividends from subsidiaries.

In 2018, dividends income amounted to €525 million compared with €2,303.5 million the year before. The decline is related to the non-recurrence of the dividend payments resulting from the Booster restructuring transactions.

Total provision movements included in net financial expense, corresponding mainly to write-downs of investments in subsidiaries, represented a net expense of €322.4 million in 2018 against a net expense of €277.2 million in 2017. The most significant write-downs were for AHB shares for €171 million, John Paul for €91.3 million, Accor UK for €57 million and Chammans for €36 million, and the most significant reversals relate to the shares of CI Wagons Lits in the amount of €46.3 million.

Recurring loss before tax of €49.1 million was recorded in 2018, compared with income of €1,871.9 million in 2017.

Net non-recurring expense totaled €30.5 million, compared with net non-recurring income of €1,766.2 million in 2017. The decline results from the non-recurrence of the sale of financial assets as part of the Booster project.

Income tax included group relief of €21.3 million and income tax expense of €2.0 million, compared with group relief of €19.8 million and an income tax benefit of €40.1 million in 2017.

Accor SA ended the year with a **net loss** of €60.3 million, *versus* a net profit of €3,698.1 million in 2017.

Details of the other directorships and positions held by the Company's directors and officers, as well as their compensation, are provided in the Corporate Governance section of the Registration Document.

Supplier payment periods

Payment schedule for Accor SA's trade payables

(in millions of euros)	Customer invoices	< 30 days	30-60 days	> 60 days	Total
Trade payables	-	62.8	12.3	-	75.1
Trade payables – Customer invoices	227.5	-	-	-	227.5
TRADE PAYABLES	**227.5**	**62.8**	**12.3**	**-**	**302.6**

Payment schedule for Accor SA's trade receivables

(in millions of euros)	Trade receivables	< 30 days	30-60 days	> 60 days	Total
Trade receivables		129.2	12.3	35.1	176.6
Trade receivables – Invoices to be issued	156.1				156.1
TRADE RECEIVABLES	**156.1**	**129.2**	**12.3**	**35.1**	**332.7**

Accor SA's operations in 2018

On January 9, 2018, Accor SA acquired an additional 13.35% stake in Mama Shelter, bringing its overall interest to 49.9%, without any change in the consolidation method.

Accor has signed a strategic partnership with SNCF Group to continue the development of the Orient Express brand within the luxury hospitality sector globally. As part of this partnership, Accor SA acquired on January 25, 2018 a stake in the share capital (50% plus 1 share) of the owner of the brand previously fully owned by SNCF. The historic cars, which remain the property of the French public railway group, will be operated by Orient Express for travel and private events. This agreement will also enable Accor SA to strengthen its leadership in the luxury segment by developing a new collection of prestigious hotels under the Orient Express banner. Orient Express has been fully consolidated since January 25, 2018; the governance in place gives the Group unilateral control of the relevant activities.

On July 26, 2018, Accor SA acquired a 15.01% stake in Onepark, a parking reservation platform available on the internet and on mobile applications. In view of the significant influence exercised by the Group, the investment was accounted for using the equity method.

On September 3, 2018, Accor SA acquired 33.33% of the capital and voting rights of Mövenpick Hotels & Resorts. Founded in 1973 in Switzerland, Mövenpick offers high-end expertise in the main hotel services. It operates in 27 countries with 84 hotels (more than 20,000 rooms) and has a particularly strong presence in Europe and the Middle East. The acquisition enable the Group to consolidate its leadership in the European market and accelerate its development in emerging markets, particularly in the Middle East, Africa and Asia-Pacific. The purchase price was €169.8 million.

On October 5, 2018, *via* Accor SBE Acquisition Corp., a wholly owned entity, Accor SA acquired a 50% stake in SBE Entertainment Group, a company specializing in real estate development and the management and operation of hotels and well-known brands. Its portfolio includes luxury residences and apartment hotels, wellness and spa programs, as well as restaurant and event offerings.

On May 31, 2018, Accor SA finalized the sale of its subsidiary AccorInvest, which was incorporated on June 30, 2017 following legal restructuring transactions to house most of the Group's hotel assets (owned and leased). For Accor SA, this sale represents the culmination of the process of transforming its business model.

In accordance with the AMF position-recommendation on the disposal of material assets, the project was first submitted to the advisory vote of Accor SA shareholders at the Annual Shareholders' Meeting of April 20, 2018. Following a favorable vote, and following regulatory and competition approvals, the sale of 57.8% of AccorInvest was completed on May 31, 2018.

Negotiations with long-term investors were initiated from the very outset of the project in 2016. They culminated in the signing of an agreement with a group of investors comprising sovereign wealth funds Public Investment Fund (PIF) and GIC, institutional investors Colony, Crédit Agricole Assurances and Amundi, and private investors on February 27, 2018.

On July 24, 2018, Accor sold an additional tranche of AccorInvest's capital to Colony for an amount of €250 million, determined using the same basis as for the initial sale.

Accor SA now holds 28.492% of AccorInvest's capital.

Transactions in Accor SA shares

In May 2018, Accor paid an ordinary dividend for 2017 of €1.05 per share for a total payout of €305.3 million in cash.

In July 2018, Accor signed a €350 million share buyback agreement. Under its terms, the bank bought back 8,378,765 Accor shares for €350 million. The shares were canceled to reduce the share capital as of December 31, 2018.

In December 2018, Accor signed a €500 million share buyback agreement. As of December 31, 2018, Accor SA held 861,656 shares in treasury for cancellation, worth €30,965,080.85.

Furthermore, on May 27, 2013, Accor appointed Rothschild & Cie Banque 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.

Lastly, changes in equity included the creation of 864,412 shares and the cancellation 8,378,765 shares. These operations reduced the share capital by €22.5 million.

Financing and investing transactions

The Group currently has:

- €335.1 million worth of 2.50% six-year bonds, representing the balance outstanding, following the redemptions in September 2016, on a €600 million issue carried out in March 2013;
- €900 million worth of 2.625% seven-year bonds, comprising a €750 million issue carried out in February 2014 and a €150 million tap issue carried out in September 2014;
- a CHF150 million (€133.1 million as at December 31, 2018) 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.

In June 2015, Accor purchased interest-rate swaps from Société Générale and Natixis on a notional amount of €300 million to hedge the €900 million bond issue carried out 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 also has a €900 million 4.125% perpetual subordinated notes issue carried out in June 2014 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.

On July 2, 2018, Accor signed an agreement with a consortium of 15 banks for a new €1.2 billion revolving credit facility (maturity in June 2023), which margin will be notably dependent on the Group's performance in terms of Environment, Social and Governance. This new 5-year facility has two one-year extension options to be exercised in 2019 and 2020. It replaces the undrawn €1.8 billion facility signed in June 2014, which had been reduced to €1.2 billion following the completion of AccorInvest disposal.

Lastly, at December 31, 2018, the Company had €915 million in term deposits and €642.1 million in cash, plus €792.3 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 this Registration Document.

Activity

Significant events after the end of the reporting period and before the date of the management report being drawn up.

On November 26, 2018, Accor SA, which held 52.69% 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 (representing 47.31% of the capital) at a price of PLN 87 per share. The offer opened on December 17, 2018 and on January 10, 2019 Accor increased the offer price to PLN 95 per share. At the close of the offer period, on January 28, 2019, shares representing 33.15% of Orbis' capital had been tendered to the offer, allowing the Group to raise its interest in the company to 85.84% at a cost of €339 million.

Orbis is the leading hotel group in Central and Eastern Europe, where it has exclusive rights to most Accor brands through a master franchise agreement. Its portfolio includes 128 hotels (21,000 rooms), of which 57% are directly owned, in 16 countries, operated under the Sofitel, Pullman, MGallery, Novotel, Mercure, ibis, ibis Styles and ibis budget brands. This transaction is in line with Accor' strategy and is an opportunity for the Group to consolidate its leadership position in Central and Eastern Europe, strengthen its control of Orbis and press ahead with its asset management approach.

On January 24, 2019, Accor SA successfully placed two bond issues for a total of €1.1 billion:

- a €600 million 7-year senior bond issue with a 1.75% coupon;
- a €500 million perpetual hybrid bond issue with a 4.375% coupon; in light of the bonds' characteristics, they will be recognized as equity in the consolidated financial statements, in accordance with IAS 32.

The issue proceeds were used to finance the partial repurchase of two bond issues:

- €350 million on 2021 bonds (€900 million 2.625% bond issue in two tranches: €750 million issued in February 2014 and €150 million issued in September 2014); and
- €386 million on perpetual hybrid bonds (€900 million Undated 6 Year Non-Call Deeply Subordinated Fixed to Reset Rate Bonds issued in June 2014).

Accor SA will also redeem at maturity a €335 million bond issue due March 2019. These liability management transactions have extended the average maturity of Group debt by more than one year, while also optimizing its borrowing costs.

On February 21, 2019, Accor SA announced its new strategy, aimed at strengthening its brands, loyalty program, distribution system and visibility through new initiatives, to bring its vision of augmented hospitality to life. The Group will invest a further €225 million (equivalent to the current average yearly Marketing and Loyalty expenditure) in the program over the next four years, including around €55 million in 2019.

4.3 Material contracts

In 2018, 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, 3 and 7 to the consolidated financial statements, pages 321, 325 et 342.

4.4 Subsequent events

On January 23, 2019, Accor confirmed the acquisition of 33.15% of Orbis for around €339 million. Accor now owns, directly and indirectly, 85.84% of Orbis' share capital. As a result, Accor has strengthened its control of Orbis and consolidated its leadership in the region. As announced on November 26, the Group shall explore options to increase the value of Orbis' asset portfolio.

On January 24, Accor successfully placed two new bonds, for €1.1 billion: a €500 million perpetual hybrid bond with a 4.375% coupon, and a €600 million seven-year senior bond with a 1.75% coupon. Both transactions were oversubscribed by about six times, reflecting investors' strong confidence and the success of the Group's new business model, its growth potential and its attractive risk profile.

On January 31, Accor successfully closed two tender offers and partially repurchased two bonds, of which a perpetual hybrid bond (4.125% coupon) and a senior bond maturing in 2021 (2.625% coupon), for a total amount of €736 million: €386 million on the perpetual hybrid bonds (€900 million bond issue in June 2014), and €350 million on the 2021 bonds.

On February 21, Accor announced the launch of a new customer promise embodied by the "ALL – Accor Live Limitless" program, which will combine its distribution platforms with a new experiential loyalty program spanning the Group's entire offering. Accor also announced the signing of several global partnerships, including with AEG, IMG and the Paris Saint Germain football club. The whole of these operations will represent an expense of €225 million over the coming four years.

On February 25, Accor announced the establishment of a €500 million short-term negotiable European commercial paper (NEU CP) program. This program diversifies Accor's sources of funds and optimizes the average cost of its debt. The Group can issue debt securities with a maturity of between one day and one year within the limit of the maximum amount of the program, using the proceeds to funds its general short-term requirements.

On March 4, Accor announced that it was continuing to expand its portfolio with a new lifestyle brand in the midscale segment, TRIBE.

On March 5, Accor announced the launch of another global lifestyle brand, The House of Originals with SBE.

On March 6, as part of the share buyback program approved by the Annual Shareholders' Meeting of April 20, 2018, and specifically the second tranche of the program launched on December 19, 2018 for an amount of €500 million, Accor announced that it had purchased 6.6 million shares for a total amount of €250 million, and signed a plain share buyback agreement for the maximum daily authorized volumes with the same investment services provider for the remaining €250 million. The share buyback program covers up to 10% of the Group's share capital, i.e., 29 million shares amounting to €1,350 million based on the market capitalization as of end-February 2018, with a maximum purchase price per share of €70. The first tranche of €350 million was completed in 2018, with the acquisition of 8.3 million shares. The second tranche was launched on December 19, 2018 for an amount of €500 million, ending on March 26, 2019 following the acquisition of 13.4 million shares.

5

Consolidated financial statements

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	2017*	2018
REVENUE	4	2,774	3,610
Operating expenses	4	(2,151)	(2,897)
EBITDA	4	622	712
Depreciation, amortization and provision expenses		(126)	(162)
EBIT		497	550
Share of net profit of associates and joint-ventures	6	28	80
EBIT INCLUDING PROFIT OF ASSOCIATES AND JOINT-VENTURES		525	630
Other income and expenses	7	(99)	(401)
OPERATING PROFIT		425	229
Financial result	10	(53)	(67)
Income tax	11	43	(119)
PROFIT FROM CONTINUING OPERATIONS		416	44
Profit from discontinued operations	3	71	2,241
NET PROFIT OF THE YEAR		**486**	**2,284**
› Group		446	2,233
› from continuing operations		379	(8)
› from discontinued operations		67	2,241
› Minority interests		40	51
› from continuing operations		36	52
› from discontinued operations		4	(1)
Basic earnings per share *(in euros)*			
Earnings per share from continuing operations		1.19	(0.16)
Earnings per share from discontinued operations		0.23	7.77
Basic earnings per share		**1.42**	**7.61**
Diluted earnings per share *(in euros)*			
Diluted earnings per share from continuing operations		1.19	(0.16)
Diluted earnings per share from discontinued operations		0.23	7.76
Diluted earnings per share	**12**	**1.42**	**7.60**

* *Restated amounts in application of IFRS 15 (see note 15).*

5.1.2 Consolidated statement of comprehensive income

(in millions of euros)	Notes	2017*	2018
NET PROFIT OF THE YEAR		**486**	**2,284**
Currency translation adjustments	12	(429)	31
Effective portion of gains and losses on cash flow hedges	12	9	(24)
Changes in the fair value of available-for-sale financial assets	12	7	-
Currency translation adjustments from discontinued operations	12	(49)	19
Items that may be reclassified subsequently to profit or loss		**(462)**	**26**
Changes in the fair value of non-consolidated investments	12	-	(3)
Actuarial gains and losses on defined benefit plans	12	8	(24)
Actuarial gains and losses from discontinued operations	12	4	7
Items that will not be reclassified to profit or loss		**12**	**(19)**
Other comprehensive income, net of tax		**(450)**	**7**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**36**	**2,291**
› Group share		(7)	2,246
› Minority interests		43	45

* *Restated amounts in application of IFRS 15 (see note 15).*

5.1.3 Consolidated statement of balance sheet

Assets

(in millions of euros)	Notes	Jan. 1. 2017*	Dec. 2017*	Dec. 2018
GOODWILL	8	1,496	1,500	2,399
OTHER INTANGIBLE ASSETS	8	2,323	2,156	2,653
TANGIBLE ASSETS	8	562	662	1,192
Investments in associates and joint-ventures	6	596	672	2,177
Other non-current financial assets	10	248	157	339
NON-CURRENT FINANCIAL ASSETS		844	830	2,516
Deferred tax assets		257	140	199
Contract assets	4	100	174	176
Other non-current assets		9	12	4
Non-current assets		**5,591**	**5,474**	**9,139**
Inventories		8	8	15
Trade receivables	4	374	403	617
Other current assets	4	220	255	258
Current financial assets	10	57	53	55
Cash and cash equivalents	10	1,169	1,063	2,820
Current assets		**1,828**	**1,782**	**3,764**
Assets classified as held for sale	2	4,457	4,824	14
ASSETS		**11,877**	**12,080**	**12,917**

* *Restated amounts in application of IFRS 15 (see note 15).*

Liabilities and shareholders' equity

(in millions of euros)	Notes	Jan. 1. 2017*	Dec. 2017*	Dec. 2018
Share capital	12	854	870	848
Additional paid-in capital and reserves	12	3,605	3,239	2,360
Net profit of the year		265	446	2,233
ORDINARY SHAREHOLDERS' EQUITY		4,725	4,555	5,441
Perpetual subordinated bonds	12	887	887	887
Shareholders' equity – Group share		**5,611**	**5,442**	**6,328**
Minority interests	12	267	341	108
Shareholders' equity	**12**	**5,878**	**5,783**	**6,436**
Long-term financial debt	10	2,175	2,768	2,760
Deferred tax liabilities		599	416	531
Non-current provisions	9	133	103	118
Non-current contract liabilities	4	22	22	27
Non-current liabilities		**2,929**	**3,309**	**3,435**
Trade payables		384	398	426
Current liabilities	4	449	530	696
Current provisions	9	151	106	449
Current contract liabilities	4	176	185	201
Short-term financial debt	10	733	237	1,268
Current liabilities		**1,893**	**1,456**	**3,039**
Liabilities associated with assets classified as held for sale	2	1,177	1,532	6
EQUITY AND LIABILITIES		**11,877**	**12,080**	**12,917**

* *Restated amounts in application of IFRS 15 (see note 15).*

5.1.4 Consolidated statement of cash flow

	(in millions of euros)	Notes	2017*	2018
+	EBITDA	4	622	712
+	Cost of net debt	10	(71)	(53)
+	Income tax paid		(74)	(136)
-	Non cash revenue and expenses included in EBITDA		28	23
-	Reversal of provisions included in net financial expenses and non-recurring taxes		26	6
+	Dividends received from associates and joint-ventures		23	60
+	Impact of discontinued operations	3	411	129
=	FUNDS FROM OPERATIONS EXCLUDING NON-RECURRING ITEMS		967	740
+	Decrease (increase) in operating working capital	4	17	(4)
+	Impact of discontinued operations	3	199	(66)
+	Decrease (increase) in contract assets and liabilities		13	10
=	NET CASH FROM OPERATING ACTIVITIES		1,197	680
+	Cash received (paid) on non-recurring items (incl. restructuring costs and non-recurring taxes)		(146)	(176)
+	Impact of discontinued operations		(71)	(13)
=	NET CASH FROM OPERATING ACTIVITIES INCLUDING NON-RECURRING ITEMS (A)		979	491
-	Renovation and maintenance expenditure	8	(110)	(132)
-	Development expenditure	8	(397)	(2,793)
+	Proceeds from disposals of assets		147	4,657
+	Impact of discontinued operations	3	(877)	(210)
=	NET CASH FROM INVESTING ACTIVITIES (B)		(1,238)	1,523
+	Proceeds from issue of shares		26	(339)
-	Dividends paid		(163)	(323)
-	Interests paid on perpetual subordinated bonds		(37)	(37)
-	Repayment of long-term debt		(18)	(184)
+	New long term debt		617	493
=	INCREASE (DECREASE) IN LONG-TERM DEBT		599	309
+	Increase (decrease) in short-term debt		(472)	245
+	Impact of discontinued operations	3	101	(228)
=	NET CASH USED IN FINANCING ACTIVITIES (C)		54	(373)
+	Effect of changes in exchange rates (D)		(113)	20
+	Effect of changes in exchange rates on discontinued operations (D)	3	56	23
=	**NET CHANGE IN CASH AND CASH EQUIVALENTS (E) = (A) + (B) + (C) + (D)**		**(262)**	**1,684**
-	Cash and cash equivalents at beginning of period		1,133	1,048
-	Effect of changes in fair value of cash and cash equivalents		10	(20)
-	Net change in cash and cash equivalents for discontinued operations		167	126
+	Cash and cash equivalents at end of period		1,048	2,837
=	**NET CHANGE IN CASH AND CASH EQUIVALENTS**		**(262)**	**1,684**

* *Restated amounts in application of IFRS 15 (see note 15).*

5.1.5 Changes in consolidated 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, 2016	284,767,670	854	2,823	108	1,873	5,658	267	5,925
Restatements IFRS 15*	-	-	-	-	(47)	(47)	(0)	(47)
RESTATED BALANCE AT JANUARY 1, 2017	284,767,670	854	2,823	108	1,826	5,611	267	5,878
Capital increase	1,378,515	4	34	-	(0)	38	(15)	23
Dividends paid	3,975,968	12	(173)	-	9	(152)	(15)	(168)
Share-based payments	-	-	-	-	19	19	-	19
Perpetual subordinated bonds	-	-	-	-	(37)	(37)	-	(37)
Effects of scope changes	-	-	-	1	(31)	(30)	61	31
Transactions with shareholders	**5,354,483**	**16**	**(139)**	**1**	**(40)**	**(162)**	**30**	**(131)**
Net profit of the year	-	-	-	-	446	446	40	486
Other comprehensive income	-	-	-	(481)	28	(453)	3	(450)
Total comprehensive income	**-**	**-**	**-**	**(481)**	**474**	**(7)**	**43**	**36**
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)	(256)	(452)
Transactions with shareholders	**(7,514,353)**	**(23)**	**(307)**	**-**	**(1,018)**	**(1,347)**	**(278)**	**(1,625)**
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**	**108**	**6,436**

* *Restated amounts in application of new accounting methods (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, 2018 were authorized for issue by the Board of Directors on February 20, 2019. They will be submitted to shareholders for final approval at the Annual General Meeting on April 30, 2019.

The consolidated financial statements comprise the financial statements of Accor SA ("the Company") and its subsidiaries (collectively "the Group") and the Group's share of the profits and losses and net assets of entities accounted 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, 2018. These standards can be consulted on the European Commission's website.

1.2 Evolution of accounting framework

1.2.1 New and amended standards adopted

At December 31, 2018, the Group applied the same accounting policies and measurement methods as were applied in its consolidated financial statements for the year ended December 31, 2017, except for changes required to meet new IFRS requirements applicable from January 1, 2018.

IFRS 15 "Revenue from contracts with customers"

On May 28, 2014, the IASB issued a new standard on revenue recognition that supersedes the former IFRS guidance (IAS 18 and IAS 11 standards, along with related interpretations). It was endorsed by the European Union on October 29, 2016. This new standard introduces a single revenue recognition model applicable to all types of customer contracts, regardless of the entity's business. This model, which follows five key steps, is based on the principle that revenue is recognized when control of goods or services is transferred to a customer, which may be overtime or at a point in time.

The Group adopted IFRS 15 using the full retrospective method of adoption. Thus, the cumulative effect of applying this standard was recognized as an adjustment to opening consolidated retained earnings at January 1, 2017 with restatement of 2017 financial information presented as a comparative. The Group applied the practical expedient proposed by the standard allowing not to restate the completed contracts at January 1, 2018. The effect of applying IFRS 15 on the consolidated financial statements at January 1 and December 31, 2017 is presented in note 15.

IFRS 9 "Financial instruments"

This new standard was published by the IASB on July 24, 2014 and endorsed by the European Union on November 29, 2016. It introduces new principles for classification and measurement of financial instruments (phase 1), impairment for credit risk on financial assets (phase 2) and hedge accounting (phase 3).

The Group applied the provisions related to phases 1 and 2 retrospectively. Thus, the cumulative transition effect was recognized as an adjustment to opening consolidated retained earnings at January 1, 2018, without restatement of the comparative period, as permitted by the transitional provisions of the standard. The specific provisions related to hedge accounting are applied prospectively starting from January 1, 2018. The first application impact of IFRS 9 is not material for the Group and is presented in note 15.

Besides, the Group applied the following amendments and interpretations, which had no material impact on the consolidated financial statements:

- Amendment to IFRS 2 "Share-based payments" which clarifies the principles relating to the measurement of cash-settled share-based payments, the accounting for plan modifications that change its classification and the net settlement features associated with withholding tax;
- IFRIC interpretation 22 "Foreign Currency Transactions and Advance Consideration" which provides clarifications on exchange rate to retain when accounting for foreign currency transactions that include advance payments.

1.2.2 New standards and interpretations not yet adopted

The Group has not opted for the early application of the other standards, amendments or interpretations applicable to fiscal years starting after December 31, 2018, regardless of whether they were adopted by the European Union.

IFRS 16 "Leases"

On January 13, 2016, the IASB issued IFRS 16, the new standard on leases, which will supersede IAS 17, along with the associated interpretations. This new standard removes the distinction between operating and finance leases, resulting for lessees in almost all leases being brought onto the balance sheet. The standard requires recognition of:

- an asset reflecting the right to use the leased item; and
- a liability representing the obligation to pay rents.

Exemptions apply to short-term and low-value leases.

The Group has launched a data collection in order to identify its leasing arrangements and their main provisions. The assessment of the implementation impacts is in the process of being finalized. Based on the information currently available, the Group expects that it will recognize a lease liability in the range of €1 billion at January 1, 2019 related to the hotel properties, which were not contributed to AccorInvest, the hotel properties operated by entities acquired over the period (Movenpick and Mantra) and the Group headquarters.

In addition to the effect on the statement of financial position, the income statement and cash-flows statement will be affected as follows:

- operating lease expenses (excluding variable leases based on use or performance of the underlying asset) will be replaced by a depreciation and interest expense;
- operating lease payments (excluding variable leases based on use or performance of the underlying asset) will be replaced by repayment of principal and interests.

The Group plans to apply IFRS 16 using the modified retrospective approach and will not restate, as a consequence, the comparative amounts for the year 2018 in its 2019 consolidated financial statements. The right-of-use assets will generally be measured at the amount of the lease liability at January 1, 2019 and adjusted, where appropriate, for any prepaid lease payments as presented in the Group's statement of financial position at December 31, 2018.

IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment"

On June 7, 2017, the IASB issued the interpretation IFRIC 23, which 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.

The Group is currently reviewing its income tax treatments and does not expect, at this stage, any material impact on its consolidated financial statements.

1.3 Foreign currency translation

The presentation currency is the euro, which is the Company's functional currency.

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 reserve", 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 or 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 the period end, the corresponding receivables and payables are translated at the closing exchange rate. The resulting unrealized translation gains and losses are generally recognized in Other financial income and expenses.

1.4 Estimates and judgments

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 for the preparation of the consolidated financial statements at December 31, 2018 mainly concern:

- the measurement of intangible assets acquired in business combinations;
- the measurement of the carrying amounts and useful lives of property, plant and equipment and intangible assets;
- 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 generally acquires the right to manage the hotels concerned. In most cases, Accor has a seat on the Board, allowing it to participate in decisions proportionately to its percentage interest in the investee's capital.

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 6.

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 consolidated financial statements.

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 in 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).

At the acquisition date, the assets acquired and liabilities assumed are identified and measured at their acquisition-date fair values. The accounting for a business combination is completed during a measurement period of no more than one year.

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 they are incurred, except for the costs of issuing equity instruments.

3. Acquisitions of assets

As part of its strategy, the Group may acquire hotels that were previously operated under leases. These acquisitions are generally treated as asset acquisitions other than business combinations since the strategic business processes (*i.e.* hotel operations) and the generation of economic benefits (*i.e.* revenues from hotel operations) are already controlled by Accor. In such a case, the assets and liabilities are initially recognized at cost including transaction expenses.

4. 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 the main consolidated companies at December 31, 2018 is presented in note 14.3. Significant changes in the scope of consolidation over 2018 are presented below.

2.1.1 Acquisitions for the period

Acquisition of Mantra Group

On May 31, 2018, Accor acquired all of the issued capital and voting rights of Mantra Group Ltd, one of Australia's largest hotel and resort marketers and operators. Mantra operates 127 properties (hotels, resorts and serviced apartments) across Australia, New Zealand, Indonesia and Hawaii under three key brands: Mantra, Peppers and BreakFree. Accor and Mantra's combined geographic footprint, together with enhanced distribution and systems, would form a favorable base from which Accor can expand further in the Asia-Pacific region.

The transaction was approved by the supervisory authorities, notably the Australian Competition and Consumer Commission (ACCC), the Federal Court and the Foreign Investment Review Board, as well as by Mantra Group shareholders on May 23, 2018.

The acquisition price paid to Mantra shareholders amounted to AU$1.1 billion fully-paid in cash (€736 million) based on a price per share of AU$3.8, after payment of a special dividend of AU$0.16 prior to the closing. At year-end 2017, the Group purchased financial instruments to hedge the risk of unfavorable change in Euro/Australian dollar exchange rate on the acquisition price between signing and closing date. The change in fair value of these instruments, representing a €7 million loss deferred in other comprehensive income until closing, was included in the value of shares, then reducing the acquisition price of Mantra Group to €729 million.

The fair value of net assets acquired amounts to AU$394 million (€256 million). It mainly includes the contracts with property owners (AU$404 million), the brands (AU$198 million), PP&E (AU$167 million) as well as net financial debt (AU$156 million) and deferred tax liabilities (AU$176 million). The goodwill, which has been recognized using the partial goodwill method, amounts to AU$729 million (€473 million).

Mantra's contribution to the Group consolidated revenue and net result on the period amounts to €290 million and €19 million respectively. If the acquisition had occurred on January 1, its contribution to the consolidated revenue would have amounted to €485 million.

Acquisition of Mövenpick Hotels & Resorts

On September 3, 2018, Accor acquired all of the issued capital and voting rights of Mövenpick Hotel & Resorts. Founded in 1973 in Switzerland, the Group has high-end expertise in the main hotel-related services. It operates in 27 countries with 84 hotels (more than 20,000 rooms) and has a particularly strong presence in Europe and the Middle East. This acquisition will enable Accor to consolidate its leadership in the European market and further accelerate its growth in emerging markets, in particular in Middle East, Africa and Asia-Pacific.

The acquisition price amounts to €563 million, corresponding to the cash payment to the sellers of CHF651 million (€578 million) reduced by the €15 million loss incurred on the financial instruments implemented to hedge the risk of unfavorable change in the Euro/Swiss Franc exchange rate between signing and closing date.

The provisional goodwill amounts to CHF523 million (€465 million). The purchase price allocation will be completed within the 12-months period following the acquisition date.

Mövenpick Hotel & Resorts' contribution to the 2018 consolidated revenue and net result amounts to €77 million and €6 million, respectively. On a full-year basis, its contribution to the revenue would have amounted to €219 million.

Acquisition of Gekko

On January 9, 2018, Accor acquired 89.1% of the share capital and voting rights of Gekko, a major player in the business travel hotel reservation segment. Thanks to its expertise and cutting-edge technology, Gekko offers search and reservation solutions *via* an interface connected to more than 500,000 hotels worldwide. The entity serves more than 300 corporate customers and 14,000 travel agencies. This transaction is in line with the strategy aimed at strengthening Accor' leadership across the entire customer experience by enhancing the range of services offered to business travelers, the Group's key customer segment.

The acquisition price amounts to €96 million and net assets acquired to €45 million, mainly comprising intangible assets (customer relationships and technology for €48 million), a net cash position (€9 million) and differed tax liabilities (€14 million). On this basis, the goodwill recognized, under the partial goodwill method, amounts to €56 million.

The founders have retained a share of 10.9% in Gekko's capital and benefit from put options on their shares based on post-acquisition performances. This commitment on non-controlling interests has been recognized as a financial liability in the Group's statement of financial position at December 31, 2018 for its estimated amount of €20 million.

In 2018, Gekko's contribution to the Group's consolidated revenue and net result amounted to €24 million and €4 million, respectively.

Other acquisitions

On January 25, 2018, Accor concluded a strategic partnership with SNCF Group to continue the development of the Orient Express brand within the luxury hospitality sector globally. The Group acquired a stake in the share capital (50% plus 1 share) of Orient Express, owner of the brand previously fully-owned by SNCF. The historic trains will remain the physical property of the state-owned rail group, and will be operated by Orient Express for private journeys and events. This partnership will also allow to strengthen Accor' leadership in the luxury segment, by developing a new collection of prestigious hotels under the Orient Express banner. The entity has been fully consolidated since January 25, 2018; the governance rules implemented allowing the Group to unilaterally direct its relevant activities.

On April 6, 2018, Accor acquired ResDiary, a leading platform for restaurant reservation and table management. Established in Glasgow in 2004, the company provides venues with a high-end table management solution, using technology that optimizes their food and beverage revenues and helps control operational costs. Notably well established in the Asia-Pacific region and in the UK, the platform has a footprint in 60 countries.

On June 5, 2018, Accor acquired the SaaS platform Adoria that enables the catering industry to optimize supply management. Founded in France in 2003, Adoria offers centralized solutions for managing tendering, procurement, logistics and production.

On September 26, 2018, Accor acquired 85% of the share capital and voting rights of 21c Museum Hotels, a hospitality management company that combines modern art museums, boutique hotels and chef-driven restaurants in 8 establishments throughout the United States. 21C Museum Hotels will join Accor' MGallery collection of boutique hotels, marking the introduction of the brand into the North American market.

On November 12, 2018, Accor acquired 100% of Atton Hoteles, the management company that operates 11 Atton hotels across Chile, Peru, Colombia and USA. The Group also acquired a 20% interest in the property company that owns these assets; the remaining 80% share being acquired by the Chilean Group Algeciras. Atton Hoteles brand was created in Chile in 2000. The hotels cater to the business travelers on the midscale and upscale segment. This transaction will enable Accor to further consolidate its footprint in Latin America, while strengthening its presence in fast growth markets such as Chile and Peru.

The goodwill recognized on these acquisitions amounts to €121 million, based on a total acquisition price of €164 million. At December 31, 2018, the purchase price allocation for 21C Museum and Atton Hoteles was determined on a provisiona basis.

In 2018, these acquisitions contributed €20 million to the Group's consolidated revenue.

2.1.2 Equity investments of the period

The main transaction of the period corresponds to the accounting for the residual interest retained in AccorInvest, following the loss of control that occurred in May 31, 2018. Starting from this date, the entity is recorded under the equity method, as a result of the significant influence exercised by the Group (see details of the operation in note 3).

Strategic partnership with sbe Entertainment Group

On October 5, 2018, Accor acquired a 50% stake in sbe Entertainment Group, a leading lifestyle hospitality company that develops, manages and operates award-winning global properties and brands. Its portfolio includes branded luxury residences and serviced apartments, wellness and spa platforms and dining & entertainment experiences. Through this partnership, Accor intends to strengthen its footprint on the fast-growing luxury lifestyle segment, in particular in gateway cities across North America.

Accor exercises joint control with sbe's founder, who retains a share in the entity's capital. The investment has been accounted under the equity method in the Group's consolidated financial statements at cost for €104 million. The Group benefits from a call option to purchase all of the remaining shares in 2023. Besides, as part of the transaction, Accor has granted a US$200 million loan to the entity.

Other equity investments

On January 9, 2018, Accor acquired an additional stake of 13.35% in the company Mama Shelter, increasing its participation to 49.94%, without any impact on the consolidation method.

On May 31, 2018, Accor acquired 50% of Mantis Group Ltd, the South Africa-based hospitality and travel conglomerate. The Mantis network features 28 five-star properties and lodges, directly owned or under management contracts, plus a global network of branded hotels and residences. It also owns and operates a number of luxury houseboats and a lodge under the Zambezi Queen Collection. This strategic partnership will strengthen Accor' leadership position in Africa. Through its representation by half of the members on the Board of Directors, Accor exercises joint control with other partners over Mantis Group. Besides, Accor benefits from a call option to acquire an additional interest up to 20% in three years.

On July 26, 2018 Accor acquired a 15.01% interest in Onepark, a mobile app and online car park booking platform. As a result of the significant influence exercised by the Group, the investment has been accounted for under the equity method.

On November 12, 2018, Accor acquired a 20% interest in the property company that owns the assets operated by Atton Hoteles, as part of the alliance with Algeciras to acquire Atton Group, as detailed previously.

The total cost for these equity investments amounts to €80 million.

2.1.3 Disposals over the period

The main transaction that occurred over the period relates to the disposal of AccorInvest subsidiary, whose financial impacts are presented in the dedicated note 3.

2.1.4 Other information

Creation of an investment fund dedicated to hospitality in Sub-Saharan African countries

On July 23, 2018, Katara Hospitality, a leading global hotel owner, developer and operator based in Qatar, and Accor announced the creation of an investment fund with a targeted capacity of over US$1 billion dedicated to hospitality in various Sub-Saharan African countries. The fund will amount to up to US$500 million in equity, of which Katara Hospitality and Accor will contribute respectively up to US$350 million and US$150 million over the next 5-7 years, with additional financing capacity reached through leverage and co-investments. At December 31, 2018, the project is still in progress. This investment will be accounted for under the equity method in Accor Group's consolidated financial statements.

2.2 Assets or disposal groups held for sale

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.

At December 31, 2018 assets and liabilities held for sale were as follows:

		Dec. 2017		Dec. 2018	
(in millions of euros)	Note	Assets	Liabilities	Assets	Liabilities
AccorInvest	3	4,769	1,526	-	-
Others		56	7	14	6
ASSETS HELD FOR SALE		**4,824**	**1,532**	**14**	**6**

AccorInvest net assets, which were classified as assets held for sale at 2017 year-end, have been derecognized since May 31, 2018 after the loss of control over the entity (see note 3). The net profit and cash flows attributable to AccorInvest until this date are presented separately in the consolidated income statement and statement of cash flows as discontinued operations.

note 3 DISPOSAL OF ACCORINVEST SUBSIDIARY

3.1 Financial impacts on Group's accounts

On May 31, 2018, Accor completed the disposal of 57.8% of the share capital of AccorInvest, its subsidiary formed on June 30, 2017 following legal restructuring operations to hold most of the Group's hotel assets (owned and operated under lease contracts). The separation procedures as well as the perimeter of the contributed business were presented in note 3 of the 2017 consolidated financial statements, integrated in the Group's Registration Document. This disposal represents for the Group the achievement of the transformation process of its business model.

Since the project was launched in 2016, Accor initiated negotiations with long-term potential investors. They resulted in the signing of agreements on February 27, 2018 with a group of investors composed of the Public Investment Fund (PIF) and GIC sovereign funds, Institutional Investors, namely Colony NorthStar, Credit Agricole Assurances and Amundi, and other private investors.

According to AMF's position-recommendation on major asset disposals, the project was submitted to the consultative vote of Accor SA's shareholders during the Annual General Meeting held on April 20, 2018. Following a favourable vote, and after obtaining antitrust and regulatory approvals, the disposal of 57.8% of AccorInvest was completed on May 31, 2018. The Group retains a 42.2% residual interest in the entity.

In accordance with IFRS 10 principles, this transaction leads to a loss of control of AccorInvest, insofar as the rights held by the Group (voting rights and contractual rights resulting from the agreements governing future relationships between the parties) will not give it the power to unilaterally direct its relevant activities, *i.e.* operation of hotels and strategic management of hotel portfolio. Accordingly, the assets and liabilities of AccorInvest, which were classified as assets held for sale in consolidated financial statements at year-end 2017 in accordance with IFRS 5, were derecognized on completion date.

The transaction resulted for Accor in a gross cash contribution of €4.6 billion, including the €2.1 billion proceeds for the sale of the 57.8% controlling stake, based on an enterprise value of €6.3 billion, and the cash repayment by AccorInvest of a €2.5 billion shareholders' loan.

Starting from June 1, 2018, the retained residual interest held by Accor is recorded under the equity method in the consolidated financial statements, as a result of the significant influence exercised by the Group.

The gain on disposal amounts to €2.4 billion, and is computed as the difference between:

- the total proceeds on disposal of €3.7 billion, including the proceeds from the sale of the 57.8% controlling stake (€2.1 billion), the fair value of the 42.2% investment retained (€1.5 billion) and the carrying amount of non-controlling interests (€0.1 billion); and
- the carrying amount of AccorInvest net assets, as recognized in the Group's financial statements on completion date (€1.3 billion after repayment of the shareholders' loan).

In the consolidated financial statements, the net profit from discontinued operations includes the gain realized on AccorInvest disposal, after any directly-related transactions costs, as well as AccorInvest's net result until the loss of control.

On July 25, 2018, Accor sold an additional tranche of 7% of AccorInvest's share capital to Colony NorthStar for €250 million, determined on the same basis as the initial disposal. This transaction has no impact on the Group's result as the residual interest retained in AccorInvest has been revalued to its fair value when initially accounted for under the equity method. Accor now holds a 35.2% stake in AccorInvest's share capital.

3.2 Financial information of AccorInvest

The contribution of AccorInvest to the consolidated net profit and cash flows until the loss of control is as follows:

Income statement of AccorInvest

(in millions of euros)	2017*	2018**
Revenue	**3,985**	**1,517**
Operating expenses	(2,848)	(1,131)
EBITDAR	**1,137**	**386**
Rental expenses	(615)	(235)
EBITDA	**522**	**151**
Depreciation, amortization and provision expenses	-	0
EBIT	**522**	**151**
Other income and expenses	(113)	(22)
Income taxes	(338)	(39)
NET PROFIT	**71**	**90**

* *Amounts restated in application of IFRS 5 in order to reflect the changes in AccorInvest perimeter.*
** *Five-month activity in 2018.*

Amortization and depreciation of non-current assets have been ceased in accordance with IFRS 5 principles. In 2017, the tax impacts of the legal restructuring carried out in connection with the separation of AcccorInvest impacted the net profit for €338 million.

Cash flows attributable to AccorInvest

(in millions of euros)	2017*	2018**
Funds from operations excluding non-recurring transactions	411	129
Decrease (increase) in operating working capital	200	(66)
Cash received (paid) on non-recurring items	(63)	(14)
Cash flows from operating activities	**548**	**49**
Renovation and maintenance expenditure	(227)	(114)
Development expenditure	(496)	(102)
Proceeds from disposals of assets	(154)	5
Net cash flows used in investing activities	**(877)**	**(210)**
Cash flows used in financing activities	**101**	**(228)**
Effect of changes in exchange rates	56	23
NET CASH FLOWS	**(172)**	**(366)**

* *Amounts restated in application of IFRS 5 in order to reflect the changes in AccorInvest perimeter.*
** *Five-month activity in 2018.*

note 4 OPERATING ITEMS

4.1 Segment reporting

Accounting policy

In accordance with IFRS 8, the segment information presented below is based on data from the Group's internal reporting system that is regularly reviewed by the Executive Committee (defined as the Chief Operating Decision Maker as defined by the standard) to make decisions about resources to be allocated to the segments and assess their performance.

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 activities' portfolio as well as the resulting new organizational structure. The effects on the Group's margin ratios of applying IFRS 15 were also considered, as the Group is now required to report as revenue the reimbursements of costs incurred on behalf of hotel owners (see details in note 15).

The Group is organized around three strategic businesses, whose outlines have evolved.

HotelServices

This operating segment, which corresponds to Accor' core business as hotel manager and franchisor, is now 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 for which the Group spends the remuneration received from 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).

Until 2017 year-end, the performance of HotelServices was monitored by geographic regions. This geographic follow-up is now performed at Management & Franchise's business level. Besides, the regional breakdown has been adjusted to reflect the Group's new operational organization. France and Switzerland have been merged into the Europe region. The Worldwide Structures, which corresponded to support entities, whose flows were not specific to a single region, has been removed, leading to reallocate related revenues and expenses to the regions.

Thus, 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 operating segment is the Group's hotel owner-operator business, comprising owned and leased hotels. It corresponds to hotels operations in Central Europe, the operations of Mantra and Movenpick hotels acquired over the period, as well as certain hotels, mainly in Brazil, that are operated under lease contracts with variable rent 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. It spans all asset portfolio management activities, hotel design, construction, refurbishment and maintenance activities.

This segment now includes three activities conducted in Asia-Pacific, previously reported in HotelServices: AccorPlus (rewards cards program), Accor Vacation Club (timeshare business) and Strata (room distribution and management of hotels common areas), as well as the AccorLocal project launched in 2017, previously presented in the New Businesses segment.

New Businesses

This operating segment corresponds to new businesses developed by the Group, mainly through external growth operations:

- **digital services,** which consists in offering digital solutions to independent hotel operators that will drive growth in their direct sales (activity operated by Fastbooking and Availpro) and, more recently, to restaurant owners that will allow optimizing table management and procurement (with the acquisition of ResDiary and Adoria);
- **hotel booking services** for travels agencies and corporates with the acquisition of Gekko;
- **concierge services,** with the integration of John Paul, which in parallel has taken over the Accor Customer Care Service;
- **digital sales** created through the acquisition of VeryChic, which offers exclusive private sales with luxury and high-end partners;
- **private luxury home rentals,** comprising onefinestay, Travel Keys and Squarebreak with over 5,000 addresses worldwide.

The cost of central support functions (governance, finance, communication, human resources, legal...) is presented separately in a dedicated section “Corporate & Intercos”.

In accordance with IFRS 8, comparative segment information presented at December 31, 2017 has been restated in order to reflect the Group’s new reporting.

4.1.1 Reporting by strategic business

The Group’s performance by strategic business is as follows:

			Variation *(%)*	
(in millions of euros)	**2017***	**2018**	**Actual**	**L/L****
HotelServices	2,443	2,618	+7.2%	+8.4%
› of which Management & Franchise	877	965	+10.0%	+9.0%
› of which Services to owners	1,566	1,654	+5.6%	+8.0%
Hotel Assets & others	755	1,086	+43.8%	+8.4%
New Businesses	100	149	+49.4%	+2.4%
Corporate & Intercos	(525)	(243)	N/A	N/A
REVENUE	**2,774**	**3,610**	**+30.2%**	**+8.8%**
HotelServices	635	705	+11.0%	+12.3%
› of which Management & Franchise	619	659	+6.4%	+9.7%
› of which Services to owners	16	46	+187.2%	N/A
Hotel Assets & others	126	167	+32.6%	+9.4%
New Businesses	(25)	(28)	(11.0)%	(70.5)%
Corporate & Intercos	(114)	(132)	N/A	N/A
EBITDA	**622**	**712**	**+14.5%**	**+8.0%**

* *Restated amounts in application of IFRS 15.*
** *L/L: Like-for-like change.*

Financial information for HotelServices includes the flows realized with AccorInvest subsidiary prior to its disposal. The elimination of these flows is presented on the line “Corporate & Intercos”.

Fees invoiced to AccorInvest amounted to €174 million in the first five month of 2018 (€462 million in 2017).

Revenue recognized in France amounted to €374 million in 2018 including revenue from AccorInvest since June 1, 2018, which is not eliminated since then.

4.1.2 Detailed information for Management & Franchise

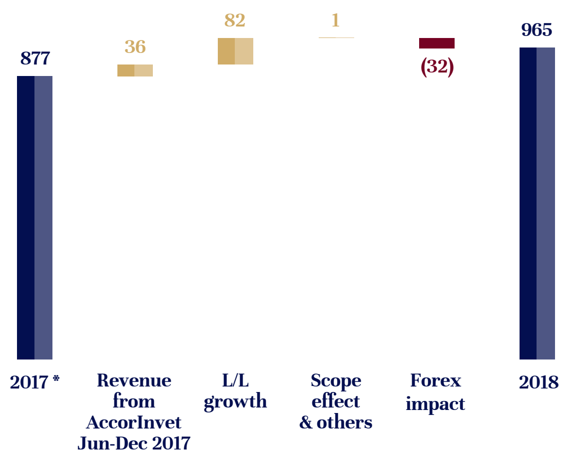
A. Management & Franchise revenue

(in millions of euros)	2017*	2018	Variation *(%)* Actual	L/L**
Europe	449	500	+11.3%	+8.7%
Middle East & Africa	76	81	+6.0%	(1.1)%
Asia-Pacific	194	209	+8.1%	+8.4%
North America, Central America & Caribbean	116	132	+13.4%	+17.1%
South America	41	43	+3.2%	+13.8%
MANAGEMENT & FRANCHISE REVENUE	**877**	**965**	**+10.0%**	**+9.0%**

* *Restated amounts in application of IFRS 15.*
** *L/L: Like-for-like change.*

Over the period, the change in Management & Franchise revenue breaks down as follows:

Change in revenue (€m)



* *Restated amounts in application of IFRS 15.*

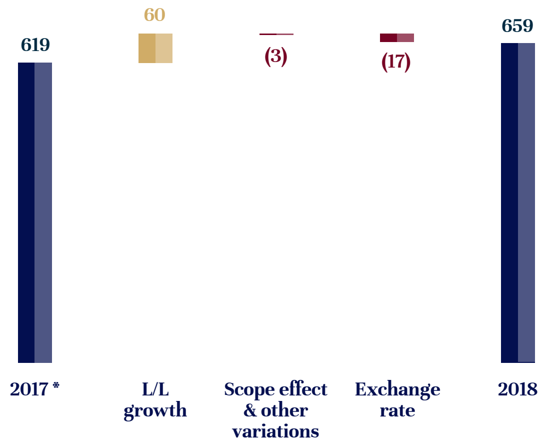
B. Management & Franchise EBITDA

(in millions of euros)	2017*	2018	Variation *(%)* Actual	L/L**
Europe	363	387	+6.7%	+11.0%
Middle East & Africa	46	51	+12.1%	+2.6%
Asia-Pacific	128	128	+0.2%	+6.9%
North America, Central America & Caribbean	72	76	+6.7%	+9.6%
South America	12	16	+35.3%	+22.8%
MANAGEMENT & FRANCHISE EBITDA	**619**	**659**	**+6.4%**	**+9.7%**

* *Restated amounts in application of IFRS 15.*
** *L/L: Like-for-like change.*

Over the period, the change in Management & Franchise EBITDA breaks down as follows:

Change in EBITDA (€m)



* *Restated amounts in application of IFRS 15.*

4.2 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 hotel management relationships. 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 performance criteria.
- 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. Variable considerations depending on the occurrence of uncertain future events 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 award credits 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 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 recognized net of the cost of reimbursing the hotel that is providing the service.

Hotel revenues

It corresponds to all the revenues received from guests by owned and leased hotels. The services rendered (including room rentals, 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 rentals, 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 revenue breakdown is outlined in the note 4.1 Segment reporting.

4.3 Operating expenses

(in millions of euros)	**2017***	**2018**
Cost of goods sold	(67)	(97)
Personnel expenses	(1,607)	(1,818)
Rents	(104)	(148)
Energy, maintenance and repairs	(53)	(69)
Taxes, insurance and co-owned properties charges	(47)	(56)
Other operating expenses**	(274)	(710)
OPERATING EXPENSES	**(2,151)**	**(2,897)**

* *Restated amounts in application of IFRS 15.*
** *Other rental expenses include fees from AccorInvest in 2017 for €462 million and during the first five month of 2018 for €174 million. Following consolidation principles, those fees are eliminated in the consolidated accounts of the Group until the loss of control of the entity.*

Rental expenses relate to the Group headquarters and hotel assets operated under lease contracts.

Other operating expenses consist mainly of marketing, advertising, promotional, selling and information systems costs.

4.4 Working capital

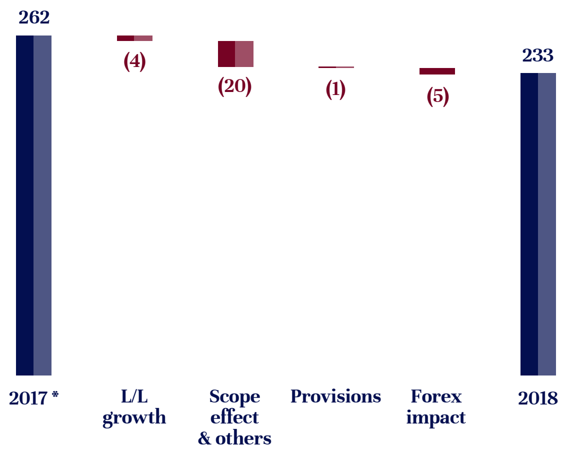
The working capital can be analyzed as follows:

(in millions of euros)	Dec. 2017*	Variation	Dec. 2018
Inventories	8	8	15
Trade receivables	403	214	617
Other current assets	255	3	258
Current assets	**666**	**224**	**890**
Trade payables	398	28	426
Other current liabilities	530	166	696
Current liabilities	**928**	**195**	**1,122**
WORKING CAPITAL	**262**	**(29)**	**233**

* *Restated amounts in application of IFRS 15.*

The change in working capital requirements breaks down as follows:

Change in working capital (€m)



* *Restated amounts in application of IFRS 15.*

4.4.1 Current assets

Trade receivables break down as follows:

(in millions of euros)	Dec. 2017	Dec. 2018
Gross value	470	687
Provisions	(68)	(70)
TRADE RECEIVABLES	**403**	**617**

Past-due receivables are tracked individually and regular estimates of potential losses are made in order to increase the related provisions if and when required. Past-due receivables not covered by provisions are not material.

Other current assets break down as follows:

(in millions of euros)	Dec. 2017*	Dec. 2018
Recoverable VAT	107	82
Prepaid wages and salaries and payroll taxes	3	1
Income tax receivable and other taxes	9	11
Other receivables	121	144
Other prepaid expenses	24	41
Gross value	**265**	**279**
Provisions	(10)	(21)
NET BOOK VALUE	**255**	**258**

* *Restated amounts in application of IFRS 15.*

4.4.2 Current liabilities

Other current liabilities break down as follows:

(in millions of euros)	Dec. 2017*	Dec. 2018
VAT payable	52	62
Wages salaries and Payroll tax payables	193	218
Other tax payables	41	91
Other payables	180	250
Deferred income	64	75
OTHER CURRENT LIABILITIES	**530**	**696**

* *Restated amounts in application of IFRS 15.*

4.5 Contract assets and liabilities

Accounting policy

In accordance with IFRS 15, 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 and entrance fees invoiced at contract's inception.

(in millions of euros)	Dec. 2017*	Dec. 2018
Advance payments to hotel owners	174	176
Contract assets	**174**	**176**
Advance invoicing to hotel owners	22	27
Loyalty program deferred points	185	201
Contract liabilities	**207**	**227**
NET CONTRACT ASSETS AND LIABILITIES	**(33)**	**(51)**

* *Restated amounts in application of IFRS 15.*

Revenue recognized in 2018 related to contracts liabilities accounted at opening January 1, 2018 amounts to €128 million, mainly related to the loyalty program.

note 5 EMPLOYEE BENEFIT EXPENSES

5.1 Headcount

The Group's workforce breaks down as follows:

Headcount	2017	2018
Full-time equivalent	18,393	22,935

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.

5.2 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 pays periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. The Group has legal or constructive obligation to pay further contributions. These 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 5.4.

The personnel expenses break down as follows:

(in millions of euros)	2017*	2018
Salaries and social charges	(1,590)	(1,797)
Share-based payments	(17)	(21)
PERSONNEL EXPENSES	**(1,607)**	**(1,818)**

* *Restated amounts in application of IFRS 15.*

5.3 Other employee 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.

5.3.1 Pension and other post-employment benefit obligations

(in millions of euros)	Dec. 2017	Dec. 2018
Pension plans	80	95
Other long-term benefits	10	6
Provision	**91**	**102**
Surplus on pension plans	12	4
Pension asset	**12**	**4**
NET COMMITMENT	**78**	**98**
› of which net provisions for pensions	68	92
› of which net provisions for other benefits	10	6

5.3.2 Description of the plans

At Accor, the main post-employment defined benefit plans concern:

- **pension plans:** the main pension plans are located in France (43% of the obligation), in the United Kingdom (23% of the obligation) and in Canada (21% 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.

5.3.3 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. 2018	**Dec. 2017**	**Dec. 2018**	**Dec. 2017**
France	1.6%	1.6%	3% – 4%	3.0%
Belgium	1.6%	1.6%	2.8%	2.8%
Switzerland	1.2%	0.7%	1.0%	1.0%
Canada	3.50% – 3.75%	3.25% – 3.50%	3.0%	3.0%
United States	3.3%	2.5%	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 that of the employee benefits concerned. If the local corporate bond market is not sufficiently liquid, the government bond rate is used.

5.3.4 Breakdown and changes in the pension obligations

At December 31, 2018, pension obligations break down by region as follows:

(in millions of euros)	France	Canada	United Kingdom	Belgium	Switzerland	Others	Total
Actuarial debt	97	48	51	14	5	11	225
Fair value of plan assets	(30)	(36)	(54)	(9)	(4)	(2)	(136)
Irrecoverable surplus	0	3	-	-	-	0	3
NET OBLIGATION	**67**	**14**	**(4)**	**5**	**1**	**8**	**92**

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, 2018	**224**	**(160)**	**4**	**68**
Current service cost	7	-	-	7
Interest expense/(income)	5	(4)	-	1
Past service cost	(0)	-	-	(0)
Total recognized in profit or loss	**12**	**(4)**	**-**	**8**
Actuarial gains and losses related to experience adjustments	8	14	-	22
Actuarial gains and losses related to changes in demographic assumptions	(1)	-	-	(1)
Actuarial gains and losses related to changes in financial assumptions	(4)	-	-	(4)
Change in irrecoverable surplus (without net interest)	-	-	(1)	(1)
Actuarial (gains)/losses	**4**	**14**	**(1)**	**17**
Benefits paid	(9)	7	-	(3)
Scope changes	0	-	-	0
Exchange differences and others	(6)	7	(0)	1
SITUATION AT DECEMBER 31, 2018	**225**	**(136)**	**3**	**92**

5.3.5 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. Plan assets consist mainly of classes of assets held in insurers' general portfolios managed according to conservative investment strategies.

At December 31, 2018, the breakdown of assets is as follows:

(in millions of euros)	United Kingdom	Canada	France	Belgium	Others	Total
Bonds	-	27	24	-	2	53
Real Estate	-	-	2	-	1	3
Shares	-	9	3	-	0	12
Liquidity	3	0	-	-	0	4
Insurance contracts	-	-	-	9	2	11
Other	51	-	0	-	1	52
PLAN ASSETS	**54**	**36**	**30**	**9**	**7**	**136**

The expected long-term return on plan assets is matched to the discount rate.

5.3.6 Sensitivity analysis

At December 31, 2018, 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	(10)
Impact of decrease in discount rate by 0.5 pt	11

5.3.7 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)	2019	2020	Hereafter	Total
Expected benefits payments	10	11	92	113

5.4 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. If the shares are subject to any sale restrictions, this is reflected in the valuation of the employee benefit.

The cost of share-based payment plans is recognized in employee benefits expenses on a straight-line basis over the vesting period, with the corresponding liability recognized in:

- shareholders' equity for equity-settled plans;
- employee benefit obligations for cash-settled plans, adjusted at each period end.

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, 2018 were equity-settled plans.

The dilutive effect of plans that have not yet vested is reflected in diluted earnings per share calculations.

In 2018, the cost of share-based payment plans is €21 million, as follows:

(in millions of euros)	2017	2018
2013 Plans	1	-
2014 Plans	4	0
2015 Plans	4	1
2016 Plans	6	5
2017 Plans	-	11
2018 Plans	-	4
Performance shares plans	**14**	**21**
Employee share plans	**3**	**-**
TOTAL	**17**	**21**

5.4.1 Performance share plans

The movements over the period are as follows:

(Number of shares)	2017	2018
Performance shares at beginning of period	**1,093,899**	**3,046,630**
Shares granted	2,043,841	655,292
Shares cancelled or expired during the period	(49,215)	(114,050)
Shares vested during the period	(41,895)	(84,235)
Performance shares at end of period	**3,046,630**	**3,503,637**

Details of performance share rights granted during the year are presented below.

Performance shares

On June 26, 2018, the Group granted 632,462 performance shares to employees, subject to a three-year vesting period. At this date, the fair value of the performance share was €35.24, corresponding to the share price of €41.90 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 following three performance conditions are fulfilled over the years 2018 to 2020:

- internal conditions (80% weighting): EBIT margin compared to the budget and free cash flows excluding disposal proceeds (net cash from operating activities, less net cash used in/from investments activities, adjusted for changes in operating working capital);
- external condition (20% weighting): change in Accor' Total Shareholder Return (TSR) compared with that of other international hotel groups and the CAC 40 index. 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 17, 2018, the Group set up a performance share plan with similar characteristics to the June plan.

The fair value of these plans amounts to €23 million and will be recognized on a straight-line basis over the vesting period under employee benefits expenses with a counterpart in equity. The cost recorded in respect of these plans in 2018 amounts to €4 million.

The plans' main characteristics and the assumptions used to determine their cost are as follows:

	Plan	
Characteristics	**June**	**October**
Number of shares granted	632,462	22,830
Vesting period	3 years	3 years
Share price at grant date *(in euros)*	41.90	41.62
Share fair value at grant date *(in euros)*	35.24	35.00

5.4.2 Stock options plans

The movements over the period are as follows:

	December 31, 2017		December 31, 2018	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding at beginning of period	**2,123,250**	**€27.22**	**1,267,511**	**€28.55**
Options cancelled or expired during the period	(69,556)	€23.35	(28,283)	€28.32
Options exercised during the period	(786,183)	€25.42	(780,177)	€26.66
Options outstanding at end of period	**1,267,511**	**€28.55**	**459,051**	**€29.05**
Options exercisable at end of period	**1,267,511**	**€28.55**	**459,051**	**€29.05**

Outstanding options at December 31, 2018 are as follows:

Plan	Grant date	Number of outstanding options	Remaining life	Exercise price
Plan 23	April 2011	211,094	3 months	€31.72
Plan 24	April 2011	9,766	3 months	€31.72
Plan 25	March 2012	214,300	1 year and 2 months	€26.41
Plan 26	March 2012	20,727	1 year and 2 months	€26.41
Plan 27	September 2013	10,000	2 years and 9 months	€30.13

5.5 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 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)	2017	2018
Short-term benefits received	18	19
Share-based payments	6	8
Compensation for loss of office	5	0
Post-employment benefits	1	3
TOTAL COMPENSATION	**30**	**30**

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.

note 6 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:

- when the Group acquires significant influence or joint control over an investee that was previously controlled exclusively by the Group; or
- when the Group acquires significant influence or joint control over an investee that was not previously consolidated.

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.

6.1 Investments in associates and joint-ventures

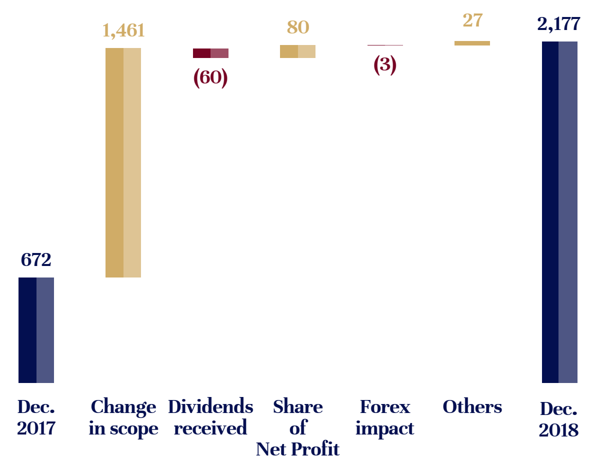
The main contributions of associates and joint-ventures are analyzed as follows:

(in millions of euros)	2017	2018
AccorInvest	-	45
China Lodging Group	16	19
Others	6	13
Associates	**22**	**77**
Joint ventures	**6**	**2**
SHARE IN RESULTS OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	**28**	**80**
› of which share of income before taxes	40	109
› osf which share of taxes	(12)	(29)

6.2 Investments in associates and joint-ventures

(in millions of euros)	Dec. 2017	Dec. 2018
AccorInvest	-	1,275
China Lodging Group	191	200
Interglobe	55	60
Others	318	384
Associates	**564**	**1,919**
SBE	-	102
Others	109	156
Joint ventures	**109**	**258**
INVESTMENTS IN ASSOCIATES AND JOINT-VENTURES	**672**	**2,177**

Change in equity-accounted investments (€m)



The increase in investments over the period corresponds to the integration of the residual share in AccorInvest under the equity method for €1.3 billion (see note 3) and also includes investment in SBE Group for €0.1 billion (see note 2).

6.3 Information about material associates and joint-ventures

The following associates are material to the Group:

- AccorInvest (35.2% interest);
- China Lodging Group (Huazhu Hotels), which is a Chinese Hospitality group listed on Nasdaq (10.8% interest).

In the Group's consolidated financial statements, the share of net profit is based for AccorInvest on the period from June to December 2018 and for China Lodging Group on the 12-month period ending as of September 2018. China Lodging Group (Huazhu) publishes its financial statements after the publication deadlines of the Group.

Key financials for these two entities are as follows:

(in millions of euros)	AccorInvest	China Lodging
P&L		
Revenue	2,448	1,229
NET PROFIT (LOSS)	**121**	**151**
Balance sheet		
Total current Assets	851	776
Total non-current Assets	3,899	2,194
Assets held for sale	177	0
Equity	924	940
Total current Liabilities	1,140	581
Total non-current Liabilities	2,845	1,449
Liabilities associated with assets held for sale	18	0
TOTAL BALANCE SHEET	**4,927**	**2,970**

Financial statements for AccorInvest and China Lodging are based on the data published by these entities for the aforementioned period, before potential goodwill allocation.

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 7 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)	**2017***	**2018**
Impairment losses	(3)	(250)
Restructuring expenses	(44)	(125)
Gains and losses on management of hotel properties	(5)	33
Other non recurring income and expenses	(47)	(58)
OTHER INCOME AND EXPENSES	**(99)**	**(401)**

* *Restated amounts in application of IFRS 15.*

At December 31, 2018, this caption mainly includes:

- impairment losses on New Businesses for €(246) million (see note 8.3);
- restructuring costs for €(125) million, notably related to transformation plans in Europe and Parisian headquarters;
- a gain related to the disposal of Sofitel Budapest Chain Bridge for €33 million; and
- Directly-related costs on acquisitions and internal projects, notably €(23) million deal costs on Mantra Group and Mövenpick acquisitions and integration costs of FRHI Group for €(9) million.

In 2017, other income and expenses mainly included costs incurred for the spin-off and planned divestment of AccorInvest for €(56) million, restructuring costs for €(44) million (notably related to restructuring plans in France and headquarters) and directly-related costs on acquisitions for €(23) million.

note 8 INTANGIBLE AND TANGIBLE ASSETS

8.1 Intangible assets

Accounting policy

Goodwill

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. For impairment testing purposes, goodwill is allocated to the cash generating unit (CGU) that is expected to benefit from the synergies of the business combination.

Other intangible assets

In accordance with IAS 38, 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 any accumulated impairment losses.

Brands and lease premiums in France ("droit au bail") are considered as having indefinite useful lives because the Group considers that there is no foreseeable limit to the period in which they can be used. Consequently, these assets are tested for impairment at least once a year and whenever there is an indication that they may be impaired. Other intangible assets are amortized on a straight-line basis over their estimated useful life.

Software costs incurred during the development phase are capitalized as internally-generated assets if the Group can demonstrate all of the following in accordance with IAS 38: (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. 2017*	Dec. 2018		
(in millions of euros)	**Net book value**	**Gross value**	**Amort. & depreciation**	**Net book value**
Goodwill	1,500	2,688	(290)	2,399
Brands and rights	1,396	1,641	(64)	1,577
Management contracts	498	871	(126)	745
Licenses, software	90	351	(222)	128
Other intangible assets	172	259	(56)	203
INTANGIBLE ASSETS	**3,656**	**5,810**	**(758)**	**5,052**

* *Restated amounts in application of IFRS 15.*

8.1.1 Goodwill

Changes in the carrying amount of goodwill over the period were as follows:

(in millions of euros)	Dec. 2017	Scope impacts	Translation adjustment & others	Dec. 2018
Europe	280	-	9	289
Mediterranean, Middle East & Africa	164	-	7	172
Asia-Pacific	455	-	3	459
North/Central America & Caribbean	249	41	14	304
South America	60	49	-	109
HOTELSERVICES	1,209	90	34	1,333
HOTELASSETS & OTHERS	82	478	(22)	538
NEW BUSINESSES	273	81	(1)	353
Not allocated	-	465	-	465
Gross value	**1,564**	**1,114**	**11**	**2,689**
Impairment losses	(63)	-	(227)	(290)
NET BOOK VALUE	**1,500**	**1,114**	**(215)**	**2,399**

The changes in scope over the period mainly relate to goodwill recognized following the acquisitions of Mantra Group for €473 million (allocated to HotelsAssets & others), Gekko for €56 million (allocated to New Businesses) and the acquisition of Mövenpick for €465 million (provisional goodwill which will be allocated in 2019) (see note 2). In addition, the goodwill related to New Businesses has been impaired by €(228) million.

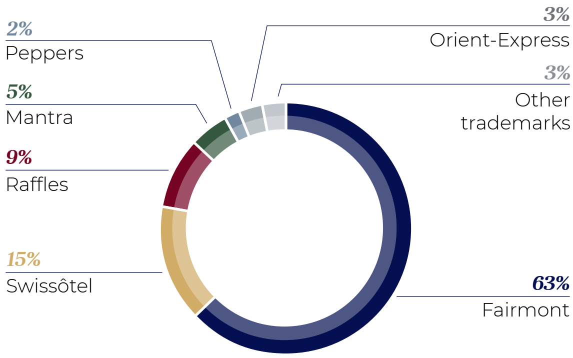
8.1.2 Other intangible assets

Changes in the carrying amount of intangible assets in 2018 were as follows:

(in millions of euros)	Dec. 2017*	Increase	Disposals	Translation adjustment & others	Dec. 2018
Trademarks	1,430	196	(0)	16	1,641
Management contracts	544	341	(10)	(5)	871
Licenses, software	298	70	(43)	26	351
Leasehold rights	80	0	(0)	(5)	75
Customer relationships	48	33	0	0	81
Other intangible assets	87	50	(9)	(25)	103
Gross value	**2,487**	**690**	**(62)**	**7**	**3,122**
Accumulated amortizations	(330)	(186)	35	13	(468)
NET BOOK VALUE	**2,156**	**504**	**(27)**	**20**	**2,653**

* *Restated amounts in application of IFRS 15.*

The carrying amount of brands breaks down as follows:



(in millions of euros)	Dec. 2017	Dec. 2018
Fairmont	984	996
Swissôtel	231	240
Raffles	142	146
Mantra	-	87
Peppers	-	26
Orient-Express	-	40
Other trademarks	40	42
BRANDS	**1,396**	**1,577**

The main brands are Fairmont, Raffles and Swissôtel (€1,381 million), as well as Mantra (€122 million) and Orient-Express (€40 million) acquired in 2018.

The management contracts mainly relate to contracts with hotel owners recognized as part of business combinations, in particular in connection with FRHI Hotels & Resort acquired in 2016 and Mantra acquired in 2018 (€341 million).

Licenses and software primarily comprise the technologies recognized following the acquisitions of Gekko and ResDiary (€42 million).

Customer relationships mainly relate to John Paul, VeryChic and Availpro acquired in 2017 and Gekko in 2018 (€30 million).

8.2 Tangible assets

Accounting policy

Tangible assets 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), the initial cost includes borrowing costs that are directly attributable to these assets. After initial recognition, tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation periods

Tangible assets, 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

Useful lives are reviewed at regular intervals and adjusted prospectively if necessary.

Finance leases

When long-term real estate and other leases are signed, the lease terms are examined to determine whether they qualify as operating or finance leases. Leases that transfer substantially all the risks and rewards incidental to ownership of an asset to Accor are qualified as finance leases and accounted for as follows:

- the leased item is recognized as an asset at an amount equal to its fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease;
- a liability is recognized for the same amount, under “Finance lease liabilities”;
- minimum lease payments are allocated between interest expense and reduction of the lease liability.

If there is reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term, the asset is depreciated over its useful life using the components method in accordance with Group accounting policy. Otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Tangible assets break down as follows:

(in millions of euros)	Dec. 2017 Net book value	Dec. 2018 Gross	Amort. & depreciation	Net book
Land	54	73	(5)	68
Buildings	365	1,267	(454)	814
Fixtures	117	373	(227)	146
Equipment and furniture	93	338	(226)	113
Constructions in progress	33	57	(6)	51
TANGIBLES ASSETS	**662**	**2,109**	**(917)**	**1,192**

Changes in the carrying amount of tangible assets in 2018 were as follows:

(in millions of euros)	Dec. 2017	Increase	Decrease	Translation adjustment & others	IFRS 5 Reclass.	Dec. 2018
Land	59	12	(1)	(1)	5	73
Buildings	782	504	(16)	(21)	19	1,267
Fixtures	279	105	(15)	(9)	13	373
Equipment and furniture	253	108	(26)	(4)	7	338
Constructions in progress	36	82	0	(1)	(60)	57
Gross value	**1,408**	**811**	**(57)**	**(37)**	**(16)**	**2,109**
Accumulated depreciation	(689)	(233)	45	17	8	(852)
Impairment losses	(58)	(11)	4	0	(1)	(66)
NET BOOK VALUE	**662**	**567**	**(8)**	**(20)**	**(9)**	**1,192**

Increases in net value over the period mainly comprise:

- acquisition of the Sequana building, head office of Accor based in Issy-les-Moulineaux, for €388 million;
- assets held by Mantra (€115 million) and Mövenpick (€26 million) acquired over the period;
- various renovations including ibis Vilnius for €10 million, three Mercure in Budapest for €10 million, ibis Styles Warsawa Centrum for €9 million and Sofitel Warszawa Victoria for €4 million.

8.3 Impairment test

Accounting policy

The carrying amounts of tangible assets, intangible assets and goodwill 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 with an indefinite useful life.

Criteria used for impairment tests

For impairment testing purposes, the criteria considered as indicators of a possible impairment are the same for all businesses:

- 15% drop in revenue, based on a comparable consolidation scope; or
- 30% drop in EBITDA, based on a comparable consolidation scope.

Impairment tests

Each brand is tested for impairment separately. Goodwill is tested for impairment at the level of the CGU or group of CGUs to which it is allocated for internal management purposes. A cash-generating unit (CGU) is 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. The Group considers that goodwill is allocated for internal management purposes to:

- HotelServices CGUs corresponding to the regions used for the segment analysis;
- HotelAssets CGUs corresponding to the individual hotels;
- New Businesses CGUs corresponding to the business lines (Digital services, Hotel reservation services, Concierge services, Digital sales and Private rentals).

Determination of recoverable value

The recoverable amount of goodwill is estimated taking into account the specific features of each business:

- For the **HotelServices and New Businesses** CGUs, recoverable amounts are 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 long-term rate of revenue growth reflects each country/region's economic outlook. Each calculation also takes into account the specific features of the country or region concerned. This is a level 3 valuation technique under IFRS 13.
- For the **HotelAssets** CGUs, recoverable amounts are 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 to sell, 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

This is a level 2 valuation technique under IFRS 13. If the recoverable amount is less than the carrying amount, the asset's recoverable amount will be recalculated according to the discounted cash flows method.

Impairment loss measurement

If the recoverable amount is less than the carrying amount, an impairment loss is recognized in the income statement. All or part of an impairment loss on an asset other than goodwill may be reversed if there has been a change in the estimates used to determine the asset's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. 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.

Evidences of impairment were identified on Cash-Generating Units (CGUs) related to New Businesses, due to an increased competition combined with a slowdown trend on the markets and a declining profitability. The Group estimated the recoverable amount of these CGUs based on the cash-flow projections used for budget preparation and the weighted average cost of capital, as determined at acquisition date of the entities involved. As a result, the Group recognized impairment losses for €(246) million (see note 7). These losses were first allocated to corresponding goodwill (see aforementioned notes 8.1.1 and 8.1.2).

Regarding other activities, the Group recognized impairment losses for €(4) million for the HotelAssets operating segment.

The core assumptions used to determine the recoverable amount of an asset are consistent with those used to prepare the Group's business plans and budgets. They reflect past experience and also take into account information from external sources such as hotel industry growth forecasts and forecasts concerning geopolitical and macro-economic developments in the regions concerned.

The main assumptions used to estimate recoverable amounts for HotelServices CGUs were as follows:

	Dec. 2017		Dec. 2018	
	Growth rate	Discount rate	Growth rate	Discount rate
Europe	+1.5%	+8.1%	+1.5%	+8.0%
Middle East and Africa	+3.0%	+9.5%	+3.0%	+9.2%
Asia-Pacific	+2.0%	+9.2%	+2.0%	+9.1%
North America, Central America & Caribbean	+3.0%	+9.2%	+3.0%	+9.1%
South America	+4.0%	+13.9%	+4.0%	+13.6%

Sensitivity tests performed on the main CGUs at December 31, 2018 showed that:

- Europe – The CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 582 basis points or the perpetuity growth rate was reduced by 982 basis points;
- Middle East and Africa – The CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 2,318 basis points. The carrying amount would remain below the recoverable amount whatever the perpetuity growth rate;
- Asia-Pacific – The CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 350 basis points or the perpetuity growth rate was reduced by 1,538 basis points;
- North America, Central America & Caribbean – The CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 363 basis points or the perpetuity growth rate was reduced by 545 basis points;
- South America – The CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 1,090 basis points or if the perpetuity growth rate was reduced by 2,853 basis points.

Sensitivity tests on these recoverable amounts show that a 10% decline in projected discounted operating cash flows would not result in the recognition of any impairment loss.

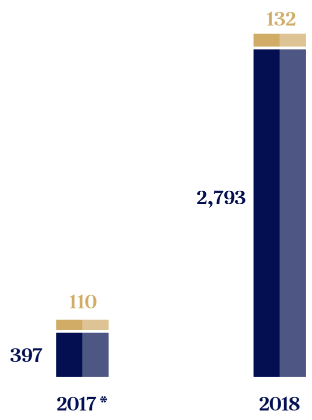
Concerning Hotel assets goodwill, a simultaneous, matching change in the underlying macro-economic environment affecting the EBITDA of all the hotels constituting separate CGUs is highly improbable and a general analysis of sensitivities is not considered relevant. However, if the carrying amounts of certain hotels that are individually material were to become sensitive to such changes, sensitivity analyses would be published for those hotels.

8.4 Renovation and maintenance and development expenditure

Accounting policy

- The amounts reported under "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 period (January 1) as a condition of their continuing operation.
- "Development expenditure" comprise acquired subsidiaries (amount net of net cash or debt acquired), investments in equity accounted entities, acquisitions of non-current assets, construction of new assets and the exercise of call options under sale-and-leaseback transactions.

Investments (€m)



* *Restated amounts in application of IFRS 15.*

In 2018, main development expenditure relate to:

- €1.598 million related to the acquisitions of Mantra, Mövenpick Hotels & Resorts, Gekko, Atton Hoteles, 21c Museum Hotels et ResDiary (amount paid net of cash acquired);
- €292 million related to the acquisition stake in investments recorded under equity method (sbe Entertainment Group, Mantis);
- €388 million related to the acquisition of the Sequana building, the Group head office;
- €339 million related to the debt accounted for at December 31, 2018 for the acquisition of 33.15% of Orbis.

In 2017, development expenditure mainly concerned the acquisition stake in investments recorded under equity method (Rixos, Noctis, Potel & Chabot and Wojo), the acquisition of a company holding five hotels in Budapest and €69 million related to the acquisition of VeryChic, Availpro, Travel Keys and Squarebreak.

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. Tax provisions correspond to the probable risks arising from positions taken by the Group or one of its subsidiaries. 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 2018 can be analyzed as follows:

(in millions of euros)	Dec. 2017	Global result	Allowance	Reversal Utilizations	Reversal Unused provisions	Translation adjustment	Change in scope and reclassification	Dec. 2018
Pensions and other benefits	91	9	11	(6)	(2)	(1)	1	102
Litigation and others	67	-	299	(18)	(10)	(1)	8	344
Tax litigation	14	-	1	(2)	(1)	(0)	0	13
Restructuring	38	-	102	(24)	(7)	(0)	(1)	107
PROVISIONS	**210**	**9**	**413**	**(50)**	**(20)**	**(3)**	**8**	**566**
› including non-current	103	9	11	(6)	(3)	(1)	4	118
› including current	106	-	402	(44)	(17)	(2)	3	449

At December 31, 2018, provisions amounted to €566 million, increasing by €356 million compared to December 31, 2017, due notably to the allowance of €262 million mainly set up to cover the future risks associated with the guarantees provided as part of AccorInvest disposal.

Changes in restructuring provisions are primarily explained by:

- a €24 million reversal related to restructuring costs in France and headquarters as well as integration costs related to FRHI Hotels & Resorts Group; and
- a €102 million allowance mainly related to the transformation plan in Europe and Parisian headquarters.

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)	2017*	2018
Bonds interests	(80)	(61)
Other interests expenses	(13)	(15)
Financial income	23	22
Cost of net debt	**(71)**	**(53)**
Other financial income and expenses	18	(14)
FINANCIAL RESULT	**(53)**	**(67)**

* *Restated amounts in application of IFRS 15.*

The €14 million negative impact is mainly attributable to:

- a €19 million decrease in bonds interests resulting from reimbursement of two bonds in June and November 2017;
- a €14 million loss partially offsetting the positive impact of €18 million in 2017, related to the exchange effects between the Swiss Franc and the Euro on internal and external balance sheet items, mainly due to the legal restructuring of AccorInvest.

Other financial income and expenses include the following items:

(in millions of euros)	2017*	2018
Hedging	10	(9)
Exchange gains/(losses)	6	(7)
Dividend income	4	4
Movements in provisions	(3)	(3)
OTHER FINANCIAL INCOME AND EXPENSES	**18**	**(14)**

* *Restated amounts in application of IFRS 15.*

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)	Fair value through P&L	Fair value through equity	Assets at amortized cost	Debt at amortized cost	Dec. 2018	Dec. 2017
	Breakdown by financial market instrument classes					
Loans	-	-	219	-	219	45
Non-consolidated investments	-	74	-	-	74	68
Deposits	-	-	45	-	45	44
Trade receivables	-	-	617	-	617	403
Cash and cash equivalents	-	833	1,986	-	2,820	1,063
Receivables on disposals	-	-	25	-	25	30
Derivatives	10	20	-	-	30	24
FINANCIAL ASSETS	**10**	**927**	**2,892**	**-**	**3,830**	**1,677**
Bonds	-	-	-	2,630	2,630	2,748
Bank borrowings	-	-	-	319	319	30
Finance lease liabilities	-	-	-	1,070	1,070	202
Trade payables	-	-	-	426	426	398
Derivatives	9	-	-	-	9	24
FINANCIAL LIABILITIES	**9**	**-**	**-**	**4,445**	**4,453**	**3,402**

10.2.2 Hierarchies at fair value

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.

	Dec. 2018		Hierarchy of fair value		
(in millions of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-consolidated investments	74	74	-	-	74
Mutual funds units	220	220	220	-	-
Derivatives – assets	30	30	-	30	-
Derivatives – liabilities	9	9	-	9	-

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 debt

10.3.1 Breakdown of net debt

At December 31, 2018, Group net debt amounts to €1,153 million and is analyzed as follows:

(in millions of euros)	Dec. 2017	Dec. 2018
Bonds	2,748	2,630
Bank borrowings	30	319
Bonds and bank borrowings	**2,779**	**2,949**
Other financial debts*	202	1,070
Derivative financial instruments	24	9
Gross financial debt	**3,005**	**4,027**
› of which, long-term liabilities	2,768	2,760
› of which, short-term liabilities	237	1,268
Cash and cash equivalents	1,063	2,820
Other current financial assets	30	25
Derivative financial instruments	24	30
Financial assets	**1,117**	**2,874**
NET DEBT	**1,888**	**1,153**

* *This amount includes commitments of €339 million in respect of tender offer for the purchase of Orbis shares and €489 millions in respect of the second tranche of the share buyback program launched on December 20, 2018.*

The breakdown of the variation of the period is as follows:

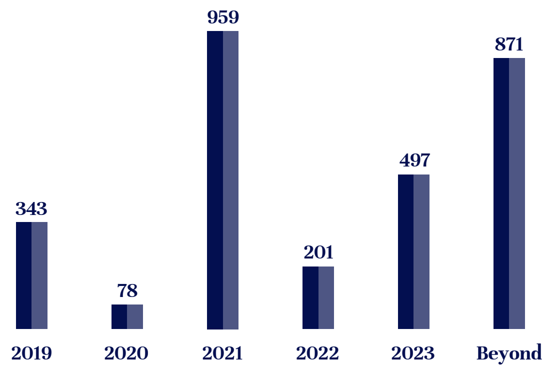
(in millions of euros)	Dec. 2017	Cash flows	Other changes				Dec. 2018
			Scope effects	Translation adjustments	Fair value	Others	
Bonds	2,748	(128)	-	(3)	-	12	2,630
Bank borrowings	30	294	-	(3)	-	(1)	319
Other financial debts	202	862	(0)	(2)	-	7	1,070
Derivative financial instruments	24	-	-	(0)	9	(24)	9
Gross financial debt	**3,005**	**1,029**	**(0)**	**(8)**	**9**	**(6)**	**4,027**
Cash and cash equivalents	1,063	1,611	154	(10)	-	-	2,820
Other current financial assets	30	(15)	0	(0)	-	10	25
Derivative financial instruments	24	-	-	-	(12)	18	30
Financial assets	**1,117**	**1,596**	**154**	**(10)**	**(12)**	**28**	**2,874**
NET DEBT/(CASH)	**1,888**	**(568)**	**(154)**	**1**	**20**	**(34)**	**1,153**

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, 2018, maturities of long and short-term debt were as follows:

Bonds and bank borrowings by maturity (€m)



In 2018, financial costs amount to €53 million. Future financial costs are estimated at €158 million for the period from January 2019 to December 2021 and €110 million thereafter.

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	2,679	+2%	+91%	1,524	2%	52%
Australian dollar				793	1%	27%
US dollar				184	3%	6%
Swiss franc	133	+2%	+4%	133	2%	5%
Polish zloty	116	+3%	+4%	116	3%	4%
Pound sterling				114	1%	4%
Japanese yen				34	0%	1%
UAE dirham				29	0%	1%
Maurice roupie	21	+8%	+1%	23	8%	0%
BONDS AND BANK BORROWINGS	**2,949**	**+2%**	**+100%**	**2,949**	**+2%**	**+100%**

Analysis of bonds and bank borrowings by interest rate (after hedging)

At December 31, 2018, 86% of long and short-term debt was fixed rate, with an average rate of 1.79%, and 14% was variable rate, with an average rate of 2.17%. At December 31, 2018, fixed rate debt was denominated primarily in Euro (50%), in Australian dollar (31%), in US dollar (7%). While variable rate debt was denominated mainly in euro (70%), in Polish zloty (27%) and in Mauritian rupee (3%).

Breakdown of bonds

Bonds at December 31, 2018 break down as follows:

Nominal amount	Local currency	Date of issuance	Maturity	Initial interest rate (%)	Dec. 2017	Dec. 2018
138	M EUR	December 2017	December 2018	0.05%	138	-
600	M EUR	March 2013	March 2019	2.50%	335	335
300	M PLN	June 2015	June 2020	2.76%	72	70
900	M EUR	February 2014	February 2021	2.63%	904	904
200	M PLN	July 2016	July 2021	2.69%	48	47
60	M EUR	December 2014	February 2022	1.68%	60	60
150	M CHF	June 2014	June 2022	1.75%	128	133
500	M EUR	September 2015	September 2023	2.38%	471	488
600	M EUR	January 2017	January 2024	1.25%	593	594
BONDS					**2,748**	**2,630**

On December 20, 2017, the Group issued a one year bond for €138 million with an annual coupon of 0.05%, which was reimbursed on December 20, 2018.

Covenants

None of the loan agreements include any rating triggers. 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 €2,949 million bonds and bank borrowings, a total of €2,538 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 renegotiated 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. The calculation of this ratio excludes any impact from IFRS 16).

In addition, in the case of the €300 million mortgage loan negotiated in October 2018 to fund the acquisition of the Sequana Tower, the early redemption clause can be triggered if the Société Civile Immobilière Sequana does not comply with the Loan-to-Value 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

On July 2, 2018, Accor signed an agreement with a consortium of 15 banks for a new €1.2 billion revolving credit facility (maturity in June 2023), which margin will be notably dependent on the Group's performance in terms of Environment, Social and Governance. This new 5-year facility has two one-year extension options to be exercised in 2019 and 2020. It replaces the undrawn €1.8 billion facility signed in June 2014, which had been reduced to €1.2 billion following the completion of AccorInvest disposal. This facility will reinforce Accor liquidity and increase the average maturity of its financial resources.

10.3.3 Current financial assets

At December 31, 2018, current financial assets break down as follows:

(in millions of euros)	Dec. 2017	Dec. 2018
Other negotiable debt securities	655	1,718
Mutual funds units convertible into cash	220	833
Cash	189	268
Cash and cash equivalents	**1,063**	**2,820**
Short-term loans	15	20
Receivables on disposals of assets	15	5
Other current financial assets	**30**	**25**
Derivative instruments in assets	24	30
CURRENT FINANCIAL ASSETS	**1,117**	**2,874**

10.4 Other non-current financial assets

	Dec. 2017	Dec. 2018		
(in millions of euros)	Net book value	Gross value	Depreciation	Net book value
Long-term loans	45	225	(6)	219
Investments in non-consolidated companies	68	75	(0)	74
Deposits	44	45	-	45
OTHER FINANCIAL ASSETS	**157**	**345**	**(6)**	**338**

10.4.1 Long-term loans

On December 31, 2018, long-term loans breakdown is as follows:

(in millions of euros)	Dec. 2017	Dec. 2018
SBE	-	175
Hotels, Asia-Pacific	26	21
Others	19	24
LONG-TERM LOANS	**45**	**219**

At December 31, 2018, long-term loans mainly consisted of a loan to SBE (see note 2.1.2) for an amount of €175 million, at a rate interest of 7.75%.

Loans to the Asia-Pacific region were mainly composed by a €14 million loan to A.P.V.C Finance Pty. Limited, with a paying interest at average rate of 14.75%.

10.4.2 Investments in non-consolidated companies

Investments in non-consolidated companies breakdown is as follows:

(in millions of euros)	Dec. 2017	Dec. 2018
A-HTrust (Singapore investment fund)	25	23
Banyan Tree	16	15
Raise Investment	9	13
Others	18	24
INVESTMENTS IN NON-CONSOLIDATED COMPANIES	**68**	**74**

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

Accor uses two types of hedges:

- 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, 2018, derivatives financial instruments are as follows:

(in millions of euros)	Dec. 2017	Dec. 2018
Interest rate hedges	12	10
Currency Hedging	11	20
Derivatives financial instruments – assets	**24**	**30**
Interest rate hedges	24	9
Derivatives financial instruments – liabilities	**24**	**9**

10.5.1 Currency hedging

At December 31, 2018, characteristics of the currency hedging are as follows:

(in millions of euros)	Dec. 2018 Nominal amount	Dec. 2018 Fair value
Australian dollar (USD)	673	25
American dollar (USD)	303	(5)
British pound (GBP)	117	-
Swiss Franc (CHF)	77	1
Canadian Dollar (CAD)	34	(1)
Japanese yen (JPY)	34	(1)
United Arab Emirates Dirham (AED)	30	-
Swedish krona (SEK)	4	-
CURRENCY HEDGING	**1,271**	**20**

With the exception of hedging instruments on US dollar for an amount equivalent to €176 million maturing in 2021, all currency hedging instruments have maturities in 2019.

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 of the currency sold (purchased) and the amount of the currency purchased (sold), converted in both cases at the period-end forward exchange rate.

The main covered position relates to a forward sale of AU$1.1 billion (€673 million) in relation with the intra-group funding for the Mantra Group Acquisition completed in May 2018.

All currency instruments purchased by the Group are designated and documented fair value hedges of intra-group loans.

At December 31, 2018, the total fair value of currency derivatives was €20 million, recorded in assets.

10.5.2 Interest rate hedges

At December 31, 2018, the characteristics of the interest rate hedges are the following:

(in millions of euros)	Dec. 2018 Nominal Amount	Dec. 2018 Fair Value
Rate swaps	600	1
INTEREST RATE HEDGING	**600**	**1**

Hedging instruments on interest rates all have a term beyond 2019.

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 (fair value of the swap: €10 million);
- interest rate swaps fixing interest on the €300 million mortgage loan set up for the acquisition of the Sequana tower, completed in October 2018 (with a fair value of €(9) million).

Only the fixed-to-variable rate swaps on bond debt represent designated and documented fair value hedges.

At December 31, 2018, the total fair value of rates derivatives was €1 million, recorded in assets.

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 tax assessed on the value added by the business ("CVAE") is included in the income tax for the year.

11.1 Income tax in consolidated income statement

11.1.1 Income tax expense for the period

(in millions of euros)	2017*	2018
Current tax	(58)	(152)
Deferred tax	101	33
INCOME TAX	**43**	**(119)**

* *Restated amounts in application of IFRS 15.*

In 2018, the Group has a €(119) million income tax expense compared to an income of €43 million over the prior period. This income was driven by one-off items, notably deferred tax benefits recognized for €73 million in the frame of AccorInvest spin-off and a tax relief of €37 million.

11.1.2 Income tax expense analysis

(in millions of euros)		2017*	2018
PROFIT BEFORE TAX	(A)	359	162
Non deductible impairment losses		(4)	225
Tax on share of profit (loss) of associates		12	30
Others		68	14
TOTAL PERMANENT DIFFERENCES	(B)	76	269
UNTAXED PROFIT AND PROFIT TAXED AT A REDUCED RATE	(C)	(53)	91
Profit taxed at standard rate	**(D) = (A) + (B) + (C)**	**383**	**522**
STANDARD TAX RATE IN FRANCE	(E)	+34.4%	+34.4%
TAX AT STANDARD FRENCH TAX RATE	(F) = (D) X (E)	(132)	(180)
Effects on tax at standard French tax rate of:			
› differences in foreign tax rates		18	54
› unrecognized tax losses for the period		(41)	(68)
› utilization of tax loss carryforwards		66	13
› share of profit (loss) of associates		12	30
› net charges to/reversals of provisions for tax risks		8	0
› company value-added contribution (CVAE)		(5)	(6)
› changes in tax rates		58	16
› tax relief (Steria ruling)		37	-
› tax receivable for retroactive cancellation of the 3% dividend tax		26	-
› deferred tax benefits related to AccorInvest spin-off		73	-
› other items		(76)	22
TOTAL EFFECTS ON TAX AT STANDARD FRENCH TAX RATE	(G)	175	61
INCOME TAX EXPENSE	**(H) = (F) + (G)**	**43**	**(119)**

* *Restated amounts in application of IFRS 15.*

At December 31, 2018, 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. 2017*	Dec. 2018
Intangible assets	(404)	(519)
Property, plant and equipment	(13)	(19)
Recognized tax losses	68	72
Provision for employee benefits	30	38
Provision for contingencies	4	62
Impairment losses	7	8
Others	32	25
NET DEFERRED TAX	**(276)**	**(333)**
› Deferred tax assets	140	199
› Deferred tax liabilities	(416)	(531)

* *Restated amounts in application of IFRS 15.*

Deferred taxes on intangible assets mainly concern the FRHI Group acquired in 2016 for €(416) million. The variation over the period result from:

- recognition of deferred tax assets for €106 million in connection with fair value measurements of acquired assets for Mantra acquisition;
- recognition of deferred tax liabilities of €28 million in connection with fair value measurements of acquired assets for Gekko, Orient Express, Availpro and Resdiary acquisitions.

Deferred tax assets recognized on provision for contingencies are mainly related to the provision of €262 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 €425 million at December 31, 2018 (€348 million at December 31, 2017). They mainly correspond to evergreen tax loss carry-forwards in Belgium (€91 million), in France (€76 million) and in several FRHI Hotels & Resorts entities (€171 million in total).

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	8	9
2022 and beyond	0	12	12
Evergreen	5	395	399
TOTAL	**6**	**414**	**420**

note 12 SHAREHOLDERS' EQUITY

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 transaction costs are also recorded in shareholders' equity. 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 Share capital

12.1.1 Shareholders

At December 31, 2018, Jin Jiang is Accor' leading shareholder with 12.0% of the capital corresponding to 16.0% of the 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 and hold 10.4% and 5.8% of the Company's capital respectively, representing 16.4% and 9.2% of the voting rights.

In March 2018, Eurazeo sold its whole stake in Accor SA whereas China Lodging Group (Huazhu) realized various acquisitions of stake during the semester leading to hold 4.6% of the Company's capital and 3.6% of the voting rights.

12.1.2 Changes in share capital

At December 31, 2018, Accor SA's share capital was made up of 282,607,800 shares with a par value of €3 each, all fully paid. Changes in the number of outstanding shares during 2018 were as follows:

(number of shares)	2018
Number of issued shares at January 1, 2018	**290,122,153**
Performance shares vested	84,235
Shares issued on exercise of stock options	780,177
Shares cancelled	(8,378,765)
NUMBER OF ISSUED SHARES AT DECEMBER 31, 2018	**282,607,800**

12.1.3 Distribution of dividends

On May 15, 2018, the Group paid a dividend of €1.05 per share for 2017 financial year results in the form of a cash payment of €305 million.

12.1.4 Perpetual subordinated notes

On June 30, 2014, Accor issued €900 million worth of perpetual subordinated notes. The notes have no fixed maturity; their first call date is June 30, 2020. The interest rate on the notes is set at 4.125% up until June 30, 2020 and will be reset every five years thereafter, with a 25-bps step-up in June 2020 and a 275-bps step-up in June 2040. Interest is payable on the notes only in those periods for which a dividend is paid to shareholders.

Due to their characteristics and in accordance with IAS 32, the notes have been recorded in equity for €887 million net of transaction costs. Interest on the notes is also recorded in equity.

In 2018, interest payments on perpetual subordinated notes amounted to €37 million.

12.1.5 Share buy-back program

As authorized by the Annual meeting on April 20, 2018, the Group implemented a share buy-back program over a two-year period, through an investment services provider, that would cover up to a maximum of 29 million shares. A first tranche was completed between July 27 and November 8, 2018. These operations led to the acquisition of 8,378,765 shares at an average price of €42.4947 per share. These shares were then cancelled by way of capital decrease completed on December 31,2018.

A second tranche, covering up to a maximum amount of €500 million, was launched on December 20, 2018 and shall end on June 20, 2019. As at December 31, 2018, the Group acquired 861,656 shares at an average price of €36.1091 per share. A €489 million debt was recognized in the statement of financial position to reflect the contractual obligation of the Group to buy back the shares that will be acquired by the investment services provider on the remaining duration of this second tranche.

12.1.6 Consolidated reserves

Items recognized directly in shareholders' equity Group share are the following:

(in millions of euros)	Dec. 2017*	Change	Dec. 2018
Currency translation reserve	(372)	52	(321)
Changes in fair value of financial Instruments	8	(27)	(43)
› of which available for sales shares	(1)	(3)	(27)
› of which derivative instruments	9	(24)	(15)
Reserve for actuarial gains/losses	(76)	(14)	(90)
Share based payments	219	20	239
Retained earnings and others	2,109	1,197	3,317
RESERVES – GROUP SHARE	**1,887**	**1,228**	**3,102**

* *Restated amounts in application of IFRS 15.*

12.1.7 Currency translation reserve

The currency translation reserve breaks down as follows:

(in millions of euros)	2017	Change	2018
British sterling (GBP)	(111)	(13)	(124)
Brazilian real (BRL)	(100)	8	(92)
Canadian dollar (CAD)	4	(58)	(54)
Chinese yuan (CNY)	(22)	(17)	(40)
Argentine peso (ARS)	(32)	30	(3)
Polish zloty (PLN)	28	(12)	16
United States dollar (USD)	(109)	167	58
Other currencies	(25)	(59)	(84)
CURRENCY TRANSLATION RESERVE	**(367)**	**44**	**(322)**
› Translating foreign operations, Group share	(372)	51	(321)
› Translating foreign operations, minority interests	5	(6)	(1)

Exchange differences on translating foreign operations between December 31, 2017 and December 31, 2018, representing a positive impact of €44 million, mainly concern changes in exchange rates against the euro of the US Dollar (€167 million positive impact) and the Canadian Dollar (€58 million negative impact).

The period-end euro/local currency exchange rates applied to prepare the consolidated financial statements were as follows:

	GBP	BRL	CAD	ARS	CNY	PLN	USD
December 2017	0,8872	3,9729	1,5039	22,4709	7,8044	4,1770	1,1993
December 2018	0,8945	4,4440	1,5605	43,0719	7,8751	4,3014	1,1450

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. 2017	Change	Dec. 2018
Orbis Group	215	(143)	72
Others minority interests	126	(90)	36
MINORITY INTERESTS	**341**	**(233)**	**108**

The change over the period is mainly explained by:

- the derecognition of AccorInvest's minority interests, which represented €106 million, as a result of the disposal of the subsidiary;
- the decrease of Orbis' minority interests for €168 million in counterpart of the recognition of a short-term debt in the frame of the tender offer launched on November 26, 2018 (see note 13.3).

12.2.2 Information about material minority interests

The Group holds 52.69% of the capital and voting rights of Orbis SA, the Orbis Group's parent company which is listed on the Warsaw Stock Exchange. The following table presents selected financial information for Orbis:

(in millions of euros)	2017	2018
P&L:		
Revenue	342	338
NET PROFIT	**53**	**84**
› of which Group	28	44
› of which minority interests	25	40

(in millions of euros)	Dec. 2017	Dec. 2018
BALANCE SHEET:		
Non current assets	560	560
Current assets	147	160
Asset Classified as held for sale	-	3
ASSETS	**707**	**724**
Current liabilities	68	396
Non current Liabilities	639	328
LIABILITIES	**707**	**724**
Dividends paid to minority interests	**8**	**17**

Minority interests in other subsidiaries are not individually significant.

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)	2017*	2018
Net profit, Group share	**446**	**2,233**
Hybrid capital dividend payment	(37)	(37)
Adjusted Net profit, Group share	**409**	**2,196**
Weighted average number of ordinary shares	287,487,659	288,491,096
Fully diluted weighted average number of shares	288,290,924	289,007,464
EARNINGS PER SHARE *(in euros)*	**1.42**	**7.61**
DILUTED EARNINGS PER SHARE *(in euros)*	**1.42**	**7.60**

* *Restated amounts in application of IFRS 15.*

At December 31, 2018, the weighted average number of ordinary shares is computed as follows:

Outstanding shares	**282,607,800**
Effect of share issued	(39,290)
Effect for stock option plans exercised during the period	(185,492)
Cancellation of shares	8,355,809
Weighted average number of ordinary shares	**290,738,827**
Average number of own shares	(2,247,731)
Weighted average number of ordinary shares excluding own shares	**288,491,096**
Number of shares resulting from the exercise of stock options	211,394
Number of shares resulting from performance shares granted	304,973
Fully diluted weighted average number of shares	**289,007,464**

note 13 OFF-BALANCE SHEET 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, 2018, 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, 2018 break down as follows:

(in millions of euros)	Less than 1 year	1 to 5 years	Beyond 5 years	Total
Commitments increasing net debt	179	631	437	1,247
Commitments given in the normal course of business	79	71	12	162
Security interests given on assets	-	51	-	51
Commitments related to development	4	1	-	5
COMMITMENTS GIVEN	**262**	**754**	**449**	**1,464**

Commitments that increase debt mainly include rent guarantees for the headquarters buildings in the amount of €89 million (€69 million discounted at 7%) and rent guarantees for hotels in the amount of €1.007 million (€664 million discounted at 7%).

Security interests given on assets correspond to pledges and mortgages valued at the net book value at December 31, 2018, of the underlying assets:

- a mortgage of €48 million, in connection with the bond issued in Poland in June, 2015, corresponding to the carrying amount of two hotel properties (€38 million);
- a mortgage of €15 million, in connection with a secured facility agreement, corresponding to the carrying amount of an hotel in Central Europe (€13 million).

13.1.2 Commitments received

Off-balance sheet commitments (not discounted) received at December 31, 2018 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	3	9	5	17
COMMITMENTS RECEIVED	**3**	**9**	**5**	**17**

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 litigation 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. These amounts are recorded in the statement of financial position since June 30, 2014, 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.

13.3 Subsequent Events

Tender Offer on Orbis shares

On November 26, 2018, Accor, which owned 52.69% 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 47.31% of the share capital, at a price of 87 PLN per share. The subscription period opened on December 17, 2018 and, on January 10, 2019, Accor raised the offer price to 95 PLN. On January 28, 2019, after completion of the subscription period, Accor acquired 33.15% of Orbis for €339 million, thus owning 85.84% of the company's share capital.

Orbis is the largest hotel operator in Central & Eastern Europe and the exclusive master franchisee of certain Accor brands in the region. Its portfolio comprises 128 hotels (21,000 rooms), of which 57% are directly owned, located in 16 countries and operated under the Sofitel, Pullman, MGallery, Novotel, Mercure, ibis, ibis Styles and ibis *budget* brands. Through this transaction, Accor intends to consolidate its leadership in Central & Eastern Europe, to strengthen its control on Orbis and further pursue its asset management strategy.

Refinancing operations

On January 24, 2019, Accor successfully placed two bond issues for an amount of €1.1 billion:

- a €600 million 7-years senior bonds with a 1.75% coupon;
- a €500 million perpetual hybrid bonds with a 4.375% coupon which, according to its characteristics, will be recorded as an equity instrument in the Group's consolidated financial statements, in accordance with the provisions of IAS 32.

These issues enabled the Group to partially repurchased two existing bonds:

- €350 million on the €900 million bonds maturing in 2021 issued in February 2014 (for €750 million) and September 2014 (for €150 million) with a fixed coupon of 2.625%;
- €386 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 5 years.

Moreover, the Group will redeem its €335 million bonds maturing in March 2019. As a result of this Liability management operation, the Group will lengthen the average maturity of its debt by more than one year, while optimizing its cost of funding.

New Marketing, Distribution and Loyalty Strategy

On February 21, 2019, Accor announced its new strategy, which will consist in strengthening Brands, Loyalty, Distribution and Awareness through new initiatives, bringing Augmented Hospitality to life. This program will lead to an additional expense of €225 million (equivalent to the current average annual Marketing and Loyalty spending) over the 4 next years, of which c.€55 million in 2019.

note 14 OTHER INFORMATIONS

14.1 Related parties

Companies that exercise significant influence over Accor

At December 31, 2018, the following companies exercised significant influence over the Company:

- Jin Jiang, the Company's leading shareholder with 12.0% of the capital and 16.0% of the voting rights;
- Qatar Investment Authority (QIA) and Kingdom Holding Company of Saudi Arabia (KHC), which acquired 10.4% and 5.8% of the Company's capital respectively (representing 16.4% and 9.2% of the voting rights), following Accor' acquisition of the FRHI Group. 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 described in the Statutory Auditors' special report on related party agreements and commitments:

- 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 with Eurazeo concerning the governance of Grape Hospitality, a company controlled by Eurazeo and accounted in Group's consolidated financial statements as investment in associates, and Grape Hospitality's franchise agreements for the operation of hotels under Accor banners;
- Agreement with Kingdom Hotels (Europe) LLC with a view to acquiring all outstanding shares in Mövenpick Hotels & Resorts Management AG.

Fully consolidated companies and all associated companies accounted for by the equity method

Relationships between the parent company and its subsidiaries, joint ventures and associates are presented in note 14.3. Transactions between the parent company and its subsidiaries – which constitute related party transactions – are eliminated in consolidation and are therefore not disclosed in these notes. Transactions between the parent company and its joint ventures and associates were not material in 2017 and 2018.

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 5. Commitments given on behalf of corporate officers and all agreements entered into with one or several members of the Board of Directorss, directly or indirectly, that do not concern transactions carried out in the normal course of business on arm's length terms are described in the auditors' special report on related party agreements and commitments.

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 table below shows the total fees billed by the Auditors recognized in the total Group income statements in 2018 and prior year.

	2017			2018		
(in millions of euros)	**Deloitte**	**EY**	**Total**	**Deloitte**	**EY**	**Total**
Fees related to certification of accounts	5	4	9	2	2	4
Fees for services other than certification of accounts	3	7	10	1	2	3
FEES BILLED BY THE AUDITORS	**8**	**12**	**20**	**3**	**4**	**7**

Fees for services other than certification of accounts billed in 2017 mainly concern due diligence regarding the spin-off of AccorInvest.

14.3 Main consolidated companies

The main subsidiaries and associates represent 75% of consolidated revenue and 75% of EBITDA. The other subsidiaries and associates represent individually less than 0.07% of these aggregates.

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	IG	100,00%
ACCOR REDEVANCES FRANCE	France	IG	100,00%
FRHI France	France	IG	100,00%
IBIS BUDGET	France	IG	96,00%
MER & MONTAGNE	France	IG	100,00%
SH DEFENSE GRANDE ARCHE	France	IG	100,00%
SOFITEL LUXURY HOTELS FRANCE	France	IG	99,90%
ACCORHOTELS SWITZERLAND SA	Switzerland	IG	100,00%
MÖVENPICK HOTELS & RESORTS MANAGEMENT AG	Switzerland	IG	100,00%
ACCOR - PANNONIA HOTELS ZRT	Hungary	IG	52,66%
MP HOTELS DEUTSCHLAND GMBH	Germany	IG	100,00%
ACCOR HOSPITALITY GERMANY GMBH	Germany	IG	100,00%
ACCOR HOTELBETRIEBS GMBH	Austria	IG	100,00%
ACCOR HOTELS BELGIUM	Belgium	IG	100,00%
ACCOR HOTELS CZECH REPUBLIC	Czech Republic	IG	52,69%
ACCOR HOTELS ESTONIA	Estonia	IG	100,00%
ACCOR HOTELS GREECE	Greece	IG	100,00%
ACCOR HOTELS ITALY	Italy	IG	100,00%
ACCOR HOTELS LITUANIA	Lituania	IG	52,69%
ACCOR HOTELS ROMANIA	Roumania	IG	52,69%
ACCOR HOTELS SPAIN	Spain	IG	100,00%
ACCOR HOTELS UK	United-Kingdom	IG	100,00%
ACCOR PANNONIA SLOVAKIA S.R.O	Slovakia	IG	52,66%
FRHI EUROPE	Europe	IG	100,00%
ORBIS	Poland	IG	52,69%
RUSSIAN MANAGEMENT HOTEL COMPANY	Russia	IG	100,00%
TAMARIS TURIZM TRY	Turkey	IG	100,00%

SOUTH AMERICA

HOTELARIA ACCOR BRASIL SA	Brazil	IG	100,00%
ACCOR HOSPITALITY ARG SA	Argentina	IG	100,00%
ACCOR CHILE	Chile	IG	100,00%
ACCOR HOTELS CHILE MANCO SPA	Chile	IG	100,00%
ACCORHOTELS CHILE SPA	Chile	MEE	20,00%
HOTEL SANTA CLARA	Colombia	IG	100,00%
ACCORHOTELS PERU SA	Peru	IG	100,00%

AFRICA & MIDDLE EAST

ACADEMIE MOYEN ORIENT	United Arab Emirates	IG	100,00%
ACCOR AFRIQUE	Africa Structures	IG	100,00%
ACCOR GESTION MAROC	Morocco	IG	77,99%
ACCOR HOTEL SAE	Egypt	IG	99,93%
ACCOR MIDDLE EAST	United Arab Emirates	IG	100,00%
BELLE RIVIERE HOTEL	Mauritius	IG	100,00%
EL GEZIRAH HOTELS TOURISM CY	Egypt	IG	65,71%
FRHI MEA	United Arab Emirates	IG	100,00%
RISMA	Morocco	MEE	33,34%
SAUDI FRENCH COMPANY HOTEL MGT	Saudi Arabia	IG	100,00%
MÖVENPICK HOTELS & RESORTS MANAGEMENT	United Arab Emirates	IG	100,00%

ASIA-PACIFIC

AAP ASIE HS	Singapore	IG	100,00%
AAPC INDIA HOTEL MANAGEMENT PRIVATE LIMITED	Inda	IG	69,99%
AAPC AUSTRALIE / NZ	Australia / NZ	IG	100,00%
FRHI ASPAC	Singapore	IG	100,00%
China Lodging Group (HUAZHU)	China	MEE	10,82%
MANTRA	Australia / NZ	IG	100,00%

NORTH, CENTRAL AMERICA & CARIBEEAN

ACCOR CANADA	Canada	IG	100,00%
SI HOTELERA DE MEXICO	Mexico	IG	100,00%
Fairmont Hotels and Resorts Inc.	United States	IG	100,00%
21C MUSEUM HOTELS	United States	IG	85,00%
sbe Entertainment Group	United States	MEE	50,00%

NEW BUSINESSES

VERYCHIC	France	IG	75,12%
AVAILPRO FRANCE	France	IG	97,95%
FASTBOOKING FRANCE	France	IG	100,00%
JOHN PAUL	France	IG	100,00%
ONEFINESTAY	United-Kingdom	IG	100,00%
GEKKO	France	IG	89,17%
RESDIARY	Singapore	IG	100,00%

ACCOR INVEST

ACCOR INVEST GROUP	Luxembourg	MEE	35,17%

IG : Fully Consolidated
MEE : accounted by the equity method
The percentages correspond to the Group's percentage interest

note 15 IMPACTS OF IFRS 15 AND IFRS 9 STANDARDS ADOPTION

This note presents the impact of the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments new standards" on the Group's consolidated financial statements.

15.1 Impacts on financial statements

As a result of the adoption of these new standards, prior year financial statements had to be restated. The Group has adopted IFRS 15 using the full retrospective method. Thus, the first adoption impact was recorded in Group's consolidated retained earnings at January 1, 2017, with restatement of the comparative period. IFRS 9 principles on classification, measurement and impairment of financial instruments have been applied retrospectively, but without restating comparative information, in accordance with the transitional provisions in the standard. The first adoption impact is therefore recorded in the consolidated retained earnings at January 1, 2018.

15.1.1 Restated income statement

(in millions of euros)	2017 Reported	IFRS 15 impact	2017 Restated
REVENUE	1,937	837	2,774
Operating expenses	(1,311)	(840)	(2,151)
EBITDA	626	(3)	622
Depreciation, amortization and provision expenses	(134)	8	(126)
EBIT	492	5	497
Share of profit of associates after tax	28	-	28
OPERATING PROFIT BEFORE TAX & NON-RECURRING ITEMS	520	5	525
Non-recurring income and expenses	(107)	8	(99)
OPERATING PROFIT BEFORE TAX	**413**	**13**	**425**
Net financial expense	(54)	0	(53)
Income tax expenses	51	(8)	43
PROFIT FROM CONTINUING OPERATIONS	**411**	**5**	**416**
Net profit or Loss from discontinued operations	71	-	71
NET PROFIT OR LOSS	**481**	**5**	**486**

15.1.2 Restated opening statement of financial position

	Jan. 1. 2017			Dec. 31 2017			Jan. 1. 2018	
(in millions of euros)	actual	IFRS 15	restated	actual	IFRS 15	restated	IFRS 9	restated
Intangible assets	3,897	(78)	3,819	3,802	(146)	3,656	-	3,656
Tangible assets	562	-	562	662	-	662	-	662
Non-current financial assets	844	-	844	830	-	830	(3)	827
Contracts assets	-	100	100	-	174	174	-	174
Deferred tax assets & others	242	24	266	136	16	152	4	156
Non-current assets	**5,545**	**46**	**5,591**	**5,430**	**43**	**5,474**	**1**	**5,474**
Current assets	634	(33)	602	705	(39)	666	-	666
Current financial assets	1,226	-	1,226	1,116	(0)	1,116	0	1,117
Current assets	**1,861**	**(33)**	**1,828**	**1,822**	**(39)**	**1,782**	**0**	**1,782**
Assets held for sale	4,457	-	4,457	4,824	-	4,824	-	4,824
ASSETS	**11,864**	**13**	**11,877**	**12,076**	**4**	**12,080**	**1**	**12,081**
Shareholders' Equity & min. interests	**5,925**	**(47)**	**5,878**	**5,826**	**(43)**	**5,783**	**(13)**	**5,770**
Long term Debt	2,176	-	2,175	2,768	-	2,768	14	2,781
Non-current provisions	133	-	133	103	-	103	-	103
Non-current contract liabilities	-	22	22	-	22	22	-	22
Deferred tax liabilities	599	-	599	416	-	416	-	416
Non-current liabilities	**2,907**	**22**	**2,929**	**3,287**	**22**	**3,309**	**14**	**3,322**
Current liabilities	971	(138)	833	1,087	(160)	928	-	928
Current provisions	151	-	151	106	-	106	-	106
Current contract liabilities	-	176	176	-	185	185	-	185
Short-term Debt & Bank overdraft	733	-	733	237	-	237	-	237
Current liabilities	**1,855**	**38**	**1,893**	**1,431**	**25**	**1,456**	**-**	**1,456**
Liabilities with assets held for sale	1,177	-	1,177	1,532	-	1,532	-	1,532
LIABILITIES & EQUITY	**11,864**	**13**	**11,877**	**12,076**	**4**	**12,080**	**1**	**12,081**

15.2 Adoption of IFRS 15

15.2.1 Main impacts of first adoption

The impact of applying IFRS 15 on the Group's consolidated retained earnings is as follows:

(in millions of euros)		Jan. 1, 2017	Jan. 1, 2018
CONSOLIDATED RESERVES BEFORE RESTATEMENT		**1,981**	**1,930**
Hotel costs reimbursements	(a)	-	-
Loyalty program	(b)	(43)	(47)
Entrance fees	(c)	(16)	(16)
Payments to hotel owners	(d)	9	14
Other restatements		3	6
RESTATED CONSOLIDATED RESERVES		**1,934**	**1,887**

(a) Reimbursement of costs incurred on behalf of hotel owners

Accor' management contracts may require the Group to incur hotel operating costs on behalf of the properties' owners. These costs are generally reinvoiced to the owners without any mark-up. They mainly correspond to the cost of hotel staff who are employed by Accor to comply with local regulations or as a result of specific negotiations with the owners. The Group considered so far that it acted as the owners' agent because it was not exposed to the significant risks and rewards associated with the rendering of the services based on the criteria outlined under prior standard. The reinvoiced amounts were therefore presented as a deduction from the related costs, and only the margin (if any) was recognized in revenue.

Under IFRS 15, the Group considers that it acts as the principal because it controls the services, which are not distinct from the overall performance delivered under management contracts, before transferring them to the hotels' owners. The reinvoiced costs are therefore reported under revenue in the consolidated income statement, leading to an equivalent increase in the reported amount of operating expenses. Over the year 2017, this change of presentation leads to the recognition of additional revenues for €895 million. This reclassification has no impact on either Group's operating profit or net profit.

(b) Loyalty program

The Group analyzes the loyalty program as giving rise to a single performance obligation. The promised service consists of managing the program on behalf of the Group's hotels and ensuring that program members will receive a benefit in exchange for their award credits. Under IFRS 15, this performance obligation is considered as being satisfied in full when the award credits are redeemed or expire. Accordingly, loyalty program fees are now deferred for an amount that reflects the stand-alone selling price of the future benefit to the member and recognized as revenue in line with the award credits redemption or expiry. This change in policy leads to an increase in the deferred revenue liability by €59 million at January 1, 2017, with a corresponding negative adjustment to retained earnings of €(43) million after tax effect. The loyalty program liability is now presented in the new "Contract liabilities" caption, as defined under IFRS 15.

The Group considers that it acts as an agent for hotel owners to the extent that it does not control the services rendered to the members on redemption, since such services can be performed by third parties. Therefore, loyalty revenue is from now on presented net of the cost of reimbursing the hotel that is providing the night stay. Over the year 2017, the adoption of IFRS 15 led to a reduction in consolidated revenues for €(56) million. The impact on operating profit due to change in timing of revenue recognition is not material.

(c) Entrance fees

When a contract is signed, Accor sometimes invoices an entrance fee to hotel owners in exchange for the access to the Group's network. Under prior standard, these non-refundable initial payments were recognized in revenue in the period in which they were billed. Under IFRS 15, these payments do not transfer any additional service to the customer, which is distinct from the promise to render services under the management contract.

Therefore, they are analyzed as an advance payment for future services, to be recognized on a straight-line basis over the contract term. This change in policy led to the recognition of a €22 million deferred revenue liability presented within "Contract liabilities" at January 1, 2017. This restatement had no material impact on either Group's revenue or operating profit over the period presented.

(d) Payments to hotel owners

In the course of its business, the Group may make payments to hotel owners, either upfront in the form of key money (to secure the signing of the contract) or during the contract period based on actual performance. Under prior standard, key moneys were capitalized as intangible assets and amortized over the life of related contracts. Payments made based on performance conditions were expensed when definitely due to the customer.

Under IFRS 15, these payments are treated as consideration payable to a customer and therefore recognized as a deduction to revenue over the contract term, except for loans granted to owners on arm's length terms. Amounts depending on the occurrence of uncertain future events are estimated and recognized for the minimum amount considered as highly probable.

This change in policy led to a positive restatement of the Group's consolidated retained earnings for €9 million at January 1, 2017. It had no material impact on either Group's revenue or operating profit over the period presented. The difference between the right to rebate granted to the owners and revenue reductions recognized in the income statement leads to the recognition of a "Contract Asset", as defined by the new standard, for €100 million in the restated consolidated financial statement of position at January 1, 2017. It mainly includes the reclassification of key moneys previously capitalized as intangible assets.

15.3 Adoption of IFRS 9

15.3.1 Main impacts of first adoption

Phase 1 – Classification and measurement of financial instruments

Financial instruments previously classified as Available-for-sale financial assets

The Group assessed the main features of its financial assets, and which business model applies to these assets, in order to classify them into the appropriate IFRS 9 categories. The main first time adoption impact consists in the removal of the "Available-for-sale" category. Under the prior standard, these financial assets were measured at fair value, with changes in fair value deferred in other comprehensive income, and subsequently reclassified to income statement on disposal. The measurement of financial assets, which are concerned is modified as follows:

- investments in non-consolidated companies: the Group elected to account for these financial assets at fair value through other comprehensive income, with no subsequent recycling in the income statement, in accordance with the option permitted by IFRS 9. They form part of a long-term investment strategy, and are not intended to be sold at short or medium term. These financial assets are no longer subject to an impairment assessment.

- units in mutual funds (SICAV, FCP): these instruments are not eligible to the option for fair value through other comprehensive income measurement; they are now measured at fair value through profit or loss, in accordance with IFRS 9 provisions.

The impact first time adoption of this phase is not material on the Group's consolidated financial statements.

Treatment of financial debt restructurings

Based on IFRS 9 provisions, which were completed by the IFRS Interpretations Committee (IFRIC) statement in late 2017, which clarified the accounting treatment for a modification of financial liabilities that does not result in the liabilities being derecognized, the Group retrospectively restated the 2015 "liability management" transaction. This transaction was analyzed as a modification of financial liabilities, without derecognition, under IAS 39 principles, considering the original debt was not substantially modified. Accordingly, the financial debt was maintained in the financial statement of position. The impact of renegotiation, corresponding to the difference between the original and modified cash flows was amortized over the remaining life of the modified liability by re-calculating the effective interest rate.

Under IFRS 9, this difference is now treated as having been recognized immediately in the income statement on modification date. Given the net restructuring cost generated, the restatement of this operation led to a €14 million increase in the Group's financial debt at January 1, 2018, and a negative restatement to retained earnings for €(10) million after tax effect. This mechanically generates a future gain in interest expenses for about €2 million per year until 2023.

Phase 2 – Impairment of financial assets

IFRS 9 standard introduces a new impairment model which consists in recognizing impairment losses on financial assets based on expected credit losses. The Group assessed the risk of non-collectability of its main financial assets (trade receivables and loans) throughout its whole geographical scope, taking into account the country risk and the probability of counterpart default. Following this analysis, and based on the nature of its activities and customers, the Group concluded that the impact of adopting this new model was not significant on consolidated financial statements at transition date.

Phase 3 – Hedge accounting

The new standard's provisions do not question the eligibility of the hedging relationships already prevailing at January 1, 2018. They have no material impact on consolidated financial statements over the full year 2018.

5.2 Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2018

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 regulation 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.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Accor,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Accor for the year ended December 31, 2018.

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 December 31, 2018 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 January 1, 2018 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 *(Code de déontologie)* for Statutory Auditors.

Emphasis of matter

We draw attention to the matter described in Note 15 "Impacts of the adoption of IFRS 15 and IFRS 9" to the consolidated financial statements which sets out the changes in accounting methods relating to the compulsory application as of January 1, 2018 of IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments. 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, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of intangible assets and property, plant & equipment

Risk identified	Our response
As of December 31, 2018, the value of the AccorHotels Group's intangible assets and property, plant & equipment totaled M€ 6,244, or 48% of total assets excluding assets classified as held for sale. These fixed assets are comprised of goodwill (M€ 2,399), brands (M€ 1,577) and contracts (M€ 516) mainly recognized on external growth transactions, as well as other intangible fixed assets (M€ 560) and property, plant & equipment (M€ 1,192). An impairment is recognized on the balance sheet when the recoverable amount is less than the net carrying amount in accordance with IAS 36, as described in Note 8.3 to the consolidated financial statements. Regarding the HotelServices and Nouvelles activités divisions, the determination of the recoverable amount is mainly based on discounted future cash flows for a maximum term of five years. Regarding the Actifs Hôteliers division, the recoverable amount is based on fair value which is first based on a normative multiple of Gross Operating Income (EBITDA). We considered the valuation of these fixed assets to be a key audit matter, given the method for determining their recoverable amount and the significance of these account headings in the Group's accounts. In addition, these recoverable amounts are based on the use of important assumptions, estimates or assessments made by Management, in particular future cash flow projections, the estimate of the discount rates, EBITDA multiples and long-term growth rates.	We have familiarized ourselves with the process implemented by the Group to determine the recoverable amount of fixed assets, intangible assets and property, plant & equipment, regrouped in Cash-Generating Units (CGUs). Our work also consisted in: › assessing the principles and methods for determining the recoverable amounts of the CGUs to which the intangible assets and property, plant & equipment are allocated; › reconciling the net carrying amount of the intangible assets and property, plant & equipment allocated to the CGUs tested with the Group's accounting records; › assessing as much as needed with the support of our valuation experts, the pertinence of the valuation models used as well as multiples of EBITDA, long-term growth rates and the discount rates applied in these models with regard to market practices; › substantiating by interviews with Management the main assumptions on which budget estimates underlying the cash flows used in the valuation models are based. For this purpose, we have also compared the estimates of cash flow projections of previous periods with actual corresponding results, to assess the pertinence and reliability of the process for making forecasts; › substantiating, for the goodwill and intangible assets presenting a recoverable amount near the net carrying amount, the results of sensitivity analyses carried out by Management by comparing them to those realized by us; › verifying, by sampling, the arithmetical accuracy of the valuations used by the Group. We have also assessed the appropriateness of the disclosures provided in Note 8.3 to the consolidated financial statements.

Assets/liabilities classified as held for sale and in discontinued operations

Risk identified	Our response
On May 31, 2018, the AccorHotels Group completed the disposal of 57.8% of the share capital of AccorInvest, its subsidiary formed on June 30, 2017 following legal restructuring operations to hold most of the Group's hotel assets (owned and operated under lease contracts). In accordance with the principles of IFRS 10, this transaction leads to a loss of control of the AccorHotels Group over AccorInvest. Accordingly, the assets and liabilities of AccorInvest, which were classified as assets held for sale in the Group's consolidated financial statements at year-end 2017 in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", were derecognized on completion date. Starting from May 31, 2018, the retained residual interest held by the AccorHotels Group is recorded under the equity method in the consolidated financial statements, as a result of the significant influence exercised by the Group. On July 25, 2018, the AccorHotels Group sold an additional tranche of 7% of AccorInvest's share capital. By December 31, 2018, the Group held a 35.2% stake in AccorInvest's share capital. In the Group's consolidated financial statements, the net profit from discontinued operations includes the gain realized on AccorInvest's disposal, after any directly- related transactions costs, as well as AccorInvest's net result until the sale date. Given the importance of these amounts, the volume and the complexity of the accounting entries resulting from the restructuring operations, and the ensuing tax impact, we considered the presentation of this information in the notes and the reclassifications made, to be a key audit matter.	We have assessed the adequacy of the items justifying the continued application of IFRS 5, until May 31, 2018, date of completion of the sale. Furthermore, we have examined: › the gain realized on AccorInvest's disposal; › the directly-related transaction costs, integrated in the net result of discontinuing activities as at December 31, 2018; › AccorInvest's net result until the sale date. We have analyzed the tax impacts associated with the disposal depending on applicable local tax regulations with our tax experts and after discussions with the Group's tax management team. Finally, we have assessed the appropriateness of the disclosures made regarding this disposal transaction in the notes to the consolidated financial statements, and notably Note 3.1 describing the financial impacts on Group's accounts.

Revenue recognition – Adjustment to the opening consolidated shareholders' equity as part of the adoption of IFRS 15

Key audit matter	Our response
The Group has adopted IFRS 15 using the full retrospective method. Thus, the first adoption impact was recorded in the Group's consolidated retained earnings as at January 1, 2017, with restatement of the comparative period. The Group applied the practical expedient proposed by the standard allowing not to restate the completed contracts as at January 1, 2018. As a result of the adoption of IFRS 15, the main impacts on the Group's consolidated financial statements are: › a decrease in opening reserves of M€ (43); › related to the income statement as at December 31, 2017: a M€ 837 revenue increase, a M€ (3) EBE decrease and M€ 5 net consolidated profit increase. Given the importance of these amounts, and their impact on the opening shareholders' equity, we considered the revenue recognition and the adjustment to the opening consolidated shareholders' equity as part of the adoption of IFRS 15, to be a key audit matter.	We have examined the adjustments to the opening statement of consolidated shareholders' equity, and the revenue recognition as for the year ended December 31, 2018. Furthermore, we have proceeded to the following analyses: › examination of a sample of contracts representative of all hotel operating models, including the hotels under management contracts, the hotels under franchise agreements, and the directly owned hotels. This is in order to identify the impacts of the adoption of IFRS 15 for each operating model; › analysis of the accounting treatments applied by the Group and specific to each operating model; › assessment of the relevance of the significant judgments and assumptions used; › implementation of tests to assess the impact of the adoption of IFRS 15 on the opening shareholders' equity, and on income for the year ended December 31, 2018. Finally, we have assessed the appropriateness of the disclosures made regarding the adoption of the IFRS 15 standard in the notes to the consolidated financial statements, and notably Notes 15 describing the financial impacts on Group's accounts.

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 presented in the Board of Directors' management report.

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 provided for by Article L.225-102-1 of the French Commercial Code *(Code de commerce)* is included in the information pertaining to the Group presented in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of said Code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained in this statement.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Accor by the annual general meeting held on June 16, 1995.

As at December 31, 2018, our firms were in the twenty-fourth year of total uninterrupted 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, if any, significant deficiencies 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 such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for Statutory Auditors. 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.

Paris-La Défense, March 22, 2019

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
David Dupont-Noel	Guillaume Crunelle	Jean-Christophe Goudard	François-Guillaume Postel

5.3 Parent company financial statements and notes

5.3.1 2018 Balance Sheet

Assets

(in millions of euros)	Notes	Dec. 31, 2017 net	Dec. 31, 2018 net
Licenses, trademarks and rights of use	(2-3-4)	107	105
Contractual relationships	(2-3-4-7)	11	1,007
Other intangible assets	(2)	56	43
INTANGIBLE ASSETS		174	1,155
Land	(2-4)	3	3
Buildings	(2-3-4)	3	3
Machinery and equipment	(2-4)	3	3
Other	(2-4)	28	23
Assets under construction	(2)	1	4
Prepayments to suppliers of property and equipment	(2)	0	-
PROPERTY AND EQUIPMENT		38	36
Shares in subsidiaries and affiliates	(2-6-7-19)	6,845	6,542
Loans and advances to subsidiaries and affiliates	(2-7-11-18-19)	5,522	1,700
Other investment securities	(2-6-7-19)	20	33
Other loans	(2-7-11-18)	1	0
Other investments	(2-7-18)	31	62
INVESTMENTS		12,419	8,337
Fixed assets		**12,631**	**9,528**
Prepayments to suppliers	(5)	5	7
Trade receivables	(5-7-11-18-19)	241	332
Other receivables	(5-7-11-18-19)	332	285
Marketable securities	(8-11)	287	1,644
Cash and cash equivalents	(11)	846	971
Current assets		**1,711**	**3,239**
Accruals and other assets			
Prepaid expenses	(9-18)	5	8
Deferred charges	(9)	39	32
Bond redemption premiums		5	4
Unrealized foreign exchange losses	(10)	19	43
Accruals and other assets		**68**	**87**
ASSETS	**(1)**	**14,410**	**12,854**

Liabilities and equity

(in millions of euros)	Notes	Dec. 31, 2017 net	Dec. 31, 2018 net
Share capital	(13-14)	870	848
Additional paid-in capital	(13-14)	2,473	2,166
Legal reserve	(13)	71	87
Untaxed reserves	(13)	9	9
Other reserves	(13-14)	11	11
Retained earnings	(13)	-	3,376
Net profit (loss) for the year	(13)	3,698	(60)
Shareholders' equity		**7,132**	**6,437**
Proceeds from issue of non-voting securities (perpetual hybrid bonds)	(15)	894	894
Other equity		**894**	**894**
Provisions for contingencies	(7)	68	61
Provisions for charges	(7)	68	114
Provisions for contingencies and charges		**136**	**175**
Other bonds	(12-16-17)	2,564	2,569
Bank borrowings	(12-17)	478	271
Other borrowings	(12-17-19)	2,833	2,045
Trade payables	(12-17-19)	261	303
Accrued taxes and payroll costs	(12-17-24)	81	86
Due to suppliers of fixed assets	(17)	8	14
Other payables	(12-17)	18	19
Liabilities		**6,243**	**5,307**
Deferred income	(9-17)	2	1
Unrealized foreign exchange gains	(10)	3	40
Accruals and other liabilities		**5**	**41**
LIABILITIES AND EQUITY	**(1)**	**14,410**	**12,854**

5.3.2 2018 Income Statement

(in millions of euros)	Notes	Dec. 2017 net	Dec. 2018 net
Sales of goods and services		915	992
NET REVENUE	(20)	915	992
Own work capitalized		28	36
Reversals of depreciation, amortization and provisions and expense transfers	(7)	36	28
Other income		1	3
Operating income		**980**	**1,059**
Purchases of goods for resale		1	-
Purchases of raw materials and supplies		-	-
Other purchases and external charges		789	821
Taxes other than on income		15	17
Wages and salaries	(21)	106	123
Payroll taxes		50	53
Depreciation, amortization and provision expense			
› Depreciation and amortization of fixed assets	(4)	50	53
› Additions to provisions for fixed assets	(7)	3	-
› Additions to provisions for current assets	(7)	5	13
› Additions to provisions for contingencies and charges	(7)	21	68
Other expenses	(21)	4	30
Operating expenses		**1,044**	**1,178**
OPERATING PROFIT (LOSS)		**(64)**	**(119)**
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)	2,330	570
Income from investment securities and long-term loans		-	-
Other interest income	(19)	15	10
Provision reversals and expense transfers	(7)	45	78
Foreign exchange gains		40	62
Financial income		**2,430**	**720**
Amortization and provisions – financial assets	(7)	322	436
Interest expense	(19)	136	145
Foreign exchange losses		36	68
Net expenses on sales of marketable securities		0	1
Financial expenses		**494**	**650**
NET FINANCIAL INCOME	**(22)**	**1,936**	**70**
RECURRING INCOME (EXPENSE) BEFORE TAX		**1,872**	**(49)**

(in millions of euros)	Notes	Dec. 2017 net	Dec. 2018 net
Non-recurring income from revenue transactions		15	1
Non-recurring income from capital transactions		5,333	2,333
Exceptional provision reversals and expense transfers	(7)	372	36
Non-recurring income		**5,720**	**2,370**
Non-recurring expenses on revenue transactions		7	1
Non-recurring expenses on capital transactions		3,944	2,390
Exceptional additions to depreciation, amortization and provisions	(7)	3	9
Non-recurring expenses		**3,954**	**2,401**
NET NON-RECURRING INCOME (EXPENSE)	**(23)**	**1,766**	**(30)**
Income tax expense	(24)	(60)	(19)
TOTAL INCOME		**9,130**	**4,149**
TOTAL EXPENSES		**5,432**	**4,209**
NET PROFIT (LOSS)		**3,698**	**(60)**

The financial statements of Accor SA have been prepared in accordance with French generally accepted accounting principles. All amounts are stated in millions of euros unless otherwise specified.

The notes below relate to the balance sheet at December 31, 2018 before appropriation of net profit or loss for the year, which shows total assets of €12,854 million, and to the income statement for the year then ended, which shows a net loss of €60 million.

The financial statements cover the 12-month period from January 1 to December 31, 2018.

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. Management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions.

The main estimates and judgments made by Management in the preparation of these financial statements concern the valuation and useful lives of intangible assets, property and equipment, and financial assets, as well as the amount of provisions for claims, litigation and contingencies and the assumptions underlying the calculation of pension obligations.

The main assumptions applied by the Company are presented in the relevant notes to the financial statements.

Highlights of 2018 were the disposal of 64.74% of the AccorInvest Group subsidiary and the 8.4% growth in revenue compared with 2017.

Notes 1 to 28 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 balance sheet and income statement have been prepared in accordance with French legal requirements, particularly regulation no. 2014-03 issued by the French accounting standards authority (*Autorité des Normes Comptables* – ANC).

The financial statements of Accor SA have been prepared in accordance with French generally accepted accounting principles, 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.

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, corresponding to:

- between two and five years for software; and
- between three and five years for licenses.

Leasehold rights, networks and trademarks with indefinite useful lives are not amortized. Their value is assessed whenever events or circumstances indicate that they may be impaired. If an assessment of fair value based on the same criteria as at the time of acquisition indicates the existence of a prolonged impairment in value, a provision is recorded.

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 year-end, the Company determines whether there are any indicators of impairment in value of its investments. Impairment indicators include:

- lower-than-expected economic performance;
- a drop in share price, rating downgrades; and
- steep falls in revenue or earnings.

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 investment is deemed to be the higher of its fair value or value in use.

Accor considers that the most appropriate method for measuring the fair value of its investments is to calculate its equity in the underlying net assets of the subsidiaries and affiliates concerned. Another method used for investments in hotel companies is to calculate their average EBITDA for the last two years and apply a multiple based on the type of hotels owned by the company concerned and their financial position. Accor also uses comparable recent transactions for the purpose of calculating fair values.

If the fair value of an investment is lower than the asset's carrying amount, the Company then also determines the investment's value in use, which corresponds to the present value of the future cash flows expected to be derived from the investment.

The value in use of investments in subsidiaries and affiliates is assessed using a range of indicators, including:

- the historical data used to value the investment at the time of acquisition;
- current profitability data and the current value of the underlying net assets;
- projections of future profitability, realizable values and economic trends.

If shares in subsidiaries and affiliates or other investment securities are deemed to be impaired, they are written down to the lower of their fair value or value in use, based on the impairment tests performed and taking into account their financial position. Where the company concerned is not certain of achieving operating profitability in the future, the investment is written down to an amount corresponding to the Company's equity in the underlying net assets. The measurement process also takes into account i) the maturity of the business (for example no provision is recorded for investments in companies that are in the start-up phase if their future profitability is assured) and ii) the fair value of certain of the subsidiary's assets that are not included in the balance sheet (*e.g.*, trademarks). Provisions for impairment recognized on these investments are not permanent and may be reversed if the financial position of the company concerned improves. However, any reversals of impairment provisions may not result in the investment's carrying amount being increased to above its historical cost.

Additional provisions may be recorded to write down loans and advances to the company concerned and, where necessary, a provision for contingencies is also recorded.

d) Inventory

Inventory is measured at the lower of cost or probable realizable value. Cost is determined by the weighted average cost method.

e) 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.

f) Receivables

Receivables are recognized at nominal value and provisions for impairment are subsequently recorded if their fair value is lower than their carrying amount.

g) Marketable securities

Marketable securities are stated at cost. A provision for impairment may be booked at year-end depending on market value.

h) 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 on a straight-line basis 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.

i) Untaxed provisions

Hotel fixed assets may be depreciated by the reducing balance method for tax purposes. Any difference between straight-line depreciation recorded in the accounts and reducing balance depreciation calculated for tax purposes is recorded as excess tax depreciation in shareholders' equity.

j) 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.

k) Provisions for pensions and other post-employment benefit obligations

The Company's total obligation for the payment of pensions and other post-retirement 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 provision recorded in the balance sheet is equal to the discounted value of the defined benefit obligation, plus or minus any actuarial differences, which are taken to the income statement in the year 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).

l) Paid vacation

Effective January 1, 2018, vacation rights are acquired and vacation is taken in the same fiscal year. As a result, an accrual is no longer recorded at the year-end.

m) 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.

n) Other equity

On June 30, 2014, Accor placed a €900 million issue of perpetual hybrid bonds. The bonds have no maturity date but are first callable as from June 30, 2020.

They have been classified as "Other equity" in the Company's balance sheet and the €6 million issue premium has been 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 being amortized through the income statement.

o) Foreign currency transactions

Income and expenses in foreign currencies are converted into euros at the exchange rate prevailing on the transaction date.

Payables, receivables, 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 "Accruals and other assets/liabilities" in the balance sheet and cash conversion differences are recorded in the income statement.

No provision for exchange losses is recorded for loans and borrowings denominated in the same currency with broadly equivalent maturities.

p) Financial instruments

Effective from January 1, 2017, the Company applies the provisions of regulation ANC 2015-05 concerning derivative instruments and hedging transactions.

Application of this regulation has led to the recognition in the balance sheet of forward contracts acquired as hedges of recognized assets or liabilities.

q) Currency risks

Currency risks arising on the conversion of euro cash reserves into foreign currencies to meet part of the financing needs of foreign subsidiaries are hedged by currency swaps with the same maturities as the loans to subsidiaries.

r) Income tax expense

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 Articles 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.

In accordance with tax regulations applicable since January 1, 2005, provisions for unrealized long-term losses on securities are not offset against unrealized capital gains on the same class of investments.

s) Stock options and performance shares

Accor SA launches performance share plans and/or employee stock option plans each year and has launched several plans since 2006, with vesting periods of between two and four years. 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, 2018.

note 2 MOVEMENTS IN FIXED ASSETS

(in millions of euros)	Gross value at Jan. 1, 2018	Acquisitions and inter-item transfers	Retirements and disposals and inter-item transfers	Other	Gross value at Dec. 31, 2018
Trademarks and rights of use	59	-	-	-	59
Licenses and software	242	32	(37)	-	237
Contractual relationships	10	998	-	1	1,009
Other intangible assets	59	31	(44)	-	46
Prepayments to suppliers of intangible assets	-	-	-	-	-
Intangible assets	**370**	**1,061**	**(81)**	**1**	**1,351**
Land	4	-	-	(1)	3
Buildings	22	-	(3)	-	19
Machinery and equipment	6	-	-	-	6
Other property and equipment	88	6	(11)	-	83
Assets under construction	1	4	(1)	-	4
Prepayments to suppliers of property and equipment	0	-	-	-	0
Property and equipment	**121**	**10**	**(15)**	**(1)**	**115**
Shares in subsidiaries and affiliates(1)	8,680	3,666	(2,674)	(1,080)	8,592
Loans and advances to subsidiaries and affiliates(2)	5,596	1,160	(4,950)	(20)	1,786
Other investment securities(1)	20	10	-	4	34
Other loans	8	-	(5)	-	3
Other investments	31	31	-	-	62
Investments	**14,335**	**4,867**	**(7,629)**	**(1,096)**	**10,477**
FIXED ASSETS	**14,826**	**5,938**	**(7,725)**	**(1,096)**	**11,943**

(1) See note 6 for a breakdown of the aggregate €74 million decrease in these items.
(2) The decrease in this item reflects the combined effect of new loan originations and loans maturing during the year.

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 the technical deficit on the FRHI Holdings merger, and contractual customer relationships associated with the hotel reservation call center and hotel management contracts.

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, 2018	Increase	Decrease	At Dec. 31, 2018
Trademarks and rights of use	-	-	-	-
Licenses and software	176	28	(36)	168
Contractual relationships	-	2	-	2
Other intangible assets	3	1	(1)	3
Intangible assets	**179**	**31**	**(37)**	**173**
Land	1	-	-	1
Buildings	20	0	(4)	16
Machinery and equipment	3	1	-	4
Other property and equipment	59	9	(11)	57
Property and equipment	**83**	**10**	**(15)**	**78**
FIXED ASSETS[1]	**262**	**41**	**(52)**	**251**

(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, 2017 Gross amount	Dec. 31, 2018 Gross amount
Prepayments to suppliers	**5**	**7**
Trade receivables	**254**	**343**
Other receivables	**370**	**334**
Supplier-related receivables	4	4
Recoverable VAT and other taxes	130	81
Current accounts with subsidiaries	217	227
Other	19	22
RECEIVABLES	**629**	**684**

(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, 2018
ORIENT EXPRESS	60,223	24	50.00%
ONEPARK	7,128	10	15.00%
MOVENPICK HOTELS RESORTS MANAGEMENT AG	157,500	170	33.33%
MP INVEST AG	3,929,216	392	100.00%
ACCOR SBE ACQUISITION CORP	1,000	102	100.00%
PROPERLY	671,141	1	8.86%
TRIBE HOTEL	5,775,000	9	55.00%
CATHAY INNOVATION	20,000	10	N/D
ACQUISITIONS		**718**	

Additional investments	Number of shares acquired	% acquired	Amount *(in millions of euros)*	% interest at Dec. 31, 2018
ACCOR INVEST GROUP	341,623,775	-	2,540	28.49%(1)
FHH	27,643,940	-	111	0.00%(1)
ACCORHOTELS DEUTSCHLAND GMBH	-	-	100	100.00%(2)
ACCORHOTELS CHILE	89,850	-	76	100.00%(2)
RIXOS	-	-	34	50.00%(3)
CONCIERGE HOLDING COMPANY LIMITED	7,237,480	23.16%	31	0.00%(1)
AAPC AUSTRALIA	37,165,171	-	23	18.10%(2)
TOWN AND SHELTER	1,260	15.00%	7	45.00%(2) (4)
ACCORHOTELS PERU	24,906,985	-	7	100.00%(2)
VERYCHIC	-	-	6	0.00%(3)
FASTBOOKING	-	-	6	0.00%(1)
MAMA SHELTER	9,400	5.16%	4	25.35%
TAMARIS ANONIM SIRKETI	477,000	-	4	99.99%(2)
ACTIMOS	2,836,990	-	3	100.00%(1)
TRAVEL KEYS	-	0.00%	3	100.00%(3)
AVAILPRO	9,315	7.35%	2	0.00%(5)
AVAILPRO	-	-	1	0.00%(3)
ACQUISITIONS			**2,958**	

(1) Percent interest held following a share issue and before a sale or merger – see next sections.
(2) Partial or full take-up of shares in connection with a share issue.
(3) Contingent consideration.
(4) Acquisition raising the Company's interest to more than 33.1/3%.
(5) Percent interest held following an acquisition and before a sale or merger – see next sections.

Disposals	Number of shares sold	% sold	Carrying amount derecognized *(in millions of euros)*	% interest at Dec. 31, 2018
ACCOR INVEST GROUP	313,537,730	64.74%	(2,331)	28.49%
Disposals			**(2,331)**	
ACTIMOS	3,155,086		-	100.00%[1]
ACCOR POLSKA	-		(23)	100.00%[2]
FRHI HOTELS & RESORTS	2,254,618		(282)	100.00%[1]
Capital reductions			**(305)**	
SCI EVPA	18,985		(3)	0,00%
LA THERMALE DE FRANCE	1,494,045		(32)	0,00%
ROYALE FONTAINEBLEAU	13,998		(3)	0,00%
Liquidations			**(38)**	**-**
DISPOSALS			**(2,674)**	**-**

(1) Decrease in the carrying amount of Accor's investment following a capital reduction with the cancellation of shares.
(2) Decrease in the carrying amount of Accor's investment following a capital reduction without the cancellation of shares.

Other movements	Number of shares	% involved	Amount *(in millions of euros)*	% interest at Dec. 31, 2018
Bonds				
TRAVELSIFY	40,000		4	
Capital contributions				
ACTIMOS				
VERYCHIC SHARES contributed to ACTIMOS	(177,976)		(21)	0.00%
AVAILPRO SHARES contributed to ACTIMOS	(114,824)		(26)	0.00%
FASTBOOKING SAS SHARES contributed to ACTIMOS	(9,555,829)		(39)	0.00%
BGVM SHARES contributed to ACTIMOS	(20,625)		(1)	0.00%
FHH SHARES contributed to ACTIMOS	(27,644,940)		(111)	0.00%
CONCIERGE HOLDING COMPANY LIMITED SHARES contributed to ACTIMOS	(36,409,748)		(144)	0.00%
Remuneration for contributions to ACTIMOS: ACTIMOS shares received	53,538,342		235	100.00%
Mergers				
FRHI HOLDINGS LIMITED MERGED INTO ACCOR SA				
FRHI HOLDINGS LIMITED SHARES			1,437	100.00%
FRHI HOTELS & RESORTS SHARES			(2,410)	0.00%
OTHER MOVEMENTS			**(1,076)**	

ACQUISITIONS	**3,676**	
DISPOSALS AND LIQUIDATIONS	**(2,674)**	
OTHER MOVEMENTS	**(1,076)**	
MOVEMENTS	**(74)**	

note 7 MOVEMENTS IN PROVISIONS

(in millions of euros)	At Jan. 1, 2018	Increase	Decrease: Surplus provisions	Decrease: Utilized provisions	Other movements	At Dec. 31, 2018
Claims and litigation	4	3	(1)	-	1	7
Foreign exchange losses	16	-	(8)	-	-	8
Other provisions for contingencies[1]	48	3	(5)	-	-	46
PROVISIONS FOR CONTINGENCIES	**68**	**6**	**(14)**	**-**	**1**	**61**
Pensions and other post-employment benefit obligations[4]	46	16	(1)	(1)	-	60
Taxes	7	-	-	(1)	-	6
Other	15	50	(1)	(15)	(1)	48
PROVISIONS FOR CHARGES[2]	**68**	**66**	**(2)**	**(17)**	**(1)**	**114**
Untaxed provisions and provisions forcontingencies and charges	**136**	**(72)**	**(16)**	**(17)**	**-**	**175**
Intangible assets	16	8	-	-	-	24
Property and equipment	-	2	-	-	-	2
Investments*	1,916	422	(92)	-	(107)	2,139
Trade receivables	12	3	(5)	-	-	10
Other receivables*	38	17	(6)	-	-	49
Provisions for impairment in value[3]	**1,982**	**452**	**(103)**	**-**	**(107)**	**2,224**
PROVISIONS	**2,118**	**524**	**(119)**	**(17)**	**(107)**	**2,399**

Income statement impact of movements in provisions	Increase	Decrease
Operating income and expenses	81	(23)
Financial income and expenses	433	(77)
Non-recurring income and expenses	10	(36)
TOTAL	**524**	**(136)**

* *Recorded in accordance with the accounting policy described in note 1c.*

(1) *Other provisions for contingencies mainly comprised €46 million in provisions for risks related to subsidiaries. These provisions are set aside after taking into account provisions for shares in and loans and advances to subsidiaries and affiliates.*
Movements in this item primarily reflect i) additions to provisions for subsidiaries in an amount of €3 million and ii) reversals of provisions for subsidiaries amounting to €5 million.

(2) *At the year-end, total provisions for charges included i) €60 million in provisions for pensions and long-service bonuses, ii) €6 million in provisions for taxes and iii) €45 million in restructuring provisions.*
Additions to and reversals of provisions for pensions and other post-retirement benefit obligations amounted to €16 million and €2 million, respectively.
A total of €1 million was reversed from provisions for taxes following the payment of tax reassessments arising from a tax audit covering the years 2013, 2014 and 2015.
Movements in other provisions for charges corresponded to €50 million in additions to provisions for restructuring costs and €16 million in reversals from restructuring provisions.

(3) *These provisions mainly concern impairment in value of shares in subsidiaries and affiliates, and current accounts and loans and advances to subsidiaries and affiliates, with the 2018 year-end balance primarily corresponding to write-downs of CIWLT (€847 million), IBL (€661 million), Accor Hotels Belgium (€171 million), Turambar (€95 million), STARTOM Hospitality (€54 million), Belle Rivière Hôtel (€58 million), ACCOR UK (€57 million), Chammans (€36 million), HOLPA (€29 million) and Société Hôtelière de Montparnasse (€26 million).*
Movements for the year broke down as €422 million in additions, €92 million in reversals and €107 million in provisions derecognized on shares contributed to Actimos. Additions primarily concerned Accor Hotels Belgium (€171 million), CHCL (€91 million), Accor UK (€57 million) and Chammans (€36 million). Reversals mainly concerned CIWLT (€46 million) and La Thermale de France (€32 million).

(4) *Pension benefit obligations and underlying actuarial assumptions.*

	2017 General Plan	2017 Senior Executive Plan	2018 General Plan	2018 Senior Executive Plan
Discount rate	1.6%	1.6%	1.6%	1.6%
Mortality tables	TG05 Générationnelle INSEE	TG05 Générationnelle INSEE	TG05 Générationnelle INSEE	TG05 Générationnelle INSEE
Rate of future salary increases	3.00%	4%	3.00%	4.00%
Retirement age	65 years	Between 62 and 67, depending on the age when the participant started work and the contribution period	65 years	Between 62 and 67, 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: › between 12% and 4.5% for managerial employees and 0% as from 55 years of age.	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%

	2017	2018
Provisions for pensions and other post-employment benefit obligations at Jan. 1	56	46
Service cost	6	5
Interest expense	1	1
Actuarial (gains)/losses	(8)	9
Curtailments and settlements	(5)	-
Benefits/contributions paid	(1)	(1)
Other movements	(3)	-
PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DEC. 31	**46**	**60**

note 8 MARKETABLE SECURITIES PORTFOLIO

(in millions of euros)	Dec. 31, 2017 Gross amount	Dec. 31, 2018 Gross amount
Mutual fund units	32	31
Money market funds	155	762
Term deposits	100	850
MARKETABLE SECURITIES PORTFOLIO	**287**	**1,643**

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, 2018.

note 9 ACCRUALS AND OTHER ASSETS/LIABILITIES

(in millions of euros)	Net at Jan. 1, 2018	Increase	Decrease	Net at Dec. 31, 2018
Debt issuance costs	39	4	(11)	32
DEFERRED CHARGES	**39**	**4**	**(11)**	**32**
Issue premiums	5	1	(2)	4
BOND ISSUE PREMIUMS	**5**	**1**	**(2)**	**4**
Prepaid IT rental and maintenance costs	3	-	-	3
Prepaid property rents	1	-	-	1
Other	1	3	-	4
PREPAID EXPENSES	**5**	**3**	**-**	**8**
Marketing fund	1	-	-	1
Other movements	1	-	(1)	-
DEFERRED INCOME	**2**	**-**	**(1)**	**1**

note 10 UNREALIZED FOREIGN EXCHANGE GAINS AND LOSSES

Assets

(in millions of euros)	2017	2018
Decrease in receivables	12	36
Increase in payables	7	8
ASSETS	**19**	**44**

Liabilities and equity

(in millions of euros)	2017	2018
Increase in receivables	1	3
Decrease in payables	2	37
LIABILITIES AND EQUITY	**3**	**40**

note 11 ACCRUED INCOME

Accrued income is included in the following balance sheet items

(in millions of euros)	2017	2018
Loans and advances to subsidiaries and affiliates	2	6
Trade receivables	135	156
Other loans	1	-
Current accounts with subsidiaries	1	1
Money market securities	8	7
ACCRUED INCOME	**147**	**170**

note 12 ACCRUED EXPENSES

Accrued expenses are included in the following balance sheet items

(in millions of euros)	2017	2018
Bonds	40	40
Bank borrowings	22	33
Other borrowings	1	2
Trade payables	215	228
Accrued taxes and payroll costs	57	60
Other payables	-	12
ACCRUED EXPENSES	**335**	**375**

note 13 CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	At Dec. 31, 2017	Appropriation of 2017 net profit	Capital increase/ reduction	Other	2018 net profit (loss)	At Dec. 31, 2018
Number of shares making up the Company's capital[1]	290,122,153	-	864,412	(8,378,765)	-	282,607,800
Share capital	870	-	3	(25)	-	848
Additional paid-in capital	2,473	-	19	(326)	-	2,166
Legal reserve	71	16	-	-	-	87
Untaxed reserves	9	-	-	-	-	9
Other reserves	11	-	-	-	-	11
Retained earnings	-	3,377	-	(1)	-	3,376
Net profit (loss)	3,698	(3,698)	-	-	(60)	(60)
SHAREHOLDERS' EQUITY	**7,132**	**(305)**[2]	**22**[3]	**(352)**[4]	**(60)**	**6,437**

(1) With a par value of €3 per share.
(2) €305 million in dividends paid on May 15, 2018.
(3) Shares issued under free share plans or on the exercise of employee stock options.
(4) Cancellation of 8,378,765 shares held in treasury stock, leading to a €25 million reduction in share capital and a €326 million reduction in additional paid-in capital.

Potential shares: if all employee stock options had been exercised and performance shares granted at December 31, 2018, the number of issued shares would have been increased by 3,972,688, raising the Company's shareholders' equity by €13.3 million.

note 14 STOCK OPTION AND PERFORMANCE SHARE PLANS

Stock option plans	Plan 20	Plan 21	Plan 22	Plan 23	Plan 24	Plan 25	Plan 26	Plan 27
Grant date	04/02/2010	04/02/2010	11/22/2010	04/04/2011	04/04/2011	03/27/2012	03/27/2012	09/26/2013
Expiration date	04/02/2018	04/02/2018	11/22/2018	04/04/2019	04/04/2019	03/27/2020	03/27/2020	09/26/2021
Post-demerger exercise price *(in euros)*	26.66	26.66	30.49	31.72	31.72	26.41	26.41	30.13
Value used for calculating the contribution sociale surtax *(in euros)*(1)	10.28	9.44	9.25	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	4 years of seniority + performance conditions(3)	4 years of seniority	4 years of seniority + performance conditions(3)	4 years of seniority + performance conditions(3)
NUMBER OF OPTIONS OUTSTANDING AT DEC. 31, 2017	**383,188**	**12,724**	**84,916**	**388,892**	**30,469**	**336,595**	**20,727**	**10,000**
Number of options granted in 2018	-	-	-	-	-	-	-	-
Number of options exercised in 2018	354,905	12,724	84,916	177,798	20,703	122,295	6,836	-
Number of options canceled in 2018	28,283	-	-	-	-	-	-	-
NUMBER OF OPTIONS OUTSTANDING AT DEC. 31, 2018	**-**	**-**	**-**	**211,094**	**9,766**	**214,300**	**13,891**	**10,000**
Number of options exercised since the plan launch	2,095,396	77,191	92,448	367,210	23,437	280,605	6,836	-
Number of options canceled since the plan launch	523,374	76,287	-	43,450	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 share performance relative to the overall performance of the CAC 40 index for 2010, 2011, 2012 and 2013.
(3) Performance condition based on the Accor TSR versus *the TSR of eight other international hotel groups.*

Performance share plans	2014 Plan	2014 Plan	2015 Plan	2015 Plan	2016 Plan	2016 Plan
Grant date	18/06/2014	18/06/2014	16/06/2015	16/06/2015	16/06/2016	26/10/2016
Expiration date	18/06/2018	18/06/2018	16/06/2019	16/06/2019	16/06/2019	26/10/2019
Value used for calculating the contribution sociale surtax *(in euros)*	34.82	32.93	42.00	38.40	30.72	29.41
Vesting conditions	2 performance conditions(1)	4 performance conditions(2)	2 performance conditions(3)	4 performance conditions(4)	3 performance conditions(5)	3 performance conditions(5)
Number of shares granted at the plan launch	79,850	22,000	326,290	153,800	491,690	14,525
POTENTIAL NUMBER OF NEW SHARES ISSUABLE AT DEC. 31, 2017 IF PERFORMANCE CONDITIONS MET	**67,900**	**21,450**	**293,805**	**141,339**	**471,995**	**14,425**
Number of performance shares granted in 2018	-	-	-	-	-	-
Number of performance shares vested in 2018	62,100	21,450	410	-	275	-
Number of performance shares forfeited in 2018	5,800	-	17,917	7,476	35,085	-
Number of performance shares canceled in 2018 due to failure to achieve the performance conditions	-	-	-	-	-	-
POTENTIAL NUMBER OF NEW SHARES ISSUABLE AT DEC. 31, 2018 IF PERFORMANCE CONDITIONS MET	**-**	**-**	**275,478**	**133,863**	**436,635**	**14,425**
Number of performance shares vested since the plan launch	62,300	21,450	410	-	275	-
Number of performance shares forfeited or canceled since the plan launch	17,550	550	54,780	19,937	44,780	100

(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's TSR* **versus** *the TSR of eight other international hotel groups.*
(3) Performance condition based on actual **versus** *budgeted EBIT margin, and actual* **versus** *budgeted operating cash flow excluding acquisitions and disposals.*
(4) 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.*
(5) 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.*
(6) Performance condition based on actual **versus** *budgeted cumulative consolidated EBIT and the average Accor share price* **versus** *a benchmark price.*

2017 Plan	2017 Plan	2017 Plan	2017 Plan	2018 Plan	2018 Plan
30/06/2017	20/06/2017	18/10/2017	14/12/2017	26/06/2018	17/10/2018
30/06/2020	20/06/2020	18/10/2020	14/12/2020	26/06/2021	17/10/2021
34.34	10.35	36.01	10.71	35.24	35.00
3 performance conditions(5)	2 performance conditions(6)	3 performance conditions(5)	2 performance conditions(6)	3 performance conditions(5)	3 performance conditions(5)
570,579	1,304,754	27,340	141,168	632,462	22,830
562,229	**1,304,754**	**27,340**	**141,168**	**-**	**-**
-	-	-	-	632,462	22,830
-	-	-	-	-	-
17,496	20,501	-	1,096	8,454	-
-	-	-	-	-	-
544,733	**1,284,253**	**27,340**	**140,072**	**624,008**	**22,830**
-	-	-	-	-	-
25,846	20,501	-	1,096	8,454	-

note 15 OTHER EQUITY

In line with its strategy of increasing the maturity of its borrowings and ensuring the sustainability of its financial resources, in 2014 Accor placed a €900 million issue of perpetual hybrid bonds.

These bonds have no maturity date, but are first callable as from June 30, 2020.

(in millions of euros)	Currency	Original issue amount	Fixed/ variable rate	Interest rate	Outstanding principal at Dec. 31, 2017	Outstanding principal at Dec. 31, 2018
June 2014 issue of perpetual hybrid bonds	Euros	900	Fixed	4.125%	900	900
Issue premium on perpetual hybrid bonds	Euros				(6)	(6)
OTHER EQUITY					**894**	**894**

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, 2017	Outstanding principal at Dec. 31, 2018
March 2013 bond issue	Euros	600	600	Fixed	2.500%	6 years	335	335
February 2014 bond issue	Euros	900	900	Fixed	2.625%	7 years	900	900
June 2014 bond issue	Swiss francs	150	123	Fixed	1.750%	8 years	128	133
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
OTHER BONDS							**2,523**	**2,528**

note 17 LIABILITIES BY MATURITY

(in millions of euros)	Gross amount 2018	Due within 1 year	Due in 1-5 years	Due beyond 5 years
Bonds	2,569	376	1,593	600
Bank borrowings	271	271	-	-
Other borrowings(2)	2,045	2,045	-	-
BORROWINGS(1)(3)	4,885	2,692	1,593	600
Trade payables(3)	303	303	-	-
OPERATING PAYABLES	303	303	-	-
Accrued taxes and payroll costs(3)	86	86	-	-
Due to suppliers of fixed assets(3)	14	14	-	-
Other payables(3)	19	19	-	-
Deferred income(3)	1	1	-	-
MISCELLANEOUS PAYABLES	120	120	-	-
LIABILITIES	**5,308**	**3,115**	**1,593**	**600**

(1) Gross amount of new borrowings during the year: €57 million.
Gross amount of borrowings repaid during the year: €1,065 million.
(2) Including €2,010 million due to related parties.
(3) Breaking down as follows by currency:

Liabilities by currency	
CNY	35
AUD	49
CAD	8
CHF	226
EUR	4,780
GBP	12
HKD	9
ILS	2
JPY	1
MAD	1
MXN	5
NZD	22
SEK	4
SGD	8
USD	146
BY CURRENCY	**5,308**

Financing policy

At December 31, 2018, 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 RECEIVABLES BY MATURITY

(in millions of euros)	Gross amount 2018	Due within 1 year	Due beyond 1 year
Loans and advances to subsidiaries and affiliates	1,786	559	1,227
Other loans	3	2	1
Other investments	62	31	31
FIXED ASSETS	1,851	592	1,259
Trade receivables	343	343	-
Other receivables	334	334	-
Prepaid expenses	8	8	-
CURRENT ASSETS	685	685	-
RECEIVABLES[(1)]	**2,536**	**1,277**	**1,259**

(1) Breaking down as follows by currency:

Receivables by currency	
AED	8
AUD	687
CHF	17
CNY	35
DZD	1
EUR	1,325
GBP	129
HKD	9
ILS	2
JPY	35
MXN	5
NZD	23
SGD	7
USD	253
BY CURRENCY	**2,536**

note 19 RELATED PARTY ITEMS[1]

(in millions of euros)	2017	2018
Shares in subsidiaries and affiliates	8,508	7,312
Loans and advances to subsidiaries and affiliates	5,595	1,607
Trade receivables	136	155
Other receivables	215	227
Borrowings	2,694	2,010
Trade payables	57	103
Income from investments in subsidiaries and affiliates	2,302	525
Other financial income	29	44
Financial expenses	10	10

(1) Companies that are fully consolidated in the Group's consolidated financial statements are deemed to be related parties.

note 20 BREAKDOWN OF NET REVENUE

(in millions of euros)	2017	2018
France	538	528
International	377	464
NET REVENUE	**915**	**992**

note 21 DIRECTORS' FEES, EXECUTIVE COMPENSATION AND HEADCOUNT

Compensation paid to members of the Company's administrative and supervisory bodies

(in millions of euros)	2017	2018
Directors' fees	1.00	1.02
Members of the Executive Committee (excl. payroll taxes)	9.05	11.51

Headcount

Employee category	2017	2018
Managerial staff	1,020	1,079
Supervisors	143	150
Administrative staff	69	65
Apprentices	53	49
HEADCOUNT	**1,285**	**1,343**

The Company had 1,343 employees at December 31, 2018, including 25 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 22 FINANCIAL INCOME AND EXPENSES

(in millions of euros)	2017	2018
Dividends received from subsidiaries	2,304	525
Interest received on intragroup loans and receivables	26	45
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND AFFILIATES	2,330	570
INCOME FROM INVESTMENT SECURITIES AND LONG-TERM LOANS	-	-
Interest on current accounts	3	2
Interest on loans and advances	0	-
Interest on marketable securities	-	-
Interest on bank deposits	3	3
Interest on interest rate swaps	8	8
Interest on currency swaps	(1)	(5)
Other	2	2
OTHER INTEREST INCOME	15	10
Bond issue premiums	1	1
Reversals of provisions for shares in subsidiaries and affiliates	33	52
Reversals of provisions for loans and advances to subsidiaries and affiliates	1	5
Reversals of provisions for other receivables	-	-
Reversals of provisions for contingencies and charges	10	14
Reversals of provisions for current assets	-	6
Expense transfers	-	-
REVERSALS OF PROVISIONS FOR FINANCIAL ITEMS	45	78
FOREIGN EXCHANGE GAINS	40	62
Financial income	**2,430**	**720**
Interest on bonds	(72)	(55)
Interest on bank borrowings	(37)	(37)
Interest on other borrowings	(19)	(17)
Interest on interest rate swaps	(5)	(5)
Interest on currency swaps	3	(5)
Other	(6)	(26)
INTEREST EXPENSE	(136)	(145)
Additions to provisions for shares in subsidiaries and affiliates	(266)	(410)
Additions to provisions for loans	(4)	(12)
Additions to provisions for current assets	(19)	(7)
Amortization of bond issue premiums	(2)	(2)
Additions to provisions for contingencies and charges	(31)	(5)
AMORTIZATION AND PROVISIONS – FINANCIAL ASSETS	(322)	(436)
FOREIGN EXCHANGE LOSSES	(36)	(68)
NET EXPENSES ON SALES OF MARKETABLE SECURITIES	-	(1)
Financial expenses	**(494)**	**(650)**
NET FINANCIAL INCOME	**1,936**	**70**

note 23 NON-RECURRING INCOME AND EXPENSES

In 2018, total non-recurring items before tax represented a net expense of €31 million.

Non-recurring items break down as follows:

(in millions of euros)	2017	2018
Non-recurring income and expenses on revenue transactions(1)	7	0
Gains (losses) on disposals of intangible assets and property and equipment(2)	116	(8)
Gains (losses) on disposals and liquidations of investments(3)	1,308	(36)
Reversals of provisions for contingencies and charges	9	1
Reversals of provisions for shares in subsidiaries(4)	355	35
Amortization and provisions – financial assets	(3)	(10)
Other non-recurring expense(5)	(34)	(13)
Reversals of provisions for excess tax depreciation	8	-
NET NON-RECURRING INCOME (EXPENSE)	**1,766**	**(31)**

(1) *In 2017, this item mainly comprised interest received on a tax refund (***dégrèvement de la quote-part frais et charges sur dividendes***) for the years 2009 to 2013 (€7 million) and interest receivable on the refund of the 3% tax on distributed earnings for the years 2013 to 2017 (€3 million), less tax benefits refunded by Accor to subsidiaries that left the tax group in 2018 (€3 million).*

(2) *Corresponding mainly to costs incurred for discontinued capital projects (€7 million). In 2017, this item consisted mainly of gains on the sale of property and equipment and intangible assets, recognized in connection with the AccorInvest spin-off (€117 million).*

(3) *Primarily corresponding to losses on company liquidations, including La Thermale de France (€32 million). In 2017, this item mainly comprised gains and losses on disposals and contributions of investments in connection with the AccorInvest spin-off (€1,313 million) and a loss on the sale of Oasis Collection (€5 million).*

(4) *In 2018, the provision for impairment of La Thermale de France shares was reversed in connection with this company's liquidation. In 2017, this item mainly comprised reversals of provisions for impairment of shares in subsidiaries and affiliates (€340 million) and provisions for impairment of current assets (€15 million) of companies sold or contributed in connection with the AccorInvest spin-off.*

(5) *In 2018, this item corresponds to expenses rebilled by AccorInvest. In 2017, this item included an expense of €28 million corresponding to the discount on sold current account advances and a €6 million provision set aside for income tax on capital gains realized on the sale of hotel businesses and properties in connection with the AccorInvest spin-off.*

note 24 INCOME TAX

a) Accor SA income tax

(in millions of euros)	2017	2018
Group relief	19	21
Adjustment to prior-year tax benefit	24	1
Corporate income tax, withholding tax and other taxes	17	(2)
ACCOR SA INCOME TAX	**60**	**20**

In 2018, the Company's contribution to the tax group was a loss of €151.3 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 €20.6 million in 2018.

c) Tax group

The tax group headed by Accor SA comprises the following 27 subsidiaries:

ACCOR Afrique	Hotel Homes	SODETIS
Actimos	Tour Eiffel snc	SOLUXURY HMC SARL
Chammans Finance	Mer et Montagne SNC	SOPARAC
CIWLT Succursale France	New Lifestyle Hotels	SOPARFI
DEVIMCO	PROFID	Sté Comtoise Hôtels Brochets
EHS SNC	Roissypole Management Hôtels SNC	Sté Française de Participations et d'Investissements Européens
Fastbooking	SH Du Montparnasse SNC	Sté Management Intermarques
ibis *budget*	SHEMA	Sté Participations et d'Investissements de Motels
IBL	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.

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, Accor 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 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 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 25 DEFERRED TAX

Additions and reversals of non-deductible provisions recorded in 2018 by subsidiaries that form part of the Accor tax group represented a net non-taxable reversal of provisions of €57.8 million, resulting in a €19 million reduction in deferred tax assets calculated at the rate of 28% to a threshold of €500,000 and at the rate of 33.33% above €500,000 (excluding the 3.3% contribution sociale surtax on corporate income tax).

note 26 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, 2018:

At December 31 *(in millions of euros)*	**2017**	**2018**
Fixed lease payment commitments given to subsidiaries	421	297
Variable lease payment commitments given to subsidiaries	470	148
LEASE PAYMENT COMMITMENTS GIVEN	**890**	**444**

Other off-balance sheet commitments

Other off-balance sheet commitments given at December 31, 2018 break down as follows:

At December 31 *(in millions of euros)*	**2017**	**2018**
COMMITMENTS GIVEN (LIABILITIES)		
Pledge of BRH shares[1]	0	0
Hotel purchase commitments	0	0
Other purchase commitments	35	485
Pledge of networks and securities – France	0	0
TOTAL PURCHASE COMMITMENTS	35	485
Construction performance bonds – France	0	0
TOTAL WORKS COMMITMENTS	0	0
Guarantees given[2]	32	41
Guarantees for confirmed credit lines[3]	12	32
Guarantees for bank borrowings[3]	4	3
Guarantees given to third parties	29	0
Guarantees for liabilities	87	68
TOTAL GUARANTEE COMMITMENTS	164	145
COMMITMENTS GIVEN IN THE NORMAL COURSE OF BUSINESS	-	-
COMMITMENTS GIVEN	**199**	**630**

(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, 2018.
(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 €23 million at December 31, 2018.
(3) Accor has given guarantees for borrowings (€3 million).

note 27 SUBSEQUENT EVENTS

Public offer for all outstanding shares of Orbis

On November 26, 2018, Accor SA, which held 47.69% 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 47.31% of the capital) at a price of PLN 87 per share. The offer opened on December 17, 2018 and on January 10, 2019 Accor increased the offer price to PLN 95 per share. At the close of the offer period, on January 28, 2019, shares representing 32.19% of Orbis' capital had been tendered to the offer, allowing Accor SA to raise its interest in the company to 79.88% at a cost of €338 million.

Refinancing transactions

On January 24, 2019, Accor SA successfully placed two bond issues for a total of €1.1 billion:

- a €600 million 7-year senior bond issue with a 1.75% coupon;
- a €500 million perpetual hybrid bond issue with a 4.375% coupon; in light of the bonds' characteristics, they will be recognized as equity in the consolidated financial statements, in accordance with IAS 32.

The issue proceeds were used to finance the partial repurchase of two bond issues:

- €350 million on 2021 bonds (€900 million 2.625% bond issue in two tranches: €750 million issued in February 2014 and €150 million issued in September 2014); and
- €386 million on perpetual hybrid bonds (€900 million Undated 6 Year Non-Call Deeply Subordinated Fixed to Reset Rate Bonds issued in June 2014).

The Group will also redeem at maturity a €335 million bond issue due March 2019. These liability management transactions have extended the average maturity of Group debt by more than one year, while also optimizing its borrowing costs.

note 28 MAIN SUBSIDIARIES AND AFFILIATES

		(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	(6,767)	100.00%
IBL, 82, rue Henri Farman 92130 Issy-les-Moulineaux[2]	EUR	28,767	18,288	100.00%
SOLUXURY HMC, 82, rue Henri Farman 92130 Issy-les-Moulineaux[2]	EUR	10,226	1,381	100.00%
CHAMMANS, 82, rue Henri Farman 92130 Issy-les-Moulineaux[2]	EUR	102,048	97,589	100.00%
PROFID, 82, rue Henri Farman 92130 Issy-les-Moulineaux[2]	EUR	3,500	13,186	100.00%
ACCOR AFRIQUE, 2, rue de la Mare Neuve 91000 Évry	EUR	29,709	115,901	100.00%
ACTIMOS, 82, rue Henri Farman 92130 Issy-les-Moulineaux[2]	EUR	58,838	176,544	100.00%
SFPIE, 82, rue Henri Farman 92130 Issy-les-Moulineaux[2]	EUR	15,129	(2,218)	99.99%
AH FLEET SERVICES, 82, rue Henri Farman 92130 Issy-les-Moulineaux[2]	EUR	31,000	-	99.00%
b) Foreign subsidiaries				
ACCOR SUISSE SA (Switzerland)[2]	CHF	14,300	42,416	100.00%
ACCOR POLSKA (Poland)[2]	PLN	73,001	3,618	100.00%
ACCOR UK LTD (United Kingdom)[2]	GBP	85,530	389,890	100.00%
ACCORHOTELS BELGIUM (Belgium)[2]	EUR	1,172,727	149,006	100.00%
ACCORHOTELS DEUTSCHLAND GMBH (Germany)[2]	EUR	500	106,844	100.00%
BELLE RIVIÈRE HOTEL (Mauritius)[2]	MUR	1,420,000	(2,745,442)	100.00%
SOCIEDAD IMMOBILIARIA HOTELA DE MEXICO (Mexico)	MXN	350,450	14,863	100.00%
ACCOR AUSTRIA (Austria)[2]	EUR	5,542	3,095	100.00%
ACCORHOTELS ITALIA (Italy)[2]	EUR	15,010	6,989	100.00%
TURAMBAR (Spain)[2]	EUR	13,000	73,165	100.00%
SAOUDI FRENCH COMPANY FOR HOTEL MANAGEMENT (Saudia Arabia)[2]	SAR	1,000	500	100.00%
ACCORHOTELS BETRIEBS (Austria)[2]	EUR	5,090	1,770	100.00%
ACCORHOTELS SERVICES NETHERLANDS BV (Netherlands)[2]	EUR	0	(7,400)	100.00%
TRAVEL KEYS (United States)	USD	0	(2,874)	100.00%
ACCOR SBE ACQUISITION CORP (United States)[2]	USD	117,500	0	100.00%
ACCORHOTELS CHILE (Chile)[2]	CLP	59,052,609	(70,793)	100.00%
MP INVEST AG (Switzerland)[2]	CHF	118	39,783	100.00%
FRHI HOTEL ET RESORTS (Luxembourg)[2]	EUR	890,969	(390,307)	100.00%
COMPAGNIE DES WAGONS-LITS (Belgium)[2]	EUR	50,676	254,123	99.93%
ACCORHOTELS PERU[2]	PEN	46,898	1,423	99.83%
SOGECOL LTDA (Colombia)[2]	COP	16,469,996	83,312,172	94.52%
EL GEZIRAH HOTELS AND TOURISM CO (Egypt)[2]	USD	9,415	4,707	65.71%

(in thousands of euros)

Carrying amount of shares		Outstanding loans and advances 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					
34,623	8,466	63	-	30,396	(1,490)	-
706,501	45,641	10,384	-	-	(43)	575
10,226	10,226	-	-	47,536	15,778	16,873
108,161	72,161	4,812	-	-	(7)	60,846
13,903	13,364	-	-	167,470	14,467	-
81,266	81,266	-	-	10,035	3,259	-
240,039	238,171	-	-	39	(109)	-
24,640	24,640	-	-	-	2,115	-
30,690	30,690	13,472	-	2,932	-	-
25,907	25,907	-	-	-	(6,627)	238,649
37,267	37,267	-	-	-	914	946
156,066	(14,934)	78,627	-	3,097	2,508	-
1,414,923	1,357,923	104,777	-	29,617	13,657	53,581
125,500	125,500	455,529	-	149,235	(35,880)	-
35,315	-	22,809	-	6,092	(2,374)	-
28,707	16,846	-	-	5,027	186	-
21,573	21,573	-	-	-	134	-
56,676	56,676	-	-	28,143	946	-
180,970	86,191	23	-	-	14	-
9,638	9,638	-	-	18,940	4,413	1,027
82,000	82,000	-	-	17,309	2,827	-
96,144	96,144	-	-	40,580	5,331	-
9,013	-	608	-	1,544	(2,737)	-
102,156	102,156	-	-	-	(4,083)	-
77,113	77,113	-	-	3,832	483	-
391,765	391,765	-	-	2,656	2,254	-
1,154,902	1,154,902	-	-	19,495	47,361	-
1,151,347	304,817	-	-	2,664	1,809	12,154
12,359	12,359	-	-	3,257	1,298	-
31,242	30,774	-	-	4,062	2,070	-
29,847	29,847	-	-	10,809	6,857	4,685

(in thousands of local currency units)

Subsidiaries and affiliates	Currency	Share capital	Reserves (retained earnings)	Percent interest
HOLPA (Luxembourg)[2]	EUR	1,900	(454)	63.55%
TRIBE HOTEL GROUP (Australia)[2][4]	AUD	0	(179)	55.00%
2. Affiliates (10 to 50%-owned)				
a) French affiliates				
NDH, 3, boulevard Gallieni 92130 Issy-les-Moulineaux[2]	EUR	16,010	(6,334)	50.00%
ORIENT EXPRESS, 82, rue Henri Farman 92130 Issy-les-Moulineaux[2]	EUR	1,204	7,813	50.00%
TOWN AND SHELTER, 61, rue Servan, 75011 Paris[2]	EUR	8	4,536	45.00%
FINANCIÈRE LOUIS, 3, rue Chaillot 75016 Paris[2]	EUR	24,612	(2,521)	39.37%
NOCTIS EVENT, 23, rue de Ponthieu 75008 Paris[1]	EUR	12	11,982	29.45%
MAMA SHELTER, 61, rue Servan, 75011 Paris[2]	EUR	1,822	13,226	25.35%
ONEPARK, 10, rue Chaptal 75009 Paris[2]	EUR	49	N/A	15.01%
b) Foreign affiliates				
RIXOS (Netherlands)	EUR	100	137,225	50.00%
ORBIS (Poland)[2]	PLN	517,754	1,461,808	47.69%
RISMA (Morocco)[2]	MAD	1,432,695	(35,076)	33.34%
MOVEMPICK HOTELS RESORTS MANAGEMENT AG (Switzerland)[2]	CHF	52,500	54,186	33.33%
25HOURS HOTELS COMPANY (Germany)[1]	EUR	25	2,422	30.00%
ACCORINVEST GROUP (Luxembourg)[2]	EUR	2,426,201	1,136,978	28.49%
ACCORHOTELS & COMMUNITY SERVICES SPAIN (Spain)[2]	EUR	13,830	2,302	20.59%
PROGETTO VENEZIA (Italy)[3]	EUR	20,750	(10,243)	20.00%
AAPC (Australia)[2]	AUD	727,715	(378,663)	18.10%
FAIRMONT HOTELS & RESORTS (U.S.) INC. (United States)[2]	USD	1,700,049	99,673	15.41%
3. Affiliates (less than 10%-owned)				
a) French affiliates				
RAISE INVESTISSEMENT[1]	EUR	389,520	2,401	3.01%
a) Foreign affiliates				
BANYAN TREE[1]	SGD	241,520	536,016	4.76%
B. OTHER INVESTMENTS IN COMPANIES WITH A BALANCE SHEET VALUE OF LESS THAN 1% OF ACCOR SA'S CAPITAL				
1. Subsidiaries (at least 10%-owned)				
a) French subsidiaries (aggregate)				
b) Foreign subsidiaries (aggregate)				
2. Other investments (less than 10%-owned)				
a) French companies (aggregate)				
b) Foreign companies (aggregate)				
TOTAL				

(1) Balance sheets at December 31, 2017.
(2) Provisional or unaudited balance sheets.
(3) Balance sheets at December 31, 2004.
(4) Balance sheets at June 30, 2018.

(in thousands of euros)

Carrying amount of shares		Outstanding loans and advances 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					
30,374	907	-	-	-	(52)	-
9,472	9,472	-	-	556	(136)	-
24,001	15,324	2,056	-	28,004	(8,460)	-
24,359	24,359	-	-	263	(1,603)	-
19,550	19,550	-	-	819	2	-
9,686	9,686	-	-	1,226	(3,363)	-
20,000	20,000	11,473	-	54,976	(2,769)	-
19,929	11,158	-	-	16,817	(72)	-
10,000	10,000	-	-	N/A	N/A	-
67,568	67,568	-	-	13,894	6,330	-
206,534	206,534	-	-	211,274	33,306	8,250
64,061	64,061	-	-	143,667	3,158	-
169,880	169,880	-	-	62,786	(1,238)	-
35,217	35,217	-	-	71,919	4,963	801
1,096,232	1,096,232	-	-	5,091	(7,525)	25,598
18,714	18,714	-	-	30,700	6,000	-
8,568	0	-	-	-	-	-
89,914	89,914	640,086	-	19,489	(44,011)	-
81,023	81,023	-	-	77,749	16,198	3,828
12,340	12,340	-	-	-	(4,629)	-
14,940	14,752	-	-	199,356	9,328	251
48,977	**23,386**	**127,703**	**-**			**95,653**
41,751	**26,478**	**57,216**	**-**			**1,545**
4,373	**3,751**	**30**	**-**			**-**
2,829	**929**	**-**	**-**			**-**
8,610,771	**6,560,324**	**1,529,670**	**-**			**525,262**

5.3.4 Five-year financial summary

(in millions of euros)	2014	2015	2016	2017	2018
Capital at year-end					
Share capital	696	706	854	870	848
Number of shares in issue	231,836,399	235,352,425	284,767,670	290,122,153	282,607,800
Results of operations					
Net revenues	825	881	895	915	992
Profit before tax, depreciation, amortization and provisions	261	209	(879)	3,596	362
Income tax	(14)	(20)	(24)	(60)	(19)
Net profit (loss)	239	130	(9)	3,698	(60)
Dividends	220	235	299	305	297(1)
Per-share data *(in euros)*					
Earnings (loss) per share after tax, before depreciation, amortization and provisions	1.18	0.97	(3.01)	12.60	1.35
Earnings (loss) per share	1.03	0.55	(0.03)	12.75	(0.21)
Dividend per share (before tax credit/allowance)	0.95	1.00	1.05	1.05	1.05(1)
Employees					
Number of employees	1.033	1.145	1.275	1.285	1.343(2)
Total payroll and employee benefits	146	133	149	152	171

(1) Dividend recommended for 2018 at the Annual Shareholders' Meeting of April 30, 2019 based on 282,607,800 shares outstanding at December 31, 2018.
(2) Number of employees on the Accor SA payroll at December 31, 2018.

5.4 Statutory Auditors' report on the financial statements

This is a translation into English of the Statutory Auditors' report on the 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 regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the 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 December 31, 2018

To the Annual General Meeting of Accor,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of ACCOR for the year ended December 31, 2018.

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 December 31, 2018 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

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 in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue date of our report and in particular 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)*.

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 bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements, accounts or items of the financial statements.

Valuation of equity investments and related receivables

Key audit matter	Our response
As at December 31, 2018, equity investments (including the receivables related to the investments) amounted to €8,242 million in net value, or 64% of total assets. These securities are initially recorded in the balance sheet at cost and, if necessary, in the event of a loss in value, written down to their current value which is the higher of the market value and the value in use. As indicated in Note 1.c) to the financial statements, the market value of financial investments corresponds either to: i) the share in consolidated net worth held in these investments, ii) a valuation based on determining the average Gross Operating Income (EBITDA) of the last two years generated by the hotel investments to which is applied a multiple which depends on the type of establishments attached to these investments and their financial position and iii) an estimate prepared in accordance with recent transactions. If the valuation of the market value of financial investments, such as determined above, leads to a possible impairment being recorded, a value in use is then calculated and determined as being the discounted value of expected cash flows. The estimate of the market value and value in use of these securities requires management to exercise judgment notably concerning expected cash flows assumptions and also the various elements to be considered for their valuation such as profitability outlook, the economic environment in the countries concerned or the determination of EBITDA multiple to be applied. In this context and as a result of the sensitivity to data and assumptions on which the estimates to determine market value are based, we considered the valuation of equity investments and related receivables to be a key audit matter.	We have familiarized ourselves with the process for determining the recoverable amount of equity investments and related receivables. Our work consisted in: › assessing the basis of the valuation methods used to determine the recoverable amount of equity investments; › reconciling, if necessary, the shareholders' equity used with data from the accounts of the subsidiaries concerned and any adjustments made, as well as the documentation underlying these restatements; › assessing with regard to market practices, the pertinence of Gross Operating Profit (EBITDA) multiples used, long-term growth rates and discount rates applied to cash flows with the support, if necessary, of our valuation specialists; › substantiating by interviews with management the main assumptions on which budget estimates underlying the cash flows used in the valuation models are based; › testing, by sampling, the arithmetical accuracy of the current values used by the company. Beyond the assessment of the values in use and the market values of the equity investments, our work consisted in: › assessing the recoverable nature of the receivables with regard to the analyses made on the equity investments; › examining the necessity to record a provision for contingencies should the company have undertaken to bear the losses of a subsidiary with negative equity.

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 management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fairness and the concordance with the annual financial statements of the data related to payment terms as specified 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 contains 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 favor, 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 this work, we attest the accuracy and fair presentation of this information.

Regarding the information on factors that your Company considered could have a potential impact in case of a takeover or exchange offer, given in accordance with the requirements of Article L.225-37-5 of the French Commercial Code *(Code de commerce)*, we have verified they are in accordance with the underlying documentation provided to us. Based on this work, we have no matter to report 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 Statutory Auditors of Accor by your Annual General Meeting of June 16, 1995.

As at December 31, 2018, our firms were in their 24th year of uninterrupted engagement.

Prior to ERNST & YOUNG Audit (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 its operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objective 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 by Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

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 a report to the Audit and Risk Committee which includes in particular as description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also report, if any, significant deficiencies 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 referred to in Article 6 of Regulation (EU) No. 537/2014, confirming our independence in the sense of the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and or in the French Code of Ethics for Statutory Auditors. 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.

Paris-La Défense, March 22, 2019

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
David Dupont-Noel	Guillaume Crunelle	Jean-Christophe Goudard	François-Guillaume Postel

6

Capital and ownership structure

6.1 Information about the Company

Company name

Accor

Registered office

82, rue Henri-Farman – 92130 Issy-les-Moulineaux, France.

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.

Legal form

Joint stock company *(société anonyme)* 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, in France and other countries, 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: 969500Q2MA9VBQ8BG884.

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.

Above said 1% threshold, the same disclosure rules as defined above 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 Share capital

6.2.1 Share capital

At December 31, 2018, the Company's share capital amounted to €847,823,400 divided into 282,607,800 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.

6.2.2 Share buyback program

Authorization granted by the Annual Shareholders' Meeting of April 20, 2018

At the Annual Shareholders' Meeting on April 20, 2018, 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 number of shares acquired under the authorization may not exceed 29 million, or around 9.7% of the share capital at April 20, 2018 and the maximum total investment in the buyback program may not exceed €2.03 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).

Implementation of the share buyback program in 2018

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 has been 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 €351,484,757.58. 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 861,656 shares being bought back for a total amount of 30,965,080.85 on December 31, 2018.

At December 31, 2018, Accor SA therefore held 861,656 shares in treasury.

6.2.3 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 over 20 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 second leveraged employee share ownership plan (Share 17) was offered in nine European countries. Under this plan, 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 three 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. 35% of eligible employees participated in Share 17.

At December 31, 2018, 0.92% of the Company's capital was held by Accor employees and former employees.

6.2.4 Shares not representing capital

None.

6.2.5 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
2014	Exercise of stock options at €18.20	754,008	3,820,307	684,913,314	228,304,438
	Exercise of stock options at €26.66	1,656,492	13,064,200	686,569,806	228,856,602
	Exercise of stock options at €28.32	213,672	1,803,392	686,783,478	228,927,826
	Exercise of stock options at €30.81	2,430,795	22,533,470	689,214,273	229,738,091
	Vested performance shares	609,045	-	689,823,318	229,941,106
	Distribution of 2013 dividend	-	(65,467,481)	689,823,318	229,941,106
	Dividend reinvestment at €31.73	5,685,879	54,451,768	695,509,197	231,836,399
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
	Vested 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
	Vested performance shares	1,250,730	-	708,057,627	236,019,209
	Shares issued 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
	Vested 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

		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**
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 granted	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

(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.

6.3 Ownership structure

6.3.1 Ownership and voting rights structure

At December 31, 2018, the Company's capital consisted of 282,607,800 shares, representing a total of 360,479,245 voting rights, 328,125,870 of which were exercisable. There are 77,871,445 double voting rights outstanding.

The Company had 5,428 registered shareholders at December 31, 2018, representing 28.31% of the capital and 43.80% of total voting rights.

Shareholders at December 31, 2018

	Shares	% capital	Voting rights	% voting rights	Exercisable voting rights	% exercisable voting rights
JinJiang International Holdings Co., Limited	33,890,000	11.99%	57,728,324	16.01%	48,285,363	14.71%
Qatar Investment Authority	29,505,060	10.44%	59,010,120	16.37%	36,961,362	11.26%
Kingdom Hotels (Europe) LLC	16,494,440	5.84%	32,176,520	8.93%	32,176,520	9.81%
Huazhu Investment Limited	13,092,112	4.63%	13,092,112	3.63%	13,092,112	3.99%
Founders	*3,772,067*	*1.33%*	*7,524,421*	*2.09%*	*7,524,421*	*2.29%*
Other members of the Board of Directors	*114,904*	*0.04%*	*170,208*	*0.05%*	*170,208*	*0.005%*
Subtotal: Board/founders	3,886,971	1.37%	7,694,629	2.13%	7,694,629	2.34%
Free float	184,877,561	65.42%	189,915,884	52.68%	189,915,884	57.88%
Treasury shares[1]	861,656	0.31%	861,656	0.24%	N/A	N/A
CAPITAL AT DECEMBER 31, 2018	**282,607,800**	**100.00%**	**360,479,245**	**100.00%**	**328,125,870**	**100.00%**

(1) Treasury shares held as part of the share buyback program (see section 6.2.2 "Share buyback program").

Note that Legendre Holding 19 (Eurazeo) announced on March 6, 2018 that it had sold all of its stake in Accor and that it no longer held any voting rights.

At December 31, 2018, 2,606,480 shares (0.92% of total capital) and 5,803,690 voting rights (1.61% 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
Legendre Holding 19	March 6, 2018	218C0569	▼	0	0.00%	0	0.00%
Qatar Investment Authority	September 14, 2018	218C1566	▲	29,505,060	10.14%	59,010,120	18.23%
JinJiang International Holdings Co., Limited	October 9, 2018	218C1652	▲	33,890,000	11.65%	57,728,324	17.93%

Changes in ownership structure over the past three years

	December 31, 2016			December 31, 2017			December 31, 2018		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
JinJiang International Holdings Co., Limited	35,757,485	12.56%	11.37%	35,757,485	12.32%	11.55%	33,890,000	11.99%	16.01%
Qatar Investment Authority	29,505,060	10.36%	9.38%	29,505,060	10.17%	9.53%	29,505,060	10.44%	16.37%
Kingdom Hotels (Europe) LLC	16,494,440	5.79%	5.25%	16,494,440	5.69%	5.33%	16,494,440	5.84%	8.93%
Huazhu Investment Limited	-	-	-	-	-		13,092,112	4.63%	3.63%
ColDay A S.à.r.l./ Legendre Holding 19 acting in concert[1]	22,580,517	7.93%	14.32%	12,185,303	4.20%	7.87%	-	-	-
Founders	3,823,044	1.34%	2.43%	3,769,505	1.30%	2.43%	3,772,067	1.33%	2.09%
Other shareholders	176,607,124	62.02%	57.25%	192,410,360	66.32%	63.29%	184,992,465	65.45%	52.73%
Treasury shares[2]	-	-	-	-	-	-	861,656	0.31%	0.24
CAPITAL	**284,767,670**	**100.00%**	**100.00%**	**290,122,153**	**100.00%**	**100.00%**	**282,607,800**	**100.00%**	**100.00%**

(1) 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.
(2) Treasury shares held as part of the share buyback program (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, 2018 identified 9,237 shareholders owning an aggregate 72.19% of the Company's capital, representing 56.60% of total voting rights.

Analysis by shareholder category at December 31, 2018	% capital	% voting rights
Private shareholders	1.45%	1.14%
Institutional investors	70.74%	55.46%
French institutions	*14.92%*	*11.69%*
Foreign institutions	*55.82%*	*43.76%*
Unidentified in the Euroclear survey	27.81%	43.40%
CAPITAL AT DECEMBER 31, 2018	**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, 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.

Two shareholders' pacts were signed on the transaction completion date, with similar terms, between Accor and 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 **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 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 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 Qatar Investment Authority.
(2) Company ultimately controlled by HRH Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud.

6.3.2 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[1]	May 14, 2019	48.95	35.30	37.11	2.83%

(1) Submitted for approval at the Annual Shareholders' Meeting of April 30, 2019.

No interim dividend was paid. Dividends are paid through Euroclear France.

Dividends not claimed within five years from the date of payment are forfeited, as provided for by law.

The Board of Directors will recommend that shareholders at the Combined Ordinary and Extraordinary Shareholders' Meeting of April 30, 2019 approve the payment of a cash dividend of €1.05 per share for 2018.

6.4 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; Euronext Vigeo Europe 120; Euronext Vigeo Eurozone 120; Euronext Vigeo index: France 20;
- FTSE4Good ;
- Ethibel Sustainability Index (ESI) Excellence Europe;
- 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 ESG Social Leaders.

At December 31, 2018, the Company's market capitalization stood at roughly €10.5 billion, based on the closing share price of €37.11.

Accor share prices and trading volumes (ISIN: FR0000120404)

		High-Low		
	Average closing price	High	Low	Trading volume
2018				
January	45.22	46.79	42.85	21,802,051
February	45.77	48.38	42.10	23,304,722
March	45.41	47.16	43.14	20,700,239
April	44.68	47.07	43.02	14,679,263
May	47.46	48.95	45.94	16,475,158
June	43.67	47.96	41.30	25,191,220
July	43.79	45.08	41.46	18,064,709
August	43.34	44.31	42.32	15,488,906
September	43.09	44.26	41.79	16,124,779
October	41.28	44.31	38.12	25,258,375
November	39.80	41.48	38.24	19,159,854
December	37.24	40.35	35.30	19,273,112
2019				
January	37.85	39.31	36.00	16,263,215
February	38.61	40.14	36.94	18,816,528

Source: Euronext.

7

Other information

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 2018, Accor met with 584 representatives from more than 347 financial institutions and organized 30 roadshows and conferences in France, the United Kingdom, Asia, the United States, Denmark, Finland, Sweden, Belgium and Luxembourg.

These events included three hotel tours in France and the United Kingdom that enabled investors to talk with line managers and gain a better understanding of management practices and processes. Accor also took part in 11 investor conferences during the year, in France, the United Kingdom and Italy.

Held on April 20, 2018 at the Novotel Paris Est, the Annual Shareholders' Meeting was attended by 211 shareholders and provided many opportunities for exchanging views and opinions on the Group's 2017 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 2018 with the following agenda:

- April 18, 2018 conference call:
  - review of 2017 results and the Group's development over the year;
  - discussions concerning disposal arrangements for AccorInvest and the short-, medium- and long-term consequences for the Accor business model;
  - update on the Group's business diversification strategy, which has notably boosted its distribution capabilities with the acquisitions of Gekko and Resdiary;
  - preparations for the Annual Shareholders' Meeting of April 20, 2018.
- On November 16, 2018 at the MGallery Molitor hotel:
  - review of the Group's results and development over the first half of 2018 and the trends witnessed during the third quarter of the year;
  - discussions concerning the use of the €4.6 billion in cash proceeds from the disposal of AccorInvest: share buyback program and acquisition of hotel chains (Mövenpick, Atton, SBE and 21C Museum) and service providers (Adoria, Resdiary and Gekko) to build a comprehensive ecosystem of attractive, coherent and profitable services;
  - presentation of sector-based challenges: growth in international tourism driven by Chinese tourism, increased market concentration, digitization of the industry, expanding service-based ecosystems, diversified offerings, increasing importance of the lifestyle segment, etc.;
  - presentation of the Group's new business model and growth drivers: consolidating leadership in Chinese and US niche markets, focusing development on high-potential regions and high-value added segments, diversifying the brand portfolio into innovative segments, developing the residential offering and stepping up the focus on F&B;
  - discussions concerning the Group's digital strategy and digital challenges: improving infrastructure to enhance distribution efficiency, building a beneficial ecosystem for the Group's partners, accelerating the Group's personalization strategy and boosting the attractiveness of the loyalty program;
  - discussions focused on the Group's new distribution policy based on recurring free cash flow.

Accor Shareholders Club

Created in May 2000, the Accor Shareholders Club had 5,674 members at year-end 2018, 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 Le Club Accor 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 offers 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 current and previous years, may be viewed in the "Investors" section of the group.accor.com website. They include:

- the Registration Document filed with the *Autorité des Marchés Financiers* (available in electronic form since 1997);
- the Integrated Report included in the 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 Registration Document and the audit of the accounts

Name and position of the person responsible for the Registration Document

- Sébastien Bazin
  Chairman and Chief Executive Officer

Statement by the person responsible for the Registration Document

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this 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 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.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the Registration Document and examined the information about the financial position and the accounts contained therein.

Paris, March 29, 2019

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
  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 25, 2013 Annual Shareholders' Meeting.
- Deloitte & Associés
  David Dupont Noël
  185, avenue Charles-de-Gaulle – BP 136
  92203 Neuilly-sur-Seine Cedex, France
  Date of first appointment: June 16, 1995.
  Re-appointed for six years at the April 25, 2013 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.
- BEAS
  7, villa Houssay
  92200 Neuilly-sur-Seine, France
  Date of first appointment: May 29, 2001.
  Re-appointed for six years at the April 25, 2013 Annual Shareholders' Meeting.

7.3 Information incorporated by reference

In accordance with Article 28 of European Commission Regulation (EC) **809/2004**, the Registration Document incorporates by reference the following information:

- the consolidated financial statements and the related 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 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**);
- the consolidated financial statements and the related Auditors' Reports contained in the 2016 Registration Document filed with the *Autorité des Marchés Financiers* on **March 31, 2017** under no. **D.17-0284** (pages **213 to 274**, and **212**);
- the financial information contained in the 2016 Registration Document filed with the *Autorité des Marchés Financiers* on **March 31, 2017** under no. **D.17-0284** (pages **194 to 204**);
- sections of these documents that are not mentioned above are either not applicable to investors or are covered in another part of the Registration Document.

7.4 Cross-reference table for the Registration Document

The table below cross-references the pages in the Registration Document and the key information required under European Commission Regulation no. 809/2004 and Implementing Directive 2003/71/EC of the European Parliament and of the Council.

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7.5 Cross-reference table for the Annual Financial Report

The 2018 Registration Document contains all of the information in the Annual Financial Report governed by 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.

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ACCOR

ACCOR, *Société Anonyme*. Share capital: €847,823,400
Headquarters: 82, rue Henri-Farman – 92130 Issy-les-Moulineaux, France
Registered in Nanterre under number 602 036 444

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