

THE
REZIDOR
HOTEL GROUP

The Regent Esplanade Zagreb



United Nations Global Compact
Communication on Progress

March 2009 – March 2010

Zagreb, March 2010

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, performed both through individual activities and as a member of The Rezidor Hotel Group.

This report will cover the progress achieved in the last year and will give a broader overview of our performance since our reopening in May 2004.

In 2009 all employees attended Responsible Business training, and this has certainly brought additional momentum to our programme of social responsibility.



Philip Mahoney
General Manager



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 209 rooms, which includes 13 suites and a Presidential Suite - awarded the best presidential suite in Croatia in 2007. The Oleander Terrace is landscaped to blend into the adjacent fountain park at 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 plan, 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 introduced the position of a Responsible Business Coordinator from opening and that person is communicating all actions related to Responsible Business internally and externally.

During 2009 all 150 employees attended Responsible Business training on one of two levels:

- Living Responsible Business (for line employees and department heads)
- Leading Responsible Business (for department heads)

The Hotel is also very active in socially responsible activities. Besides being co-organizers of the Terry Fox Run in Croatia for the fifth 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; our employees donated clothing and household supplies to the Shelter for Women Zagreb and the hotel contributed household appliances, children's toys and DVDs.



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 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 voice 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 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. The intention is that colleagues who wish to progress can follow the Rezidor '5-step' training programme to develop to a level with which they feel comfortable. The training programme is directly linked to a series of company training tools developing individuals through on-the-job skills to senior level executive training. It is one of the keys to attracting, retaining and promoting people in 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.

In February 2004, before the hotel's reopening, 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 met all requirements for **HACCP certification**. This global quality assurance system provides a system for traceability and risk prevention at every stage of the food production process. Besides the food safety, HACCP also ensures secure working environments for the 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 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. The winner **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 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.

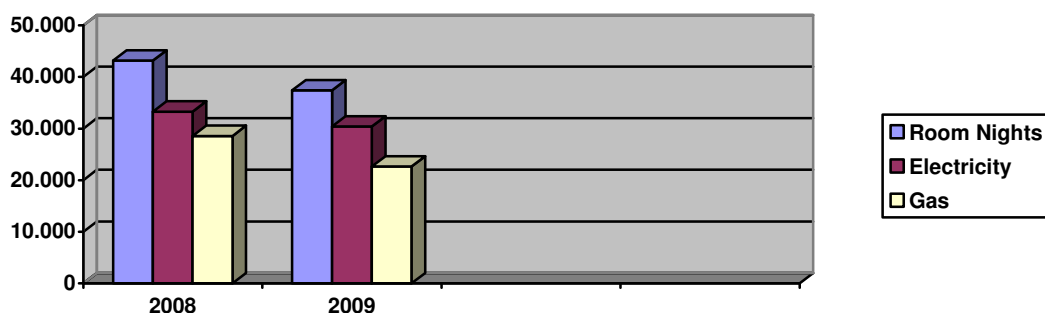
Global Compact Principles: Environment

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 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 at a continued reduction in carbon emissions. We have exchanged all light bulbs (which will be taken out of production in Europe) 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; investment in the Building Management System was continued in 2009 with inclusion of heat & cooling system for all public areas and with a Property Management System interface enabling further reduction of energy usage in unoccupied rooms.



To reduce general waste disposal further we added to existing waste separation measures:

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



The following:

- sorting of tin cans
- promotion of not using one way coffee/water cups
- double use of paper prior to recycling

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.



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 are bound to 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 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.



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 our own employees 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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