

THE
REZIDOR
HOTEL GROUP

The Regent Esplanade Zagreb



United Nations Global Compact
Communication on Progress

March 2007 – March 2009



Jorgen Jorgensen
General Manager

Zagreb, March 2009

Statement of Continued Support

The Regent Esplanade Zagreb joined the United Nations Global Compact in March 2007. Our hotel is strongly committed to the social, environmental and ethical business conduct, performed both through individual activities and as a member of The Rezidor Hotel Group.

This report will mainly cover the progress achieved in the last two years, but will also give a broader perspective of our overall performance since our reopening in May 2004.

In 2009 all our employees will attend Responsible Business training, and this will certainly bring additional momentum to the sustainability of our management practices.

A handwritten signature in dark ink, appearing to be 'A. J.' followed by a horizontal line.



Hotel

The Regent Esplanade Zagreb is a deluxe five star hotel located in the centre of Zagreb, 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 awards for the design, which very successfully incorporated modern technologies into the spirit of "old times". One of the leading opinion makers - readers of the Conde Nast Traveler magazine - distinguished it as the 34th best hotel in Europe in year 2007, and 33rd best in Europe in 2008.

Hotel has total of 209 rooms, which includes 15 suits and the Presidential Suite - awarded the best presidential suite in Croatia in year 2007. Apart from being the best hotel in Croatia, we are the only 5-star hotel in the city with the terrace, which lovely complements with the luxury of our rooms. The Oleander Terrace is planted with nice trees that melt with the adjacent fountain park at the Starcevic Square.

The Hotel is organized in eight operating departments:

- | | |
|---------------------|-------------------|
| - Front Office | - Finance |
| - Housekeeping | - Human Resources |
| - Marketing & Sales | - Engineering |
| - Food & Beverage | - Security |

Each department has developed their own responsible business action plans, which are coordinated by the Responsible Business Coordinator, and ultimately by the General Manager. The annual plan is consolidated with the corporate Responsible Business Manager.

INSIDE REZIDOR

Responsible Business



Responsible Business

The Rezidor Hotel Group introduced their Responsible Business programme in 2001, which encompasses the three pillars of health and well-being, social and ethical responsibility, and environmental responsibility.

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

In November 2008 our Responsible Business Coordinator attended a corporate master Responsible Business training, and during 2009 all our 150 employees will attend Responsible Business trainings on one of two levels:

- Living Responsible Business (for staff)
- Leading Responsible Business (for department heads)

The Hotel is also very active in social responsibility activities. Besides being co-organizers of the Terry Fox Run in Croatia, we are very proud of being patrons to children from different orphanages within the Zagreb County. We have a privilege of hosting them in our Hotel every Christmas.



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, as well as 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 Earth

In addition to the above, our corporation - The Rezidor Hotel Group - has established an agreement with an independently operated business ethics hotline to ensure that employees can inform about concerns regarding malpractices and misconduct they may have observed. These can be reported confidentially and anonymously by filling out a report form at www.rezidorethics.com or by calling a toll-free number listed on that site. The independent supplier of this service will ensure that the concern is swiftly brought to the attention of the appropriate person or persons in The Rezidor Hotel Group and ensure that the report and follow-up is documented.

The Hotel expects supervisors to treat such matters seriously and in compliance with the stated policies and values. No one shall be discriminated against or punished for reporting in good faith actual or suspected infringements. Reports will be treated confidentially.



Global Compact Principles: Human Rights

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

The Regent Esplanade Zagreb 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.

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

The Regent Esplanade Zagreb respects all restrictions and prohibitions of discrimination of employees – as listed in the Labor Law delivered by the Croatian Parliament.

We offer a range of training tools geared at our standards, service levels and brand representation to all of our employees, who can grow from there – step by step – to supervisory training and then on to the final top executive training. The training programme, in combination to the other colourful palette of people development tools, is one of the keys to attracting, retaining and promoting people to the company.



Global Compact Principles: Labour Standards

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

Even before the opening of the Hotel, on the 26th of February of 2004 the **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.



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

In July 2007 The Regent Esplanade Zagreb has met all requirements for **HACCP certificate**. It is a system of preventive routine controls that is most effective and efficient way to ensure that food products are safe for our guests and personnel. Besides the food safety, HACCP also ensures secure working environment for Hotel's kitchen, stewarding and service staff.

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 employee commitment to the Hotel, twice a year we organize staff parties – on which occasion we present **Loyalty Awards** to the 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 the House and Back of the House. Around every Christmas on our staff party from all of them we elect the **Employee of the Year**.



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

Child labour is not accepted and does not exist within Hotel's operations. This is ensured through local hiring policies 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 furthermore defines 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.

In 2006 The Regent Esplanade Zagreb has been awarded the Certificate for the Excellence in Human Resources Management **"Employer Partner"**, which proved the high level of people development in our company.



Global Compact Principles: Environment

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

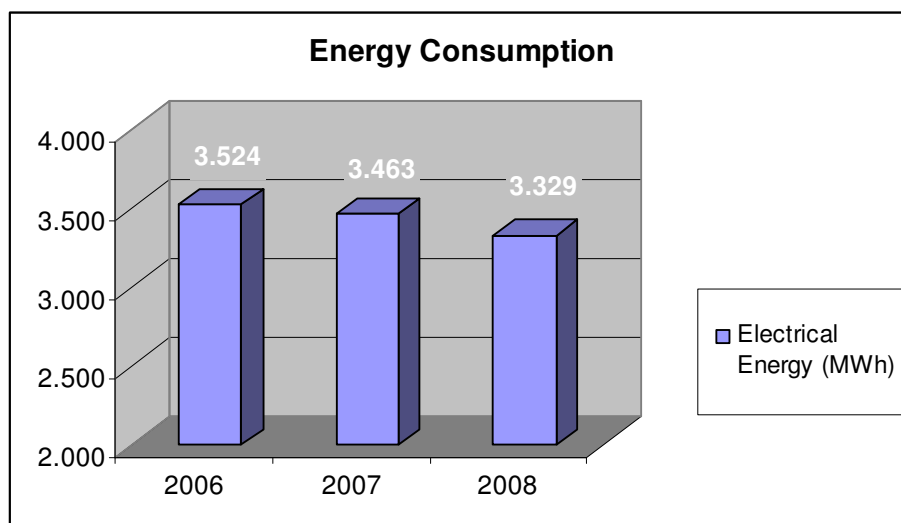
The Hotel complies with European Union regulations in regard to measurement of gas emissions, replacement of freon in the cooling devices, safe disposal of hazardous waste and electronic devices.

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

The Hotel has introduced several activities aimed for the **water usage reduction**. In every room we installed pressure reduction valves, to control the maximum water flow from pipes. In 50% of the rooms (due to technical capabilities) we installed water fixtures to create so-called "air showers". Our calculation shows that by these two actions we save up to 5 liters of water per room night, which makes total saving of around 200.000 liters per year. Another way to preserve our waters is installation of the fat separator in the kitchen, which prevents the oil from going to sewage.

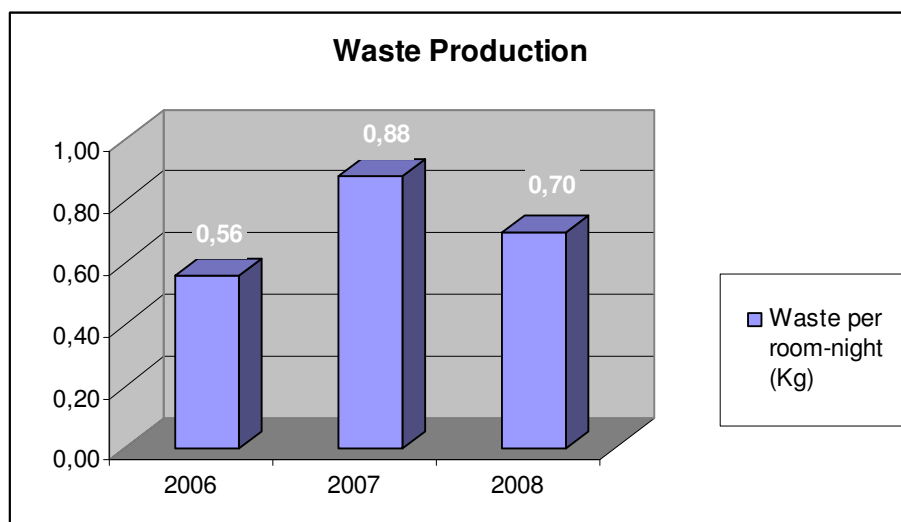


With regard to **electrical energy savings**, our responsible business activities in that area brought an annual saving of 2 to 4%.



After we witnessed a big increase in waste production in year 2007, the Hotel introduced several **waste management** activities, which brought better result in the following year:

- paper bins in every office to collect used paper,
- glass container for bottles collecting,
- box for batteries disposal,
- paper press for making packages for easier truck handling,
- collecting the food remaining, etc.



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

Non-smoking policies have become a significant issue for the hotel industry in many European countries. The Republic of Croatia has recently adopted new "Anti-Smoking" Law, which bans smoking in all closed public areas. From May 2009 our hotel will be smoke-free for all the guest rooms, restaurants and public areas.

In 2008 we started the "No Smoking Project", in which 22 our employees joined the efforts to stop smoking. The Hotel has provided nicotine patches and chewing gums, and organized professional support. Within a year FOUR people quit smoking completely!

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.



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 Zagreb in regard with corruption are defined in the Code of Ethics and Business Conduct. Employees should work against all forms of corruption, including extortion and bribery. Corruption can take many forms that vary from minor use of influence to institutionalized bribery. This can mean not only financial gain but also non-financial advantages.

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 behaviour 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 the staff.

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



Summary

As a member of one of the fastest growing hotel chains in the world The Regent Esplanade Zagreb enjoys double momentum for further sustainable development of our operations:

- creativity of own our staff and other local stakeholders,
- corporate leadership of The Rezidor Hotel Group.

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

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

Further information and contact

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