

## INFORMATION ON SOCIAL, SOCIETAL AND ENVIRONMENTAL ISSUES

### SUSTAINABLE DEVELOPMENT POLICY

#### Vision and ambition

In 2012, after consulting its stakeholders, the Group drew up its Sustainable Development policy to guide its action plans. This programme gives a reminder of its responsibilities in this regard and its commitments to help develop sustainable tourism by:

- designing sites which benefit from the natural and cultural environment of the regions in which the Group operates, while preserving such environment;
- offering holidays which allow visitors to reconnect to nature and others;
- contributing to the social and economic development of the areas in question.

To fulfil this ambition, the Group has four main values: proximity, exemplary behaviour, integration and innovation.

2013 was boosted by the implementation of the WIN 2016 Group plan. Consultation at the start of the year with all the top managers confirmed the strategy implemented in 2012 and defined the most crucial focus areas. Action plans involved strengthening the operational base and new initiatives to integrate sustainable development into the holiday experience offered to customers.

For the first category, it is about continuing and strengthening the operational management of the actions which form the bedrock of the Group's social and environmental responsibility: certification, environmental management, responsible purchasing, reporting. For the second, it is about defining new initiatives focused on customers, on subjects which enrich their holiday experience, particularly in

relation to the natural environment, and which also increase their awareness of environmental issues.

*The complete sustainable development policy is available at [www.groupepvc.com](http://www.groupepvc.com)*

#### Organisation

The implementation of the Group's sustainable development strategy is led by the Sustainable Development Department, attached to the Deputy Chief Executive Officer, member of the Group's General Management Committee. This department deals more directly with environmental and societal aspects of the policy and works in close collaboration with the Human Resources Department on social matters.

The Sustainable Development Department works with all key departments to:

- define the yearly targets and support the implementation of the resulting action plans;
- instil in operational teams the product innovations focused on customer experiences around sustainable development;
- collect, consolidate and check non-financial indicators set out in the Group reporting protocol, and update it according to changes in processes and tools.

In addition, the Sustainable Development Department manages Green Key label certifications and the BEST! sustainable development management tool.

### SOCIAL RESPONSIBILITY

#### Vision and ambition

Wage costs account for 12% of Group revenue. Management of human resources is at the heart of the Group's strategy to transform and improve its economic and social performance.

The skills and involvement of the Group's employees will allow to best respond to the service quality requirements of our customers, as befits a European leader in the local tourism sector. To fully satisfy its customers, each employee must be committed to the Group's project and demonstrate its values.

It is in this context that the Group places particular importance on its employees, developing their skills and career prospects, while also ensuring their well-being. Employee backgrounds and experience comprise the real human capital and are a permanent concern throughout the collaboration. By way of example, Center Parcs in the

Netherlands is one of the 54 companies, and the first in the leisure industry, to be named Top Employer Netherlands.

Group culture is based on simple shared values: Customer focus, performance, entrepreneurial spirit, exemplary behaviour, commitment, teamwork and quality. This culture founded on flexibility, transparency and collaboration.

#### Management

Managing the social policy involves all of the indicators set out in a Group Reporting Protocol. For the 2012/2013 financial year, unless stated otherwise, the scope of the indicators is as follows: all employees paid by the Group, from whichever sector (property or tourism) or brand (Center Parcs<sup>(1)</sup>, Sunparks<sup>(2)</sup>, Maeva, Adagio, Pierre & Vacances<sup>(3)</sup>,

(1) Center Parcs "CP".

(2) Sunparks "SP".

(3) Pierre & Vacances "PV".

Les Senioriales) with the exception of Adagio staff working outside France and PV Morocco staff (accounting for 0.9% of total staff).

All French entities (apart from Les Senioriales) now use the same pay tool, simplifying the data collection process. For PV Spain, CPSP Belgium, CP The Netherlands, CP Germany and Les Senioriales, this process is managed locally with Group coordination.

Finally, for training, disability and work accident indicators, Excel files or Notes extracts make it possible to monitor and consolidate the data.

Checks on strategic data are carried out regularly by the managers of the different areas. The data consolidated in the half-yearly report introduced in financial year 2012/2013 are checked at three levels:

- completeness of scope (all staff are correctly counted);
- consistency of the calculation method between brands and countries;
- ability to justify changes from one year to the next.

## 2012/2013 issues and staff structure

### Group jobs

Group jobs may be illustrated as follows:

- Tourism jobs: welcoming and reception, technical and security, cleanliness, swimming pools, site management and operational management, catering (although this is small in volume as it is mostly subcontracted), commercial roles and customer relations;
- Property jobs: property development and marketing, sales, property management and owner relations;

- Support jobs: accounting, sales/e-commerce, IT, human resources, legal, marketing/communication, purchasing, general services, sustainable development, etc.

### Optimum adjustment of the number of staff to the activity

The past year saw the implementation of an employee streamlining plan. Management and the social partners worked closely to define a human resources organisation aligned with its activity (attendance and revenue). Major efforts were made to avoid redundancies.

Ultimately, over 80% of employees affected by job losses left voluntarily or were reclassified within the Group. A comprehensive support system has also been set up, using a specialised agency, which allowed:

- more than half the people departing voluntarily to benefit from redeployment leave, a skills assessment or specific workshops in line with their future plans;
- 90% of those dismissed to accept redeployment leave and 80% of them to produce a skills assessment.

In parallel, an Employment Committee was set up at Group level to improve monitoring of recruitment and qualifications. This weekly committee, which is made up of a member of General Management, the Group HR Director and the Management Control Director, assesses each recruitment application against specific quantifiable criteria to judge the necessity and relevance of the need and the employment model in the medium term.

In conclusion, compared with the previous financial year, the number of employees in the Group fell slightly in 2012/2013. This change is part of the adaptation of employees to the Group's business.

Breakdown of headcount by country at 30 September 2013	2011/2012	2012/2013	Change	% 2012/2013
France	5,158	4,962	-4%	43%
Belgium	2,490	2,535	2%	22%
The Netherlands	2,994	2,963	-1%	26%
Germany	822	926	13%	8%
Spain	231	223	-3%	2%
<b>TOTAL IN CASH <sup>(1)</sup></b>	<b>11,695</b>	<b>11,609</b>	<b>-1%</b>	<b>100%</b>
<b>TOTAL FULL TIME EQUIVALENT (FTE) <sup>(2)</sup></b>	<b>7,465</b>	<b>6,994</b>	<b>-6.3%</b>	

(1) The number of people with an employment contract at 30 September of the financial year in question, including all types of paid contract.

(2) Each person is counted on a prorata basis of their contractual activity rate and of the time they were present during the period in question.

## Supporting the organisations in the transformation plan

To better meet customer needs and better manage seasonal fluctuations, an in-depth reflection on the "employment model" took place, taking into account employees' quality of life. Flexible, forward-looking job and skills management promoting flexibility and the adaptation of resources has been improved. In addition to managing wage costs, the aim is to better adapt the workforce to the operational business, while taking into account the specific nature of the brands:

- particularly as a result of the seasonal nature of the business – which is not as marked with the Group's other brand names (Center Parcs/Adagio) – most Pierre & Vacances and Maeva sites now have a seasonal closure period (winter or summer depending on the

geographical location). The organisation of these sites has therefore been reviewed: multi-management areas have been identified to optimise business management and promote interchangeability between sites. Fixed-term seasonal contracts and extras make it easier to adapt to peaks of activity;

- on Center Parcs sites, a major three-year staff costs management plan has been launched. There is a special focus on more flexible contracts (notably student and temporary contracts) and on managing hourly costs.

At the Group workforce level, the results of these efforts are already visible compared to past financial years, both in terms of the proportion of open-ended contracts (slightly down) and of fixed-term contracts (slightly up).

Breakdown of staff present as at 30 September 2013 by contract type	2010/2011	2011/2012	2012/2013
Permanent	70.5%	71.1%	68%
Fixed-term	21.6%	14.6%	19%
Other (Placements, sandwich course students, etc.)	7.9%	14.3%	13%

Because of the specific nature of the Group's business sector, some activities are subject to non-standard working hours (sites open at weekends and sometimes requiring night work), or part time requirements. Overall, 57% of staff work part time. This is particularly related to the country (in Germany and the Netherlands where this rate exceeds 88%), or the job (cleaning staff mostly only work certain days of the week, for example).

Additionally, 2,205 people were employed on seasonal contracts in France over the 2012/2013 period, and 4,593 as extras, giving a total

of 6,798 (an almost 6% increase on the previous financial year). This slight rise is due to the pursuit of greater job flexibility so as to better fit the current characteristics of the tourism business.

Despite the context of change and reorganisation, the breakdown by length of service of staff at 30 September shows a certain loyalty, as just over a quarter of staff have been Group employees for at least 11 years.

Employees at 30 September with years of service numbering:	2012/2013
Under 2 years	35%
2-5 years	23%
6-10 years	16%
11-15 years	11%
Over 15 years	15%

The implementation of a streamlining policy has also resulted in a reduction in staff turnover, partly due to a significant reduction in the number of recruitments carried out during the period.

Staff turnover <sup>(1)</sup>	2011/2012	2012/2013
Number of new staff	2,624	1,911
Number of departures	2,579	2,125
Turnover ((Number of departures of people + number of new staff)/2)/ Staff at the end of the period*100	27%	21%

(1) Including: temporary and open-ended contracts for employees in Belgium, the Netherlands and Germany, and open-ended contracts for employees in France and Spain.

The rates of absenteeism were not available for this financial year because this indicator was not reliable. An audit of reporting practices and processes is underway to improve this data at the Group level.

## Summary of actions undertaken

### Identifying talent

Developing skills and improving performance are some of the main concerns of the Group's Human Resources Department. The aim is to identify talent within the organisation or to attract it from outside, and to make employees loyal and support them in their career development.

An integral part of the DNA and culture of the Center Parcs and Sunparks organisations, the Talent Development programme allows managers and experts to benefit from in-house training, individual coaching, team building sessions and workshops on specific problems. Quarterly quantitative and qualitative monitoring of all of these actions takes place and personalised development plans are implemented for staff with high potential. Less formally, actions of this type exist in the other Group companies, notably via HR forecasting and planning (e.g. GPEC – *Gestion Prévisionnelle des Emplois et des Compétences*) which allows employees to follow independent training and develop within the Group.

The Group offers two international training programmes:

- **the IOP** (International Orientation Program) aimed at all new managers. This integration programme allows each person to better understand the Group and its organisation and to exchange viewpoints on best practice in an international, cross-functional setting;

- **the MEP** (Management Educational Program), is aimed at young people with potential destined for management positions and prepares them for their future responsibilities and helps them to develop their network within the Group.

This set of measures has helped improve internal mobility. In the last financial year, almost half of positions were filled internally and close to 30% for management positions (for head office, CP and SP).

### Staff training

The training policy must support Group strategy so that employees are able to give customers the expected level of service quality. Over the financial year 2012/2013, it was organised around three main themes:

- "technical job training" vital to the successful holding of a post. This includes training in software and languages, but also conventional job training. With this in mind, a new system entitled "Customer Orientation" has been rolled out on a Group scale. Its aim is to help employees to proactively respond to customer expectations and better manage litigious situations. These sessions have been designed and delivered in-house to best reflect on-the-ground reality;
- safety training, including legal obligations, in order to maintain the safety of customers and staff;
- management training to support management development in the form of structured, progress-focused pathways.

Training	2011/2012	2012/2013
Total number of training hours <sup>(1)</sup>	134,807 <sup>(2)</sup>	111,762

(1) For France: training as part of the training plan which must last for at least seven hours for PV and four hours for Les Senioriales. For the other countries, all training sessions were counted irrespective of their duration.

(2) PV Spain not included.

A reduction of 17% in the number of training hours has been noted. It mainly affects France and is partly due to the changing organisational context and the business strategy refocus. Although the needs have been identified, the rollout of a certain number of training sessions has been pushed back to 2014 in line with the new priorities. Furthermore, certain training sessions delivered outside the training plan (e.g.

training in new IT tools) were not consolidated within the overall indicator for the number of training hours and are subject to specific reporting (see table below). The target for the 2013/2014 financial year is to implement consistent reporting covering all training sessions delivered within the Group, no matter how they are financed or how they are rolled out.

Type of training	Number of sessions	Number of people trained	Number of training hours
Reservation tool	78	340	324
Supply and billing management tools	42	117	255
Sales techniques, products, agent briefings ( <i>Call-Center</i> )	17	38	3,831
<b>TOTAL</b>	<b>137</b>	<b>505</b>	<b>4,410</b>

### Awareness-raising and training of employees in sustainable development issues

Communication with all employees on the Group's sustainable development strategy is done using a variety of tools and throughout the year. These tools are: Chlorophylle (an in-house newsletter), several publications on the intranet (videos, articles, etc.), and specific events based on sustainable development organised at the head office and

on the intranet. Targeted awareness-raising actions were organised during the national sustainable development week in April 2013. Events have been held at the head office to present the features of the future Domaine du Bois aux Daims Center Parcs in terms of environmental performance of the building, measures to protect biodiversity and partnerships with the region. These events have been specifically advertised on the Group intranet. In addition, two themed

breakfasts on integrating the sustainable development strategy into business processes were organised: one of these was aimed at property project managers from all brands on the theme "Biodiversity and construction"; the other was in the form of a "Co-creation" workshop, bringing together marketing teams and all Group brands.

Specific training sessions were also delivered throughout 2012/2013:

- 80% of the French call centre staff have been trained on the Group's sustainable development policies and on specific initiatives undertaken, which they can communicate to customers;
- the staff responsible for green spaces and nature (GSN) on the larger sites received specific training on GSN management.

In total, during the financial year 2012/2013, 18,744 hours of training on safety and environment have been counted.

## Health and safety and well-being at work

Employee health and safety and well-being at work forms an important part of the Group's social policy. These initiatives are changed every year

in order to better satisfy employees and, as a result, our customers. In 2012/2013, on the three aspects, the main subjects dealt with were as follows:

### Safety:

- Implementation of training sessions for maintenance staff, across all Group brands, on preventing the risk of Legionella and improving the quality of swimming pool water;
- Awareness raising initiative on the use of breathing filtration equipment and on the risks of spreading dangerous products in a didactic information document circulated on the intranet;
- Design of a process to warn of the risk of attacks on custodian staff or employees responsible for large amounts of cash (cashier staff, receptionists, etc.).

The target for 2013/2014 is to review the way Safety indicators are monitored at Group level to cover all types of contracts (including extras and seasonal contracts) by implementing a reliable accident monitoring and analysis tool.

Safety <sup>(1)</sup>	2010/2011	2011/2012	2012/2013
Frequency rate of work accidents <sup>(2)</sup>	35	37	37
Severity rate of accidents <sup>(3)</sup>	ND	2.4	1.2

(1) Excluding PV Spain.

(2) Number of accidents with at least 24 hours of lost time per million hours of work.

(3) Number of days of temporary incapacity for 1,000 hours of work, for accidents followed by lost time of at least 24 hours.

### Health:

- An action plan to reduce hardship has been drawn up, in consultation with the social partners.

### Well-being:

- An approach was introduced to improve well-being at work initiatives and make them more consistent, including the prevention of psychosocial risks (RPS), using measures such as: training human resources teams in preventing risk situations, implementing a social barometer, a self-evaluation questionnaire on stress at work, implementation of a coffee break on sites or offering massages at headquarter, provision of a freephone psychological help line, psychological help for employees during crisis unit operations, etc.

## Social dialogue and collective labour agreements

A European staff representative body has existed since 2011. This body is made up of representatives from staff organisations from all countries in which the Group operates. This allows for regular dialogue on cross-business and strategic matters on a Group-wide scale.

At a country level (France, the Netherlands, Belgium, Germany), the staff representative bodies (CE, CHSCT, DP) have been in place for many years and are organised nationally and/or at the site level depending on the specific nature of the organisations and local legislation.

Various company agreements have been signed for several years, strengthening the Group's negotiation and social dialogue culture. For example, the agreements in force in France are as follows:

Agreement	Negotiation level	Year of signature	Duration of validity
Hardship at work <sup>(1)</sup>	Tourism (including Adagio)	2012	3 years as of 01/01/2012
Psychosocial risk <sup>(1)</sup>	France (excluding Les Senioriales)	2010	Method agreement
Employee profit-sharing	France (excluding Les Senioriales)	2012	Unspecified
Teleworking	Support services	2008	Unspecified
GPEC (including the intergenerational aspect)	France (excluding Les Senioriales)	Currently being negotiated	
Organisation of working time	France (excluding Les Senioriales)	2000	Unspecified
Gender equality	France (excluding Les Senioriales)	2011	Unspecified
Disability	France	2010	3 years as of 01/01/2012

(1) Action plan.

## Equal opportunities and diversity

The Pierre & Vacances-Center Parcs Group has a deeply rooted tradition of diversity and equal opportunities. In 2009, Gérard Brémond, the Group's founder, signed the Diversity Charter aiming to prevent discrimination and improve team-wide diversity.

An agreement on gender equality in the workplace was signed in 2012 for France. It was negotiated with the social partners and relates to three themes: Equal pay, professional promotion and diversity, the work-life

balance. The proportion of women within the staff bears testimony to this commitment, as there are more women than men, and the rate of women employed increased during the 2012/2013 financial year compared to the previous year. The percentage of women managers is relatively stable and accounts for almost half of staff members. As regards part-time positions, these are mostly filled by women. There are several reasons for this: voluntary choice to work part-time to fit in with family life after maternity or parental leave, or the specific nature of certain position (cleaning positions are often part-time).

Gender equality <sup>(1)</sup>	2011/2012	2012/2013
Percentage of women in group headcount	61%	66%
Percentage of women managers	48%	45%
Percentage of part-time positions which are occupied by women	85% <sup>(2)</sup>	76%

(1) At 30 September 2013.

(2) Only permanent.

Furthermore, the Group has been actively committed since 2005 to initiatives to promote and maintain employment of workers with disabilities, through collective labour agreements. In 2012, an ambitious Disability policy was launched in order to standardise practices across the different brands. The summary of initiatives already conducted as part of the three-year agreement has shown a significant increase in the number of disabled workers within the

Group. During the 2012/2013 financial year, the number of workers with disabilities increased by 73% compared with the previous financial year. This has also led to an increase in the number of working environment adaptations during the period. These results were obtained thanks to a strong commitment from the employees of the various departments, effective project steering and a real drive and commitment on the part of general management.

Disability <sup>(1)</sup>	2010/2011	2011/2012	2012/2013
Rate of direct employment of workers with disabilities <sup>(2)</sup>	2.23%	2.31%	3.3%
Number of workers with disabilities as at 30/09	115	119	164
Number of disabled employees recruited over the year	20	30	36
Number of persons recognised as disabled employees whose working environment has been adapted <sup>(3)</sup>	12	16	24

(1) Scope: France.

(2) People recognised as disabled workers: People with valid administrative confirmation of disability, or if applicable, under renewal. Proportion calculated based on the number of employees at 30 September 2013.

(3) Adaptation of the working environment: Adaptation of workstation, means of transport, hours or tasks.

The Group implements a very pro-active policy with young people to train them and support them in starting their working life Initiatives are introduced throughout the year:

- in 2012/2013, 13 training sessions under professional training contracts were offered to 334 young people aged 16 to 25. Designed with the Group's needs and jobs in mind (reception and hospitality, entertainment, physical activities, etc), the theoretical content has been developed in partnership with two training centres: The Village Grand Ouest and JMSA Formation Conseil. 95% of the 137 young people who received this complete training obtained their diplomas. Close to 40% of these young people had an educational level equal to or below the French GCSE equivalent (Brevet) when they started this training. Furthermore, 50% of the young people who obtained the diploma found their first job on one of the Group's sites;
- as part of a sponsorship commitment charter with the schools of the 19<sup>th</sup> district in Paris (which the Group signed in 2011 for a three-year period), some 15 students could discover different jobs in the head office departments: General Services, Human Resources, E-commerce, Accounting, Purchasing and Sustainable Development.

A comprehensive study on the employment of young people and older employees was performed in spring 2012, allowing to identify objectives as well as an action plan for the next three years. These commitments were brought together in the agreements on HR forecasting and planning (GPEC) (*currently under negotiation*). They make it possible to structure an intergenerational approach by promoting the employment of young people (strictly limited to employees aged under 26), and the hiring and maintaining in employment of older staff (employees aged 50 and over), while at the same time transferring knowledge. The main objectives identified for the next three years were as follows:

- recruit at least 21% of new staff on open-ended contracts, aged under 26;
- recruit at least 3% of new staff on open-ended contracts at an age of 50 or over;
- maintain the current proportion of employees aged 50 and over on open-ended contracts at a minimum of 18% of employees on open-ended contracts.

Breakdown of staff present at 30 September 2013 by age	2010/2011	2011/2012	2012/2013
Under 25 years	16.6%	13%	19%
25 to 45 years	54.1%	50.4%	51%
46 to 55 years	29.3%	27.5%	21%
Over 55 years	8.4%	9.1%	9%

## Employee satisfaction and expectations

As a continuation of the two-yearly Group employee satisfaction assessment cycle, an in-house survey was conducted with employees of Center Parcs and Sunparks in Belgium, the Netherlands and Germany, between June and September 2013. It allowed them again to express their satisfaction level on 51 items. The response rate was 60%. The results showed a satisfaction rate of 91% (80% satisfied and 11% more than satisfied), i.e. an increase of 1% compared with the results from the previous survey.

Based on this summary, the previous action plan will be adapted in order to improve the involvement and satisfaction of employees.

## Future issues

As part of the Group's WIN 2016 strategic plan, four priority objectives have been identified:

- performance management, in a bid to introduce and develop a culture of performance, recognition and managerial courage;
- talent management, which not only aims to attract new talent, but to identify it within the Company and develop it;
- the employment model, which seeks to control payroll costs, by optimising costs and best adapting resources to the business;
- the Group culture, which seeks to redefine and respecify the values of the Company to strengthen identity, collective cohesion, commitment and motivation.

A focus will be kept on these four objectives throughout the 2013/2014 financial year, with around 40 specific initiatives designed to improve the consistency of the Human Resources Department activities and support the transformation of the Group and its performance.

## ENVIRONMENTAL RESPONSIBILITY

### Property development business

The sustainable development strategy implemented within the Group's property business seeks to reduce the environmental footprint of the work, both in the construction and operational phases, and to enhance the resources of the area by making use of local companies. It affects every stage of project development: Choice of site, definition of site plans, architectural design, technical choices, selection of suppliers and companies to perform the work and manage the site.

The added value linked to taking into account sustainable development issues in property transactions is increasingly clear. It contributes to project quality (considering operational constraints in advance, anticipating customer expectations), to the local acceptability (consultation and including the expectations of local stakeholders). It also helps to facilitate financing (growing demand for energy certification from individual buyers) and the search for investors.

By way of example, HQE (High Environmental Quality) certification at the future Center Parcs in the Vienne region is a component of the long-term financial value of the project as far as investors are concerned.

### Tools

For Pierre & Vacances and Center Parcs, environmental commitments in terms of construction are formalised in two in-house tools: *The golden rules of sustainable construction* and the *Green building site Charter*. These documents form part of the project contractual documents and are signed by all those involved in the construction (from contractors to participating companies).

#### *The golden rules*

The golden rules of sustainable construction specify the standard environmental programme applicable to all new property construction and renovation projects. They comply with Green Key and ISO 14001 certifications rolled out in the operational phase.

#### *The Green Building Site Charter*

The Green Building Site Charter seeks to limit the negative impacts of construction and benefit the environment, workers and local people. The main themes dealt with are reducing local pollution

and environmental damage (particularly in terms of biodiversity for projects in natural areas), managing waste, moderating use of water and electricity, management of site staff risks and the reduction of disturbance caused to local populations.

In 2012/2013, all new build projects applied this Charter. However, the procedures for implementation are specific to each project according to its size and site organisation. For large-scale projects, such as Center Parcs or Villages Nature, different parties are mobilised to ensure that these commitments are met during the work. For the future Center Parcs in the Vienne region, the RAQE is responsible for ensuring and checking implementation of the charter during the project and is part of the project management team. This person is helped in their role by the assistant who is responsible for HQE certification but also by an environmental expert for specific matters connected to the preservation of biodiversity. Companies involved in the site must identify an environment manager within their team and submit a PAE (environmental action plan) setting out the measures taken to meet the charter's requirements.

For Adagio, technical orientations and the choice of equipment and products are drawn up in the specialist set of specifications for new builds which includes as a minimum the sustainable development criteria of the European Ecolabel. The project specifications are adapted according to regulatory or standard data in the country concerned and cannot under any circumstances, unless in the event of incompatibility with local rules, be lower than those initially specified.

### Property business certification

On key strategic projects, the sustainable construction strategy is strengthened further. It is structured and enriched by external environmental certification benchmarks (NF Bâtiment tertiaire, HQE) or energy performance certification (THPE or BBC (low consumption building) certification). The choice of certification is made on a project by project basis.

In France, across all brand names, 464 new build units delivered during the 2012/2013 financial year have been certified or are awaiting THPE, BBC or HQE certification. This accounts for 91% of units delivered compared to 52.10% in 2011/2012.

Projects delivered in 2012/2013<sup>(1)</sup>

Brand name	Site	Number of units	Delivery	Certification awarded or pending
Pierre & Vacances premium	AVORIAZ – Falaise	104	December 2012	THPE
Adagio Access	LE HAVRE	111	September 2013	BBC
Les Senioriales	ST AVERTIN (city)	63	July 2013	BBC
Les Senioriales	PONT AVEN	46	September 2013	none
Les Senioriales	BASSAN	67	June 2013	BBC
Les Senioriales	ST LAURENT DE LA PREE	51	June 2013	THPE
Les Senioriales	JUVIGNAC (city)	63	September 2013	BBC

(1) Scope: France.

Concerning projects conducted outside France, of the three new projects delivered in 2012/2013 (Center Parcs Bostalsee, Adagio Liverpool and Adagio Köln), the Adagio Aparthotel in Köln (115 units) was awarded the German sustainable building DCNB certification (*Deutsche Gesellschaft für Nachhaltiges Bauen*).

For major renovations, operational constraints and the need to optimise operating costs are taken into account. Accordingly, energy and water efficient products were also systematically chosen for the renovation of a residence in Biarritz which took place during the 2012/2013 financial year: Installation of presence detectors in the corridors, energy-efficient light bulbs in both shared areas and within the individual flats, dual flush toilet systems, class A energy-efficient electrical appliances, etc. The external joinery was also replaced to improve thermal insulation. All of these measures have helped to maintain (and even improve) the energy consumption levels measured in the Energy Performance Diagnostics (DPE), despite the implementation of a reversible climate control system (essential for the comfort of occupants during the summer). The DPE performed in two pilot apartments show a slight improvement after the works: from 150.2 kWhEP/m<sup>2</sup>/year to 128.49 kWhEP/m<sup>2</sup>/year for one and 151.16 kWhEP/m<sup>2</sup>/year to 136.77 kWhEP/m<sup>2</sup>/year for the other.

## New projects

The 2012/2013 financial year also saw the beginning of construction work on the 5<sup>th</sup> French Center Parcs in the Vienne region, which is expected to be delivered in spring 2015, and the progression of the Villages Nature project located in Marne-la-Vallée, for which marketing has started.

The main significant events concerning the implementation of the sustainable development strategy for these two projects are:

- for Center Parcs Vienne:
  - taking the first steps to protect flora and fauna on the site before the work starts: fitting of fences, transfer of amphibians and endangered wildlife to areas not affected by the site, destruction of invasive species,
  - obtaining HQE certification for the programme and design phases for buildings in the village centre, the cottages and the farm;

- for Villages Nature:

- launch of the Sustainable Development Consulting Committee with the initial set-up meeting. The aim of this Committee, under the aegis of the Seine-et-Marne prefecture, is to monitor and ensure the implementation of the project's sustainable development targets,
- implementation of the first biodiversity conservation measures: transfer of amphibians, purchase of 125 hectares of forests to compensate for forest clearing, localisation of 4,000 m<sup>2</sup> of ponds to be situated outside the site to promote biodiversity,
- obtaining of the mining permit and signature of the sale contracts for geothermics: from the opening of the site, geothermics will not only cover 100% of the Villages Nature heating requirements, but they will also cover almost half the heating needs of the Disney parks and the Disneyland Hotel, thanks to a heat network linking the two sites.

## Tourism

The sustainable development approach implemented on the tourism business is led by the Sustainable Development Department, using the environmental indicators defined in the reporting protocol. The latter covers all sites operated by the Group as at 30 September 2013, unless stated otherwise.

## Steering tools

### *BEST! self-evaluation tool*

To guide the environmental and sustainable development performance of the sites operated by the Group, the Sustainable Development Department implemented the Best! (Be Environmentally and Socially Tremendous!) system four years ago, based on the "PDCA" principle (*Plan, Do, Control, Act*). Planning and self-monitoring takes place annually via a self-evaluation questionnaire on the site's performance. To report on the progress made, performance levels are assessed on a scale of 1 to 5 (1 being awareness of the issue and 5 being exemplary action). This tool covers the main environmental issues linked to the tourism business (management of water, energy, waste, differentiated management of green spaces, supply of environmentally-friendly products, communication, etc.). The sustainable development



team supports the sites during site visits or remotely by telephone monitoring.

BEST! Self-evaluation also makes it possible to:

- send some indicators and best practice examples relating to sites' environmental performance;

- act as a management tool for the Center Parcs for ISO 14001 certification.

In 2012/2013, to continue harmonising the sustainable development strategy throughout the Group, BEST! has been implemented for the first time on all sites operated by the Group.

Results of the BEST! self-evaluation campaign 2012/2013		Average score out of 5
Issue 1	Organising continuous assessment and improvement	2.0
Issue 2	Involving staff	1.7
Issue 3	Developing a responsible social policy	1.9
Issue 4	Increasing customer awareness	2.4
Issue 5	Integrating the local community	2.3
Issue 6	Purchasing products and services responsibly	1.2
Issue 7	Consuming electrical energy efficiently	1.6
Issue 8	Optimising the operation of combustion facilities	1.8
Issue 9	Optimising refrigeration installations	2.0
Issue 10	Consuming only the water required	1.7
Issue 11	Sorting and recycling hazardous water	2.2
Issue 12	Decontaminating and treating hazardous waste	2.3
Issue 13	Monitoring discharge into water networks and the natural environment	2.6
Issue 14	Monitoring vehicle usage	2.9
Issue 15	Applying differentiated management of green areas and nature	2.4
Issue 16	Offering responsible catering and food products (restaurant and mini market)	1.3

Number of self-evaluated sites: 306 (= 95% of sites asked to complete the self-evaluation in 2012/2013)

The comparison of these results with those of the campaign from the previous financial year is not appropriate, as to roll out this tool across the entire scope (including Center Parcs) the questionnaire content would need to evolve to reflect the different internal processes. After this most recent campaign, new objectives were set for the 2013/2014 financial year. They relate to the control of fluid use, customer awareness-raising and the management of waste.

### Tourism labels and certifications

While 85% of French people questioned thought that the sustainable tourism approach was "interesting" or "very interesting" (Altéa, 2009) and where 56% of French people said they were willing to favour accommodation with an eco-label (Eurobarometer, 2008), the Group made a commitment in 2010 to a certification programme to prove its sites' environmental commitment.

To date, 24% of the Group's tourism portfolio is eco-labelled or certified (compared to 17.52% two years ago):

- 42 Pierre & Vacances, Maeva and Center Parcs sites have the Green Key certification and five new sites were awarded the label for 2014;
- 17 sites from the Adagio brand have the European Ecolabel;
- 18 Center Parcs are ISO 14001 certified.

These labels and certifications not only make it possible to highlight the sites' environmental credentials to customers, but are also effective tools for continuing improvement, in addition to the BEST! in-house management system.

### Specific issues

In operating the sites, energy, water and waste are the areas with most environmental impact.

#### Energy management

Energy accounts for 11.5% of operating expenses at Pierre & Vacances sites (excluding rent, head office and works costs), the fourth-largest expense area after personnel costs excluding cleaning, cleaning costs and co-ownership charges excluding water. Controlling energy use and reducing dependence on fossil fuels is therefore one of the Group's priority focus areas in terms of sustainable development.

#### Tools

A monthly usage summary is performed by sites using the various energy meters. The management tools used by the technical managers of each site vary according to the brands:

- Center Parcs and Sunparks: Usage indices are compiled in an Excel document. The technical manager monitors the index summaries and pays particular attention to areas of high usage. A comparison with the previous year during the same period is made, taking into account temperatures and occupancy rates. Major differences are analysed. 15 villages are also equipped with EVIEW, an automatic usage measuring tool which performs additional checks. Consumption data is sent monthly to the management centre and compared against monthly bills;

- Pierre & Vacances scope, including all brands and Adagio France: ICARE is the in-house tool for monitoring usage indices within this scope. This tool was initially developed to meet management monitoring needs and has been progressively reviewed to become a dynamic management tool to monitor and manage sites' water and energy consumption in an optimum way. As at Center Parcs, the sites' technical directors and managers supply the consumption indices directly every month using a tool which automatically calculates the volume and cost of water and energy consumption. Any differences must be justified by each site and the explanations are analysed by the regional directors and the maintenance department;
- Pierre & Vacances Spain scope: Consumption indices are compiled in an Excel document;
- Some Adagio residences, particularly those outside France, monitor usage indices on an OPEN tool supplied to them by the Accor group.

### Consumption

Despite an increase of 20% in the number of sites operated compared to the previous financial year, total energy use has only risen by 7%. Consumption per week of occupancy is falling, and this should be confirmed over the next few financial years.

End energy consumption volumes	CP Europe			PV Tourisme Europe			Group		
	2010/ 2011	2011/ 2012	2012/ 2013	2010/ 2011	2011/ 2012	2012/ 2013	2010/ 2011	2011/ 2012 <sup>(1)</sup>	2012/ 2013 <sup>(2)</sup>
Number of sites included in the scope:	21	21	23	208	218	263	229	239	286
<b>Total energy (in MWh)</b>	<b>654,401</b>	<b>634,592</b>	<b>670,326</b>	<b>226,820</b>	<b>228,509</b>	<b>257,316</b>	<b>881,221</b>	<b>863,101</b>	<b>927,642</b>
Volume of energy (kWh)/week of occupancy <sup>(3)</sup>	1,351	1,354	1,337	411	332	311	1,109	726 <sup>(4)</sup>	698
Electricity (MWh)	141,368	142,022	138,010	194,627	198,261	219,503	335,995	340,283	357,513
Gas (MWh)	497,057	478,215	513,212	17,674	13,741	17,232	514,731	491,956	530,444
Boiler room wood (MWh)	15,976	14,355	14,483	0	921	0	15,976	15,276	14,483
Fuel oil (litres)	0	0	400,798	1,118,023	971,524	1,195,034	1,118,023	971,524	1,595,832
Urban heat (MWh)	0	0	0	3,372	6,821	8,592	3,372	6,821	8,592

(1) In 2011/2012, the following sites were excluded: the Center Parcs in Nordseeküste, the Adagio Access sites and a number of Adagio sites, totalling 3% of the Group's total accommodation capacity (in number of beds).

(2) In 2012/2013, the following sites were excluded: Adagio sites, especially outside France, i.e., less than 1% of the Group's total accommodation capacity (in number of beds).

(3) Week of occupancy: one week's stay, irrespective of the number of people and the type of apartment.

(4) The figure in the 2011/2012 annual report was recalculated as a simple average and not as a weighted average.

### Optimisation of consumption

To optimise usage management within the Center Parcs and Sunparks scope, general training for technical managers is planned for the financial year 2013/2014.

An automatic adjustment system for kitchen ventilation is being tested at the Center Parcs site in Kempervennen. If the results are positive, the system will be rolled out in all the villages.

A new version of the ICARE tool is planned for 2014 for Pierre & Vacances France. It will optimise usage management by integrating a graphical view of usage and calculating the amounts used according to the occupancy rates. The 2012/2013 data is made reliable so that it can be integrated as reference data in the new version of the tool.

For Pierre & Vacances Spain, measures to optimise energy usage are: installation of LED bulbs in communal areas and for pool lighting in Torremolinos and Estepona, replacement of defective air conditioning units with more energy efficient models, installation of presence detectors for air conditioning at the Seville site, making maintenance

and cleaning staff aware of the need to turn off air conditioning units in empty apartments, purchasing A and A+ class electrical appliances.

### Renewable energy

Renewable energies account for a small proportion of the Group's energy use. The diversification of energy sources takes place when new projects start (wood boiler rooms for the Center Parcs in Moselle and the new buildings in Avoriaz).

The integration of renewable energies in existing sites is hindered by:

- the Group's low investment spending capacity for facilities with a long return on investment;
- the legal structure of the business: As the Group only manages its tourist sites, each project must be submitted to the vote of the co-owners.

In addition to the direct use of renewable energy, the eco-labelled Adagio Aparthotels and all Center Parcs offset their use of fossil fuel energy by purchasing green certificates, at 50% for Adagio sites and 100% for Center Parcs, of the total energy they consume.

The Group also involves its customers in reasonable energy use by making them aware of environmentally responsible practices they can adopt during their stay.

### Water management

"Using just the amount of water needed" and "monitoring emissions into the natural environment" are two parts of the BEST! in-house management system and also led by the Maintenance Department.

### Tools

Monthly monitoring and analysis of the volumes of water consumed is done using the same tool as for energy (specific to each scope).

### Consumption

At the Group level, yearly consumption for 2012/2013 fell by 3% despite the wider scope: This downward trend is partly due to an active policy to look for leaks but also due to the increased reliability of data in 2013/2014.

The consolidated data also show that France is the country in which the Group operates with the highest water consumption levels. However, in terms of volumes consumed per occupancy week, Spain uses the most water in the Group, followed by Belgium and the Netherlands. This is mainly due to the many water parks and swimming pools in these areas. This analysis shows that increased vigilance is needed as regards usage in Spain, an area particularly sensitive to water stress.

Amounts of water consumed	CP Europe			PV Tourisme Europe			Group		
	2010/ 2011	2011/ 2012	2012/ 2013	2010/ 2011	2011/ 2012	2012/ 2013	2010/ 2011	2011/ 2012 <sup>(1)</sup>	2012/ 2013 <sup>(2)</sup>
Number of sites included in the scope:	21	21	23	208	218	263	229	239	286
<b>Total water (m<sup>3</sup>)</b>	<b>3,321,209</b>	<b>3,067,646</b>	<b>3,117,446</b>	<b>2,991,690</b>	<b>3,468,467</b>	<b>3,231,259</b>	<b>6,312,899</b>	<b>6,536,113</b>	<b>6,321,300</b>
Volume of water (m <sup>3</sup> )/week of occupancy <sup>(3)</sup>	6.90	6.55	6.22	4.50	5.03	3.90	5.7	5.50 <sup>(4)</sup>	4.75

(1) In 2011/2012, the following sites were excluded: the Center Parcs in Nordseeküste, the Adagio Access sites and a number of Adagio sites, totalling 3% of the Group's total accommodation capacity (in number of beds).

(2) In 2012/2013, the following sites were excluded: only a few Adagio sites, especially outside France, i.e., less than 1% of the Group's total accommodation capacity (in number of beds).

(3) Week of occupancy: a week's stay, irrespective of the number of people and the type of apartment.

(4) The figure in the 2011/2012 annual report was recalculated as a simple average and not as a weighted average.

### Optimisation of consumption

The main areas of water consumption are accommodation units, watering green spaces, swimming pools and water parks.

- With regard to accommodation units, water-saving equipment is installed in new builds and during renovations. 147 sites out of 180 claimed to have water-saving devices on the taps and shower heads, and 137 toilet flush water reducing systems, at the latest BEST! self-evaluation campaign. In addition, specific information to raise customer and employee awareness on how to help the environment is available at residence reception areas and in staff areas. Training for technical managers on how to manage volumes is scheduled in 2013/2014 for Center Parcs and Sunparks. For Pierre & Vacances, the 2014 version of the ICARE tool will optimise management of the volumes by technical managers;
- With regard to green spaces, the teams apply rules regarding the responsible use of water (e.g. watering times adjusted to weather) and some sites are equipped with rainwater harvesting systems for the purpose of watering green spaces, cleaning or providing water for animals on petting farms. Furthermore, a water consumption analysis for the watering of tropical plants in the Aquamundos, which took place in the 2012/2013 financial year, showed that its share of usage is low (0.51% of the total volume consumed) and as such is only of secondary importance for the Group;
- For swimming pools and, more particularly, at Center Parcs water parks, specific measures have been put in place. For example, filter

backwash water is cleaned using a purification system (reverse osmosis) and re-introduced into the pools in combination with new water. In place on seven sites (Bispinger, Nordseeküste, Hochsauerland, Eemhof, Vossemeren, Lac d'Ailette and Trois Forêts), and gradually being installed on other sites, this system saves €10,000 to €20,000 per site, per year (in drinking water consumption, water treatment and heating).

### Waste management

Group waste management studies across all the brands show that one overnight stay equates to 1 kg of waste produced on average.

In addition to the general waste generated by site operation, a large percentage of the waste is produced by customers. The Group is therefore focusing its efforts on implementing systems to facilitate sorting and on raising awareness among customers and staff. During the most recent BEST! campaign, 251 sites out of 265 stated that they had sorting bins and encouraged customers to sort waste.

For residences located in France, waste removal is provided by local authorities. Pierre & Vacances sites adhere to their local sorting code. However, waste collection organisations are unable to disclose the volumes of waste collected, in the absence of volumes specific to the Group residences.

Unlike residences covered by municipal services, the Center Parcs work with private suppliers to remove and process all operational waste, which makes it easier to monitor sorting and recycling rates.

The consolidated sorting rate over 23 Center Parcs and Sunparks in France, Belgium, The Netherlands and Germany rose from 27.9% in 2011/2012 to 29.3% in 2012/2013 (close to the target of 30% set for 2012/2013), an improvement of 5%. However, to date, the volume of

hazardous waste cannot be communicated in full for all Center Parcs and Sunparks, although this is a target for the financial year 2013/2014. In addition to the environmental benefits, increasing the recycling rate reduces the cost of waste processing.

Waste production <sup>(1)</sup>	2011/2012	2012/2013
Number of sites included in the scope	22	23
Total volume of waste produced (tonnes)	14,943	14,410
Ratio volume of waste produced per overnight stay (kg/night)	1.02	0.95
Recycling rate	27.9%	29.3%
<b>Breakdown of different waste categories:</b>		
Unsorted ordinary industrial waste (DIB)	72.1%	70.7%
Glass	10.0%	12.8%
Cardboard/paper	9.8%	10.9%
Green waste	3.3%	3.0%
Other recycled waste (including hazardous waste)	4.8%	2.6%

(1) Scope: all Center Parcs and Sunparks in France, Belgium, the Netherlands and Germany.

The Group signed a framework agreement for the collection of electrical and electronic equipment (WEEE) within France in July 2013, with the eco-organisation, Éco-systèmes. Between July and September, two tonnes were already collected. In Belgium, the contract was signed with Recupel. This waste is then decontaminated and recycled appropriately. Systems are already in place to collect batteries and accumulators, light bulbs, ink cartridges and used oil. The volumes collected are not currently consolidated at Group level.

### Climate change

In 2008, the Group carried out an initial assessment of the overall emissions related to its activities, using the Bilan Carbone® method (a greenhouse gas (GHG) emissions assessment tool). The mapping of the main direct and indirect emission sources showed that customers' movements accounted for nearly three-quarters of the Group's emissions. This data point is relative because the local tourism offering itself has an inherently lower carbon footprint. A comparative study

conducted in 2013 on the transport-related GHG emissions forecast between the Villages Nature's visitors and the same customers visiting alternative bathing destinations in France and the Mediterranean found that even after integrating the amortisation of the recreational infrastructures (Aqualagon), Villages Nature's transport-related carbon footprint was nearly four times lower. The issue of CO<sub>2</sub> emissions related to the transport of visitors remains a major challenge for the Group, which can only be addressed over the long term.

The Group's carbon footprint was revised for financial year 2012/2013 in response to Article 75 of French Law No. 2010-788 on the mandatory assessment of greenhouse gas emissions. Assessments were carried out for three legal entities: PVCP Resorts, PVCP Résidences Exploitation and EIG PVCP Services, and were calculated on the two mandatory types of emissions and partially on the third type (see table below). A three-year action plan to reduce the Group's emissions was established in December 2012 (all assessments and associated action plans are made available on the Group's website: [www.groupepvcp.com](http://www.groupepvcp.com)).



**Inventory of activities conducted in financial year 2012/2013 on the various emission sources:**

Emission category	Emission source	Actions conducted in financial year 2012/2013
Direct emissions	Direct emissions from stationary combustion sources	<ul style="list-style-type: none"> <li>Improving the reliability of the reporting tool. Regular monitoring of the consumption and reporting of anomalies</li> <li>Increasing employees' and customers' awareness about energy savings at the sites. Distribution of new communication media on eco-friendly gestures (Pierre &amp; Vacances France and Spain)</li> <li>Launch of the testing of a system for automatically adjusting ventilation in Center Parcs' catering kitchens</li> </ul>
	Direct emissions from mobile combustion engine sources	<ul style="list-style-type: none"> <li>Reducing the number of kilometres travelled in rental cars by 39% (GIE PVCP Service, PVCP Distribution, Adagio, PVCP Résidences and Resorts France)</li> <li>Commissioning of a fleet of Mitsubishi 40 i-MiEV (new-generation all-electric vehicles) at the Belgian Center Parcs sites, in partnership with Eneco (Belgian sustainable energy provider)</li> <li>Increasing site employees' awareness about best eco-friendly practices for driving and maintenance of service or corporate vehicles using the BEST! management system</li> </ul>
	Direct fugitive emissions	<ul style="list-style-type: none"> <li>Conducting inventory of R22 refrigerant gas at Center Parcs and Sunparks Europe in order to eliminate it completely</li> </ul>
Indirect energy-related emissions	Indirect emissions related to the consumption of electricity	<ul style="list-style-type: none"> <li>Optimisation of voltages at all sites</li> <li>Setting up the automatic switch off of office lights during lunch breaks, replacement of autonomous safety lighting blocks by LED-light variants and replacement of the dry coolers at the head office in Paris</li> <li>Replacing lighting and equipment by low consumption equipment during the renovation of the residence in Biarritz</li> </ul>
	Indirect emissions related to the consumption of steam, heat or cold	Same actions as for "Direct emissions from stationary combustion sources" regarding heating energy savings
Other indirect emissions	Other energy-related emissions	Same actions as for "Indirect emissions related to the consumption of electricity"
	Purchases of products or services	Printed material <sup>(1)</sup> : lowering the total volume of copies and prints at the head office by 17% compared with the previous year
	Waste	<ul style="list-style-type: none"> <li>Optimisation of waste sorting through increased awareness and the replacement of collection equipment to promote recycling (see paragraph "Waste")</li> <li>Raising awareness of staff and providers about waste reduction through managing the green lease of the head office in Paris</li> <li>Signing of new partnerships in France (Eco-systèmes) and Belgium (Recupel) for the recovery of waste electrical and electronic equipment</li> <li>Initiating the recovery of bulbs and collection of batteries (90 kg of used batteries collected by Corepile), furniture (9.22 tonnes of furniture collected by Valdelia) and ink cartridges (781 kg of cartridges collected by the Conibi consortium) at the head office</li> </ul>
	Business travel (rail and air)	<ul style="list-style-type: none"> <li>Reducing the total volume of emissions related to air travel by 23% and rail travel by 16% (scope: GIE PVCP Service, PVCP Distribution, Adagio, PVCP Résidences and Resorts France)</li> <li>Increasing the use of collaborative tools by providing new video conference rooms</li> </ul>

(1) This is the only purchase category included in the inventory of GHG emissions under a specific policy implemented by the Group and structured around the Golden Rules for responsible and sustainable printing.

The actions regarding the head office in Paris were conducted in the context of the green lease signed in 2009 with the landlord and the building manager. This mechanism, steered by a committee bringing together the three stakeholders, sets annual targets and manages action plans. The inventory for the year 2012/2013 compared with 2011/2012 shows an improved environmental performance of the

head office: a 10% decrease in the volume of gas, the decline in electricity volume by 21.45% in offices and by 37.21% in car parks, as well as a 37.04% drop in the volume of paper/cardboard waste. Only the volume of ordinary industrial waste increased by 9.15%, triggering a search for causes and the raising of stakeholders' awareness.

Volume of CO <sub>2</sub> e emissions <sup>(3)</sup>	CP Europe			PV Tourisme Europe			Group		
	2010/ 2011	2011/ 2012	2012/ 2013	2010/ 2011	2011/ 2012	2012/ 2013	2010/ 2011	2011/ 2012 <sup>(1)</sup>	2012/ 2013 <sup>(2)</sup>
Number of sites included in the scope	21	21	23	208	218	263	229	239	286
GHG emissions (in tonnes of CO <sub>2</sub> e)	155,676	149,298	157,744	18,271	25,940	33,954	173,947	175,238	191,698

(1) In 2011/2012, the following sites were excluded: the Center Parcs in Nordseeküste, the Adagio Access sites and a number of Adagio sites, totalling 3% of the Group's total accommodation capacity (in number of beds).

(2) In 2012/2013, the following sites were excluded: only a few Adagio sites, especially outside France, i.e., less than 1% of the Group's total accommodation capacity (in number of beds).

(3) Linked to the Group's energy requirements.

### Biodiversity management

The natural capital of the sites is a major asset for the Group, as it contributes to their attractiveness. Priority issues as regards biodiversity are:

- adapt to the ecological context and changes in the regulatory environment of the sites (presence of protected species, ecological corridors, etc.);
- reconcile tourism and the preservation and enhancement of biodiversity.

Nearly 25% of the Group's sites have green and natural spaces (gardens, forests) of over 2,000 sq.m., which makes the Group a fully-fledged manager of such spaces. Aware of the challenges posed by sustainable management of these spaces, in 2008 the Group started to manage its green and natural spaces selectively, with the aim of minimising the environmental impact of their maintenance by: judicious use of plant health products, adapting irrigation to climatic conditions, late grass cutting and mowing, planting a diverse plant palette, leaving dead wood in place, etc.

As part of the implementation of selective management plans, in January 2013 the Center Parcs and Sunparks sites started monitoring their volume of plant protection products. The goal is to reduce the use of herbicides by 30% through October 2014.

In addition, in 2012/2013, the BEST! self-assessment on all brands showed that, of the 107 sites that answered the question, 100 stated that their team in charge of green and natural spaces (internal or external) is using alternatives to chemicals in order to fight against weeds and insects (no off-road use of herbicides).

The Group informs its customers about the actions put in place to encourage the maintenance and development of fauna and flora at its sites. These would notably include a communication campaign launched in June 2013. 19 sites thus showed off their actions through custom signage panels: "Here we let nature progress at its own pace", "We deliberately leave some natural elements in place because they are useful: they provide habitat for fauna and flora", "Here we practice late grass cutting. This limits the drying of lawns and promotes biodiversity."

## SOCIETAL RESPONSIBILITY

### Dialogue with stakeholders

The Group has always maintained close relationships with its stakeholders, most notably with local players in the regions in which it operates. In recent years, the dialogue with the stakeholders has been developing and has continued to play an increasing role in defining the Group's strategy: strategic partnership with WWF France from 2005 to 2010, collaborative work with 18 representatives of the Group's stakeholders on sustainable development goals in 2011, etc.

In addition, the Group has regular exchanges with its stakeholders through:

- consultations with residents and collaboration with local communities and associations during the development of new projects (see paragraph "Contribution to local economic development");
- supplier assessment and support (see paragraph "Responsible purchasing");
- ongoing listening and dialogue with customers and owners (see paragraph "Relationship with customers and owners");
- responses to extra-financial assessment questionnaires from investors.

### Contribution to local economic development

With more than 300 sites in eight countries, the presence or setting up of a new site is an important lever for local development.

This approach of creating links to the local community is based on close relationships and partnerships with local authorities, inhabitants, environmental and heritage associations and regional economic players. It involves the creation of direct and indirect local jobs and the use of local companies during construction and operation phases.

### Local hiring and return to work

The Group works in close co-operation with local employment agencies. In the case of the Center Parcs site in Vienne, which will open in the summer of 2015, local employment structures of *Pôle Emploi* (the national employment agency) are involved in identifying candidates and defining the training needed to adapt their skills to the site's needs, with a particular focus on job seekers. Working closely with local stakeholders bore fruit for the Center Parcs in the Moselle region, which opened in 2010: 610 jobs were created at the time of its opening and mainly benefited the residents of the Lorraine region (91% of the hires), as well as the unemployed and recipients of minimum social

benefits (62.5%); 76% of recruits were offered open ended contracts and 61% were full-timers. In Germany, 85 people from local labour pools were hired by the Center Parcs in Bostalsee, which opened in July 2013.

## Proven local economic benefits

A study conducted by Utopies this year helped to showcase the local economic impact of the Center Parcs in the Moselle region. In financial year 2011/2012, the site generated €26 million of GDP in the Lorraine and Alsace regions, including €18 million in the Moselle region. In addition to direct jobs linked to the site's operations, the number of indirect or induced jobs in the Lorraine and Alsace regions is estimated at 267, including 158 indirect positions with first-line suppliers (the site's suppliers and companies benefiting from customers' spending outside the site), 35 indirect positions with second- and third-line suppliers and 74 jobs in the market economy, induced by the consumption expenditure of households (of the site's employees, cottage owners living in the area, subcontractors, etc.).

## Local purchasing

The Group also contributes to the economic development of the regions in which it operates by calling on local companies during construction and operation phases. Since the launch of consultations for the future Center Parcs in the Vienne region, 71% of the contracts have been awarded to companies in Vienne or the Poitou-Charentes region. At Group level, for all projects carried out by Pierre & Vacances Développement and Les Senioriales, the share of local suppliers and subcontractors with whom the Group has signed contracts during the construction phase is monitored by an indicator which reached a value of 41% in financial year 2012/2013. A supplier is considered local if (i) it is based in the same French department as the project or (ii) the distance between the two prefecture towns of the departments where the property development project and the supplier are located is less than or equal to 100 km. If either the project or the supplier is located outside France, only the perimeter of 100 km around the site of the property development project is taken into account. The relevance of this indicator is currently under review, in particular as it concerns the distribution of these suppliers by purchase category.

## Responsible purchasing

The Purchasing Department manages about 70% of the Group's purchases, totalling nearly €650 million for financial year 2012/2013. The remaining 30% are made directly by the sites from suppliers that are not subject to Group framework contracts under the responsible purchasing policy. Furthermore, 99% of purchases are made from European suppliers, 62% of which are located in France.

Since 2007, the Purchasing Department has structured its responsible purchasing policy around two areas: the choice of products and services providing added social or environmental value and the selection of suppliers that continuously improve their sustainable development practices.

## First area: suppliers

In order to control risks, financial criteria and regulatory compliance are assessed at the time of the calls for tender. The responsible purchasing approach goes one step further and aims to encourage suppliers who have established a structured approach to sustainable development.

This analysis is carried out through a specific questionnaire sent out with each call for tender. This tool helps to engage with suppliers on these issues but its results are not discriminatory.

In 2012/2013, the questionnaire response rate fell to 39%, compared with 60% in the previous year (in 2011/2012, the questionnaire was also sent out during consultations). This is due to a preponderance of calls for tender in the construction sector which targeted small companies, less accustomed to participating in this type of assessments. 69% of suppliers scored at or above average (compared with 79% in the previous year).

For 2013/2014, the goal is to recategorise the Group's supplier base and adapt the assessment method and tools to their size (document review, sending a shorter questionnaire or including a few key and targeted questions in the call for tender).

## Second area: products & services

The objective is to reduce the overall impact of Group's purchases on climate change and the depletion of natural resources and to ensure the health and safety of consumers. To achieve this, social and environmental requirements are integrated with the tender process (a minimum of two criteria chosen in consultation with the Sustainable Development Department) and in the work of the Quality Drive initiative, an in-house operation which defines Group standards on products and services.

To control the health and safety risks to users, products to which customers may be sensitive (furniture, dishes, etc.) are tested prior to approval. Sensitive services (laundry, cleaning, etc.) are closely monitored downstream.

For 2013/2014, the Group's actions will focus on priority purchase categories selected based on their sensitivity in relation to the Group's sustainable development issues and on the Purchasing Department's lever of influence. The criteria used represent the minimum level of environmental or social performance expected in order to meet certification requirements (such as Green Key, HQE, etc.) or the Group's internal standards (e.g., the Golden Rules of Sustainable Construction).

## Supplier audits

In the case of direct purchases from suppliers located in countries considered at risk, as defined by the Business Social Compliance Initiative (which represent less than 1% of all purchases made in 2012/2013), the Group applies the prudence principle and suppliers are routinely audited by a third party in accordance with the SA 8000 standard and an environmental questionnaire developed by the Group. These audits aim to verify, inter alia, whether the supplier meets the main provisions of the labour law (prohibition of child labour and forced labour, respect for freedom of association, remuneration and working conditions, etc.). In 2012/2013, the total of expenses incurred in countries at risk related to audited suppliers.

## Purchases from suppliers employing people in adapted and protected work environments

Purchasing from suppliers employing people in adapted and protected work environments is also part of responsible purchasing. In the context of its mission to work with people with disabilities, the Group established Guidelines for Professional Conduct of Buyers. In 2012/2013, the amount of expenses charged by these suppliers

reached €221,836 before VAT (a 40% increase since financial year 2010/2011).

## Supplier relations

To improve relations with its suppliers, the Group has committed, through the signing of the Code of Responsible Purchasing in June 2012, to implementing good practices particularly in terms of financial adequacy, prevention of dependency risks, evaluation of the overall cost, integration of environmental issues and respect for the territoriality principle. Some suppliers, particularly SMEs, have already been given special support to avoid default.

## Fair practice

The 2012 index published by the NGO Transparency International defines the list of countries at risk; the Group is present in only one of those countries, namely Morocco. Construction in Morocco has not started yet and the project remains marginal for the Group. The Group's exposure risk is low, in particular thanks to its partnership with Morocco's *Caisse de dépôts et de gestion*.

## Relationship with customers and owners

### Monitoring customer satisfaction

Customer satisfaction is the foundation of the quality programme that the Group initiated several years ago, and is central to its WIN 2016 strategy.

Actions carried out within the brands include seeking customer feedback through satisfaction surveys, managing the quality process through clear and consolidated indicators, communicating openly about these topics and integrating customers' recommendations in order to improve the Group's services.

#### *Customer feedback and satisfaction surveys*

The two brands, Center Parcs and Pierre & Vacances, share a management tool for measuring customer satisfaction. For each brand, a satisfaction questionnaire is sent to all clients (with known e-mail addresses) two days after their stay. For the financial year 2012/2013, the response rate of the Pierre & Vacances questionnaire was over 40%, while that of Center Parcs and Sunparks exceeded 35%, or more than 200,000 questionnaires. The particularly high response rate for the sector shows the customers' affinity for these two brands. In addition, customers identified as unsatisfied are contacted directly by the Group's Customer Relations Department within two to seven days.

#### *Managing the quality process through clear and consolidated indicators*

Three major indicators are consolidated for each of the two brands, Pierre & Vacances and Center Parcs, in order to measure and compare customer satisfaction: overall satisfaction, NPS (Net Promoter Score) and SaFiRe (an indicator which aggregates several parameters: satisfaction, loyalty and referral).

The NPS is directly related to the question "would you recommend this site to friends and family?" and it represents the difference between the

number of "promoters" and the number of "detractors". For the financial year 2012/2013, the NPS was positive for both Pierre & Vacances and Center Parcs brands.

The overall satisfaction rate was over 80% for the various Pierre & Vacances labels (club villages, Maeva, Pierre & Vacances), with an outstanding rate of almost 90% for the Premium label. For Center Parcs, the rate was nearly 85%. These quantitative indicators are distributed internally, particularly to the site directors, and provide a management tool in the field. They also form the basis of the quality assessment conducted on all brands.

Qualitative feedback from customers is also addressed and incorporated into the cross-functional review of the development of products and services, which is conducted as part of the Quality Drive.

#### *Communicate openly about these topics*

Thanks to a partnership with TripAdvisor since June 2013, nearly 10,000 reviews were collected via Pierre et Vacances' satisfaction surveys. The customers' comments and ratings gathered via the satisfaction surveys are published uncensored on TripAdvisor.

Since the beginning of 2013, 21 villages and residences in the Netherlands, France, Belgium and Spain received TripAdvisor's 2013 Certificate of Excellence Award. This certificate is awarded to institutions based on the average score given by travellers, the date the establishment registered on TripAdvisor and the number of reviews received over the past 12 months.

### Monitoring owner satisfaction

Due to the Group's unique economic model, owners are one of the Group's key stakeholders. Procedures have therefore been put in place to monitor their satisfaction so that their expectations are best met. In 2012/2013, 627 disputes were recorded, corresponding to 2.8% of the total number of owners, a slight decrease from the previous year (2.9%).

### Consumer health and safety

The Group aims to offer unique experiences to its customers in attractive natural settings where they are attended by professional staff and in a safe environment. The safety of its customers and employees at the sites is thus a priority for the Group and an integral part of the risk management process.

To ensure the safety rules are applied, the Group has put in place a structured approach which requires all brands to achieve a "standard" level. This minimum standard level is:

- required for each site;
- adapted to comply with local and national laws;
- revised based on feedback from assessments on risks, accidents and incidents, and from investigations;
- controlled through a minimum of two self-assessments per year;
- audited on a regular basis.

In 2012/2013, the Group drew up a plan to improve safety rules. For Pierre & Vacances, priority actions have focused on updating the knowledge of technical teams at all sites on the prevention of legionella and pool safety, evacuation and emergency plan drills for forest fires, as well as training site directors at club villages.

As regards Center Parcs and Sunparks, priority actions have focused on the organisation of mystery visits to increase the awareness level of the people in charge of swimming pools and water parks, the implementation of at least four exercises to test emergency preparedness plans, extensive training on the installation of autonomous smoke detectors by technical teams, and the revised directive on the prevention of legionella following new Dutch legislation.

The changes planned for the Group's organisation in 2013/2014 require the safety department to be integrated within each of (i) the Pierre & Vacances scope and (ii) the Center Parcs and Sunparks scope, in order to adapt the safety rules to the specifics of each brand.

### Customer awareness of sustainable development issues

The Group has been carrying out activities intended to raise the awareness of customers, particularly children, since 2005.

In financial year 2012/2013, the message about tomorrow's challenges was conveyed to children through the Eco'lidays fun initiatives and the "Wanna be..." activities. At club villages and Maeva club residences, four flagship events were proposed in the context of children's clubs during the summer season ("Build your own wind farm and watermill", "Build your own solar oven", "Treasure Hunt with Happyz" and "Nature in miniature") to increase children's awareness of topics related to renewable energy and pollination. Other activities (green games, quizzes, etc.) for children and families were also developed at the initiative of each site. Once again this year, Happyz, the kids clubs' bee mascot, carries the message of nature conservation to the very young and their parents in a fun way.

Furthermore, at Center Parcs, children were made aware of the need to protect nature and the animal kingdom through the "Wanna be..." activities at sites in France, Belgium, the Netherlands and Germany: "Wanna be a Parkranger", "Wanna be a Ranger" and "Wanna be a Gardener".

For the financial year 2012/2013, a total of 21,633 children increased their awareness of those issues at Center Parcs and Pierre & Vacances.

## ADDITIONAL INFORMATION AND CROSS-REFERENCE TABLE

The amount of provisions and guarantees for environmental risks is not material and therefore has not been included in this document. In addition, the countries in which the Group operates are not affected by forced or compulsory labour, or child labour issues. However, these topics are addressed in relation to purchases in the paragraph "Supplier audits".

The social, environmental and societal information presented in this section has been audited by an independent third-party body, as required by Article R. 225-105 of the French Commercial Code. The auditor's report can be found on page 69.

The cross-reference table of social, environmental and societal information relating to the list included in Article R. 225-105-1 of the French Commercial Code can be found on page 220.

## RISK MANAGEMENT

The Pierre & Vacances-Center Parcs Group has carried out a review of the risk factors that may have a significant negative impact on its activities, the profitability of these activities or its income. The

Pierre & Vacances-Center Parcs Group has not found any significant risks other than those presented below.

## MARKET RISKS

The market risks (liquidity risk, interest rate risk and foreign exchange risk) are described in Note 23 of the notes to the consolidated financial statements.

The activities of the Pierre & Vacances-Center Parcs Group (tourism and property development) depend generally on the economic outlook which, during a downturn, may have an impact on the Group's income. The Group's fundamentals provide a means of resistance to the current economic and financial crisis beyond the independence of tourism and

property development market cycles on which the two main activities of the Group are based:

- **the tourism business** has its own unique competitive advantages: (i) it is based on a concept of local tourism aimed at a European clientele, which reduces the expenses and uncertainties inherent in transport energy costs, and (ii) the diversity of its products, with five main brands and divided between prime destinations in seaside, mountain, urban and country locations, mainly in the form

of villages and residences, meeting a wide range of requirements from different generations and socio-professional categories;

- **as far as property development is concerned**, the measures put in place and described below limit the sensitivity of property development products to variations in the property market.

The marketing of apartments managed by the Pierre & Vacances-Center Parcs Group gives investors a guaranteed return on a long-term investment in the underlying property market and constitutes a secure investment alternative to a classic portfolio of securities or real assets.

## SPECIFIC RISKS RELATING TO THE GROUP'S ACTIVITIES

### Risks relating to the seasonality of the tourism business

The European tourism sector has a **seasonal nature** with considerable changes in business depending on the period (school holidays) and the destination (stronger mountain business in winter and seaside business in summer).

The activity of the residences and villages operated under the Pierre & Vacances and Maeva brands has a clear seasonal nature. It is based around two seasons, a winter season (November to April) and a summer season (May to October), resulting in a structural deficit for the first two quarters of the financial year. Rental revenue generated by those residences and villages in the first half of 2012/2013 represented only 41% of the annual rental revenue, while fixed operating expenses (including rents) were spread on a straight-line basis across the whole financial year.

The Group endeavours to reduce the seasonality of this business segment by putting in place the following strategic initiatives:

- increasing sales abroad, both in European markets bordering France and in territories further towards Eastern Europe (signing of partnership agreements with foreign tour operators);
- promoting initiatives to increase sales outside of school holidays as a way of leveraging higher occupancy rates in low season with a range of short-stay offers for individuals and business seminars;
- using tariffs which vary according to the different periods, with large variations between high and low seasons;
- targeted promotional campaigns.

This seasonal aspect of the Group's tourism business has also been cushioned by the development of the product offering:

- the city residences (Adagio & Adagio Access), which are open year-round, have high occupancy rates, and target two complementary customer categories: long-stay business customers and short-stay tourists;
- Center Parcs villages, whose covered facilities enable them to remain open throughout the year.

### Risk related to the cyclical nature of the property market

The activity of the property development business segment can be sensitive to interest rate variations. In addition to a significant increase in real interest rates, the Group's property sales could be affected by competition from interest-bearing products of the life insurance type.

To reduce its sensitivity to the cyclical nature of the property market, the Group has put in place several measures based mainly on:

- using diversified sales formulae (commercial furnished property leasing (LMP), non-commercial furnished property leasing (LMNP), Censi Bouvard and Scellier, etc.) for French private investors, which help to optimise the profit earned by the buyers of apartments in the residences thanks to tax incentives;
- expanding sales of Center Parcs cottages to private investors in Germany, the Netherlands and Belgium;
- bulk sales of Center Parcs cottages in France to institutional investors via savings vehicles (real estate investment schemes (OPCI), REITs (SCPIE), etc.);
- public-private partnerships to finance recreational infrastructure and facilities;
- diversification of its investors in geographic terms (British, Irish and Spanish);
- a more flexible cost structure by making use of external companies for construction and architects' plans, and tightening cost controls on property developments (extending the scope of purchasing to the property business in order to obtain economies of scale).

### Stock risk

Stock risk is linked to the Group's ability to build holiday residences on the land bought, and then market them and sell the buildings quickly. The stock of property programmes are detailed in Note 12 of the notes to the consolidated financial statements.

The Pierre & Vacances-Center Parcs Group carries out property development projects according to strict and prudent rules. Definitive authorisations without the right to revoke are obtained from the appropriate authorities for all land purchases, with the result that the Group is only committed to the fees due for obtaining planning permission. Land acquisitions are generally subject to pre-selling conditions above 50%.

As a result, the real estate policy, the marketing method (selling off-plan) and the pre-selling conditions that the Group imposes on itself before starting construction ensure that the land and the completed properties are in stock for a short time.

The same thinking applies to sales of existing property renovated by the Group where the stock risk is mitigated by the effective use of the property, generating rental income even when there is no resale.

At 30 September 2013, only 220 apartments completed during or prior to financial year 2011/2012 had not had sales agreements signed

(including 200 apartments in the Manilla programme in Spain, which has been particularly affected by the property crisis).

The table of "Principal stock of apartments marketed at 30 September 2013", which appears in the management report, presents the percentage sold. On average, 59% of the programmes are sold.

Thanks to extensive pre-selling, very few unsold units remain. To sell the remaining units, the Group may decide, on an ad hoc basis, to offer certain benefits to the last few buyers (payment of notary fees, free Pierre & Vacances holidays, etc.) to close the deal.

## Credit risk

Because of the multiplicity and diversity of its customers, both in its tourism and property development businesses, the Group does not consider itself exposed to a concentration of customer payment risk, even though of course the disposal of property stock and the level of tourism business can be directly affected by the behaviour of its customers which, in turn, depends on the environment they find themselves in.

Because of the Group's marketing rules concerning the sale of apartments and houses built by the Property Development Division (selling off-plan), the property development business incurs no counter party risk with its customers because, if payment is not received, sales are cancelled at the reservation stage before any transfer of ownership.

In the tourism business, risk of non-payment by customers is low because most of the accommodation revenue is achieved by direct sales (80% for 2012/2013), a marketing method in which payment for the service is made in advance of consumption.

In relation to indirect sales, to reduce the risk of a default by a debtor or an unfavourable event in a given country affecting the Group's collection of its customer receivables, the Group policy is to:

- maintain a diversified portfolio of tour operators and travel agencies;
- work only with the market's major players;
- use contracts set up by the Legal Department assisted by its advisers and check the solvency of the counter-parties.

The Group has therefore always maintained a very low level of unpaid receivables. The average payment time granted to tour operators and travel agencies is 45 days.

## Risk relating to rental commitments

The Pierre & Vacances-Center Parcs Group strategy is not to commit its own equity to ownership of the bricks and mortar of the holiday apartments and villages that it operates, so it sells these assets to individual or institutional investors. The sales are accompanied by lease-back agreements signed between the new owners and the Group tourism operating companies usually for between nine and 15 years. The amount of the rents payable by the Group over the remainder of the leases amounts to €2,453 million at 30 September 2013, i.e. €1,862 million discounted at a 6% rate (See Note 38 of the notes to the consolidated financial statements – Off-statement of financial position commitments).

Income generated by using the leased apartments and houses for tourism purposes offsets these rents payable to the owners which constitute, along with personnel expenses, the main source of fixed expenses associated with the tourism business.

Depending on the country concerned, the indexation applicable to the rent is set according to the principle of contractual freedom or within a more regulated framework through the renewal of existing contracts.

Mainly in France, the status of commercial leases enables tourism operators who have taken out leases to claim renewal of expired leases under the same contractual conditions. This protection does not mean that negotiations cannot be entered into between the parties to reach an agreement on new stipulations (including those relating to indexation) which are then incorporated into new leases, as in countries where renegotiations are governed by the principle of contractual freedom.

Until financial year 2011/2012 (inclusive), rents paid by the Group to individual investors were usually indexed to the French Construction Costs Index (ICC). Since 2002, the ICC has increased by nearly 40% while the Consumer Price Index has only risen by nearly 20% in the same period. The significant difference in the growth of these indexes has had a negative impact on the operating profit (loss) of the Group's tourism business.

In this context, the Group has started to introduce a policy of reducing rents, primarily through:

- the change in the benchmark index of accrued leases (from the ICC to the IRL), starting from 2013, to ensure consistency between the performance of the tourism business and the level of rents. Since the February 2008 law on purchasing power, the IRL (Rent Reference Index) corresponds to the average change in consumer prices (excluding tobacco and rents) over the past 12 months. As at 30 September 2013, only 20% of Pierre & Vacances individual leases remained indexed to the ICC;
- renegotiation of leases when they are renewed:
  - the maximum annual indexation is capped to 2% (uniformly applied to all new contracts concluded). This policy is expected to increase the capped portion of rents paid to retail investors to 85% in 2017,
  - reduction in cash rents, on a residence-by-residence basis, possibly associated with an increase in the occupancy rate to compensate the owners,
  - introduction of variable rents,
  - in some cases, operating under management agreements or potentially withdrawing from certain operations.

**These actions should help to gradually reduce Pierre & Vacances' rent expense by €46 million through 2017 (including indexation<sup>(1)</sup> and excluding the development of the product offering).**

Rents paid by the Group outside France (Center Parcs lessors) are indexed to consumer price indexes in the country in which the site is located, with the most important leases increasing by between 1.75% and 3.75% per year.

(1) Assumes an annual variation in the IRL of 2%.

## LEGAL RISKS

The Group's Legal Affairs and Risk Management Department, which reports to the Group's Executive Management, is based in Paris and includes the Legal functions of BNG (Belgium/the Netherlands/Germany) performed by a team of local attorneys and lawyers. It checks the way the Group's legal and particularly contractual commitments are formed and monitors the disputes of all the operating subsidiaries. A link has been set up between the two departments to coordinate risk management and insurance cover.

### General risks

#### Property development

##### *Risk relating to failure to obtain local government authorisations*

The legal risk associated with failure to obtain local government authorisations for new programmes is strictly limited to preliminary study costs, pre-selling expenses and internal fees since the Pierre & Vacances-Center Parcs Group only purchases land if the local government authorisations have been obtained. With respect to renovation programmes, the Pierre & Vacances-Center Parcs Group obtains existing operations already up and running, and these generate revenue to offset the cost of financing the acquisition. Nevertheless, the time it takes to obtain such authorisations without the right to revoke can delay the programme and increase the property development costs, as is the case of the Center Parcs programme in Roybon (Isère), whose authorisations were appealed and where said appeals were rejected by the relevant administrative bodies.

##### *Risk relating to construction defects*

The construction-sale companies that develop property projects take out the customary insurance to cover the construction risk (developer public liability, civil engineering where appropriate, construction damage) and/or require their subcontractors working on the programmes to take out such policies. The excesses or exclusions of the cover are in line with industry standards. They do not usually take out policies relating to "anticipated operating losses", other than for the largest property development programmes.

##### *Risk relating to ownership of property assets*

The Group's policy is not to start work until a very significant proportion of the properties has been pre-sold so that, when the programme is delivered and begins operations, the Group usually does not have full ownership of a significant volume of any property asset.

The legal risk relating to the ownership of managed property does not therefore apply to the Group as such but applies to the co-owners, individuals or legal entities, in the context of co-ownership management, under the terms and conditions of the leases agreed with the Group; these agreements may stipulate for example that certain types of co-ownership expenses are covered by the Pierre & Vacances-Center Parcs Group. This is particularly the case with long term leases with institutional investors signed by the Group.

#### Tourism operations and management

##### *Risks relating to tourism operations*

The Pierre & Vacances-Center Parcs Group's policy is to apply, as strictly as possible, all regulations applicable to its business of selling holidays and leisure activities, notably those relating to:

- consumer protection (ensuring that the general conditions of sale in the brochures comply with applicable laws and the recommendations of the "Commission des Clauses Abusives" (France's fair trading watchdog); ensuring that the products sold comply with regulatory requirements);
- the safety rules applicable to holiday residences and facilities available to customers (swimming pools, slides, etc.);
- the prohibition of misleading advertising, which requires that the descriptions of the holiday packages sold are truthful;
- the rules protecting the rights of persons who own image rights or other intellectual property rights on works of art (brochures, websites);
- the rules relating to specifically regulated activities or activities for which access is subject to specific conditions of capability or guarantees (co-ownership syndicate activity for the subsidiaries Sogire and SGRT, travel agency activity by the PV-CP Distribution subsidiary, etc.).

Nevertheless, the Group remains dependent on the owners' decisions regarding investment in residences it operates.

The Pierre & Vacances-Center Parcs Group has the resources to comply in principle with all these requirements.

The risks associated with tourism operations relate mainly to the Pierre & Vacances-Center Parcs Group's public liability, property damage (personal injury, material and immaterial damage) and operating losses for which a policy of prevention and cover through insurance policies with the customary caps and excesses is followed.

#### Labour risks

Finally, the Pierre & Vacances-Center Parcs Group – because of its service business – employs a large workforce both at its registered office and in its secondary establishments or at its tourism sites. The Group Human Resources Department works very carefully, under the direction of a member of the Group Executive Management Committee, to comply with the applicable legal requirements both from individual and collective points of view. The number of industrial relations disputes is extremely low (see specific disputes below).

The Group is not involved in any significant collective labour dispute.

- The Group is involved in fewer than one hundred individual cases that have been brought before industrial tribunals.
- As part of the measures to accelerate the transformation plan initiated in October 2012, some internal reorganisation measures

have resulted in redundancies in both France and BNG. Employee representation bodies and relevant national authorities, as applicable, were notified by the Group for the purpose of obtaining the approvals necessary to carry out these measures. The Group has proposed specific assistance to the affected employees, including a voluntary redundancy plan. These measures were deployed in financial year 2012/2013 without giving rise to any collective labour dispute.

## Risks relating to damage to the brand image

These risks may be considered significant particularly in the tourism field. Specifically, in addition to the direct damage, an event may prejudice the Pierre & Vacances-Center Parcs Group's image and can negatively impact its results, a phenomenon that may be amplified by the development of social networks.

That is why the Pierre & Vacances-Center Parcs Group has set up a special organisation to deal with any situation likely to endanger its personnel, its customers, its interests and/or its reputation.

This specific crisis management system consists of a specifically dedicated, multi-disciplinary team headed by the Operational Risks Department.

In addition, the Pierre & Vacances Center Parcs Group has an IT application, internal resources and procedures that help to ensure constant monitoring of information published on the web which could harm its "e-reputation."

## Industrial and environmental risks

The Pierre & Vacances-Center Parcs Group's activities are likely to be influenced by climatic and environmental conditions affecting the property sites and are exposed to risks of property damage and personal injury caused by incidents such as fire, explosions and spillage of maintenance products, etc.

The Group has introduced a prevention plan led by the Operational Risks Department and intended to limit the occurrence and consequences of such risks as far as possible. The Group's integrated risk management tool, "Health, Safety and Environment", enables regular site self-assessments which result in action plans and internal audits. A team of six experts provides help, assistance and support to the teams in the field. There is also a crisis management unit that deals with the risks relating to customers and damage to the image of the Group's brands.

In the tourism business, the great variety of operating sites by the sea, in the mountains, in town centres and in the country means that the potential impacts of climatic and environmental risks can be reduced, particularly external risks or environmental disasters that are outside the Group's control, be they natural or industrial incidents (such as industrial accidents or oil spills for example). For the property development business, the completion times and/or costs of construction works may be affected by climatic and geological conditions. The Pierre & Vacances-Center Parcs Group prevents these risks as much as possible by conducting preliminary ground surveys before the building land is bought and seeks to pass on to third parties its commitments relating to possible legitimate causes for work being suspended.

## Description of ongoing disputes

At 30 September 2013, and for the past 12 months, no governmental, legal or arbitration procedure (including any proceedings known to the Group either pending or threatened) of any significant character, either individually or globally, affects the position or profitability of the Group.

Each dispute is monitored and analysed by the Group's Legal Department which, if necessary, assesses the potential cost on a case-by-case basis with the help of external attorneys and experts. A provision for the estimated cost of the risk is recognised in the individual financial statements of the various entities involved.

The amount of provisions for disputes at 30 September 2013 is detailed in Note 19 – Provisions for contingencies and charges, of the notes to the consolidated financial statements.

## Property development

The risks currently managed on behalf of its wholly-owned subsidiaries, notably property development companies, are not significant for the Pierre & Vacances-Center Parcs Group.

- The Group manages disputes relating to builders' liability. Claims have been made against the insurance policies taken out by the property development companies.
- The Group also manages a number of disputes relating to contested end-of-work balances with companies or sub-contractors whose responsibility is in question following sub-standard work.
- The Group also manages a number of disputes relating to property sales (alleged non-compliance with plans or commercial documents). Such disputes are rare and the Pierre & Vacances-Center Parcs Group has a policy of favouring an amicable solution to this type of problem whenever possible.

## Operation and management of tourism activities

- Customer disputes: out of more than one million weeks sold per year, the Group deals with on average less than 20 legal disputes before the local or district courts, depending on the scale of the dispute. All other customer disputes are usually settled amicably.
- Disputes with property investors/owners: out of more than 23,000 co-ownership lots, depending on the sites under management, the Group faces a number of legal disputes before the local or district courts as a plaintiff or defendant, depending on the scale of the dispute. These disputes concern the conditions for renewal of leases and the payment terms of rent and charges.
- Disputes with tourism industry professionals: the Pierre & Vacances-Center Parcs Group is in the process of recovering money from tourism professionals, generally small ones, with cash flow difficulties.

- Disputes with service providers: the Group uses a number of service providers to supply particular services (catering, entertainment, maintenance, information technology, etc.), so some of them may default on their commitment and/or cause their payment to be disputed.
- Regulated activities: as a member of co-ownership syndicates, the Group may be involved either as a plaintiff or defendant, in co-ownership disputes in which the syndicate may – in some cases – be considered liable. The corporate liability insurance of the syndicated companies of the Pierre & Vacances-Center Parcs Group is always brought into these disputes and the insurer is involved.

## Risk insurance and cover

Insurance policy is defined at Group level, including BNG, by the Risk Management section reporting to the Legal Department.

The overall budget for this insurance stood at €5 million (excluding construction) for the financial year 2012/2013; it remains on a par with the previous year in terms of premium volumes and coverage levels.

Most of this budget goes on all-risks insurance covering operation of the tourism sites against damage and operating losses for all brands.

The Pierre & Vacances-Center Parcs Group is covered against property damage and operating losses with a contractual compensation limit of €200 million per claim.

Furthermore, a second excess line, to cover the Center Parcs Domaine du Lac de l'Ailette village, has been taken out to take the contractual compensation limit to €250 million per claim, corresponding to the valuation of the Maximum Possible Claim for this new site.

The level of cover set for operating losses reflects the time required for the total reconstruction of a major site.

Property insurance covers the maximum realistic claim possible on sites with the highest concentration of value.

There are still a number of types of risk that may affect the Group's income which are not covered by the policies taken out, specifically:

- uninsurable risks: the Group is obviously not covered for risks that are the subject of standard regulatory or structural exclusions from any insurance policy, such as: risks without hazards, operating losses resulting from strike action, from damage to the sea wall in the Netherlands or from a pandemic, and the consequences of intentional defects or liability claims inherent in any failure to meet contractual commitments, etc.;

- special risks which are not included under any specific cover, such as risks of operating losses as a result of economic or political instability, etc.

As far as risks associated with terrorism are concerned, these are covered, for a significant proportion of the Group's tourism business, firstly, through the GAREAT regulations (a French national arrangement covering acts of terrorism) for sites located in France (including the four French Center Parcs sites) and, secondly, by a specific insurance cover relating to all the Center Parcs Europe villages.

As regards hedging the risks of property damage and operating losses, the Royal Sun Alliance insurance company is the leading insurer in a pool of prominent insurers.

AXA is the main insurer in the blanket cover programme for public liability.

The Group does not have a captive insurance or reinsurance company.

## Major contracts

During the last three financial years and at the date of this Registration document, the Group has not concluded any major contracts, other than those agreed in the normal course of business, that confer a major obligation or commitment on the whole Group.

The off-statement of financial position commitments are provided in Note 38 of the notes to the consolidated financial statements.

## Risk of departure of key personnel

The risk that key personnel might leave is a risk faced by any enterprise. The departure of managers or employees responsible for essential functions within the enterprise or who have strategic and operational skills spanning all of the business sectors can have a negative impact on results.

As is more fully explained in the "Chairman's report on the organisation of the Board and the internal control procedures", the conduct and management of the Pierre & Vacances-Center Parcs Group is organised around various decision-making bodies. Besides the appointment of a new Group Chief Executive Officer, the collegial character of the other decision-making bodies, the frequency of their meetings and the high level of authority delegated to them make it possible to ensure that, with the intervention of the internal control departments, the Pierre & Vacances-Center Parcs Group is run and managed in a way that maintains the founding and prudential principles already in force, despite the temporary or permanent unavailability of members of the Group Executive Management Committee (COMEX), the Chief Executive Officer or the Chairman.