ACCOR

COMPENSATION POLICY APPLICABLE TO EXECUTIVE OFFICERS IN 2021

APPROVED BY THE SHAREHOLDERS' MEETING HELD ON APRIL 29, 2021

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EXTRACT FROM THE 2020 UNIVERSAL REGISTRATION DOCUMENT

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Results of the votes on the corresponding resolutions:

6th resolution	Compensation policy applicable to the Chairman and CEO in 2021	Approved at 94.79%
7th resolution	Compensation policy applicable to the Directors in 2021	Approved at 99.76%

(article R. 22-10-14 (IV) of the French Commercial Code)

3.5 Executive officers' compensation

3.5.1 2021 compensation policy for the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer of the Company serves a three-year term. Sébastien Bazin was re-elected as Director and Chairman and Chief Executive Officer on June 30, 2020. The Board of Directors took this opportunity, at its February 19, 2020 meeting, to review and revise his compensation package for the duration of his current term in order to align it with market practices and link it even more closely to the Group's performance.

The Company's compensation policy for the Chairman and Chief Executive Officer is determined by the Board of Directors, acting on the recommendation of the Appointments, Compensation & CSR Committee.

The Board's primary objective is to put together executive compensation packages that are reasonable, balanced, equitable and performance-based. Consequently, fixed, variable and long-term compensation principles, criteria and amounts are analyzed each year by the Appointments, Compensation & CSR Committee. In particular, the Committee uses compensation benchmarks conducted by external consultants of the practices of other companies of comparable size and international hotel groups. An additional aim of the analysis is to ensure that the Company's compensation policy for its executive officer complies with the AFEP/MEDEF Corporate Governance Code.

On February 23, 2021, based on the recommendation of the Appointments, Compensation & CSR Committee, the Board of Directors decided to leave the principles of the current compensation policy for the Chairman and Chief Executive Officer substantially unchanged.

The components of total compensation and the benefits in kind that may be granted to the Chairman and Chief Executive Officer are described below.

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.

  For fiscal 2021, Sébastien Bazin will receive gross annual fixed compensation of €950,000.
- **Annual variable compensation,** which is contingent on the Chairman and Chief Executive Officer's contribution to the Group's success, particularly in terms of financial and extra-financial performance, and depends on performance in relation to quantitative objectives (for 80%) and qualitative objectives (for 20%) set by the Board of Directors, as explained below. Each quantitative objective, depending on the achievement rate, triggers the payment of between 0% and 160% of the share of variable compensation it represents. Each qualitative objective, depending on the achievement rate, triggers the payment of between 0% and 120% of the share of variable compensation it represents.

  For 2021, the annual variable compensation will represent between 0% and 150% of a gross reference amount set at €1,250,000, equivalent to between 0% and 197% of his annual fixed compensation. If his variable compensation reaches 100% of the reference amount, this will represent 132% of his annual fixed compensation.

These compensation arrangements have remained unchanged since January 1, 2016. However, having acknowledged the exceptional and unforeseen consequences of the health crisis on the Group's activities, the Board of Directors decided on April 2, 2020, to accept the Chairman and Chief Executive Officer's proposal to exceptionally reduce his fixed compensation from April 1 to December 31, 2020, by 25% (an equivalent amount was donated to the ALL Heartist Fund).

The Board decided that Sébastien Bazin's annual variable compensation will be based on the achievement of the following performance objectives. In general, the Board sought to adapt these criteria to the Group's current circumstances and in particular to the preparations for the business recovery expected for 2021:

1. **quantitative objectives (accounting for 80% of the total):**
   - consolidated EBITDA in line with the 2021 budget (15% weighting);
   - free cash flow (excluding disposals and acquisitions) after change in operating working capital, in line with the 2021 budget (10% weighting);
   - RESET savings in line with the 2021 budget (30% weighting);
   - organic growth in the number of rooms (net of transfers to another brand) in line with the 2021 budget (15% weighting),
   - a combination of criteria:
     - rollout of the ALL Safe health and safety program to hotels (5% weighting);
     - percentage of women on Management Committees (5% weighting).

   The following changes were made to the quantitative objectives as compared with the 2020 compensation policy approved by the Annual Shareholders' Meeting of June 30, 2020:
   - The Board of Directors, based on the recommendation of the Appointments, Compensation & CSR Committee, decided to add a new "RESET savings" criterion corresponding to the Group's plan targeting perennial cost savings, and to modify the respective weightings of the quantitative objectives to place greater emphasis on the quantitative operational criteria. The purpose of this change is to more accurately reflect the Group's key performance indicators during fiscal 2021, when the focus will be, in part, on implementing the perennial savings announced by the Group to address the impacts of the health crisis, as well as on preparing for the business recovery and adapting the organization to the Group's asset-light strategy. At the same time, "traditional" financial criteria will be less relevant than in previous fiscal years.
   - The "combination of criteria" objective has also evolved to account for the current health crisis in addition to remaining engaged on CSR issues but focusing in a key topic directly supported by the CEO, i.e diversity and inclusion. The two criteria are the following: (i) the rollout of the ALL Safe health and safety protocol to the Group's hotels, and (ii) the diversity and inclusion policy, to better reflect the importance of this topic in the Company's governance.

   While specific achievement rates have been set for these criteria, these quantitative objectives relating to the budget or to the internal ambition (which themselves are not made public) are confidential and it is therefore not possible to disclose this information.
2. **qualitative objectives (accounting for 20% of the total):**
   - crisis exit strategy and management of the team through the crisis exit (10% weighting),
   - operational excellence of the new organization and talent development (10% weighting).

   These qualitative criteria help align the compensation policy with the preparations for the Group's business recovery.

Lastly, the Board of Directors has retained the option of paying an **exceptional bonus** to the Chairman and Chief Executive Officer in certain special circumstances (such as in the event of a transformative operation), which would be announced and explained to shareholders, in accordance with the AFEP/MEDEF Code. The exceptional bonus paid to the Chairman and Chief Executive Officer shall not exceed 100% of his annual fixed compensation.

In any event and subject to approval of this compensation policy at the 2021 Annual Shareholders' Meeting, any decision by the Board of Directors to pay an exceptional bonus to the Chairman and Chief Executive Officer would be subject to the shareholders' prior approval at the 2022 Annual Shareholders' Meeting.

Criteria and weighting of the variable components of the Chairman and Chief Executive Officer's compensation

		% of the Reference Amount		
Quantitative objectives	**Weighting**	**Min**	**Target**	**Max (1)**
Actual versus budgeted consolidated EBITDA for 2021	15%	0%	15%	24%
Actual versus budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital for 2021	10%	0%	10%	16%
Actual versus budgeted RESET savings for 2021	30%	0%	30%	48%
Actual versus budgeted organic growth in the number of rooms (net of transfers to another banner) for 2021	15%	0%	15%	24%
ALL Safe rollout	5%	0%	5%	8%
Percentage of women on Management Committees	5%	0%	5%	8%
Total, quantitative objectives	**80%**	**0%**	**80%**	**128%**

(1) Each quantitative objective, depending on the achievement rate, may trigger the payment of up to 160% of the share of variable compensation it represents.

		% of the Reference Amount		
Qualitative objectives	**Weighting**	**Min**	**Target**	**Max (1)**
Crisis exit strategy and management of the team through the crisis exit	10%	0%	10%	12%
Operational excellence of the organization and talent development	10%	0%	10%	12%
Total, qualitative objectives	**20%**	**0%**	**20%**	**24%**
TOTAL, QUANTITATIVE AND QUALITATIVE OBJECTIVES AS A % OF THE REFERENCE AMOUNT		**0%**	**100%**	**150%(2)**
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION (CAPPED AMOUNT)		**0%**	**132%**	**197%**

(1) Each qualitative objective, depending on the achievement rate, may trigger the payment of up to 120% of the share of variable compensation it represents.

(2) The variable compensation is capped at 150% of the reference amount.

If and where necessary, the Chairman and Chief Executive Officer's variable compensation and any exceptional bonus will be paid only with the approval of the shareholders at the Annual Shareholders' Meeting.

Long-term components

Performance shares in the Company are regularly granted to the executive officer of the Company and to certain Group employees subject to the fulfillment of performance conditions and continued presence in the Group. These share grants are intended to closely align the Chairman and Chief Executive Officer's interests with those of the Company's shareholders and encourage him to deliver long-term performance. The performance conditions (which are both internal and external) are determined by the Board of Directors, which then gives the Chairman and Chief Executive Officer the necessary powers to carry out the grants. In accordance with the AFEP/MEDEF Code, the plans are mostly issued during the first half of the year.

At its meeting on February 23, 2021, based on recommendations put forward by the Appointments, Compensation & CSR Committee and as indicated above, the Board of Directors decided to maintain the cap on the number of performance shares that may be granted to the Chairman and Chief Executive Officer to a number equivalent to 250% of his gross annual fixed compensation. In any event, the number of performance shares that may be granted to him shall not represent more than 15% of the total number of performance shares under the resolution which authorized the grant of the performance shares, valid for a period of 38 months.

In addition to the requirement that the Chairman and Chief Executive Officer continues to be employed by the Group at the end of the three-year vesting period, these performance shares shall only vest in accordance with the following performance conditions:

- actual versus budgeted consolidated EBITDA (50% weighting);
- actual versus budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital (20% weighting);
- change in Accor's *Total Shareholder Return* (TSR) compared versus the change in TSR for a benchmark index comprising peer European and international hotel groups (Melia, NH Hoteles, Whitbread, Hilton, Marriott, Hyatt, IHG) (30% weighting).

The Covid-19 crisis profoundly impacted the composition of the Stoxx Europe 600 Travel & Leisure index. The weighting of online gaming companies in this index increased considerably since the time this benchmark was first selected (from a weighting of 11% on January 1, 2019, to 53% on January 4, 2021). This index is no longer relevant or representative with respect to comparatively analyzing the Company's TSR performance. As such, Accor's Board of Directors decided to replace this index with a new benchmark index comprising peer European and international hotel groups (Melia, NH Hoteles, Whitbread, Hilton, Marriott, Hyatt, IHG).

Concerning this external performance condition, the shares will vest if the achievement rate is at least 90%. While specific achievement rates have been set for the other criteria, these quantitative objectives relating to the budget or to the internal ambition (which themselves are not made public) are confidential and it is therefore not possible to disclose this information.

These continued employment and performance conditions are the same as those applicable to all Group employee grantees of performance shares.

In addition, the performance shares are subject to a lock-up period and the Chairman and Chief Executive Officer is required to retain a certain proportion of the shares for as long as he remains in this position (see further details on page 284).

Other benefits awarded to the Chairman and Chief Executive Officer

- **A company car.**
- **Unemployment insurance** in the event of lost jobs. 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 thirty-first unbroken day of unemployment. The maximum length of time that Sébastien Bazin could be paid benefits under the plan is 24 months, and the total amount of benefits is capped at €411,360 (based on the applicable rate for 2021).
- **A maximum of 100 hours of tax and asset management advice** per year provided by an external company.
- **Supplementary pension benefits:**
  - **"Article 83" defined contribution plan**

    Sébastien Bazin, as executive officer of the Company with over one year of service and a gross annual salary of more than four times the annual ceiling used for calculating French social security contributions (the "PASS"), qualifies to participate in the Company's defined contribution pension plan. He will be entitled to a pension annuity (with the possibility of survivor benefits) determined based on the contributions paid by the Company for each year of his membership of the plan. As from fiscal 2020 (*i.e.*, for contributions payable in 2021), the annual contribution paid by the Company will represent 8% of his gross annual compensation for the previous year, capped at eight times the PASS.

    However, in the case of Sébastien Bazin, the Board of Directors may decide to cancel the benefit of this plan.
  - **"L. 137-11-2" defined benefit plan under Article L. 137-11-2 of the French Social Security Code**

    Sébastien Bazin, as executive officer of the Company with more than six months of service and an annual reference salary [(1)] of more than eight times the PASS, may also be covered, as from fiscal 2021, by the new "L. 137-11-2" pension plan that the Company will set up during the fiscal year. (Note that this new system follows the closure of the "Article 39" defined benefit plan as of December 31, 2019, and the freeze on Sébastien Bazin's potential rights under that plan due to the reform of defined benefit pension plans pursuant to French Order No. 2019-697 of July 3, 2019). This plan will result in the purchase of an insurance policy. It is specified that the French interministerial directive of December 23, 2020, relating to the introduction of this new defined benefit plan as of 2021 makes it possible to authorize the retroactive vesting of rights in respect of 2020, without compliance with the applicable performance conditions (mentioned below). Nonetheless, the Board of Directors did not wish to authorize the retroactive vesting of rights for the Chairman and Chief Executive Officer (as for all potential beneficiaries of the plan). To this end, no rights were acquired under this plan for 2020.

    He will therefore be entitled to a pension annuity (with the possibility of survivor benefits).

    This plan provides for the gradual vesting of rights, which are calculated for each year for which he was a plan member based on his annual reference compensation. Each year of plan membership represents between 1.6% and 2.4% of the annual reference compensation, depending on the compensation brackets concerned, *i.e.*:

    - portion of reference compensation representing between 8 and 12 times the PASS: 1.6%;
    - portion of reference compensation representing between 12 and 24 times the PASS: 2.4%;
    - portion of reference compensation representing between 24 and 60 times the PASS: 1.6%.

    Rights vesting each year are capped at 3% of the annual reference compensation in question.

(1) *The annual reference compensation corresponds to total gross fixed and variable compensation plus any exceptional bonus paid in cash during the reference fiscal year.*

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 "L. 137-11-2", for fiscal 2021, subject to the following two performance conditions:

- actual versus budgeted consolidated EBITDA (50% weighting);
- actual versus budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital (50% weighting).

Benefit entitlements vest in full if the performance conditions are at least 75% met (below 75%, the vested entitlement is calculated on a straight-line basis). Each year, the performance condition achievement rates are validated by the Board of Directors.

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 vested entitlements calculated for each year, up to a maximum of 30 points (over the course of a career).

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.

Those eligible for this "L. 137-11-2" supplementary defined benefit plan are the executive officer and senior executives in France who have fulfilled the above-referenced length of service and compensation conditions.

However, in the case of Sébastien Bazin, the Board of Directors may decide to cancel the benefit of this plan.

Sébastien Bazin may also continue to be covered by the previous "Article 39" defined benefit plan, which is described in section 3.7 of the Universal Registration Document. This plan has been frozen and no new conditional benefit entitlements have been or will be allocated for periods of employment after December 31, 2019. However, in the case of Sébastien Bazin, the Board of Directors may decide to cancel the benefit of this plan.

- **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 fiscal years must have exceeded the Group's cost of capital;
  - operating free cash flow must have been positive in at least two of the previous three fiscal years;
  - like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the previous three fiscal 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.

Directors' fees

Note that the Chairman and Chief Executive Officer does not receive any directors' fees as a member of the Company's Board of Directors.

Adjustment to the compensation policy

The Board of Directors may make discretionary use of judgment when determining the components of the Chairman and Chief Executive Officer's short-term and long-term bonus if unforeseen circumstances not reflected in his objectives have had a material positive or negative impact on the achievement of one or more performance criteria. This provision enables the Board of Directors to ensure that the application of the compensation policy, the performance of the Chairman and Chief Executive Officer and the performance of the Group are properly aligned.

In particular, given the uncertainties and lack of visibility associated with the current health crisis, including its length and its impact on the Group's activities in 2021, the Board of Directors may change the criteria and objectives applicable to the short- and long-term variable components of the Chairman and Chief Executive Officer's compensation if unexpected changes in the environment render these criteria and objectives inappropriate or irrelevant.

This allows the Board of Directors to more directly account for the impact of Covid-19, in particular on the Group's EBIT, and, if need be, to more directly align the criteria and objectives with the Group's activities during this period.

Any adjustments to implementation of the above compensation policy shall be decided on by the Board of Directors, acting on the recommendation of the Appointments, Compensation & CSR Committee.

Any use of these provisions by the Board of Directors will be disclosed as necessary.

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

Components	Criteria and objectives	Amount/Weighting
Annual fixed compensation	Determined by the Board of Directors based on the recommendation of the Appointments, Compensation & CSR Committee, taking into account: • experience; • responsibilities; • market practices.	€950,000 Unchanged since January 1, 2016 [(1)]
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, representing 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 2021, actual versus budgeted free cash flow (excluding disposals and acquisitions) after change in operating working capital for 2021, actual versus budgeted RESET savings for 2021 organic growth in the number of rooms, (net of transfers to other banners) in line with the 2021 budget; • **extra-financial objectives** (ALL Safe rollout, diversity and inclusion).	Each quantitative objective 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): • Crisis exit strategy and management of the team through the crisis exit; • operational excellence of the organization and talent development.	Each qualitative objective may trigger the payment of between 0% and 120% of the share of variable compensation it represents
Long-term components	**Performance shares,** which vest subject to fulfillment of performance conditions decided by the Board of Directors and to continued presence in the Group.	The grants represent a maximum of 250% of annual fixed compensation, determined by the Board of Directors

(1) It being noted that in light of the pandemic and the recourse to short-time working in 2020, the Board of Directors agreed to the proposal by the Chairman and Chief Executive Officer to reduce his fixed compensation by 25% from April 1 to December 31, 2020.

The compensation policy described above will be submitted to shareholders for approval at the 2021 Annual Shareholders' Meeting. Payment of the components of variable and exceptional compensation due under the above policy will be subject to approval of the Annual Shareholders' Meeting called to approve the fiscal 2021 financial statements.

3.5.2 Compensation policy for Company directors

Directors serve a three-year term.

The annual gross amount of compensation allocated to members of the Board of Directors (formerly defined as "directors' fees") is €1,320,000.

Directors' compensation is allocated by the Board among its members according to the following principles:

- the annual amount of directors' compensation is divided into an amount set aside for the Board and an amount set aside for the Board Committees, as determined by the Board of Directors;
- one-third of the amount set aside for the Board and for the Committees is used to pay the fixed portion of directors' compensation;
- two-thirds of the amount set aside for the Board and Committees is used to pay the variable portion of directors' compensation based on a per-meeting amount set by the Board depending in each case on the total number of meetings held during the fiscal year and on the number of members composing each instance. The calculated variable portion of directors' compensation is then paid to each director depending on its attendance rate;
- the Vice-Chairman of the Board of Directors receives the fixed portion of directors' compensation payable to all directors as well as a fixed portion of a lump sum determined by the Board of Directors;

- a lump sum is set aside for non-voting directors to be allocated on the same basis as that applied to the amounts set aside for the Board and for the Board Committees;
- Committee Chairmen receive a fixed portion of directors' compensation equal to double the fixed portion payable to Committee members;
- members of the Audit, Compliance & Risks Committee, and members of the Appointments, Compensation & CSR Committee, receive an increased portion of directors' compensation, as decided by the Board of Directors;
- directors who also hold the position of Chairman and Chief Executive Officer, Chief Executive Officer or Deputy Chief Executive Officer do not receive any directors' compensation;
- directors representing employees do not receive any directors' compensation. The compensation that they would have received is not distributed and instead the Company has pledged to allocate the equivalent amount to supporting Group employees in difficulty;
- the Board of Directors may also decide to allocate an exceptional bonus for a given assignment or mandate to a director or non-voting director as part of their variable compensation;
- directors' compensation is paid no later than three months following the end of the fiscal year for which it is due.

The compensation policy described above will be submitted to shareholders for approval at the 2021 Annual Shareholders' Meeting.

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