



*Sustainability-linked bond  
framework*

NOVEMBER 2021

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## 1. COMPANY OVERVIEW

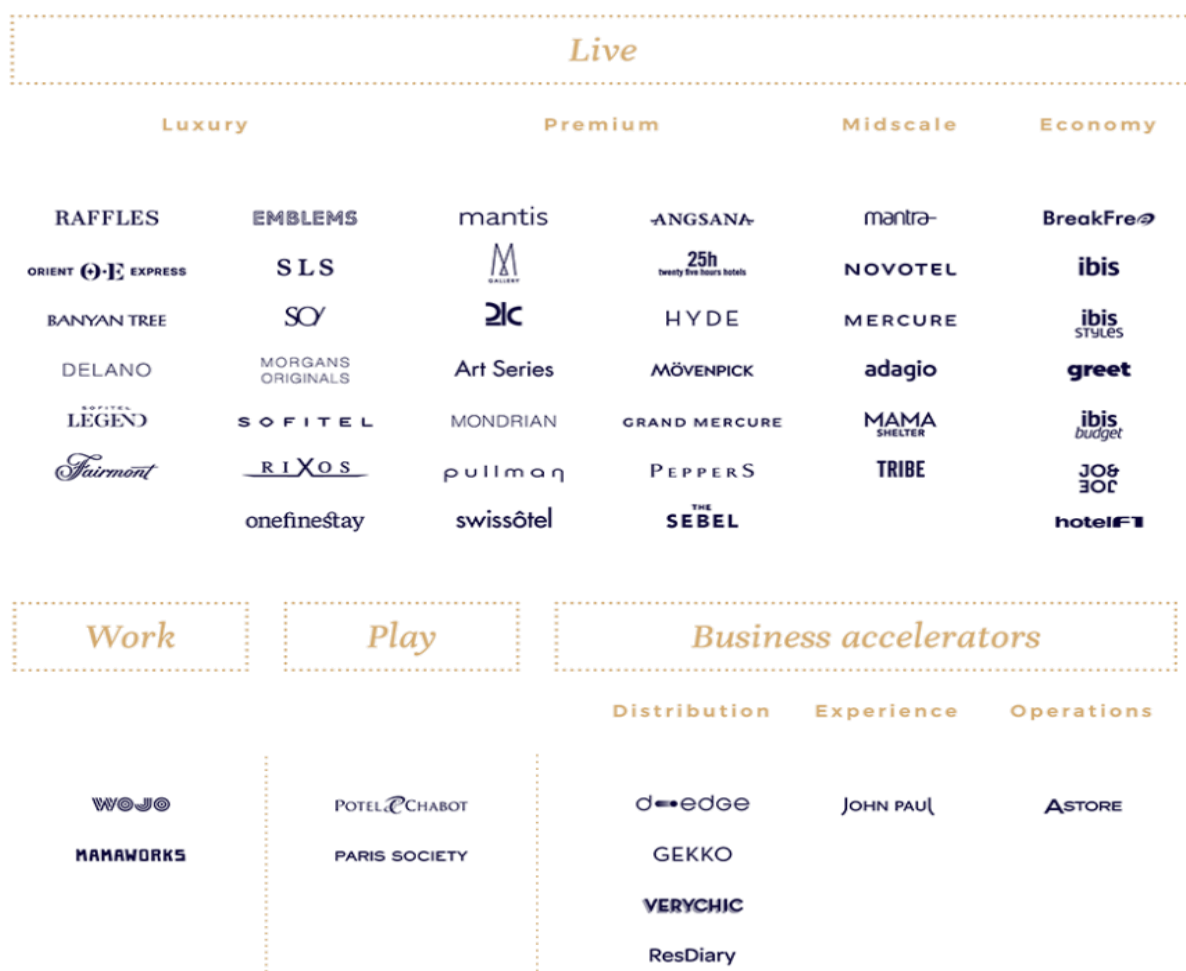
Accor is a world-leading augmented hospitality group (the “Group”) offering unique and meaningful experiences in over 5,000 hotels and residences across 110 countries and gathering a total of 300,000 employees,<sup>1</sup> being the world’s most diversified hotel operator. The Group has been acquiring hospitality expertise for more than 50 years, resulting in an unrivaled portfolio of brands, from luxury to economy, supported by one of the most attractive loyalty programs in the world.

Beyond accommodation, Accor enables new ways to live, work, and play, by blending food and beverage with nightlife, well-being, and co-working. Accor also offers digital solutions that maximize distribution, optimize hotel operations and enhance the customer experience.

Since 1970, the Group has taken many initiatives to embed social and environmental responsibility and fosters a culture of acting with care and commitment towards our planet. To build solid foundations through which to channel this commitment, Accor implemented several comprehensive sustainable development programs running from 2006 to the upcoming program that will start in 2022.

### A STRONG BRANDS’ PORFOLIO

Accor Group comprises over 40 brands covering four sectors and nine segments throughout the world. Although each entity has its own identity, the Group’s philosophy is to foster a positive sustainable impact in each segment.

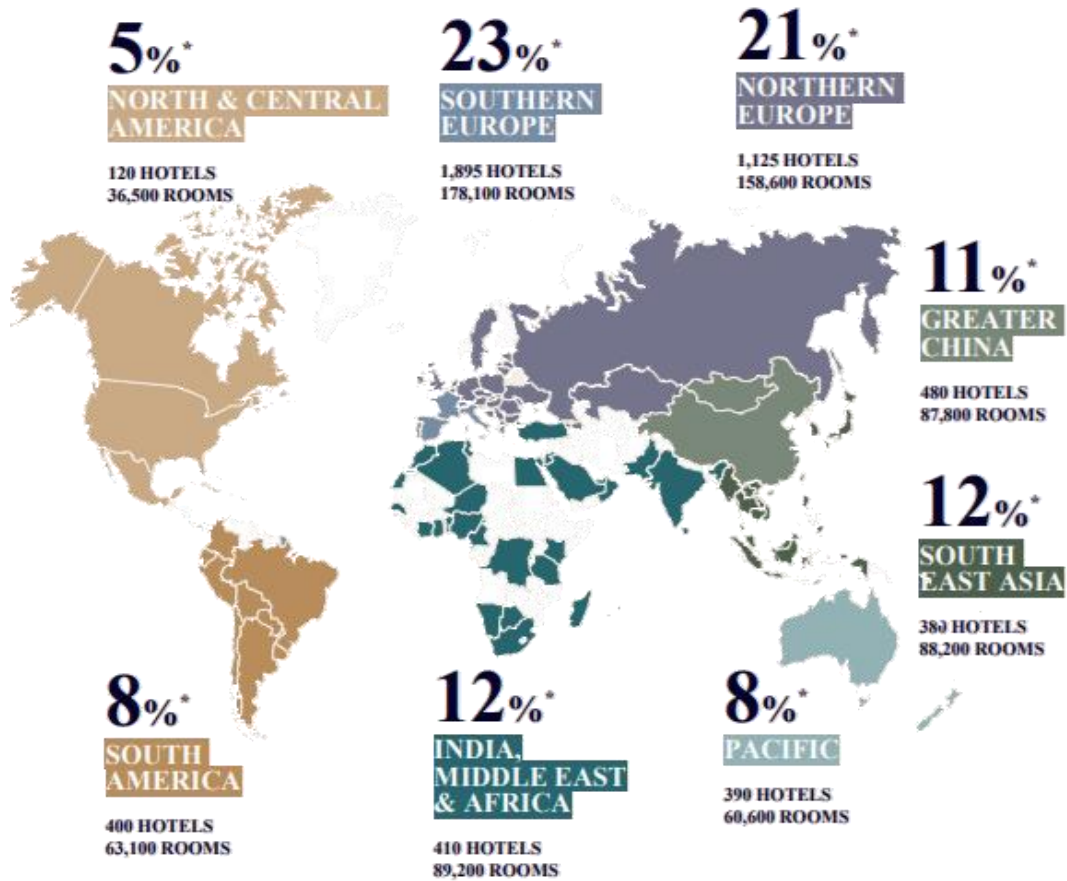


<sup>1</sup> Accor website: Company Overview: <https://group.accor.com/en/group/who-we-are/accor-in-brief>

## GLOBAL COVERAGE

The Group's largest market for historical reasons is Europe, home to Accor's densest network, representing 44% of its total portfolio by number of rooms (as of December 2020). With leading market positions also in Americas and Asia Pacific, Accor's strategy is to continue to accelerate sustainable growth both through organic means and acquisition, and also into the Middle East, South-East Asia and Sub-Saharan Africa; where a more selective approach will be taken.

Of its global business, Accor directly manages 2,339 hotels (as of Q3 2021) across its global platform; the remaining are operated by franchise model with trusted partners around the world.



## ACCOR'S SUSTAINABILITY CREDENTIALS

Accor's consistent actions translate into an impressive set of top class ESG Ratings

ESG RATINGS			
	RATING: A		RATING: 67/100 ("Advanced")
	INDUSTRY RANKING: #2		INDUSTRY RANKING: #2
	CLIMATE CHANGE RATING: A-		RATING: C+ ("Prime status")
	INDUSTRY RANKING: #1		INDUSTRY RANKING: TOP DECILE
	RATING: 68/100 ("Gold")		RATING: 18.5 ("Low-risk")
	INDUSTRY RANKING: #1		INDUSTRY RANKING: #2
	RATING: 73/100		
ESG INDEXES			
	Included in World 120 and France 20 Euronext Vigeo indexes		Included in CAC 40 ESG
	Included in FTSE4Good indexes		Included in Ethibel Sustainability Index Excellence Europe & Excellence Global

## ACCOR'S KEY SUSTAINABILITY MILESTONES

In 1970, Accor implemented the 1st gender equality charter for men and women in the workplace

The Group was acknowledged for its "best environmental policy" in 1988 and went on to create the 1st environment department in 1994, followed by the 1st hotel environmental Charter in 1998.

In 2001, Accor became the 1st hotel group to commit to fighting sexual tourism through its partnership with ECPAT.

Accor's sustainable development department was created in 2002, followed closely by the creation of the 1st sustainable Procurement charter in 2003. Accor joined the UN's Global Compact in 2003 and has been reporting on progress made on the Ten Principles of the UN Global Compact every year since, qualifying for the Global Compact Advanced Level<sup>2</sup>.

In 2005, Accor launched its first tool dedicated to monitoring sustainable development performance, Open.

The Group has since launched and completed several comprehensive sustainable development programs

- **2006-2010:** Earth Guest Launch, with was the 1st sustainable development program in the hotel industry, during which Accor's "Plant for the planet" tree-planting program was launched (2009)
- **2011-2015:** Planet 21 sustainable development program, during which Accor initiated its partnership with Energy Observer (exploring renewable energies, in particular hydrogen).
- **In April 2015,** Accor became the 1st CAC 40 group to adopt an environmental resolution at its General Meeting: the Tree Resolution, pledging to plant 10 million trees by 2021.
- **2016-2021:** Planet21-Acting here program, with the launch of a new reporting tool (Gaia), engaging employees to contribute to sustainability actions (Acting here app) and reaching 7.2 million trees planted through Plant for the Planet in 2019.

### *Recent salient commitments and partnerships include:*

- **2020:** on April 2nd, 2020, Accor announced its decision to allocate 25% of its €280m planned dividend to the creation of the ALL Heartist Fund, a €70m-fund devoted to help Group employees and individual partners affected by the Covid-19 crisis.
- **2020:** Accor was the 1st major hospitality to group to announce its commitment to eliminating all single-use plastics from Accor's guest experience by end of 2022
- **2021:** Accor became a leader of the Gender-based violence coalition (2021-2026) in the Generation Equality program supported by UN Women Worldwide
- **2021:** Accor and Expedia group joined forces to extend UNESCO's commitment to sustainable tourism to 96 countries and promote local communities, economy and culture, as well as taking tangible action to protect the environment.
- **March 2021:** Accor was the 1<sup>st</sup> major international hotel group to set a long-term Science-based Targets to reduce its carbon emissions in line with the 1.5°C ambition of the Paris Agreement. Accor also joined Race to Zero and the Business Ambition for 1.5 Degrees with a commitment to reach net zero by 2050.
- **September 2021:** Accor joined the Sustainable Hospitality Alliance, actively collaborating with major hospitality groups around the world

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<sup>2</sup> Source: Reporting available on the UN Global Compact website - <https://www.unglobalcompact.org/>

## 2. ACCOR'S SUSTAINABILITY STRATEGY

**"Sustainability and social responsibility are essential to our business. As a global hospitality group, we have a responsibility that goes far beyond our own impacts and it's our role to shape the future of travel and take care of our planet and the communities in which we operate."**

*Sébastien Bazin, Chairman and CEO*

### MAJOR CHALLENGES IN THE HOSPITALITY SECTOR CONFERS RESPONSIBILITIES ON ACCOR

Accor is hosting more than 680,000 guests every day, highlighting the extent of the major challenges the hospitality sector faces. This level of movement has a natural impact on our planet, and in this context, the Group is aware of its great responsibility towards sustainability leadership - to manage responsibly its activities it facilitates and create opportunities for the people working and living in its ecosystem.

Accor articulated a precise approach of the materiality assessment of its most salient challenges within a CSR materiality matrix. To build its very own matrix, the Group conducted three major studies to quantify the challenges: environmental footprint, socio-economic footprint and a study on the perception of sustainable development by hotels' guests. The challenges identified and quantified were compared with stakeholders' concerns to position them in a two-pronged matrix: "Importance of the challenge for stakeholders" and "Impact on group business".

Accor's CSR materiality matrix



The matrix highlighted the central position of the social dimension in the hospitality industry while also covering major challenges faced by the hospitality: responsible eating, climate change, water, biodiversity, circular economy and waste to name a few.

As an active player within the industry, these challenges are at the core of Accor's Planet 21 – Acting Here program and constitute priorities on their agenda towards a sustainable tourism.

## ACCOR'S APPROACH TO SUSTAINABILITY

To address the major global challenges faced by the hospitality sector, Accor created Planet 21 – Acting Here<sup>3</sup>, a corporate social responsibility (CSR) strategy with six emblematic pillars: the 4 main stakeholders (employees, clients, partners -hotel owners and suppliers- and local communities) as well as 2 priority fields (food & beverage and buildings). Acting Here aims to:

**Co-innovate with the partners** (owners and approved suppliers) of the Group to open up new horizons to innovate and develop alternative and sustainable model;



- **Work hand-in-hand with local communities** towards a positive impact to engage in solidarity projects, to fight against injustices and discrimination, and to foster biodiversity through the “Plant for the Planet” Program;
- Act as an **inclusive company** for its employees to implement a health/well-being at work program, promote gender equality and grow awareness within the teams. Inspired by this pillar, the ALL Heartist solidarity program was launched for employees most affected by the pandemic;
- **Engage the guests in a sustainable experience** to develop key eco-friendly products categories, thus providing a positive hospitality;
- **Move towards carbon neutral buildings**, along with better monitoring water and energy consumption and waste reconversion;
- **Strive for zero food waste** to sustain healthy and sustainable food. A charter on healthy and sustainable food was implemented and urban vegetables gardens in the hotels were built.

**Accor’s Planet 21 program is scheduled to be replaced with a new program from 2022 onwards**, in line with the Group’s ambition to inspire and lead the shift towards sustainable models.

The new program will be comprehensive. Building on scientific evidence, it will aim to **tackle biodiversity loss and climate change together**, while considering and **mitigating their social impacts**. The upcoming program will include a **strong focus on people**, with specific action in favor of **social justice** and commitment to **act as a social elevator**, providing jobs and supporting local communities. With regard to environmental action, Accor will be building its approach on science. Scientific evidence shows that climate change and biodiversity loss mutually reinforce each other. We will thus strive to tackle both issues together. Among other actions, the program will include **full implementation of Accor’s carbon commitments**, continued elimination of **single-use items** to accelerate the shift toward more **circular** processes and consumption patterns, as well as reinforced action in favor of **sustainable food and food waste reduction**, all of which are directly related to **biodiversity protection** and will embrace the planetary boundaries framework.

<sup>3</sup> Accor website: Planet 21: <https://group.accor.com/en/commitment/positive-hospitality/acting-here>



## A ROBUST GOVERNANCE ALIGNED WITH THE AMBITION

Accor's sustainability strategy is supported by a robust governance coming from the top level of the Group. The Chief Sustainability Officer (CSO) reports directly to the Chairman and CEO, and is a member of the Executive Committee. The CSO's role is to define, drive and monitor the commitments, strategy and roll-out of the Group's action plans in terms of sustainable development – including climate and biodiversity and the company's ethics, diversity and inclusion agendas. The CSO is also responsible for the Accor Solidarity Foundation and the ALL Heartists Fund (a 70 million euros Covid-19 exceptional purpose fund). In addition, Accor's Appointments, Compensation and CSR Committee is in charge of reviewing the Group's CSR strategy and the results obtained.

With regard to the implementation of our net-zero commitment, a Carbon Steering Committee (the "SteerCo") was established by Accor's CEO in 2020. The SteerCo is tasked with championing the strategic development and operationalization of projects to enhance Accor's climate management approach. The SteerCo is supported by the Carbon Project Management Office ("CPMO"), which is responsible for mobilizing project work streams with stakeholders to implement our decarbonization strategy.

## ACCOR'S CLEAR ACTION PLAN TO SUPPORT ITS CLIMATE VISION

Climate action lies at the core of Accor's vision and business model: the Group is highly aware of the emergency to contribute to climate change mitigation. In this context, the Group is committed to reducing its environmental footprint to contribute to limiting global warming to +1.5°C; a target which has been verified by the Science Based Targets initiative.<sup>4</sup>

This target commits Accor to reduce absolute Scope 1 and 2 Greenhouse Gas ("GHG") emissions by 46% by 2030 from a 2019 base year. Accor also commits to reduce absolute Scope 3 GHG emissions from purchased goods and services, fuel and energy-related activities and franchises by 28% over the same timeframe.

Accor –as a member of the Business Ambition For 1.5°C program<sup>5</sup>– has also committed to set a target to reach net-zero carbon emissions by 2050.<sup>6</sup>

Accor's carbon strategy is built on **four pillars**:

### *1. Unlocking a low-carbon mindset*

Accor seeks to promote an environmental mindset across every part of its business. It is **improving the way impact is measured**, tracks progress and rewards its teams who help achieve this ambition.

The Group set challenging fields of actions such as **food waste, biodiversity protection, animal welfare**

It collaborates and engages with its investors, hotel owners, suppliers and guests to undertake together the journey towards net-zero carbon.

### *2. Transitioning to smart green hotels*

60% of Accor total emissions is from energy consumed in the hotels.

**Improving energy efficiency** is thus good for both the planet and each individual hotel performance.

It expands the use of design standards, performance tools and the latest on green technologies for new hotels, and to support the transition of the existing hotel network to low carbon buildings with green finance options.

<sup>4</sup> Science Based Targets initiative: <https://sciencebasedtargets.org/companies-taking-action#table>

<sup>5</sup> Business Ambition for 1.5°C: <https://www.unglobalcompact.org/take-action/events/climate-action-summit-2019/business-ambition>

<sup>6</sup> Accor website: <https://group.accor.com/en/Actualites/2021/04/world-earth-day>

### **3. Accelerating green energy**

**Transition to green energy** options is key to enable Accor achieving its carbon objectives.

The Group currently works towards **increasing renewable energy in its mix**, establishing new partnerships with suppliers to implement the best solution both onsite (wind, solar) and offsite in large consolidated energy projects.

### **4. Reaching net-zero faster**

While reducing emissions within its operations is a priority, the Group also has to balance its impact on the planet today.

For each guest welcomed, it **encourages investment in certified carbon removal projects**, that include planting trees, acting against deforestation and promoting renewable energies.

## **UNLOCKING A LOW-CARBON MINDSET**

To realize the net-zero transition by 2050, a reimagining of hospitality is required and embedding of a new low-carbon mindset. For Accor this starts with measurement, targets and training, engagement with hotel owners, partners, suppliers, and guests. Prioritizing low-carbon procurement, food, and circular economy to reduce emissions across the value chain.

### ***Enhanced digital tools for measurement, benchmarking, and verification capabilities***

Accor recognizes that data is at the heart of all topics related to the advancement of sustainability topics. Accor is investing in the 3rd generation of its sustainability reporting tools to enhance the current capabilities and provide the foundation for Accor's sustainable future.

Gaia is Accor's sustainability reporting platform. Several enhancements implemented during 2021 to bring new capability to the tool with a specific focus on improved data collection capabilities. The tool will enable the transition away from manual monthly data reporting by hotel teams in favor of connected data services with utilities, building management systems and IoT devices.

For energy, carbon and water topics, the enhanced Gaia capabilities will empower hotel teams to monitor the environmental and cost benefits delivered by projects in line with the international IPMVP methodology.

### ***Accor is striving for zero food waste and healthy and sustainable food***

Hospitality is a highly energy-consuming industry and waste is a key topic. With a total of 10,000 restaurants across the portfolio and an average of 200 million meals served per year, Food and Beverage is the second largest source of carbon emissions for the Group (following the Energy-related emissions), and as a result, Food waste is one of the strategic priority areas of sustainable action for Accor. Accordingly, the Group established "*The Accor healthy and sustainable food Charter*",<sup>7</sup> which is now followed by all restaurants. The Charter focuses the Group's goal and its pledges on three priorities:

1. Fighting food waste
2. Protecting its guests' health
3. Sourcing sustainable products

Accor's aim to eliminate food waste is driven by both an ecological and ethical awareness. Indeed, water consumption, use of chemical fertilizers and pesticides, to name a few, are part of agricultural production which is a heavy burden on the environment and the ecological footprint of the Group, underlining the importance of avoiding waste as much as possible.

<sup>7</sup> Accor healthy and sustainable food Charter: <https://group.accor.com/en/commitment/planet-21/food>

To meet its zero food waste goal, Accor has implemented a simple four-step strategy:

1. Calculate or measure food waste
2. Decrease food waste in the kitchen
3. Communicate with guests to reduce food waste
4. Resale or donate uneaten food

Accor's hotels deploy numerous options to measure and prevent food waste, including **creating an in-house food waste reduction program** called "*Food Waste Management*", which is designed to make weighing and calculating the cost of discarded items very straightforward.

**Accor is also working with new technology to cut food waste.**<sup>8</sup> Winnow technology is designed to analyze food product waste by weighing and recording by category (expired stock, leftover buffets, cooking faults, peelings, plate return), and by ingredient or recipe (bread, dairy products, fish, meat) all unsold or unconsumed products, allowing hotels to calculate the weight of waste, and the environmental and economic impact in great detail. Kitchen teams who have this technology can then put together action plans to cut down on the most wasteful foods. Winnow now offers a variety of solutions ranging from connected scales (Winnow Waste Monitor) for small-sized kitchens, to using artificial intelligence technology (Winnow Vision) for kitchens producing higher volumes. To date, 62 hotels use Winnow, two of which use Winnow Vision.

Lastly, **unused food can be resold or donated.** Within the Group, efforts are underway to ensure that unused commodities are donated to food banks or associations, or sold to local residents at an affordable price. As a result, 1,461 hotels donated or resold food. The "*Too Good To Go*" app, which connects citizens with restaurants or retailers who are willing to sell their unsold goods for a low price, has already been launched in 11 European nations. More than 700 Accor hotels were using the app by the end of 2020, identifying over 31 million users, and the number of meals not wasted at Accor restaurants was 493,000 since the app's inception in 2016, of which 116,000 meals in 2020 only.

***It is estimated that until now, the partnership between Accor and "Too Good to Go" to fight food waste has avoided the equivalent of 1,200 metrics tons of CO<sub>2</sub> emissions.***

#### ***Accor is focused on strengthening partnership to reduce value chain emissions***

Emissions from products and services make up 21% of Accor's footprint. The Group has a long record of active engagement with suppliers on environmental and social topics, and our expectations are only increasing with focus on their current emissions and reduction pathway.

In 2020, Accor joined the CDP Supply Chain Program and invited almost 450 suppliers in the highest carbon intensity products and services categories to participate in the annual climate reporting program. As the first international hotel company to engage suppliers for the sector via CDP, the initiative helps to foster supplier capacity and transparent reporting of their decarbonization efforts over the coming years.

In 2021, Accor updated the "Sustainable Procurement Charter",<sup>9</sup> signed by all nominated Accor suppliers engaging with the Group. The Charter sets new expectations for suppliers own reporting and GHG emissions reduction commitments, with Accor taking measures to support suppliers in their own efforts to measure, report and reduce emissions.

Beyond this, Accor is focused on integrating greater carbon tracking capabilities within procurement tendering and operational purchasing tools, so that it becomes possible to identify and exclude high carbon intensity products.

Outsourced laundry has already been identified as a carbon intensive activity, accounting for 3.1% of Accor's total emissions. Accordingly, and in line with the Group's strategy to expand the use of renewable electricity, Accor will develop new laundry tender assessment criteria to favor low emission suppliers to contribute towards reducing emissions in line with targets.

<sup>8</sup> Winnow Solutions: <https://info.winnowsolutions.com/accorhotels-and-winnow-are-working-together-to-cut-food-waste>

<sup>9</sup> Accor Sustainable Procurement Charter: <https://group.accor.com/en/commitment/planet-21/our-partners>

## TRANSITIONING TO SMART GREEN HOTELS

Since Energy accounts for 63.8% of the total GHG emissions in 2019, Accor strives is focused on to accelerate the transition to low-carbon transition with smart green hotels. By leveraging IoT, eco-design tech and green finance with new partnerships, hotels will improve energy efficiency and reduce energy related emissions.

Accor’s smart green hotels initiative has a clear business case for hotels;

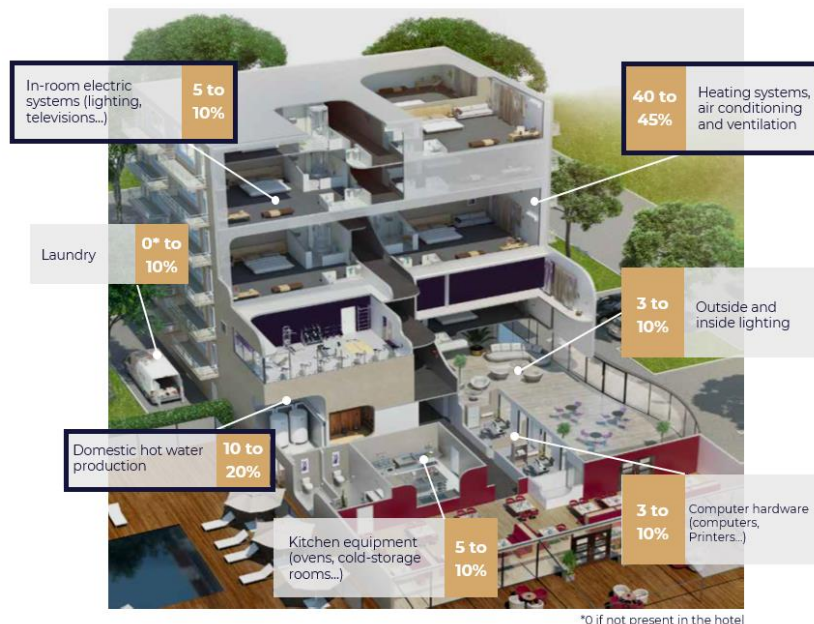
- **Deliver operational costs savings:** Energy is the second largest hotel cost after labor. The business case for green buildings is today is well understood. Green buildings deliver long term operational energy cost savings and wider environmental benefits, exceeding any design and implementation cost.
- **Support increased hotel asset values:** Hotels with demonstrated sustainability credentials benefit from improved asset values driven by increasing recognition by asset managers and guests. Smart green hotels are more profitable today, more bankable, and future proofed for tomorrow.
- **Reduce regulatory risk:** Pre-empt emerging government building energy efficiency mandates and regulatory carbon pricing.

Considerable investment will be required over the coming years to support the desired upgrade of hotel performance. Accor recognizes that hotel owner may not have the necessary capital available to support these investments in the short to medium term. To meet this investment gap, Accor is building new partnerships with leading international energy service company with green finance capability to support the implementation of **Energy Performance Contracts (EPC)**.

### *Financing the low-carbon transition for existing hotels*

**Beyond incremental ‘business as usual’** - Hotels historically have adopted an incremental approach to hotel energy efficiency projects to limit large CAPEX exposure and focus on short return on investment projects with only incremental benefits. This approach limits the scope of energy efficiency projects and the benefits of looking holistically at available solutions.

### Major sources of hotel energy demand



**Step change approach to unlock new value** – By adopting a holistic hotel systems perspective when assessing energy performance improvement opportunities, different design decisions are recognized that deliver additional incremental benefits for hotels. Further to this, the opportunity to bundle a combination of short- and long-term ROI projects into a single hotel performance program establish a medium-term return ROI which can unlock new asset value and secure additional value.

EPCs are a green finance model that deliver a turnkey performance solution for hotels without the need for hotel CAPEX. Further to this, the EPC model provides performance guarantees for hotels which reduce the risk associated with participation.

In a hospitality sector industry first, the Design and Technical Services Department (D&TS) has developed hotel specific Energy Performance Contract framework. To develop the contracts, D&TS ran a consultation program with the large international energy service providers, collating their collective international experience to develop the EPC templates with a flexible framework designed to enable hotels to customize the terms to align with their specific commercial objectives and risk approach. EPCs are a well-established energy performance tool utilized by the wider real-estate sector however adoption by the hospitality sector historically has been very limited. Accor is focused on de-risking and standardizing the approach so EPCs can be deployed at scale globally to the network of 5000+ hotels.

Several pilot EPC projects were launched during 2021.

### ***Enhancing hotel brand, design, and technical standards to support the net-zero transition***

Accor's brand, design and technical (construction and renovation) standards are a primary point of reference for hotels operating within the existing hotel network and new hotels (new build and rebrand) joining the network. Referenced within hotel management and franchise agreements, the standards represent an important lever in the realization of Accor's net zero strategy.

The Accor Construction and Renovation standards are regularly reviewed and updated to align with emerging best practice. Accor is focused on alignment with international best practice sustainable building design standards such as BREEAM, Green Star and local standards where there is greater local capacity to support the implementation of projects while maintaining high standards.

For existing operating hotels joining the Accor network via a rebrand or hotels undertaking renovations, the implementation of EPC projects will become a standard practice to deliver energy performance improvements.

## **ACCELERATING GREEN ENERGY**

Renewable and zero emission energies today represent the critical technology needed to decarbonize Accor's emissions across scope 1, 2 and many scope 3 categories. Accor is focused accelerating the green energy transition by shifting the group energy procurement program to green energies.

### ***Onsite green and renewable energy***

Today more than 10% of hotels<sup>10</sup> already have an onsite renewable energy system (solar PV/thermal or wind) installed onsite. For many hotels in regional areas, there is an opportunity to expand onsite renewable energy generation however for many hotels in urban areas opportunities are limited. For these hotels offsite renewable energy represents the critical solution.

### ***Offsite renewable energy***

Accor's Procurement teams globally are starting actively engaging with suppliers to make green energy supply options available to hotels. Hotels in Brazil, Switzerland and Austria are already participating in 100% renewable electricity contracts.

During 2021 a project was launched to develop a detailed market engagement plan including an assessment of the top 22 countries by energy demand which represent 87% of Accor's emissions. Considering the regulatory differences between energy markets globally, the project identifies the combination of Power Purchase Agreements, Renewable Energy Certificates and other energy market products available to the hotel network.

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<sup>10</sup> Accor 2020 Planet 21 reporting

### ***Renewable energy driving scope 3 emission reduction***

In countries where Accor Procurement provides energy procurement services, Franchise hotels already participate in the Accor energy procurement program. Based on this, Accor's actions focused on scope 2 emissions for the managed hotel network will also deliver scope 3 emissions reductions.

As Accor develops its own renewable energy procurement capabilities, engaging with and participating in international renewable energy markets, there is also an opportunity for Accor to support suppliers with their decarbonization path.

The laundry procurement category within scope 3 accounts for 3% of Accor's total footprint. In line with Accor's green energy approach, laundry supply tendering and contracting will be evolved to integrate renewable energy criteria.

## **REACHING NET-ZERO FASTER**

To deliver on Accor's absolute emission reduction science-based targets on the path to net-zero, the business is focused first on the avoidance and reduction of emissions. The IPCC 1.5°C Report recognizes that all pathways that limit global warming to 1.5°C with limited or no overshoot will require a level of dependence on carbon removals<sup>11</sup>. The international development of effective and efficient carbon markets that support investment in verified carbon removals therefore represents a critical lever in the realisation of the Paris Agreement 1.5°C ambition.

In this context, Accor acknowledges that increasingly guests and B2B clients want to balance the emissions of their hospitality experiences today. Accor seeks to frame its approach in the context with emerging best practice net-zero methodologies, namely the SBTi Net-Zero methodology<sup>12</sup> and latest IPCC policy guidance<sup>13</sup>.

Since 2011 with the Plant for the Planet Program, Accor has been supporting tree planting projects internationally with more than 7.2 million planted to date. This experience provides the foundation for the Group's engagement in carbon markets.

As a global hospitality company, Accor is focused on developing new partnership with carbon market participants who can supply high quality verified carbon credits to balance current emissions. Acknowledging that in 2021 that international markets and the supply of carbon removal projects are still emerging, Accor is building internal capability and international markets by supporting Verra and Gold Standard certified carbon avoidance and removal projects including but not limited to tree planting reforestation, renewable energy and solar cook stove projects. As new best practices international carbon market frameworks emerge, Accor will participate.

Accor acknowledges the additional co-benefits, aligned with the UN Sustainable Development Goals and nature protection that carbon markets provide today. Drawing on the experience from Accor's Plant for the Planet Program and regenerative agriculture focus, Accor will focus on prioritizing engagement in carbon projects that have a link to the value chains of hotels.

In line with Accor focus on reducing scope 3 emissions and as a founding member of the International Platform for Insetting<sup>14</sup>, Accor sees the opportunity to engage with direct and indirect suppliers to reduce value chain emissions.

The targets covering GHG emissions from Accor operations (Scopes 1 and 2) are consistent with reductions required to keep warming to 1.5°C and are aligned with the SBTi methodology. Accor's targets were reviewed and validated by the SBTi in March 2021.

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<sup>11</sup> [https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15\\_Headline-statements.pdf](https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Headline-statements.pdf)

<sup>12</sup> <https://sciencebasedtargets.org/net-zero>

<sup>13</sup> IPCC net zero definition: when "anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals".

<sup>14</sup> <https://www.insettingplatform.com/>



### 3. RATIONALE FOR SETTING UP A SUSTAINABILITY-LINKED BOND FRAMEWORK

Accor began linking funding to its sustainability ambitions in July 2018, with a Sustainability-Linked Credit Facility indexing the margin to the Group's emblematic Corporate Social Responsibility ("CSR") commitments<sup>15</sup>. In October 2018, the Group took a step further by developing a Green Loan to finance the acquisition of its headquarters in Paris<sup>16</sup>. Aligned with the International Capital Market Association ("ICMA") Green Loan Principles, this transaction was a forerunner since a framework was set and the building was HQE "Excellent"-certified. Moreover, Sustainalytics provided a positive SPO on this credit facility.

With the development of this Sustainability-Linked Bond Framework (the "Framework"), Accor aims at further aligning its business and funding strategy with its environmental and social commitments and values. This framework will allow Accor to issue future transactions in Sustainability-Linked Bond ("SLB") format.

**The Framework is aligned with the five core components of the ICMA Sustainability - Linked Bond Principles ("SLBP"):**<sup>17</sup>

1. Selection of Key Performance Indicators ("KPIs")
2. Calibration of Sustainability Performance Targets ("SPTs")
3. Bond characteristics
4. Reporting
5. Verification

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<sup>15</sup> Accor website: <https://press.accor.com/accorhotels-signs-new-e1-2bn-banking-credit-facility/?lang=en>

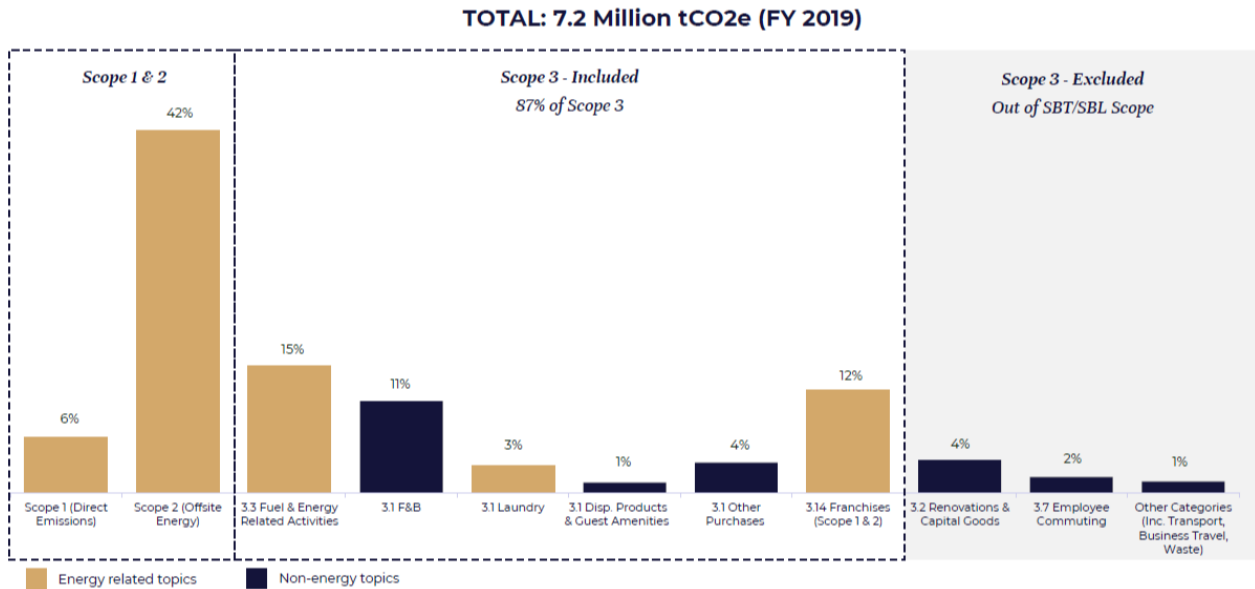
<sup>16</sup> Global Capital press: <https://www.globalcapital.com/article/28mtok4p146vhi8kewuf4/investment-grade-loans/accorhotels-beds-in-with-paris-acquisition>

<sup>17</sup> ICMA's SLBP: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

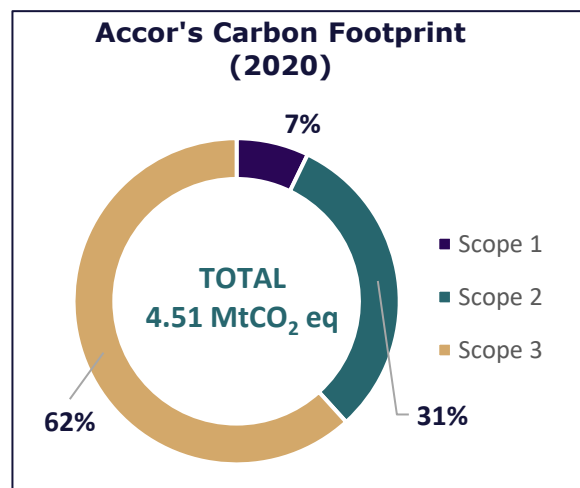
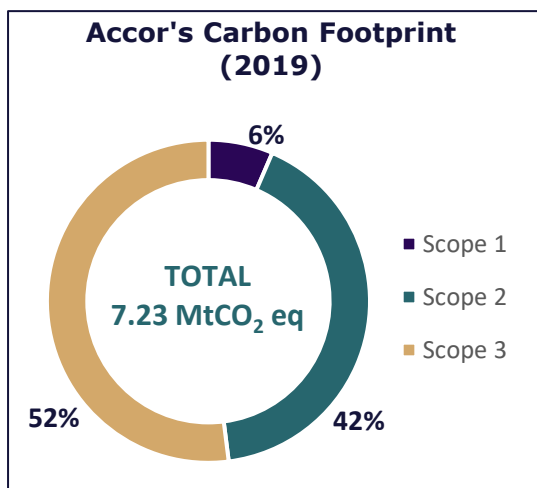
## 4. SUSTAINABILITY-LINKED BOND FRAMEWORK PRESENTATION

### 4.1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

Climate action lies at the center of Accor’s long term business strategy. As part of the Group’s efforts to transparently demonstrate this approach, Accor strives every year to publicly present a comprehensive carbon footprint assessment encompassing the whole spectrum of its activities (Scope 1, Scope 2 and Scope 3).<sup>18</sup>



The 2019 and 2020 reports state:




<sup>18</sup> Accor website: Out footprint : <https://group.accor.com/en/commitment/sharing-our-knowledge/our-footprint>



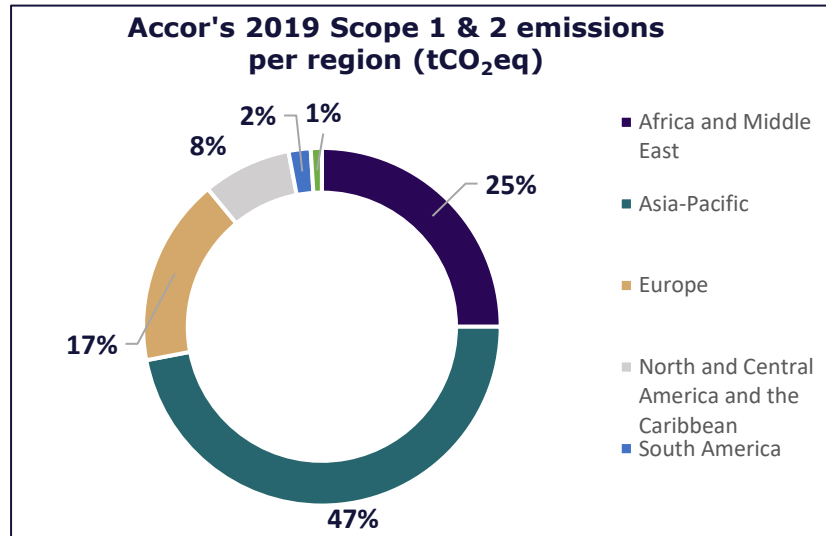
Accor’s carbon footprint not only discloses to external stakeholders the progress made to reduce emissions each year, but it also provides the Group’s internal stakeholders with a comprehensive understanding of the areas where carbon emissions are generated, and thus where the Group needs to focus its attention in order to make changes to facilitate material future improvements.

The selected KPIs for this Framework are material to Accor’s core activities, of high strategic significance to the Group, measurable (according to the SBTi methodology), and are able to be benchmarked and externally verifiable. Additionally, the KPIs selected aim to scale up Accor’s transition towards a carbon neutral business activity aligned with its Positive Hospitality vision:

<b>KPI # 1</b>	<b>Carbon Emissions Reduction (Scope 1 &amp; 2)</b>
<b>KPI # 2</b>	<b>Carbon Emissions Reduction (Scope 3)</b>

<b>KPI #1</b>	<b>Carbon Emissions Reduction (Scope 1 &amp; 2)</b>
<b>Definition</b>	<p>Accor’s Absolute GHG emissions (Scope 1 &amp; 2) have been calculated in line with the Greenhouse Gas Protocol<sup>19</sup> guidelines.</p>  <p><b>Scope 1:</b> Direct emissions from subsidiary and managed hotels of the Group, composed of the direct emissions for stationary sources of combustion.</p> <p><b>Scope 2:</b> Indirect emissions from the production of energy purchased for subsidiary and managed hotels, composed of:</p> <ul style="list-style-type: none"> <li>• Indirect emissions related to electricity consumption;</li> <li>• Indirect emissions related to the consumption of steam, heating or cooling.</li> </ul> <p>The KPI for Scope 1 and 2 GHG emissions has been defined using an Absolute Contraction Approach (ACA) as per the recommendations of the Science-Based Targets initiative (SBTi).</p>
<b>Perimeter</b>	<p>Accor’s scope 1 and 2 carbon footprint assessment encompasses:</p> <ul style="list-style-type: none"> <li>• Subsidiary and managed hotels (2,542 out of the 2,559 in the 2019 assessment),</li> <li>• Group corporate offices,</li> <li>• New business and business accelerator divisions including D-Edge, GEKKO, VeryChic, ResDiary, JohnPaul, OneFineStay (Lifelike LTD) and Wojo.</li> </ul> <p>An extrapolation-based approach was built to take into account the carbon footprint of hotels and business units for which actual data was not available.</p> <p>Quantis, a reputable sustainability consulting group, has supported Accor in these calculations by providing services to assist in the data capture and calculation methodology.</p>

<sup>19</sup> GHG Protocol: <https://ghgprotocol.org/>



The following hotels are excluded from the scope for gradual consolidation into the Accor network or because it is not possible to accurately measure consumption:

- Hotels that joined the network after September 15 of the reporting year;
- Independently operated units or structures and franchised hotels;
- Scope 1 and 2 emissions linked to minority share businesses and brands where Accor maintains less than a 50% equity share;
- Hotels closed for renovation during the reporting period;
- The Thalassa sea and spa facilities, whose data are often reported with their host hotels;
- Ancillary in-hotel activities, such as retail outlets and residential units, that are not managed by Accor assuming their data can be clearly segregated.

**Rationale**

As a major player of the Hospitality industry, Accor is highly conscious that environment is important to sustain its business as well as our planet, as such contributing to protect and foster natural habitat is a major priority to the Group. Setting challenging carbon emission reduction targets is part of the Group's broader plan to move faster towards a sustainable growth and to involve the whole value chain to the change.

**Historical data**

*Data measured in tCO<sub>2</sub> eq.*


	<b>2019</b>	<b>2020</b>
<b>Scope 1</b>	468,147	427,653
<b>Scope 2</b>	3,002,974	1,845,078
<b>Total Scope 1 &amp; 2</b>	3,471,121	2,272,731

*Calculated in line with GHG protocol guidelines.*

**Reporting**

Annual reporting, independently assured by the Group's external auditors.<sup>20</sup>

<sup>20</sup> Data is publicly available at: <https://group.accor.com/en/commitment/sharing-our-knowledge/our-footprint>

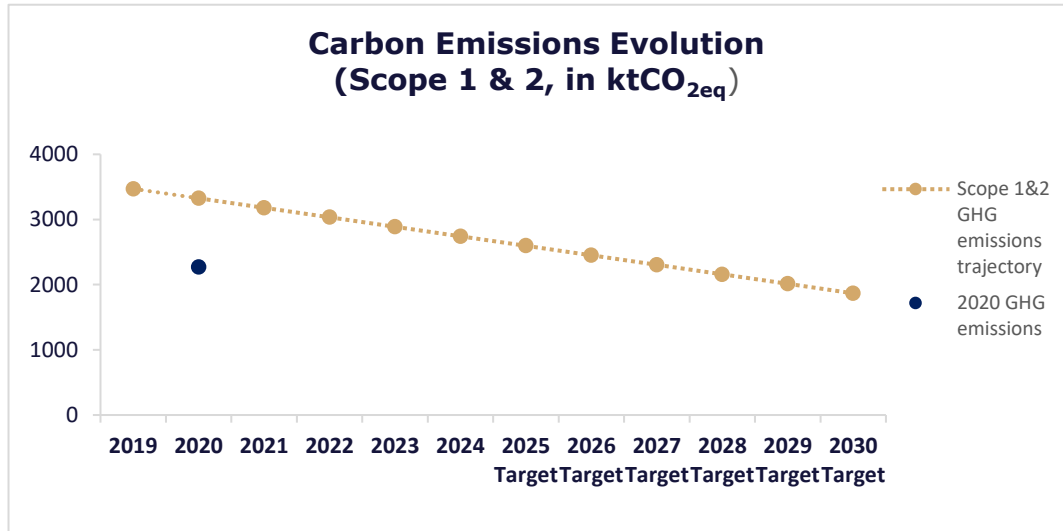
<b>KPI #2</b>	<b>Carbon Emissions Reduction (Scope 3)</b>							
<b>Definition</b>	<p>Accor's Absolute GHG emissions (Scope 3) have been calculated in line with the Greenhouse Gas Protocol guidelines.</p>  <p><b>Scope 3:</b> Indirect emissions due to upstream and downstream activities required for the Group's direct activities, composed of:</p> <ul style="list-style-type: none"> <li>• Upstream activities: purchase of goods and services;</li> <li>• Upstream activities: indirect fuel and energy consumption;</li> <li>• Downstream activities: franchise hotels (Scope 1 &amp; 2), composed of the direct emissions for stationary sources of combustion, and indirect emissions from the production of energy purchased</li> </ul> <p>The included categories cover 87% of total scope 3 emissions.</p> <p>The KPI for Scope 3 GHG emissions has been defined using an Absolute Contraction Approach (ACA) as per the recommendations of the Science-Based Targets initiative (SBTi).</p>							
<b>Perimeter</b>	<p>Accor's 2019 carbon footprint was calculated within the following perimeter:</p> <ul style="list-style-type: none"> <li>• Subsidiary and managed hotels (2,542 of the 2,559 in the 2019 assessment),</li> <li>• Franchise hotels (2,499 in the 2019 assessment)</li> <li>• Group corporate support offices</li> </ul> <p>Scope 3 emissions linked to minority share businesses and brands where Accor maintains less than a 50% equity share are excluded.</p> <p>An extrapolation-based approach was built to consider the carbon footprint of hotels and business units for which actual data was not available.</p> <p>Quantis, a reputable sustainability consulting group, has supported Accor in these calculations by providing services to assist in the data capture and calculation methodology.</p>							
<b>Rationale</b>	<p>Accor is fully committed to reduce the overall impact of its carbon footprint. Despite the significant challenge that Scope 3 entails for the hospitality sector, the Group is ambitiously targeting to include almost the whole value chain, including franchises, in the pathway towards carbon neutrality.</p>							
<b>Historical data</b>	<table border="1" data-bbox="347 1514 1406 1576"> <thead> <tr> <th></th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td><b>Scope 3</b></td> <td>3,761,088</td> <td>2,240,647</td> </tr> </tbody> </table> <p><i>Data measured in tCO<sub>2</sub> eq. Calculated in line with GHG protocol guidelines.</i></p>			2019	2020	<b>Scope 3</b>	3,761,088	2,240,647
	2019	2020						
<b>Scope 3</b>	3,761,088	2,240,647						
<b>Reporting</b>	<p>Annual reporting, independently assured by the Group's external auditors.<sup>21</sup></p>							

<sup>21</sup> Data is publicly available at: <https://group.accor.com/en/commitment/sharing-our-knowledge/our-footprint>

## 4.2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

SPT #1	Reduction of absolute Scope 1 & 2 GHG emissions																				
<p><b>Benchmark</b></p>	<p>Comparison with external trajectory:</p> <ul style="list-style-type: none"> <li>Accor is committed to reduce Scope 1 &amp; 2 emissions by 46% by 2030. This 2030 target is included in a medium-term commitment to faster enhance the Group's global target of net-zero by 2050.</li> <li>To achieve this commitment, intermediate targets are set as follows from a 2019 base year:</li> </ul> <table border="1" data-bbox="368 573 1437 790"> <thead> <tr> <th data-bbox="368 573 528 645">Target Date</th> <th data-bbox="528 573 679 645">2025</th> <th data-bbox="679 573 831 645">2026</th> <th data-bbox="831 573 983 645">2027</th> <th data-bbox="983 573 1134 645">2028</th> <th data-bbox="1134 573 1286 645">2029</th> <th data-bbox="1286 573 1437 645">2030</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 645 528 790">GHG Emissions reduction rate</td> <td data-bbox="528 645 679 790">-25.2%</td> <td data-bbox="679 645 831 790">-29.4%</td> <td data-bbox="831 645 983 790">-33.6%</td> <td data-bbox="983 645 1134 790">-37.8%</td> <td data-bbox="1134 645 1286 790">-42.0%</td> <td data-bbox="1286 645 1437 790">-46.0%</td> </tr> </tbody> </table> <p>Each intermediate target is consistent with an average linear reduction rate of 4.18% per annum from 2019 to 2030, including the measurement period that <b>is aligned with Accor's 1.5°C scenario pathway, validated by SBTi.</b></p> <p>Comparison with peers: Accor is the first major hotel group to set a 1.5°C SBTi with a net-zero target by 2050. The other major players have, for the majority, set a reduction target but not in absolute terms.</p>							Target Date	2025	2026	2027	2028	2029	2030	GHG Emissions reduction rate	-25.2%	-29.4%	-33.6%	-37.8%	-42.0%	-46.0%
Target Date	2025	2026	2027	2028	2029	2030															
GHG Emissions reduction rate	-25.2%	-29.4%	-33.6%	-37.8%	-42.0%	-46.0%															
<p><b>Target Observation Date</b></p>	<p>Depending on the terms and conditions of the particular issuance, on 31st of December, annually, between 2025 and 2030.</p>																				
<p><b>Base year</b></p>	<p>2019</p>																				
<p><b>Means to achieve SPT</b></p>	<p>Accor is deploying various reduction measures to tackle the sources of Scope 1 &amp; 2 GHG emissions, including, but not limited to:</p> <ul style="list-style-type: none"> <li>Scope 1: Onsite Gas, Electrification and Fuel Efficiency</li> <li>Scope 2: Energy Efficiency</li> <li>Scope 2: Onsite Renewables</li> <li>Scope 2: Offsite Renewables</li> </ul>																				

Trajectory

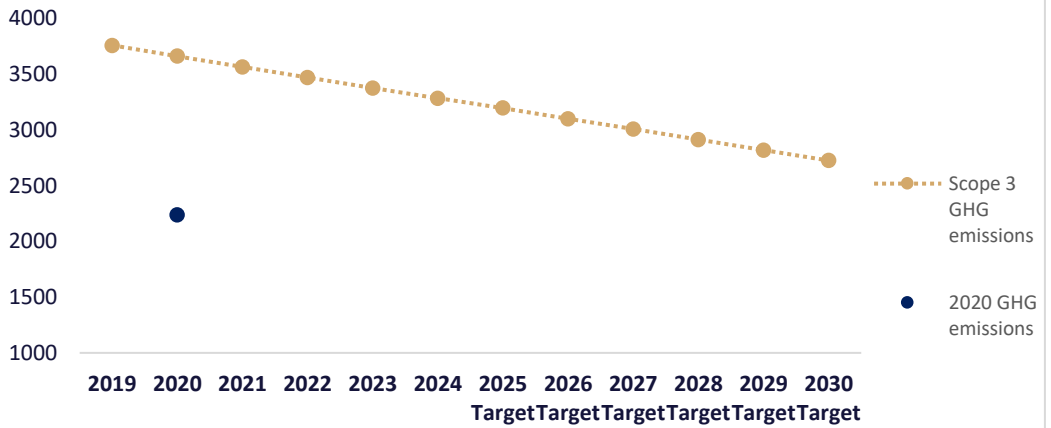


- Please note that the exceptional decrease in emissions between 2019 and 2020 can be explained by the fact that, as a global hospitality business, Accor was heavily impacted by the global COVID 19 pandemic resulting in a significant decline in operations, associated energy demand and emissions.

SPT #2	Reduction of absolute Scope 3 GHG emissions														
<b>Benchmark</b>	<ul style="list-style-type: none"> <li>Comparison with external trajectory: Accor is committed to reduce Scope 3 emissions by 28% by 2030.</li> </ul> <p>To achieve this commitment, intermediate targets are set as follows from a 2019 base year:</p> <table border="1" data-bbox="368 506 1439 703"> <thead> <tr> <th>Target Date</th> <th>2025</th> <th>2026</th> <th>2027</th> <th>2028</th> <th>2029</th> <th>2030</th> </tr> </thead> <tbody> <tr> <td>GHG emissions reduction rate</td> <td>-15.0%</td> <td>-17.5%</td> <td>-20.0%</td> <td>-22.5%</td> <td>-25.0%</td> <td>-28.0%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Each intermediate target is consistent with an average linear reduction rate of 2.55% per annum from 2019 to 2030, including the measurement period that <b>is aligned with Accor’s Well Below 2°C scenario pathway, validated by SBTi</b>. The targets are included in a medium-term commitment to accelerate reduction in its global footprint and reach a net-zero target by 2050.</li> <li>Setting a challenging target for its Scope 3 emissions is also part of the strategic aim of Accor to involve all parties in this effort towards better practices.</li> <li>Comparison with peers: Accor is the first major hotel group to set a target for Scope 3 emissions absolute reduction, with both a 2030 commitment as well as intermediate targets, which emphasizes its pioneering ambition.</li> </ul>	Target Date	2025	2026	2027	2028	2029	2030	GHG emissions reduction rate	-15.0%	-17.5%	-20.0%	-22.5%	-25.0%	-28.0%
Target Date	2025	2026	2027	2028	2029	2030									
GHG emissions reduction rate	-15.0%	-17.5%	-20.0%	-22.5%	-25.0%	-28.0%									
<b>Target Observation Date</b>	Depending on the terms and conditions of the particular issuance, on 31st of December, annually, between 2025 and 2030.														
<b>Base year</b>	2019														
<b>Means to achieve SPT</b>	Accor is deploying various reduction measures to tackle the sources of Scope 3 GHG emissions, including, but not limited to: <ul style="list-style-type: none"> <li>Fuel and network emissions – Energy efficiency and renewable energy procurement</li> <li>Franchise - Energy efficiency and renewable energy procurement (Scope 1 &amp; 2)</li> <li>Shift in food and beverage offering</li> <li>Laundry powered with renewable energy</li> <li>Engagement with Other Goods &amp; Services providers to implement measures that align with Accor’s targets including energy efficiency measures and expand renewable energy actions.</li> </ul>														

**Trajectory**

**Carbon Emissions Evolution (Scope 3, in ktCO<sub>2eq</sub>)**



- Please note that the exceptional decrease in emissions between 2019 and 2020 can be explained by the fact that, as a global hospitality business, Accor was heavily impacted by the global COVID 19 pandemic resulting in a significant decline in operations, associated energy demand and emissions.

### 4.3 SUSTAINABILITY-LINKED BOND CHARACTERISTICS

The proceeds of Accor’s SLBs will be used for general corporate purposes, including, but not limited to, the refinancing of existing debt (as may be specified in the terms and conditions of the particular issuance).

The implications on the financial performance of the SLBs (the “penalty”) in case of a Trigger Event, defined as the non-achievement of one or both SPTs at the respective SLBs predefined Target Observation Date(s), may be one or both of the following, depending on the terms and conditions of the particular issuance:

- A Step-Up Margin applicable to the rate of interest for the following interest periods; and
- A One-time Premium Payment to investors on the redemption date.

Importantly, the specific KPI(s), SPT(s), and penalty amounts applicable to any SLB are subject to the Terms & Conditions of the respective SLB issued. A maximum penalty will also be defined.

For any SLB, the amount of the potential penalty may vary as follows:

	Performance	Performance	Performance	Performance
<b>SPT 1</b>	Achieve SPT	Achieve SPT	Fail SPT	Fail SPT
<b>SPT 2</b>	Achieve SPT	Fail SPT	Achieve SPT	Fail SPT
<b>Penalty status</b>	No penalty	50% predefined maximum penalty	50% predefined maximum penalty	Predefined maximum penalty

Should Accor:

- Decide to revise the methodology or data sources for calculation of a given KPI, which result in a significant change in the Sustainability Performance Targets; and/or
- Have a material change of perimeter (acquisition and/or disposal) and/or change in its organic business development;

then the SPT and/or base year of any series of bonds may be revised or recalculated in good faith by Accor, however still within the objective of an SBTi validated commitment in line with the Group’s trajectory.

In such case, the SPTs will be reflected in the outstanding financings provided that the updated SPTs and/or base years will be analyzed by an independent External Verifier to confirm that:

- The revised Sustainability Performance Target(s) is (are) in line with the initial level of ambition; and
- Will not affect the initial Second Party Opinion provided to the Issuer’s Sustainability-Linked Bond Framework.

The revised Sustainability Performance Target(s) will be publicly reported by Accor in a reasonable time frame.

### 4.4 REPORTING

Accor commits to make publicly available the progress made against the SPTs on both of the KPIs, at least, annually within its Universal Registration Document (“URD”), or within another document on the Sustainability Performance of Accor.

The disclosed information will entail:

- The up-to-date performance of the SPTs on both of the KPIs for the respective reporting period. The report will also include calculation methodology and baselines.
- A verification assurance report by an independent external auditor outlining the performance against the SPTs will be provided in those years in which there is a Target Observation Date;
- The impact on the coupon adjustment amount (if any) as well as the calculation methodology used;
- Any significant impact on Accor’s sustainability strategy or any recent announcements, strategic decisions and funds mobilized that could affect the achievement of any of the SPTs targeted;



- Any re-assessments of SPTs due to any changes to the calculation methodology for a SPT or any adjustments of scope, if relevant. Accor’s Universal Registration Document will be available on its website<sup>22</sup>.

#### **4.5 VERIFICATION**

An annual verification assurance report conducted by an independent external auditor outlining the performance against the SPTs will be made available to provide assurance on Accor’s performance of the SPTs to the selected KPIs.

Accor has appointed Sustainalytics to provide an independent Second Party Opinion report (“SPO”) on the evaluation this Framework and its alignment with the SLBP. The SPO will be made publicly available on Accor’s corporate website.<sup>23</sup>

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<sup>22</sup> <https://group.accor.com>

<sup>23</sup> <https://group.accor.com/en/finance/financial-data/debt-financing>

## DISCLAIMER

*Certain statements, estimates and opinions made in this Framework are forward-looking statements. Phrases such as "aim", "plan", "could", "estimate", "expect", "target", "objective", "ambition", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements are based on current expectations and assumptions which may or may not prove to be correct and are subject to a number of risks, uncertainties and other important factors that could cause actual results, performance, achievements or events to differ materially from what is expressed or implied by those statements. Many of the factors that could cause actual results, performance, achievements of or events involving the Group to differ materially from its expectations are outside of its control and not predictable, including, among other things, general business and economic conditions globally, industry trends, competition, changes in government and other regulation and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, and political and economic uncertainty, including as a result of global pandemics. As such, undue reliance should not be placed on the forward-looking statements contained herein. Any forward-looking statement is based on information available to the Group as of the date of such statement. These forward-looking statements do not constitute profit forecasts or estimates under the Commission Delegated Regulation 2019/980, as amended. All written or oral forward-looking statements attributable to the Group are qualified by this warning. No liability is accepted by the Group in respect of the achievement of or in connection with any such forward-looking statements or assumptions. Neither Accor nor any of its officers, employees, agents or affiliates makes any express or implied representation, warranty or undertaking with respect to the information, opinions or forward-looking statements contained herein, and none of them accept any responsibility or liability as to their accuracy or completeness or for any loss howsoever arising, directly or indirectly, from any use of or reliance on such information, opinions or forward-looking statements or otherwise arising in connection therewith. Other than in accordance with legal and regulatory obligations, Accor undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*

*The information contained in this Framework does not purport to be comprehensive and, unless otherwise specified therein, has not been independently verified by any independent third party. Nothing in this Framework constitutes legal, financial, regulatory or other advice or a recommendation with respect to any securities or financial instruments.*

*This Framework does not constitute an offer to sell or the solicitation of an offer to buy any securities or financial instruments and nothing contained herein shall form the basis of any contract or commitment whatsoever. This Framework therefore does not constitute a prospectus or other offering document and no securities have been or will be registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state of the U.S. or any other jurisdiction.*

*Accor has requested the issuance of a second party opinion (the "**Second Party Opinion**") by an external provider (the "**SPO Provider**") in relation to the Group's Framework. In addition, Accor has engaged an independent external auditor as external verifier (the "**External Verifier**") to seek independent and external verification of its performance level against each SPT for each KPI (each as defined in the Framework). The Second Party Opinion is available on the Group's website at: <https://group.accor.com/en/finance/financial-data/debt-financing>. The report of the External Verifier will be made available by Accor as part of its annual sustainability reporting. However, any information on, or accessible through, such website and the information in such Second Party Opinion or verification assurance report do not form part of this Framework and should not be relied upon in connection with making any investment decision with respect to any sustainability-linked financing.*

***In addition, no assurance or representation is given by Accor, any other member of the Group, the SPO Provider or the External Verifier as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of any sustainability-linked financing. Investors have no recourse against Accor or any member of the Group for the contents of any such opinion, certification or verification. Any such opinion, report or certification and any other document related thereto is not, nor shall it be deemed to be, incorporated in and/or form part of this Framework.***