



ESPLANADE ZAGREB
LUXURY HOTEL

United Nations Global Compact
Communication on Progress

January 2016

Esplanade Zagreb Hotel
COP Report 2016

Content

| | |
|--------------------------------|-------|
| Statement of continued Support | p. 3 |
| Hotel | p. 4 |
| Responsible Business | p. 5 |
| The Code | p. 6 |
| Global Compact Principles: | |
| Human Rights | p. 7 |
| Labor Standards | p. 8 |
| Environment | p. 11 |
| Anti-corruption | p. 14 |
| Summary | p. 15 |



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Zagreb, January 2016

Statement of Continued Support

Starting with the date of joining the United Nations Global Compact in March 2007 up to date we remain to be strongly committed to good social, environmental and ethical business conduct.

We hereby state that 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.

Ivica Krizmanić
General Manager



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Hotel

Dating back to 1925 Esplanade Zagreb hotel flawlessly merges the best of 21st century comforts with art deco tradition. Revered throughout the region and lauded for its impeccable standards of service, the hotel is an icon in Zagreb's colorful history, with its Oleander terrace once described as "where the Balkans end and civilization begins".

Esplanade Zagreb Hotel offers everything a guest would expect from a luxury hotel and more. Two signature restaurants; the Zinfandel's Restaurant is widely regarded as Croatia's best restaurant, this fine dining restaurant with Ana Grgić, Chef de cuisine, promises a culinary journey with a contemporary take on traditional Croatian cuisine. Le Bistro is famous for its celebration of seasonal local produces and traditional favorites.

The outstanding conference facilities include a spectacular ballroom, Business Centre and impromptu meeting space. Amenities range from free, super-fast internet access, a 24-hour room and laundry service, valet parking, shoe polishing, turn-down service, concierge facility, luxury bath menu and gift shop together with Segway city tours, quiz nights, a limousine service and a comprehensive 'Very Important Dog' programme.

Until today, the hotel Esplanade Zagreb has succeeded in imposing itself as a true hotel star in the region, recognized as such by guest as well as colleagues through numerous local and international awards and recognitions.



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Responsible Business

The Hotel is organized in eight operating departments of which each department has its 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">• Complementary rooms for charity• On demand available ecological products, out door activities, recycling opportunity | <ul style="list-style-type: none">• Using only suppliers who fulfill all legal RB criteria• Purchasing wherever possible local products |
| 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• Providing Internship placements• Team building activities for employees |
| PR/Marketing & Sales | Engineering |
| <ul style="list-style-type: none">• PR activities to promote hotels RB activities (WWF earth hour, Autism speaks etc.) | <ul style="list-style-type: none">• Refresh training on waste management for operational staff• Use of ecological media for cooling |
| Food & Beverage | Security |
| <ul style="list-style-type: none">• Complimentary banquet rooms for charity related events• Donation of catering for charity events• Donation of cutlery and china | <ul style="list-style-type: none">• First aid trained personnel• Fire drill/evacuation route |

The Hotel continues to be very active in socially responsible activities, but also sustainable activities such as Fish Forward - an initiative of sustainable fishing organized by WWF where hotel Chef Ana Grgić was elected as project ambassador. The intention is to have on the menu only fish and sea products caught on a sustainable way and therewith raise awareness not only of fishers, but also of purchaser, guests as well as colleagues.



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The Code

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 and authorities.

The Hotel is encouraging its application by 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 our planet



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Global Compact Principles: Human Rights

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

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.

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.

We have several colleagues with special needs.

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

Esplanade Zagreb respects all restrictions and prohibitions of discrimination of employees – as regulated by 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 programs such as compensation, benefits, promotions, transfers, termination, lay-offs and training participation in a non-discriminatory manner.

After period of maternity leave all colleagues continue to work with us on the same position as before.



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Global Compact Principles: Labor Standards

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

The Hotel has concluded a Collective Agreement in 2004 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 contributions.

The hotel continues to assist 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. Meetings between the hotel management and Union representatives are held on a regular basis.

It was agreed that new Collective Agreement will be established during this calendar year and negotiation process started recently.



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

The Hotel is strictly following the Labor Law in Croatia in regard to forced and compulsory labor. Furthermore, 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 staff parties on which we present Loyalty Award for staff with more than 10 years of employment in our company.

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.



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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.

Tips are distributed equally as well.



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Global Compact Principles: Environment

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

To reduce general waste and to be in line with new legal obligations prescribed in 2015 the hotel has appointed two representatives for waste management who were obliged to participate in a waste management training program. And who are hereafter in charge to monitor if the hotel is in line with best waste management practice and complying with all regulations.

The Hotel has an energy class E certificate, which is a quite low energy class explainable due to the fact that the hotel is situated in an old building which is under heritage protection and work/modernization is limited due to those facts.

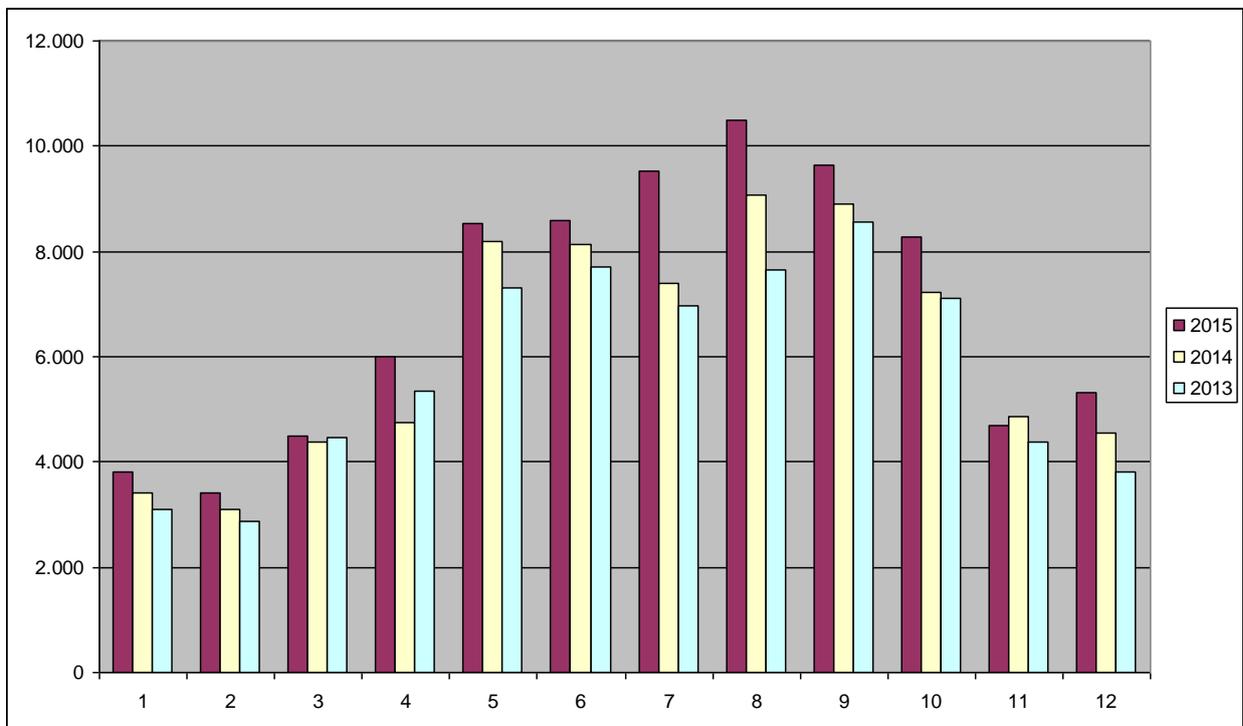
Nevertheless, economic use of energy continues with energy savings in 2015. Comparison show that although we had 12% more guests nights in 2015 vs. 2014 energy consumption was only 8% higher.

The below presented graphs show total guest nights per month for the past three years (1), total number of guest nights for the past three calendar years (2), total consumption of electricity for the past three years (3)



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LUXURY HOTEL

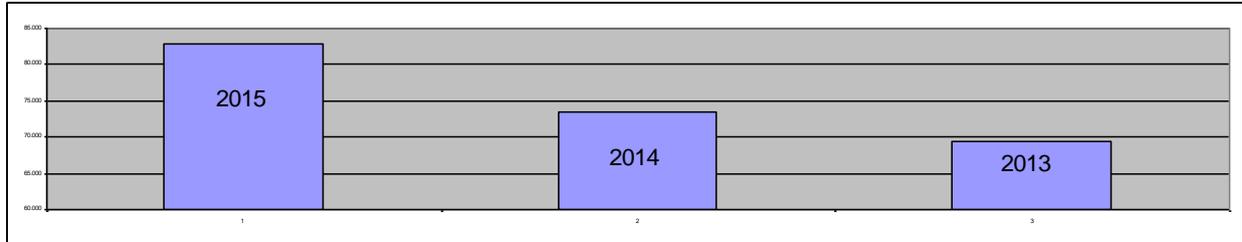
Number of guest night's



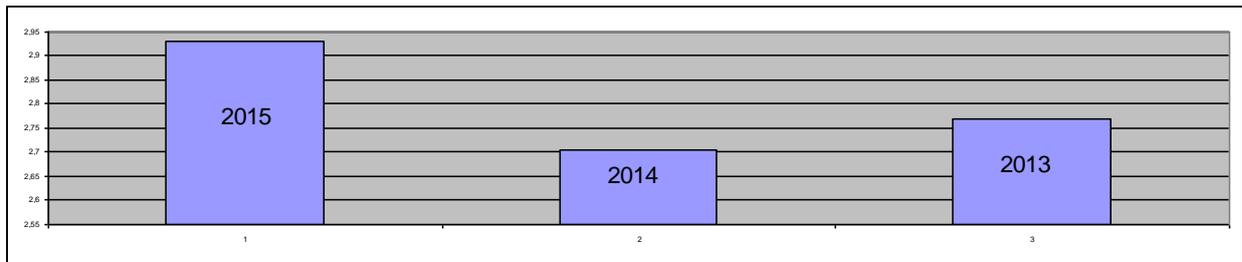


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Guest nights



Electricity consumption - kW/h



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

Beside continuing with the project “Sustainable hotel” - a project initiated by the Association of Employers in Croatian Hospitality which was supported by the Ministry of tourism in the goal to promote hotels and general Croatia as a green destination. In 2015 Esplanade Zagreb got actively involved in the project Fish Forward - a project that promotes sustainable fishing. We want to set an example by having only fish and sea products on the menu out of sustainable fishing source.



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

The Esplanade Zagreb hotel continues to follow and implement different working procedures and habits to enhance sustainable business practice. Although challenged when it comes to implementation of some modern technologies due to restriction on building which is under heritage protection and therefore limited to adjustments.



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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 Esplanade Zagreb 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.



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Conclusion

This United Nations Global Compact Communication on Progress will be presented to our stakeholders and its parts will be included into the Esplanade Zagreb Annual Report as well as any other relevant 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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