

# **COMMUNICATION ON PROGRESS REPORT**

## **2022**



# INTRODUCTION

Adjara Group is a leading Georgian company, which operates as a decentralized corporate structure to manage and develop innovative establishments, as well as projects. It has gained worldwide recognition for creating and managing award winning hotels, multifunctional spaces, and restaurants.

Adjara Group establishes shared-value partnerships to maximize both financial success and societal benefits. Hence, through multi-sectoral collaborations, the company stimulates collective impact.

Adjara Group contributes to the development of the Georgian economy and sets new business standards by creating innovative, inclusive, and environmentally sustainable projects for locals and international travelers.

# 6

**HOTELS IN MANAGEMENT**

**7 ONGOING  
PROJECTS**

**1,500 JOBS**

**12 YEARS  
BUSINESS**

# LETTER FROM THE BOARD OF DIRECTORS

*"It is our pleasure to present our sixth Communication on Progress report. Adjara Group shares the UN Global Compact's principles on human rights, labor, anti-corruption, and environmental responsibility, and it is our goal to lead the company's teams toward business practices that are more sustainable.*

*Every year, we work to further strengthen efficiency, accountability, transparency and accessibility at Adjara Group.*

*The challenges caused by the COVID-19 pandemic persisted in 2021 as well. Hence, remaining true to our socially responsible policies and governance structure, while further developing them remained essential to successfully managing the company's operations, management, and development activities. Partnerships with international organizations and NGOs has proven, once again, to be crucial in these processes.*

*In 2022, the war in Ukraine is having detrimental effects on people's lives. Homes of millions of individuals are being destroyed. There is a clear-cut attempt to suppress freedom and democracy. During these trying times, Adjara Group stands with the people of Ukraine. We stand with a free and democratic world.*

*Already, our teams are working with partner institutions to provide different humanitarian assistance to the victims of war. We will continue to do so, as long as there are people who are in need of such support as a result of the ongoing conflict. The results of partnerships and collaboration have proven how much stronger we are when working together. So, this year we continue to work with our teams and partners to play our role in achieving sustainable development goals, while also ensuring our company's commercial success.*

**Board of Directors,  
Adjara Group**

# RESPONSE TO ONGOING GLOBAL CHALLENGES

War in Ukraine



COVID-19 Pandemic



# RESPONSIBLE BUSINESS

Anti-corruption Practices



Code of Conduct



Anti-harassment Policy



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Gender Equality & Inclusivity



Youth Employment



Local Community Employment



Creating High-Value Jobs



Vocational Training: Hospitality Teams



Health & Wellbeing



Benefits Package



Employee Health & Safety



Communities & Partners



Corporate Partnerships



GFA & Local Farmers



# ARTS & CULTURE

## Supporting Cultural Events



## Supporting Musicians and Music Organizations



## TheShop



## Partnership with UNESCO



## TPMM



## Propaganda Network



## Mutant Radio



## Artarea 2.0.



## Center of Contemporary Art CCA



# ENVIRONMENTAL SUSTAINABILITY

## Sustainable Agriculture



## Space Farms

## Sustainable Hospitality



## Energy Consumption

## Waste Management



## Sustainable Development

## Construction & Sourcing



## Ongoing Projects



# RESPONSE TO ONGOING GLOBAL CHALLENGES



## *War in Ukraine*

Adjara Group stands with the people of Ukraine who have been facing the devastating effects of the Russian invasion. As soon as the war started, the company arranged free accommodation packages for Ukrainian citizens who were visiting Georgia.

As a result, Adjara Group's properties Holiday Inn Tbilisi, Rooms Hotels in Tbilisi and Kazbegi, and Fabrika Hostel have accommodated Ukrainian citizens for free.

168 ADULTS 24 CHILDREN

## *Ukrainian Citizens Accommodated for Free*

The company initiated partnerships with UNHCR, the Embassy of Ukraine in Georgia, and the Georgian National Tourism Administration (GNTA).

By collaborating with GNTA, Adjara Group's hospitality team worked on assisting Ukrainian citizens remaining in Georgia since the start of the war in finding new accommodation facilities and temporary homes in the country.

The company employees have donated various food and clothing items, some of which have been sent to Ukraine while a portion of it was given to Ukrainian

**\$40,000** | *Worth of Services Provided*

citizens currently residing in Georgia.

Additionally, Adjara Group has been involved in several events initiated by various organizations to help Ukrainians in Georgia.

The company has also been expressing its stance on the conflict, siding with truth, democracy and respect for people's choice of living in a free, sovereign country.

To communicate the company's position on the brutal invasion, Ukrainian flags have been proudly hung within its properties, while the management and operational staff, encouraged to show support to the country, are provided with pins and ribbons, matching the country's flag.



## COVID-19 Pandemic

As the end of the COVID-19 pandemic is already in sight and many of the restrictions are now lifted, Adjara Group recognizes that the virus continues spreading actively in Georgia and around the world. Therefore, in the best interest of Adjara Group's guests and employees, the company continues successfully executing strict health safety norms and standards in all the holding's facilities.

In adherence to the requirements from the Georgian government, recommendations of the World Health Organization (WHO), as well as the World Tourism Organization (UNWTO), Adjara Group made serious changes to its spaces, operations, and protocols of interaction. The health safety norms and standards encourage physical distancing, prioritize enhancing cleanliness, promote personal hygiene and responsibility, and make it possible to immediately identify any health threats within the facilities.

The knowledge and skills, which Adjara Group has accumulated while battling COVID-19 throughout the past year, made the implementation process of the health safety plan more structured and coordinated.

Importantly, considering that Adjara Group's hotels make up the biggest part of its revenue, the pandemic has been having major effects on the company's financial performance. Nevertheless, the management team members have made it one of the top priorities to ensure job safety and stability. Adjara Group has been continuing the provision of high-value jobs and career development opportunities for its employees, while putting major efforts in maintaining healthy, equal, and diverse work environments.





A modern interior space featuring a dark brick wall. On the left, a staircase with a metal railing and wooden steps is visible. Two large potted plants with broad green leaves are positioned on either side of the central text. In the foreground, a wooden bench with three tufted cushions sits on a dark floor. The scene is lit with warm, directional light, creating strong shadows and highlights.

# RESPONSIBLE BUSINESS



# RESPONSIBLE BUSINESS



## Anti-corruption Practice

Thanks to Adjara Group's employment structure, any risks of corruption are minimal. Nevertheless, every year KPMG carries out a mandatory audit of the company's financial statement, in accordance with the law on Accounting, Reporting and Audit. The audit results are transparent and publicly accessible. Adjara Group also arranges open meetings with government officials and the media to communicate and share the company's future development plans to ensure that the process is transparent and to demonstrate the commitment to anti-corruption practices.



## Anti-Harassment Policy

In partnership with UN Women, Adjara Group has designed and approved an anti-harassment policy. The company has recently started integrating it into all levels of the holding by communicating the document and its contents to employees through training sessions, one-on-one meetings, posters, and emails. The policy contents will also be included in corporate governance related documents.



## Code of Conduct

Adjara Group has an Internal Code of Conduct, where the employees' obligations of following the company policies regarding human rights, labor, and anti-corruption, are underlined. The said document must be signed by all of the company's team members. The Adjara Group's HR representatives are also tasked with introducing to every single new hire, the ethical and legal topics mentioned in the Internal Code of Conduct. These themes are discussed in various presentations held for employees and implemented on a corporate level.

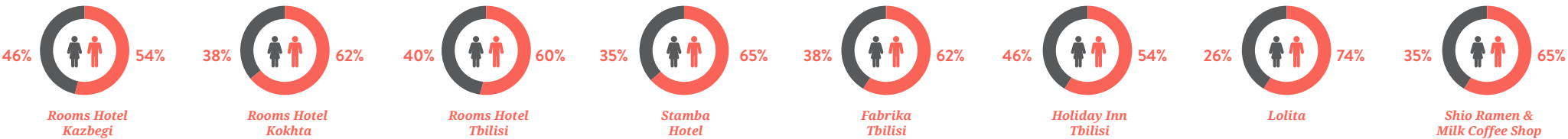


PEOPLE



# PEOPLE

## Our Team



### Gender Equality and Inclusivity

As the WEPs signatory company, Adjara Group has emphasized gender equality and inclusivity among its main values listed in the Internal Regulations. The document gets signed by every employee of the company.

Recently, Adjara Group won the Gender Equality Award at the Corporate Responsibility Awards in 2021.

All new hires receive introductory training, during which they get familiar with Adjara Group’s commitment to inclusivity and equality. It is the holding’s overall strategy to empower women by having an equal representation of both genders in all its departments and directions.

Currently, most of the members of the board of directors are women.

### Board of Directors



Moreover, the absolute majority of the general and operational managers of the company’s hospitality establishments are women.

Importantly, 50% of the hospitality direction’s executive leadership is female. Whereas most of the individuals employed by the Collective, which is responsible for developing the holding’s ongoing projects, are also women.





## Youth Employment

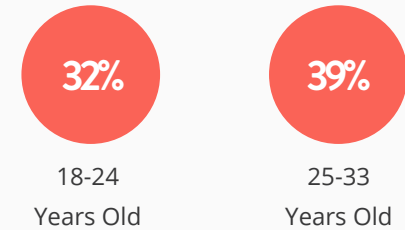
Adjara Group highly prioritizes providing work and growth opportunities for the youth in the country. They are employed on all levels and directions of the holding, while always being provided with career advancement, as well as professional development opportunities.

Currently, 72% of the hospitality team is comprised of individuals who are 33 or younger.

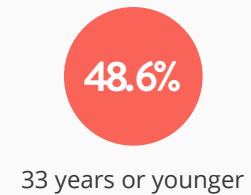
Hence, in the long run, Adjara Group contributes to accelerating the national economy and reducing poverty in the country by playing a role in developing a dedicated, skillful, and resilient workforce.

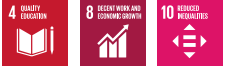
Also, considering that some of the young adults at Adjara Group's companies are university students, the Holding takes an individual-centered approach by providing work schedule flexibility for each of its young employees.

### Avg. Age at Adjara Group's Hospitality Team



### Avg. age of Collective





## Local Community Employment

Adjara Group always hires local community members for its existing regional projects, as well as ongoing development activities. Collective also works with people living near the ongoing project sites when creating new establishments in several regions of Georgia, while also implementing local community engagement activities. Local staff employed at all directions of the holding undergo regular training sessions, while gaining practical work experience.

Hence, Adjara Group's policy involving hiring local community members has positive effects on skills development and knowledge sharing with the local workforce in Georgia's regions as well. As a result, the company supports the advancement of regional economies by bringing new standards and implementing them in different parts of the country, together with local communities.

Considerable number of employees at Rooms Hotels in Kazbegi and Kokhta are from neighboring areas. Collective's construction work in Samtskhe-Javakheti, Adjara, and Kakheti, provides people from these regions with skills development and knowledge acquisition opportunities by directly involving them in innovative development processes. Once the ongoing regional projects are finalized, Adjara Group's hospitality team will work on including the local workforce in their operations and administration, as in the case of Rooms Hotels in Kazbegi and Kokhta.

## Local Population Employment

**48%**

**Rooms  
Hotel Kazbegi**

**52%**

**Rooms  
Hotel Kokhta**





## Creating High-Value Jobs

As an equal opportunity employer, Adjara Group's directions generate hundreds of high-value jobs, making the company one of the important actors in advancing Georgia's economy. Highly competitive salaries are offered to staff members on all levels of the holding.

### Avg. Income at Adjara Group

Administration: 3,235 GEL  
Operational Departments: 1,372 GEL

The wages for the company's employees are much higher than the national average as well.

Adjara Group monitors and analyzes the gender wage gap within the company with an aim of ensuring that both men and women are compensated equally for the job done.

### Avg. Income by Gender

(Administrative Departments)

Females: 3,246  
Males: 3,218

In the coming years, the company will reduce the existing gap.

Adjara Group believes that providing high-value jobs and reducing the gender wage gap creates a diverse, more productive, and efficient work environment. Hence, the company works actively to contribute to the advancement of the Georgian economy, while also making its business operations more successful.



## Vocational Training: Hospitality Staff

Vocational training programs developed by external coaches and consultants or the in-house team members are actively implemented at Adjara Group's three main corporate entities.

# 21

### VOCATIONAL TRAINING PROGRAMS FOR MANAGEMENT & OPERATIONS

Last year, notwithstanding the COVID-19 pandemic challenges, the company offered an array of training programs for its employees on all levels.

Adjara Group is always enhancing its vocational program development, which is becoming ever more important as the company grows further.





## Health & Wellbeing

Corporate health insurance packages are offered for all Adjara Group employees. The company fully covers insurance costs of its team members. Using their status, the employees within the holding can also insure their family members with discounted rates.

Moreover, women employed at Adjara Group are granted 604-day maternity leave, during which they receive company updates relevant for their fields of expertise. In accordance with the individual-centered approach, maternity leaves do get extended to accommodate the employees' individual needs.



## Benefits Package

Along with a corporate health insurance, Adjara Group's employees receive a benefits package that includes a corporate phone number and discounts on food and non-alcoholic beverages at the company's properties.

The team members are also granted employee rates at Adjara Group's hotels and their friends and families have such benefits as well.

Moreover, Adjara Group's hospitality staff are provided with annual public transportation cards.

The executive teams at Adjara Group also designed gift packages for newly-weds and gift cards for those who have newborns in their families.

Extra leaves are granted to the employees on a needs basis as well.



## Employee Health & Safety

Various measures are implemented to ensure that all its members are well protected especially in potentially hazardous situations and environments.

Adjara Group's teams all hold safety training sessions for both full-time employees as well as contracted individuals.

Through presentations and practical demonstrations, the company employees are informed about ensuring health and safety for them and those around them.

Along with training courses, all directions of Adjara Group integrate safety signs for their employees, while also providing personal protective equipment for the holding's team members and contracted individuals. Moreover, in partnership with international organizations, Adjara Group is currently further strengthening its health and safety policies.



## Communities & Partners

By Engaging with regional businesses through its projects in Kazbegi, Kokhta-Mitarbi, Adjara, and Abastumani, Adjara Group actively works with local communities.

This way, the company plays an important role in advancing regional economies while also diversifying its products and services. This approach to project management encourages skills development in the local workforce and creates more employment opportunities. As a result, the company plays a major role in reducing poverty.

Rooms Hotels in Kazbegi and Kokhta currently work with guesthouses, transportation companies, local tour operators, and farmers. Moreover, Collective directly works with local communities by contracting individuals, as well as utilizing local business services and products.

## Corporate Partnerships

As the UN Global Compact Member and WEPs signatory company, Adjara Group has been establishing partnerships with Georgian NGOs and international organizations. As a result, these collaborations enabled the company to further strengthen its corporate social responsibility objectives in terms of social, economic and environmental sustainability.

Adjara Group's representatives have worked with institutions such as USAID, IFC, and EBRD on developing some of its projects.

The company is a member of business organizations such as AMCHAM, Business Association of Georgia, Europe Business Association, and ICC as well, through which it has been gaining valuable partnerships and accumulating knowledge relevant for advancing the country's economy.

Moreover, Adjara Group works with Georgian state institutions such as Enterprise Georgia, Georgian National Tourism Association, as well as the Ministry of Environmental Protection and Agriculture on advancing projects that are commercially successful, while also being highly beneficial to the country's collective benefits, and environment. It should also be noted that the company is partnering with the Georgian Farmers' Association.

Currently, Adjara Group is working on launching a partnership with DFC to develop a new Rooms Hotel in the historic resort Abastumani.

## GFA & Local Farmers

In partnership with the Georgian Farmers' Association (GFA), Adjara Group establishes and facilitates partnerships with Georgian farmers to develop its value chain. By purchasing produce from them, the company ensured that a steady flow of fresh produce was supplied to the company's restaurants and bars. As a result, Adjara Group has transformed the demand for local produce on the national market and the contracted farmers increased their profits and set production quality trends in the agricultural industry.

Additionally, Rooms Hotels in Kazbegi and Kokhta prioritize purchasing agricultural goods from local farmers operating in neighboring villages to create a truly local experience for its guests and, as a result, also play their parts in advancing regional economies in Georgia.

TBILISI  
PHOTOGRAPHY  
& MULTIMEDIA  
MUSEUM.

# ARTS & CULTURE



# ARTS & CULTURE



## Supporting Cultural Events

Adjara Group supported several cultural events last year by hosting them at its establishments, notwithstanding the COVID-19 pandemic.

Creative industries were some of the most affected in Georgia's private sector. Hence, Adjara Group prioritized providing artists and art organizations with spaces for exhibiting their work, exchanging knowledge and networking, notwithstanding the crisis faced by the hospitality industry itself.

**8 EVENTS SUPPORTED**

**13,700 GEL**

*Worth of Spaces & Services*



## Supporting Musicians and Music Organizations

Georgia's contemporary music industry is one of the most important factors placing Georgia on the world map. Additionally, Adjara Group also recognizes that supporting this creative sector better knowledge-sharing capacities in the country, while preserving and advancing its cultural development. Hence, the company highly prioritizes partnering with institutions and individuals from the music industry.

Adjara Group provides friendly rates for the guests of the Georgian National Opera Theatre and the Tbilisi State Conservatoire. Georgian night clubs such as Bassiani, Khidi and Mzesumzira also utilize the friendly rate for their visiting artists.

Moreover, TES, which is one of Adjara Group's ongoing projects, is very much connected to the music scene as well. Mutant Radio - the first Georgian online radio channel focusing on electronic music and community building, is situated in this space. Additionally, three night clubs have been opened on the project site.

Considering that these types of establishments faced existential challenges amidst the COVID-19 pandemic, Adjara Group's support serves as a major factor for ensuring that the unique electronic music scene remains strong in Georgia's capital.



## Partnership with UNESCO

As a major supporter of arts & culture and a pioneer in art project investments, Adjara Group partners with UNESCO in strengthening Georgia as a country, which provides development and self-realization opportunities to artists. The company's representative is officially a member of the national team of UNESCO, which works on improving arts related environments in terms of legislature, as well as finances.

Adjara Group has been hosting UNESCO's events at its properties in 2021 and supporting the organization through sharing the company's knowledge with regards to Georgia's creative industries and development possibilities for arts and cultural sectors in the country.





## *TheShop*

Supporting Georgia's creative industries by engaging with domestic businesses as well as promoting sustainable consumption and production patterns have been the main objectives of Adjara Group's in-house concept store - TheShop. Located in Stamba Hotel and Rooms Hotel Kokhta, the facility showcases items from the company's Atelier, which upcycles waste materials into unique products for the store.

Run by Tinatin Kvinikadze, the Atelier and TheShop aim to further enhance their efforts of recycling materials to manufacture items. Moreover, TheShop is promoting the Georgian alphabet by integrating it on various products sold at the facility.

As a response to the war in Ukraine, the Atelier started creating ribbons resembling the country's flag that have been given to Adjara Group's employees as parts of their attire. The team of female tailors then designed dolls, bracelets, as well as more ribbons for TheShop. The income generated from these items will be transferred to charity that supports Ukrainian children in Georgia.

TheShop also features local entrepreneurs, to support Georgia's creative industries. From the day it opened, the store has been supporting young artists and popularize their work. Last year, TheShop worked with Sali Nikolashvili, a Georgian graphic designer, who created illustrations of buildings, which were used for various commercial items produced for the facility.





## Tbilisi Photography and Multimedia Museum

TPMM is one of Adjara Group's major partners from the national creative industries. Developed and run by a female cultural leader - Nestan Nijaradze, the institution provides opportunities for artists with different socio-economic and cultural backgrounds, while building an international network of photographers, as well as visual arts producers. In fact, TPMM is the only arts organization in the South Caucasus, which regularly implements educational initiatives, as well as residency and grant programs for photographers, videographers and other visual artists.

With women empowerment being one of the main objectives of the institution, currently, TPMM is managed by 2 females, while its team is composed of 4 women and 1 man. They are the ones behind various innovative initiatives where knowledge and ideas are exchanged.

In 2021, notwithstanding the existing challenges related to the COVID 19 pandemic, TPMM organized 7 photo and multimedia exhibitions featuring renowned international artists and emerging Georgian and regional photographers, as well as a series of artists talks, long term workshops and art residency programs.

In total, works of 89 visual artists have been exhibited within various projects. In total, the museum hosted up to 2,000 visitors last year.

In 2021, TPMM together with Tbilisi Photo Festival (TPF), remained loyal to its major commitment to support local and regional artists. Both institutions, acting as cross-platforms, have continued to create new artistic and educational opportunities for the artists in the South Caucasus and Asian region as well as in Europe. TPF x TPMM are proud to have provided financial support to 54 artists - 70% of whom are female. TPMM has started 2022 with a dynamic exhibition and education programme, already managing to host 2 exhibitions.

It should also be noted that the institution features a unique archive of visual artists from Georgia, Europe, Asia, America, as well as Austria and New Zealand. While being developed for the past 16 years, the platform has turned into a unique space filled with valuable art-works.

Moreover, the institution is actively partnering with Tbilisi City Hall, UN Women, Prince Claus Fund, Open Society Georgia Foundation, UNDP, and Magic Carpets/Creative Europe.



### MANAGED BY 2 FEMALES

*Team of 4 Women; 1 Man*



### TPMM ARTIST ARCHIVE

*408 Multimedia Projects 508 Artists 500+ Art Works*





## Propaganda Network

Propaganda Network is a Georgian collective of artists who take part in defining contemporary Georgian culture. Located in the same building as Stamba Hotel, groups of individuals with diverse backgrounds converge and work collaboratively, as well as individually on various art and creative projects. Propaganda Network is managed by 8 individuals, who work with a project-based team of 3 people.

Importantly, the creative group is further diversified with local and international residents and tenant organizations. The COVID-19 pandemic strongly affected Propaganda Network's activities. Nevertheless, the group of creatives held various art workshops and welcomed new International residents in 2021. Moreover, last year, Propaganda Network announced a grant program for artists. Supporting ethnic, racial, religious, and sexual minorities is one of the organization's key priorities. Inclusivity is also accentuated in the online archives created by the organization's team. Apart from Adjara Group, the institution is funded by the Ministry of Education, Science, Culture and Sport of Georgia, as well as Creative Georgia, Tbilisi City Hall, Goethe Institute in Georgia, Institut Francais, and Alumni Association for International Education Center. Propaganda Network also partners with the embassies of Italy and Hungary, L.C. Queisser gallery, Tbilisi International Film Festival, Visual Arts and Design School, Tbilisi State Academy of Art, Ambrolauri Visual Art Museum, Tbilisi Architectural Biennale, Artarea 2.0., and Brooklyn Rail.

## PEOPLE INVOLVED

**24** *International Residencies*

**26** *Collective Workspace Residents*

**5** *Tenant Organizations*



Women



Men



## ACTIVITIES

*21 Workshops*

*24 International Residents*

*2 exchange residencies*



## ONLINE ARCHIVES

*180 Artists*

*8 personal archives*

*62,000 Page views*

*150 avg. Visits per Day*



## Artarea 2.0.

TES, Adjara Group's ongoing conversion project, provides spaces for cultural entrepreneurs and leaders of different backgrounds for developing their work and shaping the face of contemporary Georgia. Artarea 2.0. is one of the tenants on site and it represents a TV channel, which is also active on social media.

With more than 123,000 followers on Facebook, it is the only major Georgian video content producer, which solely focuses on culture. Its TV program features shows, interviews, concerts, as well as recordings of important cultural events.

Artarea 2.0. has thousands of devoted viewers from all over the country. Importantly, it serves as one of the biggest cultural education platforms for Georgian audiences interested in national as well as international visual arts, literature, music, and contemporary art.



## Mutant Radio

Run by 2 women, Mutant Radio is an online platform devoted to music and the issues surrounding it. It is aired in audio-visual, as well as audio formats. The shows are hosted by Georgian or foreign artists and creative individuals. With the studio set up in a wagon, Mutant Radio is also distinctive for its capacity to physically relocate and stream shows from different locations.

More than 100 residents, the platform is gradually turning into a digital gathering space for a growing international community of like-minded individuals. Currently, Mutant Radio is operating through their website [mutantradio.net](http://mutantradio.net), Instagram and SoundCloud. Mutant Radio's list of residents is quite diverse, featuring ethnic, religious, and sexual minorities. Apart from the live streams, Mutant Radio also has an open-air cafe, where like-minded people have an opportunity to enjoy quality music and a friendly vibe.

Moreover, in the main location of the Mutant Radio wagon, there is an open-air bar, where like-minded people gather and listen to music. The wagon is located at an old electro station and is surrounded by cultural heritage buildings, where the radio holds physical events.



Website - around **2 Million Hours** spent yearly

People tune into Mutant Radio's broadcast from around **153 countries**.



## Center of Contemporary Art CCA

For the past 10 years, CCA has been working actively mainly as an educational institution, which features an informal 9-month master's program. The organization focuses on contemporary arts and has already trained about 150 young artists, most of whom have successfully implemented creative initiatives locally and on an international level.

CCA also hosts an International Triennale, which has turned into a major cultural event in Georgia. It focuses on discovering unique skills and represents a part of the innovative education model.

The organization also works on Conversia, which is a regional project uniting grassroots initiatives in different regions of Georgia, working within the frames of the local context and developing communities.

CCA actively partners with Georgian public institutions and major International Organizations such as the Open Society Foundation, Swiss Agency for Development and Cooperation, Goethe Institute, Creative Europe, among others.

**6** MEN

**5** WOMEN

**300** Exhibitions

**150** Workshops

**40** Exhibitions Abroad

A photograph of a modern building with a facade made of horizontal wooden planks. The building has several floors with large, dark-framed windows. Some windows have white grid-like patterns. A vertical metal structure, possibly a fire escape or elevator shaft, is visible on the left side of the building. The image is framed by a white, torn-paper-like border.

# ENVIRONMENTAL SUSTAINABILITY





## *Sustainable Agriculture - Space Farms*

Space Farms at Stamba Hotel is the first indoor vertical farm in the Caucasus region. The project is being hosted by Adjara Group to assist the development of agriculture, which has historically been an integral part of Georgia's economy. The increasing frequency of natural disasters and the rising global temperature create risks of reduced productivity for traditional farms.

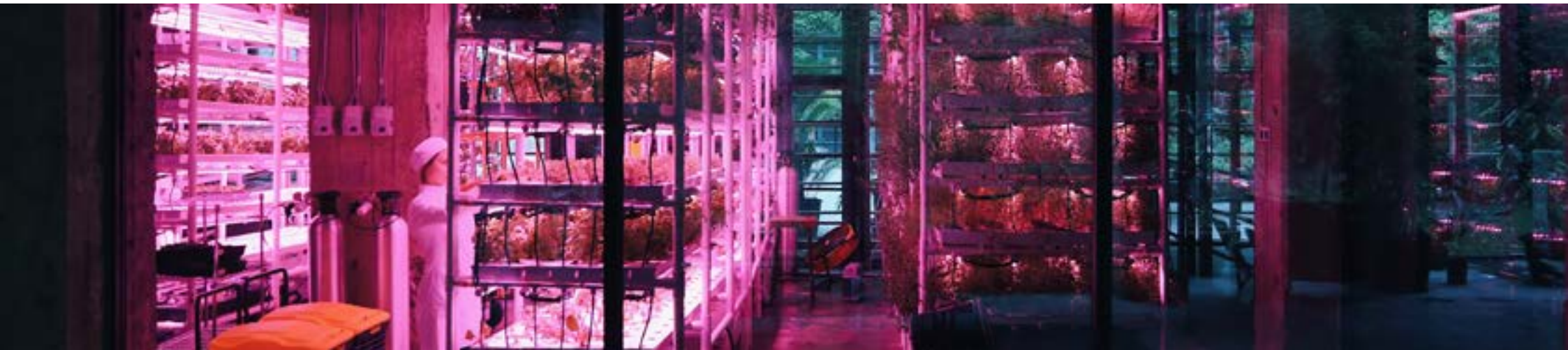
Space Farms introduces cutting-edge digital technologies to cultivate plants in a closed environment that is not weather dependent. As a result, the project plays an integral role in developing alternative spaces for advancing sustainable agriculture that is resilient to climate change.

Moreover, the automated system for watering, humidifying, and ventilating the facility allows for growing and harvesting several plant varieties, otherwise not available in Georgia. Hence, the technologies at Space Farms advance biodiversity in the country by cultivating baby greens, leafy greens, and other produce otherwise not available in the region.

Space Farms also serves as a model for efficient water management. According to FAO, crops and livestock account for 70% of all water withdrawals worldwide.

With its water recycling systems, the first urban vertical farm in the region uses 75% less water when compared to traditional farms. Space Farms exclusively operates on electricity, which is derived from hydroelectric stations. Hence, the project does not produce carbon emissions, which is the result of its climate-smart approach to agriculture, as well as Adjara Group's decision to exclusively use electricity at its property.

**75%** | **LESS  
WATER USED**



# Sustainable Hospitality



## Energy Consumption

Recognizing the importance of sustainable consumption of energy, Adjara Group has been integrating energy-efficient solutions into its properties. In previous years, thousands of incandescent light bulbs were replaced with LED bulbs in the company's hotels. As a result, the establishments have become more energy-efficient and use less electricity to light up the guest rooms.

As a part of IHG's green engage program, Holiday Inn Tbilisi is monitoring and working on reducing its water & energy consumption.

Georgia produces electricity with its ecologically clean hydroelectric power stations. For this reason, Stamba Hotel only uses electricity for its heating systems to reduce carbon emissions from burning natural gas and increasing the country's energy independence.



## Waste Management

Land pollution and loss of biodiversity are risks that can have devastating effects on human health and hence hospitality, as well as commercial real-estate industries. Therefore, Adjara Group is strongly committed to reducing waste production at its facilities and forming valuable partnerships to accelerate the company's waste recycling methods.

As part of its plastic waste reduction initiative, the company only serves straws made from recycled paper to its guests. Moreover, during take-out orders, Adjara Group's restaurants offer an optional choice - if the customers want a plastic fork or knife to be included in their order.

In accordance with the waste management plan, Adjara Group is improving its systems to achieve more efficient waste collection, sorting, and transportation processes. Moreover, recycling of the waste produced in company's properties is always prioritized.

Partnerships play a central role in these administrative and operational procedures. Therefore, a partnership has been established with Polyvim - a plastic recycling plant. It has provided bins for plastic waste, which are now placed throughout Adjara Group's properties. Each month, plastic waste is collected and transported to Polyvim's recycling plant. Hence, Adjara Group has furthered its efforts to reduce plastic waste production by giving it to a recycling plant.

The company also reached an agreement with company Sanitary, which collects and transports cardboard, glass, and aluminum waste to Georgian recycling factories specializing in working on the said materials.

Adjara Group also continues partnering with Quercus. Through this collaboration, paper waste is collected from Adjara Group's offices and hotels. The material is then transported to a specialized company who recycles it.

Working with Biodiesel Georgia makes it possible for the company's restaurants to dispose of used food oil. This waste product is transported by Biodiesel Georgia, and upcycled into eco-biodiesel.

A fruitful partnership is established with the Tbilservice Group as well to ensure that mixed municipal waste produced at the company's properties are stored and transported in a sanitary manner.

Importantly, the established partnerships have created an opportunity and capacity for Adjara Group to start monitoring the amount of waste produced in its properties. Hence, the year 2022 will serve as a baseline for strengthening the efficiency of accurate waste measurement and monitoring. By knowing the volume of waste, the company will be able to better plan out its future initiatives aimed at advancing sustainable production and consumption.

# WASTE MANAGEMENT PARTNERSHIP STRUCTURE

## ADJARA GROUP

<b><i>Polyvim</i></b> Plastic Waste Collection, Transportation, Recycling	<b><i>Biodiesel Georgia</i></b> Used food oil transportation and upcycling	<b><i>Sanitary</i></b> Cardboard, glass, and aluminum, collection and transportation	<b><i>Tbilservice Group</i></b> Mixed waste collection and transportation	<b><i>Quercus</i></b> Office waste paper collection, transportation	<b><i>Vazha Latsabidze</i></b> Industrial waste transportation
		<b><i>Mina</i></b> Waste glass upcycling		<b><i>Georgian Paper Production</i></b> Office paper upcycling	
		<b><i>Neoprint</i></b> Waste cardboard upcycling			
		<b><i>Krialala</i></b> Paper and cardboard upcycling			



# Sustainable Development

## 7 Ongoing Conversion & Restoration Projects



## 3 Hospitality Establishments

## 4 Synergetic Ecosystem Projects



### *Sustainable Development - Construction and Sourcing*

The company's approach to urban and rural development promotes a sustainable construction model. Rooms Hotel Tbilisi, Stamba Hotel and Fabrika are all conversion projects while the construction of Holiday Inn Tbilisi and Rooms Hotel Kazbegi implied restoring previously built hospitality establishments.

Hence, by keeping the original structure and facades of the mentioned buildings largely intact, Adjara Group's projects used less construction materials per property. Moreover, they have largely been built by materials available on the local market, which has reduced carbon emissions associated with international transportation of goods.

Such an approach to developing infrastructure decreases waste production and carbon emissions associated with transportation.

Moreover, Adjara Group proactively utilizes circular economy principles when developing projects. For instance, used wood is often upcycled into interior and exterior space decor, while various old ceramic and metal items are repurposed as interior design elements as well.

### *Ongoing Projects - Furthering Commitment to Environmental Sustainability*

Collective, Adjara Group's developer company, is developing several hospitality and synergetic ecosystem projects together with the newly formed team, which will be managing the holding's upcoming multifunctional spaces. Every single ongoing construction involves converting or restoring existing buildings in different regions of Georgia.

With a special focus on wellness, a landmark Sanatorium building from the first half of the 20th century is going to be transformed into a new Rooms Hotel in Abastumani.

Moreover, Collective is also creating a unique village in Kakheti by converting houses into cottages and developing communal, as well as private spaces for interaction, work, and relaxation.

Adjara Group's signature hospitality concept is being brought to Adjara as well. The company is finalizing the transformation of a historic building into Rooms Hotel in Batumi, which is going to be tied to a restaurant in Tsikhisdziri.

In terms of advancing a synergetic ecosystem for creative industries in the country, Adjara Group is converting abandoned and derelict industrial facilities in Tbilisi's central neighborhoods and its outskirts. The company is also working on similar projects in Kutaisi and Rustavi, which will support the advancement of cultural entrepreneurship, and innovation beyond Georgia's capital.



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