



# ACCOR HOTELS

Feel Welcome

## ACCORHOTELS' SOCIO-ECONOMIC **footprint**

First study into the worldwide  
socio-economic impacts of a hotel group

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January 2016

**PLANET 21**  
Research

In partnership with  
**UTOPIES**®



# Editorial

## CROSSING A THRESHOLD IN OUR CORPORATE RESPONSIBILITY

Every day, our employees welcome nearly 500,000 guests in 92 countries. By virtue of their solid skills and their commitment, they are able to provide them with the best hotel and restaurant service. But they are not the only reason our guests can savour locally harvested products, sleep in exquisitely decorated rooms and enjoy the daily laundry service: great thanks are also owed to the efforts invested by all of our partners. Less visible to the guests, this part of the value chain allows AccorHotels to directly and indirectly support and sustain countless jobs across the world.

We wanted to measure the scope of our hotels' activities with all the players and, through the most fine-tuned analysis possible, decipher our impact on the local and global economies sector by sector.

### IT'S A MATTER OF VISION.

We will make the Group's business model easier to understand by analysing how our activity influences job and wealth creation all the way down to the economic grassroots level.

### IT'S A QUESTION OF RESPONSIBILITY.

We are giving ourselves the means to strengthen our positive impact on our host communities by determining how many people our activity affects in the value chain.

### IT'S A PROOF OF AMBITION.

We are blazing new trails by using cutting-edge business simulation tools to assess our footprint in our host countries and 25 activity sectors.

### IT'S A SIGN OF LEADERSHIP.

We contribute to sharing knowledge and embrace our status as the world's leading hotel operator by publishing the survey's methodology and findings on our PLANET 21 Research platform.

AccorHotels has integrated sustainable development into all its business units for over 20 years. The present study of our socio-economic footprint is further proof of our commitment. In early 2016, it will be rounded out by a study of our environmental footprint whose content will be enhanced by a refined methodology and a more comprehensive approach to the issues.

Both studies will be very helpful in setting our goals as this new chapter in our PLANET 21 sustainable development program is prepared for the 2016-2020 period.



**Sébastien Bazin**  
Chairman-CEO of AccorHotels

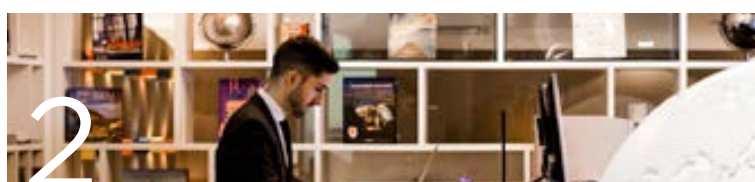


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A photograph of a rooftop swimming pool at night. The pool's surface is calm, reflecting the lights of the surrounding city skyline. In the background, several tall skyscrapers are visible, their windows glowing with light. To the right of the pool, there is a modern building with a dark, overhanging roof and illuminated interior. The overall scene is a blend of urban architecture and leisure space.

1

# Introduction







# Introduction

## TOURISM IN THE WORLD ECONOMY

Since 2012, the number of tourists worldwide crossing national borders to travel has been more than one billion per annum. International tourism is one of the world's most important economic sectors, accounting for 10% of world GDP<sup>1</sup> and aggregates earnings of more than €1,245 billion<sup>2</sup> in 2014.

Since 2012,  
**1  
BILLION**  
**tourists**  
worldwide per  
annum have left  
their own countries  
to travel

According to the United Nations World Tourism Organisation (UNWTO), tourism is an industry that is *“key to development, prosperity and well-being”* and a *“key driver of socio-economic progress through the creation of jobs and enterprises, export revenues, and infrastructure development”*. One in eleven jobs filled worldwide is now in tourism. The World Travel & Tourism Council (WTTC) estimates that more than 25 million new jobs will be created directly in the tourism sector by 2025.

In particular, hotel-restaurant businesses serving the tourist market have substantial economic weight in the localities where they operate, and understanding and measuring this influence is of undoubted benefit. This is the backdrop to AccorHotels' wish to analysis the economic consequences of its business activities in areas where it operates and beyond.

1/ Travel & Tourism Economic Impact 2015, World Travel & Tourism Council

2/ Key figures from the World Tourism Organization, 2015



## THE SOCIO-ECONOMIC IMPACT OF ACCORHOTELS' BUSINESS OPERATIONS

Serving guests each and every day, the 180,000 staff in AccorHotels' various chains in 92 countries strive to offer the best in hotel and restaurant services. From the reception of leisure or business travellers, to preparing rooms for meals, employees in the hotel's chains work to offer top quality liaison and service to customers of all the Group's 17 brands.

Less visibly to guests, this service provision is also based on a value chain in the form of partners supplying the Group with products and services essential to conducting its business and its expansion (for example laundry, foodstuffs, furniture, etc.). AccorHotels is therefore supporting many jobs in various economic sectors worldwide, over and above the jobs it creates "directly" by virtue of its own employees, as a result of its business activities.

As the businesses in this value chain play a decisive role in creating financial value for the Group, AccorHotels wanted to evaluate its global socio-economic footprint, so as to measure the reach of its interactions with these external economic stakeholders and gain a broader picture of the Group's business model.

Advanced economic simulation methods deliver a detailed analysis of the economic sectors affected by a group's business operations and the impacts of those operations in different areas in terms of job creation and influence on the economy.

## THE SOCIO-ECONOMIC FOOTPRINT - A UNIQUE AND INNOVATIVE STUDY

**UTOPIES®**



Four years after publishing the first group-wide environmental footprint by an international hotel company, AccorHotels is once again innovating **by quantifying the socio-economic consequences** of its business activities across the entire geographical scope of its operations. To do so, the Group leveraged the expertise of the consultancy firm Utopies, specialists in the subject and the designers of the Local Footprint® tool, the first research conducted on such a scale to produce an analysis of socio-economic impact worldwide.



This study was aiming very high:

Various impacts  
from the Group's  
operations in

**186**  
COUNTRIES

and **25**  
sectors  
of the  
economy

- firstly, the study established a comprehensive assessment not only of the **direct impacts** of AccorHotels' business activities, but the socio-economic footprint produced for and by AccorHotels also included its impact **within its supply chain and in local economies**.

- secondly, the comprehensive approach enables not only the Group's **global footprint** on the world economy to be evaluated, but also the various impacts from the Group's operations in **186 countries** and **25 sectors of the economy**, making this analysis a truly trailblazing study<sup>3</sup>.

The approach selected consists of examining AccorHotels' direct contributions to the economy (purchases, rents, general expenditure, salaries and taxes paid) and simulating their economic impact per country and per sector of the economy. The approach adopted only includes expenditure where the hotels themselves are the direct source, and it therefore focuses exclusively on those **impacts directly attributable in full to AccorHotels** and its business model (local spending by hotel customers is therefore not included).

Built on recognised economic theories<sup>4</sup> and using comprehensive statistical data compiled on an international scale, this study is instrumental in offering a quantification of the socio-economic impact of AccorHotels' business activities in the 92 countries where the Group operates.

## DEVELOPMENT AND RESPONSIBILITY

AccorHotels has been committed to sustainable development for over twenty years, to limit any adverse effects which could accompany its business activities and to reinforce their positive impact on local communities where its hotels are located.

PLANET 21, the Group's sustainability program, stresses the importance of "jobs", "local development" and "stakeholder dialogue". This socio-economic footprint study is thus part of the **AccorHotels Group social responsibility policy**, enabling it to measure and better understand the socio-economic issues connected to its hotels' business activities.

As a major hotel operator, investor and buyer, AccorHotels does have a role to play in fostering sustainability and transparency with its various **partners and stakeholders**. By measuring the number of people, economic sectors and countries directly, indirectly or secondarily affected by the Group's operations, this socio-economic footprint study therefore constitutes a first stage in mapping "supplier risk" by economic sector and enables AccorHotels to understand the full consequences of its business activities.

3/ This is actually the first time the impact of all the economic flows generated internationally by one Group have been simulated and analysed.

4/ The work of the Nobel laureate for Economics, Wassily Leontiev







## 2 Methodology





# Methodology

## THE CONCEPT OF SOCIO-ECONOMIC FOOTPRINT APPLIED TO A MULTI-NATIONAL HOTEL COMPANY

Research into the socio-economic footprint is based on the principle that AccorHotels' impacts are not limited solely to the field of its own business activities but have consequences for the wider economy. This makes it possible to obtain a more accurate picture of AccorHotels Group's true economic weight in the world economy.

Consequently, the main financial contributions to the economy by the Group must be identified and categorised, and added into the model to enable the socio-economic impact to be measured by geographical area. There are three main categories of impact: **expenditure** (principally purchases) by the Group and its hotels with their suppliers, **salaries** paid to hotel employees in AccorHotels' chains, and **taxation** on the Group's business operations. These are the financial categories usually seen in our hotels' profit and loss accounts.

From these financial contributions, three types of impact are quantified under the socio-economic footprint:

- **"DIRECT" IMPACTS**, equating to the added value of the Group and to AccorHotels' employees worldwide. This added value is the difference between turnover (revenue) and the cost of goods sold.
- **"INDIRECT" IMPACTS**, reflecting the influence on the economy generated by an economic stakeholder's purchases or investments. Each euro spent by AccorHotels on purchasing goods or services consequently generates business for **service providers and suppliers**. This business, resulting from the Group's orders, sustains jobs and generates added value in the world economy. To fulfil an order, these same businesses will in turn make purchases from their own suppliers, creating an economic ripple effect indirectly attributable to that initial expenditure by AccorHotels. The supply chain will reproduce this same pattern until the ripple effect fades away.
- **"INDUCED" IMPACTS** equate to the ability to induce spending by other economic stakeholders. Accordingly, the remuneration paid to employees (not only of AccorHotels but also in its value chain) means the

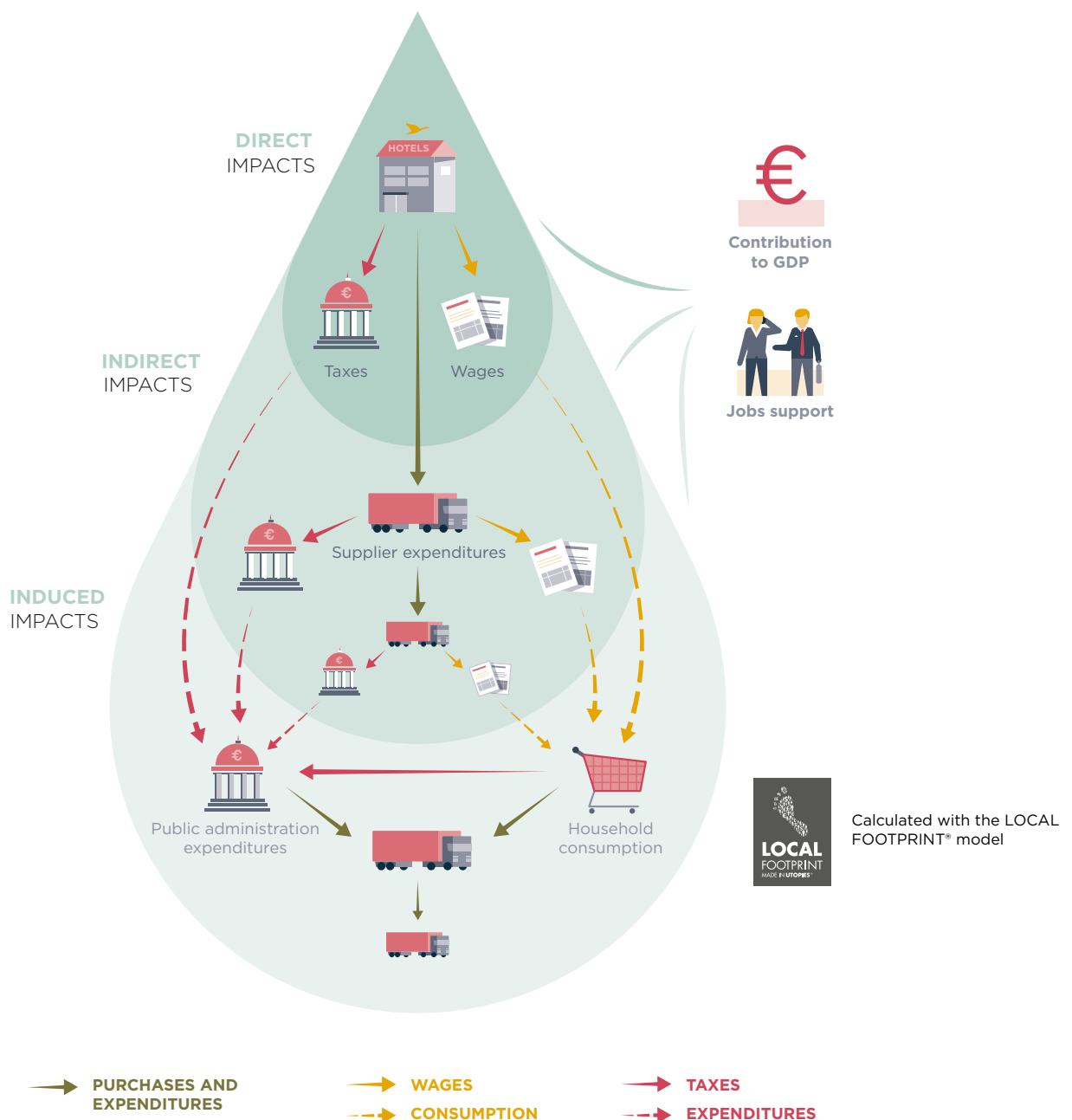


Group's business activities support **household spending locally**. And this household spending itself sets off a chain of suppliers and generates economic activity in local economies. Lastly, the **tax receipts** collected as a result of economic activities undertaken by AccorHotels, plus expenditure and orders placed with public-sector providers also generate economic activity and support jobs in both the private and public sectors.

The diagram below shows the method for calculating the socio-economic footprint: analysis of the contributions made by AccorHotels to the world economy (in the form of purchases, salaries paid to employees, and taxation paid to governments) and simulation of the impact of these contributions on the world economy in terms of **jobs supported** (measured on a full-time equivalent basis) and **economic wealth generated** (measured as contribution to GDP in euros):

## Socio-Economic Footprint

Repercussions of expenditures, wages and taxes paid in the countries



## SCOPE AND INPUT DATA

### GEOGRAPHICAL AND OPERATIONAL SCOPE

For the first calculation of its socio-economic footprint, AccorHotels planned to conduct the exercise on two levels:

- firstly, by evaluating the **Group's global footprint**, from all of its business activities in each of the 92 countries where it operates<sup>5</sup>.
- secondly, by analysing the **specific contribution made to this global footprint in 15 countries (selected from the main countries where the Group operates)**, namely Australia, Belgium, Brazil, China, France, Germany, Italy, India, Indonesia, Poland, Russia, Spain, Switzerland, Thailand, UK. For each of these 15 footprints (see appendices p.47 to 50), only financial flows from hotels based in the country in question were taken into consideration in the model. 8 additional countries have also been analysed: Algeria, Austria, Ivory Coast, Morocco, Nigeria, Saudi Arabia, Senegal, UAE.

The financial flows considered in the study involved both the **Accommodation** and **Food & Beverages** businesses for AccorHotels' two business lines, i.e. **hotel owner and investor** (HotelInvest) and **hotel operator and franchisor** (HotelServices).

They accordingly cover the entire AccorHotels Group: **subsidiary hotels, support functions** (excluding worldwide structures), **hotels under management subcontracts** and **those under franchise contracts**.

ACCORHOTELS' PROFILE:

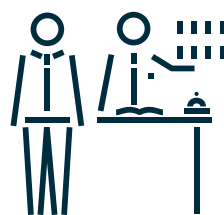
SOME  
**180,000  
EMPLOYEES**  
WORKING FOR ACCORHOTELS' HOTELS

SOME  
**3,800 HOTELS  
500,000 ROOMS**

ONE HOTEL OPENED  
EVERY OTHER DAY

PORTFOLIO OF  
**17 BRANDS**  
FROM LUXURY TO ECONOMY

### TWO COMPLEMENTARY BUSINESSES SERVING ONE OBJECTIVE



**HOTELSERVICES**  
Hotel operator and  
franchiser  
**3,792 Hotels**



**HOTELINVEST**  
Property owner  
and investor  
**1,336 Hotels**

AccorHotels SA is listed on both Euronext Paris (ISIN code FRO000120404) and the OTC market in the USA (code ACRFY).

<sup>5/</sup> The following countries and areas are excluded from the footprint study for lack of relevant statistical data: Equatorial Guinea, Kazakhstan, France's overseas départements & territories (including Guadeloupe, French Guiana, Martinique, Réunion and Saint-Martin)





## INPUT DATA USED TO CALCULATE THE FOOTPRINT

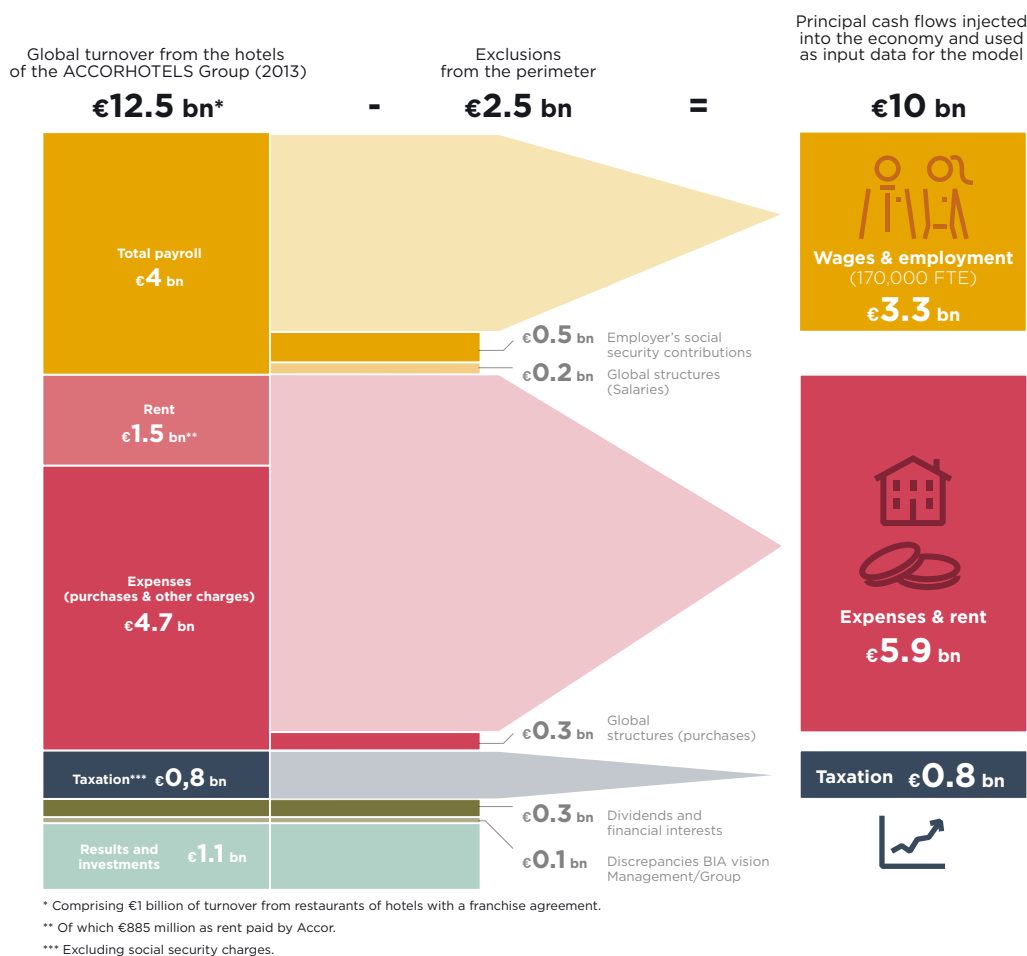
To measure the AccorHotels Group socio-economic footprint, three main financial contributions<sup>6</sup> to the world economy from hotels in AccorHotels' chains during 2013 were analysed:



As the diagram below shows, the socio-economic footprint calculation is based on the Group's profit and loss account and on internal management reports from the countries or support departments concerned (tax, human resources, capex, etc. – see details in the appendix on p.42). It was possible to extrapolate or estimate missing data (in particular for data on hotels under franchise or management contracts, or data on the location of supplier countries for certain purchases – see details in the appendix on p.45) or exclude it from the scope (especially figures for financial flows relating to corporate structures located in countries not included, and social security payments as the way they are determined and used varies widely from one country to another).

Ultimately, on the basis of global Group turnover from hotels amounting to more than €12bn in 2013, 80% (or a total of €10bn) was included in calculating the Group's economic footprint.

### Detailed view of cash flows used to analyze the socio-economic footprint of AccorHotels



This study is based on accounting data from financial 2013 (see details in appendix p.45).

6/ See details of input data in the appendix p.43



## INDIRECT AND INDUCED IMPACTS SIMULATION TOOL

The impossibility of tracking the impact of any specific financial flow makes it necessary to use techniques for estimating such impacts, as realistically and comprehensively as possible. The AccorHotels-Utopies study therefore uses the **Local Footprint**<sup>®</sup> system to estimate the indirect and secondary impacts in 186 countries and 25 sectors of the economy. Using this system, cross-sector “input-output” tables enable all economic trade between nations to be traced. Wassily Leontiev, the winner of the Nobel prize for Economics in 1973, was the first to construct such tables, aiming to represent relationships between the various sectors of an economy. They make it possible to follow the relationships underlying exchanges of goods and services between the different economic sectors within a country, and between nations.

For this study, Utopies used and adjusted the **EORA** database, the outcome of a recent large-scale research project aiming to design the first worldwide “input-output” table (186 countries), offering high-quality standardisation and regular frequency. These tables, based on data collected and compiled by the UN’s statistical bodies (ComTrade and UNData), are the best available economic records about nations on a worldwide scale. They therefore bring together data on international trade, by sector and by country.



The broadest version of EORA provides statistical data on:

- inter-sector exchanges between 25 economic sectors in 186 countries. Consequently, for every euro spent in a given country and sector, EORA enables the impact of this spending to be quantified in 25 sectors in 186 countries, or some 25 million “technical coefficients”.
- the added value, remuneration and jobs (salaried and otherwise), corresponding to the level of production expressed in the “input-output” tables, or tens of millions of accessible results.

Appendix 2 gives the main references in the EORA databases, published in 2013.

## LOCATING IMPACTS

The model used to calculate the global footprint makes it possible to determine not only the indirect and secondary impacts of AccorHotels, but also to establish the location of those impacts.

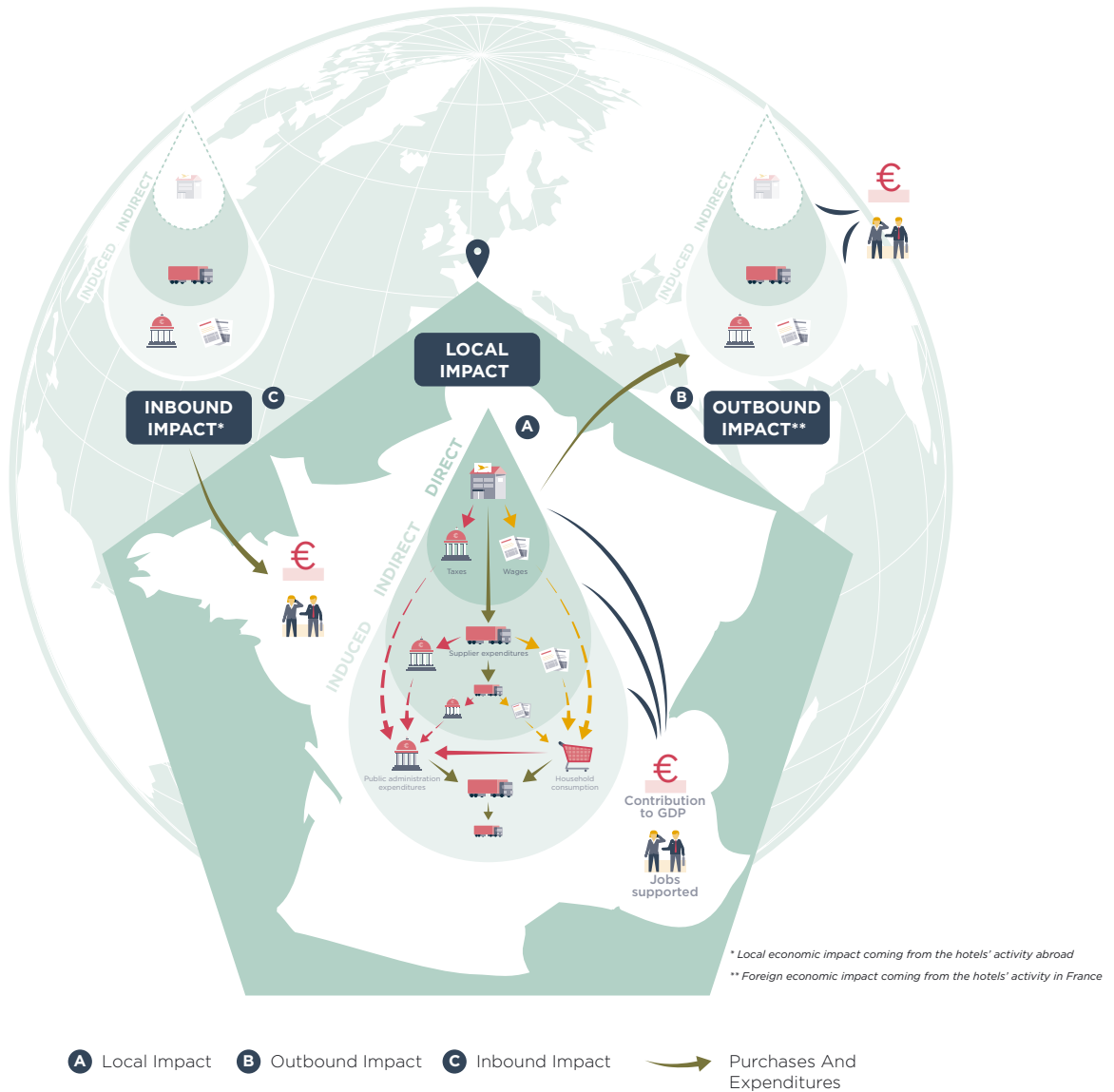
Take, for example, the Group’s main country of operations, i.e. France. Hotel business activities under AccorHotels’ chains located in France will have impacts (in terms of jobs supported and wealth created) at two levels:

- A** In France, when purchases by AccorHotels or by its suppliers are made in France, when salaries paid enable products to be consumed in France, when tax collected supports the operating expenditure of French government departments, etc.
- B** Outside of France, when these same purchases or consumption of products and services are made from suppliers located elsewhere in the world.



## Location of economic impacts

Example for the French business activity: repercussions of the AccorHotels' activities in France and abroad



Consequently, of the total added value contributed to the French economy because of the hotels' business operations under the AccorHotels name, part will remain in France (the notion of **"local impact"** A) and another part, as a result of the world economy's mechanisms, will become "economic leaks" and be found outside of France (the notion of **"outbound impact"** B).

Likewise, France will benefit from the business activities of hotels in the AccorHotels chains located in other countries (the notion of **"inbound impact"** C). This reasoning is applicable to each of the 92 countries where the Group operates.

The notion of **"local anchorage"** of an activity in a given country is defined as the following impact ratio:

$$\text{LOCAL ANCHORAGE} = \frac{\text{Impacts generated in the relevant geographical area by the activity}}{\text{Total impacts generated by the activity worldwide}} = \frac{A}{A + B}$$

7/ For the 23 "specific country" footprints detailed in the appendix, only direct impacts from the business activities of hotels located in the country in question were included. "Inbound impacts" from the business activities of hotels located elsewhere were not therefore taken into account.



## THE ACCORHOTELS-UTOPIES STUDY, A BENCHMARK

Despite the soundness of the AccorHotels Group business activities impact simulation methodology, based on “input-output” tables and the use of internationally recognised statistical databases, the study did highlight the **inadequacy of data** in certain areas, both in the international databases and in some of the Group’s own internal data. Consequently certain figures (in particular employees’ and employers’ social security payments, capital flows and the consequences of AccorHotels’ shareholders’ behaviour) had to be excluded from the scope of the study for lack of available statistics on how the money ripples through local economies. In addition, it appeared that the vast majority of direct impacts from hotels under franchise contracts had to be estimated, for lack of any data available internally. This lack of data makes prudence regarding the results published here necessary, as just 80% of the financial flows injected into the world economy by the Group were taken into account (as indicated on p.11).

Furthermore, the use of statistics and input-output tables to “retrace” links between sectors of the economy is a method with some shortcomings in accurately reproducing the ripple effect of expenditure through the economy. Based mainly on static statistical models, the system has certain inherent limitations<sup>8</sup> founded as it is on a database frozen at a time ‘t’. Nonetheless, **the fact remains that the orders of magnitude of AccorHotels’ economic contribution for each country and each sector of the economy have now been estimated.** This step is essential so as to drive AccorHotels forwards in its understanding of the key issues connected to its business model and its presence in those areas where it operates, and to propel the hotel industry in its entirety likewise. This is how the study should be understood.

For the sake of transparency and to check the calculation method and the results, **this study has also been audited by the independent consultancy E&Y which confirmed its soundness** (see page 41).

8/ A more detailed description of the model’s limitations is available in Appendix 4.







# 3 Findings





# Findings

As the world's leading hotel operator, AccorHotels' operations have major socio-economic consequences. The Group's business activities create or maintain hundreds of thousands of jobs worldwide and contribute to wealth generation throughout the world economy.

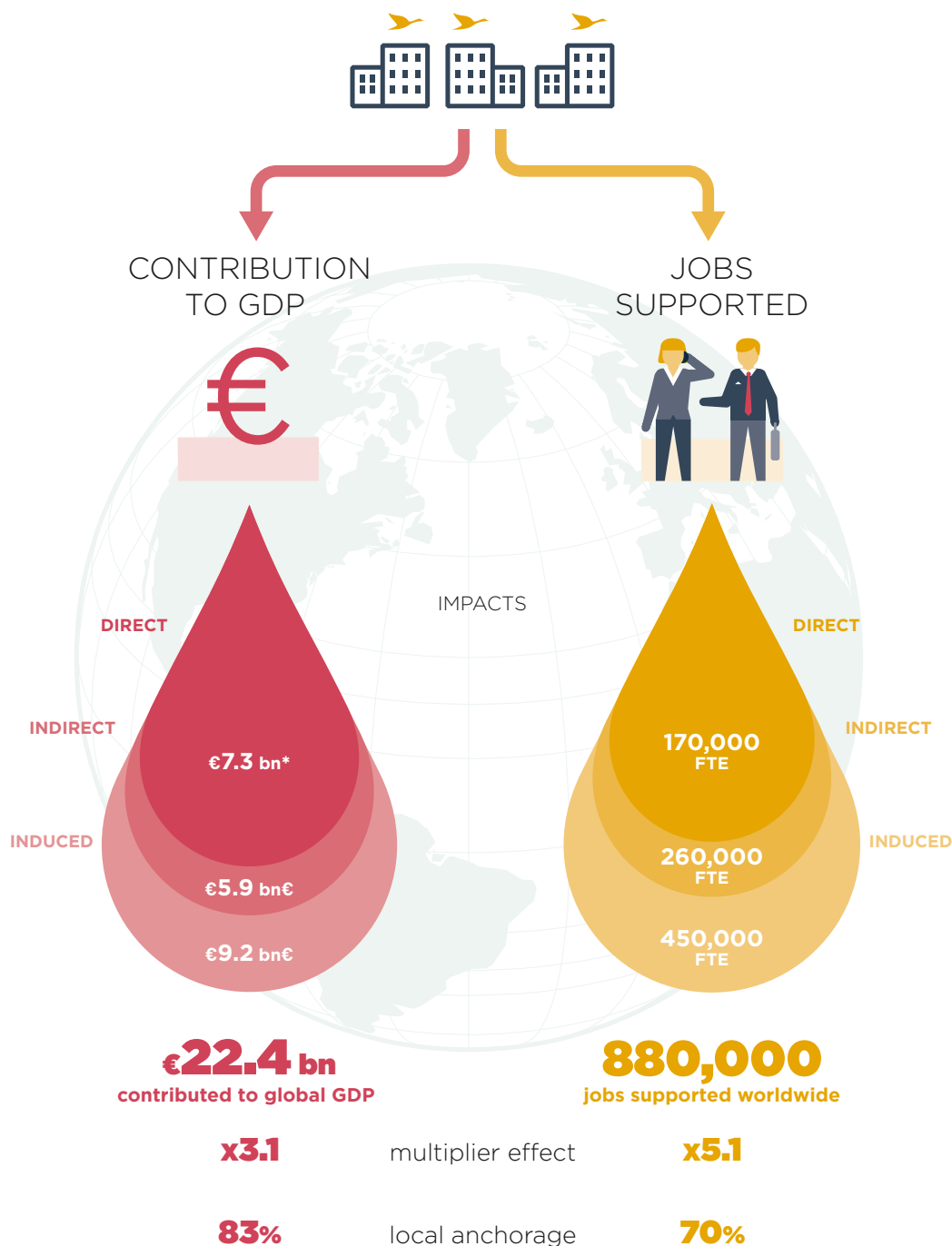
The diagram below shows the **multiplier effect** from AccorHotels' business operations, from the direct impact of the Group's business activities (head offices, subsidiary, managed and franchised hotels) to indirect supply chain impacts and the secondary impacts generated by household and public-sector spending connected to AccorHotels' business operations.

It thus emerges that the business activities of AccorHotels' hotels create or maintain **880,000 jobs worldwide**, and make a contribution of **more than €22 billion to world GDP<sup>9</sup>**, the equivalent of a country such as Cyprus.

9/ The GDP (Gross domestic product) is equal to the sum of the gross added values of the various institutional sectors or the various business sectors, increased by the taxes less subsidies on products. For this study, we distinguish the generated added value and the contribution to the GDP. Indeed, when it comes to scope of exploitation (equivalent to the scope of direct impacts), the "added value" is measured, while the indirect and induced impacts from the activity is translated " contribution to the GDP " to return the more understandable socioeconomic results of the study for the general public.



# AccorHotels' global socio-economic footprint



\* GDP (Gross Domestic Product) is equal to the sum of the gross added value of various institutional sectors or various branches of activity, augmented by taxes minus subsidies on products. For the purposes of this survey, we distinguish between the added value generated and the contribution to GDP. When it is a matter of the operational perimeter (equivalent to the perimeter of direct impact), the "added value#" is measured, whereas the activity's indirect and induced impacts are translated into "contribution to GDP" to make it easier for the general public to understand the findings of the socio-economic footprint survey.

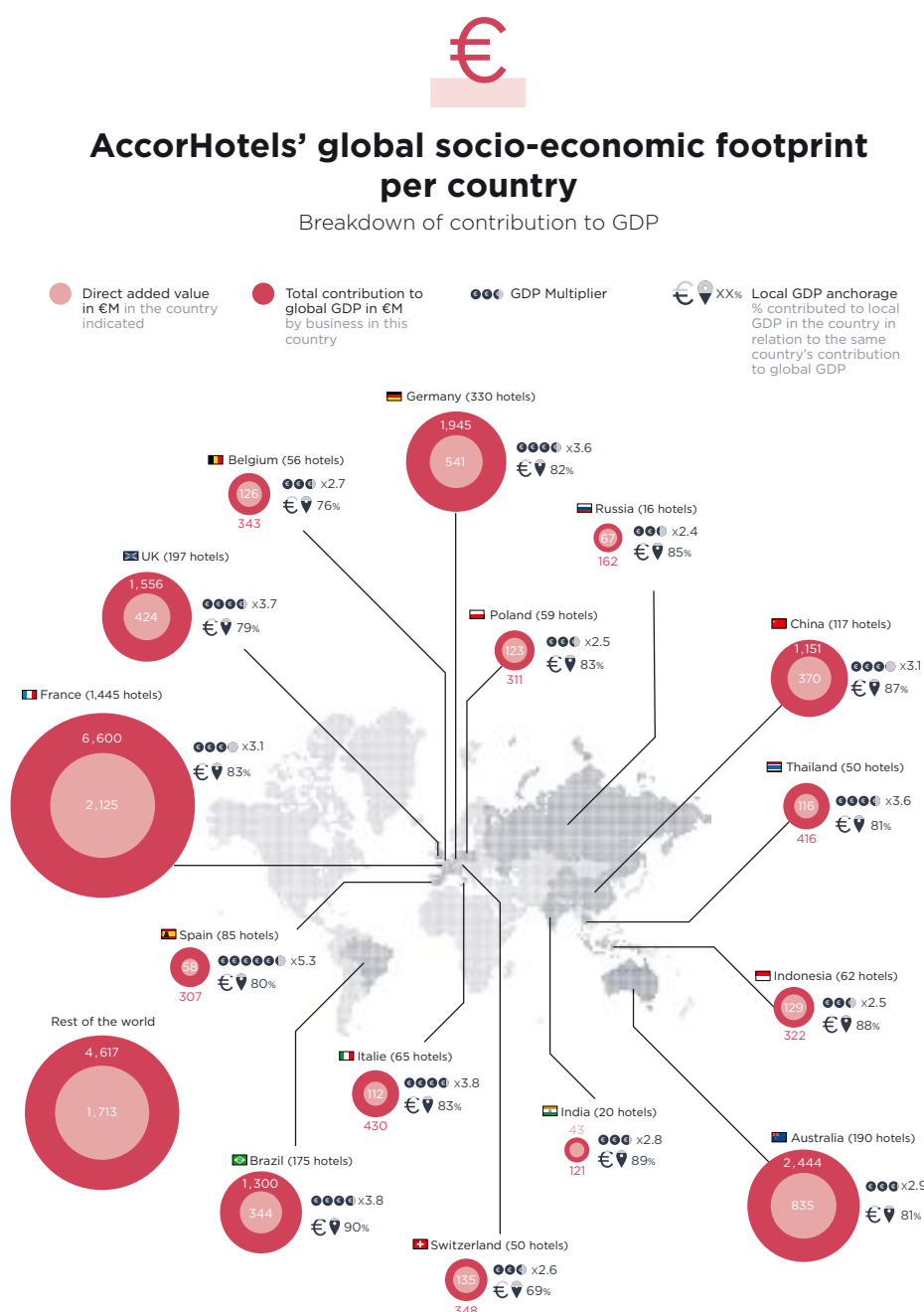
In other words, **the creation of one job within AccorHotels supports 4.1 other jobs worldwide**; and **1 euro of AccorHotels Group hotels' overall turnover generates a €1.70 contribution to world GDP**.



## DETAILED FINDINGS BY COUNTRY

The table below shows, for the main countries where AccorHotels Group operates:

- The **direct consequences** of AccorHotels' business operations in countries where it operates in terms of the number of jobs created or maintained worldwide along with the contribution to world GDP8
- The **total socio-economic footprint** in countries where the Group operates, which therefore covers direct impacts, indirect impacts (related to suppliers' business operations) and secondary impacts (related to business activities generated by household and public-sector spending) together with "outbound impact" in the rest of the world.
- The **multiplier effect** corresponding to the ratio of the total impacts divided by the direct impacts
- Lastly, **the local anchorage rate** equating to the financial flows that "stay" in the country is given.

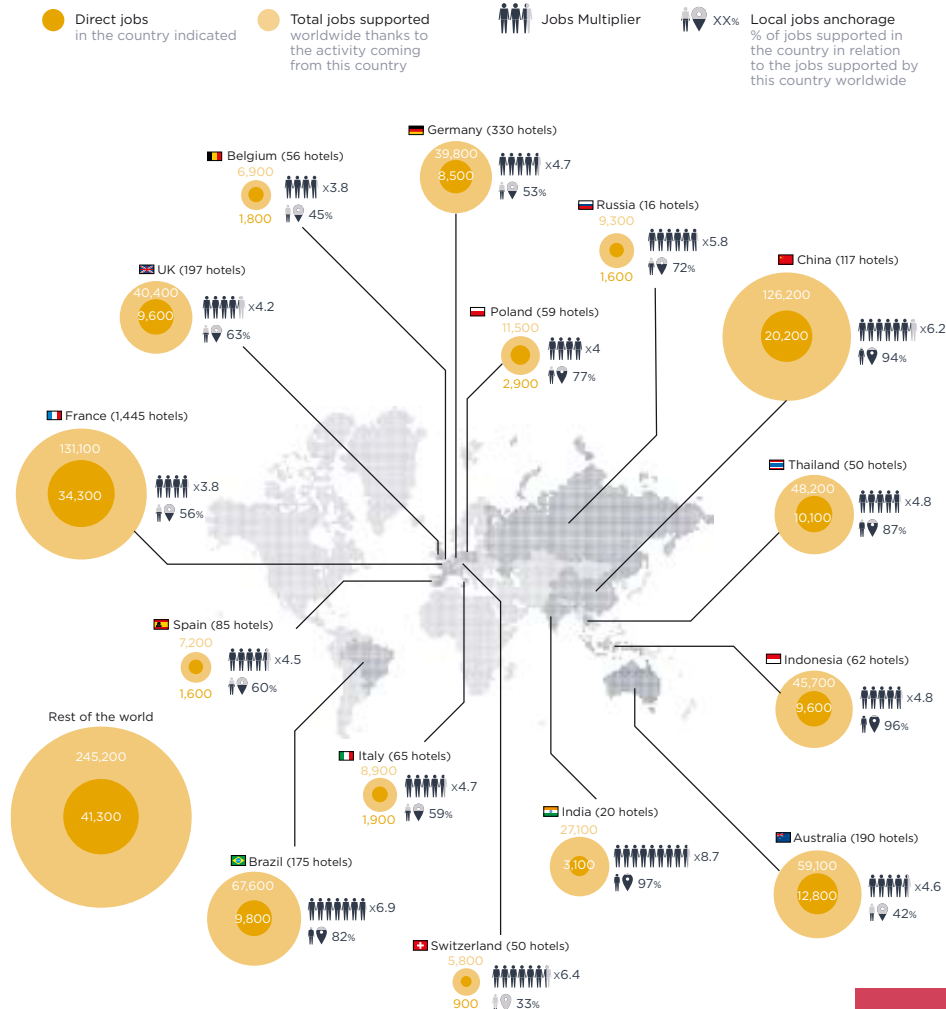






## AccorHotels' global socio-economic footprint per country

Breakdown of the jobs



This research into AccorHotels' socio-economic footprint shows that the influence on the economy (in terms of jobs or contribution to world GDP) associated with its business activities remains anchored at a "local" level, close to the countries within which the Group works directly. Hence, on average out of the 15 countries studied, **70% of the impact in terms of jobs and 83% of the impact in terms of GDP is generated in countries where AccorHotels' hotels are located.**

In terms of contribution to the GDP, the level of local anchorage is quite homogenous in the 15 countries analysed (83% on average). The anchorage rate for the jobs maintained shows more disparities, which thus reveals the differences of the ratio GDP / Jobs following the countries impacted.

**70%**

OF THE IMPACT  
IN TERMS OF  
JOBS AND

**83%**

of the impact  
in terms of  
GDP

is generated in  
countries where  
AccorHotels'  
hotels are  
located.







# x4.1

**is the number  
of jobs**

SUPPORTED  
IN THE REST OF THE  
WORLD ECONOMY ,  
per AccorHotels  
employee, of which  
on average 70%  
are in countries where  
the Group operates

## **FINDING 1:**

AccorHotels' business  
model supports a large  
number of jobs both  
locally and worldwide





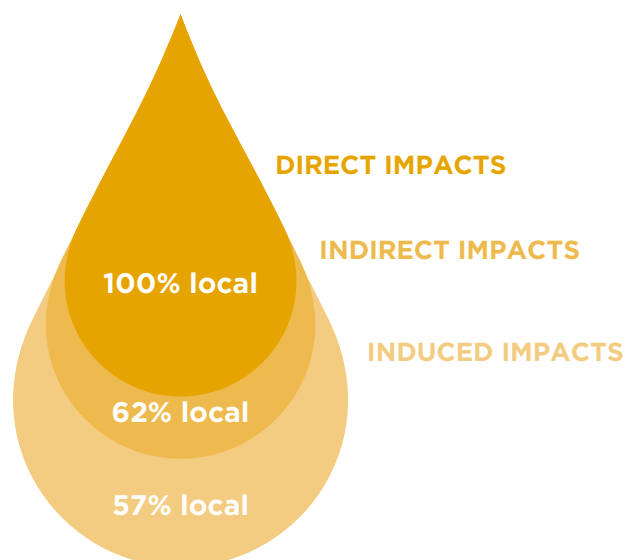
# Finding 1 :

## A LABOUR-INTENSIVE INDUSTRY, BOTH DIRECTLY AND INDIRECTLY, AND MAINLY LOCALLY

AccorHotels  
supports  
**880,000**  
**jobs**  
WORLDWIDE

In 2013 (the study's baseline year), more than 170,000 employees worked within AccorHotels' chains of hotels (excluding support functions). By adding an assessment of indirect and secondary influences on the economy from its business activities, it is estimated more than **880,000 jobs in total are supported by AccorHotels** worldwide. These jobs are either jobs created directly by AccorHotels (direct jobs, i.e. employees working in hotels and head office) or jobs that the Group, by virtue of its business activities, helps to maintain (indirect or secondary jobs, i.e. created or maintained as a result of business operations in the supply chain and business activities generated by household and public-sector spending).

**The total number of jobs supported by AccorHotels' business operations is therefore approximately five times greater than the Group's number of "direct" jobs.** In other words, for each and every job created in an AccorHotels hotel, 4.1 jobs are supported in the wider economy, of which 2.5 are in the country where the hotel is located.



**880,000**  
**jobs supported**





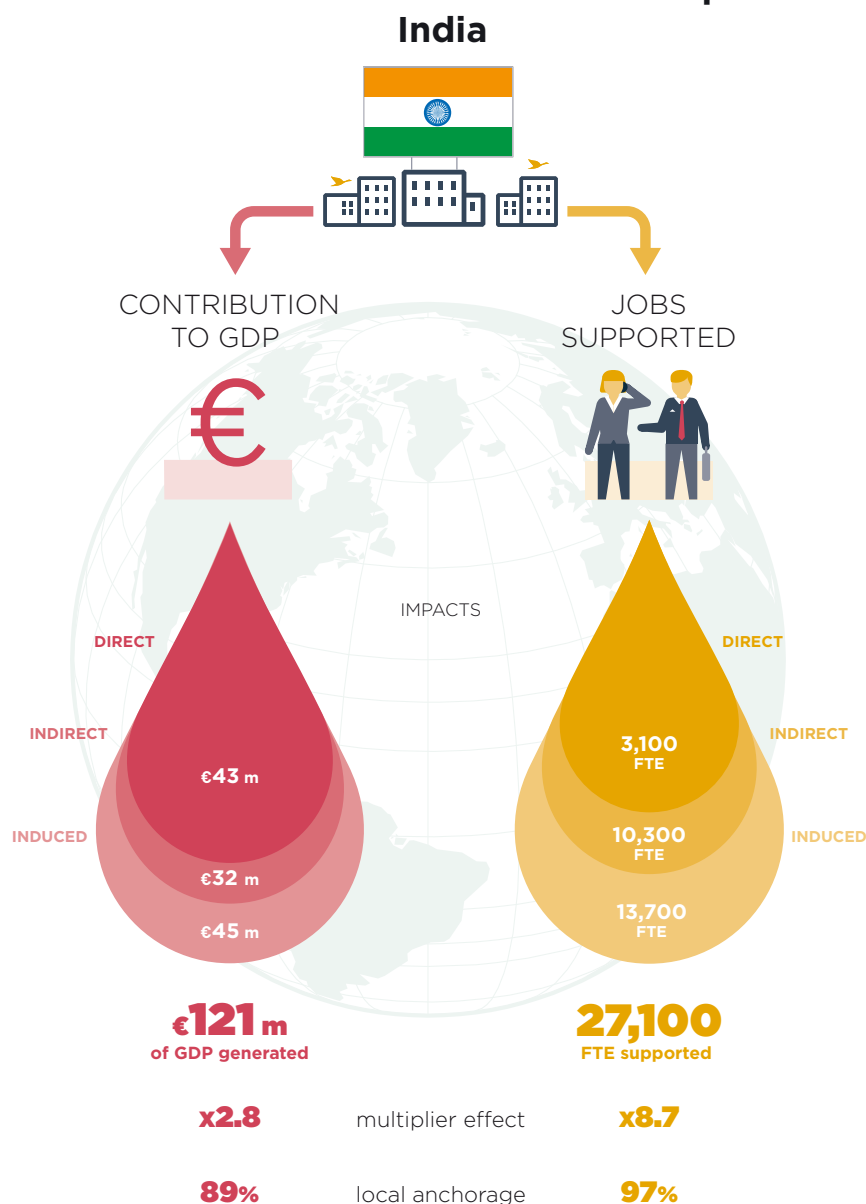
## COUNTRY DISPARITIES

AccorHotels more specifically wished to see the influences on the economy brought about by the Group's operations in the main countries where it operates. This level of detail makes it possible to see the extent to which our local operations benefit the country in question, or, in contrast, generate significant economic impacts elsewhere. This approach enables AccorHotels to include itself as a stakeholder in local economic development.

Through the prism of the GDP contribution, we note few disparities in the countries studied. The local anchorage of the jobs supported worldwide is more heterogeneous and varies following the specificities of the countries studied. It is accordingly possible to distinguish three groups of countries:

- **COUNTRIES WITH VERY STRONG LOCAL JOBS ANCHORAGE.** This is the case for China, Brazil, Indonesia, Thailand and India, which have extensive labour markets in terms of both population and job market flexibility, and where salary levels are relatively lower than in Europe. AccorHotels' business operations in such countries generate many more indirect and secondary jobs (the vast majority locally) than direct jobs. Furthermore, AccorHotels supports "externally generated" jobs in these countries, from business activities elsewhere.

### AccorHotels' socio-economic footprint:



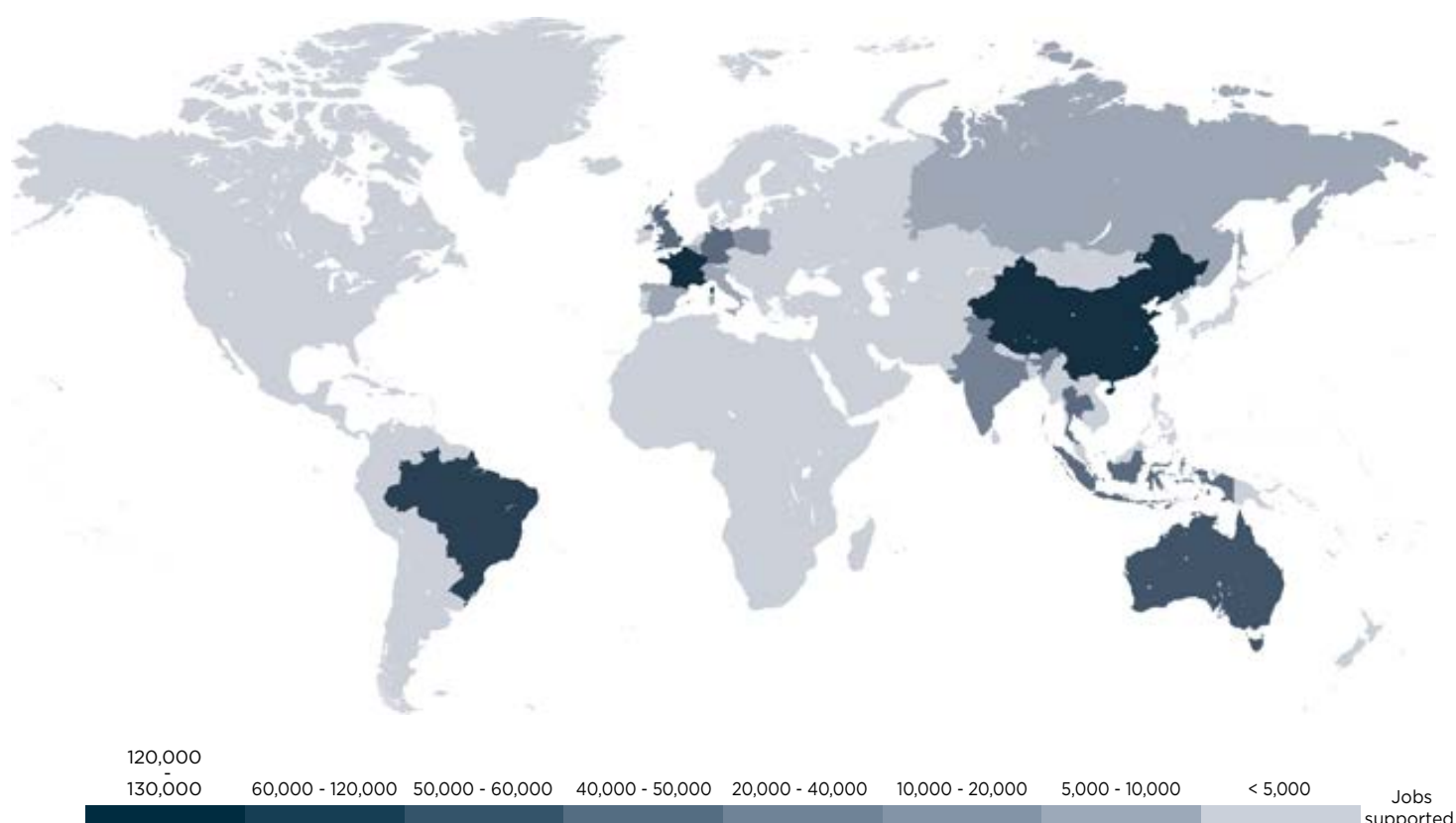
- **COUNTRIES WITH LOWER LOCAL JOBS ANCHORAGE.** These are France, Australia, Great Britain and Germany, where 40% to 60% of the jobs supported by AccorHotels' business operations in those countries are located elsewhere, but where the added value generated is very high (over €1.5bn), the vast majority of which stays local. Lower local jobs anchorage can be explained by regional economic factors (European household spending on products manufactured outside Europe) or geographic factors - Australia, for example, is an isolated country that imports many goods and therefore uses supply chains mainly located elsewhere.
- **INTERMEDIATE COUNTRIES** with a jobs multiplier coefficient, varying between 3x and 6x, but high local jobs anchorage, often greater than 60%. These countries are Italy, Spain, Switzerland, Belgium, Russia and Poland.

## UNEQUAL IMPACTS WORLDWIDE

Located in 92 countries, AccorHotels supports employment across the world, including places it has no hotels, through the ripple effect of its supply chains. The map below shows the number of **jobs supported in countries affected by AccorHotels Group global business activities** ("local" and "outbound" impact). It shows that countries where the impact in terms of jobs is greatest are still the countries where the Group mainly operates, with the notable exceptions of China and India (where the jobs impact is proportionally much higher than the number of the Group's hotels in the country):



TOTAL OF JOBS SUPPORTED WORLDWIDE  
BY THE MAIN COUNTRIES WHERE THE GROUP IS LOCATED



The country from which the business operations of hotels in AccorHotels chains support the most jobs worldwide is France. With some 1,500 hotels, approximately 34,000 direct employees and purchases of €1.7bn, the Group's operations in France create or maintain 131,000 jobs worldwide (i.e. a multiplier effect of 3.8 relative to the number of employees in France alone), representing nearly 15% of all jobs supported worldwide.

Unsurprisingly, **China** is also a country from which AccorHotels supports many jobs: more than 126,000 in total worldwide, or 6 times more than the number of the Group's direct employees in China alone. These impacts are attributable to the fact that China is the country with the second most employees in AccorHotels' chains after France (12% of the Group's hotel employees), and salaries and taxes connected to these jobs boost economic activity and therefore the creation and continuation of employment.

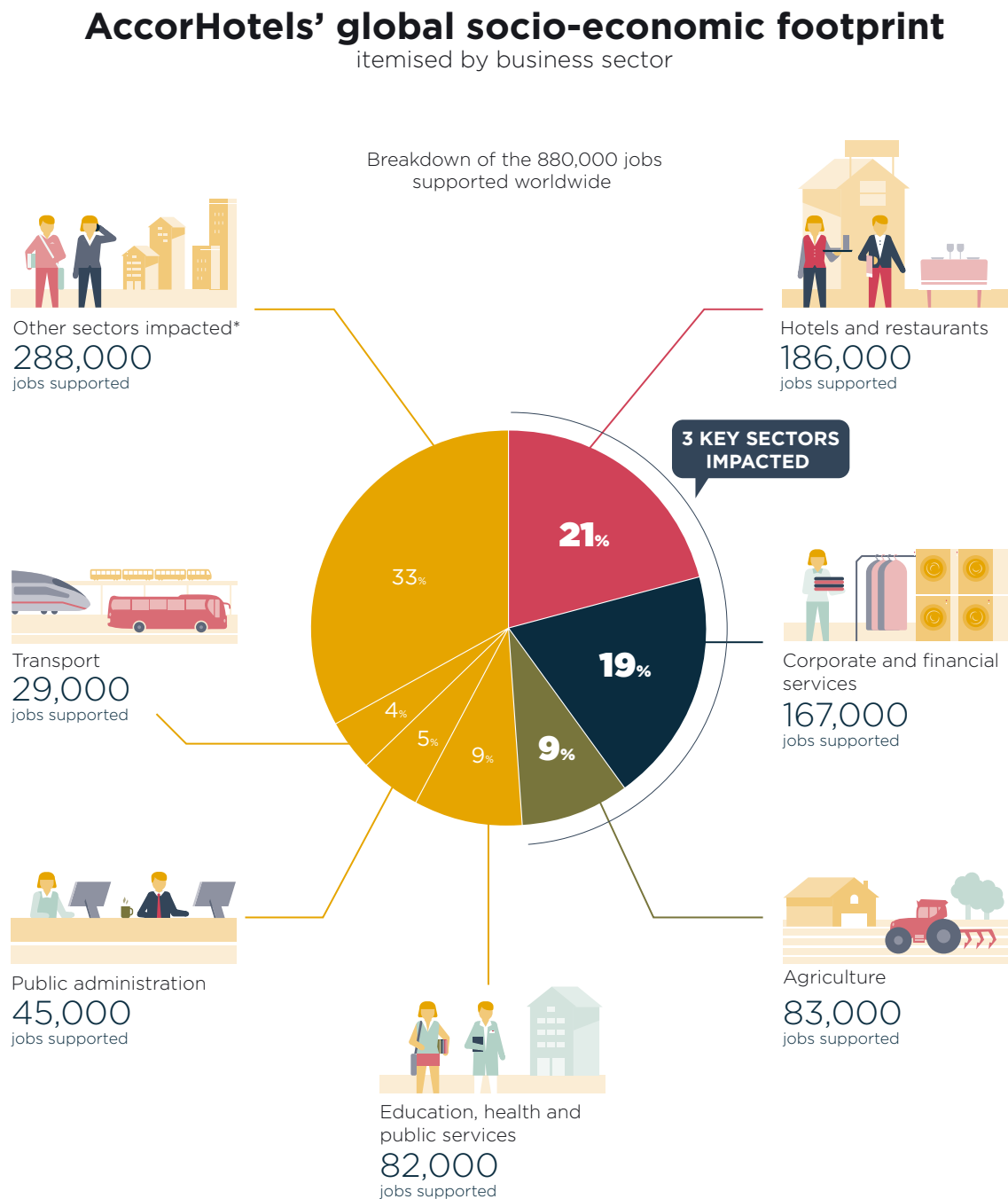
The other countries with the greatest impact are also major countries where AccorHotels operates, and accordingly the Group's hotels businesses support around 67 600 jobs in **Brazil**, 60,000 in **Australia**, and between 40,000 and 50,000 in **Thailand, Indonesia, the UK and Germany**.

It should be noted that **the number of jobs supported varies widely depending on the profile of the country studied and the amount of money necessary to support a full-time job for one year**. Consequently, for a given figure of added value "injected" into an economy, the number of jobs supported can be larger in an emerging economy than in a developed country because of the significant differences in salary costs.



## JOBS SUPPORTED SPLIT ACROSS MANY ECONOMIC SECTORS

AccorHotels' global footprint can be described as a pyramid, with direct impacts connected to the Group's Accommodation and Food & Beverages operations. Impacts are then spread to economic sectors with increasingly tenuous links to the Group's core businesses. The following diagram shows the breakdown by sector of the 880,000 jobs supported.



\* The retail industry, food and beverages, electricity, gas and water, the wholesale industry, oil, chemical and non-metallic mineral products, construction, mining, electrical appliances and machine-tools, post and telecommunications, textiles and clothing, wood and paper, metal products, fishing, repair and maintenance, transport equipment, other manufactured products, recycling, miscellaneous.

Hence, **186,000 jobs** (or 21% of the total jobs supported by the Group's hotels businesses) are **directly linked to its core businesses of Hotels and restaurants**. This figure is mainly attributable to the 170,000 employees of hotels in AccorHotels chains. The other jobs in this sector are mainly supported by employees using the hotels and food & beverages businesses.



Beyond this, the business operations of AccorHotels' chains of hotels **maintain or create approximately 700,000 additional jobs worldwide** in sectors such as business services, agriculture, education, healthcare, public services, transport, etc.

The **Corporate and Financial services** sector is thus the second largest to benefit from the Group's operations, as a result of the prospects offered by the Hotels and Food & Beverages business lines, including in particular the laundry and cleaning services required by our hotels business. Business generated in the sector creates or maintains 167,000 jobs worldwide. In other words, for every job created in an AccorHotels hotel, approximately one job is supported in the business services sector. Similarly, **agriculture**, with a strong connection as the original input to the Group's Food & Beverages business, is the third largest sector for jobs supported at 83,000 (more than half of which are in China, India and Vietnam). Consequently, for every job created in an AccorHotels hotel, approximately half a job is supported in the agricultural sector.

Lastly, it is interesting to note that in all countries where it operates, AccorHotels contributes to structuring the **local public sector** as the Group generates public spending requirements for the jobs it supports at the same time as it generates wealth locally (and therefore taxes to finance this public spending).

Firstly, more than 120,000 of the jobs supported by AccorHotels are in education, health and other public service sectors or government departments, through the tax paid on business activities driven by AccorHotels (for every job created in an AccorHotels hotel, half a job is created in the public services sector and a quarter of a job in government departments).

In total, there are more than 170,000 jobs (or some 20% of the total jobs supported worldwide) generated by public expenditure from taxes and duties paid on AccorHotels direct business operations or those stimulated by AccorHotels (indirectly via its supply chain and secondarily through household spending and expenditure by government departments).

Lastly, it should be noted that AccorHotels' tax contribution is in reality much larger than that expressed above, but that the vast majority of direct tax impact had to be excluded from the scope, especially social security payments as the way they are determined and used varies so widely from one country to another. Details of these exclusions are given in the appendix on page 45.

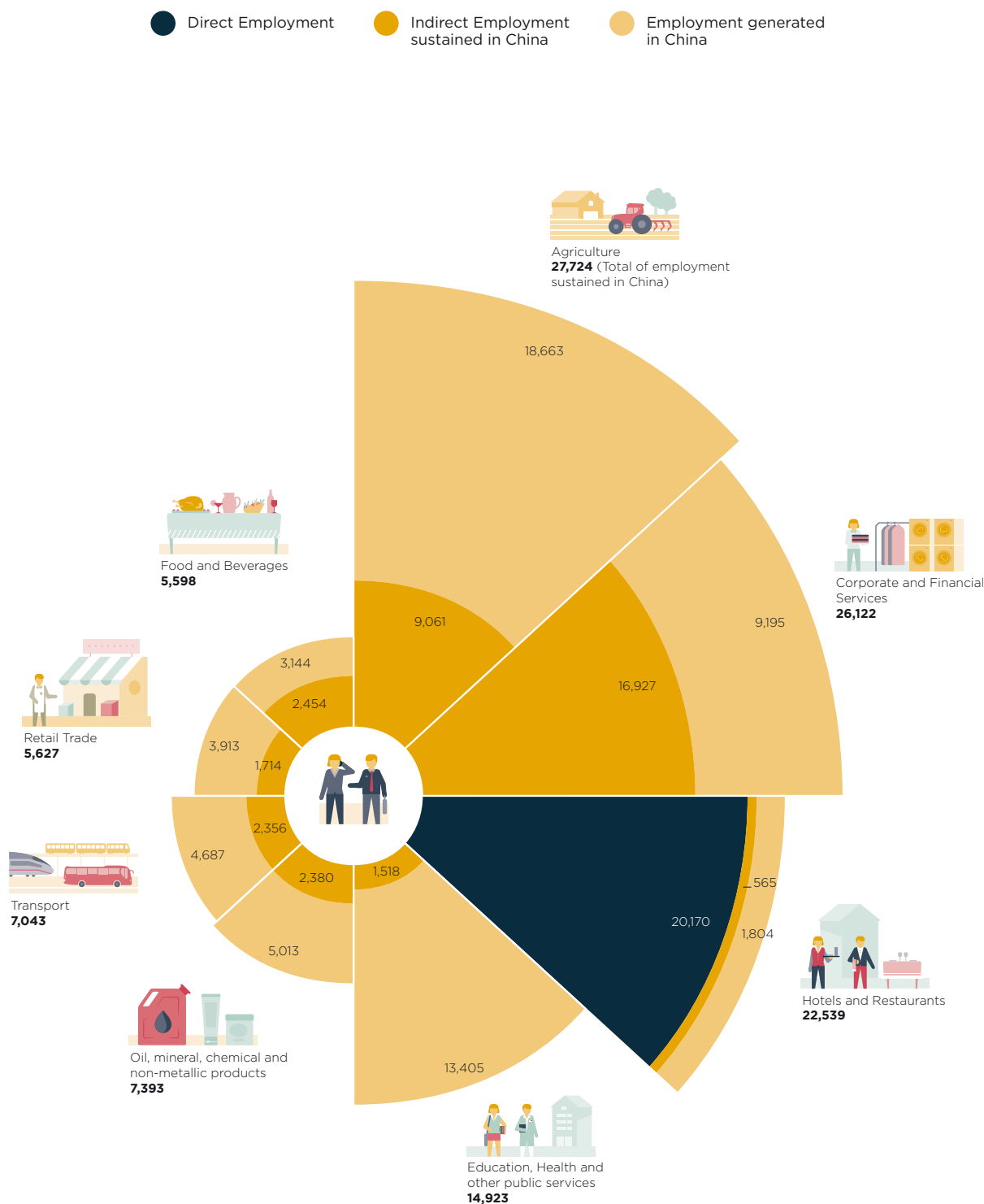
**170,000  
jobs**

GENERATED  
BY PUBLIC  
EXPENDITURE  
FROM TAXES  
AND DUTIES  
PAID ON  
ACCORHOTELS  
DIRECT  
BUSINESS  
OPERATIONS  
OR THOSE  
STIMULATED BY  
ACCORHOTELS





# Analysis by sector of Chinese employment sustained by the AccorHotels' activities worldwide



**Other activity** sectors represent a total of 47,195 jobs sustained in China (of which there are 13,836 indirect jobs and 33,358 generated jobs): Retail, Food and Beverages, Electricity, Gas & water, Wholesale, Oil, mineral, chemical and non-metallic products, Construction, Mining activities, Electrical appliances and machine tools, Post and Telecommunications, Textiles and Clothing, Wood and Paper products, Metal products, Fishing, Maintenance and repairs, Transport equipment, other manufactured goods, Recycling, other.



The total business generated directly, indirectly and secondarily by AccorHotels in the world economy contributes

**€22.4bn**  
to world GDP,

OF WHICH 83%  
ON AVERAGE STAYS  
IN THE COUNTRY  
IN QUESTION.

## FINDING 2:

AccorHotels' business operations generate a great deal of positive impact on the economy locally, both in countries where the Group operates, and in the world economy



# Finding 2:

## A WEALTH-CREATING INDUSTRY BOTH WORLDWIDE AND IN COUNTRIES WHERE THE GROUP OPERATES

The socio-economic footprint study shows that AccorHotels Group's operations are a source of economic wealth creation worldwide and **contribute €22.4bn to world GDP**.

This contribution is significantly larger than the Group's direct added value alone (€7.3bn - linked to "direct" business operations of hotels in AccorHotels chains, i.e. subsidiaries, plus franchise and management contracts) and reflects the added value generated by the business operations of suppliers in the AccorHotels value chain together with the added value generated by household and public-sector spending connected to the Group's operations.

AccorHotels business operations accordingly have an economic wealth creation **multiplier effect of 3.1**. This coefficient enables the importance of the indirect and secondary economic consequences of AccorHotels business operations worldwide to be understood.

In other words, for €1 of global turnover generated by hotels in AccorHotels chains, the contribution to world GDP amounts to €1.70, of which €1.40 on average stays in the countries where the Group's hotels are located.

## DISPARITY IN LOCAL ECONOMIC IMPACTS

With different socio-economic characteristics, AccorHotels' business operations in each country where it operates generate impacts having varying characteristics. Each country has economic sectors having a greater or lesser influence on that country's economy and that are "open" to international trade to a greater or lesser extent. Local influences on the economy therefore differ depending on the profile of the country and the amount of money injected.

AccorHotels' business operations in a country generate added value of which

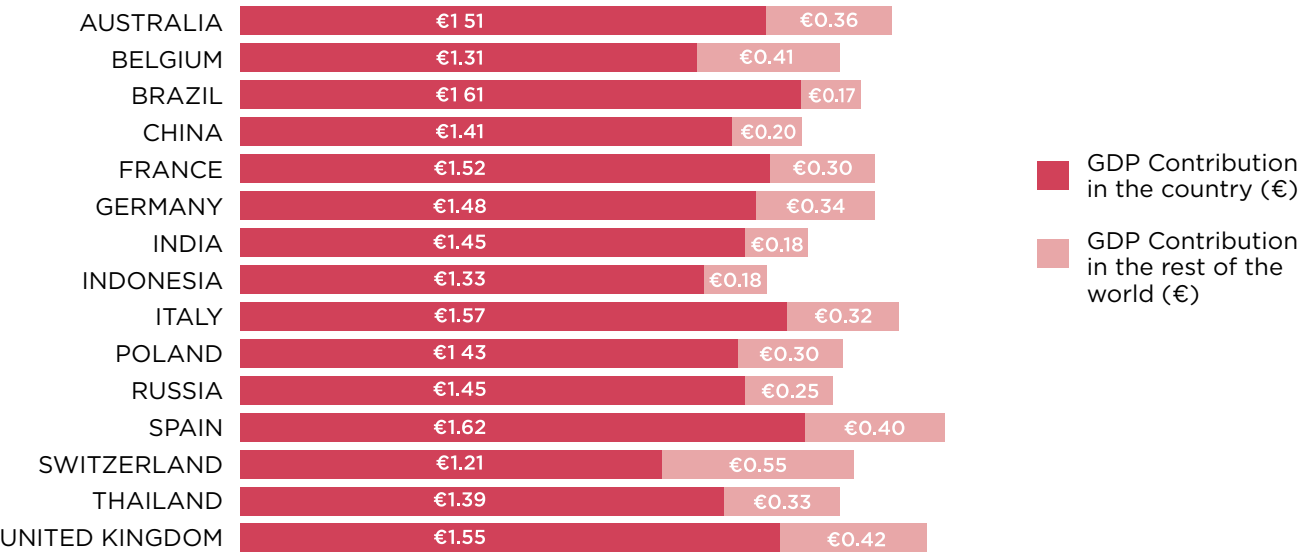
**83%**  
remains in  
that country's  
economy

On average, AccorHotels' business operations in a country generate added value of which **83% remains in that country's economy**<sup>10</sup>. Put another way, the hotels in a country directly, indirectly and secondarily generate added value of which 83% remains as a contribution to that country's Gross Domestic Product (GDP) while the remaining 17% is generated elsewhere. This percentage varies from one country to another, from 69% (Switzerland) to 90% (Brazil) but does properly reflect how the wealth generated by AccorHotels tends to stay where it is produced.

<sup>10/</sup> Average for the 15 countries studied, described in the "Model scope and input data" section.

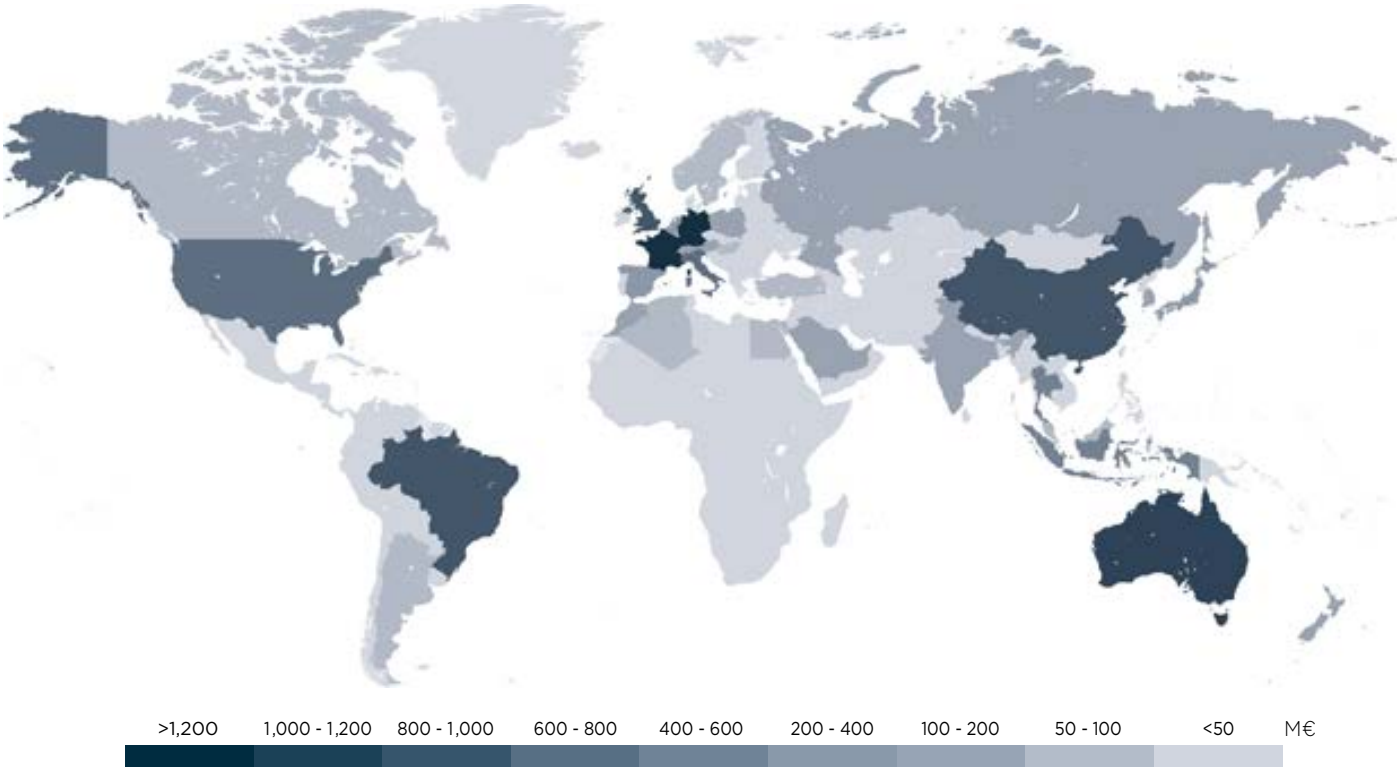
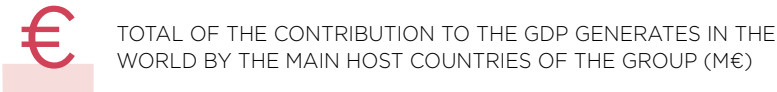


LOCAL / REST OF THE WORLD" SPLIT OF THE GDP CONTRIBUTION  
FOR €1 TURNOVER FROM ACCORHOTELS' HOTELS IN THE COUNTRY



## TWO DECISIVE FACTORS FOR THE SIZE OF LOCAL ECONOMIC IMPACTS

The influences on the economy generated by AccorHotels Group's operations differ by country, depending on the relative **influence of the Group's operations in the country and relative size of the country's economy in world GDP**.







Consequently:

- The main countries where AccorHotels operates emerge as the main beneficiaries of the Group's worldwide business activities - **France, Germany, Australia, Great Britain and Brazil**.
- The major economic world powers also emerge in a way uncorrelated to the number of the Group's hotels located in the country; accordingly the **United States** stands out, despite AccorHotels' presence being limited to fewer than 10 hotels, and **China** also appears as a key beneficiary of influence on its economy with significant variation compared to the number of employees working for AccorHotels' chains in the country.

## THE THREE MAIN SECTORS AFFECTED BY WEALTH CREATION FROM ACCORHOTELS GROUP'S OPERATIONS

Worldwide, the three sectors most affected by AccorHotels Group's operations in terms of GDP generated, are:

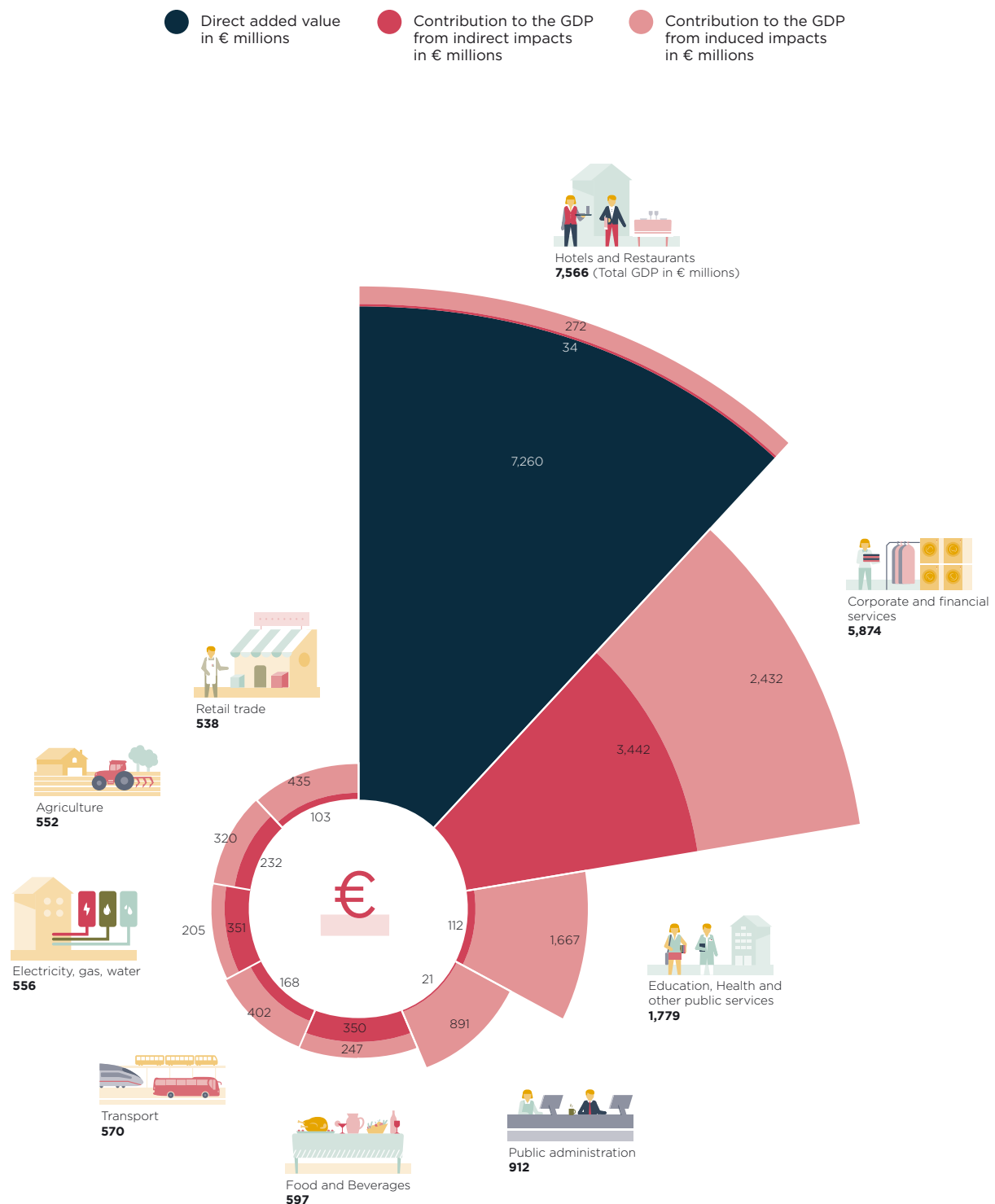
- **Hotels and restaurants** (more than **€7.5bn** of GDP generated) mainly from added value directly created by the Group in this sector
- **Corporate and Financial services** (more than **€5.8bn** of GDP generated) here to as a result of the prospects offered by hotels and restaurants in this sector through, for example, laundry and cleaning services, etc.
- lastly, **Education, health and other public services** (more than **€1.8bn** of GDP generated), resulting from tax contributions paid directly by the Group or indirectly via the suppliers in its value chain, household spending and expenditure by government departments.

The table on the following page shows the details, covering 25 economic sectors, of contributions to GDP resulting from the direct, indirect or secondary impacts of AccorHotels Group's operations:





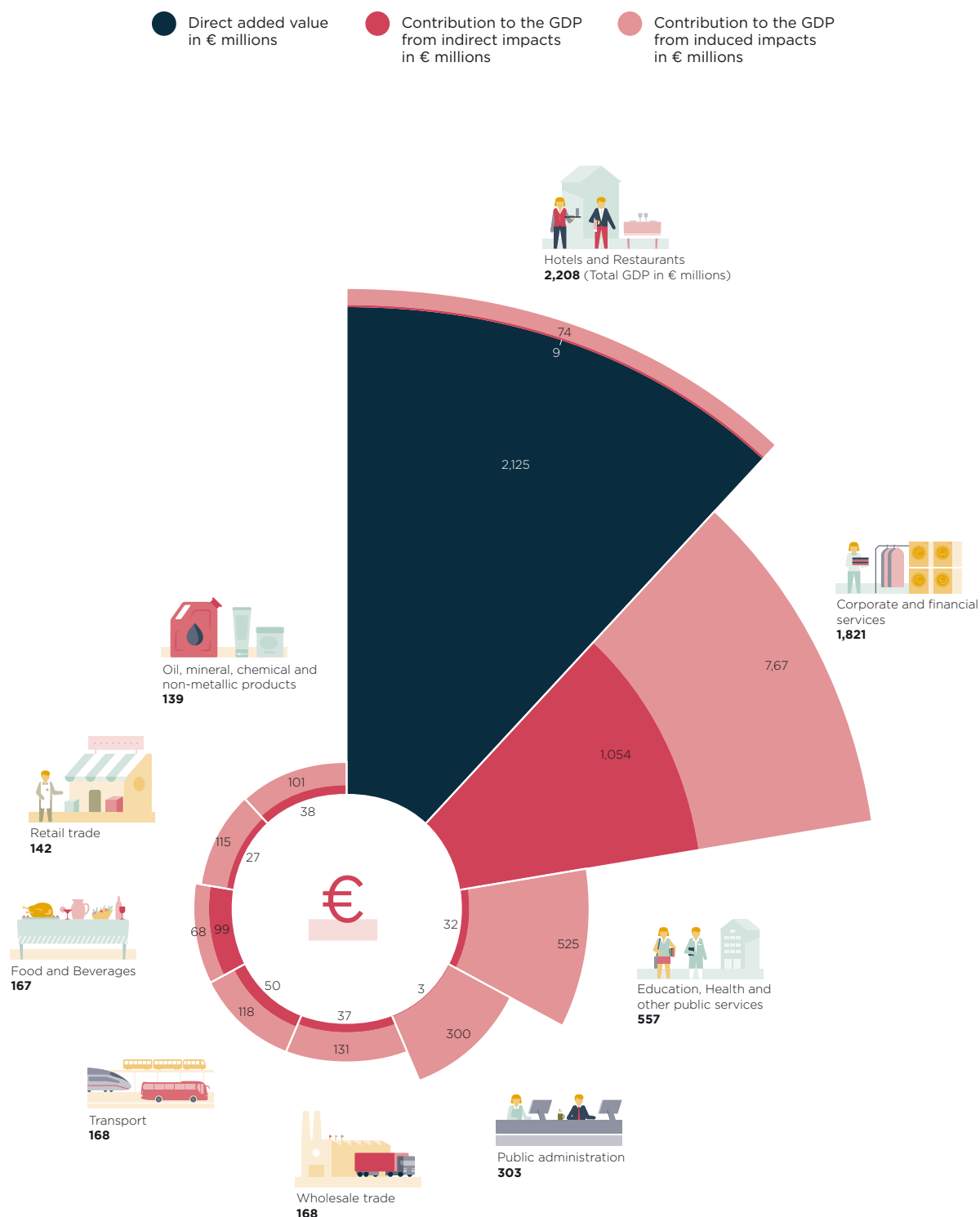
# Principal sectors impacted by the creation of wealth through the AccorHotels' activities



**Other activity sectors** represent a total of €3,430 million of total GDP contribution (of which there are €1,133 million in indirect impacts and €2,297 million in induced impacts): Retail, Food and Beverages, Electricity, Gas & water, Wholesale, Oil, mineral, chemical and non-metallic products, Construction, Mining activities, Electrical appliances and machine tools, Post and Telecommunications, Textiles and Clothing, Wood and Paper products, Metal products, Fishing, Maintenance and repairs, Transport equipment, other manufactured goods, Recycling, other.



# Analysis by sector of the globally generated GDP through the AccorHotels France activities



**Other activity sectors** represent a total of €928 million of generated GDP (of which there are €352 million in indirect impacts and €576 million in induced impacts): Retail, Food and Beverages, Electricity, Gas & water, Wholesale, Oil, mineral, chemical and non-metallic products, Construction, Mining activities, Electrical appliances and machine tools, Post and Telecommunications, Textiles and Clothing, Wood and Paper products, Metal products, Fishing, Maintenance and repairs, Transport equipment, other manufactured goods, Recycling, other.





## **CONCLUSION:**

AccorHotels' socio-economic footprint means it has a duty of responsibility to its value chain and the local economy



## A BUSINESS HAVING A HIGH LEVERAGE EFFECT ON THE VALUE CHAIN

The first conclusions from AccorHotels' socio-economic footprint show that the business activities of hotels in the chain have major economic impacts, in terms of creating and maintaining jobs and creating economic wealth, in almost half of the main economic sectors worldwide.

The impacts generated by the Group's business activities are of benefit not only to the world economy as a whole, but also to local economies in areas where the Group has hotels, with the **jobs supported and wealth created mainly staying in those countries where the Group operates**.

The findings of the research presented so far also highlight a "leverage effect" of AccorHotels Group's operations, which in addition to their direct impacts on the economy (generated by the Group's direct jobs, tax paid and its purchases), **stimulate a wealth of economic activities within its supply chain** together with business generated by the spending of households receiving salaries from the Group and from its suppliers and by public-sector spending.

A strong connection therefore exists between the business activities stimulated by AccorHotels Group, its supply chain and the countries where the Group operates, forging a **"win-win" relationship** between:

- firstly, AccorHotels Group, which economically stimulates its supply chain both locally and worldwide;
- secondly, the Group's value chain, bringing AccorHotels business line expertise, external innovations, a "local" picture to counterbalance global standardisation, etc.

### ILLUSTRATIONS OF "WIN WIN" RELATIONSHIPS FOR ACCORHOTELS AND THE ACTORS OF ITS VALUE CHAIN:

#### • ACCORHOTELS - DIVERSEY WORLDWIDE PARTNERSHIP

In 2010, AccorHotels Group and its hygiene products supplier Diversey realised there was a need for joint innovation in cleaning products. Firstly Diversey was seeking to increase its share of the Group's purchases, and secondly AccorHotels was seeking certified, environmentally-friendly cleaning products across all of its hotels. The worldwide partnership between the Group and its supplier therefore made innovation meeting these requirements and delivering joint benefits possible, with for example a reduction in health and safety risks through the support provided while rolling out the products.

#### • LOCAL ACCORHOTELS PARTNERSHIP THAILAND - LOCAL FARMERS

In 2015, AccorHotels Thailand looked for improvements in two of its key approved products, namely coffee and rice, for which supply is not satisfactory in terms of quality and/or price. At the same time, local farmers are establishing sustainable farming practices (and furthermore already receiving Group funding to plant trees in their agroforestry plots) and looking for outlets for their food products. A partnership has therefore been set up between the two, in order to approve sustainably produced coffee and rice and distribute them in the Group's hotels in Thailand. The partnership is therefore profitable for both the farmers, who have secured a sales outlet making it possible to expand their businesses, and AccorHotels, which can thus distribute high-quality, environmentally-friendly products at an appropriate cost while promoting the scheme with guests.



## A DUTY OF RESPONSIBILITY FOR ACCORHOTELS GROUP

This leverage effect gives AccorHotels **greater responsibility towards stakeholders in the business activities it stimulates in this way (suppliers and local firms)** and the resulting positive or negative social and environmental impacts.

With expenditure of some €6bn (purchases & rents) in 2013 alone and almost two thirds of hotels in the network under management or franchise contracts, AccorHotels is a **significant commercial partner and buyer**. In this respect, the Group has a responsibility to ensure that its broader social and environmental objectives and commitments are spread along its entire value chain.

### ACCORHOTELS GROUP'S ETHICAL AND CSR COMMITMENTS:

In its "Ethical and CSR Policy"<sup>11</sup>, AccorHotels states its commitments in terms of business ethics (respect for individuals, adherence to the rules of trade, protection of property & data) and relationships with stakeholders (employees, customers, shareholders, investors, partners, suppliers, service providers, the community, the environment). The Group's CSR objectives are incorporated into the PLANET 21 sustainability program, the Group's human resources policy and the Solidarity AccorHotels endowment fund.

#### LOCAL DEVELOPMENT

Rooted in local communities, AccorHotels contributes directly to a shared economic dynamic by means of direct and indirect employment, and protects that which is most precious and fragile - children, cultural diversity and natural ecosystems.

##### AccorHotels undertakes to:

- give priority to employing local staff in its hotels;
- ensure access to training, so as to develop the skills and employability of local employees with no foundation training in our line of business;
- promote the culture, heritage and gastronomy of the region in which hotels are located;
- help combat poverty through its commercial agreements, such as by offering fair trade products whenever possible;
- encourage hotels to buy and promote local products;
- prioritise partnerships and links with local communities.

#### TRANSPARENCY, COMMUNICATION AND FAIRNESS

##### AccorHotels undertakes to:

- ensure that invitations to tender, product approval and contracts are conducted transparently, fairly and established on the basis of objective criteria, and that suppliers are treated fairly and honestly;
- communicate regularly, clearly and without undue delay, offering the same level of information to all;
- inform bidders of their success or failure individually, and encourage hotels to buy and promote local products.

...

11/ Corporate Social Responsibility. Charter available [here](#)







...

### **WORKING CONDITIONS AND RESPECT FOR INDIVIDUALS**

Group commitments given to the UN (Global Compact) affect the Group's broader employment footprint, and consequently the indirect jobs created by its business activities. This commitment is a result of the Group's ethical integrity and can have a major impact on its overall and individual brand images.

#### **AccorHotels undertakes to:**

- be watchful of employment practices far removed from its values and human rights commitments, e.g. forced labour, child labour, discrimination, dangerous or degrading working conditions;
- immediately break off any relationship with any supplier indulging in such practices.

### **UNLAWFUL LOANING OF WORKERS AND IRREGULAR SUBCONTRACTING**

#### **AccorHotels undertakes to:**

- respect workers' rights in general and ensure that its service providers and suppliers do not infringe them;
- more specifically, not use labour supplied by third-party businesses outside of legally permitted arrangements.

### **RESPONSIBLE SUPPLY CHAIN**

AccorHotels strives to give priority, for its leading categories of purchases, to the most environmentally and socially responsible solutions, given economic and technical constraints.

### **ECONOMIC DEPENDENCY**

AccorHotels and suppliers look to avoid any excessive dependency. When such dependency nonetheless exists, AccorHotels and the supplier will diversify their suppliers/customers insofar as is possible. AccorHotels encourages free trade.

### **LONG-TERM RELATIONSHIPS**

AccorHotels endeavours to give priority to responsible and lasting relationships with its suppliers and to reserve a proportion of its contracts for smaller businesses.

In France, the Group has consequently been contracted with approximately 45% of its approved suppliers for at least 5 years. Similarly, some three quarters of suppliers are VSEs or SMEs.



AccorHotels therefore has a strong ethical and CSR component, aims to be a hotel industry leader in this respect, and is acting accordingly. As a consequence of the strong connections built between the Group, its value chain and the localities in which it operates, AccorHotels' Ethical and CSR Policy cannot develop either without or against the value chain, but only with it.

Firstly, this responsibility means, for AccorHotels, **risk management** (legal risk, reputational risk, protecting its "licence to operate") so as to ensure that the business conducted with partners of the Group complies fully with the ethical and CSR commitments shared by AccorHotels. Such risk management in particular includes setting up processes to audit commercial relationships, both in advance and afterwards.

#### DUE DILIGENCE REQUIRED FROM BUYERS

In 2015, draft legislation was discussed in France, aiming to strengthen the **due diligence required from parent companies and buyer companies as regards the suppliers in their value chains**. At the time of writing, this proposal stipulates the setting up of due diligence such as risk mapping, consultation, measurement, warning and audit procedures, along with the possible incurring of public liability by companies. This strengthening of the legislative framework comes in the wake of a series of dramatic events highlighting weaknesses in the relationships between buyers and suppliers.

Beyond risk management issues, for AccorHotels, this means putting the conditions in place enabling **joint innovation** initiatives with key partners to develop. This approach enables business and CSR requirements to be met both for the Group and for suppliers, and more generally, to improve practices in the sectors affected by positive action in the arena of orders and contracts, for example through procuring supplies from sustainable agriculture, environmentally-friendly design of fixtures and fittings and complimentary products, and sustainable buildings. This is the path that AccorHotels will be taking to continue its commitment to sustainable development, driven by its PLANET 21 programme.



A photograph of two women in professional business attire. The woman on the left, with dark hair, is smiling and looking down at a small object held in her hands. The woman on the right, with light skin and a pink scarf, is looking at the same object with a focused expression. They are standing in front of a large window with vertical bars, through which a blurred outdoor scene is visible. The lighting is bright and natural, coming from the window.

# 4 A need for transparency

**RESEARCH AND FINDINGS  
APPROVED  
BY INDEPENDENT  
FIRM OF AUDITORS**





Anxious to ensure the transparency and soundness of the study, AccorHotels appointed the independent audit firm E&Y to examine the choice of methodology, calculation and conclusions drawn by AccorHotels and Utopies. This additional two months of work, the conclusions of which are presented below, ensured the reliability of the study by checking the data used and estimates produced by AccorHotels and Utopies.



Ernst & Young et Associés  
Tour First  
TSA 14444  
92037 Paris - La Défense cedex

Tél. : +33 (0) 1 46 93 60 00  
[www.ey.com/fr](http://www.ey.com/fr)

## ACCORHOTELS

Financial year ended December 31, 2014

### Assurance report by the independent verifier on the results of the socio-economic footprint of AccorHotels

To the CEO,

Further to your request and as the independent verifier of the AccorHotels group, we hereby report on the results of the AccorHotels worldwide economic footprint.

#### Responsibility of the Company

It is the responsibility of the AccorHotels sustainable development direction to define the calculation methodology and to set all the working hypotheses required to quantify its socio-economic impacts in accordance with the guidelines it defined and for which it must ensure provision. The methodology and working hypotheses (hereafter referred to as the "Guidelines") have been summed up in the "Methodology" section of the socio-economic footprint report of the AccorHotels group and are available on: <http://www.accorhotels-group.com/en/sustainable-development.html>.

#### Independence and quality check

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions of Article L. 822-11 of the Code de Commerce. Besides we have implemented a quality control system that includes documented policies and procedures to ensure compliance with professional ethics and standards and applicable laws and regulations.

#### Responsibility of the independent verifier

Based on our verifications, it is our responsibility to express a limited assurance conclusion on the fact that both indicators "supported employment" and "generated economic wealth", respectively measured in full-time equivalent and in terms of contribution in euro to GDP (hereafter referred to as "Information"), do not contain any significant anomaly likely to question their disclosure, in all its significant aspects, in accordance with the Guidelines.

#### Scope and coverage of our review

Our work consisted in:

- Conducting interviews with the consultants appointed by AccorHotels and responsible for preparing the Guidelines and underlying working hypotheses in order to assess their relevance, completeness, reliability, neutrality and understandability.

- Checking the consistency between data required for calculations of disclosed Information and the company internal data related to accounting, notably cost accounting and management reports.
- Checking by sampling that Information resulting from the application of the defined Guidelines is consistent with data underpinning the company's accounting.
- Checking the right application of the calculation method that has been specified in the Guidelines.
- Selecting a sample of countries representative of activities and geographic locations, depending on their contribution to the Indicators and the anomaly risks previously identified:
  - > Selected entities account on average for 48% of the headcount and 54% of the spend,
  - > At this level, we checked the understanding and application of the Guidelines and carried out detailed tests on the samples, including the verification of calculation formulas and the comparison of data with corresponding supporting documents;
- Reviewing the disclosure of Information contained in the socio-economic footprint report of the AccorHotels group.

#### Conclusion

In our opinion, no significant anomaly likely to question the fact that the indicators "supported employment" and "generated economic wealth" have been established, in all their material aspects, in accordance with the Guidelines were identified.


Paris-La Défense, November 16, 2015

The independant verifier

ERNST & YOUNG et Associés

Eric Duvaud  
Sustainable Development Partner





# 5 Appendices



## DEFINITION OF TERMS

### JOBS

The jobs calculated in the study are salaried and otherwise, private and public sector, expressed in person job years, given the number of hours usually worked by one person in one year in the economic sector and country concerned.

### GDP (GROSS DOMESTIC PRODUCT)

GDP equals the sum of the gross added value generated by various public sectors and various areas of business activities, plus taxes minus production subsidies. Market-sector GDP is that traded on a market at a price intended to at least cover production costs. Public-sector GDP covers all services rendered free or almost free of charge, i.e. at a cost less than the cost of production.

### PUBLIC ADMINISTRATIONS

Government departments covers the state, local authorities & governmental bodies, social security administration organisations and miscellaneous centrally run organisations (examples for France include ADEME (French Agency for the Environment and Energy Management), INRA (French National Institute for Agricultural Research), CNRS (French National Centre for Scientific Research), the national museums organisation, ANAH (National Housing Improvement Agency), AFSSAPS (French Agency for the Safety of Health Products), etc.). The operating expenses for government departments include remuneration of public-sector staff, general expenditure and costs of goods for resale, social service provision “in kind” (e.g. reimbursement for healthcare and medicinal products not paid by households, etc.). They do not include public-sector investment and social services provision.

## WORKING ASSUMPTIONS

### SOURCES, METHODS AND PRINCIPLES BEHIND THE MODEL APPLIED TO CALCULATING THE ECONOMIC FOOTPRINT

As explained on page 8, the methodology is based on calculating a global footprint and the details of the footprint for 15 leading countries, from data collected at Group level.

The data collected and used in the model is based on the following documents:

- **TAX PAID:**
  - > 2013 tax records detailing the taxes paid per country for hotels run as subsidiaries
  - > 2013 profit & loss accounts showing property, operating and vehicle taxes paid per country for hotels run as subsidiaries and under management contracts
- **PAYROLL AND HUMAN RESOURCES:**
  - > Data from the Human Resources Department detailing the headcounts per country for all categories of hotels
  - > 2013 profit & loss accounts showing payroll costs per country for hotels run as subsidiaries and under management contracts
- **PURCHASES OF GOODS AND SERVICES, RENT AND OTHER EXPENDITURE**
  - > 2013 profit & loss accounts showing purchase costs per country for hotels run as subsidiaries and under management contracts, with no supplier country specified
  - > 2013 capex figures detailing expenditure on building and refurbishing subsidiary hotels, per country



When it proved possible to do so, to extend the scope of the footprint and deliver greater coherence to estimated impacts across the entire Group, the following missing data was estimated:

- Net payroll costs of hotels under franchise contracts
- “Support” staff headcount for each country
- Company taxes paid by hotels under franchise and management contracts
- Property, vehicle and operating taxes paid by hotels under franchise contracts
- Impact of property sector on hotels under franchise contracts
- Purchases of goods and services and other expenditure by hotels under franchise contracts

Taxes paid equate to company taxes plus property, vehicle and operating taxes paid by hotels. Taxes on the added value at the point of consumption (such as VAT) were not included in the study.

### **DEMAND RIPPLE EFFECT**

The AccorHotels-Utopies research uses the Local Footprint® system to estimate indirect and secondary impacts in 186 countries and 25 sectors of the economy. Using this system, cross-sector “input-output” tables enable all economic trade between nations to be traced, and detail the process by which demand spreads.

According to this process, any spending by one economic agent is income received by other agents. In consideration of this income, productive sectors of the economy increase their output to meet this new demand. This growth in output itself results in additional demand for added value in purchases of goods and services for resale. Once again, the iterative process forming the basis of the model transforms that demand into successive cycles of spending and income, until all the initial demand is met. It is this iterative process forming the basis of the model that enables the impact of the initial demand to be broken down. The effect is felt first in the sector(s) immediately involved in the expenditure then spreads to suppliers.

### **MECHANISM FOR STATISTICAL BREAKDOWN OF PURCHASES**

As information on the country of the supplier for certain purchases could not be obtained for this study, it was estimated based on the sector statistics for each country. Given the relative importance of AccorHotels in national statistics in the hotel-restaurant industry, it was considered appropriate to extrapolate the statistics for the industry as a whole to AccorHotels Group specifically. For example, if €1,000 is spent by a hotel in France in the “water, gas and electricity distribution” sector, the model determines the likelihood that the hotel sector in France undertakes such spending in this sector in each of the 186 countries. The amount is consequently broken down in row 1 to €995 in France, €1.54 in Belgium, €1.37 in Germany, etc.

### **RESTATEMENT COMPARED WITH EORA FIGURES**

Some information in the EORA database was adjusted by the Local Footprint team to provide a reliable analysis of the socio-economic impact country by country. Consequently, the job intensity vector (statistical coefficient expressing the number of jobs for each production dollar) was restated.



## REFERENCE FOR INTER-SECTOR DATABASE USED

The Utopies-Eora database was produced using data held in the Eora database.



The academic references for the Eora database are given below:

- Lenzen, M., Kanemoto, K., Moran, D., Geschke, A. *Mapping the Structure of the World Economy* (2012). *Env. Sci. Tech.* 46(15) pp 8374-8381. DOI:10.1021/es300171x
- Lenzen, M., Moran, D., Kanemoto, K., Geschke, A. (2013) *Building Eora: A Global Multi-regional Input-Output Database at High Country and Sector Resolution*, *Economic Systems Research*, 25:1, 20-49, DOI:10.1080/09535314.2013.769 938

## EXCLUSIONS

Across all countries where it operates, AccorHotels business volume in 2013 amounted to €11.5bn, plus an estimated €1bn from Food & Beverages in hotels under franchise contracts.

Of this €12.5bn equating to the global turnover of hotels in the AccorHotels Group, €10.3bn is included in the model<sup>12</sup> and has an impact on countries' economies:

- €3.3bn net payroll paid to AccorHotels employees
- €0.8bn in taxes and duties paid to government departments
- €1.5bn in rent
- €4.7bn in expenditure (purchases of goods and services and other expenditure)

The table below shows how this expenditure has been included and used in the Local Footprint® model.

AccorHotels data	Adjustments necessary
<b>Expenditure</b>	<ul style="list-style-type: none"> <li>• Estimated expenditure of hotels under franchise contracts, for each country, based on the number of rooms</li> <li>• Breakdown of expenditure by supplier economic sectors, by cost item</li> <li>• Simulation by supplier country for each cost item based on the Eora statistical model</li> </ul>
<b>Taxes and duties</b>	<ul style="list-style-type: none"> <li>• Estimated total turnover (hotel + food &amp; beverages) of hotels under franchise contracts, per country</li> <li>• Estimated company tax paid in each country by hotels under management or franchise contracts, based on total turnover</li> <li>• Estimated property and operating taxes for hotels under franchise contracts, based on the number of rooms</li> </ul>
<b>HR employed</b>	<ul style="list-style-type: none"> <li>• Estimated headcount of "Support" staff in each country based on the associated net payroll costs</li> <li>• Estimated net payroll paid to employees of hotels under franchise contracts</li> </ul>

Consequently, approximately €2.5bn, or **20% of AccorHotels hotels' global turnover**, is not included in the footprint analysis. This figure equates to the financial flows excluded from the scope of the research or amounts where the outcome in the world economy cannot at this stage be simulated with sufficient accuracy in the footprint model. Accordingly, undistributed net profits have not been included in the analysis, and neither have dividends paid where the socio-economic consequences (from the economic behaviour of the shareholder/investor) cannot be modelled with the current methodology. Similarly, social security payments have been excluded from the analysis as the way they are determined and used varies so widely from one country to another it was not possible to include them in the analysis with enough confidence on a worldwide scale. Lastly, figures relating to "corporate" structures located in countries could not be included, and neither could construction costs for hotels under franchise and management contracts.

<sup>12/</sup> Figures for taxes paid, duties, salaries, purchases and other expenditure by hotels under franchise contracts have been estimated in this study.



## LIMITATIONS OF THE MODEL

The findings obtained need to be analysed bearing in mind the inherent limitations and assumptions of the model used.

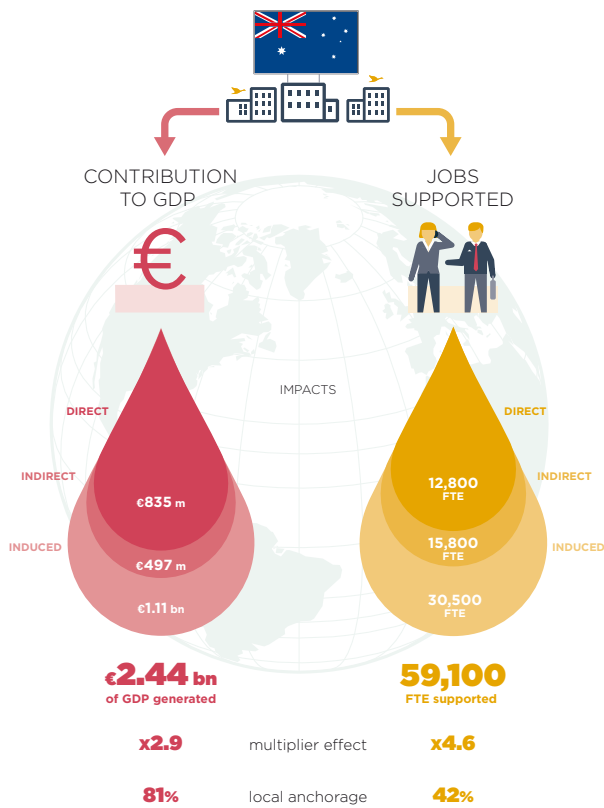
As with any analysis tool, the model used to calculate AccorHotels' footprint uses certain basic assumptions:

- The model is based on input-output tables. The reliability of the model's findings thus depends on the reliability of the data in these tables. In addition, these tables are an accounting representation of the economic interactions for a given year. Inflation and world economic growth are not therefore taken into account. Industry relationships and market shares are therefore fixed and independent of production levels in economic sectors. Relationships between industries are only changed during the annual update of the input-output tables.
- The model therefore uses no concept of time. It is a static model that considers any injection of expenditure as taking place entirely in the current year. For example, investment spending of €10m spread over five years is considered as if it took place in a single year. In contrast, if the user does actually know the profile and annual split of the initial spend, it is possible for the user to divide the cost between several years and adjust the simulations run as a consequence.
- The production function of a given sector of the economy is fixed and there are no economies of scale. The structure of utilisation of primary and intermediate factors of production is governed by a fixed proportional relationship, regardless of the production level. There is therefore no phenomenon of scarcity and no substitution effect between the factors of production. Technology is also fixed and independent of the production level.
- It is a linear model. All other things being equal, an initial spend of €10m in one productive sector is equal to 10 spends of €1m in the same sector. In reality, in the long term, a business that triples its turnover is encouraged to change its production structure provided it sees the growth in demand as being recurrent. Such changes do have an influence on the economic impact of the initial expenditure.
- The model ignores scarcity of resources, and considers that businesses are able to meet demand regardless of its level or any commercial obstacles.

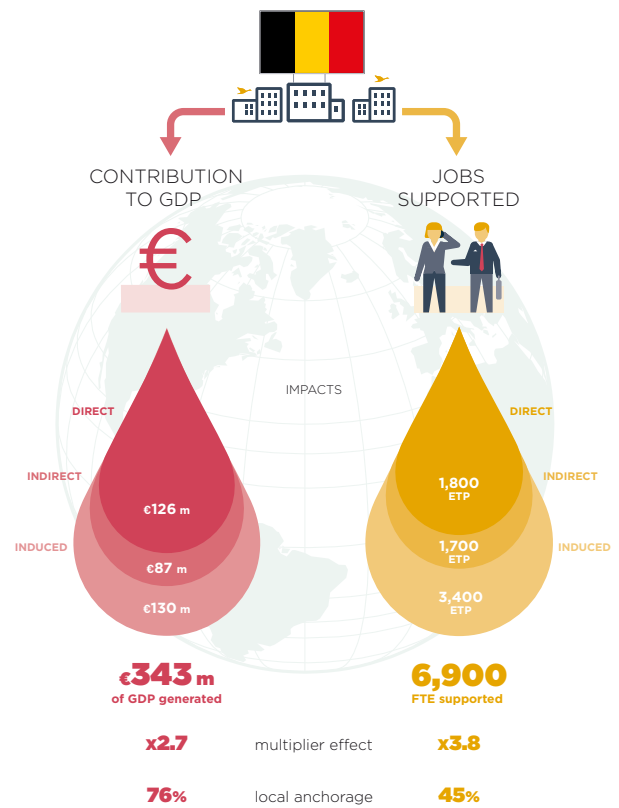


# ACCORHOTELS' SOCIO-ECONOMIC FOOTPRINT IN ITS 15 MAIN COUNTRIES WHERE THE GROUP OPERATES

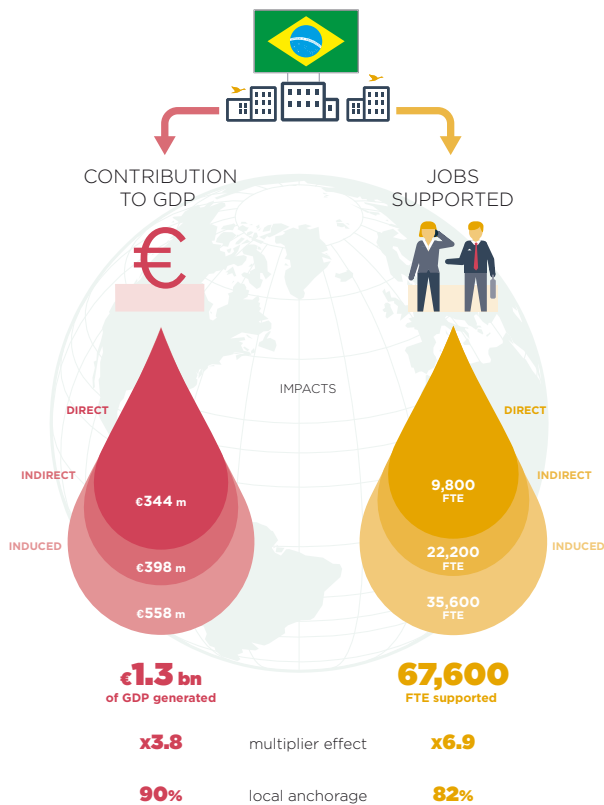
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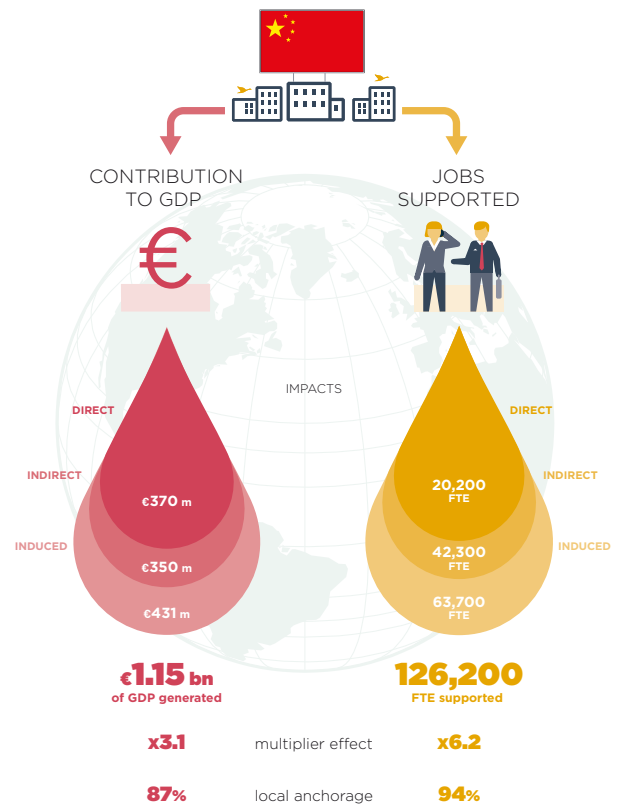
## AccorHotels Belgium



## AccorHotels Brazil

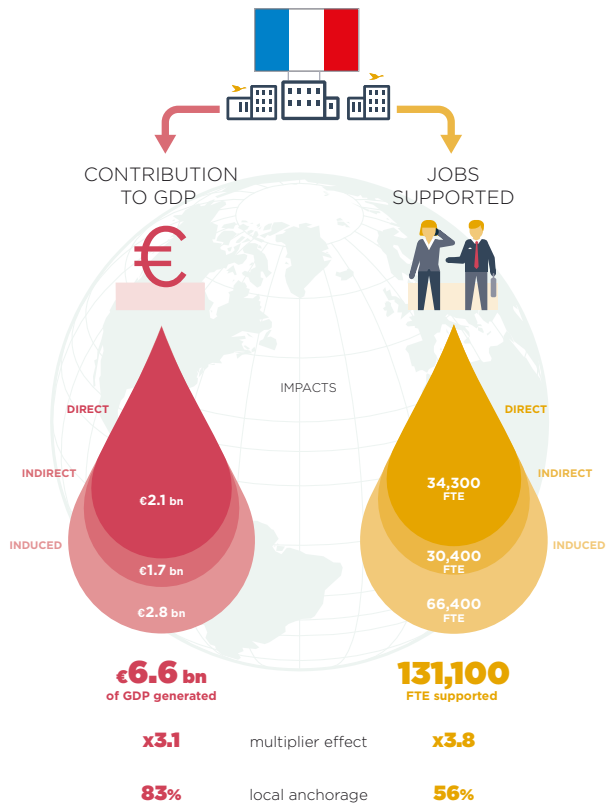


## AccorHotels China

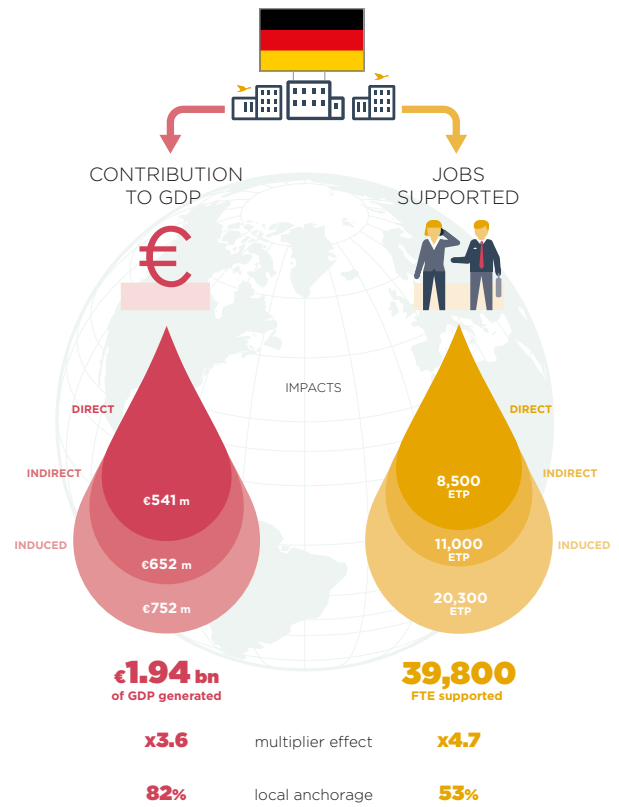




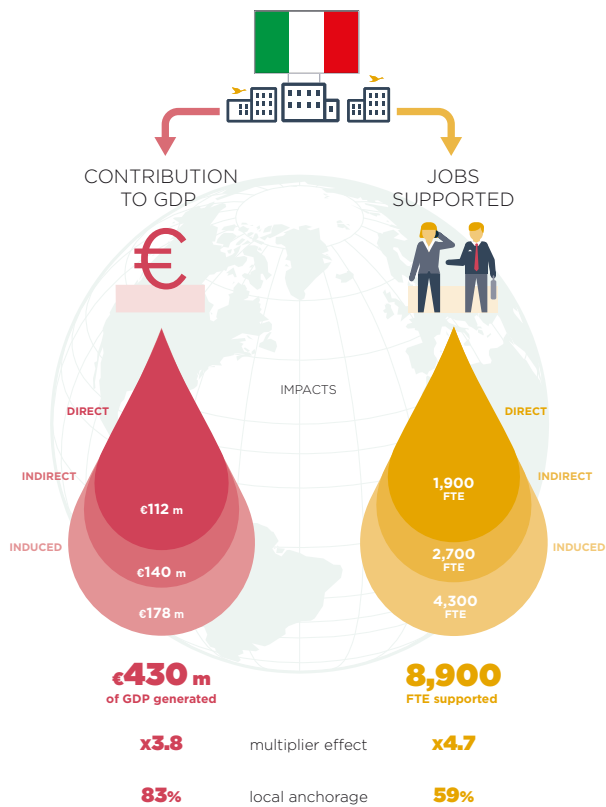
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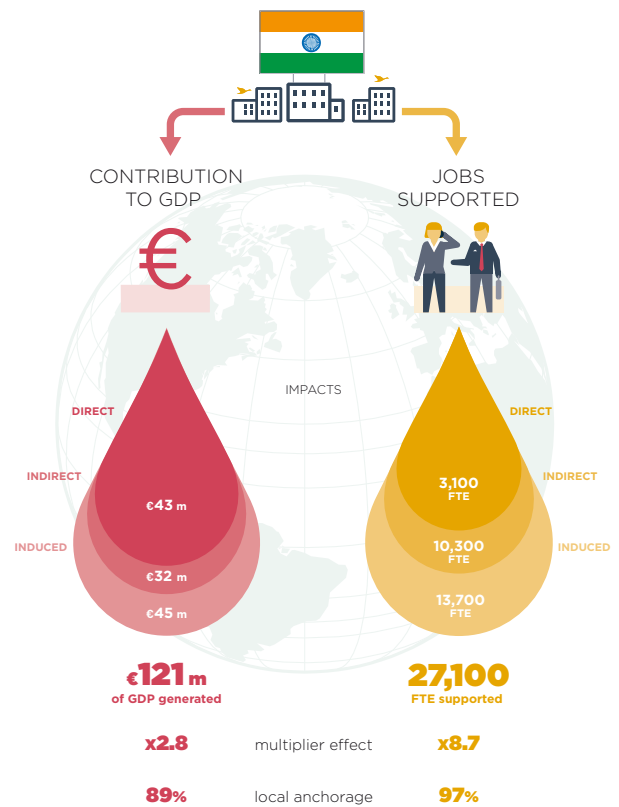
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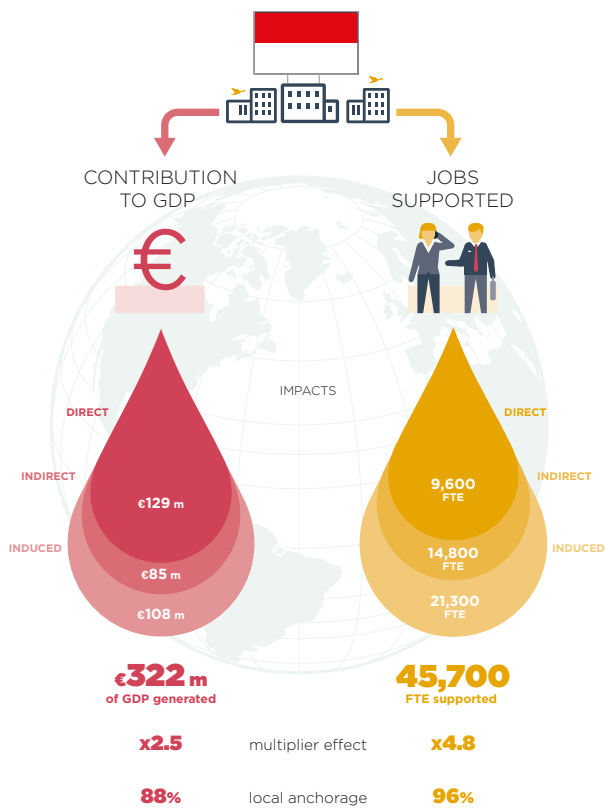
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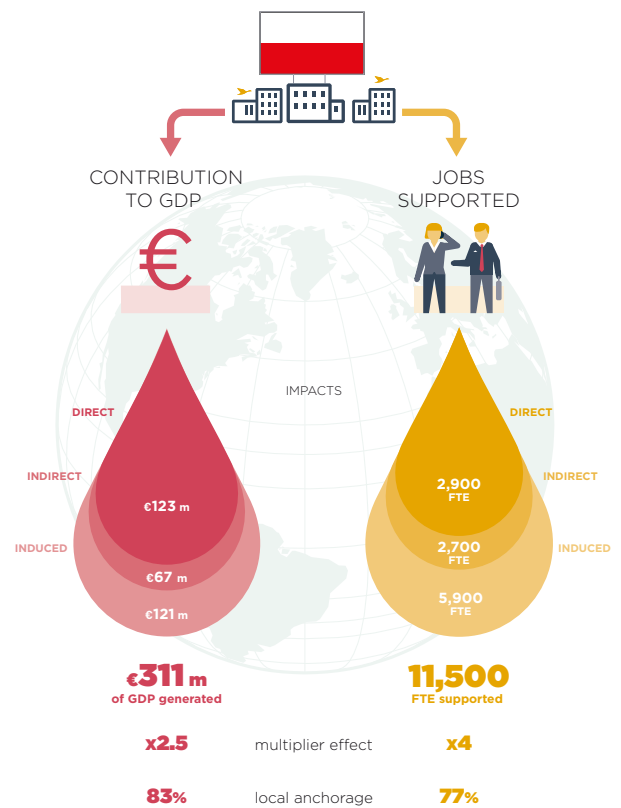
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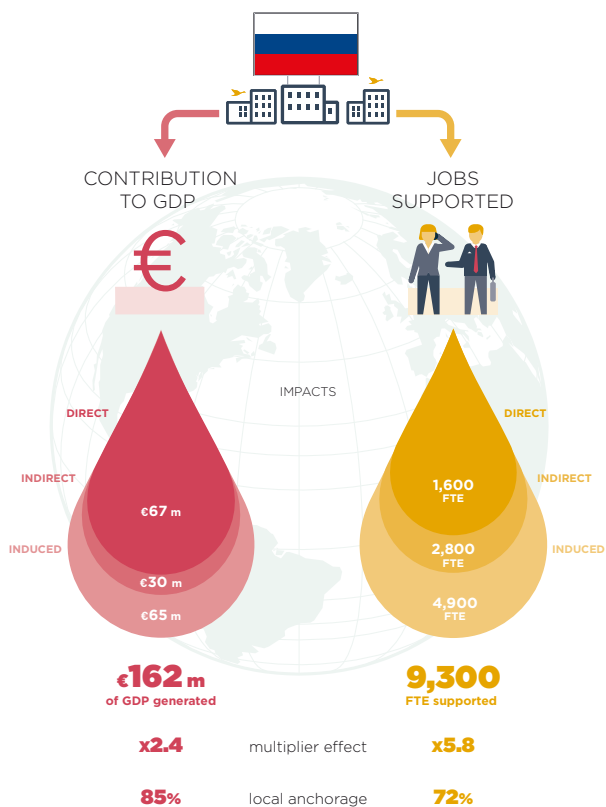
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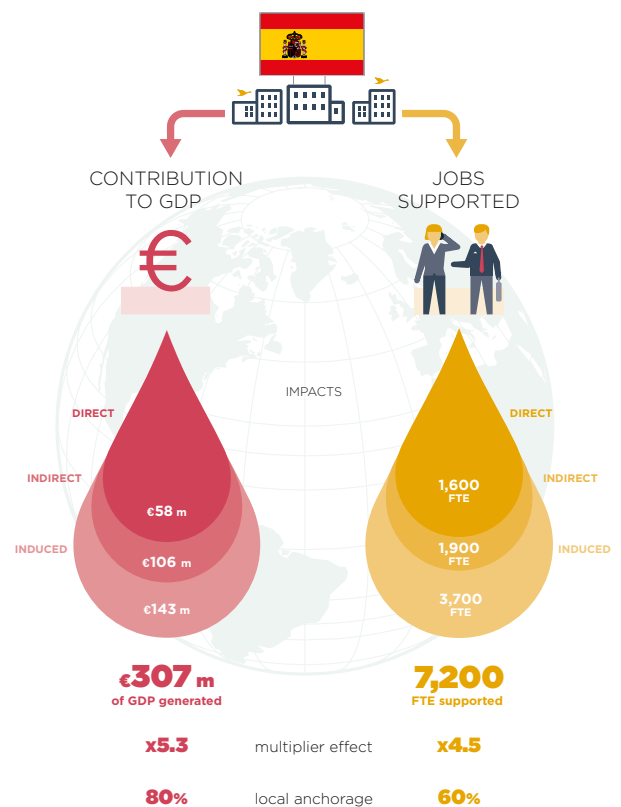
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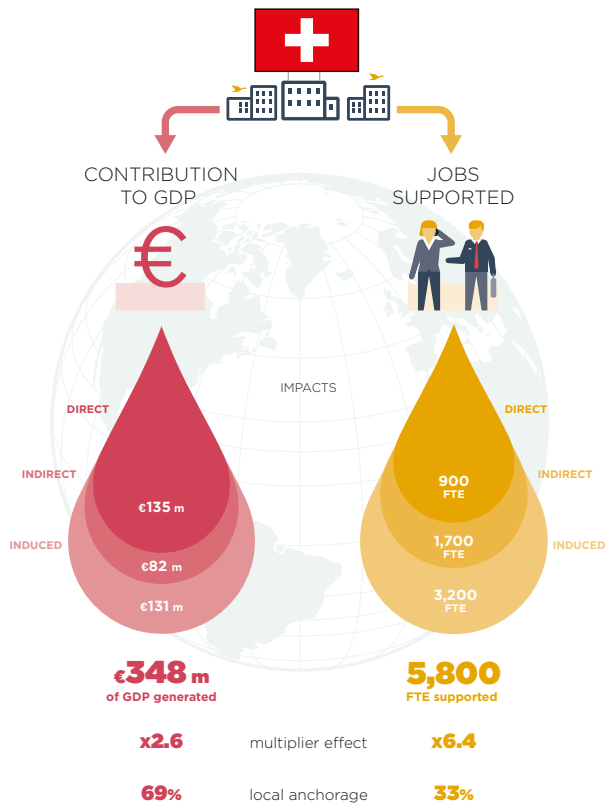
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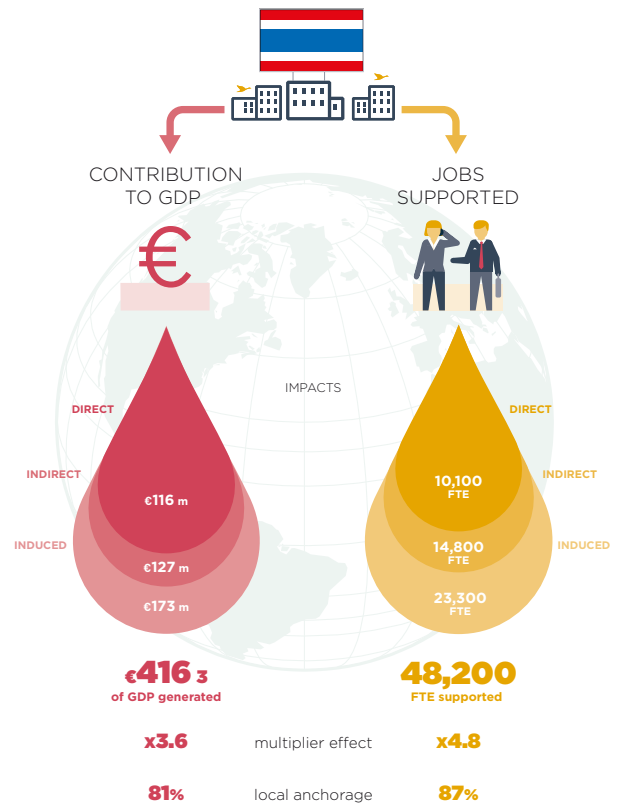
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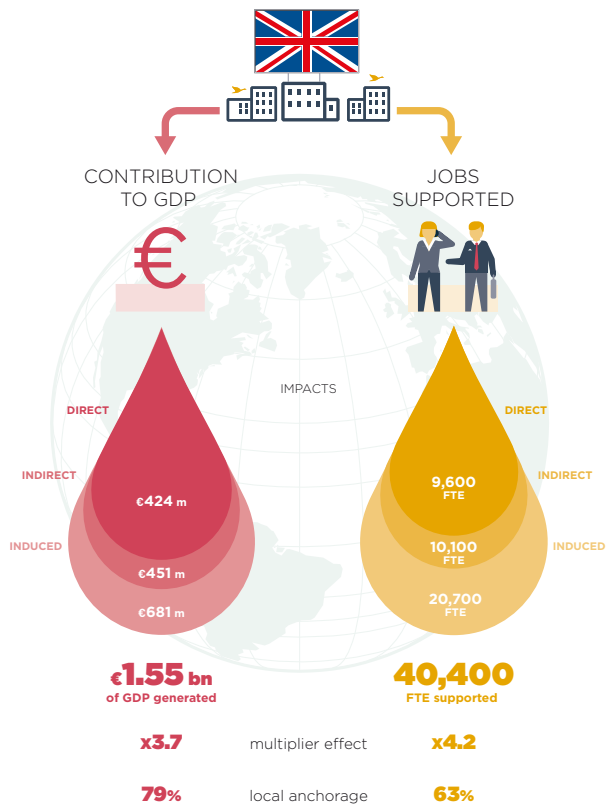
### AccorHotels Switzerland



### AccorHotels Thailand

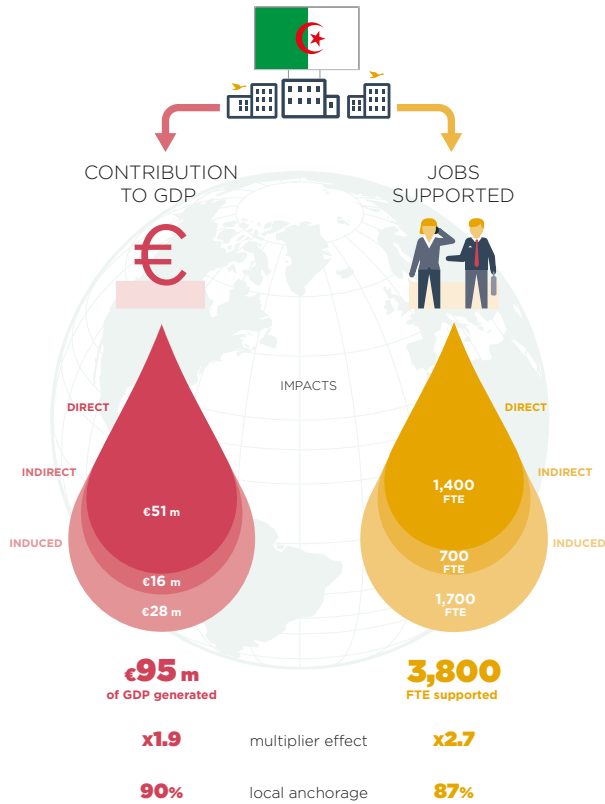


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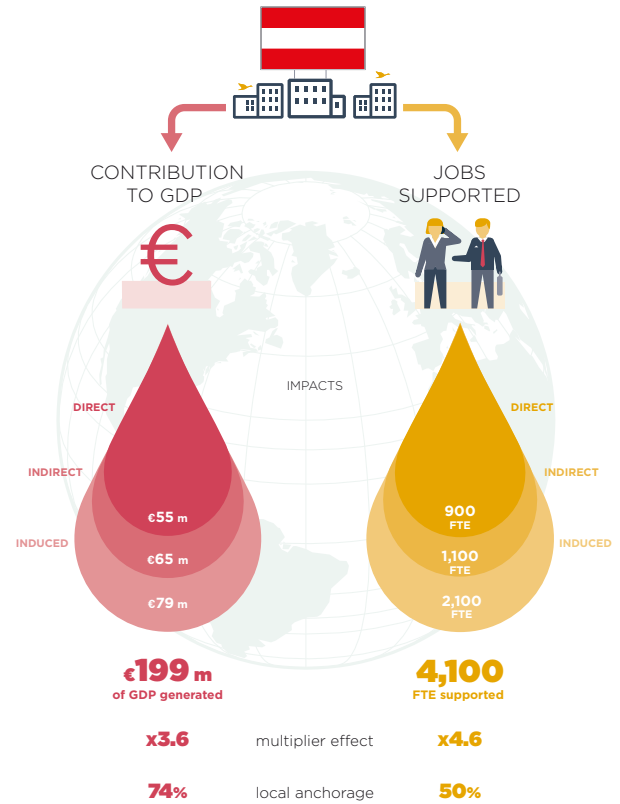


# ACCORHOTELS' SOCIO-ECONOMIC FOOTPRINT IN 8 OTHER COUNTRIES

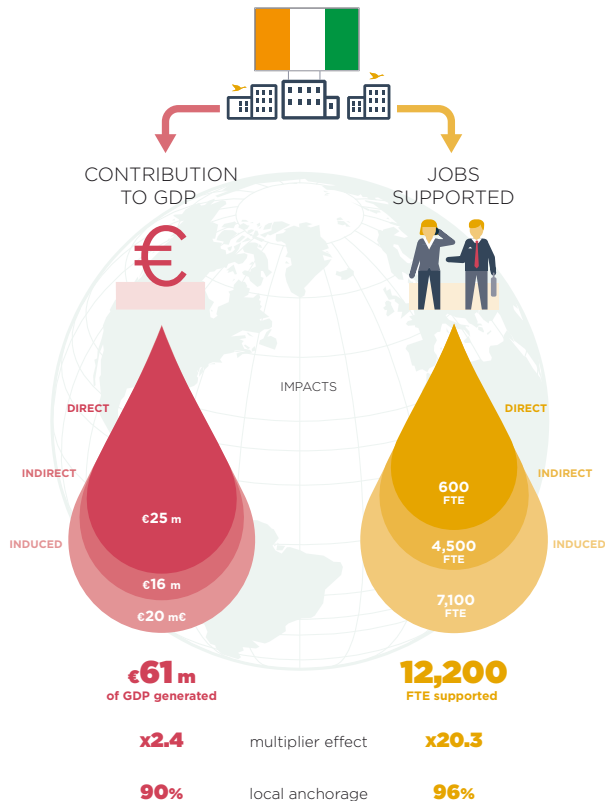
## AccorHotels Algeria



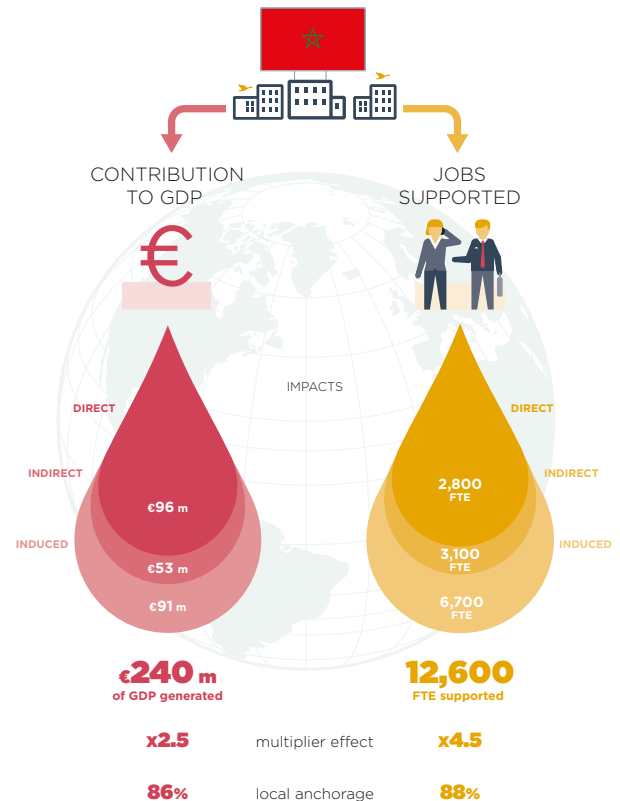
## AccorHotels Austria



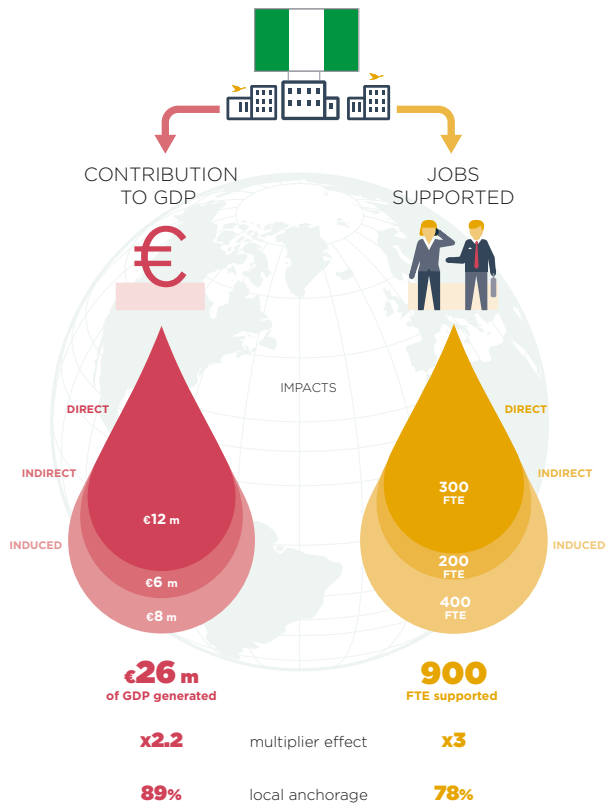
## AccorHotels Ivory Coast



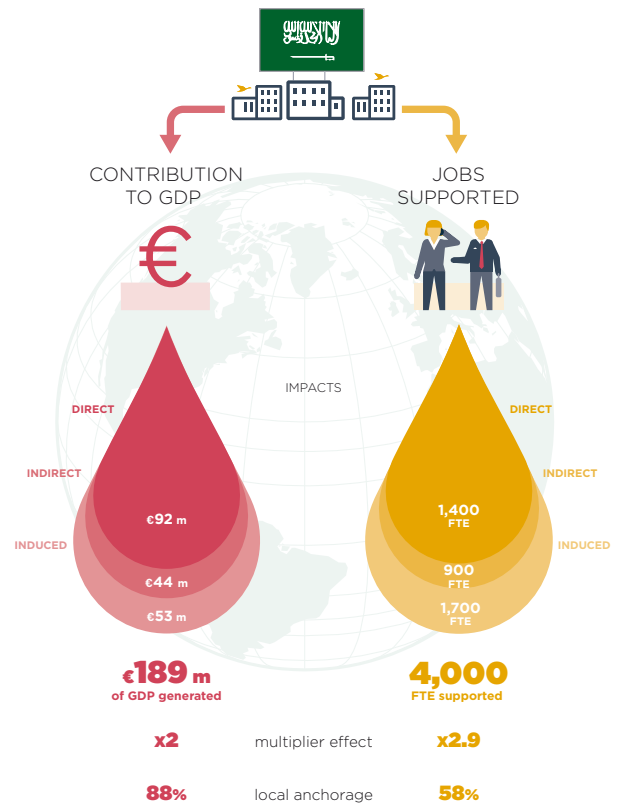
## AccorHotels Morocco



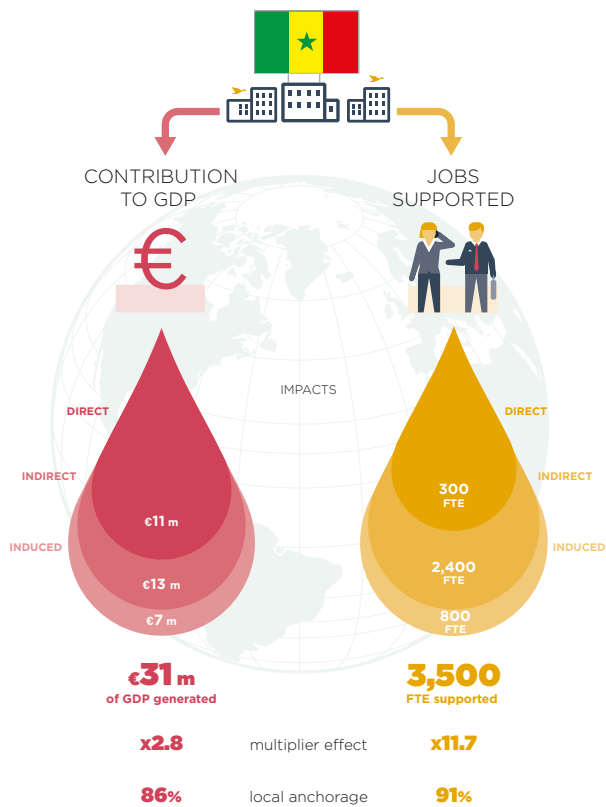
### AccorHotels Nigeria



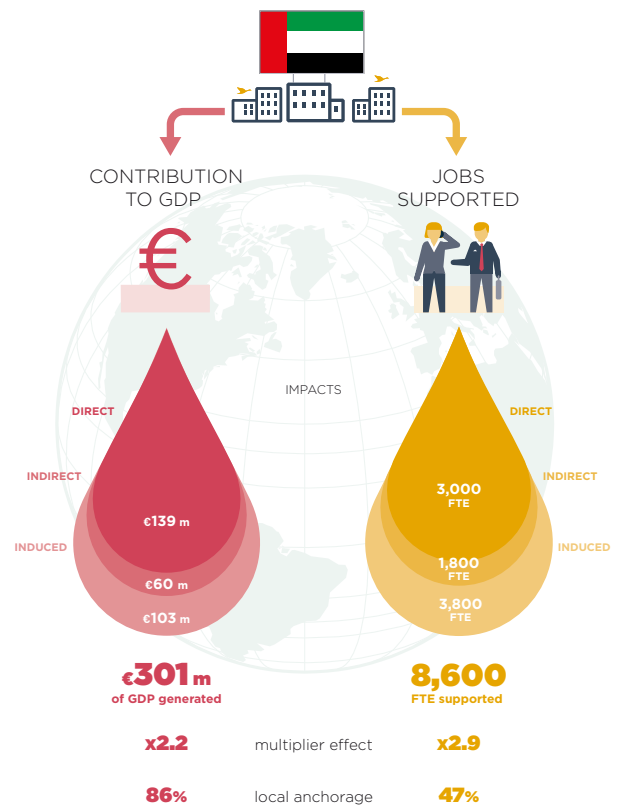
### AccorHotels Saudi Arabia



### AccorHotels Senegal



### AccorHotels United Arab Emirate







## NOTES





# NOTES







# PLANET 21 RESEARCH

**WHAT IS PLANET 21 RESEARCH ?  
A PLATFORM ACCESSIBLE TO ALL, PLANET  
21 RESEARCH IS A SHARED KNOWLEDGE  
BASE ON SUSTAINABILITY IN THE HOTEL  
INDUSTRY. IT IS BOTH FREE OF CHARGE  
AND OPEN TO ANYONE.**

AccorHotels regularly adds to the platform with the results of new polls, research or case studies on best practice to help the entire hotel industry incorporate sustainability more effectively.

Furthermore, AccorHotels makes its methodologies available, to enable its research to be replicated or refreshed by other members of the hotel industry. Only one condition is attached to use of the methodologies, namely the findings obtained must be distributed free of charge, as AccorHotels itself does.

YOUR  
CONTACT

**PLANET21@ACCOR.COM**