



# COMMUNICATION ON PROGRESS 2020



United Nations Global Compact

## **ADJARA GROUP**

Adjara Group is a leading Georgian company in hospitality, lifestyle development and agropreneurship. It has gained worldwide recognition for trend-setting establishments and lifestyle brands. This includes the stylish and distinctive Rooms Hotels located in Tbilisi, Kazbegi, and Kokh-ta-Mitarbi, along with the luxurious Stamba Hotel, the high standard Holiday Inn, and the vibrant and dynamic Fabrika Hostel. In addition to redefining the country's hospitality industry, Adjara Group is leading the biggest agricultural and farming project Udabno. A pioneer in urban and rural development, the company has reshaped the face of the capital as a result of the ecosystems which organically grow around each of the enterprises it creates. Adjara Group has the ability to turn even the most remote and underdeveloped regions throughout the country into sustainable tourism destinations.

# 6

**HOTELS IN MANAGEMENT**

**845 HOTEL  
ROOMS**

**2700 JOBS**

**10 YEARS  
BUSINESS**

# LETTER FROM CEO



*"I am pleased to present our fourth Communication on Progress report. Our company shares the UN Global Compact's principles on human rights, labor, anti-corruption, and environmental responsibility, and it is my goal to lead the team towards more responsible business practices.*

*Adjara Group aims to administer more sustainable, efficient, accountable, transparent and accessible operations. We continuously engage with key stakeholders about our ongoing activities and future projects.*

*In 2020, forming new partnerships are going to be of paramount importance in addressing the challenges caused by the Novel Coronavirus (COVID-19) pandemic. Hopefully, hence we will be returning to our path towards achieving the UN's Sustainable Development Goals by 2030.*

*Adjara Group will be playing a crucial role in addressing socio-economic obstacles arising during the global crisis. I believe that by uniting and working together, we will successfully overcome challenges ahead of us."*

**Valeri Chekheria**  
**CEO, Adjara Group**

# PEOPLE

## Our Staff

*Education and Training: Adjara Group Academy*



*Education and Trainings: Agriculture*



*Professional Growth: Trainings, Education, & Vocational Programs*



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PEOPLE

# PEOPLE

## Our Staff



### Gender Equality and Inclusivity

As a WEPs signatory company, Adjara Group has emphasized gender equality and inclusivity among its main values listed in the Internal Regulations. The document gets signed by every employee of the company. Moreover, all new hires receive introductory trainings, during which they get introduced to Adjara Group's commitment to inclusivity and equality.

Importantly, the company is aiming to have an equal representation of women on three levels of the company. At the end of 2019, Adjara Group's board of directors was made up of 42% women and 58% men. Moreover, all the general and operational managers of the company's hospitality establishments are women.

All female employees at Adjara Group are granted a 6-month maternity leave, during which they receive company updates relevant for their fields of expertise. In accordance with the individual-centered approach, maternity leaves do get extended to accommodate the employees' individual needs.



### Youth Employment

Adjara Group highly prioritizes providing work and growth opportunities for Georgian youth (individuals between 18 and 24 years of age). The company strives to improve the hospitality sector in the country by training the members of the young local workforce and setting new quality standards. As a result, the company plays an important part in advancing professional education for youth in the tourism industry, thus, in the long run, accelerating the national economy and eradicating poverty in the country, by creating communities of dedicated and skillful individuals.

Currently, 34.4% (555) of company employees are under 24 years of age at Adjara Group's projects, all of whom undergo various trainings relevant to their fields of expertise at the company.

Taking into consideration that many young individuals at Adjara Group are university students, the company takes an individual-centered approach and provides work schedule flexibility for each of its young employees.

## % of the Local Population Employed at Adjara Group's Projects

46.5%

Rooms Hotel Kazbegi

47.3%

Udabno Project

44.5%

Rooms Hotel Kokhta



### *Employing Local Community Members*

As a leading Georgian company in hospitality and agriculture, Adjara Group operates several projects outside Tbilisi - the country's Capital. Recognizing the challenges of unemployment and its detrimental effects on people's lives, the company prioritizes hiring local community members for its regional projects.

Currently, 46.5% (128 out of 275) of the staff at Rooms Hotel Kazbegi is composed of people living in the Kazbegi Municipality. Local community members make up 47.3% (26 out of 55) of Udabno project's full-time employees and 100% of the seasonal staff is from the neighboring villages. Moreover, 44.5% (75 out of 169) of the recently opened Rooms Hotel Kokhta's team is made up from the people living in the region.

The local staff undergo regular trainings, while gaining practical work experience at an internationally acclaimed brand – Rooms Hotels. Hence, Adjara Group's policy involving hiring local community members has positive effects on skills development and knowledge sharing with the local workforce as well. As a result, the company plays a crucial role in advancing regional economies in Georgia by bringing new hospitality standards and implementing them in different parts of the country while working with local communities during these processes.

### *Professional Growth: Trainings, Education, & Vocational Programs*

Adjara Group has established a training program for new hires. During the informative meetings, participants are introduced to the company's projects, goals, values and internal regulations. Last year, 1341 individuals attended these trainings and got acquainted with the company, as well as their duties.

Moreover, every department holds regular skill-building sessions with an aim of improving the service and product quality. As a result of these meetings, Adjara Group's employees are provided with opportunities to learn from the experienced managers.

Additionally, Adjara Group has vocational training and education grants for the best employees of the year, who are selected in the beginning of each calendar year at the end of February. In 2019, 7 team members from Adjara Group's properties (Rooms Hotels in Tbilisi and Kazbegi, Holiday Inn Tbilisi, Stamba Hotel, and Fabrika Hostel) were provided with free vocational trainings, trips, and international exhibitions in Europe.

Apart from the best employees of Adjara Group, 4 people from middle management and a hotel GM were sent to Scotland to attend a GD Alco-funded experiential tour of the food & beverage industry.



## *Education and Trainings: Agriculture*

Agricultural traditions run deep in Georgian culture and Adjara Group works on preserving them, while also introducing cutting edge technologies, as well as farming techniques, in the region. In this process of development, the company prioritizes training and educating local populations by providing regular trainings for them and trips to renowned exhibitions in Europe, Turkey, Armenia, and the US, to accumulate more knowledge and experience within the country.

In 2019, 7 people from the Udabno project attended trainings and knowledge-sharing meetings with foreign consultants from private companies to advance their professional capacities in the field. Moreover, as part of the USAID's Farmer-to-Farmer program, an experienced farmer from the US held meetings with the project team on a volunteer basis.

The Udabno Project also partners with Universities in Georgia and invites students for paid internships. In 2019, a student was provided a stipend to combine their studies with some work experience in the agricultural industry.

Hence, the Udabno Project has become a knowledge hub for local and regional communities in Georgia. It provides opportunities for farmers to further their skills in the field and experience some of the cutting-edge technologies, as well as techniques, in agriculture.

Apart from the Udabno Project, the Space Farms at Stamba Hotel also provides opportunities for young scientists and agricultural experts to work on the first urban vertical farm in the region. In 2019, an internship and a part-time employment program was launched and several students took part in it.



## *Education and Training: Adjara Group Academy*

Adjara Group Academy was set up last year to create a sustainable and productive structure within the organization. It aims to improve the employees' learning outcomes, develop their potentials, and assist them in achieving recognition in due time.

With its continuous professional development plan, the Adjara Group Academy is encouraging the company's employees to be creative and empowered through knowledge, skills and values. Hence, the Academy will be playing a crucial role in developing a well-trained regional workforce that meets the demand on the international market.

The Academy is also setting up educational courses for individuals who are interested in gaining knowledge about various aspects of the hospitality sector and starting successful careers in the industry. The culinary school will be the first vocational program, which connects motivated students with experienced and renowned professionals from the field while creating opportunities for advancement.



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## *Health & Wellbeing: Employee Health Insurance*

Considering that access to medicine and healthcare services poses a serious financial challenge in Georgia, Adjara Group purchases the IMEDI L health insurance packages for both its full-time and part-time employees. Each team member receives their health insurance package 3 months after joining the Group, apart from the staff who work in a higher risk department who get instant access to the service.

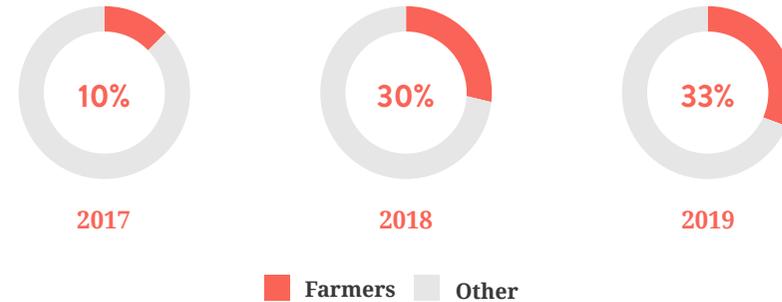
Using their status, the employees at the company can also ensure their family members with discounted rates.

Recently, IMEDI L created an insurance fund specifically for Adjara Group. Currently, the company can use up to 20,000 GEL from the fund to pay for any healthcare costs otherwise not covered by the insurance for its employees.

Moreover, the insurance limit on pregnancy related costs was raised in 2019. Now, employees can get these healthcare services that cost up to 2,400 GEL covered by the IMEDI L corporate package.

# Communities & Partners

As a leading company in hospitality, lifestyle development, and agriculture, Adjara Group actively works with artists, small and medium-sized businesses, NGOs, International organizations, and state institutions. The company prioritizes and encourages relationships that foster sustainable economic growth, better social inclusivity and equality in the country.



## Engaging With Regional Businesses

Through its projects in Kazbegi, Kokhta-Mitarbi, and Udabno, Adjara Group actively engages with local businesses to enrich the hospitality experience for its guests. This approach to project management encourages skills development in the local workforce and creates more employment opportunities. As a result, the company plays a major role in advancing regional economies and reducing poverty in Georgia by engaging with local businesses as well.

Last year, Rooms Hotels in Kazbegi and Kokhta currently work with guesthouses, transportation companies, local tour operators, and farmers. Additionally, the Udabno project established contracts with approximately 400 individuals from the surrounding villages and invested in purchasing their services.



## Partnering with Local Farmers

Apart from engaging with the local communities directly, in partnership with the Georgian Farmers' Association, Adjara Group contracted hundreds of farmers. By purchasing produce from them, the company ensured that a steady flow of fresh produce was supplied to the company's restaurants and bars. As a result, along with creating better work opportunities, the contracted farmers increased their profits and set production quality trends in the agricultural industry.

Additionally, Rooms Hotels in Kazbegi and Kokhta prioritize purchasing agricultural goods from local farmers to create a truly local experience for its guests and, as a result, also play their parts in advancing regional economies in Georgia.



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## *Charity Activities*

Adjara Group is actively involved with Georgian communities in different parts of the country through its charitable campaigns and donations. Last year, from showing support to gala dinners to issuing grants for healthcare facilities, the company has invested over 83,500 GEL to support the fight against poverty and hunger and to improve access to healthcare services.

At the end of 2019, 26,500 GEL was spent on supporting the local community in Kazbegi by providing various food and clothing items for them.

Additionally, a 20,000 GEL grant was issued for the Children's Hospice in Georgia, to help the organization in providing their healthcare services for those in need.

In partnership with the Georgian Rugby Union, the company is financially supporting the National Center for People with Autism, which is crucial for moving forward towards a more inclusive and equal society in Georgia. The Center is designed to help individuals with autism to develop skills for living independently and become active members of the workforce. For the first time in the region, trainings and education programs are tailored for people with autism which will play a part in generating inclusive and sustainable growth.

# Creative Economy



*The global market for creative goods has more than doubled in size from 208\$ billion in 2002 to 509\$ billion in 2015. Hence, advancement of the creative economy in Georgia presents an opportunity for creating better employment opportunities, decreasing poverty, and, importantly, exporting the country's culture and making it more popular on international markets.*

*Adjara Group also recognizes the importance of cultural heritage, contemporary arts, and products from the country's creative industry in representing Georgia to international travelers. Therefore, the company works directly with Georgian artists, designers, curators, architects and innovative entrepreneurs active in the private sector. As a result, Adjara Group plays a crucial role in promoting and encouraging development-oriented policies that support productive activities, decent job creation, and creativity and innovation.*

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## Supporting Creative Communities

Adjara Group's residency programs have pioneered an unprecedented development of Georgia's creative economy. Currently, at Stamba Hotel, individuals and creative teams from arts, fashion, and design industries, actively create, educate. Costume design, makeup, as well as painting, installations, and art object development, are practiced at the establishment.

Apart from individual creatives, Stamba Hotel hosts the Propaganda Network, which aims to develop the contemporary art scene, internationalize it, and make it more accessible, while supporting professional development and promotion of artists. Moreover, the Propaganda Network creates a convenient working environment for production, research, and education.

At Fabrika's courtyard, the tenants' program has reshaped the contemporary Georgian tourism scene by integrating culture into the local hospitality industry. Boutique shops, ateliers, and arts & crafts shops are situated in the same space as some of the most notable bars and cafes of the country's Capital. Apart from advancing the quality of travel experience, the tenants' program has been a success story about forming a hub for education and professional advancement in the creative and tourism industries.

Adjara Group also partnered with the Mercedes Benz Tbilisi Fashion Week, Sou Festival, the Mural Festival and the Tbilisi International Film Festival. The events were provided with financial support and free spaces, as well as discounted rates for hotel stays.



## Visual Arts

In 2019, The Tbilisi Photography and Multimedia Museum was launched at Stamba Hotel. This is Adjara Group's conversion project in the center Georgia's Capital City. The establishment exhibits visual artworks and archival collections of photo series from the annual Tbilisi Photography Festival.

Along with holding a major event - Oxygen Art No Fair at Stamba Hotel, Adjara Group supported dozens of artists by providing spaces for their exhibitions. A grant of 10,000 GEL was provided for Anna K, a female Georgian artist, who took her work to the Venice Biennale. By providing 50,000 GEL to a team of Georgian contemporary artists, Adjara Group was an exclusive supporter of Sizmari (Dream) exhibition, which integrated the latest digital technologies in art installations. Moreover, Nika Kutateladze, an innovative Georgian artist, was also granted with a 3,500 GEL support.



## Music

Partnerships were further improved with the teams who are at the forefront of Tbilisi's music scene. Adjara Group provided friendly rates to the guests who were associated with Bassiani, Khidi, and Mzesumzira, all of which have played major roles in revolutionizing electronic music in the region.

Additionally, Friendly rates are also provided for the guests of the Georgian National Opera Theatre and the Tbilisi State Conservatoire. Adjara Group recognizes that supporting such institutions better knowledge-sharing capacities in Georgia, preserves cultural heritage, and, as a result, advances educational programs in the country.

Adjara Group's partnerships with Georgian designers, architects and entrepreneurs is an important factor in creating the sense of place in the company's establishments. In 2019, the partnership with Rooms Studio, which is owned by Georgian designers, was crucial in developing the newly opened Rooms Hotel Kokhta's interior.

The Propaganda Network and the residency program at Stamba Hotel supported artists and fashion designers by providing free spaces and financial assistance in advancing their work. As a result, exhibitions, workshops, and were organized and advanced.



# NATURE & PLACES

# NATURE & PLACES

## Sustainable Agriculture



### *The Udabno Project: Developing the Land*

Adjara Group's Udabno Project is the largest agricultural initiative in Kakheti, Georgia. From 2017 onwards, it has been playing an important role developing the industry by turning 5,000 hectares of previously degraded land into an arable one, thus increasing its productivity while reducing the threats of desertification and deforestation in the region.

With 675,000 almond trees already planted, along with berry fields with strawberries, blackberries, and raspberries, as well as vineyards, the largest-in-the-region project has also been key in creating more oxygen and reducing global greenhouse gas emissions.

Importantly, the Udabno Project has created an 11km water pipeline in 2017 and plans on adding 9 kilometers to it, to ensure that the site is supplied with the essential resource. Moreover, the automated drip irrigation system, integrated into the farm ensures that water is utilized efficiently. With the newly built pipeline Adjara Group is also planning to create a lake, which will be used for watering the plants at the site.

Hence, the Udabno Project is a pioneer in developing sustainable food production systems and implementing resilient agricultural practices increasing productivity and production. Adjara Group's agricultural project has been maintaining the region's ecosystem and strengthening Georgia's capacity to adapt to climate change, extreme weather, drought, and other disasters.

By establishing partnerships with Georgia's state institutions such as Enterprise Georgia and International Organizations such as the UN and USAID, the Udabno Project has fostered productive relationships and advanced the country's agricultural sector.

Recently, such partnerships made it possible for Adjara Group to establish a dairy farm.

### *Facts and Figures*



#### **Almond orchard**

*2000 hectares. 675,000 Trees Planted*



#### **Berry Farm**

*20 hectares of land*



#### **Vineyard:**

*8 hectares of land, 150 endemic grape varieties*

#### **Bio Dairy Farm**

*We will have:*



**32 buffalos**



**32 goats**



**100 chickens**



## Space Farms

Space Farms at Stamba Hotel is the first indoor vertical farm in the Caucasus region. Recognizing the importance and urgency of the challenges associated with climate change, Adjara Group is hosting the project to assist the development of agriculture, which has historically been an integral part of Georgia's economy.

The increasing frequency of natural disasters and the rising global temperature creates risks of reduced productivity for farms. Space Farms introduces cutting-edge digital technologies to cultivate plants in a closed environment that is not weather dependent. As a result, the project plays an integral role in developing alternative spaces for advancing sustainable agriculture that is resilient to climate change.

Moreover, the automated system for watering, humidifying, and ventilating the facility allows for growing and harvesting several plant varieties, otherwise not available in Georgia. Hence, the technologies at Space Farms advance biodiversity in the country by cultivating baby greens, leafy greens, and other produce otherwise not available in the region.

Space Farms also serves as a model for efficient water management. According to FAO, Crops and livestock account for 70% of all water withdrawals worldwide. With its water recycling systems, the first urban vertical farm in the region uses 75% less water, when compared to traditional farms.

Space Farms exclusively operates on electricity, which is derived from hydroelectric stations. Hence, the project does not produce carbon emissions, which is the result of its climate-smart approach to agriculture, as well as Adjara Group's decision to exclusively use electricity at its property.



## Partnerships with Local Farmers

Adjara Group's partnership with the Georgian Farmers' Association (GFA) has been central in developing the farm-to-table concept at the company's restaurants in Georgia. By working with local farmers, the company has been creating demand on the market for high quality and diverse produce. Hence, along with creating employment and development opportunities, Adjara Group is also affecting the growth of biodiversity and green lands in Georgia's regions.

Additionally, increased development of the agricultural sector decreases the chances of desertification in the regions of Georgia, while accelerating the generation of solutions regarding the management of farm lands amidst the global climate change.

# Sustainable Hospitality

## Energy Efficient Light Bulbs Installed in 2019



**508**

**Rooms Hotel Tbilisi**

**2430**

**Holiday Inn Tbilisi**

**1420**

**Rooms Hotel Kazbegi**



### Energy Consumption

Recognizing the importance of sustainable consumption of energy, Adjara Group has been integrating energy-efficient solutions into its properties. In 2019, thousands of incandescent light bulbs were replaced with LED bulbs in Rooms Hotel Tbilisi (508 bulbs), Holiday Inn Tbilisi (2,430 bulbs), and Rooms Hotel Kazbegi (1,420). As a result, the establishments have become more energy-efficient and use less electricity to light up the guest rooms.

Additionally, a chilling system to the main chiller of Holiday Inn Tbilisi was introduced last year. The equipment will be reducing energy consumption by automating the functioning of the device.

As a part of IHG's green engage program, Holiday Inn Tbilisi is monitoring and working on reducing its water & energy consumption.

Georgia produces its own electricity with its ecologically clean hydroelectric power stations. For this reason, Stamba Hotel only uses electricity for its heating systems to reduce carbon emissions from burning natural gas and increasing the country's energy independence.

### Waste Management

Sustainable hospitality endeavors are detrimental in ensuring that the tourism sector advances in the country. Land pollution and loss of biodiversity are risks that can have devastating effects on human health and the industry itself. Therefore, Adjara Group is strongly committed to reducing waste production at its facilities and forming valuable partnerships to accelerate the company's waste recycling methods.

Adjara Group prioritizes reducing the use of plastic products and for this reason, the company decided to only provide straws made from recycled paper for its guests. As a result, production of plastic waste has been reduced at Adjara Group's hotels and restaurants.

Additionally, Adjara Group's food & beverage outlets discharge large quantities of natural oil. To avoid polluting the land, the company partners with a certified ILO, which recycles this product.

Adjara Group's continued partnership with a paper recycling company is ensuring that the of paper waste produced during the year is recycled. As a result, the company reduces the potentially detrimental effects on nature and biodiversity associated with creating this material. Adjara Group will be implementing a waste management system that monitors waste production and aims to reduce it.



## Sustainable Construction and Sourcing

The company's sustainable approach to urban and rural development also positively affects the environment. Rooms Hotel Tbilisi, Stamba Hotel and Fabrika are conversion projects while the construction of Holiday Inn Tbilisi and Rooms Hotel Kazbegi implied restoring previously built hospitality establishments. Hence, by keeping the original structure and facades of the mentioned buildings largely intact, Adjara Group's projects used less construction materials per property. Moreover, all of Adjara Group's properties have largely been built by materials available on the local market, which has reduced carbon emissions associated with international transportation of goods.

Such an approach to developing infrastructure decreases waste production and carbon emissions associated with the transportation. Moreover, Adjara Group's commitment to sustainably reducing its negative impact on the environment is expressed through the fact that wood used for both exterior and interior of Rooms Hotels in Tbilisi and Kazbegi, as well as Stamba Hotel, came from dilapidated houses in Georgian villages.

Like Rooms Hotel Kazbegi, Adjara Group's upcoming project in Abastumani is also a restoration project. The landmark Sanatorium building from the first half of the 20th century is going to be transformed into a major tourist destination. Importantly, the establishment will be developed by using less construction materials because the structure as well as the materials used for the original building will remain intact during construction.



## Environmental Campaigns

Recently, the company started partnering with Plasticwatcher.ge to address the pollution challenges posed by the plastic bags available on the Georgian market. The initiative creates handbags, coats, and other fashion items entirely from recycled polyester bags. Adjara Group started showcasing Plasticwatcher.ge's products by gifting them to the company's key partners as a present for the New Year. Additionally, several items by the brand are soon going to be sold in The Shop at Stamba Hotel. Hence, the company is raising awareness about plastic pollution and taking part in the dialogue about advancing sustainable consumption and production in the country.

Additionally, Adjara Group planted 250 trees in Bakuriani, Georgia and plans to plant 250 more in Kazbegi as well. Volunteers from the company team took part in the process as part of the #plantmore campaign initiated by the BLC Law Office. The activity aims to raise awareness about the importance of biodiversity and the dangers that deforestation creates.



250 trees planted as part of the **#Plantmore** campaign



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