

Accor Group in the UK Tax Strategy

December 2017



Scope

Accor in the UK comprises two sub-groups, Accor HotelInvest UK Limited and subsidiaries and Accor UK Limited and subsidiaries. Both are 100% members of a multinational group parented in France. The group is a global leader in the hotel and hospitality industry employing more than 180,000 men and women at nearly 4,000 hotels in more than 90 countries worldwide.

Accor HotelInvest UK Limited, and subsidiaries, are responsible for the owned and leased hotels operating under an Accor brand name in the UK.

Accor UK Limited, and subsidiaries, are responsible for the managed and franchised hotels operating under an Accor brand name in the UK & Ireland, as well as other Accor businesses operating in the UK such as luxury vacation rentals.

This paper sets out the tax strategy of Accor in the UK (comprising the Accor HotelInvest UK Limited and Accor UK Limited UK sub-groups). By making this strategy available, these UK sub-groups are fulfilling their obligations under Schedule 19 of the Finance Act 2016 and complying with the duty under paragraph 19(2) of that act in the current financial year.

This strategy applies from the date of publication until it is superseded. All taxes are covered, including, but not limited to Corporation Tax, Value Added Tax (VAT), Pay-As-You-Earn (PAYE), National Insurance Contributions (NIC), Stamp Duty Land Tax and Insurance Premium Tax.

Any references to Accor UK or Accor in the UK cover the entire UK Group; references to specific companies will show the full company name including the word 'Limited'.

This paper represents the Tax Strategy of the Accor Group in the UK. It is not intended and should not be inferred that anything contained in this paper represents the tax strategy of any Accor companies outside those of the UK Group.

Governance

Ultimate responsibility for Accor in the UK's tax affairs, decision making and approvals rests with the respective Chief Operating Officers (COOs) of Accor HotelInvest UK Limited and Accor UK Limited.

The COO's are advised and assisted on tax matters by the Vice-President - Finance of Accor HotelInvest UK Limited and the Vice-President - Finance Accor UK Limited.

Day-to-day management of the tax affairs of Accor HotelInvest UK Limited and subsidiaries is delegated to the Tax Manager who reports to the Vice-President - Finance of Accor HotelInvest UK Limited.

Day-to-day management of the tax affairs of Accor UK Limited and subsidiaries is delegated to the Director of Finance and Business Support who reports to the Vice-President - Finance of Accor HotelServices UK Limited.

Senior Accounting Officer

There are currently four senior accounting officers within Accor in the UK who are responsible for ensuring appropriate tax accounting arrangements exist in the business. The duties of the senior accounting officers are carried out in line with the Finance Act 2009 schedule 46. Periodic checks are conducted to ensure existing processes within the tax accounting arrangements are sufficiently robust such that any inaccuracy in a return or document containing figures, arising from any of those processes, would be unlikely to result in a liability to any penalties under tax law.

Managing Tax Risk

Accor in the UK manages risks to ensure full compliance with all applicable laws, rules, regulations, and disclosure requirements; and is committed to acting with integrity and transparency in all tax matters.

The UK Tax team is responsible for ensuring all appropriate tax returns are completed in an accurate and timely fashion; and for ensuring that the level of tax risk arising from operations is reduced as far as reasonably practicable.

The Tax team collaborate with all Accor UK finance and operations staff to provide advice and guidance necessary to ensure compliance. This includes raising awareness of relevant tax law and the implications they may have when reaching business decisions.

Under no circumstances should commercial decisions override compliance with applicable tax law.

Relevant training is provided to staff who manage and/or process transactions, which have tax consequences.

The UK Tax team maintain regular contact with the International Tax team based at the Accor Group corporate headquarters for the purpose of ensuring all appropriate personnel are fully aware of the relevant UK tax legislation.

Risk Appetite

Accor in the UK positions itself as a prudent tax payer. The level of tax risk which Accor in the UK accepts is consistent with its overall objective of achieving certainty and being transparent in its tax affairs.

Accor in the UK upholds an on-going application of tax governance with internal controls in order to substantially reduce tax risk to as low as practicable. As part of this governance, Accor in the UK regularly reviews those areas of its business which are considered to pose tax risks as

well as the controls in place to minimise those risks.

Attitude towards Tax Planning

Accor in the UK seeks to manage risk to ensure compliance with legal obligations in a manner that ensures the payment of the correct amount of tax at the correct time.

As with other aspects of our business, Accor in the UK takes into consideration the views and interests of number of stakeholders when planning its tax arrangements. These include our customers, the shareholders and investors in our parent company, our staff, the government and the local communities in which our hotels operate.

Accor in the UK only structures transactions in a way that reflects a genuine commercial activity. If different methods exist of achieving the same commercial outcome, and presuming that these different methods comply with all relevant legislation, then consideration will normally be given to adopting the most tax efficient approach. When planning transactions, Accor in the UK will usually seek advice from external consultants so as to ensure that it is made aware of and complies with all relevant legislation. External consultants are also engaged periodically to advise on more routine tax matters where the group does not possess suitable in-house expertise, as well as for occasional internal audits and checks of tax returns to provide confirmation that these have been prepared correctly and in accordance with Accor in the UK's processes and procedures.

Accor in the UK does not use marketed tax avoidance schemes or arrangements that fall foul of current regulations. The group has not conducted any transaction that would fall foul of the General Anti-Avoidance Rules (GAAR) or would require notification to HMRC under the Disclosure of Tax Avoidance Scheme (DOTAS) rules.

Accor in the UK does not enter into transactions where its main purpose involves gaining a tax advantage.

Accor in the UK does not conduct any direct lobbying on taxation matters, nor does it seek to influence government tax legislation in any way that is detrimental to our stakeholders' best interests. Accor UK is an active member of appropriate industry trade bodies such as the British Hospitality Association (BHA), and any lobbying is made through these bodies. For example Accor actively supports the BHA in its current campaign to reduce the rate of VAT applied to hotel accommodation.

Working with HMRC

Accor in the UK is committed to conduct its tax affairs in a manner that is consistent with all relevant laws and legal disclosure requirements.

Accor in the UK aims to develop and foster a proactive, professional and transparent relationship with HMRC through communication with relevant HMRC personnel, as well as periodic face-to-face meetings.

Accor in the UK ensures that HMRC is kept aware of significant business transactions as they occur, as well as any developments that might impact not just the operation in the UK but, where relevant, the worldwide Accor group. This might include the acquisition of new business activities, the sale or disposal of any of the group's companies or hotels, major new hotel openings or any group restructuring. Accor in the UK aims to ensure that all tax returns submitted to HMRC are clear and disclose all relevant facts. Where appropriate, Accor in the UK seeks pre-transaction clearances from HMRC. Accor in the UK has in the past provided HMRC with explanations of industry norms and processes so as to assist HMRC in better understanding the hospitality industry and its workings.