



UN Global Compact
Communication on Progress



Statement

Tufenkian Hospitality is committed to support Global Compact, and undertakes to uphold its universal 10 principles on human rights, working conditions, protecting the environment and fighting against corruption. We have integrated these principles into our policies and practices; we have institutionalized them through development of guidelines, reporting and trainings. To highlight in more detail how we follow up on the 10 Global Compact principles, we have prepared a more specified Communication on Progress Report.

Best Regards,

Hakob Hakobyan
General Manager



Company profile

Tufenkian Hospitality Ltd. – established in 2001, specializes in hospitality through Tufenkian Heritage Hotels, and in the development of regional tourism. Tufenkian Heritage Hotels is Armenia’s first luxury boutique hotel collection. Founded by James Tufenkian, these exquisitely designed hotels extend a warm welcome and introduce business travelers, adventurous honeymooners, active seniors, families and exotic world travelers to Armenian heritage - rich with tradition, architecture, art, historical monuments, picturesque landscapes, and authentic cuisine.

Tufenkian Heritage hotels in Yerevan, Sevan, Dilijan and Lori combine beautifully designed facilities with exceptional comfort and service. Tufenkian's goal is to introduce guests to the countryside of Armenia - an undiscovered tourist destination. Each hotel, located within a scenic village setting, features luxurious rooms designed by the best Armenian architects, furnished with valuable paintings, furniture, and renowned Tufenkian carpets handcrafted by Armenian weavers. Guests can enjoy Western and Eastern Armenian cuisine based on fresh local ingredients and regional recipes in the hotel's restaurants in Lake Sevan and Yerevan, designed as Armenian medieval dining rooms. Guests of Tufenkian Heritage Hotels can join tours to the most scenic and memorable sites of Armenia - Etchmiadzin, Ashtarak, Byurakan, Amberd, Giumri, Jermuk, Sevan, Sisian, Lori, and more.

There are three Heritage Hotel projects, currently in the development stages, in downtown Yerevan, Areni Village, Dilijan, and Kharabagh.

Tufenkian Hospitality is a member of the Tufenkian Group of Companies, a collection of unique, socially and environmentally responsible enterprises all based upon a common goal – to create luxury products that enrich the lives of those who make them and the communities in which they live. From artisan carpets and designer boutique hotels to gourmet preserves, the Tufenkian Group of Companies is dedicated to improving the lives of the indigenous workers of Armenia and Nepal and by sustaining the environments in which they live. James Tufenkian also created the Tufenkian Foundation in order to help improve the lives of people in Armenia and Nepal



both spiritually and physically. Projects address issues from hunger, housing and healthcare to the environment, education and the arts.

Tufenkian Heritage Hotels have provided much more than just a travel destination. Not only do the hotels provide an authentic experience of Armenian culture, design and craftsmanship, but they have developed an economy in destitute villages and towns. The hotels have created jobs, not only in the construction and management of the hotels, but craftsmanship jobs were implemented to create hand-woven carpets, quilts and artisan-crafted décor for the hotel.

Ten Principles of the United Nations Global Compact

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

It is in Tufenkian Hospitality's policy to provide equal employment opportunity to all employees and applicants regardless of race, sex, origin, religion, age, disability, marital status and sexual orientation in accordance to the Labor Code of RA.

We value our staff and believe that our staff is the greatest asset of the company and that better work conditions will contribute to the overall goals of the company. Professional development of the staff, motivation and reward systems are in the base of our philosophy and company culture.

Each employee has a labor contract where his/her rights are clearly stated. The work week does not exceed 40 hours. Each employee has an annual leave of 28 calendar days. Employees also have a right for sick leave in case of illness or injury. We make sure that the employees are paid during absence due to illness or injury, to protect staff from loss of income during this period.

Paid maternity leave is 140 days (70 days prior and 70 days after delivery).

Tufenkian has brought human rights into the company policy and culture. Employees also get acquainted with human rights aspect during orientation program. The company

also provides trainings related to human rights issues and how they are affected by business.

- ***Global Compact Principle 2: and make sure they are not complicit in human right abuses.***

Work safety and health of employees is a vital subject in Tufenkian Hospitality. We are committed to providing safe work environment, and keeping the staff happy, healthy and productive.

We have adopted safety policies and programs; we also organize ongoing trainings related to safety issues at work place. Tufenkian Hospitality promotes a non smoking environment.

- ***Global Compact principle 3: Businesses should uphold the freedom of association and effective recognition of the right of collective bargaining.***

Tufenkian Hospitality employees are free to join associations, trade unions or any other organizations. We promote professional education and development. Tufenkian organizes internal trainings for the staff as well as pays for staff training programs organized by other institutions. The management of the company encourages its employees to express their concerns regarding terms and conditions of work, reward system and incentives which will help to improve their performance at work. We believe that collective bargaining enables both employees and employers to understand each other's problems better and find better ways to resolve them. Freedom of association and the exercise of collective bargaining provide opportunities for constructive rather dialogue.

- ***Global Compact principle 4: The elimination of all forms of forced and compulsory labor.***

Tufenkian Hospitality does not tolerate or support forced or compulsory labor within the company or within the contractors and suppliers. We believe that forced labor is a complete violation of fundamental human rights.

The terms and conditions of the working hours are mentioned in the labor contract. Overtime is not encouraged within the company. If necessary staff might be asked to

work extra in advance, for 2 times their normal pay rate. Due to the nature of our business some of our staff members work 24 hour shifts (front desk and security officer). We make sure that their work week does not exceed 48 hours, and that they have at least 24 hour rest after the shift. Employees who work night shifts are paid 2.5 times normal pay rate.

- ***Global Compact principle 5: the effective abolition of child labor.***

A commitment to social justice was central to Tufenkian's inception. This is evident in the company's firm stand against child labor and is why Tufenkian ensures that schooling, shelter, and health care are available to its employees, their families, and their communities. Rather than providing handouts, their aid model is capitalistic, folded into their business model: motivating employees to create the best product possible enables quality to drive the market demand, which in turn enables Tufenkian to provide profit sharing, better work conditions, and a better environment for its employees. Through Tufenkian Foundation we support families in need so that there will be no need for children to work, as well as create an awareness through various programs about this issue.

- ***Global Compact principle 6: and the elimination of discrimination in respect of employment and occupation.***

It is in Tufenkian Hospitality's policy to provide equal employment opportunity to all employees and applicants regardless of race, sex, origin, religion, age, disability, marital status and sexual orientation in accordance to the Labor Code of RA.

97 % of our employees are Armenian, of which 87 % are female.

Candidates are recruited using local, national search and selection process. Employment decisions are made based on knowledge, qualifications and abilities.

- ***Global Compact principle 7: Business should support a precautionary approach to environmental challenges.***

At Tufenkian, James Tufenkian's mandate to "leave the places we touch a little better than we found them" has always been at the core of everything we do. Solar collectors in Avan Marak Tsapatagh Hotel, Tree planting in Tsapatagh village, and Water purifying

station in Avan Dzoraget Hotel are just a few examples of our dedication to minimizing Tufenkian's impact on the environment, which began long before "going green" was the suggested or required thing to do. In keeping with the Tufenkian Heritage Hotels' concept of creating lodgings that compliments the surrounding environment, the appearance of the hotels is not intrusive: it blends with the natural surroundings. Tufenkian Heritage Hotels are an authentic expression of the architectural heritage that is synonymous with the region where the hotels are situated.

- ***Global Compact principle 8: undertake initiatives to promote greater environmental responsibility.***

Over the years, Tufenkian has taken exceptional steps to preserve and improve the environmental conditions in our workplaces and in the communities that host them. For this purpose James Tufenkian Founded "Armenian Forests" NGO in 2002, to thwart the heavy destruction of Armenia's forests.

- ***Global Compact principle 9: and encourage the development and diffusion of environmentally friendly technologies.***

During construction we have totally eliminated the use of asbestos, the use of which can be harmful for the environment. We also use renewable sources of energy, as well as sewage cleaning systems, water purifying technology.

- ***Global Compact principle 10: Businesses should work against all forms of corruption, extortion and bribery.***

Tufenkian Hospitality is conducting business in full compliance with laws and regulations and we are avoiding any situation where we can have "open" issues with government agencies or other controlling bodies. Our relationship with our customers and suppliers are based on written legal documents. So in that respect they also avoid situations where they can be under corruption pressure.