

Regent

ESPLANADE ZAGREB

United Nations Global Compact
Communication on Progress

September 2011

Regent Esplanade Zagreb

COP Report 2011

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ESPLANADE ZAGREB

Zagreb, September 2011

Statement of Continued Support

The Regent Esplanade Zagreb joined the United Nations Global Compact in March 2007. Our hotel is strongly committed to good social, environmental and ethical business conduct.

We are supporting the Global Compact and its ten principles and are publicly advocating a sustainable business practice.

This report will cover the progress achieved in the last year and will give a broader overview of our hotels contribution to responsible business.

Philip Mahoney
General Manager





ESPLANADE ZAGREB

Hotel

The Regent Esplanade Zagreb is a deluxe five star hotel located in the centre of Zagreb, the capital of the Republic of Croatia. This art deco building was constructed in 1925 for the passengers of the legendary Orient Express railway. It was completely refurbished in 2004, with award-winning design, which very successfully incorporated modern technologies into the spirit of "old times".

The hotel has 208 rooms, which includes 13 suites and a Presidential Suite. The Oleander terrace is landscaped to blend into the adjacent fountain park at Starcević Square.

The Regent Esplanade was voted 1st hotel in Zagreb based on traveler's reviews on Tripadvisor in 2011.

Some interesting historical facts: the first hotel in Croatia with 200 rooms with hot and cold running water and a telephone in each room, first Snack bar opened in 1970 and French Bistro in 1986, also first one to present a macrobiotic menu in Croatia.

Home of celebrities and politicians such as Asta Nielsen, Josephine Baker, Charles Lindbergh, Orson Welles, Louis Armstrong Ike and Tina Turner, Paolo Coelho, Shimon Peres...

The Hotel is organized in eight operating departments:

- | | |
|------------------------|-------------------|
| - Front Office | - Finance + IT |
| - Housekeeping | - Human Resources |
| - PR/Marketing & Sales | - Engineering |
| - Food & Beverage | - Security |



Each department has developed their own responsible business action plan, which is coordinated by the Responsible Business Coordinator, and ultimately by the General Manager.

Front Office	Finance + IT
<ul style="list-style-type: none"> Eco activities available for guest Complementary rooms for charity Recycling opportunity available for guest 	<ul style="list-style-type: none"> Using only suppliers who fulfill all legal RB criteria
Housekeeping	Human Resources
<ul style="list-style-type: none"> Staff trained in ecological water usage and waste separation Use of eco friendly cleaning supplies 	<ul style="list-style-type: none"> Variety of development and training opportunities Team building and sport activities for employees
PR/Marketing & Sales	Engineering
<ul style="list-style-type: none"> PR resources used to inform about hotel RB activities 	<ul style="list-style-type: none"> Proactively looking for opportunities to save on utilities in cooperation with other departments
Food & beverage	Security
<ul style="list-style-type: none"> Complimentary banquet rooms for charity related events Vegetarian meals and low-fat meals on menu in outlets 	<ul style="list-style-type: none"> First aid trained personnel Revised and reinforced SOP on health risk tasks



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Responsible Business

The Regent Esplanade hotel introduced the position of a Responsible Business Coordinator from opening and that person is communicating all actions related to Responsible Business internally and externally.

The Hotel is also very active in socially responsible activities. Besides being co-organizers of the Terry Fox Run in Croatia for the sixth year, we have made several donations during the year, like home-made doughnuts to the IWC who sell them on the main square in Zagreb and donations to the Institution for Children born with mental handicaps; donation of room nights or banquet rooms for charity events like the Autonomous Women's House, advertisement in anti-drug brochure issued by the Ministry of Interior, support for WWF earth hour launch and event and the Green Building Council of Croatia for whom we are the official hotel sponsor in 2012.

Although limited due to the fact that the hotel is placed in a building under heritage protection a fact that does not allow any changes or additions to the building exterior (for example solar panels can not be placed on the roof) the hotel is investigating possibility to obtain building energy certification. The government has introduced a building energy rating system and inspection for this is expected in 2012.





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The Code

The Regent Esplanade Zagreb is committed to maintaining a high standard of business ethics, honesty and integrity. The Code of Ethics and Business Conduct contains rules and guidelines for our business conduct and responsibilities vis-à-vis colleagues, customers, guests, suppliers, shareholders, authorities and the world at large.

The Code is applied to all directors, officers and employees and Hotel is encouraging its application by the employees of other companies working with the Hotel, including outsourced services. Each employee is personally responsible for abiding by this Code.

The Code in short:

1. We respect the law
2. We show respect for all persons in all situations
3. We think ethically
4. We act fairly
5. We do not discriminate against anyone for any reason
6. We are honest and transparent
7. We are loyal to our employer
8. We do not exploit the company's resources
9. We think of safety at all times
10. We take care of the planet





ESPLANADE ZAGREB

Global Compact Principles: Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

The Regent Esplanade conforms to all international and local declarations and laws on human rights. Key human rights issues for the Hotel include fair wages, women's rights, skills requirements, the ability to join trade unions and collective bargaining. We do not in any way participate or condone practices that breach international declarations. The UN Declaration of Human Rights underlies our relationship with our employees.

It is our policy to recruit, employ and promote qualified persons in all jobs and functions ensuring equal employment opportunity: we do not discriminate on the basis of ethnicity, religion, sexuality, age, national origin, ancestry or physical impairment.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

The Regent Esplanade respects all restrictions and prohibitions of discrimination of employees – as listed in the Labor Law of Croatia.

We offer a range of training tools geared towards our standards, service levels, business plan objectives and brand positioning, open to all of our employees.

Furthermore, we administer personnel action programmers, such as compensation, benefits, promotions, transfers, termination, lay-offs and training participation in a non-discriminatory manner.





ESPLANADE ZAGREB

Global Compact Principles: Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

In February 2004, before the hotel's reopening, a **Collective Agreement** was concluded between the Hotel as an employer and Hotel's branch of the Independent Union of the Hospitality Industry and Tourism of Croatia.

In agreement with the Union an Annex to the Collective Agreement was drafted in 2010 with updates of those articles of the Collective Agreement that changed due to new regulations within the Croatian Labor law.

The hotel's Employees council is a representative body which protects and promotes the interests of the employees in the hotel and insures the enforcement of the Labor law, the collective agreement and other regulations. It also monitors the obligation of the employer of paying social insurance.

The hotel assists in organizing meetings of the Union members by providing facilities as well as financially assisting in team building activities organized by the Union for union members.



Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.

The Collective Agreement signed by the Hotel defines that the overtime cannot be given to:

- pregnant women
- minor employees
- parents who work short time because he/she has in care a child with special needs.

A mother with a child to three years and a single parent with a child up to six years can work overtime if they give their written approval.

To foster commitment to the hotel we organize employee parties on which we present Loyalty Award for staff with more than 10 years of employment in our company.

For additional work motivation we have established the Employee of the Month award, which is given in two categories: Front of House and Heart of House and an Employee of the Year award. The Award was established in an attempt to recognize the efforts of those employees who perform with a superior level of commitment, partnership, accountability, positive attitude and ability to embrace change.

Principle 5: Businesses should uphold the effective abolition of child labor.

Child labor is not accepted and does not exist within Hotel's operations. This is ensured through local hiring policies and Croatian Labor Law and is monitored carefully.



Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

By signing the Collective Agreement the Hotel prohibited the discrimination in regards to:

1. employment terms, including criteria and conditions for election of candidates to conduct certain work on all levels of professional hierarchy,
2. work promotion,
3. access to all types and levels of professional training, gaining additional qualification or changing the qualification,
4. employment and work conditions and all rights from and in regards to employment including equality in payment,
5. termination of employment contract,
6. right to participate in employee associations or in any other professional organization, including privileges which come out of this membership.

The Collective Agreement moreover stipulates that the Hotel is obliged to pay equal salaries to men and women for equal work and work of equal value in accordance to the Labor Law.

Global Compact Principles: Environment

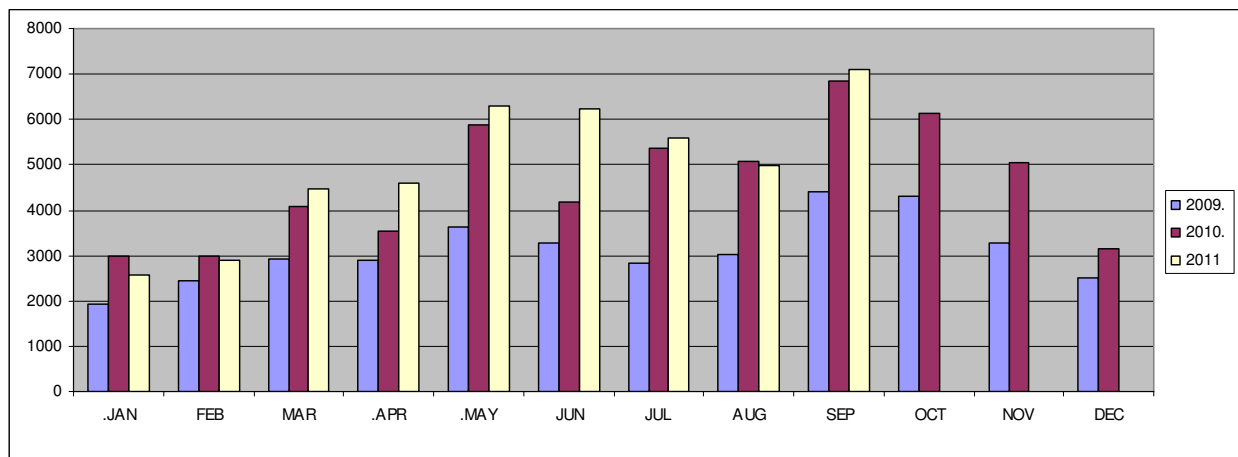
Principle 7: Businesses should support a precautionary approach to environmental challenges.

The Hotel complies with European Union regulations in regard to measurement of gas emissions, replacement of old type 12 freon in the cooling devices, safe disposal of hazardous waste and electronic devices.

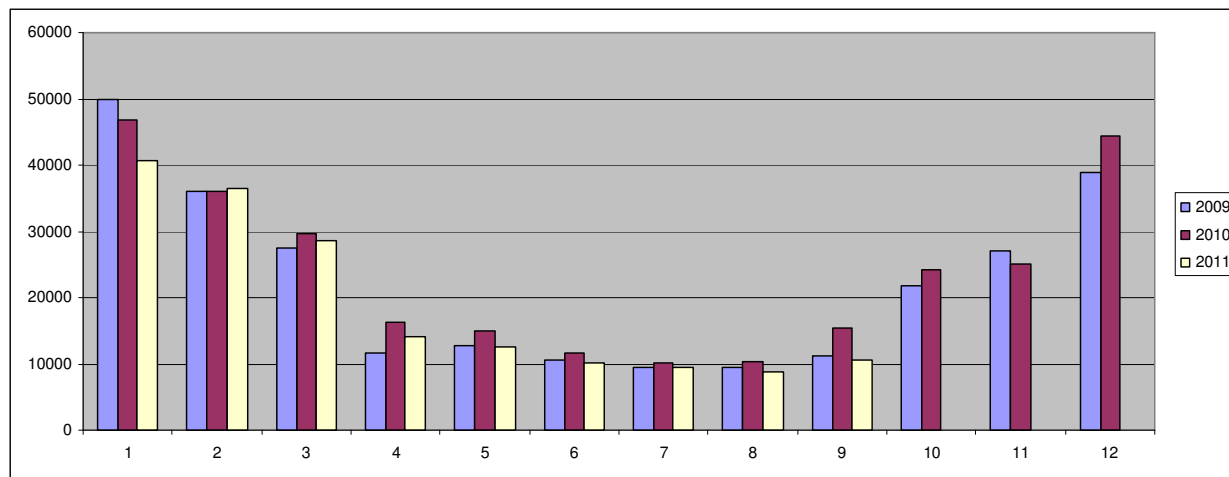
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

The Hotel continues with activities aimed at a continued reduction in carbon emissions. Most lights are with low-energy bulbs; the hotel also reviewed and readjusted the outside lights on the building as well as making a light reduction on the corridors and back courtyard; as well as monitoring energy usage in unoccupied rooms. Dues the energy consumption decreased in comparison to previous years regardless of higher occupancy.

No. of guests



Electricity



To reduce general waste disposal the hotel contracted a waste management company who developed a waste management program especially for the hotel which includes, but is not limited to:

- raising awareness of employees (training, seminars, information brochures)
- expanding waste separation process
- monitoring waste management process in hotel

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

The Republic of Croatia adopted an "Anti-Smoking" Law in 2009, which banned smoking in all closed public areas. Although the law gave a possibility to the hospitality industry to allow, during the winter months, smoking under certain circumstances, this was done due to high pressure within the hospitality area, the hotel decided to remain smoke-free for all the guest rooms, restaurants and public areas.

We also facilitate the well-being of our guests by offering exercise and sport facilities with gym, sauna and outdoor walking tours. Moreover, we offer a wide variety of healthy options at our restaurants.





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Global Compact Principles: Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Standards for The Regent Esplanade in regard with corruption are defined in the Code of Ethics and Business Conduct.

Employees are prohibited from offering or giving anything of value to or for the benefit of any government employee, or other customer, employee or any political party or party official for the purpose of obtaining or retaining business or reward such a person for business obtained. Employees cannot engage in any behavior that could impact their judgment regarding the best interest of the company or their ability to give full attention to Hotel's business, including but not limited to:

- Accept personal gifts or entertainment that has a substantial monetary value (above 55 Euro), this includes any kickback arrangement.
- Any gift that has a significant monetary value (above 55 Euro) shall be returned. Any such gift shall immediately be reported to the supervisor.
- Employees and their immediate families shall not accept anything of significant value from third parties.
- Employees will not accept bribes or kickbacks in exchange for business with Hotel.

Facilitating payments are also considered bribes and should not be made. Nor is it permitted to use middlemen, agents or other intermediaries to circumvent these prohibitions.

The Code of Ethics and Business Conduct has been handed to all department heads, who then introduced it to all employees. It is also posted on the official notice board.

The Hotel does not make any contributions or give other support, direct or indirect, to political parties or individual politicians.



Conclusion

This United Nations Global Compact Communication on Progress will be presented to our stakeholders and its parts will be included into the Regent Esplanade Zagreb Annual Report as well as in relevant corporate reporting.

Our aim is to be recognized as a true leader in the Croatian hotel industry when thinking about sustainable development and responsible business.

Further information and contact

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