



ACCOR

2019
Integrated report





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

INTEGRATED REPORT

CONTENTS

MESSAGE FROM THE CHAIRMAN AND CEO	05		
<hr/>			
<i>Accor, the most diversified hotel group</i>	07	<i>Objectives and strategy</i>	33
Accor, leading the way in augmented hospitality	07	A business model addressing four fundamental strategic challenges	33
		Landmarks illustrating the Accor strategy in 2019	42
		A more profitable and value-creating model, serving the Group's ambition of bringing EBITDA to €1.2 billion by 2022	43
<hr/>			
<i>Our history: 50 years of reinventing hospitality</i>	09	<i>Performance and leadership</i>	48
1967 – The early days, with the Novotel Lille Lesquin	09	Financial performance	50
Tirelessly reinventing hospitality	10	Non-financial performance	52
Making a positive impact	11		
<hr/>			
<i>Trends and challenges in the hospitality industry</i>	12	<i>Reliable governance to support the strategy</i>	53
The tourism and travel industry is enjoying fast growth on all continents	12	Accor's governance supports the Group's strategy and good conduct	53
Independent hotels represent the vast majority of the global offer and very significant development potential for chains	15	Close-up on the membership and organization of the Board of Directors	54
The hospitality industry is undergoing profound changes and facing new forms of competition	15	Directors' and officers' compensation	56
Global environmental and social challenges impacting the hospitality sector	18		
<hr/>			
<i>A business model designed to deliver augmented hospitality</i>	19	<i>A structured approach to comprehensive risk managements</i>	57
A stronger value-creation model featuring numerous growth drivers	19	Approach	57
Accor, a global ecosystem of augmented hospitality services	22	Material risks	58



Sébastien Bazin
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

MESSAGE

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

FROM THE CHAIRMAN

SÉBASTIEN BAZIN

AND CEO

As our 2019 Universal Registration Document goes to press, the world is witnessing an unprecedented health crisis. It has affected almost every country on the planet and is set to have major economic, political and social repercussions.

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

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

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

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

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

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

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

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

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



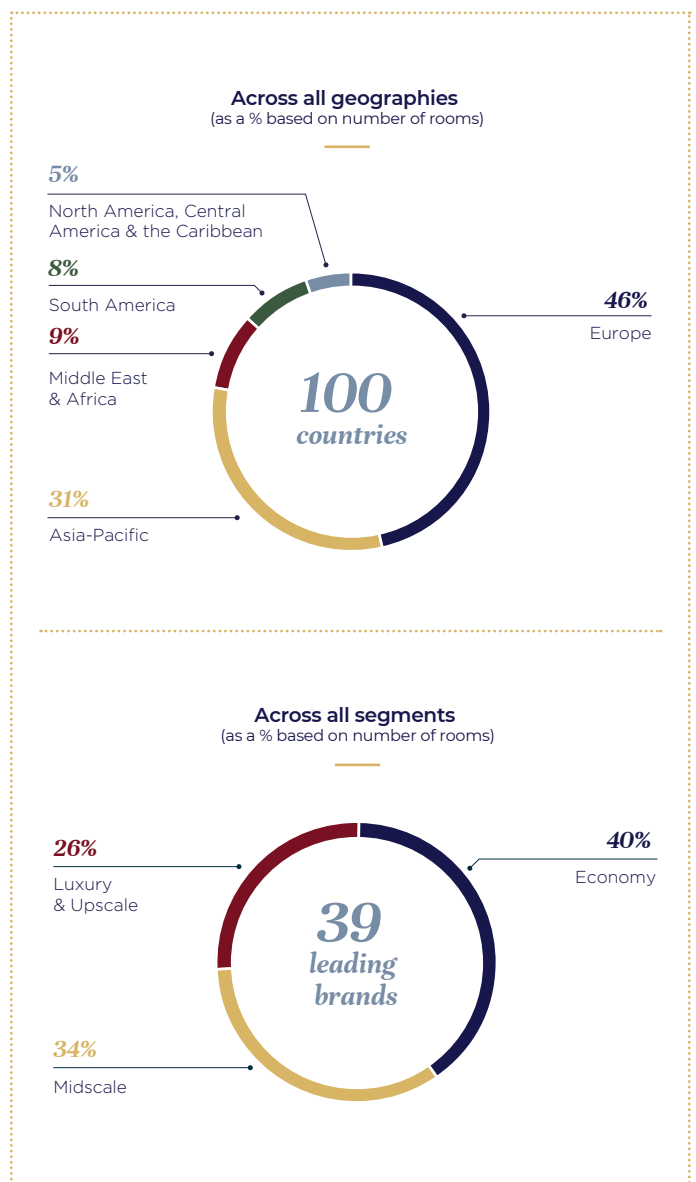
Accor, the most diversified hotel group

Accor, leading the way in augmented hospitality

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

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

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





4.0
BILLION
IN REVENUE



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



No. 1
WORLDWIDE
EXCLUDING
THE UNITED STATES
AND CHINA



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



5,000
exceptional private residences
across the world



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

55%
of employees
under 35

10,000
restaurants and bars

82,000
new hires in 2019



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



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



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



Our history

50 years of reinventing hospitality

From day one, Paul Dubrule and Gérard Pélisson consistently ought to reinvent the very notion of hospitality.

Going beyond the idea of just traveling, they offered people new ways to live and enjoy life.

Our Group has always been on the cutting edge, tirelessly expanding the very meaning of hospitality. Today is the first page in a new chapter of this adventure: by casting itself as the leader in augmented hospitality, Accor is once again revolutionizing the industry.

The early days, with the Novotel Lille Lesquin

1967

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

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

Tirelessly reinventing hospitality

1960-1970

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

1980

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

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

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

1990

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

2000

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

2010

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

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

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

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

Accor reinvents office life by launching the Wojo coworking brand.

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



Making a positive impact

1970

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

1988

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

1994

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

2006-2010

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

2008

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

2009

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

2012

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

2015

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

2016-2020

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



Trends and challenges

in the hospitality industry



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

AN INDUSTRY BOASTING SOUND FUNDAMENTALS

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

¹ In number of international tourists.

² Excluding the impact of Covid-19 in 2020.

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

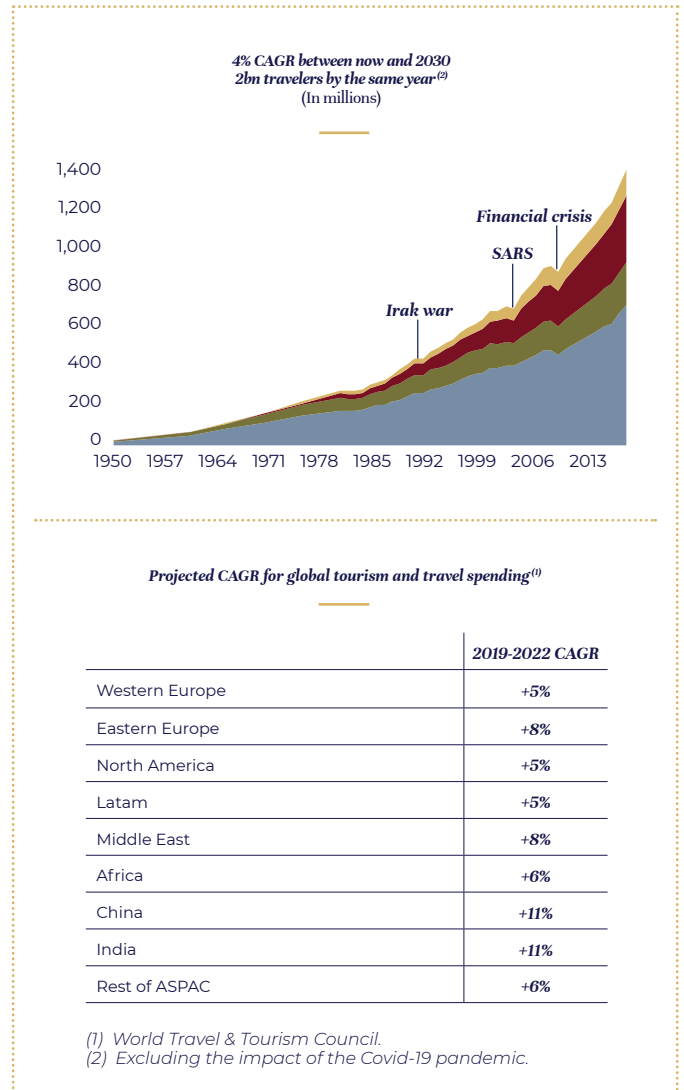
- ◆ 1.5 billion people traveled worldwide in 2019, up from 300 million in the 1980s;
- ◆ global traveler numbers are expected to hit nearly 2 billion in 2030; ⁽²⁾
- ◆ the number of nights booked in the hotel industry climbed to 8.5 billion in 2019, compared with 7 billion in 2010 ⁽¹⁾, and will reach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

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

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

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

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



A MORE MUTED MACROECONOMIC CLIMATE IN 2019

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

THE HEALTH CRISIS WILL SLOW ASIAN TOURISM IN 2020

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

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

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



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

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

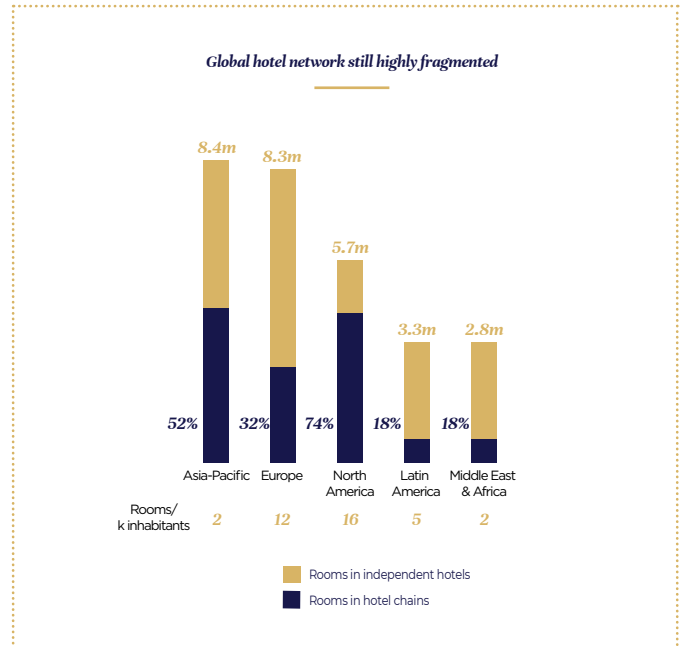
Fully 58% of existing hotels worldwide are owned by independent operators, and therefore represent very significant development potential for chains.

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

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

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

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



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

CONSOLIDATION AMONG PLAYERS SEEKING ECONOMIES OF SCALE

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

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

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



DIGITAL TECHNOLOGY INTENSIFIES COMPETITION IN THE INDUSTRY

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

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

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



♦ **Intermediation by online travel agencies and metasearch engines⁽¹⁾.** Digital players and a number of stakeholders in the sharing economy have carved out positions along the value chain as intermediaries between hotel operators and their guests. Focusing their resources on the research and booking stages, they are paid by hotel operators in exchange for the customers they bring them. Their technologies allow them to quickly collect a great deal of personal information about customers, grasp their consumption habits and offer them a wide choice corresponding to their profile, with an optimal browsing experience. Metasearch engines have a big impact on the competitive landscape and margins, not only for incumbents, but also for digital platforms by promoting the deals of the players offering the most generous compensation. Since expanding into hotel booking, most of the metasearch engines have been acquired by online travel agencies, eager to expand their model as well.

♦ **The emergence of private home rental platforms.** Other digital players offering rentals of private homes have also emerged over the last decade, providing customers with alternatives to conventional hotels. Operated by online platforms, these accommodation solutions compete with those of hotels, responding to new consumer aspirations for authenticity and sometimes including personalized services.

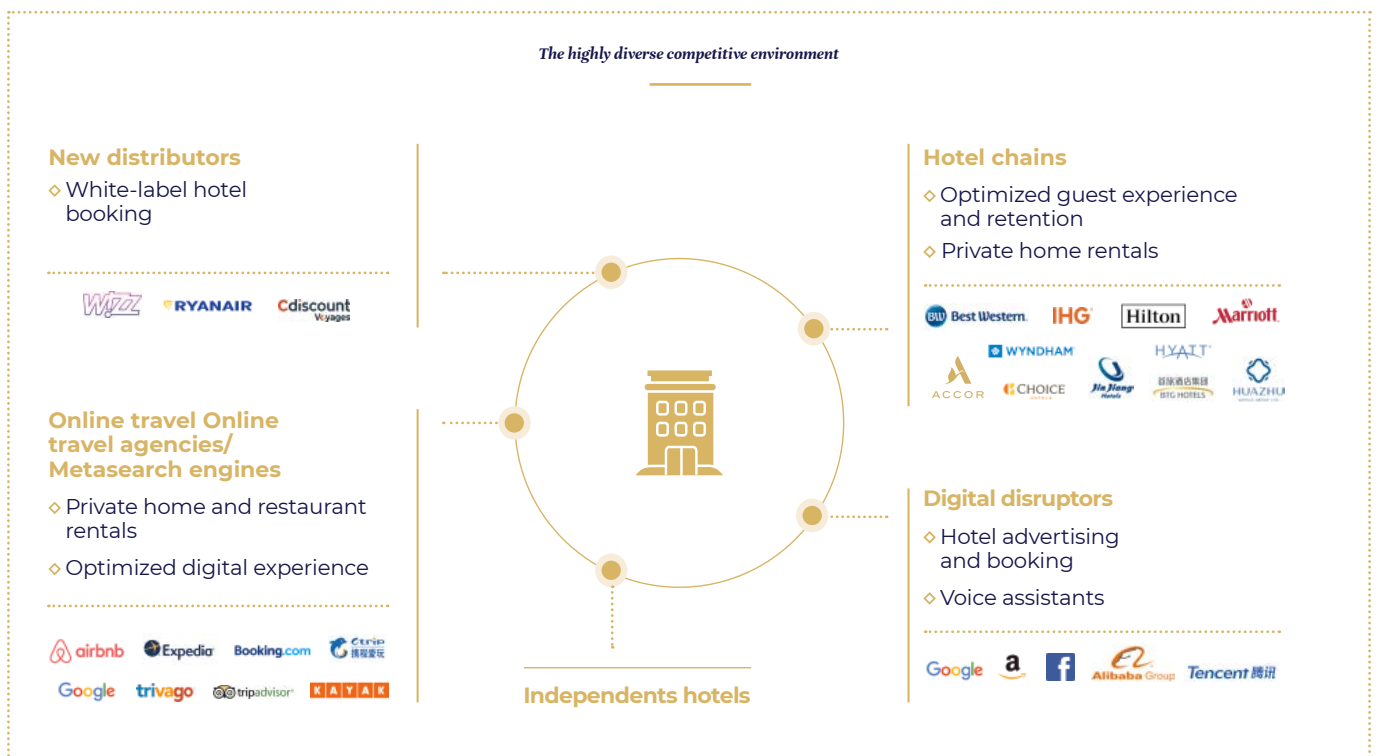
♦ **The emergence of digital disruptors⁽²⁾ in the tourism industry.** Through their technological innovations, including the development of voice assistants, digital disruptors have penetrated the hospitality industry by promoting and distributing accommodation. As they entered the value chain, they came into direct competition with online travel agencies. This helped push down intermediation costs and allowed hotel operators to regain some independence.

♦ **Convergence of business models.** Given the wide variety of options now available, hotel operators and digital players have diversified their portfolios into private home rentals, while private home rental platforms have started listing hotels and developing luxury services. Diversification has in turn prompted a measure of convergence between models, and the emergence of powerful ecosystems that now integrate a wide choice of services designed to enrich the overall experience, and to keep guests coming back.

♦ **Dovetailing of distribution models and emergence of new distributors.** The line between bricks-and-mortar retail and e-commerce platforms is becoming increasingly blurred, both being links in longer chains. Companies are also seeking to diversify their distribution to address a broader range of both individual and business customers. Building on the catalogues given to them by online travel agencies, some distribution platforms have also decided to expand their offering into the hotel industry by proposing white label accommodation.

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

Three main types of consolidated players stand out today, each one focused on strengthening the fundamentals of its model: loyalty, distribution or development. For incumbent hotel groups³, competition is all about deciphering and anticipating guests' new aspirations. But key differentiators also include the strength of their brands and their ability to innovate and retain customers. For many years, travelers' chief aspirations have been choice, experience, comfort and personalization. They want to be pleasantly surprised by the service in their hotel, by its staff and by its setting. This puts the onus on hotel operators to work on the design, architecture, furniture, and food and beverage options of their venues. The experience offered to guests has become vital to standing out from the pack. Recently, online travel agencies have been hurt by Google's entry into the world of travel, including the rental of private accommodation.



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

Global environmental and social challenges impacting the hospitality sector

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

Empowering communities

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

KEY CHALLENGES

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

Business integrity

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

KEY CHALLENGES

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

Caring for people

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

KEY CHALLENGES

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

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

Promoting sustainable food

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

KEY CHALLENGES

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

Reducing the environmental footprint

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

KEY CHALLENGES

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

A business model

designed to deliver augmented hospitality

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



A stronger value-creation model featuring numerous growth drivers

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

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

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

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

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

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

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

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

RESOURCES AND ASSETS IN THE VARIOUS PARTS OF THE MODEL

HUMAN CAPITAL

highly diverse and inclusive

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

BUSINESS CAPITAL

augmented hospitality ecosystem

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

ASSET-LIGHT NETWORK

leadership in Europe and emerging regions

- ◇ 5,036 managed & franchised hotels, 4% of which owned or leased
- ◇ 5,000 private residences and 10,000 bars and restaurants
- ◇ 14,000 travel agencies (18,000 agents) and 700 concierges

FINANCIAL CAPITAL

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

4 strategic drivers

to maximize the value created by the Accor model



Generate traffic and foster loyalty



Accelerate growth



Optimize the model



Promote positive hospitality

Augmented hospitality

LIVE/WORK/PLAY
for a unique customer experience

LOCAL COMMUNITIES AND NATURAL ENVIRONMENTS

Natural resources

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

Local communities

Economic fabric
Workforce
Heritage
Authentic tourist experiences



HOTEL OWNERS⁽¹⁾

on whose behalf Accor operates hotels

Real estate capital

5,036 hotels
740,000 rooms
100 countries

Human capital

~300,000 employees worldwide

GLOBAL DIGITAL ECOSYSTEM

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

HOSPITALITY SERVICES OFFERING

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

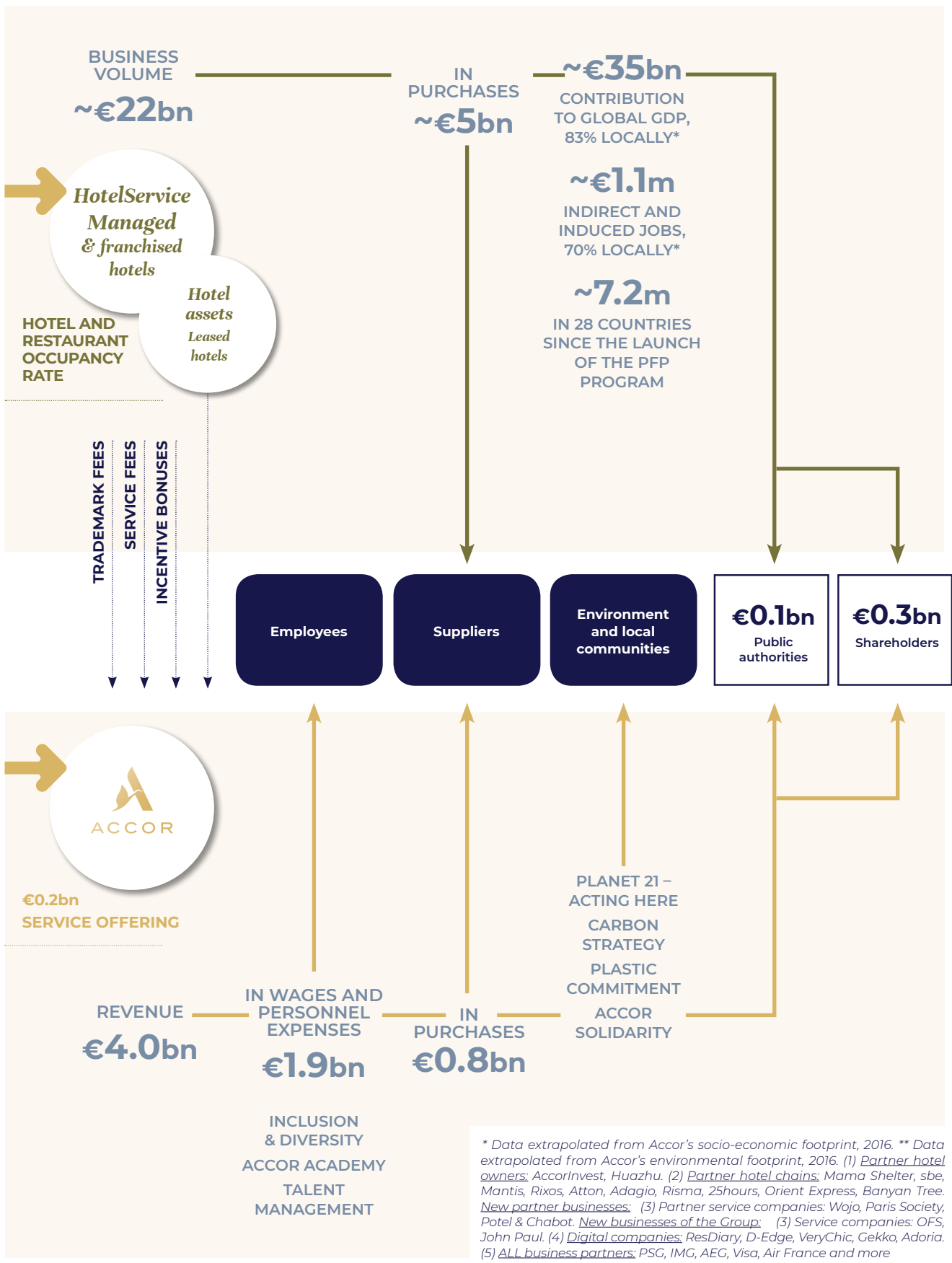
Hotel chains⁽²⁾

New businesses

Service companies⁽³⁾
Digital companies⁽⁴⁾

NGOs and purpose-driven companies

SHARED VALUE-CREATION WITH OUR STAKEHOLDERS



Accor, a global ecosystem of augmented hospitality services

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



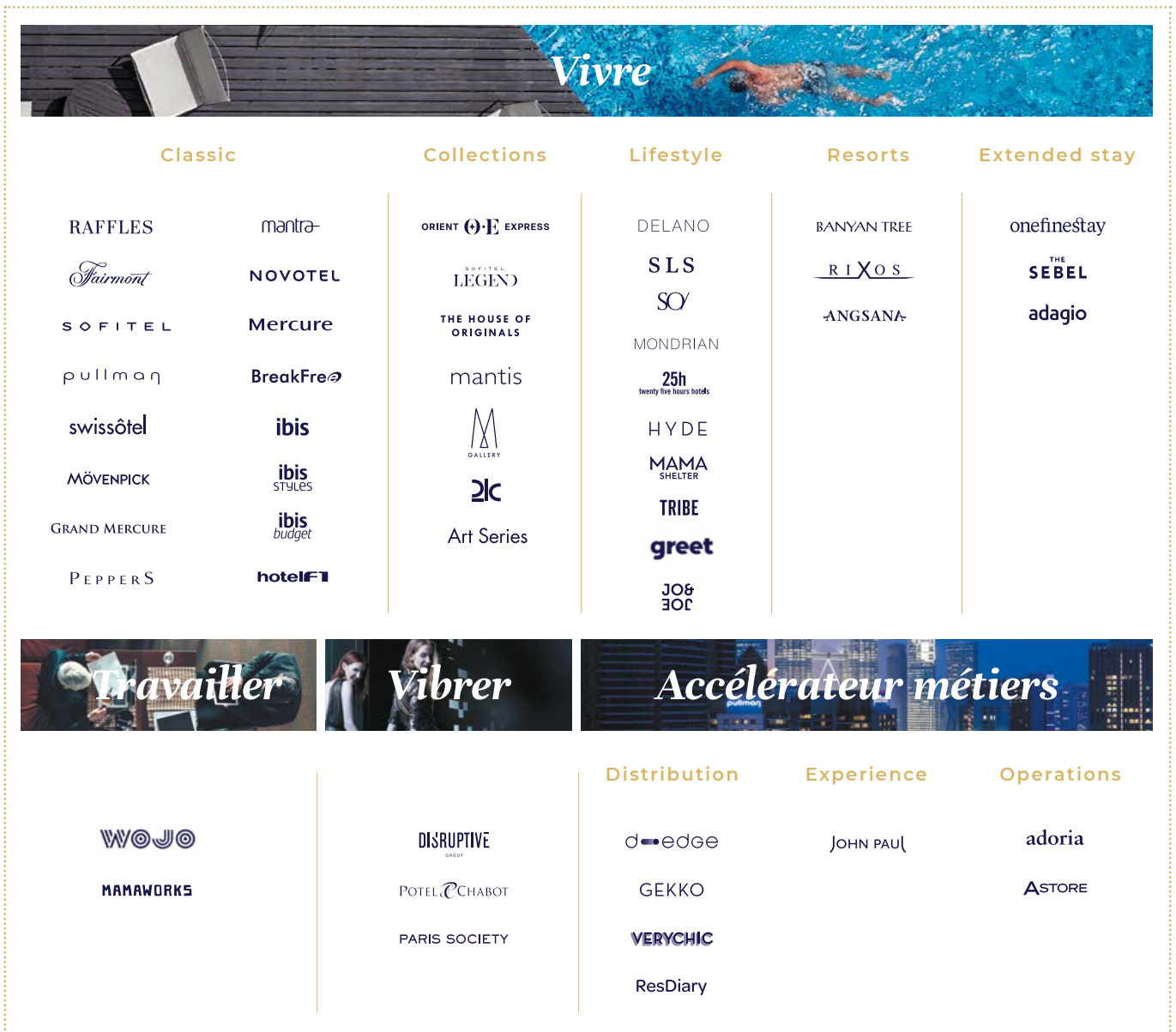
An organization and brand portfolio designed to deliver augmented hospitality

AUGMENTED HOSPITALITY, A DEFINING VOCATION FOR THE GROUP

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

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

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



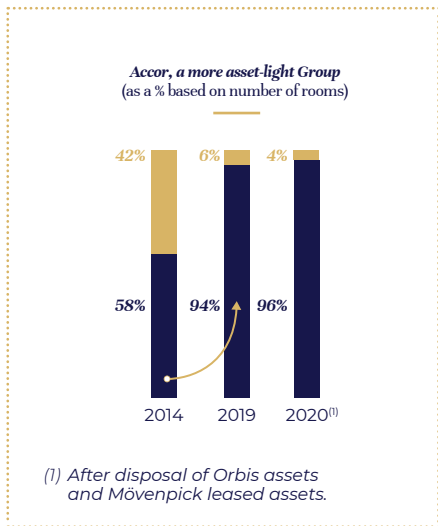
A MODEL UNDERPINNED BY THREE COMPLEMENTARY OPERATING DIVISIONS AND A COMPLETELY REDE-SIGNED LOYALTY PROGRAM

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



Hotel management and franchise activities

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



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

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

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

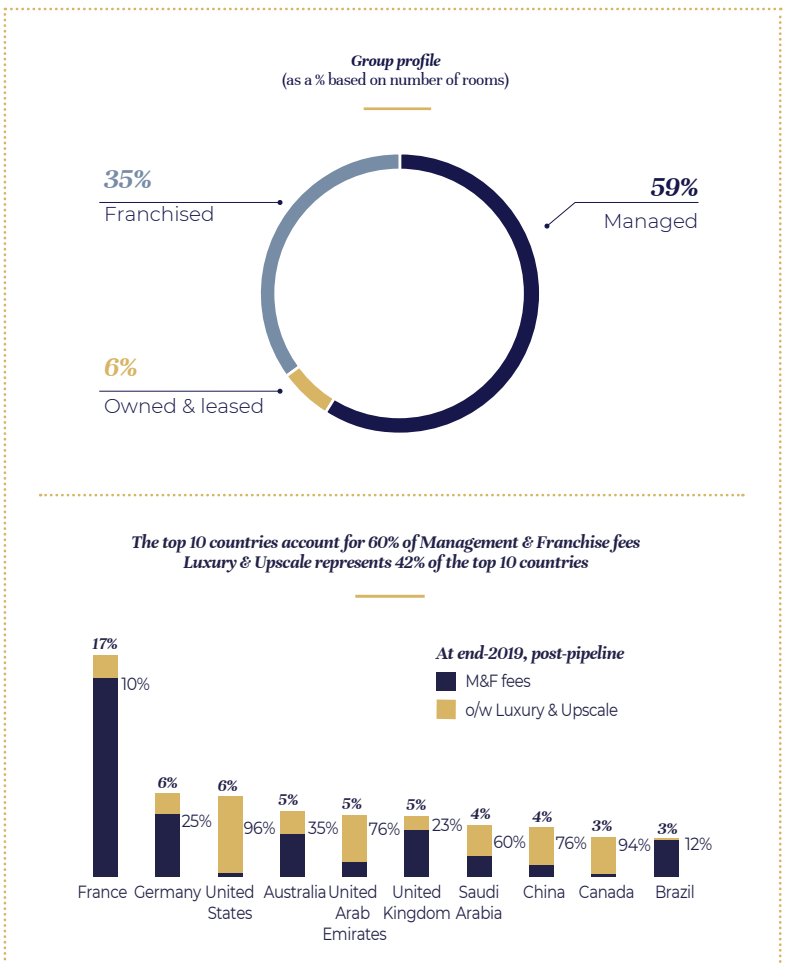
Strong local roots

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

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

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

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

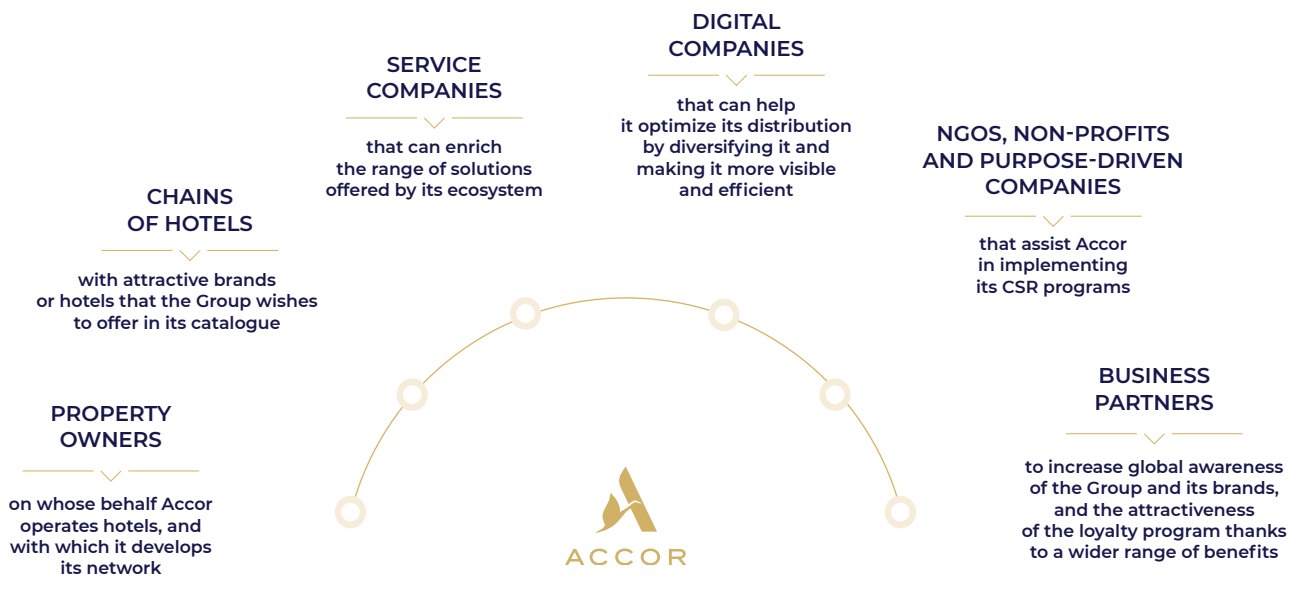




A highly diversified partnership ecosystem

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

The chosen partners are either:





Hotel Assets division

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

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

Targeted service activities, diversifying the Group's business model

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

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



Finalization of the asset-light model

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

- ◇ It organized the sale of its subsidiary Orbis, and with it the hotels it gave the Group in Central Europe, for a net amount of €730 million, without relinquishing the operating contracts.
- ◇ It sold 5.2% of the capital of AccorInvest to shareholders keen to increase their stakes, on top of the sale of 64.8% in 2018. This sale, which raised €199 million, leaves Accor holding 30% of AccorInvest, which is the lock-up level the Group undertook to maintain until May 2023 at the time of the AccorInvest spin-off in 2018.
- ◇ Following the acquisition of the Mövenpick chain in 2018, Accor entered into a sale and management-back agreement with private investment fund HR Group for 16 leased hotels in Germany, Switzerland and the Netherlands, which the Group will manage for 20 years.
- ◇ The Group sold nearly 4.9% of the capital of Huazhu Group Limited to lock in the return on its investment, whose value has been multiplied by 4.5 since the establishment of the two groups' partnership in January 2016, for €405 million. The sale does not call into question the partnership established with Huazhu, which to date has seen the opening of 200 economy and midscale hotels in China. A further 250 openings are planned over the coming three years.

A new unifying and value-creating loyalty program

A global digital portal combining the entire Accor offer

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

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

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

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



ALL takes up a range of essential challenges:

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

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

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



- ◇ A partnership with Alibaba improving the consumer and traveler experience through the development of a range of digital applications and loyalty programs aimed at offering Chinese customers (nearly 700 million) better access to Accor's international offerings through the extensive Alibaba ecosystem.



- ◇ A partnership with Grab allowing its members to use their GrabRewards points within the 39 Accor hotel banners, and ALL members to enjoy easier access to the benefits of GrabRewards, the biggest loyalty program in Southeast Asia, which rewards its users for their daily purchases through a wide range of services, from ride-hailing and delivery services to digital payments.



- ◇ A partnership with Visa with a view to creating an ALL-Visa payment card that ALL members will be able to use for their everyday purchases.

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

*Accor, a group
committed
to its people and
its communities*

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



WE ARE HEARTIST®

HEART

Everything we do comes from the heart

+ ARTIST

We are experts in what we do

= HEARTIST®

Diversity

55%

of employees are **under 35**



Skills

development

800

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

92%

of employees trained in 2019

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

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

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

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

◆ **Come as you are**

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

◆ **Work with purpose**

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

◆ **Grow, learn and enjoy**

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

◆ **Explore limitless possibilities**

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

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

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

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

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

UN SUSTAINABLE DEVELOPMENT GOALS



Being an inclusive company and guaranteeing the well-being of employees.

This goal is reflected in the Group’s “Be Limitless” promise as an employer.



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



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



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

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

UN SUSTAINABLE DEVELOPMENT GOALS



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



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

Planet 21 – Acting Here is guiding the company’s efforts through the 2016-2020 period. Each of the thrusts of the roadmap is broken down into specific objectives for 2020, reviewed each year and whose outcomes are described on pages 137 to 142 of the 2019 Universal Registration Document.

Accor, a resolutely innovative group

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

HEIGHTENED DIGITAL CAPABILITIES, FOCUSED ON BENEFITS FOR CUSTOMERS AND PARTNERS

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

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

- ◆ **monitoring customer comments.** Before booking a hotel room, 95% of travelers check out the online reviews, which are now generally seen as a leading booking trigger.

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

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

- ◆ **increasing their revenues effectively and helping them to control their costs** thanks to comprehensive Dynamic Pricing and Revenue Management solutions;
- ◆ **offering a dedicated portal including personalized information and services,** as well as an optimized and automated billing process;
- ◆ **enhancing hotel operators' reputations** through online content and satisfaction surveys conducted with guests,

as a means of understanding what they like and responding more effectively to their requests and suggestions;

- ◆ **increasing the agility, power and stability of IT systems** to bring new services to market more quickly, guarantee customers a seamless journey and keep pace with rising transaction volumes.

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

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



OPEN INNOVATION, AN INTERNAL DRIVER FOR THE HOSPITALITY OF TOMORROW

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

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

The purpose of the ecosystem is to:

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

A stimulating innovation ecosystem

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

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

Partnerships with start-ups

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

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

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

Co-innovate alongside the leaders of tomorrow

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

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



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

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

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

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

Strategy and objectives

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

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



A business model addressing four fundamental strategic challenges

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

As an asset-light group, Accor seeks above all to maximize revenue on hotel assets on behalf of their owners, drawing on its portfolio of brands and the extensive range of services and benefits developed for its customers (entertainment, food & beverage, shows, fine dining, bespoke services,

etc.) and its hotel partners (financial services, marketing, digital/IT, HR, purchasing, distribution, loyalty, etc.).

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

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



**Generate traffic
and foster loyalty**



**Accelerate
growth**



**Optimize
the model**



**Promote positive
hospitality**

Augmented hospitality



**A BUSINESS MODEL
ADDRESSING FOUR FUNDAMENTAL
STRATEGIC CHALLENGES**



All ACCOR
LIVE
LIMITLESS
80 business partners⁽⁵⁾

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

HOTEL OWNERS⁽¹⁾
on whose behalf
Accor operates hotels

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

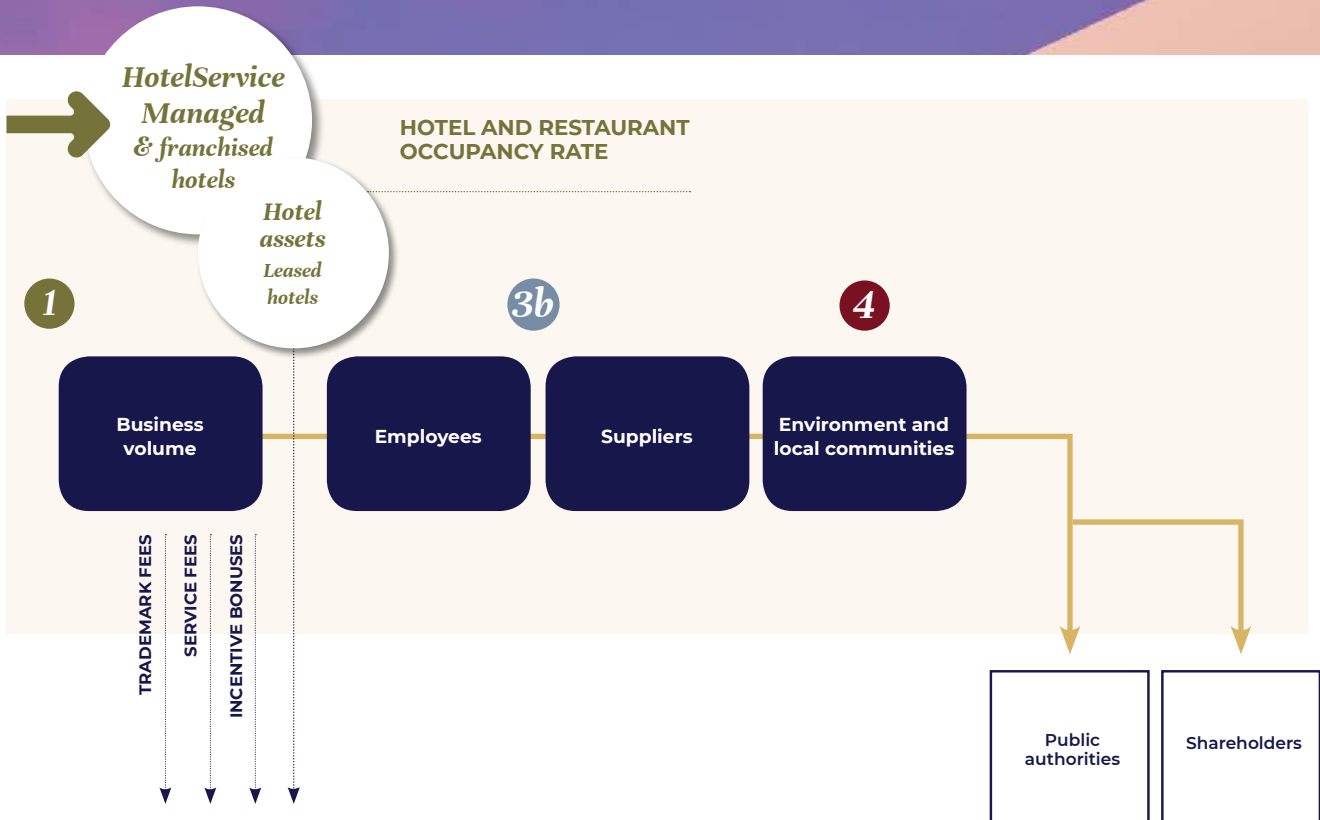
Human capital
~300,000 employees
worldwide

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

Hotel chains⁽²⁾

- 1** **New businesses**
Service companies⁽³⁾
- 2** **Digital companies⁽⁴⁾**

**NGOs and purpose-driven
companies**



- 1** Generate traffic and foster loyalty
- 2** Accelerate growth
- 3** Optimize the model
- 4** Promote positive hospitality

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



Generate traffic and foster loyalty

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

+ Choice and offers

ACCOR'S RESPONSE

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

+ Personalization

ACCOR'S RESPONSE

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

+ Fluidity and security

ACCOR'S RESPONSE

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

+ Meaning and unique experiences

ACCOR'S RESPONSE

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



1 Accor Customer Digital Card.

ACCOR'S RESPONSE

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

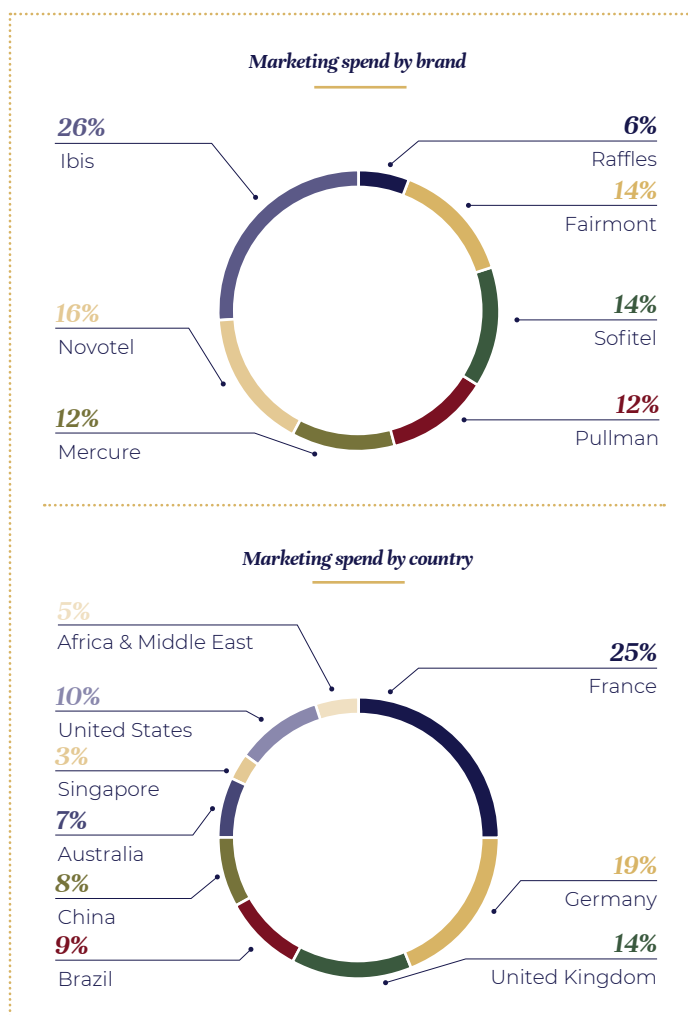
- ◆ meet the mobility and hospitality needs of as many travelers, workers and local residents as possible by offering them the widest possible range of attractive services and benefits;
- ◆ give people the urge to find out more about other Group offers regardless of their point of entry into the ecosystem,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

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

ACCOR'S RESPONSE

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

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





Accelerate growth

The development of the hotel network ^{2a} has a decisive influence on Accor's revenue growth.

There are traditionally two sources of leverage:

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

ACCOR'S RESPONSE

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

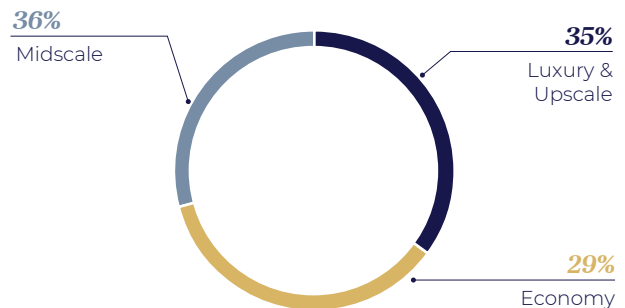
Growing Lifestyle segment

Network
50 hotels
10,000 rooms

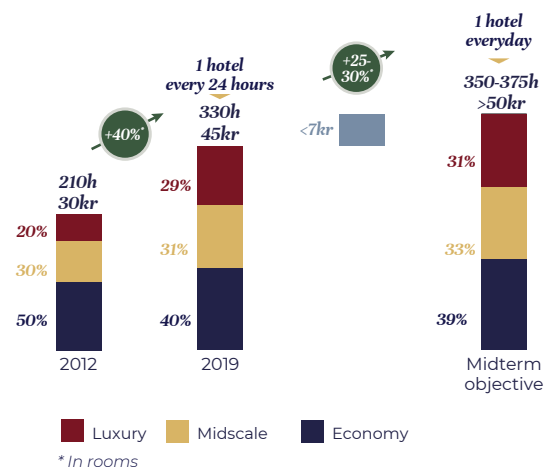
Pipeline
80 hotels
14,000 rooms



Increasing Luxury pipeline in rooms



Acceleration of the pace of expansion



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

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

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

Higher fee generation from openings

2019
Run rate of
€1.2k per room

Post-2020⁽²⁾
Run rate of
€1.6k per room

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

ACCOR'S RESPONSE

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

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

ACCOR'S RESPONSE

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

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



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



Optimize the model

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

ACCOR'S RESPONSE

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

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

ACCOR'S RESPONSE

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





Promote positive hospitality

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

ACCOR'S RESPONSE

Its Ethics & CSR Charter, applicable in all hotels and all Group activities; Planet 21, Accor's sustainable development program; the diversity and inclusion program; Accor Solidarity, the endowment fund to fight exclusion; compliance policy and tools (for details, see section 2 "Corporate responsibility" of the 2019 Universal Registration Document).

Its swift progress on several objectives of its Planet 21 – Acting Here program (see page 137 of the 2019 Universal Registration Document) has prompted Accor to review its ambitions in terms of corporate responsibility ahead of the 2020 deadline. The work will enable it to draw up a new CSR strategy that maximizes the potential for action of its new asset-light model and which provides the best possible response to the expectations of public opinion, the requirements of local and government authorities and growing pressure from a number of customers and investors.



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

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

Accor has also pledged to join the Global Tourism Plastics Initiative, spearheaded by the United Nations Environment Programme and the World Tourism Organization, in partnership with the Ellen MacArthur Foundation. The details of the commitment are set out on page 162 of the 2019 Universal Registration Document.

Landmarks illustrating the Accor strategy in 2019



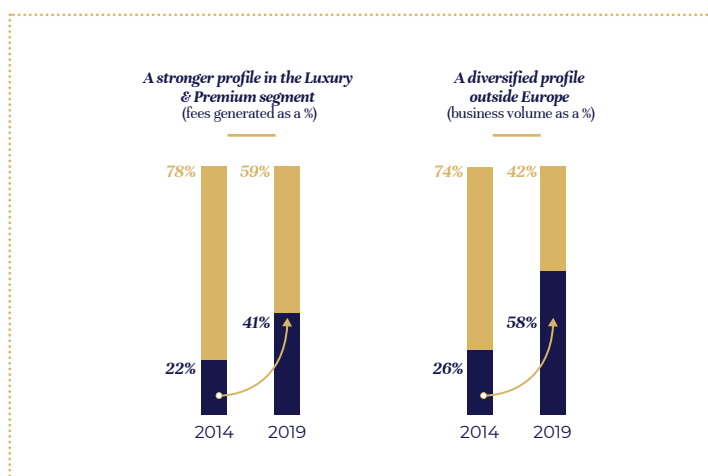
(detailed in sections of the 2019 Universal Registration Document mentioned below).

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

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

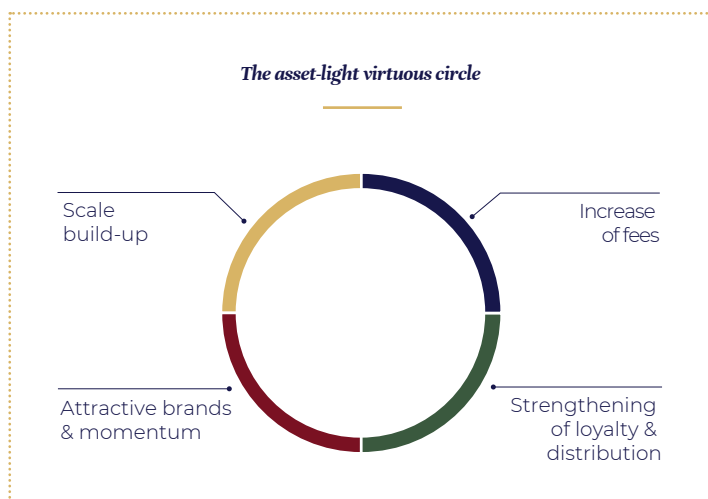
Its new model has made Accor more agile and innovative, and extended its core business. The Group now has a resilient operating profile, based on four defining strategic pillars that sustain its earnings growth.

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



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

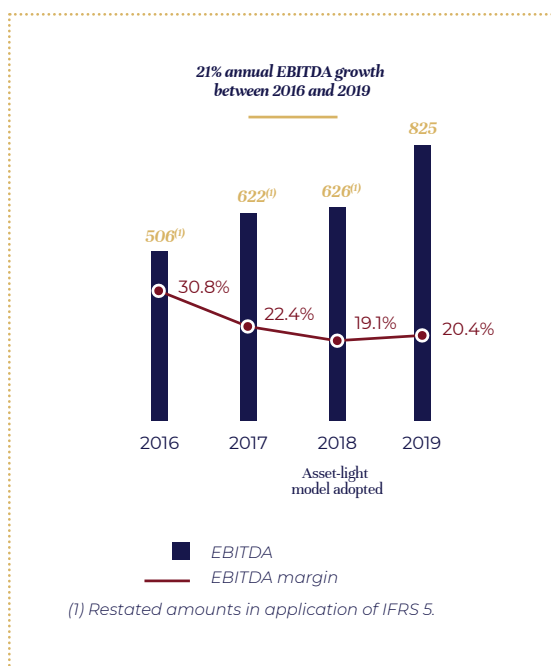
With a wide range of offers and services, Accor has secured the means to become the market's most attractive hospitality service provider. The Group will now continue to strengthen its distribution and fine-tune its loyalty systems, while steadily expanding its portfolio of brands and offers to satisfy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



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

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

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



GOAL OF DOUBLING EBITDA TO €1.2 BILLION BY 2022

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

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

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

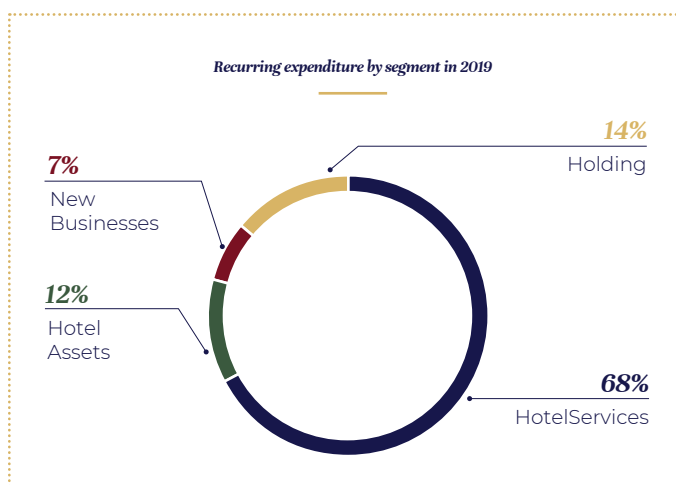
In practical terms, Accor announced in 2018 that some 60% to 70% of the doubling of EBITDA would stem from the growth of hotel earnings, split between organic development and RevPAR growth in the proportion of 30% to 40% and new markets related to acquisitions of Mantra, Atton and Mövenpick for 30%.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

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

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

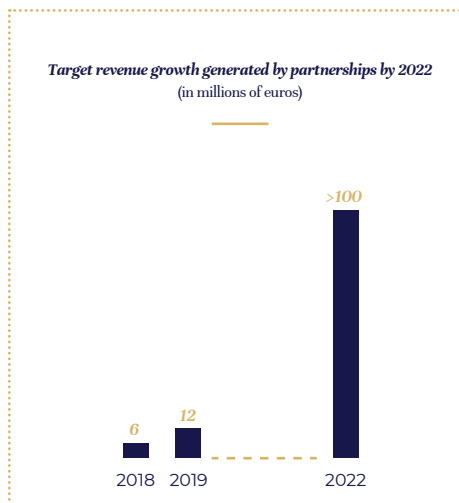
More agile and defensive, the Group now bases its financial policy on margin and cash-generation indicators that are perfectly representative of its wealth creation. Accor's performance is now assessed through the free cash flow it generates, which is expected to increase by at least 10% each year.

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



MAJOR INVESTMENTS TO ENHANCE GROUP AWARENESS AND ATTRACTIVENESS

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



PROFITABLE ACQUISITIONS CREATING VALUE FOR THE GROUP

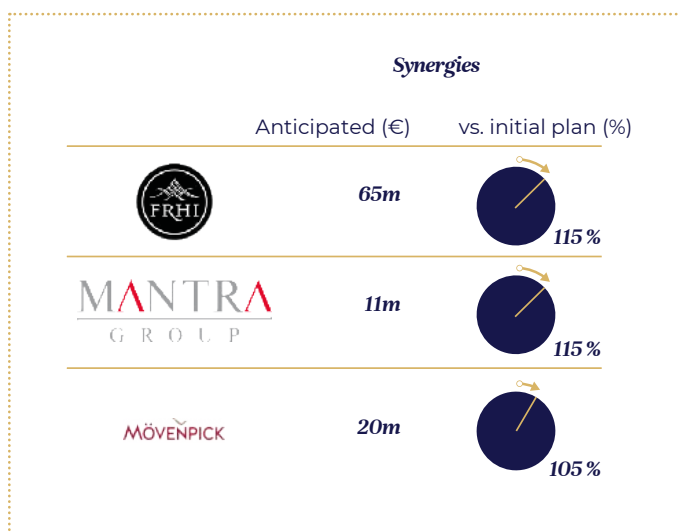
In view of the numerous acquisitions made since 2016, particularly of hotel chains, growth in the Group’s earnings is additionally hinged on its ability to successfully integrate new companies and to extract the synergies identified in preliminary studies.

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

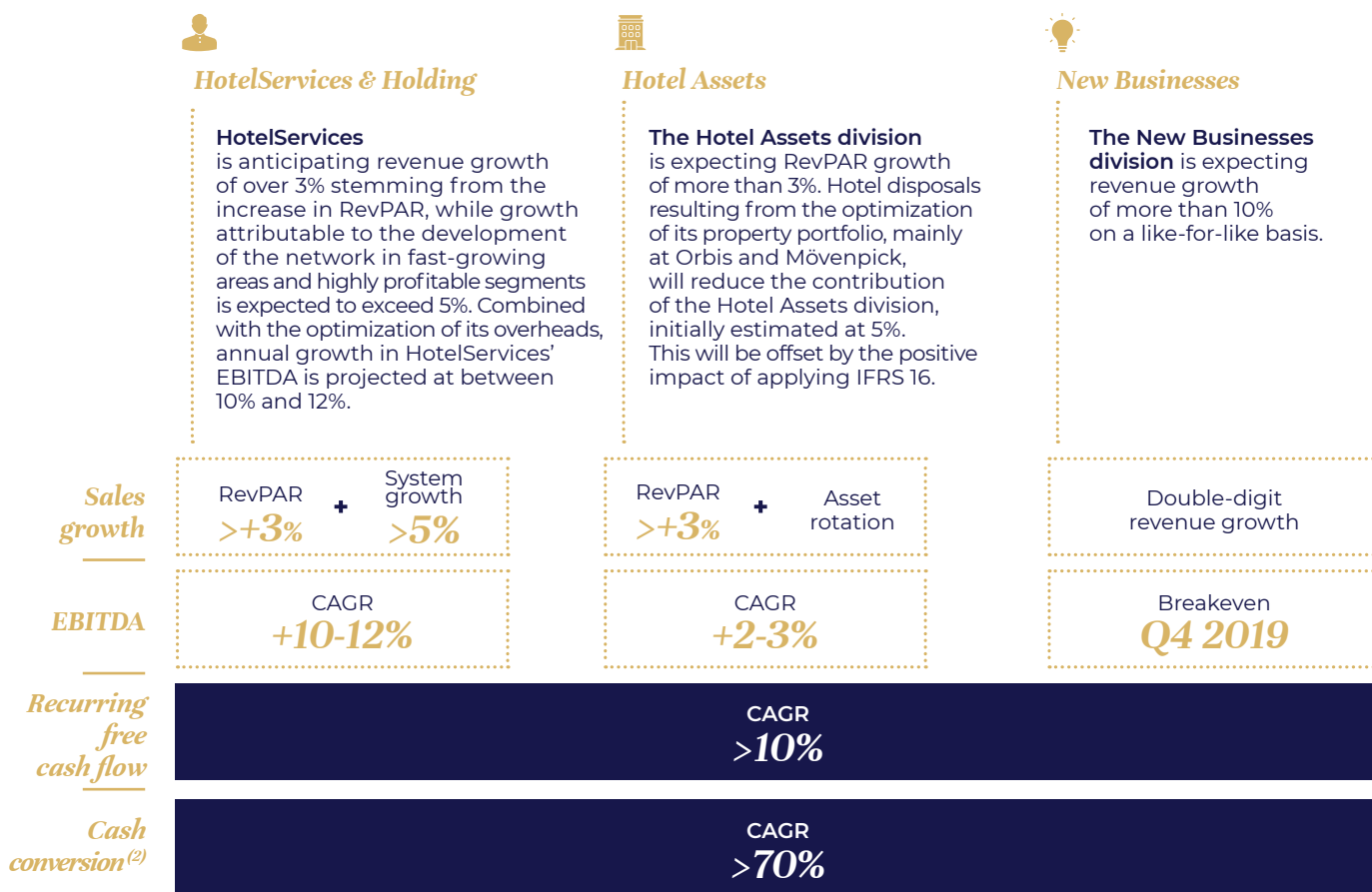
The complexity of the FRHI Group meant that it took Accor three years to integrate the Fairmont, Raffles and Swissôtel chains into its HR, accounting, financial, distribution and other systems. But the operating synergies, initially seen totaling roughly €65 million, were ultimately exceeded by 15%.

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

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



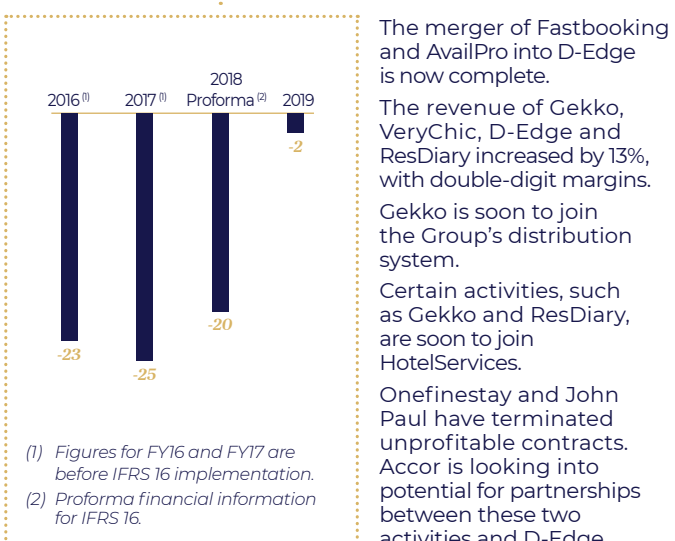
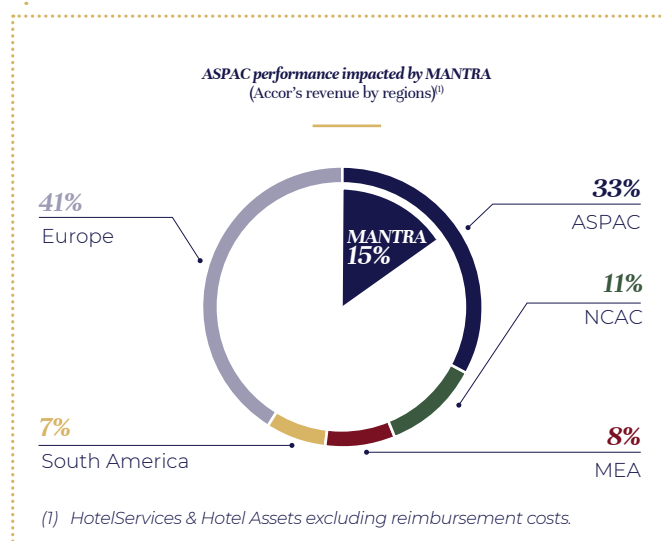
GROUP DIVISION GROWTH ASSUMPTIONS UNDERLYING THE 2022 EBITDA TARGET OF €1.2 BILLION ⁽¹⁾



2019 ACHIEVEMENTS

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

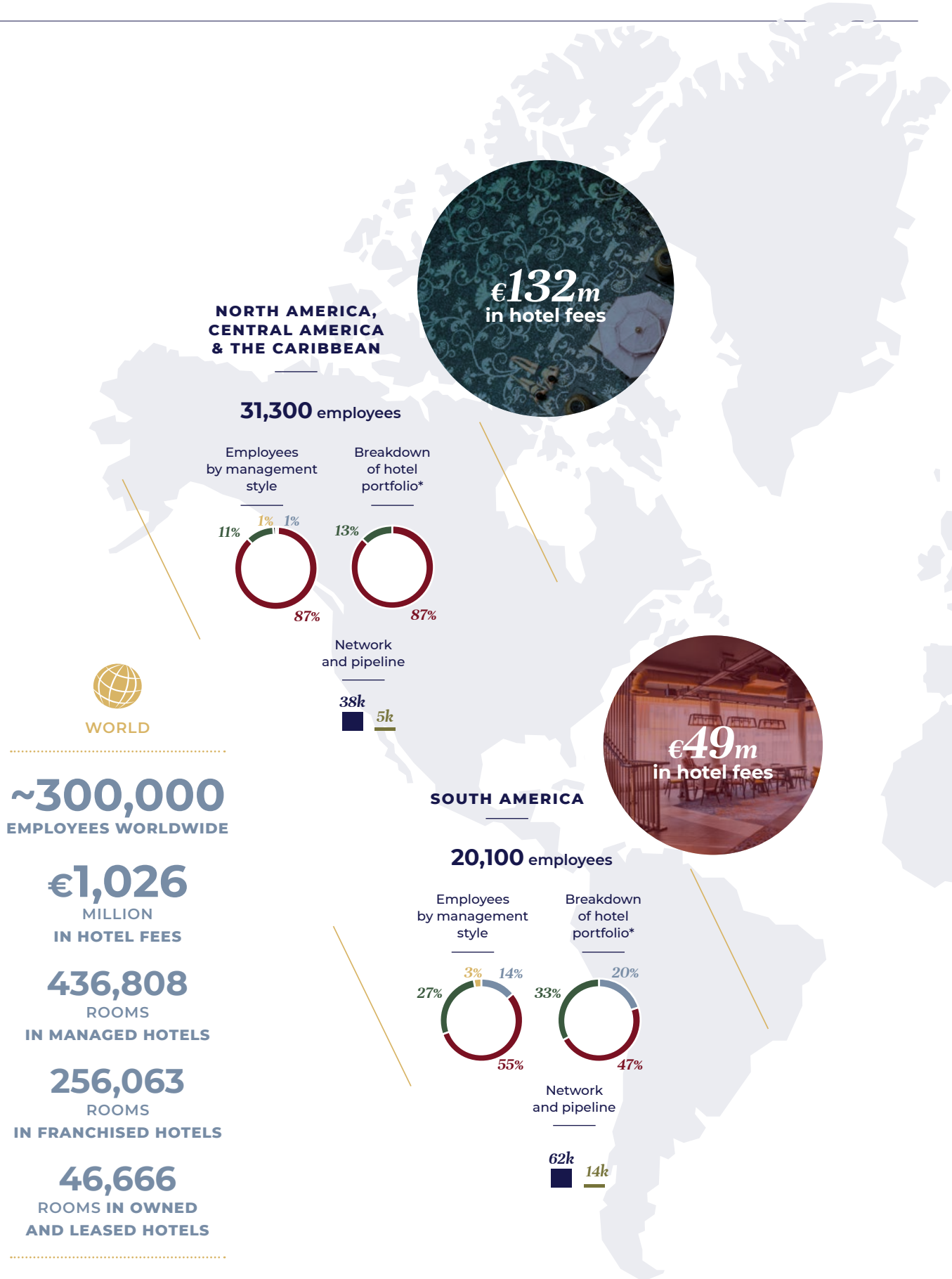
New Businesses
 EBITDA increased by 89% compared with 2018, and is now at breakeven.



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



Performance et leadership

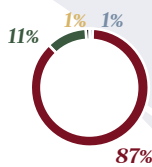


NORTH AMERICA, CENTRAL AMERICA & THE CARIBBEAN



31,300 employees

Employees by management style



Breakdown of hotel portfolio*



Network and pipeline



WORLD

~300,000
EMPLOYEES WORLDWIDE

€1,026
MILLION
IN HOTEL FEES

436,808
ROOMS
IN MANAGED HOTELS

256,063
ROOMS
IN FRANCHISED HOTELS

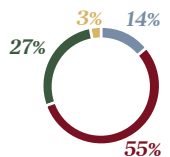
46,666
ROOMS IN OWNED
AND LEASED HOTELS

SOUTH AMERICA

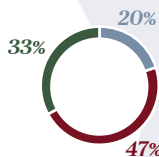


20,100 employees

Employees by management style



Breakdown of hotel portfolio*



Network and pipeline



64m

CARDHOLDER MEMBERS
(EXCLUDING HUAZHU)

+31%

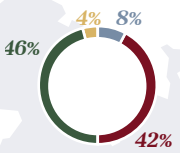
INCREASE
IN CARDHOLDERS IN 2019

EUROPE

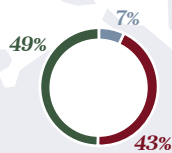
88,100 employees



Employees by management style



Breakdown of hotel portfolio*



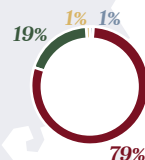
Network and pipeline



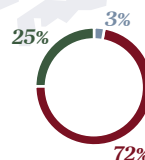
ASIA-PACIFIC

120,700 employees

Employees by management style



Breakdown of hotel portfolio*



Network and pipeline

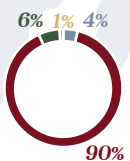


MIDDLE EAST & AFRICA

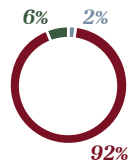
37,800 employees



Employees by management style



Breakdown of hotel portfolio*



Network and pipeline



Management style

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

Network and pipeline

- Hotel portfolio
- Pipeline

* As a % based on number of rooms.

Financial performance

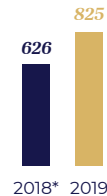
HotelServices' Business volume
(in €bn)



Revenue
(in €m)



EBITDA
(in €m)



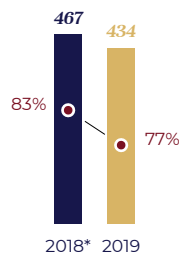
**Net profit
Group share**
(in €m)



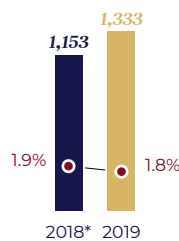
MARKET CAPITALIZATION
at December 31, 2019

€ 11.3bn

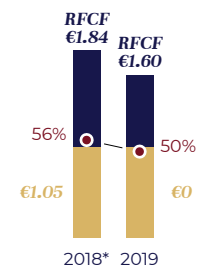
Recurring cash flow (in €m)
Cash conversion as a % of EBITDA



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



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



* Restated amounts in application of IFRS 5.

(1) Free Cash Flow recurrent.

ACCOR'S FINANCIAL AND NON-FINANCIAL RATINGS

INVESTMENT GRADE:

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

ACCOR: CSR CHAMPION FOR NON-FINANCIAL RATING AGENCIES:

#2 CDP Carbon
#1 ISS-Oekom
#2 Sustainalytics
#1 MSCI

Accor is also included in STOXX®, Euronext Vigeo, FTSE4Good and Ethibel Sustainability, and received the RobecoSAM Silver Class Sustainability Award 2018. Accor is included in the 2019 Sustainability Yearbook "sustainable" ranking published for the first time by RobecoSAM

STRONGER FINANCIAL CAPACITY

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

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

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

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

TARGETED ACQUISITIONS

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

positions in strong growth markets, and accelerating its growth in niche markets.

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

ORDINARY DIVIDEND POLICY

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

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

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

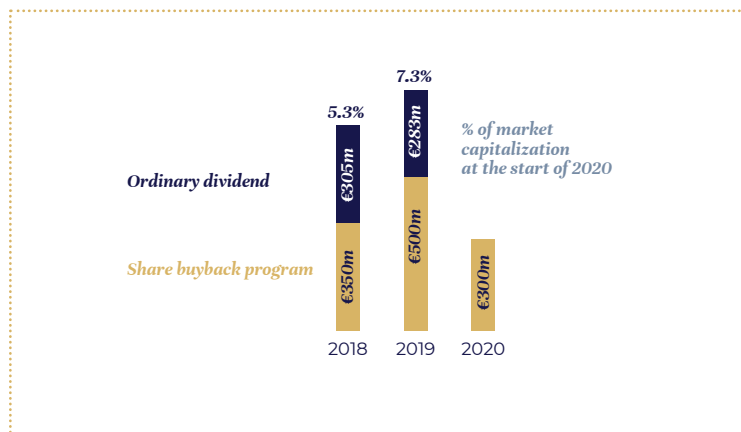
Its solid financial base allows the Group to conduct timely external growth transactions and make exceptional returns to its shareholders, while at the same time ensuring a robust credit profile and investment grade status.

In 2018, Accor set itself the goal of buying back 10% of its capital by July 2020, purchasing €350 million worth of its own shares in 2018, followed by a second tranche of €500 million



in 2019, bringing the total to €850 million or 7.5% of the capital at the end of 2019. With its significant new resources, the Group has announced plans to make a fresh return of €1.0 billion to shareholders in 2020 and 2021, including €300 million or 2.5% of the capital earmarked for the share buyback launched in 2018, as well as €700 million split €300 million in 2020 and €400 million in 2021.

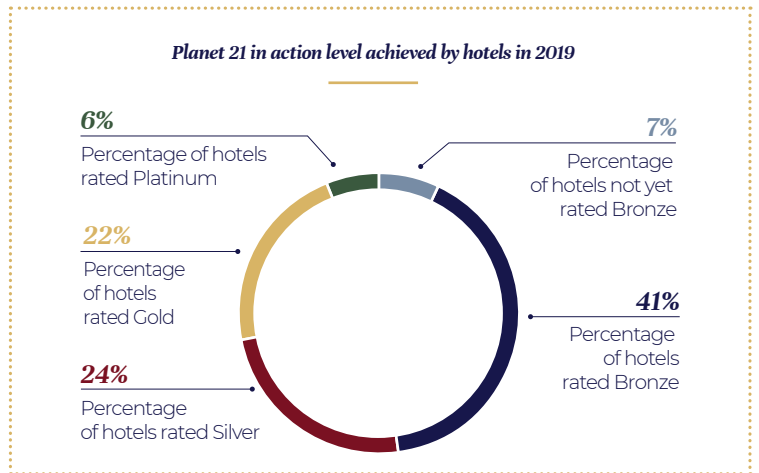
The €300 million share buyback program launched on January 20, 2020 was completed on March 24, 2020. Otherwise, the Group has suspended all other planned tranches until further notice to preserve cash amid the current Covid-19 pandemic.



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

Non-financial performance

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



-6.1%

reduction in water consumption between 2015 and 2018

(on top of reductions of 8.4% between 2011 and 2015 and 12% between 2006 and 2010)



-6.4%

reduction in energy use between 2015 and 2019

(on top of reductions of 5.3% between 2011 and 2015 and 5.5% between 2006 and 2010)



-12.9%

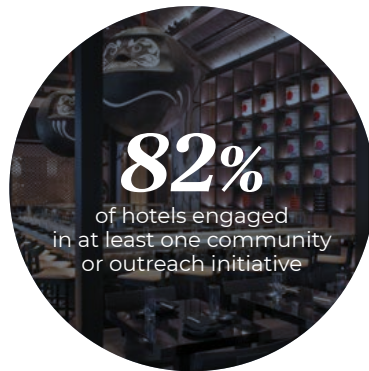
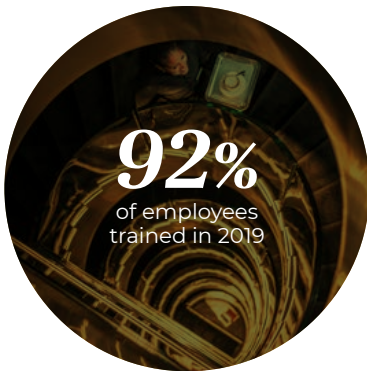
reduction in greenhouse gas emissions between 2015 and 2019

(on top of a reduction of 6.2% between 2011 and 2015)

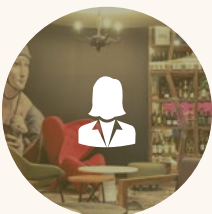


77%

employee engagement rate



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



43%
total women

42%
managers

29%
of which hotel general managers

Reliable governance to support the strategy

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



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

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

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

The **Executive Committee** has 15 members representing all of the businesses and geographical areas in which

the Group operates. It contributes to the management and anticipation of major challenges. It implements the strategy laid down by the Board of Directors, reviews significant issues and monitors the operating results against the objectives set.

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

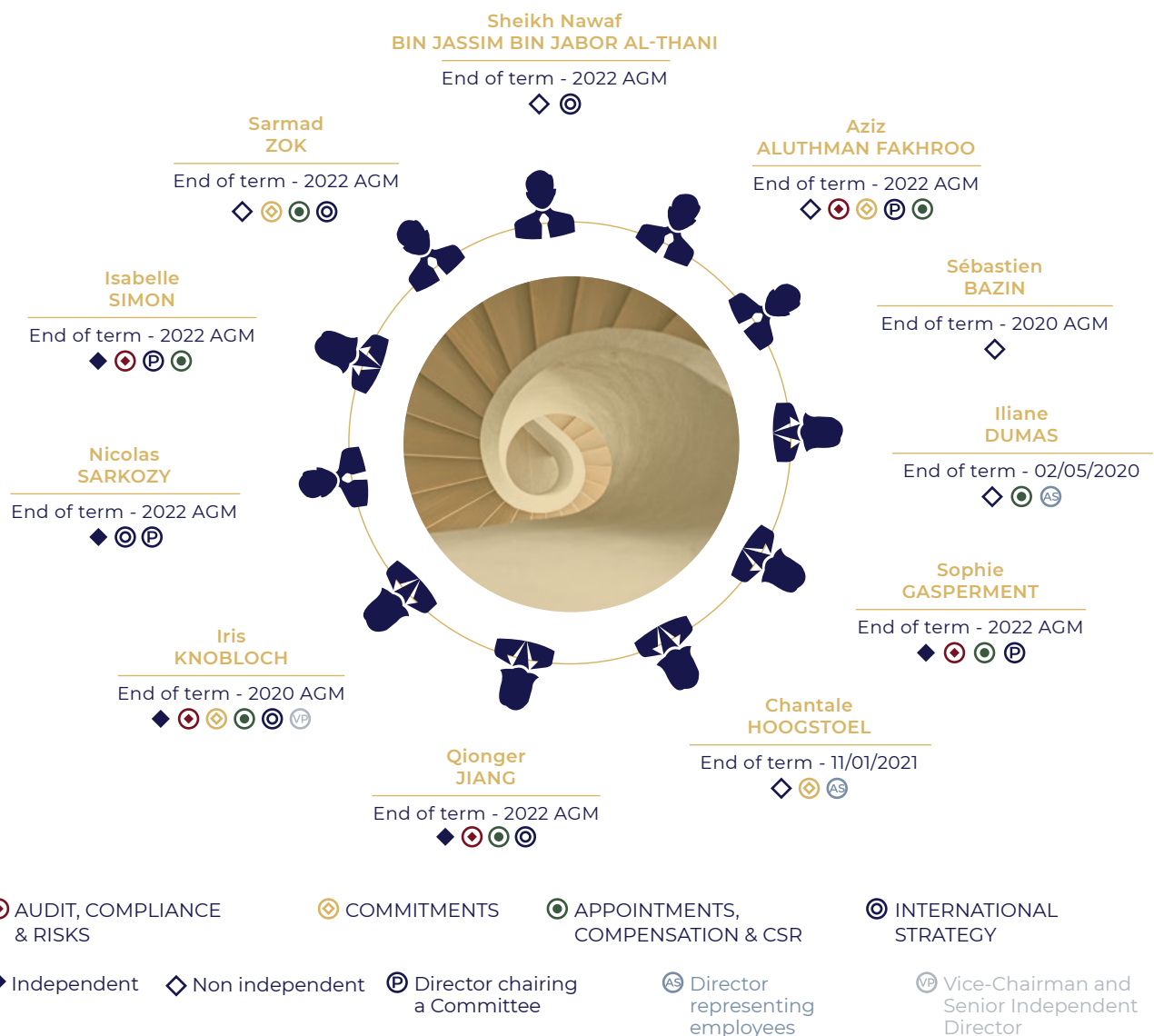
Since 2014, the role of the **Ethics & CSR Committee** has been to report to the Executive Committee on matters relating to ethics and CSR, to make recommendations on changes in commitments regarding human resources, risk management, respect for human rights and sustainable development, to monitor the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

More information on the governance of Accor is available in section 3.1 "Corporate governance and governance structure" of the 2019 Universal Registration Document.

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

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

MEMBERSHIP OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2019



PERCENTAGE OF WOMEN DIRECTORS

Over 40%

AVERAGE AGE

53

INDEPENDENCE OF THE BOARD

Over 50%

BOARD OF DIRECTORS

90%
attendance
rate

9 meetings
in 2019

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

WORK OF THE BOARD OF DIRECTORS AND ITS COMMITTEES IN 2019

All information relating to the Company's governance is provided in the corporate governance report in section 3.1 of the 2019 Universal Registration Document.

Audit, Compliance & Risks

4 meetings

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

Commitments

5 meetings

- ◇ Review of the various acquisition and disposal projects

Appointments, Compensation & CSR

5 meetings

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

BOARD COMMITTEES

International Strategy

2 meetings

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

Employee and executive officer compensation

OVERALL COMPENSATION POLICY

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

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

More information on the talent compensation policy is available in section 2.3.7. "Recognizing and valuing employees" of the 2019 Universal Registration Document.

EXECUTIVE COMPENSATION

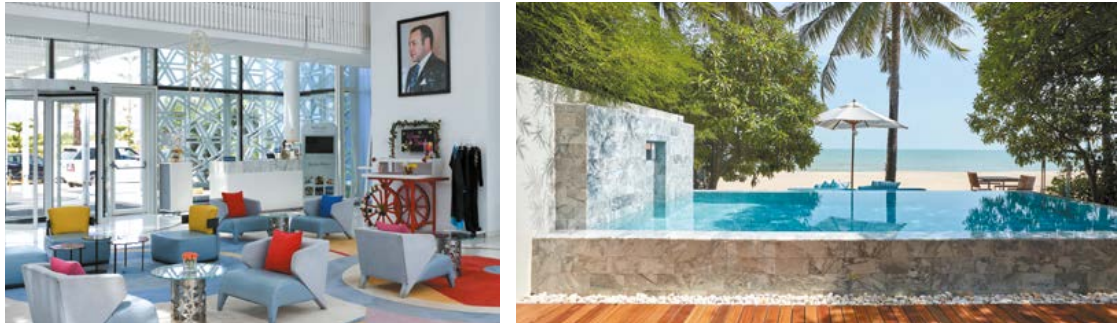
The Company's compensation policy for its executive officer is determined by the Board of Directors, acting on the recommendation of the Appointments, Compensation & CSR Committee. The Board's primary objective is to put together executive compensation packages that are reasonable, balanced, equitable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

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

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

Components	Criteria and objectives	Amount/Weighting
ANNUAL FIXED COMPENSATION	Determined by the Board of Directors based on the recommendation of the Appointments, Compensation & CSR Committee, taking into account: <ul style="list-style-type: none"> ◆ experience ◆ responsibilities ◆ market practices 	€950,000 Unchanged since January 1, 2016
ANNUAL VARIABLE COMPENSATION	Annual variable compensation that varies depending on performance in relation to the following objectives:	The annual variable compensation will represent between 0% and 150% of a Reference Amount set at €1,250,000, and will therefore be equivalent to between 0% and 197% of his annual fixed compensation
	Quantitative objectives (accounting for 80% of the annual variable compensation): <ul style="list-style-type: none"> ◆ financial objectives (actual versus budgeted consolidated EBITDA for 2020, actual versus budgeted free cash flow – excluding disposals and acquisitions, after change in operating working capital – for 2020, net organic growth in number of rooms, excluding acquisitions, in line with the budget ◆ non-financial (guest experience, CSR including employee engagement) 	Each quantitative objective, depending on the achievement rate, may trigger the payment of between 0% and 160% of the share of variable compensation it represents
	Qualitative objectives (accounting for 20% of the annual variable compensation) : <ul style="list-style-type: none"> ◆ strategic vision and identification of strategic options ◆ operational excellence of the organization and talent development 	Each qualitative objective, depending on the degree to which it is met, may trigger the payment of between 0% and 120% of the share of variable compensation it represents
LONG-TERM COMPONENTS	Performance shares , which vest subject to fulfillment of performance conditions decided by the Board of Directors and to continued presence in the Group	The grants represent a maximum of 250% of annual fixed compensation, determined by the Board of Directors

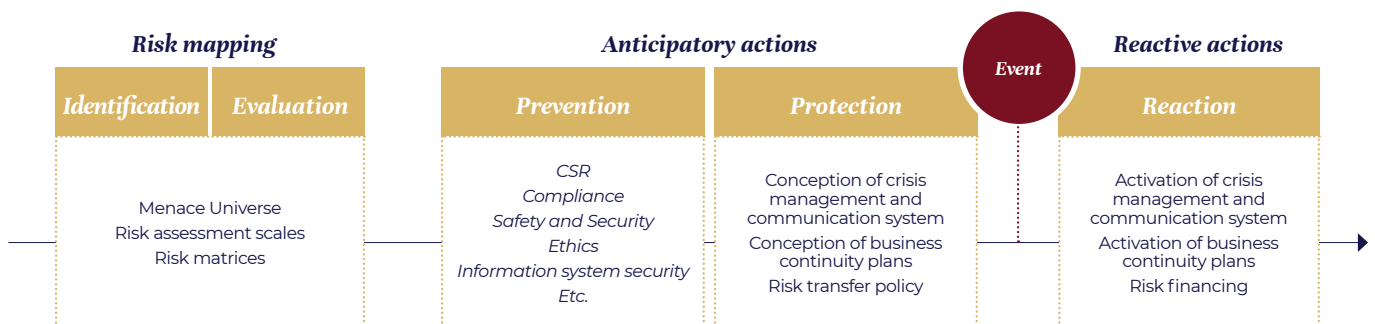
A structured approach to comprehensive risk management



Approach

THE GROUP'S RISK MANAGEMENT APPROACH AIMS TO:

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



The approach is based on risk maps, specific to one or several risks (see section 1.8.1 "Risk management architecture" of the 2019 Universal Registration Document), carried out on the basis of a shared methodology that can nevertheless be adapted to the specific nature of each risk category. Operational and functional units design, implement and run prevention and protection programs in response to the risks identified.

Material risks

The material risks resulting from the map of the Group's major risks are presented in the table below. They are classified into two categories and are shown in decreasing order of criticality within each category. The description of these risks and the associated mitigation measures are described in section 1.8.3 of the 2019 Universal Registration Document.

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



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Headquarters: 82, rue Henri-Farman – 92130 Issy-les-Moulineaux, France
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group.accor.com