A new voyage begins

2013
REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT

ACCOR
Open New Frontiers in Hospitality

Content

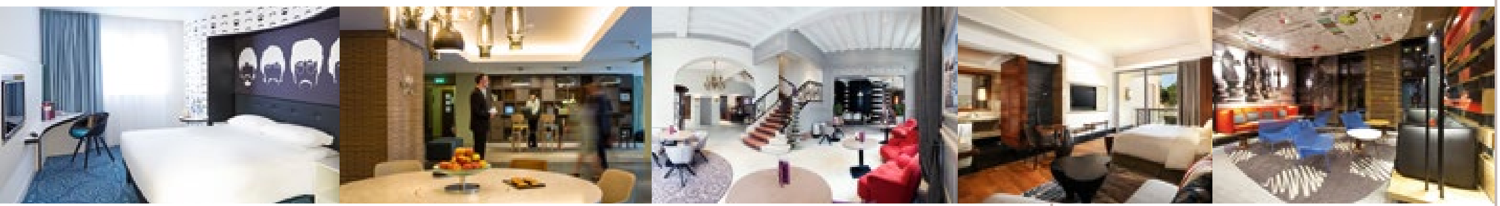
AFR Information disclosed in the Annual Financial Report is indicated in the contents by the pictogram.

ACCOR

REGISTRATION DOCUMENT

and Annual Financial Report

2013



AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The original French version of this translated Registration Document was filed with the Autorité des Marchés Financiers on March 28, 2014 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 conjunction with an Information Memorandum approved by the Autorités des Marchés Financiers. This document was prepared by the issuer and is binding on its signatories.

1 Corporate PRESENTATION

1.1. CORPORATE PROFILE

Accor, the world's leading hotel operator, offers its guests and partners the dual expertise of a hotel operator and brand franchisor (**HotelServices**) and a hotel owner and investor (**HotelInvest**) with the objective of ensuring lasting growth and harmonious development for the benefit of the greater number.

With around 3,600 hotels and 460,000 rooms, Accor welcomes business and leisure travelers in 92 countries across all hotel segments: luxury-upscale with **Sofitel, Pullman, MGallery, and Grand Mercure**, midscale with **Novotel, Suite Novotel, Mercure and Adagio** and economy with **ibis, ibis Styles, ibis budget** and **hotelF1**. The Group boasts a powerful digital ecosystem, notably its booking portal **accorhotels.com**, its brand websites and its loyalty program **Le Club Accorhotels**.

As the world's top hospitality school, Accor is committed to developing the talents of its **170,000 employees** in Accor brand hotels. They are the daily ambassadors of the culture of service and innovation that has driven the Group for over 45 years.

1.2. CORE BUSINESSES

1.2.1. HOTELS

Present in every segment, from luxury to economy, Accor is uniquely positioned in the global hospitality market.

A portfolio structured to meet demand, from luxury to economy

Luxury and upscale

SOFITEL
LUXURY HOTELS

Sofitel and its Ambassadors bring French elegance to the world through a collection of prestigious hotels, offering their guests and partners personalized service that combines an emotional experience, outstanding performance and excellence. The Sofitel Luxury Hotels brand has now been enhanced with two new labels that share its DNA:

- **Sofitel Legend** offers a collection of legendary hotels, often in centuries-old heritage buildings, beautifully set off by stunning renovations;
- **Sofitel So** is the new boutique hotel label epitomized by ultra-contemporary styling in trendy destinations. Sofitel So's chic, modern design skillfully blends Sofitel's famous "art de vivre" and the signature of an internationally renowned designer from the world of art or fashion.

Network: 120 hotels, 28,216 rooms in 41 countries.

Guests: 48% business – 52% leisure.

pullman

In style and cosmopolitan, Pullman is world-renowned as Accor's international upscale brand. Located in the heart of the most sought-after city and tourist destinations, its hotels and resorts cater to an international clientele from around the world, traveling for business or pleasure.

They promise an innovative, efficient guest experience, combining warm, skillful hospitality with personalized offers and services.

Network: 81 hotels, 23,264 rooms in 24 countries.

Guests: 70% business – 30% leisure.

M
GALLERY

MGallery is a Collection of high-end hotels located around the world, each of which talentedly expresses a unique personality and narrative, that guests experience through the architecture, interior design and amenities. Each one is inspired by one of the Collection's three typical atmospheres: **"Heritage"** filled with history; **"Signature"** reflecting an esthetic universe; and **"Serenity"** promising a relaxing retreat.

Network: 68 hotels, 6,917 rooms in 22 countries.

Guests: 40% business – 60% leisure.

GRAND MERCURE

As our regional upscale brand, Grand Mercure places particular emphasis on embodying the essence of local hospitality, in a constant commitment to elegant refinement.

With **Mei Jue** in China and **Maha Cipta*** in Indonesia, Grand Mercure enables travelers to experience local culture to the fullest. Their staff are dedicated to providing every guest with the care and attention that make for an unforgettable stay.

Network: 13 hotels in China and 2 hotels in Indonesia, 4,488 rooms in all.

Guests: 63% business – 37% leisure (China only; Indonesian data unreported).

* *The local version of Grand Mercure, unveiled in March 2013 and custom designed for the Indonesian market.*

Midscale

NOVOTEL

Novotel, our international midscale brand, features hotels located in the heart of major international cities, as well as in business districts and tourist destinations.

With its comprehensive range of solutions, Novotel enables business and leisure travelers alike to feel right at home.

Network: 402 hotels, 76,383 rooms in 60 countries.

Guests: 60% business – 40% leisure.

Suite NOVOTEL

Suite Novotel offers midscale hotels located mainly in city centers, whose off-beat, avant-garde spirit invites medium-stay guests to enjoy a totally different hotel living experience.

Guest needs are met around the clock with modular 30 sq.m. suites and a range of innovative services.

Network: 30 hotels, 3,736 rooms in 9 countries.

Guests: 61% business – 39% leisure.

Mercure

Mercure is the only midscale hospitality brand to combine the power of an international network, backed by an uncompromising commitment to quality, and the friendly experience of individually unique hotels rooted in their local community and managed by enthusiastic hoteliers.

In city centers, by the sea or in the mountains, the Mercure network welcomes business and leisure travelers around the world.

Network: 743 hotels, 91,083 rooms in 51 countries.

Guests: 56% business – 44% leisure.

adagio adagio access

Adagio Aparthotels offer modern apartments with a kitchen and hotel services in urban locations for extended stays, based on attractive tiered pricing from the fourth night onwards. The brand covers two product ranges:

- **Adagio,** trendy midscale aparthotels located in the heart of leading cities;
- **Adagio access,** clever, affordable aparthotels located near city centers.

Network: 90 aparthotels, 9,848 apartments in 8 countries.

Guests: 60% business – 40% leisure.

Economy

ibis

ibis, the European leader in economy lodging, offers guests the finest accommodations and highest quality services in its category at the market's lowest price.

Everywhere around the world, the brand guarantees a consistent guest experience, with a modern, connected, soundproofed room, an innovative, supremely comfortable bed, breakfast from 4:00 am to noon, and a wide range of restaurant concepts.

Network: 999 hotels, 124,022 rooms in 59 countries

Guests: 65% business – 35% leisure.

ibis Styles

A non-standardized economy brand with a multitude of styles and a Happy Mood personality, ibis Styles is being developed mainly through franchising. With its focus on business and leisure customers traveling alone or with the family, the brand features customer-friendly solutions at an all-inclusive price covering the room, breakfast, Wi-Fi and a host of extra amenities.

Network: 233 hotels, 21,156 rooms in 21 countries.

Guests: 58% business – 42% leisure.

ibis budget

The global benchmark in budget accommodations, ibis *budget* (formerly Etap Hotel) is our clever, casual brand that expresses the values of simplicity, trendiness and well-being. The hotels feature comfortable cocoon rooms with super-soft duvets and fluffy new pillows, an extra-large shower stall, a flat-screen TV, Wi-Fi and an all-you-can-eat breakfast buffet.

Network: 506 hotels, 46,547 rooms in 16 countries.

Guests: 60% business – 40% leisure.

hotelF1

hotelF1 offers fully renovated Duo and Trio rooms featuring a contemporary design as well as new reception and breakfast areas. More dynamic than ever, hotelF1 has established itself as a straightforward brand that meets the expectations of smart consumers.

Network: 238 hotels, 17,906 rooms in France.

Guests: 65% business – 35% leisure.

For various contractual reasons, 10 hotels representing 947 rooms are still operated under the Formule 1 brand.

A global presence in every market segment

Accor operates on five continents with a unique portfolio of 3,576 hotels (461,719 rooms) as of December 31, 2013 and a presence in every market segment.

Hotel portfolio by region and brand at December 31, 2013

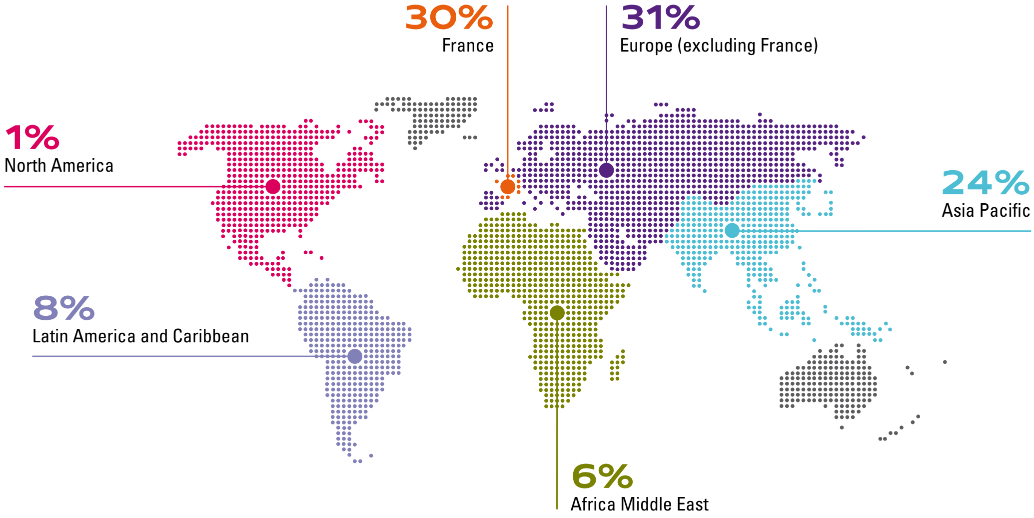
	France		Europe excl. France		Asia-Pacific		Latin America and the Caribbean		Africa/Middle East		North America		Total	
Brand	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
Sofitel	11	1,512	19	4,593	41	12,091	9	1,665	25	5,744	8	2,611	113*	28,216
Pullman	13	3,722	15	3,889	44	12,715	2	538	7	2,400	-	-	81	23,264
MGallery	17	1,191	22	2,724	20	2,097	4	357	5	548	-	-	68	6,917
Novotel	113	15,437	135	25,957	102	24,632	19	3,239	25	5,013	8	2,105	402	76,383
Suite Novotel	19	2,199	8	1,130	-	-	-	-	3	407	-	-	30	3,736
Mercure	228	22,096	299	37,460	129	21,334	75	10,338	27	4,343	-	-	758	95,571
Adagio	29	3,575	10	1,128	-	-	-	-	-	-	-	-	39	4,703
Other	1	51	5	900	32	3,929	8	2,063	2	263	-	-	48	7,206
Luxury, upscale and midscale	**431**	**49,783**	**513**	**77,781**	**368**	**76,798**	**117**	**18,200**	**94**	**18,718**	**16**	**4,716**	**1,539**	**245,996**
ibis	382	33,627	331	42,816	125	23,013	111	16,350	50	8,216	-	-	999	124,022
ibis Styles	120	8,534	65	5,982	46	6,421	1	80	1	139	-	-	233	21,156
ibis *budget*	319	24,615	147	15,623	24	2,433	13	3,513	3	363	-	-	506	46,547
Adagio access	50	5,035	1	110	-	-	-	-	-	-	-	-	51	5,145
hotelF1	238	17,906	-	-	-	-	-	-	-	-	-	-	238	17,906
Formule 1	-	-	6	443	4	504	-	-	-	-	-	-	10	947
Economy	**1,109**	**89,717**	**550**	**64,974**	**199**	**32,371**	**125**	**19,943**	**54**	**8,718**	**-**	**-**	**2,037**	**215,723**
TOTAL	**1,540**	**139,500**	**1,063**	**142,755**	**567**	**109,169**	**242**	**38,143**	**148**	**27,436**	**16**	**4,716**	**3,576**	**461,719**

** 120 hotels are marketed through the TARS reservation system.*

Accor is the largest hotel group in **Europe**, with a network of 2,603 hotels and 282,255 rooms accounting for 61% of its room base at December 31, 2013. In other regions, its expertise is deployed through 567 hotels (24% of the room base) in the **Asia-Pacific** region, 242 hotels (8% of the room base) in **Latin America** and the **Caribbean,** 148 hotels (6% of the room base) in **Africa** and the **Middle East** and 16 hotels (1% of the room base) in **North America.**

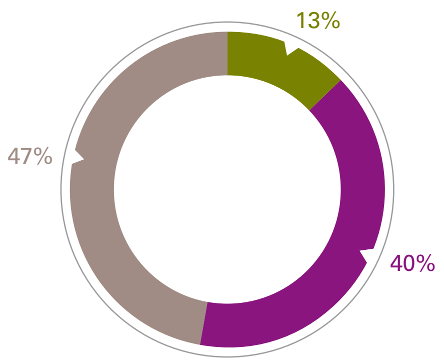
Hotel portfolio by region at December 31, 2013

(% based on number of rooms)



Hotel portfolio by segment at December 31, 2013

(% based on number of rooms)



Differentiated ownership structures

In developing new hotels, Accor's strategy is to align their ownership structure with:

- their positioning (luxury and upscale, 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, the Group prefers asset-light ownership structures based on:

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

In the emerging markets, the Group focuses on:

- management contracts in the luxury and upscale segments;
- joint ventures with local partners in some countries, like India, and management contracts in the midscale segment;
- all types of ownership structures in the economy segments, depending on the brand and the location in key cities.

As of year-end 2013, 59% of the room base was operated under arrangements that limited earnings volatility, such as management contracts and franchise agreements.

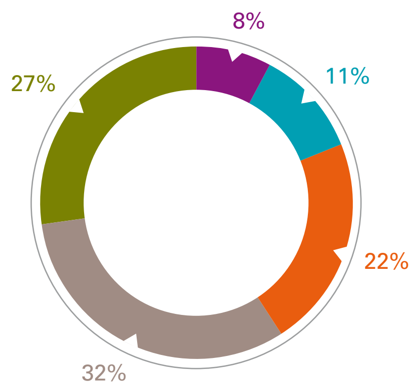
Hotel portfolio by ownership structure and brand at December 31, 2013

	Owned		Fixed lease		Variable lease		Managed		Franchised		Total	
Brand	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
Sofitel	13	2,014	4	1,199	7	1,165	86	22,642	3	1,196	113	28,216
Pullman	6	1,215	8	2,073	6	2,076	50	14,818	11	3,082	81	23,264
MGallery	4	293	7	818	4	573	22	2,507	31	2,726	68	6,917
Novotel	42	7,943	43	8,529	119	20,114	134	31,512	64	8,285	402	76,383
Suite Novotel	-	-	6	971	11	1,396	5	662	8	707	30	3,736
Mercure	34	4,701	63	10,330	84	12,733	200	32,755	377	35,052	758	95,571
Adagio	2	207	7	817	4	473	24	3,015	2	191	39	4,703
Other	6	1,422	1	51	2	289	35	5,096	4	348	48	7,206
Luxury, upscale and midscale	**107**	**17,795**	**139**	**24,788**	**237**	**38,819**	**556**	**113,007**	**500**	**51,587**	**1,539**	**245,996**
ibis	109	15,856	111	14,857	249	35,480	129	23,278	401	34,551	999	124,022
ibis Styles	4	426	13	1,139	5	911	25	4,291	186	14,389	233	21,156
ibis *budget*	32	3,550	78	8,404	115	12,707	25	3,135	256	18,751	506	46,547
Adagio access	-	-	3	263	-	-	48	4,882	-	-	51	5,145
hotelF1	21	1,514	-	-	158	12,573	-	-	59	3,819	238	17,906
Formule 1	5	364	1	79	-	-	4	504	-	-	10	947
Economy	**171**	**21,710**	**206**	**24,742**	**527**	**61,671**	**231**	**36,090**	**902**	**71,510**	**2,037**	**215,723**
TOTAL	**278**	**39,505**	**345**	**49,530**	**764**	**100,490**	**787**	**149,097**	**1,402**	**123,097**	**3,576**	**461,719**

* 120 hotels are marketed through the TARS reservation system.

Hotel portfolio by ownership structure at December 31, 2013

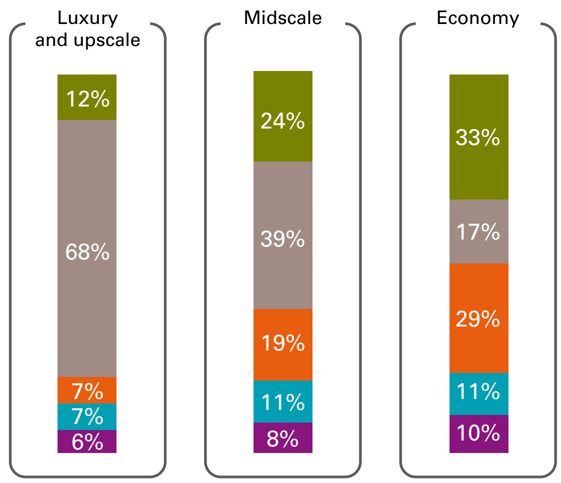
(% based on number of rooms)



- Owned
- Fixed lease
- Variable lease
- Management
- Franchise

Hotel portfolio by segment and ownership structure at December 31, 2013

(% based on number of rooms)



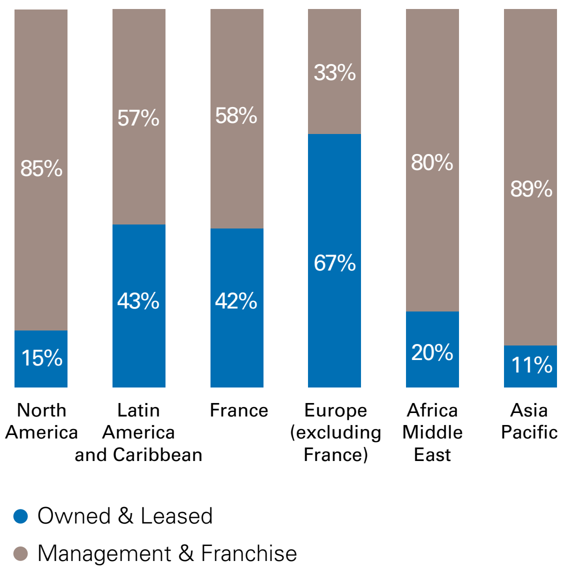
- Owned
- Fixed lease
- Variable lease
- Management
- Franchise

Hotel portfolio by ownership structure and region at December 31, 2013

	Owned		Fixed lease		Variable lease		Managed		Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
France	64	6,495	41	4,683	415	47,441	110	13,525	910	67,356	1540	139,500
Europe excl. France	139	20,548	252	37,268	271	38,120	102	14,984	299	31,835	1,063	142,755
North America	3	705	-	-	-	-	12	3,862	1	149	16	4716
Latin America and the Caribbean	29	4,515	5	684	58	11,242	103	16,166	47	5,536	242	38,143
Africa/Middle East	18	3,030	1	206	13	2,130	101	20,053	15	2,017	148	27,436
Asia-Pacific	25	4,212	46	6,689	7	1,557	359	80,507	130	16,204	567	109,169
TOTAL	**278**	**39,505**	**345**	**49,530**	**764**	**100,490**	**787**	**149,097**	**1,402**	**123,097**	**3,576**	**461,719**

Hotel portfolio by ownership structure and region at December 31, 2013

(% based on number of rooms)



Property

Property, plant and equipment recognized in the consolidated balance sheet primarily corresponds to hotel assets that are either owned outright or held under finance leases. The cost value of these assets stood at €5,053 million at December 31, 2013, while their carrying amount was €2,448 million, representing 34.7% of total consolidated assets at that date (see note 20 to the consolidated financial statements, page 232).

The above breakdown of the hotel portfolio shows the number of rooms, the type of ownership structure and the location of the hotels at December 31, 2013. Occupancy rates, average room rates and Revenue Per Available Room (RevPAR) are described in the analysis of consolidated results on page 164.

Hotel projects currently underway are presented in note 2 to the consolidated financial statements on page 202.

Environmental issues are described in the environmental report on page 67.

Markets and Competition

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

Hotel companies ranked by number of rooms worldwide at December 31, 2013

Rank	Group	Number of hotels	Number of rooms
1	InterContinental Hotels Group	4,697	686,873
2	Hilton Hotels	4,115	678,630
3	Marriott International	3,783	653,719
4	Wyndham Hotel Group	7,485	645,423
5	Choice Hotels International	6,303	502,663
6	**Accor**	**3,555**	**461,719**

Source: Accor, MKG – March 2014.

The above 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 December 31, 2013 (28-country European Union)

Rank	Group	Number of rooms	Number of hotels
1	**Accor**	**262,634**	**2,440**
2	Best Western	91,739	1,336
3	Intercontinental Hotels Group	88,209	577
4	Groupe du Louvre	68,294	974
5	Whitbread	53,313	664

Sources: MKG Hospitality database – January 2014.

According to the MKG Hospitality report, three Accor chains rank among the top ten, in number of rooms, in the 28-country European Union.

European integrated hotel chains by number of rooms at December 31, 2013 (28-country European Union)

Rank	Chain	Number of rooms	Number of hotels
1	**ibis megabrand (ibis, ibis Style, ibis *budget*)**	**125,629**	**1,319**
2	Best Western	91,739	1,336
3	Holiday Inn	65,819	466
4	**Mercure**	**58,556**	**517**
5	Premier Inn	53,914	667
6	NH Hoteles	44,139	300
7	**Novotel**	**41,874**	**261**
8	Travelodge	39,152	527
9	Hilton International	34,840	135
10	Radisson Blu	29,781	130

Sources: MKG Hospitality database – January 2014.

1.2.2. OTHER BUSINESSES

Other businesses, which are not material compared with the Hotels business, include the corporate departments and the marginal Casinos business. They are presented as part of the «Other» segment.

1.3. FINANCIAL HIGHLIGHTS

In compliance with European Commission Regulation 1606/2002 of the European Parliament and of the Council dated July 19, 2002 and European Commission Regulation 1725/2003 dated September 29, 2003, Accor has prepared its consolidated financial statements since 2005 in accordance with the International Financial Reporting Standards (IFRSs), as published by the International Accounting Standards Board (IASB) and adopted by the European Union.

The following financial highlights have been taken directly from the consolidated financial statements at December 31, 2013.

Consolidated financial highlights

(in millions of euros)	2012	2013
Consolidated revenue	5,649	5,536
EBITDAR	1,788	1,759
EBIT	526	536
Operating profit before tax and non-recurring items	468	446
Net profit/(loss)	(584)	139
Net profit/(loss), Group share	(599)	126

Per-share data

(in euros)	2012	2013
Earnings per share	(2.64)	0.55
Diluted earnings per share	(2.64)	0.55
Ordinary dividend per share	0.76	0.80 (1)
Special dividend per share	NA	NA

(1) Submitted for approval at the Annual Shareholders' Meeting of April 29, 2014.

Total assets

(in millions of euros)	2012	2013
Total non-current assets	4,479	4,088
Total current assets	2,925	2,911
Assets held for sale	156	61
Total assets	7,560	7,060

Equity and net debt

(in millions of euros)	2012*	2013
Equity attributable to shareholders	2,765	2,539
Equity attributable to non-controlling interests	230	217
Equity	2,995	2,756
Net debt	421	231

* *The Group adopted the amendment to IAS 19 – Employee Benefits effective from January 1, 2013. The amended standard is applicable retrospectively to all periods presented and an adjusted statement of financial position has therefore been prepared at December 31, 2012 (see note 1, page 189, for an explanation of the changes of method and their effects).*

1.4. MILESTONES

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 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.

1992

- Ticket Restaurant® business launched in Turkey.

1993

- Accor Asia Pacific Corp. 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.
- Ticket Restaurant® introduced in Greece.

1997

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

1998

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

1999

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

2000

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

2001

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

2002

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

2003

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

2004

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

2005

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

2006

- 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 on-going 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. Accor will continue 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. Accor remains a 25% shareholder in the joint venture and continues to manage the hotels under the Sofitel brand through a 25-year contract.
- Accor strengthens its operations in Brazil by becoming Ticket Serviços' sole shareholder.
- Accor Services pursues its expansion and acquires Serial in Italy, RID in India and Calicado in Germany.
- Compagnie des Wagons-Lits wins a tender from French National Railways SNCF for onboard foodservices on the TGV Est Européen high-speed train line.

2007

- Accor sells two other US Sofitel units in New York and Philadelphia to a joint venture comprised of GEM Realty Capital, Whitehall Street Global Real Estate Limited Partnership and Accor. Accor remains a 25% shareholder in the venture and continues to manage the hotels under the Sofitel brand through a 25-year management contract.
- As part of the on-going shift in the Hotels business model, Accor sells 47 hotel properties in France and 10 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 will continue 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. Accor will continue 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 foodservices business is sold to Barclays Private Equity.
- 28,400 new rooms opened during the year.

2008

- Accor Services acquires 80% of Quasar, a German loyalty and incentive program operator.
- As part of its strategy of refocusing on its two core businesses, Services and Hotels, Accor sells its remaining 50% stake in the Brazilian foodservices 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 A|Club, a free cross-brand loyalty program that earns points in more than 2,000 hotels and 90 countries worldwide.
- Accor continues to expand worldwide with the opening of 28,000 new rooms.

2009

- Gilles Pélisson, Chief Executive Officer, appointed Chairman of the Board of Directors.
- Stake in Groupe Lucien Barrière raised 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 their 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 on-going asset-right strategy, Accor announces a major real estate transaction in the economy segment in France, with the sale of 158 HotelF1 properties, representing a total of 12,300 rooms.
- 27,300 new rooms are opened during the year.

2010

- Initiated in 2009, the project to demerge the Hotels and Prepaid Services businesses is approved by shareholders at the Combined Ordinary and Extraordinary 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 brands.
- 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 sales 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 29.9% equity interest in Mirvac Wholesale Hotel Fund (MWHF). Accor's offering in the two countries now totals 241 hotels across every hospitality segment.
- In September, a franchise contract 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 and franchise contracts and more than 70% located in emerging markets. It strengthens its market leadership in Brazil by acquiring the Posadas hotel chain.
- Throughout the year, Accor works on revitalizing its brand portfolio. In the Economy segment, it implements the ibis Megabrand project that enables more than 1,500 hotels to embrace the new ibis, ibis Styles and ibis *budget* standards, while in the Upscale segment, it initiates MGallery's repositioning, led by its boutique hotels, and launches Mei Jue in China. The Group also consolidates Sofitel's image with high-profile openings in Mumbai, Bangkok and Agadir and enhances Pullman's image with a vast renovation program.

2013

Several major projects were 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 was also made on the development strategy, particularly *via* several high-profile openings in the Middle East, which included 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 was 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 our interest in Australian hotel owner TAHL for a total of €100 million.

1.5. STRATEGIC VISION AND OUTLOOK

2013 also saw a major shift in the Group's strategy. Led by newly appointed Chairman and Chief Executive Officer Sébastien Bazin, Accor decided to redefine its business model around two strategic businesses – hotel operator and brand franchisor **HotelServices**, with a business model focused on generating revenue from fees and optimizing the income statement, and hotel owner and investor **HotelInvest**, with a business model aimed at improving the return on assets and optimizing the balance sheet.

The new structure reaffirms the strategic nature of our two traditional areas of expertise – asset management and owner services – by separating the relevant functions, responsibilities and objectives to build a more efficient business model. The 1,400 HotelInvest hotels will be operated by HotelServices under management contracts. The two businesses will have their own reporting process, based on separate income statements, cash flow statements and balance sheets, but will be managed by a single Executive Committee.

Strategic support functions, such as Finance, Human Resources, Legal Affairs and Communications, will continue to be centralized at corporate level.

To facilitate local decision-making and reduce operating costs, Accor is now organized by region, according to the same rationale in every market. The brands have been divided into three segments – "Luxury & Upscale", "Midscale" and "Economy" – so that they can share support functions with other brands in their segment. Sofitel, for example, will now be able to share its expertise more effectively with other brands in the Luxury & Upscale segment, whose marketing teams have been relocated to Asia. Accor is now led by a new Executive Committee that comprises 10 members, including the five regional operations executives. The new executive management team is responsible for driving changes in the way we operate, to ensure clarity, agility and accountability in the decision-making process.

1.5.1. 2013: AMBITIOUS PROJECTS COMPLETED

In a hospitality industry that offers a multitude of expansion opportunities, Accor is leveraging its unique strengths to deploy its growth strategy. A large number of projects were carried out in 2013, laying the foundations for our strategic vision for 2016.

1. Finalization of the ibis megabrand roll-out

Accor embarked on a new chapter in 2011 with the conversion of its three economy brands into the ibis family, encompassing ibis (1,000 hotels), ibis Styles (223 hotels) and ibis *budget* (506). The upgrade created an attractive and aligned brand portfolio synonymous with modern living and well-being.

The revitalization project has driven sustained growth in the ibis family, with more than 200 hotels opened in two years or one every three days. In 2013, the ibis family accounted for 52% of the hotels opened during the year, *versus* 39% in 2012. In just four years, Accor has significantly strengthened its position as the world leader in the economy hotel segment. The ibis family also accounts for nearly half of our development projects worldwide, with more than 62,000 rooms in the pipeline, of which 38% in the Asia-Pacific region, 30% in Latin America and 27% in Europe.

Brand awareness has also increased sharply across the economy segment thanks to the ibis family project. Today, ibis is the top economy hotel in ten European countries in terms of unaided brand awareness. The reconfiguration of more than 300 hotel common areas and the widespread deployment of the new Sweet Bed by ibis™ concept (which now represents more than 100,000 beds) have consolidated the brand's modern image and improved guest satisfaction. This is particularly true in the area of comfort, where 90% of guests are now satisfied or very satisfied, an increase of five percentage points over two years.

2. Successful distribution initiatives

The powerful, efficient TARS system

A powerful driver of room bookings and hotel performance, the Travel Accor Reservation System (TARS) functions as a technological platform connecting all of the distribution channels:

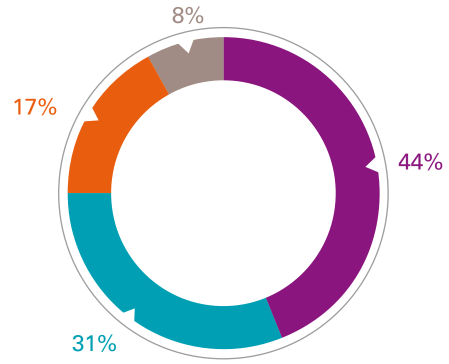
- direct sales, with direct bookings online *via* the accorhotels.com portal and the brand websites, or by phone, email and fax *via* dedicated call centers;
- indirect sales *via* traditional or online travel agencies, wholesalers and tour operators.

As Accor steps up its transformation with a hotel network that is 59% operated under franchise agreements or management contracts, TARS's power is strengthening the Group's ability to deliver revenue growth for franchisees and owners.

In 2013, the performance of the distribution system was consolidated with:

- a further increase in the proportion of central sales, which transit *via* TARS, to a total of 56% of room business volume, from 50% in 2011;
- €2.9 billion in online business volume, or nearly a third of all room sales from owned, leased, managed and franchised hotels.

2013 room business volume by booking channel



- Hotel PMS [(1)] (direct booking)
- Online (direct: 17%/indirect: 14 %)
- Call centers and email/fax bookings
- Distributor partners and travel agencies

(1) Property Management System

A successful loyalty program, renamed Le Club Accorhotels

The free, multi-brand, international Le Club Accorhotels is the only hotel loyalty program that covers every market segment, from luxury to economy. Introduced in September 2008, the program has expanded at an increasingly rapid pace, with membership rising to 14 million by year-end 2013, *versus* 10.1 million a year earlier and 8.3 million at year-end 2011. Cardholders tend to stay longer and spend more, on average, than other guests.

3. A development strategy focused on emerging markets and franchise and management contracts

In 2013, a total of 22,637 new rooms or 170 hotels were opened worldwide, representing one hotel every two days (and one ibis every three days). Franchise agreements and management contracts accounted for 85% of this development, while leased hotels represented 12% and owned hotels 3%.

Several openings planned for 2013, mainly in China and India, have been rescheduled for 2014 or 2015. Together, they represent around 11,000 rooms to be added to the development pipeline, which totaled 136,000 rooms at the end of the year. Of the openings carried out in 2013, 59% were outside Europe, including 37% in the Asia-Pacific region, 13% in Latin America and 9% in Africa-Middle East.

Accor has decided not to develop its network *via* lease contracts in the future, except for contacts already underway, which represent around one hundred hotels.

4. Continued deployment of the asset management program

A total of 53 hotels were sold or restructured in 2013, leading to a €408 million reduction in adjusted net debt and a cash impact of €331 million. This included the sale of 23 hotels and the restructuring of 30 lease contracts.

	2011	2012	2013
Sale and variable leaseback	13	9	9
Sale and management-back	9	10	12
Sale and franchise-back	69	60	22
Outright sales	38	20	10
TOTAL HOTELS	**129**	**99**	**53**
CASH IMPACT (€m)	**394**	**352**	**331**
IMPACT ON ADJUSTED NET DEBT [(1)] (€m)	**533**	**606**	**408**

(1) Net debt adjusted for the net present value of minimum lease payments discounted at 7% (Standard and Poor's methodology).

5. 2013 financial objectives met

All of the objectives set for 2013 were met or exceeded during the year:

- **€536 million in EBIT,** at the upper end of the announced range, supported in particular by the ongoing deployment of a cost-savings plan, which by year-end had already delivered €37 million of the €100 million in savings expected in 2013 and 2014;
- A record €248 million in **operating free cash flow** before disposals and acquisitions.
- **robust development** with the **opening of 22,637 rooms,** despite several projects being postponed until 2014 or 2015, mainly in China and India;
- an **increase in the number of rooms under asset-light ownership structures,** with 85% of new openings in hotels under management or franchise contracts;
- **progress in the asset management program,** with 53 hotels sold for a €408 million reduction in adjusted net debt.

All of the 2013 P&L Performance objectives were also met during the year:

- a 53.4% EBITDAR margin on management and franchise contracts, exceeding the target of more than 50%;
- the Sales & Marketing Fund at EBITDAR breakeven.

1.5.2. TRENDS AND OUTLOOK

Fourth-quarter 2013 trends continued into January/February 2014, with situations varying by region. In Europe, the United Kingdom and Germany turned in very solid performances, while results were more mixed in France. Southern Europe, which encompasses Spain, Italy, Portugal and Greece, seemed to show some initial signs of an upturn in demand, after seven consecutive years of decline. Emerging markets in Latin America, Africa-Middle East and Asia-Pacific continued to experience very strong demand, despite a slight decline in Australia and China.

In an economic environment that remains uncertain in Europe, business is holding firm, in line with what was observed in late 2013. As a result, Accor has entered 2014 relatively confident in its business outlook.

1.5.3. A NEW STRATEGIC VISION

In November 2013, Accor presented a new growth strategy based on the recognition of two separate but strategically related businesses:

- hotel operator and brand franchisor;
- hotel owner and investor.

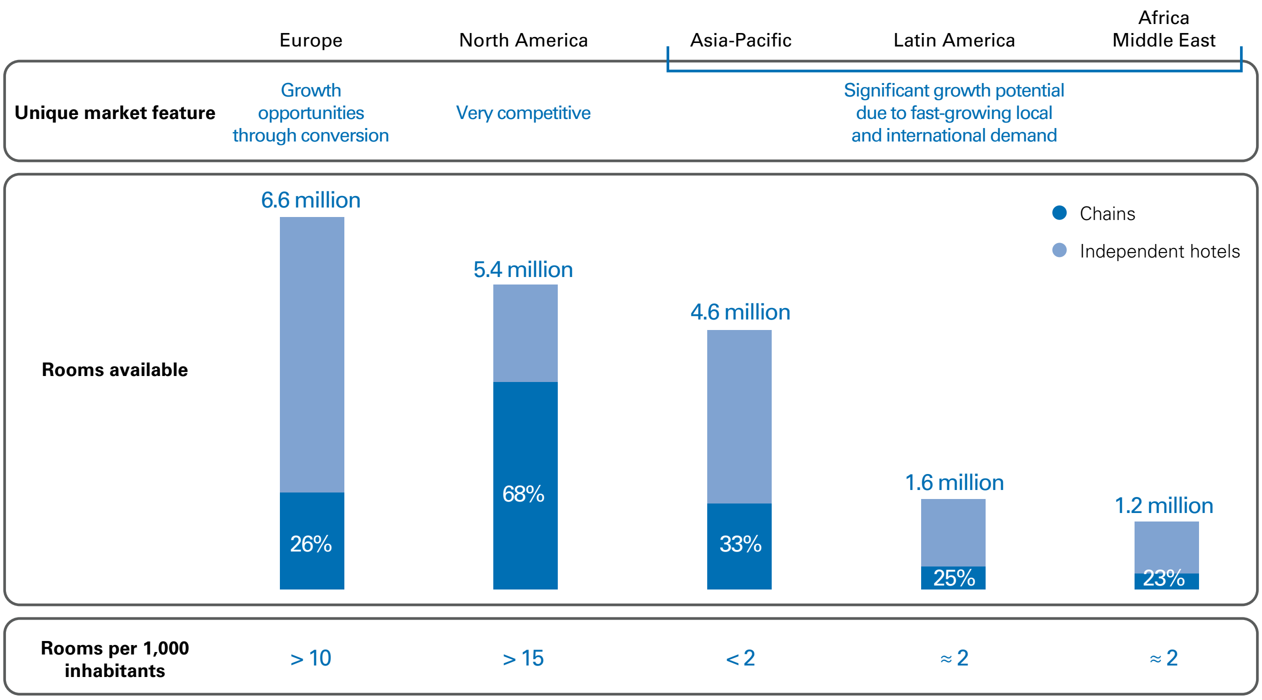
In line with this distinction, Accor has been reorganized around two centers of expertise:

- **HotelServices,** the hotel operator and brand franchisor, focuses on providing services to customers and partners and generating revenue from fees. HotelServices encompasses all of the Group's 3,576 hotels, which represent a total of 461,719 rooms. The main performance indicators for HotelServices are the growth in the hotel network, EBIT margin and more generally the main P&L indicators. In 2013, 48% of the fees received by HotelServices came from owned or leased hotels;
- **HotelInvest,** the hotel owner and investor, focuses on managing the asset portfolio and optimizing the return on capital employed. HotelInvest's main objectives are to optimize its balance sheet, increase the value of its assets and generate cash flow. All of the 1,387 HotelInvest hotels, which represented 189,525 rooms at end-2013, are operated by HotelServices under management contracts.

1. HotelServices

Encompassing all of the Group's hotels, including those under franchise agreements and management contracts, HotelServices is the world's No. 1 hotel operator outside North America, with leadership positions in Europe, Latin America, Africa and the Middle East and the Asia-Pacific region.

A leader in regions with the greatest potential



HotelServices is the leading hotel operator in Europe, a market that offers significant development potential, primarily *via* opportunities to convert independent hotels, which still account for 74% of the region's rooms. In Europe, HotelServices benefits in particular from the strength of its non-standardized brands, such as ibis Styles, Mercure and MGallery.

Emerging markets offer even greater development potential, since most countries in the Asia-Pacific, Latin America and Africa-Middle East regions are experiencing a shortage of hotel accommodation, with around two hotel rooms per 1,000 inhabitants *versus* 10 in Europe and 15 in North America. Many opportunities are available in all segments, whether *via* the conversion of independent hotels, which significantly outnumber affiliated hotels, or *via* the construction of new ones. In these markets, growth is particularly strong in the luxury and upscale segment, with the Sofitel, Pullman and MGallery brands, as well as local brands such as Mei Jue in China and Maha Cipta in Indonesia. Reorganized around the ibis megabrand, the economy segment is also experiencing solid growth in these regions.

High margins and strong cash generation

	Management/ Franchisor	Sales & Marketing	Other operations	HotelServices
Revenue	**670**	**399**	**150**	**1,219**
EBITDAR	**358**	**9**	**65**	**432**
EBITDAR margin	*53.4%*	*2.4%*	*43.5%*	*35.5%*
EBITDA	**352**	**4**	**62**	**418**
EBITDA margin	*52.5%*	*0.9%*	*41.5%*	*34.3%*
EBIT	**341**	**- 3**	**50**	**388**
EBIT margin	*50.9%*	*- 0.7%*	*33.3%*	*31.8%*

The **HotelServices** business is divided into three segments:

- **Management & Franchise,** corresponding to the fees paid by all of the hotels under franchise agreements or management contracts. In 2013, this segment generated €670 million in revenue, with a commitment to delivering an EBITDAR margin of 50% or higher;
- **the Sales & Marketing Fund,** comprising dedicated fees, is intended to be reinvested in full and therefore does not constitute a profit center. In 2013, it generated a marginal loss of €3 million at the EBIT level.

  Altogether, the fees received for Management & Franchise services and paid into the Sales & Marketing Fund amounted to an aggregate €1,069 million in 2013, of which 48% from HotelInvest hotels and 52% from hotels held by third parties;
- **Other businesses,** which include certain activities related to hotel operations, such as a timeshare business in Australia, Strata, which manages hotel common areas in Oceania, the corporate Procurement Department and the loyalty programs.

HotelServices is a P&L-driven business and a strong cash generator, with a strategic focus on increasing business volumes (€11.5 billion in 2013) and fee collection, primarily through business development and growth in RevPAR.

Its **main challenges** are to:

- implement a business model based on **generating fees,** with a portfolio of services adapted to owners' needs, focusing on contract profitability and optimizing cost management to enhance the financial performance of Accor and its partners;
- **optimize sales and marketing strategies,** with projects planned in such areas as customer relationship management, loyalty programs and, more generally, digital services to enable more agile revenue management and more effective use of distribution channels, including online travel agencies;
- **strengthen the brands,** which have now been reorganized into three segments: Luxury & Upscale, which focuses on service excellence and a development strategy that targets high-profile hotels in strategic cities; Midscale, where a particular emphasis is placed on innovation to more effectively differentiate the brands; and Economy, where the aim is to capitalize on the successful creation of the ibis megabrand to consolidate market leadership and capitalize on economies of scale.

Performance indicators aligned with HotelServices' unique business features

Performance indicators for the fee-generating HotelServices business are based on both operational and financial criteria:

Operational indicators

- Growth in the number of rooms.
- RevPAR and business volume.
- Operating margin and flow-through ratio.
- Customer satisfaction indicator Net Promoter Score (NPS).

Financial indicators

- Growth in fees received.
- EBITDA and EBIT margins.
- Free cash flow (EBITDA – maintenance CAPEX).

These indicators are used to calculate incentives for HotelServices executives.

2. HotelInvest

HotelInvest brings together all of our operations as a hotel owner and lessee. At end-2013, the HotelInvest portfolio comprised 1,387 hotels, of which 278 owned, 345 under fixed leases and 764 under variable leases. Europe accounts for 85% of the portfolio, a percentage that is likely to increase in the coming years, and the Economy and Midscale segments account for 95%.

In 2013, owned hotels generated 54% of net operating income (EBITDA less maintenance expenditure), compared with 46% for leased hotels. The medium-term objective is to increase the contribution from owned hotels to 75%.

Significant room for improvement through lease contract restructuring

	Owned & leased hotels	Other operations	HotelInvest
Revenue	**4 761**	**179**	**4 940**
EBITDAR	**1 374**	**2**	**1 376**
EBITDAR margin	*28,9 %*	*1,0 %*	*27,8 %*
EBITDA	**500**	**- 9**	**491**
EBITDA margin	*10,5 %*	*- 5 %*	*9,9 %*
EBIT	**219**	**- 23**	**196**
EBIT margin	*4,6 %*	*- 12,7 %*	*4,0 %*

The **HotelInvest** business is divided into two segments:

- income from owned and leased hotels;
- other businesses, which includes operations related to the hotel business, such as HotelInvest head offices, construction and shared services, and non-strategic operations, such as the casinos, the Orféa business in partnership with French National Railways SNCF, and Orbis Transport.

HotelInvest's **main challenges** are to:

- strengthen its position as the **leading hotel investor** in the economy and midscale segments **in Europe,** with strategic positions in emerging markets;
- optimize **cash flow generation** and reduce earnings volatility, particularly by reducing the number of lease contracts. To achieve this objective, certain hotels have been earmarked for restructuring and lease contracts will not be systematically renewed when they expire. In addition, hotel development will no longer take place *via* lease contracts, except for contracts on which Accor has already made a commitment;
- manage and rationalize the asset portfolio, with a focus on **value creation** through the strategic allocation of capital expenditure;
- support the Group's growth strategy, by holding a **selective portfolio of profitable hotel property assets.**

HotelInvest will keep the vast majority of owned hotels, limiting property sales to hotels that are performing well below average. HotelInvest is also responsible for allocating maintenance and development expenditure and may decide to acquire other hotel properties to drive further value creation.

Performance indicators aligned with HotelInvest's unique business features

Like HotelServices, the HotelInvest property business benefits from specific performance indicators based on both operational and financial criteria.

Operational indicators

- Portfolio and asset management.
- Allocation of capital expenditure.

Financial indicators

- Net operating income, with the objective of increasing the contribution from owned hotels to 75% from 54% in 2013.
- Generation of free cash flow.
- Optimization of Net Asset Value.
- Return on capital employed.
- Adjusted net debt to EBITDAR ratio.

These indicators, which are mainly balance sheet and cash flow driven, are used to calculate incentives for HotelInvest executives.

With HotelServices and HotelInvest, Accor now has a clear, long-term vision supported by a simple, agile organization. These two strategically aligned businesses leverage dedicated teams within a unified Group to deliver optimal operating performance and sustainable growth for employees, partners and shareholders.

3. Aligned financial communication

Beginning in 2014, Accor will disclose its financial indicators separately for the HotelServices and HotelInvest businesses, in line with its new strategy, its organization and its internal reporting guidelines. This will concern the quarterly revenue announcements, starting with the first-quarter figures in April, as well as the interim and annual earnings announcements, which will include separate balance sheet and cash flow aggregates.

4. Maintaining the fast pace of development

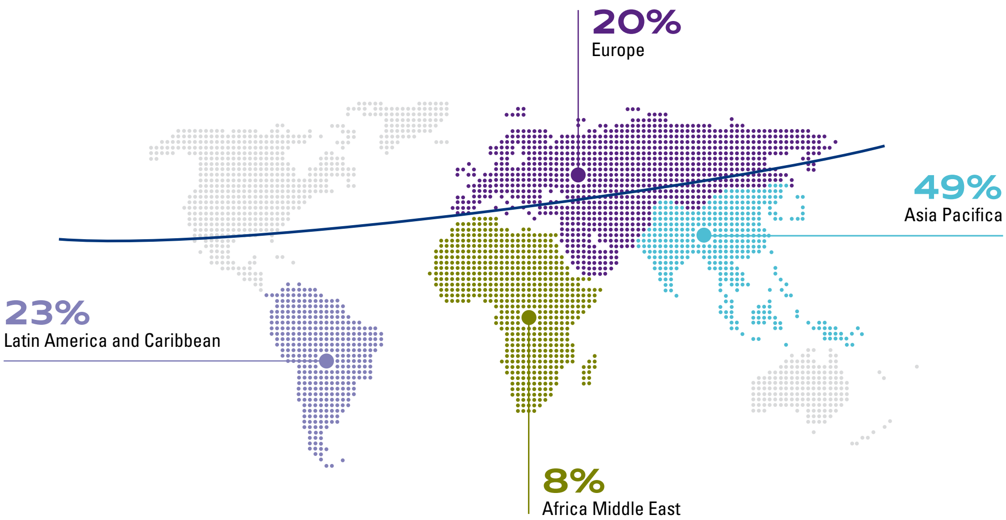
In 2013, Accor opened 170 hotels or 22,637 rooms, of which 54% in the economy and budget segments, 28% in the midscale segment and 18% in the luxury and upscale segment, with the ibis, ibis Styles and Mercure brands experiencing the fastest growth. Franchise agreements accounted for 34% of this development, management contracts for 52%, leased hotels for 11% and owned hotels for 3%.

Several openings planned for 2013 have been postponed until 2014 or 2015. Together, they represent around 11,000 rooms, located mainly in Asia. Accor has decided that it will no longer communicate annual development targets, since it has no control over the opening schedules for hotels developed or held by third parties. From now on, targets in the area of hotel development will focus on the number of rooms added to the pipeline.

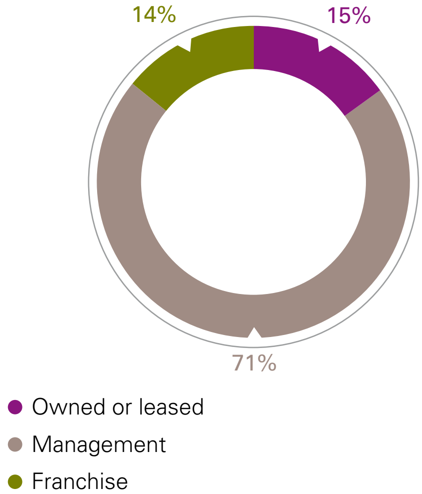
Development contracts were signed for 242 hotels in 2013, for a total of 35,746 rooms, of which 88% under management contracts or franchise agreements and 71% outside Europe. At end-2013, the pipeline totaled 732 hotels or 136,361 rooms.

732 hotels (136,361 rooms) in the pipeline

Pipeline at year-end 2013 by region and operating structure, as a % of total rooms



80% of the pipeline in emerging markets



2 Corporate RESPONSIBILITY

"A pioneering company, Accor has built its history on a deep dedication to forging ties. As a leader, it has always cared about upholding a high level of commitment to our employees, our guests, our partners and to our host communities where we live and work in more than 90 countries. This is our duty as a good corporate citizen. It's not enough to create value, you also have to share it. Today, our corporate social responsibility process is being led by our PLANET 21 sustainable development program, which is unlike any other in the hospitality industry and which has set us firmly on the path to continuous improvement. It is being organically extended by the implementation of community outreach projects to support the disadvantaged. Inspired by these beliefs, Accor will continue to reinvent itself, retain its guests and employees and drive its sustainable growth for the benefit of all its stakeholders."

Sébastien Bazin, Chairman and Chief Executive Officer

2.1. BACKGROUND AND CHALLENGES

2.1.1. CHALLENGES FOR THE TOURISM INDUSTRY

According to the UN's World Tourism Organization, the number of international tourists worldwide has grown steadily from 25 million in 1950 to 278 million in 1980, 528 million in 1995 and 1,087 million in 2013, after exceeding one billion for the first time in 2012.

In addition to increasing in volume, tourism has also become more diversified. Today, it reaches every corner of the globe and accounts for around 9% [(1)] of global GDP. Long recognized as a driver of economic development, tourism has also become a catalyst for global progress. Awareness of sustainability issues has now expanded beyond a purely environmental outlook to include much broader concerns, such as social equity, economic sustainability, local prosperity, quality of jobs and the preservation of cultural heritage. All of these issues relate directly to the corporate social responsibility (CSR) process, which aims to achieve a healthy balance between financial performance and social and environmental considerations.

Global issues

The hospitality and food services segment can play a key role in advancing the CSR process among tourism industry operators, by taking full responsibility for its activities and addressing their impact. The "Ready to check in?" survey conducted by Accor and French polling institute IFOP in 2011 revealed a shared concern about sustainability among hotel guests worldwide. The concern focused on four main areas – water, energy, waste management and child protection, an issue more specific to the hotel industry when it concerns sexual tourism involving children. Awareness of this issue among the respondents shows that the initiatives undertaken by the industry over the past 20 years have had an impact.

Shared commitments

The survey illustrated the importance placed on raising awareness of the social and environmental issues associated with the industry and on promoting sustainable development in hospitality, a responsibility shared by governments, companies and citizens. In addition, the findings revealed a high level of expectation among customers for practical, visible sustainable development initiatives and a willingness to change their behavior. These shared commitments are the focus of our PLANET 21 program.

2.1.2. SUSTAINABLE DEVELOPMENT AND BUSINESS CHALLENGES FOR ACCOR

For businesses in general and multinationals in particular, the rules of the game have changed significantly over the past few years. Previously judged primarily on their financial performance, companies are now required to seamlessly integrate social, environmental and economic concerns into their operations in order to meet stakeholder expectations about sustainable development.

As the world's leading hotel operator, Accor has a duty to set an example in the way it does business, in every one of its 92 host countries. It does this by deploying a strategy that addresses both business and sustainable development challenges.

These challenges can be broken down into three categories, depending on whether they concern the Group worldwide, the hotel operator business (HotelServices) or the investor, developer and asset manager business (HotelInvest).

Group challenges primarily concern ethics and governance, human resources, and constructive stakeholder dialogue (see table on page 27). They also include managing regulatory risks and improving service quality to ensure the company's long-term growth.

(1) *Direct, indirect and induced impact. Source: UNWTO* Tourism Highlights, *2013 Edition, published by the World Tourism Organization*

For HotelServices, the hotel operator business, the main business challenges relate to controlling operating expenses and increasing revenue – particularly *via* a premium positioning on sustainable development – and to ensuring the appeal of Accor brands and business models. These growth drivers go hand in hand with an exemplary approach to sustainable development challenges, particularly in the areas of environmental protection (reducing the use of natural resources, improving waste management, limiting the impact of operations on biodiversity, minimizing disamenities, etc.), social issues (combating sexual tourism involving children, ensuring local integration, promoting a balanced diet, supporting the development of environmentally responsible products and services, etc.) and employee relations (working conditions, workplace health and safety, etc.).

HotelInvest, the investor, developer and asset manager business, is also faced with significant sustainable development challenges, such as improving energy performance across the portfolio, managing construction and renovation waste, integrating properties into the local urban environment and ensuring indoor air quality. Its business challenges include optimizing capital expenditure according to each asset's energy profile and integrating environmental criteria into the models used to value the Group's asset portfolio.

Differentiated deployment of the CSR process depending on each hotel's operating structure

Just like data reporting system, the method used for deploying Accor's CSR commitments, policies and programs across the asset portfolio depends on whether the hotels are owned, leased, managed or franchised.

- Accor's CSR commitments cover all of the hotels by default, regardless of their operating structure.
- Accor's Sustainable development policies (especially the PLANET 21 program) cover all of the owned, leased and managed hotels by default. For franchised hotels, if the program is included in the franchise agreement, the hotel is required to deploy it. If not, Accor recommends the deployment to the owner, who makes the final decision.
- As a listed company headquartered in France, Accor has a legal obligation to disclose employee, social and environmental information for all of the entities in its scope of consolidation, which corresponds to owned and leased hotels. The Group also endeavors to include as many Accor-brand hotels as possible in its CSR communications, by inviting the owners of franchised hotels to participate also in the reporting process.

2.2. STAKEHOLDER RELATIONS

Accor's corporate social responsibility process is supported by ongoing dialogue with all stakeholders, including customers, employees, business partners, local development stakeholders and public authorities. Stakeholder dialogue plays a critical role in business operations, whether by showcasing Accor's capacity for innovation, enhancing its appeal among customers, investors and employees, creating opportunities to open hotels in regions with high growth potential or protecting the Group's reputation. Dialogue takes place at every level of the organization, from the hotels themselves, which strive to foster close ties with local stakeholders, to country managers, who represent Accor in front of national authorities and investors, and corporate headquarters teams, which serve as the primary interface for various international organizations.

Accor firmly believes that, through these stakeholder relations, it is helping to create value shared by everyone.

2.2.1. A FRAMEWORK FOR STAKEHOLDER DIALOGUE

In 2013, a major project was undertaken to clarify the stakeholder dialogue process. The various departments in contact with internal and external stakeholders, both at headquarters and in the field, worked together to:

- map the stakeholders at different levels of the organization;
- identify the methods of engagements used with each of the stakeholders (information/communication, consultation/dialogue, partnership, etc.);
- prioritize corporate social responsibility issues in accordance with their relative importance to stakeholders and their criticality to operations.

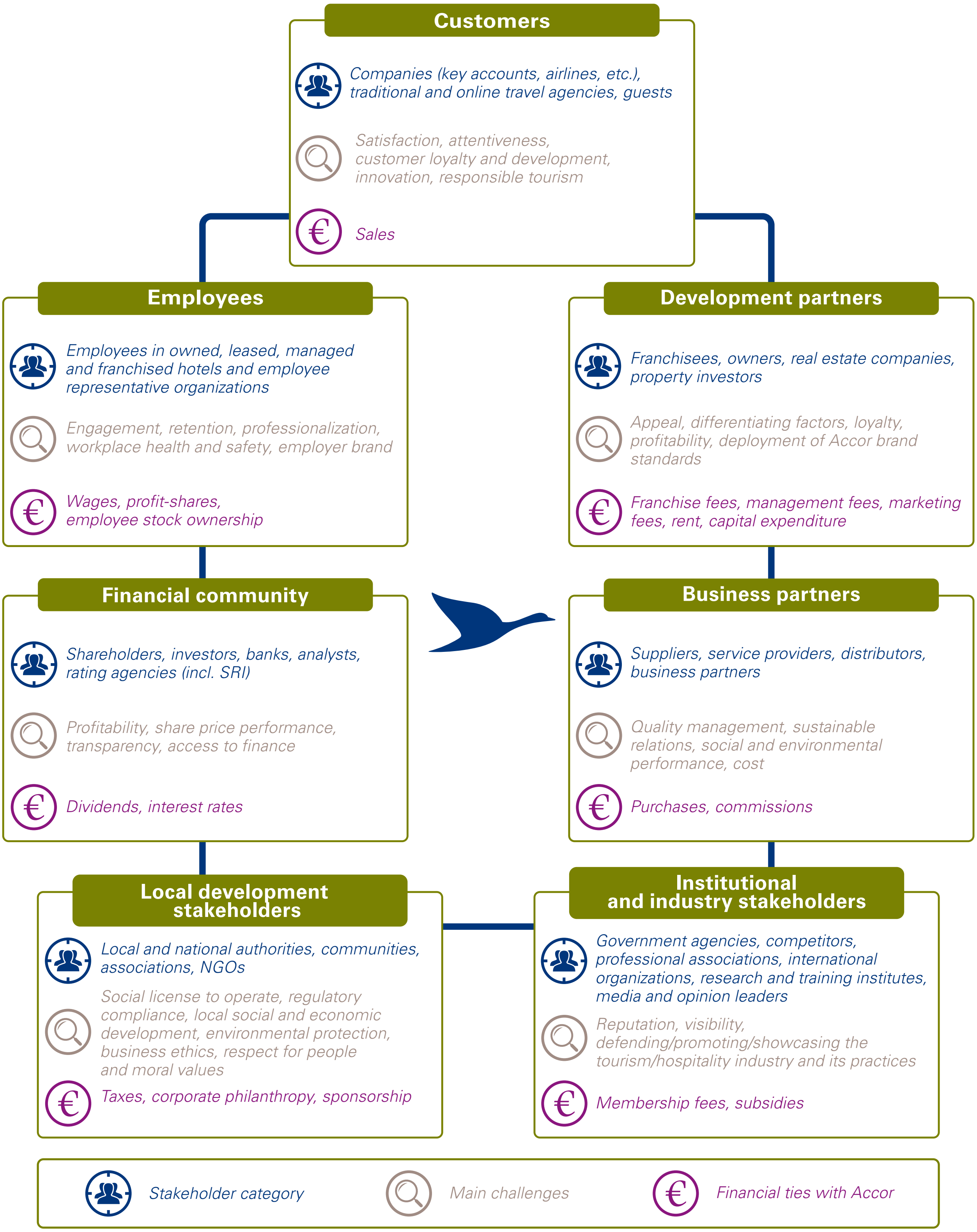
These discussions led to the preparation of a document outlining the responsibilities and core components of the stakeholder dialogue process.

In addition, the Ethics and Corporate Social Responsibility Charter was updated in 2013 to include Accor's stakeholder dialogue commitments and to ensure that each of the stakeholder priorities identified during the project is addressed by a corporate social responsibility commitment.

2.2.2. OVERVIEW OF STAKEHOLDER DIALOGUE AND THE ASSOCIATED CHALLENGES

Map of Accor's stakeholders and the associated challenges

Accor is actively committed to nurturing constructive dialogue and open communication with all of its stakeholders, both within the Company and in the community. The diagram below provides an overview of the main stakeholders identified by the Group, the key challenges associated with each stakeholder and the economic ties that bind them to Accor.



Materiality of CSR issues

The diagram below shows stakeholders' main expectations in relation to Accor, in accordance with their criticality to the Group.

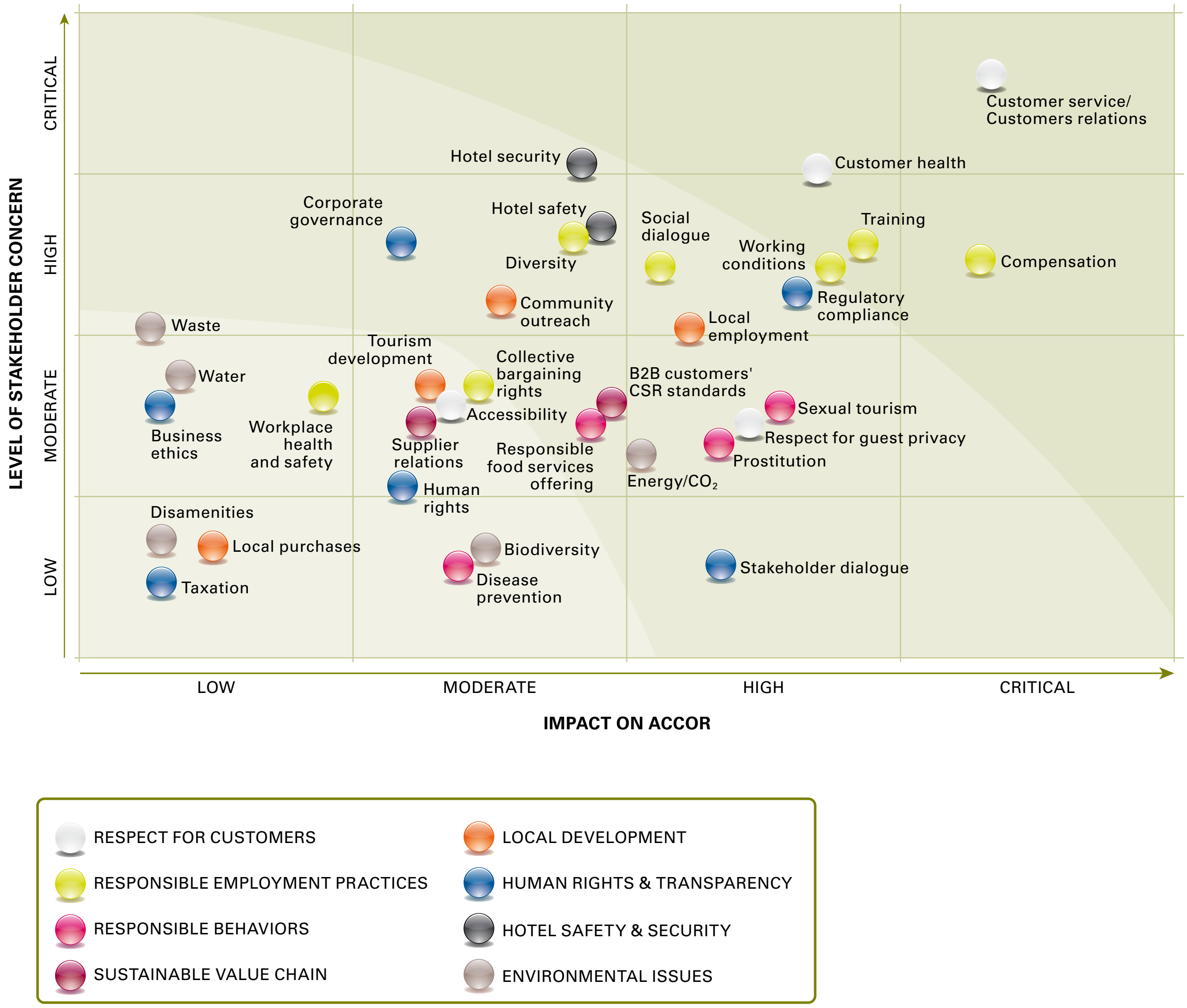
This materiality analysis was conducted with the help of a specialized consultancy, using a strictly defined methodology. First, the external consultants drew up the most exhaustive list of stakeholder expectations they could. They did this by interviewing close to 20 representatives from various departments – including operations, sales, marketing, hotel development, human resources, institutional relations, communications and sustainable development – and by reviewing the industry as a whole and competitors' practices in particular.

Then, at a meeting attended by around 15 employees from the main departments in contact with Accor's internal and external stakeholders, each expectation was carefully examined against a rating system provided by the consulting firm.

The system was based on three criteria:

- level of stakeholder concern (rated 1 to 4);
- Accor's performance compared to industry practice (rated 1 to 3);
- impact on Accor in terms of financial performance and/or reputation (rated 1 to 4).

The consulting firm was tasked with leading the workshop and ensuring that the rating system was used objectively, in particular by helping to put the various issues into perspective, in relation to each other and to industry practice. The raw results from this meeting then underwent a final harmonization process. At this point, the expectations considered least critical were also removed to make the results easier to read.



Respect for customers and responsible employment practices were the two highest-ranking issues, confirming the importance of people in the hospitality industry. This is reflected in Accor's constant focus on customer satisfaction, which is achieved through the commitment and professionalism of its teams.

2.2.3. EXAMPLES OF THE STAKEHOLDER DIALOGUE PROCESS

Relations with employees

Accor employees are on the frontline when it comes to ensuring the quality of service provided to customers. They are also the leading ambassadors for the Group's values, brands and corporate social responsibility commitments.

Accor experienced a number of major transformations in 2013, including:

- the finalization of voluntary separation plan at Accor SA headquarters;
- Sébastien Bazin's arrival as Chairman and Chief Executive Officer to drive a new strategy *via* a new organization based around two businesses – HotelServices and HotelInvest.
  - Significant for employees, these changes were accompanied by increased social dialogue and regular internal communications to keep everyone informed.
  - When the new strategy was announced, for example, a communication kit was provided to managers worldwide to give them greater insight into the changes and to help them share that insight with their team members.

Information resources

- Various channels for communicating information to employees, including the human resources network, intranets and web TV.
- E-learning modules.
- Regular in-house events to share information about Accor, such as the strategy presentation and the Chairman and CEO's address, or to promote topics that are important to Accor, such as special days dedicated to women, solidarity, diversity and PLANET 21.
- Académie Accor, which plays a key role in the Group's corporate culture through its 18 campuses worldwide.

Forums for dialogue

- Regular interaction between hotel managers and operating teams thanks to open-door policies and roundtable discussions.
- Meetings with employee representative organizations worldwide.
- In France, continuous dialogue with employee representative organizations *via*:
  - 80 hotel works councils;
  - 6 central works councils;
  - 1 group works council;
  - Health, Safety and Working Conditions Committees in all of the relevant entities.
- European Works Council.
- Feedback *via* three main channels:
  - CLIP, an internal tool for organizing dialogue between General Managers and their team members;
  - an opinion survey, which covered 80,837 employees in 2012/2013;
  - the Great Place to Work survey and awards.

Partnerships

- Agreements with employee representative organizations on compensation, discretionary profit-sharing, human resources planning and development, intergenerational employment, workplace health and hardship, employee savings, employee benefits, and hiring and retaining the disabled (see Social Commitments on page 44).

Relations with customers

For a hospitality and food services provider like Accor, customer satisfaction is a top priority. Every effort is made to identify, understand and meet customer expectations worldwide across all brands.

Highlights in 2013

- Le Club Accorhotels customer loyalty program reached 13 million members in 2013, a significant increase over 2012.
- Every guest receives a satisfaction questionnaire after staying at an Accor hotel. In 2013, a total of 2.1 million questionnaires were collected and analyzed worldwide.

Information resources

- Le Club Accorhotels customer loyalty program and dedicated communication channels, including direct mail, newsletters and promotional offers.
- Corporate and brand websites and mobile applications that regularly include content for customers, such as information campaigns and promotional offers.
- Accor's presence on social media networks, including Facebook, Twitter, YouTube and LinkedIn.
- TV, print and online advertising campaigns for the brands.
- The Accor Customer Contact Center, a global hotel booking service with 800 customer service/sales representatives speaking 18 languages.
- Resources to raise awareness of the PLANET 21 program among guests and encourage their participation.

Forums for dialogue

- Day-to-day interaction between hotel employees and guests.
- Guest satisfaction questionnaire, deployed worldwide across all brands.
- Customer behavior surveys, to better understand their needs.
- Regular contact with business customers and prospects *via* a dedicated 700-member sales force.

Partnerships

- Partnership with TripAdvisor under which customer comments appear directly on the accorhotels.com website without any changes being made by Accor.
- Listing agreements with the main global and local travel websites.

Relations with development partners

Developing a network of franchisees, owners and property investors is a core component of Accor's business model. Maintaining open, ongoing dialogue with these partners is critical in enabling Accor to expand its global hotel network while ensuring compliance with the brands' standards and the PLANET 21 program commitments.

Highlights in 2013

- Accor participated once again in all of the major hotel conferences worldwide, including IHIF in Berlin in March, CATHIC in Istanbul and AHIC in Dubai in May, NYU in New York in June, AHIF in Nairobi and Equipotel in Sao Paulo in September, RHIC in Sochi in October; and
- Accor's annual conference for French franchisees was held in Porto in November 2013 with a focus on "The Digital Hospitality Tour". Held every year, the conference brings together Accor's franchise partners in France to inform them about new developments in such areas as brand design and distribution tools. Workshops are also held during the conference to foster discussion between franchiser and franchisee and to identify ways of improving the franchise relationship.

Information resources

- Pages dedicated to franchisees and partners on the Accor corporate website.
- Website dedicated to Accor partners (accorandpartners.com).
- Accor's Development Brochures, which showcase the Group's strengths.
- The Accor Privileged Partners Card, which offers exclusive advantages to Accor's development partners.
- Brand and technical standards.
- Provision of Accor expertise in sustainable development, *via* tools, methods and e-learning modules and the PLANET 21 program and from the Technical and Purchasing Departments and Solidarity Accor, and in human resources management, *via* the Académie Accor.

Forums for dialogue

- Regional and local conventions for owners and franchisees.
- The Federation of Accor Franchisees (FFA) in France, which provides a structured forum for constant, constructive dialogue between Accor and its franchisees and owners.
- Regular meetings with the representative organizations for franchisees and owners.
- A network of facilitators for managed and franchised hotels within the operating departments, who visit each hotel at least once a year to discuss any difficulties encountered and to ensure compliance with Accor's requirements in such areas as service quality, brand standards and operating license.
- For managed hotels, regular contact between the owner and the hotel manager, including during Executive Committee meetings.
- Regional and international conferences and trade fairs for property investors and hotel operators.
- A dedicated hotel development team that maintains close ties with existing and potential partners.

Partnerships

- Contracts with franchisees and owners.

Relations with business partners

Accor's purchases represent a significant percentage of revenue and play a key role in the quality of service provided to customers. Particular attention is therefore paid to developing sustainable relations with suppliers and to extending corporate social responsibility commitments to the entire supply chain.

In France, for example, two thirds of approved suppliers have had contracts with Accor for at least five years.

Highlights in 2013

- In 2013, cooperation with a supplier led to the development of new solutions for providing eco-labeled cleaning products to all hotels in the network.
- Accor signed a global framework contract with Schneider Electric, commissioning the energy management specialist to carry out its BOOST energy reduction program at hotels in certain geographies, including Morocco, Southeast Asia, China and the United States (see page 70). Under the contract, Schneider Electric teams visit hotels to share their expertise, carry out measurements and analyses and prepare action plans, which the hotel is then responsible for implementing.

Information resources

- Purchasing website (Accorshop).
- Procurement Charter 21, signed by suppliers.
- Technical specifications that include sustainable development criteria for certain families of products and services.
- Sustainable development questionnaires and audits for suppliers (see page 63).

Forums for dialogue

- Continuous monitoring of suppliers through annual reviews and alert procedures, particularly for suppliers that are strategically important to Accor in terms of service quality, reputation or purchasing volume.
- Meetings and discussions with suppliers to improve their product and service offering and consider their proposals.
- Trade fairs on specific topics, such as technical and food services.
- Sustainable and other purchasing networks.

Partnerships

- Contracts.
- Steps are being taken to enhance supplier partnerships, with the aim of fostering co-innovation.

Relations with local development stakeholders

The hotel industry faces a variety of challenges when it comes to integrating hotels into the local community, including: maintaining social, urban, cultural and environmental stability; promoting responsible tourism; developing a local business and employment catchment area; and conducting community outreach.

Accor participates actively in community life and takes a responsible attitude to community investment, particularly through employee participation, its sustainable development program and the Solidarity Accor endowment fund (see page 64).

Highlights in 2013

- Accor Foundation changed its legal status in 2013 and became Solidarity Accor to enhance its capacity to carry out fundraising initiatives.
- In Brazil, to combat child sex tourism, Accor worked with the Tourism Ministry and NGO ECPAT to set up a crisis line in anticipation of the 2014 World Cup and the 2016 Olympic Games.
- In Poland, thanks to the partnership between Solidarity Accor and NGO Nobody's Children, Accor was one of the first companies to participate in a program to help disadvantaged young people enter the workforce by inviting them to discover various professions, particularly in the hospitality industry. Another 20 young people benefited from the program in 2013.
- Accor hotels in Mexico work in partnership with two national associations in particular – TECHO, which helps build housing for disadvantaged families, and AMANC, which provides accommodation for parents of children with cancer. More than 140 initiatives were conducted as part of these partnerships in 2013, with the support of around 450 Accor employees.

Information resources

- The PLANET 21 and Solidarity Accor websites, which have generic e-mail addresses so that users can question Accor about sustainable development issues (planet21@accor.com) or Solidarity topics (solidarity@accor.com).
- Sustainable development information in the Annual Report and Registration Document.
- Technical documents submitted to local authorities, including building permit applications, safety documents and the results of analyses relating to legionella bacteria and other health risks.

Forums for dialogue

- Regular contact with local authorities in host countries, including the police force, administrative agencies and emergency services, in relation to both hotel development projects and day-to-day operations, such as obtaining operating licenses.
- Discussions with embassies to leverage their local knowledge and experience.
- Employee participation in local community outreach projects and ongoing dialogue with local NGOs and associations in this regard.

Partnerships

- Partnerships with public authorities to support local initiatives, *via* Solidarity Accor or the hotels.
- Partnerships with NGOs in accordance with their expertise in the topic being addressed:
  - *via* a partnership agreement for projects championed by employees and supported by Solidarity Accor;
  - with local NGOs and associations at operating level;
  - with internationally recognized specialist organizations, such as ECPAT and Pur Projet, at Group level.

Relations with institutional and industry stakeholders

As the hospitality industry leader in Europe, the Asia-Pacific region, Africa & the Middle East and Latin America, Accor can play a leading role in representing the interests of the tourism industry in general and the hospitality segment in particular.

Highlights in 2013

Accor participates in international consortia and trade organizations, like WTTC, ITP, and HOTREC, and in national and regional trade organizations, like UMIH and GNC, in order to share information with other operators and work with them on topics that are strategic for the industry.

- At the International Labour Organisation's request, Accor is a member of the steering committee for the ILO Global Business and Disability Network. As such, the Group participated in defining the network's objectives for 2014 (see page 36).
- Every year, Accor organizes a student contest called "Take Off". In 2013, the topic was "Novotel in 2020: How should the brand be repositioned to maintain its innovative, avant-garde edge?".
- Surveys are regularly conducted to learn more about stakeholder expectations. In 2013, Pullman and partner IPSOS carried out a survey on the issue of work-life balance and the trends occurring this area and the findings were released to the public.
- Accor has 1.3 million Facebook fans.

Information resources

- Corporate website (accor.com).
- Annual Report.
- International recruitment website (accorjobs.com).
- Market research and competition watch.
- Press releases.

Forums for dialogue

- Participation in working group meetings and conference discussions with the sharing of expertise, such as Accor's methodology for managing water and energy consumption or the environmental signage project in France.
- Member of the World Travel and Tourism Council (WTTC).
- Ongoing relations with public authorities and hotel and tourism industry organizations.
- Press conferences, press trips and meetings with journalists *via* a dedicated press relations team.

Partnerships

- Signature of national and international agreements, particularly on social issues.
- Joint ventures, particularly with the Pierre & Vacances Center Parcs Group for Adagio.
- Partnership agreement with certain hotel and business schools and universities to enhance Accor's appeal among students looking for an internship or a job.

Relations with the financial community

As a listed company, Accor communicates regularly with the business and financial community in a standardized, transparent way, to improve the Group's image and rating and to secure financing for its development.

Highlights in 2013

At an Investor Day held on November 27, 2013, newly appointed Chairman and Chief Executive Officer Sébsastien Bazin presented Accor's new strategy to the financial community. The Group's business model now revolves around two businesses: hotel operator and brand franchiser HotelServices and hotel owner and investor HotelInvest. For the sake of transparency and information equality, the same information was provided to all of the Group's stakeholders – investors, financial analysts, employees, unions, journalists, partners and customers.

Information resources

- Publication of interim and annual financial results.
- Publication of quarterly revenue figures.
- Registration Document.
- Press releases.
- Letter to Shareholders.

Forums for dialogue

- Results presentations, which bring together close to 200 people each year.
- Investor roadshows, with more than 500 meetings per year.
- Annual Shareholders' Meeting.
- Regular exchanges with sell-side financial analysts, outside quiet periods.
- Provision of answers to SRI rating agencies *via* questionnaires.

2.3. CORPORATE SOCIAL RESPONSIBILITY PROCESS AND COMMITMENTS

2.3.1. ETHICAL GUIDELINES AND FUNDAMENTAL PRINCIPLES

Drawing on its long-demonstrated values and fully aware of its position as a major player in the global economy, Accor is particularly attentive to its responsibilities and knows that it must set the highest standards to maintain the unwavering trust of its employees, its guests and all its partners and stakeholders.

To ensure compliance with the most demanding ethical principles and reaffirm our commitment to sustainable development, a working group of representatives from the main corporate and operating departments was formed in 2013. It was tasked with building on the Management Ethics Guide, initially published in 2009, to prepare the new Ethics and Corporate Social Responsibility Charter.

The Charter embodies our core values – spirit of conquest, imagination, trust, respect and performance – and translates them into behavioral principles, such as setting an example in their day-to-day actions, that we want to promote among all our managers, impelled by the new senior management.

The Charter also outlines the commitments and responsibilities that Accor upholds and promotes in its hotels worldwide:

- first, we establish a frame of reference and reaffirm our commitment to complying systematically with applicable laws and regulations and fundamental international principles, such as human rights, the ILO conventions and the UN Global Compact;
- we also affirm that operations are conducted in line with ethical principles, including fairness and respect for people, business ethics and the protection of goods and information;
- lastly, specific commitments are made in relation to each of the main stakeholder categories – employees, customers, business partners, suppliers and host communities – as well as in relation to the environment. All of the main stakeholder concerns are covered, including diversity, work-life balance, hotel security, transparency, child protection and the preservation of natural resources.

The Ethics and Corporate Social Responsibility Charter is currently being finalized and will soon be signed by Chairman and Chief Executive Officer Sébastien Bazin. During the first half of 2014, it will be sent to Accor managers and posted on the intranet sites before being released to the public on the accor.com website.

Commitments in the area of business ethics and bribery

The Ethics and Corporate Social Responsibility Charter has a section dedicated to our commitments and responsibilities in relation to business practices, which cover three main categories:

- respect for people: the rejection of discrimination and the promotion of cultural diversity; vigilance in and rejection of forced labor, child labor and illicit activities; and vigilance in the area of prostitution, especially in relation to protecting children;
- business ethics: compliance with competition law; the fight against bribery, corruption, money laundering and complicity in money laundering; and lobbying ethics;
- the protection of goods and information: prevention of insider trading; conflicts of interest; fraud; and the protection of personal data.

Particular attention is paid to bribery, an issue that is addressed *via* two additional measures:

- **bribery of a public official:** Illegal in many of our host countries, this practice consists of promising or giving a civil servant or elected official an inducement to act or fail to act in violation of his or her official duties. Accor pledges that no commission will be paid directly or indirectly to any elected or appointed public official with regard to the company's contracts or its relations with government agencies;
- **bribery in the private sector:** Considered a criminal offense in many of our host countries, this practice consists of promising or giving a private individual an inducement to act or fail to act in violation of his or her professional obligations ("active bribery") or soliciting or accepting an inducement to act or fail to act in violation of one's own professional obligations ("passive bribery"). Since 2005, acts of bribery committed in any country by Accor or one of its subsidiaries may be prosecuted under French law. Accor pledges to take all reasonable measures to avoid the use of bribes with regard to both its purchasing and sales procedures.

To help employees put these fundamental principles into practice, the Ethics and Corporate Social Responsibility Charter gives real-world examples of situations they could encounter and describes the right way to handle them.

Given the large number of countries in which we operate, constant attention is paid to the risk of bribery. In addition to being addressed in the Charter, it has also been included in the risk map prepared by the Risk Management Department (see page 138) and is targeted by a detailed tracking process.

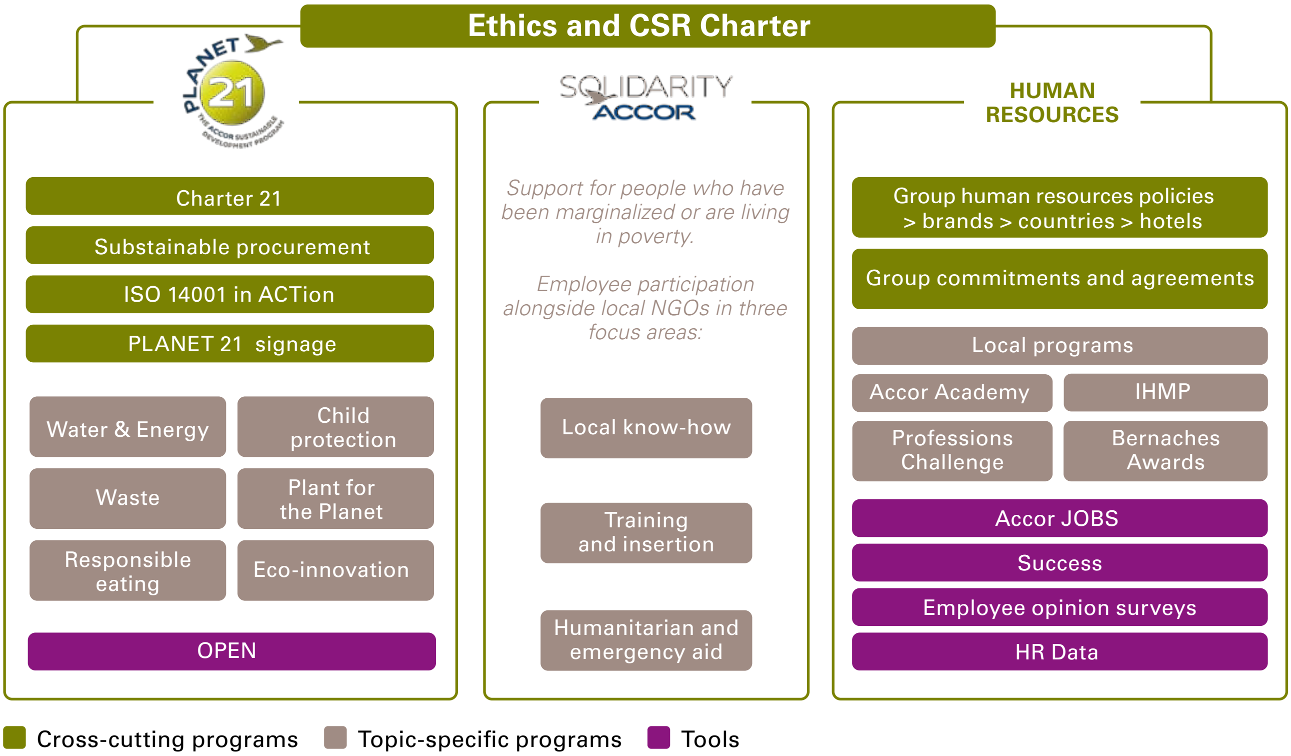
Every hotel manager and senior executive promotes the values and commitments expressed in the Ethics and Corporate Social Responsibility Charter and ensures that they are put into practice by employees.

If employees have a question about a specific situation, they can speak to their manager or contact the Human Resources or Legal Affairs Department in their country.

No incidents of bribery were reported to the authorities by Accor in 2013.

2.3.2. CORPORATE SOCIAL RESPONSIBILITY POLICIES

The Ethics and Corporate Social Responsibility Charter provides a framework for Accor's CSR process, which covers three key areas – the PLANET 21 sustainable development program, the Group's human resources policies and the Solidary Accor endowment fund.



PLANET 21

Launched in April 2012, the PLANET 21 sustainable development program unites all of the nearly 170,000 employees working under Accor brands worldwide in a concerted effort with hotel guests.

A commitment devised through stakeholder input

Following the Earth Guest program, which led in particular to a 12% reduction in water use and 5.5% reduction in energy use between 2006 and 2010, Accor reaffirmed its commitment to sustainable development with the launch of PLANET 21. In addition to mobilizing employees and partners, the PLANET 21 program also encourages the participation of hotel guests, whose sustainable development expectations and concerns were clarified *via* the "Ready to check in?" survey in 2011. The survey findings were used, alongside the environmental impact study finalized in December 2011, to develop the PLANET 21 program.

PLANET 21 organizes Accor's sustainable development process, with 21 measurable objectives for 2015 (see page 39) in seven key areas:

Solidarity Accor

Solidarity Accor is a community endowment fund set up in September 2013 to replace the Accor Foundation. The new legal form provides greater flexibility in raising funds for community initiatives. It also reaffirms our objective in this area, which is to forge ties between cultures while supporting the development of communities and their integration into the environment. Solidarity Accor is focused entirely on employees, who champion the Group projects designed to empower communities through local know-how, training and insertion, and humanitarian and emergency aid (see page 64).

Human resources policies

As a services company fully focused on guest satisfaction, Accor's success depends first and foremost on the commitment of the people who conduct its day-to-day operations. Employees drive our operational excellence and contribute to the value of our brands. That's why our human resources policies are based on win-win relationships, with a particular emphasis on employee skills development, worklife quality, and talent management and retention.

This approach to human resources is also reflected in Accor's five core values – spirit of conquest, imagination, trust, respect and performance.

2.3.3. COMMITMENTS AND PARTNERSHIPS WITH EXTERNAL ORGANIZATIONS

Accor has a responsibility to its employees, the environment and the local communities in its 92 host countries. To fulfill this responsibility, commitments have been to various international bodies and programs and partnerships have been forged with leading organizations.

- **United Nations Global Compact:** in 2003, Accor pledged to support the Global Compact and respect its ten principles, which cover issues dealing with human rights, labor standards, the fight against corruption and the environment.
- **International Labour Organization conventions (ILO):** in 1995, Accor signed a worldwide agreement with the International Union of Food Workers (IUF) concerning application of ILO conventions 87, 98 and 135 on employees' freedom of association and right to unionize. Accor is also a member of the ILO Global Business and Disability Network, which offers an opportunity to organize a certain number of events around the world and to benefit from the best practices developed by the initiative's partner companies.
- **CDP (formerly Carbon Disclosure Project):** since 2006, Accor has participated in a survey conducted by the Carbon Disclosure Project on behalf of 475 institutional investors managing more than €55 trillion in assets. This international organization asks leading corporations to report on their climate change strategies, their approach to carbon cost imposition and their greenhouse gas emissions performance. Accor's scores have steadily improved since 2010, both in the Carbon Leadership Disclosure Index and in the Carbon Performance Leadership Index, with a final overall score of 85B in 2013, *versus* 81B in 2012.
- **ECPAT (End Child Prostitution, Pornography and Trafficking of Children for Sexual Purposes):** since 2001, Accor has been engaged in the fight against child sex exploitation in partnership with ECPAT International, an NGO comprising 77 organizations in more than 70 countries. Between 2008 and 2013, Accor was a member of the Executive Committee of the "Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism", developed by ECPAT and the World Tourism Organization. As of year-end 2013, the Code had been signed by 35 of our country organizations (see page 56).
- **Pur Projet:** This organization is dedicated to combatting climate change through reforestation and forest conservation projects carried out by local communities. Accor forged a partnership with Pur Projet to support the development of its Plant for the Planet program (see page 78).

2.3.4. A PIONEERING COMMITMENT TO SUSTAINABLE DEVELOPMENT

Accor's sustainable development commitment dates back to 1994, when the Group Environment Department was created. This commitment was reaffirmed in 2012 with the launch of PLANET 21, our new sustainable development strategy. The initiatives carried out in the areas of human resources and community engagement also attest to our determination to set the example in the way we do business.

■ Human Resources events ■ Sustainable development events ■ Solidarity Accor events

1985	Human Resources	Creation of the Académie Accor.
1990	Human Resources	Creation of the in-house Bernaches Awards for individual performance.
1992	Human Resources	Creation of the first Académie Accor campus outside France – the Latin America Campus.
1994	Sustainable development	Creation of the Group Environment Department.
1997	Human Resources	Introduction of the International Hospitality Management Program (IHMP).
1998	Sustainable development	Launch of the Hotel Environment Charter, which set out 15 initiatives to be carried out in each hotel.
	Human Resources	Launch of the "Actors/Players" skills management process for the ibis brand.
2001	Sustainable development	Partnership with ECPAT, an international NGO that fights the sexual exploitation of children.
	Human Resources	Introduction of Group employee data reporting and creation of HR Data, a management application on the Group intranet.
2002	Sustainable development	Creation of the Sustainable Development Department.
	Human Resources	Launch of the Accor Professions Challenge in the Europe, Middle East and Africa region.
2003	Sustainable development	Pledge to support the United Nations Global Compact.
	Sustainable development	Launch of the Sustainable Purchasing Charter.
	Human Resources	Creation of the Golden Trees program to recognize quality, CSR and management performance in ibis hotels.
2004	Sustainable development	Launch of the ISO 14001 environmental certification process at ibis.
2005	Sustainable development	Creation of the OPEN environmental management application on the Group intranet.
2006	Sustainable development	Launch of the Earth Guest program, which organized Accor's social and environmental initiatives around eight focus areas.
2007	Sustainable development	Organization of the first Earth Guest day, to build awareness of sustainable development issues among employees.
	Sustainable development	Launch of ACT-HIV, our HIV/AIDS awareness and prevention program.
2008	Solidarity Accor	Creation of the Accor Foundation to carry out community engagement initiatives on behalf of Accor and its employees in three key areas – local know-how, training and insertion, and humanitarian and emergency aid.
	Sustainable development	Launch of the Plant for the Planet program to support reforestation projects through the reuse of bathroom towels.
	Human Resources	Revamp of the Profiles application, which becomes Success, our in-house job mobility and talent database.
2009	Sustainable development	Launch of a sustainable development e-learning module for Novotel employees.
	Human Resources	Introduction of the anonymous résumé on the AccorJobs website.
2010	Sustainable development	2010 Tourism for Tomorrow Award.
	Human Resources	Launch of Novotel's innovative "Move Up" human resources policy.
2011	Sustainable development	Launch of Earth Guest Research (since renamed PLANET 21 Research), a platform for sharing knowledge on sustainable development issues.
	Human Resources	Definition and deployment of the International Diversity Charter.
	Solidarity Accor	Introduction of the solidarity leave program, which gives French employees the opportunity to apply their skills to a humanitarian mission during 15 days of paid leave.
2012	Sustainable development	Launch of the new PLANET 21 sustainable development strategy.
	Sustainable development	Creation of the reBorn program, which recycles used hotel furniture.
	Human Resources	Launch of the Women at Accor Generation (WAAG) international women's network.
	Human Resources	Extension of the Accor Professions Challenge to all regions, with Asia and the Americas participating for the first time.
2013	Sustainable development	More than three million trees planted *via* 21 reforestation projects supported by the Plant for the Planet program.
	Solidarity Accor	Conversion of the Accor Foundation into Solidarity Accor, a community endowment fund with the same commitments and an increased capacity to raise funds.

2.3.5. RECOGNITION

Accor is included in several internationally recognized indices and standards and its actions in the areas of sustainable development and human resources have been honored by numerous awards.

In recognition of its commitment to sustainable development, Accor is included in four major SRI indices and standards:

- **Euronext Vigeo 120** (formerly ASPI Eurozone): developed by European rating agency Vigeo, the Euronext Vigeo 120 index comprises the world's top 120 listed companies evaluated in terms of their performance in corporate responsibility;
- **FTSE4Good:** developed by the UK company that created the FTSE index, the FTSE4Good series measures the performance of companies that meet globally recognized corporate social responsibility standards. It uses rating profiles established by the London-based agency EIRIS, one of the main providers of environmental, social, governance (ESG) research for responsible investors in Europe;
- **Ethibel Sustainability Index (ESI):** these indices provide an overview of the financial performance of the world's leading companies in terms of corporate social responsibility. Their criteria were defined by Belgium-based consultancy Ethibel in partnership with the financial rating agency Standard & Poor's;
- **UN Global Compact 100:** this index brings together 100 companies selected in accordance with their commitment to the Global Compact's ten principles and their financial performance.

In 2013, Accor was removed from the Dow Jones Sustainability Indices (DJSI) in which it had been included for nearly 10 years. An action plan has been deployed to ensure that Accor is included again in 2014.

Accor also received numerous world-class awards in 2013.

- Sustainable development/PLANET 21:
  - **United Kingdom:** Eco Group of the Year at the AA Hospitality Awards;
  - **Brazil:** gold medal in the Sustainability/Hotel Management category for the PLANET 21 program and silver medal for the Plant for the Planet program at the Premio Caio awards;
  - **Asia-Pacific:** Gold Award for Corporate Environmental Program at the Pacific Asia Travel Association (PATA) Gold Awards.
- Human resources:
  - **Global recognition of Accor's commitment to employees:** the Great Place to Work Institute placed Accor among the top 25 employers (17th) in Argentina, Austria, Brazil, Chile, Ecuador, India, Mexico, Peru, Portugal and the United Kingdom;
  - **Recognition for local initiatives:** in Italy, Accor's policy of diversity and inclusion was recognized in 2013 by A.I.L.eS, a local association that promotes the social and professional integration of disadvantaged individuals. Also, the Management Development Programme deployed in the United Kingdom and Ireland was nominated for the second year in a row at the Worldwide Hospitality Awards, in the People & Talent Management Program category. Of the 175 future managers who have completed the program over the past 16 years, more than 70% now work in key positions and 76 of them have reached or exceeded the level of hotel general manager.

2.3.6. PLANET 21 OBJECTIVES AND RESULTS

Summary table

Launched in 2012, the PLANET 21 program is a set of commitments made to our host communities.

- Objective already met
- Objective on track to being met by 2015
- Additional action needed to meet the objective by 2015
- Action not yet initiated
- Better
- Unchanged
- Worse

Pillar	Commitment	2015 objective	2013 result	Change *vs.* 2012	2015 trend	Comment
Health	**1. Ensure healthy interiors**	**85%** of hotels use eco-labeled products	**95%**			Close cooperation with the main cleaning product supplier led to the rapid deployment of new eco-labeled products worldwide.
	2. Promote responsible eating	**80%** of hotels promote balanced dishes	**96%**			A guide to responsible eating, developed by nutritionists, is now used in almost all Accor restaurants.
	3. Prevent diseases	**95%** of hotels organize disease prevention training for employees	**65%**			After a steep decline in 2012, efforts were stepped up in 2013 and will continue in 2014.
Nature	**4. Reduce our water use**	**15%** reduction in water use between 2011 and 2015 (owned, leased and managed hotels)*	**5.2%***			Measures taken to reduce water use continue to produce results. They will be stepped up between now and 2015, particularly in water-stressed regions.
	5. Expand waste recycling	**85%** of hotels recycle their waste	**86%**			This objective relates to waste deemed characteristic of hotels – toner cartridges, batteries, light bulbs and tubes, paper and cardboard.
	6. Protect biodiversity	**60%** of hotels participate in the Plant for the Planet reforestation project	**41%**			In 2013, emphasis was placed on setting up plantation projects in the main host countries. From 2014, the focus will be on encouraging hotel participation.

* *% change between 2011 and 2013 at comparable scope of reporting.*

Pillar	Commitment	2015 objective	2013 result	Change *vs.* 2012	2015 trend	Comment
Carbon	**7. Reduce our energy use**	**10%** reduction in energy use between 2011 and 2015 (owned, leased and managed hotels)*	**0.3%***			Adjusted for weather variations and occupancy rates, energy use has fallen by 2.9%, which is a good sign, but specific action plans will be developed in 2014, particularly in low-performing regions.
	8. Reduce our CO_2 emissions	**10%** reduction in CO_2 emissions between 2011 and 2015 (owned, leased and managed hotels)*	**0.6%***			With limited leeway to adjust the energy mix, this objective is closely related to energy performance.
	9. Increase the use of renewable energies	**10%** of hotels use renewable energies	**7%**			The use of renewable energies has increased continuously since the first pilot projects in France in 2007.
Innovation	**10. Encourage eco-design**	**40%** of hotels have at least three eco-designed room components	**35%**			This objective requires at least three eco-designed components in floor coverings, paint, bedding, furniture, paper, complimentary items and linen.
	11. Promote sustainable building	**21** new or renovated hotels are certified as sustainable buildings	**6**			5 hotels were certified in 2013 (2 BREEAM, 2 DGNB and 1 Green Mark) and several certified hotels are under construction.
	12. Introduce responsible hotel offers and technologies	**20%** of owned and leased hotels offer green meeting solutions	**/**			The definition of green meeting solutions was begun in 2013 and should be validated in 2014 to support similar initiatives already deployed in certain countries.
Local	**13. Protect children from abuse**	**70%** of hotels have pledged to protect children	**44%**			Aware of the progress required to achieve this objective by 2015, Accor has increased its operational support in partnership with ECPAT.
	14. Support responsible purchasing practices	**70%** of hotels purchase and promote locally sourced products	**81%**			A vast majority of the hotels have begun to purchase and promote locally sourced products.
	15. Protect ecosystems	**100%** of hotels ban endangered seafood from restaurant menus	**89%**			The ban on endangered species is being deployed gradually to raise awareness among customers whose choices often reflect the local culture.

* *% change between 2011 and 2013 at comparable scope of reporting.*

Pillar	Commitment	2015 objective	2013 result	Change *vs.* 2012	2015 trend	Comment
Employment	**16. Support employee growth and skills**	**75%** of hotel managers are promoted from within (owned, leased and managed hotels)	**80%**			After a significant increase in 2012, the percentage of hotel managers promoted from within remained stable in 2013.
	17. Make diversity an asset	**35%** of hotel managers are women (owned, leased and managed hotels)	**28%**			The progress begun in 2013 will be supported by the Group gender diversity policy, which aims to standardize the local practices deployed since 2011.
	18. Improve quality of worklife	**100%** of country organizations conduct an employee opinion survey every two years	**59 countries**			The major changes and reorganization that took place in 2013 made it difficult for countries to organize opinion surveys.
Dialogue	**19. Conduct our business openly and transparently**	Accor is included in 6 internationally-recognized socially responsible investment **indices** or standards	**4 indices**			In 2013, Accor was included in the new Global Compact 100 index but lost its place in the DJSI. An action plan is underway to ensure that it is included again as soon as possible.
	20. Engage our franchised and managed hotels	**40%** of all non-budget hotels, across all operating structures, are ISO 14001-certified	**36%**			The increase in ISO 14001-certified hotels continues, particularly thanks to the efforts of ibis and Novotel since 2004 and 2008 respectively.
	21. Share our approach with suppliers	**100%** of purchasing contracts are in compliance with our Procurement Charter 21	**68%**			Country and corporate procurement officers will work together to reach 80% by end-2014. However, given that certain suppliers have refused to sign the Procurement Charter 21 because of their own CSR policies, the 100% objective will probably never be achieved.

* *% change between 2011 and 2013 at comparable scope of reporting.*

Charter 21

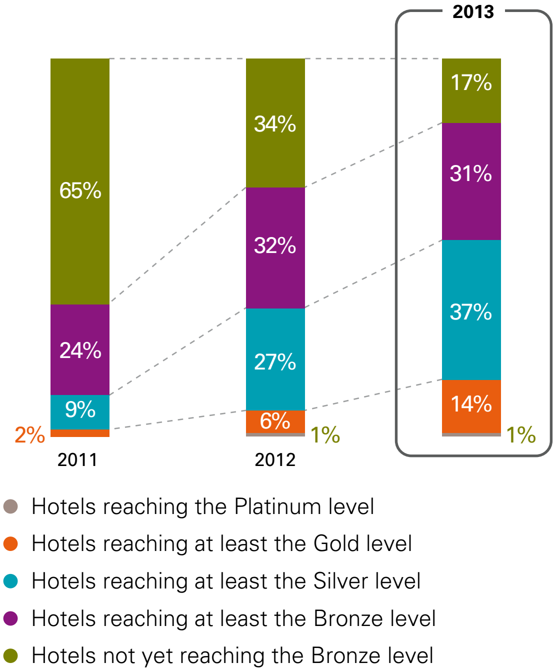
Progress towards meeting the PLANET 21 program's sustainable development objectives is being driven by **Charter 21**, which was introduced in 2005 as the Accor Hotel Environment Charter. It recommends 65 actions that hotels can deploy to reduce their environmental footprint. It was updated in 2011 to include social responsibility issues like the organization of staff training on health and well-being or the purchase of fair trade products. Common to all hotels, Charter 21 is above all a management tool for the hotel operator, the country organization, the brand and the Group as a whole. It is divided into five sections:

- **management,** with 12 actions including "Train employees in environmentally friendly practices" and "Be active in protecting children from abuse";
- **energy,** with 18 actions including "Have a central light switch in guest rooms" and "Use energy-efficient boilers";
- **water,** with 12 actions including "Install flow regulators in showers and faucets" and "Use a water-efficient laundry service";
- **waste,** with 13 actions including "Recycle hotel batteries" and «Recycle electrical and electronic equipment";
- **products,** with 10 actions including "Offer balanced dishes in the hotel restaurant" and "Use eco-designed materials in guest rooms".

Charter 21 gives hotels a framework for their sustainable development initiatives and helps them improve and track their performance over time. To encourage hotels to use it, Accor has developed a rating system with four levels – Bronze, Silver, Gold and Platinum. This helps to guide the hotels in deploying the recommended actions, starting with the more basic ones and then progressing gradually to the most complex. The hotel must be validated at each level before it can move on to the next.

With 83% of hotels already performing at Bronze or better level, it is clear that this **continuous improvement process** is helping to promote best practices across the organization. The actual implementation of the ten Charter 21 actions required to earn the Bronze level has been included in the quality audits performed by outside auditors since 2013.

A steady ramp-up in Charter 21 implementation



	2011	2012	2013
Number of applicable hotels	4,013	3,331	3,401
Response rate	94%	92%	93%

2.4. CSR AND GOVERNANCE

2.4.1. CSR IN CORPORATE GOVERNANCE

Accor is governed by the Board of Directors and the Executive Committee, as described in the corporate governance section (see page 145).

	Executive Committee	Board of Directors
Number of members	9	10
Independence	N/A	60%
Percentage of women	11% (1 woman)	40% (4 women)
Compensation transparency	Accor publicly discloses its compensation criteria for corporate officers (see page 139).	

2.4.2. CSR GOVERNANCE

The corporate social responsibility process is primarily led by Sustainable Development Department, the Human Resources Department and the Solidarity Accor endowment fund.

The **Sustainable Development Department** is in constant contact with both the countries and the brands. Interactions with the country organizations are carried out *via* a network of 80 country correspondents and dedicated committees in certain countries.

Communication with the brands takes place *via* a network of dedicated correspondents and, for certain brands, dedicated committees, as well as during ISO 14001 management reviews for ibis and Novotel. In addition, the Sustainable Development Department works closely with the purchasing, human resources, technical affairs and research and marketing teams.

The Sustainable Development Department interacts with the brands, countries and support functions in three main areas:

- management and communication relating to the PLANET 21 program:
  - deployment among the brands and within the various functions, including purchasing, technical affairs and HR; definition of action priorities and indicators,
  - coordination of the in-house network of correspondents; operational support for the deployment of markers and the preparation of guidelines and standards,
  - management of the tools and reporting process for sustainable development data,
  - development of the program's visibility through publications, external communications and media relations; distribution of communication and training resources *via* the intranet,
  - management and development of ties with strategic external partners; communication with rating agencies; monitoring of industry initiatives and competition watch,
  - corporate compliance monitoring and operational oversight;
- operational support for the management of PLANET 21 projects; coordination and social and environmental expertise;
- innovation and planning *via* the launch of new projects and the analysis of emerging issues.

The **Corporate Human Resources Department** has numerous contacts in the regions, countries and hotels.

Country Human Resources Directors report to their region's Operating Department. Local Human Resources Departments are tasked with applying Group policies to the local context, meeting the HR challenges associated with their activity and developing dedicated tools. They are supported by the resources developed at Group level, which ensure consistency among practices and provide greater impact.

The **Corporate Human Resources Department** interacts with its regional and country correspondents in the following areas:

- HR development: development of Accor's appeal and employee loyalty; the training policy and its strategic objectives; coordination of the Accor Academies; and HR development policies for the brands;
- talent management and international mobility: international mobility process; coordination and technical advice (market compensation practices, international healthcare coverage and benefits and legislation monitoring); career development and support for employees working abroad;
- employee relations: interaction with international employee representative networks; promotion of the Group's employee relations and diversity policies; monitoring of industry and competitor initiatives *via* professional networks; and reporting and analysis of social performance;
- compensation and benefits: Group policy on compensation packages; analysis of compensation competitiveness and fairness; performance management; development of deferred compensation plans; management of employee benefits internationally and top-hat pension plans for executives in France.

In most of Accor's hotels, one person is in charge of managing human resources and putting Group policies into practice locally.

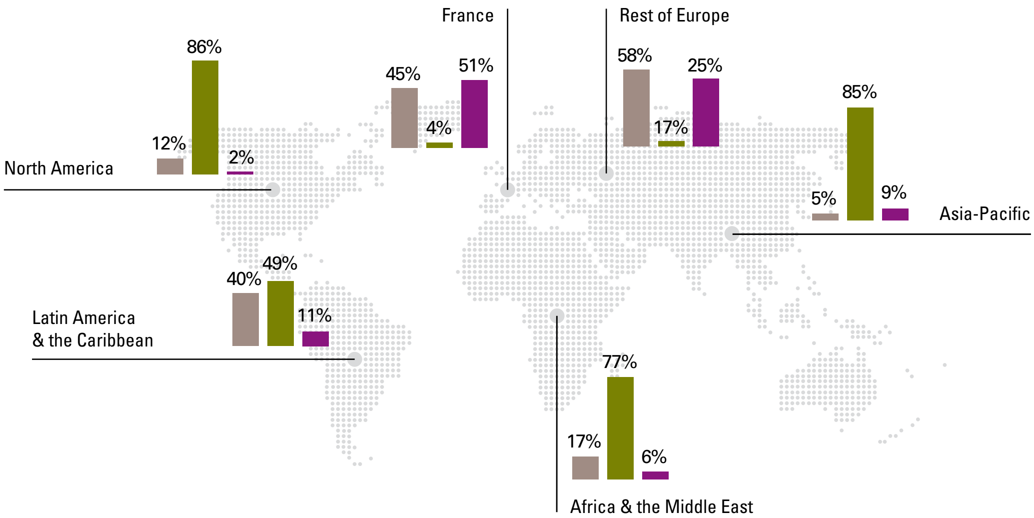
The Corporate Human Resources Department works particularly closely with the operating departments and the legal affairs, communications, IT and sustainable development teams.

Governance of the Group's community endowment fund, **Solidarity Accor**, is based on various bodies, as described on page 64.

2.5. COMMITMENTS TO EMPLOYEES

Accor's corporate signature – "Open New Frontiers in Hospitality" – reflects its determination to deliver the best possible customer service in all its brands around the world. To achieve this goal and invent a whole new hospitality experience, employee engagement and satisfaction are essential.

The number of employees working for Accor brands worldwide is estimated at around 170,000. This global workforce is spread across 92 countries and three operating structures, with owned and leased hotels accounting for 48,761 employees or 28% of the total, managed hotels representing 88,031 employees or 51% and franchised hotels accounting for an estimated 36,050 employees or 21%.



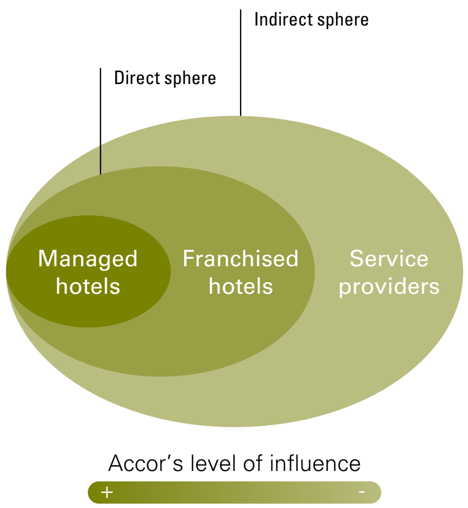
All activities in 2013	France	Rest of Europe	Asia-Pacific	Latin America & the Caribbean	Africa & the Middle East	North America	TOTAL
Owned & leased	15,961	20,375	3,679	5,470	2,981	295	**48,761**
Managed	1,526	5,959	58,344	6,696	13,398	2,107	**88,030**
Franchised (estimated)	18,000	9,000	6,500	1,500	1,000	50	**36,050**
TOTAL	**35,487**	**35,334**	**68,523**	**13,666**	**17,379**	**2,452**	**172,841**

Customer satisfaction is critical for a company like Accor, which understands that its customers include not only the guests that stay at any Accor-brand hotel but also the owners of managed and franchised hotels and the people who work in Accor-brand hotels worldwide. Our duty is to create the best possible conditions to protect the interests of everyone involved in this very specific employment model.

2.5.1. ACCOR'S EMPLOYMENT MODEL

Our business creates and maintains many jobs in 92 countries. However, a significant percentage of these employees do not directly work for Accor but for our business partners – the owners of managed and franchised hotels and a variety of service providers.

Because we are constantly opening new hotels around the world, this indirect workforce is steadily increasing, particularly in fast-growing economies.



Employees in the direct sphere of influence are classified as Accor-brand employees. They deal directly with guests and are ambassadors for the hotel brand and its values.

Throughout, however, we are committed to sharing our human resources management values and standards in every host country, while naturally respecting local practices and legislation.

This commitment is supported by the Ethics and Corporate Social Responsibility Charter, which is being instilled across our direct and indirect sphere of employment.

We also have a duty to take an interest in the quality of the working conditions of indirect employees, as part of our commitment to upholding and promoting human rights.

At end-2013, 45% of Accor-brand employees – including an estimated 3% from franchised hotels – were located in countries that scored below 50 on Transparency International's Corruption Perceptions Index 2013. The index uses 13 surveys to calculate a score from 0 to 100, where 100 means no perceived corruption. The high percentage of Accor-brand employees in low-scoring geographies reflects our presence in such countries as Brazil, China and Thailand, which account for a significant portion of the workforce.

We share our corporate culture with our business partners, whose employees are in our direct sphere of influence, by forging and maintaining trust-based relations and more particularly by:

- **enhancing** Académie Accor's ability to attract talented employees so as to instill our expertise and values;
- **facilitating** mobility between hotels, which is a key component in our human resources planning and development strategy;
- **organizing** events that promote Accor values.

The outside workforce – which is in the indirect sphere of influence – includes temporary and contingent 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.

Many laws exist to protect people in contact with the company, including guests, employees, suppliers and others who have only indirect contact. Accor makes every effort to ensure that these laws are respected, in particular by closely monitoring suppliers and service providers, whose practices might not comply with its commitments to respecting people.

To extend its corporate social responsibility standards across the supply chain, Accor developed Procurement Charter 21 and asked its approved suppliers to pledge compliance with the Charter's principles. The areas covered include environmental protection, respect for people, anti-discrimination, health and safety, and working hours and conditions (see page 60 for more information on sustainable procurement).

2.5.2. TAILORED HUMAN RESOURCES POLICIES

Effective management of human resources is one of the cornerstones of Accor's performance. To optimize that performance, tailored human resources policies are being applied, supported by tools and programs deployed across the organization.

These policies are guided by two key objectives:

1. **Set the benchmark as an employer and hotel operator and share our values and commitments,** by fostering social dialogue, promoting diversity, respecting employees and enhancing workplace well-being.

The human resources management process is impacted by our employment model. To attenuate the risks to our social license to operate in the event of non-compliance with our commitments to international institutions, HR policies and tools are aligned with the three operating structures – owned and leased hotels, managed hotels and franchised hotels.

For employees of managed hotels, Group recommendations and policies can be applied by the hotel manager, as long as the owner is willing to accept the associated impact on costs and operations.

Because we have little influence over HR practices in franchised hotels, we strive to share our values and commitments in the communications and day-to-day interactions with franchisees. This is done through three main channels:

- Franchise Committees, which meet three or four times a year, depending on the brand, to review and make note of 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 their specific regions and brands;
- access to dedicated content on the corporate intranet and to the training courses provided by the Académie Accor.

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

2. **Motivate employees** to achieve the highest standard of service and leverage each individual's capabilities to improve overall performance.

Employee engagement is a direct result of managerial relations, on the one hand, and what the employer offers in terms of working conditions, training and career prospects, on the other.

Our guide to management ethics and principles has been distributed worldwide since 2009 and key career development resources have also been provided and distributed. However, Local Human Resources Departments are responsible for ensuring favorable working conditions, in line with the local context and legislation.

Accor's contribution to its franchise and management partnerships includes tools designed to improve hotel operating performance. In the area of human resources, we share our expertise in particular through the training courses offered by the Académie Accor and *via* the training programs deployed by the brands.

Providing HR support tools ensures consistency in the Accor employer brand and enables employees to enjoy the benefits of belonging to a major multinational with global reach. Examples include the AccorJobs website, which lists all of the jobs available at Accor-brand hotels, and the Welcome Card, which gives employees reductions at Accor hotels worldwide.

HR topic	Sphere of influence	Page
Setting the benchmark as an employer		
Social dialogue	Owned and leased hotels only	47
Diversity and equal opportunity policies	Owned, leased and managed hotels Provided to franchised hotels for their information	48
■ Women at Accor Generation women's network	Owned, leased, managed and franchised hotels	48
Motivating employees		
Assessing employee engagement and well-being	Employee surveys: owned, leased and managed hotels CLIP: available to owned, leased, managed and franchised hotels	49
Working conditions	Owned, leased and managed hotels	50
■ Promoting health and well-being among local communities	Owned, leased, managed and franchised hotels	51
Compensation and benefits	Owned, leased and managed hotels	52
Career development	Owned, leased and managed hotels Training resources available to franchised hotels	53

2.5.3. SETTING THE BENCHMARK AS AN EMPLOYER

Accor's exemplary employment practices stem from the values promoted by its founders. Social dialogue and respect for diversity provide an operational response to the need to bring communities together to secure the Company's growth, while respecting individual differences and expectations.

Social dialogue

Accor is committed to maintaining ongoing, constructive dialogue about employee rights and benefits with employee representative organizations. In 1995, it signed an agreement in this regard with the International Union of Food Workers (IUF), pledging to respect the International Labour Organization conventions relating to employees' freedom of association and right to unionize.

The consultation and dialogue process is particularly important at a time when we are expanding significantly and therefore dealing with an every-increasing number of stakeholders.

As part of the Group's growth strategy, certain owned or leased hotels are being sold to franchisees. There is no reason for this strategy to have an impact on jobs and Accor does everything it can to ensure that employees continue to enjoy the same working conditions and employee benefits. This commitment is illustrated by the collective agreements signed in 2013 in Germany, France and the Netherlands, which aim to harmonize practices and ensure that the transition to a new employer does not have a detrimental effect on employment or employees.

Given that our operations depend to a significant extent on the financial health of other businesses, the economic recession in Europe – which accounts for around 41% of all Accor-brand employees – may have an impact on jobs in the coming years. In 2013, we started reorganizing local head office teams in the region to create larger centers of expertise in selected countries. The impact on jobs, however, is expected to be low. The reorganization process reached corporate headquarters in France in early 2013, affecting 117 permanent Accor SA employees. A voluntary separation plan was implemented to enable them to pursue a personal or professional project elsewhere.

To help the Accor SA employees imagine their future, an office was set up to provide support and information and to accompany those interested in a transfer within the company or a project outside the company. Job-search skills workshops were also organized and a hotline was set up to give employees direct access to a psychologist.

In total, 8,299 employees left Accor in 2013 following an individual dismissal, including 3,449 employees from owned or leased hotels. Another 441 employees were laid off because of restructuring or for financial reasons, including 379 employees from owned or leased hotels.

The table below lists the **collective agreements** signed in 2013 at country level, covering owned and leased hotels.

It does not include agreements signed prior to 2013 and it cannot be considered exhaustive, since collective agreements can also be signed by legal entities such as hotel groupings or by individual hotels.

Country	Collective agreement	Number of employees concerned
Germany	Collective agreements relating to the conditions for the transfer of employment contracts when hotels are sold to franchisees	5,994
	Training and impact on working conditions relating to new software deployed by the Group	
	Rules governing the installation of surveillance cameras in hotel public areas	
France	Agreement on intergenerational issues at SMI (French headquarters)	960
	Agreement on intergenerational issues at Accor SA (corporate headquarters)	1,078
	Collective agreements relating to the conditions for the transfer of employment contracts when hotels are sold to franchisees	13,832
Hungary	New collective bargaining agreement negotiated in 2013 and applicable from January 1, 2014	887
Netherlands	Collective agreements relating to the conditions for the transfer of employment contracts when hotels are sold to franchisees	1,548

Forums for dialogue

The **European Works Council** is co-chaired by the Chairman and Chief Executive Officer and a representative of the International Union of Foodworkers (IUF). It meets at least once a year to examine the Group's organization, strategy and results, as well as cross-border issues. The full-session meetings are held at the International Labour Organization's head office in Geneva. The Council Bureau keeps information channels open and prepares the Council's annual meeting. It can also be convened to discuss any measures being considered by the Group.

The Group Works Council created by the October 12, 1984 framework agreement supports dialogue and the sharing of business information with employee representatives **in France**. The Council comprises 24 employee representatives chosen from among the 76 subsidiary works councils in France. It is chaired by the Chairman and Chief Executive Officer or his representative and meets twice a year.

Another collective body that promotes constructive social dialogue is the Social Council, which provides an informal forum for on-going relations with union representatives. The meetings address important topics and certain strategic issues.

Diversity and equal opportunity policies

For Accor, diversity is a key component in driving performance and innovation and ensuring non-discrimination and equal opportunity across the organization. A structured framework was created for our commitments in this area in 2008, which has driven a variety of programs to support and demonstrate them.

Diversity policy

Accor recognizes that every employee is different and that overall performance depends on the skills of each individual. Our commitment to diversity is structured around formalized undertakings and priorities for 2015 in the following areas:

- **diversity of origins;**
- **gender equality in the workplace;**
- **integration of people with disabilities;**
- **age diversity.**

The initiatives undertaken address four key challenges:

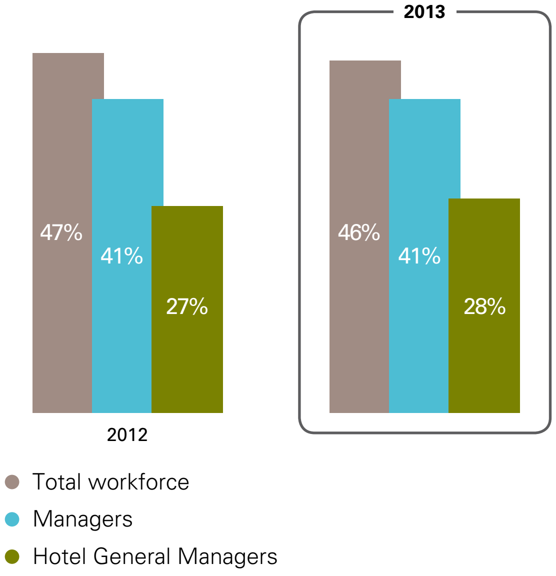
- **corporate social responsibility.** As a fair and sustainable employer, Accor has the duty to reflect the diversity of its host communities;
- **attractiveness as an employer.** Accor is a company that respects its employees and is well-perceived by the public;
- **business performance.** Making diversity a priority helps Accor deliver customized solutions to meet customer expectations;
- **operating performance.** Inclusiveness and social cohesion are important factors for well-being in the workplace, because a fulfilled employee is an efficient employee.

This commitment to supporting diversity and fighting discrimination is clearly defined in our International Diversity Charter, which has been translated into 15 languages. Deployed in 2011, it serves as the foundation of our diversity policy, based on seven key commitments:

- **give every employee the opportunity** to succeed by taking their capabilities into account at each stage in their careers;
- **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;
- **conduct diversity surveys** in every host country;
- **offer every manager diversity training** or a sensitivity course, based on the local situation and available training resources;
- **explain the policy** to all employees and partners;
- **act as diversity ambassadors to** customers, suppliers, hotel owners, investors and other partners, with the goal of fostering a shared ethical commitment;
- **report to the Executive Committee once a year** on diversity programs underway across the Group, to obtain the Committee's guidance and recommendations for pathways to improvement.

The target of 35% women hotel General Managers has been set 2015, with a view to achieving gender parity in this key position in the longer term. The percentage of women General Managers increased by one point between 2012 and 2013.

Percentage of women by job category



The commitment to increasing the percentage of women across the organization is also reflected in the December 2012 launch of **Women at Accor Generation** (WAAG), an international women's network open to both men and women employees of any Accor brand. Through its eight regional networks, WAAG is committed to fighting against stereotypes and the self-censorship of women, primarily by mentoring women employees, encouraging experience sharing and facilitating networking.

In 2013, 1,265 disabled people were employed in owned, leased or managed hotels worldwide, 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.

In France, the Integrating the Disabled Project (MIPH) is an integral part of the diversity action plan. It is governed by a Group-wide agreement concerning the hiring and retention of disabled employees, which covers the three-year period from 2012 to 2014. In 2013, 25 employees were able to keep their jobs despite a disability and 31 disabled employees were hired, mainly on permanent contracts, representing 2% of all permanent new hires in France for the year (owned and leased hotels). As a result, disabled employees represented 4.97% of the workforce in France in 2013, compared with 4.15% in 2012.

Equal opportunity resources

Two main channels are used to guarantee equal opportunity and eradicate stereotyping – training modules and the sharing of best practices already being applied in the Group.

The **"Managing Diversity" e-learning module** initially developed in France was deployed across Europe in 2013, after being aligned with European legislation and translated into English.

The diversity intranet site created in January 2011 describes best practices and provides links to international reference documents, like the Group's International Diversity Charter, and to such resource documents as European directives on non-discrimination and diversity and a recruitment guide in six languages.

A guide for recruiters and managers has been available on the Diversity intranet since 2013 in English, French, German and Portuguese.

Anonymous *résumés* have been used on the AccorJobs website in France since 2010 to ensure equal opportunity during the recruitment process, by precluding even subconscious discrimination due to age, gender or origin.

Discrimination alert plans have also been defined locally so that anyone experiencing discrimination knows who to contact and how.

2.5.4. MOTIVATING EMPLOYEES

The key value creation drivers in the hospitality industry are service quality and customer satisfaction, which depend heavily on the enthusiasm and skills of employees. To secure employee commitment and engagement, Accor makes every effort to provide a motivating work environment and interesting career opportunities.

Assessing employee engagement and well-being

Managers have access to two tools for assessing employee engagement, well-being and morale – employee opinion surveys and the Local Climate and Personal Initiative (CLIP) survey. Both of these tools are central to our management process and the findings are used to develop appropriate action plans.

Employee opinion surveys

Opinion surveys are conducted every two years at all owned, leased and managed hotels to gauge employee satisfaction, identify employees' needs, concerns and expectations and measure morale and level of engagement so that action can be taken to drive improvement. Carried out at the initiative of country HR Departments, the surveys are based on a core questionnaire developed by the Group, which is adapted to the local context. The findings are reported across the hotel chain of responsibility and to the head offices. In 2012-2013, 80,837 employees from owned, leased or managed hotels in 59 countries took part in employee opinion surveys, representing a response rate of 88%.

Positive response rates ("agree" and "fully agree") to the Group's primary satisfaction drivers from employees in head offices and owned, leased and managed hotels

	Positive response rate			
	Total		Of which «fully agree»	
	2011-2012	2012-2013	2011-2012	2012-2013
I am proud to work at Accor	89%	91%	42%	43%
My work enables me to develop my skills	88%	90%	37%	39%
My working environment is good	81%	84%	30%	32%

Local Climate and Personal Initiative (CLIP) survey

All managers, regardless of their hotel's operating structure, can use the CLIP survey to gauge the quality of the local working environment and the commitment of their teams. Each team member fills in a confidential questionnaire that covers eight topics including job fulfillment, the circulation of information, individual initiative, and respect and recognition. CLIP is available in 11 languages, in paper and electronic format, *via* the Group intranet and is designed for use by managers across all operating structures.

The objective criteria usually used to measure employee engagement are the resignation and absenteeism rates. However, these indicators should be considered with caution, because they are affected by such factors as the **local culture**, the **social** and **employment protection measures** in place in certain countries or hotels, the strenuous **nature of certain jobs**, and potential difficulties in commuting to the workplace.

Working in the hospitality industry comes with numerous constraints, particularly in the area of work-life balance, where measures are being taken to reduce their impact (see section 2.6). Nonetheless, Accor has a high resignation rate, which can be attributed to various factors, including the local economic environment. Turnover seems to depend in particular on the location and age of the hotel, with fast-growing economies reporting a higher resignation rate. With a total of 37,491 employees resigning in 2013, resignations accounted for 61% of all separations, *versus* 60% in 2012.

Absenteeism is also an indicator that must be handled with great caution, particularly because the criteria for inclusion were revised in 2013, making comparisons with the previous year very difficult. In 2013, medical leave stood at an average 6.5 days per employee per year and unauthorized leave, as defined in section 2.8, amounted to an average 1.1 days per employee per year.

Working conditions

As an employer, Accor is responsible for ensuring that working conditions are optimal for the health, safety and well-being of its employees and for the performance of its teams. The working environment must be aligned with the activities being carried out, the people involved and the Group's productivity objectives.

The measures taken to improve working conditions focus mainly on:

- preventing accidents, repetitive strain injuries and other workplace health and safety issues, by identifying risks and deploying dedicated training modules; and
- limiting the impact that business constraints and unusual hours can have on employees' personal lives, to enhance the Group's appeal and ensure employee engagement.

Working hours

Given the nature of the hospitality business and the long opening hours of hotels, employees often have to work unusual hours, including during the night and on weekends and public holidays. To address this issue, a variety of initiatives have been deployed to enhance work-life balance, so that the needs and cultural expectations of employees can be met in every host country.

These initiatives are underpinned by the commitments set out in the Ethics Charter (to be redeployed in 2014), where Accor has pledged to: **respect important events in employees' lives**; minimize uncertainty in the short-term work schedule **to reduce the impact of unusual working hours**; and provide practical solutions whenever possible for employees having **trouble commuting**.

At end-2013, 11.4% of employees in head offices and owned, leased and managed hotels were working part-time, compared with 12.4% a year earlier.

In the hotel business in France, the workweek has been set at 39 hours for non-managerial employees. In compliance with amendment 2 to the Hotels, Cafés and Restaurant industry agreement, time worked from the 36th to the 39th hour is paid 10% overtime. In owned and leased hotels, overtime from the 36th to the 39th hour is paid at the normal rate, with the 10% increase taken in the form of additional time off. Most managers, in head offices and hotels, are paid a fixed annual salary for 218 days worked per year.

Outside France, working hours are set in accordance with local legislation and the collective agreements in place in each country. Overtime can 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.

Like most of the fundamental aspects of human resources management, measures relating to working conditions are handled at the local level, in line with the local culture, the applicable collective agreements and the country's labor legislation. The Life, Health & Wealth program in the United States, for example, offers employees useful tools and information to improve their health and quality of life, in conjunction with high-quality healthcare and insurance coverage.

Ensuring employee health and safety

The hotel industry is not particularly exposed to health and safety risks. Nonetheless, management pays close attention to the day-to-day risk of accidents and the long-term risk of musculoskeletal disorders caused by repetitive movements.

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

These assessments can cover both **short and long-term risks**, including:

Short term		Long term
• Handling sharp objects (kitchen and technical services staff) • Polishing glasses (restaurant staff) • Falls (kitchen and technical services staff) • Chemical risks (laundry staff) • Soldering hazards (technical services staff)	• Stress and other psychosocial risks	• Musculo-skeletal disorders
Risks associated with buildings and equipment		

The lost-time injury frequency rate across owned, leased and managed hotels remained stable in 2013 at 13.5, *versus* 13.5 in 2012 and 14.5 in 2011.

At end-2013, no figures were available regarding the number of days lost due to workplace accidents, which are included in the indicator on absences for medical reasons. The decision has been made to separate these figures in 2014 to enable the calculation of the incident severity rate. This will, however, require considerable effort on the part of local human resources teams, who must create a specific category in the local payroll system.

In 2013, eight employees died in workplace or commuting accidents: one suffered from a fatal heart attack in Indonesia; two died in the workplace in China following an illness or accident that was not work-related; and five were victims of commuting accidents, three in Egypt and two in Thailand.

Employees on temporary or long-term assignments in a given country or region may consult regularly updated security and health advisories on the Risk Management intranet site.

In addition, a guide has been prepared for employees in French and English containing safety recommendations and advice for business travel.

Preventing musculoskeletal disorders

Various training modules are offered by the Académie Accor campuses 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 also implemented. In France, for example, the Levly® hydraulic bed-lifting system has been introduced to improve the working conditions of housekeeping staff. By raising the mattress to waist level, these ergonomic beds attenuate the risk of joint injuries. Since 2007, the Integrating the Disabled Project (MIPH) has subsidized the installation of 9,784 Levly® systems, including 844 in 2013. The initiative is also being deployed in other countries, such as the United Kingdom, Belgium, Bulgaria, Ghana, the Netherlands and Poland.

At end-2013, Accor did not have an indicator to measure the frequency of occupational illnesses, which is scheduled to be added to the reporting process in 2014. However, the definition of an occupational illness, as recognized under French legislation, is difficult to apply in countries whose labor legislation does not recognize the long-term effects that work can have on people's health. Significant effort will therefore be required to update the reporting system and train country correspondents to apply the definition. But the hardest task will be implementing a reliable tracking system in hotels and head offices when local physicians and public authorities do not recognize occupational illnesses.

Preventing psychosocial risks

Various channels are used to prevent psychosocial risks, including training modules, local crisis lines and collective agreements on the initiatives to be undertaken.

Stress management training is available and is completed by many employees. In France, for example, 314 employees in 2013 (and 669 employees in 2012) participated in training modules on "Preventing and Managing Workplace Stress", "The Five Keys to Stress Management" and "Understanding Stress and Achieving Serenity".

Accor takes action to eliminate all forms of harassment from the workplace, including bullying and sexual harassment. Complaints against personnel must be reported to a senior manager or to the Human Resources Manager/Director, while a different procedure is followed for incidents involving guests. Hotlines have also been set up in some countries, including Brazil, France, India and New Zealand/Fiji.

Following the signature of an agreement on workplace psychosocial risks in 2010, a steering committee was set up at Accor SA headquarters in France to prepare action plans to reduce stress. In addition, the French hotels business signed a framework agreement on psychosocial risks with employee representatives in 2011, covering the prevention of these risks through awareness initiatives. In 2013, six conferences were organized to inform and educate Accor SA managers about psychosocial risks in the workplace.

Promoting health and well-being among local communities

Employee health and well-being can only be achieved by ensuring the safety of work-related equipment and infrastructure (see page 55) and by promoting good health in all aspects of life, both inside and outside the workplace.

The Life Quality Calendar campaign launched in Brazil in 2013 aims to inform employees about serious illnesses and what they can do to avoid them. The campaign was supported by the onsite presence of specialists during specific events, such as Workplace Accident Prevention Week.

Deploying PLANET 21 commitments

As part of the PLANET 21 program, the owned, leased, managed and franchised hotels are encouraged to offer employees awareness-building and training sessions, with a focus on the prevention of HIV/AIDS and of chronic diseases like diabetes, cancer and cardiovascular ailments, the importance of nutrition and a balanced diet, the prevention of psychosocial risks, and first aid. In each case, the approach is carefully aligned with the relevant health issues specific to each country or region. In 2013, 65% of hotels had organized health and well-being training for their employees.

Since 2002, Accor has been contributing to the fight against epidemics, particularly of HIV/AIDS and malaria, through protection programs for employees and awareness campaigns for guests. Employee-focused initiatives are structured by the ACT-HIV program introduced in 2007, which gives hotel General Managers a six-step action plan built on the three core principles of Accor's commitment – confidentiality, non-discrimination and equal access to treatment. By the end of 2013, more than 20,700 employees had attended awareness and training sessions and 753 hotels were equipped with condom vending machines.

Compensation and benefits

Accor has defined a global compensation strategy that can be adapted to local practices in each country.

The strategy is based on four principles:

- 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 all decisions concerning compensation are made without any discrimination 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**, which are identified, tracked and analyzed. To achieve this, jobs have been mapped worldwide by job track, using the Hay method. Job mapping by position is also carried out locally.

Managers receive a base salary and an incentive bonus reflecting their performance in meeting personal and team objectives and their contribution to the Group's success. All base **salaries are reviewed** each year, on an individual basis for managers and collectively for non-managers. Across-the-board raises are defined locally, in accordance with inflation, market practices and annual results. The average salary raise could not be calculated with the reporting and analysis tools available to the Group in 2013.

Payroll costs for the head offices and owned and leased hotels are presented in note 4 page 212.

Insurance coverage

Insurance and healthcare coverage helps Accor meet two key challenges: (i) provide **a higher level of protection** for employees in countries where public authorities cover little or none of the expense associated with healthcare and (ii) create an **element of differentiation** to attract and retain talent.

Plans have therefore been set up in certain host countries for employees in owned and leased hotels, providing insurance and/or health coverage for routine care, hospitalization, maternity benefits, eye care and other expenses. **In France,** a new agreement on insurance and health coverage came into effect on January 1, 2013. An initial review is scheduled for early 2014.

In some countries, Accor has been able to extend healthcare benefits to employees in its managed hotels, with the investor owner's agreement.

This is the case, for example, in **Sub-Saharan Africa**, where a healthcare plan has been set up at 19 hotels, including 10 under management contracts.

Where healthcare is not provided under local legislation, the employees at these hotels and their families benefit from private health insurance, which covers 80% of the expenses associated with medication, health care and hospitalization. In addition, almost all of the 19 hotels have an occupational physician and a nurse, either full-time or part-time, to raise awareness of medical issues, diagnose illnesses and provide nursing assistance to employees and their families.

Retirement benefits

Set up in 2007, the Group Retirement Benefits Committee continued its activities in 2013. Designed to encourage dialogue and consensual management, the Committee is comprised of representatives from the corporate Human Resources, Consolidation, Treasury and Financing, and Administrative Services Departments, as well as the Group's consulting actuary.

Discretionary profit-sharing

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

In 2013, nearly €10.2 million in discretionary profit-shares earned in 2012 was paid to 13,865 employees, representing an average net amount of €740 per person.

On several occasions since 1999, employees around the world have been offered the opportunity to purchase new Accor shares on preferential terms and conditions, as part of employee share issues. As a result, 10,122 employees owned shares in the company at December 31, 2013, representing 0.62% of total capital (see page 323 for details).

Employee savings in France

Every year since 1985, Accor employees in France have been able to participate in a **Corporate Savings Plan** (PEEG) that allows employees to invest in various mutual funds with matching funds provided by Accor. In addition, a PERCO group **Retirement Savings Plan** has been set up to provide employees with additional income during retirement. A total of 7,229 employees invested in the plan in 2013. Employees in France also receive **profit-shares** under a corporate agreement covering 84 companies in respect to 2012. Non-discretionary profit-shares earned in 2012 and paid in 2013 amounted to an aggregate net €7.8 million for 21,147 employees, or an average net amount of €369 per person.

Information available to employees

Human Resources Managers and Directors are informed about the bonus policy and the principles for reviewing compensation, in line with the each country's economic environment.

The various components that make up the final compensation package – including the base salary and any other benefits associated with the position, such as a company car – are set out in the employment contract when the employee is hired or transferred. In addition, the individual and collective performance objectives to be applied to the coming year are defined during the annual performance review and given to the employee in writing.

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

Career development

Accor gives employees a genuine opportunity to climb the social ladder. Managers across the organization are united in the belief that service quality and customer satisfaction depend primarily on employee skills. As a result, Accor's human resources policies focus on training, skills development and promoting from within.

Since all employees serve as Accor's frontline ambassadors with customers, in addition to working effectively in a team and having the information they need to do their jobs, they must also be familiar with the Group, its values and its history. A total of 62,490 employees were hired in 2013, of which 58% in the Asia-Pacific and Latin America regions. To facilitate the onboarding process, the "Welcome to Accor" e-learning program is deployed alongside the modules specific to each brand to inform new hires about the Group and its values.

Once the onboarding phase is over, employees are supported throughout their careers *via* **annual performance reviews.** It is recommended that employees have an annual review with their manager every year, to discuss their performance over the past year and set objectives for the next, which will be used to calculate their bonus. The review also gives employees an opportunity to express their career goals so that an appropriate development plan can be prepared.

Skills development initiatives focus on:

- the specific skills required in certain professions;
- partnerships with training institutes; and
- the opportunities offered to employees during international assignments.

Job tracks

Several job tracks have been defined to clarify the positions involved and professionalize certain skill-sets, as well as to enhance employees' capabilities and inform them about potential career paths. Job-specific training programs have also been developed to give all Accor-brand employees – estimated at close to 170,000 – the opportunity to acquire new skills or enhance their expertise at a time of significant change in the industry. This is particularly the case in:

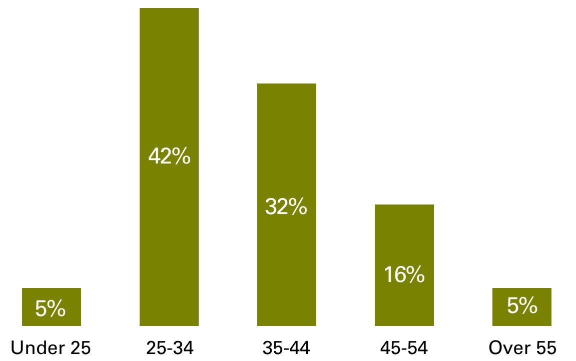
- **sales,** where the Sales & Distribution Pass training module allows Sales Managers to take their capabilities to the next level and measure themselves against the fundamental principles of hospitality sales. The module is included in an ambitious program to improve the professionalism of our sales teams, from hiring to career development. Around 600 sales experts have benefited from the program over four years;
- **revenue management.** A dedicated revenue manager job track has been in place since 2007, supported by the RM Pass series of specialized training courses offered in association with the Académie Accor. They are designed to enhance the capabilities of revenue managers and other employees who help to optimize hotel revenue, such as hotel General Managers. Around 2,500 employees have completed the RM Dimension and RM PRO training courses;
- **distribution,** with the new Distribution Excellence (DEX) program primarily designed for hotel General Managers and revenue managers. The program helps them understand the major issues and challenges raised by the various distribution channels and room booking methods. It also provides keys to building a strategy and developing everyday distribution tactics for their hotels. The program has been completed by 1,000 employees since the beginning of 2013.

Management development and mobility

Specific programs have been introduced to enable employees, either newly hired or with several years experience, to move into management positions over the medium to long term. Internal promotion is a reality at Accor, where employees are encouraged to rise rapidly through the ranks.

This is reflected in the age pyramid for managers at owned, leased and managed hotels:

Age pyramid for managers at Accor hotels in 2013



Since 1997, Accor's **International Hospitality Management Program** (IHMP) has been helping to create a pool of international managers ready to take on new operating responsibilities in both the short and medium term. IHMP is the result of a collaborative venture between the ESSEC business school's MBA in Hospitality Management program (IMHI), the corporate Human Resources Department and the Académie Accor. The classes are given in English, with a curriculum built around six main subjects: Business Strategy and Value Creation; Human Resources Management; Finance; Revenue Management; Marketing, Sales and Distribution; and Communication. IHMP certification gives participants 20% of the credits required for the ESSEC MBA in Hospitality Management.

The class of 2013 comprised 27 employees, including five women. They were aged 28 to 52 and represented 14 nationalities, 16 countries, six brands and eight job tracks.

This system is being supported by a **certification process** that validates skills learned on the job and enhances employability within the organization. Thanks to a partnership agreement signed with the Glion Institute of Higher Education on March 1, 2013, any Accor hotel manager without a college degree can validate his or her years of experience in the profession with an MBA in International

Hospitality and Service Industries Management. Since October 2011, the Institute's core courses have been given online in English in a virtual classroom. Earning the MBA can enable hotel department heads and General Managers to move up to higher positions within the organization. A total of 11 Accor managers participated in the Glion Online MBA program in 2013. Most were General Managers or Operations Directors and they came from various parts of the world, including Australia, Germany, Indonesia and Dubai. The first graduates will finish the program in June 2014.

Accor managers and executives can map out their own career opportunities using the **Success** international management application, which offers more than 5,000 employees a view of all of the management vacancies across the Group. Participants can inform their direct manager of a proposed career change by posting their résumé, job aspirations and annual performance reviews on the site. They can also submit applications for any vacancies. This information may be viewed by other managers, who can use it to foresee and plan their staffing needs.

Training and educational partnerships

Created in 1985, the **Académie Accor** was Europe's first corporate university in the services industry. Its dedicated training courses may be attended by any Accor-brand employee, 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. Supported by a network of 18 campuses around the world, the Académie Accor offers training in all hospitality-related professions and areas of expertise, while also serving as a forum for sharing best practices and disseminating Accor's corporate culture.

Académie Accor's primary mission is to train employees so that every guest enjoys impeccable quality of service. Its second mission is to support the Group's expansion by enhancing professionalism in every job family. This is particularly the case in certain countries without any hotel schools, where Académie Accor serves as an effective substitute.

The Académie Accor is guided by three fundamental teaching goals:

- **to reflect each brand's identity** by designing, producing and delivering dedicated course content;
- **to integrate the latest economic, technological and social developments,** to offer innovative learning tools;
- **to convey the culture,** management philosophy and hotel management methods specific to Accor.

With many onsite and online courses open to employees of franchised hotels, Académie Accor is the best tool available to franchisees for creating shared value. Some content is nonetheless reserved for Accor employees, in order to safeguard key expertise and maintain confidentiality.

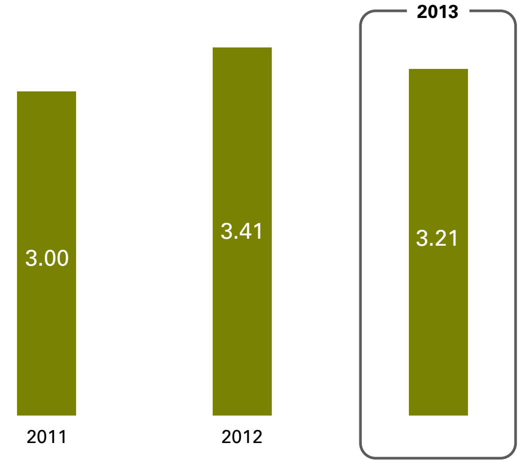
With more than 250 training modules offered in 20 languages and adapted to local requirements, the Académie Accor is positioned as the international benchmark in hospitality skills development. It also sets new standards in innovation by offering training programs that increasingly integrate new technologies, such as e-learning modules and virtual classrooms.

The technological revolution is underway both globally and locally, as illustrated by an initiative implemented by the Académie Accor Latin America. In Brazil, an e-learning platform was developed in 2012 and deployed in 2013 to give all hotel employees in the region rapid access to training content specific to each brand, despite the geographical distances involved. Click Accor also offers an online forum where employees can discuss the content provided, which can be open to everyone or reserved for the employees of a specific brand.

Accor's training offer extends beyond the Académie Accor to include mandatory health and safety training and brand-specific courses, which are compulsory for the employees concerned and have a direct impact on service quality and style.

From induction to certification-backed programs, the total number of training days provided to employees has remained stable for the past three years, with the increase in 2012 corresponding to the deployment of training by Novotel and Sofitel.

Average number of training days per employee



Partnerships with educational institutions

To promote the hospitality industry and its professions, Accor forges and maintains close ties and partnerships with many business schools, hotel management schools and universities in its host countries.

France's National Education Ministry

The vocational and adult training agreement signed in 1999 with France's National Education Ministry aims to guide young graduates' career choices by providing them with more information and raise awareness of hospitality and foodservices professions among secondary school teachers. To enhance revenue management education, Accor deploys its RM Partner School program at certain schools and has also been partnering the Revenue Management Masters degree offered by Institut Paul Bocuse and IAE Savoie Mont-Blanc in France since late 2011.

International mobility

With operations in 92 countries, Accor offers employees a wide range of international career opportunities. Employees who want to take postings outside their home country are supported by the International Mobility and Expatriation team, whose main role is to:

- **help managers** and human resources teams in each country to identify and recruit the right people for their needs and to define the contractual terms applicable to each employee;
- **support employees** at every stage of their project and the mobility process, by verifying their project's feasibility, for example, or providing cross-cultural sensitivity training;
- **ensure compliance with Accor's international mobility policies** relating to moving costs, temporary lodging on arrival and other issues.

A dedicated International Mobility intranet site provides employees with such useful information as travel and visa formalities, checklists and country guides. The site reflects the Group's ever-changing needs *via* testimonials and news on business development and regions looking to recruit.

Local managers

Accor wants local communities in host countries to be better represented in its management teams. This desire to see local hotel employees rise up through the ranks stems from a need to secure Accor's long-term presence, as well as a commitment to driving innovation.

As of December 31, 2013, 74% of the General Managers of owned, leased and managed hotels were local nationals, compared with 73% a year earlier.

2.6. COMMITMENTS TO SOCIETY

By protecting children from abuse, promoting health and nutrition, ensuring guest safety and security and making responsible purchases, Accor is committed to setting an example in its relationships with both guests and society as a whole. The Solidarity Accor community endowment fund is an organic extension of this commitment and a perfect fit with our core values.

2.6.1. SUPPORT FOR AND ENGAGEMENT IN LOCAL COMMUNITIES

Protecting children from abuse

Sexual tourism and violence against children crosses geographic, social and cultural borders. According to the United Nations, around 150 million girls and 73 million boys under 18 are victims of sexual violence worldwide. As the world's leading hotel operator, present in 92 countries, Accor has a moral obligation to protect children from abuse and to ensure that these practices do not take place in its hotels.

According to non-profit ECPAT [(1)], **"child sex tourism (CST)** is the commercial sexual exploitation of children by individuals who travel from one place to another, where they engage in sexual acts with minors." Although women are also involved, the vast majority of these individuals are men, from a wide variety of backgrounds, who use their financial privilege to take advantage of children forced into prostitution.

In the United Nations' Convention on the Rights of the Child, the international community agreed to define a 'child' as any person below the age of 18, unless the laws of a particular country set the legal age for adulthood younger. Teenagers are therefore considered as children under the law and must benefit from child protection laws and regulations.

In 2001, Accor became the first hotel group to forge a partnership with international organization ECPAT to combat CST. The first employee training programs on CST were introduced in 2002, strengthening our child protection strategy.

(1) ECPAT is the leading international organization in the fight to end child prostitution, child pornography and trafficking of children for sexual purposes. The ECPAT network comprises 80 organizations working in 75 countries.

Accor's commitment to combating CST is structured by the **Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism**. Developed by ECPAT and the World Tourism Organization, which is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism, the Code brings together 1,200 tourism industry operators in 46 countries. It is signed at the country organization level and then implemented in each country in line with six key objectives:

- establish a policy and procedures against the sexual exploitation of children;
- train employees;
- introduce clauses about the issue in contracts with suppliers;
- inform travelers;
- support and collaborate with local stakeholders in the prevention of child sexual exploitation;
- report annually on the implementation of Code-related activities.

In 2013, 35 Accor country organizations were members of the Code (*versus* 36 in 2012 when the Group was still present in Guinea) and four country organizations were on their way to becoming members, representing a total of nearly 2,400 hotels.

In addition to raising awareness of the issue, Accor also combats CST through local training initiatives designed to increase employees' vigilance in identifying cases of CST; help them decide when to contact the competent authorities; and ensure a long-term approach to child protection, *via* reintegration projects for example.

To strengthen its commitment to eradicating CST, Accor signed an agreement in 2012 with ECPAT France and two French Interior Ministry organizations – the International Cooperation Directorate (DCI) and the Central Office for the Repression of Violence Against Individuals (OCRVP) – to introduce **reporting procedures** in Accor hotels for suspected cases of child sexual exploitation involving French or foreign nationals.

The four partners worked together to develop a manual dedicated specifically to this topic, comprising four main sections:

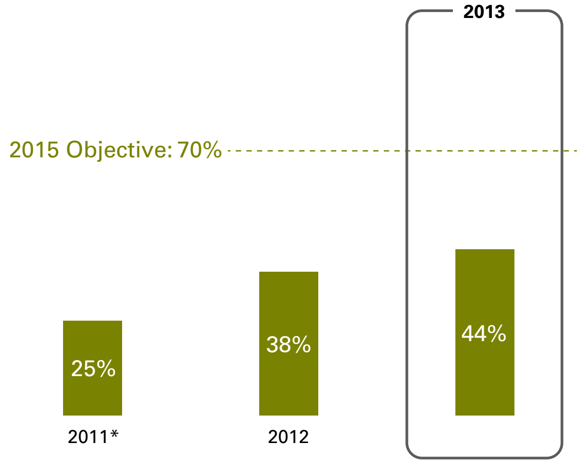
- **How to prepare** for the implementation of a CST reporting procedure.
- **Who to contact** to report a suspected case of CST and how.
- **How to implement** a CST reporting procedure in a hotel.
- **What attitude to adopt** when dealing with those involved.

In 2013, the manual was distributed in three pilot countries, Brazil, Thailand and Senegal, which are representative of the diverse environments in which CST occurs.

The April 2012 launch of PLANET 21 broadened Accor's commitment beyond CST to the protection of children from abuse in general, which is one of the program's 21 commitments. The objective for 2015 is to ensure that 70% of hotels have made a formal commitment to protecting children from abuse.

In addition to taking action to eradicate CST, the objective also requires hotels to support **reintegration programs for minors** in difficult situations and **relay national missing children alerts** in countries where such systems exist. Missing children alerts are broadcast at the request of a judge and relayed by the Security team to operating managers in the regions concerned. In addition, in the ibis France network for example, these messages also appear on the TV screens in hotel lobbies, which broadcast news around the clock.

Percentage of hotels committed to protecting children

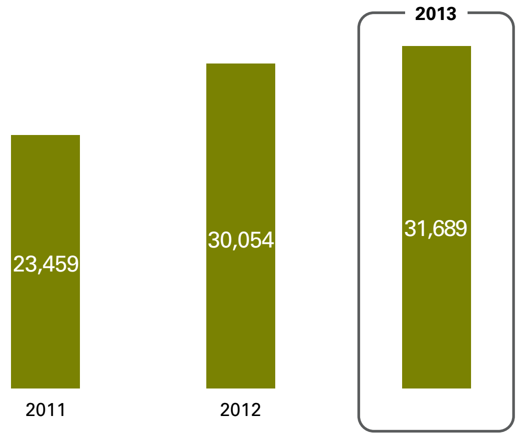


** Excluding Motel 6, which was sold in 2011.*

	2011	2012	2013
Number of applicable hotels	4,013	3,331	3,401
Response rate	94%	92%	93%

The chart above shows the percentage of hotels that have committed to the three avenues for protecting children – combating CST, relaying missing children alerts and supporting the reintegration of minors.

Number of employees trained in child protection



	2011	2012	2013
Number of applicable hotels	4,013	3,331	3,401
Response rate	94%	92%	93%

Respecting and promoting local cultures and traditions

True to its values, Accor has made respecting and promoting local traditions and cultures a key component of its commitment to society.

As part of the ISO 14001 certification process and the deployment of the environmental management system across the Novotel brand (see pages 67), hotels must make commitments in several areas, including **local community engagement.** Examples of the initiatives undertaken in this area include partnerships with local organizations to offer internships to students at nearby schools and an analysis of a hotel's potential positive or negative impact on local communities, culture and heritage, through economic and cultural development or the provision of sport and leisure facilities.

This commitment also involves educating employees to respect local cultures and customs and giving priority to local products and services.

In 2013, Mercure launched a sustainable development process focused on the local community, which included such avenues as advocating local purchases, strengthening ties with local organizations, promoting local tourist attractions and **offering local foods.** The process included reviewing the Grands Vins Mercure concept to increase the presence of local wines.

As a result, in 2013-2014, the Mercure wine list in Germany will be comprised – for the first time ever – exclusively of wines from German winemaking regions. The flagship product will be the Mercure cuvée, developed for the third year with the help of winemaker Markus Schneider and the brand's in-house wine specialists. The German example will be followed in other countries.

2.6.2 RESPONSIBILITY TO CUSTOMERS

Nutrition and health

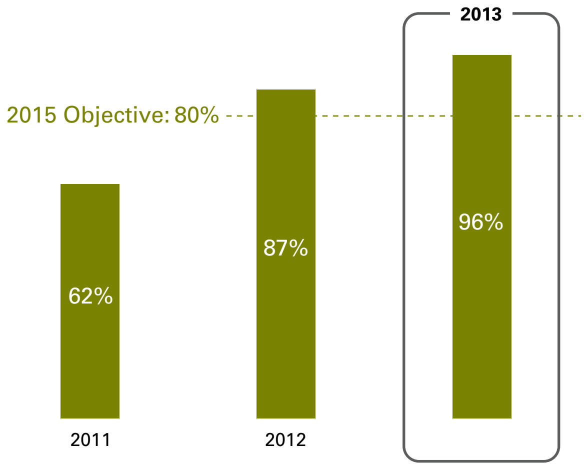
With public health campaigns now focusing on nutrition to reduce the risks of cancer, cardiovascular disease, diabetes, obesity and other health problems, Accor is firmly committed to offering healthy, nutritionally balanced meals that include organic ingredients. The air quality inside its hotels is also closely monitored to protect the health of hotel guests.

Aware of the importance of food and nutrition, Accor consulted expert chefs and nutritionists to develop recommendations for its hotel restaurants on how to create **nutritionally balanced dishes**. The recommendations focused on:

- opting for nutritious ingredients, such as fruits and vegetables, certain starchy foods, dairy products without added sugar, fish and low-fat meat, and avoiding less nutritious ingredients, such as dairy products high in fat or sugar, certain types of meat and cold cuts;
- using low-fat cooking methods, such as steaming, grilling, sautéing or baking en *papillote*, rather than frying, crumbing or any other cooking method that requires a large amount of fat, and preferring vegetable oils and light, milk or fruit-based sauces over sauces made with butter or cream;
- providing a healthy balance of proteins, vegetables and carbohydrates in the dishes on offer, such as 100% fruits and vegetables; 40% protein and 60% vegetables; 40% protein, 30% vegetables and 30% carbohydrates; or 50% carbohydrates and 50% vegetables.

The recommendations were set out in a practical guide for restaurant managers worldwide and distributed in 2013 to the 1,948 Accor-brand hotels with a restaurant.

Percentage of hotels offering a balanced dish



	2011	2012	2013
Number of applicable hotels*	1,814	1,937	1,948
Response rate	96%	97%	97%

** Hotels with a restaurant.*

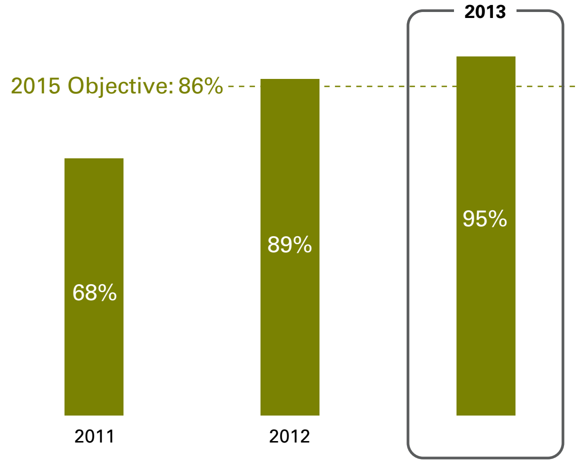
Promoting responsible eating is also part of the PLANET 21 program, which encourages hotels with restaurants to offer balanced dishes. In 2013, 96% of Accor hotels with a restaurant had at least one balanced dish on their menu, amply exceeding the 2015 target of 80%.

To enhance the program's visibility, pictograms have now been added to restaurant menus to help customers identify balanced dishes and those made with organic ingredients, which are better for both the environment and customers' health.

Indoor air quality is also a key concern for Accor. Items like furniture, paint, cleaning products and flooring can release chemicals that may cause various symptoms, such as allergies, asthma, respiratory irritation and headaches.

One of the best ways to avoid this problem is to tackle it at the source by choosing eco-labeled products, which replace these chemicals with more natural, less harmful ingredients. In 2013, 95% of hotels in the Accor network were using at least one eco-labeled product for flooring, painting or cleaning.

Percentage of hotels using eco-labeled products



	2011	2012	2013
Number of applicable hotels	4,013	3,331	3,401
Response rate	94%	92%	93%

The 2015 target of 85% was easily exceeded in 2013, mainly thanks to a partnership with a single cleaning product supplier that is working with Accor to develop more environmentally responsible cleaning solutions.

Safety and security

Safety and security are top priorities for Accor, which has a duty to ensure the physical protection of its guests, employees and equipment against both accidents, such as a fire or an outbreak of legionella bacteria, and deliberate acts of violence and crime in its hotels. A global strategy is deployed across all host countries to identify and respond appropriately to all of the safety and security risks to which the Group is exposed.

Supported by an international network of correspondents, the Safety, Security and Risk Management Department works with local authorities and industry experts to monitor the situation in each host country on a daily basis. The elements analyzed include geopolitical issues, health conditions, weather forecasts and social tensions.

The policies and procedures implemented by Accor are communicated to all hotels, regardless of their operating structure.

Safety

The emergence of new risks and Accor's international presence mean that guests are particularly concerned about how we fulfill our responsibility in the area of safety management.

Internal procedures are in place to address the main safety issues relevant to hotels – **fire prevention** and **food-related and other health risks:**

- the hotels must comply with local building and fire protection legislation requirements, such as technical installation and equipment inspections, employee training and evacuation drills. They are also subject to the additional criteria set out in our fire safety policy. These are based on the Management Building System (MBS) methodology developed by HOTREC, the umbrella association for hotels, restaurants and cafés in Europe, which is recognized throughout the region.
- a maintenance and inspection program has been in place for more than 10 years to prevent 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 (see page 68). Host countries take action to ensure compliance with the law and the safety of consumers in accordance with local standards. In many countries, including throughout Sub-Saharan Africa, water, food and surface samples are taken for analysis every month;
- in addition, kitchen health inspections are performed by using the Hazard Analysis & Critical Control Points (HACCP) system and applying a similar process to the one used for legionella bacteria inspections.

Security

To prevent criminal acts and protect hotel guests from violence, various security measures are deployed in our hotels, depending on the local situation, the site's vulnerability and the international context. In high-risk areas, these include measures to prevent kidnappings, strengthen security in the event of a terrorist alert, and evacuate guests in an emergency situation.

A guide is being prepared on the use of surveillance cameras as a tool for preventing and understanding safety and security risks at Accor hotels. It includes a detailed description of how to install and use surveillance equipment and evaluate its performance, without infringing on anyone's right to privacy.

Accor conducts its operations, *via* its various departments and entities, in full compliance with national and international obligations aimed at preventing money laundering and bribery and combating the financing of terrorism. It does this, in particular, by maintaining intimate knowledge of its business partners and financial flows and providing its full support to any investigations by police or judicial authorities.

Accor is also extremely vigilant about prostitution and has implemented procedures for preventing, detecting and combating the use of its hotels for this purpose.

In 2013, Women at Accor Generation (WAAG), our international women's network, conducted a survey among female members of the Le Club Accorhotels customer loyalty program, which revealed that hotel security is a key concern for women travelling alone. To address this issue, WAAG prepare some golden rules for hotel reception teams that focus in particular on ensuring the safety of female guests. They include not giving women rooms with a connecting door, being discreet when communicating their room number and accompanying them through the hotel late at night. These guidelines will gradually be deployed across the hotel network.

Various resources are used to support and verify the effective implementation of these security policies:

- safety, security and risk management audits are regularly conducted by the Security and Risk Management Department and the country teams in charge of hotel security. They are designed to raise awareness of hotel security risks and provide technical recommendations both before and after construction. Onsite and online training and regular contact with the hotel managers about operational issues ensure that security measures are effectively integrated into day-to-day operations;
- security issues are also included in the Products & Services audits conducted once a year at all hotels. The aim is to determine the level of security in place and deploy the necessary action plans to ensure consistency across the network.

Responsible products, services and practices

Product and service quality

Each of our brands defines its own requirements, in such areas as marketing, quality and hygiene, and these are integrated into the set of standards that must be respected by all hotels in the brand's network.

To ensure compliance with these brand standards, three risk prevention and management tools are mandatory in every hotel:

Products & Services Audits are conducted by an independent consulting firm *via* anonymous annual visits to all hotels. The auditors stay at least one day and one night, visiting at least one room and inspecting all of the hotel's public areas. With 300 to 2,500 items on the checklist, depending on the brand, these audits cover a wide range of issues including: the cleanliness of the rooms, toilets and public areas; maintenance standards; product and service quality; and the application of safety and sustainable development guidelines. After receiving the audit report, the hotel must prepare and implement an action plan to improve its performance each year.

Hygiene Audits are managed by the country and conducted every year across all hotels by an independent consulting firm. Auditors verify the hygiene of food and drink preparation areas (and usually guest rooms as well) by ensuring compliance with the appropriate procedures, such as refrigeration temperatures, and taking samples for analysis.

Guest Satisfaction Surveys give guests the opportunity to fill in an online questionnaire about their stay. After check-out, every guest who has provided an e-mail address receives a message with a link to an online questionnaire that covers the entire customer experience, from the initial booking to the check-out procedure. Responses are posted directly into an online application accessible to the hotel's teams, who must read and analyze the customer's feedback and respond to any complaints within two days.

The data from these three tools are collated in the central Quality Hub database and can therefore be consulted by all operations managers, from the hotel General Manager to the country Operations Director, and by the various support functions, including marketing, quality and safety. Based on the data provided, each country is responsible for conducting a quality review to monitor hotel performance and for preparing a corrective action plan if needed. All General Managers are encouraged to use these tools to ensure that service quality and customer satisfaction remain a priority.

ISO 9001 quality certification at ibis: The ibis network has been involved in an ISO 9001 quality certification process since 1997. Awarded by an independent international organization, certification recognizes the professionalism of our teams and the reliability of our day-to-day organization. Of the 1,000 ibis hotels worldwide, 89% in 43 countries are now ISO 9001 certified, making ibis the first hotel brand to achieve global ISO 9001 certification.

Responsible marketing

Accor signed the UDA Charter on Responsible Communication, prepared by the French advertisers' association's sustainable development steering committee, in 2009.

The Charter works by targeting the processes in place within a company, upstream of its communication initiatives. It covers all types of communication – corporate and commercial, above and below the line – and all of the company's responsibilities – to employees, society and the environment.

The Charter set outs five responsible communication commitments:

- develop a responsible communication policy and apply it to all messages;
- encourage target audiences to behave responsibly;
- be respectful when using information about the private lives of employees and customers in marketing and communication initiatives;
- implement a process for validating messages prior to their release;
- include environmental criteria when selecting communication media.

Accor and the other 40-odd signatories update the UDA Charter every year, specifying the actions taken to meet the Charter's commitments and setting new objectives.

Accor has also introduced a Global Hotel Guest Privacy Policy, which is posted on its accorhotels.com, accor.com and brand websites. The policy explains the reasons for collecting personal information during the booking process and clarifies customers' rights to access their personal data at their request.

To ensure the responsible use of social media, guidelines were published in 2010 for all employees who might want to post a comment or answer a question on any topic directly or indirectly related to the Group on Facebook, Twitter, YouTube, LinkedIn or any other social media. The guidelines were updated in 2012.

A corporate social network is also being developed as part of the intrAccor 2.0 project, which will be operational in 2014. Employees who wish to participate must first agree to abide by the corporate social network policy, which sets out members' rights and obligations.

A partnership has been forged with TripAdvisor so that comments posted by Accor hotel guests after their stay appear on both TripAdvisor and Accor websites.

To ensure price transparency, room rates are clearly indicated at every stage of the online booking process and the terms and conditions of sale are available at all times, in 15 different languages.

2.6.3. SUSTAINABLE PROCUREMENT

With purchases representing around €3.5 billion[(1)] in 2012, including €1.9 billion in approved purchases, procurement plays a decisive role in Accor's sustainable development process. The sustainable procurement program aims to unite all of our suppliers, contractors and service providers in a shared commitment to offering products and services that respect personal well-being and support environmental protection.

The Accor procurement process

Created in 1995 to handle food purchases, the Procurement Department has grown over the years and expanded its scope to include a wide variety of product families and all of Accor's main host countries. Based in France, the Corporate Procurement Department manages major international contracts and coordinates the network of 21 national Procurement Departments, which employ 147 people worldwide:

- **Corporate:** 21 employees, including the two who make up the Sustainable Procurement team;
- **Europe:** United Kingdom/Ireland, the Netherlands, Belgium/Luxembourg, France, Germany, Poland, Hungary, Austria, Switzerland, Spain and Portugal for a total of 94 employees;
- **Asia-Pacific:** China, Australia and New Zealand for a total of 13 employees;
- **Latin America:** Brazil, with 10 employees;
- **Africa & the Middle East:** Morocco, Egypt, United Arab Emirates/Saudi Arabia, for a total of seven employees;
- **North America:** United States and Canada, with two employees.

Contracts are established at international or national level, depending on the type of purchase. "Standardizable" products and services that meet several countries' needs are purchased *via* global contracts, while those specific to a particular country's needs are managed by the national Procurement Department.

Procurement teams make a real contribution to the financial results of Accor hotels – whether owned, leased, managed or franchised – by ensuring that every entity benefits from the Group's bargaining power.

- Purchases are classified as "approved" if they are sourced by the hotels from suppliers that have signed a contract with an Accor Procurement Department. These are overseen directly by Accor teams, who manage the contracts, optimize the products and services purchased and control the supply chain, taking care to offer solutions that best fit the needs expressed.
- Purchases are classified as "non-approved" if they are sourced directly by the hotels from suppliers that have not signed a contract with an Accor Procurement Department.

At around €3.5 billion in 2012, the total volume of purchases made by the hotels represents a significant percentage of consolidated revenue (€5.5 billion in 2013) and of the total business volume generated in Accor-brand hotels (€11.5 billion in 2013 [(2)]).

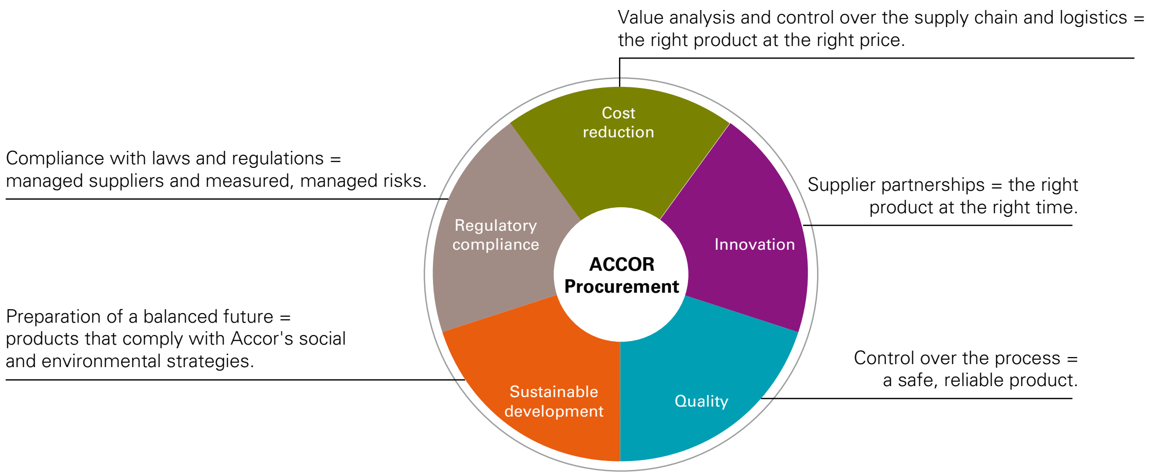
Procurement is therefore a key area in which Accor can take action, both in general and more particularly to implement its sustainable development policy.

(1) €3.5 billion is the estimated volume of total purchases made by all owned, leased, managed and franchised hotels, as extrapolated from the figures for approved purchases.

(2) Business volume generated in 2013 by HotelServices.

Approved purchases by product family

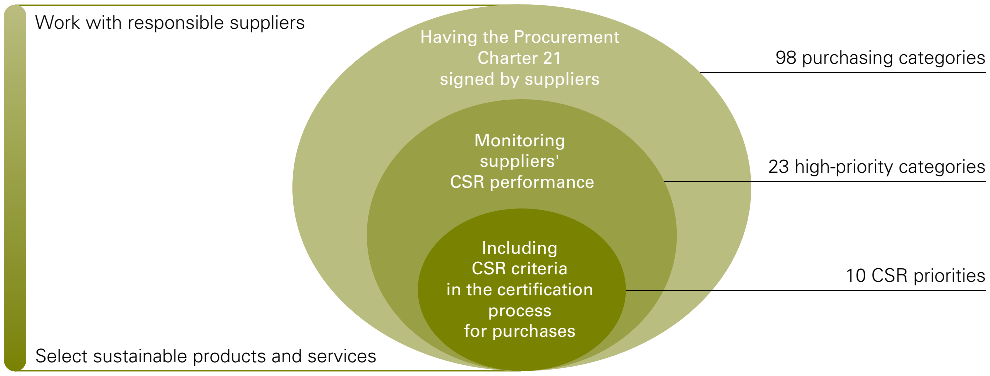
Procurement teams are responsible for achieving objectives in five main areas:



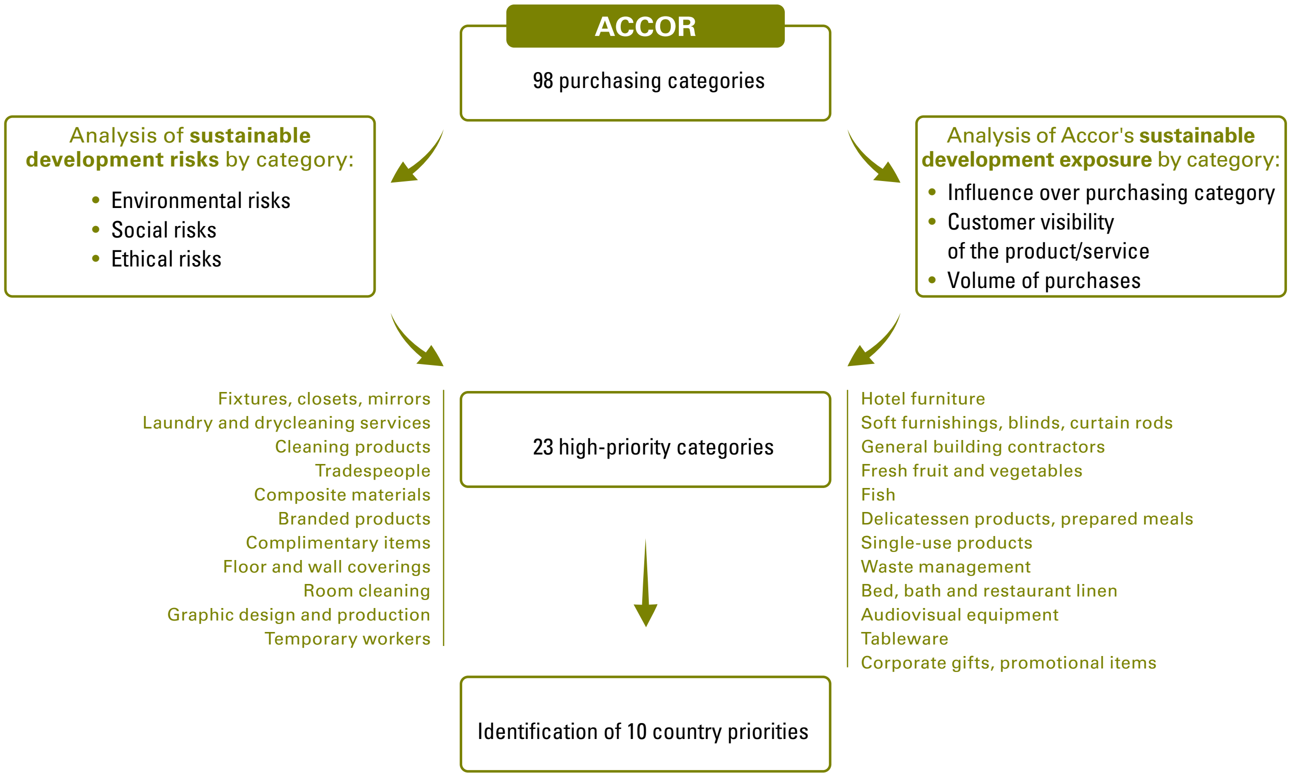
The Accor sustainable procurement policy

Procurement plays an important role in our sustainable development strategy. Accor buyers ensure that the solutions they approve – in close cooperation with the brands they work for – are in line with our social and environmental objectives.

The sustainable procurement process is carried out on three levels:



The sustainable development risks inherent in each of the 98 purchasing categories were analyzed in 2010, based on the Group's exposure (customer exposure, purchasing spend and type of supplier market). This methodology helped to identify 23 high-priority categories, which receive special attention in the form of assessments and audits:



From these 23 high-risk categories, Accor has selected 10 priority areas where buyers can contribute significantly by identifying and implementing more effective solutions for the Group.

The **Sustainable Procurement unit** comprises two employees at corporate level, who work with the country Procurement Departments. Its main responsibilities are:

- monitoring supplier CSR performance, by conducting assessments and deploying corrective action plans;
- managing reporting and training, including collecting and consolidating country data and training buyers, particularly by sending them a self-training toolkit on how to use the collaborative platform for assessing supplier CSR performance (nearly a third of all buyers have been trained to use the platform since 2011;
- monitoring the regulatory environment:
  - a growing number of laws and regulations aim to reduce the environmental impact of products at all stages of the life cycle. The Corporate Sustainable Procurement unit is responsible for monitoring the French and European Union regulatory environments, keeping buyers informed about any changes and asking suppliers to pledge compliance with the relevant laws and regulations. For categories concerned by chemical risks, for example, a REACH compliance declaration is attached to supplier contracts. To date, a signed declaration is included in 1,224 of the 1,945 contracts concerned,
  - an initiative was conducted in 2013 to inform all of the hotels in France about the introduction of an eco-tax on furniture.

Sustainable procurement initiatives

Accor's sustainable procurement program began in 2003 with the launch of the Accor Sustainable Procurement Charter. In 2009, the Sustainable Procurement unit was created to support the program and ensure greater consistency across the organization. In April 2012, the Sustainable Procurement Charter became **Procurement Charter 21**, strengthening Accor's commitment to sharing its corporate social responsibility objectives with all of its suppliers.

By including the Charter in its supplier certification contracts, Accor is asking its suppliers to:

- comply with all of the criteria set out in the Charter, which highlights the social and environmental commitments Accor wants them to share;
- ensure that their own suppliers and subcontractors meet the same criteria;
- participate in Accor's supplier assessments and implement the necessary action plans.
- authorize Accor and/or consultants commissioned by Accor to conduct sustainable development audits and implement the necessary action plans.

Any supplier that is unable to meet these requirements must inform Accor so that an agreement can be reached on the corrective and preventive measures to be taken and the timetable for implementing them. Failure to comply with any of the criteria may result in the termination of business dealings with the supplier in question.

In 2013, Procurement Charter 21 was included in 68% of contracts, based on data from the 16 reporting Procurement Departments, *versus* 60% in 2012 and 11 Procurement Departments. An action plan is underway to increase the percentage of contracts that include a signed Procurement Charter 21, with a target of 80% by end-2014. The 2015 target of 100% has been maintained but might not be achieved, due primarily to the fact that certain crucial suppliers refuse to sign the Charter because they already have their own sustainable development polices.

To **monitor suppliers' CSR performance**, supplier audits are conducted on a regular basis, with a focus on the 23 high-priority purchasing categories. As a result, the audits presented below are mainly carried out on suppliers in these categories.

- Online CSR assessments by EcoVadis: EcoVadis operates a collaborative platform that can be used to assess the CSR performance of suppliers worldwide *via* a custom-designed questionnaire. Suppliers are scored on their social, environmental and ethical performance and on how much control they have over the supply chain. A total of 248 approved Accor suppliers have been assessed since 2010, including 70 in 2013.

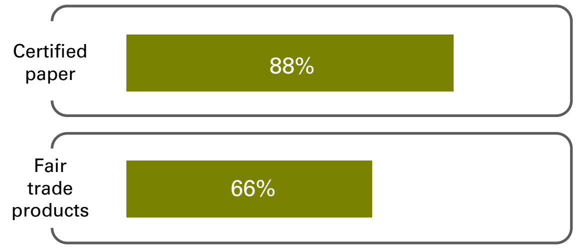
  Accor issued 52 corrective action plan requests during the year to suppliers with an EcoVadis score below 30 and eleven of them have been implemented. The continuous improvement process takes time because the weaknesses identified during the assessment need to be discussed by the supplier and the procurement teams.
- Onsite audits conducted by Accor: Quality audits are carried out by country buyers, targeting approved local suppliers that are important to Accor because of the volume of purchases involved and the related employee and health risks. In 2013, 19 onsite audits were conducted in France, Germany and Spain among approved laundry service providers, which represent a particularly high level of risk in terms of sustainable development commitments and volume of purchases. More of these audits will be carried out in 2014, in accordance with an action plan being validated by the countries.
- Onsite audits conducted by consultants: Nine cleaning companies and nine security contractors were audited in France in 2012. In 2013, Accor commissioned Bureau Veritas to conduct onsite audits on certain high-risk suppliers based outside France, particularly in China. These audits will be carried out in 2014.

With regard to the **selection of responsible products and services**, Accor has identified 10 priority areas where buyers can promote more responsible practices by including them in tender specifications:

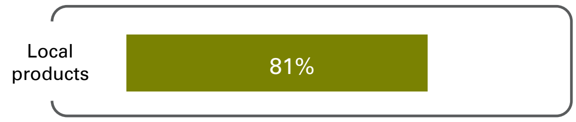
- local sourcing – regional suppliers [1];
- ethical hot beverages – fair trade products (with the Fairtrade/Max Havelaar label) or products from farms certified as sustainable (with the Rainforest label);
- Well-being – healthy products, such as organic or balanced nutrition products, products low in additives, palm oil and GMOs, products complying with international labels;
- eco-labeled cleaning products (see page 57);
- eco-labeled cosmetics – complying with international certifications (EU Flower, Nordic Label or equivalent (see page 57);
- wood – certified as coming from sustainably managed forests (Forest Stewardship Council – FSC, Programme for the Endorsement of Forest Certification – PEFC, etc.);
- waste – less packaging and detailed supplier reporting;
- linen and laundry – EU eco-labeled bath linens;
- fish/sustainable fishing – definition of criteria for selecting suppliers that use responsible fishing and aquaculture practices;
- outside cleaning and security contractors – Accor conducts social performance audits on companies whose employees ensure the day-to-day cleanliness and safety of its hotels.

Sustainable procurement priorities

Percentage of hotels that purchase:



	Number of applicable hotels*	Response rate
2013	3,401	93%



	Number of applicable hotels*	Response rate
2013	1,948	97%

** Hotels with a restaurant*

Fair trade products

When the Procurement Department launched a Europe-wide invitation to tender in late 2013 to select suppliers for its breakfast coffee, the specifications clearly expressed Accor's determination to give priority to fair trade products. In fact, Accor has been a strong supporter of the Max Havelaar label for more than ten years and has made a concerted effort to increase the percentage of fair trade products in its network. Today, around 69% of the 530 tonnes of coffee, chocolate and tea consumed for breakfast at hotels in France are fair trade products.

(1) The definition of a region varies by geography and the local context.

Developing solutions

In the area of cleaning products, Accor has had a single approved supplier since 2009. This close cooperation has enabled the development of new, more sustainable solutions that are helping to shrink our environmental footprint. For example, hotels in 38 countries have access to a full range of eco-labeled cleaning solutions, so that 25% of all approved cleaning products consumed by hotels in 2012 were eco-labeled. Over the years, the two companies have also developed a strategy for optimizing product packaging, which has resulted in a 99.89% reduction, from 141 grams per liter to less than 0.15 grams per liter.

Supplier relations

Accor is also committed to forging sustainable, long-term relationships with its suppliers. A supplier relations survey conducted initially in France has revealed that 60% of all French contracts are signed with approved suppliers, two thirds of approved suppliers have had contracts with Accor for at least five years, and around 66% of approved suppliers are small businesses with less than 250 employees.

2.6.4. CORPORATE CITIZENSHIP: SOLIDARITY ACCOR

Led by the Accor Foundation since 2008, Accor's corporate citizenship commitment was transferred in September 2013 to a new endowment fund, Solidarity Accor, which is breathing new life into the programs underway for the past five years. In addition to their personal or technical involvement in helping disadvantaged and socially isolated people, our employees, franchise partners and the general public can now donate financially to the programs undertaken demonstrate our caring hospitality across national borders. This new fundraising ability means that we can support more projects and seek donations from a wider public, particularly in emergency situations.

A revitalized vision

Following on from the Accor Foundation, Solidarity Accor's mission is to "forge ties between cultures by supporting the development of individuals and their integration into the community." Employees play a central role in fulfilling this mission, with the fund providing technical and financial assistance for carrying out their projects in our host communities around the world.

Solidarity Accor delivers its support in three main focus areas:

- **local know-how:** supporting socio-economic initiatives that promote traditional industries and techniques;
- **training and insertion:** facilitating training and insertion for disadvantaged young people;
- **humanitarian and emergency aid:** helping populations in great difficulty and responding to humanitarian disasters

The shared objective is to empower people in difficulty by deploying project models that are economically viable and self-sustaining over the medium term.

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 jobs means that everyone's skills can be used in developing a project.

A dedicated organization

The Board of Directors, which is chaired by Sébastien Bazin, Chairman and Chief Executive Officer of Accor, meets two to three times a year. It defines Solidarity Accor's strategic vision, votes on projects whose budgets exceed €20,000, and oversees their implementation. The Board is supported by a standing team dedicated entirely to assisting employees in their community outreach projects. It works with a network of Regional Experts made up of Accor employees who come from the region concerned or have worked there for several years. The Board's governance procedures have been aligned with the amendments to the bylaws introduced in August 2013.

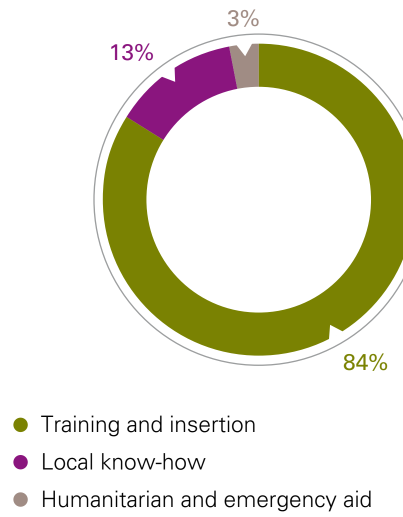
Employees add real value to Solidarity Accor's programs by contributing their professional skills in such areas as marketing, human resources and consulting. In particular, they regularly participate in training programs to present various hospitality industry jobs and share their professional skills with trainees. These programs can include on-site hotel tours, conferences on hospitality industry jobs, presentations of the Accor Group and internships at Accor hotels. In addition, thanks to the Solidarity Sabbatical proposed by Solidarity Accor, employees in France can take on two-week community outreach assignments in Africa, Asia or other developing regions. During these assignments, they share their capabilities with local people through organizations such as women's groups, village cooperatives and schools.

Projects supported in 2013

A total of 32 projects received support in 2013, covering all of Solidarity Accor's three focus areas.

Project	Europe	Asia	Americas	Oceania	Africa	Total
Training and insertion	13	3	6	2	3	27
Local know-how	1	1	1	0	1	4
Humanitarian and emergency aid	1	0	0	0	0	1
TOTAL	**15**	**4**	**7**	**2**	**4**	**32**

Projects supported by Solidary Accor in 2013, by focus area



In 2013, highlights of the projects supported by Solidarity Accor included:

- empowering underprivileged women in Egypt with NGO Alashanek Ya Balady («For you my country» in Arabic). The project is helping underprivileged women re-enter the job market by providing them with training on how to make and sell traditional products (such as cushions and shawls) using recycled materials;
- working with the Chênelet not-for-profit association in France to facilitate the training and insertion of disadvantaged people by participating in programs to prepare for jobs in the construction, hospitality and foodservice industries;
- facilitating the training and insertion of young homeless people in Dakar by creating an electrician vocational workshop with the Village Pilote NGO in Senegal.

Solidarity Accor has become the linchpin of Accor's community outreach commitment, and the go-to resource for operations staff wishing to initiate a support project. Several outreach events were held in 2013, to mark International Women's Day for example, or to sell socially responsible products. They culminated in Solidarity Week from December 9 to 13, 2013, when employees working in some 100 head offices and hotels in 34 countries around the world took action to help disadvantaged people by supporting 107 not-for-profit associations.

Five-year track record:

- **179 projects** supported in 37 countries, involving more than 8,500 employees;
- a large number of **people supported:**
  - more than 58,000 people directly supported by the Accor Foundation (1) as of year-end 2013,
  - more than 132,000 people indirectly supported (2) by the Accor Foundation* as of year-end 2013;
- the **"active re-entry rate"** (3) of participants in «Local know-how» and «Training and insertion" projects exceeds 50%;
- **self-sustainability,** one of Solidarity Accor's major objectives, has already been observed for projects in China, Poland, India and the Dominican Republic;
- a structure that showcases associations and local communities: in each country, **information** about Solidarity Accor projects is carefully aligned with reality in the field. The fund works with each project champion to prepare the most suitable and relevant communications strategy (press conferences, inaugurations, check award ceremonies, etc.).

(1) Solidarity Accor took over these projects in September 2013.

(2) This figure has been calculated based on the number of direct beneficiaries and corresponds to the project's impact on their family, friends and community. In the developing countries in Africa, Asia and Latin America, the number of direct beneficiaries has been multiplied by four, whereas in the developed nations of Europe, North America and the Pacific, it has been multiplied by two.

(3) The "active re-entry rate" is a French labor term defined as when a program participant either:

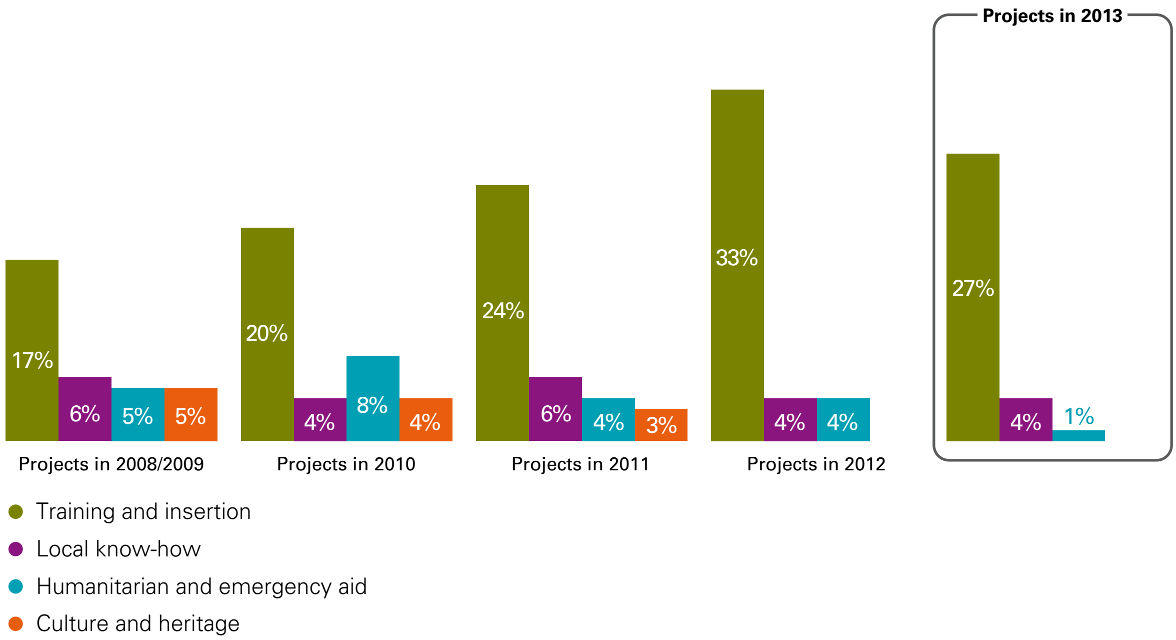
- *re-enters the workforce by (i) finding a "sustainable job" under a permanent or fixed-term contract or a temporary assignment of at least six months, (ii) creating his or her own business; or (iii) finding a "transitional job" under a fixed-term contract, a temporary assignment of less than six months, or a government-subsidized contract at a private-sector company; or*
- *is accepted in a pre-certification or certifying skills acquisition program.*

- in **Poland,** with the Nobody's Children Foundation for the «Accordion of Autonomy» project helping disadvantaged young people to enter the labor market, a press conference was organized with the NGO, the Accor employees involved, people helped by the project and a number of partner companies,
- in **Brazil,** with Unibes, Centro Social Menino Jesus, Vovo Vitorino and Humbiumbi on training and insertion projects for young people from the favelas and underprivileged areas, an official ceremony was held for Accor's teams to present a check to the four NGOs,
- in **Madagascar,** with the not-for-profit association Graines de Bitume to create a job center to help street children take their future into their own hands, the center was inaugurated by our Madagascar teams, association employees and the children helped by the project,
- in **France,** with the not-for-profit association Promofemmes on a training and insertion project for immigrant women, Promofemmes, the regional job agency and Solidarity Accor's teams organized a press conference at the Mercure Bordeaux Centre Meriadeck hotel, which was attended by representatives from regional businesses and some of the women helped by the project.

Projects supported since the creation of Accor Foundation [(1)], by focus area

Project	Projects in 2008/2009	Projects in 2010	Projects in 2011	Projects in 2012	Projects in 2013	Total
Training and insertion	17	20	24	33	27	121
Local know-how	6	4	6	4	4	24
Humanitarian and emergency aid	5	8	4	4	1	22
Culture and heritage*	5	4	3	0	0	12
TOTAL	**33**	**36**	**37**	**41**	**32**	**179**

* *Culture and heritage has no longer been a focus since June 2011.*



(1) Solidarity Accor took over these projects in September 2013.

2.7. ENVIRONMENTAL COMMITMENTS

Accor's environmental strategy is supported by cross-functional programs, such as the environmental management processes used in the hotels and for our products and services, or the training and awareness building campaigns deployed for our guests and employees. It is designed to effectively address our main environmental challenges in four primary areas: water, energy, attenuation of local impacts and waste management.

2.7.1. ENVIRONMENTAL MANAGEMENT

Environmental management processes are deployed at two levels: in the hotels to reduce their environmental footprint, and in products and services, with a focus on eco-design and innovation.

Environmental management in the hotels

In line with its commitments, Accor is steadily attenuating the direct and indirect environmental impact of its hotels with the support of two primary improvement drivers, Charter 21 and the ISO 14001 environmental certification program.

Two improvement drivers

Charter 21

Charter 21 is helping the hotels to deploy the PLANET 21 program by providing an action framework for their sustainable development process and by enabling them to improve and track their performance over time (see page 42).

ISO 14001 environmental management certification

As part of the PLANET 21 program, Accor is committed to earning ISO 14001 certification for 40% of the hotel base by 2015, regardless of operating structure. Due to financial and staffing issues, this objective does not include hotels in the budget segment, operated under the hotelF1, Formule 1 and ibis *budget* brands. In particular, certification is a highly demanding process for hotel employees, which makes it difficult to implement in lightly staffed budget hotels.

To continue deploying certification, the ISO 14001 in ACTion environmental management system (EMS) was finalized in 2013. It enables hotels to diligently apply our environmental strategy and to guarantee that our objectives will be met, while complying with ISO 14001 standards. Deployment will also be facilitated by an e-learning module that provides step-by-step support for hotels in implementing the ISO 14001 EMS.

Accor has earned two ISO 14001 multi-site certificates:

- ibis, with 681 ISO 14001-certified hotels, which use an integrated management system that also ensures ISO 9001 quality compliance;
- Accor, with 219 ISO 14001-certified hotels under various brands, including 98 % of Novotel and Suite Novotel units. These hotels use the ISO 14001 in ACTion EMS.

ISO 14001 certification for the hotels means that they are applying a structured environmental management process, backed by strict procedures and effective resources.

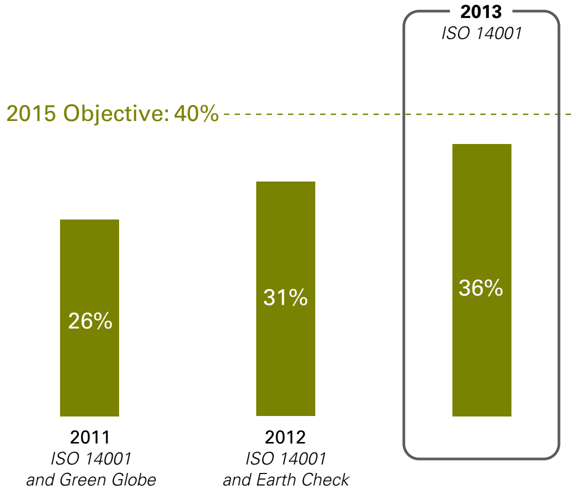
Other facilities have also undertaken individual ISO 14001 certification commitments and by end-2013, seven of them – six Thalassa Sea & Spa hotels and one Académie Accor France site – had earned certification.

Accor has been involved in the ISO 14001 certification program for ten years, steadily optimizing the related procedures and resources to guarantee its effectiveness. Its sustainability is secured by the training and buy-in of every employee, in compliance with ISO 14001 standards, and by the ISO 14001 continuous improvement process.

Lastly, outside audits are regularly performed by a certified, independent organization.

The main areas covered by the ISO 14001 process are as follows: training, compliance, water/energy use, waste, chemicals and cleaning products, cooling fluids, waste water and rain water, maintenance and renovation, air and noise, biodiversity, complaints and requests for information, and environmental emergencies.

Percentage of hotels with environmental management certification



	2011	2012	2013
Number of applicable hotels*	2,230	2,671	2,653

** Excluding Formule1, hotelF1 and ibis budget hotels*

Management tools

- Accessible since 2005 on the corporate intranet, **OPEN** is an online sustainability management application that enables hoteliers to report, track and manage a variety of parameters:
  - sustainable development performance *via* the 65 environmental and social responsibility actions specified in Charter 21;
  - water and energy use thanks to monthly reporting and tracking;
  - laundry use for hotels taking part in the Plant for the Planet program (see page 78);
  - management of hotel waste produced, segmented by type of recovery or disposal (landfilled, incinerated, recycled, etc.) and the related costs.

  Continuously upgraded over the years, OPEN is now available in French, English, German, Italian, Portuguese/Brazilian and Spanish.
- In 2009, the proprietary Safety and Environment Tool (SET) was developed as a compliance management application covering safety, environmental and technical issues. It identifies regulations applicable to hotels organized by topics that are easily recognizable by hotel General Managers and technical teams. SET enables managers to:
  - Stay informed of the latest regulations;
  - Identify any compliance shortfalls against current legislation and Accor standards;
  - Manage action plans to remedy non-compliance.

SET is currently deployed in France (excluding ibis *budget* and hotelF1 units), Morocco, Portugal, Belgium, Luxembourg, Egypt and the Middle East, as well as in ibis hotels in Germany. It is now being rolled out in Italy, Spain and the United Kingdom.

In other countries, compliance is ensured by dedicated, locally managed systems.

Environmental management in our products and services

To reduce its environmental footprint, Accor is also committed to the end-to-end life-cycle management of its products and services, with a focus on two major improvement drivers:

- selecting products whose sustainability performance has been certified by independent organizations with ecolabels, fair trade certification, etc. (see page 63);
- designing sustainability concerns into new products and services *via* an eco-design process.

Among other objectives, this **eco-design process** is structured to pursue two parallel goals:

- design green meeting solutions:

  A dedicated working group is currently defining a Group-wide standard that would promote the value of the brands' expertise in sustainable MICE (Meetings, Incentives, Conferencing, Exhibitions) services;
- deploy more environmentally gentle rooms, through the application of two processes:
  - the creative process, led in partnership with the Lausanne Hotel School (EHL), to think about a model for the hotel room of the future, in which sustainability is designed into every possible aspect. The results of this process have led to innovative solutions that are workable in the real world, such as recycling closed-loop showers, temperature-regulating room paints and eco-designed furniture,
  - the quantification process, which takes a more rational approach to scientifically measure a hotel room's environmental performance with a life-cycle analysis performed by an outside consultancy. This identifies effective ways of optimizing the current room's sustainability and measures the environmental value added by the recommended upgrades.

The pilot is being pursued in 2014 to complete our learning curve.

2.7.2. TRAINING, AWARENESS-BUILDING AND BUY-IN

Employees

The driving forces behind our sustainable development strategy are nearly 170,000 Accor employees around the world. They act as our sustainability ambassadors, both by demonstrating environmental sensitivity in their job practices and by embracing our approach, so as to explain it to guests and encourage buy-in for the PLANET 21 actions.

Because employee awareness-building and training play a critical role in this process, an ambitious **e-learning program** has been developed and launched, with two modules:

- building sustainability awareness:
  - understanding sustainability challenges and issues,
  - understanding the hotel in its environment,
  - understanding PLANET 21;
- demonstrating sustainability on the job:
  - explaining PLANET 21 and hotel programs to guests,
  - understanding the importance of little things,
  - demonstrating sustainability in our daily job practices and behavior.

Developed for all the brands, the intuitive learning modules are now available in eight languages, with two new translations in the pipeline. Their integrated case studies and role-playing exercises enable employees to onboard best practices at their own pace, in line with their goals and work schedules. The two modules were used more than 14,500 times in 2013, compared with more than 3,700 times in 2012.

Sustainability training resources also include the "Sustainable Development in My Job" fact sheets prepared for each department (corporate, hospitality/housekeeping, etc.) and jobs, such as head station waiters, cooks, housekeeping floor supervisors, Sales Directors and General Managers. While covering all of the hospitality industry's skill-sets, they can be adapted to each hotel's local situation and priorities. They are divided into two parts, "In the Hotel" and "In my Job", each with key takeaways and actionable practices. They also come with a sustainable development glossary.

PLANET 21 Day is a global event designed to encourage Accor employees to demonstrate their commitment to sustainability and social responsibility. During the week of April 21, everyone working under an Accor brand worldwide organizes actions to support the 21 commitments in the PLANET 21 sustainable development program. Examples include healthcare training, local and responsible taste workshops, waste recycling and the creation of biodiversity hotels. Held in 55 countries, the 2013 event showcased the creativity of the 300 participating teams. As every year, it was organized in the hotels, in collaboration with nearby Accor hotels, guests, local communities and employee families.

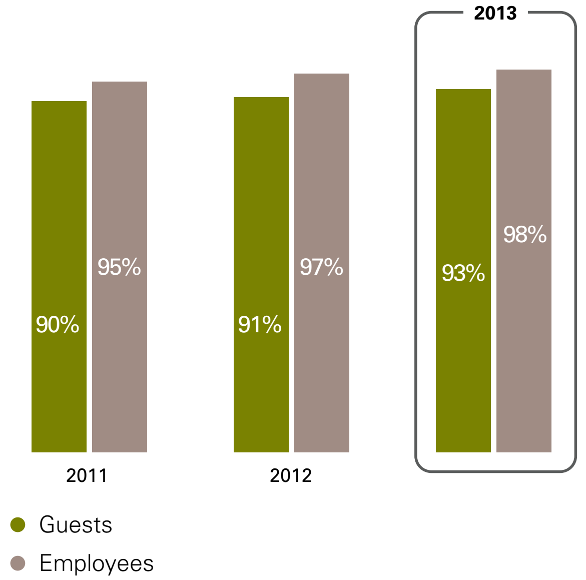
Guests

The PLANET 21 sustainable development strategy also includes a guest awareness program designed to build buy-in and encourage support for the hotel's sustainability commitment. It uses instructive signage posted along the entire guest journey, on the booking site, in the hotel entrance, lobby and reception desk, on room doors, in the rooms, restaurants and conference rooms, and around the hotel grounds.

The signage suggests little things that guests can do to make a real contribution to sustainability, for example by participating in the Plant for the Planet project (see page 78), whose success intrinsically depends on a guest's willingness to reuse room towels.

In all, more than 90% of Accor hotels are leading practical actions to build guest and employee awareness and buy-in to support their commitment to sustainability.

Percentage of hotels building guest and employee awareness and buy-in



	2011	2012	2013
Number of applicable hotels	4,013	3,331	3,401
Response rate	94%	92%	93%

2.7.3. ENERGY AND CLIMATE CHANGE

Energy and carbon challenges

Energy

In addition to representing a major source of rising costs for Accor, hotel energy use ranks among our leading environmental impacts, where there are many pathways to improvement. The Group is working hard to extensively and systematically deploy energy efficiency programs and install renewable energy facilities. According to the 2011 environmental impact study, on a life-cycle basis, 75% [1] of our total energy consumption comes from the hotels, where notable progress has been made in shrinking their footprint. However, further action is necessary in this area to plan for forthcoming legislation, the levying of new taxes and the increasing burden of higher costs in the hotel business.

From 2011 to 2015, Accor is committed to reducing the energy used and carbon emitted by our owned, leased and managed hotels by 10% each. In the case of franchised hotels, where the Group has no control over operations, franchisees are offered resources and recommendations to support actions to address these challenges.

Carbon

Climate change represents an important challenge for the entire tourism and travel industry:

- tourist regions may be seriously impacted by global warming;
- climate policies are going to deeply reshape our future business and growth environment, in particular by shifting the growth model's energy paradigm, with far-reaching implications for the transportation industry and building construction.

In response, from 2007 to 2009, an internal working group partnered with France's Institute for Sustainable Development and International Relations (IDDRI) to study the «Challenges and Impacts of Climate Change for the Accor Group". It helped to identify more clearly the impact of global warming on our business and to prepare an initial series of priority action plans.

These plans, which are now being implemented to address energy and greenhouse gas issues, reflect all of the working group's recommendations in five major areas: hotel construction and refurbishment, travel, employee and guest health, hotel development and new businesses and services.

Energy performance in hotel operations

Managing energy performance in hotel operations

Following on from the 5.5% reduction in energy use during the last five-year plan (2006-2010), the current objective is to continue improving energy efficiency by strengthening the performance management process, targeting capital expenditure and instilling best practices in both maintenance procedures and employee and guest behavior.

The development of more effective performance management capabilities is being driven by:

- a clear understanding of 1) the hotel operations, thanks to cross-analyses by brand, number of rooms, number of retail, food and beverage outlets, utility installations, etc., and 2) their energy use, which has been tracked since 2005 in the OPEN management application;
- an in-depth analysis of the ratios measuring the impact of weather and occupancy rates, so as to ensure comparability among years;
- benchmarking by brand, hotel family and region;
- targeted actions that are both easy to implement and sustainable.

To identify the least efficient systems and equipment so that capital expenditure can be optimally allocated, a process is in place based on two proprietary applications:

- OPEN, to manage water and energy use (see page 68);
- MACH, to manage hotel assets. By maintaining a constantly updated list of equipment, with year of installation and current condition, MACH allows us to assess renovation needs, prioritize and budget them and then track the related capital projects.

These applications are used in conjunction with:

- A network of Technical Departments around the world that help to locally manage and support in-hotel deployment of our methods and applications.
- The BOOST method for optimizing the management of utility installations.
- A self-assessment program that enables each hotel to identify the best practices aligned with their particular situation.
- Charter 21, part of whose 65 actions directly address water and energy issues in the hotels.

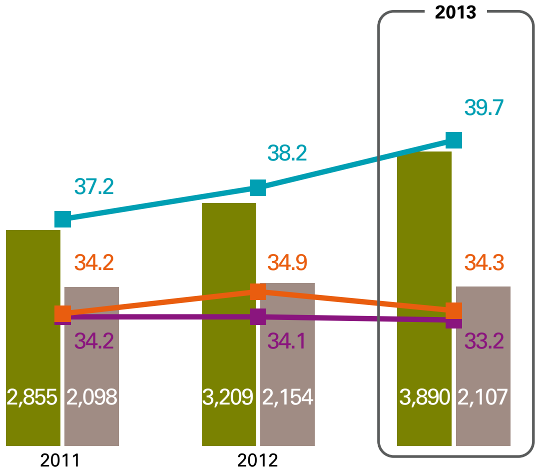
(1) The remaining energy use was primarily attributable to laundry machines (7%) and upstream farming operations (6%).

Hotel energy performance in 2013

To track the hotels' intrinsic energy performance, the indicator used is kWh per available room, which is in standard use across the industry, thereby enabling us to compare and assess our performance.

All of the owned, leased and managed hotels track their monthly energy use *via* the OPEN application. At year-end, after stripping out hotels acquired or sold over the year and hotels that failed to report data for all twelve months, the data are reviewed and validated internally. In 2013, this process resulted in the consolidation and analysis of 87% of hotel data, a response rate that has risen steadily year after year (72% in 2011).

Total energy use



In GWh
- Total energy use
- Energy use at comparable scope of reporting

In kWh / available room
- Average energy ratio
- Average energy ratio at comparable scope of reporting
- Energy ratio adjusted for the impact of weather conditions and occupancy rates

	2011	2012	2013
Number of applicable hotels	1,847	1,855	1,912
Response rate	72%	79%	87%
Number of audited hotels	1,330	1,465	1,663
Number of hotels at comparable scope of reporting	1,061	1,061	1,061

Initial analyses show that energy use in the consolidated scope of reporting, as expressed in kWh per available room, steadily increased over the 2011-2013 period, by a total 6.7%.

Nevertheless, the increase does not intrinsically reflect our energy performance due to the significant variations in the scope of reporting over the period, which accounted for 90% of the rise. These variations are of two types:

- first, the scope of reporting was impacted by hotel disposals and acquisitions, which totaled more than 700 units over the three-year period. A large percentage of new openings were in regions or brand segments where energy use is inherently less efficient (due to larger or more luxurious rooms, better equipped facilities, more systematic presence of spas, etc.). This factor automatically increases the average energy ratio. For example, half of all hotel openings in 2013 were in Asia and more than half of the recently opened hotels were in the Midscale and Upscale segments;
- second, the quality of reported data has improved over the years. For example, in the case of 30% of hotels, data were validated by the internal control process in 2013 that were not validated in 2011.

As a result, only the energy ratios at comparable scope of reporting in 2011, 2012 and 2013 offer a meaningful vision of Accor's actual energy management performance over the period. This information has been added to the chart above, where energy use data are presented for the same base of 1,061 hotels over the three years.

At this comparable scope, energy used (in kWh per available room) edged up by just 0.3% between 2011 and 2013, reflecting a 2.4% increase in 2012 and an 18% decline in 2013.

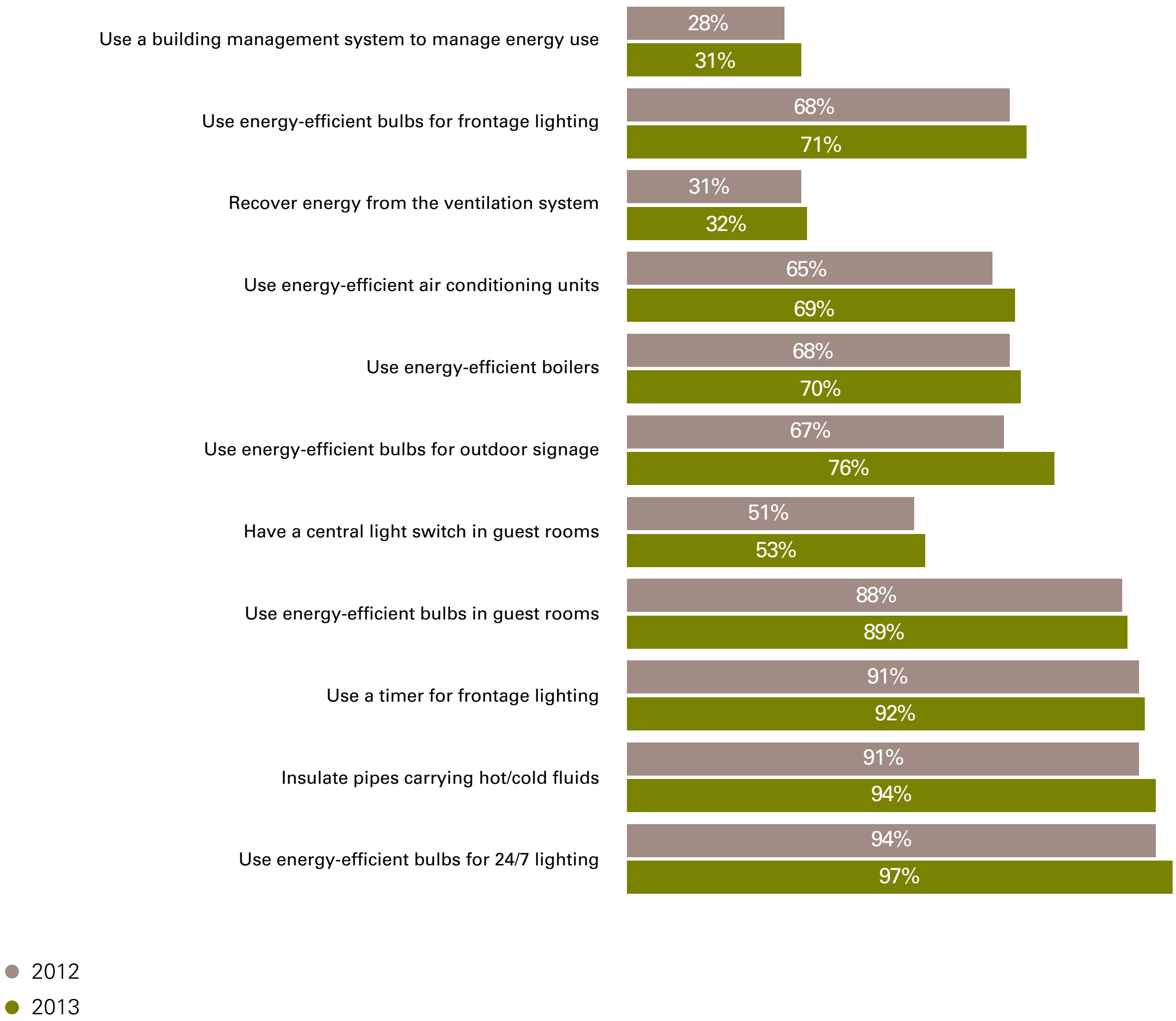
If the ratio is also adjusted for such parameters as weather conditions and occupancy rates, which have a significant, demonstrated influence on energy performance, the adjusted ratio of kWh per available room declined by around 2.9% over the three-years [(1)]. This is most accurate figure for expressing Accor's intrinsic performance in managing its energy use.

While, in the end, Accor's energy use is intrinsically trending downwards, it is still not on track to meet the 10% reduction targeted for 2015. We are therefore going to continue deploying dedicated programs to improve and optimize energy management in the hotels, such as the BOOST method for optimizing the management of utility installations.

Actions to manage energy performance in hotel operations

Charter 21, which supports the operational deployment of the corporate sustainable development strategy in the hotels, also recommends a wide range of actions to improve the energy performance of everyday hotel operations (*e.g.* using energy-efficient bulbs for round-the-clock or room lighting, installing energy-efficient boilers, etc.).

(1) Based on data from 900 of the 1,061 hotels in the comparable scope of reporting, weather conditions and occupancy rates increased the energy ratio year-on-year by 1.4% in 2012 and 1.8% in 2013.



	2012	2013
Number of applicable hotels	3,331	3,401
Response rate	92%	92%

Energy performance in hotel construction

Managing energy performance in hotel construction

Because a building's architecture, design and construction play a vital role in reducing its environmental footprint, more and more countries are defining construction standards that improve a building's energy performance and minimize its impact on surrounding ecosystems. As a professional hotel builder, Accor has acquired extensive environmental engineering expertise. It regularly tightens its standards and conducts pilot projects to design hotels that are ever more efficient in using energy, water and potentially harmful chemicals and materials.

Following on from the guidelines released in 2008, an internal standard listing all of Accor's international guidelines for **hotel construction and refurbishment** was published in 2013. It covers a wide variety of issues that must be addressed when building or refurbishing a hotel:

- *general principles for integration into the local environment and architecture:* compliance with applicable legislation and standards; producer and supplier compliance with applicable Charter 21 rules and recommendations; recommendations for the deployment of a certification process;
- *energy:* architecture adapted to the local climate (appropriate orientation of buildings, location and sizing of windows or other glazed areas, sun screens, natural lighting, etc.) and optimized passive energy systems (high-performance thermal insulation, reduction of thermal bridges, lobbies to external doors);

- *water:* meters and sub-meters to measure use; water flow regulators; infrared or push-type tap controls; two-button flushing tanks, etc.;
- *biodiversity:* location and design catering to existing plantings to be preserved or re-located; priority use of local species; development of green roofs and vegetated walls;
- *pollution:* on-site environmental and pollution survey performed; any contaminated or harmful materials and products treated or removed, etc.;
- *disamenities:* hotel designed to minimize disturbance to neighboring properties; impact on adjacent buildings' natural light and ventilation assessed by a specialist; utility rooms and air intake and extraction vents designed to limit odors, unsightliness and noise, etc.

Increasing the percentage of buildings certified as sustainable is one of the sustainable development strategy's objectives for 2015. By that time, Accor is committed to earning **LEED, BREEAM, HQE® or other benchmark certification** for 21 buildings, with six already certified by year-end 2013:

- the Suite Novotel in Issy-les-Moulineaux, France has earned HQE® certification;
- the ibis and Novotel Blackfriars London have achieved the BREEAM standard of Excellent;
- the ibis *budget* and ibis Berlin Kurfuerstendamm have been certified to DGNB standards;
- the Novotel Singapore Clarke Quay has been awarded Green Mark Gold PLUS certification 2013.

In addition, in France, properties like the ibis Styles in Troyes and Novotel Paris Montparnasse have been built in compliance with HQE® standards.

Among other things, earning certification helps to improve a building's energy efficiency, while encouraging the development of innovative energy conservation technologies and ensuring that the buildings are integrated into their natural environment. Buildings designed for sustainability that earn certification provide a laboratory for studying the feasibility of innovative technologies and their business models ahead of wider deployment.

Lastly, as part of the Charter 21 process, the hotels are dimming their outside lighting to attenuate light pollution. In 2013, for example, 92% of the hotels were equipped with a timer for frontage lighting, 76% used energy-efficient bulbs for outdoor signage and 71% for frontage lighting.

Renewable energies

Increasing the use of renewable energy is one of the 21 commitments of the PLANET 21 sustainable development strategy, with the goal of having 10% of the hotel base equipped with renewable energy facilities by 2015.

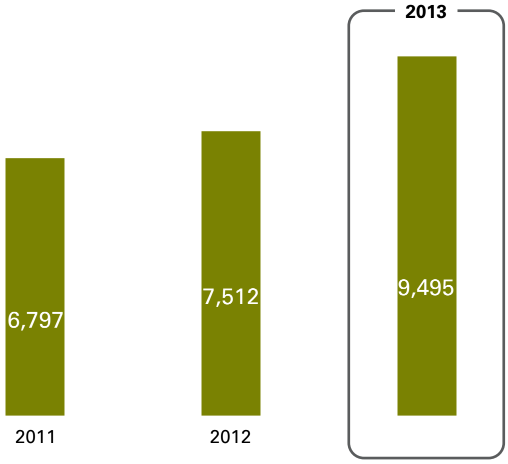
A recent review of all the **renewable energies** used by the hotels showed that in 2013, 232 hotels, representing 7% of the network, were using these sources, of which:

- 162 hotels equipped with solar hot water panels to heat domestic hot water;
- 40 hotels equipped with heat pumps to produce heat and cooling;
- 22 hotels equipped with solar power panels to generate electricity;
- 10 hotels equipped with biogas units;
- 91 hotels using other renewable energy technologies, such as water power, geothermal generation, etc.

Moreover, in 2013, **solar hot water panels** had been installed in 161 hotels, representing a total surface area of 10,000 square meters and annual output of 9.5 GWh.

Hotels equipped with solar panels rarely report precise generation data, which are hard to measure. For the majority of these hotels, output has therefore been estimated based on the reported panel surface area. The steady increase since 2007 in the amount of solar-generated domestic hot water demonstrates Accor's commitment to deploying alternative energies in its hotels.

Solar-generated domestic hot water



	2011	2012	2013
Number of applicable hotels	4,013	3,331	3,401
Response rate	94%	92%	93%

Transportation

Accor encourages guests to use more environmentally-gentle transportation solutions. For example, some hotels offer free bicycle rentals or shuttle buses when they are near the airport. In addition, nearly 80 hotels worldwide are equipped with recharging stations for guest EVs and eleven of the 19 Suite Novotels in France offer guests the free use of an EV during their stay.

Our Guidelines for Hotel Construction and Refurbishment recommend that any construction or renovation project design in:

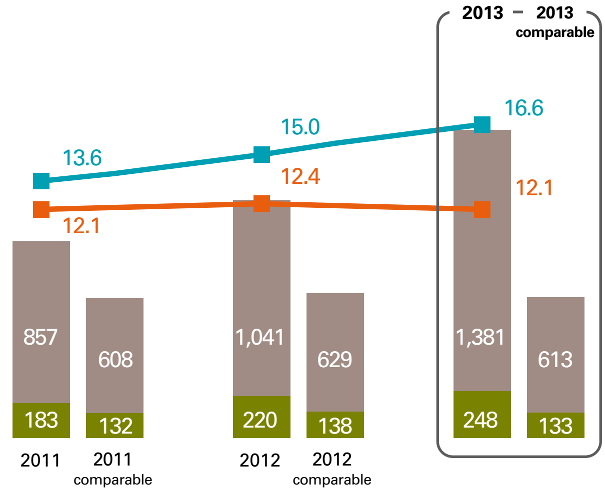
- pedestrian paths and cycle ways to public transportation locations;
- a dedicated bicycle parking area in the hotel car park.

Greenhouse gas emissions

CO_2 emissions

Energy use has a direct impact on Accor's carbon footprint, in particular through hotel boilers, electric appliances and employee travel. The environmental footprint study determined that the Group as a whole emits close to 3.7 million tonnes of life-cycle CO_2 equivalent per year, nearly two-thirds of which comes from hotel energy use (mainly electricity). It also revealed that upstream farming operations account for nearly 15% of our greenhouse gas emissions. Meat and dairy products alone are responsible for nearly half of the greenhouse gas emissions associated with food services (27% and 20% respectively), even though they account for less than 15% of sourced food volumes.

Tracking carbon emissions



In thousands of tonnes of CO_2
- Total direct CO_2 emissions
- Total indirect CO_2 emissions

In kg of CO_2 per available room
- Average CO_2 emissions ratio
- Average CO_2 emissions ratio at comparable scope of reporting

	2011	2012	2013
Number of applicable hotels	1,847	1,855	1,912
Response rate	72%	79%	87%
Number of audited hotels	1,330	1,465	1,663
Number of hotels at comparable scope of reporting	1,061	1,061	1,061

The change in CO_2 emissions over the three-year period may be explained using the same reasoning as for the energy use ratios:

- for the total consolidated scope of reporting, CO_2 emissions per available room rose by 22.7% between 2011 and 2013;
- at comparable scope of reporting, they rose by just 0.6% over the period;
- once adjusted for weather conditions and occupancy rates, the carbon ratio declined by at least 1% between 2011 and 2013, primarily due to the 15% increase in hotel heating needs over the period, which also drove the 0.3% increase in energy use.

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

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

Greenhouse gas emissions for both power generation and fuel use are calculated on the basis of Greenhouse Gas Protocol initiative coefficients (www.ghgprotocol.org).

Ozone-depleting cooling fluids

Cooling liquids in hotel air conditioning and cooling systems may leak and release gases with a particularly high global warming potential (GWP). Moreover, there may be a risk of coolant evaporation during maintenance operations or as a result of an accident. The 2011 environmental footprint study showed that such leaks and evaporation account for a minor 2% or so of our carbon footprint.

In 2013, 69% of Accor hotels were using energy-efficient air conditioning units or heat pumps and 94% annually ensure that pipes carrying hot/cold fluids are leak-proof.

2.7.4. WATER

Because water is very unevenly distributed across the planet, the ability to access it varies widely from one region to another, making it a source of political and social tension, and therefore a major challenge for humanity. Accor uses a great deal of water in its hotels, which are sometimes located in water-stressed regions. We are therefore assertively managing our water consumption around the world. Close attention is also being paid to effluent discharge, so as to preserve downstream aquatic systems and maintain water quality for future use.

Water use

Water use management program

The 2011 environmental footprint study showed that each hotel uses an average 15,000 cubic meters of water a year, for guest use, housekeeping, foodservices, laundry, swimming pools, grounds watering etc. In all, this represents 11% of Accor's water footprint. The study also revealed that the bulk of this footprint comes from upstream farming operations, which account for 86%.

In response to this major concern, Accor is committed as part of the PLANET 21 program to reducing water use per guest in the owned, leased and managed hotels by 15% over the 2011-2015 period.

In addition, Accor is supported by a variety of programs to help conserve water in upstream farming operations, either by issuing procurement guidelines or, more particularly, through the Plant for the Planet program (see page 78).

Management of water-stressed regions

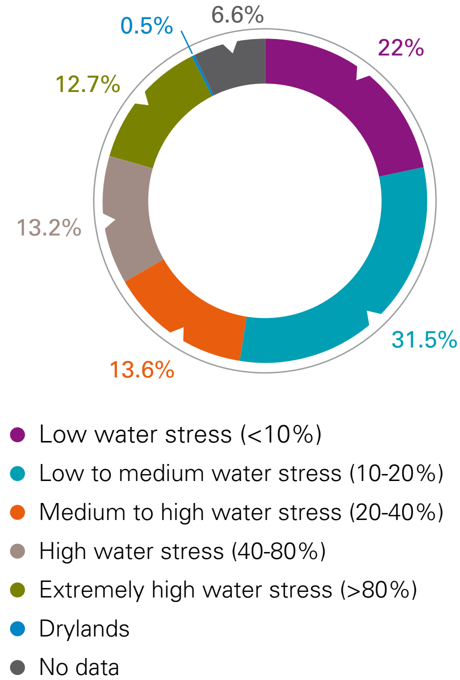
UN-Habitat defines water stress as the inadequate supply of water of satisfactory quality to meet the needs of people and the environment. More precisely, it is expressed as the ratio of annual water withdrawals to total available annual renewable supply. A lower ratio means that there is less pressure on water resources, while a higher ratio means that there is more pressure. Although water-stressed regions are already home to many people, the percentage of the global population living in one is expected to rise by 35% by 2025, to around 2.8 billion people.

Accor is aware of that the challenge of managing water use and addressing the lack of supply is even more critical in these regions. It has conducted a study to assess the risks related to water and availability of supply in its host regions.

The following charts are based on data from all of our hotels, after inputting their exact location into the World Resources Institute's Aqueduct risk mapping tool, which is one of the world's two most widely recognized applications for mapping water-related risks (the other is the World Wildlife Fund's Water Risk Filter).

This exercise measured and ranked the ability of Accor hotels to access adequate quantities of good-quality water.

Percentage of hotels located in water-stressed regions



The results show that only 0.5% of our hotels are located in drylands. On the other hand, 26% are located in high or extremely high water-stressed regions, of which 13% in the extremely high category. Most of these regions are found in China (around 70 hotels), Indonesia (around 30) and Morocco (around 30). More surprisingly, they are also located in the South of France, due to the high population density and limited water supply, and in Australia, due to wide disparity in water resources and their limited availability.

When this geographic water risk analysis is compared with hotel water use data, it appears that the most critical regions are located in Europe and Asia-Pacific.

- while hotels in **Europe** are generally water-efficient, the region is home to nearly 500 hotels deemed to be in a high or extremely high water-stressed situation. As such, it deserves special attention;
- in **Asia-Pacific**, there are fewer hotels in critical regions (around 270, of which nearly 70 in China), but more attention is being paid to improving water use ratios, which still offer potential for optimization;
- the study also revealed that in coming years, hotels in **Australia** will be particularly confronted with rising water stress levels, which is something else that deserves special attention.

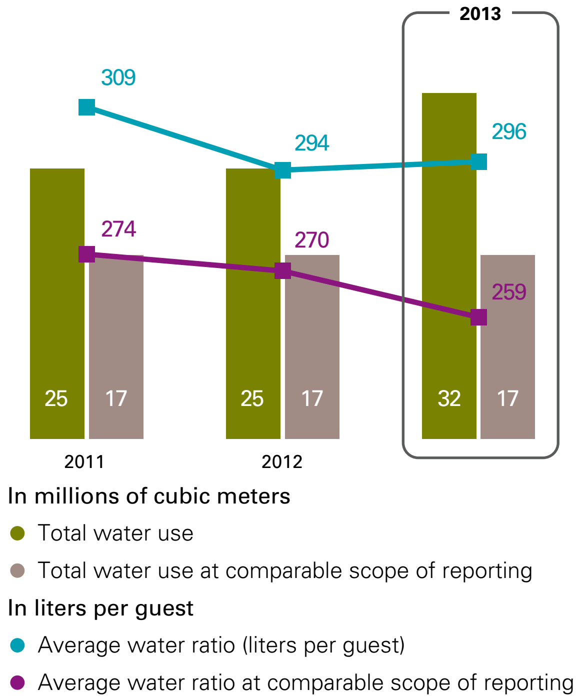
In all, projected near-term trends in water-stressed regions indicate that **4% of Accor hotels** will face a drastic shift in their available water supplies by 2025.

This new vision, supported by current and projected data, will now enable Accor to focus its water use reduction action plans on the regions at risk. Particular attention will be paid to water use trends at the hotels concerned.

Water use performance in 2013

To track the hotels' intrinsic performance, the water use indicator is liters used per guest, *i.e.* per room night.

Tracking water use



	2011	2012	2013
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Number of audited hotels	1,330	1,465	1,663
Number of hotels at comparable scope of reporting	1,061	1,061	1,061

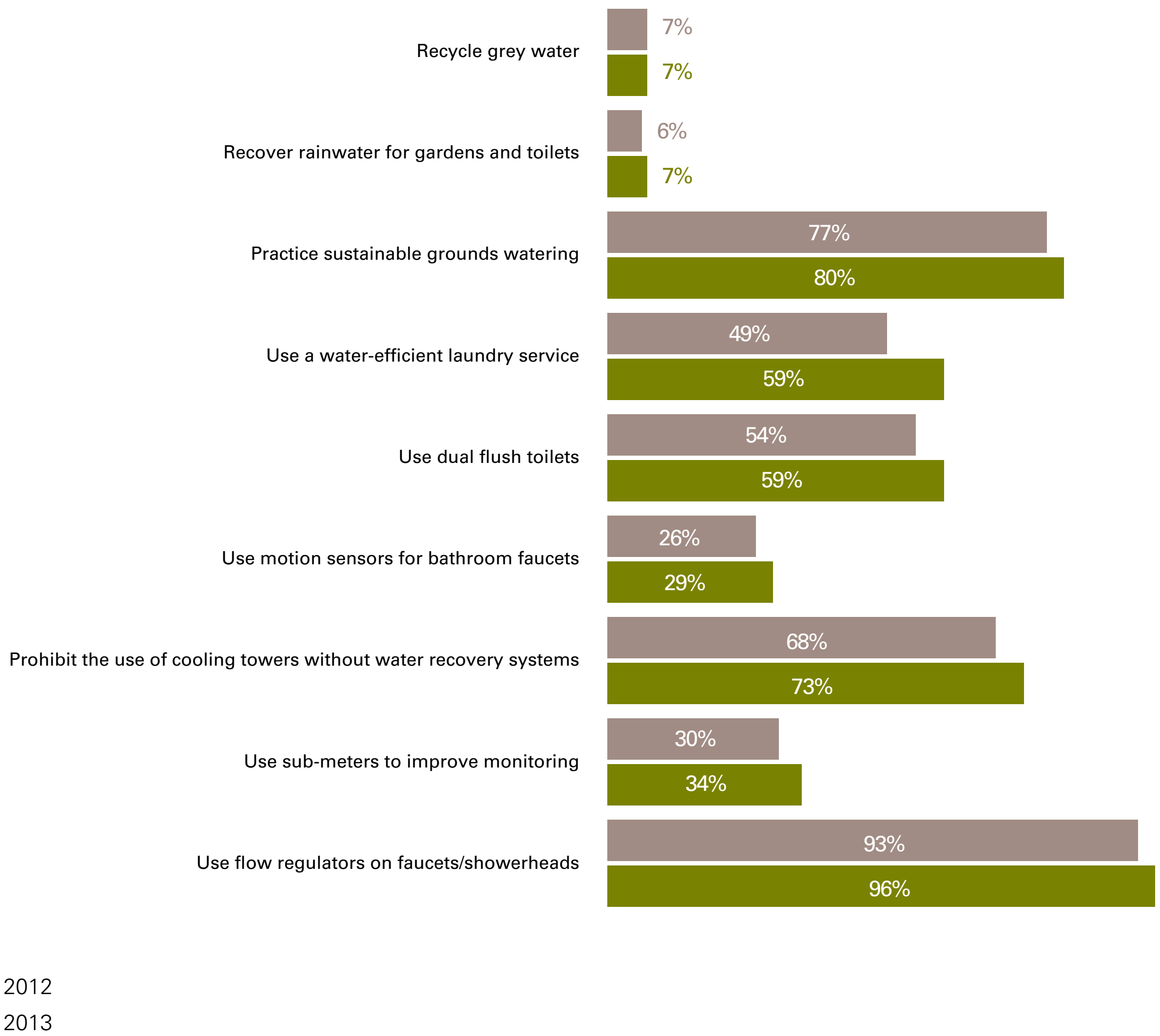
The above-illustrated changes may also be analyzed on two levels, as was the case for the energy and carbon ratios:

- for the total consolidated scope of reporting, the water use ratio declined by 4% between 2011 and 2013 (1);
- at comparable scope, it declined by an even steeper 5.2%, with year-on-year reductions of 1.4% in 2012 and of 3.8% in 2013 (1).

These trends confirm the validity of the various actions undertaken to reduce hotel water use. Some of these were led by Charter 21, which recommends a panoply of measures to reduce the amount of water used in hotel operations, such as recovering rain water, using sub-meters to improve monitoring and equipping showerheads and faucets with flow regulators.

(1) Excluding Motel 6.

The following chart presents the percentage of hotels implementing these measures in 2012 and 2013.



	2012	2013
Number of applicable hotels	3,331	3,401
Response rate	92%	92%

Discharges and treatment

Treating hotel effluent

The environmental footprint study looked at the impact that Accor hotels may have on groundwater eutrophication (the deterioration of an aquatic system due to over-enrichment by nutrients like phosphorous or nitrogen). It estimated that Accor-generated eutrophication stands at around 3,180 tonnes of phosphates per year. The two main sources of this type of impact are runoff from the fertilizers and pesticides used by the farmers who grow Accor foodstuffs, which accounts for 94% of the total, and the organic, chemical and other matter released in hotel wastewater.

Accor is able to act directly on the second source, based on the principle that all hotel wastewater effluent should be systematically treated in an appropriate treatment plant, either on-site or in the local community. According to data reported *via* the MACH hotel asset management application:

- 86 hotels have an on-site treatment plant and 65 use the treated water for grounds watering;
- 42 hotels have rainwater cisterns for grounds watering;
- 111 hotels use water from dedicated networks for grounds watering.

More environmentally sensitive products

The extensive Group-wide use of eco-labeled cleaning products sourced from a single certified supplier (see page 64) has significantly reduced our impact on the environment.

The Mercure, Novotel, ibis Styles and ibis brands, for example, now offer complimentary items certified with the EU Ecolabel, Ecocert or Nordic Ecolabel. By replacing products that are particularly harmful to ecosystems and complying with stricter biodegradability standards, these eco-labels are helping to reduce our environmental footprint.

2.7.5. LOCAL ENVIRONMENTAL IMPACTS

Biodiversity

Accor has been involved in protecting biodiversity since 2008, when it published the *Biodiversity: My Hotel in Action* handbook in association with the International Union for Conservation of Nature (IUCN), the leading organization in the field of biodiversity preservation. In addition, we are extending this biodiversity commitment by promoting responsible eating in our hotel restaurants, in particular with the goal of having all of the hotels ban endangered seafood species from their menus by 2015.

Plant for the Planet

Our commitment to biodiversity is especially demonstrated by the Plant for the Planet program, which encourages guests to reuse their towels when they stay more than one night in the hotel by promising that Accor will use the savings to finance tree farms. Unique to Accor, the initiative goes beyond the usual towel reuse programs deployed by other hospitality groups by requiring participating hotels to donate money to agroforestry projects.

In addition, the program also enables us to address another key environmental concern raised by the use of towels and the resulting laundry operations, namely water use and the treatment of detergent wastewater. In this regard, trees play a widely acknowledged role, both in fixing groundwater reserves and absorbing part of the pollution.

Because the 2011 environmental footprint study revealed that upstream farming operations were one of the major sources of our indirect water use, it was natural to focus the reforestation program on agroforestry projects.

The projects supported by Plant for the Planet offer many benefits in line with the three key aspects of our corporate social responsibility vision:

- *environmental benefits:* the projects selected with the support of our partner Pur Projet enable us to address a number of challenges at once, including i) biodiversity, by preserving ecosystems and endangered endemic species; ii) water, by preserving resources, regulating precipitation and avoiding droughts; iii) soil, by restoring unproductive land and fighting against erosion; and iv) carbon, by capturing and storing carbon in the trees and reducing the global warming impact;
- *social benefits:* by increasing the number of projects carried out close by the hotels, Plant for the Planet enables us to support local host communities by increasing and diversifying sources of income for the people involved in the projects and creating a new sense of community and shared destiny;
- *employee benefits:* lastly, the active participation of our employees is not only critical to the program's success, it is also driving the emergence of new hospitality practices. This is particularly the case for floor supervisors and housekeepers, who are now trained to recognize and respect the guest's desire to participate in this joint commitment, while continuing to deliver impeccable quality service.

2013 was a year of consolidation for Plant for the Planet, which is now supported by **more than 1,400 participating hotels** and has helped to finance the planting of **more than three million trees** around the world since the program was introduced in 2009.

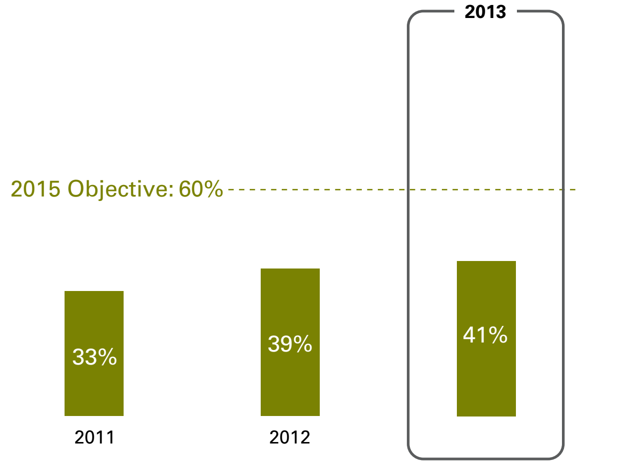
During the year, we broadened and deepened our collaboration with Pur Projet, with a total of **21 international and local projects** supported in 2013, compared with seven in 2011. Following the launch of various projects in Asia in 2012, new projects were initiated in 2013 in host countries like France, the United Kingdom and Spain, which are home to large numbers of Accor hotels. By 2015, we are committed to supporting a reforestation project in the majority of our host countries. In addition, the hotels can finance local projects in association with small farmers looking for agroforestry opportunities.

The year also saw Plant for the Planet move up a notch with a pilot feedback loop project, whereby **foodstuffs are sourced locally** from one of the projects supported by the hotels. In Morocco, for example, participating hotels financed the planting of olive trees in the Rif region. This helped to create additional jobs for the nearly 300 women working for the cooperative involved in the projects, as well as a new market when the hotels agreed to purchase the cooperative's olive oil for their restaurants.

Lastly, to supplement the hotels' contribution of part of the laundry savings from guest towel reuse, **new sources of financing** were tested in 2013, including:

- the opportunity for guests to finance the planting of one tree for every night booked on accorhotels.com in a hotel participating in the program and certified to ISO 14001 environmental management standards;
- greater involvement by the brands with one-time promotions, such as the one organized in April 2013 by the ibis France hotels to directly support a tree farm in Western France;
- other one-off activities organized during PLANET 21 Day, our employee sustainable development event, as well as the annual sale of new year's cards at corporate headquarters.

Percentage of hotels participating in the Plant for the Planet program



Number of applicable hotels	4,013	3,331	3,401

1,404 hotels, or 41% of the consolidated total, participated in the Plant for the Planet program through 21 reforestation and agroforestry projects in 2013, when the process was consolidated and the partnership with Pur Project was strengthened. In 2014, the emphasis will shift sharply to deploying the program more widely across the hotel base, with the objective of having 60% of the hotels participating by 2015.

Land use

The vast majority of Accor hotels are located in downtown and suburban areas, where their environmental impact is reduced because of local treatment services, especially for water and waste.

For **building and refurbishment projects** in environmentally sensitive areas, detailed environmental studies are conducted to anticipate and minimize any adverse impact on their surroundings. Introduced across the Group in 2008 and updated in 2013 (see pages 72), sustainable construction guidelines cover in particular a hotel's integration into the natural environment, which requires a siting and pollution study by a qualified engineering firm prior to construction.

Lastly, among the Charter 21 indicators, two actions concern more sustainable grounds management. This reflects the fact that, with 64% of our hotels having parks and gardens, the use of pesticides represents a fairly significant challenge in protecting and promoting biodiversity. In 2013, 72% of our hotels with a park or garden used green garden products.

2.7.6. WASTE

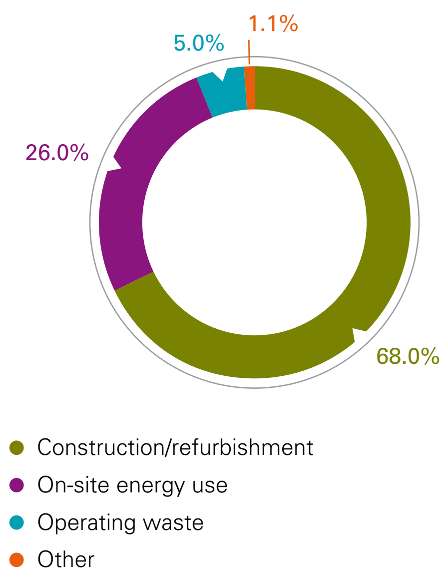
Hotel waste comes from three main sources:

- ***inputs, such as packaging, consumables (light bulbs, etc.) and complimentary products (shower gels, brochures, etc.), where the priority is to reduce volumes at source by getting purchasing departments involved and to limit scrap during in-hotel handling;***
- ***refurbishing and construction waste, where recycling is increasingly used;***
- ***guest waste, where the focus is on increasing the percentage of sorted and recycled waste.***

Analysis of Accor waste

The 2011 environmental footprint study showed that, on a life-cycle basis, Accor produces around 2.3 million tonnes of waste a year.

Contribution to waste by hotel business operation

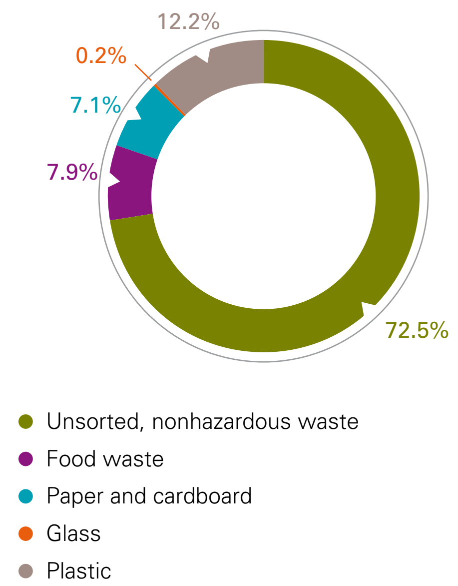


Among the various hotel business operations:

- more than two thirds of the waste is concrete, wood, furniture, non-hazardous waste and other scrap from hotel **construction and refurbishment projects;**
- nearly a quarter concerns **energy-related waste**, stemming from fuel extraction and preparation;
- compared to the other aspects of our business, **hotel operating waste**, comprising guest waste, packaging, food waste, etc., still represents only a limited proportion, at 5% of the total. Nevertheless, it is being carefully tracked, both for reasons of cost and for its environmental impact, since some of it – such as remote control and magnetic card reader batteries, compact fluorescent tubes or electrical and electronic waste – is potentially environmentally hazardous. In this case, special attention is paid to identifying local service providers capable of recycling hazardous waste.

Following the annual review of suppliers based in five countries (Switzerland, Australia, Austria, the United Kingdom and Germany) and serving 366 hotels, the main types of operating wastes were mapped to provide a glimpse of the wastes produced by a hotel.

Waste produced by main category



NB: certain hazardous wastes like batteries and light bulbs, which are recovered by service providers, have been classified in unsorted, non-hazardous waste even though they are sorted and managed separately. This is because the data reported by the service providers are still not consistent enough to be recorded in a separate category.

While waste is produced everywhere in a hotel – restaurants, guest rooms, meeting rooms, bars, offices, reception desks, car parks, etc. – guest rooms and food services account for 70% of the total. Indeed, by itself a restaurant can generate up to 60% of a hotel's waste.

Waste management

Charter 21 recommends **sorting and recycling** 12 types of waste. In general, waste and compliance issues are tracked *via* the SET application and the ISO 14001 certification process.

In addition, discussions are underway concerning the management of **construction and refurbishment** waste. An initial attempt involved the launch of the innovative reBorn program designed to recover and resell furniture scrapped during refurbishments, particularly on online consignment and auction sites. This pilot program yielded many lessons but also revealed certain limitations that have to be remediated before wider deployment.

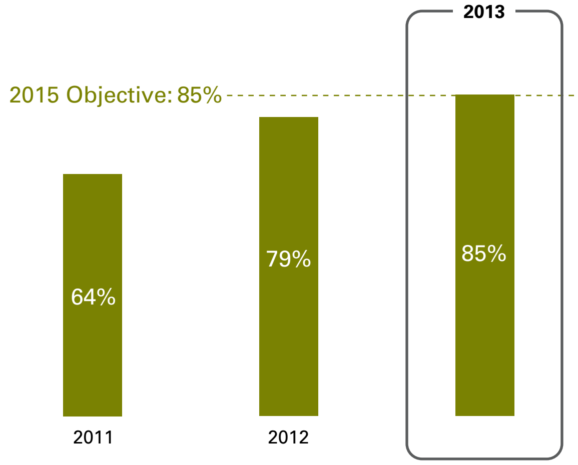
Today, French polluter pays legislation applicable to the furniture industry is enabling the development of new channels and facilitating the management of this waste.

In 2011, the OPEN sustainable development management application (see page 68) was expanded with a **waste management** module that makes it possible to track, based on data reported by the hotels, the amount of waste produced, its related costs and its recycling, with aggregate views at the hotel, country, brand and Group levels.

Performance

By 2015, Accor is committed to having 85% of the hotels recovering and recycling the most problematic waste, *i.e.* at the least paper, cardboard, toner cartridges, batteries and compact fluorescent light bulbs and tubes. In 2013, 86% of hotels had such waste recovery programs in place.

Percentage of hotels recycling their toner cartridges, batteries, compact fluorescent light bulbs and tubes and paper & cardboard



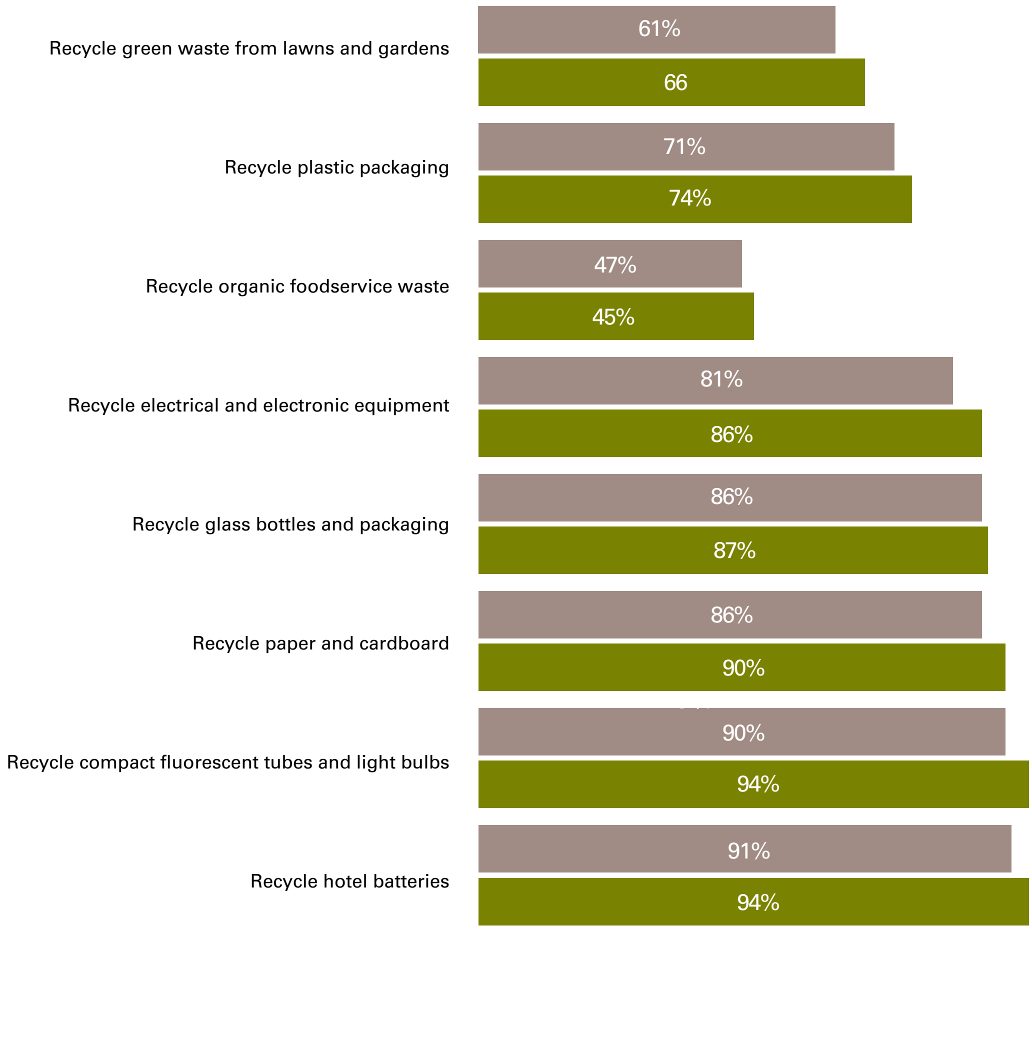
	2011	2012	2013
Number of applicable hotels	3,757	3,080	3,401
Response rate	94%	92%	93%

The reliability and exactitude of data concerning the amount of waste produced and recycled per hotel is currently being improved. It has proven difficult to collect consistent, complete data from the hotels and directly from suppliers, due to the disparity in reporting, management and waste categorization methodologies among countries and suppliers.

A project will be undertaken in 2014 to drive further improvement, in particular with the support of the country procurement teams.

Results of other hotel waste management initiatives

Today, hotel performance is primarily assessed on the basis of the percentage of waste recycled, according to the various categories. Charter 21, which supports the operational deployment of our sustainable development strategy in the hotels, also recommends a variety of initiatives to improve the management of hotel waste and limit its impact on the environment. In general, the various percentages of hotels sorting and recycling the different types of waste have been trending upwards for many years:



	2012	2013
Number of applicable hotels	3,331	3,401
Response rate	92%	92%

2.8. MEASURING AND ASSESSING OUR PERFORMANCE

This section explains the methodology applied in our corporate social responsibility reporting process.

Performance is measured through five types of indicators:

- employee-relations indicators;
- Charter 21 indicators, which cover the environmental and social responsibility actions deployed in the hotels;
- indicators used to manage water use, energy use and greenhouse gas emissions;
- supplier waste indicators (other than Charter 21 indicators);
- additional employee-relations indicators and sustainable procurement indicators.

The reporting period is January 1 to December 31, 2013.

2.8.1. METHODOLOGICAL REVIEW

Human Resources

Human resources indicators reported Group-wide are organized around five issues: workforce structure, employee movements, compensation, training, and working conditions and diversity.

Reporting scope and frequency

Employee data are reported for:

- people who work in head offices, owned hotels and leased hotels who are direct employees of the Accor Group;
- people who work in the managed hotels, who are managed by Accor but are not direct employees of the Accor Group. The only exception concerns a certain number of hotels where direct Accor employees are on assignment.

Employee data do not include:

- employees of owned, leased and managed hotels closed as of December 31, 2013;
- contingent workers, interns and temporary workers;
- employees of franchised hotels or units in which Accor owns an equity interest but does not exercise any management responsibility (commission-based management contracts and Adagio Aparthotels).

In 2013, indicator data could not be reported from six managed hotels in Germany and 19 managed hotels in France.

Reporting application

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

Reporting and control process

The corporate reporting process is defined in the **human resources reporting protocol**, which applies to everyone involved in the reporting chain, from headquarters to hotels. It provides a detailed, comprehensive description of Group procedures and definitions, the methods used to measure data and indicators, and the areas at risk that require particular attention. It also describes country-specific features, which are frequently updated.

The protocol in French and English has been sent by the corporate Human Resources Department to everyone responsible for the reporting process and is available for translation into other host country languages.

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

- hotels
  - collect and validate hotel data;
  - confirm the completeness of the data.
- country organization
  - confirm the completeness of the data;
  - verify and validate the data reported from all of the hotels in its scope of operations.
- corporate
  - 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 employees

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

Apprentices are included in the reported data as employees on non-permanent contracts.

In many host countries, the definition of a **permanent or non-permanent employee** is not the same as under French law, which means that certain special cases can impact the consolidated figures. In China for example, a "permanent" contract is awarded after ten years of service in the same legal entity. To make it easier to understand, this indicator is presented by region.

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.

In 2012, we felt that this method under-estimated the number of franchised hotel employees in France and Germany. It was therefore adjusted to align it more closely with local conditions, although probably with a slight over-estimation. As a result, the estimated number of employees in our franchised hotels rose sharply over the year. When combined with the increase in the number of employees in managed hotels, this means that there were around 170,000 employees working under Accor brands worldwide in 2014.

Diversity data concerning the gender and nationality of hotel General Managers are stated at the end of each half-year (*i.e.* at June 30 or December 31).

An employee is deemed to be a **manager** when he or she manages a team or a process like hiring or annual performance reviews, and/or if he or she has a high level of expertise. This definition does not correspond to the legal status of a manager (*cadre*) in France. Each country's Human Resources Department sets its own definition based on local labor legislation, the characteristics of each job and the hotel brand.

Employee movements

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

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

Separations due to job abandonment are recorded as dismissals, in as much as such abandonment is at the employee's initiative whereas termination is at the employer's initiative.

Health and working conditions

A part-time employee is one who works fewer than a country's legal working hours, without including any overtime.

Absenteeism:

- medical leave includes any leaves granted for illness, occupational illness or work-related accident. It does not include maternity and paternity leave;
- unauthorized leaves do not give rise to any direct costs for the Group because they include unauthorized absences without pay, depending on local labor laws. This means that their number may be underestimated, because unpaid leaves are not always tracked by local Human Resources Departments. A campaign to enhance awareness of this indicator should be deployed in 2014.

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

The **lost-time injury rate** corresponds the number of lost-time incidents (as defined by local legislation) per million hours worked, with lost-time considered to be at least one day.

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

Training

The **number of reported training days** includes courses conducted by Académie Accor and contract service providers for hotels and head offices, as well as the brand program training led by managers for their teams.

Accor considers that these data reflect the majority of the training offered to employees. However, part of the training conducted in the hotels may not be reported to Group level. Examples include induction courses for new hires or non-brand program courses led by managers with the help of specialized materials provided by the Académie Accor.

Training in a country's hotels and head offices is reported in number of days rather than hours. When courses, such as e-learning modules, last only a few hours, they are converted into days on the basis of eight hours per day.

For the number of **employees having attended at least one training course**, each trainee is counted once, even if he or she attended several courses during the reporting period. However, because people are often counted every time they attend a course, this tends to over-estimate the total number.

In 2013, days of training and the number of employees having attended at least one training course in managed Novotel units in Russia were excluded after it was discovered that serious errors had not be corrected during the consolidation process.

Charter 21

Reporting scope and frequency

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

- hotels that joined the Accor network after September 15 of the reporting year;
- hotels that were no longer part of the Accor network as of December 31 of the reporting year;
- 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;
- the Adagio Aparthotels, which do not apply the Accor Charter 21 and are consolidated by Pierre et Vacances SA.

Charter 21 indicators are reported annually.

Indicators

Charter 21 corresponds to a list of 65 actions designed to effectively improve a hotel's social responsibility performance. The Charter 21 Handbook describes the conditions for validating each action, along with each one's implementation method and environmental and social responsibility benefits.

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

Note that Charter 21 data are reported by the hotels concerned.

Data collection and control

Data are initially controlled by the hotel, where before entering them online, the reporting officer is expected to verify that the actions have been effectively implemented, with the support, if needed, of the Charter 21 Handbook.

Data are then checked a second time by the country Charter 21 reporting officer and then again by the corporate Charter 21 reporting manager.

Lastly, they are verified a fourth time during quality audits performed every year in the hotels, which cover the ten actions corresponding to the Charter's Bronze level.

Water and energy

Scope of reporting

The scope of reporting covers all of the owned, leased or managed Accor-brand hotels 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 that are not under an Accor banner;
  - Hotels closed for renovation during the reporting period;
  - Thalassa sea and spa facilities, whose data are often reported with their host hotel's;
- independently operated units or structures and franchised hotels:
  - ibis *budget*, hotelF1 and Formule1 hotels operated under commission-based management contracts;
  - 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).

Indicators

- Energy use:
  - reported energy is the total amount of final energy used over the year by the hotels, regardless of source (electricity, gas, etc.) or purpose (lodging, foodservices, etc.);
  - total energy use is expressed in MWh;
  - fuel energy is calculated on the basis of each one's heating value (HV);
  - use data reported by the hotels are expressed by type of energy.
- Water use:
  - reported water use is the total amount of water used over the year by the hotels, regardless of purpose (foodservices, grounds watering, etc.);
  - water from hotel pumping facilities is also measured, if they are metered;
  - recycled rain or wastewater is measured, if the facilities are metered;
  - total water use is expressed in cubic meters.
- Greenhouse gas emissions:
  - reported emissions are both direct (from fuels like natural gas and heating oil) and indirect (from the generation of electricity or urban heating);
  - energy use is converted using the latest emission factors of the GHG Protocol (available online);
  - total greenhouse gas emissions are expressed in tonnes of CO_2 equivalent (teq CO_2).

Data collection and control

Each hotel enters its monthly water and energy consumption data and validates them in the OPEN reporting application. The data are then checked by the country or regional organization and again at Group level over the first 11 months of the reporting year. They are re-checked over the entire twelve months at each level (country/region and Group).

Waste

Scope of reporting

The scope of reporting covers all of the hotels for which a supplier can report data for the entire year. In 2013, this concerned hotels in Switzerland, Australia, Austria, the United Kingdom and Germany.

Indicators

Breakdown by type of waste:

- the amount of waste recorded is the amount collected by the service providers;
- the total amount of waste produced by a hotel over the year is reported, regardless of the source (lodging, food services, etc.) or disposal method (landfilled, recycled, incinerated, etc.);
- returnable waste is not reported since by definition it is recovered;
- data are reported for five main types of waste: unsorted non-hazardous waste, food waste, paper/cardboard, glass (bottles, packaging) and plastic packaging;
- the proportion of each type corresponds to its percentage of the total quantity of the five types produced.

Data control

Data are reported by the suppliers. If there are several suppliers in a country but only some of them have reported the requested data, it is possible that the country's data will be incomplete.

Purchasing

Scope of reporting

The indicator tracking the Group's consolidated volume of purchases (€3.5 billion in 2012) covers all of the hotel operating structures and includes purchases from certified suppliers, as well as estimated purchases from non-certified suppliers by the 21 country Procurement Departments.

The other indicators cover purchases from certified suppliers.

Data are reported from the corporate Procurement Department and from the 16 country Procurement Departments representing the largest purchasing volumes.

The 16 procurement departments that reported data were: Australia, New Zealand, Poland, Portugal, Belgium & Luxemburg, the Netherlands, Hungary, Italy, Brazil, Morocco, Spain, France, Germany, the United Kingdom and Switzerland.

The contracts reported in 2013 ran for various times depending on each country organization's local purchasing procedures. Reporting standards are now being harmonized to deliver consolidated data for contracts in effect over a full-year period.

Indicators

- REACH: percentage and number of REACH-related contracts with a signed REACH statement.
- Procurement Charter 21: percentage and number of contracts for which the current or 2010 Procurement Charter 21 has been signed.
- Assessing supplier corporate social responsibility performance:
  - number of audits performed with EcoVadis or other third-party during the year;
  - number of remedial action plans requested from suppliers during the year;
  - number of remedial action plans implemented by suppliers during the year.

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, who 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 three sustainable procurement issues described in the Indicators chapter.

Plant for the Planet

Reporting scope and frequency

Plant for the Planet indicators cover all of the owned, leased, managed and franchised hotels participating in the program. Data are collected based on the payment campaigns conducted in June and December of each year.

Indicators

- Number of participating hotels.

  This figure is based on the number of payments received by Pur Projet and its partners during the year.
- 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 collection application

The data are inputted into the Plant for the Planet model in our OPEN social responsibility management application.

Data control

Since 2003, the indicators have been controlled directly by Pur Projet, our partner in charge of supervising and managing the Plant for the Planet program.

2.8.2. 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.

	France		Europe		Asia-Pacific		Latin America and the Caribbean		Other countries		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
NUMBER OF PAYROLL AND NON-PAYROLL EMPLOYEES												
Owned and leased hotels – payroll employees	**15,264**	**14,883**	**21,242**	**20,375**	**4,665**	**3,679**	**4,768**	**5,470**	**2,958**	**3,276**	**48,897**	**47,683**
Upscale and Midscale Hotels	9,672	9,403	15,562	14,688	3,019	2,450	2,536	3,244	2,319	2,434	33,108	32,219
Economy Hotels	5,592	5,480	5,680	5,687	1,646	1,229	2,232	2,226	639	842	15,789	15,464
Managed hotels – non-payroll employees	**1,325**	**1,526**	**5,207**	**5,959**	**55,635**	**58,344**	**5,943**	**6,696**	**15,794**	**15,506**	**83,905**	**88,031**
Upscale and Midscale Hotels	1,279	1,481	4,232	4,963	51,654	54,295	4,873	5,881	14,184	13,810	76,222	80,430
Economy Hotels	46	45	975	996	3,981	4,049	1,070	815	1,610	1,696	7,683	7,601
Holding company – payroll employees	**1,084**	**1,078**	-	-	-	-	-	-	-	-	**1,084**	**1,078**
TOTAL EMPLOYEES	**17,673**	**17,487**	**26,449**	**26,334**	**60,301**	**62,023**	**10,711**	**12,167**	**18,752**	**18,781**	**133,886**	**136,792**
% under permanent contracts	86%	86%	82%	82%	62%	60%	95%	96%	72%	73%	73%	73%
% women	56%	55%	55%	56%	44%	44%	53%	53%	31%	29%	47%	47%
% men	44%	45%	45%	44%	56%	56%	47%	47%	69%	71%	53%	53%
TRAINING												
Total days of training	26,005	26,542	43,818	49,961	248,174	259,272	49,938	48,815	88,831	51,818	456,766	436,408
Average days of training per employee	1.5	1.5	1.7	2.0	4.1	4.2	4.7	4.0	4.7	2.8	3.4	3.2
Average days of training for managers	2.6	2.6	2.8	3.1	4.5	4.0	5.1	5.2	9.4	5.3	4.3	3.9
Average days of training for non-managers	1.1	1.1	1.4	1.7	4.0	4.2	4.6	3.8	4.1	2.4	3.2	3.0
Number of employees having attended at least one training course	8,685	8,676	22,151	21,292	85,222	80,844	11,111	12,546	16,835	16924	144,004	140,282
of whom managers	3,059	3,049	4,238	3,452	22,051	21,980	1,225	1,549	2,691	2,554	33,264	32,584
of whom non-managers	5,626	5,627	17,913	17,840	63,171	58,864	9,886	10,997	14,144	14,370	110,740	107,698

Indicator	2012 Owned and leased hotels	2012 Owned, leased and managed hotels	2013 Owned and leased hotels	2013 Owned, leased and managed hotels	% change* Owned and leased hotels	% change* Owned, leased and managed hotels
EMPLOYEE-RELATIONS INDICATORS						
Number of payroll and non-payroll employees	**49,981**	**133,886**	**48,761**	**136,792**	**(1,220)**	**2,905**
% women	55%	47%	55%	46%	0%	(1)%
% men	45%	53%	45%	54%	0%	1%
By age						
Under 25	17%	20%	16%	19%	(1)%	(1)%
25 to 34	35%	39%	35%	38%	0%	(1)%
35 to 44	24%	23%	24%	24%	0%	1%
45 to 54	17%	13%	17%	14%	1%	1%
Over 55	7%	5%	7%	5%	1%	0%
By seniority						
Less than six months	11%	15%	11%	14%	0%	(1)%
Six months to two years	23%	31%	21%	30%	(2)%	(1)%
Two to five years	23%	22%	22%	23%	(1)%	1%
Five to ten years	20%	16%	21%	17%	2%	1%
More than ten years	24%	16%	25%	16%	1%	0%
% disabled	2%	1%	2%	1%	0%	0%
Management						
% of total workforce	21%	22%	20%	22%	(1)%	0%
% women	47%	41%	46%	41%	(1)%	0%
% men	53%	59%	54%	59%	1%	0%
By age						
Under 25	2%	5%	2%	5%	0%	0%
25 to 34	33%	41%	32%	40%	(2)%	0%
35 to 44	35%	33%	35%	33%	0%	0%
45 to 54	22%	16%	23%	17%	1%	1%
Over 55	8%	5%	8%	5%	0%	0%
Managers by age – hotels						
Under 25	3%	6%	2%	5%	0%	0%
25 to 34	35%	42%	34%	42%	(1)%	0%
35 to 44	34%	32%	34%	32%	0%	0%
45 to 54	21%	16%	22%	16%	1%	1%
Over 55	8%	5%	8%	5%	0%	0%
Hotel general managers	1,094	1,689	1,071	1,723	(23.00)	34.00
% women	32%	27%	32%	28%	0%	1%
% men	68%	73%	68%	72%	0%	(1)%
% host country nationals	83%	73%	83%	74%	0%	1%

* *This is not at current scope of reporting.*

Indicator	2012 Owned and leased hotels	2012 Owned, leased and managed hotels	2013 Owned and leased hotels	2013 Owned, leased and managed hotels	% change* Owned and leased hotels	% change* Owned, leased and managed hotels
Employee movements						
New hires	22,066	72,463	21,615	62,490	(451)	(9,973)
Separations	22,693	60,010	22,760	61,812	67	1,802
Resignations	7,401	35,918	7,590	37,491	189	1,573
Terminations	3,439	7,407	3,449	8,229	10	822
Redundancy	303	653	379	441	76	(212)
Working conditions						
% full-time employees	81%	88%	82%	89%	1%	1%
% part-time employees	19%	12%	18%	11%	(1)%	(1)%
Average number of days of medical leave per employee over the year	11.6	6.9	11.1	6.5	(0.50)	(0.34)
Average number of days of unauthorized leave per employee over the year	3.5	2.3	1.3	1.1	-	-
Lost-time injury rate	21.9	13.5	21.4	13.5	(0.54)	0
Number of fatal work-related accidents	0	1	0	8	0	7

* This is not at current scope of reporting.

Environmental and social responsibility indicators

Scopes of reporting

	Scope of reporting	2012 Owned, leased and managed hotels	2012 Owned, leased, managed and franchised hotels	2013 Owned, leased and managed hotels	2013 Owned, leased, managed and franchised hotels
Total number of Accor hotels		**2,039**	**3,331**	**2,027**	**3,401**
Number of hotels applying Charter 21 ➜ *Response rate*		**2,039** ➜ *100%*	**3,080** ➜ *92%*	**2,027** ➜ *100%*	**3,173** ➜ *93%*
Number of applicable hotels					
■ Restaurants		1,362	1,879	1,344	1,880
■ Grounds		1,335	2,008	1,333	2,049
■ Air conditioned		1,661	2,473	1,700	2,598
■ Outside signage		2,018	3,047	1,990	3,109
■ Minibars		1,012	1,313	1,028	1,377
Number of hotels reporting water and energy data ➜ *Response rate*		**1,457** ➜ *79%*	**NA**	**1,667** ➜ *87%*	**NA**

Indicators

Indicators	Scope of reporting	2012 Owned, leased and managed hotels	2012 Owned, leased, managed and franchised hotels	2013 Owned, leased and managed hotels	2013 Owned, leased, managed and franchised hotels	% change at comparable scope of reporting Owned, leased and managed hotels	% change at comparable scope of reporting Owned, leased, managed and franchised hotels
SOCIAL RESPONSIBILITY COMMITMENTS							
Support for and engagement in local communities							
Hotels active in protecting children from abuse		48%	38%	54%	44%	+5%	+7%
■ Hotels active in preventing sexual tourism involving children		27%	21%	40%	30%	+11%	+9%
■ Hotels relaying national missing children alerts		10%	9%	14%	13%	+3%	+4%
■ Hotels participating in a program to help marginalized minors re-enter society		5%	4%	8%	6%	+3%	+2%
■ Number of employees trained in preventing child sex tourism		28,344 employees	30,054 employees	29,499 employees	31,689 employees	+3%	+10%
■ Hotels displaying customer awareness campaigns		23%	17%	24%	18%	0%	+1%
Guest responsibility							
Hotels offering balanced meals		90%	87%	97%	96%	+3%	+3%
Hotels using eco-friendly cleaning products		92%	88%	97%	95%	+3%	+8%
Hotels using eco-friendly gardening products		76%	71%	76%	72%	(1%)	+1%
Hotels using certified paper for printing		83%	82%	91%	88%	+6%	+8%
Hotels equipped with condom vending machines.		ND	934 hotels	510 hotels	753 hotels	NA	NA
Employees trained in HIV/AIDS prevention		182 employees	221 employees	280 employees	344 employees	+54%	+56%
Sustainable procurement							
% of purchasing contracts in compliance with Procurement Charter 21		ND	60%	ND	68%	NA	NA
Number of third-party supplier audits performed over the past three years		ND	177	ND	248	NA	+71 supplier audits performed
European contracts including REACH compliance for chemicals		ND	1200	ND	1224	NA	NA
Hotels purchasing and promoting local food products		70%	68%	84%	81%	+7%	+6%

Indicators	Scope of reporting	2012 Owned, leased and managed hotels	2012 Owned, leased, managed and franchised hotels	2013 Owned, leased and managed hotels	2013 Owned, leased, managed and franchised hotels	% change at comparable scope of reporting Owned, leased and managed hotels	% change at comparable scope of reporting Owned, leased, managed and franchised hotels
Hotels serving fair trade products or products from sustainable farms		58%	62%	63%	66%	+4%	+5%
ENVIRONMENTAL COMMITMENTS							
Environmental management							
ISO 14001-certified hotels	(1)	626	785	678	900	+52 hotels	+115 hotels
Hotels using eco-designed materials in guest rooms		30%	27%	40%	38%	+9%	+11%
■ Flooring		10%	9%	13%	12%	+3%	+3%
■ Wall paint		12%	11%	17%	15%	+4%	+5%
■ Bedding		11%	10%	15%	14%	+3%	+4%
■ Bed linens		13%	12%	17%	16%	+4%	+4%
■ Furniture		13%	12%	17%	16%	+3%	+4%
■ Paper		18%	16%	28%	26%	+9%	+9%
■ Complimentary products		22%	20%	34%	33%	+11%	+12%
■ Bathroom linens		13%	11%	17%	16%	+4%	+4%
■ Other		6%	5%	10%	8%	+4%	+3%
Hotels using dispensers or eco-responsible packaging for bathroom products.		56%	57%	60%	61%	+2%	+4%
Awareness-building and buy-in							
Hotels training employees in environmentally-friendly practices		97%	97%	99%	98%	(1)%	+3%
Hotels with a designated Sustainability Manager		73%	67%	85%	78%	+9%	+12%
Hotels raising guest awareness of sustainable development issues		94%	91%	96%	93%	0%	+3%

(1) Excluding the economy and budget segment.

Indicators	Scope of reporting	2012 Owned, leased and managed hotels	2012 Owned, leased, managed and franchised hotels	2013 Owned, leased and managed hotels	2013 Owned, leased, managed and franchised hotels	% change at comparable scope of reporting Owned, leased and managed hotels	% change at comparable scope of reporting Owned, leased, managed and franchised hotels
Energy and carbon footprint							
Total energy used		3,209 GWh	ND	3,209 GWh	ND	(1.8)%	ND
Total CO_2 emissions		1,261 teq CO_2	ND	1,822 teq CO_2	ND	+22%	ND
▪ Direct emissions		220 teq CO_2	ND	249 teq CO_2	ND	(3.6)%	ND
▪ Indirect emissions		1,041 teq CO_2		1,573 teq CO_2		+22.7%	
Hotels tracking and analyzing monthly energy use		95%	93%	97%	96%	(1)%	+3%
Hotels using energy-efficient bulbs for 24/24/7 lighting		96%	94%	98%	97%	0%	+4%
Hotels ensuring optimal settings on energy equipment		95%	92%	97%	95%	(1)%	+3%
Hotels using energy-efficient boilers		71%	68%	73%	70%	(1)%	+2%
Hotels using energy-efficient air conditioning units		66%	65%	69%	69%	+2%	+4%
Hotels using renewable energies		6%	6%	7%	7%	+1%	+1%
Hotels using energy-efficient bulbs for frontage lighting		70%	68%	71%	71%	(1)%	+4%
Hotels using building management software to manage their energy use		33%	28%	36%	31%	+2%	+3%
Hotels recovering energy from the ventilation system		36%	31%	37%	32%	(1)%	+1%
Hotels insulating pipes carrying hot/cold fluids		94%	91%	96%	94%	(1)%	+3%
Hotels using a timer for frontage lighting		91%	91%	92%	92%	(2)%	+2%
Hotels using energy-efficient bulbs in guest rooms		88%	88%	89%	89%	(1)%	+2%
Hotels with a central light switch in guest rooms		54%	51%	55%	53%	(1)%	+2%
Hotels using energy-efficient bulbs for outdoor signage		67%	67%	75%	76%	+4%	+8%
Hotels with green or cool roofs		ND	ND	4%	4%	NA	NA

Indicators	Scope of reporting	2012 Owned, leased and managed hotels	2012 Owned, leased, managed and franchised hotels	2013 Owned, leased and managed hotels	2013 Owned, leased, managed and franchised hotels	% change at comparable scope of reporting Owned, leased and managed hotels	% change at comparable scope of reporting Owned, leased, managed and franchised hotels
Hotels equipped with a timer for common area air conditioning		46%	40%	48%	43%	+1%	+3%
Hotels using speed controllers for pumps and fans		36%	30%	39%	34%	+1%	+3%
Hotels using energy-saving minibars		77%	75%	75%	75%	(2)%	0%
New or renovated hotels certified as sustainable buildings		NA	2 hotels	NA	6 hotels	NA	+200%
Hotels using CFC and PCB-free equipment		62%	61%	66%	65%	+2%	+4%
Hotels checking that equipment containing HCFCs and HFCs is leak-proof		80%	76%	80%	77%	(2)%	+2%
Water							
Total water use		25.4 million cu.m	ND	32.2 million cu.m	ND	(3.8)%	NA
Hotels tracking and analyzing monthly water use		98%	95%	99%	98%	(2)%	+3%
Hotels equipped with flow regulators on faucets/ showerheads		95%	93%	97%	96%	0%	+4%
Hotels equipped with rainwater recovery installations		6%	6%	7%	7%	+1%	+1%
Ensure proper treatment of wastewater		89%	87%	92%	90%	+1%	+3%
Hotels ensuring optimal settings on water equipment		95%	91%	97%	94%	0%	+3%
Hotels using sub-meters to improve monitoring		37%	30%	42%	34%	+4%	+4%
Hotels prohibiting the use of cooling towers without water recovery systems		73%	68%	77%	73%	+2%	+5%
Hotels using motion sensors for bathroom faucets		30%	26%	33%	29%	+2%	+3%
Hotels using dual flush toilets		54%	54%	58%	59%	+1%	+4%
Hotels using a water-efficient laundry service		50%	49%	60%	59%	+9%	+11%
Hotels using selective grounds watering methods		76%	77%	78%	80%	+1%	+3%
Hotels recycling gray water		8%	7%	8%	7%	(1)%	0%

Indicators	Scope of reporting	2012 Owned, leased and managed hotels	2012 Owned, leased, managed and franchised hotels	2013 Owned, leased and managed hotels	2013 Owned, leased, managed and franchised hotels	% change at comparable scope of reporting Owned, leased and managed hotels	% change at comparable scope of reporting Owned, leased, managed and franchised hotels
Local environmental impacts							
Hotels participating in the Plant for the Planet program		1,141	1,290	1,229	1,404	NA	NA
Hotels using locally adapted plants		89%	87%	90%	89%	0%	+2%
Hotels banning endangered seafood from restaurant menus		85%	83%	89%	89%	0%	+2%
Waste							
Sort and recycle toner cartridges		97%	96%	99%	98%	0%	+3%
Hotels sorting and recycling batteries		90%	91%	93%	94%	+1%	+4%
Hotels sorting and recycling fluorescent tubes and light bulbs		90%	90%	94%	94%	+2%	+4%
Hotels sorting and recycling paper and cardboard		85%	86%	89%	90%	+2%	+4%
Hotels sorting and recycling glass bottles and packaging		87%	86%	86%	87%	(2)%	+1%
Hotels sorting and recycling electrical and electronic equipment		82%	81%	85%	86%	+1%	+5%
Hotels collecting and recycling cooking oil		92%	91%	92%	92%	(3)%	(1)%
Hotels collecting and recycling fats		85%	85%	84%	85%	(2)%	(1)%
Hotels sorting and recycling plastic packaging		70%	71%	73%	74%	+1%	+3%
Hotels sorting and recycling metal packaging		61%	60%	64%	63%	+2%	+3%
Hotels sorting and recycling organic waste from restaurants		47%	45%	48%	47%	(1)%	0%
Hotels sorting and recycling green waste from lawns and gardens		59%	61%	62%	66%	+2%	+4%
Hotels offering guests waste sorting opportunities		27%	24%	26%	24%	(1)%	0%

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

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

To the shareholders,

In our quality as an independent verifier of which the admissibility of the application for accreditation has been accepted by the COFRAC, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Accor, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 December 2013, presented in chapter 2 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial Code (*Code de commerce*).

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial Code (*Code de commerce*), in accordance with the protocols used by the company, composed of social reporting protocols, sustainable procurement reporting explanation sheets, Guidelines for the Charter 21 actions and sustainable development reporting protocol in their updated versions of 2013 (hereafter referred to as the "Criteria"), and of which a summary is included in the paragraph "Methodological review" of the chapter 2.8 of the management report.

INDEPENDENCE AND QUALITY CONTROL

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

RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role, based on our work:

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

Our verification work was undertaken by a team of seven people between October 2013 and March 2014 for an estimated duration of twelve weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[1].

(1) *ISAE 3000 – Assurance engagements other than audits or reviews of historical information*

1. Attestation of presence of CSR Information

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

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

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

We verified that the CSR information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial Code (*Code de commerce*) with the limitations specified in the "Methodological review" in chapter 2.8 of the management report, notably regarding the absence of publication of severity rate, absence justified by Accor in chapter 2.5.4 of the present management report.

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook about twenty interviews with the people responsible for the preparation of the CSR Information in the different departments[(2)] in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

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

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

For the CSR Information which we considered the most important[(3)]:

- At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative selection of entities that we selected[(4)], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 25% of the total workforce, between 12% and 27% of the quantitative environmental information and 23% of hotels for sustainable procurement.

(2) *Sustainable Development department, Human Resources department, Group Procurement department, Design & Technical Services Corporate*

(3) ***Environmental and societal information:*** *approaches to environmental evaluation and certification, water consumption and water supply considering local constraints, raw material consumption and measures undertaken to enhance resource efficiency, energy consumption, measures undertaken to improve energy efficiency, greenhouse gas discharges, territorial impact, economic and social (employment, regional development, impact on regional and local populations), importance of subcontracting and the consideration of environmental and social issues in purchasing policies and relations with suppliers and subcontractors, measures undertaken in favour of consumers' health and safety.*

Social information: *employment (total headcount and breakdown per gender, age, geographical area, hiring and terminations, organisation of working time, absenteeism, work accidents, notably their frequency and their severity, as well as occupational diseases, training policies, number of days of training, measures undertaken for gender equality, anti-discrimination policies and actions.*

(4) ***Social:*** *the Netherlands, Australia, New-Zealand, Indonesia, Brazil, Argentina, Uruguay, Colombia, Guatemala, Peru*

Environment: *for water and energy consumptions: France, the Netherlands, Belgium, Luxembourg, Australia, Brazil; for other environmental indicators: the Netherlands, Belgium, Luxembourg, Australia, New-Zealand, Poland.*

Societal: *for sustainable sourcing: the Netherlands, Luxembourg, Australia, Brazil and United-Kingdom.*

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

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

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

Qualification expressed

Indicators "Average number of days of medical leave per employee over the year" and "Average number of days of unauthorized leave per employee over the year" are underestimated outside Europe because of national regulations inducing different interpretations of the Criteria in these countries.

Conclusion

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

Observations

Without qualifying our conclusion above, we draw your attention to the following points:

- Information's consolidation perimeter goes beyond regulatory requirements. It is a more complete perimeter than the financial one because it covers all subsidiaries and managed hotels. It can sometimes integrate franchised hotels for some indicators as mentioned in chapter "methodological review" of the present report.
- Except for water and energy consumptions indicators, internal controls conducted at country/area level can turn out to be limited in some cases, notably for a part of the Charter 21 actions and for some HR indicators.
- Regarding sustainable procurement, a work to define indicators has been undertaken in 2013. Nevertheless, some of them are still misunderstood by contributors.
- The "number of employees having attended at least one training course" could present a risk of over-estimation because of disparity in monitoring tools between countries.

Paris-La Défense, the 18 March 2014

Independent Verifier
French original signed by:
ERNST & YOUNG et Associés

Éric Duvaud	Bruno Perrin
Partner, Sustainable Development	Partner

3 Corporate GOVERNANCE

3.1. ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1. BOARD OF DIRECTORS

Jean-Paul Bailly – Independent director (1)

- First appointed as a director on May 13, 2009.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2014.
- Number of Accor shares held: 600.
- Born November 29, 1946 – French national.
- Honorary Chairman of La Poste.
- After graduating from Ecole Polytechnique and the Massachusetts Institute of Technology, Mr. Bailly began his career with the Paris Transit Authority (RATP). He then took over the running of French technical cooperation programs in Mexico before moving back to RATP where he held the positions of Departmental Director, Bus Rolling Stock, director of the Paris Metro and RER suburban rail system, Personnel Director and Deputy Managing Director. He then served as Chairman and Chief Executive Officer of RATP from 1994 to 2002. He was Chairman and Chief Executive Officer of La Poste from 2002 to 2013.

Other positions held at December 31, 2013

Position	Company
France	
Director	Edenred

Former positions held in the past five years

Position	Company
France	
Chairman of the Supervisory Board	La Banque Postale
Member of the Supervisory Board	La Banque Postale Asset Management
Permanent representative of La Poste on the Board of Directors	GeoPost
Permanent representative of La Poste on the Board of Directors	Sofipost
Permanent representative of La Poste on the Board of Directors	Poste Immo
Director	Sopassure
Director	CNP Assurances
Director	GDF Suez

Thomas J. Barrack – Director until April 25, 2013

- Director from January 9, 2006 to April 25, 2013. Previously a member of the Supervisory Board from May 3, 2005.
- Born April 28, 1947 – US national.
- Founder, Chairman and Chief Executive Officer of Colony Capital, LLC.
- Before founding Colony Capital LLC, Mr. J. Barrack was Chief Executive Officer of Robert M. Bass Group Inc. He also served in the Reagan administration as Deputy Undersecretary of the Department of the Interior.

Other positions held at December 31, 2013

Position	Company
United States	
Director	Colony Financial, Inc.
Director	First Republic Bank

(1) In accordance with the criteria defined in the AFEP/MEDEF Corporate Governance Code, as approved by the Board of Directors on February 19, 2014.

Former positions held in the past five years

Position	Company
Australia	
Director	Challenger Financial Services Group Limited.

Sébastien Bazin – Chairman and Chief Executive Officer since August 27, 2013

- 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 ending December 31, 2013.
- Number of Accor shares held: 1,000.
- Born November 9, 1961 – French national.
- With a Masters in Business Management from Paris-Sorbonne University, Mr. 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 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, 2013 with companies controlled [(1)] by Accor

Position	Company
France	
Director	Adagio SAS

Other positions held at December 31, 2013 with companies not controlled [(1)] by Accor

Position	Company
France	
Director	Théâtre du Châtelet
Chairman	Bazeo Europe SAS
Chairman	Colony Capital SAS [(1)]
Chief Executive Officer	Toulouse Cancéropole SAS [(1)]
Director	Carrefour [(2)]
Member of the Supervisory Board	ANF Immobilier (Les Ateliers du Nord de la France) [(3)]
Legal representative of Colony Capital SAS as Chairman	ColSpa SAS [(1)]
Legal Manager	CC Europe Invest
Legal Manager	Société du Savoy à Méribel
Legal Manager	Colmed [(1)]
Managing Partner	SCI Nina
Managing Partner	SCI Haute Roche
Managing Partner	SCI Madeleine Michelis
Managing Partner	SCI Ranelagh
Luxembourg	
Managing Director	Sisters Soparfi

(1) Member companies of the Colony Group – resignations being tendered in first-half 2014.
(2) Resigned January 15, 2014.
(3) Resigned January 31, 2014.

(1) Within the meaning of Article L. 233-16 of the French Commercial Code.

Former positions held in the past five years

Position	Company
France	
Chief Executive Officer	Colony Capital Europe
Chairman and Chief Executive Officer	Société d'Exploitation Sports & Evénements SA
Chairman and Chief Executive Officer	Holding Sports & Evénements SA
Chief Executive Officer	ColSpa SAS
Chairman	Colfilm SAS
Chairman	Collllkirch France SAS
Chairman	Data 4 SAS
Chairman	ColWine SAS
Chairman	Lucia Investissement SAS
Chairman of the Supervisory Board	Paris Saint Germain Football
Legal representative of Colony Capital SAS as Legal Manager	SC Georges V 302
Legal Manager	Colmassy SARL
Vice-Chairman of the Supervisory Board	Groupe Lucien Barrière
Director	Moonscoop IP
Director	Edenred
Belgium	
Chairman	RSI
United Kingdom	
Chairman and Director	Colyzeo Investment Management, Ltd
Switzerland	
Legal Manager	La Tour Sàrl
Legal Manager	La Tour Réseau de Soins SA
Legal Manager	Permanence de la Clinique Carouge

Philippe Citerne – Independent director (1), senior independent director and Vice-Chairman of the Board of Directors

- First appointed as a director on January 9, 2006. Previously, the permanent representative of Société Générale on Accor's Supervisory Board from December 22, 2003.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2014.
- Number of Accor shares held: 500.
- Born April 14, 1949 – French national.
- Non-Executive Chairman of Télécom & Management SudParis (educational and research institute).
- After graduating from Ecole Centrale de Paris and holding a number of positions in the French Finance Ministry, Mr. Citerne joined Société Générale in 1979, where he served as Vice President of Economic Research, Vice President Finance and Vice President Human Relations, prior to becoming Director, Deputy Chief Executive Officer and Chief Operating Officer from 1997 to April 2009. He is also a director of Rexecode. During the transition governance period, from April 23 to August 27, 2013, he served as Chairman of the Accor Board of Directors.

Other positions held at December 31, 2013

Position	Company
France	
Director	Edenred
Member of the Supervisory Board	MK2

(1) In accordance with the criteria defined in the AFEP/MEDEF Corporate Governance Code, as approved by the Board of Directors on February 19, 2014.

Former positions held in the past five years

Position	Company
France	
Chief Operating Officer	Société Générale
Chairman	Systèmes Technologiques d'Echanges et de Traitement – STET
Director	Sopra Group
Representative of Société Générale on the Supervisory Board	Fonds de Garantie des Dépôts
Russia	
Director	Rosbank

Mercedes Erra – Independent director [1]

- First appointed as a director on February 22, 2011.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2014.
- Number of Accor shares held: 500.
- Born September 23, 1954 – French national.
- Executive President of Havas Worldwide.
- A graduate of HEC business school and Paris-Sorbonne University, Ms Erra began her career with Saatchi & Saatchi where she spent fourteen years and reached the position of Chief Executive Officer. In 1995, she founded BETC, which in 18 years has become France's leading advertising agency and consistently ranks among the world's best creative agencies. She is also Chairman of the Board of Directors of Cité Nationale de l'Histoire de l'Immigration. She is involved in a variety of women's advocacy groups and with UNICEF, as well as being an active member of the French Committee of Human Rights Watch and a member of the French 2030 Innovation Commission. She also sits on the Boards of Directors of the France Télévision Foundation, the Elle Foundation and IMS.

Other positions held at December 31, 2013 with companies controlled [2] by Havas Worldwide

Position	Company
France	
Founder, Managing Director and member of the Management Board	BETC
President	BETC Digital (formerly Euro RSCG 4D)
President	Havas 04
Member of the Supervisory Board	Rosapark
Director	Havas
Director	Havas Worldwide Paris

Other positions held at December 31, 2013 with companies not controlled [2] by Havas Worldwide

Position	Company
France	
Director	Société de la Tour Eiffel

Former positions held in the past five years

Position	Company
France	
Managing Director	Havas
Chairman of the Board of Directors	Euro RSCG
President	Euro RSCG France
Director	Absolut Reality

(1) In accordance with the criteria defined in the AFEP/MEDEF Corporate Governance Code, as approved by the Board of Directors on February 19, 2014.
(2) Within the meaning of Article L. 233-16 of the French Commercial Code.

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 ending December 31, 2015.
- Number of Accor shares held: 500.
- Born August 1, 1964 – French national.
- Group General Manager, Financial Communication and Strategic Foresightof L'Oréal.
- A graduate of ESSEC business school and of Insead, Ms. Gasperment began her career in marketing at L'Oréal, where she held both operational and brand development positions before being appointed Managing Director of L'Oréal UK, where she served for 14 years, in particular as Chairman and Chief Executive Officer of The Body Shop International PLC until the end of 2013. Ms. Gasperment was also appointed as a French Foreign Trade Advisor in 2005 and is a member of the Business Advisory Council of Saïd Business School at the University of Oxford.

Former positions held in the past five years

Position	Company
Germany	
Director	Body Shop Beteiligungs GmbH
Director	The Body Shop Germany GmbH
United States	
Chairman and Chief Executive Officer	BSI USA Inc.
Chairman and Chief Executive Officer	Buth-NA-Bodhaige Inc.
Chairman	Skin & Hair Care Preparations
United Kingdom	
Chairman and Chief Executive Officer	The Body Shop International PLC
Director	Anderbarn Ltd
Director	Browndray Ltd
Director	Cranvine Ltd
Director	Creektime Ltd
Director	Crestsold Ltd
Director	Dishmax Ltd
Director	Enfranchise Ninety One Ltd
Director	Fillcare Ltd
Director	Groundmesh Ltd
Director	Islemend Ltd
Director	Leasetime Ltd
Director	Lordmark Ltd
Director	Masonride Ltd
Director	Modesite Ltd
Director	Solitaire Fashion Shops Ltd
Director	TBSI (Holdings 1) Ltd
Director	TBSI (Holdings 2) Ltd
Director	The Body Shop (Isle of Man)
Director	The Body Shop Card Services
Director	The Body Shop Midlands Ltd
Director	The Body Shop On-Line (I) Ltd
Director	The Body Shop On-Line (II) Ltd
Director	The Body Shop Queenslie Ltd

(1) In accordance with the criteria defined in the AFEP/MEDEF Corporate Governance Code, as approved by the Board of Directors on February 19, 2014.

Position	Company
Director	The Millennium Administration
Director	The Body Shop Retail Properties
Director	The Body Shop South-West Ltd
Director	L'Oréal (UK) Ltd
Director	L'Oréal Golden Ltd
Director	Toteview Ltd

Denis Hennequin – Chairman and Chief Executive Officer until April 23, 2013

- Director from May 13, 2009 to April 23, 2013.
- Born July 8, 1958 – French national.
- Mr. Hennequin holds a bachelor's degree in economics and a master's degree in corporate and tax law. He began his career at McDonald's as an Assistant Restaurant Manager. He then held the positions of Restaurant Manager, Field Service Consultant, Director of Franchising, Director of Operations and Regional Manager for Paris and the surrounding suburbs before being appointed Vice-President of Development, Human Resources and Regional Coordination. He was named Managing Director of McDonald's France in 1996 and then Chairman and CEO of McDonald's Europe in 2005. Mr. Hennequin served as Chief Executive Officer of Accor from December 1, 2010 and then Chairman and Chief Executive Officer from January 15, 2011 to April 23, 2013.

Other positions held at April 23, 2013 with companies not controlled [(1)] by Accor

Position	Company
United Kingdom	
Director	Eurostar International

Former positions held in the past five years

Position	Company
France	
Chairman	Fondation Accor
Director	Adagio SAS
Permanent representative of Accor on the Supervisory Board	Lenôtre
Director	McDonald's France SA
Director	Golden Arches of France
Legal Manager	MCD France
Legal Manager	McDonald's Development Company Paris-Europe
Legal Manager	McDonald's France Services SARL
Germany	
Director	McDonald's Franchise GmbH
Belgium	
Director	McDonald's Belgium NV
Director	McDonald's Restaurants Belgium NV
Denmark	
Member of the Supervisory Board	McDonald's Danmark AS
Spain	
Director	Restaurantes McDonald's SA

(1) Within the meaning of Article L. 233-16 of the French Commercial Code.

Position	Company
United States	
Chairman	McDonald's Europe
Chairman	McDonald's Deutschland, Inc.
Vice-Chairman	Golden Arches UK, LLC.
Director and Chairman	Global Restaurant Services Inc.
Director and Chairman	Grab & Goa Co
Director and Chairman	McDonald's Europe, Inc.
Director and Chairman	McDonald's Productions Inc.
Director and Chairman	McDonald's System of Bulgaria, Inc.
Director and Chairman	McDonald's System of Romania, Inc.
Director and Chairman	McDonald's System of Czech Republic, Inc.
Director and Vice-Chairman	MCD Properties, Inc.
Director and Vice-Chairman	McDonald's Development Company-Central Europe
Director and Vice-Chairman	McDonald's Development Italy, Inc.
Director and Vice-Chairman	McDonald's Sistemas de España, Inc.
Director and Vice-Chairman	McDonald's System of Belarus, Inc.
Director	McDonald's Belgium, Inc.
Director	McDonald's Deutschland, Inc.
Finland	
Director	McDonald's Oy
Hungary	
Member of the Supervisory Board	McDonald's Hungary Restaurant Chain, LLC.
Ireland	
Director	Golden Arches Finance of Ireland
Director	McDonald's Restaurants of Ireland Limited
Italy	
Director	Sofitel Italia Srl
Director	Accor Hospitality Italia Srl
Director	Accor Partecipazioni Italia Srl
Poland	
Member of the Supervisory Board	McDonald's Polska Sp.zo.o.
Portugal	
Director	Sistemas McDonald's Portugal Limitada
United Kingdom	
Director, Chairman and Chief Executive Officer	McDonald's Restaurants Limited
Director	MCD Europe Limited
Director	McDonald's Europe Limited
Serbia	
Director	McDonald's Restorani d.o.o, Beograd
Sweden	
Director	Swenska McDonald's AB
Director	Swenska McDonald's Development AB

Iris Knobloch – Independent director [1]

- 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 ending December 31, 2013.
- Number of Accor shares held: 500
- Born February 13, 1963 – German national.
- Chairman of Warner Bros. Entertainment France.
- Ms. Knobloch has a J.D. degree from Ludwig-Maximilians Universität Munich and an L. L.M. degree from New York University. She is currently President of Warner Bros. Entertainment France after spending more than eighteen years in a variety of positions with Warner Bros. and Time Warner. Before starting her career with Warner Bros., Ms. Knobloch was an attorney with Norr, Stiefenhofer & Lutz and O'Melveny & Myers in Munich, New York and Los Angeles.

Bertrand Meheut – Independent director [1]

- First appointed as a director on May 13, 2009.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2014.
- Number of Accor shares held: 500
- Born September 22, 1951 – French national.
- Chairman of the Groupe Canal+ Management Board.
- A graduate of Ecole des Mines de Paris with a degree in civil engineering, Mr. Méheut, before becoming Chairman of the Groupe Canal+ Management Board, spent most of his career with Rhône-Poulenc, serving first as Deputy Chief Operating Officer, Europe, in charge of corporate services for the Agro Division and then successively as Chief Executive Officer of the German subsidiary, Deputy Chief Executive Officer of Rhône-Poulenc Agro and Executive Vice-President and Chief Operating Officer Europe. Following the formation of Aventis in late 1999, he was appointed Chief Executive Officer and then Chairman and Chief Executive Officer. He is also a director of Cinémathèque Française.

Other positions held at December 31, 2013 with companies controlled [2] by Groupe Canal+

Position	Company
France	
Chairman of the Management Board	Canal+ France
Chairman of the Board of Directors	Société d'Édition de Canal+
Chairman of the Supervisory Board	StudioCanal
Chairman	Canal+ Régie
Representative of Canal+ France as Managing Partner	Kiosque
Permanent representative of Canal+ on the Board of Directors	Sport+

Other positions held at December 31, 2013 with companies not controlled [2] by Groupe Canal+

Position	Company
France	
Director	Edenred
Director	Aquarelle Com Group

(1) In accordance with the criteria defined in the AFEP/MEDEF Corporate Governance Code, as approved by the Board of Directors on February 19, 2014.
(2) Within the meaning of Article L. 233-16 of the French Commercial Code.

Former positions held in the past five years

Position	Company
France	
Chairman of the Board of Directors	Canal+ International Development
Chairman	Kiosque Sport
Member of the Management Board	Vivendi
Director	Canal+ Distribution (formerly CanalSatellite)
Director	SFR
Permanent representative of Canal+ as Co-Managing Partner	Canal+ Editions
Permanent representative of Groupe Canal+ on the Board of Directors	Canal+ Finance
Chairman of the Management Board	Canal+ Régie
Member of the Executive Committee	Canal+ Overseas
Poland	
Member of the Supervisory Board	TVN

Virginie Morgon – Director

- First appointed as a director on May 13, 2009.
- Current term due to expire at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2013.
- Number of Accor shares held: 500
- Born November 26, 1969 – French national.
- Member of the Executive Board and Chief Investment Officer of Eurazeo.
- Ms. Morgon graduated from Institut d'Etudes Politiques de Paris, majoring in Economics and Finance, and holds a master's degree in Economics and Management (MIEM) from the University of Bocconi (Milan, Italy). After working as an investment banker in New York and London, she joined Lazard in 1994, where she became a senior partner in 2001. In particular, she was responsible for the European Food, Retail and Consumer Goods sector. Ms. Morgon has been a member of Eurazeo's Executive Board since January 2008, has served as the firm's Chief Investment Officer since December 2012 and was appointed Chief Executive Officer on March 19, 2014. She is a member of the Executive Committee of the Women's Forum (WEFCOS) and of the Comité de Paris, a Human Rights Watch support Committee.

Other positions held at December 31, 2013 with companies controlled (1) by Eurazeo

Position	Company
France	
Chief Executive Officer	LH APCOA
Chairman of the Supervisory Board	Eurazeo PME
Chairman of the Board of Directors	Holdelis
President	Legendre Holding 33 SAS
Germany	
Managing Director	APCOA Group GmbH
Chairman of the Supervisory Board	APCOA Parking AG
Chairman of the Advisory Board	APCOA Parking Holdings GmbH
Italy	
Chairman of the Board of Directors	Broletto 1 Srl
Legal Manager	Euraleo Srl

(1) Within the meaning of Article L. 233-16 of the French Commercial Code.

Other positions held at December 31, 2013 with companies not controlled (1) by Eurazeo

Position	Company
France	
Director	L'Oréal
Member of the Board of Directors	Women's Forum (WEFCOS)
Italy	
Legal Manager	Intercos SpA
Vice-Chairman of the Board of Directors	Moncler Srl

Former positions held in the past five years

Position	Company
France	
Chairman of the Supervisory Board	B&B Hotels Group
Chairman of the Supervisory Board	OFI Private Equity Capital (renamed Eurazeo PME Capital)
Director	Edenred
Permanent representative of Eurazeo on the Board of Directors	LT Participations
Italy	
Director	Sportswear Industries Srl

Nadra Moussalem – Director

- 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 ending December 31, 2015.
- Number of Accor shares held: 2,500
- Born July 4, 1976 – French national.
- Principal and Co-Head of Colony Capital Europe.
- A graduate of Ecole Centrale de Lyon with a master's degree in information technology, Mr. Moussalem, is Principal and Co-Head of Colony Capital Europe, responsible in particular for the identification, evaluation, execution and management of the fund's investments in Europe. Before joining Colony Capital in 2000, he worked in the financial engineering department of Axa Conseil in Paris.

Other positions held at December 31, 2013

Position	Company
France	
Chairman	Data IV Services
Chairman	Data IV France
Chairman	DC 115 SAS
Chairman	Holding Sports & Événements
Chairman	Colfilm SAS
Chief Executive Officer	ColSpa
Director	Edenred
Legal Manager	SC 30GV 301
Legal Manager	SC 30GV 302
Spain	
Director	Distribuidora Internacional de Alimentación (D.I.A)

(1) Within the meaning of Article L. 233-16 of the French Commercial Code.

Position	Company
Italy	
Director	Data 4 Italy
Director	Data 4 Services Italy
Luxembourg	
Director	Sisters Soparfi SA
Legal Manager	Cedar Trust
Legal Manager	CT Real Estate
Legal Manager	Data Genpar Sàrl
United Kingdom	
Director	Colyzeo Investment Management
Director	Data 4 Limited
Director	Data 4 Services Limited

Former positions held in the past five years

Position	Company
France	
Member of the Executive Committee	Front de Seine Participations SAS
Representative of Front de Seine Participations SAS, Legal Manager	Front de Seine Hôtel

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 ending December 31, 2015.
- Number of Accor shares held: 500
- Born November 20, 1957 – French national.
- Chairman of the Executive Board of Eurazeo.
- A graduate of Ecole Polytechnique and Ecole des Mines de Paris, Mr. Sayer has been Chairman of Eurazeo's Executive Board since May 2002. 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. The former President of the Association Française des Investisseurs en Capital (AFIC), he is currently a director of the Arts Décoratifs Museum 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 on the Paris Commercial Court.

Other positions held at December 31, 2013 with companies controlled [(1)] by Eurazeo

Position	Company
France	
Chief Executive Officer	Legendre Holding 19
Chairman	Eurazeo Capital Investissement (formerly Eurazeo Partners SAS)
Vice-Chairman of the Supervisory Board	ANF Immobilier
Director	Europcar Group
Legal Manager	Investco 3d Bingen (non-trading company)

(1) Within the meaning of Article L. 233-16 of the French Commercial Code.

Other positions held at December 31, 2013 with companies not controlled [1] by Eurazeo

Position	Company
France	
Vice-Chairman of the Supervisory Board	Rexel SA
Dubai	
Member of the Advisory Board	Kitara Capital International Limited
United States	
Member of the Board of Directors	Tech Data Corporation
Italy	
Director	Gruppo Banca Leonardo
United Kingdom	
Director	Colyzeo Investment Advisors

Former positions held in the past five years

Position	Company
France	
Chairman of the Supervisory Board	ANF Immobilier
Chief Executive Officer	Legendre Holding 11
Chief Executive Officer	Immobilière Bingen
Chief Executive Officer	Legendre Holding 8
Chairman of the Board of Directors	Europcar Group
Chairman of the Board of Directors	Holdelis
Director	Holdelis
Director	Edenred
Director then member of the Supervisory Board	SASP Paris-Saint Germain Football
Permanent representative of ColAce Sarl on the Supervisory Board	Groupe Lucien Barrière
Germany	
Member of the Advisory Board	APCOA Parking Holdings GmbH
Italy	
Legal Manager	Euraleo Srl
Director	Moncler Srl
Director	Sportswear Industries Srl

(1) Within the meaning of Article L. 233-16 of the French Commercial Code.

3.1.2. DEPUTY CHIEF EXECUTIVE OFFICER

Sven Boinet

- Deputy Chief Executive Officer
- First appointed: December 2, 2013.
- Born April 11, 1953 – French national.
- A graduate of Ecole Centrale de Paris and Stanford University, Mr. Boinet started in the oil industry (at Schlumberger and Coflexip) and as a consultant for SRI International before working with Accor between 1988 and 2003. He was later Chairman of the Management Board of Groupe Lucien Barrière from 2004 to 2009 and served as Chief Executive Officer for Groupe Pierre & Vacances from 2009 to 2012. He is also a member of the Board of Directors of Association Institut Paul Bocuse.

Other positions held at December 31, 2013 with companies not controlled [1] by Accor

Position	Company
France	
Chairman	SB Conseil

Former positions held in the past five years

Position	Company
France	
Chief Executive Officer	Groupe Pierre & Vacances Center Parcs
Chairman of the Management Board	Groupe Lucien Barrière
Chairman and Chief Executive Officer	Pierre & Vacances Tourisme Europe
Deputy Chief Executive Officer and Director	Société d'Investissement Touristique et Immobilier (SITI)
Director and then Chief Executive Officer	Pierre et Vacances
Director	Tourism Real Estate Property Holding SE
Director	SAS Adagio
Director	Citea
Director	Société des Hôtels et Casino de Deauville
Director	Société d'Exploitation des Eaux et Thermes d'Enghien-les-Bains
Director	Société Française des Papiers Peints
Permanent representative of Pierre et Vacances	GIE PV – CP Services
Malta	
Director	Barrière Interactive Gaming Limited
Netherlands	
Member of the Supervisory Board	Center Parcs Europe N.V.

(1) Within the meaning of Article L. 233-16 of the French Commercial Code.

Yann Caillère

- Deputy Chief Executive Officer from August 25, 2010 to April 23, 2013, then Chief Executive Officer until August 25, 2013.
- Born August 5, 1953 – French national.
- Mr. Caillère is a graduate of Ecole Hôtelière de Thonon-les-Bains and began his career with Pullman. In 1995 he joined Disneyland Resort Paris, as Executive Vice-President, Luxury Hotels and Conventions, before becoming Senior Vice-President of the Hotels division, Chief Operating Officer and President. In 2004 he was appointed Chairman of the Louvre Hôtels Group. He joined Accor in 2006 as Chief Operating Officer, in charge of Hotels EMEA and Sofitel Worldwide. In August 2010, he was named Deputy Chief Executive Officer, responsible for worldwide operations.

Former positions held in the past five years (at December 31, 2013)

Position	Company
France	
Deputy Chief Executive Officer, then Chief Executive Officer	Accor
Legal Manager	SoLuxury HMC
Director	Adagio SAS
Member of the Supervisory Board, then director	Groupe Lucien Barrière
Permanent representative of Sodetis on the Board of Directors	Devimco
Representative of Société de Construction d'Hôtels Suites as Chairman	Société Hôtelière Vélizienne
Member of the Board of Directors	Institut Paul Bocuse
Germany	
Member of the Supervisory Board	Accor Hospitality Germany
Austria	
Member of the Supervisory Board	Accor Hotelbetriebsges m.b.H
Member of the Supervisory Board	Accor Austria
Belgium	
Director	Accor Hotels Belgium
Egypt	
Director	El Gezirah
Italy	
Director	Accor Hospitality Italia Srl
Director	Accor Partecipazioni Italia Srl
Director	Sofitel Gestioni Alberthiere Italia Srl
Director	Sofitel Italia Srl
Luxembourg	
Chairman of the Board of Directors	Holpa
Morocco	
Permanent representative of Accor on the Board of Directors	Risma
Member and Vice-Chairman of the Supervisory Board	Société Marocaine d'Hôtellerie Économique
Netherlands	
Member of the Supervisory Board	Accor Hospitality Nederland NV
Poland	
Member of the Supervisory Board	Orbis
United Kingdom	
Director	Accor UK
Switzerland	
Director	Accor Suisse

3.1.3. FOUNDING CO-CHAIRMEN

Paul Dubrule

Born July 6, 1934 in Tourcoing, France, Mr. Dubrule graduated from Institut des Hautes Etudes 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 has also held the positions of Chairman of Entreprise et Progrès, Vice-Chairman of the World Travel and Tourism Council (WTTC) and Chairman of Maison de la France. He served as Mayor of Fontainebleau between 1992 and 2001, and Senator of the Seine-et-Marne *département* between 1999 and 2004. He was co-Chairman of the Institut Français du Tourisme until 2013 and the Founding Chairman of the Conseil Supérieur de l'Oenotourisme (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 Ecole d'Hôtellerie in Lausanne. Mr. Dubrule has also personally opened a hotel and tourism school in Siem Reap, Cambodia.

Gérard Pélisson

Born on February 9, 1932 in Lyon, Mr. Pélisson holds an engineering degree from Ecole Centrale des Arts et Manufactures de Paris and a Master of Science in industrial management from the Massachusetts Institute of Technology. In 1963, he and Mr. 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 cofounded the World Travel and Tourism Council (WTTC), for which he has served as Vice-Chairman, and was President of the Ecole Supérieure de Commerce de Lyon from 1990 to 1996. He is currently Chairman of the Overseas French Association (UFE) and President of Institut Paul Bocuse.

3.1.4. EXECUTIVE COMMITTEE

Members of the Executive Committee at December 31, 2013

- **Mr. Bazin**

Chairman and Chief Executive Officer

- **Mr. Boinet**

Deputy Chief Executive Officer in charge of Transformation, Human Resources and Legal

- **Mr. Alaux**

Chief Executive Officer HotelServices France

- **Mr. de Bonadona**

Chief Executive Officer HotelServices Americas

- **Mr. Dessors**

Chief Executive Officer HotelServices Mediterranean, Middle East and Africa

- **Mr. Issenberg**

Chief Executive Officer HotelServices Asia Pacific

- **Ms. Stabile**

Chief Financial Officer

- **Mr. Verhoeven**

Chief Executive Officer HotelServices Northern, Central and Eastern Europe

To the best of the Company's knowledge, in the last five years no director or officer has (i) been convicted of any fraudulent offence; (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.

3.2 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS' MEETING ON THE PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES (REPORT PREPARED IN APPLICATION OF ARTICLE L. 225-37 OF THE FRENCH COMMERCIAL CODE)

This report was approved by the Board of Directors at its meeting on February 19, 2014. It was prepared in accordance with the Reference Framework for Risk Management and Internal Control Systems issued by the Working Group set up by the French securities regulator, Autorité des Marchés Financiers (AMF). The following description of the Company's internal control and risk management procedures is based on the structure of said Reference Framework.

3.2.1. CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS' OPERATING PROCEDURES

Corporate Governance Code

In 2013 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 119. In addition, each director is required to comply with the Board of Directors Code of Conduct, set out in Appendix B on page 123.

Chairman and Chief Executive Officer and Deputy Chief Executive Officer

In 2009 the Board chose to combine the functions of Chairman of the Board of Directors and Chief Executive Officer.

In 2013, Mr. Hennequin held the combined position of Chairman and Chief Executive Officer of the Company from January 1 until April 23, when his term of office was terminated. He also stepped down from his position as a director of Accor at that time.

On the same day, the Board decided to put in place a transitional governance structure under which the roles of Chairman of the Board of Directors and Chief Executive Officer were temporarily separated. For the purposes of this transition period, Mr. Caillère, previously President and Chief Operating Officer, was appointed Chief Executive Officer, Mr. Citerne was named Chairman of the Board of Directors, and Mr. Bazin became Vice-Chairman.

On August 27, 2013, the Board closed the transition period by appointing Mr. Bazin as Chairman and Chief Executive Officer and reappointing Mr. Citerne as Vice-Chairman of the Board (the position he had held prior to April 23, 2013). It also removed Mr. Caillère from office.

Lastly, on the recommendation of the Chairman and Chief Executive Officer, the Board appointed on December 2, 2013 Mr. Boinet as Deputy Chief Executive Officer in charge of Transformation. On the same date, it also approved an employment contract between Mr. Boinet and the Company, for him to serve as director in charge of Human Resources and Legal.

The Board considers that this new organizational structure will enable the Group to demonstrate 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. It will also encourage 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.

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 and the Deputy Chief Executive Officer represent the Company in its dealings with third parties and have 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 and the Deputy Chief Executive Officer is subject to the prior approval of the Board of Directors are described in the section below entitled "Powers of the Board of Directors".

Senior independent director

As mentioned above, the Board has appointed an independent director as Vice-Chairman of the Board of Directors, who serves as the Company's senior independent director with support from the Corporate Secretary's Office.

In accordance with the Bylaws, the roles and responsibilities of the senior independent director include the following:

- he may call Board meetings in the event that the Chairman and Chief Executive Officer is unable to do so, and he may chair Board meetings in the absence of the Chairman and Chief Executive Officer;
- he is the preferred contact for shareholders not represented on the Board. In this regard, a specific email address has been created (philippe.citerne@accor.com) to enable any shareholder to contact him directly with comments or queries;
- he coordinates the independent directors and, at his initiative, organizes independent directors' meetings at least once a year, for which the Company manages the logistics and bears the costs. He sets the agenda for these meetings and chairs them, ensuring that each independent director has the opportunity to raise any issue not included on the agenda. Following the meetings, the senior independent director may, at his initiative, meet with the Chairman and Chief Executive Officer to discuss all or some of the comments and requests expressed by the independent directors. If necessary, he may also decide to comment on the work of the independent directors during the full meetings of the Board;
- he oversees the formal assessments of the Board's procedures and validates the corresponding report;
- he may request that the Chairman and Chief Executive Officer add items to Board meeting agendas. In any event, he 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;
- he is in charge of dealing with any cases of conflict of interest that may arise among members of the Board of Directors.

In 2013 Mr. Citerne organized and chaired one meeting solely for independent directors. He also organized a meeting during the year with all of the Company's non-Executive Directors (which was not attended by the Chairman and Chief Executive Officer), in order to discuss the Board of Directors' operating procedures.

Powers of the Board of Directors

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 and 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's Bylaws;

c) authorizing the following decisions of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer prior to the decisions being implemented:

- 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 determined by reference 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,
- 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,
- 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,
- any and all transactions involving the Company's shares carried out in application of Article L. 225-209 of the French Commercial Code which 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.

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. The latest such formal assessment was carried out in April and May 2011 by the Corporate Secretary under the supervision of the senior independent director, with interviews with each director based on a questionnaire approved by the Compensation, Appointments and Corporate Governance Committee. In 2013, the Vice-Chairman of the Board of Directors organized a meeting of the Company's non-Executive Directors in order to review the Board's operating procedures. At that meeting the directors asked if Management could periodically organize working meetings to provide them with detailed information on the Group's results.

Membership of the Board of Directors and the independence of directors

Since the resignation of Mr. Hennequin and the appointment of Ms. Knobloch – which was ratified by shareholders and on the April 25, 2013 Annual Meeting – Accor's Board of Directors has comprised ten members.

Four of the directors are women and six are independent, proportions that comply with both French legislation and the recommendations of the AFEP/MEDEF Code.

The Board assesses the independence of its members each year by applying the following criteria of the AFEP/MEDEF Code:

- not to be – nor have been at any time in the last five years – an employee or an executive director of the corporation, or an employee or director of its parent or a company that it consolidates;
- not to be an executive director 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 of the corporation (current or in the past five years) holds a directorship;
- not to be a customer, supplier, investment banker or commercial banker:
  - that is material for the corporation or its group, or
  - for which the corporation or its group represents a significant part of the entity's activity;
- not to be related by close family ties to an executive director;
- not to have been an auditor of the corporation in the last five years;
- not to have been a director of the corporation for more than twelve years.

Directors who represent major shareholders of the Company may be considered as independent provided that they do not take part in the control of the Company. 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 Compensation, Appointments and Corporate Governance Committee and taking into account the Company's capital structure and any potential conflicts of interest.

On February 12, 2014 the Compensation, Appointments and Corporate Governance Committee reviewed the independent status of the members of the Board of Directors, focusing in particular on whether or not the business relations that may exist between the Company and certain directors are significant. For that purpose, it examined the amounts of the transactions carried out during the year with the companies in which the directors hold executive positions, and compared those amounts with Accor's revenue and equity for 2013.

Following the Committee's review, the Board of Directors noted that Accor did not have any business relations with the companies in which Ms. Knobloch, Mr. Citerne and Mr. Bailly hold executive positions.

The Board examined the business relations between Accor and Groupe Canal Plus, where Mr. Méheut is Chairman of the Management Board, and noted that these relations represented less than 0.3% of the Group's revenue and less than 0.6% of its equity.

The Board noted that the amount of transactions carried out between Accor and L'Oréal – in which Ms. Gasperment holds the position of Group Managing Director, Financial Communication & Strategic Foresight – did not exceed 0.03% of the Group's revenue and 0.04% of its equity.

Lastly, the fees paid in 2013 to Havas, of which Ms. Erra is Executive President, represented 0.15% of the Group's revenue and 0.29% of its equity.

In view of the results of this analysis, and based on the criteria above, on February 19, 2014, the Board affirmed that Ms. Erra, Ms. Gasperment, Ms. Knobloch, Mr. Bailly, Mr. Citerne and Mr. Meheut qualify as independent directors.

Independence criteria applied (as at February 19, 2014)

	Not to be an employee or executive director of the Company	No cross-directorships	No material business relations with the Company	No family ties with an executive director	Not to have been an auditor or a former auditor	Not to have been a director of the Company for more than 12 years [(1)]	Not to own more than 10% of the Company's share capital
Mr. Bailly	√	√	√	√	√	√	√
Mr. Bazin		√	√	√	√	√	√
Mr. Citerne	√	√	√	√	√	√	√
Ms. Erra	√	√	√	√	√	√	√
Ms. Gasperment	√	√	√	√	√	√	√
Ms. Knobloch	√	√	√	√	√	√	√
Mr. Meheut	√	√	√	√	√	√	√
Ms. Morgon	√	√	√	√	√	√	
Mr. Moussalem	√	√	√	√	√	√	
Mr. Sayer	√	√	√	√	√	√	

(1) Determined based on the scheduled expiration date of the director's term of office.

In accordance with the Company Bylaws and the Board of Directors Bylaws, Mr. Dubrule and Mr. 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.

In addition, directors adhere to the Board of Directors Code of Conduct (presented in Appendix B), which defines the scope of the directors' duty of diligence, discretion and confidentiality, and specifies the rules applicable to trading in the Company's securities.

Minimum shareholding requirement and preventing conflicts of interest

The Company's Bylaws stipulate that each Board member is required to hold at least 500 Accor shares. At the Annual Shareholders' Meeting to be held to approve the financial statements for 2013, shareholders will be requested to amend the Bylaws to increase this minimum shareholding requirement to 1,000 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 be based on their attendance record.

Lastly, 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. To date, none of these statements have disclosed any actual or potential conflicts of interest between a director and the Company. If a 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.

Board of Directors activities

The preparation and organization of the Board of Directors' work are governed by the laws and regulations applicable to French public limited companies (*sociétés anonymes*), the Company's Bylaws, and the Board of Directors Bylaws, which describe the operating procedures of the Board Committees.

The Board met nine times in 2013. 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 all related press releases issued by the Company.

Each ordinary Board meeting lasted four hours on average and the attendance rate was 88%.

During 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 President and Chief Operating Officer – as well as in some cases by other senior executives concerned – of numerous significant achievements and projects relating to Accor's business.

Also during the year, the Board commissioned a consultancy firm specialized in the recruitment of top executives and after examining several candidacies it appointed a new Chairman and Chief Executive Officer on August 27, 2013. On November 26, 2013, it then appointed a new Deputy Chief Executive Officer, based on the Chairman and Chief Executive Officer's recommendation. In addition, the Board approved the strategy proposed by the new management team and was informed of the new organizational structure put in place.

The Board also approved the compensation payable to the Company's executive directors and assessed the achievement levels of the performance targets underlying the payment of termination benefits to the executive directors whose terms of office were terminated during the year.

In relation to corporate governance issues, the Board analyzed the consequences for the Company of the amendments to the AFEP/MEDEF Code and amended the Board of Directors Bylaws accordingly.

The Board also appointed a new independent director, reviewed the membership of its Committees and examined the process for appointing an employee-representative director following the adoption of the France's employment Security Act on June 13, 2013.

The Board called the Annual Shareholders' Meeting during 2013 and approved this Report of the Chairman of the Board of Directors.

Lastly, the Board examined a number of significant real-estate disposal plans during the year.

Directors' attendance at Board meetings in 2013

	Number of meetings taken into account	Attendance rate
Mr. Bailly	9	100%
Mr. J. Barrack (until April 25, 2013)	4	0%
Mr. Bazin	9	100%
Mr. Citerne	9	100%
Ms. Erra	9	89%
Ms. Gasperment	9	100%
Mr. Hennequin (until April 23, 2013)	3	100%
Ms. Knobloch (from April 25, 2013)	5	100%
Mr. Méheut	9	78%
Ms. Morgon	9	78%
Mr. Moussalem (from April 25, 2013)	5	100%
Mr. Sayer	9	89%

Board Committees

Board discussions and decisions in certain areas 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.

The Board of Directors is supported by the work performed by its three specialist Committees:

- **the Audit and Risks Committee;**
- **the Compensation, Appointments and Corporate Governance Committee;**
- **the Commitments Committee.**

The organizational and procedural framework applicable to the Board Committees is described in the Company's Bylaws and in the Board of Directors Bylaws, which are presented below.

The Board may also set up one or several special Committees.

Each Committee is chaired by one of its members, who is appointed by the Board on the recommendation of the Compensation, Appointments and Corporate Governance 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 management responsible for the areas under review, without any executive directors necessarily being present. In this case also, the Chairman and Chief Executive Officer is informed in advance.

The Audit and Risks Committee has five members – Ms. Morgon, Ms. Knobloch, Mr. Citerne, Mr. Moussalem and Mr. Bailly – all of whom have the necessary technical knowledge to fulfill the Committee's duties. Three of these members are qualified by the Board as independent, including Mr. Citerne, who is the Committee Chairman and the Company's senior independent director.

The Audit and Risks Committee met five times in 2013, with an average attendance rate of 80%.

Each Audit and Risks Committee meeting begins with a discussion with the Statutory Auditors, which takes place without Company management being present. The Chairman and Chief Executive Officer, the Global Chief Financial Officer and the Board Secretary then attend the rest of the meeting, joined when appropriate by the Senior Vice-President, Internal Audit.

During its meetings held in 2013, the Committee (i) prepared the Board's review and discussion of the annual and interim financial statements, (ii) examined the principles applied for the publication of Accor's financial statements and financial communications and for the recognition of impairment losses, (iii) tracked the implementation of a voluntary separation plan for headquarters employees in France, (iv) tracked developments in the Group's tax disputes, (iv) was given presentations on upcoming changes in accounting standards and regulations, and (v) reviewed Internal Audit findings and the yearly update of the risk map.

The Compensation, Appointments and Corporate Governance Committee comprises four members, two of whom are qualified by the Board as independent. It is chaired by Mr. Meheut (who is an independent director), and its other members are Ms. Gasperment, Mr. Bailly and Mr. Sayer. Mr. Bazin was a member of this Committee until August 27, 2013 when he was appointed Chairman and Chief Executive Officer.

The Compensation, Appointments and Corporate Governance Committee met six times in 2013, with an average attendance rate of 96%.

During its meetings in 2013, the Committee (i) examined the membership structure of the Board of Directors and its Committees, (ii) took part in the nomination process for a new independent director, (iii) monitored the selection process for the new Chairman and Chief Executive Officer, (iv) put forward recommendations to the Board of Directors concerning both the compensation packages of new executive directors and the departure conditions for Mr. Hennequin and Mr. Caillère, and (v) reviewed the terms and conditions of the performance share plans launched on April 15, 2013.

Also during the year the Committee reviewed the related-party agreements approved in prior years which remained in force in 2013, assessed the independence of the Company's directors based on the criteria in the AFEP/MEDEF Code, and put forward recommendations concerning the allocation of directors' fees among the Board members.

The Commitments Committee has five members, the majority of whom are qualified by the Board as independent. It is chaired by Mr. Sayer and its other members are Ms. Erra, Ms. Gasperment, Mr. Citerne and Mr. Moussalem. Mr. Bazin was a member of this Committee until August 27, 2013 when he was appointed Chairman and Chief Executive Officer.

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 Commitments Committee met six times in 2013, with an average attendance rate of 90%.

During the year the Committee also helped with the preparation of the Investor Day held on November 27, 2013, during which the Group's new business strategy was presented. And lastly, it examined a number of significant real-estate disposal plans.

Conditions and procedures for attending Shareholders' Meetings

Accor's next Annual Shareholders' Meeting will be held on April 29, 2014 at 10:00 a.m. at Novotel Paris Tour Eiffel, 61 quai de Grenelle, 75015 Paris, France. The notice of meeting containing the agenda and draft resolutions was published in the French legal gazette (*Bulletin des annonces légales obligatoires*) on March 24, 2014 and is available on the Company's website at www.accor.com.

In accordance with the law, the applicable conditions and procedures for attending 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).

APPENDIX A

Board of Directors Bylaws (as amended on June 27, and August 27, 2013)

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 by French market authorities aimed at ensuring compliance with the fundamental principles of corporate governance, notably the AFEP/MEDEF Corporate Governance Code for Listed Companies as revised in June 2013.

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.

The existence and main provisions of 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 November 30 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 30 days after said meeting. They shall be approved at the following meeting and the final minutes shall be forwarded together with the notice of 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 two 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.

At least once a year, the Board shall be informed of the Group's strategy and main policies in the areas of human resources, organization and information systems and shall discuss them periodically.

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:

- 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,

- any and all transactions that could 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,
- any and all transactions involving the Company's shares carried out in application of Article L. 225-209 of the French Commercial Code, which 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.

As specified in 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' work, 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.

He or she shall be assisted by the Corporate Secretary for any related administrative tasks.

6. Board Committees

Board discussions and decisions in certain areas shall be prepared by specialist Board Committees made up of directors appointed by the Board for the duration of their term. These Committees shall examine matters falling within their terms of reference, as well as any matters referred to them for consideration by the Chairman and Chief Executive Officer. They shall report regularly to the Board on their work, and provide the Board with their observations, opinions, proposals or recommendations.

To assist them in their work, the Board Committees may commission technical reports from management or from external consultants, at the Company's expense. In both cases, the Chairman and Chief Executive Officer shall be notified in advance. The Committees may also arrange meetings with members of Company management responsible for the areas under review, without any executive directors being present. In this case also, the Chairman and Chief Executive Officer shall be informed in advance.

There are three standing Board Committees:

- **the Audit and Risks Committee;**
- **the Commitments Committee;**
- **the Compensation, Appointments and Corporate Governance 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 Compensation, Appointments and Corporate Governance 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 Compensation, Appointments and Corporate Governance Committee meetings during which agenda items concerning him personally are discussed, nor the part of Audit and Risks Committee meetings during which the Committee members discuss matters with the Statutory Auditors.

The Committee Chairman shall appoint a person who need 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 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 and Risks Committee

The Audit 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. To this end, it carries out the following tasks:

- 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. 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 obtains assurance concerning the effectiveness 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 of the results of the Internal Audits carried out;
- it reviews the Statutory Auditors' audit plan and the results of their audits. It receives a copy of the Statutory Auditors' post-audit letter setting out the main issues identified during their audit and describing the accounting options selected;
- when the Statutory Auditors' term is due to expire, it oversees the Auditor selection procedure and reviews the proposals submitted by the various candidates, expresses an opinion on the proposed fee budgets for statutory audit work and makes recommendations to the Board of Directors on the choice of candidate;
- it validates the categories of additional audit-related 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, receives a copy of their statement of independence, and reports to the Board of Directors on these fees, as well as on its assessment of the Statutory Auditors' level of independence.

The Audit and Risks Committee is comprised of three to five members possessing the necessary technical knowledge to fulfill the Committee's duties. At least two-thirds of the members, including the Committee Chairman, must be independent directors.

The Audit 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 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 meetings shall be issued by the Committee Chairman and include the meeting agenda. Meetings to review the interim and annual financial statements are held at least three days prior to the Board meeting called to approve the financial statements. The members of the Audit 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 and Risks Committee meetings as needed.

6.2. The Commitments Committee

The Commitments Committee is comprised of no more than five 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 Compensation, Appointments and Corporate Governance Committee

The Compensation, Appointments and Corporate Governance Committee's role is to prepare the Board of Directors' decisions pertaining to the compensation of executive directors and the policy for granting options to purchase new or existing shares of Company stock and making stock grants, to prepare changes in the composition of the Company's management bodies, and to ensure that the principles of good corporate governance are properly applied.

To this end, it carries out the following tasks:

Appointments:

- it prepares recommendations, in liaison with the Chairman and Chief Executive Officer, regarding the succession of 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 or 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 gives the Board an opinion regarding the general policy for granting stock options and performance shares, 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 projects proposed by the Chairman and Chief Executive Officer regarding employee share issues;
- 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.

Corporate 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 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;
- 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;
- it reviews the measures implemented within the Group concerning business ethics as well as any cases of conflict of interest concerning directors or members of the Executive Committee;
- it reviews and issues recommendations on best corporate governance practices, particularly concerning the membership structure 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.

The Compensation, Appointments and Corporate Governance Committee is comprised of three to five members. A majority of these members, including the Committee Chairman, must be independent directors.

The Compensation, Appointments and Corporate Governance Committee shall hold at least three meetings per year. Calls to meetings are issued by 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 need not 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 Corporate Governance 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 or 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. The amount for the Board Committees shall subsequently be divided equally among the three Committees;
- one-third of the amount set aside for the Board and for each Committee shall be used to pay the fixed portion of directors' fees, based on a lump sum determined by the Board and in line with the number of directors or Committee members concerned;
- two-thirds of the amount set aside for the Board and each Committee shall be used to pay the variable portion of directors' fees based on a per-meeting amount set by the Board depending on the total number of meetings held during the year;
- 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 flat amount determined by the Board of Directors;
- Committee Chairmen shall receive a fixed portion of directors' fees equal to double the fixed portion payable to Committee members;
- Directors who also hold the position of Chairman and Chief Executive Officer, Chief Executive Officer or Deputy Chief Executive Officer shall not receive any directors' fees.
- directors' fees shall be paid no later than three months following the end of the previous fiscal year.

APPENDIX B

Board of Directors Code of Conduct

The Board of Directors collectively represents all the shareholders and acts in the Company's interest. Each director, regardless of the reasons for his appointment and his 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 directors Bylaws, the 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 circumstance 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 interests – 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 be comprised of (i) the 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) the 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 Chief 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 must own 500 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) shall be publicly disclosed by the Company.

3.2.2. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

3.2.2.1. Internal control objectives of the parent company

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 applicable 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.

The following description of the Company's internal control and risk management systems was prepared based on the aforementioned Reference Framework and its application guide.

3.2.2.2. Summary description of internal control and risk management procedures

The internal control and risk management procedures described below cover the parent company and all of its consolidated subsidiaries. Whenever a new entity is consolidated, it implements a systematic plan to deploy the internal control procedures and it is included in the audit plan on a priority basis. The Audit and Risks Committee pays particular attention to ensuring that these plans are properly implemented.

Overall organization of the internal control and risk management systems

Main participants

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

In this regard, the main structures responsible for overseeing the internal control and risk management systems are as follows:

Executive Management

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 paragraph 3.2.1 of this report.

On November 27, 2013, the new Chairman and Chief Executive Officer appointed on August 27, 2013 unveiled his new strategy for transforming the Group into the world's best performing and most highly valued hotel operator. To this end the Group's business model is now structured around two core competencies:

- HotelServices: a hotel operator and brand franchisor;
- HotelInvest: a hotel owner and investor.

For the purpose of carrying out his duties, the Chairman and Chief Executive Officer is assisted by an **Executive Committee** that includes representatives from all of the operating divisions and corporate functions. This Committee comprises the following members:

- the Deputy Chief Executive Officer in charge of Transformation, Human Resources and Legal Affairs, whose responsibilities also include Accor's corporate secretarial functions (insurance, risk management, security and Internal Audit);
- the Chief Financial Officer, who is also in charge of Group Procurement;
- the Chief Executive Officer of HotelInvest;
- the Deputy Chief Executive Officer in charge of Marketing, Digital Media, Distribution and IT Systems;
- the Chief Executive Officer of HotelServices Americas;
- the Chief Executive Officer of HotelServices Asia-Pacific;
- the Chief Executive Officer of HotelServices Northern, Central and Eastern Europe;
- the Chief Executive Officer of HotelServices France;
- the Chief Executive Officer of HotelServices Mediterranean, Middle East and Africa.

In addition, several corporate departments that provide services to both HotelServices and HotelInvest report directly to the Chairman and Chief Executive Officer, namely:

- the Group Business Development Department;
- the Strategy Department;
- the Institutional Relations Department;
- the Media Relations Department;
- the Corporate Brand, CSR and Internal Communications Department.

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.

The Group Finance function is organized around the following departments:

- the Finance Senior Executive Office, which is in charge of Group financial control, Group financial information systems and the Finance Department's cross-business projects;
- the Corporate Treasury, Financing and Credit Management Department, which is in charge of overseeing:
  - the Cash Management Department,
  - the Credit Management Department;
- the Back Office and Treasury Information System Department;
- the Tax Department (tasked with implementing and/or coordinating Group tax planning measures, particularly relating to cross-border transactions);
- the Financial Communication and Investor Relations Department, which is in charge of releasing information on the Group's strategy and results to the financial markets;
- the Consolidation Department, which is also in charge of the Group's accounting standards (IFRS);
- the parent company's Accounting Department;
- the Finance Department of the company in charge of the Group's loyalty program;
- the Group Procurement Department.

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 Risk Management Department

The Risk Management Department is responsible for implementing procedures that anticipate and appropriately address the Group's risk exposures. In this capacity, it is in charge of drafting crisis management plans, particularly for the head office, and coordinating the network of international risk management officers. It is supported in its work by all of the Group's operational and corporate departments.

At end-2013, the Risk Management Department had an international network of 41 risk management officers and 35 crisis management officers.

The department's duties include:

- developing and adapting tools to monitor risk trends and prioritize the Group's main risks;
- devising a risk prevention strategy aimed at reducing the frequency and severity of identified risks;
- rolling out a consistent crisis management strategy across the Group;
- setting up and adapting Group-wide crisis management systems

A structured, aligned crisis management organization with specifically-designated teams has been set up at Group level for the head office and the operating units, in order to quickly ensure the safety of customers, local employees, expatriates and on-site service providers in the event of a crisis.

The successful application of the Group's crisis management processes and tools when dealing with local and/or regional crises (see the "Risk Factors" section below) has provided assurance of their effectiveness.

The Group Safety and Security Department

The Group Safety and Security Department advises and assists Executive Management in defining Group-wide safety and security policies. It is responsible for deploying, coordinating and monitoring measures aimed at preventing malicious damage in Group hotels and protecting our customers, employees and infrastructures. Its duties include consulting, performing audits, providing operational support and helping to find secure locations for new hotels in high-risk countries.

The Safety and Security and Risk Management Departments track the safety and security situation in each of the Group's host countries on a daily basis, reviewing the geopolitical context and public health and hygiene conditions, as well as risks relating to extreme weather events and potential social unrest. These departments are backed by (i) a network of locally-based internal and/or external health and safety officers, (ii) correspondents within certain French and foreign government departments such as the Ministry of Health, the Ministry of Foreign Affairs, the Ministry of the Interior and the Ministry of Defense, and (iii) private-sector contacts (such as consultants and networks of French and non-French safety officers).

The Group Insurance and Hotel Risk Prevention Department

The Group Insurance Department ensures that Group risks are properly financed, primarily through coverage by appropriate insurance policies, and helps to identify these risks and to deploy prevention procedures. In particular, in its hotel risk prevention role, it defines, promotes and coordinates personal safety procedures in the Group's hotels, and conducts inspections to verify their application by the people concerned.

Corporate Internal Audit

Corporate Internal Audit, which has a dotted-line reporting relationship with the Group Internal Control Committee and the Audit and Risks Committee, is the cornerstone of the internal control system. It 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 Group Internal Control Committee.

Corporate Internal Audit coordinates its audit plans with the Statutory Auditors' work plans. It is also responsible for coordinating the activities of the local Internal Audit Departments within the Divisions.

At December 31, 2013, Corporate Internal Audit had a staff of eight auditors. In addition, Group Information Systems Internal Audit, which reports to Corporate Internal Audit, had a team of two auditors at that date.

The local Internal Audit Departments in the Divisions

The local Internal Audit Departments set up in the main Divisions report to their Division's Chief Financial Officer and have a dotted-line reporting relationship with Corporate Internal Audit. The sole exception to this rule is the local Internal Audit Department for the Europe, Middle East and Africa region, which reports directly to Corporate Internal Audit.

These local departments have direct ties with Corporate 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.

At end-2013, the local Internal Audit Departments in the Divisions had a total of 20 auditors.

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.

Internal reporting

The Group ensures that relevant information is communicated in a timely manner to the appropriate persons so that they can exercise their duties in accordance with the Group's standards. To this end, a set of procedures defining best practices and reporting processes has been circulated internally.

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. Accor has issued an Ethics Charter (the Accor Management Ethics Guide) and prepared rules of conduct and integrity relating to employee behavior and relations with customers, shareholders, business partners and competitors.

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 Group Internal Control Committee. Lastly, it describes the procedure to be followed by Corporate Internal Audit to coordinate the activities of the local Internal Audit Departments.

The Internal Audit Charter has been signed by the Group's Chairman and Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Financial Officer, the Senior Vice-President, Internal Audit, and the members of the Internal Control Committee, whose structure and roles are described in section 3.2.2.5 below.

Procedure manuals and accounting principles

The Finance Manual issued to all Group Finance Departments describes the closing process for the monthly management accounts and sets out the Group's charts of accounts, consolidation principles, accounting standards and policies. It also addresses specific issues related to the investment approval procedure and includes the Treasury Charter, which describes cash management procedures, the principles to be followed concerning the holding of payment instruments and the approval of expenditures, as well as the role and organization of cash pooling systems. Employees can download the manual from the Group's intranet.

In addition, a presentation of International Accounting Standards/International Financial Reporting Standards, providing details on how to apply the standards to the Group's specific circumstances, has been prepared by Group Finance and provided to the Group employees concerned.

Lastly, consolidation instructions detailing the financial reporting schedule and specific points concerning consolidation adjustments to individual financial statements are issued once every six months to the various Finance Directors and consolidation teams, and are archived on the Finance Intranet.

Internal procedure manuals

Internal procedure manuals have been produced for the main businesses. The purpose of these manuals is to structure and firmly establish 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 Heads of the operating divisions and corporate functions and form part of an ongoing process of identifying, assessing and managing risks.

Internal control self-assessments

In recent years, the Group has placed 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.

Data obtained from the internal control self-assessment process are periodically centralized at Division level, with the assistance of the internal auditors when required.

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 reports

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 Corporate Internal Audit Department and a summary of the work performed by these departments is presented to the Group Internal Control Committee.

The Audit and 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.

Reporting procedure

Group Financial Control is responsible for overseeing the reporting procedure specified in the Finance Manual. 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, to support resource allocation decisions and measure the efficiency of the various organizational structures in place.

3.2.2.3. Identifying and analyzing risks

The Group identifies and analyzes the key risks that, if they occurred, would affect its ability to fulfill its objectives. It takes the appropriate measures to limit the probability of these risks occurring and the consequences if they do.

As part of these measures, the Group has a Risk Coordination Committee, which reports to the Corporate Secretary and meets on a monthly basis. The Committee's members comprise representatives from the following departments:

- the Risk Management Department;
- the Group Safety and Security Department;
- the Legal Affairs Department;
- the Group Insurance and Hotel Risk Prevention Department;
- the Internal Audit Department.

Identifying risks

The Group is exposed to a number of risks in the normal course of business.

These risks, together with the related control procedures, are described in the "Risk Factors" section of this Registration Document. They mainly correspond to operational risks, environmental risks, legal risks (including litigation and arbitration risks), and financial risks. The "Risk Factors" section also includes a description of the Group's insurance strategy.

Risk mapping

Internal control risk maps are prepared based on the Internal Audit assignments and above-mentioned self-assessments. These maps, which highlight issues that require priority action, are included in the relevant Internal Audit reports and are periodically presented in summary form to the Internal Control Committee and the Audit and Risks Committee.

A global risk map covering all internal and external risk factors has also been developed in order to obtain data in a standard form concerning the Group's levels of risk exposure as perceived by Executive Management and by each unit, and to prepare the appropriate action plans when required. Each risk is assessed based on the level of potential damage it could cause, the probability of it occurring and how efficiently it is managed.

The Risk Management Department subsequently helps the operating divisions to put in place corrective measures in order to mitigate the main identified risks.

In 2013, the Group continued to implement its coordinated risk management approach, with Executive Management and all of the Group's units updating their risk maps. As is the case every year, the results of these updates were presented to the Audit and Risks Committee in December.

3.2.2.4. Control activities

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.

Authorization process for expansion capital expenditure and disposals

A procedure has been set up for the prior authorization of capital expenditure projects, to ensure that they comply with Group strategy and return-on-investment-criteria. The procedure requires formal authorizations to be obtained from the appropriate line and staff managers, in a standard format. A similar authorization procedure has been established for disposals.

As part of this process, the Group has an Investments Committee which is tasked with reviewing projects representing amounts of between €5 million and €100 million (or €2.5 million for the acquisition of minority shareholdings). Based on its findings, the Committee decides whether or not to approve the project.

The Committee's members are the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Financial Officer and the Chief Executive Officer of HotelInvest. The Senior Executive Vice-President responsible for Hotel Development is also a member of the Investments Committee and leads any discussions on hotel development projects.

The Investments Committee meets around once a month.

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.

The Consolidation Department carries out systematic controls of the consolidation packages 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 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.

Corporate Internal Audit assignments

Corporate Internal Audit carries out its audit assignments based on an audit program validated by the Internal Control and Audit and Risks Committees. The main types of assignments, as described in the Internal Audit Charter, are as follows:

- **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 mainly include checking on a regular basis that the internal control self-assessments have been properly performed by the operating units;
- **Head office audits (corporate 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. When carrying out their assignments within the Group's units, Corporate Internal Audit teams also verify that the main risks identified in the risk map are being monitored appropriately;
- **organizational and procedural audits,** which are aimed at helping the Divisions to optimize and adapt their procedures and operating process, notably when rolling out cross-functional projects that lead to a change in organization structures;
- **specific audits.** Review assignments are referred to as specific audits when they comply with the professional standards applicable to internal auditors and fall within their remit. They can concern issues applicable to one or more operating units or to a particular country, function or process.

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 Accor Management Ethics Guide.

Assignments performed by the local Internal Audit Departments

These departments perform internal audits, either on a stand-alone basis or jointly with Corporate Internal Audit, in line with the program approved by their Division's Internal Control Committee. They also provide ongoing assistance to finance and operating departments in managing and monitoring internal control issues within their Division's operating units.

They use methods, tools (including internal control assessment processes) and work programs that have been approved by Corporate Internal Audit due to their direct ties with this department.

In accordance with ethical principles, the local internal auditors do not audit head office or cross-functional departments, due to possible conflicts of interest arising from the fact that the auditors work in the Divisions.

Assignments performed by Group Information Systems Internal Audit

Reporting to Corporate Internal Audit, the Information Systems Internal Audit Department carries out assignments throughout the Group. The main types of audit are as follows:

- **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 management audits,** which are designed to validate the implementation of best project management practices;
- **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 Telecoms, and in some cases in response to queries raised by Information Systems Internal Audit.

Control assignments performed by the Group Safety and Security Department and the Group Insurance and Hotel Risk Prevention Department

The Group Safety and Security Department and the Group Insurance and Hotel Risk Prevention Department also carry out control assignments throughout the Group.

3.2.2.5. Monitoring internal control and risk management

Internal control and risk management 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.

The main structures responsible for overseeing the internal control and risk management systems are as follows:

The Audit and Risks Committee

As described in the Board of Directors' Bylaws (Article 6.1 of Appendix A to this report set out in section 3.2.1 above) the Audit and Risks Committee carries out the following three main tasks in relation to internal control and risk management:

- it reviews the Group's 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 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 of the results of the Internal Audits carried out.

Group Internal Control Committee

The Group Internal Control 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). It also includes the Senior Vice-President, Internal Audit and the Finance Directors of the Group's main subsidiaries.

The heads of the local Internal Audit Departments may also be invited to attend meetings of the Committee at the invitation of their Division's Internal Control Committee members.

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

- validate the annual Internal Audit program for the coming year;
- 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.

The Group Internal Control Committee meets once a year.

Division Internal Control Committees

Local Internal Control Committees have been set up in the Group's main operating divisions. Each Committee is chaired by the Division's Chief Executive Officer and comprises members of the operating units and finance departments, as well as a representative from Corporate Internal Audit. The Committees meet at least once a year to prepare the work program for the local Internal Audit Departments (where appropriate, based on the instructions issued by the Group Internal Control Committee), review the reports on the internal audits performed during the period and assess the progress of previously defined action plans.

3.3. STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN OF ACCOR'S BOARD OF DIRECTORS

Prepared in accordance with Article L.225-235 of the French Commercial Code

Year ended December 31, 2013

This is a free translation into English of the Statutory Auditors' 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 auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Accor and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of said Code for the year ended December 31, 2013.

It is the responsibility of the Chairman of the Board of Directors to prepare and to submit to the Board of Directors for approval a report describing the internal control and risk management procedures implemented within the Company and providing the other information required by Article L. 225-37 of the Commercial Code, notably concerning corporate governance.

It is our responsibility:

- to report to you our observations on the information set out in the Chairman's report on internal control and risk management procedures related to the preparation and processing of accounting and financial information; and
- to attest that the report includes the other information required by Article L. 225-37 of the Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and the existing documentation.
- determining whether any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report prepared in accordance with Article L. 225-37 of the Commercial Code.

Other information

We attest that the Chairman's report includes the other information required by Article L. 225-37 of the Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The Statutory Auditors
French original signed by:

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres
Pascale Chastaing-Doblin	Jacques Pierres

3.4. RISK MANAGEMENT

3.4.1. SECURITY AND RISK MANAGEMENT STRATEGY

Accor is exposed to various risks and uncertainties as a result of its international presence and may have to manage crisis situations such as health scares, environmental disasters or geopolitical disruption.

Accor's policies are guided by an assertive security and risk management strategy focused on protecting customers, employees and sub-contractors on every site.

The strategy deployed by the Safety and Security and Risk Management Departments, as overseen by the Corporate Secretary, is underpinned by a global network of correspondents, close working relationships with local authorities and the expertise of specialists. It forms part of a pro-active process comprising three main components: risk identification, tracking, analysis and audit; training and prevention awareness; and crisis management.

Risk identification

The Risk Management Department has put in place a risk identification process covering every host country and the corporate head office.

An analysis is performed once a year in every country organization or subsidiary, with findings reported to the Risk Management Department, which confirms that the identified risks are covered. In addition, as part of their audit assignments within the Group's units, the internal auditors verify that the main risks identified in the risk map are being effectively and properly monitored.

The Group also has a Risk Coordination Committee based at the head office and reporting to the Corporate Secretary. Its roles and responsibilities are described on page 124 in the report of the Chairman of the Board of Directors on internal control and risk management procedures.

Tracking and analysis

The security and safety situation in terms of geopolitical, health, weather, social and other risks is tracked daily by the Safety and Security and Risk Management Departments in conjunction with their local counterparts in every host country.

Training and prevention awareness

Security, safety and crisis management audits and training programs are regularly offered to corporate departments, operating divisions and employees. As is the case every year, several programs and exercises were organized for hotel managers and for local head office staff in 2013, in Bahrain, Abu Dhabi, Dubai, Kuwait, Saudi Arabia, Mexico, the United States, Spain and Italy. At the same time, as part of the preparations for the 2014 FIFA World Cup and the 2014 Winter Olympics, dedicated training missions were organized in Brazil and Russia.

In addition, as described in section 3.4.4 below, the Group works on an ongoing basis with its insurers and their loss prevention engineers on reducing its fire risk, by performing audits and carefully assessing their findings.

Crisis management

A crisis management process aligned with the Group's organizational structure enables teams to handle crisis situations, including effective communication among the hotels, local head offices and senior management.

Several crisis units were activated in 2013, in particular:

- in Thailand following the anti-government protests in Bangkok;
- in New Zealand at the time of the earthquake in Auckland;
- in Egypt due to the political demonstrations.

Business Continuity and Recovery Plans

To deal as effectively as possible with the consequences of certain potential risks that could hinder certain operations (*e.g.* a pandemic, inability to access a site, technical failures etc.), Business Continuity and Recovery Plans have been designed and deployed as appropriate in the hotels or in the regional, country and head office organizations.

3.4.2. RISK FACTORS

Operational risks

The Group's operating presence in a large number of countries exposes it to geopolitical, terrorist, natural disaster, public health and other security risks, although the scale of any consequences arising from such risks is reduced by the fact that our business activities are by nature widely dispersed around the globe.

- **risks relating to geopolitical factors, malicious damage and terrorist threats:** to effectively safeguard against the main threats identified against Accor establishments, a dedicated organization has been set up and technical documents prepared to define and implement a security strategy that is tailored to the severity of the estimated risks. In certain host countries, the political situation could deteriorate and lead to a significant slowdown in business. These circumstances are continuously monitored and contingency plans have been readied to limit their impact as far as possible;
- **public health risks:** Accor tracks on an ongoing basis any public health risks that could adversely affect its business. In response to the risk of pandemics, annual updated business continuity plans are in place to ensure the continuity of its hotel operations and the health and safety of guests and employees. A program has long been in place to prevent the development and spread of legionella bacteria in the hotels. Technical standards have been defined and preventive maintenance is regularly carried out, with analyses of samples performed by independent laboratories;
- **risks related to the economic environment:** in the event of a sharp slowdown in a regional or the global economy, Accor could experience a significant falloff in business due to people travelling less frequently. In this event, austerity plans are in place to freeze budgets, identify cost-reduction opportunities and deploy other responsive measures;
- **risks related to partnerships:** The Group's relations with hotel owners, lessors and franchisees are based on mutual trust and shared interests. However, these relations could deteriorate and expose the Group to conflictual situations. In addition, the ability to renew franchise and management agreements depends on the appeal of our brands;
- **competition risks:** maintaining the customer appeal of our brands is a key priority for our teams, who constantly work towards making Accor an innovation leader and raising its standards to avoid losing business to competitors. Careful attention is also paid to the risk of changes in customer behavior in response to the emerging alternative accommodation solutions offered by new entrants (furnished rentals, house swaps etc.).

  Lastly, the risk of losing control over the distribution of its products to online travel agencies (OTAs) is an area of major concern for the Group. Controlling this dependency risk involves increasing the direct bookings made through Accor websites and stepping up the loyalty program, both of which will require the development of state-of-the-art technological systems;
- **risks of damage to our brand image:** Accor could be faced with a major media event capable of damaging its brand image. For example, a health and/or safety incident, a supplier's practices or accusations of abetting sexual tourism could lead to a smear campaign against the Group. In response, tracking tools have been deployed to detect early warning signs and dedicated crisis management and communication procedures are ready to be activated should an event occur. Employees in countries at risk are also given training in how to detect and prevent cases of sexual tourism involving minors in hotels;
- **risks relating to information systems:** Group information systems could be subject to attacks, such as viruses and denial-of-service attacks, as well as data theft and technical failures causing a system shutdown. The Information Systems Security Department is tasked with securing all of our networks and systems and managing the applications necessary for our business continuity. It also regularly performs intrusion tests on all of our applications assets. In addition, the Internal Audit Department has a team of auditors dedicated to controlling that information systems work effectively and securely;
- **data protection risks:** Accor faces competition from other hotel groups in deploying its organic and external growth strategies. In particular, information on strategic, business and competition-related issues concerning organic growth and acquisitions, as well as customer-related information, is considered to be highly sensitive. If such information were to be disclosed it could have adverse consequences for the Group. In response to this, measures have been put in place to raise employee awareness about confidentiality and to enhance the security and access control of our intranet sites;
- **employee-related risks:** although management regularly holds constructive talks with employee representatives, both at head office and local level, certain strategies and/or financial decisions could give rise to local disputes or strikes that could adversely affect the business;
- **natural disaster risks:** some of the Group's hotels are located in countries that are exposed to the risk of natural disasters, such as hurricanes, earthquakes, tsunamis, tidal waves or floods. When these risks are foreseeable, temporary protection measures are put in place. Exercises are also carried out by our teams in countries subject to seismic risks so that they can respond effectively in the event of an earthquake;
- **risk of a major flood in Paris:** if the Seine River were to rise as high as in 1910, a number of hotels and our head office located near the banks would be flooded and isolated or possibly lose their electricity, thereby shutting down their operations. Business Continuity Plans and Business Recovery Plans have been prepared to enable certain sites to continue minimum business operations, to transfer operations to a back-up site (*e.g.* Evry for the head office), or to enable business to resume as quickly as possible once the installations have been returned to working order and/or inspected. Regular discussions are held with Paris civil protection authorities for the purpose of predicting and monitoring floods.

Environmental risks

In its risk identification process, Accor considers that potential environmental risks in the hotels business mainly concern the storage of gas and fuel oil in or near hotels, the malfunction of transformers containing polychlorinated biphenyls (PCBs), spillage of cleaning products and contamination from cooling towers.

In general, the risk of causing environmental damage remains low in the hotels business. In Europe, however, these risks are assessed with environmental inspections performed during on-site visits by insurance company experts.

More particularly, given that Accor uses very few toxic or hazardous products, there is little risk of accidental pollution likely to have an impact beyond the hotels. In seawater spas, however, procedures have been introduced to alert public authorities in the event of non-compliant wastewater analyses.

Moreover, asbestos was used in the construction of certain hotels at a time when asbestos was not yet prohibited. The use of asbestos in our buildings is now, however, completely forbidden. When hotel buildings containing asbestos are renovated, very strict protocols are implemented to protect workers, in compliance with the applicable local regulations.

Most Accor hotels are located in Europe and are subject to EU directives in the following main areas:

- environmental responsibility;
- energy efficiency of buildings;
- waste management, including non-hazardous waste (particularly packaging), electrical and electronic equipment, and hazardous waste (particularly batteries and compact fluorescent light bulbs);
- management of cooling fluids;
- management of chemical substances (compliance with the REACH directive).

In France, certain installations are covered by regulations relating to facilities listed for environmental protection purposes and must therefore be registered in accordance with the relevant procedures.

To mitigate the possibility of the above environmental risks occurring in any hotel worldwide, prevention policies have been put into place, based on:

- the proprietary SET software program, which measures compliance with Safety, Environmental and Technical regulations, as described in the corporate responsibility section, page 68;
- sustained deployment of the ISO 14001 certification program, as described in the corporate responsibility section, page 67;
- specific procedures implemented by the country organizations.

Exogenous risks, which mainly arise when hotels are located near industrial sites or airports, are identified and taken into account during on-site visits by insurers.

The risk mapping exercise conducted by the Risk Management Department, which covered all of the Group's operations, did not report any major information concerning the environment. As a result, no material provisions were set aside for environmental risks in 2013.

Lastly, Accor was not the subject of a court ruling in connection with any environmental claims during the year.

Regulatory and legal risks

Regulatory risks

The Group is not subject to any specific regulations that could have a major impact on its operations.

In addition, as Accor operates on a global scale, no specific regulations are applicable across all of its businesses. Accor SA and its subsidiaries are subject to local legislation and regulations, in particular, national regulations applicable to public access buildings.

Like all hotel operators, Accor is required to comply with the applicable disabled access regulations. This issue has long been addressed and most Accor hotels already have wheelchair-friendly rooms, but further expenditure may be required in the coming years to enhance hotel accessibility.

Risks relating to changes in tax legislation

In response to the difficult economic environment, some governments may be tempted to introduce new taxes or increase existing ones (*e.g.* carbon tax, VAT etc.). Changes in tax legislation are regularly monitored by our teams, who work with trade associations to effectively foresee these decisions and assess their impact.

Risks relating to legal and arbitration proceedings

In general, the Group is exposed to the risk of liability in 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 2013 had – a material effect on the Group's financial position, business or results of operations is provided in note 39, page 271 to the consolidated financial statements. Management considers that apart from the cases described in said note, there are no governmental, legal or arbitration proceedings (including any threatened proceedings of which the Group was aware as of the date of filing) that could have – or in 2013 had – a material effect on the Group's financial position, business or results of operations.

Liabilities are recognized and provided for in accordance with the applicable accounting standards (see note 1, page 189 to the consolidated financial statements).

Provisions for claims and litigation are recorded on receipt of a summons, and are determined based on an assessment of the related risk carried out jointly with the Group's external advisers. Details of these provisions are presented in note 33, page 257 to the consolidated financial statements.

Financial risks

In the course of its business, the Group is exposed to various levels of 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 cost-effectiveness. They are deployed centrally by the Corporate Treasury, Finance and Credit Management Department, which reports directly to the Chief Financial Officer, who is a member of the Executive Committee.

Liquidity risk

Centralized cash management enables the Group to offset cash needs and cash surpluses internally, before raising funds in the financial markets.

Financing policies are designed to ensure that Accor 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.

Short-term financing needs and liquidity resources are secured at all times by unused long-term committed credit lines contracted with leading financial institutions (see note 29.2. to the consolidated financial statements, page 247). At December 31, 2013, Accor had unused long-term committed lines in a total amount of €1,500 million expiring in May 2016.

In addition, Accor has €1,796 million in cash investments with an average maturity of 5 months, which are fully available at any time (see note 29.5.3. to the consolidated financial statements, page 250). These investments consist mainly of short-term deposits with leading financial institutions.

At December 31, 2013, Accor had a total of €3,296 million in available liquidity resources.

The Group also has access to the financial markets and, depending on its needs, can secure diversified medium and long-term financial resources (bank borrowings, bonds, private placements, etc.) to finance its development.

Moreover, Accor has €402 million in bonds maturing in 2014, which are fully covered by cash and cash equivalents (see note 29.2. to the consolidated financial statements, page 247).

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

In light of the above, the Group is not exposed to any liquidity risk.

The maturities of the Group's financial assets and liabilities were as follows at December 31, 2013:

	Within one year	Between one and three years	Beyond three years	Total
Bonds	402	0	1,542	1,944
Bank and other borrowings	35	45	74	154
Finance lease liabilities	1	13	35	49
Derivatives	0			0
Bank overdrafts and other	76		9	85
Financial liabilities	**514**	**58**	**1,660**	**2,232**
Marketable securities	(1,796)			(1,796)
Other current financial assets	(205)			(205)
Current financial assets	**(2,001)**			**(2,001)**
NET DEBT	**(1,487)**	**58**	**1,660**	**231**

None of Accor's loan agreements include any rating triggers. 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. Out of overall gross debt amounting to €2,103 million, a total of €1,944 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's credit rating being downgraded to non-investment grade.

For the syndicated line of credit negotiated in May 2011, the acceleration clause can be triggered if Accor does not comply with the leverage ratio covenant (consolidated net debt to consolidated EBITDA).

None of Accor's loan agreements include a cross default clause requiring immediate repayment in the event of default on another facility. Cross acceleration clauses only concern loans with maturities of at least three years; these clauses would be triggered only if material amounts were concerned.

Accor's ratings assigned by Standard & Poor's and Fitch Ratings are as follows:

Rating agency	Long-term debt	Short-term debt	Most recent rating update	Outlook	Most recent outlook update
Standard & Poor's	BBB-	A-3	March 9, 2012	Stable	March 9, 2012
Fitch Ratings	BBB-	F3	December 19, 2013	Stable	December 19, 2013

Counterparty and country risk

Exposure to counterparty risk relating to trade receivables and payables is not material due to the breadth and geographic diversity of the Group's customer and supplier portfolio.

Counterparty risk does, however, arise in relation to financial transactions.

This risk is managed by:

- carrying out transactions only with leading counterparties, depending on country risks;
- diversifying the portfolio of counterparties;
- setting credit ceilings (amount and term) per counterparty; and
- using a monthly reporting procedure to track the different types of counterparties and their credit quality (based on credit ratings issued by rating agencies).

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

85% of cash investments are made in France with leading banks.

Currency and interest rate risks

A variety of financial instruments, including swaps, caps and forwards, are used to manage and hedge interest rate and currency risks arising in the normal course of business. Financial instruments are used to support Group investment, financing and hedging policies, to help manage debt and to minimize the risks on business transactions. A dedicated treasury management information system is used to track the breakdown of debt by fixed/floating rate and currency, as well as to generate reporting schedules.

Management of currency risks

Long-term investment policy

When Accor SA 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 so far, the policy has been not to hedge the related currency risk.

Financing

An internationally recognized signature allows Accor to raise various forms of financing either through banks or directly through private placements and bond issues.

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 29.3. to the consolidated financial statements, page 247).

Generally, the Group's policy is to finance its assets and operating requirements in the currency of the country concerned in order to create a natural hedge and avoid any currency risk.

By using these instruments as well as its subsidiaries' excess cash the Group is able to optimize the cost of its resources without taking any currency risks.

Other currency hedges

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

The Group does not hedge currency translation risk.

At December 31, 2013, the volume of forward sales and purchases of foreign currencies represented €56 million and €385 million respectively. All of the related instruments expire in 2014.

Management of interest rate risks

After currency hedging, 91% of consolidated gross debt is denominated in euros, with 92% at fixed rates and 8% at floating rates. The average maturity of fixed-rate debt is 3.4 years. An analysis of the Group's exposure to interest rate risks before and after hedging is provided in note 29.3. to the consolidated financial statements on page 247.

Target breakdowns between fixed and floating rate debt are determined separately for each currency, giving due regard to anticipated trends in interest rates and to changes in the composition of debt as a result of new borrowings and the repayment of existing borrowings. These target breakdowns are reviewed at regular intervals and new targets are set for future periods by Executive Management. The related financing strategy is implemented by the Corporate Treasury, Financing and Credit Management Department.

In view of the average 5-month maturity, cash is invested at variable rates.

The most commonly used instruments are interest rate swaps and caps, which are contracted with banks rated investment grade based on the model recommended by the French Banking Federation

At December 31, 2013, the volume of interest rate hedges represented €4 million.

Accor does not conduct any trading transactions and has no plans to engage in this type of activity. 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.

3.4.3. SENSITIVITY ANALYSIS

Based on reported 2013 data, sensitivity analyses have been performed to measure the impact on EBIT [(1)] 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. A 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 EBIT as follows:

1% decrease in RevPAR	Upscale & Midscale	Economy	Total
Impact on EBIT	€(11.0) million	€(7.7) million	€(18.7) million

1% increase in RevPAR	Upscale & Midscale	Economy	Total
Impact on EBIT	€8.4 million	€5.5 million	€13.9 million

In absolute value, a 1% decline in RevPAR has a larger impact on EBIT than a 1% increase.

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 EBIT. 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 EBIT. The flow-through ratio [(1)] for a 1% increase in RevPAR resulting from higher average room rates is higher than the flow-through ratio 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 EBIT:

Currency		EBIT impact of a 10% increase/decrease in exchange rates
GBP	United Kingdom	€5.9 million
BRL	Brazil	€3.8 million
AUD	Australia	€3.4 million
USD	United States, Southeast Asia	€2.3 million
PLN	Poland	€2.2 million

(1) 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.

Sensitivity to interest rates

Based on the Group's net debt and amount of invested cash, a 50-basis point rise in interest rates would feed through to an €8 million increase in consolidated interest income.

3.4.4. INSURANCE – RISK COVERAGE

Accor's risks are spread across a very wide number of locations throughout the world, which protects it to a large degree against severe risks. Property and business interruption cover is determined based on the Group site with the estimated maximum loss. In the case of liability insurance, estimated maximum loss has been benchmarked with industry practices, 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 Accor's risks are covered *via* a global insurance program that comprises all risks policies (subject to named exclusions) covering property, business interruption and liability risks. In accordance with Group policy, as validated by the Executive Committee, this program is being extended wherever possible under local laws and regulations.

As part of a move to standardize insurance coverage across the Group's banners, since January 1, 2011, the owners of franchised and managed hotels can benefit from the Group program.

This program offers:

- separate property and casualty coverage for Accor and the hotel-owning subsidiaries on the one hand, and for the owners of franchised and managed hotels on the other;
- 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.

This decision to separate coverage for owned properties from that of the franchised and managed hotels led to a downward adjustment of the estimated maximum loss, thereby enabling reductions in (i) the maximum per claim coverage to €100 million for property claims, and (ii) the common excess policy to €150 million.

In the case of liability 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 in the local insurance markets for owned hotels on the one hand and for franchised and managed hotels on the other. Similarly, specific coverage has been taken out for terrorism risks and is renewed each year for countries where local coverage is not mandatory.All frequent property and liability risks covered by the Group's global insurance program are self-insured through a captive reinsurance company, with all units sharing the related costs. The least frequent but more severe risks are reinsured in the market in order to limit the Group's commitments and avoid depleting the captive's funds.

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 and casualty and business interruption risks. In India, insurance legislation has made local programs mandatory.

As it has not suffered any major uninsured losses, Accor deems that its insurance coverage is adequate. The same is true for its self-insurance system, based on the loss experience.

The Group organizes fire prevention inspections to reduce risk exposure and obtain cover on a cost-effective basis, taking into account conditions in the insurance and reinsurance markets. Changes in market insurance rates are closely tracked by the Group 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 system rolled out in 2008 has enabled tighter tracking of the loss experience, allowing the Technical Department to take swift measures to reduce the related risk exposure. In 2013, new functions were added to this system, making it possible to systematically track fire prevention measures and perform fire risk self-assessments.

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

3.5. INTERESTS AND COMPENSATION

3.5.1. DIRECTORS' AND OFFICERS' COMPENSATION

Compensation policy for executive officers

Accor's compensation policy for its executive officers complies with the AFEP/MEDEF Code. As a result, the compensation paid to executive officers is determined by the Board of Directors based on recommendations put forward by the Compensation, Appointments and Corporate Governance Committee, and is benchmarked to compensation practices among leading French companies.

As described in section 3.1 above, there were several changes in the Company's governance structure in 2013. Consequently, the compensation of the persons who held executive officer positions in the Company during the year is presented below in chronological order. Mr. Citerne and Mr. Bazin, in their capacity as, respectively, Chairman and Vice-Chairman of the Board of Directors during the period of transition from April 23 to August 27, 2013, did not receive any compensation, as per their request, for the exercise of these responsibilities.

In accordance with the AFEP/MEDEF Code, as amended in June 2013, these compensation packages will be submitted to an advisory vote at the next Annual Shareholders' Meeting and a separate presentation will be included in the notice of meeting.

Compensation payable to Mr. Hennequin

In 2013, Mr. Hennequin held the position of **Chairman and Chief Executive Officer** of the Company from January 1 through April 23, when his term of office was terminated.

The principles for determining Mr. Hennequin's fixed and variable compensation as Chairman and Chief Executive Officer were approved by the Board of Directors on November 2 and December 15, 2010.

The Board set Mr. Hennequin's gross fixed compensation at €750,000 for 2011, but decided that it would be increased annually on a straight-line basis over a three-year period in order to reach the same level as his predecessor's fixed compensation by 2014, *i.e.* €1 million. Consequently, Mr. Hennequin's gross fixed compensation for 2013 should have been €916,000. However, in view of the Company's announcement of a €100 million cost-savings plan for 2013-2014, Mr. Hennequin felt that his fixed compensation for 2013 should not be increased and therefore requested that the Board keep it at the same level as for 2012, *i.e.* at a gross amount of €833,000 for the year. The fixed compensation received by Mr. Hennequin for the performance of his duties as Chairman and Chief Executive Officer from January 1 through April 23, 2013 came to €262,802, as calculated on a proportionate basis.

When the Board established the principles for determining the **variable portion** of Mr. Hennequin's compensation it decided that his variable compensation could range from 0% to 150% of a gross reference amount, which was set at €1,250,000 for each year until 2014.

For 2013, the Board decided that the amount of his variable compensation would be based on the achievement of the following objectives:

- quantitative objectives, accounting for 60% of the total variable compensation:
  - consolidated EBIT in line with the budget,
  - recurring free cash flow, after change in working capital, in line with the budget;
- qualitative objectives, accounting for 40% of the total variable compensation:
  - expanding the hotel portfolio and carrying out the hotel property disposal plan in line with the budget,
  - quality of management of Mr. Hennequin,
  - Accor's total shareholder return (TSR) compared with that of eight other listed international hospitality groups,
  - the presentation of a strategic plan based on the Group's new business model.

On April 23, 2013, the Board assessed to what extent the objectives for 2013 as a whole had been achieved as of that date. Based on this assessment it set Mr. Hennequin's variable compensation for 2013 at €412,000, calculated on a proportionate basis (*i.e.* 156.8% of his fixed compensation for 2013).

In line with the principles approved by the Board of Directors and contained in its Bylaws, as Chairman and Chief Executive Officer, Mr. Hennequin was not entitled to receive any **directors' fees**.

Compensation payable to Mr. Caillère

In 2013, Mr. Caillère held the position of **President and Chief Operating Officer** from January 1 through April 23, and subsequently **Chief Executive Officer** until August 27, when his term of office was terminated.

The Board had set Mr. Caillère's gross **fixed compensation** for 2013 at the same amount as for the two previous years, *i.e.* €600,000.

When the Board established the principles for determining the **variable portion** of Mr. Caillère's compensation for 2013, it decided that the amount of his variable compensation would be based on the achievement of the following objectives:

- quantitative objectives, accounting for 70% of the total variable compensation:
  - consolidated EBIT in line with the budget,
  - free cash flow, after change in working capital, in line with the budget,
  - flow-through ratio or reactivity ratio in line with the budget;
- qualitative objectives, accounting for 30% of the total variable compensation:
  - expanding the hotel portfolio and carrying out the hotel property disposal plan in line with the budget,

- the quality of Mr. Caillère's management,
- Accor's TSR compared with that of eight other listed international hospitality groups.

As was the case for 2012, the Board decided that Mr. Caillère's variable compensation for 2013 could range from 0% to 150% of a gross reference amount of €600,000.

When Mr. Caillère was appointed Chief Executive Officer on April 23, 2013 as part of the Company's transitional governance structure, the Board of Directors decided not to change the principles or amount of his compensation.

On August 27, 2013, the Board assessed to what extent the objectives set for 2013 as a whole had been achieved as of that date. Based on this assessment it set Mr. Caillère's variable compensation for 2013 at €386,000, calculated on a proportionate basis (*i.e.* 96.5% of his fixed compensation due for 2013 in his capacity as President and Chief Operating Officer).

The Board also decided to pay Mr. Caillère an **exceptional bonus** of €400,000 in recognition of the duties he carried out as Chief Executive Officer within the transitional governance structure from April 23 through August 27, 2013.

Compensation payable to Mr. Bazin

On August 27, 2013, the Board of Directors appointed Mr. Bazin as **Chairman and Chief Executive Officer**.

Mr. Bazin's annual **fixed compensation** was set by the Board at €850,000 for 2013 and 2014. However, the amount actually paid for 2013 was calculated proportionately as from the date of his appointment, *i.e.* August 27.

The Board decided that Mr. Bazin's **variable compensation** for 2013 could range from 0% to 150% of an annual reference amount of €1,250,000, depending on the achievement of the following objectives:

- quantitative objectives:
  - EBIT in line with forecasts at end-August (30%),
  - EBITDAR in line with forecasts at end-August (30%);
- qualitative objectives: successful-take up of his duties as Chairman and Chief Executive Officer (organizational aspects, employee relations, business strategy and market perception) and general assessment by the Board (40%).

Based on the above, and given the extent to which it considered that these objectives had been met, on February 19, 2014 the Board of Directors set the gross amount of Mr. Bazin's variable compensation for 2013 at €502,778, representing 115.8% of the reference amount (and 169.6% of his fixed compensation for 2013), as calculated on a proportionate basis.

For 2014, the Board has decided that Mr. Bazin's variable compensation will be based on the achievement of the following objectives:

- quantitative objectives:
  - consolidated EBIT in line with the budget (25%),
  - free cash flow, after change in working capital, in line with the budget (25%),
  - Accor's TSR compared with that of eight other listed international hospitality groups (20%);
- quantitative objectives:
  - implementation of the strategic roadmap (organizational performance, employee relations, business strategy and market perception) (20%),
  - general assessment by the Board (10%).

Compensation payable to Mr. Boinet

On November 26, 2013, the Board of Directors appointed Mr. Boinet as **Deputy Chief Executive Officer** in charge of the Group's Transformation, effective December 2, 2013. On the same date, it also authorized the Company to enter into an employment contract with Mr. Boinet for him to serve as Director in charge of Human Resources and Legal.

Mr. Boinet's annual **fixed compensation** for his position as Deputy Chief Executive Officer has been set at €200,000, and his salary under his employment contract has been set at €400,000. For 2013 the amounts paid to Mr. Boinet were calculated proportionately based on the date of his appointment, *i.e.* December 2, 2013.

The Board also decided that Mr. Boinet will receive **variable compensation** for his duties as Deputy Chief Executive Officer, the amount of which could range from 0% to 150% of an annual reference amount of €600,000 depending on the achievement of objectives set at the beginning of each year. In view of the date on which Mr. Boinet took up his position, his first **variable compensation** will be determined over the 13-month period from December 2, 2013 through December 31, 2014.

For 2014, the Board has decided that Mr. Boinet's variable compensation will be based on the achievement of the following objectives:

- quantitative objectives:
  - consolidated EBIT in line with the budget (25%),
  - free cash flow, after change in working capital, in line with the budget (25%),
  - Accor's TSR compared with that of eight other listed international hospitality groups (20%);
- one qualitative objective, relating to the management of the Group's transformation process (performance of the HotelServices/HotelInvest organization, employee relations) (30%).

Pension and termination benefits

Termination benefits

Compensation payable to Mr. Hennequin for loss of office as Chairman and Chief Executive Officer

On November 2 and December 15, 2010, the Board of Directors decided that the compensation payable to Mr. Hennequin for loss of office would be equal to 24 months' worth of his fixed and variable compensation, determined based on the amounts paid to him for the fiscal year preceding that of the loss of office. It was decided that this compensation would be payable if Mr. Hennequin's term of office as Chairman and Chief Executive Officer were either terminated or not renewed (except in the event of gross or willful misconduct) and 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;
- hotel operations must have reported positive operating free cash flow in at least two of the previous three years;
- like-for-like EBITDAR margin must have exceeded 25% 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.

The methods of determining the compensation for loss of office payable to the Chairman and Chief Executive Officer as described above were approved at the Annual Shareholders' Meeting on May 30, 2011.

When Mr. Hennequin's term of office as Chairman and Chief Executive Officer was terminated, the Board of Directors confirmed that the three criteria set out above had been met and therefore noted that the full amount of his compensation for loss of office was payable to him, representing €3,586,200.

In addition, the Board of Directors authorized the waiver of the condition that Mr. Hennequin still be a member of the Group on the date his stock options are exercised or his performance shares vest.

Termination benefit payable to Mr. Caillère

On October 13, 2010, the Board of Directors decided that the termination benefit that would be payable to Mr. Caillère – equal to 24 months' worth of his fixed and variable compensation, determined based on the amounts paid to him for the fiscal year preceding that in which his employment contract is terminated by the Company (except in the event of gross or willful misconduct) – would be subject to the following performance criteria:

- 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;
- hotel operations must have reported positive operating free cash flow in at least two of the previous three years;
- like-for-like EBITDAR margin must have exceeded 25% in at least two of the previous three years.

These performance criteria would be applied as follows:

- if all three criteria were met, the termination benefit would be payable in full;
- if two of the three criteria were met, half of the termination benefit would be payable;
- if none or only one of the three criteria were met, no termination benefit would be due.

It was further decided that Mr. Caillère would not be entitled to any compensation for loss of office for his position as an executive officer.

The methods of determining the termination benefit payable to Mr. Caillère were approved at the Annual Shareholders' Meeting on May 30, 2011.

When Mr. Caillère was removed from office on August 27, 2013, the Board of Directors confirmed that the three criteria set out above had been met and therefore noted that the full amount of his termination benefit was payable to him, representing €1,940,400. Following the termination of his term of office, Mr. Caillère's employment contract – which had previously been suspended – came back into force, and the Company then terminated this employment contract with effect from December 31, 2013. Mr. Caillère disputed this termination, following which the Company, as authorized by the Board, signed a termination settlement agreement with him. The agreement specifies in particular that the salary received by Mr. Caillère from August 27 through December 31, 2013 will be deducted from his termination benefit.

The agreement also states that the Board may waive the condition that Mr. Caillère still be a member of the Group on the date his stock options are exercised or his performance shares vest.

Compensation payable to Mr. Bazin in the event of loss of office as Chairman and Chief Executive Officer

On December 16, 2013, the Board of Directors decided that the compensation payable to Mr. Bazin for loss of office would be equal to twice the amount of the total fixed and variable compensation payable to him for the fiscal year preceding that of the loss of office. It was decided that (i) this compensation would be payable if Mr. Bazin's term of office as Chairman and Chief Executive Officer were terminated (except in the event of gross or willful misconduct) or if his term of office as a director were not renewed, and (ii) it 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;
- the Group must have reported positive operating free cash flow 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.

Compensation payable to Mr. Boinet in the event of loss of office as Deputy Chief Executive Officer

On February 19, 2014, the Board of Directors 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 that of the loss of office, and less any termination benefit due for the termination of 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.

The Board decided that the compensation payable to Mr. Boinet in the event of loss of office as Deputy Chief Executive Officer would be subject to the following performance criteria:

- 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;
- the Group must have reported positive operating free cash flow 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.

Supplementary pension benefits

The Chairman and Chief Executive Officer, Deputy Chief Executive Officer and several dozen other senior executives are members of a **supplementary pension plan** set up within the Group. 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 and an "Article 39" defined benefit plan.

For the **defined contribution plan,** participants will receive an annuity on retirement calculated based on the amount of annual contributions paid into the plan by the Company. The Company's annual contribution corresponds to 5% of the applicable reference compensation, capped at five times the annual ceiling on the basis for calculating social security contributions (1). In accordance with the French Social Security Code, if a participant leaves the Group before the date of retirement, he or she retains the rights accrued under this plan.

For the **defined benefit plan,** the annual annuity to which the Company's executive officers will be entitled – provided that they remain with Accor until they retire – will correspond to a percentage of their reference compensation (2), capped at 60 times the annual ceiling on the basis for calculating social security contributions. The applicable percentage will vary between 1% and 3% depending on the compensation brackets concerned.

To be eligible for a pension under the defined benefit plan, participants must have been a member of the plan for at least five years or have served with the Accor Group for at least fifteen years. The pension paid will be reduced by the amount of the pension payable under the defined contribution plan referred to above.

The overall replacement rate represented by pension benefits payable to executive officers 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.

As the plans include a condition concerning minimum length of service per year, neither Mr. Hennequin, Mr. Bazin nor Mr. Boinet accrued any pension rights under the plans during 2013.

Also, in view of the fact that Mr. Hennequin and Mr. Caillère will not meet the criteria of remaining with Accor until their retirement, their potential pension benefits under the defined benefit plan have been cancelled.

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.

For Mr. Hennequin, the maximum length of time that he could be paid benefits under the plan is 24 months, and the total amount of benefits is capped at €237,006 (based on the applicable rate for 2013).

For Mr. Bazin, the maximum length of time that he could be paid benefits under the plan is currently 12 months, and the total amount of benefits is capped at €187,740 (based on the applicable rate for 2014). Once Mr. Bazin has been a member of the plan for 12 months, this maximum length of time will be increased to 24 months and the cap raised to €375,480 (based on the applicable rate for 2014).

(1) For the defined contribution plan, annual contributions paid by Accor on behalf of executive officers (Mr. Caillère) amounted to €8,517 in 2013.
(2) The reference compensation is defined as total gross fixed and variable compensation plus any exceptional bonus paid during the reference year.

Analysis of directors' and officers' compensation

Analysis of compensation paid to executive officers

The following tables provide a summary of the total gross compensation and benefits paid by Accor to its executive officers for 2012 and 2013 as well as the stock options and performance shares granted to these executive officers in those years.

Table 1: Compensation, stock options and performance shares granted to each executive officer in 2012 and 2013

Mr. Hennequin **Chairman and Chief Executive Officer until April 23, 2013**	**2012**	**2013**
Compensation for the year (see Table 2 for details)	1,817,277	4,268,803
Value of stock options granted during the year (see Table 6 for details) (1)	504,845	N/A
Value of performance shares granted during the year (see Table 10 for details) (2)	424,110	422,000
TOTAL	**2,746,232**	**4,690,803**

Mr. Caillère **President and Chief Operating Officer until April 23, 2013** **Chief Executive Officer from April 23 to August 27, 2013**	**2012**	**2013**
Compensation for the year (see Table 2 for details)	997,649	3,188,844
Value of stock options granted during the year (see Table 6 for details) (1)	301,400	N/A
Value of performance shares granted during the year (see Table 10 for details) (2)	253,200	263,750
TOTAL	**1,552,249**	**3,452,594**

Mr. Bazin **Chairman and Chief Executive Officer since August 27, 2013**	**2012**	**2013**
Compensation for the year (see Table 2 for details)	N/A	838,566
Value of stock options granted during the year (see Table 6 for details) (1)	N/A	252,000
Value of performance shares granted during the year (see Table 10 for details) (2)	N/A	N/A
TOTAL	**N/A**	**1,090,566**

Mr. Boinet **Deputy Chief Executive Officer since December 2, 2013**	**2012**	**2013**
Compensation for the year (see Table 2 for details)	N/A	50,000
Value of stock options granted during the year (see Table 6 for details) (1)	N/A	N/A
Value of performance shares granted during the year (see Table 10 for details) (2)	N/A	N/A
TOTAL	**N/A**	**50,000**

(1) Stock options may be exercised only if the grantee is still a member of the Group on the exercise date and, in some cases, if the applicable performance conditions are met. In accordance with the AFEP/MEDEF Corporate Governance Code for listed companies, stock options are measured at their theoretical value at the grant date rather than at the value of the compensation received. This theoretical value was determined using the Black & Scholes option pricing model for the stock options granted under the March 27, 2012 plan and the Monte-Carlo option pricing model for the performance stock options granted under the March 27, 2012 and September 26, 2013 plans.

(2) In accordance with the AFEP/MEDEF Code, performance shares are measured at their theoretical value - corresponding to Accor's opening share price on the grant date less the present value of unpaid dividends - rather than at the value of the compensation received. Performance shares are forfeited if the grantee leaves the Group before the shares vest or if the performance conditions are not met. Further details on performance shares granted to Accor's executive officers and the applicable vesting dates are provided in Table 10 on page 153.

Table 2: Compensation and benefits paid to each executive officer in 2012 and 2013

	Due for the year		Paid during the year	
	2012	2013	2012	2013
Mr. Hennequin **Chairman and Chief Executive Officer until April 23, 2013**				
■ Fixed compensation (1)	833,300	262,802	833,300	262,802
■ Variable compensation (2)	959,800	412,000	1,512,500	1,371,800
■ Directors' fees	-	-	-	-
■ Benefits-in-kind (5)	24,177	7,801	24,177	7,801
■ Termination benefits	-	3,586,200	-	3,586,200
TOTAL	**1,817,277**	**4,268,803**	**2,369,977**	**5,228,603**
Mr. Caillère **President and Chief Operating Officer until April 23, 2013** **Chief Executive Officer from April 23 to August 27, 2013**				
■ Fixed compensation (1)	600,000	400,000	600,000	400,000
■ Variable compensation (2)	370,200	386,000	786,180	756,200
■ Exceptional bonus (3)	-	400,000	-	400,000
■ Directors' fees (4)	20,273	8,268	22,800	8,268
■ Benefits-in-kind (5)	7,176	7,176	7,176	7,176
■ Payment in lieu of annual leave	-	47,000	-	47,000
■ Discretionary profit-sharing (6)	N/D	N/D	1,466	540
■ Statutory profit-sharing (7)	N/D	N/D	1,715	1,379
■ Termination benefits (8)	-	1,940,400	-	1,940,400
TOTAL	**997,649**	**3,188,844**	**1,419,337**	**3,560,963**
Mr. Bazin **Chairman and Chief Executive Officer since August 27, 2013**				
■ Fixed compensation (1)	-	296,408	-	296,408
■ Variable compensation (2)	-	502,778	-	-
■ Directors' fees (4)	54,588	33,100	52,200	54,588
■ Benefits-in-kind (5)	-	6,280	-	6,280
TOTAL	**54,588**	**838,566**	**52,200**	**357,276**
Mr. Boinet **Deputy Chief Executive Officer since December 2, 2013**				
■ Fixed compensation (1)	-	50,000	-	50,000
■ Variable compensation (2)	-	-	-	-
■ Directors' fees (4)	-	-	-	-
■ Benefits-in-kind (5)	-	-	-	-
TOTAL	**-**	**50,000**	**-**	**50,000**

The above amounts are presented in euros on a gross pre-tax basis.

(1) The fixed compensation of the Chairman and Chief Executive Officer, the President and Chief Operating 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 year in which it was earned.
Mr. Boinet's variable compensation for 2013 will be determined by the Board of Directors in February 2015 and he will be paid 1/13th of the amount decided at that time.

(3) Corresponding to the exceptional bonus paid to Mr. Caillère for his participation in the transitional governance structure.

(4) In 2012 Mr. Caillère was paid directors' fees amounting to €2,527 relating to the directorship he held in Groupe Lucien Barrière for the period in 2011 until Accor sold its interest in the company.
In 2012 Mr. Caillère was paid €12,779 in fees for 2012 in his capacity as a member of the Supervisory Board of Orbis (PLN 52,639 converted at a rate of 0.2428 at January 17, 2013). The corresponding fees paid in 2013 for that year totaled €6,386 (PLN 26,799 converted at the 2013 average rate of 0.2383).
In 2012 Mr. Caillère was paid €7,494 in fees for 2012 in his capacity as a director of El Gezirah Hotels & Tourism Company (USD 10,000 converted at a rate of 0.7494 at January 17, 2013). The corresponding fees paid in 2013 for that year totaled €1,882 (USD 2,500 converted at the 2013 average rate of 0.7530).

(5) Company cars for Mr. Hennequin, Mr. Caillère and Mr. Bazin, and private unemployment insurance for Mr. Hennequin and Mr. Bazin (see page 142).

(6) Discretionary profit-sharing is paid in the year following that for which it is due.

(7) Statutory profit-sharing is paid in the year following that for which it is due. The disclosed amount includes any supplementary profit-sharing bonuses paid.

(8) Mr. Caillère's termination benefit includes €200,000 in salary received for the period from August 28 through December 31, 2013.

Table 3: Summary of commitments given to executive officers

Executive officer	Employment contract (1)	Supplementary pension benefits (2)	Compensation or benefits payable in the case of appointment to a new position, termination/ removal from office or transfer (3)	Non-compete indemnity
Mr. Hennequin Chairman and Chief Executive Officer until April 23, 2013	No	Yes	Yes	No
Mr. Caillère President and Chief Operating Officer until April 23, 2013, then Chief Executive Officer until August 27, 2013	Yes	Yes	Yes	No
Mr. Bazin Chairman and Chief Executive Officer since August 27, 2013	No	Yes	Yes	No
Mr. Boinet Deputy Chief Executive Officer since December 2, 2013	Yes	Yes	Yes	No

(1) Mr. Caillère's employment contract was suspended from April 23 through August 27, 2013
(2) See page 142 for details of the supplementary pension plans of which the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer are members.
(3) See page 141 for details of these types of compensation and benefits payable to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer.

Compensation paid to other senior executives

The total gross compensation and benefits paid in 2013 by the Group's French and non-French companies to the members of the Executive Committee – in its form as at December 31, 2013 and not including the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer, whose respective compensation is described above – amounted to €4,241,000, including aggregate gross variable compensation of €1,352,000.

Provisions set aside at December 31, 2013 for pensions and other post-employment benefits payable to senior executives are presented in note 33 to the consolidated financial statements on page 249.

Directors' fees

The Board amended the provisions of its Bylaws concerning the individual allocation of directors' fees, notably by increasing the variable portion based on attendance at Board and Committee meetings.

Consequently:

- 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. The amount for the Board Committees shall subsequently be divided equally among the three Committees;
- one-third of the amount set aside for the Board and for each Committee shall be used to pay the fixed portion of directors' fees, based on a lump sum determined by the Board and in line with the number of directors or Committee members concerned;
- two-thirds of the amount set aside for the Board and each Committee shall be used to pay the variable portion of directors' fees based on a per-meeting amount set by the Board depending on the total number of meetings held during the year;
- 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 flat amount determined by the Board of Directors;
- Committee Chairmen shall receive a fixed portion of directors' fees equal to double the fixed portion payable to Committee members;
- directors who also hold the position of Chairman and Chief Executive Officer, Chief Executive Officer or Deputy Chief Executive Officer shall not receive any directors' fees;
- directors fees shall be paid no later than three months following the end of the previous fiscal year.

Based on the overall gross amount of €575,000 in directors' fees approved by shareholders at the Annual Meeting on May 30, 2011, the Board allocated a total gross amount of €549,184 to its members in accordance with its amended Bylaws. The following table shows a breakdown of directors' fees paid to the Board's members in 2012 and 2013.

Table 4: Directors fees and other compensation paid to non-Executive Directors

Board of Directors (in euros)	Due for the year				Paid during the year			
	2012		2013		2012		2013	
	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion	Fixed portion	Variable portion
Mr. Bailly	30,000	32,745	23,413	51,120	30,000	27,500	30,000	32,745
Mr. J. Barrack	21,000	17,901	7,117	5,942	21,000	6,000	21,000	17,901
Mr. Bazin (1)	27,000	27,588	10,517	22,582	27,000	25,200	27,000	27,588
Mr. Citerne	69,000	42,056	38,014	37,033	69,000	37,100	69,000	42,056
Ms. Erra	21,000	24,803	15,259	33,285	20,000	18,400	20,000	24,803
Ms. Gasperment	21,000	22,921	18,247	43,990	20,000	22,000	20,000	22,921
Mr. Hennequin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Knobloch	N/A	N/A	10,075	21,195	N/A	N/A	N/A	N/A
Mr. Meheut	27,000	27,588	19,935	33,967	27,000	20,500	27,000	27,588
Ms. Morgon	24,000	32,470	15,946	35,637	24,000	27,900	24,000	32,470
Mr. Moussalem	N/A	N/A	10,918	24,414	N/A	N/A	N/A	N/A
Mr. Riboud	21,000	9,118	N/A	N/A	21,000	13,000	21,000	9,118
Mr. Sayer	27,000	25,706	22,191	48,387	27,000	29,200	27,000	25,706

(1) In his capacity as a director of Accor until August 27, 2013, when he was appointed Chairman and Chief Executive Officer.

3.5.2. DIRECTORS' AND EMPLOYEES' INTERESTS

Accor regularly sets up stock-based incentive plans for executives, as well as for 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. In accordance with the AFEP/MEDEF Corporate Governance Code, the 2013 plans were set up at the same period as in previous years, except for the stock option plan issued for Mr. Bazin at the time of his appointment as Chairman and Chief Executive Officer.

Stock option plans

Stock option plans set up in 2013

On September 26, 2013, Accor set up a plan comprising 40,000 performance stock options granted to Mr. Bazin, Chairman and Chief Executive Officer. The exercise price was set at €30.13, corresponding to the average opening Accor share price over the twenty trading days preceding the grant date, without any discount:

The applicable performance condition is based on Accor's total shareholder return (TSR) compared with the TSR of eight other international hotel groups (Marriott, Starwood, Choice, Hyatt, Whitbread, Intercontinental Hotels, NH Hoteles and Sol Melia). For further details, please refer to note 25, page 240 to the consolidated financial statements.

The stock options have an eight-year life and are exercisable as from the fifth year provided that the grantee is still a member of the Group on the first day of the exercise period.

In accordance with Article L. 225-186-1 of the French Commercial Code, the Company has a discretionary profit-sharing plan that covers at least 90% of all employees in its subsidiaries in France.

Proportion of options vesting on fulfillment of performance conditions

Each year, the Board of Directors places on record the degree of fulfillment of the performance conditions applicable under the performance stock option plans set up for executive officers and other members of the Executive Committee.

At its meeting on February 19, 2014, the Board of Directors placed on record that for the performance stock option plans outstanding in 2013 the following proportions of the options granted could vest, based on the extent to which the applicable performance conditions had been met:

- 0% under the April 2, 2010 plan;
- 12.5% under the April 4, 2011 plan;
- 0% under the March 27, 2012 plan.

Table 5: Stock options granted to employees or executive officers

PLAN	Grant date	Total number of options: Total number of options granted (1)	Total number of options: Of which to executive officers	Total number of options: Of which to the top ten employee grantees (2)	Total number of grantees	Exercisable from	Expiry date	Exercise price (in euros)	Options exercised in 2013	Total options exercised through 12/31/2013	Number of options cancelled (3)	Options outstanding at 12/31/2013
Stock option plans												
Plan 12	01/09/2006	1,840,601	377,000	444,860	191	01/10/2010	01/09/2013	30.60	-	9,501	1,831,100	0
Plan 13	03/24/2006	963,293	-	91,930	818	03/25/2010	03/24/2013	32.56	-	3,110	960,183	0
Plan 14	03/22/2007 (4)	2,183,901	94,250	192,270	958	03/23/2011	03/22/2014	45.52	-	-	258,366	1,925,535
Plan 15	05/14/2007 (5)	129,694	42,662	87,032	11	05/15/2011	05/14/2014	47.56	-	-	44,615	85,079
Plan 17	03/28/2008 (6)	2,080,442	94,250	303,108	1,022	03/29/2012	03/28/2015	30.81	122,545	122,545	180,872	1,777,025
Plan 18	09/30/2008 (7)	110,052	-	110,052	6	10/01/2012	09/30/2015	28.32	-	-	7,508	102,544
Plan 19	03/31/2009 (8)	1,429,456	131,950	190,008	1,138	04/01/2013	03/31/2017	18.20	449,597	453,775	163,142	812,539
Plan 20	04/02/2010 (9)	2,618,770	190,125 (17)	317,434	1,020	04/03/2014	04/02/2018	26.66	-	905 (10)	447,886	2,169,979
Plan 21	04/02/2010 (5)(9)	153,478	63,375 (17)	90,103	10	04/03/2014	04/02/2018	26.66	-	-	76,287	77,191
Plan 22	11/22/2010 (11)	92,448	-	92,448	5	11/23/2014	11/22/2018	30.49	-	-	-	92,448
Plan 23	04/04/2011 (12)	621,754	99,375 (17)	107,439	783	04/05/2015	04/04/2019	31.72	-	-	26,760	594,994
Plan 24	04/04/2011 (5)(12)	53,125	33,125 (17)	20,000	8	04/05/2015	04/04/2019	31.72	-	-	-	53,125
Plan 25	03/27/2008 (14)	527,515	80,250 (17)	101,375	390	03/28/2016	03/27/2020	26.41	-	-	7,090	520,425
Plan 26	03/27/2012 (5)(13)	47,375	26,750 (17)	20,625	8	03/28/2016	03/27/2020	26.41	-	-	-	47,375
Plan 27	09/26/2013 (5)(16)	40,000	40,000	-	1	09/27/2017	09/26/2021	30.13	-	-	-	40,000
Total options		**12,891,904**								**589,836**	**4,003,809**	**8,298,259**
Stock savings warrants (14)												
Plan 16	09/13/2007	2,139			40	09/13/2010	09/13/2015	40.08	-	-	-	2,139
Total stock savings warrants		**2,139**								**-**	**-**	**2,139**
TOTAL		**12,894,043**								**589,836**	**4,003,809**	**8,300,398 (15)**

(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 cancelled due to grantees leaving the Group or performance conditions not being met. Cancelations due to failure to meet performance conditions are carried out at the end of the last performance measurement period.
(4) Granted by the Chief Executive Officer pursuant to the Board authorization of March 6, 2007.
(5) Performance stock options.
(6) Granted by the Chief Executive Officer pursuant to the Board authorization of February 26, 2008.
(7) Granted by the Chief Executive Officer pursuant to the Board authorization of August 27, 2008.
(8) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of February 24, 2009.
(9) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of February 23, 2010.
(10) Options exercised following the death of a grantee, in accordance with Article L. 225-183 of the French Commercial Code.
(11) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of October 13, 2010.
(12) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of February 22, 2011.
(13) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of February 21, 2012.
(14) Granted in connection with Accor employee share issues.
(15) Representing 3.64% of the Company's capital at December 31, 2013, of which 0.332% corresponding to grants to executive officers.
(16) Granted by the Vice-Chairman of the Board of Directors pursuant to the Board authorization of August 27, 2013.
(17) The condition that Mr. Hennequin and Mr. Caillère still be a member of the Group has been waived.

Executive officers and other members of the Executive Committee who receive stock options are banned by the Company from hedging the related equity risk.

The stock option plans were authorized by shareholders as follows:

- 2006 and 2007 plans and March 28, 2008 plan: Shareholders' Meeting of January 9, 2006;
- September 30, 2008 plan and 2009, 2010 and 2011 plans: Shareholders' Meeting of May 13, 2008;
- 2012 plans: Shareholders' Meeting of May 30, 2011;
- September 26, 2013 plan: Shareholders' Meeting of April 25, 2013.

Under the terms of the authorization granted in the twenty-first resolution of the April 25, 2013 Annual Shareholders' Meeting, the total number of options granted under this authorization may be exercisable for shares representing a maximum of 2.5% of the Company's capital as placed on record at the close of the April 25, 2013 Annual Shareholders' Meeting. This percentage is a blanket ceiling that covers stock options granted pursuant to the twenty-first resolution as well as shares granted without consideration under the twenty-second resolution of the same Shareholders' Meeting.

Table 6: Stock options granted to executive officers in 2013

	Grantee	Plan number and date	Type of options	Theoretical value based on the method used in the consolidated financial statements (in euros)	Number of options	Exercise price (in euros)	Exercise period
Options granted during the year to the Chairman and Chief Executive Officer	Mr. Bazin	Plan 27 09/26/2013	Options to purchase new shares	252,000 [(1)]	40,000	30.13	09/27/2017 to 09/26/2021

(1) Performance stock options are measured at their theoretical value at the grant date using the Monte-Carlo option pricing model (model used for valuing options with vesting conditions that are not market conditions), in accordance with the AFEP/MEDEF Code, rather than at the value of the compensation received.

If exercised, the 40,000 options granted to Mr. Bazin in 2013 in his capacity as Chairman and Chief Executive Officer would represent 0.017% of the Company's capital at December 31, 2013.

No options were exercised by Accor's executive officers in 2013.

Lock-up conditions

In accordance with the French Commercial Code and 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 certain proportion of these shares, as set by the Board of Directors, may not be sold until the grantee either leaves the Accor 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 7: Lock-up conditions for shares purchased on exercise of stock options by executive officers and other members of the Executive Committee

Plan	Grant date	Lock-up conditions applicable to executive officers	Lock-up conditions applicable to other Executive Committee members
Plan 14 Plan 15 Plan 17 Plan 18	03/22/2007 05/14/2007 03/28/2008 09/30/2008	Shares corresponding to the equivalent of 40% of the net capital gain on the exercised options may not be sold until the grantee leaves the Accor Group.	Shares corresponding to the equivalent of 25% of the net capital gain on the exercised options may not be sold until the grantee leaves the Accor Group.
Plan 19 Plan 20 Plan 21 Plan 22	03/31/2009 04/02/2010 04/02/2010 11/22/2010	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.	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 23 Plan 24 Plan 25 Plan 26	04/04/2011 04/04/2011 03/27/2012 03/27/2012	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. 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.	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 be a member of the Executive Committee. However, if the value of the shares exceeds two years of the grantee's fixed compensation, none of the shares purchased on exercise of the stock options will be locked up.
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 be a senior manager of the Accor 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

Table 8: Stock options granted to and exercised in 2013 by the top ten employee grantees other than executive officers

	Number of options	Average exercise price (in euros)
Options granted in 2013 to the ten employees other than executive officers who received the largest number of options	-	-
Options exercised in 2013 by the ten employees other than executive officers who exercised the largest number of options	82,563	18.20

Performance share plans

Performance share plans set up in 2013

Accor set up the following two performance share plans on April 15, 2013:

- the first, intended for senior and middle managers, concerned 793 beneficiaries in around 40 countries worldwide. The applicable performance conditions are described in note 25, page 240 to the consolidated financial statements. The plan's performance shares have a two-year vesting period followed by a two-year lock-up period, or a four-year vesting period without any lock-up, depending on the country;
- the second plan was restricted to executive officers and the other members of the Executive Committee. The applicable performance conditions are described in note 25, page 240 to the consolidated financial statements. The plan's performance shares have a two-year vesting period followed by a two-year lock-up period for all grantees.

Table 10, page 153 below sets out the number of performance shares granted under these plans by the Board of Directors to Mr. Hennequin in his capacity as Accor's Chairman and Chief Executive Officer and to Mr. Caillere as President and Chief Operating Officer. No performance shares were granted in 2013 either to Mr. Bazin, in his capacity as Chairman and Chief Executive Officer, or to Mr. Boinet, in his capacity as Deputy Chief Executive Officer.

In accordance with Article L. 225-197-6 of the French Commercial Code, the Company has a discretionary profit-sharing plan that covers at least 90% of all employees in its subsidiaries in France.

Proportion of performance shares vesting on fulfillment of performance conditions

Each year, the Board of Directors places on record the degree of fulfillment of the performance conditions applicable under performance share plans.

At its meeting on February 19, 2014, the Board of Directors placed on record that for the performance share plans outstanding in 2013 the following proportions of the shares granted could vest, based on the extent to which the applicable performance conditions had been met:

- 0% under the April 4, 2011 plan set up specifically for Mr. Hennequin when he took up his position as Chairman and Chief Executive Officer;
- 50% under the March 27, 2012 plan;
- 50% under the March 27, 2012 plan set up for executive officers and the other members of the Executive Committee;
- 50% under the April 15, 2013 plan;
- 37.5% under the April 15, 2013 plan set up for executive officers and the other members of the Executive Committee.

Table 9: Performance shares granted to employees and/or executive officers

Grant date	Total number of unvested shares: Total number of shares granted	Of which to executive officers	Of which to the top ten employee grantees [1]	Number of shares cancelled [2]	Total number of grantees	Vesting date	End of lock-up period	Number of vested shares subject to lock-up	Number of vested shares no longer subject to lock-up	Performance conditions
Performance share plans										
03/31/2009 [4]	300,383 [5]	27,432	39,501	171,854	1,138	03/31/2011 or 03/31/2013 [6]	03/31/2013	-	128,529	Accor Hospitality ROCE Accor Services revenue and consolidated recurring operating profit after tax [3]
04/04/2011 [9]	228,657	16,625	31,766	13,129	783	04/04/2013 or 04/04/2015 [6]	04/04/2015	182,212 [7]	120 [8]	Revenue growth based on constant scope of consolidation Actual *versus* budgeted EBIT Actual *versus* budgeted operating cash flow (excluding disposals)
04/04/2011 [9]	20,450	20,450 [13]	-	6,816	1	04/04/2014	04/04/2016	-	-	Successfully taking up the duties of Chairman and Chief Executive Officer
03/27/2012 [10]	237,601	-	18,125	20,591	919	03/27/2014 or 03/27/2016 [6]	03/27/2016	-	150 [8]	Actual *versus* budgeted EBIT margin Actual *versus* budgeted operating cash flow (excluding disposals and acquisitions)
03/27/2012 [10]	47,375	26,750 [13]	20,625	9,871	8	03/27/2014	03/27/2016	-	-	Actual *versus* budgeted EBIT margin Actual *versus* budgeted operating cash flow (excluding disposals and acquisitions) Degree of completion of budgeted asset disposals

Grant date	Total number of unvested shares			Number of shares cancelled [2]	Total number of grantees	Vesting date	End of lock-up period	Number of vested shares subject to lock-up	Number of vested shares no longer subject to lock-up	Performance conditions
	Total number of shares granted	Of which to executive officers	Of which to the top ten employee grantees [1]							
04/15/2013 [11]	218,050	-	25,750	2,080	793	04/15/2015 or 04/15/2017 [6]	04/15/2017	-	-	Actual *versus* budgeted EBIT margin Actual *versus* budgeted operating cash flow (excluding disposals and acquisitions)
04/15/2013 [11]	72,500	32,500 [13]	40,000	22,187	8	04/15/2015	04/15/2017	-	-	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) relative to that of eight other international hotel groups
TOTAL SHARES [12]	**1,125,016**			**246,528**						

(1) Excluding executive officers.
(2) Shares cancelled due to grantees leaving the Group or performance conditions not being met.
(3) Recurring operating profit after tax = profit before tax and non-recurring items less tax on recurring items and non-controlling interests.
(4) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of February 24, 2009.
(5) After adjustments following the Group's July 2, 2010 demerger.
(6) In some countries, the vesting period is four years.
(7) Shares acquired by grantees following a two-year vesting period but which are subject to a two-year lock-up period.
(8) Shares vested following the death of a grantee, in accordance with Article L. 225-197-3 of the French Commercial Code.
(9) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of February 22, 2011.
(10) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of February 21, 2012.
(11) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of March 3, 2013.
(12) The total number of shares granted less the total number of shares cancelled represented the equivalent of 0.385% of the Company's capital at December 31, 2013, of which 0.041% corresponding to grants to executive officers.
(13) The condition that Mr. Hennequin and Mr. Caillère still be a member of the Group has been waived.

Table 10: Performance shares granted to each executive officer in 2013

	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 [(1)]
Performance shares granted during the year to the Chairman and Chief Executive Officer	Mr. Hennequin	04/15/2013	20,000	422,000 [(2)]	04/15/2015	04/15/2017	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) relative to that of eight other international hotel groups
Performance shares granted during the year to the President and Chief Operating Officer	Mr. Caillère	04/15/2013	12,500	263,750 [(2)]	04/15/2015	04/15/2017	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) relative to that of eight other international hotel groups

(1) The performance conditions are described in note 25, page 240 to the consolidated financial statements.
(2) In accordance with the AFEP/MEDEF Code, performance shares are measured at their theoretical value – corresponding to Accor's opening share price on the grant date less the present value of unpaid dividends – rather than at the value of the compensation received.

The 28,438 performance shares granted to the Company's executive officers in 2013 and which were still valid at the date of this Registration Document would represent 0.012% of the Company's capital at December 31, 2013 if they fully vested.

Executive officers and other members of the Executive Committee who receive performance shares are banned by the Company from hedging the related equity risk.

Mr. Hennequin and Mr. Caillere were the two executive officers granted performance shares under the second plan set up on April 15, 2013.

Accor's performance share plans were authorized by shareholders as follows:

- 2009 and 2011 plans: Shareholders' Meeting of May 13, 2008;
- 2012 and 2013 plans: Shareholders' Meeting of May 30, 2011.

Under the terms of the authorization given in the twenty-fifth resolution of the May 30, 2011 Shareholders' Meeting, the number of performance shares granted may not represent more than 0.5% of the Company's capital as placed on record at the close of that meeting.

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 set up 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 Accor 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 11: Lock-up conditions for vested performance shares owned 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
03/31/2009	The following percentages of shares may not be sold until the grantee ceases to hold an executive officer's position: 20% of the shares that vest upon fulfillment of the performance conditions. In addition, the grantee must purchase Accor shares corresponding to 3% of the number of vested shares. OR 25% of the shares that vest upon fulfillment of the performance conditions.	25% of the shares that vest upon fulfillment of the performance conditions may not be sold until the grantee ceases to be a member of the Executive Committee.
04/04/2011	The following percentages of shares may not be sold until the grantee ceases to hold an executive officer's position: 20% of the shares that vest upon fulfillment of the performance conditions. In addition, the grantee must purchase Accor shares corresponding to 3% of the number of vested shares. OR 25% of the shares that vest upon fulfillment of the performance conditions. However, if the value of the shares exceeds two years of the grantee's fixed compensation, the only lock-up condition is that the executive officer must purchase Accor shares corresponding to 3% of the number of vested shares.	The following percentages of shares may not be sold until the grantee ceases to be a member of the Executive Committee: 20% of the shares that vest upon fulfillment of the performance conditions. In addition, the grantee must purchase Accor shares corresponding to 3% of the number of vested shares. OR 25% of the shares that vest upon fulfillment of the performance conditions. However, if the value of the shares exceeds two years of the grantee's fixed compensation, none of the vested shares will be subject to lock-up conditions.
03/27/2012	The following percentages of shares may not be sold until the grantee ceases to hold an executive officer's position: 25% of the shares that vest upon fulfillment of the performance conditions. However, if the value of the shares exceeds two years of the grantee's fixed compensation, the only lock-up condition is that the executive officer must purchase Accor shares corresponding to 3% of the number of vested shares.	The following percentages of shares may not be sold until the grantee ceases to be a member of the Executive Committee: 25% of the shares that vest upon fulfillment of the performance conditions. However, if the value of the shares exceeds two years of the grantee's fixed compensation, none of the vested shares will be subject to lock-up conditions.
04/15/2013	25% of the shares that vest upon fulfillment of the performance conditions may not be sold until the grantee ceases to be a senior manager of the Accor Group. However, if the value of the shares exceeds two years of the grantee's fixed compensation, the only lock-up condition is that the executive officer must purchase Accor shares corresponding to 3% of the number of vested shares.	25% of the shares that vest upon fulfillment of the performance conditions may not be sold until the grantee ceases to be a member of the Executive Committee. However, if the value of the shares exceeds two years of the grantee's fixed compensation, none of the vested shares will be subject to lock-up conditions.

Table 12: Changes in 2013 in the status of performance shares granted to executive officers

	Grantee	Grant date	Number of shares granted	Vesting date	End of lock-up period	Number of shares vested during the year subject to lock-up	Number of vested shares no longer subject to lock-up
Performance shares granted to the Chairman and Chief Executive Officer that vested during the year but are subject to lock-up, and shares for which the lock-up period ended in 2013	Denis Hennequin	04/04/2011	8,500	04/04/2013	04/04/2015	8,431	-
		04/04/2011	20,450	04/04/2014	04/04/2016	-	-
		03/27/2012	16,750	03/27/2014	03/27/2016	-	-
		04/15/2013	20,000	04/15/2015	04/15/2017	-	-
Performance shares granted to the President and Chief Operating Officer that vested during the year but are subject to lock-up, and shares for which the lock-up period ended in 2013	Yann Caillère	03/31/2009	8,621	03/31/2011	03/31/2013	-	4,017
		04/04/2011	8,125	04/04/2013	04/04/2015	8,059	-
		03/27/2012	10,000	03/27/2014	03/27/2016	-	-
		04/15/2013	12,500	04/15/2015	04/15/2017	-	-

No performance shares for which the lock-up period ended in 2013 were sold by executive officers during the year.

Table 13: Performance shares granted in 2013 to the top ten employee grantees other than executive officers

	Number of shares granted
Performance shares granted in 2013 to the ten employee grantees other than executive officers who received the largest number of shares	52,750

Share equivalents

Stock options granted to employees and executive officers

At December 31, 2013, a total of 8,300,398 stock options were outstanding.

Exercise of all of these options would lead to the issuance of 8,300,398 shares, representing 3.64% of the Company's capital at December 31, 2013.

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 its French subsidiaries that are at least 50%-owned, irrespective of the number of employees in the Company.

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 €8.5 million was allocated to the profit-sharing reserve for 2012 (paid in 2013).

Amounts allocated to the special profit-sharing reserve in previous years were:

- €9.6 million for 2011 (paid in 2012);
- €7.5 million for 2010 (paid in 2011).

The total amount of the reserve is allocated between all of the employee beneficiaries in proportion to their individual salary for the reference year, which is capped by agreement at double the amount of the 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, since 2009 the five-year lock-up period on amounts allocated to employee profit-shares has been optional rather than compulsory. Consequently, in 2013, just over 49% of beneficiaries requested the immediate payment of all or part of their profit-share.

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 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 up until the employee retires and amounts allocated to the Corporate Savings Plan are locked up for a period of five years.

In 2013, just over 18% of employees allocated all or part of their profit-share to the Accor Group Retirement Plan.

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.

Transactions 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	Type of transaction	Number of shares
Mr. Dubrule	Sale of shares	24,950
Mr. Pélisson	Sale of shares	99,610
Mr. Quint	Exercise of stock options	15,080
	Sale of shares	13,376
Ms. Stabile	Exercise of stock options	6,786
	Sale of shares	6,786

3.6. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

Shareholders Meeting to approve the financial statements for the year ended December 31, 2013

This is a free translation into English of the Statutory Auditors' 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 auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Accor, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or merit or identifying any other agreements or commitments. In accordance with Article R.225-31 of the French Commercial Code (*Code de Commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

It is also our responsibility to provide shareholders with the information required under Article R.225-31 of the Commercial Code, on the performance during 2013 of any agreements and commitments already approved by shareholders.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France. These procedures involved verifying that the information provided to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR SHAREHOLDER APPROVAL

A. Agreements and commitments authorized during 2013

In accordance with Article L.225-40 of the Commercial Code, we have been informed of the following agreements and commitments authorized by the Board of Directors.

1. With Sébastien Bazin, Chairman and Chief Executive Officer

a) **Type of commitment and purpose:** Inclusion of Sébastien Bazin in the supplementary pension plan set up for Accor senior executives.

Terms and conditions:

On December 16, 2013, the Board of Directors authorized Sébastien Bazin's inclusion in the supplementary pension plan whose members comprise several dozen Accor senior executives.

Under the terms of this overall plan – which consists of both a defined contribution plan and a defined benefit plan – except in specific cases provided for by law, if a plan member leaves the Group before retirement, he or she only retains the rights accrued under the defined contribution plan (based on annual employer contributions of up to 5% of five times the annual cap on the basis for calculating social security contributions) and forfeits the rights accrued under the defined benefit plan.

The pension annuities payable to Sébastien Bazin on retirement would not exceed 30% of his end-of-career salary and the overall replacement rate to which he would be entitled (under government-sponsored plans and the Accor supplementary pension plan) is capped at 35% of the average of his best three years' compensation (fixed plus variable) in the ten years prior to retirement.

The Company did not make any payments under this plan for Sébastien Bazin in 2013.

b) **Type of commitment and purpose:** Private unemployment insurance plan.

Terms and conditions:

On December 16, 2013, the Board of Directors authorized the Company to set up a private insurance plan with Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise (GSC) to provide Mr. Bazin with unemployment benefits should the need arise. The benefits under this plan would be paid as from the 31st unbroken day of unemployment. The maximum length of time that Sébastien Bazin could be paid benefits under the plan is currently 12 months, but will be increased to 24 months once he has been a member of the plan for one year.

The premiums paid by the Company to GSC in 2013 on behalf of Mr. Bazin amounted to €3,899.

2. With Sven Boinet, Deputy Chief Executive Officer

Type of agreement and purpose: Employment contract

Terms and conditions:

On November 26, 2013, the Board of Directors authorized the Company to enter into an employment contract with Sven Boinet covering his position as Director of Human Resources and Legal. The contract provides for the payment to Mr. Boinet of a gross annual salary of €400,000 in twelve equal monthly installments.

Under his employment contract, Sven Boinet will also be eligible for membership of the defined contribution and defined benefit supplementary pension plans set up within the Company, as described in section A.1.a of the first part of this report.

3. With Denis Hennequin, Chairman and Chief Executive Officer until April 23, 2013

Type of commitment and purpose: Waiver of a vesting condition for the stock options and performance shares granted to Denis Hennequin

Terms and conditions:

On April 23, 2013, when Denis Hennequin's term of office as Chairman and Chief Executive Officer was terminated, the Board of Directors decided to waive the condition stipulated in the stock option and performance share plans set up for Mr. Hennequin that he must form part of the Group in order for the options and shares to vest. All of the other terms and conditions of the plans remain effective.

4. With Yann Caillère, Deputy Chief Executive Officer from August 25, 2010 through April 23, 2013 and subsequently Chief Executive Officer until August 25, 2013

Type of agreement and purpose: Settlement agreement with Yann Caillère

Terms and conditions:

On December 16, 2013 the Board of Directors authorized a settlement agreement entered into with Yann Caillère following his removal from office as Deputy Chief Executive Officer and the termination of his employment contract.

This agreement provided for:

- the payment of €386,000 in respect of Mr. Caillère's variable compensation for 2013, calculated proportionately and based on the Board of Directors' assessment of the extent to which the applicable performance objectives had been achieved;
- a €1,940,400 termination benefit, including €200,000 in salary due for the period from August 28 through December 31, 2013 based on the terms of Mr. Caillère's employment contract as approved at the May 30, 2011 Annual Shareholders' Meeting and described in section A.3) of the second part of this report. The degree to which the related performance conditions had been met was assessed by the Board of Directors at its December 16, 2013 meeting;
- a €400,000 exceptional bonus in recognition of the duties Mr. Caillère carried out as Chief Executive Officer within the transitional governance structure from April 23 through August 27, 2013;
- the waiver of the condition stipulated in the stock option and performance share plans set up for Mr. Caillère that he must form part of the Group in order for the options and shares to vest.

B. Agreements and commitments authorized since December 31, 2013

We have been informed of the following agreements and commitments that have been authorized by the Board of Directors since December 31, 2013.

1. With Institut Paul Bocuse

Type of agreement and purpose: Agreement providing for a cash advance in the form of a loan

Executive officer concerned and other related party:

Sven Boinet, Deputy Chief Executive Officer of Accor and Accor's representative on the Board of Directors of Institut Paul Bocuse; and Gérard Pélisson, Founding Co-Chairman of Accor and Chairman of Institut Paul Bocuse

Terms and conditions:

In its capacity as a member of the non-profit organization, Institut Paul Bocuse, Accor granted a €200,000 cash advance to the organization. The advance – which was granted for a five-year period and bears interest at 2% per year – was authorized by the Board of Directors on February 19, 2014.

Through this agreement – whose purpose is to help Institut Paul Bocuse invest in new equipment – Accor will play a part in expanding the operations, notably outside France, of one of its long-standing partners.

No payments were recorded by the Company in respect of this agreement in 2013.

2. With Sébastien Bazin, Chairman and Chief Executive Officer

Type of agreement and purpose: Compensation for loss of office payable to Sébastien Bazin as Chairman and Chief Executive Officer

Terms and conditions:

On February 19, 2014, the Board of Directors authorized the Company to enter into an agreement providing for the payment to Mr. Bazin of a termination benefit as compensation for loss of office in the event that his appointment as Chairman and Chief Executive Officer is terminated (except in the event of gross or willful misconduct) or his director's mandate is not renewed. The amount of the termination benefit would be equal to twice the amount of Mr. Bazin's total fixed and variable compensation for the fiscal year preceding his loss of office, and its payment would be subject to the following performance criteria:

- 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;
- the Group must have reported positive operating free cash flow 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.

The agreement authorized by the Board of Directors on February 19, 2014 amends a previous agreement for the same purpose authorized by the Board on December 16, 2013.

3. With Sven Boinet, Deputy Chief Executive Officer

Type of agreement and purpose: Compensation for loss of office payable to Sven Boinet as Deputy Chief Executive Officer

Terms and conditions:

On February 19, 2014, the Board of Directors authorized the Company to enter into an agreement providing for the payment to Mr. Boinet of a termination benefit as compensation for loss of office in the event that his appointment as Deputy Chief Executive Officer is either terminated or not renewed (except in the event of gross or willful misconduct). The termination benefit due would amount to (i) €600,000, plus (ii) the amount of any variable compensation paid to him for the fiscal year preceding his loss of office, less (iii) any termination benefit due for the termination of his employment contract. 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 termination benefit would be subject to the following performance criteria:

- 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;

- the Group must have reported positive operating free cash flow 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.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY SHAREHOLDERS

A. Agreements and commitments approved in prior years that were implemented during 2013

Pursuant to Article R.225-30 of the Commercial Code, we have been advised of the following agreements and commitments that were approved by shareholders in prior years and were implemented during 2013:

1. With Paul Dubrule and Gérard Pélisson, Accor's Founding Co-Chairmen

Type of agreement and purpose: Provision of resources.

Terms and conditions:

On January 9, 2006, the Board of Directors authorized the Company to enter into an agreement with Paul Dubrule and Gérard Pélisson to provide them with an office at the Company's Paris headquarters, an assistant and a chauffeur for their terms as Founding Co-Chairmen of the Group, and to reimburse any expenses incurred by them on Company business. This agreement remained in force in 2013. Through these resources, the Founding Co-Chairmen are able to provide services that support the Group's international expansion policy.

2. With Denis Hennequin, Chairman and Chief Executive Officer until April 23, 2013

a) **Type of agreement and purpose:** Compensation for loss of office payable to Denis Hennequin as Chairman and Chief Executive Officer

Terms and conditions:

When Denis Hennequin was appointed as Chairman and Chief Executive Officer, the Board of Directors decided that if his term of office were terminated or not renewed (except in the event of gross or willful misconduct or due to retirement) he would be entitled to a termination benefit as compensation for loss of office. The amount of this termination benefit was set at 24 months' fixed and variable compensation for the fiscal year preceding his loss of office, with payment subject to the following performance criteria:

- 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;
- hotel operations must have reported positive free cash flow in at least two of the previous three years;
- Like-for-like EBITDAR margin must have exceeded 25% in at least two of the previous three years.

These performance criteria applied as follows:

- if all three criteria were met, the compensation would be payable in full;
- if at least 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.

When Denis Hennequin's term of office as Chairman and Chief Executive Officer was terminated on April 23, 2013, following the Board of Directors' assessment on the same date that the three criteria set out above had been met, the Company paid Mr. Hennequin €3,586,200 in compensation for loss of office.

b) Type of agreement and purpose: Inclusion of Denis Hennequin in the "top-hat" supplementary pension plan set up for Accor senior executives

Terms and conditions:

The Board of Directors had previously authorized Mr. Hennequin to be included in the supplementary pension plan, whose members comprise several dozen Accor senior executives.

Under the terms of this overall plan –which consists of both a defined contribution plan and a defined benefit plan – as Mr. Hennequin left the Group before his retirement, he only retained the rights accrued under the defined contribution plan (based on annual employer contributions of up to 5% of five times the annual cap on the basis for calculating social security contributions) and forfeited the rights accrued under the defined benefit plan.

The Company did not make any payments under this plan for Denis Hennequin in 2013.

c) **Type of agreement and purpose:** Private unemployment insurance plan.

Terms and conditions:

The Board of Directors had previously authorized the Company to set up a private insurance plan with Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise (GSC) that would provide Mr. Hennequin with unemployment benefits should the need arise. This insurance coverage took effect after an unbroken 12 months of participation in the plan, i.e. as from December 1, 2011, with unemployment benefits payable for a period of 24 months as from the 31st unbroken day of unemployment. The benefits are based on Mr. Hennequin's net taxable professional-source income for the previous year, capped at €237,006 for 2013.

Premiums paid to GSC by the Company on M. Hennequin's behalf in 2013 amounted to €5,409.

3. With Yann Caillère

Type of agreement and purpose: Termination benefit payable to Yann Caillère, Deputy Chief Executive Officer from August 25, 2010 through April 23, 2013, and subsequently Chief Executive Officer until August 25, 2013.

Terms and conditions:

When Yann Caillere was appointed Deputy Chief Executive Officer, the Board of Directors authorized an addendum to his employment contract, which was approved at the May 30, 2011 Annual Shareholders' Meeting. In the addendum it was specifically agreed that the total benefits payable to Mr. Caillere for loss of office or termination of his contract would be capped at twice his total annual compensation. In addition, the payment of any termination benefit would be subject to the same performance criteria as those applicable to Denis Hennequin.

In accordance with the provisions of the addendum and based on the Board of Directors' assessment on December 16, 2013 that the applicable performance conditions had been met, the Company paid Yann Caillère a termination benefit of €1,940,400, including €200,000 in salary due for the period from August 28 through December 31, 2013.

B. Agreements and commitments approved in prior years but not implemented in 2013

We were also informed of the following agreements and commitments that were approved by shareholders in prior years but were not implemented during 2013:

1. With Edenred

Type of agreement and purpose: Signature of a tax-related agreement between Edenred and Accor.

Persons concerned:

Virginie Morgon, Patrick Sayer (until March 6, 2013), Thomas Barrack (until April 25, 2013), Sébastien Bazin (until October 2, 2013), Jean-Paul Bailly, Philippe Citerne and Bertrand Meheut, directors of both Accor and Edenred.

Terms and conditions:

The Italian tax authorities notified an Accor subsidiary and several Edenred subsidiaries of a €27.4 million reassessment of registration fees due on transactions carried out as part of the reorganization of Accor's Services division in Italy prior to the demerger. Accor and Edenred are contesting the reassessments before the Italian courts and have signed an agreement to equally share the associated risks and costs of the proceedings between the two groups.

Given that the Asset Contribution-Demerger Agreement was signed on April 19, 2010, before the dispute had arisen, it does not contain any provisions concerning this type of tax dispute. However, the agreement with Edenred has now protected the Group in the event of an unfavorable outcome of the aforementioned proceedings.

No payments were recorded by the Company in respect of this agreement in 2013.

2. With ColSpa SAS

Type of agreement and purpose: Hotel management contract between ColSpa SAS and Accor.

Persons concerned:

Sébastien Bazin, a director of Accor, Chief Executive Officer of ColSpa SAS and Chief Executive Officer of Colony Capital Europe (until August 27, 2013); and Thomas J. Barrack, Chairman and Chief Executive Officer of Colony Capital LLC and a director of Accor (until April 25, 2013).

Terms and conditions:

As part of Colony Capital SAS's project to redevelop the site of the former Molitor swimming pool in Paris through its ColSpa SAS subsidiary, ColSpA undertook to grant a contract to Accor to manage, under the MGallery banner, the 124-room hotel and various related facilities to be built on the site. This 10-year management contract will be automatically renewable for five years and its financial terms and conditions are comparable to those usually negotiated by the Group for similar contracts.

The transaction fits with the Group's development strategy and will enable it to manage a hotel at a prestigious location in western Paris under its fast-growing MGallery brand.

No payments were recorded by the Company in respect of this agreement in 2013.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The Statutory Auditors
French original signed by:

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres
Pascale Chastaing-Doblin	Jacques Pierres

4 2013 Review of THE YEAR

4.1. FINANCIAL REVIEW

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

During the year, business was highly contrasted between a difficult first half and a more robust second six months, which enabled Accor to easily comply with its market guidance. Among the factors driving the upturn was the Group's agility and proficiency in choosing the right distribution channels at the right time, but the ibis brand strategy and the successful implementation of the cost savings plan were equally decisive, especially when combined with a sharp rebound in the hotel business in the European provinces.

EBIT amounted to €536 million in 2013, representing a year-on-year increase of 5.3% based on constant scope of consolidation and exchange rates (like-for-like) and of 1.9% as reported. Results for the year were primarily shaped by a reduction in rental expense following the restructuring of leased hotels. On the other hand, impairment, depreciation and amortization charges rose due to the deployment of the ibis family brand revitalization program, the depreciation and amortization expense recognized on the Mirvac and Posadas acquisitions and the capital expenditure committed in the distribution operations.

Accor also initiated a historic turning point in the organization of its core competencies of hotel operator/franchisor and hotel owner/investor. Now separated into two businesses known as HotelServices and HotelInvest, each one is fully focused on its priorities – the first on expanding through fees paid by the managed and franchised hotels and the second through the return on its owned hotel assets, which are being restructured and upgraded with new investments.

Revenue

At comparable scope of consolidation and exchange rates, revenue increased by 2.7% in the year ended December 31, 2013, thanks in particular to the sharp 14.7% rise in revenue from management and franchise fees.

Reported revenue reflected the following factors:

- development, which added **€130 million** or **2.3%** to reported growth, led by the integration of 170 new hotels totaling **22,637** rooms over the year;
- changes in the scope of consolidation due to asset disposals, which reduced revenue by **€258 million** and growth by **4.6%;**
- the **€138 million** negative currency effect, which reduced growth by **2.4%,** with a general decline in exchange rates against the euro, notably for the Australian dollar, Brazilian real and British pound.

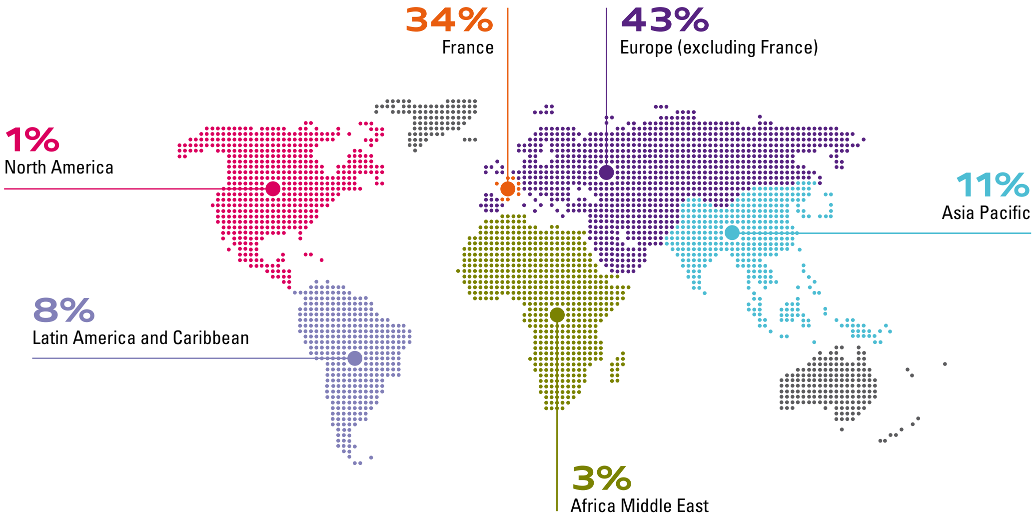
As reported, revenue was down by 2.0% for the year.

Revenue by business

(in millions of euros)	2012	2013	% change reported	% change like-for-like [(1)]
Upscale and Midscale	3,536	3,438	(2.7)%	+2.9%
Economy	1,961	1,970	+0.4%	+2.4%
Hotels	**5,497**	**5,408**	**(1.6)%**	**+2.7%**
Other businesses	**152**	**128**	**(16.0)%**	**+2.7%**
TOTAL	**5,649**	**5,536**	**(2.0)%**	**+2.7%**

(1) At constant scope of consolidation and exchange rates.

2013 revenue by region

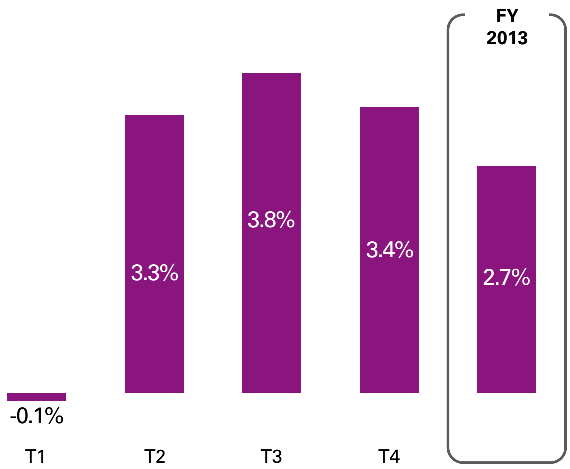


Hotels

Hotels revenue rose by 2.7% like-for-like and declined by 1.6% on a reported basis.

The Group enjoyed very favorable demand in all its key markets, especially in Europe. Among the emerging markets, demand remained very strong in Latin America and the Africa-Middle East region. Performance in the Asia-Pacific region was satisfactory overall, despite lower business volumes in China, as well as in Australia where the economy segment remains under pressure.

Quarterly change in 2013 Hotels revenue, like-for-like and year-on-year



Upscale and Midscale Hotels

Revenue in the Upscale and Midscale segment rose by 3.3% like-for-like and declined by 3.6% as reported in the fourth quarter.

Thanks to a balanced spread of business between capital cities and regional destinations, combined with sustained demand from leisure travelers at the end of the year, the segment saw robust growth in all its key markets. Growth was particularly strong in the United Kingdom and Germany, with revenues up by 8.9% and 4.0% respectively, like-for-like. Upscale & Midscale hotels in France also delivered a very satisfactory performance, considering that fewer trade fairs took place in October 2013 than in the year-earlier period. Growth in the segment was also boosted by the Upscale, with the ramp-up of the MGallery brand and the re-opening of newly renovated Pullman flagships. At the same time, revenue from management and franchise fees increased by 9.2% in the fourth quarter.

Economy Hotels

Revenue from Economy Hotels increased by 4.1% like-for-like and 1.3% as reported in the fourth quarter.

All European countries contributed to the segment's performance. Growth was in the double digits in the United Kingdom, while the situation in Southern Europe continued to improve, with like-for-like increases of 5.4% in Spain and 5.5% in Italy. Segment performance is also being stimulated by the opportunistic, disciplined distribution channel management system introduced in the second half, which helped to improve volumes and rates. At the same time, revenue from management and franchise fees increased by 13.2% in the fourth quarter.

2013 worldwide RevPAR excluding tax by segment

	Owned & leased (O&L)									O&L and managed
	Occupancy Rate			Average room rate			RevPAR			
(in euros)	(in %)	(change in points reported)	(change in points L/L [1])		(change in % reported)	(change in % L/L [1])		(change in % reported)	(like-for-like [1])	(reported)
Upscale and Midscale	67.5%	+1.9	+1.6	98	(1.9)%	+0.1%	66	+1.0%	+2.5%	+0.5%
Economy	70.1%	+0.8	+0.8	55	(1.3)%	+0.6%	39	(0.1)%	+1.9%	+0.5%

(1) At comparable scope of consolidation and exchange rates.

Upscale and Midscale Hotels: 2013 RevPAR excluding tax by country

	Owned & leased (O&L)										O&L and managed
		Occupancy Rate			Average room rate			RevPAR			
(in local currency)	Number of rooms	(in %)	(change in points reported)	(change in points L/L [1])		(change in % reported)	(change in % L/L [1])		(change in % reported)	(like-for-like [1])	(reported)
France	23,218	66.7%	+2.2	+1.9	117	(2.2)%	(0.5)%	78	+1.2%	+2.4%	+2.2%
Germany	16,441	69.5%	+2.7	+1.3	92	+3.4%	+1.3%	64	+7.6%	+3.3%	+7.5%
Netherlands	3,314	68.4%	+0.5	+0.6	88	(0.9)%	(2.4)%	60	(0.2)%	(1.5)%	+1.2%
Belgium	1,430	76.9%	+3.4	+3.3	99	+1.2%	+0.5%	76	+5.9%	+5.1%	+2.7%
Spain	2,283	58.8%	+1.1	+0.1	69	(3.7)%	(4.3)%	41	(2.0)%	(4.1)%	+2.3%
Italy	3,309	62.0%	+2.0	+0.9	90	(0.4)%	(0.7)%	56	+3.0%	+0.8%	+1.6%
UK (in £)	5,850	80.8%	+2.4	+2.8	86	+3.3%	+2.1%	70	+6.4%	+5.9%	+6.6%

(1) At comparable scope of consolidation and exchange rates.

Economy Hotels: 2013 RevPAR excluding tax by country

	Owned & leased (O&L)										O&L and managed
		Occupancy Rate			Average room rate			RevPAR			
(in local currency)	Number of rooms	(in %)	(change in points reported)	(change in points L/L [1])		(change in % reported)	(change in % L/L [1])		(change in % reported)	(like-for-like [1])	(reported)
France	35,787	70.2%	+0.5	+0.1	55	+0.5%	+0.1%	39	+1.2%	+0.3%	+1.8%
Germany	15,708	70.3%	(0.2)	(0.0)	58	+1.7%	+1.9%	41	+1.4%	+1.9%	+1.7%
Netherlands	2,382	76.3%	+3.5	+3.6	71	(2.8)%	(2.4)%	54	+1.9%	+2.3%	+1.9%
Belgium	2,821	77.8%	+2.3	+2.3	64	+1.3%	+0.9%	50	+4.3%	+4.0%	+5.3%
Spain	4,973	54.8%	+3.1	+2.5	46	(5.0)%	(6.2)%	25	+0.6%	(1.8)%	+0.8%
Italy	1,740	69.6%	+2.0	+2.0	55	(0.6)%	(0.6)%	38	+2.4%	+2.4%	+0.0%
UK (in £)	10,219	80.2%	+2.6	+2.4	51	+6.3%	+3.2%	41	+9.8%	+6.4%	+8.8%

(1) At comparable scope of consolidation and exchange rates.

Other businesses

Revenue from other businesses rose 2.7% like-for-like but contracted 16.0% as reported, primarily due to the disposal of Orbis Transport in Poland.

EBITDAR

EBITDAR (earnings before interest, taxes, depreciation, amortization and rental expense) represents a key financial performance indicator.

Consolidated EBITDAR amounted to €1,759 million in 2013, representing a 2.6% like-for-like gain for the year that may be analyzed as follows:

- like-for-like growth: €47 million;
- development (owned and leased hotels only): €36 million;
- currency effect: €(43) million;
- disposals: €(69) million.

EBITDAR by business

(in millions of euros)	2012	2013	% change	% change like-for-like (1)
Hotels	**1,774**	**1,716**	**(3.3)%**	**+1.1%**
Upscale and Midscale	1,017	964	(5.2)%	+1.0%
Economy	757	752	(0.7)%	+1.3%
Other businesses	**14**	**43**	**+207.1%**	**+184.9%**
TOTAL	**1,788**	**1,759**	**(1.6)%**	**+2.6%**

(1) At constant scope of consolidation and exchange rates.

EBITDAR represented 31.8% of consolidated revenue in 2013.

In the **Upscale and Midscale** segment, EBITDAR margin stood at 28.0% of revenue, down just 0.8 point as reported and 0.6 point like-for-like. The segment's **EBITDAR** improved by 1.0% like-for-like to €964 million, reflecting the sharp rebound in demand in the second half, which saw a 4.7% like-for-like improvement, *versus* a 3.2% contraction in the first half.

In the **Economy** segment, EBITDAR margin stood at a record high 38.2%, down a slight 0.3 point as reported and 0.4 point like-for-like. EBITDAR totaled €752 million for the year, similarly illustrating a clear second-half upswing (up 3.7% like-for-like, *versus* a 1.4% decline in the first half). This reflected the healthier demand, primarily in the European provinces, the positive impact of the new ibis brand architecture, the opportunistic, disciplined distribution channel management that helped to improve volumes and rates, and the deployment of the cost-savings plan.

EBIT

EBIT, corresponding to EBITDAR after depreciation, amortization, provisions and rental expense, improved by 5.3% like-for-like to €536 million from €526 million in 2012. The increase may be analyzed as follows:

(in millions of euros)	2012	2013	% change	% change like-for-like (1)
EBITDAR	1,788	1,759	(1.7)%	+2.6%
Rental expense	(938)	(894)	(4.7)%	(1.4)%
Depreciation, amortization and provision expense	(324)	(329)	+1.5%	(1.9)%
EBIT	**526**	**536**	**+1.9%**	**+5.3%**

(1) At constant scope of consolidation and exchange rates.

Depreciation, amortization and provisions rose by 1.5% as reported during the year due to the acquisitions of Mirvac and Posadas in 2012, the deployment of the ibis megabrand program and the capital expenditure committed in the distribution operations in 2013.

Rental expense declined by 4.7% as reported and by 1.4% like-for-like, primarily as a result of lease restructuring.

Operating profit before tax and non-recurring items

Operating profit before tax and non-recurring items – corresponding to EBIT less net financial expense plus share of profit of associates – represents the result of operations after the cost of financing Group businesses and before tax.

Operating profit before tax and non-recurring items declined as reported, to €446 million from €468 million in 2012, but rose 5.9% like-for-like. This reflected the increase in net financial expense, to €92 million from €75 million in 2012, due to the €8 million addition to financial provisions for the year.

(in millions of euros)	2012	2013	% change	% change like-for-like [(1)]
EBIT	526	536	+1.9%	+5.3%
Net financial expense	(75)	(92)	+22.7%	(3.8)%
Share of profit of associates	17	2	(88.2)%	+15.0%
OPERATING PROFIT BEFORE TAX AND NON-RECURRING ITEMS	**468**	**446**	**(4.6)%**	**+5.9%**

(1) At constant scope of consolidation and exchange rates.

Net financial expense amounted to €92 million, *versus* €75 million in 2012. Total fixed asset holding costs (rental expense plus depreciation, amortization, provision expense and interest) stood at €1,315 million, compared to €1,337 million in 2012, and represented 23.8% of revenue, *versus* 23.7% the year before.

Share of profit of associates declined to €2 million from €17 million in 2012, but was positively impacted by profit from Sofitel in the United States following disposal of the Sofitel Minneapolis for €6 million.

Net profit/(loss), Group share

(in millions of euros)	2012	2013
Operating profit before tax and non-recurring items	**468**	**446**
Restructuring costs	(40)	(133)
Impairment losses	(119)	(89)
Gains and losses on management of hotel properties	11	68
Gains and losses on management of other assets	(81)	(33)
Operating profit before tax	**239**	**259**
Income tax expense	(143)	(121)
Profit or loss from discontinued operations	(679)	1
Net profit/(loss)	**(584)**	**139**
NET PROFIT/(LOSS), GROUP SHARE	**(599)**	**126**
EARNINGS/(LOSS) PER SHARE (in euros)	**(2.64)**	**0.55**
Net profit attributable to non-controlling interests	**15**	**13**

Net profit before profit from discontinued operations stood at €125 million.

Accor ended the year with **net profit** of €126 million compared with a net loss of €599 million in 2012, impacted by the €679-million accounting loss on the disposal of Motel 6.

Restructuring costs totaled €133 million for the year, compared with €40 million in 2011. In both years, they primarily comprised costs related to the various reorganization programs.

Impairment losses, in an amount of €89 million in 2013 *versus* €119 million in 2012, mainly corresponded to €81 million in impairment of property, plant and equipment, including €1 million relating to such assets held for sale.

Gains and losses on the management of hotel properties, corresponding to capital gains and losses on disposals of hotel assets, represented a net gain of €68 million, *versus* €11 million in 2012. The 2013 figure primarily comprised a €56 million capital gain on the sale and management-back of the Sofitel Paris Le Faubourg (see note 2.2.2., page 204).

The net €33 million **loss on the management of other assets** primarily included €15 million in costs related to the ibis megabrand project to overhaul the entire Economy brand lineup under the ibis umbrella brand (see note 2.B.5., page 209).

Income tax expense (excluding tax on the profits of associates and discontinued operations) came to €121 million *versus* €143 million in 2012. The effective tax rate (expressed as a percentage of operating profit before tax and non-recurring items taxable at the standard rate) was 29.9%, compared with 28.5% the year before.

After non-controlling interests amounting to €13 million, Accor ended the year with a net profit, Group share of €126 million, *versus* a net loss, Group share of €599 million in 2012, which included the €679 million non-cash capital loss on the disposal of Motel 6/Studio 6.

As a result, **earnings per share,** based on the weighted average 227,613,320 shares outstanding in 2013, amounted to €0.55, compared with a loss per share of €2.64 for the previous year.

Dividend and payout ratio

	2012	2013	% change
Operating profit before non-recurring items, net of tax [(1)]	**345**	**362**	**+4.9%**
Weighted average shares outstanding (in millions)	227	228	+0.4%
Operating profit before non-recurring items, net of tax per share (in euro)	1.52	1.59	+4.6%
Ordinary dividend per share (in euro)	**0.76**	**0.80** [(2)]	**+5.3%**
Ordinary dividend payout (in millions of euros)	**173**	**182**	**+5.3%**
Payout ratio [(3)]	50%	50%	-

(1) Operating profit before tax and non-recurring items less operating tax, less non-controlling interests.
(2) Submitted for approval at the Combined Annual and Extraordinary Shareholders' Meeting of April 29, 2014.
(3) Based on operating profit before non-recurring items, net of tax.

At the Annual Meeting on April 29, 2014, shareholders will be asked to approve the payment of a dividend of €0.80 per share, compared with €0.76 the year before.

Financial flows

(in millions of euros)	2012	2013
Funds from operations excluding non-recurring transactions	694	713
Renovation and maintenance expenditure	(299)	(265)
Development expenditure	(245)	(200)
Recurring free cash flow	**150**	**248**
Acquisitions	(410)	5
Sofitel Los Angeles	(21)	-
ibis Megabrand	(38)	(12)
Proceeds from disposals of hotel assets	352	331
Proceeds from disposals of other assets	19	3
Dividends	(269)	(189)
Proceeds from issue of share capital, net	3	12
Decrease/(increase) in recurring working capital	(158)	133
Decrease/(increase) in non-recurring working capital	-	(185)
Change in % interest in subsidiaries (buyout of non-controlling interests in Italy and in Orbis)	(6)	-
Other	(59)	(157)
Cash flow from discontinued operations	242	2
DECREASE/(INCREASE) IN NET DEBT	**(195)**	**191**

Funds from operations rose to €713 million from €694 million in 2012**. Recurring development expenditure** amounted to €200 million for the year, while **hotel maintenance and renovation expenditure** totaled €265 million, including €27 million related to the ibis megabrand project.

Proceeds from the disposal of hotel assets increased consolidated cash flow by €331 million during the year. Disciplined management of the **working capital requirement** drove a €133 million improvement, while in the second half, **cost-saving measures** had the positive effect of **reducing consolidated net debt by €190 million to €231 million** at year-end.

As of December 31, 2013, Accor had **€1.5 billion in unused, confirmed long-term credit lines**. The Group also optimized its cost of debt over the year with the successful issue of €600 million in six-year, 2.5% bonds. The proceeds facilitated the repayment during the year of €700 million in bonds and other loan debentures carrying an average 6.14% in interest, thereby leading to a significant decrease in the cost of debt, to 4.28%.

Financial ratios

In general, the main financial ratios improved in 2013, reflecting the Group's transformation.

Gearing

Net debt totaled €231 million at December 31, 2013 compared with €421 million a year earlier, while gearing stood at 8.4%, compared with 14.1% at December 31, 2012.

Funds from operations excluding non-recurring transactions/Adjusted net debt

The ratio of funds from operations excluding non-recurring transactions to adjusted net debt is calculated according to a method used by the main rating agencies, with net debt adjusted for the 7% [(1)] discounting of future minimum lease payments.

The ratio stood at 31.3% at December 31, 2013, *versus* 28.5% a year earlier.

It is analyzed in the consolidated financial statements.

Return on capital employed

Return on capital employed (ROCE), corresponding to EBITDA expressed as a percentage of fixed assets at cost plus working capital, amounted to 14.0% in 2013, *versus* 14.0% in 2012. This ratio is also analyzed in the consolidated financial statements. ROCE declined to 11.0% in the Upscale and Midscale segment and to 18.7% in the Economy segment, reflecting the acquisitions of Mirvac and Posadas in 2012 and the capital committed to the ibis program, in particular to roll out the ibis mega-brand and renovate the hotels.

Value creation

Value created is calculated as follows:

$$\left(\text{ROCE after tax} - \text{Weighted average cost of capital}\right) \times \text{Capital employed}$$

Based on an ROCE after tax of 11.4%, a weighted average cost of capital of 8.8% in 2013 and capital employed of €6.35 billion, the Economic Value Added (EVA) created by Accor totaled €165 million in 2013, *versus* €164 million in 2012.

P&L Performance

To support the shift in the business model to managed and franchised hotels, a financial reporting system known as P&L Performance has been used since 2010 to analyze Accor's performance as a network manager and hotel operator.

P&L Performance tracks income statement data based on the following profit or cost centers:

- franchise operations, through which all of the hotels – whether owned, leased, managed or franchised – can leverage the Accor brands and their reputation in return for a management fee;
- management operations, through which Accor transfers its hotel operating expertise and experience to the owned, leased or managed hotels in return for a management fee;
- sales and marketing operations, through which Accor provides all of the owned, leased, managed, and franchised hotels with services relating to distribution systems, the loyalty program, sales programs and marketing campaigns in return for a sales and marketing fee;
- hotelier operations for owned and leased hotels, all of whose revenue and earnings accrue to Accor;
- unallocated operations, which primarily include the corporate departments.

The system analyzes the following indicators:

- business volume;
- revenue;
- EBITDAR;
- EBIT.

Targets for margin, flow-through ratio and earnings have been set for some of these indicators.

(1) *Rate used by the Standard & Poor's rating agency.*

Business volume in the hotel operations corresponds to the aggregate of:

- total revenue generated by owned and leased hotels;
- total revenue generated by managed hotels;
- total accommodation revenue generated by franchised hotels.

As Accor does not receive all of the above revenues, the business volume indicator cannot be reconciled with the indicators presented in the consolidated financial statements.

However, it does provide a yardstick to measure growth in the Accor network, making it a key indicator for management.

P&L Performance for 2013 was as follows:

	Manager & franchisor (1)		Sales & Marketing Funds (1)		Owned & Leased		Not allocated platform & intercos		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Gross Revenue	11,095	11,423	N/A	N/A	4,943	4,761	152	127	11,247	11,550
o/w Revenue (1)	665	670	339	399	4,943	4,761	(298)	(295)	5,649	5,535
EBITDAR	350	358	1	9	1,437	1,374	0	18	1,788	1,759
Contributive margin	*52.6%*	*53.4%*	*0.4%*	*2.4%*	*29.1%*	*28.9%*	*N/A*	*N/A*	*31.7%*	*31.8%*
EBIT	350	341	1	(3)	229	219	(54)	(21)	526	536
EBIT margin	*52.6%*	*50.9%*	*0.4%*	*(0.7)%*	*4.6%*	*4.6%*	*N/A*	*N/A*	*9.3%*	*9.7%*

(1) Including fees from owned and leased hotels.

4.2. REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

ACTIVITIES OF ACCOR SA

Accor SA owns the Pullman, MGallery, Novotel, Suite Novotel, Mercure, ibis Style, ibis, ibis *budget* and HotelF1 brands, and receives royalties from their licensing. It also owns hotel businesses in France and holds most of the hotel management contracts and franchise agreements in the country.

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.

At December 31, 2013, the following hotels were managed by French subsidiaries under business leases: three Sofitel, 42 Novotel, four Mercure, 12 Suite Novotel, one ibis Styles, two ibis, and one ibis *budget*.

Review of 2013 results

Revenue from all of the Company's operations amounted to €807.3 million in 2013, *versus* €753.3 million the year before. The 7.2%, or €54.0 million, increase reflected the €38.0 million growth in revenue from hotel management operations and the €25.0 million increase in distribution fees, which offset the €9.0 million decline in rental income and debt guarantee fees due to the ongoing deployment of the Group's asset-right strategy.

Revenue includes hotel royalties, rental and business-lease revenue and service fees.

Accor SA revenue by source

(in millions of euros)	2012	2013	% of total
Royalties from subsidiaries	336	359	44%
Service fees [(1)]	229	250	31%
Rental and business-lease revenue	80	74	9%
Royalties from non-Group companies	95	115	14%
Guarantee fees	12	10	1%
TOTAL	**753**	**807**	**100%**

(1) Services provided by Accor SA include corporate services, purchasing, technical support, accounting fees and back-office systems.

Other income, expense transfers and reversals of depreciation, amortization and provisions amounted to €55.2 million in 2013, compared with €28.2 million in 2012. The €27.0-million increase was led by the reversal of €15.6 million in provisions for post-employment benefits and by the capitalization of €9.0 million in development costs for distribution projects and the digitization of hotel reception systems.

Operating expenses rose by €118.1 million to €852.6 million from €734.5 million the year before, primarily due to the €25.7 million in overheads in the Europe region, the €29.4 million in additional distribution costs, the €70.2 million in restructuring costs (including those incurred by the voluntary separation plan) and the €11.7 million in strategic consulting fees in relation to the Group's reorganization, all of which offset the €11.7 million in savings on the strategic projects carried out in 2012. In addition, a total €11.2 million in savings was recognized on post-employment benefits provisions for the year.

Operating profit stood at €9.9 million compared to €46.9 million in 2012, a decline of €37.0 million.

Net financial income improved by €686.0 million over the year, swinging to €46.4 million from a net financial expense of €639.6 million in 2012, which was primarily due to the disposal that year of the Economy Hotels business in the United States.

Total provision movements included in net financial expense, corresponding mainly to write-downs of investments in subsidiaries, represented a net gain of €14.8 million against a €719.4 million net charge in 2012, reflecting the provisions on shares in US companies recognized in 2011. In 2013, the most material additions to these provisions concerned the shares of Accor Partecipazioni Italia (€14.3 million) and Accor Hospitality Argentina (€7.7 million). The most material reversals concerned the shares in Accor Hospitality Germany (€19.5 million), Risma (€13.8 million), S. H. de Montparnasse (€11.7 million) and Accor Afrique (€10.8 million).

Income from investments in subsidiaries and affiliates totaled €153.5 million, *versus* €216.8 million in 2012. The main dividend payments received during the year were from CIWLT (€24.3 million *vs.* €36.4 million in 2012) and Accor UK (€32.1 million *vs.* €31.1 million in 2012).

Recurring profit before tax amounted to €56.3 million *versus* a recurring loss before tax of €592.6 million in 2012, reflecting the disposal that year of the Economy Hotels business in the United States.

Net non-recurring income stood at €24.9 million, compared with an expense of €23.7 million in 2012. It primarily included the €17.6-million capital gain on the sale of shares in WBA Saint-Honoré, a €4.1 million earn-out payment in respect of the 2010 disposal of Accor Hotels Sweden, a €12.5-million capital gain on the sale of hotels and an €11.0-million provision for tax risks. In 2012, the net expense primarily included the €17.5 million capital gain on the sale of shares in the Formula 1 subsidiary in South Africa and the €13.3 million in grants to hotels to cover the cost of changing the ibis brands, as well as a €7.5 million provision recorded for tax risks and a €15.4 million provision for impairment of the Caesar Park, Caesar Business and all seasons brands.

In 2013, the Company recorded **an income tax benefit** of €25.4 million and a €5.2 million expense corresponding to the 3% surtax on dividends and other distributed income, compared with a benefit of €33.7 million in 2012.

At December 31, 2013, the French **tax group** headed by Accor SA comprised 73 companies compared with 78 a year earlier.

Accor SA ended the year with a **net profit** of €101.3 million, *versus* a net loss of €584.4 million in 2012.

Non-deductible provisions and accrued expenses carried in the balance sheet at December 31, 2013 amounted to €137.8 million, *versus* €116.6 million at the previous year-end.

In 2013, Accor paid an **ordinary dividend** of €0.76 per share for a total payout of €172.9 million. The 2012 payout, in a total amount of €261.3 million, comprised an **ordinary dividend** of €0.65 per share and a **special dividend** of €0.50 per share.

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, on page 97.

Supplier payment periods

Payment schedule for Accor SA's trade payables

(in millions of euros)	Accrued payables	< 30 days	30-60 days	> 60 days
Trade payables	-	18.4	14.7	-
Accruals for goods and services received but not invoiced	145.5	-	-	-
TOTAL	**145.5**	**18.4**	**14.7**	**-**

2013 business review

The **SIET** and **SISHE** subsidiaries were merged into Accor SA by transferring all of their assets and liabilities, thereby increasing Accor SA's interests in Morocco-based **RISMA** by 1.8% and in Turkey-based **Tamaris Anonim Sirketi** by 99.94%. Accor also now owns all outstanding shares in **Tamaris Hotelopoulos** in Greece.

Accor took up all of the new shares issued by its **Accor Participazioni Italia** subsidiary for €29.1 million.

Accor took up all of the new shares issued by its **Sogecol** subsidiary in Colombia for €2.3 million.

Accor took up all of the new shares issued by its **AHS Ab** subsidiary in Sweden for €0.4 million.

Accor took up all of the new shares issued by its **La Thermal de France** subsidiary for €21.5 million.

Accor took up all of the new shares issued by its **Sofitel Luxury Hôtels France** subsidiary for €11.5 million.

Accor took up all of the new shares issued by its **Société d'Information et de Services** subsidiary for €2.5 million.

Accor acquired 25% of its **SCI Des Hôtels de Tours et Orly** subsidiary for €4.0 million.

Accor disposed of its entire interest in **WBA Saint-Honoré** for €46.4 million, giving rise to a capital gain of €17.6 million.

Accor sold its interest in **Accor Gestion Hôtelière** to its **Accor Suisse** subsidiary for €3.9 million, giving rise to a capital gain of €1.5 million.

Accor received €9.7 million in a price adjustment on the 2012 acquisitions of the shares in **Grupo Posadas**.

Following capital reductions, Accor received €345.2 million from its **IBL** subsidiary and €40.0 million from its **Accor Hospitality Germany** subsidiary.

The liquidation of the **SCI Urfo, SCI Prestige Strasbourg, SCI La Lande Amaury, SCP Pontlieue, SMHE, SNC Rue de l'Université** and **Grupo Accor España** subsidiaries gave rise to an aggregate capital loss of €4.7 million, offset by €7.1 million in provision reversals.

The earn-out payment from the 2010 disposal of the **Accor Sweden** subsidiary gave rise to a €4.1 million capital gain, of which €2.1 million will be paid on March 31, 2014.

Hotel transactions

The sale of the business assets of the **Novotel Amiens Boves** gave rise to a €1.6 million capital gain.

The sale of the business assets of the **Novotel Tours** gave rise to a €6.1 million capital gain.

The sale of the business assets of the **ibis Tours sud** gave rise to a €1.2 million capital gain.

The sale of the business assets and property improvements of the **Novotel Marseille Aéroport**, the **Novotel Bordeaux Le Lac** and the **Suite Novotel Roissy PN2** gave rise to a €2.9 million capital gain.

Transactions in Accor SA shares

In June 2013, Accor paid a cash dividend for 2012 amounting to €0.76 per share, representing an aggregate payout of €172.9 million.

In addition, equity was increased following the issuance of 775,130 shares, of which 202,988 on the vesting of performance shares and 572,142 on the exercise of stock options.

Together, these transaction had the net effect of increasing the share capital by €2.3 million and reducing additional paid-in capital by €48.5 million.

On May 27, 2013, Accor appointed Rothschild & Cie Banque to act as market maker in its shares on the NYSE 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 has been allocated to the liquidity account. The related bank fees amount to a total €260,000.

Over the period, on behalf of Accor SA, Rothschild & Cie Banque purchased 8,885,910 shares at an average price of €30.503 and sold 8,885,910 shares at an average price of €30.513. These transactions did not have a material impact on profit for the year.

As of December 31, 2013, Accor SA did not hold any shares in treasury.

All these transactions are described in further detail on page 322.

The Company's ownership structure is described in the «Capital and Ownership Structure» section on page 324.

Financing and investing transactions

In 2013, Accor issued €600 million in six-year, 2.5% bonds. It also has €700 million in funds from the issue of five-year, 2.875% bonds in 2012 and an aggregate €652 million from the issue of five and eight-year bonds in 2009.

In addition, it has a five-year, €1.5 billion syndicated credit facility arranged in 2011, €1,190.1 million in term deposits and €445.9 million in cash and cash equivalents.

Information about subsidiaries

Accor SA owns 50% or more of the capital of 130 companies. The main equity interests, based on net value, are as follows:

- **Accor Hotels Belgium** (€1,002.3 million net) is the Belgian company that operates the hotels in Belgium and also owns interests in **Accor Asia** (100%), **AAPC**, the holding company for the Hotels business in **Australia** (81.9%), Portugal-based hotel operator **AHS** (50.0%), **Accor Hoteles España** (83.1%), **Groen Brugge Hotel** (99.9%) and **Accor Hotels Luxembourg** (100%).

  Accor Hotels Belgium reported a net profit of €8.9 million in 2013, *versus* €11.5 million in 2012;
- **Accor Hospitality Germany** (€478.4 million net) is the German company that operates 335 hotels in Germany.

  In 2013, it reported a net profit of €39.6 million, *versus* €10.2 million in 2012;
- **CIWLT** (€381.6 million net). Compagnie Internationale des Wagons-Lits et Tourisme (CIWLT) is a Belgian company that provides on-board train services in Europe through its subsidiary **Treno** (100%) and owns stakes in the **SFPTH** hotel companies (100%) in France and in **Macor (30.5%)** and **Accor Hotels SAE** (99.99%) in Egypt.

  Net profit came to €7.5 million in 2013, *versus* €11.5 million in 2012;
- 82.9%-owned **Société des Hôtels Novotel et Mercure** (€269.3 million) operates Novotel and Mercure hotels in France.

  In 2013, it reported a net profit of €20.8 million, *versus* €24.2 million in 2012;
- **IBL** (€54.9 million net) owns 37.9% of **Accor Lodging North America**, the holding company for the hotels business in the United States. It does not have any other activities. IBL's profit varies depending primarily on the interest income received from Accor on current account advances and on the amount of any dividends received from Accor Lodging North America.

  In 2013, it reported a net profit of €2.7 million, compared with a net loss of €222.6 million in 2012, which included a €226.0 million addition to provisions on its investment in ALNA. IBL did not pay any dividends to Accor SA during the year;
- **Accor Lodging North America** (€37.1 million net) is the holding company for the hotels business in the United States.

The other interests held by Accor SA are listed in the table of subsidiaries and affiliates presented after the parent company financial statements on page 310.

4.3. MATERIAL CONTRACTS

In 2013, 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 note 2, paragraphs A to B, and in note 40 to the consolidated financial statements, pages 202 and 274 below.

4.4. SIGNIFICANT EVENTS OF EARLY 2014

The following significant events have occurred since the end of 2013.

Appointment of the Deputy Chief Executive Officer in charge of Marketing, Digital Solutions, Distribution and Information Systems and changes in the Executive Committee

On March 1, 2014, Vivek Badrinath was appointed Deputy Chief Executive Officer in charge of marketing, digital media, distribution and information systems. In this capacity, he is a member of the Executive Committee, tasked with redefining Accor's digital strategy, in particular in the area of distribution, which plays a critical role in driving the development of the Group's brands.

As a result, the Accor Executive Committee, led by **Sébastien Bazin,** now comprises the following members:

- **Sven Boinet**, Deputy Chief Executive Officer in charge of Transformation, Human Resources and Legal;
- **Vivek Badrinath**, Deputy Chief Executive Officer in charge of Marketing, Digital Solutions, Distribution and Information Systems;
- **Christophe Alaux**, Chief Executive Officer HotelServices France;
- **Roland de Bonadona**, Chief Executive Officer HotelServices Americas;
- **Jean-Jacques Dessors**, Chief Executive Officer HotelServices Mediterranean, Middle East and Africa;
- **Michael Issenberg**, Chief Executive Officer HotelServices Asia Pacific;
- **Sophie Stabile**, Chief Financial Officer;
- **Peter Verhoeven**, Chief Executive Officer HotelServices Northern, Central and Eastern Europe.

Stake in Reef Casino in Australia sold for €55.5 million

As part of its asset management strategy, Accor has sold its interest in the Reef Casino in Australia, which comprises a 128-room hotel and a casino with more than 500 gaming machines. The interest included a 29% stake in Reef Casino Trust (RCT), a listed entity, as well as a 50% stake in RCT's related businesses, Casinos Austria Cairns and Reef Corporate Service. Total proceeds for Accor amounted to €55.5 million. The agreement is submitted to 90% acceptance for the IPO of RCT, and to regulatory approvals.

Launch of a bond issue

On January 31, 2014, Accor took advantage of favorable conditions in the credit markets, at a time of low interest rates, to successfully place a seven-year bond issue in an amount of €750 million with an annual coupon of 2.625%.

On February 4, the Group redeemed its five-year, 7.5% bonds in an amount of €402.3 million.

A new way of tracking our business model

Accor has announced that its financial indicators will now be disclosed in line with its new business model.

HotelServices is committed to increasing its business volume and generating the cash flow needed to fund its growth. It aims to report a more than 50% EBIT margin on management and franchise operations, with a sales & marketing fund at breakeven. HotelInvest needs to improve its performance through asset rotation, in particular by restructuring the least profitable lease contracts and increasing the percentage of owned hotels in its earnings stream. Its objective is to derive 75% of its net operating income (EBITDA less maintenance capital expenditure) from owned hotels.

These two businesses are now managing their strategic and operational priorities separately, while working closely in tandem thanks to their partnership relations.

5 Financial STATEMENTS

5.1. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2013

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual Shareholders' Meeting, we hereby report to you for the year ended December 31, 2013 on:

- the audit of the accompanying financial statements of Accor;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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, 2013 and of the results of its operations for the year then ended in accordance with the IFRSs as adopted by the European Union.

II. Justification of our assessments

In compliance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention to the following matters:

- notes 1.E.4 and 1.E.6 to the consolidated financial statements describe the accounting policies and methods used to account for leases and sale-and-leaseback transactions as well as the policies and methods used to assess the recoverable amount of property, plant and equipment, intangible assets, and goodwill. We have verified the appropriateness of these accounting policies and methods and of the related disclosures provided in notes 6 and 13 to the consolidated financial statements. We have also examined the consistency of the data and assumptions used and the supporting documentation, and on these bases assessed the reasonableness of the estimates made;
- notes 2.E, 12 and 33 to the consolidated financial statements present the accounting impact of the restructuring operations carried out or initiated by your Company during the year, in particular the implementation of the voluntary separation plans in the Parisian head offices. Our work consisted of assessing the recognition of the expense in 2013 and the reasonableness of the estimates underlying the amount of provisions recorded for the year.
- note 39 to the consolidated financial statements describes the legal proceedings currently underway regarding tax audits in various countries, as well as Management's positions concerning these disputes. Our work consisted of assessing the reasonableness of the elements on which these positions are based and verifying that the note to the consolidated financial statements provides appropriate disclosures.

These assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III. Specific verification

As required by law and in accordance with the professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine, March 18, 2014

The Statutory Auditors
French original signed by:

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres
Pascale Chastaing-Doblin	Jacques Pierres

5.2. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

5.2.1. CONSOLIDATED INCOME STATEMENTS

(in millions of euros)	Notes	2012*	2013
CONSOLIDATED REVENUE	3	5,649	5,536
Operating expense	4	(3,861)	(3,777)
EBITDAR	5	1,788	1,759
Rental expense	6	(938)	(894)
EBITDA	7	850	865
Depreciation, amortization and provision expense	8	(324)	(329)
EBIT	9	526	536
Net financial expense	10	(75)	(92)
Share of profit of associates after tax	11	17	2
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS		468	446
Restructuring costs	12	(40)	(133)
Impairment losses	13	(119)	(89)
Gains and losses on management of hotel properties	14	11	68
Gains and losses on management of other assets	15	(81)	(33)
OPERATING PROFIT BEFORE TAX		239	259
Income tax expense	16	(143)	(121)
PROFIT FROM CONTINUING OPERATIONS		95	138
Net Profit or Loss from discontinued operations	17	(679)	1
NET PROFIT OR LOSS		**(584)**	**139**
Net Profit, Group Share from continuing operations		80	125
Net Profit or Loss, Group Share from discontinued operations		(679)	1
Net Profit or Loss, Group Share		**(599)**	**126**
Net Profit, Minority interests from continuing operations		15	13
Net Profit or Loss, Minority interests from discontinued operations		(0)	0
Net Profit, Minority interests		15	13
Weighted average number of shares outstanding (in thousands)	25	227,266	227,613
Earnings per share (in €)		**(2.64)**	**0.55**
Diluted earnings per share (in €)	25	(2.64)	0.55
Earnings per share from continuing operations (in €)		0.35	0.55
Diluted earnings per share from continuing operations (in €)		0.35	0.55
Earnings per share from discontinued operations (in €)		(2.99)	0.00
Diluted earnings per share from discontinued operations (in €)		(2.99)	0.00

* *The amendment to IAS 19 "Employee Benefits" was adopted effective from January 1, 2013, with retrospective application to the period presented. The effect of the resulting changes of method on the income statement for the year ended December 31, 2012 was not material (see Note 1, page 189, for an explanation of the changes of method) and the comparative information for this period has not been restated.*

Income statement indicators are explained in Note 1.S.

5.2.2. STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in millions of euros)	Notes	2012*	2013
NET PROFIT OR LOSS		(584)	139
Currency translation adjustment		101	(208)
Effective portion of gains and losses on hedging instruments in a cash flow hedge		3	4
Change in fair value resulting from "Available-for-sale financial assets"		-	(4)
Other comprehensive income that will be reclassified subsequently to profit or loss		**104**	**(208)**
Actuarial gains and losses on defined benefit plans, net of deferred taxes		(18)	1
Other comprehensive income that will never be reclassified subsequently to profit or loss		**(18)**	**1**
Other comprehensive income, net of tax	**28**	**86**	**(207)**
TOTAL PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		**(498)**	**(68)**
Profit or loss and other comprehensive income, Group share		**(529)**	**(75)**
Profit or loss and other comprehensive income, Minority interests		31	7

* *The amendment to IAS 19 "Employee Benefits" was adopted effective from January 1, 2013, with retrospective application to the period presented. The effect of the resulting changes of method on the statement of profit or loss and other comprehensive income for the year ended December 31, 2012 was not material (see Note 1, page 189, for an explanation of the changes of method) and the comparative information for this period has not been restated.*

5.2.3. STATEMENTS OF FINANCIAL POSITION

Assets

(in millions of euros)	Notes	Dec. 2012*	Dec. 2013
GOODWILL	18	840	707
INTANGIBLE ASSETS	19	264	283
PROPERTY, PLANT AND EQUIPMENT	20	2,592	2,448
Long-term loans	21	147	98
Investments in associates	22	263	230
Other financial investments	23	222	174
TOTAL NON-CURRENT FINANCIAL ASSETS		632	502
Deferred tax assets	16	151	148
Total non-current assets		**4,479**	**4,088**
Inventories	24	47	42
Trade receivables	24	402	390
Other receivables and accruals	24	516	478
Receivables on disposals of assets	29 & 30	48	41
Short-term loans	29 & 30	34	32
Cash and cash equivalents	29 & 30	1,878	1,928
Total current assets		**2,925**	**2,911**
Assets held for sale	32	156	61
TOTAL ASSETS		**7,560**	**7,060**

* *The Group adopted the amendment to IAS 19 – Employee Benefits effective from January 1, 2013. The amended standard is applicable retrospectively to the period presented and restated statement of financial position has therefore been prepared at December 31, 2012 (see Note 1, page 189, for an explanation of the changes of method and their effects).*

Equity and Liabilities

(in millions of euros)	Notes	Dec. 2012*	Dec. 2013
Share capital		682	684
Additional paid-in capital and reserves		2,682	1,729
Net profit or loss, Group share	25	(599)	126
SHAREHOLDERS' EQUITY, GROUP SHARE		2,765	2,539
Minority interests	27	230	217
Total shareholders' equity and minority interests		**2,995**	**2,756**
Other long-term financial debt	29 & 30	1,496	1,670
Long-term finance lease liabilities	29 & 30	56	48
Deferred tax liabilities	16	119	118
Non-current provisions	33	122	109
Total non-current liabilities		**1,793**	**1,945**
Trade payables	24	580	611
Other payables and income tax payable	24	1,142	964
Current provisions	33	185	244
Short-term debt and finance lease liabilities	29 & 30	811	496
Bank overdrafts and liability derivatives	29 & 30	18	18
Total current liabilities		**2,736**	**2,333**
Liabilities associated with assets classified as held for sale	32	36	26
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,560**	**7,060**

* *The Group adopted the amendment to IAS 19 – Employee Benefits effective from January 1, 2013. The amended standard is applicable retrospectively to the period presented and restated statement of financial position has therefore been prepared at December 31, 2012 (see Note 1, page 189, for an explanation of the changes of method and their effects).*

5.2.4. CONSOLIDATED CASH FLOW STATEMENTS

	(in millions of euros)	Notes	2012	2013
+	EBITDA	7	850	865
+	Net financial expense	10	(75)	(92)
+	Income tax expense		(122)	(134)
-	Non cash revenue and expense included in EBITDA		21	21
-	Elimination of provision movements included in net financial expense and non-recurring taxes		20	46
+	Dividends received from associates		0	7
+	Impact of discontinued operations		92	4
=	FUNDS FROM OPERATIONS EXCLUDING NON-RECURRING TRANSACTIONS	34	786	717
+	Decrease (increase) in operating working capital	35	(158)	133
+	Impact of discontinued operations	35	81	5
=	NET CASH FROM OPERATING ACTIVITIES		709	855
+	Cash received (paid) on non-recurring transactions (included restructuring costs and non-recurring taxes)		(134)	(145)
+	Decrease (increase) in non-operating working capital (1)		-	(185)
+	Impact of discontinued operations (2)		(449)	(1)
=	NET CASH FROM OPERATING ACTIVITIES INCLUDING NON-RECURRING TRANSACTIONS (A)		126	524
-	Renovation and maintenance expenditure	36	(299)	(265)
-	Development expenditure	37	(676)	(194)
+	Proceeds from disposals of assets		371	334
+	Impact of discontinued operations (3)		529	(0)
=	NET CASH USED IN INVESTMENTS/DIVESTMENTS (B)		(75)	(125)
+	Proceeds from issue of share capital		3	12
-	Dividends paid		(269)	(189)
-	Repayment of long-term debt		(15)	(5)
-	Payment of finance lease liabilities		(1)	(7)
+	New long term debt		727	610
=	INCREASE (DECREASE) IN LONG-TERM DEBT		711	598
+	Increase (decrease) in short-term debt		146	(728)
+	Change in ownership percentage of subsidiaries		(6)	-
+	Impact of discontinued operations		(145)	(2)
=	NET CASH FROM FINANCING ACTIVITIES (C)		440	(309)
+	Effect of changes in exchange rates (D)		17	(38)
+	Effect of changes in exchange rates on discontinued operations (D)		(10)	-
=	**NET CHANGE IN CASH AND CASH EQUIVALENTS (E)=(A)+(B)+(C)+(D)**		**498**	**52**
-	Cash and cash equivalents at beginning of period		1,352	1,860
-	Effect of changes in fair value of cash and cash equivalents		6	5
-	Net change in cash and cash equivalents for discontinued operations		4	(7)
+	Cash and cash equivalents at end of period	30	1,860	1,910
=	**NET CHANGE IN CASH AND CASH EQUIVALENTS**		**498**	**52**

(1) At December 31, 2013, this amount corresponds to the payment of "précompte" dividend withholding tax for €184.7 million (see Note 39.2).
(2) and (3) For December 31, 2012, of which cash flows related to the sale of the Economy Hotels US business (see Note 2.A.1.1):
(2) Mainly costs associated with the exercise of purchase options on leased hotels for €(274) million and the cancellation of accounting entries recognizing rents on a straight-line basis following the purchase of the leased hotels, for €(123) million.
(3) Mainly proceeds from the sale of Motel 6 for €1,338 million and purchase of 268 leased hotels for €(851) million.

5.2.5. CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in millions of euros)	Number of shares outstanding	Share capital	Additional paid-in capital	Currency translation reserve (1)	Fair value adjustments on Financial Instruments reserve	Reserve for actuarial gains/losses	Reserve related to employee benefits	Retained earnings and profit for the period	Shareholders' equity	Minority interests	Consolidated shareholders' Equity
AT JANUARY 1, 2012	227,251,446	682	1,318	(6)	(7)	(31)	134	1,448	3,537	231	3,768
Changes in accounting policies*	-	-	-	-	-	-	-	6	6	-	6
RESTATED JANUARY 1, 2012	227,251,446	682	1,318	(6)	(7)	(31)	134	1,454	3,543	231	3,773
Issue of share capital											
■ On exercise of stock options	26,526	0	1	-	-	-	-	-	1	2	3
Dividends paid in cash (2) (3)	-	-	-	-	-	-	-	(255)	(255)	(14)	(269)
Change in reserve related to employee benefits	-	-	-	-	-	-	14	-	14	-	14
Effect of scope changes	-	-	-	-	-	0	-	(9)	(9)	(20)	(29)
OTHER COMPREHENSIVE INCOME	-	-	-	85	3	(18)	-	-	70	16	86
Net Loss	-	-	-	-	-	-	-	(599)	(599)	15	(584)
TOTAL LOSS AND OTHER COMPREHENSIVE INCOME	-	-	-	85	3	(18)	-	(599)	(529)	31	(498)
AT DECEMBER 31, 2012	227,277,972	682	1,318	79	(4)	(49)	148	591	2,765	230	2,995
Issue of share capital											
■ Performance share grants	202,988	1	-	-	-	-	-	(1)	-	-	-
■ On exercise of stock options	572,142	2	10	-	-	-	-	-	12	(0)	12
Dividends paid in cash (2)	-	-	-	-	-	-	-	(173)	(173)	(16)	(189)
Change in reserve related to employee benefits	-	-	-	-	-	-	14	-	14	-	14
Effect of scope changes	-	-	-	-	-	(0)	-	(3)	(3)	(4)	(7)
OTHER COMPREHENSIVE INCOME	-	-	(199)	(202)	0	1	-	199	(201)	(6)	(207)
Net Profit	-	-	-	-	-	-	-	126	126	14	139
TOTAL PROFIT AND OTHER COMPREHENSIVE INCOME	-	-	(199)	(202)	0	1	-	325	(75)	7	(68)
AT DECEMBER 31, 2013	**228,053,102**	**684**	**1,129**	**(123)**	**(4)**	**(48)**	**162**	**739**	**2,539**	**217**	**2,756**

* *Opening equity at January 1, 2012 has been restated for the effects of adopting the amendment to IAS 19 "Employee Benefits" effective from January 1, 2013, with retrospective application to the period presented (see Note 1, page 189, for an explanation of the changes of method and their effects).*

(1) *Exchange differences on translating foreign operations between January 1, 2012 and December 31, 2012, representing a positive impact of €85 million, mainly concern the €78 million translation reserve related to the US Economy Hotels business that was recycled to profit during the year (see Note 2.A.1.1) and changes in exchange rates against the euro of the US Dollar (€9 million negative impact), the Polish Zloty (€44 million positive impact) and the Brazilian Real (€21 million negative impact).*

Exchange differences on translating foreign operations between December 31, 2012 and December 31, 2013, representing a negative impact of €202 million, mainly concern changes in exchange rates against the euro of the Australian Dollar (€85 million negative impact), the US Dollar (€41 million negative impact), the Brazilian Real (€40 million negative impact) and the Argentinian Peso (€11 million negative impact).

The period-end euro/local currency exchange rates applied to prepare the consolidated financial statements were as follows:

	AUD	USD	BRL	ARS
December 2012	1.2712	1.3194	2.7036	6.4865
December 2013	1.5423	1.3791	3.2576	8.9900

(2) The 2011, 2012 and 2013 dividends were as follows:

(in euros)	2011	2012	2013*
Dividend per share	0.65	0.76	0.80
Special dividend per share	0.50	NA	NA

* *Ordinary dividend per share recommended by the Board of Directors to the Annual Shareholders' Meeting of April 29, 2014.*

(3) The total amount includes €6 million in dividends corresponding to "précompte" dividend withholding tax refund that Accor was not required to return following the Supreme Court of Appeal ruling in late 2012 in the dispute concerning this tax (see Note 39.2).

Number of Accor's shares is detailed as follows:

Details on shares	Dec. 2012	Dec. 2013
Total number of shares authorized	227,277,972	228,053,102
Number of fully paid shares issued and outstanding	227,277,972	228,053,102
Number of shares issued and outstdanding not fully paid	-	-
Per value per share (in €)	3	3
Treasury stock	-	-
Number of shares held for allocation on exercise of stock options and grants	-	-

Number of outstanding shares and number of potential shares that could be issued breaks down as follows:

Number of issued shares at January 1, 2013	**227,277,972**
Performance shares granted	202,988
Shares from conversion of stock option plans	572,142
Number of issued shares at December 31, 2013	**228,053,102**
Accor's share capital at December 31, 2013	**228,053,102**
Shares in treasury at December 31, 2013	-
Outstanding shares at December 31, 2013	**228,053,102**
Stock option plans (see Note 25.3)	8,300,398
Performance shares plans (see Note 25.3)	567,477
Potential number of shares	**236,920,977**

Full conversion would have the effect of reducing debt at December 31, 2013 as follows:

(in millions of euros)	
Theoretical impact of exercising stock options*	264
Theoretical impact on net debt of exercising all equity instruments	**264**

* *Assuming exercise of all options outstanding at December 31, 2013.*

Average number of ordinary shares before and after dilution is presented as follows:

Accor's share capital at December 31, 2013	**228,053,102**
Outstanding shares at December 31, 2013	**228,053,102**
Effect of share issues on the weighted average number of shares	(52,387)
Adjustment from stock option plans exercised during the period	(387,395)
Weighted average number of ordinary shares during the period (See Note 25)	**227,613,320**
Impact of dilutive stock options plans at December 31, 2013	548,495
Impact of dilutive performance shares at December 31, 2013	417,105
Weighted average number of shares used to calculate diluted earning per share (See Note 25)	**228,578,920**

5.2.6. KEY MANAGEMENT RATIOS

	Note	Dec. 2012*	Dec. 2013*
Gearing	(a)	14.1%	8.4%
Adjusted Funds from Ordinary Activities/Adjusted Net Debt	(b)	28.5%	31.3%
Return On Capital Employed	(c)	14.0%	14.0%
Economic Value Added (EVA) (in millions of euros)	(d)	164	165

* *Based on continuing operations: i.e. excluding the US Economy Hotels business sold in 2012 and the Onboard Train Services business reclassified as a discontinued operation.*

Note (a): Gearing corresponds to the ratio of net debt to equity (including minority interests).

Note (b): Adjusted Funds from Ordinary Activities/Adjusted Net Debt is calculated as follows, corresponding to the method used by the main rating agencies:

	Note	Dec. 2012*	Dec. 2013*
NET DEBT AT END OF THE PERIOD (see Note 30)	(1)	421	231
Restatement of the debt of sold and acquired businesses prorated over the period	(2)	(177)	78
AVERAGE NET DEBT		244	309
Rental commitments discounted at 7%	(3)	2,962	2,676
Total Adjusted net debt		**3,206**	**2,985**
FUNDS FROM ORDINARY ACTIVITIES		694	713
Rental amortization (see Note 6.C)		221	220
Adjusted Funds from Ordinary Activities		**915**	**933**
ADJUSTED FUNDS FROM ORDINARY ACTIVITIES/ADJUSTED NET DEBT		**28.5%**	**31.3%**

* *Based on continuing operations: i.e. excluding the US Economy Hotels business sold in 2012 and the Onboard Train Services business reclassified as a discontinued operation.*

(1) *Net debt at December 31, 2012 does not include the €184.7 million of "précompte" dividend withholding tax refund that Accor was ordered to repay to the French State, following the Supreme Court of Appeal ruling in December 2012 in the dispute concerning this tax (see Note 39.2) which were recorded in "Other payables".*

(2) *At December 31, 2013, including €126 million in adjustments for disposals and a €(48) million adjustment related to the "précompte" dividend withholding tax refund paid back to the French State.*
At December 31, 2012, including €62 million in adjustments for disposals and €(239) million in adjustments for the acquisition of Mirvac and of Grupo Posadas' South American hotel network.

(3) *Rental commitments correspond to the amounts presented in Note 6 C. They do not include any variable or contingent rentals. The 7% rate is the rate used by Standard & Poor's.*

Note (c): Return On Capital Employed (ROCE) is defined below.

Note (d): Economic Value Added (EVA).

2012 and 2013 Economic Value Added (EVA) have been calculated as follows:

	Dec. 2012*	Dec. 2013*
WEIGHTED AVERAGE COST OF CAPITAL (WACC)	8.90%	8.80%
ROCE AFTER TAX (1)	11.49%	11.40%
CAPITAL EMPLOYED (in millions of euros)	6,355	6,350
ECONOMIC VALUE ADDED (in millions of euros) (2)	164	165

* *Based on continuing operations: i.e. excluding the US Economy Hotels business sold in 2012 and the Onboard Train Services business reclassified as a discontinued operation.*

(1) *ROCE after tax is determined as follows:*

$$\frac{\text{Adjusted EBITDA} - [(\text{Adjusted EBITDA} - \text{depreciation, amortization and provisions}) \times \text{tax rate}]}{\text{Capital employed}}$$

For example, at December 31, 2013 the data used in the formula were as follows:

Adjusted EBITDA:	*€891 million (see ROCE hereafter);*
Depreciation, amortization and provisions:	*€329 million;*
Effective tax rate:	*29.9% (see Note 16.2);*
Capital employed:	*€6,350 million (see ROCE hereafter).*

(2) *EVA is determined as follows: (ROCE after tax – WACC) x Capital employed*
A 0.1 point increase or decrease in the Beta would have had a €38 million impact on December 2013 EVA and a €36 million impact on December 2012 EVA.

5.2.7. RETURN ON CAPITAL EMPLOYED (ROCE) BY BUSINESS SEGMENT

Return On Capital Employed (ROCE) is a key management indicator used internally to measure the performance of the Group's various businesses. It is also an indicator of the profitability of assets that are either not consolidated or accounted for by the equity method.

It is calculated on the basis of the following aggregates derived from the consolidated financial statements:

- adjusted EBITDA: for each business, EBITDA plus revenue from financial assets and investments in associates (dividends and interests);
- capital employed: for each business, the average cost of 2012 and 2013 non-current assets, before depreciation, amortization and provisions, plus working capital.

ROCE corresponds to the ratio between adjusted EBITDA and average capital employed for the period. In December 2013, ROCE stood at 14.0%, unchanged from December 31, 2012.

(in millions of euros)	2012*	2013*
Capital employed	6,625	6,547
Adjustments on capital employed (1)	(326)	(198)
Effect of exchange rate on capital employed (2)	56	1
AVERAGE CAPITAL EMPLOYED	6,355	6,350
EBITDA (see Note 7)	850	865
Interest income on external loans and dividends	21	19
Share of profit of associates before tax (see Note 11)	20	7
PUBLISHED ADJUSTED EBITDA	891	891
ROCE (ADJUSTED EBITDA/CAPITAL EMPLOYED)	14.0%	14.0%

* *Based on continuing operations: i.e. excluding the US Economy Hotels business sold in 2012 and the Onboard Train Services business reclassified as a discontinued operation.*

(1) *For the purpose of calculating ROCE, capital employed is prorated over the period of EBITDA recognition in the income statement. For example, the capital employed of a business acquired on December 31 that did not generate any EBITDA during the period would not be included in the calculation.*
(2) *Capital employed is translated at the average exchange rate for the year, corresponding to the rate used to translate EBITDA.*

Return on capital employed (ratio between EBITDA and average capital employed) for continuing operations over a 12-month rolling period is as follows, by business segment:

	Dec. 2012*		Dec. 2013*	
	Capital Employed	ROCE	Capital Employed	ROCE
Business	(in millions of euros)	%	(in millions of euros)	%
HOTELS	6,192	14.1%	6,132	13.8%
Upscale and Midscale Hotels	4,142	11.4%	3,947	11.0%
Economy Hotels	2,050	19.5%	2,185	18.7%
OTHER BUSINESSES	163	13.0%	218	21.7%
GROUP TOTAL EXCLUDING DISCONTINUED OPERATIONS	**6,355**	**14.0%**	**6,350**	**14.0%**

* *Based on continuing operations: i.e. excluding the US Economy Hotels business sold in 2012 and the Onboard Train Services business reclassified as a discontinued operation.*

5.2.8. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Framework

In accordance with European Commission regulation 1606/2002 dated July 19, 2002 on the application of international financial reporting standards, the Accor Group consolidated financial statements for the year ended December 31, 2013, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of that date. They include comparative 2012 annual financial information, prepared in accordance with the same standards.

At December 31, 2013, all of the International Financial Reporting Standards (including IFRSs, IASs and Interpretations) published by the International Accounting Standards Board ("IASB") had been adopted by the European Union, with the exception of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 (revised) "Separate Financial Statements" and IAS 28 (revised) "Investments in Associates and Joint Ventures", which are applicable in the European Union from January 1, 2014 and have not been early-adopted by the Group. The effects of applying these new or revised standards on the consolidated financial statements taken as a whole will not be material (see table pages 190 and 191). As a result, the Group's consolidated financial statements have been prepared in accordance with International Financing Reporting Standards as published by the IASB.

The following new standards and amendments to existing standards adopted by the European Union were applicable from January 1, 2013:

- amendments to IAS 1 "Presentation of Items of Other Comprehensive Income", which notably require items that may be reclassified subsequently to profit or loss to be presented separately from items that will not be reclassified. Application of these amendments led to minor changes in the presentation of the statement of profit or loss and other comprehensive income;
- IAS 19 (revised) "Employee Benefits". Under the revised standard:
  - it is no longer possible to defer recognition of all or part of the actuarial gains and losses arising on defined benefit plans (application of the corridor approach). This change had no impact on the consolidated financial statements because the Group already recognized actuarial gains and losses directly in other comprehensive income,
  - the return on plan assets is calculated using the discount rate applied to determine the projected benefit obligation. The effect of this change on the consolidated financial statements was not material,
  - unvested past service costs are recognized directly in profit or loss. At January 1, 2012, unrecognized unvested past service costs amounted to €9 million before the deferred tax effect. This amount was therefore recognized as of January 1, 2012 by adjusting retained earnings by the amount net of deferred tax. The effect of this change on the 2012 annual consolidated income statements and statements of comprehensive income was not material, however,
  - more detailed disclosures are required in the notes to the consolidated financial statements.

Adoption of IAS 19 constituted a change of accounting policy, as defined in IAS 8, and the revised standard was therefore applied retrospectively to the period presented. The effects on consolidated equity and liabilities are presented below:

(in millions of euros)	Dec. 2012 Published	IAS 19 Revised Impact	Dec. 2012 Restated
Additional paid-in capital and reserves	2,676	6	2,682
Net profit or loss, Group share	(599)	(0)	(599)
Total shareholders' equity and minority interests	**2,989**	**6**	**2,995**
Deferred tax liabilities	116	3	119
Non-current provisions	131	(9)	122
Total liabilities and shareholders' equity	**7,560**	**(0)**	**7,560**

- IFRS 13 "Fair Value Measurement". This standard provides a single IFRS framework for measuring fair value that is applicable to all IFRSs that require or permit fair value measurements or disclosures. Its application had no impact on the Group's consolidated financial statements.
- Amendment to IFRS 1 "Government Loans". This amendment deals with the accounting treatment of government loans at below-market rates of interest. As an exception to the general principle of retrospective application, it allows first-time adopters of IFRSs to apply the recommended accounting treatment prospectively from the IFRS transition date. This standard concerns companies adopting IFRS for the first time and the amendment therefore had no impact on the consolidated financial statements for the periods presented.

- Amendment to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities". The amendment introduces additional disclosure requirements for recognized financial instruments that are set off in accordance with IAS 32. It also requires disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The Group does not set off any financial assets and financial liabilities and the amendment therefore had no impact on the consolidated financial statements.
- Improvements to IFRSs – 2009-2011 Cycle. These improvements had no impact on the consolidated financial statements.
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine". Accor is not concerned by this interpretation which deals with waste removal costs that are incurred in surface mining activity during the production phase of the mine.

In addition, the Group decided to early adopt the amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets. This amendment, which has been applied retrospectively to all periods presented, restricts the requirement to disclose the recoverable amount of a cash-generating unit (CGU) that includes goodwill or intangible assets with an indefinite useful life to those periods in which an impairment loss has been recognized or reversed.

Assessment of the potential impact on the consolidated financial statements of future standards, amendments to existing standards and interpretations of existing standards

The Group did not early adopt the following standards, amendments and interpretations adopted or in the process of being adopted by the European Union at December 31, 2013 and applicable after that date:

Standard or Interpretation		Application Date (period beginning on or after)	Measurement of the possible impact on the Accor Group consolidated financial statements in the period of initial application
IFRS 9	"Financial Instruments: Recognition and Measurement"	-	This standard is currently not expected to have a material impact on the consolidated financial statements.
Additions to IFRS 9	"Financial Instruments: Recognition and Measurement"	-	
IFRS 10 and current amendments	"Consolidated Financial Statements"	January 1, 2013*	IFRS 10 establishes a single method of determining whether entities are controlled and should be fully consolidated. The three elements of control are: i) power to direct the relevant activities, ii) exposure or rights to variable returns and iii) ability to use power to affect returns. Analyses conducted in 2012 showed that application of this standard will have no significant impact on the consolidated financial statements.
IFRS 11 and current amendments	"Joint Arrangements"	January 1, 2013*	Following adoption of IFRS 11, application of the proportionate consolidation method to jointly controlled entities will no longer be allowed. Consequently from January 1, 2014 these entities will be accounted for by the equity method with retrospective application of this method to 2013. The impact that the standard would have had on the Group's 2013 revenue, expenses and main statement of financial position's indicators if it had been applied in 2013 is presented in Note 42.

Standard or Interpretation		Application Date (period beginning on or after)	Measurement of the possible impact on the Accor Group consolidated financial statements in the period of initial application
IFRS 12	"Disclosure of Interests in Other Entities"	January 1, 2013*	These standards and amendments to existing standards are currently not expected to have a material impact on the consolidated financial statements.
IFRS 14	"Regulatory Deferral Accounts"	January 1, 2016**	
IAS 27 Revised	"Separate Financial Statements"	January 1, 2013*	
IAS 28 Revised	"Investments in Associates and Joint Ventures"	January 1, 2013*	
Amendment to IAS 19	"Defined Benefit Plans: Employee Contributions"	July 1, 2014**	
Amendment to IAS 32	"Offsetting Financial Assets and Financial Liabilities"	January 1, 2014	
Amendment to IAS 39	"Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014	
Annual Improvements to IFRSs 2010-2012 Cycle		July 1, 2014**	
Annual Improvements to IFRSs 2011-2013 Cycle		July 1, 2014**	
IFRIC 21	"Levies"	January 1, 2014**	

* *These standards are applicable in the European Union for annual periods beginning after January 1, 2014, with early adoption allowed from January 1, 2013. All of these standards must be applied at the same time.*

** *Standard, amendment or interpretation not yet adopted for use in the European Union.*

First-time adoption of IFRSs

The following options adopted by Accor in the opening IFRS statement of financial position at the IFRS transition date (January 1, 2004) in accordance with IFRS 1, continue to have a material impact on the consolidated financial statements:

- business combinations recorded prior to January 1, 2004 were not restated;
- cumulative translation differences at the transition date were reclassified in retained earnings;
- property, plant and equipment and intangible assets were not measured at fair value at the transition date.

Basis for preparation of the financial statements

The financial statements of consolidated companies, prepared in accordance with local accounting principles, have been restated to conform to Group policies prior to consolidation. All consolidated companies have a December 31 fiscal year-end, except for certain Indian companies that have a March 31 fiscal year-end and are therefore consolidated based on financial statements for the twelve months ended September 30.

The preparation of consolidated financial statements implies the consideration by Group management 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. Group 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 financial statements concern the valuation and the useful life of intangible assets, property, plant and equipment and goodwill, the amount of provisions for contingencies and the assumptions underlying the calculation of pension obligations, claims and litigation and deferred tax balances.

The main assumptions made by the Group are presented in the relevant notes to the financial statements.

When a specific transaction is not covered by any standards or interpretations, management uses its judgment in developing and applying an accounting policy that results in the production of relevant and reliable information. As a result, the financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows and reflect the economic substance of transactions.

Capital management

The Group's main capital management objective is to maintain a satisfactory credit rating and robust capital ratios in order to facilitate business operations and maximize shareholder value.

Its capital structure is managed and adjusted to keep pace with changes in economic conditions, by adjusting dividends, returning capital to shareholders or issuing new shares. Capital management objectives, policies and procedures were unchanged in 2013.

The main indicator used for capital management purposes is the gearing or debt-to-equity ratio (corresponding to net debt divided by equity: see Note "Key Management Ratios" and Note 30). Group policy consists of keeping this ratio below 100%. For the purpose of calculating the ratio, net debt is defined as all short and long-term borrowings, including lease liabilities, derivative instruments with negative fair values and bank overdrafts less cash and cash equivalents, derivative instruments with positive fair values and disposal proceeds receivable in the short-term. Long-term loans, made primarily to hotel owners and to certain companies in which Accor holds a minority interest with the aim of developing long-term investments, are treated as cash flows from investing activities and not financing activities. Consequently, they are excluded from the net debt calculation.

Equity includes the Group's share of reserves and retained earnings, and unrealized gains and losses recognized directly in equity, but excludes minority interests.

Moreover, the Group has set a target at the end of December 2013 of maintaining the Adjusted funds from ordinary activities/Adjusted net debt ratio at more than 25%.

The main accounting methods applied are as follows:

A. Consolidation methods

The companies over which the Group exercises exclusive de jure or de facto control, directly or indirectly, are fully consolidated.

Companies controlled and operated jointly by Accor and a limited number of partners under a contractual agreement are proportionally consolidated.
Companies over which the Group exercises significant influence are accounted for by the equity method. Significant influence is considered as being exercised when the Group owns between 20% and 50% of the voting rights.

In accordance with IAS 27 "Consolidated and Separate Financial Statements", in assessing whether control exists only potential voting rights that are currently exercisable or convertible are taken into account. No account is taken of potential voting rights that cannot be exercised or converted until a future date or until the occurrence of a future event.

B. Business combinations and loss of control – changes in scope of consolidation

Applicable since January 1, 2010, IFRS 3 (revised) "Business Combinations" and IAS 27 (revised) "Consolidated and Separate Financial Statements" have led the Group to alter its accounting treatment of business combinations and transactions with non-controlling interests carried out on or after this date, as follows:

B.1. Business combinations

Business combinations are accounted for applying the acquisition method:

- the acquisition cost is measured at the acquisition date at the fair value of the consideration transferred, including all contingent consideration. Subsequent changes in contingent consideration are accounted for either through profit or loss or through other comprehensive income;
- identifiable assets and liabilities acquired are measured at fair value. Fair value measurements must be completed within one year or as soon as the necessary information to identify and value the assets and liabilities has been obtained. They are performed in the currency of the acquiree. In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate;
- goodwill is the difference between the consideration transferred and the fair value of the identifiable assets and liabilities assumed at the acquisition date and is recognized as an asset in the statement of financial position (see Note 1.C. Goodwill).

Costs related to business combinations are recognized directly as expenses.

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 in operating income.

B.2. Loss of control with residual equity interest

The loss of control while retaining a residual equity interest may be analysed as the disposal of a controlling interest followed by the acquisition of a non-controlling interest. This process involves, as of the date when control is lost:

- the recognition of a gain or loss on disposal, comprising:
  - a gain or loss resulting from the percentage ownership interest sold,
  - a gain or loss resulting from the remeasurement at fair value of the ownership interest retained in the entity;
- the other comprehensive income items are reclassified in the profit or loss resulting from the ownership interest disposed.

B.3. Purchases or disposals of non-controlling interest

Transactions with non-controlling interests in fully consolidated companies that do not result in a loss of control, are accounted for as equity transactions, with no effect on profit or loss or on other comprehensive income.

B.4. Loss of significant influence while retaining a residual interest

The loss of significant interest while retaining a residual interest may be analyzed as the disposal of shares accounted for by the equity method followed by the acquisition of a financial asset. This process involves, as of the date of disposal:

- the recognition of a gain or loss on disposal, comprising:
  - a gain or loss resulting from the percentage ownership interest sold, and,
  - a gain or loss resulting from the remeasurement at fair value of the retained percentage ownership interest;
- the reclassification in profit of all of the other comprehensive income items.

C. Goodwill

C.1. Positive goodwill

Goodwill, representing the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date, is recognized in assets under "Goodwill". Residual goodwill mainly results from the expected synergies and other benefits arising from the business combination.

In accordance with IFRS 3 (revised), which is applicable to business combinations carried out on or after January 1, 2010, each time it acquires less than 100% interest in an entity, the Group must choose whether to recognize goodwill:

- by the full goodwill method (*i.e.* on a 100% basis): in this case, non-controlling interests are measured at fair value and goodwill attributable to non-controlling interests is recognized in addition to the goodwill recognized on the acquired interest;
- by the partial goodwill method (*i.e.* based on the percentage interest acquired, with no change possible later in the event of an additional interest being acquired that does not transfer control): in this case, non-controlling interests are measured as the non-controlling interest's proportionate share of the acquiree's identifiable net assets and goodwill is only recognized for the share acquired.

Goodwill arising on the acquisition of associates – corresponding to companies over which the Group exercises significant influence – is included in the carrying amount of the associate concerned.

Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is reported separately.

In accordance with IFRS 3 (revised) "Business Combinations", goodwill is not amortized but is tested for impairment at least once a year and more frequently if there is any indication that it may be impaired. The methods used to test goodwill for impairment are described in Note 1.E.6. If the carrying amount of goodwill exceeds its recoverable amount, an irreversible impairment loss is recognized in profit.

C.2. Negative goodwill

Negative goodwill, representing the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date over the cost of the business combination, is recognized immediately in profit.

D. Foreign currency translation

The presentation currency is the euro.

The statements of financial position of foreign subsidiaries are translated into euros at the closing exchange rate, and their income statements are translated at the average rate for the period. Differences arising from translation are recorded as a separate component of equity and recognized in profit on disposal of the business.

Accor did not have any subsidiaries operating in hyperinflationary economies in any of the periods presented.

E. Non-current assets

E.1. Intangible assets

In accordance with IAS 38 "Intangible Assets", 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 and are therefore not amortized. Their carrying amount is reviewed at least once a year and more frequently if there is any indication that they may be impaired. If their fair value is less than their carrying amount, an impairment loss is recognized (see Note 1.E.6).

Other intangible assets (licenses and software) are considered as having finite useful lives. They are amortized on a straight-line basis over their useful lives.

The clientele of hotels outside France is generally amortized over the life of the underlying lease.

Identifiable intangible assets recognized in a business combination are initially recognized at amounts determined by independent valuations, performed using relevant criteria for the business concerned that can be applied for the subsequent measurement of the assets. Identifiable brands are measured based on multiple criteria, taking into account both brand equity and their contribution to profit.

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:

- its intention to complete the intangible asset and the availability of adequate technical, financial and other resources for this purpose;
- how the intangible asset will generate probable future economic benefits;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

At the time of signature of management or franchise contracts, Accor may have to pay key money to the owners of the hotels. These payments are necessary to obtain the contracts and are qualified as intangible assets under IAS 38. Key money is amortized over the life of the contracts to which it relates.

E.2. Property, plant and equipment

Property, plant and equipment are measured at purchase cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16 "Property, Plant and Equipment".

Assets under construction are measured at cost less any accumulated impairment losses. They are depreciated from the date when they are put in service.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, determined by the components method, from the date when they are put in service. The main depreciation periods applied are as follows:

	Upscale and Midscale Hotels	Economy Hotels
Buildings	50 years	35 years
Building improvements, fixtures and fittings	7 to 25 years	
Capitalized construction-related costs	50 years	35 years
Equipment	5 to 15 years	

E.3. Borrowing costs

Borrowing costs directly attributable to the construction or production of a qualifying asset are included in the cost of the asset. Other borrowing costs are recognized as an expense for the period in which they are incurred.

E.4. Leases and sale and leaseback transactions

Leases are analysed based on IAS 17 "Leases".

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee 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;
- the finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The asset is depreciated over its useful life, in accordance with Group accounting policy, if there is reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term; otherwise the asset is depreciated by the components method over the shorter of the lease term and its useful life.

Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term. Future minimum lease payments under non-cancelable operating leases are disclosed in Note 6.

Where sale and leaseback transactions result in an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. Fair value for this purpose is generally determined based on independent valuations.

E.5. Other financial investments

Other financial investments, corresponding to investments in non-consolidated companies, are classified as "Available-for-sale financial assets" and are therefore measured at fair value. Unrealized gains and losses on an investment are recognized directly in equity (in the Fair value adjustments on Financial Instruments reserve) and are reclassified to profit when the investment is sold. A significant or prolonged decline in the value of the investment leads to the recognition of an irreversible impairment loss in profit.

Equity-accounted investments in associates are initially recognized at acquisition cost, including any goodwill. Their carrying amount is then increased or decreased to recognize the Group's share of the associate's profits or losses after the date of acquisition.

An impairment test is performed whenever there is objective evidence indicating that an investment's recoverable amount may be less than its carrying amount. Possible indications of impairment include a fall in the share price if the investee is listed, evidence of serious financial difficulties, observable data indicating a measurable decline in estimated cash flows, or information about significant changes with an adverse effect on the investee. Whenever there is an indication that an investment may be impaired, an impairment test is performed by comparing the investment's recoverable amount to its carrying amount. Recoverable amount is estimated using the methods described in Note 1.E.6.

E.6. Recoverable value of assets

In accordance with IAS 36 "Impairment of Assets", the carrying amounts of property, plant and equipment, intangible assets and goodwill are reviewed and tested for impairment when there is any indication that they may be impaired and at least once a year for the following:

- assets with an indefinite useful life such as goodwill, brands and lease premiums;
- intangible assets not yet available for use.

Criteria used for impairment tests

For impairment testing purposes, the criteria considered as indicators of a possible impairment in value 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.

Cash-generating unit

Impairment tests are performed individually for each asset except when an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, it is included in a cash-generating unit (CGU) and impairment tests are performed at the level of the cash-generating unit.

In the hotel business, each hotel is treated as a separate CGU comprising the hotel property and equipment. Impairment tests are therefore performed separately for each individual hotel.

Goodwill is tested for impairment at the level of the cash-generating unit (CGU) to which it belongs. CGUs correspond to specific countries or regions; they include not only goodwill but also all the related property, plant and equipment and intangible assets.

Other assets, and in particular intangible assets, are tested individually.

Methods used to determine recoverable value

Impairment tests consist of comparing the carrying amount of the asset or the CGU with its recoverable value. The recoverable value of an asset or a CGU is the higher of its fair value less costs to sell and its value in use.

For property, plant and equipment and goodwill, the recoverable value of all the assets or the CGUs is determined by two methods, the EBITDA multiples method (fair value approach) and the after-tax discounted cash flows method (value in use approach).

For intangible assets except goodwill, the recoverable value of an intangible asset is determined according to the discounted cash flow method only, due to the absence of an active market and comparable transactions.

Description of the methods

1. Valuation by the EBITDA multiples method

For hotels, the EBITDA multiples method is considered to be the best method of calculating the assets' fair value less costs to sell, representing the best estimate of the price at which the assets could be sold on the market on the valuation date.

For impairment tests performed by hotel, 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 prices observed on the market for transactions and are as follows:

Segment	Coefficient
Upscale and Midscale Hotels	7.5 < x < 10.5
Economy Hotels	6.5 < x < 8

For impairment tests performed by country or region, recoverable amount is determined by applying to the country/region's average EBITDA for the last two years a multiple based on its geographic location and a country/region coefficient.

If the recoverable amount is less than the carrying amount, the asset's recoverable amount will be recalculated according the discounted cash flows method.

2. Valuation by the discounted cash flows method (in particular for goodwill)

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. Separation calculations are performed based on each country/region's specific characteristics. The projected long-term rate of revenue growth reflects each country/region's economic outlook.

Impairment loss measurement

If the recoverable amount is less than the carrying amount, an impairment loss is recognized in an amount corresponding to the lower of the losses calculated by the EBITDA multiples and discounted cash flows methods. Impairment losses are recognized in the income statement under "Impairment losses" (see Note 1.S.6).

Reversal of an impairment loss

In accordance with IAS 36 "Impairment of Assets", impairment losses on goodwill as well as on intangible assets with a finite useful life, such as patents and software, are irreversible. Losses on property, plant and equipment and on intangible assets with an indefinite useful life, such as brands, are reversible in the case of a change in estimates used to determine their recoverable amount.

E.7. Assets or disposal groups held for sale

Assets are classified as "held for sale" when they are available for immediate sale in their present condition, their sale is highly probable, management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated.

In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", assets or group of assets held for sale are presented separately on the face of the statement of financial position, at the lower of their carrying amount and fair value less costs to sell.

This item groups together:

- non-current assets held for sale;
- groups of assets held for sale;
- the total current and non-current assets related to a business or geographical segment (*i.e.* to a discontinued operation) itself held for sale.

F. Inventories

Inventories are measured at the lower of cost and net realizable value, in accordance with IAS 2 "Inventories". Cost is determined by the weighted average cost method.

G. Prepaid expense

Prepaid expense corresponds to expenses paid during the period that relate to subsequent periods. They also include the effect of recognizing rental expense on a straight-line basis over the life of the lease. Prepaid expense is included in "Other receivables and accruals".

H. Employee benefits expense

Employee benefits expense includes all amounts paid or payable to employees, including statutory and discretionary profit-sharing, pension contributions, payroll taxes and the cost of share-based payments.

A "Crédit d'Impôt pour la Compétitivité et l'Emploi" (CICE) tax credit was introduced in the 3rd 2012 Rectified Finance Act with the aim of making French businesses more competitive by reducing labor costs for certain employees. The CICE consists in substance of a government grant to be spent by companies on measures to improve their competitiveness. It is therefore accounted for in accordance with IAS 20 "Accounting for Government Grants and Disclosure". As allowed under IAS 20, the Group has chosen to record it as a deduction from the related expenses, *i.e.* as a deduction from payroll costs. The CICE recorded in the 2013 financial statements in respect of previously recognized payroll costs amounted to €10.5 million.

I. Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", 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. 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, using a discount rate that reflects current market assessments of the time value of money. The most commonly applied rates are the prime long-term corporate bond rate or the government bond rate.

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 close of accounts.

J. Pensions and other post-employment benefits

The Group offers various supplementary pension, length-of-service award and other post-employment benefit plans, in accordance with the laws and practices of the countries where it operates. These plans are either defined contribution or defined benefit plans.

Under defined contribution plans, the Group pays fixed contributions into a separate fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions under these plans are recognized immediately as an expense.

For defined benefit plans, under which the Group has a legal or constructive obligation to provide agreed benefits to current and future employees in exchange for a given level of service (including multi-employer plans when the manager is able to provide the necessary information), the Group's obligations are determined in accordance with IAS 19 "Employee Benefits".

The Group's obligation is determined by the projected unit credit method based on actuarial assumptions related to future salary levels, retirement age, mortality, staff turnover and the discount rate. These assumptions take into account the macro-economic environment and other specific conditions in the various host countries.

Pension and other retirement benefit obligations take into account the market value of plan assets. The amount recognized in the statement of financial position corresponds to the discounted present value of the defined benefit obligation less the fair value of plan assets. Any surpluses, corresponding to the excess of the fair value of plan assets over the projected benefit obligation, are recognized only when they represent the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Current service cost, past service cost, administrative expense, taxes for the year, and paid contributions and benefits are recognized in operating expense, whereas net interest on the net defined benefit liability (asset) is recognized in financial expense (income).

For post-employment benefits, actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity. However, actuarial gains and losses on long-term benefit obligations towards active employees (such as jubilees, seniority bonuses…) are recognized directly in profit or loss in net financial expense.

The net defined benefit obligation is recognized in the statement of financial position under "Non-current Provisions".

K. Translation of foreign currency transactions

Foreign currency transactions are recognized and measured in accordance with IAS 21 "Effects of Changes in Foreign Exchange Rates". As prescribed by this standard, each Group entity translates foreign currency transactions into its functional currency at the exchange rate on the transaction date.

Foreign currency receivables and payables are translated into euros at the closing exchange rate. Foreign currency financial liabilities measured at fair value are translated at the exchange rate on the valuation date. Gains and losses arising from translation are recognized in "Net financial expense", except for gains and losses on financial liabilities measured at fair value which are recognized in equity.

L. Income taxes

Income tax expense (or benefit) includes both current and deferred tax expense (or benefit).

Current taxes on taxable profits for the reporting period and previous periods are recognized as liabilities until they are paid.

In accordance with IAS 12 "Income Taxes", deferred taxes are recognized on temporary differences between the carrying amount of assets and liabilities and their tax base by the liability method. This method consists of adjusting deferred taxes at each period-end, based on the last tax rates (and tax laws) that have been enacted or substantively enacted. The effects of changes in tax rates (and tax laws) are recognized in the income statement for the period in which the rate change is announced.

A deferred tax is recognized for all temporary differences, except when it arises from the initial recognition of non-deductible goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except when:

- the Group is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for ordinary and evergreen tax loss carryforwards only when it is probable that the asset will be recovered in the foreseeable future based on the most recently updated projections.

Income taxes are normally recognized in the income statement. However, when the underlying transaction is recognized in equity, the related income tax is also recorded in equity.

Since January 1, 2010, deferred tax assets of acquired companies that are not recognized at the time of the business combination or during the measurement period are recognized in profit or loss without adjusting goodwill if they arise from a post-acquisition event.

In accordance with IAS 12, deferred taxes are not discounted.

In France, the "taxe professionnelle" local business tax was replaced in the 2010 Finance Act by the "Contribution Économique Territoriale" tax (CET). The CET comprises two separate taxes, a tax assessed on the rental value of real estate ("CFE") and a tax assessed on the value added by the business ("CVAE"). In its 2012 and 2013 financial statements, Accor decided therefore to classify CVAE as income tax.

The second Amended 2012 Finance Act introduced a 3% surtax on dividends and other distributions paid by companies that are subject to French corporate income tax. The surtax is treated as an income tax expense arising as of the date of the Annual Shareholders' Meeting at which the dividend is approved. The Group therefore recognized additional income tax expense of €5.2 million in its 2013 financial statements in respect of the 2012 dividends paid in 2013.

M. Share-based payments

M.1. Share-based payments

Stock Option Plans

Accor regularly sets up option plans for executives, as well as for senior and middle managers. IFRS 2 applies to all stock option plans outstanding at December 31, 2013.

- Nine of these plans do not have any specific vesting conditions except for the requirement for grantees to continue to be employed by the Group at the starting date of the exercised period.

- One plan is a performance option plan with vesting conditions other than market conditions.
- Four other plans are a performance option plan with vesting conditions based on performance in relation to the market.

As for the other plans, grantees must still be employed by the Group at the starting date of the exercise period.

The service cost representing consideration for the stock options is recognized in expense over the vesting period by adjusting equity. The expense recognized in each period corresponds to the fair value of equity instruments granted at the grant date, as determined using the Black & Scholes option-pricing model. The grant date is defined as the date when the plan's terms and conditions are communicated to Group employees corresponding to the dates on which the Board of Directors approved these plans.

Under IFRS 2, vesting conditions, other than market conditions, are not taken into account when estimating the fair value of the options but are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount, so that, ultimately, the amount recognized for goods and services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Market conditions are taken into account when estimating the fair value of the equity instruments granted, leading to the options being valued at a discounted price. The value attributed to the discount cannot be adjusted, whatever the extent to which the performance conditions have been met at the end of the vesting period. It is determined using the Monte Carlo method, which consists of simulating the performance of Accor shares and the corresponding index according to a sufficiently large number of Brown scenarios. Assumptions concerning the probability of options being exercised are also factored into the Monte Carlo model.

When the options are exercised, the cash settlement is recorded in cash and cash equivalents and in equity. The amount recognized in equity is allocated between "Share capital" and "Additional paid-in capital".

Performance shares plans

Performance shares plans are also recognized and measured in accordance with IFRS 2. The recognition and the measurement principles are those used to recognize and measure the stock option plans excepted for the measurement of the cost of the performance share plans corresponding to the Accor opening share price on the grant date less the present value of dividends unpaid multiplied by the number of shares issued.

M.2. Treasury stock

Accor shares held by the Company and/or subsidiaries are recognized as a deduction from equity.

Gains and losses on sales of treasury stock (and the related tax effect) are recognized directly in equity without affecting profit. No impairment losses are recognized on treasury stock.

N. Financial instruments

Financial assets and liabilities are recognized and measured in accordance with IAS 39 "Financial Instruments, Recognition and Measurement", and its amendments.

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

N.1. Financial assets

Financial assets are classified between the three main categories defined in IAS 39, as follows:

- "loans and receivables" mainly comprise time deposits and loans to non-consolidated companies. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss corresponds to the difference between the carrying amount and the recoverable amount (*i.e.* the present value of the expected cash flows discounted using the original effective interest rate) and is recognized in profit or loss. This loss may be reversed if the recoverable amount increases in a subsequent period;
- "held to maturity investments" mainly comprise bonds and other money market securities intended to be held to maturity. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss corresponds to the difference between the carrying amount and the recoverable amount (*i.e.* the present value of the expected cash flows discounted using the original effective interest rate) and is recognized in profit or loss. This loss may be reversed if the recoverable amount increases in a subsequent period.

  For these two categories, initial fair value is equivalent to acquisition cost, because no material transaction costs are incurred;
- "available-for-sale financial assets" mainly comprise investments in non-consolidated companies, equities, mutual fund units and money market securities. These assets are measured at fair value, with changes in fair value recognized in equity. The fair value of listed securities corresponds to market price (level 1 valuation technique: see Note 1.R) and the fair value of unlisted equities and mutual funds corresponds to their net asset value (level 1 valuation technique: see Note 1.R). For unlisted securities, fair value is estimated based on the most appropriate criteria applicable to each individual investment (using level 3 valuation techniques that are not based on observable data: see Note 1.R). Securities that are not traded on an active market, for which fair value cannot be reliably estimated, are carried in the statement of financial position at historical cost plus any transaction expenses. When there is objective evidence of a significant or prolonged decline in value, the cumulative unrealized loss recorded in equity is reclassified to the income statement and can't be reversed.

N.2. Derivative financial Instruments

Derivative financial instruments such as interest rate and currency swaps, caps and forward purchases of foreign currencies, are used solely to hedge exposures to changes in interest rates and exchange rates.

They are measured at fair value. Changes in fair value are recognized in profit, except for instruments qualified as cash flow hedges (hedges of variable rate debt) for which changes in fair value are recognized in equity.

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 fair value of currency derivatives is determined based on the forward exchange rate at the period-end.

N.3. Financial liabilities hedged by derivative instruments

Financial liabilities hedged by derivative instruments qualify for hedge accounting. The derivative instruments are classified as either fair value hedges or cash flow hedges.

Financial liabilities hedged by fair value hedges are measured at fair value, taking into account the effect of changes in interest rates. Changes in fair value are recognized in profit and are offset by changes in the fair value of the hedging instrument.

Financial liabilities hedged by cash flow hedges are measured at amortized cost. Changes in the fair value of the hedging instrument are accumulated in equity and are reclassified into profit in the same period or periods during which the financial liability affects profit.

N.4. Bank borrowings

Interest-bearing drawdowns on lines of credit and bank overdrafts are recognized for the amounts received, net of direct issue costs.

N.5. Convertible bonds

Convertible bonds are qualified as hybrid instruments comprising a host contract, recognized in debt, and an embedded derivative, recognized in equity.

The carrying amount of the host contract or debt component is equal to the present value of future principal and interest payments, discounted at the rate that would be applicable to ordinary bonds issued at the same time as the convertible bonds, less the value of the conversion option calculated at the date of issue.

The embedded derivative or equity component is recognized in equity for an amount corresponding to the difference between the nominal amount of the issue and the value attributed to the debt component.

Costs are allocated to both components based on the proportion of the total nominal amount represented by each component. The difference between interest expense recognized in accordance with IAS 39 and the interest paid is added to the carrying amount of the debt component at each period-end, so that the carrying amount at maturity of unconverted bonds corresponds to the redemption price.

N.6. Other financial liabilities

Other financial liabilities are measured at amortized cost. Amortized cost is determined by the effective interest method, taking into account the costs of the issue and any issue or redemption premiums.

O. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term investments in money market instruments. These instruments have maturities of less than three months and are readily convertible into known amounts of cash; their exposure to changes in value is minimal.

P. Liabilities associated with assets classified as held for sale

In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", this item includes all the liabilities (excluding equity) related to assets or a disposal group classified as held for sale or to a discontinued operation (see Note 1.E.7).

Q. Put Options granted by Accor

IAS 32 "Financial Instruments: disclosures and presentation" requires that the value of the financial commitment represented by put options granted by Accor to minority interests in subsidiaries, be recognized as a debt. The difference between the debt and the related minority interests in the statement of financial position, corresponding to the portion of the subsidiary's net assets represented by the shares underlying the put, is recognized as goodwill. When the exercise price is equal to the fair value of the shares, the amount of the debt is determined based on a multiple of the EBITDA reflected in the 5-year business plan of the subsidiary concerned and is discounted.

For put options granted before January 1, 2010, changes in the debt arising from business plan adjustments are recognized in goodwill. Discounting adjustments are recognized in financial expense.

For put options granted on or after January 1, 2010, changes in the debt are treated as reclassifications in equity and therefore have no impact on profit, in accordance with IAS 27 (revised).

R. Fair value

The fair value corresponds to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with IFRS 13 "Fair value measurement", the fair value hierarchies have the following levels:

- level 1: fair value measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: fair value measured by reference to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices);
- level 3: fair value measured by reference to inputs for the asset or liability that are not based on observable data (unobservable inputs).

S. Income statement and cash flow statement presentation

S.1. Revenue

In accordance with IAS 18 "Revenue", revenue corresponds to the value of goods and services sold in the ordinary course of business by fully and proportionally consolidated companies. It includes:

- for directly owned and leased hotels, all revenue received from clients for accommodation, catering and other services; and
- for managed and franchised hotels, all management and franchise fees.

The Group applies the guidance provided in IAS 18 to determine whether it acts as the principal or an agent in its contractual hotel management relationships. For the purpose of applying IAS 18, the Group is considered as acting as the principal when it has exposure to the significant risks and rewards associated with the rendering of services. In this case, the revenue and related expenses are reported separately in the income statement. When the above criterion is not met, the Group is considered as acting as an agent and only the remuneration corresponding to the agency fee is recognized in revenue.

In accordance with IAS 18 "Revenue", revenue is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT, other sales taxes and fair value of customer loyalty programs.

Revenue from product sales is recognized when the product is delivered and the significant risks and rewards of ownership are transferred to the buyer.

Revenue from sales of services is recognized when the service is rendered.

Revenue from sales of loyalty programs is recognized on a straight-line basis over the life of the cards in order to reflect the timing, nature and value of the benefits provided.

When sales of products or services are covered by a customer loyalty program, the revenue invoiced to the customer is allocated between the product or the service sold and the award credits given by the third party granting the loyalty points. The consideration allocated to the award credits, which is measured by reference to the fair value of the points granted, is deferred and recognized as revenue when the customer redeems the award credits – *i.e.* when an award is received in exchange for converting the loyalty points.

S.2. EBITDAR

Earnings before interest, tax, depreciation, amortization and rental expense and share of profit of associates after tax (EBITDAR) correspond to revenue less operating expense.

EBITDAR is used as a key management indicator.

It is also used to calculate the flow-through ratio and the reactivity ratio. The flow-through ratio, which is used when revenue goes up, corresponds to change in like-for-like EBITDAR/change in like-for-like revenue. The reactivity ratio, used when revenue goes down, is defined as 1- (change in like-for-like EBITDAR/change in like-for-like revenue).

S.3. Rental expense and depreciation, amortization and provision expense

Rental expense and depreciation, amortization and provision expense reflect the operating costs of holding leased and owned assets. For this reason, an additional sub-total has been included in the income statement. Under this presentation:

1. EBITDA corresponds to gross profit after the operating costs of holding leased assets;
2. EBIT corresponds to gross operating profit after the operating costs of holding both leased and owned assets. This indicator is also used as the benchmark for determining senior management and other executive compensation, as it reflects the economic performance of each business.

These two indicators are used regularly by the Group to analyze the impact of the operating costs of holding assets on the consolidated financial statements.

S.4. Operating profit before tax and non-recurring items

Operating profit before tax and non-recurring items corresponds to the results of operations of the Group's businesses less the related financing cost. Net financial expense and the share of profit of associates after tax represent an integral part of consolidated operating profit before tax and non-recurring items to the extent that they contribute to the performance indicators used by the Group.

S.5. Restructuring costs

Restructuring costs correspond to all the costs incurred in connection with restructuring operations.

S.6. Impairment losses

Impairment losses correspond to all the losses and provisions recorded in accordance with IAS 36 "Impairment of Assets" including impairments of investments in associates.

S.7. Gains and losses on management of hotel properties

Gains and losses on management of hotel properties arise from the disposals of hotel assets.

S.8. Gains and losses on management of other assets

This item corresponds to gains and losses on management of fixed assets other than hotels and movements in provisions, as well as other gains and losses on non-recurring transactions. The concerned transactions are not directly related to the management of continuing operations.

S.9. Operating profit before tax

Operating profit before tax corresponds to operating profit after income and expenses that are unusual in terms of their amount and frequency that do not relate directly to the Group's ordinary activities.

S.10. Profit or loss from discontinued operations

A discontinued operation is a component of Accor that has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations;
- is 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.

Profit or loss from discontinued operations corresponds to:

- the profit or loss net of tax of the discontinued operations carried out until the date of transfer or until the closing date if the discontinued operation is not sold at this date;
- the gain or loss net of tax recognized on the disposal of the discontinued operations if the discontinued operation has been sold before the closing date.

S.11. Cash flow statement

The cash flow statement is presented on the same basis as the management reporting schedules used internally to manage the business. It shows cash flows from operating, investing and financing activities.

Cash flows from operating activities include:

- funds from operations, before non-recurring items and after adjustment for changes in deferred taxes and gains and losses on disposals of assets;
- cash received and paid on non-recurring transactions;
- changes in working capital.

Cash flows from investing activities comprise:

- renovation and maintenance expenditure to maintain in a good state of repair operating assets held at January 1 of each year;
- development expenditure, including the fixed assets and working capital of newly consolidated subsidiaries and additions to fixed assets of existing subsidiaries;
- development expenditure on non-current assets classified as held for sale;
- proceeds from disposals of assets.

Cash flows from financing activities include:

- changes in equity;
- changes in debt;
- dividends.

T. Earnings per share

The methods used to calculate basic and diluted earnings per share are in accordance with IAS 33 "Earnings Per Share".

U. Other information

Current assets and liabilities are assets and liabilities that the Group expects to recover or settle:

- in the normal course of business; or
- within twelve months of the period-end.

The consolidated financial statements for the year ended December 31, 2013 have been prepared under the responsibility of Accor's Chairman and Chief Executive Officer. They were approved by the Board of Directors of February 19, 2014.

NOTE 2 SIGNIFICANT EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION

A. Divestments, real estate transactions and strategy

A.1. Divestments

A.1.1. Sale of the US Economy Hotels Business

On May 22, 2012, Accor signed an agreement to sell its US Economy Hotels business to an affiliate of Blackstone Real Estate Partners VII for a reference price of $1.9 billion before considering the working capital requirement. The network included Motel 6, the iconic North American brand, and Studio 6, an extended-stay economy chain, and comprised 1,106 hotels (106,844 rooms) in the USA and in Canada. The transaction was completed on October 1, 2012, after the leased hotels had been bought back and the other closing conditions had been met.

Until December 30, 2011, US Economy Hotels represented a core business for Accor and as such was presented as a separate business segment in Accor's segment reporting (US Economy Hotels). Consequently, in the comparative annual information for 2012, US Economy Hotels has been classified as a discontinued operation and accounted for in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", as follows:

- the net loss from the US Economy Hotels business for the periods to September 30, 2012 has been reclassified in the 2012 annual consolidated financial statement as "Net loss from discontinued operations" (see Note 17);
- the loss on the sale, completed on October 1, 2012, has also been reclassified as "Net loss from discontinued operations" in the 2012 annual consolidated financial statements (see Note 17);
- cash flows for the US Economy Hotels business are presented separately as cash flows from discontinued operations in the 2012 annual consolidated statements of cash flows.

The transaction was completed on October 1, 2012, leading to the recognition in the 2012 consolidated financial statements of a total loss of €679 million, including (i) the €445 million loss for the year arising notably from the exercise of call options on fixed-lease hotels and from impairment charges on assets, and (ii) €234 million in negative fair value adjustments corresponding to the difference between:

1. the reference sale price of $1,900 million (€1,481 million) less other adjustments (mainly the balance of the working capital requirement) for €143 million; and
2. the carrying amount of the US Economy Hotels business's net assets in the Group's financial statements at October 1, 2012 (€1,556 million), plus the transaction costs (€16 million).

The transaction proceeds were used to pay down net debt by €249 million as of December 31, 2012. Including the €547 million effect of cancelling rental commitments (with rental commitments discounted at the rate of 7%), the impact on adjusted net debt was a favorable €796 million.

A.1.2. Sale of Accor's stake in Onboard Train Services

In 2010, Accor sold Compagnie des Wagons Lits' onboard rail catering businesses in France, Austria and Portugal and part of the Italian business to Newrest through a joint venture that was 60% owned by Newrest and 40% by Accor, which no longer exercised significant influence over the joint venture.

During the first-half of 2012, the 40% stake in the joint venture was sold to Newrest for €1 and Accor's remaining 17% direct interest in the Austrian subsidiary was also sold to Newrest for €1. As the shares had previously been written down in full, the loss on the sale had no impact on profit for the period (see Note 17).

The Italian Onboard Day Train Services business remained classified under "Assets held for sale" at December 31, 2013 (see Note 32) in view of the end of the contract with the grantor of the concession which took place in October 2013 and the ongoing liquidation process of the company.

A.1.3. Accor sells its 19.4% stake in TAHL

In November 2013, Accor sold its 19.4% stake in the Tourism Asset Holdings Ltd. (TAHL), Australia's largest hotel owning Company, to the Abu Dhabi Investment Authority (ADIA) for a value of AU$66 million (€46 million), and a repayment of AU$76 million (€53 million) loans.

At the end of December 2013, the impact of this transaction amounts to €2 million on net result and the transaction enabled Accor to reduce adjusted net debt by a cumulative €101 million.

TAHL owns 31 hotels in Australia (4,097 rooms), all of which are operated by Accor through lease or management contracts under the ibis, ibis *budget*, ibis Styles, Mercure, Novotel and Pullman brands. All contracts will be maintained.

A.2. Real estate transactions

The main real estate transactions carried out by the Group in 2012 and 2013 were as follows:

2012 and 2013	Number of transactions	Sale price	Debt impact	Adjusted debt impact
"Sale & Variable Leaseback" transactions	18	33	24	60
"Sale & Management-back" transactions	22	340	290	376
"Sale & Franchise-back" transactions and outright sales	112	399	368	578
TOTAL	**152**	**772**	**682**	**1,014**

A.2.1. Sale & Variable Leaseback transactions

Sale & Variable Leaseback transactions consist of selling the hotel property while continuing to manage the business, under a variable-rent lease based on a percentage of revenue without any guaranteed minimum. In addition, negotiations are conducted with hotel owners to convert fixed-rent leases into variable rent leases.

In each of these transactions, Accor and its partner may undertake commitments to refurbish the divested assets. These commitments and the related expenditure incurred as of the closure date are presented in note 40. Most sale and variable leaseback contracts include a commitment by the Group to spend a specified amount on hotel maintenance, generally expressed as a percentage of revenue.

The main sale & variable leaseback transaction carried out is the sale & variable leaseback transaction carried out in 2012 with the hotel real estate investment fund of Internos Real Investors concerned two MGallery hotels in Germany and the Netherlands: the MGallery Mondial Am Dom in Cologne for €21 million (including the €19 million fixed lease buyout cost paid by the investor) and the MGallery Convent Hotel in Amsterdam for €24 million. The transaction terms provide for the execution of a €12 million renovation program, €7 million of which will be financed by the buyer. Both hotels will continue to be operated by Accor under a 15-year commercial lease that will be renewable at Accor's option. The rent will represent an average of 21.5% of the annual revenue generated by the hotels. Insurance costs, real estate taxes and structural capital expenditures will be paid by the new owner. The transaction enabled Accor to reduce adjusted net debt by a cumulative €28 million at December 31, 2012.

The other transactions enabled Accor to reduce adjusted net debt by a cumulative €32 million.

A.2.2. Sale & Management-back transactions

Sale and management-back transactions consist of selling the hotel properties while continuing to manage the business, retaining a minority interest depending on the circumstances.

The main sale & management back transactions carried out in 2012 and 2013 were as follows:

- In 2012, Accor sold the Novotel Times Square in New York under a sale & management-back agreement, for a total of €160 million (€335,000 per room) including renovation work. The cash proceeds from the sale amounted to €71 million and the buyer also committed to complete a full renovation of the hotel between 2012 and 2013, at an estimated cost of €89 million based on a scope defined by Accor. The hotel remained open while the work was being carried out. In addition, an earn-out payment of up to €12 million may be received depending on the results of the hotel after the refurbishment. This 480-room hotel will continue to be operated by Accor under a long-term management agreement. The buyer is a joint-venture formed by two key players in the hotel property management business in the United States: Chartres (Chartres Lodging Group, LLC) and Apollo (Apollo Global Management, LLC). The transaction enabled Accor to reduce adjusted net debt by a cumulative €58 million at December 31, 2012. Moreover, Accor agreed to provide financing for part of the new owner's refurbishment costs, through a €15 million loan, which had been disbursed in full at December 31, 2013. The loan is repayable in February 2017.
- In 2012, Accor sold under a sale & management-back contract, the Novotel/ibis Sanyuan in Beijing to A-HTRUST, a listed Hotel Investment Trusts in the Asia-Pacific region, in which Accor took a 5.73% stake (see note 2.B.3). The transaction amounted to €54 million. The transaction enabled Accor to reduce adjusted net debt by €47 million accumulated at December 31, 2012.
- In 2012, Accor refinanced the Pullman Paris Tour Eiffel through a management contract. The Group, which took over the hotel in early 2009 under a fixed lease agreement, will continue to operate the hotel via a long term management contract. Under the terms of the contract, Accor has agreed to waive repayment of a receivable from the owner until 2032 at the latest unless the management contract is rolled over. The present value of the receivable is €20 million, net of a discounting adjustment of €11 million. The hotel benefited from a refurbishment program representing a €47 million investment. Accor acted as principal for the renovation work under a property development contract (see note 40). The work were paid for by the hotel's buyer, with part of the cost financed by a €15 million loan from Accor of which €10 million must still be disbursed. The transaction enabled Accor to reduce cumulative adjusted net debt by €59 million at December 31, 2012.
- Last, in 2012, Accor sold the Sofitel Paris La Défense under a sale & management-back agreement, for a total value of €22 million (€144,000 per room). The acquisition was carried out jointly by Amundi Real Estate, a leader in third-party real estate asset management, and Algonquin, a hospitality investor and asset manager, which already owns seven hotels operated by Accor through management or franchise contracts in France and the United Kingdom. The transaction enabled Accor to reduce adjusted net debt by €16 million accumulated at December 31, 2012.

- In 2013, Accor sold the Sofitel Paris Le Faubourg in Paris, under a sale & management-back agreement, for an enterprise value of €113 million (€769,000 per room) including a €13 million renovation program. The buyer is Mount Kellett Capital Management LP. The transaction enabled Accor to reduce adjusted net debt by a cumulative €89 million at December 31, 2013.

A.2.3. Sale & Franchise-back Transactions and Outright sales

Sale & franchise-back transactions and outright sales consist of selling hotels, through outright asset sales, lease terminations at or before the expiry date and sale & franchise-back transactions.

The main sale & franchise-back transactions and outright sales carried out in 2012 and 2013 were as follows:

- In 2012, Accor sold the Pullman Paris Rive Gauche (617 rooms) to Bouygues Immobilier for €77 million, in line with its asset-right strategy. The hotel, whose operating performance and technical standards fell below Group requirements, shut down in 2012. The contract also includes an earn-out mechanism, whose amount will depend on the terms and conditions of the reconstruction project (up to €10 million). The transaction enabled Accor to reduce net debt by a cumulative €72 million.
- In 2012, Accor sold its 52.6% stake in Hotel Formula 1 to its historical South African partner, Southern Sun Hotels, a subsidiary of the Tsogo Sun group, for €28 million (including a €3 million of loan repayment). Hotel Formula 1 was formed in 1991 as a joint venture between Accor and Southern Sun. Its South African network comprises 20 hotels (1,474 rooms) owned by the joint venture and 3 managed hotels owned by Southern Sun. All 23 hotels now operate as franchised units, under the Formula 1 brand. The transaction enabled Accor to reduce net debt by a cumulative €28 million.
- In 2012, termination of six hotel leases in Germany and the Netherlands generated a capital loss of €47 million but enabled the Group to reduce adjusted net debt by €35 million.

Sale & franchise-back transactions and outright sales also included various other transactions representing non-material amounts and various loan repayments.

A.3. New strategy

Last November 27, at the initiative of its new Chairman and Chief Executive Officer, Sébastien Bazin, Accor announced the redefinition of the Group's business model around 2 core missions:

- HotelServices: a hotel operator and brand franchisor that will be fee-oriented and P&L driven;
- HotelInvest: a hotel owner and investor that will be yield-oriented and balance sheet driven.

This new strategy is built on four pillars:

- a clear and sustained vision;
- a simple and agile organization;
- a renewed management and firm leadership;
- selected priorities to deliver results;

And is accompanied by five priorities:

- a value-oriented, disciplined hotel ownership strategy, entailing notably the end of expansion through leases, and no further disposals of owned hotels, unless they are structurally underperforming assets;
- a new organization built by geography, consistent in all markets, with lower running costs;
- expertise in the digital value chain and distribution;
- strengthened leadership and market share in the core markets;
- renewed employee motivation.

With this new strategy, from 2014 Accor will have:

- specific and dedicated KPIs to track and monitor execution of the strategy;
- a structure built to maximize operating performance and create value for shareholders and all other stakeholders.

The new strategy, which is currently being deployed, will lead to a change in the presentation of the Group's segment information in the consolidated financial statements as from June 30, 2014. In addition, financial indicators aligned with the financial characteristics of each of the two missions are in the process of being developed.

B. Organic growth and acquisitions

The Group is pursuing its expansion plan in line with its strategy.

B.1. Hotel portfolio and pipeline

During 2013, the Group added 170 hotels (22,637 rooms) to its portfolio through acquisitions and organic growth. In addition, 110 hotels (11,754 rooms) were closed during the period.

Hotel portfolio by brand and type of management at December 31, 2013

(in number of hotels)	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
Sofitel	13	4	7	86	3	113*
Pullman	6	8	6	50	11	81
MGallery	4	7	4	22	31	68
Novotel	42	43	119	134	64	402
Suite Novotel	-	6	11	5	8	30
Mercure	34	63	84	200	377	758
Adagio	2	7	4	24	2	39
ibis	109	111	249	129	401	999
ibis Styles	4	13	5	25	186	233
ibis *budget*	32	78	115	25	256	506
Adagio Access	-	3	-	48	-	51
Formule 1	5	1	-	4	-	10
HotelF1	21	-	158	-	59	238
Other	6	1	2	35	4	48
TOTAL	**278**	**345**	**764**	**787**	**1,402**	**3,576**
Total (in %)	*7.8%*	*9.6%*	*21.4%*	*22.0%*	*39.2%*	*100.0%*

* *120 hotels marketed through the TARS reservation system.*

(in number of rooms)	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
Sofitel	2,014	1,199	1,165	22,642	1,196	28,216
Pullman	1,215	2,073	2,076	14,818	3,082	23,264
MGallery	293	818	573	2,507	2,726	6,917
Novotel	7,943	8,529	20,114	31,512	8,285	76,383
Suite Novotel	-	971	1,396	662	707	3,736
Mercure	4,701	10,330	12,733	32,755	35,052	95,571
Adagio	207	817	473	3,015	191	4,703
Ibis	15,856	14,857	35,480	23,278	34,551	124,022
ibis Styles	426	1,139	911	4,291	14,389	21,156
ibis *budget*	3,550	8,404	12,707	3,135	18,751	46,547
Adagio Access	-	263	-	4,882	-	5,145
Formule 1	364	79	-	504	-	947
HotelF1	1,514	-	12,573	-	3,819	17,906
Other	1,422	51	289	5,096	348	7,206
TOTAL	**39,505**	**49,530**	**100,490**	**149,097**	**123,097**	**461,719**
Total (in %)	*8.6%*	*10.7%*	*21.8%*	*32.3%*	*26.7%*	*100.0%*

Hotel portfolio by region and type of management at December 31, 2013

(in number of hotels)	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
France	64	41	415	110	910	1,540
Europe excluding France	139	252	271	102	299	1,063
Asia Pacific	25	46	7	359	130	567
Latin America & Caribbean	29	5	58	103	47	242
Other Countries	21	1	13	113	16	164
TOTAL	**278**	**345**	**764**	**787**	**1,402**	**3,576**
Total (in %)	*7.8%*	*9.6%*	*21.4%*	*22.0%*	*39.2%*	*100.0%*

(in number of rooms)	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
France	6,495	4,683	47,441	13,525	67,356	139,500
Europe excluding France	20,548	37,268	38,120	14,984	31,835	142,755
Asia Pacific	4,212	6,689	1,557	80,507	16,204	109,169
Latin America & Caribbean	4,515	684	11,242	16,166	5,536	38,143
Other Countries	3,735	206	2,130	23,915	2,166	32,152
TOTAL	**39,505**	**49,530**	**100,490**	**149,097**	**123,097**	**461,719**
Total (in %)	*8.6%*	*10.7%*	*21.8%*	*32.3%*	*26.7%*	*100.0%*

Hotel portfolio by region and brand at December 31, 2013

(in number of hotels)	France	Europe (excl. France)	Asia Pacific	Latin America & Caribbean	Other countries	Total
Sofitel	11	19	41	9	33	113*
Pullman	13	15	44	2	7	81
MGallery	17	22	20	4	5	68
Novotel	113	135	102	19	33	402
Suite Novotel	19	8	-	-	3	30
Mercure	228	299	129	75	27	758
Adagio	29	10	-	-	-	39
Ibis	382	331	125	111	50	999
ibis Styles	120	65	46	1	1	233
ibis *budget*	319	147	24	13	3	506
Adagio Access	50	1	-	-	-	51
Formule 1	-	6	4	-	-	10
HotelF1	238	-	-	-	-	238
Other	1	5	32	8	2	48
TOTAL	**1,540**	**1,063**	**567**	**242**	**164**	**3,576**
Total (in %)	*43.0%*	*29.7%*	*15.9%*	*6.8%*	*4.6%*	*100.0%*

* *120 hotels marketed through the TARS reservation system.*

(in number of rooms)	France	Europe (excl. France)	Asia Pacific	Latin America & Caribbean	Other countries	Total
Sofitel	1,512	4,593	12,091	1,665	8,355	28,216
Pullman	3,722	3,889	12,715	538	2,400	23,264
MGallery	1,191	2,724	2,097	357	548	6,917
Novotel	15,437	25,957	24,632	3,239	7,118	76,383
Suite Novotel	2,199	1,130	-	-	407	3,736
Mercure	22,096	37,460	21,334	10,338	4,343	95,571
Adagio	3,575	1,128	-	-	-	4,703
Ibis	33,627	42,816	23,013	16,350	8,216	124,022
ibis Styles	8,534	5,982	6,421	80	139	21,156
ibis *budget*	24,615	15,623	2,433	3,513	363	46,547
Adagio Access	5,035	110	-	-	-	5,145
Formule 1	-	443	504	-	-	947
HotelF1	17,906	-	-	-	-	17,906
Other	51	900	3,929	2,063	263	7,206
TOTAL	**139,500**	**142,755**	**109,169**	**38,143**	**32,152**	**461,719**
Total (in %)	*30.2%*	*30.9%*	*23.6%*	*8.3%*	*7.0%*	*100.0%*

Hotel pipeline at December 31, 2013

The number of new rooms in the pipeline represented by ownership at December 31, 2013 and scheduled to be completed in the next four years is as follows:

(in number of rooms)	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
TOTAL	**3,868**	**2,483**	**13,526**	**93,297**	**23,187**	**136,361**

B.2. Acquisition of additional stakes in Orbis in 2012

In 2012, Accor acquired additional stakes of 1.13% in the Orbis Group, *i.e.* 521,480 shares at a price of PLN45 per share, representing a total investment of PLN23 million (approximately €5.6 million). In accordance with IFRS 3 (revised), these purchases were treated as transactions between owners (see note 1.B.3) with no impact on the Group's consolidated net profit.

Following this acquisition, Accor's interest in Orbis Group amounted to 52.69%.

B.3. Acquisition of Mirvac in 2012

In May 2012, Accor completed the acquisition of Mirvac, a hotel management company in Australia. The total amount paid by Accor for this acquisition was €199 million of which €6 million paid out in 2011 and €193 million paid out in 2012. The transaction included:

- Mirvac Hotels & Resorts, manager of 43 hotels (including two owned hotels acquired on August 1, 2012), representing 5,406 rooms, acquired for €152 million. This amount breaks down as €128 million for the Mirvac Hotels & Resorts shares and €24 million for the two companies that hold the two owned hotels;
- a 21.9% stake in the Mirvac Wholesale Hotel Fund (MWHF), an investment vehicle that owns seven of the hotels, acquired for €47 million.

  In line with Group strategy, the stake in MWHF was subsequently sold in late July 2012 to A-HTRUST, one of the largest publicly listed hotel investment trusts in the Asia-Pacific region. Accor took a 6.99% stake in this new entity. As agreed with Ascendas, which will hold up to 35% of A-HTRUST, Accor will be granted a right of first offer to manage future acquisitions when the hotels are not operated under a pre-existing management contract. Accor subsequently reduced its interest by 1.26% to 5.73% by selling some MVWH shares. The proceeds from the transactions were used to pay down net debt by €29 million. As Accor does not exercise significant influence over A-HTRUST, its 5.73% interest in this trust is carried in the statement of financial position under "Other financial investments" (see note 23).

At December 31, 2012, the fair value of the main net assets acquired in the Mirvac Hotels & Resorts business combination represented €42 million (excluding the two owned hotels that were purchased at net book value). The €67 million difference (after deducting the debt repayment and the amount in escrow for a total of €20 million) between this amount and the cost of the business combination was allocated as follows in Accor's accounts:

- value attributed to the management contracts (net of differed tax): €28 million (see note 19);
- value attributed to the brands: €19 million, written down by €13 million at December 31, 2012 (see note 13.2);
- goodwill: €20 million at December 31, 2012 (see note 18), increased by €1.5 million in first-half 2013 after Accor took over the Sea Temple management contract.

The fair value of the main net assets acquired breaks down as follows at December 31, 2012:

(in millions of euros)	Fair Value
Property, plant and equipment	51
Non-current financial assets	18
Other receivables	2
Cash and cash equivalents	1
Deferred tax assets	(16)
Financial debt	(14)

In the period from May 23 to December 31, 2012, Mirvac Hotels & Resorts generated revenue of €81 million and a net loss of €15 million (including €13 million worth of brand impairments and €8 million in integration costs).

B.4. Acquisition of the South American hotel portfolio of Grupo Posadas in 2012

On July 16, 2012, Accor signed a contract for the acquisition of the South American hotel portfolio of Grupo Posadas. The sale was completed on October 10, 2012. The final amount paid by Accor for this acquisition was €195 million but a total of €10 million was refunded to the Group in 2013 following two price adjustments that reduced the final price to €185 million. The transaction included 13 hotels, of which three owned hotels, three hotels leased under variable-rent leases and seven hotels under management contracts. The transaction also included a secure pipeline of 18 hotels under management contracts and the acquisition of two brands operated by Grupo Posadas in South America: Caesar Park and Caesar Business.

The fair value of the main net assets acquired represented €35 million (including €10 million for acquired brands that were written down in full at December 31, 2012). The €150 million difference between this amount and the cost of the business combination was allocated as follows in Accor's accounts:

- value attributed to contracts (signed on the acquisition date): €30 million (see note 19);
- fair value adjustments to intangible assets: €(7) million (see note 19);
- value attributed to the hotels purchased outright: €54 million (see note 20);
- provision adjustments: €(2) million;
- deferred tax liabilities: €(25) million corresponding to the above allocations;
- goodwill: €100 million (see note 18).

The fair value of the main net assets acquired breaks down as follows:

(in millions of euros)	Cost before purchase price allocation	Purchase price allocation	Cost after purchase price allocation
Intangible assets	30	23	53
Property, plant and equipment	23	54	77
Other receivables	6	-	6
Deferred tax assets/liabilities	5	(25)	(20)
Cash and cash equivalents	7	-	7
Debt	(27)	-	(27)
Other payables	(9)	(2)	(11)
TOTAL	**35**	**50**	**85**

The fair value of property, plant and equipment is based on independent valuations (Level 2 inputs as defined in IFRS 13: see note 1.R). The fair value of intangible assets is estimated by discounting estimated fee revenues up to the next contract renewal date (Level 3 inputs as defined in IFRS 13: see note 1.R), based on the data used to determine the acquisition price.

In the period from October 10 to December 31, 2012, the assets acquired generated revenue of €18 million and a net loss of €16 million (including €10 million worth of brand impairments and €8 million in integration costs).

B.5. ibis megabrand project

In 2012, Accor implemented its project to overhaul the entire Economy brand line-up under the umbrella of the ibis brand. This project involved reviewing economy hotel codes in depth, renewing more than 100,000 beds, honing a new concept for its public areas, and briskly installing the new ibis, ibis Styles and ibis *budget* banners.

This led to the recognition:

- in the 2012 financial statements of a €50 million loss reported under "Gains and losses on management of other assets" (see note 15) and €39 million in costs reported under "Renovation and maintenance expenditure" (see note 36);
- in the 2013 financial statements of a €15 million loss reported under "Gains and losses on management of other assets" (see note 15) and €27 million in costs reported under "Renovation and maintenance expenditure" (see note 36).

C. Colony Capital/Eurazeo

Colony Capital acquired an initial stake in the Accor Group in March 2005 by investing €1 billion in Accor equity notes and convertible bonds that were redeemed for/converted into shares in 2007. In exchange for this investment, Colony was given two seats on the Accor Board of Directors.

In May 2008, Colony Capital and investment group Eurazeo announced a five-year shareholders' agreement under which they would increase their combined stake in the Group's capital. After this five-year term, the concert arrangement may be terminated with 30 days' notice. The agreement was followed by an increase in Eurazeo's interest in Accor and led to Eurazeo being given a seat on the Accor Board of Directors.

In 2009, the concert group represented by Colony Capital and Eurazeo purchased new Accor shares and Eurazeo was given an additional seat on the Accor Board of Directors, raising from three to four the number of directors representing Colony and Eurazeo.

In 2010, in connection with the demerger, Colony Capital and Eurazeo gave a commitment to support the demerged entities Accor and Edenred, by retaining their shares in the two companies. This commitment expired on January 1, 2012. On January 5, 2012, the concert group reduced its interest to 48,568,160 shares, representing 21.37% of the capital and 27.51% of the voting rights.

At December 31, 2012, the concert group held 48,673,442 shares, representing 21.4% of the capital and 30.08% of the voting rights following (i) the allocation, during 2012, of double voting rights to shares held for more than two years and (ii) the reduction in the number of shares held by Fonds Stratégique d'Investissement and Caisse des Dépôts et Consignations, leading to the cancellation of a certain number of double voting rights and a resulting decrease in the total number of voting rights. The proportion of voting rights was above the 30% level at which French securities laws require a takeover bid to be presented. Representatives of Colony Capital and Eurazeo asked the French securities regulator (Autorité des Marchés Financiers – AMF) to waive this requirement in the case of Accor, considering that (i) the 30% threshold had been crossed solely due to a reduction in the number of Accor voting rights that was not the result of any action by them and (ii) they had given an undertaking not to take any action themselves to raise their interest to over 30% of the voting rights. On January 16, the AMF informed Colony Capital and Eurazeo that they would not be required to present a takeover bid.

At December 31, 2013, the concert group always held 48,673,442 shares and 85,313,908 voting rights, representing 21.3% of the capital and 31.2% of the voting rights.

D. Bond Issues

Since 2009, Accor has completed several bond issues:

- February 4, 2009: €600 million 7.50% 5-year bond issue due February 4, 2014. In 2010 and 2011, €197.75 million worth of bonds were bought back, reducing the outstanding balance to €402.25 million excluding accrued interest. All of the remaining bonds were redeemed on February 4, 2014 (see note 46);
- May 5, 2009: €600 million 6.50% 4-year bond issue due May 6, 2013. €206.3 million woth of bonds were bought back between 2010 and 2011 and the remaining bonds, totaling €393.7 million excluding accrued interest, were redeemed in 2013;
- August 24, 2009: €250 million 6.039% 8-year and 3 month bond issue due November 6, 2017;
- June 19, 2012: €600 million 2.875% 5-year bond issue due June 19, 2017;
- September 28, 2012: €100 million 2.875% 5-year tap issue (augmenting the June 19, 2012 issue), due June 19, 2017;
- March 21, 2013: €600 million 2.50% 6-year bond issue due March 21, 2019;
- January 31, 2014: €750 million bond (see note 46).

E. Voluntary redundancy plans

During the first half of 2013, Accor announced the launch of a voluntary redundancy plan at the Group's Paris headquarters. The terms and conditions of the plan were presented in June to employee representatives. This plan concerned 165 persons. The first wave of employee departures took place in September 2013, leading to the recognition of a total expense of €47 million in the 2013 financial statements.

On November 27, 2013, Accor announced its new strategic roadmap. Towards employee representatives, the Group stated at the end of 2013 that a new voluntary redundancy plan would be launched to address the human resources implications of the resulting organizational changes. The plan, which has been presented to employee representatives, would concern 86 positions. The first employee departures would take place in 2014. A €22 million provision has been recorded in the financial statements at December 31, 2013, corresponding to the Group's estimate of the costs of the plan, based on redundancy payments made under the earlier plan.

NOTE 3 CONSOLIDATED REVENUE BY BUSINESS AND BY REGION

(in millions of euros)	France	Europe (excl. France)	Asia Pacific	Latin America & Caribbean	Other Countries	Worldwide Structures [(1)]	2013	2012
HOTELS	1,819	2,363	546	427	217	36	5,408	5,497
Upscale and Midscale Hotels	1,144	1,479	392	223	166	34	3,438	3,536
Economy Hotels	675	884	154	204	51	2	1,970	1,961
OTHER BUSINESSES	43	2	79	-	3	1	128	152
TOTAL 2013	**1,862**	**2,365**	**625**	**427**	**220**	**37**	**5,536**	
TOTAL 2012	1,901	2,379	725	396	208	40		5,649

(1) "Worldwide Structures" corresponds to revenue (royalties) that is not specific to a single geographic region.

Consolidated revenue for 2013 totalled €5,536 million, compared with €5,649 million for 2012.

The period-on-period decrease of €113 million (or -2.0%) breaks down as follows:

■ Like-for-like growth	+153 m€	+2.7%
■ Business expansion (owned and leased hotels only)	+130 m€	+2.3%
■ Currency effects	(138) m€	(2.4)%
■ Disposals	(258) m€	(4.6)%
DECREASE IN 2013 REVENUE	**(113) m€**	**(2.0)%**

Change in 2013 consolidated revenue by business

	Δ 2013/2012 (in millions of euros)	Like-for-like change (in millions of euros)	%
HOTELS	(89)	+149	+2.7%
Upscale and Midscale Hotels	(98)	+103	+2.9%
Economy Hotels	+9	+46	+2.4%
OTHER BUSINESSES	(24)	+4	+2.7%
GROUP TOTAL	**(113)**	**+153**	**+2.7%**

Change in 2013 consolidated revenue by region

	Δ 2013/2012 (in millions of euros)	Like-for-like change (in millions of euros)	%
France	(39)	+37	+1.9%
Europe (excl. France)	(14)	+44	+1.8%
Asia Pacific	(100)	+25	+3.5%
Latin America & Caribbean	+31	+27	+6.9%
Other Countries	+12	+24	+11.7%
Worldwide Structures	(3)	(4)	(10.1)%
GROUP TOTAL	**(113)**	**+153**	**+2.7%**

At December 31, 2013, revenue from managed and franchised hotels (including distribution and loyalty program fees), included in the hotels' revenue presented above of €5,408 million, amounted to €603 million. This amount breaks down as follows:

(in millions of euros)	Management fees	Franchise fees	2013	2012
HOTELS				
Upscale and Midscale Hotels	377	99	476	405
Economy Hotels	51	76	127	106
TOTAL 2013	**428**	**175**	**603**	
TOTAL 2012	349	162		511

Total fees for Managed and Franchised hotels only, excluding currency and acquisitions, increased by 14.7%

NOTE 4 OPERATING EXPENSE

(in millions of euros)	2012	2013
Cost of goods sold [(1)]	(388)	(406)
Employee benefits expense [(2)]	(2,081)	(1,994)
Energy, maintenance and repairs	(303)	(294)
Taxes, insurance and service charges (co-owned properties)	(203)	(195)
Other operating expense [(3)]	(886)	(888)
TOTAL OPERATING EXPENSE	**(3,861)**	**(3,777)**

(1) The cost of goods sold includes food and beverage purchases, laundry costs and the cost of telephone calls billed to clients.

(2) The Ratio employee benefits expense/Full-time equivalent (FTE) is presented as follows:

Full-time equivalent	2012	2013
Full-time equivalent*	52,062	49,119
Ratio employee benefits expense/FTE (€k)	(40)	(40)

** Full-time equivalent employees are based on the ratio between the number of hours worked during the period and the total working legal hours for the period. For firms which are consolidated using the proportional method, the employee number is calculated with the Group's interest. There is no employee number for associates.*
At December 31, 2013, employee benefits expense includes €10.8 million related to stock option plans and performance share plans (see note 25).

(3) Other operating expense consists mainly of marketing, advertising, promotional, selling and information systems costs. The total also includes various fee payments.

NOTE 5 EBITDAR BY BUSINESS AND REGION

(in millions of euros)	France	Europe (excl. France)	Asia Pacific	Latin America & Caribbean	Other Countries	Worldwide Structures [(1)]	2013	2012
HOTELS	541	804	152	145	52	22	1,716	1,774
Upscale and Midscale Hotels	304	453	98	58	32	19	964	1,017
Economy Hotels	237	351	54	87	20	3	752	757
OTHER BUSINESSES	7	1	14	-	3	18	43	14
TOTAL 2013	**548**	**805**	**166**	**145**	**55**	**40**	**1,759**	
TOTAL 2012	577	797	195	136	48	35		1,788

(1) "Worldwide Structures" corresponds to revenue (royalties) and costs that are not specific to a single geographic region.

Consolidated EBITDAR for 2013 totalled €1,759 million compared with €1,788 million for 2012.

The period-on-period decrease of €29 million (or -1.7%) breaks down as follows:

■ Like-for-like growth	+47 m€	+2.6%
■ Business expansion (owned and leased hotels only)	+36 m€	+2.0%
■ Currency effects	(43) m€	(2.4)%
■ Disposals	(69) m€	(3.8)%
DECREASE IN 2013 EBITDAR	**(29) m€**	**(1.7)%**

Change in 2013 EBITDAR by business

	Δ 2013/2012	Like-for-like change	
	(in millions of euros)	(in millions of euros)	%
HOTELS	(58)	+20	+1.1%
Upscale and Midscale Hotels	(53)	+10	+1.0%
Economy	(5)	+10	+1.3%
OTHER BUSINESSES	+29	+27	+184.9%
GROUP TOTAL	**(29)**	**+47**	**+2.6%**

Change in 2013 EBITDAR by region

	Δ 2013/2012	Like-for-like change	
	(in millions of euros)	(in millions of euros)	%
France	(29)	(3)	(0.5)%
Europe (excl. France)	+8	+16	+1.9%
Asia Pacific	(29)	+4	+2.2%
Latin America & Caribbean	+9	+12	+8.6%
Other Countries	+7	+14	+30.1%
Worldwide Structures	+5	+4	+12.1%
GROUP TOTAL	**(29)**	**+47**	**+2.6%**

NOTE 6 RENTAL EXPENSE

Rental expense amounted to €894 million at December 31, 2013 compared with €938 million at December 31, 2012.

In accordance with the policy described in note 1.E.4, the expense reported on this line only concerns operating leases. Finance leases are recognized in the statement of financial position as an asset and a liability. The amount of the liability at December 31, 2013 was €49 million (see note 29.1).

Rental expense is recognized on a straight-line basis over the lease term, even if payments are not made on that basis. Most leases have been signed for periods exceeding the traditional nine-year term of commercial leases in France, primarily to protect Accor against the absence of commercial property rights in certain countries.

None of the leases contains any clauses requiring advance payment of rentals in the case of a ratings downgrade or other adverse events affecting Accor, and there are no cross-default clauses or covenants.

The €894 million in rental expense corresponds to 1,109 hotel leases, including less than 1% with a purchase option. Where applicable, the option price corresponds to either a pre-agreed percentage of the owner's original investment or the property's market value when the option is exercised. The options are generally exercisable after 10 or 12 years. Certain contracts allow for the purchase of the property at the appraised value at the end of the lease.

A. Rental expense by business

Rental expense can be analyzed as follows by business:

(in millions of euros)	2012	2013
HOTELS	(943)	(896)
Upscale and Midscale Hotels	(579)	(539)
Economy	(364)	(357)
OTHER BUSINESSES	5	2
TOTAL	**(938)**	**(894)**

B. Rental expense by type of contract

Rental expense breaks down as follows by type of contract:

(in millions of euros)	Number of hotels [1]	2013 rental	Fixed rental expense	Variable rental expense
Fixed rent with purchase option	9	(15)	(15)	-
Fixed rent without purchase option	275	(233)	(233)	-
Fixed rent with a variable portion [2]	61	(78)	(64)	(14)
Land rent	-	(9)	(6)	(3)
Office rental expenses (Hotels business)	-	(27)	(26)	(1)
Fees on intragroup rent guarantees on Hotels business	-	(15)	(14)	(1)
TOTAL HOTEL FIXED RENTAL EXPENSE	345	(377)	(358)	(19)
Variable rent with a minimum [3]	115	(90)	(75)	(15)
Variable rent with a minimum and cap [4]	16	(23)	(10)	(13)
Variable rent without a minimum [5]	633	(406)	-	(406)
TOTAL HOTEL VARIABLE RENTAL EXPENSE	764	(519)	(85)	(434)
TOTAL HOTEL RENTAL EXPENSE	**1,109**	**(896)**	**(443)**	**(453)**
Rental expense not related to hotels	-	(12)	(11)	(1)
Internal lease guarantee fees	-	14	13	1
TOTAL RENTAL EXPENSE	**1,109**	**(894)**	**(441)**	**(453)**

(1) Rental expense by brand and type of contract at December 31, 2013 is presented as follows:

Leased hotels at December 31, 2013	Fixed rent with purchase option	Fixed rent without purchase option	Fixed rent with a variable portion	Variable rent with a minimum	Variable rent with a minimum and cap	Variable rent without a minimum	Total
Sofitel	1	3	-	2	-	5	11
Pullman	-	6	2	3	-	3	14
MGallery	1	5	1	2	1	1	11
Novotel	1	34	8	21	4	94	162
Suite Novotel	-	6	-	1	-	10	17
Mercure	3	43	17	11	3	70	147
Adagio	-	7	-	-	4	-	11
ibis	2	96	13	63	3	183	360
ibis Styles	-	5	8	1	-	4	18
ibis *budget*	1	65	12	10	1	104	193
Formule 1/HotelF1	-	1	-	-	-	158	159
Other	-	4	-	1	-	1	6
TOTAL	**9**	**275**	**61**	**115**	**16**	**633**	**1,109**

(2) Fixed rent expense with a variable portion includes a fixed portion and a variable portion. The variable portion is generally a percentage of revenue or a percentage of EBITDAR.
(3) This rent expense depends on a percentage of revenue or a percentage of EBITDAR with a fixed contract guaranteed minimum.
(4) This rent expense depends on a percentage of revenue with a fixed contract guaranteed minimum which is also caped.
(5) Variable rent without a minimum is generally based on a percentage of revenue (601 hotels), or a percentage of EBITDAR (32 hotels). None of the leases contains any minimum rent clauses. Variable rents without a minimum based on a percentage of EBITDAR amount to €44 million at December 31, 2013.

C. Minimum rental commitments (cash basis)

Minimum future rentals in the following tables only correspond to long-term rental commitments in the Hotels Division for hotels opened or closed for repairs.

Undiscounted minimum lease payments in foreign currencies converted at the average exchange rate based on latest known rates, are as follows:

Years	(in millions of euros)	Years	(in millions of euros)
2014	(407)	2023	(200)
2015	(398)	2024	(185)
2016	(374)	2025	(163)
2017	(350)	2026	(144)
2018	(339)	2027	(96)
2019	(327)	2028	(78)
2020	(289)	2029	(62)
2021	(237)	2030	(43)
2022	(218)	> 2030	(280)
		TOTAL	**(4,190)**

At December 31, 2013, the present value of future minimum lease payments, considered as representing 7% of the minimum lease payments used to calculate the “Adjusted funds from ordinary activities/adjusted net debt” ratio, amounted to €(2,676) million.

Interest expense on adjusted net debt, estimated at 7%, amounted to €187 million. The difference between the minimum rent (€407 million) and interest expense (€187 million) amounted to €220 million. This corresponds to the implicit repayment of adjusted debt (“Standard & Poor’s method) and therefore constitutes an adjustment for the calculation of the adjusted funds from operations/adjusted net debt ratio (see note (b) in the Key Management Ratios).

NOTE 7 EBITDA BY BUSINESS AND REGION

(in millions of euros)	France	Europe (excl. France)	Asia Pacific	Latin America & Caribbean	Other Countries	Worldwide Structures [1]	2013	2012
HOTELS	279	332	85	68	40	16	820	831
Upscale and Midscale Hotels	146	155	55	31	24	14	425	439
Economy Hotels	133	177	30	37	16	2	395	392
OTHER BUSINESSES	4	1	14	-	2	24	45	19
TOTAL 2013	**283**	**333**	**99**	**68**	**42**	**40**	**865**	
TOTAL 2012	311	306	98	59	37	39		850

(1) "Worldwide Structures" corresponds to revenue (royalties) and costs that are not specific to a single geographic region

Consolidated EBITDA for 2013 totalled €865 million compared with €850 million for 2012.

The period-on-period increase of €15 million (or +1.7%) breaks down as follows:

■ Like-for-like growth	+34 m€	+4.0%
■ Business expansion (owned and leased hotels only)	+19 m€	+2.2%
■ Currency effects	(21) m€	(2.5)%
■ Disposals	(17) m€	(2.0)%
INCREASE IN 2013 EBITDA	**+15 m€**	**+1.7%**

Change in 2013 EBITDA by business

	Δ 2013/2012	Like-for-like change	
	(in millions of euros)	(in millions of euros)	(%)
HOTELS	(11)	+8	+1.0%
Upscale and Midscale Hotels	(14)	(3)	(0.6)%
Economy	+3	+11	+2.8%
OTHER BUSINESSES	+26	+26	+129.0%
GROUP TOTAL	**+15**	**+34**	**+4.0%**

Change in 2013 EBITDA by region

	Δ 2013/2012	Like-for-like change	
	(in millions of euros)	(in millions of euros)	(%)
France	(28)	(11)	(3.6)%
Europe (excl. France)	+27	+15	+4.8%
Asia Pacific	+1	+8	+8.3%
Latin America & Caribbean	+9	+6	+11.2%
Other Countries	+5	+13	+36.1%
Worldwide Structures	+1	+3	+7.2%
GROUP TOTAL	**+15**	**+34**	**+4.0%**

NOTE 8 DEPRECIATION, AMORTIZATION AND PROVISION EXPENSE

Depreciation, amortization and provision expense can be analyzed as follows:

(in millions of euros)	2012	2013
Depreciation and amortization	(326)	(328)
Provision	2	(1)
TOTAL	**(324)**	**(329)**

NOTE 9 EBIT BY BUSINESS AND REGION

(in millions of euros)	France	Europe (excl. France)	Asia Pacific	Latin America & Caribbean	Other Countries	Worldwide Structures [1]	2013	2012
HOTELS	192	182	53	47	25	0	499	511
Upscale and Midscale Hotels	89	70	37	17	13	(2)	224	234
Economy Hotels	103	112	16	30	12	2	275	277
OTHER BUSINESSES	4	(1)	10	-	3	21	37	15
TOTAL 2013	**196**	**181**	**63**	**47**	**28**	**21**	**536**	
TOTAL 2012	218	159	59	43	22	25		526

(1) *"Worldwide Structures" corresponds to revenue (royalties) and costs that are not specific to a single geographic region.*

Consolidated EBIT for 2013 totalled €536 million compared with €526 million for 2012.

The period on-period increase of €10 million (or +1.9%) breaks down as follows:

■ Like-for-like growth	+28 m€	+5.3%
■ Business expansion (owned and leased hotels only)	+4 m€	+0.7%
■ Currency effects	(15) m€	(2.8)%
■ Disposals	(7) m€	(1.3)%
INCREASE IN 2013 EBIT	**+10 m€**	**+1.9%**

Change in 2013 EBIT by business

	Δ 2013/2012	Like-for-like change	
	(in millions of euros)	(in millions of euros)	%
HOTELS	(12)	+6	+1.2%
Upscale and Midscale Hotels	(10)	(3)	(1.3)%
Economy	(2)	+9	+3.4%
OTHER BUSINESSES	+22	+22	+145.7%
GROUP TOTAL	**+10**	**+28**	**+5.3%**

Change in 2013 EBIT by region

	Δ 2013/2012	Like-for-like change	
	(in millions of euros)	(in millions of euros)	%
France	(22)	(10)	(4.5)%
Europe (excl. France)	+22	+12	+7.3%
Asia Pacific	+4	+8	+13.6%
Latin America & Caribbean	+4	+5	+12.1%
Other Countries	+6	+15	+76.8%
Worldwide Structures	(4)	(2)	(8.9)%
GROUP TOTAL	**+10**	**+28**	**+5.3%**

NOTE 10 NET FINANCIAL EXPENSE

(in millions of euros)	2012	2013
Net financial expense (1)	(84)	(84)
Other financial income and expense (2)	9	(8)
NET FINANCIAL EXPENSE	**(75)**	**(92)**

(1) Finance costs can be analyzed as follows between cash and non-cash items:

(in millions of euros)	2012	2013
Finance costs, net – cash	(85)	(85)
Finance costs, net – non-cash	1	1
TOTAL NET FINANCIAL EXPENSE	**(84)**	**(84)**

Finance costs net include interest received or paid on loans, receivables and debts measured at amortized cost.

(2) Other financial income and expense include the following items:

(in millions of euros)	2012	2013
Dividend income from non-consolidated companies (Available-for-sale financial assets)	5	7
Exchange gains and losses (excl. financial instruments at fair value)	(1)	(7)
Movements in provisions	5	(8)
TOTAL OTHER FINANCIAL INCOME AND EXPENSE	**9**	**(8)**

NOTE 11 SHARE OF PROFIT (LOSS) OF ASSOCIATES AFTER TAX

(in millions of euros)	2012	2013
Share of profit of associates before tax	20	7
Share of tax of associates	(3)	(5)
SHARE OF PROFIT OF ASSOCIATES AFTER TAX	**17**	**2**

The main contributions are as follows:

(in millions of euros)	2012	2013
Asia Pacific Hotels	(4)	(3)
Moroccan investment fund (RISMA)	(6)	(2)
The Grand Real Estate (Sofitel The Grand, Hotels Netherlands)	(2)	(2)
Sofitel Hotels US (25%) (1)	24	6
Other	5	3
SHARE OF PROFIT OF ASSOCIATES AFTER TAX	**17**	**2**

(1) In 2012, the profit of the Sofitel US Hotels business was boosted by the €15 million gain on the sale of Chicago Sofitel, the €8 million gain on the sale of San Francisco Sofitel and the €1 million gain on the sale of Miami Sofitel.
In 2013, the profit of the Sofitel US Hotels Business was boosted by the €6 million gain on the sale of Minneapolis Sofitel.

NOTE 12 RESTRUCTURING COSTS

Restructuring costs can be analyzed as follows:

(in millions of euros)	2012	2013
Movements in restructuring provisions	3	(37)
Restructuring costs	(43)	(96)
TOTAL RESTRUCTURING COSTS	**(40)**	**(133)**

Restructuring costs in 2012 and 2013 correspond mainly to the costs linked to the reorganization of the Group. In 2013, they resulted for the most part from the various changes in strategy introduced during the period, the reorganization of the Executive Committee and the restructuring of the various European headquarters.

In particular, costs of €69 million were incurred during the year for voluntary redudancy plans at the different headquarters units in Paris (see note 2.E.)

NOTE 13 IMPAIRMENT LOSSES

Note 13.1. Definition of cash-generating units and assumptions (CGU) applied

A. Definition of cash-generating units

At December 31, 2013, the main values (before any impairment losses recognized during the year) of goodwill and intangible assets with indefinite useful lives included in the carrying amounts of the CGUs tested for impairment at that date were as follows:

(in millions of euros)	Goodwill	Intangible assets with indefinite useful life
HOTELS		
Australia	152	-
Germany	170	-
France (excluding Adagio)	148	-
Latin America	100	-
Asia	43	-
NET GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE INCLUDED IN CASH-GENERATING UNITS	**613***	**-**

* *This amount (before any impairment losses recognized during the year) represents 87 % of goodwill recognized at December 31, 2013.*

At December 31, 2012, the main values (before any impairment losses recognized during the year) of goodwill and intangible assets with indefinite useful lives included in the carrying amounts of the CGUs tested for impairment at that date were as follows:

(in millions of euros)	Goodwill	Intangible assets with indefinite useful life
HOTELS		
Australia (excluding Mirvac goodwill)	192	-
Germany	177	-
France (excluding Adagio)	159	-
Asia	44	-
NET GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE INCLUDED IN CASH-GENERATING UNITS	**572***	**-**

* *This amount (before any impairment losses recognized during the year) represented 84% of goodwill recognized at December 31, 2012, apart from that arising on the acquisition of Grupo Posadas' South American hotel network in October 2012.*

B. Assumptions applied

The methods used to calculate recoverable amounts are described in note 1.E.6.

At December 31, 2013, the main other assumptions used to estimate recoverable amounts were as follows:

	Hotels				
December 2013	**Germany**	**France (excl. Adagio)**	**Asia**	**Australia**	**Latin America**
Basis on which the recoverable amount has been determined	Discounted cah flow method	EBITDA multiples method	Discounted cah flow method	Discounted cah flow method	EBITDA multiples method
Level of the fair value hierarchy according IFRS 13 (see note 1.R)	3	2	3	3	2
Multiple used	N/A	8.5	N/A	N/A	5
Period of projections (years)	5	N/A	5	5	N/A
Growth rate	2.00%	N/A	2.00%	2.60%	N/A
Discount rate	8.80%	N/A	10.40%	8.20%	N/A

At December 31, 2012, the main other assumptions used to estimate recoverable amounts were as follows:

	Hotels			
December 2012	**Germany**	**France (excl. Adagio)**	**Asia**	**Australia**
Basis on which the recoverable amount has been determined	Discounted cah flow method	EBITDA multiples method	Discounted cah flow method	Discounted cah flow method
Level of the fair value hierarchy according IFRS 13 (see note 1.R)	3	2	3	3
Multiple used	N/A	8.5	N/A	N/A
Period of projections (years)	5	N/A	5	5
Growth rate	2.00%	N/A	2.00%	2.60%
Discount rate	8.90%	N/A	10.20%	8.50%

Note 13.2. Impairment losses recognized during the period, net of reversals

Impairment losses recognized in 2012 and 2013 can be analyzed as follows:

(in millions of euros)	2012	2013
Goodwill	(11)	(7)
Intangible assets	(24)	(1)
Property, plant and equipment	(83)	(81)
Financial assets	(1)	-
IMPAIRMENT LOSSES	**(119)**	**(89)**

The main assets and cash generating units for which impairment losses were recognized in 2012 and 2013 were as follows:

A. Impairment of goodwill

(in millions of euros)	2012	2013
HOTELS	(11)	(7)
Upscale and Midscale Hotels	(10)	(5)
Economy Hotels	(1)	(2)
OTHER BUSINESSES	-	-
TOTAL	**(11)**	**(7)**

At December 31, 2013, impairment losses resulted from revised estimates of the recoverable amount of goodwill related to the French hotel business (€1 million impairment loss), to the German hotel business (€5 million impairment loss) and to the Dutch hotel business (€1 million impairment loss).

At December 31, 2012, impairment losses resulted mainly from revised estimates of the recoverable amount of goodwill related to the French hotel business (€4 million impairment loss) and to the German hotel business (€7 million impairment loss).

Sensitivity analysis

The CGUs' value in use is estimated by the discounted cash flows method. The discount rate and the growth rate are the main key assumptions used by the Group to determine the CGUs' recoverable amount.

In 2012 and in 2013, analyses showed that, in the case of CGUs for which no impairment was recorded during the period, only a substantial, improbable change in the discount rate in the next twelve months would have caused their recoverable amount to fall to below their carrying amount.

Sensitivity tests performed on main CGU at December 31, 2013 showed that:

- in Germany, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 1,230 basis points or the growth rate to perpetuity was reduced by 4,430 basis points;
- in Asia, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 1,800 basis points or the growth rate to perpetuity was reduced by 7,440 basis points;
- in Australia, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 470 basis points or the growth rate to perpetuity was reduced by 730 basis points.

B. Impairment of intangible assets

At December 31, 2013, impairment losses of €(1) million were recorded on intangible assets.

At December 31, 2012, following the periodic review of the recoverable amount of intangible assets, impairment losses were recognized as shown below:

	Australia				Brazil	
(in millions of euros)	Sebel brand	Quay West brand	Sea Temple brand	Quay Grant et Citigate brand	Caesar Park brand	Caesar Business brand
Recoverable amount	5	-	-	-	-	-
Impairment loss recognised in profit or loss	(7)	(4)	(1)	(1)	(6)	(4)

In 2012, the Quay West, Sea Temple, Quay Grant and Citigate brands included in the Mirvac acquisition (see note 2.B.3) and the Caesar Park and Caesar Business brands included in the acquisition of Grupo Posadas' South American hotel portfolio (see note 2.B.4) were written down in full following the Group's decision not to use them. The Sebel brand was partly written down following the Group's decision to discontinue its use for certain hotels only.

C. Impairment of property, plant and equipment

(in millions of euros)	France	Europe (excl. France)	Asia Pacific	Latin America & Caribbean	Other Countries	Worldwide Structures	2013	2012
HOTELS	(17)	(38)	(5)	(1)	(19)	-	(80)	(83)
Upscale and Midscale Hotels	(10)	(21)	(1)	(1)	(19)	-	(52)	(59)
Economy Hotels	(7)	(17)	(4)	-	-	-	(28)	(24)
OTHER BUSINESSES	0	-	(1)	-	-	-	(1)	(0)
TOTAL 2013	**(17)**	**(38)**	**(6)**	**(1)**	**(19)**	**-**	**(81)**	
TOTAL 2012	(9)	(41)	(3)	-	(30)	-		(83)

At December 31, 2013, impairment losses on property, plant and equipment amounted to €81 million, of which €1.8 million concerning the assets of hotels that were held for sale at the balance sheet date and measured at fair value. Impairment losses recognized during the period concerned 136 hotels for €80 million. No impairment losses were reversed.

At December, 2012, impairment losses on property, plant and equipment amounted to €83 million, of which €7 million on assets held for sale. Impairment losses recognized during the period concerned 85 hotels for €83 million. No impairment losses were reversed.

NOTE 14 GAINS AND LOSSES ON MANAGEMENT OF HOTEL PROPERTIES

(in millions of euros)	2012	2013
Disposal gains and losses	1	78
Provisions for losses on hotel properties	10	(10)
TOTAL	**11**	**68**

At December 31, 2013, the total mainly included a net gain of €56 million on the sale & management-back of Sofitel Paris Le Faubourg (see note 2.A.2.2).

At December 31, 2012, the total mainly included:

- a net gain of €26 million generated by sale & franchise-back transactions in France (29 hotels);
- a net gain of €18 million generated by sale & franchise-back transactions in South Africa, through the sale of a 52.6% stake in "Hotel Formula 1" to Southern Sun Hotels (see note 2.A.2.3);
- a net gain of €16 million generated by sale & management-back transactions in the United States, corresponding to the sale of the New York Novotel (see note 2.A.2.2);
- a net gain of €10 million on the sale & management-back of Sofitel Paris La Défense in France (see note 2.A.2.2);
- a €9 million gain on the sale & management-back of Novotel and ibis Beijing Sanyuan in China (see note 2.A.2.2);
- a €1 million loss on the outright sale of Pullman Paris Rive-Gauche in France to Bouygues Immobilier (see note 2.A.2.3);
- a €11 million loss on the sale & management-back of Pullman Paris Tour Eiffel in France (see note 2.A.2.2);
- a net loss of €47 million on the termination of hotel leases in Germany (5 hotels) and in the Netherlands (1 hotel) (see note 2.A.2.3).

NOTE 15 GAINS AND LOSSES ON MANAGEMENT OF OTHER ASSETS

(in millions of euros)	2012	2013
Disposal gains and losses	(1)	0
Provision movements	(11)	(6)
Gains and losses on non-recurring transactions	(69)	(27)
TOTAL	**(81)**	**(33)**

At December 31, 2013, the total mainly included €15 million in costs related to the ibis megabrand project, to overhaul the entire Economy brand line-up under the umbrella of the ibis brand (see note 2.B.5).

At December 31, 2012, the total mainly included €50 million in costs related to the ibis Megabrand project and €13 million in fees related to acquisitions for the year.

NOTE 16 INCOME TAX EXPENSE

Note 16.1. Income tax expense for the period

(in millions of euros)	2012	2013
Current tax	(130)	(137)
TOTAL, CURRENT TAX	(130)	(137)
Deferred taxes (expense) income on new temporary differences and reversals of temporary differences arising in prior periods	(14)	14
Deferred taxes arising from changes in tax rates or tax laws	1	2
TOTAL, DEFERRED TAX	(13)	16
Income tax expense (excluding tax on the profits of associates and discontinued operations)	**(143)**	**(121)**
Tax on profits of associates	(3)	(5)
Tax on profits of discontinued operations	(0)	0
TAX OF THE PERIOD	**(146)**	**(126)**

Note 16.2. Effective tax rate

(in millions of euros)	2012	2013
OPERATING PROFIT BEFORE TAX (A)	239	259
Non deductible impairment losses	75	44
Elimination of intercompany capital gains	5	-
Tax on share of profit (loss) of associates	3	5
Other	11	1
TOTAL PERMANENT DIFFERENCES (non-deductible expenses) (B)	94	50
UNTAXED PROFIT AND PROFIT TAXED AT A REDUCED RATE (C)	(11)	12
Profit taxed at standard rate (D) = (A) + (B) + (C)	**322**	**321**
STANDARD TAX RATE IN FRANCE* (E)	36.1%	38.0%
TAX AT STANDARD FRENCH TAX RATE (F) = (D) X (E)	(116)	(122)
Effects on tax at standard French tax rate of:		
■ Differences in foreign tax rates	24	26
■ Unrecognized tax losses for the period	(41)	(36)
■ Utilization of tax loss carryforwards	18	11
■ Share of profit (loss) of associates	3	5
■ Net charges to/reversals of provisions for tax risks	(8)	(4)
■ Effect of CET business tax in France (see note 1.L)	(23)	(22)
■ Other items	0	21
TOTAL EFFECTS ON TAX AT STANDARD FRENCH TAX RATE (G)	(27)	1
Tax at standard rate (H) = (F) + (G)	**(143)**	**(121)**
TAX AT REDUCED RATE (I)	-	-
Income tax expense (J) = (H) + (I)	**(143)**	**(121)**
Pre-tax operating profit taxed at standard rate	322	321
Income tax expense	(92)	(96)
GROUP EFFECTIVE TAX RATE	**28.5%**	**29.9%**

* *At December 31, 2013, the standard tax rate in France includes the 3.3% "contribution sociale de solidarité" tax and the 10.7% "contribution additionnelle" surtax, both calculated on the 33.3% corporate income tax.*

Note 16.3. Details of deferred tax (Statement of financial position)

(in millions of euros)	Dec. 2012*	Dec. 2013
Timing differences between company profit and taxable profit	77	77
Timing differences between consolidated profit and company profit	21	33
Recognized tax losses	53	38
Total, deferred tax assets	**151**	**148**
Timing differences between company profit and taxable profit	30	21
Timing differences between consolidated profit and company profit	89	97
Recognized tax losses	0	0
Total, deferred tax liabilities	**119**	**118**
DEFERRED TAX ASSETS, NET (LIABILITIES)	**32**	**30**

* *Adoption of the amendment to IAS 19 "Employee Benefits" from January 1, 2013 with retrospective application to the period presented led to the immediate recognition in the opening statement of financial position at January 1, 2012 of all unrecognized past service costs. The effect of this change of method was a €3 million increase in deferred tax liabilities at December 31, 2012 (see note 1, page 189, for an explanation of the changes of method and their effects).*

Note 16.4. Unrecognized deferred tax assets

Unrecognized deferred tax assets at December 31, 2013 amounted to €721 million. Unrecognized deferred tax assets at December 31, 2012 amounted to €784 million.

Unrecognized deferred tax assets at December 31, 2013 will expire in the following periods if not utilized:

(in millions of euros)	Deductible temporary differences	Tax loss carryforwards	Tax credits	Total
Y+1	-	7	-	7
Y+2	-	3	0	3
Y+3	-	2	0	2
Y+4	-	5	0	5
Y+5 and beyond	11	501	3	515
Evergreen	29	160	-	189
DEFERRED TAX, NET	**40**	**678**	**3**	**721**

In accordance with IAS 12, deferred tax assets are recognized for ordinary and evergreen tax loss carryforwards only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. The Group generally estimates those future profits over a five-year period, and each year reviews the projections and assumptions on which its estimates are based, in accordance with the applicable tax rules.

NOTE 17 PROFIT OR LOSS FROM DISCONTINUED OPERATIONS

Details of profit or loss from discontinued operations are as follows:

(in millions of euros)	2012	2013
Profit or loss from discontinued operations before tax	(444)	1
Tax on profit or loss from discontinued operations	(1)	(0)
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS DURING THE PERIOD	(445)	1
Loss recognized on the disposal or remeasurement at fair value of assets held for sale constituting the discontinued operations	(234)	-
Tax on loss from discontinued operations	-	-
IMPACT OF REALIZED LOSSES OR FAIR VALUE ADJUSTMENTS	(234)*	-
NET PROFIT OR LOSS FROM DISCONTINUED OPERATIONS	**(679)**	**1**

* *See note 2.A.1.*

In accordance with IFRS 5, profit or loss from discontinued operations includes:

- at December 31, 2013, the profit generated by the Italian Onboard day Train Services business, which remained classified as a "discontinued operations" in view of the end of the contract with the grantor of the concession which took place in October 2013 and the ongoing liquidation process of the company (see note 2.A.1.2);
- at December 31, 2012,
  - the profit from the US Economy Hotels Business from January 1, 2012 to September 30, 2012, which has been classified as a discontinued operation in 2012 (see note 2.A.1.1),
  - the loss arising from the sale of the US Economy Hotels business on October 1, 2012 (see note 2.A.1.1),
  - the profit generated by the Italian Onboard day Train Services business, which remained classified as a "discontinued operations" (see note 2.A.1.2).

The consolidated income statements of discontinued operations (including the profit or loss recognized on the disposal) classified in 2012 and 2013 in profit or loss from discontinued operations in Accor's consolidated financial statements are presented below:

A. At December 31, 2013

(in millions of euros)	Onboard Train Services
CONSOLIDATED REVENUE	69
Operating expense	(65)
EBITDAR	4
Rental expense	(1)
EBITDA	3
Depreciation, amortization and provision expense	(1)
EBIT	3
Net financial expense	1
Share of profit of associates after tax	-
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS	4
Restructuring costs	(0)
Impairment losses	(1)
Gains and losses on management of hotel properties	-
Gains and losses on management of other assets	(2)
OPERATING PROFIT BEFORE TAX	1
Income tax expense	(0)
NET PROFIT	1
IMPACT OF REALIZED GAINS OR LOSSES	-
NET LOSS FROM DISCONTINUED OPERATIONS	**1**

B. At December 31, 2012

(in millions of euros)	Economy Hotels US business	Onboard Train Services	Total Dec. 2012
CONSOLIDATED REVENUE	442	66	508
Operating expense	(287)	(66)	(353)
EBITDAR	155	(0)	155
Rental expense	(57)	(1)	(58)
EBITDA	97	(1)	96
Depreciation, amortization and provision expense	(46)	(1)	(48)
EBIT	51	(2)	49
Net financial expense	(8)	1	(7)
Share of profit of associates after tax	-	-	-
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS	43	(1)	42
Restructuring costs	-	(1)	(1)
Impairment losses	(47)	-	(47)
Gains and losses on management of hotel properties	(10)	-	(10)
Gains and losses on management of other assets*	(431)	3	(428)
OPERATING PROFIT BEFORE TAX	(445)	1	(444)
Income tax expense	0	(1)	(1)
NET LOSS**	(445)	(0)	(445)
IMPACT OF REALIZED GAINS**	(234)	0	(234)
NET LOSS FROM DISCONTINUED OPERATIONS	**(679)**	**(0)**	**(679)**

* *Including:*
- *costs associated with the exercise of purchase options on leased hotels for €(274) million;*
- *cancellation of accounting entries recognizing rents on a straight-line basis following the purchase of the leased hotels, for €(123) million.*

** *See note 2.A.1.1.*

NOTE 18 GOODWILL

(in millions of euros)	Dec. 2012	Dec. 2013
Goodwill (gross value)	945	802
Less impairment losses	(105)	(95)
GOODWILL, NET	**840**	**707**

(in millions of euros)	Notes	Dec. 2012	Dec. 2013
Australia	2.B.3	212	152
Germany	13.2.A	170	165
Hotels, Latin America – Grupo Posadas' hotel network in South America	2.B.4	160	100
Upscale and Midscale France	13.2.A	121	115
Economy (France)		67	66
Asia		45	43
Egypt		19	20
Poland		11	11
Switzerland		11	11
The Netherlands		8	7
Ivory Coast		7	6
Other hotels (< €6 million)		9	11
TOTAL HOTELS		840	707
OTHER BUSINESSES		-	-
GOODWILL, NET		**840**	**707**

Changes in the carrying amount of goodwill over the period were as follows:

(in millions of euros)	Notes	Dec. 2012	Dec. 2013
CARRYING AMOUNT AT BEGINNING OF PERIOD		712	840
Hotels, Asia Pacific	(a)	20	2
Hotels, Latin America (Grupo Posadas)	(b)	160	-
Hotels, Latin America (Others)	(c)	-	1
Hotels, Germany	(d)	3	-
Goodwill recognized on acquisitions for the period and other increases		**183**	**3**
Disposals	(e)	(9)	(30)
Impairment losses	Note 13	(11)	(7)
Translation adjustment	(f)	1	(40)
Reclassifications to Property, Plant and Equipment	(b)	(6)	(60)
Reclassifications to Assets held for sale	Note 32	(3)	3
Other reclassifications and movements		(27)	(2)
CARRYING AMOUNT AT END OF PERIOD		**840**	**707**

(a) In 2012, acquisition of Mirvac by Accor, generating goodwill of €19.7 million in the Accor Group's accounts at December 31, 2012 (see note 2.B.3). An additional €1.5 million in goodwill was recorded in 2013, after Accor took over the Sea Temple management contract.
(b) In 2012, the difference between the cost of Grupo Posadas' hotel network in South America and the book value of the net assets acquired amounted to €160 million. In 2013, part of the difference (€50 million) was allocated to the assets and liabilities acquired (see note 2.B.4) and €10 million in price adjustments were obtained.
(c) In 2013, acquisition of an additional 21.43% stake in ibis Colombia (50%-owned at December 31, 2012), leading to the recognition of €1 million in goodwill in the statement of financial position at December 31, 2013.
(d) In 2012, goodwill of €3 million was recognized on a project in Munich for the construction of a Novotel unit and an ibis unit.
(e) In 2013, disposals include the Group's interest in TAHL, Australia (see note 2.A.1.3), leading to the write-off of net goodwill in the amount of €24.1 million.
(f) In 2013, this amount is due to the fall in the Australian dollar.

NOTE 19 INTANGIBLE ASSETS

(in millions of euros)	Dec. 2012	Dec. 2013
Brands and rights[(1)]	75	59
Licenses, software	157	174
Other intangible assets[(2)]	244	278
TOTAL INTANGIBLE ASSETS AT COST	476	511
Brands and rights[(1)]	(42)	(36)
Licenses, software	(123)	(133)
Other intangible assets[(2)]	(47)	(59)
TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES	(212)	(228)
INTANGIBLE ASSETS, NET	**264**	**283**

(1) The carrying amount of other brands and rights was €23 million at December 31, 2013, as follows:
- *€17 million related to ibis in China; and*
- *€4 million for the Sebel brand in Australia.*

The other Australian brands acquired as part of the Mirvac acquisition and the Caesar Park and Caesar Business brands included in the acquisition of Grupo Posadas' South American hotel network in 2012 were written down in full in 2012 (see note 13.2).

(2) At December 31, 2013, the net book value of other intangible assets amounted to €219 million, including:
- *€97 million in lease premiums, of which €86 million corresponding to the value attributed to Orbis's land use rights in Poland;*
- *€50 million corresponding to the value attributed to management contracts of which:*
  - *i. €28 million for Grupo Posadas' network of hotels in Brazil, Argentina and Chile (see note 2.B.4),*
  - *ii. €22 million for Mirvac's Australian management contracts (see note 2.B.3);*
- *€41 million in key money of which:*
  - *i. €16 million for 24 management contracts and 24 franchise contracts in the United Kingdom,*
  - *ii. €6 million for management contracts in Australia.*

Changes in the carrying amount of intangible assets over the period were as follows

(in millions of euros)	Dec. 2012	Dec. 2013
CARRYING AMOUNT AT BEGINNING OF PERIOD	**373**	**264**
Disposal of the Economy Hotels US business (see note 2.A.1.1)	(164)	-
Other disposals	(9)	(8)
DISPOSALS OF THE PERIOD	(173)	(8)
Acquisitions	6	25
Internally-generated assets (1)	30	32
Intangible assets of newly consolidated companies (2)	80	23
Amortization for the period	(28)	(32)
Impairment losses for the period (3)	(24)	(2)
Translation adjustment	6	(18)
Reclassifications of Assets held for sale (See note 32)	(6)	(3)
Other reclassifications	-	2
CARRYING AMOUNT AT END OF PERIOD	**264**	**283**

(1) In 2012, acquisitions of licenses and software for €30 million (including €20 million in Worldwide Structures and €4 million in France).
In 2013, acquisitions of licenses and software for €32 million (including €26 million in Worldwide Structures).

(2) In 2012, intangible assets of newly consolidated companies consist of:
- *Assets recognized on the business combination with the Mirvac Group for €50 million (see note 2.B.3), as follows:*
  - *i. Value attributed to the management contract: €31 million,*
  - *ii. Value attributed to the brand: €19 million;*
- *The €30 million value of entrance fees recognized on the acquisition of Grupo Posadas' hotel network in South America (see note 2.B.4) of which:*
  - *i. €18 million for hotel entrance fees,*
  - *ii. €10 million for the Caesar Park and Caesar Business brands.*

In 2013, intangible assets of newly consolidated companies correspond to assets recognized following the 2012 acquisition of Grupo Posadas' hotel network in South America, for €23 million (see note 2.B.4).

(3) Including at December 31, 2012, impairment losses of €13 million recognized on the Mirvac brands and €10 million recognized on the Caesar Park and Caesar Business brands included in Grupo Posadas acquisition that Accor does not intend to use (see note 13.2.B).

The following intangible assets are considered as having an indefinite useful life

(in millions of euros)	Dec. 2012	Dec. 2013
Sebel brand (Australia)	5	4
Other brands and rights with indefinite useful life	1	1
CARRYING AMOUNT AT END OF PERIOD	**6**	**5**

NOTE 20 PROPERTY, PLANT AND EQUIPMENT

Note 20.1. Property, plant and equipment by nature

(in millions of euros)	Dec. 2012	Dec. 2013
Land	199	177
Buildings	1,699	1,625
Fixtures	1,592	1,571
Equipment and furniture	1,439	1,433
Constructions in progress	190	247
PROPERTY, PLANT AND EQUIPMENT, AT COST	**5,119**	**5,053**

(in millions of euros)	Dec. 2012	Dec. 2013
Buildings	(538)	(535)
Fixtures	(836)	(846)
Equipment and furniture	(953)	(989)
Constructions in progress	(4)	(3)
TOTAL OF DEPRECIATION	(2,331)	(2,373)
Land	(7)	(10)
Buildings	(104)	(116)
Fixtures	(49)	(61)
Equipment and furniture	(29)	(36)
Constructions in progress	(7)	(9)
TOTAL OF IMPAIRMENT LOSSES	(196)	(232)
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	**(2,527)**	**(2,605)**

(in millions of euros)	Dec. 2012	Dec. 2013
Land	192	167
Buildings	1,057	974
Fixtures	707	664
Equipment and furniture	457	408
Constructions in progress	179	235
PROPERTY, PLANT AND EQUIPMENT, NET	**2,592**	**2,448**

Changes in the carrying amount of property, plant and equipment during the period were as follows:

(in millions of euros)	Dec. 2012	Dec. 2013
NET CARRYING AMOUNT AT BEGINNING OF PERIOD	**3,257**	**2,592**
Economy Hotels US business (see note 2.A.1.1)	(605)	-
Other disposals	(89)	(118)
DISPOSALS FOR THE PERIOD	(694)	(118)
Property, plant and equipment of newly acquired companies (1)	93	59
Capital expenditure (2)	468	371
Depreciation for the period	(345)	(297)
Impairment losses for the period recognized in impairment losses or in net loss from discontinued operations (see note 13.2 and note 17)	(123)	(80)
Translation adjustment	17	(94)
Reclassification of assets held for sale (see note 32)	(79)	13
Other reclassifications	(2)	2
NET CARRYING AMOUNT AT END OF PERIOD	**2,592**	**2,448**

(1) In 2012, property, plant and equipment of newly acquired companies correspond mainly to the hotels owned by the Mirvac Group, for €51 million (see note 2.B.3) and Grupo Posadas' South American hotel network, for €23 million (see note 2.B.4).
In 2013, the €59 million in property, plant and equipment of newly acquired companies corresponds to the allocation of the purchase price of Grupo Posadas' hotel network in South America acquired in 2012 for €54 million (see note 2.B.4) and to the purchase of additional ibis Colombia shares for €5 million.

(2) Capital expenditure in 2012 includes refurbishment work for €256 million, for the most part in France, Germany and the United Kingdom, as well as €212 million for new buildings, of which €25 million for the exercise of call options in Poland.
Capital expenditure in 2013 includes refurbishment work for €234 million, for the most part in France, Germany and the United Kingdom, as well as new buildings for €137 million including the acquisition of a €28 million plot of land in the Canary Wharf district of London, United Kingdom, for the construction of a Novotel unit.

At December 31, 2013, contracts totaling €91 million have been signed for the purchase of property, plant and equipment (see note 40). They are not recognized in the statement of financial position. At December 31, 2012, contracts totalized €101 million.

Note 20.2. Finance leases

At December 31, 2013, the carrying amount of finance leases recognized in the statement of financial position in net value is €40 million (December 31, 2012: €50 million), as follows:

(in millions of euros)	Dec. 2012	Dec. 2013
Land	8	6
Buildings	59	51
Fixtures	30	26
Equipment and furniture	4	4
PROPERTY, PLANT AND EQUIPMENT, AT COST	101	87
Buildings	(29)	(27)
Fixtures	(19)	(17)
Equipment and furniture	(3)	(3)
CUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	(51)	(47)
PROPERTY, PLANT AND EQUIPMENT, NET	**50**	**40**

Finance lease liabilities can be analyzed as follows by maturity:

	Debt in millions of euros Non Discounted
2013	49
2014	48
2015	36
2016	36
2017	35
2018	35
2019	34
2020	28
2021	27
2022	27
2023	26
2024	26
2025	26
2026	26
> 2026	51

NOTE 21 LONG-TERM LOANS

(in millions of euros)	Dec. 2012	Dec. 2013
Gross value	158	112
Accumulated impairment losses	(11)	(14)
LONG-TERM LOANS, NET	**147**	**98**

(in millions of euros)	Dec. 2012	Dec. 2013
Hotels, Asia-Pacific (1)	98	39
Other	49	59
TOTAL	**147**	**98**

(1) Loans to hotels in the Asia-Pacific region mainly consist of:
- *a new loan to A.P.V.C. Finance Pty Limited (a timeshare financing company) for an amount of €19 million (€28 million at December 31, 2012), paying interest at an average rate of 14.75%. During 2013, part of the loan was repaid early (€7 million);*
- *a loan to Shree Naman Hotels Private to finance the development of the Sofitel Mumbai in India. The total loan amounted to €16 million at December 31, 2013*

The decrease in long-term loan between December 31, 2012 and December 31, 2013 was mainly due to the repayment of the loan accorded to TAHL following the sale of Accor's stake in TAHL and to the decrease of the Australian Dollar.

NOTE 22 INVESTMENTS IN ASSOCIATES

(in millions of euros)	Dec. 2012	Dec. 2013
Accor Asia Pacific subsidiaries* (1) (2) (3) (4) (5)	162	129
Moroccan investment fund (RISMA) (6)	34	32
The Grand Real Estate (Sofitel The Grand, Hotels, Netherlands) (7)	15	14
Société Hôtelière Paris Les Halles (8)	12	12
Egyptian investment fund	6	6
Sofitel London St James (Hotels, United Kingdom)	6	6
Sofitel Hotels, USA (25%) (9)	2	6
Other	26	25
TOTAL	**263**	**230**

* *The Asia-Pacific investments primarily include Interglobe Hotels Entreprises Limited (the development company for ibis hotel in India) for €39 million, Caddie Hotels (Novotel and Pullman Delhi) for €16 million, a joint-venture for development partnerships under ibis and Novotel brands in India (Triguna) for €13 million and Ambassador Inc., Ambasstel and Ambatel Inc (South Korea) for €25 million.*

(1) Key figures for Ambassador Inc are as follows:

Hotels, Korea

Ambassador (Novotel, Seoul)

(in millions of euros)	Dec. 2012	Dec. 2013
Revenue	26	24
Net profit (loss)	4	3
Net cash/(Net debt)	(9)	(7)
Equity (including currency translation reserve)	52	51
Market capitalization	N/A	N/A
Total assets	72	70
% interest held	30.19%	30.19%

(2) Key figures for Ambatel Inc are as follows:

Ambatel Inc (Novotel, Seoul)

(in millions of euros)	Dec. 2012	Dec. 2013
Revenue	11	10
Net profit (loss)	2	1
Net cash/(Net debt)	(8)	(7)
Equity (including currency translation reserve)	38	37
Market capitalization	N/A	N/A
Total assets	53	51
% interest held	21.83%	21.83%

(3) Key figures for Ambasstel are as follows:

Ambasstel (ibis, Seoul)

(in millions of euros)	Dec. 2012	Dec. 2013
Revenue	25	23
Net profit (loss)	5	4
Net cash/(Net debt)	11	12
Equity (including currency translation reserve)	32	33
Market capitalization	N/A	N/A
Total assets	37	38
% interest held	20.00%	20.00%

(4) Key figures for Beijing Peace Hotel Ltd are as follows:

Beijing Peace Hotel (Hotels, China)

Novotel Beijing Peace

(in millions of euros)	Dec. 2012	Dec. 2013
Revenue	15	N/A
Net profit (loss)	1	N/A
Net cash/(Net debt)	(6)	N/A
Equity (including currency translation reserve)	6	N/A
Market capitalization	N/A	N/A
Total assets	20	N/A
% interest held	22.32%	-

Beijing Peace Hotel Ltd (Novotel Beijing) has been sold in 2013.

(5) Key figures for Interglobe Hotels Private Ltd are as follows:

Interglobe Hotel (Ibis Hotels, India)

ibis India Development

(in millions of euros)	March 2012	March 2013
Revenue	10	12
Net profit (loss)	1	(1)
Net cash/(Net debt)	(21)	(23)
Equity (including currency translation reserve)	82	108
Market capitalization	NA	N/A
Total assets	138	171
% interest held	40.00%	40.00%

As Interglobe has a March 31 year-end and Accor is only minority shareholder, the Group is not authorized to disclose details of the Interglobe accounts included in its consolidated financial statements at December 31, 2012 and December 31, 2013. The key figures shown above are extracted from Interglobe's latest audited and published financial statements.

(6) Key figures for Risma are as follows:

Risma (Moroccan investment fund)

(in millions of euros)	Dec. 2012	Dec. 2013
Revenue	120	132
Net profit (loss)	(18)	(6)
Net cash/(Net debt)	(220)	(221)
Equity	98	93
Market capitalization	83	140
Total assets	399	438
% interest held	33.21%	32.89%

(7) Key figures for Sofitel The Grand (Netherlands) are as follows:

The Grand Real Estate (Hotels, Netherlands)

Sofitel The Grand (in millions of euros)	Dec. 2012	Dec. 2013
Revenue	23	24
Net profit (loss)	(5)	(4)
Net cash/(Net debt)	(1)	(1)
Equity	32	28
Market capitalization	N/A	N/A
Total assets	42	37
% interest held	58.71%	58.71%*

* *The percentage of control is 40%.*

(8) Key figures for Société Hôtelière Paris les Halles are as follows:

Société Hôtelière Paris Les Halles

(in millions of euros)	Dec. 2012	Dec. 2013
Revenue	90	90
Net profit (loss)	5	2
Net cash/(Net debt)	(90)	(86)
Equity (including currency translation reserve)	42	40
Market capitalization	N/A	N/A
Total assets	173	163
% interest held	31.19%	31.19%

(9) Key figures for Sofitel Hotels, USA are as follows:

Sofitel Hotels USA

(in millions of euros)	Dec. 2012	Dec. 2013
Revenue	123	77
Net profit (loss) (1)	94	22
Net cash/(Net debt)	(173)	(146)
Equity (including currency translation reserve)	9	23
Market capitalization	N/A	N/A
Total assets	244	213
% interest held	25.00%	25.00%

(1) At December 31, 2012, the Sofitel San Francisco, Chicago and Miami disposals had a positive impact of €96 million on December 2012 profit. At December 31, 2013, the Sofitel Minneapolis disposal had a positive impact of €6 million on December 2013 profit.

NOTE 23 OTHER FINANCIAL INVESTMENTS

(in millions of euros)	Dec. 2012	Dec. 2013
Investments in non-consolidated companies (Available for sale financial assets)	147	118
Deposits (Loans and Receivables)	140	120
OTHER FINANCIAL INVESTMENTS, AT COST	287	238
Accumulated impairment losses	(65)	(64)
OTHER FINANCIAL INVESTMENTS, NET	**222**	**174**

Accumulated impairment losses relate almost entirely to investments in non-consolidated companies.

Other financial investments break down as follows:

(in millions of euros)	Note	Dec. 2012	Dec. 2013
Deposit for the purchase of the Sofitel Rio de Janeiro	*	62	47
TAHL (Australian property company)	2.A.1.3	25	-
A-HTrust (Singapore investment fund)	2.B.3	24	19
Pullman Tour Eiffel receivable		20	20
Deposit paid following the claim under the loan guarantee issued to the owner of the Los Angeles Sofitel		20	19
Stone (French property company)		11	11
Deposit for hotels in France sold in 2008		10	10
Other investments and deposits		50	48
OTHER FINANCIAL INVESTMENTS, NET		**222**	**174**

* *Deposit paid in 2011 in preparation for Accor's exercise of its pre-emptive right to purchase the building occupied by the Sofitel Rio de Janeiro Copacabana.*

The decrease in investments in non-consolidated companies between December 31, 2012 and December 31, 2013 was due to the November 2013 sale of the Group's interest in TAHL for €23 million (see note 2.A.1.3) and the €4 million write-down of the Group's 5.73% stake in A-HTRUST based on this company's share price at year-end. The impact of the TAHL disposal was recorded in the income statement while the impairment charge on the A-HTRUST shares was recorded in equity under "Fair value adjustments on financial instruments reserve" (see note 26).

At December 31, 2013, the fair value reserve for assets classified as available-for-sale amounted to €(4) million.

At December 31, 2012, the fair value reserve for assets classified as available-for-sale had a nil balance (see note 26).

NOTE 24 RECEIVABLES AND PAYABLES

Note 24.1. Trade receivables and related provision

(in millions of euros)	Dec. 2012	Dec. 2013
Gross value	435	425
Provisions	(33)	(35)
NET	**402**	**390**

Provisions for impairment in value of trade receivables correspond to numerous separate provisions, none of which are material. Past-due receivables are tracked individually and regular estimates are made of potential losses in order to increase the related provisions if and when required. Past-due receivables not covered by provisions are not material.

Note 24.2. Details of other receivables and accruals

(in millions of euros)	Dec. 2012	Dec. 2013
Recoverable VAT	151	142
Prepaid wages and salaries and payroll taxes	2	7
Other prepaid and recoverable taxes	58	58
Other receivables	291	254
Other prepaid expenses	59	62
OTHER RECEIVABLES AND ACCRUALS, AT COST	561	523
PROVISIONS	(45)	(45)
OTHER RECEIVABLES AND ACCRUALS, NET	**516**	**478**

Note 24.3. Details of other payables

(in millions of euros)	Dec. 2012	Dec. 2013
VAT payable	78	82
Wages and salaries and payroll taxes payable	351	342
Other taxes payable (1)	192	78
Other payables (1)	445	394
Deferred income	76	68
OTHER PAYABLES	**1,142**	**964**

(1) At December 31, 2012, these amounts included €184.7 million in "précompte" dividend withholding tax, of which €149.7 million in principle and €35 million in interest. Following a ruling handed down by the French Supreme Court of Appeal in December 2012, the Group paid back these amounts to the French State in first-half 2013 (see note 39.2).

Note 24.4. Analysis of other receivables/payables' periods

at December 31,2013 (in millions of euros)	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Dec. 2013	Dec. 2012
Inventories	42	-	-	42	47
Trade receivables	389	1	-	390	402
Recoverable VAT	129	12	1	142	151
Prepaid payroll taxes	7	-	-	7	2
Other prepaid and recoverable taxes	58	-	-	58	38
Other receivables	209	0	-	209	265
CURRENT ASSETS	834	13	1	848	905
Trade payables	611	-	-	611	580
VAT payable	82	-	-	82	78
Wages and salaries and payroll taxes payable	342	-	-	342	351
Other taxes payable	78	-	-	78	192
Other payables	388	5	1	394	445
CURRENT LIABILITIES	1,501	5	1	1,507	1,646

NOTE 25 POTENTIAL ORDINARY SHARES

Following the demerger on July 2, 2010, the exercise price of outstanding stock options and performance shares was adjusted along with the number of shares to be received by grantees (see note 3.4.1 in the update to the 2009 Registration Document filed with the Autorité des Marchés Financiers on May 18, 2010 under number D.10-0201-A01). The figures presented in this note for plans dating back prior to July 2010 are therefore adjusted figures.

Note 25.1. Number of potential shares

At December 31, 2013, the Company's share capital was made up of 228,053,102 ordinary shares. The average number of ordinary shares outstanding during the period was 227,613,320. **The number of outstanding shares at December 31, 2013 was 228,053,102.**

In addition, employee stock options exercisable for 8,300,398 ordinary shares, representing 3.64% of the capital, were outstanding at December 31, 2013 (see note 25.3).

Lastly, 567,477 performance shares have been granted but have not yet vested.

Conversion of all of the potential shares presented above would have the effect of increasing the number of shares outstanding to 236,920,977.

Note 25.2. Diluted earnings per share

Based on the above number of potential shares and the average Accor share price for 2013 of €29.10, the diluted weighted average number of shares outstanding at December 31, 2013, was 228,578,920. Diluted earnings per share were therefore calculated as follows:

(in millions of euros)	Dec. 2012	Dec. 2013
NET PROFIT, GROUP SHARE (continuing operations and discontinued operations)	**(599)**	**126**
Weighted average number of ordinary shares (in thousands)	227,266	227,613
Number of shares resulting from the exercise of stock options (in thousands)	-	549
Number of shares resulting from performance shares grants (in thousands)	-	417
FULLY DILUTED WEIGHTED AVERAGE NUMBER OF SHARES (in thousands)	227,266	228,579
DILUTED EARNINGS PER SHARE (in euros)	**(2.64)**	**0.55**

The instruments that may have a dilutive impact on basic earnings per share in the future but that have not been included in the calculation of diluted earnings per share because they did not have a dilutive effect on 2013 are all of the stock options outstanding under the plans 14, 15, 16, 17, 22, 23, 24, 25, 26 and 27 in force at December 31, 2013 (see note 25.3).

Note 25.3. Share-based payments

Stock option plans

Description of the main plans

The following table summarizes the characteristics of stock options outstanding at December 31, 2013, as well as of options that were cancelled or expired during the period.

	Grant date	Life of plan	Number of options granted	Option exercise date	Number of grantees	Exercise price	Cash-settled or equity settled
Plan 12	January 9, 2006	7 years	1,840,601	from 01/10/2010 until 01/09/2013	191	€30.60	Equity
Plan 13	March 24, 2006	7 years	963,293	from 03/25/2010 until 03/24/2013	818	€32.56	Equity
Plan 14	March 22, 2007	7 years	2,183,901	from 03/23/2011 until 03/22/2014	958	€45.52	Equity
Plan 15	May 14, 2007	7 years	129,694	from 05/15/2011 until 05/14/2014	11	€47.56	Equity
Plan 16*	September 13, 2007	8 years	2,139	from 09/13/2010 until 09/13/2015	40	€40.08	Equity
Plan 17	March 28, 2008	7 years	2,080,442	from 03/29/2012 until 03/28/2015	1,022	€30.81	Equity
Plan 18	September 30, 2008	7 years	110,052	from 10/01/2012 until 09/30/2015	6	€28.32	Equity
Plan 19	March 31, 2009	8 years	1,429,456	from 04/01/2013 until 03/31/2017	1,138	€18.20	Equity
Plan 20	April 2, 2010	8 years	2,618,770	from 04/03/2014 until 04/02/2018	1,020	€26.66	Equity
Plan 21	April 2, 2010	8 years	153,478	from 04/03/2014 until 04/02/2018	10	€26.66	Equity
Plan 22	November 22, 2010	8 years	92,448	from 11/23/2014 until 11/22/2018	5	€30.49	Equity
Plan 23	April 4, 2011	8 years	621,754	from 04/05/2015 until 04/04/2019	783	€31.72	Equity
Plan 24	April 4, 2011	8 years	53,125	from 04/05/2015 until 04/04/2019	8	€31.72	Equity
Plan 25	March 27, 2012	8 years	527,515	from 03/28/2016 until 03/27/2020	390	€26.41	Equity
Plan 26	March 27, 2012	8 years	47,375	from 03/28/2016 until 03/27/2020	8	€26.41	Equity
Plan 27	September 26, 2013	8 years	40,000	from 09/27/2017 until 09/26/2021	1	€30.13	Equity

* *Plan 16 is stock savings warrants.*

Stock options granted under Plan 15 are performance options. The stock options vest in four equal tranches in each of the years 2007 to 2010 based on the attainment of performance targets expressed in terms of growth in the Accor Group's return on capital employed (ROCE) and profit after tax and before non-recurring items.

If the performance targets are met at the end of each year, grantees will receive one quarter of the stock options included in the initial grant. If only one of the two targets is met, they will receive one eighth of the options.

For all of the stock options to vest, ROCE and profit after tax and before non-recurring items will have to increase by around 10% or more per year. If ROCE and profit after tax and before non-recurring items increase by less than 10% (but more than 0%), the number of vested options will be reduced based on the ratio between the actual increase and 10%.

The performance criteria were met in 2007. The performance criteria were only partially met in 2008, 2009 and 2010 leading to the cancellation of 44,615 options.

Stock options granted under Plan 21 are performance options based on market conditions. The vesting criterion, which concerned the relative performance of the Accor SA share compared to the CAC 40 index in 2010, 2011, 2012 and 2013, was adjusted following the demerger of the Hotels and Services businesses. The options vest after four years, depending on the annual performance of the Accor share versus the CAC 40 index. The number of options that may be exercised after the four-year vesting period may not exceed 100% of the initial award. The performance criteria were met in 2010. In 2011 and 2012, the performance criteria were only partly met. In 2013, the performance criteria were not met. Grantees will receive 77,191 stock options in 2014.

Stock options granted under Plan 24, Plan 26 and Plan 27 are subject to a market-based performance criterion. During each year of the vesting period (from 2011 to 2014 for Plan 24, from 2012 to 2015 for Plan 26 and from September 2013 to September 2017 for Plan 27) options representing one quarter of the original grant are subject to an external performance measure based on Accor's Total Shareholder Return (TSR) relative to that of eight international hotel groups. The objectives have been set for four years, with intermediate rankings. A fixed percentage of options vest each year for each level in the ranking achieved.

In 2011, the Plan 24's performance criteria were not met. In 2012, the Plan 24's performance criteria were met and the Plan 26's performance criteria were partially met. In 2013, the Plan 24's performance criteria were partially met and the Plan 26's performance criteria were not met.

Changes in outstanding stock options during 2012 and 2013 are as follows:

	December 31, 2012		December 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
OPTIONS OUTSTANDING AT BEGINNING OF PERIOD	12,997,382	€30.13	11,587,420	€31.07
Options granted during the period	574,890	€26.41	40,000	€30.13
Options cancelled or expired during the period	(1,958,326)	€23.53	(2,754,880)	€31.08
Options exercised during the period	(26,526)	€22.41	(572,142)	€20.90
OPTIONS OUTSTANDING AT END OF PERIOD	11,587,420	€31.07	8,300,398	€31.77
OPTIONS EXERCISABLE AT END OF PERIOD	6,635,261	€35.46	4,704,861	€34.91

Outstanding options at December 31, 2013 are as follows:

	Exercise price	Number of outstanding options	Remaining life of the options
Plan 14	€45.52	1,925,535	3 months
Plan 15	€47.56	85,079	4 months
Plan 16	€40.08	2,139	1.7 years
Plan 17	€30.81	1,777,025	1.3 years
Plan 18	€28.32	102,544	1.8 years
Plan 19	€18.20	812,539	3.3 years
Plan 20	€26.66	2,169,979	4.3 years
Plan 21	€26.66	77,191	4.3 years
Plan 22	€30.49	92,448	5 years
Plan 23	€31.72	594,994	5.3 years
Plan 24	€31.72	53,125	5.3 years
Plan 25	€26.41	520,425	6.3 years
Plan 26	€26.41	47,375	6.3 years
Plan 27	€30.13	40,000	8 years

Fair value of options

The fair value of these options at the grant date has been determined using the Black & Scholes or Monte Carlo option-pricing models, based on data and assumptions that were valid at that date. The information presented in this table for plans 12 to 21 (particularly the exercise price, the share price at the grant date and the fair value) has not therefore been adjusted for the effects of the July 2, 2010 demerger.

The main data and assumptions used for the fair value calculations are as follows:

	Plan 12	Plan 13	Plan 14	Plan 15	Plan 16	Plan 17	Plan 18	Plan 19
Accor share price at the option grant date	€49.80	€48.30	€70.95	€70.45	€62.35	€47.10	€37.12	€25.49
Option exercise price	€46.15	€49.10	€68.65	€71.72	€60.44	€46.46	€42.70	€27.45
Expected volatility (1)	35.36%	34.60%	31.73%	31.60%	27.57%	27.87%	26.72%	31.91%
Contractual life of the options	7 years	7 years	7 years	7 years	8 years	7 years	7 years	8 years
Expected share yield (2)	3.13%	3.74%	3.94%	4.25%	4.15%	3.84%	4.03%	2.63%
Dividend rate (3)	3.22%	3.22%	2.29%	2.29%	2.29%	2.53%	2.53%	2.53%
Fair value of options (4)	€14.11	€12.57	€20.38	€19.36	€16.66	€11.55	€7.00	€5.78

	Plan 20	Plan 21	Plan 22	Plan 23	Plan 24	Plan 25	Plan 26	Plan 27
Accor share price at the option grant date	€41.47	€41.47	€32.19	€31.96	€31.96	€26.55	€26.55	€30.88
Option exercise price	€40.20	€40.20	€30.49	€31.72	€31.72	€26.41	€26.41	€30.13
Expected volatility (1)	33.96%	33.96%	34.99%	35.74%	35.74%	39.71%	39.71%	37.16%
Contractual life of the options	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Expected share yield (2)	2.29%	2.29%	1.98%	2.90%	2.60%	1.67%	1.67%	1.20%
Dividend rate (3)	3.24%	3.24%	2.22%	2.19%	2.19%	2.42%	2.42%	3.04%
Fair value of options (4)	€10.28	€9.44	€9.25	€9.40	€8.89	€7.88	€6.50	€6.30

(1) Weighted volatility based on exercise periods.
(2) Expected share yield based on exercise periods.
(3) For the plans granted before 2011, the dividend rate used to measure the fair value of options correspond to the average payout rate for the previous two, three or four years. For the plans granted in 2011, this rate corresponds to the expected payout rate for 2011. For the plans granted since 2012, this rate corresponds to the payout rate for the previous year.
(4) Fair value of options based on exercise periods.

Maturities of stock options

The Group has decided to base the exercise dates of stock options under these plans on observed exercise dates under previous plans. The same principle has been applied to all plans, as follows:

- 35% of options exercised after 4 years;
- 20% of options exercised after 5 years;
- 35% of options exercised after 6 years;
- 5% of options exercised after 7 years – 10% for plans 12, 13, 14, 15, 17 and 18;
- 5% of options exercised after 8 years.

Maturities stock options correspond to the options' expected lives.

Share price volatility

The Group has chosen to apply a volatility rate calculated by reference to historical data for the eight years preceding the grant date. Different volatility rates have been applied, calculated from granted date, to each maturity as presented above.

Performance share plans

2011 Plan

On April 4, 2011, Accor granted 249,107 performance shares to senior executives and certain employees. Of these:

- 20,450 have a three-year vesting period followed by a two-year lock-up period;
- 190,331 have a two-year vesting period followed by a two-year lock-up period;
- 38,326 have a four-year vesting period with no subsequent lock-up period.

The performance shares are subject to vesting conditions based on business revenue, EBIT and operating cash flow for each of the years 2011 and 2012. Targets have been set for annual growth in relation to the budget over the next two years, with interim milestones, and a certain percentage of the shares vest each year as each milestone is met.

The cost of the performance share plan – corresponding to the fair value of the share grants – amounted to €7.6 million at April 4, 2011 and was being recognized on a straight-line basis over the vesting period under "Employee benefits expense" with a corresponding adjustment to equity. The fair value of the share grants was measured as the average of the Accor share prices for the twenty trading days preceding the grant date multiplied by the number of shares granted under the plan.

In 2011, the performance criteria were met. Plan costs recognized in 2011 amounted to €2.5 million.

In 2012, the performance criteria were almost met. Plan costs recognized in 2012 amounted to €3.3 million.

At December 31, 2013, plan costs recognized amounted to €1 million.

2012 Plan

On March 27, 2012, Accor granted 284,976 performance shares to senior executives and certain employees. Of these:

- 170,332 have a two-year vesting period followed by a two-year lock-up period and are subject to two vesting conditions;
- 67,269 have a four-year vesting period with no subsequent lock-up period, and are subject to two vesting conditions;
- 47,375 have a two-year vesting period followed by a two-year lock-up period and are subject to three vesting conditions.

The performance shares are subject to vesting conditions based on EBIT margin, operating cash flow and disposals' plan for each of the years 2012 and 2013. Targets have been set for annual growth in relation to the budget over the next two years, with interim milestones, and a certain percentage of the shares vest each year as each milestone is met.

The cost of the performance share plan – corresponding to the fair value of the share grants – amounted to €7.1 million at March 27, 2012 and was being recognized on a straight-line basis over the vesting period under "Employee benefits expense" with a corresponding adjustment to equity. The fair value of the share grants was measured as the Accor opening share price on the grant date less the present value of dividends unpaid multiplied by the number of shares granted under the plan.

In 2012, the performance criteria were almost met. Plan costs recognized in 2012 amounted to €2.4 million.

In 2013, the performance criteria were met. Plan costs recognized in 2013 amounted to €2.6 million.

2013 Plan

On April 15, 2013, Accor granted 290,550 performance shares to senior executives and certain employees. Of these:

- 169,605 have a two-year vesting period followed by a two-year lock-up period and are subject to two vesting conditions;
- 48,445 have a four-year vesting period with no subsequent lock-up period, and are subject to two vesting conditions;
- 72,500 have a two-year vesting period followed by a two-year lock-up period and are subject to four vesting conditions.

The performance shares are subject to vesting conditions based on EBIT margin, operating cash flow from operating activities, disposals' plan and an external vesting condition for each of the years 2013 and 2014. Targets have been set for annual growth in relation to the budget over the next two years, with interim milestones, and a certain percentage of the shares vest each year as each milestone is met.

The cost of the performance share plan – corresponding to the fair value of the share grants – amounted to €6.6 million at April 15, 2013 and was being recognized on a straight-line basis over the vesting period under "Employee benefits expense" with a corresponding adjustment to equity. The fair value of the share grants was measured as the Accor opening share price on the grant date less the present value of dividends unpaid multiplied by the number of shares granted under the plan.

In 2013, the performance criteria were almost met. Plan costs recognized in 2013 amounted to €2.6 million.

Cost of share-based payments recognized in the accounts

The total cost recognized in profit or loss by adjusting equity in respect of share-based payments amounted to €13.5 million at December 31, 2013 of which €2.7 million due to changes in the Executive Management (December 31, 2012: €14 million).

NOTE 26 FAIR VALUE ADJUSTMENTS ON FINANCIAL INSTRUMENTS RESERVE

(in millions of euros)	Dec. 2012	Dec. 2013
Interest rate and currency swaps	(4)	(0)
Fair value adjustments to non-consolidated investments	-	(4)
TOTAL FAIR VALUE ADJUSTMENTS ON FINANCIAL INSTRUMENTS RESERVE	**(4)**	**(4)**

Fair value adjustments to financial instruments recognized in equity

(in millions of euros)	Dec. 2012	Dec. 2013
Gains (losses) recognized in Equity during the period	*3*	*4*
Gains (losses) reclassified to profit or loss	-	-
CASH FLOW HEDGES	3	4
Gains (losses) recognized in Equity during the period	-	*(4)*
Gains (losses) reclassified to profit or loss	-	-
AVAILABLE FOR SALE FINANCIAL ASSETS	-	(4)
CHANGES IN FAIR VALUE ADJUSTMENTS ON FINANCIAL INSTRUMENTS RESERVE	**3**	**0**

NOTE 27 MINORITY INTERESTS

Changes in minority interests break down as follows:

(in millions of euros)	
AT DECEMBER 31, 2011	**231**
Minority interests in net profit for the period	15
Dividends paid to minority interests	(14)
Increase in capital	2
Translation adjustment	16
Changes in scope of consolidation (1)	(20)
AT DECEMBER 31, 2012	**230**
Minority interests in net profit for the period	13
Dividends paid to minority interests	(16)
Capital increase	(0)
Translation adjustment	(6)
Changes in scope of consolidation (2)	(4)
AT DECEMBER 31, 2013	**217**

(1) Including €(8) million corresponding to the sale of the Formula 1 Hotels in South Africa (see note 2.A.2.3).
Including €(4) million corresponding to the buyout of minority interests in Orbis (1.13% – see note 2.B.2).
(2) Including €(2) million concerning the sale of Orbis Transport.

NOTE 28 COMPREHENSIVE INCOME

The tax impact of other components of comprehensive income can be analyzed as follows:

(in millions of euros)	Dec. 2012 Before tax	Dec. 2012 Income tax expense	Dec. 2012 Net of tax	Dec. 2013 Before tax	Dec. 2013 Income tax expense	Dec. 2013 Net of tax
Currency translation adjustment	101	-	101	(208)	-	(208)
Change in fair value resulting from "Available-for-sale financial assets"	-	-	-	(4)	0	(4)
Effective portion of gains and losses on hedging instruments in a cash flow hedge	3	-	3	4	-	4
Actuarial gains and losses on defined benefits plans	(26)	8	(18)	1	(0)	1
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	-	-	-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**77**	**8**	**86**	**(207)**	**-**	**(207)**

NOTE 29 DEBT BY CURRENCY AND MATURITY

Note 29.1. Long and short-term debt

Long and short-term debt at December 31, 2013 breaks down as follows by currency and interest rate after hedging transactions:

(in millions of euros)	Dec. 2012	Effective rate Dec. 2012 %	Dec. 2013	Effective rate Dec. 2013 %
EUR	2,006	5.44	1,915	4.23
JPY	37	0.21	30	0.14
CNY	39	6.32	30	6.32
MUR	25	7.95	23	7.94
DZD	19	5.75	21	5.75
CZK	21	0.54	16	0.44
CHF	21	1.24	16	1.47
Other currencies	70	7.14	52	6.95
LONG AND SHORT-TERM BORROWINGS	2,238	5.37	2,103	4.28
Long and short-term finance lease liabilities	58	-	49	-
Purchase commitments	10	-	9	-
Liability derivatives	10	-	-	-
Other short-term financial liabilities and bank overdrafts	65	-	71	-
LONG AND SHORT-TERM DEBT	**2,381**	-	**2,232**	-

(in millions of euros)	Dec. 2012	Dec. 2013
Long-term debt	1,552	1,718
Short-term debt	829	514
TOTAL LONG AND SHORT-TERM DEBT	**2,381**	**2,232**

Note 29.2. Maturities of debt

At December 31, 2013, maturities of debt were as follows:

(in millions of euros)	Dec. 2012	Dec. 2013
Year Y+1	829	514
Year Y+2	439	35
Year Y+3	26	23
Year Y+4	26	961
Year Y+5	975	14
Year Y+6	17	615
Beyond	69	70
TOTAL LONG AND SHORT-TERM DEBT	**2,381**	**2,232**

This analysis of debt by maturity over the long-term is considered as providing the most meaningful liquidity indicator. In the above presentation, all derivatives are classified as short-term. Borrowings and short-term investments denominated in foreign currencies have been translated into euros at the rate on the closure date. Interest rate and currency hedging instruments are analysed by maturity in note 29.5 "Financial Instruments".

On December 31, 2013, unused long-term committed line is amounting to €1,500 million, expiring in May 2016.

2013 financial costs amounted to €84 million. Future financial costs are estimated at €294 million for the period from January 2014 to December 2017 and €90 million thereafter.

2012 financial costs amounted to €84 million. Future financial costs were estimated at €227 million for the period from January 2013 to December 2016 and €34 million thereafter.

These estimates are based on the average cost of debt of the end of the period, after hedging. They have been determined by applying the assumption that no facilities will be rolled over at maturity.

Note 29.3. Long and short-term debt before and after hedging

At December 31, 2013, long and short-term debt breaks down as follows before hedging transactions:

	Total debt		
(in millions of euros)	Amount	Rate	% of total debt
EUR	1,971	4.12%	94%
JPY	-	0%	0%
CNY	30	6.32%	1%
MUR	24	7.94%	1%
DZD	21	5.75%	1%
CZK	1	1.28%	0%
CHF	16	1.47%	1%
Other currencies	40	8.21%	2%
TOTAL LONG AND SHORT-TERM DEBT	**2,103**	**4.27%**	**100%**

Long and short-term debt after currency and interest rate hedging breaks down as follows at December 31, 2013:

	Total debt		
(in millions of euros)	Amount	Rate	% of total debt
EUR	1,915	4.23%	91%
JPY	30	0.14%	1%
CNY	30	6.32%	1%
MUR	24	7.94%	1%
DZD	21	5.75%	1%
CZK	16	0.44%	1%
CHF	16	1.47%	1%
Other currencies	51	6.95%	3%
TOTAL LONG AND SHORT-TERM DEBT	**2,103**	**4.28%**	**100%**

Note 29.4. Long and short-term debt by interest rate after hedging

	Total debt	
(in millions of euros)	Amount	Rate
December 2012	2,238	5.37%
December 2013	2,103	4.28%

At December 31, 2013, 92% of long and short-term debt was fixed rate, with an average rate of 4.29%, and 8% was variable rate, with an average rate of 4.16%.

At December 31, 2013, fixed rate debt was denominated primarily in EUR (98%), while variable rate debt was denominated mainly in JPY (17%), CNY (17%) and EUR (14%).

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. Of the overall gross debt of €2,103 million, a total of €1,944 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's credit rating being downgraded to non-investment grade.

Note, however, that in the case of the syndicated loan negotiated in May 2011, the acceleration clause can be triggered if Accor does not comply with the leverage ratio covenant (consolidated net debt to consolidated EBITDA).

None of the loan agreements include a cross default clause requiring immediate repayment in the event of default on another facility. Cross acceleration clauses only concern loans for periods of at least three years; these clauses would be triggered solely for borrowings and only if material amounts were concerned.

Note 29.5. Financial instruments

1. Currency hedges

The following tables analyze the nominal amount of currency hedges by maturity and the carrying amount of these instruments in the statement of financial position, corresponding to their fair value, at December 31, 2013:

Forward sales and currency swaps (in millions of euros)	**Maturity 2014**	**Maturity 2015**	**December 31, 2013**	
			Nominal amount	**Fair value**
JPY	30	-	30	(2)
CZK	15	-	15	-
HUF	7	-	7	-
Other	4	-	4	(1)
FORWARD SALES	56	-	56	(3)

Forward purchases and currency swaps (in millions of euros)	**Maturity 2014**	**Maturity 2015**	**December 31, 2013**	
			Nominal amount	**Fair value**
GBP	132	-	132	(1)
HKD	119	-	119	-
AUD	98	-	98	3
USD	12	-	12	1
PLN	9	-	9	-
AED	5	-	5	-
Other	10	-	10	-
FORWARD PURCHASES	385	-	385	3
TOTAL CURRENCY HEDGING	**441**	**-**	**441**	**-**

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.

All the currency instruments listed above are used for hedging purposes. Most are designated and documented fair value hedges of intra-group loans and borrowings that qualify for hedge accounting.

2. Interest rate hedges

The following tables analyze the notional amount of interest rate hedges by maturity and the carrying amount of these instruments in the statement of financial position, corresponding to their fair value, at December 31, 2013:

(in millions of euros)	**2014**	**2015**	**2016**	**Beyond**	**December 31, 2013**	
					Nominal amount	**Fair value**
EUR: Fixed-rate borrower swaps and caps	4	-	-	-	4	0
Interest rate hedges	4	-	-	-	4	0

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.

All the interest rate instruments listed above are used for hedging purposes.

3. Fair value

3.1. Fair value of financial instruments

The carrying amount and fair value of financial instruments at December 31, 2013 are as follows:

	December 31, 2013	
(in millions of euros)	Carrying amount	Fair value
Bonds [1]	1,944	2,015
Bank borrowings	144	144
Finance lease liabilities	49	49
Other financial liabilities	95	95
Interest rate derivatives (Cash Flow Hedge)	-	-
Currency derivatives (Fair Value Hedge)	-	-
FINANCIAL LIABILITIES	2,232	2,303
Money market securities	(1,796)	(1,796)
Cash	(132)	(132)
Other	(73)	(73)
Interest rate derivatives (Cash Flow Hedge)	-	-
Currency derivatives (Fair Value Hedge)	-	-
FINANCIAL ASSETS	(2,001)	(2,001)
NET DEBT	**231**	**302**

(1) The fair value of listed bonds corresponds to their quoted market value on the Luxembourg Stock Exchange and on Bloomberg on the last day of the period (level 1 valuation technique: see note 1.R).

3.2. Fair value of money market securities

The carrying amount and fair value of money market securities at December 31, 2013 are as follows:

	December 31, 2013	
(in millions of euros)	Carrying amount	Fair value
Other negotiable debt securities [1]	-	-
Money market securities [2]	(1,748)	(1,748)
Mutual fund units convertible into cash in less than three months* [3]	(38)	(38)
Other (accrued interest)	(10)	(10)
TOTAL MONEY MARKET SECURITIES	(1,796)	(1,796)

** The fair value of mutual fund units corresponds to their net asset value (level 1 valuation technique: see note 1.R).*

(1) Held to maturity investments.
(2) Loans and receivables issued by the Group.
(3) Available-for-sale financial assets.

Note 29.6. Financial Risk Management

The Group's Risk Management objectives, policies and procedures (liquidity risk, credit risk, interest risk and equity risk) are described in Section III of the 2013 Registration Document about Risk Management, which also includes rates and currency rates sensibility analyses.

NOTE 30 NET DEBT AND NET CASH

Net debt breaks down as follows:

(in millions of euros)	Dec. 2012	Dec. 2013
Other long-term financial debt [(1)]	1,496	1,670
Long-term finance lease liabilities	56	48
Short-term borrowings	811	496
Bank overdrafts	8	18
Liabilities derivatives	10	-
TOTAL DEBT	2,381	2,232
Short-term loans	(34)	(32)
Money market securities [(2)]	(1,752)	(1,796)
Cash	(122)	(132)
Asset derivatives	(4)	-
Short-term receivables on disposals of assets	(48)	(41)
FINANCIAL ASSETS	(1,960)	(2,001)
NET DEBT	**421**	**231**

(1) See note 2.D.
(2) See note 29.5.

Net debt at December 31, 2012 does not include the €184.7 million of the "précompte" dividend withholding tax refund that Accor repaid to the French State at the beginning of April 2012, following the Supreme Court of Appeal ruling in December 2012 in the dispute concerning this tax (see note 39.2), which were recorded in "Other payables" (see note 24.3).

(in millions of euros)	Dec. 2012	Dec. 2013
NET DEBT AT BEGINNING OF PERIOD	**226**	**421**
Change in long-term debt	(42)	167
Change in short-term financial liabilities	706	(316)
Cash and cash equivalents change	(508)	(53)
Changes in other current financial assets	39	12
CHANGES FOR THE PERIOD	195	(190)
NET DEBT AT END OF PERIOD	**421**	**231**

The following table reconciles cash and cash equivalents in the statement of financial position to cash and cash equivalents in the cash flow statement:

(in millions of euros)	Dec. 2012	Dec. 2013
BALANCE SHEET CASH AND CASH EQUIVALENTS	1,878	1,928
Bank overdrafts	(8)	(18)
Derivatives included in liabilities	(10)	-
CASH FLOW STATEMENT CASH AND CASH EQUIVALENTS	**1,860**	**1,910**

NOTE 31 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES UNDER IFRS 7

At December 31, 2013, and December 31, 2012, financial assets and liabilities broke down as follows by category:

	Category in the balance-sheet						Fair value for financial instruments recognized at fair value			
(in millions of euros)	Cash and cash equivalents	Loans	Receivables on disposals of assets	Other financial investments	Trade receivables	Carrying amount	Level 1*	Level 2*	Level 3*	Fair value of the class
Bonds and other negotiable debt securities	-	-	-	-	-	-	-	-	-	-
HELD TO MATURITY FINANCIAL ASSETS	-	-	-	-	-	-	-	-	-	-
Short-term loans	-	32	-	-	-	32	-	-	-	-
Long-term loans	-	98	-	-	-	98	-	-	-	-
Receivables on disposals of assets	-	-	41	-	-	41	-	-	-	-
Deposits	-	-	-	119	-	119	-	-	-	-
Trade receivables	-	-	-	-	390	390	-	-	-	-
Money market securities	1,748	-	-	-	-	1,748	-	-	-	-
Other	10	-	-	-	-	10	-	-	-	-
LOANS AND RECEIVABLES	1,758	130	41	119	390	2,438	-	-	-	-
Investments in non-consolidated companies	-	-	-	55	-	55	-	-	55	55
Mutual fund units convertible into cash	38	-	-	-	-	38	38	-	-	38
Other	-	-	-	-	-	-	-	-	-	-
AVAILABLE FOR SALE FINANCIAL ASSETS	38	-	55	-	-	93	38	-	55	93
Interest rate derivatives	-	-	-	-	-	-	-	-	-	-
Currency derivatives	-	-	-	-	-	-	-	-	-	-
FINANCIAL ASSETS AT FAIR VALUE	-	-	-	-	-	-	-	-	-	-
CASH AT BANK	132	-	-	-	-	132	-	-	-	-
FINANCIAL ASSETS AT DECEMBER 31, 2013	**1,928**	**130**	**41**	**174**	**390**	**2,663**	**38**	**-**	**55**	**93**

* *The fair value hierarchies have three levels: see note 1.R. Fair value hierarchies are presented only for financial instruments measured at fair value.*

(in millions of euros)	Category in the balance-sheet: Cash and cash equivalents	Loans	Receivables on disposals of assets	Other financial investments	Trade receivables	Carrying amount	Fair value for financial instruments recognized at fair value: Level 1*	Level 2*	Level 3*	Fair value of the class
Other negotiable debt securities	-	-	-	-	-	-	-	-	-	-
HELD TO MATURITY FINANCIAL ASSETS	-	-	-	-	-	-	-	-	-	-
Short-term loans	-	34	-	-	-	34	-	-	-	-
Long-term loans	-	147	-	-	-	147	-	-	-	-
Receivables on disposals of assets	-	-	48	-	-	48	-	-	-	-
Deposits	-	-	-	138	-	138	-	-	-	-
Trade receivables	-	-	-	-	402	402	-	-	-	-
Money market securities	1,741	-	-	-	-	1,741	-	-	-	-
Other	4	-	-	-	-	4	-	-	-	-
LOANS AND RECEIVABLES	1,745	181	48	138	402	2,514	-	-	-	-
Investments in non-consolidated companies	-	-	-	84	-	84	-	-	84	84
Mutual fund units convertible into cash	7	-	-	-	-	7	7	-	-	7
Other	-	-	-	-	-	-	-	-	-	-
AVAILABLE FOR SALE FINANCIAL ASSETS	7	-	-	84	-	91	7	-	84	91
Interest rate derivatives	-	-	-	-	-	-	-	-	-	-
Currency derivatives	4	-	-	-	-	4	-	4	-	4
FINANCIAL ASSETS AT FAIR VALUE	4	-	-	-	-	4	-	4	-	4
Cash at bank	122	-	-	-	-	122	-	-	-	-
FINANCIAL ASSETS AT DECEMBER 31, 2012	**1,878**	**181**	**48**	**222**	**402**	**2,731**	**7**	**4**	**84**	**95**

* *The fair value hierarchies have three levels: see note 1.R. Fair value hierarchies are presented only for financial instruments measured at fair value.*

(in millions of euros)	Category in the balance-sheet						Fair value for financial instruments recognized at fair value			
	Bank overdrafts	Other long-term financial debt	Short-term debt	Long-term finance lease liabilities	Trade payables	Carrying amount	Level 1*	Level 2*	Level 3*	Fair value of the class
Currency derivatives	-	-	-	-	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-	-	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	-	-	-	-	-	-	-
Other bonds	-	1,542	402	-	-	1,944	-	-	-	-
Bank Borrowings	-	116	28	-	-	144	-	-	-	-
Finance lease liabilities	-	-	1	48	-	49	-	-	-	-
Other debts	-	12	65	-	-	77	-	-	-	-
Trade payables	-	-	-	-	611	611	-	-	-	-
FINANCIAL LIABILITIES AT AMORTISED COST	-	1,670	496	48	611	2,825	-	-	-	-
CASH AT BANK	18	-	-	-	-	18	-	-	-	-
FINANCIAL LIABILITIES AT DECEMBER 31, 2013	**18**	**1,670**	**496**	**48**	**611**	**2,843**	**-**	**-**	**-**	**-**

* *The fair value hierarchies have three levels: see note 1.R. Fair value hierarchies are presented only for financial instruments measured at fair value.*

(in millions of euros)	Bank overdrafts	Other long-term financial debt	Short-term debt	Long-term finance lease liabilities	Trade payables	Carrying amount	Level 1*	Level 2*	Level 3*	Fair value of the class
	Category in the balance-sheet						Fair value for financial instruments recognized at fair value			
Currency derivatives	-	-	-	-	-	-	-	-	-	-
Interest rate derivatives	10	-	-	-	-	10	-	10	-	10
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	10	-	-	-	-	10	-	10	-	10
Other bonds	-	1,347	393	-	-	1,740	-	-	-	-
Bank Borrowings	-	136	157	-	-	293	-	-	-	-
Finance lease liabilities	-	-	2	56		58	-	-	-	-
Other debts	-	13	259	-	-	272	-	-	-	-
Trade payables	-	-	-	-	580	580	-	-	-	-
FINANCIAL LIABILITIES AT AMORTISED COST	-	1,496	811	56	580	2,943	-	-	-	-
CASH AT BANK	8	-	-	-	-	8	-	-	-	-
FINANCIAL LIABILITIES AT DECEMBER 31, 2012	**18**	**1,496**	**811**	**56**	**580**	**2,961**	**-**	**10**	**-**	**10**

* *The fair value hierarchies have three levels: see note 1.R. Fair value hierarchies are presented only for financial instruments measured at fair value.*

The methods used to measure the fair value of derivative instruments, mutual fund unit convertible into cash and bonds are described in note 29. The method used to measure the fair value of investments in non-consolidated companies is described in note 1.N.1.

No assets were transferred between fair value measurements levels during the periods presented.

NOTE 32 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale break down as follows:

(in millions of euros)	Dec. 2012	Dec. 2013
Onboard Train Services business	32	24
Disposal groups classified as held for sale	58	21
Non-current assets classified as held for sale	66	16
TOTAL ASSETS CLASSIFIED AS ASSETS HELD FOR SALE	**156**	**61**
Onboard Train Services business	(23)	(16)
Liabilities related to Disposal groups classified as held for sale	(13)	(10)
TOTAL LIABILITIES CLASSIFIED AS LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**(36)**	**(26)**

A. Onboard Train Services

During the second half of 2010, as part of its strategic refocusing on hotels, Accor sold Onboard rail catering businesses in France, Austria and Portugal and part of the Italian business to Newrest through a joint venture that was 60% owned by Newrest and 40% by Accor.

During the first-half of 2012, the 40% stake in the joint venture and Accor's remaining 17% direct interest in the Austrian subsidiary were sold to Newrest (see note 2.A.1.2). In view of the end of the contract with the grantor of the concession which took place in October 2013 and the ongoing liquidation process of the company, the related assets and liabilities remained classified under "Assets held for sale" and "Liabilities associated with assets held for sale" at December 31, 2013.

(in millions of euros)	Dec. 2012	Dec. 2013
Property, plant and equipment and intangible assets	3	0
Other assets	29	24
TOTAL ASSETS CLASSIFIED AS ASSETS HELD FOR SALE	**32**	**24**
Financial debt	-	-
Other liabilities	(23)	(16)
TOTAL LIABILITIES CLASSIFIED AS LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**(23)**	**(16)**

B. Other assets held for sale

(in millions of euros)	Dec. 2012	Dec. 2013
Disposal group to be sold in Germany (1)	33	-
Disposal group to be sold in China (2)	18	21
Disposal group to be sold in Poland (3)	7	-
TOTAL DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	**58**	**21**
Hotels to be sold in France (4)	20	3
Hotels to be sold in the Netherlands(5)	-	2
Hotels to be sold in Canada (6)	12	9
Hotels to be sold in Poland (3)	12	1
Hotels to be sold in Australia (7)	11	-
Hotels to be sold in China (2)	7	-
Other	4	1
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	**66**	**16**

In accordance with IFRS 5, these assets are reclassified in the statement of financial position under "Assets held for sale" and measured at the lower of their carrying amount and fair value less costs to sell.

(1) At December 31, 2010, the Group planned to sell one Novotel unit in Germany, carried in the statement of financial position for €33 million at December 31, 2012. The sale was cancelled in 2013 and the assets are no longer classified as held for sale.

(2) At December 31, 2012, the Group planned to sell seven ibis units in China. Five of these hotels were sold in 2013. At December 31, 2013, the other two ibis units were classified as held for sale, for an aggregate carrying amount of €12 million.

(3) As of December 31, 2012, the Group had agreed to sell Orbis Transport's remaining car rental business (carried in the statement of financial position for €7 million) and the Zakopane Mercure hotel (carried in the statement of financial position for €11 million) along with a €1 million plot of land. Orbis Transport's car rental business and the Zakopane Mercure hotel were sold in 2013.

(4) At December 31, 2012, in France 11 hotels had been reclassified as held for sale, for an aggregate carrying amount of €20 million of which €14 million concerned the Suite Novotel Paris Saint Denis and the Suite Novotel Paris Porte de Montreuil. At December 31, 2013, eight hotels had been sold and a further four hotels were classified as held for sale, for an aggregate carrying amount of €2 million.

(5) At December 31, 2013, one ibis unit in the Netherlands was classified as held for sale, for a carrying amount of €2 million.

(6) At December 31, 2012, the Novotel Mississauga in Canada was classified as held for sale, for a carrying amount of €12 million. At December 31, 2013 its carrying amount was €9 million.

(7) At December 31, 2012, the Sebel Mandurah in Australia was classified as held for sale, for a carrying amount of €11 million. The hotel was sold during first-half 2013.

Impairment losses were recorded during 2013 only on the Novotel Mississauga in Canada and the ibis Dongguan Dongcheng in China. The write-downs, in the amount of €1.4 million and €0.4 million respectively, were based on the prices offered by the buyers, corresponding to fair values determined using Level 2 inputs as defined in IFRS 13: see note 1.R.

NOTE 33 PROVISIONS

Movements in long-term provisions between December 31, 2012 and December 31, 2013 can be analysed as follows:

(in millions of euros)	Dec. 2012*	Equity impact	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassifications and changes in scope	Dec. 2013
Provisions for pensions**	94	(1)	13	(4)	(19)	(1)	3	85
Provisions for loyalty bonuses**	22	-	3	(2)	(1)	-	(3)	19
Provisions for claims and litigation and others contingencies	6	-	-	-	-	-	(1)	5
TOTAL LONG-TERM PROVISIONS	**122**	**(1)**	**16**	**(6)**	**(20)**	**(1)**	**(1)**	**109**

* *Adoption of the amendment to IAS 19 "Employee Benefits" from January 1, 2013 with retrospective application to the period presented led to the immediate recognition in the opening statement of financial position at January 1, 2012 of all unrecognized past service costs. The effect of this change of method was a €9 million reduction in provisions for pensions at December 31, 2012 (see note 1 page 15).*

** *See note 33.C.*

Movements in short-term provisions between December 31, 2012 and December 31, 2013 can be analysed as follows:

(in millions of euros)	Dec. 2012	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassifications and changes in scope	Dec. 2013
Tax provisions	38	12	(1)	(9)	(1)	(0)	39
Restructuring provisions	20	80	(16)	(2)	(1)	0	81
Provisions for claims and litigation and others contingencies	127	28	(19)	(11)	(4)	3	124
TOTAL SHORT-TERM PROVISIONS	**185**	**120**	**(36)**	**(22)**	**(6)**	**3**	**244**

At December 31, 2013, ordinary provisions for claims and litigation and others include:

- €36 million provisions for various claims;
- €10 million in provisions for various litigations;
- €10 million in provisions for performance bonds issued in connection with real estate transactions;
- €9 million provision for employee-related claims;
- other provisions for unit amounts that are not material.

At December 31, 2012, ordinary provisions for claims and litigation and others include:

- €34 million in provisions for various claims;
- €12 million in provisions for various litigations;
- €10 million in provisions for performance bonds issued in connection with real estate transactions;
- €8 million in provisions for employee-related claims;
- other provisions for unit amounts that are not material.

Restructuring provisions at December 31, 2013 include €42 million in provisions for voluntary separation plans within the Group (see note 2.E).

Net provision expense – corresponding to increase in provisions less reversals of utilized and unutilized provisions set up in prior periods – is recorded under the following income statement captions:

(in millions of euros)	Dec. 2012	Dec. 2013
EBIT	5	2
Finance cost, net	1	3
Provision for losses on hotel properties	(17)	4
Provision on other assets and restructuring provisions	(2)	39
Provision for tax	8	4
TOTAL	**(5)**	**52**

Provisions for pensions and other post-employment benefits

A. Description of the plans

Group employees receive various short-term benefits (paid vacation, paid sick leave and profit-shares), long-term benefits (long-service awards, long-term disability benefits, loyalty bonuses and seniority bonuses), as well as various post-employment benefits provided under defined contribution and defined benefit plans (length-of-service awards payable on retirement, pension benefits).

Short-term benefit obligations are recognized in the statements of financial position of the Group entities concerned.

Post-employment benefits are provided under either defined contribution or defined benefit plans.

Defined contribution plans

Obligations under these plans are funded by periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. The external organization is responsible for all benefit payments and the Group has no liability beyond the payment of contributions. Examples of defined contribution plans include the government-sponsored basic pension and supplementary pension (ARRCO/AGIRC) schemes in France and defined contribution pension schemes in other countries.

Contributions to these plans are recognized in the period to which they relate.

Defined benefit plans

Benefits paid under the Group's defined benefit plans are determined based on employees' years of service with the Group. The benefit obligation is generally funded by plan assets, with any unfunded portion recognized as a liability in the statement of financial position.

The defined benefit obligation (DBO) is determined by the projected unit credit method, based on actuarial assumptions concerning future salary levels, retirement age, mortality rates, staff turnover rates and the discount rate. These assumptions take into account the macro-economic situation and other specific circumstances in each host country and region.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity, in accordance with Group accounting policy.

At Accor, the main post-employment defined benefit plans concern:

- length-of-service awards in France:

  These are lump-sum payments made to employees on retirement. They are determined by reference to the employee's years of service and end-of-career salary. The calculation is based on parameters defined by Corporate Finance and Human Resources once a year during the second half. The related obligation is covered by a provision;
- length-of-service awards in Italy:

  These are lump-sum payments made to employees on retirement. They are determined by reference to the employee's years of service, end-of-career salary, and whether they leave on their own initiative or on that of the company. The related obligation is covered by a provision;
- pensions: the main defined benefit pension plans are for employees in France and in the Worldwide Structures (48% of the obligation), in the Netherlands (24% of the obligation), in Belgium (9% of the obligation) and in Switzerland (8% of the obligation). The plan in the Netherlands is closed to new participants and is fully funded, with the result that no provision has been recognized in the statement of financial position for this plan. 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 the Worldwide Structures, the pension plan concerns senior executives. Pension rights are unvested and plan participants receive a regular pension, not a lump sum. In the Netherlands, the plan concerns all employees and provides for the payment of a lump sum to participants on retirement.

In 2013, the implementation of voluntary separation plans and the departure of certain Executive Committee members led to the recognition of a curtailment gain.

B. Actuarial assumptions

Actuarial valuations are based on a certain number of long-term parameters supplied by the Group, which are reviewed each year.

		Europe excluding France							
2012	**France**	**Netherlands**	**Germany**	**Belgium**	**Poland**	**Switzerland**	**Italy**	**Worldwide Structures**	**Other countries**
Rate of future salary increases	3.0%	3.0%	1.5%	3.0%	3.0%	1.5%	2.0%	3%-4%	2%-10%
Discount rate	3.0%	3.0%	3.0%	3.0%	4.5%	1.8%	3.0%	3.0%	4%-8.7%

		Europe excluding France							
2013	**France**	**Netherlands**	**Germany**	**Belgium**	**Poland**	**Switzerland**	**Italy**	**Worldwide Structures**	**Other countries**
Rate of future salary increases	3.0%	3.0%	1.5%	3.0%	3.0%	1.0%	N/A	4.0%	2%-10%
Discount rate	3.0%	3.0%	3.0%	3.0%	4.5%	2.0%	3.0%	3.0%	4%-8.7%
Weighted average duration of the obligation	14	19	13.2	11.85		12.5	10	14	

The assumptions concerning the discount rate applied to calculate the present value of benefit obligations were determined based on the recommendations of independent experts. For subsidiaries located in the euro zone, the discount rate is determined based on the iBoxx Corporate AA 10+ euro zone index. For subsidiaries outside the euro zone, the discount rate is based on an analysis of investment grade corporate bond yields in each region. The calculation method is designed to obtain a discount rate that is appropriate in light of the timing of cash flows under the plan.

The Accor Group's pension obligations are funded under insured plans or by external funds. Plan assets therefore consist mainly of the classes of assets held in insurers' general portfolios managed according to conservative investment strategies. Since January 1, 2013, in line with IAS 19 (revised), the expected long-term return on plan assets had been matched to the discount rate (see note 1 page 189).

C. Funded status of post-employment defined benefit plans and long-term employee benefits

The method used by the Group is the "Projected Unit Credit" method.

At December 31, 2013 (in millions of euros)	**Pensions**	**Other post-employment benefits***	**Total**
Present value of funded obligation	143	-	143
Fair value of plan assets	(102)	-	(102)
EXCESS OF BENEFIT OBLIGATION/(PLAN ASSETS)	41	-	41
Present value of unfunded obligation	-	63	63
LIABILITY RECOGNIZED IN THE BALANCE SHEET	**41**	**63**	**104**

* *Including length-of-service awards and loyalty bonus.*

At December 31, 2012 (in millions of euros)	**Pensions**	**Other post-employment benefits***	**Total**
Present value of funded obligation	151	-	151
Fair value of plan assets	(101)	-	(101)
EXCESS OF BENEFIT OBLIGATION/(PLAN ASSETS)	50	-	50
Present value of unfunded obligation	-	65	65
LIABILITY RECOGNIZED IN THE BALANCE SHEET**	**50**	**65**	**115**

* *Including length-of-service awards and loyalty bonus*

** *Adoption of the amendment to IAS 19 "Employee Benefits" from January 1, 2013 with retrospective application to the period presented led to the immediate recognition in the opening statement of financial position at January 1, 2012 of all unrecognized past service costs. The effect of this change of method was a €9 million reduction in provisions for pensions at December 31, 2012 (see note 1 page 189).*

Change in the funded status of post-employment defined benefit plans and long-term employee benefits by geographical area

	Pensions						
		Europe excluding France					
(in millions of euros)	France	Netherlands	Germany	Belgium	Poland	Switzerland	Italy
PROJECTED BENEFIT OBLIGATION AT THE BEGINNING OF THE PERIOD	**26**	**44**	**12**	**15**	**1**	**14**	**4**
Current service cost	2	0	0	1	0	1	0
Interest Cost	1	1	0	1	0	0	0
Employee contributions for the period	-	0	-	0	-	1	-
(Gains) losses on curtailments/settlements	(1)	-	(0)	(1)	(0)	-	-
Taxes and administrative expenses	-	(0)	-	(0)	-	(0)	-
Effect of changes in scope of consolidation	0	-	-	-	(0)	-	-
Benefits paid during the period	(1)	(1)	(1)	(0)	(0)	(1)	(1)
Actuarial (gains)/losses recognised during the period	(1)	0	0	0	0	(0)	(0)
Exchange differences	-	-	-	-	(0)	(0)	-
Transfers at beginning of period	(0)	-	-	1	-	0	-
Other	-	-	-	-	-	0	(0)
Reclassification of Onboard Train Services in "Assets held for sale"	-	-	-	-	-	-	-
PROJECTED BENEFIT OBLIGATION AT THE END OF THE PERIOD	**26**	**44**	**12**	**17**	**1**	**14**	**4**

		Europe excluding France					
(in millions of euros)	France	Netherlands	Germany	Belgium	Poland	Switzerland	Italy
FAIR VALUE OF PLAN ASSETS AT THE BEGINNING OF THE PERIOD	**-**	**45**	**5**	**12**	**-**	**10**	**-**
Return on plan assets, excluding interest income	-	0	(0)	0	-	0	-
Interest income	-	1	0	1	-	0	-
Employer contributions for the period	-	0	0	1	-	1	-
Employee contributions for the period	-	0	-	0	-	1	-
Benefits paid during the period	-	(1)	(0)	(0)	-	(1)	-
(Gains) losses on curtailments/settlements	-	-	(0)	(1)	-	-	-
Taxes and administrative expenses	-	(0)	-	(0)	-	(1)	-
Exchange differences	-	-	-	-	-	(0)	-
FAIR VALUE OF PLAN ASSETS AT THE END OF THE PERIOD	**-**	**44**	**5**	**13**	**-**	**11**	**-**

* *Adoption of the amendment to IAS 19 "Employee Benefits" from January 1, 2013 with retrospective application to the period presented led to the immediate recognition in the opening statement of financial position at January 1, 2012 of all unrecognized past service costs. The effect of this change of method was a €9 million reduction in provisions for pensions at December 31, 2012 (see note 1 page 189).*

Pensions					
Worldwide structures	Other	Total	Other benefits	Total Dec. 2013	Total Dec. 2012*
73	**5**	**195**	**22**	**217**	**172**
5	1	10	2	12	10
2	0	6	1	6	7
-	-	1	-	1	1
(15)	(2)	(19)	(0)	(19)	(2)
(0)	-	(1)	-	(1)	-
-	-	0	-	0	(0)
(2)	(0)	(7)	(2)	(9)	(11)
(1)	0	(1)	0	(1)	39
-	(1)	(1)	(0)	(1)	0
0	3	4	(3)	1	0
-	0	0	(0)	0	(0)
-	-	-	-	-	(0)
63	**6**	**186**	**19**	**207**	**217**

Worldwide structures	Other	Total	Other benefits	Total Dec. 2013	Total Dec. 2012*
30	**-**	**101**	**-**	**101**	**88**
-	-	0	-	0	14
1	-	3	-	3	-
-	-	2	-	2	4
-	-	1	-	1	1
(2)	-	(5)	-	(5)	(6)
-	-	(1)	-	(1)	-
-	-	(1)	-	(1)	-
-	-	(0)	-	(0)	0
29	**-**	**102**	**-**	**102**	**101**

(in millions of euros)	France	Europe excluding France Netherlands	Germany	Belgium	Poland	Switzerland	Italy
UNFUNDED OBLIGATION AT THE BEGINNING OF THE PERIOD	**26**	**(1)**	**7**	**4**	**1**	**4**	**4**
Expense for the period	1	0	0	1	(0)	1	0
Benefits paid during the period	(1)	-	(0)	-	(0)	-	(1)
Employer contributions for the period	-	(0)	(0)	(1)	-	(1)	-
Employee contributions for the period	-	-	-	-	-	-	-
Taxes and administrative expenses	-	0	-	0	-	0	-
Effect of changes in scope of consolidation	0	-	-	-	(0)	-	-
Exchange differences	-	-	-	-	(0)	(0)	-
Actuarial (gains)/losses recognised during the period	(1)	0	0	0	0	(0)	(0)
Transfers at beginning of period	(0)	-	-	1	-	0	-
Other	-	-	-	-	-	-	(0)
Reclassification of Onboard Train Services in "Assets held for sale"	-	-	-	-	-	-	-
UNFUNDED OBLIGATION AT THE END OF THE PERIOD	26	(1)	7	4	1	3	3
Reclassification of Onboard Train Services in "Assets held for sale"	-	-	-	-	-	-	(0)
PROVISION AT THE END OF THE PERIOD	**26**	**(1)**	**7**	**4**	**1**	**3**	**3**

(in millions of euros)	France	Europe excluding France Netherlands	Germany	Belgium	Poland	Switzerland	Italy
Current service cost	2	0	0	1	0	1	0
Interest cost	1	0	0	(0)	0	0	0
(Gains) losses on curtailments/settlements	(1)	-	(0)	(0)	(0)	-	-
Others	-	0	-	0	-	0	-
Actuarial (gains)/losses recognised during the period for long-term employee benefits	-	-	-	-	-	-	-
EXPENSE FOR THE PERIOD	**1**	**0**	**0**	**1**	**(0)**	**1**	**0**

(in millions of euros)	France	Europe excluding France Netherlands	Germany	Belgium	Poland	Switzerland	Italy
ACTUARIAL (GAINS) LOSSES RECOGNIZED IN EQUITY	(1)	0	0	0	0	(0)	(0)

* *Adoption of the amendment to IAS 19 "Employee Benefits" from January 1, 2013 with retrospective application to the period presented led to the immediate recognition in the opening statement of financial position at January 1, 2012 of all unrecognized past service costs. The effect of this change of method was a €9 million reduction in provisions for pensions at December 31, 2012 (see note 1 page 189).*

	Worldwide structures	Other	Total	Other benefits	Total Dec. 2013	Total Dec. 2012*
	43	**5**	**94**	**22**	**115**	**84**
	(9)	(1)	(6)	2	(4)	13
	(0)	(0)	(2)	(2)	(4)	(5)
	-	-	(2)	-	(2)	(4)
	-	-	-	-	-	(0)
	(0)	-	0	-	0	-
	-	-	0	-	0	(0)
	-	(1)	(1)	(0)	(1)	0
	(1)	0	(1)	0	(1)	27
	0	3	4	(3)	1	0
	-	0	0	(0)	(0)	(0)
	-	-	-	-	-	(0)
	34	6	85	19	104	115
	-	-	(0)	-	(0)	(0)
	34	**6**	**85**	**19**	**104**	**115**

	Worldwide structures	Other	Total	Other benefits	Total Dec. 2013	Total Dec. 2012*
	5	1	10	1	11	10
	1	0	3	1	3	3
	(15)	(2)	(19)	(0)	(19)	(3)
	(0)	-	0	-	0	2
	-	-	-	-	-	2
	(9)	**(1)**	**(6)**	**2**	**(5)**	**13**

	Worldwide structures	Other	Total	Other benefits	Total Dec. 2013	Total Dec. 2012*
	(1)	0	(1)	-	(1)	27

Reconciliation of provisions for pensions between January 1, 2012 and December 31, 2013

(in millions of euros)	Amount
PROVISION AT JANUARY 1, 2012*	**84**
Expense for the period	13
Benefits paid	(9)
Actuarial gains and losses recognized in equity	27
Changes in exchange rates	0
Other	0
PROVISION AT DECEMBER 31, 2012*	**115**
Expense for the period	(4)
Benefits paid	(6)
Actuarial gains and losses recognized in equity	(1)
Changes in exchange rates	(0)
Other	0
PROVISION AT DECEMBER 31, 2013	**104**

* *Adoption of the amendment to IAS 19 "Employee Benefits" from January 1, 2013 with retrospective application to the period presented led to the immediate recognition in the opening statement of financial position at January 1, 2012 of all unrecognized past service costs. The effect of this change of method was a €9 million reduction in provisions for pensions at January 1, 2012 and December 31, 2012.*

Actuarial gains and losses related to changes in demographic and financial assumptions and experience adjustment

(in millions of euros)	Dec. 2012	Dec. 2013
ACTUARIAL DEBT		
Actuarial gains and losses related to experience adjustment	4	(1)
Actuarial gains and losses related to changes in demographic assumptions	-	0
Actuarial gains and losses related to changes in financial assumptions	33	(0)
FAIR VALUE ON ASSETS		
Actuarial gains and losses related to experience adjustment	(10)	(0)

Detail of plan assets

The assets of insured defined benefit plans are invested in investment funds held by insurance companies in each of the countries concerned except for Worldwide Structures.

The following table shows the breakdown of these plan assets by country (except for the Netherlands for which no information is available):

Detail of plan assets (in millions of euros)	Germany	Belgium	Switzerland	Worldwide Structures
Bonds	4	11	3	23
Real Estate	1	1	3	2
Shares	0	1	3	4
Liquidity	-	0	2	0
Other	0	0	0	0
TOTAL VALUE OF PLAN ASSETS	**5**	**13**	**11**	**29**

Sensitivity analysis

At December 31, 2013, the sensitivity of provisions for pensions and other post-employment benefits to a change in discount rate is as follows: a 0.5-point increase in the discount rate would lead to a €9.8 million reduction in the projected benefit obligation, a 0.5-point decrease in the discount rate would lead to a €10.7 million increase in the projected benefit obligation. The impact on the cost for the year would not be material.

At December 31, 2012, the sensitivity of provisions for pensions and other post-employment benefits to a change in discount rate is as follows: a 0.5-point increase in the discount rate would lead to a €10 million reduction in the projected benefit obligation, a 0.5-point decrease in the discount rate would lead to a €11.2 million increase in the projected benefit obligation. The impact on the cost for the year would not be material.

Expected cash flows

The following table shows expected cash outflows for the coming years, without taking account any cash inflows generated by plan assets:

Expected cash flows (in millions of euros)	France	Netherlands	Germany	Belgium	Poland	Switzerland	Italy	Worldwide Structures	Total
Expected benefits payment in 2014	1	1	1	0	2	2	0	2	9
Expected benefits payment in 2015	1	2	1	0	1	1	0	2	8
Expected benefits payment in 2016	1	1	1	-	2	1	0	2	8
Expected benefits payment from 2017 to 2023	10	13	4	5	14	5	2	16	69
Expected contributions in 2014	-	0	1	1	-	1	-	-	3

NOTE 34 RECONCILIATION OF FUNDS FROM OPERATIONS

(in millions of euros)	Dec. 2012	Dec. 2013
Net Profit, Group share	80	125
Minority interests	15	13
Depreciation, amortization and provision expense	327	333
Share of profit of associates, net of dividends received	(17)	5
Deferred tax	13	(16)
Change in financial provisions and provisions for losses on asset disposals	20	81
Impairment losses	119	89
Funds from operations from discontinued operations	(576)	2
FUNDS FROM OPERATIONS INCLUDING NON-RECURRING TRANSACTIONS	**(18)**	**632**
(Gains) losses on disposals of assets, net	(0)	(78)
(Gains) losses on non-recurring transactions (included restructuring costs and exceptional taxes)	136	161
Non-recurring items from discontinued activities	668	2
FUNDS FROM OPERATIONS EXCLUDING NON-RECURRING TRANSACTIONS	**786**	**717**

NOTE 35 CHANGE IN WORKING CAPITAL

The change in working capital can be analyzed as follows:

(in millions of euros)	Dec. 2012	Dec. 2013	Change
Inventories	47	42	(5)
Trade receivables	402	390	(12)
Other receivables and accruals	516	478	(38)
WORKING CAPITAL ITEMS – ASSETS	965	910	(55)
Trade payables	580	611	31
Other payables	1,142	964	(178)
WORKING CAPITAL ITEMS – LIABILITIES	1,722	1,575	(147)
WORKING CAPITAL	**757**	**665**	**(92)**

DECEMBER 31, 2012 WORKING CAPITAL	**757**
Change in operating working capital	133
Change in operating working capital of discontinued operations	5
Change in non-operating working capital (1)	(185)
Working capital items included in assets disposals and assets reclassified as held for sale	(27)
Translation adjustment	(18)
NET CHANGE IN WORKING CAPITAL	(92)
DECEMBER 31, 2013 WORKING CAPITAL	**665**

(1) This amount corresponds to the payment of "précompte" dividend withholding tax for €185 million (see note 39.2).

NOTE 36 RENOVATION AND MAINTENANCE EXPENDITURE

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. This caption does not include development expenditure corresponding to the property, plant and equipment and working capital of newly consolidated companies and the purchase or construction of new assets.

Renovation and maintenance expenditure breaks down as follows:

(in millions of euros)	2012	2013
HOTELS	287	262
- Upscale and Midscale Hotels	161	154
- Economy	126	108
OTHER BUSINESSES	12	3
RENOVATION AND MAINTENANCE EXPENDITURE	**299**	**265**

In 2012 and 2013, expenditure on existing assets included €39 million and €27 million respectively related to the ibis Megabrand (see note 2.B.5).

NOTE 37 DEVELOPMENT EXPENDITURE

Development expenditure corresponds to the property, plant and equipment, and working capital of newly consolidated companies (in accordance with IAS 7 "Statement of cash flows") and includes the purchase or construction of new assets and the exercise of call options under sale-and-leaseback transactions, as follows:

Development expenditure excluding discontinued operations

(in millions of euros)	France	Europe (excl. France)	Asia Pacific	Latin America & Caribbean	Other countries	Worldwide Structures*	2013	2012
HOTELS	26	113	20	23	9	-	191	639
Upscale and Midscale Hotels (1)	20	69	14	6	7	-	116	511
Economy Hotels (2)	6	44	6	17	2	-	75	128
OTHER BUSINESSES	(0)	3	-	-	-	0	3	37
TOTAL 2013	**26**	**116**	**20**	**23**	**9**	**0**	**194**	
TOTAL 2012	47	283	227	69	38	12		676

* *"Worldwide Structures" corresponds to development expenditure that is not specific to a single geographic region.*

(1) Including:
- *€28 million corresponding to the purchase of the freehold on the Canary Wharf Novotel in London.*
- *€12 million corresponding to the rebranding of the Pullman Roissy Charles-de-Gaulle as a Mercure unit.*
- *€11 million corresponding to the second key money installment for the Moorfield transaction in the United Kingdom.*
- *Other amounts of less than €10 million each.*

(2) Including:
- *€10 million for the development of ibis budget hotels in Spain.*
- *€7 million for the purchase of additional ibis Colombia shares.*
- *€7 million for the development of an ibis budget in Brazil.*
- *€6 million for the development of an ibis budget in Switzerland.*
- *Other amounts of less than €5 million each.*

At December 31, 2012, development expenditure included:
- *€217 million related to the acquisition of Grupo Posadas' hotel network in South America (see note 2.B.4) of which €10 million classified in "Other Businesses".*
- *€193 million related to the Mirvac acquisition (see note 2.B.3) of which €21 million classified in "Other Businesses".*
- *€21 million deposit related to the Sofitel Los Angeles (see note 23).*

NOTE 38 SEGMENT INFORMATION

A. Chief operating decision maker

Accor's chief operating decision maker is Executive management, assisted by the Executive Committee. Executive management assesses the results and performance of each operating segment and makes resource allocation decisions.

B. Operating segments

1. Hotels

Considering the way in which:

a. the internal reporting system is organized (by country in Europe, by region in the rest of the world, *i.e.* Asia-Pacific, Latin America & Caribbean, North America, and Africa Middle East);

b. the chief operating decision-maker analyzes the Group's performance and results (by country in Europe, by region in the rest of the world, *i.e.* Asia-Pacific, Latin America & Caribbean, North America, and Africa Middle East);

c. the Group is organized and managed (by country in Europe, by region in the rest of the world, *i.e.* Asia-Pacific, Latin America & Caribbean, North America, and Africa Middle East),

Based on the principles set out in IFRS 8, the Group's operating segments consist of geographical areas that can be broadly defined as:

- countries in Europe, and
- regions in the rest of the world.

Under IFRS 8, two or more operating segments may be aggregated into a single operating segment if they exhibit similar economic characteristics and are similar in respect of the nature of their products and services and the type or class of customer they have for their products and services, but also in respect of the methods used to distribute their products or provide their services. Therefore, following an analysis of each of its operating segments, the Group has aggregated all of the European countries except for France in the "Rest of Europe" segment. France, where the entity's headquarters are located, is treated as a separate segment.

The other operating segments correspond to the following regions:

- Asia-Pacific, corresponding to the Asia Oceania region;
- Latin America & Caribbean, corresponding to the Latin America & Caribbean region;
- Other Countries, corresponding to the North America region and the Africa Middle East region.

To improve the quality of its disclosures, the Group has decided to continue publishing segment information for the following three hotel sub-segments:

- Upscale and Midscale hotels, comprising the Sofitel, Pullman, MGallery, Novotel, Suite Novotel, Mercure and Adagio brands.
- Economy hotels, comprising the ibis, ibis Styles, ibis *budget*, Adagio Access, Formule 1 and HotelF1 brands.
- Economy hotels in the United States, comprising the Motel 6 and Studio 6 brands. During 2012, the business was being sold and was therefore no longer included in the Group's segment reporting (see note 2.A.1.1).

2. Other businesses

Other businesses, which are not material compared with the hotel business, include the Group's corporate departments and the casinos business. These are presented as part of the 'Other' segment.

C. Segment information

For each of the segments presented, management monitors the following indicators:

- revenue;
- EBITDAR;
- rents;
- EBITDA;
- EBIT.

No statement of financial position information by segment is reported to the chief operating decision maker.

The above indicators are presented by operating segment in the following notes:

- note 3 for revenue;
- note 5 for EBITDAR;
- note 6 for rents;
- note 7 for EBITDA;
- note 9 for EBIT.

Note that the Group's revenue is derived from a very large number of transactions, of which less than 10% involve a single external customer.

For information, revenue in Germany amounted to €817 million at December 31, 2013 and to €840 million at December 31, 2012.

Total assets break down as follows:

At December 31, 2013 (in millions of euros)	Hotels	Other Businesses	Total consolidated
Goodwill	707	-	707
Intangible assets	281	2	283
Property, plant and equipment	2,369	79	2,448
Non-current financial assets	452	50	502
Deferred tax assets	114	34	148
TOTAL NON-CURRENT ASSETS	3,923	165	4,088
TOTAL CURRENT ASSETS	1,331	1,580	2,911
Assets held for sale	37	24	61
TOTAL ASSETS	**5,291**	**1,769**	**7,060**
SHAREHOLDERS' EQUITY & MINORITY INTERESTS	4,542	(1,786)	2,756
TOTAL NON-CURRENT LIABILITIES	363	1,582	1,945
TOTAL CURRENT LIABILITIES	376	1,957	2,333
Liabilities associated to assets classified as held for sale	10	16	26
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,291**	**1,769**	**7,060**

At December 31, 2012 (in millions of euros)	Hotels	Other Businesses	Total consolidated
TOTAL ASSETS	**5,804**	**1,756**	**7,560**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,804**	**1,756**	**7,560**

At December 31, 2013 (in millions of euros)	Up and Midscale Hotels	Economy Hotels	Total Hotels
Goodwill	642	65	707
Intangible assets	237	44	281
Property, plant and equipment	1,302	1,067	2,369
Non-current financial assets	402	50	452
Deferred tax assets	104	10	114
TOTAL NON-CURRENT ASSETS	2,687	1,236	3,923
TOTAL CURRENT ASSETS	1,212	119	1,331
Assets held for sale	12	25	37
TOTAL ASSETS	**3,911**	**1,380**	**5,291**
SHAREHOLDERS' EQUITY & MINORITY INTERESTS	3,614	928	4,542
TOTAL NON-CURRENT LIABILITIES	270	93	363
TOTAL CURRENT LIABILITIES	27	349	376
Liabilities associated to assets classified as held for sale	-	10	10
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,911**	**1,380**	**5,291**

At December 31, 2012 (in millions of euros)	Up and Midscale Hotels	Economy Hotels	Total Hotels
TOTAL ASSETS	**4,181**	**1,623**	**5,804**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,181**	**1,623**	**5,804**

At December 31, 2013 (in millions of euros)	France	Europe (excl. France)	Asia Pacific	Latin America & Caribbean	Worldwide Structures	Other countries	Total
Goodwill	181	202	197	101	-	26	707
Intangible assets	9	125	65	32	51	1	283
Property, plant and equipment	609	1,246	201	214	35	143	2,448
Non-current financial assets	72	63	195	62	28	82	502
TOTAL NON-CURRENT ASSETS EXCLUDING DEFERRED TAX ASSETS	871	1,636	658	409	114	252	3,940
Deferred tax assets	31	46	9	22	39	1	148
OTHER ASSETS	440	412	284	110	1,597	129	2,972
TOTAL ASSETS	**1,342**	**2,094**	**951**	**541**	**1,750**	**382**	**7,060**

At December 31, 2012 (in millions of euros)	**France**	**Europe (excl. France)**	**Asia Pacific**	**Latin America & Caribbean**	**Worldwide Structures**	**Other countries**	**Total**
Goodwill	188	207	258	160	-	27	840
Intangible assets	10	113	81	21	37	2	264
Property, plant and equipment	691	1,232	266	191	38	174	2,592
Non-current financial assets	61	56	328	81	25	81	632
TOTAL NON-CURRENT ASSETS EXCLUDING DEFERRED TAX ASSETS	950	1,608	933	453	100	284	4,328
Deferred tax assets	33	57	12	22	26	1	151
OTHER ASSETS	479	458	267	108	1,617	152	3,081
TOTAL ASSETS	**1,462**	**2,123**	**1,212**	**583**	**1,743**	**437**	**7,560**

For information, total non-current assets (excluding deferred tax assets) in Germany amounted to €377 million at December 31, 2013 and to €331 million at December 31, 2012.

NOTE 39 CLAIMS AND LITIGATION

Note 39.1. CIWLT tax audit

A tax audit was carried out on the permanent branch in France of Compagnie Internationale des Wagons Lits et du Tourisme (CIWLT), a Belgian company that is 99.78%-owned by Accor SA. Following the audit for the years 1998 to 2002 and 2003, the French tax authorities concluded that CIWLT's seat of management was located in France not in Belgium.

Accordingly, the French tax authorities added back CIWLT's profits in Belgium for the purpose of calculating income tax payable in France. The resulting reassessments, for a total of €263 million including late interest, were contested by CIWLT, on the basis of the notice received from the Belgian tax authorities confirming that its seat of management was in Belgium.

CIWLT subsequently asked the Cergy Pontoise Administrative Court to rule on the contested reassessments. On December 12, 2008 and May 12, 2011, the court found against CIWLT concerning the reassessments for the years 1998 to 2002 and the year 2003. CIWLT decided to appeal these rulings before the Versailles Administrative Court of Appeal on February 10, 2009 and on July 11, 2011 respectively.

Under French law, collection of the tax deficiencies is not suspended while the appeal is being heard. For the years 1998 to 2002, €242.5 million was paid at the end of February 2009. The tax deficiencies and penalties for 2003, in an amount of €17.5 million, were paid in July 2011, while the estimated €2.7 million in late interest was paid in August 2011. They were recognized as an asset in the statement of financial position.

For the years 1998 to 2002, on February 1, 2011, the reporting judge read out his conclusions and stated that he did not support CIWLT's case.

In a ruling handed down on March 15, 2011, the Versailles Administrative Court of Appeal found against CIWLT for the period 1998 to 2002. To appeal the ruling, CIWLT filed a summary motion to institute proceedings with the French Supreme Court of Appeal (*Conseil d'État*) on May 12, 2011, followed by a supplementary brief on August 10, 2011.

In light of these unfavorable developments, the tax receivable recognized as an asset in the statement of financial position at December 31, 2010 was written down by €242.5 million in 2010 and an additional provision of approximately €20.6 million was set aside, corresponding to the tax deficiency for 2003 and estimated late interest up to December 31, 2010. Following payment of the tax deficiency in July and August 2011, a tax receivable was recognized as an asset in the statement of financial position in an amount of €20.2 million. The asset was immediately written down in full by transferring the same amount from the existing €20.6 million provision, of which the remainder, *i.e.* €0.4 million, was reversed.

Based on the reporting judge's conclusions, on December 28, 2012 the Supreme Court of Appeal issued a ruling rejecting CIWLT's application to appeal the Versailles Court's ruling.

This decision meant that the €242.5 million tax reassessment became final. However, this had no impact on CIWLT's income statement because the tax receivable was already written down in full. In CIWLT's 2012 financial statements, the €242.5 million tax receivable was written off and the corresponding provision was reversed (see note 24.2). These accounting entries had no adverse effect on the company's cash position, as the tax had been paid in February 2009.

In a ruling handed down on May 21, 2013, the Versailles Administrative Court of Appeal also found against CIWLT for the year 2003. CIWLT appealed this ruling before the French Supreme Court of Appeal (*Conseil d'État*) in August 2013. The Supreme Court ruled that the appeal was admissible and it is currently in the pre-trial investigation phase.

Note 39.2. Dividend withholding tax ("précompte")

In 2002, Accor mounted a legal challenge to its obligation to pay "précompte" dividend withholding tax on the redistribution of European source dividends.

Until 2004, French parent companies were entitled to a 50% tax credit on dividends received from French subsidiaries, which could be set off against the "précompte" dividend withholding tax. However, no tax credit was attached to European source dividends.

Accor contested this rule, on the grounds that it breached European Union rules.

In the dispute between Accor and the French State, on December 21, 2006 the Versailles Administrative Court ruled that Accor 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 during the first half of 2007, together with €36.4 million in late interest due by the French State.

However, on March 8, 2007, the French State appealed the ruling before the Versailles Administrative Court of Appeal. The French State's appeal was rejected on May 20, 2008.

As the State had not yet exhausted all avenues of appeal, a liability was recognized for the amounts received (see Note 24.3) and the financial impact of the rulings by the Versailles Administrative Court and Court of Appeal was not recognized in the financial statements.

On July 3, 2009, the French Supreme Court of Appeal announced that it would postpone ruling on the French State's appeal and on August 4, 2009, it applied to the Court of Justice of the European Communities (ECJ) for a preliminary ruling on this issue.

After reviewing the matter, the ECJ's final ruling was handed down on September 15, 2011. In this ruling, the ECJ held that the French "précompte"/tax credit system restricts the freedom of establishment and free movement of capital.

During 2011 and 2012, Accor and the tax authorities submitted various briefs to the Supreme Court of Appeal and Accor produced documentary evidence of the EU source dividends and of the tax paid by its European subsidiaries on the distributed amount.

On November 21, 2012, the Supreme Court of Appeal met to review the reporting judge's conclusions. In summary, the reporting judge considered that the dividend tax credit and "précompte" dividend withholding tax systems had been shown to be incompatible. However, he also considered that the amount to be refunded was subject to strict rules which, to all intents and purposes, restricted Accor's right to a refund.

On December 10, 2012, the Supreme Court of Appeal handed down a ruling closely aligned with the reporting judge's conclusions, according to which Accor was entitled to €6.3 million of the €156 million already refunded. In addition to the €149.7 million to be returned to the French State, Accor was also required to repay the late interest received in 2007, amounting to approximately €36.4 million, less the portion related to the retained refund of €6.3 million. In all, €184.7 million in principal and interest was repaid to the French State during first-half 2013.

In the 2012 financial statements, the €6.3 million "précompte" dividend withholding tax refunded to Accor and not repayable to the French State has been credited to a reserve account (see Changes in Consolidated Shareholders' Equity). The estimated €1.4 million in late interest received on this amount was considered as offsetting the early payment of tax, and was therefore recorded as a tax benefit in the income statement. The total amount repaid to the French State, representing approximately €184.7 million, led to an increase in net debt of the same amount.

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 filed an application originating proceedings before the Cergy Pontoise Adminstrative 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. A ruling is expected during 2014 as the Court has indicated that it wants the pre-trial investigation to be completed by February 28, 2014.

Note 39.3. Tax dispute in Italy

In October 2011, the Italian tax authorities notified several Accor and Edenred subsidiaries of a €27.4 million tax reassessment concerning registration duties. The reassessment is based on the requalification as the sale of a business subject to registration duty of a number of transactions carried out as part of the reorganization of Accor's Services division in Italy between 2006 and 2010.

The Accor and Edenred companies concerned wrote to the Italian authorities on December 16, 2011 contesting the reassessments.

The reassessment notices required settlement of the tax deficiencies within 60 days and the companies concerned therefore paid the amounts claimed on December 16, 2011. The cost was shared equally between Accor and Edenred pursuant to an agreement assigning the risk and any resulting costs to the two parties on a 50/50 basis.

The companies believe that the tax reassessment is without merit and, after consulting with their legal and tax advisors, consider that their challenges have a reasonable chance of success. No related impact was recorded in Accor's 2011 consolidated income statements.

Legal proceedings have been launched and the date of the first-instance court hearing has been set for March 11, 2014.

Note 39.4. Tax audit at Accor SA

A tax audit is currently in progress at Accor SA. On December 26, 2013, the tax authorities notified the Company of proposed adjustments to its 2010 accounts. The proposal was timed to interrupt the statute of limitations that was due to expire for claims by the tax authorities on December 31, 2013. The tax authorities have not yet provided any indication of the financial consequences of the proposed adjustments for the tax group of which Accor SA is the filing entity, but the total risk including late interest is estimated at €26 million.

The tax authorities are challenging the independent valuation of the Accor Services brands that was used by Accor SA to calculate the taxable capital gain on the brands contributed at the time of the Group's demerger in 2010. They have also queried the alleged waiver by Accor SA of income due by its wholly-owned Brazilian subsidiary, Hotelaria Accor Brasil S.A., which they say had corporate income tax and withholding tax implications. This represents a relatively minor risk.

Accor SA wrote to the tax authorities in February 2014 contesting the proposed adjustments, but has nevertheless recorded a contingency provision of €11 million in its 2013 financial statements.

Note 39.5. Other claims and litigation

In the normal course of its business, the Group is exposed to claims, litigations and proceedings that may be in progress, pending or threatened. The Company believes that these claims, litigations and proceedings have not and will not give rise to any material costs at Group level and have not and will not have a material adverse effect on the Group's financial position, business and/or results of operations.

NOTE 40 OFF-BALANCE SHEET COMMITMENTS AT DECEMBER 31, 2013

Note 40.1. Off-balance sheet commitments given

Off-balance sheet commitments (not discounted) given at December 31, 2013 break down as follows:

(in millions of euros)	Less than 1 year	1 to 5 years	Beyond 5 years	Dec. 31, 2013*	Dec. 31, 2012
SECURITY INTERESTS GIVEN ON ASSETS (1)	3	42	62	107	136
PURCHASE COMMITMENTS (2)	16	23	-	39	84
■ Renovation commitment in Germany (3)	29	0	-	29	15
■ Renovation commitment in the Netherlands (4)	11	1	-	12	25
■ Renovation commitment in Switzerland (5)	8	-	-	8	14
■ Renovation commitment in Poland (6)	6	-	-	6	7
■ Other renovation commitments (7)	15	13	8	36	40
CAPEX COMMITMENTS	69	14	8	91	101
LOAN GUARANTEES GIVEN	12	9	0	21	25
COMMITMENTS GIVEN IN THE NORMAL COURSE OF BUSINESS	12	17	21	50	62
CONTINGENT LIABILITIES	1	3	-	4	7
TOTAL DECEMBER 31, 2013*	**113**	**108**	**91**	**312**	
TOTAL DECEMBER 31, 2012	77	223	115		415

* *In line with IFRS 5, off-balance sheet commitments given by the Onboard Train Services business are not presented in this note. Off-balance sheet commitments given by the Onboard Train Services business amounted to €6 million at December 31, 2013. These commitments had been extinguished as of the date of publication of the financial statements.*

(1) *Security interests given on assets correspond to pledges and mortgages valued at the net book value of the underlying assets.*
- *Repayment guarantees for mortgage loans from Crédit Populaire d'Algérie. The mortgages amount to €30 million and concern land, buildings and fixtures for the ibis Bab Ezzouar, ibis Oran, ibis Tlemcen and ibis/Novotel Constantine projects;*
- *Collateral for loans obtained from Banque Cantonale de Genève and UBS in Switzerland, consisting of pledges on all the assets of the Novotel Bern, ibis Bern and ibis budget Bern. The pledged assets had a total net book value of €18 million at December 31, 2013. A repayment guarantee for the mortgage loan from Zürcher Kantonalbank for the purchase of the ibis Basel Bahnhof hotel in Switzerland. The mortgage covers the hotel's net book value, in the amount of €11 million at December 31, 2013.*

(2) *In connection with property development projects:*
- *The Group is committed to carrying out €11 million worth of renovation work under the Moorfield contract concerning the management and rebranding of 24 Mercure units in the United Kingdom;*
- *Accor is committed to carrying out €47 million worth of renovation work on the Pullman Paris Tour Eiffel in its capacity as developer (see Note 2.A.2.2). As of December 31, 2013, the remaining work amounted to €10 million;*
- *Accor is committed to carrying out €25 million worth of renovation work on the Sofitel Arc de Triomphe in its capacity as developer. As of December 31, 2013, the remaining work amounted to €2 million.*

(3) *In connection with development plans in Germany, commitments to carry out work mainly concerned development plans of the ibis and Novotel Arnulfstrasse (€25 million) and renovation of the Mercure Frankfurt Residenz and the MGallery Köln Mondial that began in late 2012.*

(4) *In the Netherlands, in 2012, Accor was committed to financing construction of the Suite Novotel Den Haag for €13 million, construction of the ibis Rotterdam Center for €8.5 million, construction of the ibis budget Zaandam for €4 million and renovation works of the MGallery Amsterdam The Convent for €3 million.*
Commitments for work in progress in the Netherlands as of December 31, 2013 amounted to €12 million of which €5 million for the ibis Rotterdam Center, €4 million for the Suite Novotel Den Haag and €3 million for the MGallery Amsterdam The Convent.

(5) *In connection with development plans in Switzerland, commitments to carry out work concerned construction of the ibis budget Glattbrugg (€8 million) that began in late 2012.*

(6) *In connection with development plans in Poland, Accor agreed to finance mainly renovation work on the Novotel Warsaw for €4 million and on the Sofitel Victoria Warszawa for €2 million.*

(7) *Other commitments mainly include €22 million in committed capital expenditure on Australian hotels.*

Most sale and leaseback contracts include a commitment by the Group to spend a specified amount on hotel maintenance, generally expressed as a percentage of revenue. These commitments are not included in the above table due to the difficulty of estimating the amounts involved.

From time to time the Group may also issue performance guarantees to the owners of managed hotels. The guarantee may include a clawback clause applicable if the hotel's performance improves in subsequent years.

To the best of the Group's knowledge and in accordance with generally accepted accounting principles, no commitments given have been omitted from the above list.

Note 40.2. Off-balance sheet commitments received

Off-balance sheet commitments (not discounted) received at December 31, 2013 break down as follows:

(in millions of euros)	Less than 1 year	1 to 5 years	Beyond 5 years	Dec. 31, 2013*	Dec. 31, 2012
Irrevocable commitments received for the purchase of intangible assets and property, plant and equipment (1)	11	-	-	11	47
Irrevocable commitments received for the purchase of financial assets (2)	2	-	18	20	20
PURCHASE COMMITMENTS RECEIVED	13	-	18	31	67
Sellers' warranties received	0	1	-	1	1
Other guarantees received in the normal course of business (3) + (4) + (5) + (6)	19	14	13	46	43
OTHER COMMITMENTS AND GUARANTEES RECEIVED	19	15	13	47	44
TOTAL DECEMBER 31, 2013*	**32**	**15**	**31**	**78**	
TOTAL DECEMBER 31, 2012	32	61	18		111

* *In line with IFRS 5, off-balance sheet commitments received by the Onboard Train Services business are not presented in this note. Off-balance sheet commitments received by the Onboard Train Services business amounted to €1 million at December 31, 2013 and 0.3 million at the date of publication of the consolidated financial statements.*

(1) *In connection with irrevocable commitments received for the purchase of intangible assets and property, plant and equipment:*
- *In connection with the Pullman Paris Tour Eiffel sale-and-management back transaction in 2012 (see Note 2.A.2.2), Accor is committed to carrying out renovation work on the hotel in its capacity as developer. The investor is committed to paying €47 million for these renovations. As of December 31, 2012, the remaining amount due by the investor stood at €41 million. As of December 31, 2013, the remaining amount due by the investor stood at €10 million;*
- *In connection with the Sofitel Arc de Triomphe sale & management-back transaction in 2011, Accor is committed to carrying out renovation work on the hotel in its capacity as developer. The investor is committed to paying €25 million for these renovations. As of December 31, 2012, the remaining amount due by the investor stood at €6 million. As of December 31, 2013, the remaining amount due by the investor stood at €0.9 million.*

(2) *Under the sale-and-management-back transaction concerning the Sofitel The Grand in Amsterdam with Société Hôtelière Paris Les Halles (SHPH), Accor has an option to sell its 40% interest in this hotel to SHPH for €15 million in the event that SHPH decides not to renew the 25-year management agreement.*

(3) *In connection with two properties transactions between Accor and Foncière des Murs in 2005 and 2006, Foncière des Murs, in an addendum signed in 2010, agreed to finance an additional €39 million work program over the period to end-2014. At the end of December 2011, a new addendum has been signed, raising the total work program to €49 million. As of December 31, 2013, the remaining work amounted to €13 million.*

(4) *In connection with the sale of the Pullman Paris Rive Gauche hotel property to Bouygues Immobilier in 2012 (see Note 2.A.2.3.), the Group has received a commitment from Bouygues Immobilier to pay an additional amount of up to €7.5 million when the building permit is obtained.*

(5) *In connection with the sale-and-variable leaseback transactions in France, Belgium and Germany in 2010-2011, Predica and Foncière des Murs agreed to finance €31 million worth of renovation work. As of December 31, 2013, the remaining work amounted to €1 million.*

(6) *Other commitments received consist mainly of guarantees related to hotels in the Netherlands, Germany and Italy for €14 million.*

Purchase options under finance leases are not included in this table.

NOTE 41 MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2013

The main subsidiaries and associates represent 98% of consolidated revenue, 96% of EBITDAR and 90% of EBIT. The many other subsidiaries and associates represent individually less than 0.11% of consolidated revenue, EBITDAR and EBIT.

ACCOR SA

FRANCE			
Académie Accor	France	IG	100,00%
Accor Afrique	France	IG	100,00%
Adagio	France	IP	50,00%
Devimco	France	IG	100,00%
Compagnie Etap hôtels Roissy	France	IG	96,00%
Ecotel	France	IG	99,45%
ibis Budget Hôtels	France	IG	96,00%
Exhotel	France	IG	100,00%
Hôtel de Porticcio	France	IG	100,00%
GESTAL	France	IG	96,00%
ibis Styles Hôtels	France	IG	100,00%
Mer & Montagne	France	IG	100,00%
Paris Clichy	France	IG	100,00%
Paris Porte de Saint-Cloud	France	IG	100,00%
Pradotel	France	IG	100,00%
Pro-Fid	France	IG	100,00%
Société Hôtelière Défense Grande Arche	France	IG	100,00%
SHNM	France	IG	100,00%
SIGEST	France	IG	100,00%
SNC Exploitation Hôtels Suitehotels	France	IG	100,00%
SNC NMP France	France	IG	100,00%
Société Commerciale des Hôtels Economiques	France	IG	99,96%
Société de Management Intermarques	France	IG	100,00%
Société du domaine de Marlioz et Extensions	France	IG	100,00%
Société d'Etude et de Promotion Hôtelière Internationale	France	IG	100,00%
Société Hôtelière de Montparnasse	France	IG	100,00%
Société Hôtelière et de Thalassotherapie de la Côte Varoise	France	IG	100,00%
Société Hôtelière du Forum	France	IG	100,00%
Hotexco	France	IG	100,00%
Société Hôtelière Toulouse Centre	France	IG	51,44%
Sofitel Luxury Hôtels France	France	IG	100,00%
SOGECA	France	IG	100,00%
SoLuxury HMC	France	IG	100,00%
Société Parisienne des Hôtels Economiques	France	IG	100,00%
Société d'exploitation Hôtel Monegasque	France	IG	100,00%
Société d'Hôtelerie et d'Exploitation Marseillaise	France	IG	100,00%
Société Hôtelière 61 quai de Grenelle	France	IG	100,00%
Société Hôtelière Paris Eiffel Suffren	France	IG	75,00%
Société Hôtelière Paris Les Halles	France	MEE	31,19%
Société de la Porte de Montreuil	France	IG	99,96%
Thalamer	France	IG	100,00%
WBA Saint-Honoré	France	IG*	100,00%

REST OF EUROPE			
Accor Gestion Hôteliere & Services	Switzerland	IG	100,00%
Accor Hospitality Germany GMBH	Germany	IG	100,00%
Accor Hospitality Italia	Italy	IG	100,00%
Accor Hospitality Nederland	The Netherland	IG	100,00%
The Grand Real Estate	The Netherland	MEE	58,71%**
Accor Hotelbetriebs GMBH	Austria	IG	100,00%
Accor Hoteles Espana	Spain	IG	100,00%
Accor Hotels Belgium	Belgium	IG	100,00%
Accor Hotels Luxembourg	Luxembourg	IG	100,00%
Accor Hotels Romania	Romania	IG	100,00%
Pannonia Hotels ZRT	Hungary	IG	99,94%
Accor UK Business & Leisure	United Kingdom	IG	100,00%
Accor UK Economy Hotels	United Kingdom	IG	100,00%
Saint James Hotel	United Kingdom	MEE	51,83%**
Berne Messe	Switzerland	IG	60,00%
Hekon-Hotele Ekonomiczne	Poland	IG	52,69%
Hotek Polska	Poland	IG	100,00%
Hotel Muranowska	Poland	IG	100,00%
Orbis	Poland	IG	52,69%
Katerinska Hotels	Czech Republic	IG	100,00%
Pannonia Hotelbetriebs	Austria	IG	99,94%
Portis	Portugal	IG	100,00%
Russian Management Hotel Comany LLC	Russia	IG	100,00%
Société d'exploitation hôtelière	Switzerland	IG	99,78%
Upsite Investimentos Hoteleiros	Portugal	IG	100,00%

ACCOR SA

ASIA PACIFIC			
Accor Asia Pacific Corp	Asia/ Australia	IG	100,00%
Accor Australia and New Zealand Hospitality	Australia/ New Zealand	IG	100,00%
AAPC India Hotel Management Private	India	IG	70,00%
Safari club	French Polynesia	IG	100,00%
LATIN AMERICA/CARIBBEAN			
Accor Chile	Chile	IG	100,00%
Accor Hospitality Arg	Argentina	IG	100,00%
Caesar Park Argentina	Argentina	IG	100,00%
Hotelaria Accor Brasil	Brazil	IG	100,00%
Posadas Do Brasil	Brazil	IG	100,00%
SI Hotelera de Mexico	Mexico	IG	100,00%
Sociedad de desarollo de hoteles peruanos (SDHP)	Peru	IG	100,00%
OTHER COUNTRIES			
Accor Business And Leisure North America	USA	IG	100,00%
Accor Canada	Canada	IG	100,00%
Accor Gestion Maroc	Marocco	IG	77,94%
Accor Hôtel SAE	Egypt	IG	99,77%
RISMA	Marocco	MEE	32,89%
Hotel Union Pullman	Senegal	IG	100,00%
Premier Lodge	South Africa	IG	100,00%
Saudi Franch Company Hotel MGT	Saudi Arabia	IG	99,98%
Société Abidjannaise Hôtelière	Ivory Coast	IG	99,99%
Société Hôtelière Barachois	Senegal	IG	90,58%
Société immobilière d'exploitation algérienne	Algeria	IP	50,00%
Société Hôteliere La Lagune	Ivory Coast	IG	100,00%
Société Togolaise d'investissement et d'exploitation hôtelière	Togo	IG	100,00%
Tamaris Turizm Try	Turkey	IG	100,00%
Sogedetu	Dominican Republic	IG	100,00%
Pierre Loti	Cameroon	IG	100,00%
Compagnie Hôtelière du Plateau	Ivory Coast	IG	90,85%

OTHER SERVICES			
Soc. d'Exploitation des Résidences Hôtelières Rail	France	IP	50,00%
Compagnie Internationale des Wagons Lits & du Tourisme* - Belgium**			
Treno***	Italy	Asset held for sale	99,78%

* *Company sold on March, 2013.*

** *For these entities, the percentage shown corresponds to Accor's direct interest plus the interest held indirectly through Paris les Halles which owns 60% of The Grand Real Estate and 70% of Saint James Hotel.*

*** *These entities are not held directly by Accor SA, except for Compagnie Internationale des Wagons Lits & du Tourisme.*

IG: fully consolidated

IP: consolidated using the proportional method

MEE: accounted for by the equity method

The percentages correspond to the Group's percentage interest

NOTE 42 ADDITIONAL INFORMATION ABOUT JOINTLY-CONTROLLED ENTITIES

(in millions of euros)	Current assets	Non-current assets	Current liabilities	Non-current liabilities (excluding shareholders' equity and minority interests)	Revenue for the Group	Costs for the Group
Reef Casinos	7	25	(10)	42	22	(19)
Adagio	17	12	27	2	28	(27)
Société d'Exploitation des Résidences Hôtelières Rail	10	0	5	5	43	(39)
Société Immobilière d'Exploitation Hôtelière Algérienne	8	16	4	20	12	(11)
ibis Colombie	1	7	1	7	4	(4)

The above figures correspond to Group share. Accor has not incurred any material contingent liabilities or entered into any binding capital commitments in relation to these investments.

NOTE 43 RELATED PARTY TRANSACTIONS

For the purpose of applying IAS 24, the Group has identified the following related parties:

- all fully and proportionately consolidated companies and all associated companies accounted for by the equity method;
- all members of the Executive Committee and the Board of Directors and the members of their direct families;
- all companies in which a member of the Executive Committee or the Board of Directors holds material voting rights;
- companies that exercises significant influence over Accor;
- fully or proportionately consolidated companies by a company that exercise significant influence over Accor.

Fully and proportionately 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 41. 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 2012 and 2013.

Members of the Executive Committee and the Board of Directors

Transactions with members of the Executive Committee and Board of Directors are disclosed in full in Note 44. Commitments towards members of the Executive Committee and the Board of Directors, and direct or indirect agreements with one or several Board members are described in the Auditors' special report on related party agreements included in Section III of the 2013 Registration Document.

Companies in which a member of the Executive Committee or the Board of Directors holds material voting rights.

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 course of business on arm's length terms and are not material.

Companies that exercises significant influence over Accor

Colony Capital and Eurazeo, acting in concert, together exercise significant influence over Accor through their shareholders' pact (see Note 2.C). Transactions between the parent company and Eurazeo and Colony Capital were not material in 2012 and 2013.

NOTE 44 CORPORATE OFFICERS' COMPENSATION

	2012		2013	
(in millions of euros)	Expenses	Balance sheet amount	Expenses	Balance sheet amount
Short-term benefits received	7	4	8	4
Post-employment benefits [(1)]	3	17	(10)	3
Other long-term benefits	-	-	-	-
Compensation for loss of office [(1)]	-	-	13	3
Share-based payments	3	-	4	-
TOTAL PAYMENTS	**13**	**21**	**15**	**10**

(1) At December 31, 2013, the amounts presented mainly arose from the departure of certain Executive Committee members during the period, leading notably to the reversal of provisions for post-employment benefits (pension benefits).

Corporate officers are defined as members of the Executive Committee which had eight members at the end of December 31, 2013, and the Board of Directors.

In 2013, the compensation data for corporate officers presented above includes all the different forms of compensation received by the members of the Executive Committee.

Members of the Board of Directors do not receive any compensation and receive only attendance fees. Attendance fees paid in 2013 by the Group to the members of the Supervisory Board for 2012 amounted to €550,720.

NOTE 45 FEES PAID TO THE AUDITORS

The table below shows the total fees billed by the Auditors recognized in the income statements in 2013 and prior year.

(in millions of euros)	2012*	2013
Statutory and contractual audit fees	(8)	(8)
Fees for audit-related services	(2)	(0)
TOTAL FEES BILLED BY THE AUDITORS	**(10)**	**(8)**

* *The fees paid by companies reclassified as discontinued operations according to IFRS 5 are included in this chart.*

NOTE 46 SUBSEQUENT EVENTS

Launch of a bond offering

On January 31, 2014, Accor set the terms of a 7 year bond issue for an amount of EUR 750 million with an annual coupon of 2.625%.

This operation enabled Accor to both lengthen the average maturity of its debt and decrease significantly its average cost of funding.

Redemption of the February 4, 2009 bond issue

On February 4, 2014, all outstanding February 4, 2009 bonds (see Note 2.D) were redeemed for a total of €402.25 million.

5.3. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2013

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the parent company financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the parent company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the parent company financial statements.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual Shareholders' Meeting, we hereby report to you for the year ended December 31, 2013 on:

- the audit of the accompanying financial statements of Accor SA;
- the justification of our assessments;
- the specific verifications and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company at December 31, 2013 and of the results of its operations for the year then ended, in accordance with French generally accepted accounting principles.

Without qualifying the opinion expressed above, we draw your attention to notes 1.k, 7.B and 7.C to the financial statements, which describe the change in accounting method following application in the financial statements for the year of ANC recommendation 2013-02 concerning the rules for measuring and recognizing the Company's obligation for the payment of pensions and other post-retirement benefits

II. Justification of our assessments

In compliance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 1.c to the financial statements sets out the accounting policies and methods used to value shares in subsidiaries and affiliates and other long-term investments. We have verified the appropriateness of these accounting policies and methods and of the related disclosures in the notes to the financial statements. We have also examined the consistency of the data and assumptions used and the supporting documentation provided, and on these bases have assessed the reasonableness of the estimates made.
- The introductory paragraph to the financial statements, as well as note 7, present the accounting impact of the restructuring operations carried out or initiated by your Company during the year, in particular the implementation of the voluntary separation plans in the Parisian head offices. Our work consisted of assessing the recognition of the expense in 2013 and the reasonableness of the estimates underlying the amount of provisions recorded for the year.
- Note 22 to the financial statements describes the latest developments in a tax audit relating to 2010 and presents Management's positions concerning the proposed adjustments that were notified in late 2013. Our work consisted of assessing the reasonableness of the elements on which these positions are based and verifying that the note to the financial statements provides appropriate disclosures.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the formation of our opinion expressed in the first part of this report.

III. Specific verifications and disclosures

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

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 documents addressed to the shareholders with respect to the Company's financial position and financial statements.

Concerning the information provided in accordance with the requirements of Article L.225-102-1 of the Commercial Code on the compensation and benefits paid and commitments given to executive officers, 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 the Company from the entities that it controls or are controlled by it. Based on the procedures performed, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the management report contains the appropriate disclosures as to the acquisition of equity and controlling interests, and the identity of shareholders and holders of voting rights.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The Statutory Auditors
French original signed by:

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres
Pascale Chastaing-Doblin	Jacques Pierres

5.4. PARENT COMPANY FINANCIAL STATEMENTS AND NOTES

5.4.1. 2013 BALANCE SHEETS

Assets

(in millions of euros)	Notes	Dec. 31, 2012 net	Dec. 31, 2013 net
Licenses, trademarks and rights of use	(2-3-4)	64	73
Networks	(2-3-4-7)	23	21
Other intangible assets	(2)	8	14
INTANGIBLE ASSETS		95	108
Land	(2-4)	5	4
Buildings	(2-3-4)	39	34
Machinery and equipment	(2-4)	7	5
Other	(2-4)	32	33
Assets under construction	(2)	5	-
Prepayments to suppliers of property and equipment	(2)	1	1
PROPERTY AND EQUIPMENT		89	77
Shares in subsidiaries and affiliates	(2-6-7-18)	4,064	3,688
Loans and advances to subsidiaries and affiliates	(2-7-11-17-18)	313	332
Other investment securities	(2-6-7-18)	-	3
Other loans	(2-7-11-17)	2	13
Other investments	(2-7-17)	31	31
INVESTMENTS		4,410	4,067
Fixed assets		**4,594**	**4,252**
Prepayments to suppliers	(5)	7	3
Trade receivables	(5-7-11-17-18)	301	274
Other receivables	(5-7-11-17-18)	490	416
Other			
Marketable securities	(8-11)	1,354	1,190
Cash and cash equivalents	(11)	294	446
Current assets		**2,446**	**2,329**
Prepaid expenses	(9-17)	6	5
Deferred charges	(9)	11	12
Unrealized foreign exchange losses	(10)	7	9
Accruals and other assets		**24**	**26**
TOTAL ASSETS	**(1)**	**7,064**	**6,607**

Liabilities and shareholders' equity

(in millions of euros)	Notes	Dec. 31, 2012 net	Dec. 31, 2013 net
Share capital	(13-14)	682	684
Additional paid-in capital	(13-14)	1,167	979
Legal reserve	(13)	69	69
Untaxed reserves	(13)	9	9
Other reserves	(13-14)	15	14
Retained earnings	(13)	548	6
Net profit (loss) for the year	(13)	(584)	101
Untaxed provisions	(7-13)	6	8
Shareholders' equity		**1,912**	**1,870**
Provisions for contingencies	(7)	46	43
Provisions for charges	(7)	76	107
Provisions for contingencies and charges		**122**	**150**
Bonds	(12-15-16)	1,803	2,005
Bank borrowings	(12-16)	266	122
Other borrowings	(12-16-18)	2,512	2,168
Trade payables	(12-16-18)	154	179
Accrued taxes and payroll costs	(12-16-23)	218	85
Due to suppliers of fixed assets	(16)	6	3
Other payables	(12-16)	60	16
Liabilities		**5,019**	**4,578**
Deferred income	(9-16)	4	2
Unrealized foreign exchange gains	(10)	7	7
Accruals and other liabilities		**11**	**9**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**(1)**	**7,064**	**6,607**

5.4.2. 2013 INCOME STATEMENTS

(in millions of euros)	Notes	Dec. 31, 2012	Dec. 31, 2013
Sales of goods and services		753	807
NET REVENUE	(19)	753	807
Own work capitalized		12	21
Reversals of depreciation, amortization and provisions and expense transfers		11	30
Other income		5	4
Operating income		**781**	**862**
Purchases of goods for resale		-	-
Purchases of raw materials and supplies		-	-
Other purchases and external charges	(20)	529	585
Taxes other than on income		15	18
Wages and salaries		92	114
Payroll taxes		40	48
Depreciation, amortization and provision expense:			
■ Depreciation and amortization of fixed assets	(4)	24	28
■ Additions to provisions for fixed assets		1	1
■ Additions to provisions for current assets		2	2
■ Additions to provisions for contingencies and charges		23	51
Other expenses	(20)	8	5
Operating expenses		**734**	**852**
OPERATING PROFIT		**47**	**10**
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	(18)	217	154
Income from investment securities and long-term loans		-	-
Other interest income	(18)	29	23
Provision reversals and expense transfers		65	114
Foreign exchange gains		42	9
Financial income		**353**	**300**
Amortization and provisions – financial assets		785	99
Interest expense	(18)	165	145
Foreign exchange losses		43	10
Financial expenses		**993**	**254**
NET FINANCIAL INCOME (EXPENSE)	**(21)**	**(640)**	**46**
RECURRING INCOME (EXPENSE) BEFORE TAX		**(593)**	**56**

(in millions of euros)	Notes	Dec. 31, 2012	Dec. 31, 2013
Non-recurring income from revenue transactions		6	-
Non-recurring income from capital transactions		39	82
Exceptional provision reversals and expense transfers		106	11
Non-recurring income		**151**	**93**
Non-recurring expenses on revenue transactions		17	3
Non-recurring expenses on capital transactions		130	52
Exceptional additions to depreciation, amortization and provisions		27	13
Non-recurring expenses		**174**	**68**
NET NON-RECURRING INCOME (EXPENSE)	**(22)**	**(23)**	**25**
Income tax expense	(23)	(32)	(20)
TOTAL INCOME		**1,285**	**1,255**
TOTAL EXPENSES		**1,869**	**1,154**
NET PROFIT (LOSS)		**(584)**	**101**

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, 2013 before appropriation of net profit for the year, which shows total assets of €6,607 million, and to the income statement for the year then ended, which shows a net profit of €101 million.

The financial statements cover the 12-month period from January 1 to December 31, 2013.

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.

In the first half of the year, Accor announced the implementation of a voluntary separation plan in its Paris headquarters. The related process and procedures were presented to employee representatives in June and the first of the 114 employees concerned began leaving in September. A total expense of €36 million was recognized in respect to the plan in the 2013 financial statements.

On November 27, 2013, Accor announced its new strategic roadmap. At year-end, management pledged to the unions that it would manage the impact on employees as part of a voluntary separation plan, which was presented to employee representatives. It would concern 65 jobs, with the initial separations to occur in 2014. In this respect, a €16 million provision was recognized in the financial statements, corresponding to the Group's estimate of the expected expense based on previously granted financial conditions.

5.4.3. NOTES TO THE FINANCIAL STATEMENTS

Notes 1 to 27 set out below form an integral part of the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 method of accounting for provisions for pensions and other post-retirement benefit obligations was changed during the year. The significant accounting policies used are described below.

Concerning Notes a) and b): since January 1, 2005, the Company has applied standards CRC 2004-06 relating to the definition, recognition and measurement of property, plant and equipment and intangible assets, and CRC 2002-10 relating to the depreciation, amortization and impairment of these assets.

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 and whose 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 the lower of cost or 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

Provisions for contingencies and charges are determined in accordance with standard CRC 2000-06 relating to liabilities.

A provision is recorded when the Company has an obligation towards 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

Since 2013, the Company has applied ANC recommendation 2013-02 issued on November 7, 2013, which had the effect of repealing the previously applied CNC recommendation 2003-R01 of April 1, 2003. This change resulted in the reclassification of unrecognized past service costs in equity. 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 schemes, 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) 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.

m) Foreign currency transactions

Income and expenses in foreign currencies are converted into euros at the exchange rate prevailing on the transaction date.

Payables, receivables and cash balances in foreign currencies are converted at the year-end exchange rate.

Translation differences are recorded in the balance sheet.

No provision for exchange losses is recorded for loans and borrowings denominated in the same currency with broadly equivalent maturities.

n) 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.

o) Corporate income tax

Accor has elected for group relief in application of the French Act of December 31, 1987. Under the Group relief system, tax losses of companies in the tax group can be netted off against the profits of other companies in the Group, provided that certain conditions are met. The applicable tax rules are defined in Articles 223 A et seq. of the French General Tax Code.

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.

p) Stock options and performance shares

In compliance with the «Fillon 3 Act», the Company uses the fair values of stock options and performance shares measured in accordance with IFRS 2 as the basis for calculating the related contribution sociale surtax.

Since 2008, Accor has accounted for performance shares in accordance with standard CRC 2008-15. In March 2009, February 2010, April 2011, March 2012 and April 2013, Accor SA set up performance share plans for certain Group employees with a two-year vesting period, and will therefore issue new shares when the rights vest. Consequently, no provision has been recorded for the cost of these plans in the financial statements at December 31, 2013.

NOTE 2 MOVEMENTS IN FIXED ASSETS

(in millions of euros)	Gross value at Jan. 1, 2013	Acquisitions and inter-item transfers	Retirements and disposals and inter-item transfers	Other	Gross value at Dec. 31, 2013
Trademarks and rights of use	59	-	-	-	59
Licenses and software	117	18	(1)	-	134
Networks	59	-	(2)	-	57
Other intangible assets	9	19	(13)	-	15
Prepayments to suppliers of intangible assets	-	-	-	-	-
Intangible assets	**244**	**37**	**(16)**	**-**	**265**
Land	5	1	(1)	-	5
Buildings	91	6	(10)	(2)	85
Machinery and equipment	37	3	(11)	-	29
Other property and equipment	73	15	(8)	-	80
Assets under construction	5	-	(5)	-	-
Prepayments to suppliers of property and equipment	1	-	-	-	1
Property and equipment	**212**	**25**	**(35)**	**(2)**	**200**
Shares in subsidiaries and affiliates (1)	7,034	62	(426)	(121)	6,549
Loans and advances to subsidiaries and affiliates (2)	402	54	(45)	1	412
Other investment securities (1)	1	2	-	-	3
Other loans	10	12	(2)	-	20
Other investments	31	-	-	-	31
Investments	**7,478**	**130**	**(473)**	**(120)**	**7,015**
TOTAL FIXED ASSETS	**7,934**	**192**	**(524)**	**(122)**	**7,480**

(1) See note 6 for a breakdown of the €483 million decrease in this item.
(2) The increase 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.

Networks

Networks primarily correspond to the hotel networks of Novotel and SuiteNovotel.

Buildings and fixtures and fittings

These items mainly correspond to buildings and fixtures and fittings related to hotels, headquarters premises and the Group's training center.

NOTE 4 MOVEMENTS IN DEPRECIATION AND AMORTIZATION

(in millions of euros)	At Jan. 1, 2013	Increase	Decrease	At Dec. 31, 2013
Trademarks and rights of use	-	-	-	-
Licenses and software	96	9	(1)	104
Networks	35	2	(1)	36
Other intangible assets	1	-	-	1
Intangible assets	**132**	**11**	**(2)**	**141**
Land	1	-	-	1
Buildings	51	4	(6)	49
Machinery and equipment	30	1	(7)	24
Other property and equipment	41	8	(2)	47
Property and equipment	**123**	**13**	**(15)**	**121**
FIXED ASSETS	**255**	**24**	**(17)**	**262**

NOTE 5 RECEIVABLES [1]

(in millions of euros)	Dec. 31, 2012 Gross amount	Dec. 31, 2013 Gross amount
Prepayments to suppliers	**7**	**3**
Trade receivables	**315**	**289**
Other receivables	**538**	**451**
Supplier-related receivables	6	1
Recoverable VAT and other taxes	117	75
Current accounts with subsidiaries	396	352
Other	19	23
TOTAL	**860**	**743**

(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, 2013
STÉ ACCUEIL PARTENAIRES (SAP)	190	-	19.00%
TURENNE HÔTELLERIE (venture capital fund)	2,110	2	10.00%
TOTAL ACQUISITIONS		**2**	

Additional investments	Number of shares acquired	% acquired	Amount (in millions of euros)	% interest at Dec. 31, 2013
ACCOR PARTICIPAZIONI Italia SRL	-	-	29	100.00% (3)
SOGECOL (Colombia)	831,105	1.25%	2	92.82% (2)
SISHE	1,286	0.50%	-	100.00% (1)
SOFITEL LUXURY HOTELS FRANCE	(14,135)	0.00%	12	100.00% (2)
LA THERMALE DE FRANCE	1,343,750	0.00%	22	100.00% (2)
SIS – Société d'Information et de Services	-	0.00%	3	99.00% (3)
SMHE – Sté Montilienne des Hôtels Économiques	19,350	39.21%	-	70.21% (1) (a)
TURAMBAR (Spain)	-	0.00%	(10)	100.00% (4)
SCI DES HÔTELS DE TOURS ET ORLY	49,500	25.00%	4	70.06% (a)
TOTAL ACQUISITIONS			**62**	

(1) Percent interest held following a purchase of new shares and before a sale, capital reduction or merger – see next section.
(2) Partial or full take-up of shares in connection with a share issue.
(3) Participation in a capital increase not entailing the issue of shares.
(4) Decrease in the carrying amount of Accor's investment following a price adjustment.
(a) Acquisition raising the Company's interest to more than 50%.

Disposals	Number of shares sold	% sold	Carrying amount derecognized (in millions of euros)	% interest at Dec. 31, 2013
IBL SA	-	0.00%	(345)	100.00% (5)
ACCOR HOSPITALITY GERMANY GmbH	-	0.00%	(40)	100.00% (5)
AGH – Accor Gestion Hôtelière (Switzerland)	53	2.71%	(2)	0.00%
WL DIFFUSION	63,139	50.67%	-	0.00%
WBA ST HONORÉ	711,496	53.60%	(29)	0.00%
Sales			**(391)**	
GRUPO ACCOR ESPAÑA	10,000	100.00%	(1)	-
SCI URFO	38,419	100.00%	(3)	-
SMHE – Sté Montilienne des Hôtels Économiques	34,647	70.21%	(1)	-
SCI PRESTIGE HÔTEL STRASBOURG SCHILTIGHEIM	2,730	99.78%	(5)	-
Liquidations			**(10)**	
TOTAL SALES AND LIQUIDATIONS			**(426)**	

(5) Decrease in the carrying amount of Accor's investment following a capital reduction without the cancellation of shares.

Other movements	Number of shares cancelled or exchanged	% sold	Amount (in millions of euros)	% interest at Dec. 31, 2013
Contributions				
SIET – Sté d'Investissement et d'Expansion Touristique	(1,127,591)	100.00%	(120)	0.00% (6)
RISMA	148,629	1.88%	2	33.21%
TAMARIS ANONIM SIRKETI (Turkey)	89,948	99.94%	4	99.94%
TAMARIS HOTELOPOULOS (Greece)	10,370,000	100.00%	3	100.00%
SISHE – Sté Internationale de Services des Hôtels Économiques	(257,410)	100.00%	(10)	0.00% (6)
TOTAL OTHER MOVEMENTS			**(121)**	

Summary		
TOTAL ACQUISITIONS	**64**	**-**
TOTAL DISPOSALS AND LIQUIDATIONS	**(426)**	**-**
TOTAL OTHER MOVEMENTS	**(121)**	**-**
TOTAL MOVEMENTS	**(483)**	**-**

(6) Cancellation of shares following a full asset transfer.

NOTE 7 MOVEMENTS IN PROVISIONS

(in millions of euros)	At Jan. 1, 2013	Increase	Decrease: Surplus provisions	Decrease: Utilized provisions	At Dec. 31, 2013
Excess tax depreciation	6	3	(1)	-	8
UNTAXED PROVISIONS	6	3	(1)	-	8
Claims and litigation	1	1	-	-	2
Foreign exchange losses	-	1	-	-	1
Other (1)	45	9	(13)	(1)	40
PROVISIONS FOR CONTINGENCIES	46	11	(13)	(1)	43
Pensions and other post-employment benefit obligations (3)	47	8	(23)	-	32
Taxes	19	11	(2)	-	28
Other	10	42	(1)	(4)	47
PROVISIONS FOR CHARGES (2)	76	61	(26)	(4)	107
Total provisions	**128**	**75**	**(40)**	**(5)**	**158**
Intangible assets	17	-	-	-	17
Property and equipment	1	1	(1)	-	1
Investments*	3,067	79	(197)	-	2,949
Trade receivables	14	2	(2)	-	14
Other receivables*	49	13	(27)	-	35
Total impairment in value (4)	**3,148**	**95**	**(227)**	**-**	**3,016(4)**
TOTAL PROVISIONS AND IMPAIRMENT IN VALUE	**3,276**	**170**	**(267)**	**(5)**	**3,174**

Income statement impact of movements in provisions	Increase	Decrease
Operating income and expenses	53	(26)
Financial income and expenses	99	(114)
Non-recurring income and expenses	13	(10)
Movements with no income-statement impact	5	(122)
TOTAL	**170**	**(272)**

* *Recorded in accordance with the accounting policy described in note 1c.*

(1) *Other provisions for contingencies mainly comprised €37 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 €9 million and ii) reversals of provisions for subsidiaries amounting to €13 million.

(2) *At the year-end, total provisions for charges included €32 million in provisions for pensions and other post-employment benefit obligations, €28 million in provisions for taxes, €43 million in restructuring provisions (of which €33 million for voluntary separation plans) and €4 million in provisions for future rental payments and charges.*
Additions to and reversals of provisions for pensions and other post-employment benefit obligations amounted to €8 million and €23 million respectively. Of the reversals, €6 million related to the reclassification of unrecognized past service cost to equity (see note 13).
A total of €11 million was added to provisions for taxes following a tax audit relating to 2010 (see note 22), and €2 million was reversed from these provisions following the successful outcome for Accor of the dispute concerning the tax audit of its subsidiary SPFH.
Movements in other provisions for charges corresponded to €42 million in additions (primarily for restructuring provisions) and €5 million in reversals (of which €3 million from restructuring provisions and €2 million from provisions for future rental payments and charges).

(3) Pension benefit obligations and underlying actuarial assumptions.

	Dec. 31, 2012	Dec. 31, 2013
Discount rate	3.0%	3.0%
Mortality tables	TG05 Générationnelle INSEE	TG05 Générationnelle INSEE
Rate of future salary increases*	3%	3%
Retirement age	65 years	65 years
Voluntary or compulsory retirement	Voluntary	Voluntary
Staff turnover rate	Rate progressively decreasing in line with age: ■ ranging 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: ■ ranging 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
Payroll tax rate	46%	46%

** This rate has been set at 4% for defined benefit plans.*

	31 Dec. 31, 2012	31 Dec. 31, 2013
Provisions for pensions and other post-employment benefit obligations at Jan. 1*	24	41
Service cost	3	5
Interest expense	2	1
Actuarial (gains)/losses	14	(1)
Curtailments and settlements	-	(15)
Benefits/contributions paid	(1)	-
Other movements	(1)	(1)
PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DEC. 31	**41**	**32**

** In view of the revised version of IAS 19 and the recommendation issued by the French National Accounting Board (ANC), the 2012 opening balance sheet has been restated, which led to a €6 million decrease in the provision due to the reclassification of unrecognized past service cost to equity (see note 7 (2)).*

(4) These provisions mainly concern impairment in value of shares in subsidiaries and affiliates, with the 2013 year-end balance primarily corresponding to write-downs for ALNA (€881 million), CIWLT (€769 million), IBL (€652 million), SHNM (€76 million), Accor Participation Italy (€97 million), Belle Rivière Hôtel (€35 million), Accor Hoteles España (€30 million), SPFH (€29 million), La Thermale de France (€29 million), HOLPA (€28 million), and SIH Mexico (€22 million).

Movements in 2013 in provisions for impairment in value of shares in subsidiaries and affiliates broke down as €95 million in additions and €227 million in reversals. Additions included €19 million for La Thermale de France, €14 million for Accor Participation Italy, and €8 million for Accor Hospitality Argentina. Reversals included €19 million for Accor Hospitality Germany, €14 million for Risma, €12 million for SH du Montparnasse, €11 million for Accor Afrique and €116 million for a provision cancellation following the full asset transfer to Accor of its subsidiary SIET.

NOTE 8 MARKETABLE SECURITIES PORTFOLIO

(in millions of euros)	Dec. 31, 2012 Gross value	Dec. 31, 2013 Gross value
Certificates of deposit	-	-
Retail certificates of deposit	-	-
Mutual fund units	-	30
Term deposits	1,354	1,160
TOTAL	**1,354**	**1,190**

No provisions for impairment in value were set aside in 2013 for marketable securities as their fair value exceeded or was equal to their carrying amount.

NOTE 9 ACCRUALS AND OTHER ASSETS/LIABILITIES

(in millions of euros)	Net at Jan. 1, 2013	Increase	Decrease	Net at Dec. 31, 2013
Debt issuance costs	10	3	(4)	9
DEFERRED CHARGES	**10**	**3**	**(4)**	**9**
Issue premiums	1	3	(1)	3
BOND ISSUE PREMIUMS	**1**	**3**	**(1)**	**3**
Prepaid IT rental and maintenance costs	2	-	-	2
Prepaid property rents	3	-	(2)	1
Other	1	1	-	2
PREPAID EXPENSES	**6**	**1**	**(2)**	**5**
Marketing fund	4	-	(2)	2
DEFERRED INCOME	**4**	**-**	**(2)**	**2**

NOTE 10 UNREALIZED FOREIGN EXCHANGE GAINS AND LOSSES

Unrealized foreign exchange losses

(in millions of euros)	Dec. 31, 2012	Dec. 31, 2013
Decrease in receivables	6	8
Increase in payables	1	1
TOTAL	**7**	**9**

Unrealized foreign exchange gains

(in millions of euros)	Dec. 31, 2012	Dec. 31, 2013
Increase in receivables	1	1
Decrease in payables	6	6
TOTAL	**7**	**7**

NOTE 11 ACCRUED INCOME

Accrued income is included in the following balance sheet items (in millions of euros)	Dec. 31, 2012	Dec. 31, 2013
Loans and advance to subsidiaries and affiliates	1	1
Trade receivables	229	233
Other loans	1	1
Current accounts with subsidiaries	2	1
Marketable securities	4	10
Cash and cash equivalents	1	-
TOTAL	**238**	**246**

NOTE 12 ACCRUED EXPENSES

Accrued expenses are included in the following balance sheet items (in millions of euros)	Dec. 31, 2012	Dec. 31, 2013
Bonds	57	52
Bank borrowings	6	1
Other borrowings	13	8
Trade payables	125	145
Accrued taxes and payroll costs	44	56
Other payables	4	2
TOTAL	**249**	**264**

NOTE 13 CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	At Dec. 31, 2012	Appropriation of 2012 net loss	Capital increase/ reduction	Mergers/ Contributions	Other	2013 net profit	At Dec. 31, 2013
Number of shares making up the Company's capital (1)	227,277,972	-	775,130	-	-	-	228,053,102
Share capital	682	-	2	-	-	-	684
Additional paid-in capital	1,168	(209)	10	10	-	-	979
Legal reserve	69	-	-	-	-	-	69
Untaxed reserves	9	-	-	-	-	-	9
Other reserves	15	-	(1)	-	-	-	14
Retained earnings	548	(548)	-	-	6	-	6
Net profit (loss)	(584)	584	-	-	-	101	101
Untaxed provisions	6	-	-	-	2	-	8
TOTAL SHAREHOLDERS' EQUITY	**1,913**	**(173)** (2)	**11** (3)	**10**	**8**(4)	**101**	**1,870**

(1) With a par value of €3 per share.
(2) €173 million in dividends paid on June 5, 2013.
(3) Shares issued on the exercise of employee stock options.
(4) Retained earnings were increased by €6 million following the reclassification of unrecognized past service cost from provisions for pensions and other post-employment benefit obligations (see note 7).

Potential shares: if all employee stock options had been exercised at December 31, 2013, the number of issued shares would have been increased by 8,867,875, raising the Company's capital by €264 million.

NOTE 14 STOCK OPTION AND PERFORMANCE SHARE PLANS

Stock option plans	Plan 9	Plan 11	Plan 12	Plan 13	Plan 14	Plan 15	Plan 17
Grant date	01/7/2004	01/12/2005	01/9/2006	03/24/2006	03/22/2007	05/14/2007	03/28/2008
Expiration date	01/7/2012	01/12/2012	01/9/2013	03/24/2013	03/22/2014	05/14/2014	03/28/2015
Post-demerger exercise price (in euros)	23.66	21.50	30.60	32.56	45.52	47.56	30.81
Value used for calculating the contribution sociale surtax (in euros) (1)	N/A	N/A	N/A	N/A	N/A	N/A	11.55
Vesting conditions	3 years of seniority	4 years of seniority	4 years of seniority	4 years of seniority	4 years of seniority	4 years of seniority + performance conditions (2)	4 years of seniority
Number of options granted at the plan launch	1,990,485	1,750,528	1,840,601	963,293	2,183,901	129,694	2,080,442
Number of options outstanding at Dec. 31, 2011	829,373	811,284	1,784,420	847,469	1,992,480	85,079	1,919,628
Number of options granted in 2012	-	-	-	-	-	-	-
Number of options exercised in 2012	-	1,358	-	-	-	-	-
Number of options cancelled in 2012	829,373	809,926	3,016	26,847	48,577	-	20,058
NUMBER OF OPTIONS OUTSTANDING AT DEC. 31, 2012	**-**	**-**	**1,781,404**	**820,622**	**1,943,903**	**85,079**	**1,899,570**
Number of options granted in 2013	-	-	-	-	-	-	-
Number of options exercised in 2013	-	-	-	-	-	-	122,545
Number of options cancelled in 2013	-	-	1,781,404	820,622	18,368	-	-
NUMBER OF OPTIONS OUTSTANDING AT DEC. 31, 2013	**-**	**-**	**-**	**-**	**1,925,535**	**85,079**	**1,777,025**
Number of options exercised since the plan launch	1,070,655	847,971	9,501	3,110	-	-	122,545
Number of options cancelled since the plan launch	919,830	902,557	1,831,100	960,183	258,366	44,615	180,872

(1) Surtax of 10% for options granted until 2011 and 14% for options granted after 2012.
(2) Performance conditions based on return on capital employed (ROCE) and recurring operating profit after tax.
(3) Performance condition based on Accor's relative share performance compared with the overall performance of the CAC 40 index for 2010, 2011, 2012 and 2013.
(4) Performance condition based on Accor's TSR versus the TSR of eight other international hotel groups.

	Plan 18	Plan 19	Plan 20	Plan 21	Plan 22	Plan 23	Plan 24	Plan 25	Plan 26	Plan 27
	09/30/2008	03/31/2009	04/02/2010	04/02/2010	11/22/2010	04/04/2011	04/04/2011	03/27/2012	03/27/2012	09/26/2013
	09/30/2015	03/31/2017	04/02/2018	04/02/2018	11/22/2018	04/04/2019	04/04/2019	03/27/2020	03/27/2020	09/26/2021
	28.32	18.20	26.66	26.66	30.49	31.72	31.72	26.41	26.41	30.13
	7.00	5.78	10.28	9.44	9.25	7.99	7.99	7.88	6.50	6.30
	4 years of seniority	4 years of seniority	4 years of seniority	4 years of seniority + performance conditions [3]	4 years of seniority	4 years of seniority	4 years of seniority + performance conditions [4]	4 years of seniority	4 years of seniority + performance conditions [4]	4 years of seniority + performance conditions [4]
	110,052	1,429,456	2,618,770	153,478	92,448	621,754	53,125	527,515	47,375	40,000
	102,544	1,317,408	2,297,325	137,228	92,448	619,604	53,125	-	-	-
	-	-	-	-	-	-	-	527,515	47,375	-
	-	1,162	905	-	-	-	-	-	-	-
	-	42,389	82,643	-	-	12,270	-	500	-	-
	102,544	**1,273,857**	**2,213,777**	**137,228**	**92,448**	**607,334**	**53,125**	**527,015**	**47,375**	**-**
	-	-	-	-	-	-	-	-	-	40,000
	-	449,597	-	-	-	-	-	-	-	-
	-	11,721	43,798	60,037	-	12,340	-	6,590	-	-
	102,544	**812,539**	**2,169,979**	**77,191**	**92,448**	**594,994**	**53,125**	**520,425**	**47,375**	**40,000**
	-	453,775	905	-	-	-	-	-	-	-
	7,508	163,142	447,886	76,287	-	26,760	-	7,090	-	-

Stock savings warrants	Plan 10	Plan 16
Grant date	07/09/2004	09/13/2007
Expiration date	07/09/2012	09/13/2015
Post-merger exercise price (in euros)	22.51	40.08
Value used for calculating the contribution sociale surtax (in euros) (1)	N/A	N/A
Vesting conditions	3 years of seniority	3 years of seniority
Number of warrants granted at the plan launch	131,619	2,139
Number of warrants outstanding at Dec. 31, 2011	105,828	2,139
Number of warrants granted in 2012	-	-
Number of warrants exercised in 2012	23,101	-
Number of warrants cancelled in 2012	82,727	-
NUMBER OF WARRANTS OUTSTANDING AT DEC. 31, 2012	**-**	**2,139**
Number of warrants granted in 2013	-	-
Number of warrants exercised in 2013	-	-
Number of warrants cancelled in 2013	-	-
NUMBER OF WARRANTS OUTSTANDING AT DEC. 31, 2013	**-**	**2,139**
Number of warrants exercised since the plan launch	45,071	-
Number of warrants cancelled since the plan launch	86,548	-

(1) Surtax of 10% for warrants granted until 2011 and 14% for warrants granted after 2012.

Performance share plans	Plan 2009	Plan 2009	Plan 2011	Plan 2011	Plan 2011	Plan 2012	Plan 2012	Plan 2012	Plan 2013	Plan 2013	Plan 2013
Grant date	03/31/2009	03/31/2009	04/04/2011	04/04/2011	04/04/2011	03/27/2012	03/27/2012	03/27/2012	04/15/2013	04/15/2013	04/15/2013
Expiration date	03/31/2011	03/31/2013	04/04/2015	04/04/2015	04/04/2016	03/27/2016	03/27/2016	03/27/2016	04/15/2017	04/15/2017	04/15/2017
Value used for calculating the contribution sociale surtax (in euros) (1)	25.49	25.49	30.62	29.35	29.98	25.32	24.16	25.32	23.40	NA	21.10
Vesting conditions	2 years of seniority + performance conditions (2)	4 years of seniority + performance conditions (2)	2 years of seniority + performance conditions (3)	4 years of seniority + performance conditions (3)	3 years of seniority + performance conditions (4)	2 years of seniority + performance conditions (5)	4 years of seniority + performance conditions (5)	2 years of seniority + performance conditions (6)	Performance conditions (7)	Performance conditions (7)	Performance conditions (8)
Number of performance shares granted at the plan launch	249,084	51,299	190,331	38,326	20,450	170,332	67,269	47,375	169,605	48,445	72,500
Potential number of new shares to be issued at Dec. 31, 2011 if performance conditions met	-	21,923	189,206	38,176	20,450	-	-	-	-	-	-
Number of performance shares granted in 2012	-	-	-	-	-	170,332	67,269	47,375	-	-	-
Number of performance shares vested in2012	-	-	-	-	-	-	-	-	-	-	-
Number of performance shares forfeited in 2012	-	-	3,140	895	-	1,316	874	-	-	-	-
Number of performance shares cancelled in 2012 due to failure to achieve the performance conditions	-	530	1,243	241	-	10,244	4,034	9,871	-	-	-
POTENTIAL NUMBER OF NEW SHARES TO BE ISSUED AT DEC. 31, 2012 IF PERFORMANCE CONDITIONS MET	**-**	**21,393**	**184,823**	**37,040**	**20,450**	**158,772**	**62,361**	**37,504**	**-**	**-**	**-**
Number of performance shares granted in 2013	-	-	-	-	-	-	-	-	169,605	48,445	72,500
Number of performance shares vested in 2013	-	20,506	182,332	-	-	150	-	-	-	-	-
Number of performance shares forfeited in 2013	-	887	2,491	3,844	-	1,741	2,382	-	665	-	-
Number of performance shares cancelled in 2013 due to failure to achieve the performance conditions	-	-	-	-	6,816	-	-	-	1,215	200	22,187
POTENTIAL NUMBER OF NEW SHARES TO BE ISSUED AT DEC. 31, 2013 IF PERFORMANCE CONDITIONS MET	**-**	**-**	**-**	**33,196**	**13,634**	**156,881**	**59,979**	**37,504**	**167,725**	**48,245**	**50,313**
Number of performance shares vested since the plan launch	107,646	20,883	182,332	-	-	150	-	-	-	-	-
Number of performance shares cancelled since the plan launch	141,438	30,416	7,999	5,130	6,816	13,301	7,290	9,871	1,880	200	22,187

(1) Surtax of 10% for performance shares granted until 2011 and 14% for performance shares granted after 2012.
(2) Performance conditions based on Accor Hospitality ROCE, Accor Services revenue and consolidated recurring operating profit after tax.
(3) Performance conditions based on revenue growth and EBIT and operating cash flow targets.
(4) Performance conditions based on the Chairman and CEO successfully taking up his duties, including successfully implementing changes in the Group's organizational structure.
(5) Performance conditions based on actual versus budgeted EBIT margin, and actual versus budgeted operating cash flow excluding acquisitions and disposals.
(6) Performance conditions based on actual versus budgeted EBIT margin, actual versus budgeted operating cash flow excluding acquisitions and disposals, and the degree of completion of the asset disposal plan included in the budget.
(7) Performance conditions based on actual versus budgeted EBIT margin and actual versus budgeted operating cash flow excluding acquisitions and disposals.
(8) Performance conditions 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.

NOTE 15 BONDS

In line with its strategy of increasing the maturity of its borrowings and ensuring the sustainability of its financial resources, Accor carried out a further bond issue in 2013.

	Currency	Amount of the issue (in millions of euros)	Fixed/ variable rate	Interest rate	Term	Outstanding principal at Dec. 31, 2012	Outstanding principal at Dec. 31, 2013
January 2009 bond issue	Euros	600	Fixed	7.500%	5 years	402	402
April 2009 bond issue	Euros	600	Fixed	6.500%	4 years	394	-
July 2009 bond issue	Euros	250	Fixed	6.039%	8 years	250	250
June 2012 bond issue	Euros	700	Fixed	2.875%	5 years	700	700
March 2013 bond issue	Euros	600	Fixed	2.500%	6 years	-	600

NOTE 16 LIABILITIES BY MATURITY

(in millions of euros)	Gross amount	Due within 1 year	Due in 1-3 years	Due beyond 3 years
Bonds (1) (3)	2,055	455	-	1,550
Bank borrowings (1) (3)	122	122	-	-
Other borrowings (1) (2) (3)	2,168	2,168	-	-
BORROWINGS	4,295	2,745		1,550
Trade payables (3)	179	179	-	-
OPERATING PAYABLES	179	179		
Accrued taxes and payroll costs (3)	85	85	-	-
Due to suppliers of fixed assets (3)	3	3	-	-
Other payables (3)	16	16	-	-
Deferred income (3)	2	2	-	-
MISCELLANEOUS PAYABLES	106	106		
TOTAL	**4,580**	**3,030**	**-**	**1,550**

(1) Gross amount of new borrowings during the year: €1,047 million.
Gross amount of borrowings repaid during the year: €1,168 million.
(2) Including €2,168 million due to related parties.
(3) Breaking down as follows by currency:

Liabilities by currency	
AED	1
AUD	98
CAD	3
CHF	6
EUR	4,196
GBP	132
HKD	119
MXN	3
PLN	9
USD	13
TOTAL	**4,580**

Financing policy

At December 31, 2013, Accor had a confirmed line of credit maturing in more than one year. The unused portion of this facility totaled €1,500 million, expiring in 2016.

NOTE 17 RECEIVABLES BY MATURITY

(in millions of euros)	Gross amount	Due within 1 year	Due beyond 1 year
Loans and advances to subsidiaries and affiliates	412	31	381
Other loans	20	8	12
Other investments	31	-	31
FIXED ASSETS	463	39	424
Trade receivables	289	289	-
Other receivables	451	451	-
Prepaid expenses	5	5	-
CURRENT ASSETS	745	745	
TOTAL RECEIVABLES (1)	**1,208**	**784**	**424**

(1) Breaking down as follows by currency:

Receivables by currency	
CZK	15
EGP	2
EUR	1,150
HUF	7
JPY	30
RON	1
THB	2
USD	1
TOTAL	**1,208**

NOTE 18 RELATED PARTY ITEMS [1]

(in millions of euros)	2012	2013
Shares in subsidiaries and affiliates	6,954	6,466
Loans and advances to subsidiaries and affiliates	387	397
Other investment securities	-	-
Trade receivables	195	170
Other receivables	396	343
Borrowings	2,320	2,168
Trade payables	46	51
Income from investments in subsidiaries and affiliates	201	143
Other financial income	24	15
Financial expenses	55	41

(1) Companies that are fully consolidated in the Accor Group consolidated financial statements are deemed to be related parties.

NOTE 19 BREAKDOWN OF NET REVENUE

(in millions of euros)	2012	2013
France	516	551
International	237	256
TOTAL NET REVENUE	**753**	**807**

NOTE 20 DIRECTORS' FEES, EXECUTIVE COMPENSATION AND WORKFORCE

Compensation paid to members of the Company's administrative and supervisory bodies

(in millions of euros)	2012	2013
Directors' fees	0.5	0.6
Members of the Executive Committee (excl. payroll taxes)	7.18	15.44
Retirement benefits	-	-

Workforce

Employee category	2012	2013
Managerial staff	810	778
Supervisors	188	173
Administrative staff	48	76
Apprentices	23	24
TOTAL	**1,069**	**1,051**

The Company had 1,051 employees at December 31, 2013, including 29 whose salaries are rebilled to subsidiaries.

Statutory training entitlement (DIF)

In accordance with Recommendation 2004F issued by the Urgent Issues Task Force of the French National Accounting Board, Accor did not set aside any provisions relating to employees' statutory training entitlement in its 2013 financial statements.

At December 31, 2013 Accor employees had accumulated a total of 83,368 training hours under this entitlement.

NOTE 21 FINANCIAL INCOME AND EXPENSES

(in millions of euros)	2012	2013
Dividends received from subsidiaries	202	145
Interest received on intragroup loans and receivables	15	9
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND AFFILIATES	217	154
INCOME FROM INVESTMENT SECURITIES AND LONG-TERM LOANS	-	-
Interest on current accounts	10	7
Interest on marketable securities	12	11
Interest on bank deposits	5	3
Interest on interest rate swaps	-	-
Interest on currency swaps	1	1
Other	1	1
OTHER INTEREST INCOME	29	23
Reversals of provisions for shares in subsidiaries and affiliates	42	59
Reversals of provisions for loans and advances to subsidiaries and affiliates	8	16
Reversals of provisions for other receivables	9	26
Reversals of provisions for contingencies and charges	3	13
Expense transfers	3	-
REVERSALS OF PROVISIONS FOR FINANCIAL ITEMS	65	114
FOREIGN EXCHANGE GAINS	42	9
Financial income	**353**	**300**
Interest on bonds	(81)	(86)
Interest on bank borrowings	(9)	(5)
Interest on other borrowings	(54)	(38)
Interest on interest rate swaps	(8)	(6)
Interest on currency swaps	(2)	(1)
Other	(11)	(9)
INTEREST EXPENSE	(165)	(145)
Additions to provisions for shares in subsidiaries and affiliates	(697)	(70)
Additions to provisions for loans	(46)	(6)
Additions to provisions for current assets	(10)	(12)
Amortization of bond issue premiums	(1)	(1)
Additions to provisions for contingencies and charges	(31)	(10)
AMORTIZATION AND PROVISIONS – FINANCIAL ASSETS	(785)	(99)
FOREIGN EXCHANGE LOSSES	(43)	(10)
Financial expenses	**(993)**	**(254)**
NET FINANCIAL INCOME (EXPENSE)	**(640)**	**46**

NOTE 22 NON-RECURRING INCOME AND EXPENSES

In 2013, total non-recurring items before tax represented net income of €25 million, breaking down as follows:

(in millions of euros)	2012	2013
Non-recurring income and expenses on revenue transactions (1)	(11)	(2)
Gains (losses) on disposals of intangible assets and property and equipment	(13)	12
Gains (losses) on disposals and liquidations of investments (2)	(78)	18
Reversals of provisions for contingencies and charges	2	2
Additions to provisions for contingencies and charges (3)	(9)	(11)
Additions to provisions for property and equipment and intangible assets	(15)	-
Reversals of provisions for property and equipment and intangible assets	15	-
Reversals of provisions for shares in subsidiaries and affiliates (4)	88	7
Additions to provisions for excess tax depreciation	(3)	(2)
Reversals of provisions for excess tax depreciation	1	1
NET NON-RECURRING INCOME (EXPENSE)	**(23)**	**25**

(1) Mainly reflecting €1 million in subsidies paid to hotels to cover the costs of changing their banners as part of the Ibis mega-brand project.
(2) In 2013, this item primarily included (i) an €18 million gain on the sale of shares in the Group subsidiary, WBA Saint-Honoré, (ii) a €4 million earn-out payment received by the Company in relation to the 2010 sale of Accor Hotels Sweden, and (iii) an aggregate €4 million loss on the liquidation of non-trading property companies (SCI).
(3) A tax audit is currently in progress at Accor SA. On December 26, 2013, the Company was notified of proposed adjustments to its 2010 accounts. The financial consequences of the proposed adjustments for the tax group of which Accor SA is the filing entity have not yet been notified, but the total risk including late interest is estimated at €26 million. Accor SA wrote to the tax authorities in February 2014 contesting the proposed adjustments, but has nevertheless recorded a contingency provision of €11 million in its 2013 financial statements (see note 7).
(4) The main provision reversals in 2013 were recorded following the liquidation of non-trading property companies (€7 million).

NOTE 23 INCOME TAX

A. Accor SA income tax

Analysis of the tax charge

(in millions of euros)	2012	2013
Group relief	34	25
Adjustment to prior-year tax benefit	-	-
Corporate income tax, withholding tax and other taxes	(2)	(5)
TOTAL	**32**	**20**

In 2013, the Company's contribution to the tax group was a loss of €52.3 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 €25.4 million in 2013.

C. Tax group

The tax group headed by Accor SA comprises the following 72 subsidiaries:

ACCOR Afrique	Marcq Hotel	SHORET
ACCOR Centres de Contacts Clients (formerly ARS)	Mer et Montagne SNC	SIDH
Chammans Finance	SHNM (formerly Newgen Hôtels France SAS)	SIGEST 1
Cie d'Exploitation Hôtelière de Bagnolet	NMP France (formerly DGR Île-de-France SNC)	SISP snc
Cie d'Exploitation Hôtelière de Roissy	Novobiens	SNC Management Hôtels
Cie Européenne de Patrimoine Immobilier & Hôtelier	ORPA SCI	SODETIS
Cie Toulonnaise d'Investissement et de Développement	Paris Clichy (Frantour Berthier)	Sofitel Luxury Hôtels France (formerly SHBA)
CIWLT Succursale France	Paris Porte de St Cloud	SOLUXURY HMC sarl
DEVIMCO	Partal	SOPARAC
Domaine de MARLIOZ	Pradotel	SOPARFI (formerly Accueil Partenaires)
ECOTEL	Pro Fid (formerly Accentiv')	SOPHIA ANTIPOLIS
EHS snc	Pullman International Hôtels	SPARHE
EXHOTEL	SA des Hôtels de Tradition	Sté Commerciales des Hôtels Économiques
FIMAKER	SEORIM	Sté Comtoise Hôtels Brochets
FRANDOM	SEPHI	Sté de Construction des Hôtels Suite
GESTAL	SGHPS – Grand Hôtel Poitiers Sud	Sté Française de Participation & d'Investissement Européen
HOSPITEL	SH 61 QG (formerly DGR NNE)	Sté Internationale de Participation
Hôtel de Porticcio	SH Du Montparnasse	Sté Management Intermarques
HOTEXCO	SH de Thalasso Côte Varoise	Sté Participation et d'Investissement de Motels
ibis Budget (formerly ETAP HOTELS)	SH Forum	Sté Participation d'Île-de-France
ibis Style Hôtels (formerly ALL SEASONS Hôtels Mercure)	SH Nouveau Bercy SAS	Sté Participation Financières d'Hôtellerie
IBL	SH Porte de Sèvres	SUDAIX sci
Immobilière de Perrache	SH Sablaise	THALAMER
LIONEST sci	SHEMA (formerly Mercure RAM)	Thermale de France

D. Provision recognized in accordance with Article 312-1 of standard CRC 99-03

In 2013 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 312-1 of CRC standard 99-03, 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 five 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. There has only been one case where the sale of a subsidiary to a party outside the tax group led to the transfer of a tax benefit.

E. Dividend withholding tax (précompte)

In 2002, Accor launched a legal challenge to its obligation to pay withholding tax on the redistribution of European-source dividends.

Until 2004, French parent companies that received dividends from their French subsidiaries were entitled to a 50% tax credit, which could be set off against the withholding tax payable on redistribution of the dividends. However, no such tax credit was available for European-source dividends.

Accor claimed that the absence of a tax credit on European-source dividends breached European Union rules.

Ruling on a dispute between Accor and the French State, on December 21, 2006 the Versailles Administrative Court ordered the State to refund the *précompte* withholding tax paid by Accor in the period from 1999 to 2001, for a total of €156 million. The amount of €156 million was refunded to Accor during the first half of 2007, together with €36.4 million in late payment interest due by the French State.

However, on March 8, 2007, the French State appealed the ruling to the Versailles Administrative Court of Appeal. On May 20, 2008 the Versailles Administrative Court of Appeal ruled in favor of Accor and confirmed the Company's right to the refunded amount.

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.

After examining the case in 2012, the Supreme Court issued an unfavorable ruling for Accor. Consequently, in 2013 Accor was required to repay a principal amount of €149.8 million and €34.9 million in late payment interest. The €6.3 million out of the original principal amount refunded by the State that Accor was not required to repay was recognized in reserves at December 31, 2012 and the €1.4 million in late payment interest received from the State that Accor did not have to repay was recognized as a tax benefit in the 2012 income statement.

In addition, on February 7, 2007, Accor filed an application instituting proceedings before the Cergy-Pontoise Administrative Court to obtain a refund of the €187 million in *précompte* withholding tax paid in the years 2002 to 2004.

The judgment in this case should be issued during 2014 as the court has stated that it intends to close the pre-trial investigation process on February 28, 2014.

NOTE 24 DEFERRED TAX

Additions and reversals of non-deductible provisions recorded in 2013 by subsidiaries that form part of the Accor tax group represented a net non-deductible charge of €2.8 million, giving rise to a €0.9 million deferred tax asset calculated at the rate of 33.33% excluding the 3.3% contribution sociale surtax and the 10.7% special contribution.

NOTE 25 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, 2013:

(in millions of euros)	2012	2013
Fixed lease payment commitments given to subsidiaries	1,827	1,215
Variable lease payment commitments given to subsidiaries	1,894	1,674
TOTAL LEASE PAYMENT COMMITMENTS GIVEN	**3,721**	**2,890**

A breakdown of the Company's finance lease commitments is provided in note 19.

Other off-balance sheet commitments

Off-balance sheet commitments given at December 31, 2012 and 2013 break down as follows:

(in millions of euros)	2012	2013
COMMITMENTS GIVEN (LIABILITIES)		
Pledge of BRH shares [(1)]	-	-
Purchase commitments related to two hotels (Pullman and Ibis Styles) [(2)]	-	5
Other purchase commitments	-	1
TOTAL PURCHASE COMMITMENTS	-	6
Construction performance bonds – ibis (China) [(3)]	4	-
Commitments given for refurbishment works – Pullman Paris Tour Eiffel [(4)]	41	10
TOTAL WORKS COMMITMENTS	45	10
Guarantees given [(5)]	6	7
Guarantees for confirmed credit lines [(6)]	76	69
Guarantees for bank borrowings [(6)]	38	29
Guarantees given to third parties [(6)]	111	30
Guarantees for liabilities [(6) (7) (8)]	232	263
TOTAL GUARANTEE COMMITMENTS	463	398
COMMITMENTS GIVEN IN THE NORMAL COURSE OF BUSINESS	-	-
TOTAL COMMITMENTS GIVEN	**508**	**414**

(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 €26 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, 2013.
(2) In connection with the sale of SH Roissypôle, when the construction lease was signed with ADP for building a Pullman and an Ibis Styles hotel at Roissypôle, Accor acted as guarantor on behalf of the subsidiary concerned and on March 20, 2013 it granted Eiffage Construction a €5 million guarantee. The property developer has undertaken to complete the building work by May 31, 2015.
(3) This item corresponds to performance bonds issued to the developers of Ibis hotels in connection with Accor's development in China. It had a zero balance at December 31, 2013 as all of projects covered by these performance bonds had been completed.
(4) The Company gave a total of €47 million in commitments in the capacity as property developer for refurbishment works to be carried out on the Pullman Paris Tour Eiffel hotel. At December 31, 2013 the refurbishment works that remained to be delivered by Accor were valued at €10 million.
(5) This item includes various guarantees given on behalf of direct and indirect subsidiaries either to banks or directly to the subsidiaries' customers.
(6) Accor has given guarantees for (i) borrowings (€29 million), (ii) confirmed credit lines (€69 million) and (iii) liabilities of SNC limited partnerships (€252 million). It has also issued other bank guarantees representing €7 million. Total guarantees given to other third parties came to €30 million at December 31, 2013.
(7) In connection with the sale of WBA that took place on March 28, 2013, Accor granted a €10 million seller's warranty to WBA Saint Honoré. This warranty, which has a €0.3 million deductible, expires on June 30, 2014 (apart from the warranty for tax liabilities which covers the applicable statute of limitations period under tax legislation).
(8) In connection with the sale of SNH SH 18 Suffren in October 2012, Accor granted an asset and liability warranty to SHTE. This warranty, which is capped at €1 million (excluding for tax, para-fiscal and payroll liabilities), expires at the end of the 24th month following the close of the fiscal year in which the sale took place.

(in millions of euros)	2012	2013
COMMITMENTS RECEIVED (ASSETS)		
Non-cancelable commitments received for the purchase of financial assets	-	-
PURCHASE COMMITMENTS RECEIVED	-	-
Commitments received for refurbishment works – Pullman Paris Tour Eiffel [(9)]	41	10
WORKS COMMITMENTS RECEIVED	41	10
Guarantees for confirmed credit lines	-	-
Guarantees received	-	-
Other commitments received	-	-
OTHER FINANCIAL GUARANTEES FOR BORROWINGS	-	-
TOTAL COMMITMENTS RECEIVED	**-**	**10**

(9) As part of the refinancing operation launched in 2012 concerning the Pullman Paris Tour Eiffel, Accor undertook to carry out refurbishment works at the hotel in the capacity of property developer and the investor undertook to purchase the resulting fixed assets for €47 million. At December 31, 2013, the outstanding amount of the investor's commitments stood at €10 million.

NOTE 26 SUBSEQUENT EVENTS

On January 31, 2014, the Company issued €750 million in seven-year bonds bearing interest at an annual rate of 2.625%, thereby extending the maturity of its debt and significantly reducing its average cost of borrowing.

On February 4, 2014, Accor redeemed the remaining bonds outstanding under its February 4, 2009 issue, for €402.25 million.

NOTE 27 MAIN SUBSIDIARIES AND AFFILIATES AT DECEMBER 31, 2013

(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'S CAPITAL				
1. Subsidiaries (at least 50%-owned)				
a) French subsidiaries				
SPFH, 110, avenue de France 75013 Paris	EUR	29,796	(28,929)	100.00%
SOCIÉTÉ HÔTELIÈRE DE MONTPARNASSE, 2, rue de la Mare Neuve 91000 Évry	EUR	16,008	93	100.00%
IBL, 110, avenue de France 75013 Paris (3)	EUR	28,767	27,088	100.00%
STÉ DE CONSTRUCTION DES HÔTELS SUITES, 2, rue de la Mare Neuve 91000 Évry	EUR	29,296	(4,584)	100.00%
SOLUXURY HMC, 110, avenue de France 75013 Paris	EUR	10,226	7,008	100.00%
CHAMMANS, 110, avenue de France 75013 Paris (3)	EUR	102,048	1,000	100.00%
PROFID, 2, rue de la Mare Neuve 91000 Évry	EUR	3,500	(1,793)	100.00%
SNC SH 61 QG, 2, rue de la Mare Neuve 91000 Évry	EUR	10,038	(11,775)	100.00%
STÉ DES HÔTELS DE TRADITION, 2, rue de la Mare Neuve 91000 Évry	EUR	13,366	(198)	100.00%
LA THERMALE DE FRANCE, 2, rue de la Mare Neuve 91000 Évry	EUR	23,905	(24,009)	100.00%
SEPHI, 6-8, rue du Bois Briard 91000 Évry	EUR	8,000	37,022	99.99%
SFPIE, 110, avenue de France 75013 Paris (3)	EUR	15,129	1,766	99.99%
SOFITEL LUXURY HOTELS FRANCE, 2, rue de la Mare Neuve 91000 Évry	EUR	2,338	4,336	99.99%
P.I.H., 2, rue de la Mare Neuve 91000 Évry	EUR	32,236	29,378	99.99%
HOTEXCO, 6-8, rue du Bois Briard 91000 Évry	EUR	39,071	77,246	99.99%
FIMAKER, 6-8, rue du Bois Briard 91000 Évry	EUR	1,103	1,604	99.99%
SPARHE, 2, rue de la Mare Neuve 91000 Évry	EUR	9,000	1,859	99.99%
CTID, 2, rue de la Mare Neuve 91000 Évry	EUR	3,481	133	99.99%
CEPIH, 110, avenue de France 75013 Paris	EUR	688	110	99.98%
SCHE, 6-8, rue du Bois Briard 91000 Évry	EUR	44,570	35,756	99.09%
ACCOR AFRIQUE, 2, rue de la Mare Neuve 91000 Évry	EUR	29,709	11,143	97.22%
MARCQ HOTEL, 2, rue de la Mare Neuve 91000 Évry	EUR	6,789	3,934	96.91%
PRADOTEL, 6-8, rue du Bois Briard 91000 Évry	EUR	789	14,957	90.67%
SOCIÉTÉ DES HÔTELS NOVOTEL ET MERCURE, 2, rue de la Mare Neuve 91000 Évry	EUR	4,724	327,900	82.85%

(in thousands of local currency units)

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					
29,796	901	-	-	-	4,746	-
34,623	25,017	-	-	62,843	1,258	6,830
706,501	54,906	-	-	-	2,723	-
33,887	28,780	-	-	17,031	2,399	-
10,226	10,226	-	-	69,349	(1,894)	-
108,151	108,151	41,402	-	-	5,527	6,378
13,903	13,364	-	-	93,041	420	-
10,038	-	2,451	10	49,299	376	-
13,095	-	9,401	-	5,557	(56)	-
31,548	2,561	338	-	-	(296)	-
40,399	40,399	-	10	114,537	10,198	5,000
24,640	24,640	-	-	-	10,248	108
26,390	6,959	2,248	10	39,029	(3,919)	-
29,263	29,263	-	-	-	31,442	5,037
12,469	12,469	-	10	100,479	(1,505)	1,953
7,240	4,960	-	-	3,804	143	184
12,845	12,845	-	-	13,727	1,519	1,200
7,331	3,800	-	-	641	420	591
11,799	1,728	-	-	10	112	344
65,382	65,382	-	-	119,422	(12,525)	-
76,681	64,742	9,436	-	14,368	6,232	-
9,392	7,448	-	-	3,436	1,608	219
7,357	7,357	-	10	21,008	812	358
345,663	269,316	-	2,550	84,990	20,828	-

(in thousands of local currency units)

Subsidiaries and affiliates	Currency	Share capital	Reserves (retained earnings)	Percent interest
SEORIM, 2, rue de la Mare Neuve 91000 Évry	EUR	31,359	2,243	70.94%
SCI DES HÔTELS DE TOURS ET ORLY, 6/8 rue du Bois Briard 91000 Évry	EUR	2,970	837	70.06%
SHTC, 84, allée Jean Jaurès 31000 Toulouse	EUR	195	2,907	51.44%
b) Foreign subsidiaries				
ACCOR SUISSE SA (Switzerland)	CHF	14,300	3,459	100.00%
SH ATHENES CENTRE (Greece)	EUR	2,933	(2,182)	100.00%
ACCOR POLSKA (Poland) (3)	PLN	173,038	3,618	100.00%
KATERINSKA HOTEL (Czech Republic) (3)	CZK	300,000	590,622	100.00%
ACCOR UK LTD (United Kingdom) (3)	GBP	32,530	51,602	100.00%
ACCOR HOTEL BELGIUM (Belgium) (3)	EUR	1,062,222	(19,154)	100.00%
ACCOR HOSPITALITY GERMANY GMBH (Germany) (3)	EUR	48,750	258,357	100.00%
SOGEDETU (Dominican Republic) (3)	DOP	479,724	(135,058)	100.00%
BELLE RIVIÈRE HOTEL (Mauritius)	MUR	1,420,000	(1,803,881)	100.00%
ACCOR CHILE (Chile) (3)	CLP	7,977,620	1,629,315	100.00%
STE IMMOBILIARIA HOT. DE MEXICO (Mexico)	MXN	350,450	(214,886)	100.00%
ACCOR AUSTRIA (Austria)	EUR	5,542	3,095	100.00%
ACCOR PARTICIPAZIONI Italia (Italy) (3)	EUR	1,232	25,970	100.00%
TURAMBAR (Spain) (3)	EUR	13,000	39,692	100.00%
COMPAGNIE DES WAGONS LITS (Belgium) (3)	EUR	50,676	247,096	99.78%
ACCOR HOSPITALITY ARGENTINA (Argentina) (3)	ARS	7,864	126,192	95.00%
SOGECOL LTDA (Colombia)	COP	5,618,953	21,340,601	92.82%
SHERATON GEZIRAH CAIRO (Egypt)	USD	20,817	4,441	65.01%
HOLPA (Luxembourg)	EUR	53,245	(25,619)	63.55%
ACCOR LODGING NORTH AMERICA (United States)	USD	1,539,099	257,595	62.12%
ACCOR HOSPITALITY NEDERLAND (Netherlands)	EUR	6,930	83,845	58.09%
2. Affiliates (10 to 50%-owned)				
a) French affiliates				
SHPS, 2, avenue du Lac 91080 Courcouronnes	EUR	48,909	6,731	40.89%
b) Foreign affiliates				
AMORIM HOTELS SERVICOS (Portugal)	EUR	14,300	12,148	50.00%
ORBIS (Poland) (3)	PLN	517,754	1,315,803	47.69%
RISMA (Morocco)	MAD	795,942	124,067	33.21%
PROGETTO VENEZIA (Italy) (1)	EUR	20,750	(10,243)	20.00%
AAPC (Australia) (3)	AUD	522,382	(378,638)	18.10%
ACCOR HOTELES ESPAÑA (Spain) (3)	EUR	715	4	16.40%
CIE ITALIENNE DE TOURISME HOLDING SPA (Italy) (2)	EUR	51,700	10,622	10.00%

(in thousands of local currency units)

Carrying amount of shares – Cost	Carrying amount of shares – Net	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
22,164	22,164	-	-	-	775	125
9,101	5,496	330	-	1,389	656	357
7,984	5,041	4	-	9,493	(4)	-
25,907	25,907	-	-	-	13,282	14,460
10,362	-	-	1,207	3,092	(1,206)	-
60,481	60,481	-	-	4,703	2,338	1,820
9,125	9,125	14,596	-	23,009	289	-
92,790	92,790	-	-	-	34	32,057
1,002,299	1,002,299	-	-	136,975	8,936	-
497,919	497,919	-	5,235	808,180	39,567	-
20,855	873	-	-	5,145	(113)	-
35,315	-	5,579	-	3,717	(5,849)	-
10,498	10,498	-	-	17,463	831	-
28,707	6,859	-	-	12,969	(820)	-
21,573	21,573	-	-	5,682	2,012	-
96,863	-	30,655	-	-	(33,154)	-
189,080	189,080	-	-	-	4,116	-
1,150,668	381,564	113,853	-	-	7,453	24,271
20,474	9,814	1,018	-	17,287	(1,076)	-
11,359	10,309	-	-	2,611	274	-
35,879	35,686	-	-	5,460	2,315	1,555
44,585	17,000	-	-	-	11	-
917,764	37,102	-	-	-	3	-
17,746	17,746	-	-	177,585	9,360	17,654
20,000	20,000	-	-	10,802	413	-
7,145	7,145	46,002	1,225	-	(395)	-
206,534	206,534	-	-	119,383	14,197	7,258
43,848	43,848	14,062	-	55,606	(5,590)	-
8,568	-	-	-	1,094	(8,622)	-
66,758	66,758	-	-	4,764	96,429	-
30,240	-	106,991	-	101,331	(42,577)	-
8,985	-	-	-	12,773	(11,660)	-

(in thousands of local currency units)

Subsidiaries and affiliates	Currency	Share capital	Reserves (retained earnings)	Percent interest
B. OTHER INVESTMENTS IN COMPANIES WITH A BALANCE SHEET VALUE OF LESS THAN 1% OF ACCOR'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 (NOTE 27)				

(1) Balance sheets at December 31, 2004.
(2) Balance sheets at December 31, 2003.
(3) Provisional or unaudited balance sheets.

(in thousands of local currency units)

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					
91,987	49,838	72,745	5,983			13,957
46,213	29,135	65,413	12,636			2,394
10,119	9,204	994	30			302
3,582	3,404	45	-			204
6,552,096	3,690,406	537,563	28,916			144,616

5.4.4. FIVE-YEAR FINANCIAL SUMMARY

(in millions of euros)	**2009**	**2010**	**2011**	**2012**	
Capital at year-end					
Share capital	676	680	682	682	684
Number of shares in issue	225,458,199	226,793,949	227,251,446	227,277,972	228,053,102
Results of operations					
Net revenues	677	721	725	753	807
Profit before tax, depreciation, amortization and provisions	426	649	751	67	124
Income tax	(50)	(26)	(24)	(32)	(20)
Net profit (loss)	(302)	173	771	(584)	101
Dividends	237	141	261	173	182 (1)
Per share data *(in euros)*					
Earnings per share after tax, before depreciation, amortization and provisions	2.11	2.98	3.41	0.44	0.63
Earnings (loss) per share	(1.34)	0.76	3.39	(2.57)	0.44
Dividend per share (before tax credit/allowance)	1.05	0.62	1.15	0.76	0.80 (1)
Employees					
Number of employees	1,174	1,066	1,042	1,069	1,051 (2)
Total payroll and employee benefits	154	138	130	127	158

(1) Recommended dividend for 2013 proposed at the Annual Shareholders' Meeting of April 29, 2014 based on 228,053,102 shares at December 31, 2013.
(2) Number of employees on the Accor SA payroll at December 31, 2013.

6 Capital and OWNERSHIP STRUCTURE

6.1. INFORMATION ABOUT THE COMPANY

Company name

Accor

Registered office

110, avenue de France – 75013 Paris.

Legal form

Joint stock company (*société anonyme*) governed by the applicable French laws and regulations, including Articles L. 225-17 to L. 225-56 of the French Commercial Code.

Governing law

The laws and regulations of France.

Term

The Company was incorporated on April 22, 1960 and 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, for its own account, 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 lodging, 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.

Trade register

The Company is registered in Paris under number 602 036 444. Business Identification (APE) Code: 7010Z.

Documents on display

Corporate documents, including the Bylaws, balance sheets, income statements, Board of Directors' reports, Auditors' Reports and the annual accounts ledger, 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 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 Meeting may decide to appropriate the remaining profit to one or more reserve accounts. Alternatively, the Annual 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 applicable laws and regulations, all shareholders are entitled to attend or be represented at Shareholders' Meetings, regardless of the number of shares they hold, provided they can present legally sufficient evidence that the shares are registered in their name in the Company's share register (registered shares) or recorded in a share account in their name administered by an accredited financial intermediary (bearer shares), in compliance with paragraph 7 of Article L. 228-1 of the French Commercial Code, at least three business days prior to midnight CET on the date of the Meeting.

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, within 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. This type of electronic signature shall be considered a reliable mechanism for identifying shareholders and their votes, in compliance with the first sentence of paragraph 2 of Article 1316-4 of the French Civil Code.

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 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 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, 2013, the Company's share capital amounted to €684,159,306, divided into 228,053,102 common shares with a par value of €3.00, all fully paid-up and all 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 regulations in force.

6.2.2. SHARE BUYBACK PROGRAM

Authorization granted by the Annual Meeting of April 25, 2013

The Annual Meeting of April 25, 2013 authorized the Board of Directors to trade in 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 22,000,000, or 9.68% of the share capital at April 25, 2013 and the maximum total investment in the buyback program may not exceed €1,100 million.

The authorization may be used to purchase, sell or transfer 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 upon exercise of stock options granted under plans governed by Articles L. 225-177 *et seq.* of the French Commercial Code, or to members of an employee stock ownership plan governed by Articles L. 3332-1 *et seq.* of the Labor Code or to recipients of stock grants made under plans governed by Articles L. 225-197-1 *et seq.* of the Commercial Code;
- for allocation on the conversion, redemption, exchange or exercise of share equivalents;
- to be held in treasury for subsequent remittance in exchange or payment in connection with external growth transactions, a merger, demerger or asset contribution within a limit of 5% of the Company's capital;
- to make a market in the Company's shares under a liquidity contract that complies with the code of ethics recognized by the Autorité des Marchés Financiers.

Implementation of the share buyback program in 2013

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 French securities regulator, Autorité des Marchés Financiers, on March 24, 2011. To fund the contract, an amount of €30 million has been allocated to the liquidity account.

As of December 31, Accor did not hold any shares in treasury.

6.2.3. FINANCIAL AUTHORIZATIONS

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 2013
Reduction of capital by canceling treasury stock	Annual Meeting of April 25, 2013 12th resolution	10% of the share capital	18 months October 25, 2014	
Issuance of shares and share equivalents:	Annual Meeting of April 25, 2013 13th to 17th resolutions		26 months June 25, 2015	
■ with pre-emptive subscription rights		€340 million		
■ by public offering without pre-emptive subscription rights		€34 million with or without priority subscription rights		
■ by restricted offering without pre-emptive subscription rights		€34 million		
■ in connection with a stock-for-stock offer		€34 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		€34 million		
Issuance of new shares by capitalizing reserves, retained earnings or additional paid-in capital	Annual Meeting of April 25, 2013 18th resolution	€340 million	26 months June 25, 2015	
Blanket ceiling on the authorizations to issue shares and/or other securities	Annual Meeting of April 25, 2013 19th resolution			
■ with or without pre-emptive subscription rights (13th to 18th resolutions)		€340 million		
■ without pre-emptive subscription rights (14th to 17th resolutions)		€34 million		
Employee share issue	Annual Meeting of April 25, 2013 20th resolution	2% of the share capital at April 25, 2013	26 months June 25, 2015	
Stock option plans for employees and executive directors	Annual Meeting of April 25, 2013 21st resolution	2.5% of the share capital at April 25, 2013 (blanket ceiling including stock granted without consideration by virtue of the 22nd resolution)	38 months June 25, 2016	40,000 performance stock options granted on September 26, 2013
Stock grants without consideration	Annual Meeting of May 30, 2011	0.5% of the share capital at May 30, 2011	38 months April 25, 2013	290,950 performance shares granted on April 15, 2013
	25th resolution Annual Meeting of April 25, 2013 22nd resolution	2.5% of the share capital at April 25, 2013 (blanket ceiling including stock options granted by virtue of the 21st resolution)	38 months June 25, 2016	

6.2.4. 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, with 7,900 employees purchasing shares.

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. A total of 16,000 people participated in the offer.

International employee share issues were again carried out in 2002, with more than 12,600 employees participating in 25 host countries, and in 2004, with 9,100 employees participating in some 20 countries.

Lastly, in 2007, for the first time, a leveraged employee share ownership plan was offered, with 8,736 employees purchasing shares in the 26 countries where such plans are permitted by local legislation.

At December 31, 2011, 0.97% of the Company's capital was held by 17,488 employees through employee stock ownership plans.

At December 31, 2012, 0.69% of the Company's capital was held by 11,514 employees through employee stock ownership plans.

At December 31, 2013, 0.62% of the Company's capital was held by 10,122 employees through employee stock ownership plans.

6.2.5. SECURITIES NOT CARRYING RIGHTS TO A SHARE IN THE CAPITAL

None. There are no other share equivalents outstanding.

6.2.6. CHANGES IN CAPITAL

Year	Changes in capital over the past five years	Increase/(decrease) in capital (in euros) Share capital	Increase/(decrease) in capital (in euros) Additional paid-in-capital	New capital (in euros)	New shares outstanding
2009	Exercice of stock options at €31.83	900	8,649	659,684,469	219,894,823
	Exercice of stock options at €32.42	84,852	832,115	659,769,321	219,923,107
	Exercice of stock options at €35.68	20,700	225,492	659,790,021	219,930,007
	Exercice of stock options at €37.7	477,186	5,530,586	660,267,207	220,089,069
	Exercice of stock savings warrants at €39.10	32,409	389,988	660,299,616	220,099,872
	Vested performance shares	149,412	-	660,449,028	220,149,676
	Dividend reinvestment at €30.54	15,925,569	146,196,723	676,374,597	225,458,199
2010	Exercice of stock options at €21.11	234,825	1,417,560	676,609,422	225,536,474
	Exercice of stock options at €21.50	922,257	5,687,252	677,531,679	225,843,893
	Exercice of stock options at €23.66	1,530,156	10,537,674	679,061,835	226,353,945
	Exercice of stock options at €30.60	14,931	137,365	679,076,766	226,358,922
	Exercice of stock options at €31.83	1,950	18,740	679,078,716	226,359,572
	Exercice of stock options at €32.42	926,250	9,083,425	680,004,966	226,668,322
	Exercice of stock options at €32.56	5,430	53,504	680,010,396	226,670,132
	Exercice of stock options at €35.68	311,745	3,395,942	680,322,141	226,774,047
	Exercice of stock options at €37.77	41,850	485,041	680,363,991	226,787,997
	Exercice of stock savings warrants at €22.51	37,560	244,265	680,401,551	226,800,517
	Exercice of stock savings warrants at €33.94	5,712	58,910	680,407,263	226,802,421
	Vested performance shares	78,498	-	680,485,761	226,828,587
	Issue of 1,985,428 new shares as consideration for SEIH shares	5,956,284	68,901,754	686,442,045	228,814,015
	Distribution of Edenred shares to shareholders, as part of the demerger	-	(1,099,185,386)	680,485,761	228,814,015
	Cancellation of shares	(6,060,198)	(68,717,522)	680,381,847	226,793,949
2011	Exercice of stock options at €18.20	9,048	45,843	680,390,895	226,796,965
	Exercice of stock options at €21.50	596,580	3,678,910	680,987,475	226,995,825
	Exercice of stock options at €23.66	420,447	2,895,478	681,407,922	227,135,974
	Exercice of stock options at €30.60	13,572	124,862	681,421,494	227,140,498
	Exercice of stock savings warrants at €22.51	8,775	57,067	681,430,269	227,143,423
	Vested performance shares	324,069	-	681,754,338	227,251,446
2012	Exercice of stock options at €18.20	3,486	17,662	681,757,824	227,252,608
	Exercice of stock options at €21.50	4,074	25,123	681,761,898	227,253,966
	Exercice of stock options at €26.66	2,715	21,412	681,764,613	227,254,871
	Exercice of stock savings warrants at €22.51	69,303	450,701	681,833,916	227,277,972
2013	Exercice of stock options at €18.20	1,348,791	6,833,874	683,182,707	227,727,569
	Exercice of stock options at €30.81	367,635	3,407,976	683,550,342	227,850,114
	Vested performance shares	608,964	-	684,159,306	228,053,102
	Dividend reinvestment 2012	-	(58,768,161)	684,159,306,	228,053,102

N.B. There are no options outstanding to purchasing 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, 2013, the Company's capital consisted of 228,053,102 shares, representing a total of 273,641,404 voting rights, all of which were exercisable. There are 45,588,302 double voting rights outstanding.

The Company had 4,348 registered shareholders at December 31, 2013, representing 22.93% of the capital and 35.77% of total voting rights.

Shareholders at December 31, 2013

	Number of shares	Number of voting rights	% capital	% voting rights
ColDay/Legendre Holding 19 (1)	48,673,442	85,313,908	21.34%	31.18%
Founders	5,923,809	9,312,958	2.60%	3.40%
Other members of the Board of Directors	14,031	18,631	0.01%	0.01%
Board members and Founders	**54,611,282**	**94,645,497**	**23.95%**	**34.59%**
Other shareholders	173,441,820	178,995,907	76.05%	65.41%
TOTAL AT DECEMBER 31, 2013	**228,053,102**	**273,641,404**	**100.00%**	**100.00%**

(1) *Shareholders acting in concert at December 31, 2013: ColDay (Colony Capital, LLC), which owns 17,706,869 shares and 31,286,044 voting rights, and Legendre Holding 19 (controlled by Eurazeo), which owns 23,061,291 shares and 46,122,582 voting rights.*

At December 31, 2013, 10,122 employees held 1,424,674 shares (0.62% of total capital) and 2,537,885 voting rights (0.93% of the total) under employee stock ownership plans.

During the year, the following registered intermediaries or fund managers notified the Autorité des Marchés Financiers 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	% voting rights
Fonds Stratégique d'Investissement (FSI)	January 29, 2013	213C0118	↘	6,763,662	2.98%	13,527,324	4.77%
Morgan Stanley	May 10, 2013	213C0573	↗	11,701,916	5.15%	11,701,916	4.18%
	May 14, 2013	213C0573	↘	7,377,932	3.25%	7,377,932	2.64%

Changes in ownership structure over the past three years

	December 31, 2011			December 31, 2012			December 31, 2013		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
ColDay/Legendre Holding 19	61,844,245	27.21%	32.58%	48,673,442	21.42%	30.08%	48,673,442	21.34%	31.18%
Founders	6,222,631	2.74%	3.63%	6,083,430	2.68%	3.35%	5,923,809	2.60%	3.40%
Other shareholders	159,184,570	70.05%	63.79%	172,521,100	75.91%	66.57%	173,455,851	76.06%	65.42%
TOTAL	**227,251,446**	**100.00%**	**100.00%**	**227,277,972**	**100.00%**	**100.00%**	**228,053,102**	**100.00%**	**100.00%**

Sources: Accor share register, disclosures made to the Autorité des Marchés Financiers and the Company.

There were no shares held in treasury as of December 31, 2013.

A Euroclear France survey of financial institutions holding at least 100,000 shares and of shareholders holding at least 250 shares at December 31, 2013 identified 8,604 shareholders owning an aggregate 75.07% of the Company's capital, representing 62.56% of total voting rights.

Analysis by shareholder category at December 31, 2013	% capital	% voting rights
Private shareholders	1.71%	1.43%
Institutional investors	66.93%	56.49%
French institutions	15.51%	13.64%
Foreign institutions	51.42%	42.85%
Unidentified in the Euroclear survey	31.36%	42.08%
TOTAL	**100.00%**	**100.00%**

Source: Euroclear France.

Shareholders' agreements relating to the shares making up the Company's capital

Apart from the shareholders' pact described below, the Company is not aware of any other shareholders' agreements relating to the shares making up its capital.

On May 4, 2008, a memorandum of understanding was signed by Colony Capital (represented by ColTime [(1)] and ColDay [(2)]) and Eurazeo (represented by Legendre Holding 19 [(3)]), acting in concert in accordance with the memorandum of understanding regarding their investment in Accor, which they had signed on January 27, 2008.

On December 18, 2009, an amendment to the memorandum was signed following the Accor Board of Directors' approval of the potential benefits of demerging the Group's Hotels and Prepaid Services businesses to create two separate listed companies. The purpose of the amendment was i) to extend the provisions of the memorandum of understanding to the shares in Edenred, and ii) to extend the undertaking in the memorandum not to sell their shares in Accor and Edenred until January 1, 2012.

The main clauses of the agreement are as follows:

- an undertaking to cast the same votes on strategic matters at Board of Directors' meetings;
- an undertaking to cast the same votes at Accor Shareholders' Meetings;
- an agreement that the parties should have equal representation on Accor's Board;
- an agreement that if either of the undertakings set out above with respect to voting are breached by one of the parties, the party that has breached the undertaking shall offer to sell its Accor shares to the other party, at a price equal to 80% of the lower of i) the weighted average price of the Accor share over the twenty trading days preceding the breach, and ii) the closing price on the day of the breach. This offer must be made and taken up within a month of the date of breach;
- an undertaking not to enter into any acquisition or other agreement with a third party that would result in the concert group raising its interest to above one third of Accor's capital and/or voting rights;
- in the event that one of the parties decides to sells its shares to an identified purchaser, a right of first refusal for the other party, exercisable within ten days following notification of the intention to sell. The price for the shares sold will be proposed by the selling party;
- a duty for each party to give the other party four days' notice if they decide to sell their shares on the market to unidentified purchasers;
- in the event that one of the parties sells its shares, a right for the other party to sell the same proportion of shares, exercisable within ten days following the related notification;
- in the event that the two parties' existing shareholdings are equal, the obligation for either party that decides to purchase additional shares to propose the acquisition of the same number of shares to the other party;
- a priority share purchase right for the party holding the least number of shares. However, ColDay may freely acquire shares enabling it to raise its interest to 11% of Accor's capital and Eurazeo may freely acquire shares enabling it to raise its interest to 10% of the capital;
- in the event of a public offer initiated by a third party, if one of the two parties does not wish to tender its shares whereas the other one does, the right for the former to acquire the shares tendered to the offer by the other party at the offer price or at a higher price;
- in the event of a public offer initiated by one of the parties, in which the other party does not wish to participate, the right for either of the parties to terminate the concert arrangement. If the party not participating in the offer wishes to sell its Accor shares, the right for the initiator of the offer to acquire said shares before filing the offer, at the offer price or at a higher price.

The shareholders' pact had a five-year term, which means that the concert arrangement may now be terminated with 30 days' notice.

(1) ColTime SARL is controlled by the investment funds ColonyInvestors VI, LP and ColyzeoInvestors LP, which are managed by the Colony Capital, LLC investment company.

(2) ColDay SARL is controlled by the investment funds ColonyInvestors VIII, LP and ColyzeoInvestors II, LP, which are managed by the Colony Capital, LLC investment company.

(3) Controlled by Eurazeo SA.

On December 6, 2012, the concert group increased its interest to more than 30% of the Company's voting rights, simply because of a decrease in the number of total voting rights outstanding. In line with its General Regulations, and given the concert group's undertaking not to "actively increase" its interest in the Company, the AMF has waived the concert group's obligation to file a public tender offer.

Items likely to have an influence in the event of a public takeover offer

To the best of the issuer's knowledge, there are no Items likely to have a material influence on the execution of lease, management or franchise contracts in the event of public takeover bid.

On the other hand, as mentioned on pages 141 and 142 above, certain financing contracts contain change of control clauses.

6.3.2. DIVIDENDS

				Share price (in euros)			
Year	Shares outstanding at December 31	Dividend for the year (in euros)	Paid on	High	Low	Year-end closing	Yield based on year-end closing price
2009	225,458,199	1.05	July 2, 2010	39.95	25.20	38.25	2.70%
2010	226,793,949	0.62	June 6, 2011	34.03	22.26	33.29	1.86%
2011	227,251,446	1.15	June 14, 2012	36.20	17.03	19.59	5.87%
2012	227,277,972	0.76	June 5, 2013	27.76	18.32	26.70	2.85%
2013	228,053,102	0.80 (1)	-	34.32	24.54	34.30	2.33%

(1) Submitted for approval at the Annual Shareholders' Meeting of April 29, 2014.

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 29, 2014 approve the payment of a 2013 dividend of €0.80 per share. Shareholders may opt to receive the entire dividend in cash or to receive half in cash and reinvest the other half in new shares, at a 10% discount.

6.4. THE MARKET FOR ACCOR SECURITIES

The market for Accor shares

Accor shares are traded on the NYSE Euronext Paris stock exchange (Compartment A) and are included in the CAC 40 index.

They are also included in the four main socially responsible investment stock indexes, the Vigeo ASPI index, the FTSE4Good index, the Ethibel ESI index and the Dow Jones Sustainability Index.

At December 31, 2013, the Accor share closed at €34.30, and the Company's market capitalization stood at €7.8 billion.

Accor share prices and trading volumes (ISIN:FR0000120404)

	Average closing price	High-Low		Trading volume
		High	Low	
2013				
January	27.76	29.11	26.58	12,299,127
February	28.62	29.63	27.21	15,955,570
March	27.89	29.14	26.52	16,144,673
April	25.98	27.89	24.75	24,383,655
May	26.30	27.76	24.54	18,245,347
June	26.54	27.68	25.75	19,223,285
July	27.81	28.80	27.04	15,868,287
August	29.15	30.86	27.38	20,209,799
September	30.46	32.01	28.37	19,238,639
October	32.63	34.10	30.84	19,915,923
November	32.99	34.32	30.40	23,694,522
December	33.03	34.30	31.97	15,353,926
2014				
January	35.10	36.19	33.66	19,124,166
February	36.49	37.39	34.48	16,591,581

Source: Euronext.

7 Other INFORMATION

7.1. INVESTOR RELATIONS AND DOCUMENTS ON DISPLAY

In addition to the Annual Meeting and the events organized to present the annual results, Accor keeps both private 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 2013, meetings were held with 581 representatives of more than 364 financial institutions and 22 roadshows were organized in Europe, North America and Asia.

These events included hotel visits 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 the United States.

Held on April 25, 2013 at the Novotel Paris Tour Eiffel, the Annual Shareholders' Meeting was attended by 308 people and provided many opportunities for exchanging views and opinions.

The Accor Shareholders Club

Created in May 2000, the Accor Shareholders Club had 8,591 members at year-end 2013, with each one owning at least 50 bearer shares or one registered share.

Among the many advantages members enjoy are regular e-mail updates throughout the year with press releases, the *Letter to Shareholders* and other news, the possibility of subscribing to all of our other corporate publications, the opportunity to discover our businesses in a more personal way through site visits, and VIP invitations to investor events in which Accor participates.

As part of the Le Club Accorhotels loyalty program, Shareholders Club members receive a Le Club Accorhotels Platinum Card which doubles the points earned when they stay at participating hotels and offers them exclusive advantages. Club members also receive promotional offers on Group products.

Working group on the private shareholder relations process

Created in 2007, a working group of private Shareholders Club members is exploring ways to encourage exchanges of views and opinions with our private shareholders and to improve the private shareholder relations process. The group currently comprises 13 members, who met on April 12, 2013 at Accor headquarters in Paris to discuss the following agenda:

- presentation: roundtable discussion on the Group's vision and its strategy in terms of branding, the hotel portfolio, distribution and expansion in emerging markets;
- presentation: review of the performance in meeting 2012 targets, with figures, and a closer look at the deployment of the ibis megabrand, the opening of hotels under asset-light structures and the achievements of the central distribution system.

Easily accessible information tailored to shareholder profiles

All of the Group's financial news and publications can be accessed in the "Finance" section of the accor.com website, which serves as a comprehensive investor relations database. The site carries live and deferred webcasts of results presentations, Investor Days and Annual Shareholders' Meetings. It also tracks the Accor share price in real time and features a dedicated section for private shareholders and members of the Shareholders Club.

A wide array of documents far exceeding regulatory requirements may be viewed in the "Finance" section of the website. These documents, which cover both current and previous years, include:

- the Registration Document filed with the Autorité des Marchés Financiers (available in electronic form since 1997);
- the Annual Report;
- a corporate brochure describing the Group and its values;
- information memoranda filed with the Autorité des Marchés Financiers concerning corporate actions;
- notices of Shareholders' Meetings, sent systematically to registered shareholders and on request to members of the Shareholders Club;
- the Letter to Shareholders, available on request in electronic form and accessible *via* the corporate website.

Legal documents are on display at the Company's primary business office, Immeuble Odyssey, 110 avenue du France, 75013, France.

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 may call 0805 650 750 (calls charged at local rate) at any time to obtain general information about the Group, the share price, the latest news and practical guidelines for private 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.

Senior Vice-President, Investor Relations and Financial Communication

- Sébastien Valentin

Immeuble Odyssey
110, avenue de France
75013 Paris

Phone: + 33 (0)1 45 38 86 26
Fax: +33 (0)1 45 38 85 95

Shareholder hotline (France only): 0805 650 750 (free from a landline)
E-mail: 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 provides a description of the main risks and uncertainties to which they are exposed.

I obtained a statement from the 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.

The Statutory Auditors have issued reports on the historical financial information presented in this document, as well as on the information incorporated by reference for the years ended December 31, 2011 and 2012, included respectively in the 2011 and 2012 Registration Documents. These reports may be found on pages 178 and 280 to 281 above.

The Statutory Auditors' report on the financial statements for the year ended December 31, 2013 contains an observation concerning a change in accounting method.

Sébastien Bazin

Persons responsible for information

- François Pinon

Group General Counsel

Phone: + 33 (0)1 45 38 87 33

- Sophie Stabile

Member of the Executive Committee – Global Chief Financial Officer

Phone: + 33 (0)1 45 38 87 03

- Sébastien Valentin

Senior Vice-President, Investor Relations and Financial Communications

Phone: + 33 (0)1 45 38 86 26

Statutory Auditors

Statutory Auditors

- Ernst & Young et Autres

Member of the Ernst & Young network
Jacques Pierres
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1

Date of first appointment: June 16, 1995.

Re-appointed for six years at the April 25, 2013 Annual Shareholders' Meeting.

- Cabinet Deloitte & Associés

Pascale Chastaing-Doblin
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

Re-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. FEES PAID TO THE AUDITORS

The fees paid to the Auditors and the members of their networks by the Group may be analyzed as follows:

	Deloitte				Ernst & Young			
	2012		2013		2012		2013	
(in millions of euros)	Amount	%	Amount	%	Amount	%	Amount	%
Audit services								
Statutory and contractual audit services								
France: issuer	0.7	12%	0.6	13%	0.5	11%	0.6	15%
France: subsidiaries	1.1	19%	1	22%	0.9	21%	0.9	22%
International: subsidiaries	2.6	44%	2.4	53%	2.5	56%	2.2	54%
Other audit-related services								
France: issuer	0.8	14%	0	0%	0	0%	0.1	2%
France: subsidiaries	0.1	2%	0.1	2%	0.2	5%	0	0%
International: subsidiaries	0.5	8%	0.2	4%	0.2	4%	0	0%
Sub-total	**5.8**	**98%**	**4.3**	**96%**	**4.3**	**98%**	**3.8**	**93%**
Other services								
Legal, tax and employee relations advice								
France	0	0%	0	0%	0	0%	0.2	5%
International	0.1	2%	0.1	2%	0	0%	0.1	2%
Other services (representing less than 10% of the audit budget)								
France	0	0%	0	0%	0	0%	0	0%
International	0	0%	0	0%	0.1	2%	0	0%
Sub-total	**0.1**	**2%**	**0.1**	**2%**	**0.1**	**2%**	**0.3**	**7%**
TOTAL	**5.9**	**100%**	**4.5**	**100%**	**4.4**	**100%**	**4.1**	**100%**

7.4. 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 2012 Registration Document filed with the *Autorité des Marchés Financiers* on **March 28, 2013** under no. **D.13-0241** (pages **159 to 269,** and **158**);
- the financial information contained in pages **142 to 150** of the 2012 Registration Document filed with the *Autorité des Marchés Financiers* on **March 28, 2013** under no. **D.13-0241**;
- the consolidated financial statements and the related Auditors' Reports contained in the 2011 Registration Document filed with the *Autorité des Marchés Financiers* on **March 30, 2012** under no. D.12-0254 (pages **141 to 250**, and **140**);
- the financial information contained in pages **124 to 133** of the 2011 Registration Document filed with the *Autorité des Marchés Financiers* on **March 30, 2012** under no. **D.12-0254**.
- 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.

7.5. 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 (EC) no. 809/2004 implementing EC Directive 2003/71/EC of the European Parliament and of the Council.

Key information required under Annex 1 of European Commission Regulation 809/2004		Page number
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6.3.	Exceptional factors	NA
6.4.	Dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	NA
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7.	**Organizational structure**	
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11.	**Research and development, patents and licenses**	**NA**
12.	**Trend information**	
12.1.	Significant recent trends	17; 175
12.2.	Known trends or events that are reasonably likely to have a material effect on the issuer's prospects	175; 279; 310
13.	**Profit forecasts or estimates**	**NA**

Key information required under Annex 1 of European Commission Regulation 809/2004		Page number
14.	**Administrative, management, and supervisory bodies and senior management**	
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7.6. CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

The 2012 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. To make this information easier to find, the following cross-reference table lists it by main topic.

7.7. CROSS-REFERENCE TABLE – CORPORATE SOCIAL RESPONSIBILITY

Accor CSR indicator	Registration Document page	Provisions of article 225 of the Grenelle 2 Act	GRI 3.1 indicator – Indicator	GRI 3.1 indicator – Scope	Global Compact principle
Background and challenges					
Stakeholder relations	26-32	Relationships with people or organizations interested in the Company's business Procedures for dialogue with these people or organizations	4.14 to 4.16	C	/
CSR process and commitments					
Ethical principles	33-34	Honest business practices; actions taken to prevent bribery	S04	P	Principles 1 to 6 and Principle 10
CSR policies	35	Organization of the company to take into account environmental concerns.	4.8	C	Principle 8
Outside commitments, partnerships and awards	36 and 38	Promotion and respect for the clauses of ILO conventions	4.11 to 4.13	C	/
Governance	43-44	/	4.1 to 4.3.1 and 4.8	P	/
Employee-relations commitments					
Setting the benchmark as an employer					
Total employees worldwide by operating structure and region	86-87	Total employees and payroll employees by gender and region	LA1	C	Principle 1, 3 and 6
Payroll employees by gender, age and seniority	86-87				
Payroll employees by type of contract	86-87				
Social dialogue					
Organization of the social dialogue process and main social dialogue bodies	47	Social dialogue organization	LA1	C	
Outcome of collective agreements signed in 2013	47	Outcome of collective agreements			
Separations by reason		Hirings and terminations	LA2	P	
Diversity and equal opportunity					
Policies implemented Resources deployed	48	Policies implemented and measures taken to encourage gender equality, hire and retain the disabled, fight against discrimination and promote diversity			
% women by job category	48-87		LA13	P	
Number of disabled employees	87				

Accor CSR indicator	Registration Document page	Provisions of article 225 of the Grenelle 2 Act	GRI 3.1 indicator: Indicator	GRI 3.1 indicator: Scope	Global Compact principle
Motivating employees					
Measuring engagement and well-being					
Absenteeism	50	Absenteeism	LA7	P	
Number of resignations	50		LA2	P	
Health, safety and working conditions					
Part-time employees	50	Working hours			
Health and safety policies, agreements and training	50-51	Health and safety conditions Workplace health and safety agreements signed with unions or employee representatives	LA9	P	
Lost-time injury rate	51	Lost-time injury rate	LA7	P	
Number of work-related fatalities	51	Severity of workplace accidents	LA7	P	
Illness sensitivity training	51		LA8	P	
Compensation and benefits					
Compensation and benefits policies	52	Compensation and compensation trends			
Employee benefits costs (from the financial statements)	212				
Career management					
Hirings	53	Hirings and terminations	LA2	P	
Average days of training per employee	54	Total training hours	LA10	P	
Training policies	54	Specific employee training programs	LA11	C	
Management age pyramid	53				
Social Responsibility Commitments					
Support for and engagement in local communities					
Protecting children from abuse	55-56	Regional, economic and social impact of the Company's business on neighboring or local communities	HR6, HR7 and S01	P	/
Respecting and promoting local traditions and cultures	57			P	
Responsibility to customers					
Nutrition and health	57-58	Honest business practices: measures taken to promote consumer health and safety	/	/	/
Safety and security	58-59		PR1	C	
Responsible products and services	59-60		PR3, PR5 and PR6	C	

Accor CSR indicator	Registration Document page	Provisions of article 225 of the Grenelle 2 Act	GRI 3.1 indicator: Indicator	GRI 3.1 indicator: Scope	Global Compact principle
Sustainable procurement					
Sustainable procurement	60-64	Integrating social and environmental issues into purchasing policy Percentage of outsourcing and integration of CSR concerns in supplier and subcontractor relationships	EC6, HR1, HR2 and PR1	P	Principles 1 and 2
Solidarity Accor					
Solidarity Accor	64-66	Regional, economic and social impact of the Company's business on jobs and regional development Regional, economic and social impact of the Company's business on neighboring or local communities Partnership or philanthropic programs	/	/	/
Environmental commitments					
Environmental management	67-68	Environmental audit and certification processes Use of raw materials Measures taken to improve the efficiency of raw materials use	EN26	C	Principles 7, 8 and 9
Training, awareness-building and buy-in	69	Environmental protection training and information for employees	/	/	
Energy and climate change					
Energy performance of operations	70-72	Energy use Measures taken to improve energy efficiency and the use of renewable energies Measures to address noise and any other form of pollution specific to the business	EN3 to EN7	C	Principles 7, 8 and 9
Energy performance of buildings	72-73				
Renewable energies	73				
Transportation	73	/	/	/	
Greenhouse gas emissions	74	Adjustment to the impact of climate change	EN16 to EN18	C	
		Greenhouse gas emissions	EN19	P	

Accor CSR indicator	Registration Document page	Provisions of article 225 of the Grenelle 2 Act	GRI 3.1 indicator: Indicator	GRI 3.1 indicator: Scope	Global Compact principle
Water					
Management of water-stressed regions	75	Water supply considering local resources	EN9	P	Principles 7, 8 and 9
Water performance	76-77	Water use	EN8	P	
Discharges and treatment	77-78	Prevention, reduction and remediation of air, water and soil releases causing serious damage to the environment	/	/	
Local environmental impacts					
Local environmental impacts	78-79	Measures taken to preserve and develop biodiversity	EN12 and EN14	C	Principles 7, 8 and 9
Land use	79	Land use			
Waste					
Categories of waste	79-80	Waste prevention, recycling and disposal	EN22	P	Principles 7, 8 and 9
Waste management	80				
Resource recovery and reuse	80-81				
CSR performance measurement and assessment					
Reporting procedure	82-85	/	3.1 to 3.11	C	/
Methodological review	82-85	/			
Table of Accor CSR indicators	86-93	Comparability of data between reporting periods	HR1 and HR2	P	
Attestation of presentation and independent verifier's assurance report	94-96	Verification of reported data by a third-party body	3.13	C	
Risk management					
Environmental risks	140	Budget dedicated to environmental protection and environmental risk mitigation.	EC2	P	Principle 7
		Amount of environmental risk provisions and guarantees	EN28	C	
Cross-reference table					
Cross-reference table with outside standards	337-340	Reference to national or international standards	3.12	P	/

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