

Second-Party Opinion

Accor Sustainability-Linked Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Accor Sustainability-Linked Bond Framework aligns with the Sustainability-Linked Bond Principles 2020. This assessment is based on the following:

- Selection of Key Performance Indicators (KPIs)** The Accor Sustainability-Linked Bond Framework defines two KPIs: Absolute Scope 1 and 2 CO₂ emissions (tCO₂e) and Absolute Scope 3 CO₂ emissions (tCO₂e) (see Table 1). Sustainalytics considers the KPIs chosen to be very strong based on their materiality, relevance to Accor's business and their ability to be assessed against external benchmarks.
- Calibration of Sustainability Performance Targets (SPTs)** Sustainalytics considers the SPTs to be aligned with Accor's sustainability strategy. Sustainalytics further considers the SPTs to be highly ambitious based on their contribution to the Company's science-based targets, and how the SPTs compare with Accor's peers' targets as well as external contextual benchmarks.
- Bond Characteristics** Accor will link the bonds' financial characteristics to achievement of the SPTs, namely a coupon step-up provision or premium payment for failing to achieve one SPT. To avoid triggering a change in coupon or premium payment, Accor must meet both SPTs.
- Reporting** Accor commits to report on an annual basis on its progress on the KPI. Accor commits to disclose relevant information that affect the KPI progress, such as KPI or SPT reassessments and any material acquisitions or divestitures. The reporting commitments are aligned with the Sustainability-Linked Bond Principles.
- Verification** Accor S.A. commits to have external assurance conducted on its KPI progress at the communicated SPT deadline, which is aligned with market expectations.

Evaluation Date	November 12, 2021
Issuer Location	Issy-les-Moulineaux, France

The SPTs contribute to the following SDGs:



Overview of KPIs and SPTs

KPIs	Baseline	SPTs	Strength of the KPIs	Ambitiousness of SPTs
Absolute Scope 1 and 2 CO ₂ emissions (tCO ₂ e)	2019	Reduce absolute Scope 1 and 2 CO ₂ emissions by: 25.2% by 2025; 29.4% by 2026; 33.6% by 2027; 37.8% by 2028; 42% by 2029; and 46% by 2030, from a 2019 baseline.	Very Strong	Highly Ambitious
Absolute Scope 3 CO ₂ emissions (tCO ₂ e)	2019	Reduce absolute Scope 3 CO ₂ emissions by: 15% by 2025; 17.5% by 2026, 20% by 2027; 22.5% by 2028; 25% by 2029; and 28% by 2030, from a 2019 baseline.	Very Strong	Highly Ambitious

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Scope of Work and Limitations

Accor S.A. has engaged Sustainalytics to review the Accor Sustainability-Linked Bond Framework and provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2020 (SLBP).¹

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent² opinion on the alignment of the reviewed Framework with the Sustainability-Linked Bond Principles 2020, as administered by ICMA.

As part of this engagement, Sustainalytics exchanged information with various members of Accor S.A.'s management team to understand the sustainability impact of its business processes and SPTs, as well as the reporting and verification aspects of the Framework. Accor S.A.'s representatives have confirmed that:

- (1) They understand it is the sole responsibility of Accor to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Accor S.A. Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated SPTs but does not measure KPI progress.³ The measurement and reporting of the KPI is the responsibility of the Bond issuer. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Accor S.A. has made available to Sustainalytics for the purpose of this Second-Party Opinion.

This Second-Party Opinion is valid for issuances aligned with the Framework for up to 24 months from the Evaluation Date above or until one of the following occurs:

- (1) A material change to the external benchmarks⁴ against which targets were set;
- (2) A material corporate action (such as a material M&A or change in business activity) which has a bearing on the achievement of the SLBs or the materiality of the KPI.

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¹ The Sustainability-Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-100620.pdf>.

² When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

³ Sustainalytics has provided an opinion based on the understanding that the financial characteristics of instruments issued under this Framework will be tied to the achievement of SPTs corresponding to each of the KPIs in the Framework.

⁴ Benchmarks refers to science-based benchmarks.

Introduction

Accor S.A. (“Accor” or the “Group”) is a leading global hospitality group which owns, manages and franchises luxury to economy hotels. Headquartered in France, Accor has a global presence with 300,000 employees across 110 countries and more than 5,000 properties. Accor directly manages 2,339 hotels and operates another 2,789 through franchises. Beyond accommodation, Accor also provides flexible working spaces, catering services for private events, digital solutions to enhance customer experiences, hotel operations and distribution.

Accor intends to issue sustainability-linked bonds whose coupon rate is tied to the achievement of SPTs for KPIs related to decreasing Scope 1, 2 and 3 GHG emissions.

Accor has engaged Sustainalytics to review the Accor Sustainability-Linked Bond Framework, dated October 28 (the “Framework”), and provide an opinion on its alignment of the bond framework with the SLBP.

Tables 1 and 2 below show the KPIs and SPTs defined by Accor.

Table 1: KPIs Definition

KPIs	Definition
Absolute Scope 1 and 2 CO ₂ emissions (tCO ₂ e)	<p>This KPI represents Scope 1 and 2 emissions from the Group’s subsidiary and managed hotels.</p> <ul style="list-style-type: none"> Scope 1: Direct emissions arising from combustion sources used in Accor’s subsidiary and managed hotels Scope 2: Indirect emissions associated with the energy purchased for electric and thermal requirements of Accor’s subsidiary and managed hotels <p>Accor follows the GHG Protocol standards in calculating its Scope 1 and 2 emissions.</p>
Absolute Scope 3 CO ₂ emissions (tCO ₂ e)	<p>This KPI represents Scope 3 emissions from the Group’s subsidiary, managed and franchised hotels.</p> <ul style="list-style-type: none"> Scope 3 encompasses emissions from the purchase of goods and services such as food and beverages, indirect fuel and energy consumption, and franchise hotels’ Scope 1 and 2 emissions, for a total coverage of 87% of Accor’s total Scope 3 emissions. <p>Accor follows the GHG Protocol standards in calculating its Scope 3 emissions.</p>

Table 2: SPTs and Past Performance

KPIs	2017	2018 ⁵	2019 (baseline) ⁶	2020	SPT 2025	SPT 2026	SPT 2027	SPT 2028	SPT 2029	SPT 2030
Absolute Scope 1 and 2 CO ₂ emissions (tCO ₂ e)	2,435,000	NA	3,471,121	2,272,731	2,596,398	2,450,611	2,304,824	2,159,037	2,013,250	1,867,463
Absolute Scope 3 CO ₂ emissions (tCO ₂ e)	3,827,000	NA	3,761,088	2,240,647	3,196,925	3,102,898	3,008,870	2,914,843	2,820,816	2,726,789

⁵ Accor confirmed to Sustainalytics that the emissions data for the year 2018 has not been estimated and published.

⁶ For the 2019 assessment, Scope 1 and Scope 2 emissions were measured from 2,544 out of 2,559 hotels. Accor has used extrapolation to estimate a more accurate representation of emissions data applicable to the KPI assessment.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of the Accor Sustainability-Linked Bond Framework with the Sustainability-Linked Bond Principles

Sustainalytics is of the opinion that the Accor Sustainability-Linked Bond Framework aligns with the five core components of the Sustainability-Linked Bond Principles 2020.



Selection of Key Performance Indicator (KPI)

Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers: i) whether an indicator speaks to a material impact of the issuer's business on environmental or social issues, and ii) to what portion of impact the KPI is applicable.

Sustainalytics has taken a combined approach towards rating KPIs 1 and 2, as they collectively concern the same environmental issue of the combined emissions from the Company's business operations.

Buildings play an important role in the transition to a low-carbon economy, as their high energy consumption makes them one of the largest sources of GHG emissions. The building and construction sector accounted for 35% of the global energy consumption and 38% of energy-related CO₂ emissions in 2019. Among commercial buildings, hotel buildings are particularly energy intensive, comprising various functional areas, such as guest rooms, business centres, restaurants, laundry rooms, etc., indicating the materiality of emissions reduction for the hotel sector. Sustainalytics ESG Risk Rating identifies "Carbon-Own Operations" as a material ESG issue for the Company as well as its sub-industry.⁷ The Sustainability Accounting Standards Board (SASB)⁸ also identifies energy management as a material topic for the Hotels & Lodging industry, further noting that the buildings related to the hotels and lodging sector consume significant amounts of energy, primarily related to space heating, ventilating, air conditioning, water heating, lighting, and the use of equipment and appliances.⁹

The KPIs, which measure emissions in tonnes of CO₂ equivalent (tCO₂e), are considered material and relevant to Accor given that they cover over 80% of the GHG emissions of all hotels of the Group. Scope 1 and 2 emissions represent emissions from hotels that are directly managed by Accor, whereas Scope 3 emissions include properties that are operated by Accor under a franchise model. As such, the KPI 1 accounted for 100% of Accor's total Scope 1 and 2 emissions, and KPI 2 accounted for 87% of Accor's total Scope 3 emissions in the baseline 2019. Sustainalytics notes that Accor exercises management control over both – managed and franchise hotels – and therefore considers the KPIs to be directly under the operational control of Accor.

Based on this, Sustainalytics considers the KPIs to be material, relevant and sufficient in scope.

KPI Characteristics

In its assessment of the KPI characteristics, Sustainalytics considers: i) whether a clear and consistent methodology is used, ii) whether the issuer follows an externally recognized definition, iii) whether the KPI is a

⁷ Sustainalytics' Carbon –Own Operations MEI refers to a company's management of risks related to its own operational energy and GHG emissions (Scope 1 and 2). It also includes parts of Scope 3 emissions, such as product use, fuel- and energy-related emissions.

⁸ The SASB Foundation is a not-for-profit, independent organization that establishes and maintains industry-specific standards to assist companies in disclosing financially material, decision-useful sustainability information to investors.

⁹ SASB, "Hotels & Lodging", at: https://www.sasb.org/wp-content/uploads/2018/11/Hotels_Lodging_BFC_2018.pdf

direct measure of the performance of the issuer on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.¹⁰

Sustainalytics considers Accor’s definition and methodology to calculate KPI progress to be clear as it follows the GHG Protocol Corporate Standard¹¹ and Corporate Value Chain (Scope 3) Standard¹², which are widely accepted industry standards that support benchmarking against external standards and can be aligned with science-based targets and climate scenarios. The KPIs follow the Absolute Contraction Approach, one of the two methods from the SBTi,¹³ which is a standard approach that allows easy comparability and benchmarking to external contextual benchmarks.

Overall Assessment

Sustainalytics overall considers the KPIs – Absolute Scope 1 and 2 CO₂ emissions and Absolute Scope 3 CO₂ emissions (tCO₂e) – to be very strong given that: (i) they directly measure performance on a relevant and material ESG issue for the Group, which is applicable to most of the Group’s GHG emissions (Scope 1, 2 and 3); (ii) the KPIs follow the SBTi’s science-based targets methodology; and therefore (iii) support benchmarking against external emission reduction trajectories.

Absolute Scope 1 and 2 CO ₂ emissions (tCO ₂ e)	Not Aligned	Adequate	Strong	Very strong
Absolute Scope 3 CO ₂ emissions (tCO ₂ e)				



Calibration of Sustainability Performance Targets (SPTs)

Alignment with Accor’s Sustainability Strategy

Accor has set the following SPTs for its KPIs:

- Reduce absolute Scope 1 and 2 CO₂ emissions by: **25.2%** by 2025; **29.4%** by 2026; **33.6%** by 2027; **37.8%** by 2028; **42%** by 2029; and **46%** by 2030, from a 2019 baseline.
- Reduce absolute Scope 3 CO₂ emissions by: **15%** by 2025; **17.5%** by 2026, **20%** by 2027; **22.5%** by 2028; **25%** by 2029; and **28%** by 2030, from a 2019 baseline.

Sustainalytics considers the SPTs to be aligned with Accor’s sustainability strategy (please refer to Section 2 for an analysis of the credibility of Accor’s sustainability strategy).

Sustainalytics is of the opinion that Accor’s targeted reduction of Scope 1, 2 and 3 emissions is well aligned with Accor’s overall sustainability strategy.

Strategy to Achieve the SPTs

Accor intends to achieve the SPTs through the following strategy:

SPT 1: Reduce absolute Scope 1 and 2 CO₂ emissions by: **25.2%** by 2025; **29.4%** by 2026; **33.6%** by 2027; **37.8%** by 2028; **42%** by 2029; and **46%** by 2030, from a 2019 baseline.

According to the published emissions data in Accor’s sustainability report, the energy consumption of Accor’s hotels account for approximately 63.8% of Accor’s total GHG emissions. To achieve its Scope 1 and 2 targets, Accor plans to take the following steps:

¹⁰ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

¹¹ Greenhouse Gas Protocol, “Corporate Standard”, at: <https://ghgprotocol.org/corporate-standard>

¹² Greenhouse Gas Protocol, “Corporate Standard”, at: <https://ghgprotocol.org/standards/scope-3-standard>

¹³ The SBTi uses two target setting methods: The Absolute Contraction Approach (ACA) is a one-size-fits-all method that ensures that companies setting targets deliver absolute emissions reductions in line with global decarbonization pathways; and The Sectoral Decarbonization Approach (SDA), which is an alternative method that allows targets to be derived from global mitigation pathways for some of the most carbon-intensive activities, such as road transportation, aviation, the generation of electricity or the production of basic materials.

- Given the nature of Accor’s business, its carbon footprint is mainly from the electric and thermal energy needs of its hotel properties, for which Accor continues to rely primarily on fossil fuels. Accor aims to significantly reduce its overall GHG emissions intensity by transitioning to clean and renewable energy-powered operations. Today more than 10% of hotels already have an onsite renewable energy system (solar PV/thermal or wind) installed. Accor’s renewable energy transition strategy is mainly focussed on the use of on-site energy generation using solar thermal or photovoltaic panels, purchase of renewable electricity through power purchase agreements, and purchase of renewable energy certificates and other energy market products.
- Transitioning to smart and green hotels is a key agenda in Accor’s Planet 21 strategy. Accor is committed to adopt energy efficient technologies such as high-yield boilers and LED lighting coupled with advancements in information and communication technologies, such as internet-of-things and artificial intelligence to improve energy efficiency of its network of hotels, thereby driving emissions reduction. Additionally, Accor is also continuously investing in energy efficiency improvement projects through partnerships via energy performance contracts in which an energy service company provides various services, such as financing and guaranteed energy savings.¹⁴

SPT 2: Reduce absolute Scope 3 CO₂ emissions by: **15%** by 2025; **17.5%** by 2026, **20%** by 2027; **22.5%** by 2028; **25%** by 2029; and **28%** by 2030, from a 2019 baseline.

Accor has developed a “Sustainable Procurement Charter” which is signed by all of its suppliers. Through this Charter, the Group has established a set of sustainability principles for its suppliers in an effort to drive reduction in its value chain emissions. In 2021, the Group updated the Charter with requirements for suppliers to report on their emissions and GHG emission reduction commitments. In 2020, the Group also invited its suppliers among the highest carbon intensity products to participate in the CDP Supply Chain Program¹⁵ to report their annual emissions. Such efforts are expected to aid Accor in accurately measuring its overall carbon footprint as well as identifying areas to act upon.

- Accor Group’s Procurement Department has a Sustainable Procurement entity that operates an energy procurement programme which provides renewable energy procurement services to the Group’s franchise hotels, allowing to reduce their own Scope 2 emissions, and consequently contributing to reductions in Accor’s overall Scope 3 emissions. The energy procurement programme is in advanced stages in Europe, South America and Pacific regions. Accor is committed to expand such energy procurement services across its operating regions in the future. Additionally, Accor intends to integrate renewable energy criteria in its laundry supply tendering and contracting to reduce the share of laundry procurement in Scope 3 emissions (3% of Scope 3 in 2019).
- Food & Beverage is identified as one of the priority areas by Accor for Scope 3 emissions reduction, considering that it was responsible for 11% of the Group’s Scope 3 emissions in 2019. These emissions mostly come from the transport of goods and from livestock farming to produce meat and dairy products. Accor has developed a “Healthy and Sustainable Food Charter” which is adopted across the restaurants in its network of hotels. Accor is committed to a zero food waste goal which it plans to achieve by implementing digital technologies to measure and reduce food waste, creating awareness on food waste by communicating with guests, and selling or donating leftover food through partnerships.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers whether the SPTs go beyond business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, iii) and how the SPTs compare with science.¹⁶

Considering 2020 was a disruptive year due to the COVID-19 pandemic, which significantly impacted the hospitality sector, Accor has set 2019 as the baseline for the SPTs, as it represents the most recent reliable data.

- **SPT 1:** Reduce absolute Scope 1 and 2 CO₂ emissions by: **25.2%** by 2025; **29.4%** by 2026; **33.6%** by 2027; **37.8%** by 2028; **42%** by 2029; and **46%** by 2030, from a 2019 baseline.

¹⁴ Accor, “Planet 21 – Building”, at: <https://group.accor.com/en/commitment/planet-21/building>

¹⁵ CDP Supply Chain helps companies to engage suppliers in value chain emission assessment, identify opportunities and mitigate risks. For more information, please visit: <https://www.cdp.net/en/supply-chain>

¹⁶ We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

- SPT 2: Reduce absolute Scope 3 CO₂ emissions by: **15%** by 2025; **17.5%** by 2026, **20%** by 2027; **22.5%** by 2028; **25%** by 2029; and **28%** by 2030, from a 2019 baseline.

Sustainalytics was able to use the following benchmarks to assess ambitiousness: peer performance and the Science Based Targets initiative (SBTi) pathways.

- The SPTs are verified by SBTi, wherein SPT 1 is aligned with reductions required to keep global warming to 1.5°C and SPT 2 is aligned with reductions required to keep global warming well below 2°C.¹⁷ To achieve the SPTs in 2030, Accor has committed to an implied average annual linear reduction of 4.18% of Scope 1 and 2 GHG emissions for the SPT 1 measurement period and of 2.55% of Scope 3 GHG emissions for the SPT 2 measurement period.
- An analysis conducted by Sustainalytics on Accor’s peer group, which included global hospitality groups that are acting on climate change, concluded that the SPT 1 and SPT 2 align with the industry’s best practices. The Group is one of the leaders in the hospitality sector, for having a climate target that is verified by SBTi to align with the 1.5°C warming scenario. Among the companies in SBTi’s “Hotels, Restaurants and Leisure, and Tourism Services” sector committing to taking action against climate change, an estimated 30% have committed to emissions reduction targets aligned with a 1.5°C warming scenario.¹⁸
- Regarding past performance, Sustainalytics was unable to perform an analysis for the three years up to the 2019. Accor confirmed to Sustainalytics that historical emissions data for the year 2018 were not calculated. However, Sustainalytics still considers the forward-looking emissions reduction targets to represent a significant improvement on past performance and notes that Accor intends to publish its emissions data on an annual basis going forward

Overall Assessment

Sustainalytics considers the SPTs to align with Accor’s sustainability strategy and considers Accor’s SPT 1 and SPT 2 to be highly ambitious based on: i) their alignment with industry’s best practices, and ii) their alignment with a SBTi-verified climate trajectory.

Reduce absolute Scope 1 and 2 CO ₂ emissions by: 25.2% by 2025; 29.4% by 2026; 33.6% by 2027; 37.8% by 2028; 42% by 2029; and 46% by 2030, from a 2019 baseline.	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
Reduce absolute Scope 3 CO ₂ emissions by: 15% by 2025; 17.5% by 2026, 20% by 2027; 22.5% by 2028; 25% by 2029; and 28% by 2030, from a 2019 baseline.	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Bond Characteristics

Accor has disclosed that bond issuances under the Framework will be subject to a predefined penalty for not achieving both SPTs at the respective predefined target observation dates. If only one of the SPTs is achieved, then the potential penalty will be 50% of the predefined penalty. The occurrence of a penalty trigger event will result in either: (i) a coupon step-up from the next interest period, or (ii) a one-time premium payment to the investors on the redemption date.

Sustainalytics considers these levels of disclosure to be aligned with the SLBP, noting that it does not opine on the adequacy of the financial penalty.

¹⁷ The SBTi classifies a ‘1.5°C’ as an approximately 50% chance of limiting peak warming between present and 2100 to below 1.5°C. The ambition range for the emissions reduction pathway is $X \geq 4.2\%$ annual linear reduction rate over the target period for alignment. The SBTi classifies a ‘well below 2°C’ as an approximately 66% chance of limiting peak warming between present and 2100 to below 2°C. The ambition range for the emissions reduction pathway is $2.5\% \leq X < 4.2\%$ annual linear reduction rate over the target period for alignment. See: <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf>

¹⁸ For more information on the list of companies Sustainalytics used as Accor’s peers, please see: <https://sciencebasedtargets.org/companies-taking-action?target=1.5%C2%B0C§or=Hotels%2C%20Restaurants%20and%20Leisure%2C%20and%20Tourism%20Services#table>



Reporting

Accor commits to report on an annual basis on its progress on the KPI and expects to include the relevant figures in the Group's sustainability or annual report, which is aligned with the SLBP. Accor further commits to provide: (i) up-to-date information on its progress on the selected KPI, including the baseline and calculation methodology where relevant; (ii) a verification assurance report relative to the SPTs outlining the performance towards the SPTs in the years with a target observation date; (iii) information about coupon adjustment/ redemption premium (if any) along with calculation methodology; (iv) any potential events, such as material acquisitions or divestitures that could result in failure to achieve any of the SPTs; and (v) qualitative or quantitative explanation of the main factors behind the evolution of the progress on the KPI. Sustainalytics notes that Accor's reporting commitments are aligned with the SLBP.



Verification

Accor commits to have an external verifier provide an assurance report on the published performance against the SPTs figures for each fiscal year, which is aligned with the SLBP on verification.

Section 2: Assessment of Accor's Sustainability Strategy

Credibility of Accor Sustainability Strategy

According to Sustainalytics' ESG Risk Rating, Accor ranks first out of 103 peers analyzed and is considered an outperformer on management of ESG issues compared to its direct sub-industry peers.¹⁹ Accor's Sustainable Development Department was created in 2002, with the Group's overall sustainability performance overseen by the Chief Sustainability Officer (CSO) reporting directly to the chairman and CEO. To meet the Group's net zero commitment, the CEO formed a Carbon Steering Committee in 2020, which works on the operational and strategic approach for reaching this goal.²⁰

In 2020, Accor set targets to reduce its Scope 1 and 2 GHG emissions by 46% and Scope 3 GHG emissions by 28% by 2030 from a baseline of 2019. Additionally, the Group also set a target for reaching net zero emissions by 2050.²¹ Accor has aligned the carbon reduction targets with the SBTi's and intends to carry out all future activities to be aligned with the 1.5°C scenario. The Group focuses on four key pillars: (i) unlocking a carbon-mindset, (ii) transitioning to smart green hotels, (iii) accelerating green energy, and (iv) reaching net-zero faster.²² In 2009, Accor launched the 'Plant for the Planet' programme and has planted 7.2 million trees through agroforestry and reforestation projects as of 2021.²³ In 2011, Accor launched the 'Planet 21' sustainable development programme focused on efficient use of resources by reducing food waste and creating carbon neutral hotel buildings. By 2019, Accor was able to achieve a 57% reduction in food waste, which is equivalent to 1,200 tonnes of carbon.²⁴ In September 2021, Accor joined other hospitality groups in the Sustainable Hospitality Alliance²⁵ to work on environmental and social issues.²⁶

Approximately 63.8% of the Group's total emissions are related to energy consumption. In the transition to a low-carbon economy, Accor aims to focus on renewable energy and carbon removal projects. As of 2020, 10% of the Group's hotels had on-site renewable energy, such as solar PV, and, where possible, the Group has engaged with off-site green energy suppliers to provide renewable electricity. In 2020, Accor enrolled its high impact suppliers in the Customer Data Platform to report on climate change initiatives, which could lead to monitoring decarbonization efforts.

Based on this, Sustainalytics considers Accor to have a strong sustainability strategy and encourages the Group to set quantitative targets for clean energy transition. Additionally, considering Accor's long history of sustainability practices, Sustainalytics believes that the SLBs will further support Accor to advance its sustainability strategy.

Accor's Environmental and Social Risk Management

Overall, Sustainalytics considers Accor's ESG risk management strong, and its overall exposure is low compared to sub-industry peers. Sustainalytics also recognizes that Accor's defined targets are impactful, but acknowledges that achieving the SPTs bears environmental and social risks related to human capital, resource use and carbon-own operations.

Sustainalytics comments on Accor's ability to mitigate such potential risks below.

- Accor's Governance, Compliance and Corporate Responsibility Committee assists the Group's Board of Directors in identifying and managing risks involving ethics, compliance, corporate and environmental responsibility. The Group has an Ethics and CSR Charter, which covers risk management for its employees, suppliers and hotel owners. To manage human capital, Accor aims to uphold the rights to freedom of association and non-discrimination. Although the Group does not have a detailed policy on working conditions, complies with international fundamental principles, such as the United Nations Global Compact, the International Labour Organisation conventions, the Universal Declaration of Human Rights, and local guidelines. Ensuring the health, safety and good working conditions for all employees is the responsibility of Accor's local managers who administer employee training on workplace hazards and, also identify and document all workplace incidents to improve safety on recurring problem areas. To enable learning and development of

¹⁹ The assessment has been derived from Sustainalytics ESG Risk Ratings

²⁰ Accor, "Slavery and Human Trafficking Statement", at: https://group.accor.com/-/media/Corporate/Legal-terms/Accor_UK_Modern_Slavery_Statement_Mar_19.pdf?la=en

²¹ Accor, "2020 Integrated Report", at: https://group.accor.com/-/media/Corporate/Investors/Documents-de-reference/2020_Integrated_report_def.pdf

²² Accor, "2020 Integrated Report", at: https://group.accor.com/-/media/Corporate/Investors/Documents-de-reference/2020_Integrated_report_def.pdf

²³ Accor, "The Plant for Planet Initiative", at: <https://group.accor.com/en/commitment/plant-for-the-planet/initiatives>

²⁴ Accor, "Together, Let's Help Restore Our Earth", at: <https://group.accor.com/en/Actualites/2021/04/world-earth-day>

²⁵ Sustainable Hospitality Alliance, "Responsible Hospitality Worldwide", at: <https://sustainablehospitalityalliance.org/>

²⁶ Accor, "2020 Integrated Report", at: https://group.accor.com/-/media/Corporate/Investors/Documents-de-reference/2020_Integrated_report_def.pdf

its employees, Accor has The Academy training centre, which provides equal access to all employees for training in hospitality skills.^{27 28}

- One of Accor's major impact on water consumption is indirect via the food production chain. The Group regularly tracks consumption and uses water saving programmes and equipment in water-stressed areas, along with encouraging farmers to adopt agroecology and environmentally friendly growing techniques. Generation and management of solid waste originating from daily operations, food services, construction and demolition are managed in accordance with local guidelines. To reduce solid waste, the Group is reducing the use of packing material, using recyclable products, segregation at source and composting. Furthermore, the Group aims to eliminate single-use plastics from its operations by 2022.^{29 30}
- In 2019, Accor signed up to the SBTi target initiative and intends to reach carbon-neutrality by 2050. Steps to reach this goal include improving energy efficiency of buildings, and using renewable energy and carbon offsetting. As of 2020, 10% of the Group's buildings operate on renewable energy. Accor has also committed to reduce its Scope 1 and 2 emissions by 46% and Scope 3 emissions by 28% by 2030 (baseline year 2019). To achieve this the Group is focusing on areas such as purchased goods and services, fuel and energy related activities, upstream transportation, business travel and employee commuting. In 2020, 450 suppliers were invited by Accor to join the CDP Supply Chain Programme to transparently report on emissions, and decarbonization efforts. Additionally, Accor also encourages and supports its suppliers to report and reduce GHG emissions.^{31 32}

In addition to the above, Sustainalytics notes that it has found no evidence of any major environmental or social controversies related to Accor. Overall, Sustainalytics considers that Accor has adequate management programmes and policies to mitigate risks that are material to its sub-industry.

Section 3: Impact of the SPTs Chosen

The Sustainable Hospitality Alliance estimates that the hotel industry accounts for approximately 1% of global carbon emissions, and expects this share to increase further in the future.³³ Hotels are among the most demanding energy consuming buildings due to their high operational energy demand, including often from 24-hour operation, the variety of facilities and functions provided, and the heightened energy use habits of guests.³⁴ Energy conservation would therefore result in a significant reduction in the carbon footprint of hotels.

In 2019, the European Union initiated the Green Deal to cut emissions by at least 55% by 2030. In July 2021, the Commission presented several proposals on how it intends to achieve climate neutrality by 2050, including greenhouse gas emission targets for sectors such as buildings.³⁵ According to the European Commission, buildings are responsible for 36% of the EU's GHG emissions in 2020, mainly coming from construction, usage, renovation and demolition.³⁶ In addition, 40% of the EU's energy consumption can be attributed to buildings, making them the single largest energy consumer in the EU. About 35% of the EU building stock is 50 years old or more, almost three-quarters of it is not energy efficient, and only 1% is renovated each year. The European Commission estimates that the renovation of existing buildings can lead to significant energy savings, having

²⁷ Accor, "Ethics and Corporate Social Responsibility Charter", at: https://group.accor.com/-/media/Corporate/Talent/PDF-for-pages/Charte-ethique-et-RSE/ACCOR_Ethics_and_Corporate_Social_Responsibility_Charter_20_ENG.pdf

²⁸ Accor, "Careers- What we Offer", at: <https://careers.accor.com/global/en/what-we-offer>

²⁹ Accor, "Ethics and Corporate Social Responsibility Charter", at: https://group.accor.com/-/media/Corporate/Talent/PDF-for-pages/Charte-ethique-et-RSE/ACCOR_Ethics_and_Corporate_Social_Responsibility_Charter_20_ENG.pdf

³⁰ Accor, "2020 Integrated Report", at: https://group.accor.com/-/media/Corporate/Investors/Documents-de-reference/2020_Integrated_report_def.pdf

³¹ Accor, "Ethics and Corporate Social Responsibility Charter", at: https://group.accor.com/-/media/Corporate/Talent/PDF-for-pages/Charte-ethique-et-RSE/ACCOR_Ethics_and_Corporate_Social_Responsibility_Charter_20_ENG.pdf

³² Accor, "2020 Integrated Report", at: https://group.accor.com/-/media/Corporate/Investors/Documents-de-reference/2020_Integrated_report_def.pdf

³³ Sustainable Hospitality Alliance, "Climate change and the hospitality industry", accessed on Oct 26, 2021 at: <https://sustainablehospitalityalliance.org/our-work/climate-action/>

³⁴ EnergyStar, "Hotels: An Overview of Energy Use and Energy Efficiency Opportunities", at: <https://www.energystar.gov/sites/default/files/buildings/tools/SPP%20Sales%20Flyer%20for%20Hospitality%20and%20Hotels.pdf>

³⁵ EU climate action and the European Green Deal https://ec.europa.eu/clima/policies/eu-climate-action_en

³⁶ In focus: Energy efficiency in buildings https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_en

the potential reduce the EU’s total energy consumption by 5-6% and to lower CO₂ emissions by approximately 5%. This effort is also expected to stimulate the construction industry, which provides 18 million direct jobs within the EU.³⁷

The hotel industry can make significant contributions in the mitigation of its climate impact and towards meeting the EU’s 2050 climate neutral goals by pursuing innovations in more energy efficient technologies to reduce operational energy emissions while supporting initiatives to reduce embodied emissions in the lifecycle of its buildings.

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 and form part of an agenda for achieving sustainable development by the year 2030. This sustainability-linked bonds eventually issued under the Framework are expected to advance the following SDGs and targets:

KPI	SDG	SDG Target
Absolute Scope 1 and 2 CO ₂ emissions (tCO ₂ e)	7. Ensure access to affordable, reliable, sustainable, and modern energy for all	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix
Absolute Scope 3 CO ₂ emissions (tCO ₂ e)		7.3. By 2030, double the global rate of improvement in energy efficiency

Conclusion

Accor S.A. intends to issue sustainability-linked bonds tying the coupon rate and premium payment to the achievement of the following SPTs for two KPIs:

- (1) Absolute Scope 1 and 2 CO₂ emissions (tCO₂e): Reduce absolute Scope 1 and 2 CO₂ emissions by: **25.2%** by 2025; **29.4%** by 2026; **33.6%** by 2027; **37.8%** by 2028; **42%** by 2029; and **46%** by 2030, from a 2019 baseline.
- (2) Absolute Scope 3 CO₂ emissions (tCO₂e): Reduce absolute Scope 3 CO₂ emissions by: **15%** by 2025; **17.5%** by 2026, **20%** by 2027; **22.5%** by 2028; **25%** by 2029; and **28%** by 2030, from a 2019 baseline.

Sustainalytics considers the KPIs chosen to be very strong based on: (i) they directly measure performance on a relevant and material ESG issue for the Group, applicable to its total GHG emissions (Scope 1, 2 and 3); (ii) the KPIs follow the SBTi’s science-based targets methodology; and therefore (iii) support benchmarking against external emission reduction trajectories. Sustainalytics further considers the SPTs to be highly ambitious based on: i) their alignment with industry’s best practices, and ii) their alignment with an SBTi-verified climate trajectory.

Furthermore, Sustainalytics considers Accor’s reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers the Accor Sustainability-Linked Bond Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020, and the prospective achievement of the SPTs to be impactful.

³⁷ European Commission: Energy performance of buildings directive
https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

Appendix 1: Sustainability-Linked Bonds - External Review Form

Section 1. Basic Information

Issuer name: Accor S.A.

Sustainability-Linked Bond ISIN:

Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3): Sustainalytics

Completion date of second party opinion pre-issuance: November 12, 2021

Independent External Review provider's name for post-issuance verification (section 4): Not Known

Completion date of post issuance verification:

At the launch of the bond, the structure is:

- a step-up structure a variable redemption structure

Section 2. Pre-Issuance Review

2-1 SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review:

- assessed all the following elements (complete review) only some of them (partial review):
- Selection of Key Performance Indicators (KPI) Bond characteristics (acknowledgment of)
 - Calibration of Sustainability Performance Targets (SPTs) Reporting
 - Verification
- and confirmed their alignment with the SLBP.

2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- Second Party Opinion Certification
- Verification Scoring/Rating

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Accor S.A. intends to issue Sustainability-Linked Bonds which will tie the coupon rate and premium payment to the achievements of the following SPTs:

(1) Absolute Scope 1 and 2 CO₂ emissions (tCO₂e) : Reduce absolute Scope 1 and 2 CO₂ emissions by: 25.2% by 2025; 29.4% by 2026; 33.6% by 2027; 37.8% by 2028; 42% by 2029; and 46% by 2030, from a 2019 baseline.

(2) Absolute Scope 3 CO₂ emissions (tCO₂e) : Reduce absolute Scope 3 CO₂ emissions by: 15% by 2025; 17.5% by 2026, 20% by 2027; 22.5% by 2028; 25% by 2029; and 28% by 2030, from a 2019 baseline.

Sustainalytics considers the KPI chosen to be very strong based on (i) it directly measures performance on a relevant and material ESG issue for the Group, applicable to its total GHG emissions (Scope 1, 2 and 3), (ii) the KPI follows SBTi’s science-based targets methodology and therefore, (iii) supports benchmarking against external emission reduction trajectories, and the SPTs to be highly ambitious based on i) their alignment with industry’s best practices, and ii) their alignment with SBTi-verified climate trajectory.

Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with market expectations. Based on the above, Sustainalytics considers Accor S.A.’s SLB Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and the prospective of achievement of the SPTs to be impactful.

Section 3. Detailed pre-issuance review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPI)

Overall comment on the section (if applicable): Accor Sustainability-Linked Bond Framework includes two KPIs: Absolute Scope 1&2 CO₂ emissions (tCO₂e) and Absolute Scope 3 CO₂ emissions (tCO₂e) (see Table 1). Sustainalytics considers the KPIs chosen to be very strong based on based on its materiality, its relevance to the Accor’s business and its ability to be assessed against external benchmarks

List of selected KPIs:

- Absolute Scope 1 and 2 CO₂ emissions (tCO₂e)
- Absolute Scope 3 CO₂ emissions (tCO₂e)."

Definition, Scope, and parameters

- | | |
|---|---|
| <input checked="" type="checkbox"/> Clear definition of each selected KPI | <input checked="" type="checkbox"/> Clear calculation methodology |
| <input type="checkbox"/> Other (please specify): | |

Relevance, robustness, and reliability of the selected KPI

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials that the selected KPI are relevant, core and material to the issuer’s sustainability and business strategy. | <input checked="" type="checkbox"/> Evidence that the KPI are externally verifiable |
| <input checked="" type="checkbox"/> Credentials that the KPI are measurable or quantifiable on a consistent methodological basis | <input checked="" type="checkbox"/> Evidence that the KPI can be benchmarked |
| | <input type="checkbox"/> Other (please specify): |

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (if applicable): Sustainalytics considers the SPTs to be aligned with the issuer’s sustainability strategy. Sustainalytics further considers the SPTs to be highly ambitious based on the SPT’s role in achieving the Company’s science-based targets, and performance against peers and external contextual benchmarks

Rationale and level of ambition

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evidence that the SPTs represent a material improvement | <input checked="" type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines |
| <input checked="" type="checkbox"/> Evidence that SPTs are consistent with the issuer’s sustainability and business strategy | <input checked="" type="checkbox"/> Credentials that the SPTs are determined on a predefined timeline |
| | <input type="checkbox"/> Other (please specify): |

Benchmarking approach

- | | |
|--|--|
| <input type="checkbox"/> Issuer own performance | <input checked="" type="checkbox"/> Issuer’s peers |
| <input checked="" type="checkbox"/> reference to the science | <input type="checkbox"/> Other (please specify): |

Additional disclosure

- | | |
|---|--|
| <input checked="" type="checkbox"/> potential recalculations or adjustments description | <input checked="" type="checkbox"/> issuer’s strategy to achieve description |
| <input checked="" type="checkbox"/> identification of key factors that may affect the achievement of the SPTs | <input type="checkbox"/> Other (please specify): |

3-3 BOND CHARACTERISTICS

Overall comment on the section (if applicable): Accor will link the bond’s financial/ structural characteristics to the achievement of the SPTs, namely a coupon step-up provision and premium payment for failing to achieve the SPT. To avoid triggering a change in coupon and premium payment, both the SPTs needs to be to be met.

Financial impact:

- variation of the coupon
- ...
- Other (please specify):

Structural characteristic:

- ...
- ...
- Other (please specify):

3-4 REPORTING

Overall comment on the section (if applicable): Accor commits to report on an annual basis on its performance on the KPI in its report. Accor commits to disclose relevant information that affect the KPI performance, such as KPI or SPT reassessments and any material acquisitions or divestitures. The reporting commitments are aligned with the SLBP.

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> performance of the selected KPI | <input checked="" type="checkbox"/> verification assurance report |
| <input checked="" type="checkbox"/> level of ambition of the SPTs | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|--|--|
| <input checked="" type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (<i>please specify</i>): |
| <input type="checkbox"/> Reporting reviewed (<i>if yes, please specify which parts of the reporting are subject to external review</i>): | |

Where appropriate, please specify name and date of publication in the “useful links” section.

Level of Assurance on Reporting

- | | |
|---|--|
| <input type="checkbox"/> limited assurance | <input checked="" type="checkbox"/> reasonable assurance |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

<https://all.accor.com/gb/sustainable-development/index.shtml>
https://group.accor.com/-/media/Corporate/Investors/Documents-de-reference/2020_Integrated_report_def.pdf
https://group.accor.com/-/media/Corporate/Investors/Documents-de-reference/2020_ACCOR_URD_VeDef.pdf

Section 4. Post-issuance verification

Overall comment on the section (if applicable):

Information reported:

limited assurance

reasonable assurance

Other (please specify):

Frequency:

Annual

Semi-annual

Other (please specify):

Material change:

Perimeter

KPI methodology

SPTs calibration

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For more information, visit www.sustainalytics.com

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