

COMMUNICATION ON
PROGRESS (COP) 2019



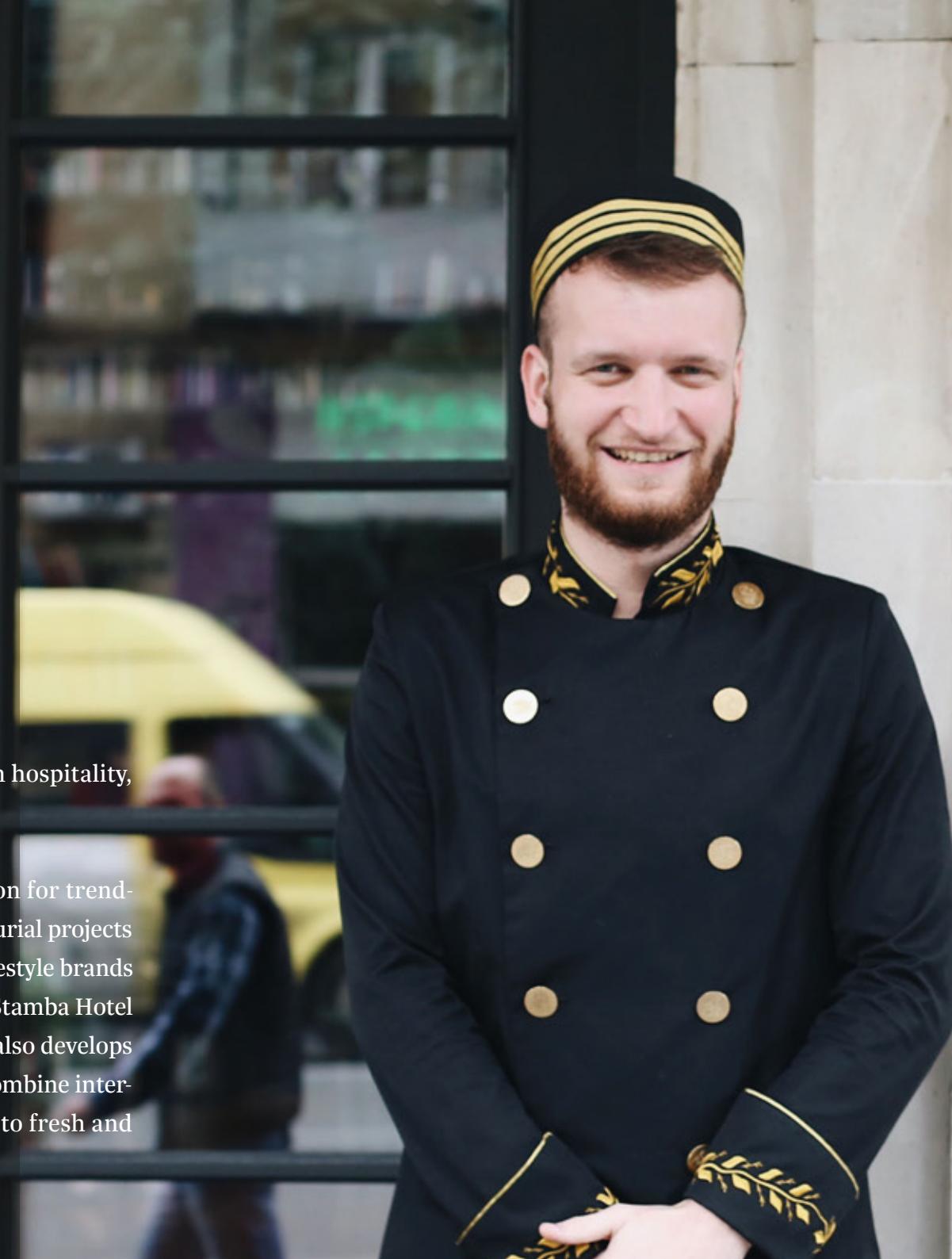
ADJARA
GROUP



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Adjara Group is a leading Georgian company in hospitality, lifestyle development and agropreneurship.

The company has gained worldwide recognition for trend-setting establishments and dynamic entrepreneurial projects through designing, developing and managing lifestyle brands including Rooms Hotels in Tbilisi and Kazbegi, Stamba Hotel and Fabrika youth accommodation. The group also develops and manages a number of restaurants, which combine international gastronomic talent with a dedication to fresh and locally sourced produce.



ADJARA GROUP IS A MEMBER OF THE UN GLOBAL COMPACT'S INITIATIVE

The company shares the UN principles on Human Rights, Labour, Anti-Corruption, and Environmental Responsibility. Our policies and business practices reflect a commitment to making a positive impact in communities around the country.

Adjara Group strives to create a diverse and inclusive workplace where every employee is respected, empowered and rewarded. Equality in terms of gender, ethnicity and sexual orientation is the key to the company's corporate culture.



MR. VALERI CHEKHERIA, CEO OF ADJARA GROUP

"I am pleased to present our Third Progress Report on behalf of Adjara Group as part of the United Nations Global Compact. Our company shares the UN Global Compact's principles on Human Rights, Labour, Anti-Corruption, and Environmental Responsibility, and it is my goal to lead the team towards more responsible, transparent and fair business practices. Adjara Group has proved to be the leader in adhering to such principles in the Hospitality industry. We have come a long way since the company was founded and our team is convinced that this is just the first step towards greater developmental goals.

It is the company's aim to administer more efficient, accountable, transparent and accessible operations. We seek to strengthen sustainability through such actions as water, electricity, waste recycling and other innovative practices.

Adjara Group arranges open meetings with government officials and the media to communicate and share the company's future development plans. In doing so, we ensure transparency of the process and show our commitment to an anti-corruption environment.

We are also actively involved with the local community through various outreach activities. So far as relationships with our employees are concerned, our staff members are guaranteed that their rights will be protected regardless of gender, religion, cultural or political beliefs.

Also, I am happy and grateful for the recent opportunity of speaking about gender related issues at the UN in New York. Indeed, the platforms provided by UN Global Compact in partnership with Male Champions of Change on March 14th, 2019 is of crucial importance as participants have gained further understanding and knowledge of how to effectively tackle and overcome challenges in relation to sexual harassment, gender based issues and occupation inequality. I am actively engaged in further improving the working environment for our employees and hope to be part of such crucial gatherings in the future – perhaps even host one in Georgia."



CORPORATE SOCIAL RESPONSIBILITY

Our policies and business practices reflect a commitment to making a positive impact in communities around the country: we at Adjara Group have taken it upon ourselves to restore historical buildings rather than constructing new ones; to be leaders in ecofriendly projects; and to be involved in our local communities by educating the young to build their foundation for future employment: Our executive team is deeply involved in educating the younger generation by volunteering as lecturers at local Universities.



REGIONAL DEVELOPMENT

After having opened Rooms Hotel Kazbegi the region has become one of the most popular sustainable destinations. The company has utterly transformed the area and it has resulted in inward migration with people who had left returning to Kazbegi to set up small businesses.

We are partnering with the Georgian Farmer's Association - At Adjara Group, we work rigorously behind the scenes to ensure that our food and wine is grown and produced by local farmers.

UDABNO PROJECT

Adjara Group has invested in 3,000 hectares of land in Kakheti, in the eastern region of Georgia. The goal of the Udabno Project is to develop the land and, with the help of the local population, to establish an agricultural marvel while transforming the area into a sustainable tourist destination. Adjara Group aims to cultivate a partnership with local farmers, and to assist their continuous growth and development.



HUMAN RIGHTS

Conducting continuous and mandatory sexual harassment prevention trainings for employees. All employment related documents and more specifically the code of regulation includes principles of equality and prohibits discrimination on the basis of gender, race, disability, religion, nationality, sexual orientation or age. In addition, the company has initiated an employment program providing victims of domestic violence with work opportunities. Last year, the company funded domestic violence prevention trainings, for school children and teachers, in the mountainous region of Kazbegi where one of our properties is located.

Through our training and employment programs we are changing perceptions, instructing employees of their rights, addressing gender related issues and providing equal opportunities. We have made sure that equality was part of the corporate culture.



GENDER EQUALITY AND WOMEN'S EMPOWERMENT

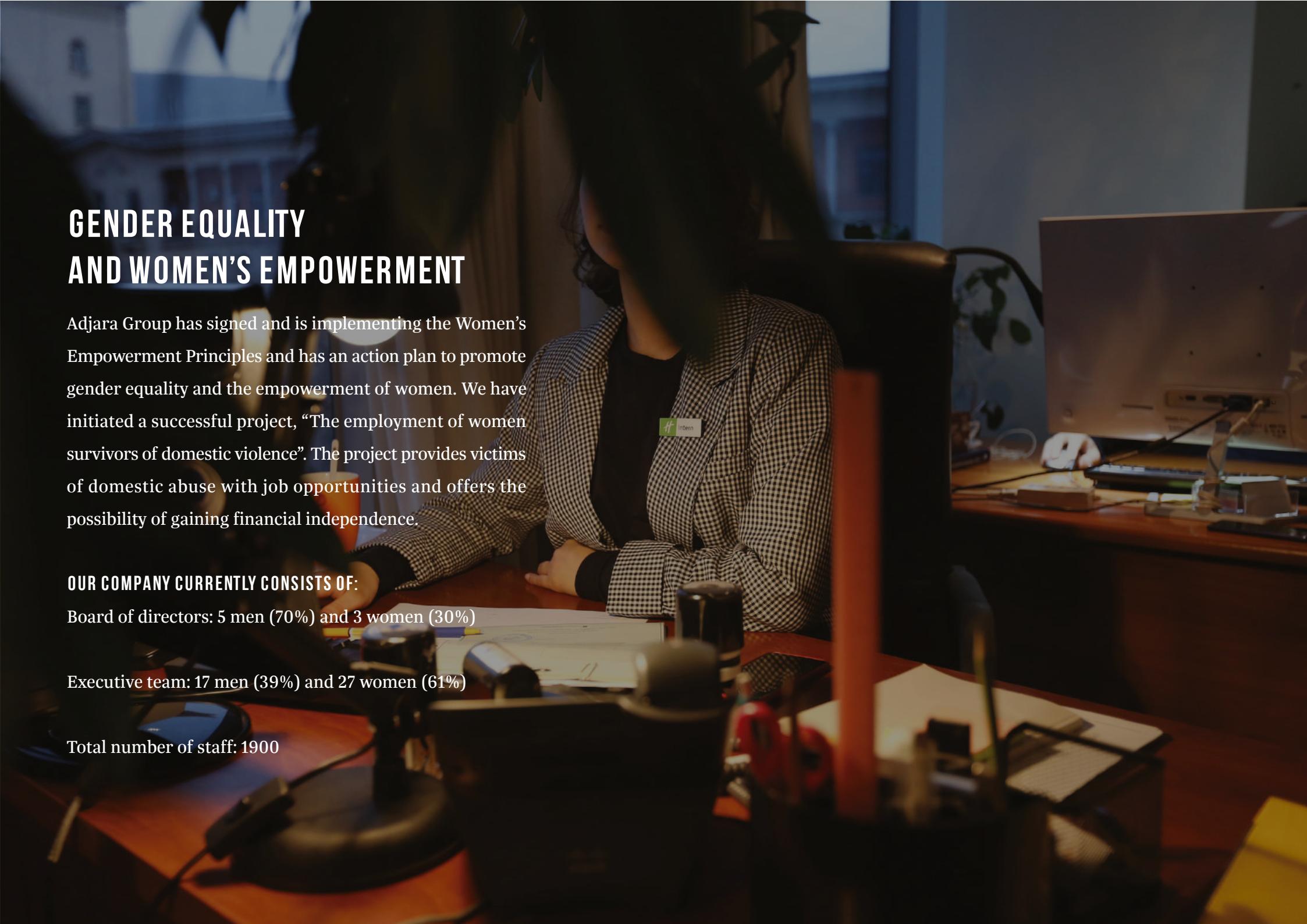
Adjara Group has signed and is implementing the Women's Empowerment Principles and has an action plan to promote gender equality and the empowerment of women. We have initiated a successful project, "The employment of women survivors of domestic violence". The project provides victims of domestic abuse with job opportunities and offers the possibility of gaining financial independence.

OUR COMPANY CURRENTLY CONSISTS OF:

Board of directors: 5 men (70%) and 3 women (30%)

Executive team: 17 men (39%) and 27 women (61%)

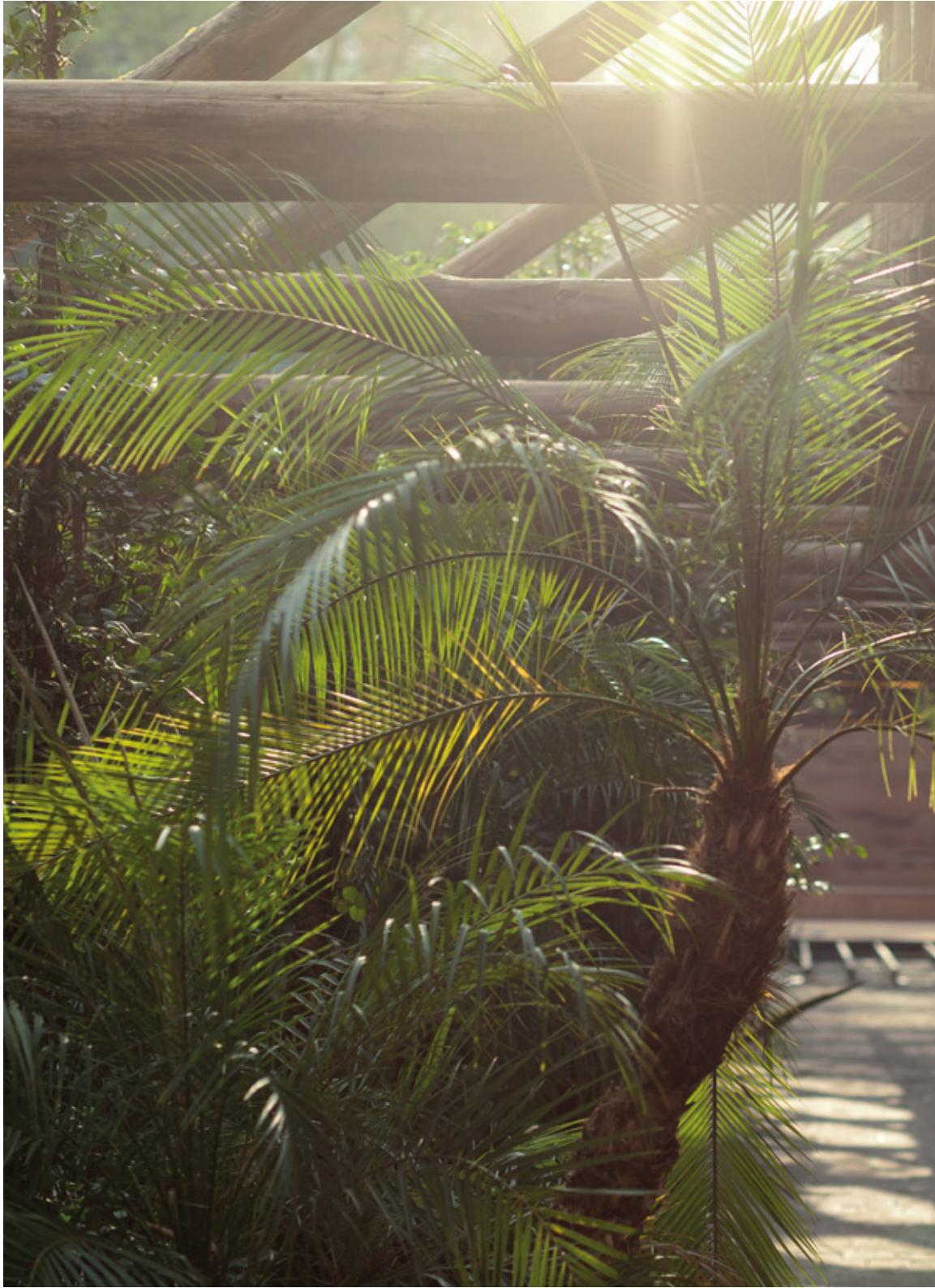
Total number of staff: 1900



ENVIRONMENTAL SUSTAINABILITY AND ENERGY EFFICIENCY

Since there are no regulations or policies determined by the Georgian law, it is something of a challenge to us to implement water, electricity and waste recycling procedures within our company. Nevertheless, we are:

- Collaborating with Tissue Paper LLC that produces napkins and toilet paper from recycled paper Using Green boxes in our offices to encourage our employees to recycle
- Decreasing electricity consumption at Holiday Inn Tbilisi, Rooms Kazbegi and Fabrika by installing energy efficient light bulbs in 80 percent of the buildings
- A part of the Green Engage programme which encourages us to be more environmentally conscious and to ensure the implementation of green ideas on the property such as reducing electricity, water and gas consumption.
- Participating annually in Earth Hour. This year, all our properties joined the worldwide movement.
- Investing in a series of environmentally friendly electric cars which limit the deterioration of air quality. The company has set Electric Vehicle Stations – EVS, in the parking space of Rooms and Stamba Hotels.
- Sending used kitchen oil from all the properties to an ISO certified company for recycling purposes.



EMPLOYEES BENEFITS.

The company understands that inflation in the country affects everyone and this is also reflected in the growth of the minimum wage. We ensure that employees fully understand the responsibility that they have towards the company. One of the hiring procedures includes a presentation of the company's internal regulations and conducting a detailed orientation based on the corporate culture, structure and teamwork. All decisions relating to staff are harmonized with Georgian Law, which complies with European hotel standards.

EMPLOYEES ARE PROVIDED WITH:

- Medical insurance
- Laundry service
- Transportation
- Daily Meals



THANKS TO OUR EMPLOYMENT STRUCTURE, THE PROBLEM OF CORRUPTION DOES NOT AFFECT OUR COMPANY

Nevertheless, every year we have KPMG carry out a mandatory audit of the Company's financial statement, in accordance with the law on Accounting, Reporting and Audit. The audit results are transparent and publicly accessible. We also arrange open meetings with government officials and the media to communicate and share our company's future development plans to ensure that the process is transparent and to show our commitment to an anti -corruption environment”



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