

Georgian Business Zone

Heathy Food Guarantees Longer Life!



2016 Sustainability Report



Nino Zambakhidze

Executive officer of Georgian Business Zone

Statement of executive officer:

As an executive officer of Georgian Business Zone, I am happy that our company is a member of UN Global Compact. It is our greatest honor and responsibility to fully comply with the 10 principles, which encompass protection of the human rights labor rights, reduction of harm to the environment and implementation of anti-corruption policies.

We, as a social responsible company, aim to integrate these 10 principles into our main strategy and ensure their effective implementation. At this point, the company strives to fulfil all the requirements of the Global Compact, protecting and improving the rights of workers and maintaining gender equality. Promotion of anti-corruption policies and reduction of harm to the environment is one of my company's main objectives throughout the decision-making process and in everyday operations.

The Company strives to create a stronger, more effective and accessible complaint mechanism, in accordance with the regulations of UN Guiding Principles on Business and Human Rights, so that the response to these complaints becomes more and more adequate and timely. It also tries to create a better working environment for workers, providing them with fair and equal standards, thereby following the national laws and international standards (in the field of human rights, occupational health and safety, labour rights, environmental protection and fight against corruption).

The company proactively provides interested stakeholders (partners, clients, communities) with the information regarding its activities.

The company is also contributing through charity to the well-being of the population. We provide children and elderly people living in shelters with food and other necessary materials.



GEORGIAN BUSINESS ZONE

*Gogebashvili #38
Tbilisi, Georgia*

*Akhaltzikhe, Georgia
Village Tsnisi*

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The company has developed a systematic approach, which enables it to always be informed about the new regulations. **The company is actively involved in the policy-making process**, for example, during the process of implementation of Estonian Model of Profit Tax.

The company **continually adapts to international standards** in order to identify any flaws and to create business model that complies with the modern standards.



The company always takes into consideration the risks connected to occupational health, human rights, labour rights, environmental protection and fight against corruption and tries to pay more attention to those groups, to which the new changes in regulations can have the most impact.

In order to facilitate greater involvement of employees in implementation of 10 principles of the Global Compact, the company convened a meeting with its personnel and provided them with the information about their responsibilities, rights and duties, while also listened to their thoughts and ideas regarding the subject.



- ✓ professional health;
- ✓ human rights;
- ✓ working rights;
- ✓ environmental protection;
- ✓ fighting against corruption



The company is actively analyzing the businesses of its partners and providers to help them improve their standards as the time passes.

The company openly speaks about how it implements the principles laid down by the Global Compact - its current strategy, approach and challenges.

The company regularly conducts dialogue with interested stakeholders to understand their demands towards the company.

GBZ acknowledging its social responsibility with regard to improving the social conditions in the regions it operates in, is actively cooperating with the regional self-governments, in order to collectively deal with the issues that arise in those regions.

It should be mentioned that number of activities have been implemented by the company in support of 10 principles however there is still a lot to be done, and at the moment we are oriented on progress and striving to reach the main goal – guaranteeing and effectively realizing human rights, labour rights, environmental and anti-corruption standards and policies in accordance to best international practice and universally recognized standards.

For achieving this great goal, we wish success to ourselves and to every other company involved in UN Global Compact initiative!

Nino Zambakhidze

- ✓ *Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights*
- ✓ *Principle 2 - Make sure that they are not complicit in human rights abuses*
- ✓ *Principle 3 - Businesses should uphold freedom of association & effective recognition of the right to collective bargaining*
- ✓ *Principle 4 - The elimination of all forms of forced and compulsory labour*
- ✓ *Principle 5 - The effective abolition of child labour*
- ✓ *Principle 6 - Eliminate discrimination in respect of employment and occupation*
- ✓ *Principle 7 - Businesses should support a precautionary approach to environmental challenges*
- ✓ *Principle 8 - Undertake initiatives to promote greater environmental responsibility*
- ✓ *Principle 9 - Encourage the development and diffusion of environmentally friendly technologies*
- ✓ *Principle 10 - Businesses should work against all forms of corruption, including extortion and bribery*



Introduction:

L.T.D. “Georgian Business Zone” was founded in 2008 and since then it has been implementing numerous agricultural projects in Georgia. There are 45 workers at the enterprise who offer services to 350 farmers. The enterprise works in accordance with international standards and has obtained ISO and HACCP certificates.



The milk factory of Tsnisi was opened in September, 2009. The factory was financed by Millennium Challenge Georgia Fund,(the project - ADA) as well as British Petroleum (BP) and its partners' initiated public investment programs. The implementation of this project was supervised by CARE International in the Caucasus.

What have we done:

In the milk-processing factory, the methods of sorting and branding of the production were created by highly qualified milk professionals and marketing specialists in accordance with the program funded by USAID, called “Farmer for Farmer”.

Despite many successes, on the road to improvement, GBZ had to deal with many social, political, economic and mental challenges, which is why it has become a more socially oriented enterprise. Throughout all these years, we enriched our experience by communicating with farmers, regional government and all Donor Organizations based on SJ.

Who we are:

We are an agricultural company, based in Tbilisi but operating in Samtshe-Javakheti Region. Company is mostly involved in milk-processing business, as well as animal-husbandry and food-processing. It operates on 200 hectares of arable land of which some part is obtained by leasing.

We have ISO and HCCP certified milk and mixed fodder in village Tsnisi and Milk-Gathering centers, founded and improved by the funds from BP's Millennium Challenge Project and Care and Mercy Corps. in certain villages of Akhaltsikhe: Tsira, Tskaltbila and Pamaji. This funding made up the 50% of the financial contribution made by Georgian Business Zone.

The factory is equipped with modern technological equipment and can process 5000 liters of milk daily. The factory processes Georgian, Imeretian and Sulguni Cheese made from natural milk and sells its products in Tbilisi Supermarket with brand name “Akhaltsikhuri”.

In 2010 the company obtained ISO: 14000 and ISO: 2800 certificates and became the first milk-processing enterprise in Georgia, which uses only natural milk for processing its goods. The factory has 25 employees.

Our field of business:



Milk-processing Factory in Tsnisi

We also offer technical support and funding from our own economic activities. Specifically, we give free consulting services in veterinary and feeding issues and try our best to help our beneficiaries (farmers who give us milk) maintain healthy animals. For this reason, we buy important vaccines and medicine to our beneficiaries for free.

In 2010, we signed the memorandum of cooperation with Akhaltsikhe and Gori universities, after which 68 students have passed trainings in our factories. These activities are in major accordance with our company's interests and we hope to get good results by improving the mentality of the villagers.

In 2010, Georgian Chamber of Commerce and Georgian Ministry of Economics and Sustainable Development rewarded us with the title "Best agro-firm 2010".

- **The company owns Apple**

Orchards

- There are apple orchards on 4 hectares of land:
- 2.5 hectares I phase: Georgian Sinafi, Golden, Banani, Kekhura and etc.
- 1.5 hectares II phase: Granny Smith, Braeburn, Golden Delicious, Reine des Mutsu and etc.

Mixed Fodder Factory in Tsnisi

The modern Mixed Fodder factory started functioning in 2010 with mutual cooperation of GBZ and "Farmers and Markets", project, which is being implemented by CARE International in the Caucasus.

GBZ buys crops for the production of animal food from around 500 farmers in Samtshe-Javakheti. The factory produces five tons of fodder an hour. In October of 2010, the factory obtained ISO: 22000 food safety and ISO: 9001 quality control certificates.



**GBZ OWNS 2.5
HECTARES OF
ARTIFICIAL LAKE
AND FARM WITH
100 ANIMALS OF
HOLLSTEIN
BREED.**



The company's cold-storage

For the cold-storage, new building was built, and equipped with modern equipment. It is possible to store up to 120 tones of harvest in cold-storage. For the project, the company bought agricultural tractor and the trailer aggregate.

Mechanisation Autopark

Tractor with 4 trailers, Hay packer 1, Food granulator-mixer 1, 1 Round Press, Distribution Cars.



Products we are producing:

- Cheese with Brine;
- Imeruli Kveli (Cheese from Imereti, New Cheese);
- Grilled Cheese "Sulguni"
- Salty Cheese, Packed
- Smoked Cheese "Sulguni"
- Imeruli Kveli(Cheese from Imereti)
- Mixed Fodder (Beef and Pork)
- Apple





Our partners

In the last couple of years, GBZ has attracted lot of funding from the donors and formed partnership with such companies as:

- ❖ **Regional Development Agency;**
- ❖ **Georgian Farmers' Association;**
- ❖ **Millennium Challenge Georgia Fund;**
- ❖ **BP;**
- ❖ **CARE;**
- ❖ **CNFA;**
- ❖ **Mercy Corps;**
- ❖ **PUM.**

Our partnership is based on mutual trust, which has been strengthening during last couple of years. We value our partners and share with them our successes and shortcomings.





Our Clients:

GBZ's milk-processing factory has its distribution service and milk products with brand name "Akhaltsikhuri" which it sells every day in Tbilisi and Akhaltsikhe markets.



The Current Situation in the Company regarding Human and Labour Rights:

There are 45 employees working for Georgian Business Zone. The company acknowledges the responsibility, with regard to protection of rights of those who are employed in the organization. Particularly the company acknowledges the obligation to honor human rights.

The company makes sure its employees work in a healthy and safe environment. Its working environment is comfortable and clean, providing proper temperature, ventilation, lighting and appropriate sanitary norms for each gender.

In case of need, the company also provides special safety measures for pregnant women, for persons with disabilities and etc.

The company guarantees that the working hours aren't more than 48 hours a week; that the extra work to be done is not above the limits, is small and seldom. Overtime is adequately compensated and is not more than 12 hours a week or 36 hours per month. The employees also have time to rest during the day according to the law.

The company gives its employees the amount of salary that is above the minimum wage standard and ensures fulfillment of their basic needs(food, clothing and housing).

The company regularly, as indicated by the law and contract, pays salary to all of its employees.

Employees who work part-time still get proportionally same amount of salary as the ones who work full-time.

When it comes to privacy and safety of the personal documents of the employees, the company works fully in accordance with the national laws. The company fully acknowledges the administrative responsibility in case of violating these laws.

None of the employees at GBZ is forced to do any activity.

Each employee has right to privacy, company respects their rights and rights of their family members, employees rights to freedom of expression, conscience, religion, and association.

The company ensures the equality of all employees through effective mechanisms. Every employee is equal and has same rights regardless of race, gender, religion, language, ethnicity, financial situation, political or any other thoughts.

The company ensures awareness raising around above-mentioned universal human rights standards and procedures among managers and employees. It also tries to take part in the development of local society by offering training to the employees in the areas of entrepreneurship and food-processing. For this aim, the employees of Georgian Business Zone passed the certification of HASP standards. The farmers from Samtskhe-Javakheti received theoretical and practical trainings about the topics of cold-storage and animal-husbandry



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For the development of local society, in accordance with the project “Regional Economic Development”, GBZ has fulfilled the role of a training agent. The aim of the project is to improve the agriculture and defeat the poverty in regions. During the implementation of the project, the support was given to various milk-processing entrepreneurs in Samtskhe-Javakheti which helped the milk-processing sector develop training bases.

All these events helped the farmers improve their knowledge and skills in business-administration, food safety issues, as well processing and distributing the milk products.

The company take part in the development of local society by forming partnerships and cooperating with various interested parties, including UN agencies, government, Civic Society and all other relevant subjects.



Georgian Business Zone participates in the development of local society by forming partnerships and cooperating with various interested parties

Activities aimed at protecting the rights of workers:

The company follows all the laws enshrined in Georgian Labor Code. For all its employees, the company guarantees a fair working environment and equal rights.

The company ensures that its employees receive salary regularly, without delay. It has the responsibility not to delay paying wages for any reason that is not justified by the national law.

To increase the motivation of its employees and to value their work, the company uses a system of bonuses. Also, for the encouragement of demographic development, pregnant women still get the salary and have their working position reserved until they return back to work.

Every employee can use his/her own free time during the working day and leave the company's territory during a break.

The company honors the standards of minimum age of employment. According to national law, employing a person of age less than 16 is prohibited unless the contract is signed by a legal guardian. While in case of a person less than 14 years old, the contract can only be formed regarding activities such as sports, arts, or advertising.

The company makes sure that every decision, about hiring, paying a salary, promoting and teaching is always based on objective criteria and is never discriminatory.

The company fully complies with the law on "Elimination of all forms of Discrimination".

Every job category has its detailed job description, in which the information about qualification, salary and any other relevant details are clearly provided.

The company strives to create a comfortable environment for employees with special needs, so that persons with disabilities (or any kind of health problems) can have a chance to work at the company.

The company's management regularly (once a month) meets with its employees to discuss their concerns and suggestions.



The company makes sure that every decision, about hiring, paying a salary, promoting and teaching is always based on objective criteria and never on any kind of discrimination.



The issues regarding the ownership of the land:

The company regularly meets local population to keep them informed on every stage of its activities.



Upon acquisition of land through buying or leasing or any other way, the company makes sure that the owners of those lands get full compensation so that they can improve their standard of living. The company ensures the compensation system is transparent and fair. This is what company did when it bought the land on which now the enterprise is based on. And the land which is used as a pasture, was purchased by GBZ from government through the leasing.

The company has taken the responsibility to openly contact local inhabitants, regarding the new activities that could endanger or make negative impact on their environment. For this reason, the company regularly meets local population to keep them informed during every stage of its activities.

For the protection of the rights of the employees, the company often convenes informal meetings where all the employees can discuss and freely talk about any issue they want, provide their insights, suggestions and etc.

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Protection of rights of Consumers

Georgian Business Zone follows all the guidelines and norms regarding the processing and marketing of the goods. It constantly monitors the international principles and standards and processes its goods accordingly.

The company takes appropriate measures to extinguish all kinds of problems, connected with the processing of goods, design or any other component or event that could endanger the life or health of the consumers.

On every pack and product, the company makes sure all the written information is easy to understand for the consumers. The company continuously checks the quality of its processed goods and tries to improve it as much as possible.

The company has implemented the standards of HASP and ISO, which means that it protects the rights of consumers by providing them with extremely healthy food.



*GBZ HAS
IMPLEMENTED
THE HASP
AND ISO
STANDARDS*



The attitude of the Company in relation to Environmental Protection:

Georgian Business Zone fully acknowledges its social responsibility – to protect the environment and prevent its pollution. Despite the fact that the company tries its best to prevent the harm to the environment and shows it with various activities, it does not have a separate document regarding the environmental protection, which is planned to be adopted in near future.

Regarding the clever usage of natural resources(water and electricity), the company holds a license, which outlines duties for using these resources, in this case, for the arrangement of boring wells and drainage systems.

Taking into consideration the fact that the company mostly processes milk, the only waste that can pollute the environment is whey, which it gives to inhabitants for feeding pigs. With this act, the company not only avoids pollution of the environment, but also helps local inhabitants feed their cattle. The company owns several reservoirs for storing whey. Georgian Business Zone supports development of the technology that does not harm the environment.

The company identifies in its own territory the level of water and soil pollution, then evaluates its impact on the environment and conducts activities to minimize it. In addition to this, Food Safety Agency also checks the territory for any traces of pollution in accordance with governmental policy. The company tries to avoid polluting the environment in many ways, by controlling the production process and using the systems of environmental protection.

Georgian Business Zone continuously evaluates the used materials, products and production process risks according to the principle of caution.

The company supports scientific research which is connected to its production and activities. It takes all possible measures to reduce the energy and water consumption.



Fighting against Corruption:



In general, the attitude of Georgia towards fighting against corruption changed in 2003 and if in 2003 according to the corruption index of Transparency International Georgia was on 127th place, today it is on 44th.

After changing the government's attitude towards fight against corruption, it was a challenge for many companies to ensure maximum transparency. Georgian Business Zone has a clearly defined policy for fight against corruption.

The company's management clearly states, that in no way it will touch any agreements involving corruption, nor will it support forming any such agreements, on the contrary – it will do its best to keep the company free from corruption and strictly demands from all of its employees and managers to follow this rule.

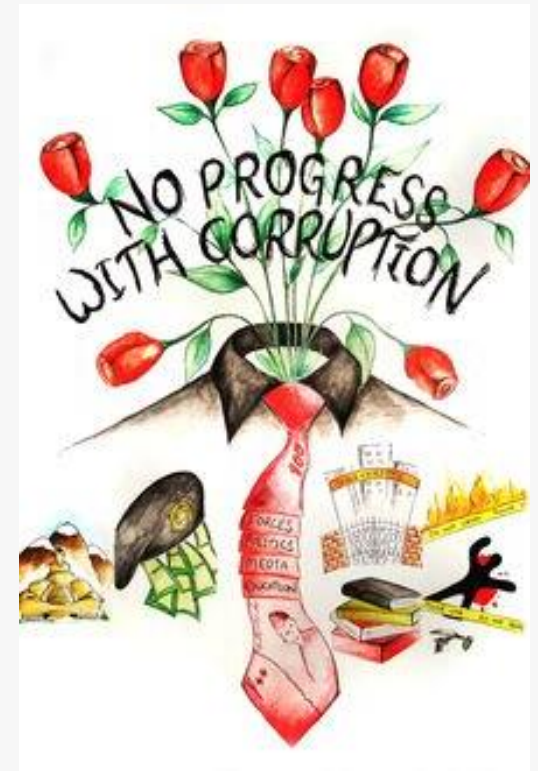
The company acknowledges its responsibility in fighting against corruption, towards its employees, government, for this reason it constantly monitors and prevents the risks of corruption. For prevention purposes and for avoiding corruption, the company explains its anti-corruption policy to all of its prospective employees.

All employees of the company are familiar with the anti-corruption duties, especially the ones who work in the selling and buying departments. The company strictly prohibits informal employment and any type of "black accounting".

The company investigates the activities(financial, environmental protection, fiscal, working rights and etc.) of its potential partners.

All agreements with middle-men and consultants, involving issues of fighting against corruption, is signed by both sides.

The company supports sharing the experience with the business-partners and thus promotes cooperation in dealing with corruption.



The company strictly prohibits informal employment and any type of "black accounting".



Measurement of outcomes:

We, as a company understand that there are many ways, in which we have to improve. We pledge to adopt internal policy documents in the field of environmental protection and fight against corruption by 2018.

The company aims to create a working plan in 2017, which encompasses reducing negative impacts connected to its operations as well as improving the operational standards.

✓Regarding the environmental protection, GBZ also plans to create a document in which the following issues will be discussed: How can the company take part in the prevention of air pollution; How can the company secure the reduced and/or safe usage of harmful chemical substances;



- ✓ The company will continue its due diligence regarding implementation of international principles and industrial standards in the future, for creation and processing of its products in accordance to required standards. The company will also ensure awareness raising regarding the new, international standards inside the company (especially, for the persons working at the corresponding managerial position). for this purpose the company will organize special trainings for employees.
- ✓ The company has decided, in accordance with the anti-corruption policy, to add several articles to the agreement, that explains such issues as issuing and getting gifts, sponsorship, financing of political parties, lobbying and etc. GBZ will start discussions about this issue with lawyer.
- ✓ The company will protect gender equality in the future as well and will provide workers with worthy working environment. in order to achieve this goal top management will meet monthly with employees and will discuss how to provide better working environment for them and together

In the end, the company "Georgian Business Zone" is pleased to be able to be part of such important initiative as UN Global Compact. We understand that this is a huge challenge(in a positive way) and responsibility for the company of our status. We fully acknowledge the responsibility we have towards our employees and shareholders.

Georgian Business Zone will continue accommodating its activities with 10 principles of UN Global Compact.

For the protection of the rights of the employees, the company often convenes informal meetings where all the employees can discuss and freely talk about any issue they want, provide their insights, suggestions and etc.