



ACCOR

ACCOR
GROUP
**CIRCULAR
ECONOMY
POLICY**

NOVEMBER 2024

Our common challenge

Pressures on natural resources are tangible and escalating. They are evidenced by the **breach of 6 out of 9 planetary boundaries** (as defined by the Stockholm Resilience Center), alongside the advancing arrival each year of the “Earth Overshoot Day” – the date by which humanity has depleted all resources the Earth can generate within a year (as calculated by the Global Footprint Network). This predicament underscores the need for “1.7 Earths” to satisfy and regenerate human consumption demands.

The linear model of “produce, consume, discard” inevitably contributes to the depletion of our planet’s resources. A change in production and consumption patterns is therefore imperative to **transition towards a circular model promoting less consumption, longer product lifespans, reduced waste and recovery of end-of-life products**. This urge for change is notably reflected in the United Nation’s twelfth Sustainable Development Goal (SDG) “Ensure sustainable consumption and production patterns.” This SDG calls upon all nations to **significantly reduce waste generation by 2030 through preventive, reduction, recycling and reuse actions**.

In this context and to ensure sustainable development of its activities, Accor aims **to promote the implementation of a circular economy approach by acting at every stage of the value chain**.

The following Impacts, Risks and Opportunities of Accor’s business have been identified:

- **Intensive consumption of resources** in the upstream value chain for the construction and maintenance of hotels – including materials such as concrete, steel, wood stone...
- **Improper disposal of waste** (food & beverages, packaging, consumables, complimentary products, single use plastics etc.) on or off-site, (disposal on landfill, incineration...) leading to overconsumption of resources and damage to the environment

Implementing a circular economy approach will have a positive impact on all other areas of our Sustainability strategy. Wasting resources means wasting the energy and water used to produce them, leading to land degradation, water pollution, biodiversity loss and marine pollution.

Water cycle and issues related to its circularity are addressed through dedicated actions as part of Accor’s policy for contributing to a Nature+ world. Similarly, energy is tackled through dedicated efforts within the framework of the Group’s policy for contributing to a Net Zero world. Biodiversity and Sustainable Food are also addressed through dedicated policies.

Need for **1.7 Earths**

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We need to
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Accor aims to promote the implementation of a
Circular Economy
approach.

Focusing on
Accor intensive consumption of resources
and improper disposal of waste.



Accor footprint

With over 5,500 hotels in 110 countries, the Group is aware of the significant impact of its activities on resource consumption and waste production worldwide.

Accor hotels consume resources and produce waste in two main ways:

- Hotel construction and renovation
- Hotel operations

However, Accor's business model being asset-light, the Group does not own the buildings and therefore has no direct responsibilities in constructing or renovating them. Therefore, Accor has less control over these resources' consumption and generation of waste. Consequently, **Accor will be focusing primarily on Hotel operations in terms of circular economy priorities in the coming years.** Nevertheless, the Group will keep striving to convince hotel owners to embrace circularity principles at the building stage and will continue to promote conversion of existing buildings over new builds.

Accounting for more than 60% of the waste produced, Food Waste (including used cooking oil and greases) from restaurants is Accor's main waste production item. **Packaging** (cardboard, glass, plastic) is the second item, representing more than a quarter of operational waste. Other main types of waste include **Textiles, Furniture and Electronic Equipment.**

As a major player in the Hospitality industry, Accor is committed to reducing its environmental impact through the implementation of a Circular Economy policy at a global scale.

Innovation, resilience, traceability and responsibility find their rightful place in the Group's reflections on reinventing consumption habits and guest experience in hotels by offering more sustainable services.

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Hotel operations

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Accor Circular Economy Policy

Circular Economy encompasses a wide range of themes across the entire value chain of companies.

The Group is committed to operating within planetary boundaries by 2030.

To do so, it is closely collaborating with all parts of its value chain to reduce its impact. Accor understands that effective resource and waste management requires collective science-based commitments, as well as location-specific targets in response to both regulations and available local infrastructures.

In order to reduce the extraction of new resources, Accor Circular Economy strategy relies on the well-known concept of “**Refuse, Reduce, Reuse, Repair, Recycle**” (in order of priority):



Accordingly, the Group's priorities are as follows:

- 1. Rethink the way Accor operates hotels** to embed circularity into processes and enhance the guest experience
- 2. Foster innovation in all parts of the value chain** by systematically including environmental criteria in tender processes and favouring eco-designed products and by engaging our suppliers.



1. *Rethink the way Accor operates hotels to embed circularity into processes and enhance the guest experience*

Accor is committed to defining precisely its volumes of waste and to reduce them by 2030 by revising its operational processes, usage and maintenance practices to minimize resource consumption. This involves:

- (Re)designing hotels and rooms with the Design & Technical Services Division (D&TS)
- Adapting operations
- Managing products' end of life
- Setting standards

(Re)designing hotels and rooms with D&TS

In the development phases, Accor provides hotels owners with a set of guidelines that help make any hotel an Accor hotel. In addition to the brand standards, **Accor defines several technical standards for the construction and renovation of buildings as well as design requirements for furniture and interior design.**

Those standards are specific to each market segment and to each brand. Depending on the brand's commitment to circular economy, the technical standards are adjusted to meet the requirements – as for the Greet brand for instance. As part of these technical standards, the D&TS (Design and Technical Services) Division has set some sustainable design standards for the equipment of hotels such as flooring, wall finishes, window treatment for example.



Adapting operations

1. Refusing single-use plastics

Environmental pollution caused by plastic in nature and the oceans prompted Accor's 2020 commitment **to eliminate single-use plastics from the guest experience across 110 countries**. This ambition goes beyond local legislation in many countries. Today, **over 50 guest-facing single-use plastic items have been removed from Accor hotels**.

Moreover, in early 2023, the Group reaffirmed its ambition on single-use plastics elimination by extending the removal to its hotels back-of-house operations in alignment with GTPI (Global Tourism Plastic Initiative) requirements. This represents globally a list of more than 70 single-use plastic items used in each hotel, and therefore millions of kilograms of plastic refused.

To make this happen, the Group has dedicated a **specific governance** to the project, rolled out a **global action plan in head-offices and hotels and mobilized teams and suppliers**, all with the aim of eliminating single-use plastics or offering eco-responsible alternatives as reusable contents, in line with strict rules governing the choice of materials.

Accor aims to instill sufficiency in consumption patterns by removing non-essential items or providing them only upon request.

These measures will enable Accor to meet its commitments and reduce the risks of plastic pollution and its impact on natural ecosystems and oceans.

Accor is the first hospitality company to make such a commitment and has set the standard for the industry.

3. Extending and intensifying the usage phase

Each main category of products bought or used by Accor hotels, will be studied to question:

- how do we expand this product's lifespan?
- how do we get the most out of it?
- how is it repaired?
- how do we reduce the consumption of resources by sharing the equipment and products between hotels, but also within a territory, as part of a collaborative economy?

2. Reducing food waste

With 10,000 restaurants and bars worldwide, Accor has a responsibility and a key role to play in **reducing food waste**. Restaurant and beverage activities represent more than 60% of operating waste, 17% of Accor's carbon footprint and 50% of the Group's water footprint.

Reducing food waste is therefore a top priority for the Group, which **has committed to reducing it by a minimum of 50% by 2030**, based on the baseline measurement published in 2023.

To create a collective dynamic around this challenge, the Group works closely with its chefs, Procurement Division and suppliers around three pillars:

- **Reduce:** measure and identify waste, adjust recipes, rethink offerings including buffet options, ensure exacting stock management and raise awareness among hotel staff and customers
- **Reuse** unsold products: products not served to guests are donated to charities or food banks in compliance with food hygiene rules.
- **Recycle:** collect and recycle biowaste through composting or methanization

The Food Waste project is steered by the Sustainability Division, which notably ensures consolidation of results reported by hotels.

Managing products' end of life: waste sorting, recycling, reuse and donation

The Group aims to **reduce the volume of waste produced, improve sorting rates, and increase recycling and reuse of unavoidable waste.**

Waste flows generated by the Group's head offices and hotels are categorized by impacts (economic, environmental, social) to identify actions to be taken at Group level and locally.

For the main waste streams, Accor Sustainability Division deploys a **circular approach** to materials management. After implementing actions to rethink product use and reduce waste, **Accor is committed to diverting the remaining waste through the identification of local solutions for systematic reuse, recycling and repurposing.**

To meet these objectives, Accor is committed to working with all regions, segments, brands, hotels, head offices, suppliers and collection service providers to improve the end-of-life management of waste and to ensure compliance with local regulations regarding sorting and diverting practices.

Given that circular opportunities can be highly local, Accor chooses to prioritize pilot projects and proof of concepts with voluntary hotels as a starting point. These real-world tests allow hotels and service providers to work together to identify local solutions for product end-of-life (such as furniture, orange peels, oyster shells, coffee grounds, packaging). Insights (or best practices) from these tests will subsequently be communicated to regional entities and brands for replicability in their territories.

Setting standards

Accor aims for 100% of its hotels to achieve a local or global ecolabel (such as Green Key or Green Globe) by the end of 2026.

This will ensure that hotels follow **waste sorting and recycling best practices** but also that most **products** used in hotels' operations (such as washing and cleaning products, paper towels, toiletries etc.) are **eco-labelled or sustainably sourced.**

Additionally, Accor is aligning its Sustainability brand standards to ecolabels criteria and even going further for single-use plastic items for example.



2. *Foster innovations all along the value chain*

Accor aims to **leverage its influence and power to foster innovations** among our suppliers:

- Choose **committed and rigorous suppliers** by strengthening our RFP (Request For Proposal) criteria;
- Make our **sustainable procurement charter a mandatory commitment** for all our suppliers;
- **Engage suppliers** to innovate, define new standards, create new products, etc.

Strengthening RFPs

Accor is committed to systematically include environmental criteria specific to the circular economy - covering all stages of the product lifespan - in its calls for tender, RFI (Request For Information), and RFP. These criteria will enable the selection and referencing of suppliers committed to reducing the environmental impact of their activities and processes, as well as their products and services throughout the value chain. Sustainability guidelines will be shared with all Procurement teams for all categories of products to ensure the relevant criteria are included in the sourcing processes.

Referenced suppliers and products are available through **ASTORESHOP**, Accor's marketplace. However, it is not mandatory for hotels to order through ASTORESHOP. Therefore, the coverage of products sourced by Accor's Procurement teams from suppliers having signed the Sustainable Procurement Charter is not 100% of all products in all hotels.



Supplier engagement

Accor is aware of the importance of mobilizing and ensuring the ongoing commitment of all actors in its upstream value chain (suppliers and partners) to reduce the impact of natural resources consumption.

To better understand the levers for reducing this impact and thus ensure the achievement of Accor's objectives by 2030, the Group is committed to work closely and to engage with its suppliers and partners to:

- **Enhance product traceability** through the characterization of volumes and origins of extracted or purchased raw materials.
- **Encourage regenerative agricultural practices:** Accor's priority commodities' suppliers are committed to regenerative agriculture sourcing, reducing near-farm losses and are contributors to Accor sustainability strategy. To do so, Accor is committed to develop maturity assessment and upskilling programs as part of suppliers' partnership program
- **Encourage eco-labelling of products.**
- **Systematically integrate circular practices into the value chain** (eco-design, consideration of the entire product lifecycle, etc.).

To ensure the commitment of its suppliers, Accor relies on a **Sustainable Procurement Charter** including criteria related to material and product sourcing, as well as their end-of-life considerations. This Charter is an appendix to any purchase or listing contract and is therefore a contractual obligation.

Examples of criteria included:

- **Expand the range of sustainable, certified and eco-designed products and services.**
- **Source wood, cardboard, and paper fibres** from non-deforestation sources (PEFC or FSC labels).
- **Reduce waste generation** by limiting packaging and other disposable products and favouring reusable, recycled and/or recyclable materials. Packaging should be significantly reduced during transportation and over-packaging avoided.
- **Eliminate single-use plastics** and propose alternative solutions.
- **Ensure that waste produced is properly treated in appropriate channels**, duly approved by local authorities (especially for hazardous waste).
- **Increase the proportion of sorted and recycled waste** from the production process by establishing treatment channels for the main waste generated by their activities: selective collection, reuse, recycling or composting of organic waste.



Governance & deployment

To deploy its Circular Economy policy, Accor has established dedicated governance with a Steering Committee chaired by the SVP Environment and involving all Regions and Brands Sustainability leaders. The committee gathers every six weeks to guide actions and track results in order to reach defined goals.

The governance also involves the continuous mobilization of Marketing and Procurement teams with support from Design & Technical Services (D&TS) when needed. Along with the Sustainability team, all those functions within Accor are essential for Circular Economy-related issues.

The Procurement Division includes circular economy criteria in procurement calls for tender, whether through:

- Sustainable sourcing of resources (integration of bio-based and/or recycled materials, for example)
- Product eco-design
- Product repairability
- Product recyclability at end-of-life.

The Design & Technical Services Division integrates circular economy principles into rooms designs.

The **Marketing teams** works jointly with Sustainability and Procurement to find **eco-friendly solutions** that respect the brand standards (wet amenities, water bottles, linen, furniture etc.).

Additionally, Accor is committed to deploying **training programs** with the objective that all transversal and operational functions are upskilled to **change their mindset and ways of working** so that circular economy is at the core of their actions.

For Accor to monitor progress towards circular economy targets such as stated above, hotels will be required to **report on a regular basis on their waste-related data**. Accor is committed to **align on CSRD requirements** gradually.

Coverage

Accor is committed to manage and minimize its environmental impact throughout its supply chain and operations.

This Circular Economy Policy will first be applied to all owned, managed or franchised hotels and head offices of the Group.

It also applies to Accor's suppliers, service providers and contractors.

The Policy will then be extended, in a second step, to all Accor's other businesses.

The Group will then address its hotel owners' practices with regard to construction and renovation.



Involvement of stakeholders and engagement with local communities

To ensure the implementation of good circular economy practices, it is essential for hotels to **mobilize local stakeholders**. Involving and taking into consideration these stakeholders throughout the life cycle of products (from sourcing to end-of-life) and services prevent any negative impact on local communities but on the contrary, favour the emergence of opportunities and synergies.

The involvement of local players is particularly meaningful to enable products diversion. Donations, reuse or recycling often happen at a local scale. Hotels, supported by regions and head offices are working to identify initiatives and actors with a view to forging possible partnerships. Initiatives are already underway to recover furniture, textiles and food products.

Accor has a long-standing commitment to the Hospitality industry through its engagement of the travel and tourism sector to adopt new standards and foster circularity (Sustainable Hospitality Alliance, Global Tourism Plastic Initiative, World Travel and Tourism Council, Hospitality and Tourism Taskforce of the SMI) but is also involved with transformation players on local markets to develop knowledge, understanding and innovation.

Additionally, hotels, as part of their communities, aim at developing local networks that will facilitate collaborative circular economy practices.

Advocacy

Accor supports the roll out of ambitious public policies on circular economy issues to help accelerate project implementation.

Finally, whenever relevant, Accor also strives to engage with national and/or local authorities to build the case and provide tangible evidence of the need for a strong public waste management system.

The Group's commitment also extends to its peers and stakeholders in the hotel industry to drive and support ambitious projects.

Accor has been a member of the **Sustainable Hospitality Alliance** for several years.

In 2020 Accor joined the **UN-founded Global Tourism Plastic Initiative**, with the support of the **Ellen MacArthur Foundation**. The Group joined the **Business Coalition for a Global Plastics Treaty**, a coalition of companies advocating for an ambitious treaty and led by the Ellen MacArthur Foundation, in 2023. Through this treaty, Accor intends to support the elimination of single-use plastics and believes in a binding global treaty.

Accor is also invested in the key issue of reducing food waste among its peers as a member of the **International Food Waste Coalition**.

Finally, the Group asserts its committed stance through public statements aimed at promoting the circular economy both internally and within its industry and spheres of influence.



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