

# Statutory Auditors' special report on related party agreements and commitments

## Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014

*This is a free translation into English of the Statutory Auditor's special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

To the Shareholders,

In our capacity as Statutory Auditors of Accor, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or merit or identifying any other agreements or commitments. In accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

It is also our responsibility to provide shareholders with the information required under Article R. 225-31 of the French Commercial Code, on the performance during 2014 of any agreements and commitments already approved by shareholders.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux comptes*) relating to this engagement. These procedures involved verifying that the information provided to us is consistent with the underlying documents.

## AGREEMENTS AND COMMITMENTS SUBMITTED FOR SHAREHOLDER APPROVAL

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### Agreements and commitments authorized during 2014

In accordance with Article L. 225-40 of the French Commercial Code, we have been informed of the following agreements and commitments authorized by the Board of Directors.

#### With Sébastien Bazin, Chairman and Chief Executive Officer

The agreements and commitments authorized in favor of Mr. Sébastien Bazin were approved by the Shareholders' Meeting on April 29, 2014. Pursuant to Article L. 225-42-1 of the French Commercial Code, since Mr. Bazin's terms of office as Chairman and Chief Executive Officer and director were approved at the same Shareholders' Meeting, the agreements and commitments entered into on his behalf must be submitted once again for approval. These agreements and commitments had not been amended at the time of their renewal.

- a. Type of commitment and purpose:** Compensation for loss of office payable to Mr. Sébastien Bazin as Chairman and Chief Executive Officer or non-renewal of his director's term of office

**Terms and conditions:**

On February 19, 2014, the Board of Directors authorized the Company to enter into an agreement for the payment to Mr. Sébastien Bazin of a termination benefit as compensation for loss of office in the event that his appointment as Chairman and Chief Executive Officer is terminated (except in the event of gross or willful misconduct) or his director's term of office is not renewed. The amount of the termination benefit would be equal to twice the amount of Mr. Bazin's total fixed and variable compensation for the fiscal year preceding his loss of office, and its payment would be subject to the following performance criteria:

- consolidated return on capital employed for the previous three years must have exceeded the Group's cost of capital as published in the Registration Document for those years;



- the Group must have reported positive operating free cash flow in at least two of the previous three years;
- like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the three previous years.

These performance criteria would be applied as follows:

- if all three criteria were met, the compensation would be payable in full;
- if two of the three criteria were met, half of the compensation would be payable;
- if none or only one of the three criteria were met, no compensation would be due.

- b. Type of commitment and purpose:** Inclusion of Mr. Sébastien Bazin in the supplementary pension plan set up for Accor senior executives

**Terms and conditions:**

The Board of Directors authorized Mr. Sébastien Bazin's inclusion in the supplementary pension plan whose members comprise several dozen Accor senior executives.

Under the terms of this overall plan, except in specific cases provided for by law, if a plan member leaves the Group before retirement, he or she only retains the rights accrued under the defined contribution plan (based on annual employer contributions of up to 5% of five times the annual cap on the basis for calculating social security contributions) and forfeits the rights accrued under the defined benefit plan.

The pension annuities payable to Mr. Sébastien Bazin on retirement would not exceed 30% of his end-of-career salary and the overall replacement rate to which he would be entitled (under government-sponsored plans and the Accor supplementary pension plan) is capped at 35% of the average of his best three years' compensation (fixed plus variable) in the ten years prior to retirement.

In respect of 2014, the Company paid €9,387 under this plan.

- c. Type of commitment and purpose:** Private unemployment insurance plan

**Terms and conditions:**

The Board of Directors authorized the Company to set up a private insurance plan with *Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise* (GSC) to provide Mr. Bazin with unemployment benefits should the need arise. The benefits under this plan would be paid as from the 31<sup>st</sup> unbroken day of unemployment. The maximum length of time that Sébastien Bazin could be paid benefits under the plan is currently 12 months, but will be increased to 24 months once he has been a member of the plan for one year.

The premiums paid by the Company to GSC in 2014 on behalf of Mr. Bazin amounted to €11,828.

## AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY SHAREHOLDERS

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### A. Agreements and commitments approved in prior years or at the April 29, 2014 Shareholders' Meeting that were implemented during 2014

Pursuant to Article R. 225-30 of the Commercial Code, we have been advised of the following agreements and commitments that were approved by shareholders and were implemented during 2014.

#### 1. With Sven Boinet, Deputy Chief Executive Officer

**Type of commitment and purpose:** Employment contract with Mr. Sven Boinet

**Terms and conditions:**

The Board of Directors authorized the Company to enter into an employment contract with Mr. Sven Boinet covering his position as Director of Human Resources and Legal Affairs. Pursuant to this contract, Mr. Sven Boinet receives a gross annual salary of €400,000, paid in twelve equal monthly installments.

Under his employment contract, Mr. Sven Boinet is eligible for membership in the defined contribution and defined benefit supplementary plans set up within the Company whose members comprise several dozen Accor Group senior executives.

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### 2. With Institut Paul Bocuse

**Type of commitment and purpose:** Agreement providing for a cash advance in the form of a loan

**Executive officer concerned and other related party:**

Sven Boinet, Deputy Chief Executive Officer of Accor and Accor's representative on the Board of Directors of Institut Paul Bocuse; and Gerard Pélisson, Founding Co-Chairman of Accor and Chairman of Institut Paul Bocuse.

**Terms and conditions:**

The Board of Directors authorized Accor, in its capacity as a member of the non-profit organization, to grant to Institut Paul Bocuse, a €200,000 cash advance to the organization for a five-year period that bears interest at 2% per year.

Under this agreement – whose purpose is to help Institut Paul Bocuse invest in new equipment – Accor will play a part in expanding the operations, notably outside France, of one of its long-standing partners.

The Company paid the €200,000 grant and received the related interest in 2014.

### 3. With Paul Dubrule and Gérard Pélisson, Accor's Founding Co-Chairmen

**Type of commitment and purpose:** Provision of resources

**Terms and conditions:**

On January 9, 2006, the Board of Directors authorized the Company to enter into an agreement with Paul Dubrule and Gerard Pélisson to provide them with an office at the Company's Paris headquarters, an assistant and a chauffeur for their terms as Founding Co-Chairmen of the Group, and to reimburse any expenses incurred by them on Company business. This agreement remained in force in 2014.

Through these resources, the Founding Co-Chairmen are able to provide services that support the Group's international expansion policy.

In 2014, the parties mutually agreed to terminate this agreement covering offices, assistants and a chauffeur; at the end of February 2014 for Mr. Paul Dubrule and at the end of June 2014 for Mr. Gérard Pélisson, respectively.

### 4. With ColSpa SAS

**Type of commitment and purpose:** Hotel management contract between ColSpa SAS and Accor.

**Executive officer concerned and other related party:**

Mr. Nadra Moussalem, Principal of Colony Capital Europe and director of Accor and Mr. Jonathan Grunzweig, Principal of Colony Capital LLC and director of Accor (since April 29, 2014).

**Terms and conditions:**

As part of Colony Capital SAS's project to redevelop the site of the former Molitor swimming pool in Paris through its ColSpa SAS subsidiary, ColSpA undertook to grant a contract to Accor to manage, under the MGallery banner, the 124-room hotel and various related facilities to be built on the site.

This 10-year management contract will be automatically renewable for five years and its financial terms and conditions are comparable to those usually negotiated by the Group for similar contracts.

The transaction fits with the Group's development strategy and will enable it to manage a hotel at a prestigious location in western Paris under its fast-growing MGallery brand.

Pursuant to this contract, the Company invoiced €292,398.58, excluding taxes, to ColSpa SAS in 2014.



## B. Agreements and commitments approved in prior years or at the April 29, 2014 Shareholders' Meeting but not implemented in 2014

We were also informed of the following agreements and commitments that were approved by shareholders but were not implemented during 2014.

### 1. With Sven Boinet, Deputy Chief Executive Officer

**Type of commitment and purpose:** Compensation for loss of office payable to Sven Boinet as Deputy Chief Executive Officer

**Terms and conditions:**

The Board of Directors authorized the Company to enter into an agreement providing for the payment to Mr. Boinet of a termination benefit as compensation for loss of office in the event that his position as Deputy Chief Executive Officer is either terminated or not renewed (except in the event of gross or willful misconduct), compensation of €600,000 in addition to (i) variable compensation paid to him for the fiscal year preceding his loss of office, less (ii) any termination benefit due for the termination of his employment contract. The compensation would not be due if, at the date of his departure, Mr. Boinet would be able to claim his full-rate pension benefit within a short period of time.

Payment of the termination benefit would be subject to the following performance criteria:

- consolidated return on capital employed for the previous three years must have exceeded the Group's cost of capital as published in the Registration Documents for those years;
- positive operating free cash flow in at least two of the previous three years;
- like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the previous three years.

These performance criteria would be applied as follows:

- if all three criteria were met, the compensation would be payable in full;
- if two of the three criteria were met, half of the compensation would be payable;
- if none or only one of the three criteria were met, no compensation would be due.

### 2. With Edenred

**Type of commitment and purpose:** Signature of a tax-related agreement between Edenred and Accor

**Executive officer concerned and other related party:**

Messrs. Jean-Paul Bailly, Philippe Citerne, Bertrand Meheut and Nadra Moussalem, directors of both Accor and Edenred.

**Terms and conditions:**

The Italian tax authorities notified an Accor subsidiary and several Edenred subsidiaries of a €27.4 million reassessment of registration fees due on transactions carried out as part of the reorganization of Accor's Services division in Italy prior to the demerger. Accor and Edenred are contesting the reassessments before the Italian courts and have signed an agreement to equally share the associated risks and costs of the proceedings between the two groups.

Given that the Asset Contribution-Demerger Agreement of April 19, 2010, before the dispute had arisen, does not contain any provisions covering this type of tax dispute, the agreement signed with Edenred has now protected the Group in the event of an unfavorable outcome of the aforementioned proceedings.

No payments were recorded by the Company in respect of this agreement in 2014.

Paris-La Défense and Neuilly-sur-Seine, March 13, 2015

The Statutory Auditors

ERNST & YOUNG et Autres

Jacques Pierres

DELOITTE & ASSOCIÉS

Pascale Chastaing-Doblin