Accor likely to miss SLB targets

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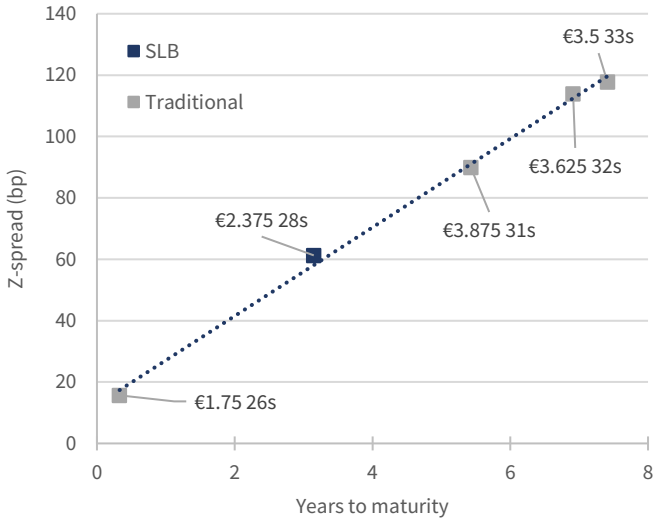
Accor SA (ticker ACFP), the French multinational hotel and hospitality company, issued its one and only Sustainability-Linked Bond (SLB) in Nov 2021 (ISIN FR0014006ND8). The €700mn SLB matures in Nov 2028, with an observation date for its KPIs at the end of this year. The bond references two KPIs, both linked to emissions reductions targets compared to a 2019 baseline — the first concerns Scope 1 & 2 emissions, whilst the second is focused on Scope 3.

If the targets are not achieved, the company will have to pay a 0.125% coupon step-up per missed Sustainability Performance Target (SPT) for two full coupon periods following the observation date, equating to a total uplift of 0.50%.

As per the company's 2024 Universal Registration Document (URD), Accor has stated that '*based on the current trajectory, it will not be able to meet the objectives set for 2025*'.[1] This was a change in messaging compared to the 2023 URD, where the company stated it was on track to meet its SPTs.[2]

Based on this reporting, we classify the bond as **Likely MISS**,[3] with an illustrative probability of 90%. This implies an option value of 14.1bps.

Figure 1. Accor senior bond spreads. Source: Accor, AFII, Bloomberg Finance L. P., accessed 7 Oct 2025.



Analysis of the current market pricing (as shown in Figure 1) suggests the SLB is trading in line with vanilla bonds. This implies that the updated reporting may not have been digested by the market.

Although there does not appear to have been an explicit public announcement of the likely SPT miss (as L&Q provided, for example),[4] it's positive to see an issuer taking a proactive approach to sustainability reporting and offering this level of transparency ahead of its observation date. This transparency on sustainability performance can drive further efficiencies in the SLB market and provide valuable insights for investors.

[1] Pg 414, "2024 Universal Registration Document", Accor, 28 Mar 2025.
[2] Pg 363, "2023 Universal Registration Document", Accor, 29 Mar 2024.
[3] For earlier analysis, including the classification methodology, please see "SLBs: a summary of 2024 targets", AFII, 9 Jul 2024.
[4] "L&Q Housing Trust SLB 'builds' in a coupon step-up", AFII, 26 Mar 2024.

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KPI details & progress

Accor's SLB has two SPTs, with a 0.125% coupon step-up for each target missed. The first target is a 25.2% decrease in Scope 1 & 2 GHG emissions by 31 Dec 2025, while the second target is a 15% decrease in Scope 3 emissions, also by the end of the year. Both targets are compared to a 2019 year-end baseline and are measured in absolute terms (rather than emissions intensity).[5]

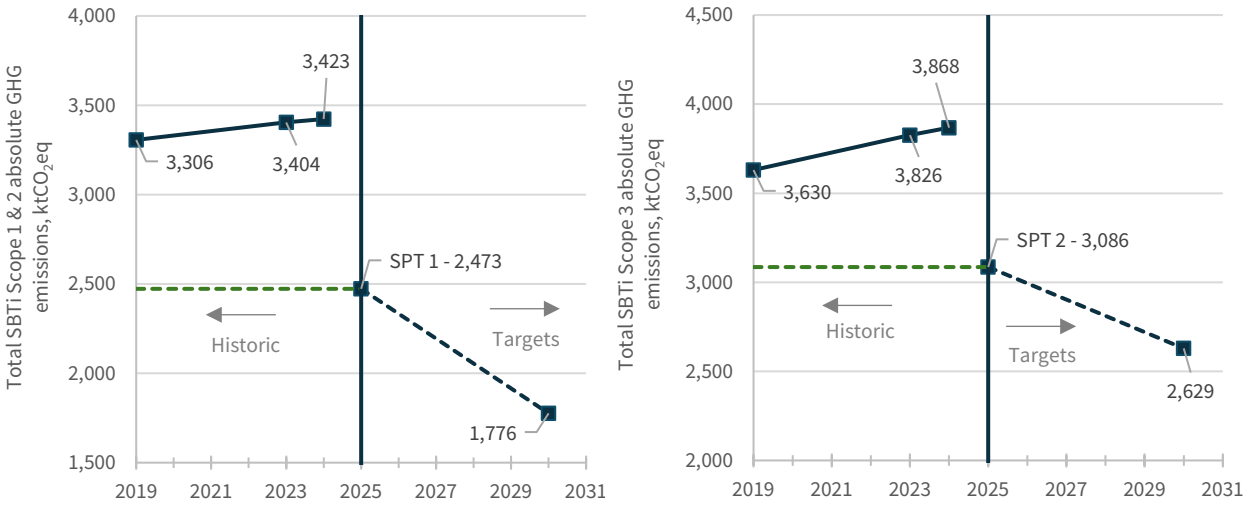
As per the company's 2024 URD which was released on 28 Mar 2025, Accor has stated that '*based on the current trajectory, it will not be able to meet the [SLB] objectives set for 2025'*.[6]

This is a change from earlier reporting. In its 2023 URD, the company disclosed that its '*objectives will be achieved'* with regards to its SPTs.[7]

Figure 2 shows historical figures for the two KPIs, alongside 2025 and 2030 targets. Both KPIs have increased since 2019 and are some distance away from the targets. A dramatic change in trajectory would be necessary to achieve the 2025 targets: -25% in Scope 1 & 2 and -15% in Scope 3.

This is likely not a major surprise, for two reasons. One, Accor set highly ambitious targets when it issued its SLB,[8] and two, there has been a strong rebound in tourism following the COVID-19 pandemic. The fact the company has committed to reducing Scope 1 & 2 emissions by 46.2% and Scope 3 emissions by 27.5% between 2019 and 2030 is positive,[9] as is Accor's commitment to ensuring robust data collection and adhering to the latest Science Based Targets Initiative (SBTi) guidance.

Figure 2. Accor historical and target emissions, using new methodology. Source: Accor 2024 URD.



Based on the company's reporting, we classify the 2025 targets as **Likely MISS**.[10]

It's worth noting that Accor changed its methodology for calculating Scope 1, 2 and 3 emissions in 2023, following the roll-out of a new internal energy data collection tool and the publication of new

[5] "Accor SLB Prospectus", 24 Nov 2021.
[6] Pg 414, "2024 Universal Registration Document", Accor, 28 Mar 2025.
[7] Pg 363, "2023 Universal Registration Document", Accor, 29 Mar 2024.
[8] "Second Party Opinion on Accor's Sustainability-Linked Bond Framework", Sustainalytics, 12 Nov 2021.
[9] Pg 57, "2024 Universal Registration Document", Accor, 28 Mar 2025.
[10] For more details on the ranking methodology please see Pg 3 of "A watershed year for the SLB market", AFII, 15 Jul 2025.

recommendations by the SBTi for the building sector.[11] This new methodology meant an update to the company's 2019 baseline data, which has made both of its SPTs slightly more challenging to achieve, though according to our analysis has not constituted a material change.[12]

Accor's reporting

Accor's fiscal year runs to the end of December, with financial and sustainability reporting available in its annual URDs, which are usually released at the end of Q1/early Q2 the following year. In its 2023 URD, the company disclosed that its '*objectives will be achieved*' with regards to its SPTs.[13] However, in the 2024 edition, Accor declared the opposite.

It is positive that the company is explicitly offering its assessment of the likelihood of targets being achieved, as this is certainly material information for SLB investors.

However, the admission can only be found on Pg 414 of its URD, rather than via a formal announcement, meaning the decision-useful information is available only for investors who go looking for it. This increases the chance it may not be fully observed by the market and digested into the pricing of the SLB.[14]

Indeed, this isn't the first time we've seen an issuer disclose an upcoming target miss ahead of the observation date. UK housing association L&Q publicly announced it would miss its emissions targets in March 2024,[15] while Italian utility A2A's own projections highlighted how it would not achieve its SPT on installed renewable energy capacity ahead of the observation date.[16]

Market context

With 2021 being the largest volume year for SLB issuance, many SLBs are approaching observation dates in the next 1-2 years. SPT misses are often not reported until the publication of a company's annual or sustainability report, months after the actual miss occurs. In Accor's case, its 2025 URD, containing relevant financial and emissions information, will only be available in late March/April 2026, following its fiscal year end in December.

Therefore, it is positive to note that the company has prepared the market for a likely miss in advance, providing transparency to its bondholders and the market.

SLB option pricing

The SLB is due to pay a 0.125% coupon step-up for each missed KPI, for two full coupon periods from 29 Nov 2026 to maturity. This gives a total non-discounted step-up value of 0.50%, which is equivalent to 15.7bps running across the maturity of the bond.

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[11] Pg 128, "2023 Universal Registration Document", Accor, 29 Mar 2024.
[12] See Appendix 1 for details on Accor's methodology update to its Scope 1, 2 and 3 GHG emissions
[13] Pg 363, "2023 Universal Registration Document", Accor, 29 Mar 2024.
[14] For a case study where a missed target was reported on the exact observation date to the stock exchange please see "Axpo misses its SLB targets", AFII, 6 Oct 2025.
[15] For a case study where a specific notice was given to the market that targets would likely be missed please see "L&Q Housing Trust SLB 'builds' in a coupon step-up", AFII, 26 Mar 2024.
[16] Pg 14, "SLBs: a summary of 2024 targets", AFII, 9 Jul 2024.

The option value of an SLB depends on the materiality of the step-up and the probability of the target being missed.[17] Option pricing theory would suggest the value of the SLB could vary depending on the market expectation of receiving the step-up coupon.[18]

Using an illustrative probability of 90% of the target being missed would imply an SLB option value of 14.1bps in this case.

Market pricing

Analysis of the current market pricing can give an insight into how this step-up option is valued by the market.

Figure 3 shows spot pricing of the Accor senior bonds, excluding hybrid and convertible instruments. There are no vanilla bonds with a similar maturity to the SLB, making comparison difficult. The figure shows a linear line of best fit, which suggests Accor's SLB is trading in line with its curve, implying limited option value in the market.

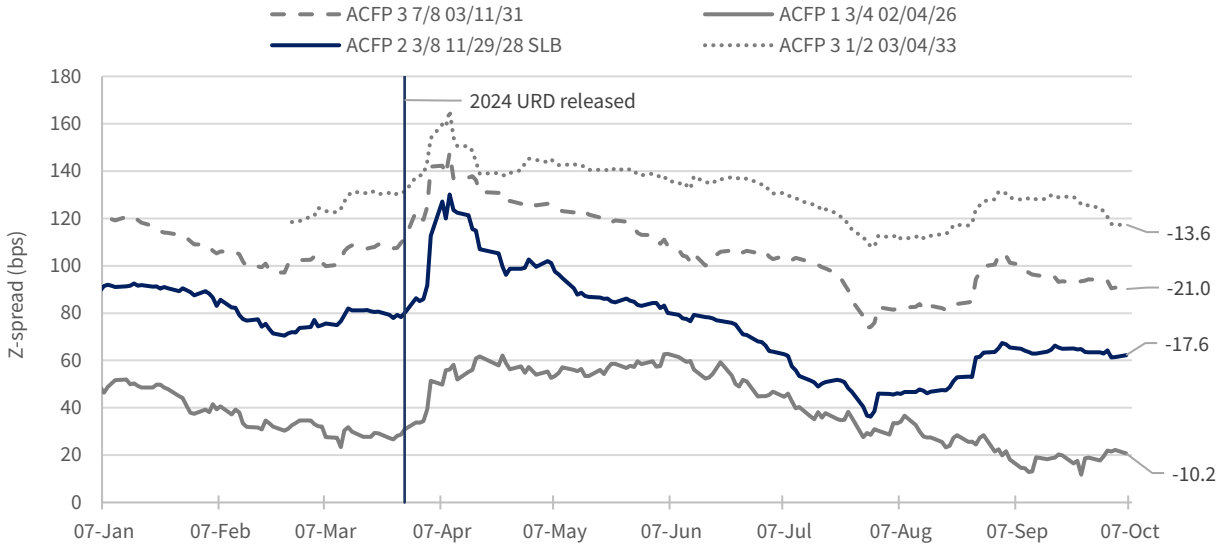
Figure 3. Accor senior bond spreads. Source: Accor, AFII, Bloomberg Finance L. P., accessed 2 Oct 2025.



Figure 4, below, gives historical spread performance for the Accor bonds. The graph also references the date of the 2024 URD publication, which is when new information was released to the market on the SLB targets, and highlights spread changes since that date for each bond.

Since the release of its 2024 URD on 28 March 2025, which indicated the likely SPT miss, all of Accor's senior bonds have tightened, with none showing any meaningful outperformance.

Figure 4. Historical bond spreads for Accor bonds. Source: Bloomberg Finance L. P., accessed 7 Oct 2025.



[17] For further details on SLB option pricing, see "Sustainability-Linked Bond Handbook", AFII, 12 May 2024.
[18] As shown in Phase 1 in Figure 4, Pg 6 in "A watershed year for the SLB market", AFII, 15 Jul 2025.

In previous cases where an issuer has disclosed it is likely to miss a target, there has been a mixed response from the market. For example, when L&Q publicly announced it would miss its emissions reduction target in March 2024, the reaction was virtually non-existent, nor was there much of a price move when the miss was confirmed in its September sustainability report. In fact, the largest move occurred when the coupon was adjusted in Bloomberg, which led to outperformance.[19] In contrast, in the case of A2A, when the company revealed a shifted strategy on its website, the market was already pricing in a 42% likelihood of the target being missed prior to final confirmation.[20]

Conclusions

Accor has one outstanding SLB with an observation date at the end of this year. Both SPTs linked to the bond are concerned with reducing GHG emissions, with SPT 1 referring to Scope 1 & 2, and SPT 2 to Scope 3. The company has disclosed to the market that it is unlikely to achieve its SPTs, meaning we rank it as **Likely MISS**.

This information does not seem to be reflected in the market pricing of the SLB at present, as the bond continues to trade in line with Accor's curve. The running option value on the bond, using a 90% probability of both SPTs being missed, is 14.1bps.

We usually see issuers report SPT misses after the observation date, in the following year's annual or sustainability report. Therefore, it is positive to see Accor telegraphing to the market its sustainability performance ahead of time. This increases transparency, enhances the value of disclosure, and strengthens accountability in the SLB market.

[19] "London & Quadrant SLB: market update", AFII, 7 Oct 2024.
[20] "A2A: SLB missed target confirmed", AFII, 24 Apr 2025.

Appendix 1: Changes to emissions calculation methodology

In 2023, Accor updated its calculation methodology for Scope 1, 2 and 3 emissions following implementation of a new energy data collection tool and to align better with SBTi recommendations. This meant restating the 2019 data to ensure comparability. The old and new baseline figures are shown in Table 1. The breakdown of Scope 1, 2 and 3 emissions was not available for 2020-2022, given the impact of the COVID-19 pandemic on the hospitality business.

Table 1. Accor reported green gas emissions. Source: Accor 2024 URD.

in $ktCO_2eq$	2019 (old baseline)	2019 (new baseline)	2023	2024
Scope 1 & 2 emissions	3,471	3,306	3,404	3,423
Scope 3 emissions	3,761	3,630	3,826	3,868

As per Accor's SLB prospectus, if the methodology change has a significant impact on the company's GHG emissions, recalculation is permitted, as long as the change has '*no adverse effect on the interests of the Bondholders'* and is independently verified by an External Verifier.[21] In this case, it is unclear whether a formal recalculation (as defined in the Prospectus) has taken place, and we also see no evidence that Accor has altered any of its SPTs following the methodology update.

[21] Pg 18, "Accor SLB Prospectus", 24 Nov 2021.

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