



**Communication on Progress  
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## STATEMENT OF CONTINUED SUPPORT

As a member of the United Nations Global Compact, Armenia Marriott Hotel has always incorporated and applied all ten principles set out by the organization and always highlights the true devotion and implementation of all the principles in the scope of its activities.

The adherence to the principles is the nature of the organization and is prioritized both locally in Armenia as well for Marriott International as a brand with more than 3100 hotels in all over the world. We direct all our efforts starting the top managerial level of the organization and to each and every associate. The decision to become involved in the network of the UN Global Compact has been made not only by the management of our company, but was strongly supported and continues to be reflected on all levels of the company. We have adhered to the ten principles of the Global Compact and have ensured that these globally valuable principles become the integral part of our activity.

In the present report we summarize what the company does to promote these principles and what Armenia Marriott Hotels in parallel does locally and we express the full commitment to follow them in the future.

With best regards,



Ami Miron  
General Manager

## Company Profile

Marriott International, Inc. is a worldwide operator and franchisor of a range of value and luxury hotels and related lodging facilities.

Besides being a leading worldwide hospitality company, the heritage of the Marriott International, Inc. can be traced to a small root beer stand opened in Washington, D.C. in 1927 by J. Willard and Alice S. Marriott. Today it has around 3,100 lodging properties in the United States and 66 other countries and territories across 19 lodging and vacation resort ownership brands. In the year of 2008 Marriott International had more than 150,000 employees in all over the world. It is ranked as the lodging industry's most admired company and one of the best places to work for by FORTUNE(R). In 2007, Marriott celebrated two important milestones in Marriott's history: the 80th anniversary of our founding and the 50th anniversary of our entry into the hotel business.

Along with ancient churches, statues and historic buildings, the Armenia Marriott Hotel Yerevan is considered a cultural landmark of Armenia. The hotel was built in 1950s and started its operations as Hotel Armenia in 1958.

Hotel Armenia, which was the main intourist hotel of Yerevan during Soviet times, was privatized in 1998 and was acquired by AK Development. The ownership group consists of prominent American - Armenians who recognize the importance of tourism to Armenia's economic development.

Today, it's one of the 3 international brand name hotel in Yerevan is the second largest foreign investment and the largest American investment in the country and the focus is placed on western style rooms and top-notch service for business travelers and tourists alike.

### **Marriott Lodging operates and franchises hotels under the following brands:**

- ▣ Marriott Hotels & Resorts
- ▣ JW Marriott Hotels & Resorts
- ▣ Renaissance Hotels & Resorts
- ▣ Courtyard by Marriott
- ▣ Residence Inn by Marriott
- ▣ Fairfield Inn by Marriott
- ▣ Marriott Conference Centers
- ▣ TownePlace Suites by Marriott
- ▣ SpringHill Suites by Marriott
- ▣ Marriott Vacation Club International
- ▣ The Ritz-Carlton Hotel Company, L.L.C.
- ▣ The Ritz-Carlton Club
- ▣ Marriott ExecuStay
- ▣ Marriott Executive Apartments
- ▣ Grand Residences by Marriott

## Core Values

Marriott's "Spirit to Serve" are the core values of the entire Marriott International and for the Armenia Marriott Hotel. The core values of ours are:

### 1. The Spirit to Serve Associates

- The unshakeable conviction that "our people are our most important asset"
- An environment that supports associate growth and personal development
- A reputation for employing caring, dependable associates who are ethical and trustworthy
- A home-like atmosphere and friendly workplace relationships
- A performance reward system that recognizes the important contributions of both hourly and management associates

2. The **Spirit to Serve the customer** is evident in the adage, "the customer is always right," a hands on management style, i.e., "management by walking around," by attention to detail and by openness to innovation and creativity in serving customers.

3. The **Spirit to Serve the community** is demonstrated every day by associate and corporate support of local, national, and international initiatives and programs.

Serving the community is an important part of doing business "the Marriott Way."

## Culture of the Organization

**Culture** is the experience we create in the minds of our customers and is demonstrated through the behavior of our associates.

Culture is a distinctive blend of common values, goals, actions and images that portray the company's core values.

Culture gives associates meaning, purpose and guidance. It is the glue and life thread of the organization that links the past, present and future.

The company is committed to fair treatment of associates and to providing training and advancement opportunities to all.

The company's reputation for superior customer service rises out of a long tradition that started with J. Willard Marriott's simple goal for Hot Shoppes—to provide "Good Food and Good Service At a Fair Price."

That tradition lives today in associates who are empowered to do whatever it takes to take care of the customer," who pay extraordinary attention to detail, who take pride in their physical surroundings and who use their creativity to find new ways to meet the needs of customers.

The company supports community partnerships such as Children's Miracle Network, Habitat for Humanity, Second Harvest/Food Bank and the United Way. Marriott also participates in job creation programs including Youth Career Initiatives.

The company also encourages associate volunteerism and has established the Marriott Foundation for People with Disabilities.

The perpetuation of a company's culture has a proven positive financial impact.

Associates are encouraged to pay extraordinary attention to detail, to take pride in their physical surroundings, and to use their creativity to find new ways to meet the needs of Marriott's guests. Providing guests with memorable guest service will bring guests back to Marriott again and again.

## **GLOBAL COMPACT PRINCIPLES – HUMAN RIGHTS and HUMAN RIGHTS ABUSES**

The Marriott philosophy starts with valuing our entire associates, saying that “Our Associates are Our Greatest Assets” and we associate with our corporate culture and management style today—concern for all employees, hands-on management, and an unrelenting commitment to meeting customer needs through excellence in quality, service and hospitality. Everything we do based on uncompromising beliefs in treating people fairly, working hard, paying close attention to details, and listening to and giving associates and customers what they need.

Collectively, these values and beliefs form Marriott's management philosophy—the foundation on which the company was built and the superstructure on which our future growth depends. This philosophy is behind all of Marriott's policies, procedures, and other management systems.

But how well values and beliefs are transmitted to employees ultimately is done by our management team in their day-to-day behavior — how they interact with the people; stay in touch with the department, operation and customers; and achieve high standards.

The "*How we do business is as important as the business we do*" statement stands for a pledge to maintain an ethical workplace and a commitment by associates to do the right thing. High ethical standards foster pride and confidence among our associates and help us maintain our competitive advantage.

### **Ethical Conduct policy**

The Board of Directors of Marriott International, Inc. (the "Company") has approved and requires adherence to this Ethical Conduct policy. Any waiver of the code, insofar as executive officers or directors are affected, may be made only with the approval of the Board of Directors or a committee of the Board of Directors.

Pursuant to this policy, the Company will conduct its business in accordance with uncompromising ethical standards. Adherence to such standards should never be traded in favor of financial or other business objectives. High ethical standards are necessary to maintain both competitive advantage and the pride and confidence of our associates, and to provide quality products and services to customers and clients.

The Company requires every director, officer and associate to adhere to high ethical standards and to promote ethical behavior. Directors, officers, and associates should avoid seeking loopholes, shortcuts or technicalities, and should reject the notion that unethical behavior is acceptable because "everyone is doing it." Every action should be judged by considering whether it is legal, fair to all concerned, and would withstand the scrutiny of outsiders. Behavior which is found to violate ethical standards will subject the violator to disciplinary action including, where appropriate, termination.

For the Company to conduct its business in accordance with high ethical standards, Marriott International has put together the Marriott International Policies which relate to all level of work, work relation, financial issues, environmental issues, conflict resolution, etc.

Among those is the MIP 01 – Ethical conduct, which includes:

## **Treat all associates fairly, with dignity, and with respect**

All associates are entitled to a work environment free of verbal, physical and sexual harassment. The Company is committed to the principles and procedures set forth in its "Guarantee of Fair Treatment." The Company is also committed to providing equal employment opportunity for minorities, women, veterans and disabled persons. The Company believes promotion of work force diversity is an important objective in its own right, is a source of competitive advantage, and is a requirement of Equal Employment Opportunity laws.

## **Deal Honestly and Fairly with Clients, Customers, Suppliers and Financial Partners**

The long term success of the Company depends upon establishing mutually beneficial relationships. While the law requires that we obey the letter of all written contracts and agreements, we will also strive to uphold the spirit of all business arrangements.

## **Avoid Conflict of Interest**

## **Safeguard the Company's Assets**

## **Report Financial Condition and Results of Operations Fairly and Honestly**

## **Report Observed Violations of Standards**

## **GLOBAL COMPACT PRINCIPLES – EQUAL OPPORTUNITIES AND ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR, ABOLITION OF CHILD LABOUR, DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION**

Marriott International, Inc.'s policy provides that every associate, regardless of position, is treated with respect and in a fair manner at all times. In keeping with this long-established policy, all persons are considered for employment, promotion or training on the basis of qualifications, without regard to race, color, age, religion, sex, national origin, sexual orientation, disability or veteran status.

We recognize that, being human, mistakes may be made in spite of our best efforts. We want to correct such mistakes as soon as they happen. The only way we can do this is to know of your problems and complaints.

The slogan that each member of management follows: "NO MEMBER OF MANAGEMENT IS TOO BUSY TO HEAR THE PROBLEMS OR COMPLAINTS OF ANY ASSOCIATE".

Our business is all about people. That's why we view our "spirit to serve" culture of more than 80 years as a source of strength that our competitors can't easily replicate. We strive to create an inclusive environment where the talents and unique ideas of 300,000 employees at our managed and franchised properties worldwide can flourish. When our employees feel respected and valued, we know that they'll make our guests, suppliers, owners and franchisees feel the same way too. This is more than a philosophy — it's a strategy that works: *FORTUNE*® magazine named Marriott International one of "America's Most Admired Companies."

Each Marriott associate knows that these ethical standards are foremost in our core values. We are committed to providing a workplace that not only supports growth and development but also promotes an honest and fair work ethic. Policies and procedures that we have in place reflect this commitment.

*Among this Business ethical standards are:*

### **Assurance of Equal Opportunity**

We are proud of our diversity and want to ensure equal opportunity for every associate (and prospective associate) in all facets of our operation, from hiring to retirement. In all employment processes, decisions are to be made without regard to race, color, age, religion, sex, sexual orientation, disability, veteran status, ancestry or national origin. Preserve our heritage – if you know or suspect that others are being discriminated against, report it immediately.

### **Harassment is Not Tolerated**

Every associate deserves to be treated with respect and dignity and as a valued member of the Marriott team. Any conduct that singles out an associate or group of associates in a negative way hurts all of us. Harassment can take many forms including offensive remarks, unwelcome advances, jokes and ethnic, racist or sexual slurs. Associates are open to speak out against any form of harassment which could create a hostile or threatening work environment.

### **A Safe and Secure Workplace**

Associates should never feel that their health, safety or well-being are compromised while on the job. Illegal substances, hazardous conditions, acts of violence - go against the very fabric of who we are and what we do. We depend on each other; we care for each other. If anyone sees something harmful – they can approach management or Marriott higher levels to promote the kind of environment where people feel safe and are treated with professionalism and courtesy at all times.

### **Our Pledge. Everyone's Responsibility.**

Every Marriott associate is entitled to work in a positive, productive environment – as a company, we're committed to this. To make it an everyday reality, we ask for your commitment as well. Make integrity a priority in everything you do and speak out against any activity that compromises our core values. Together, we'll maintain the kind of workplace where everyone thrives.



## **GLOBAL COMPACT PRINCIPLES – ENVIRONMENTAL CHALLENGES and ENVIRONMENTAL RESPONSIBILITY**

### **Green Events**

We always think ahead to improve our services, our products and this year we introduce a new element, the “Green Events” concept based on which Marriott goes green, aiming to protect the environment.

With this new concept of Marriott International meeting and event planners will have the chance to take a look at the new standard products and services for all meetings. It’s a vast program which starts with avoiding waste and goes beyond to saving energy, with tons of fresh ideas and tools for your successful conference and for the environment stimulating ecological thinking for green future.

### **Spirit To Preserve**

In 2008, we announced Spirit To Preserve and with a new strategy to reduce our environmental footprint and combat climate change. The plan calls for reducing waste, water and energy; greening our supply chain; building greener hotels; engaging employees and guests to take action; and helping to protect the rainforest.

The hotel itself has taken wide variety of actions for the environmental protection. The Green Committee of the hotel during the regular meetings not only follows all the necessary steps but often comes up with new ideas and

1. Energy, Gas and Water Conservation
  - Usage of energy saving bulbs
  - Installation of timers on lighting system
  - Installation of VSD (variable speed drive)
  - BMS (building management system) control
  - Installation of aerators on water taps and showers
  - Low coefficient of filtration
2. Waste Management
  - Paper recycling
  - Reusable containers
  - Discarding old batteries, bulbs, food waste
  - Linen reuse program
  - Grease tank
3. Clean Air Initiatives / Climate Change
4. Clean-up Campaigns
5. Area greening
6. Smoke free policy
7. Usage of environmentally clean chemicals and materials

8. Usage of ecologically clean food products
9. Legionella testing
- 10.Noise reduction
- 11.Green Newsletter
- 12.Presentations on Environment topics

## **GLOBAL COMPACT PRINCIPLES – BRIBERY**

It takes everyone to maintain the Company's worldwide reputation for Integrity and Excellence. We can be role models for our children, our co-workers and our peers by doing what's right!

Sometimes associates engage in behaviors that may be in direct conflict with our fundamental business values. These behaviors could create loss or harm to our associates, customers or Company. A lack of business integrity by anyone at Marriott affects not only our Company's profitability, but also our reputation and morale.

Sometimes it is just not enough to react to a situation with good intentions. You need to respond thoughtfully and completely to business problems that may challenge our fundamental values system.

Unfortunately, people don't always make the right decision. The company has an Open Door Policy for any associate to suspect or hear of abuse or questionable actions that may be in violation of our Business Code of Conduct. The Company's Business Integrity Line, is on 24 hours a day, seven days a week and available in a language the associate is comfortable to speak.

In order for the Company to conduct its business in accordance with high ethical standards, every Marriott director, officer and associate will:

### **Obey all Relevant Laws**

Obey all relevant laws, including but not limited to those that apply to insider trading, confidential information, safeguarding corporate assets, anti-trust, campaign finance, civil rights, copyright protection, environmental protection, foreign corrupt practices, securities and taxes. While the Company does not expect its directors, officers, or associates to be subject matter experts in all areas of law, it holds each director, officer and associate responsible for being familiar with the pertinent laws governing his or her areas of responsibility. Directors, officers and associates should seek advice from the General Counsel or a responsible attorney in the Law Department whenever they have a question concerning the application of law. The Law Department will prepare and maintain a "Business Conduct Guide" and promulgate it to appropriate personnel.

### **BUSINESS CONDUCT GUIDE**

The purpose of the Business Conduct Guide is to help the Managers and associates, to recognize and avoid legal and ethical problems. Laws regulating business conduct

requires fair play and honesty without coercion, conspiracy, bribery, corruption or abuse of economic power. The booklet serves as a guide with respect to laws relating to antitrust, unfair competition, political contributions, abuse of purchasing power, commercial and political bribery and much more.

As a manager each one must know what those reporting to him are doing. The Manager will not be doing his job if he closes his eyes. The Company will stand behind associates who act in good faith, but those who recklessly or willfully violate the law may be subject to dismissal, jail sentences and fines.

All associates to whom this guide is distributed must read the current Business Conduct Guide, understand it, and are complying with Company policies regarding legal and ethical business conduct. Associates who fail to disclose reportable matters, who falsify records, who knowingly make a false report or fail to comply with the Company policies will be subject to disciplinary action.

It is no longer a requirement to get the certificate signed by the associate. However, if the property wants to continue to get the certificate signed and keep it in the associate's file, at is still a good practice. Signing the certificate does not necessarily ensure that associates have read and understood the documents. We strongly believe focusing on on-going training and awareness of the compliance policies and programs is much more important than keeping signed certificates.

## PRESS COVERAGE AND PUBLICITY

Selected coverage on Corporate Social Responsibility actions of Armenia Marriott Hotel for the year 2009:

### MARRIOTT BUILD DAY - Lragir AM - ONLINE NEWS

Armenia Marriott Hotel staff members joined Fuller Center for Housing Armenia beneficiary family on the building site in the village of Haytagh, Armavir region.

Armenia Marriott Hotel associates including Management and Hourly staff were in the village of Haytagh to help build a house for a disadvantaged family. A group consisting of 12 staff members did not waste an opportunity to help Arshakyan family to get their first ever house and a possibility to raise their children in safe and healthy conditions.



Sub-standard housing is all too common in Armenia.

Many families live in deteriorated housing, in cramped quarters with inadequate water and heat. These families are unable to purchase their own homes, as they do not have sufficient income to save to pay for the entire house cost up front.

Fuller Center for Housing Armenia provides these families long term interest free loans and which is more important encourages volunteers to join the beneficiary families build with them shoulder to shoulder.

“This joint effort once more demonstrated that core values and culture are the ideals that serve as the foundation of all aspects of Marriott's Spirit to Serve” said Ami Miron, the General Manager of Armenia Marriott Hotel. “The Spirit to Serve the community is demonstrated every day by associate and corporate support of local, national, and international initiatives and programs”. Serving the community is an important part of doing business 'the Marriott Way.' “We pledge that every Marriott community will be a better place to live and work because we are there”. JW Marriott Jr.

Fuller Center for Housing Armenia believes that the core values of Marriott Inc. are related to those of the organization, as both of them are widely involved in community developing activities.

“It is very encouraging to see that a corporation like Marriott INC is joining FCH Armenia in the common goal to make life in our communities more comfortable and decent for everyone. I believe that the Armenia Marriott Hotel build day will become a wonderful example of serving our communities and lending a hand to the families, deprived of basic dwelling. It is also very symbolic to see that hospitality –Business Company cares of those who need a place to spend safe nights and to build a safe future for their children, said Ashot Yeghiazaryan, Fuller Center for Housing Armenia president.

## Armenia Marriott Hotel hosts the Armenian EyeCare Project for Seven Days

Yerevan, Armenia – From May 25 to May 31, 2009, the Armenian EyeCare Project (AECP) is the guest of the Armenia Marriott Hotel. During this week everyone has an opportunity to learn about the “Bringing Sight to Armenian Eyes” comprehensive program the AECP has been implementing since 2003. The visitors can also make contributions for preventing avoidable blindness in Armenia.



Armenia Marriott guests and event visitors could donate into the gift-of-sight box or participate in the lottery. The contributions collected during these seven days will add to the resources that the AECP invests and will be used for eye examination and treatment of children and adults in the regions of Armenia.

Thanks to the AECP Medical Education programme, 1,500 primary health care specialists were trained, including 61 ophthalmologists and 37 ophthalmic nurses from different regions of Armenia.

The Armenian EyeCare Project and the Armenia Marriott Hotel are cooperating within the framework of the Hotel’s “Spirit to Serve” the Community Programme.

## ORRAN

During the past decade, Armenia has experienced profound upheavals and drastic changes in its socio-economic systems. There are more than 14,000 children who do not attend school in the Republic of Armenia because their families are unable to meet the basic costs of their education. As well, the elderly constitute one of the largest socially vulnerable groups in Armenia.



To assist in the mitigation of these adverse conditions, “Orran”, a non-governmental organization (NGO), was established in April 2000. The location of this Armenian charity is in the center of Yerevan. Orran, which means "heaven" in Armenian, is working to decrease the disparity between the needs of these at-risk groups and the availability of essential services.

On August 1, Armenia-Marriott Hotel announced the “Month of Orran” at Armenia Marriott. The purpose of the event is to raise awareness of homeless and needy children and elderly. During the month of August the hotel is giving an opportunity to its guests to make donations for Orran Benevolent Organization. During its 9 years of existence, Orran has served more than 5000 needy people by providing food, clothes, and educational, psychological, medical and dental services and has given them an opportunity to achieve success. For more information please visit Orran web site: [www.orrان.am](http://www.orrان.am).

On August 14, Friday at 6:30 pm Orran’s Gala Benefit Dinner was held at the Tigran Mets ballroom of the Armenia Marriott Hotel.

The Armenia Marriott and Orran are connecting business and benevolence by giving people an opportunity for personal investment.

### **Armenia Marriott Green House in Ashtarak**

A partnership between AMSE, Armenia Agribusiness SME Market Development, and the Armenia Marriott Hotel established benefits for about a dozen ASME clients, who found a profitable new market for their products. The hotel also benefited from a steadily increasing supply of fresher, lower cost local food products.

Marriott presented ASME with a challenge: identify your top clients who can meet our international standards for consistent quality, taste and safety and we will feature their products to our clientele.

Tatevik Grigorian, a recent graduate of Armenian State Agrarian University is a case in point. With support from ASME and the Marriott, Tatevik was able to return to her hometown of Artashat, renovate and install an innovative low-cost heating system in the family greenhouse and begin the production of a range of salad greens for sale to the Marriott during the winter months. Following experimental production of several non-traditional salad greens and vegetables, regular supplies to the Marriott's kitchen were launched. The normal start up difficulties of a new business were met and overcome and the relationship with the Marriott continues with year-round supplies averaging about 250kg per month- generating significant additional family income where there was little before.

Marriott management is very pleased with these developments as well as with its role in encouraging much – needed local production activities. They see a growing role for locally produced food products of all types in the future. Food and Beverage Director, Michael Kerschbaumer notes that, “As long as Armenian tourism continues to grow, the Marriott will grow. Our local suppliers will grow along with us and we will continue to look for opportunities to expand the range of products we purchase from them”.

### **Ginger bread house decoration in the hotel**

If you have ever made a gingerbread house, you know how much satisfaction and enjoyment is gained through the process. If you have ever made a gingerbread party for children, the satisfaction and enjoyment would be doubled.

Every year the Armenia Marriott Hotel invites children of its clients to the gingerbread house decoration. Nearly 120 children greatly enjoyed the exciting event that took place on four Saturdays of last month of 2007. Among them the school number #15 in Nork for children with hearing disabilities was hosted by the Armenia Marriott Hotel for decorating gingerbread houses with candies and decorative amenities. As the director of the school noted, it was the second year that children waited impatiently for the invitation from the Armenia Marriott Hotel. He thanked the hotel for the attention and care towards the children. The Armenia Marriott Hotel is implementing the practice of “Spirit to Serve” the community of the Marriott International and extending the warmth and care to the community.