



Grant Thornton

An instinct for growth™

Grant Thornton and the United Nations Global Compact Communication on Progress

November 2012
Yerevan, Armenia



Grant Thornton CJSC
8/1 Vagharshyan Str.
0012 Yerevan, Armenia
T + 374 10 260 964
F + 374 10 260 961
www.grantthornton.am

STATEMENT OF CONTINUED SUPPORT

Dear Reader,

Since joining the United Nations Global Compact in 2006, Grant Thornton CJSC has fully integrated its ten principles into all the practices and procedures of the firm. The values and principles of the Global Compact are reflected in all aspects of our internal and external activity.

Being part of Global Compact for Grant Thornton is beyond formal recognition and adherence to the ten principles; it is enrooted in daily business processes, is a guidance note in decision-making and is instilled on all levels of the company.

The management of Grant Thornton CJSC reiterates its full commitment to the ten principles of the Compact and believes that by being part of the Compact, we benefit as an organization and make our contribution to promotion of the principles and achieving greater sustainability within our community.

We hereby report on implementation of the Global Compact principles and commit to remain true to them in the future.

Yours sincerely,

Gagik Gyulbudaghyan

Managing Partner

Grant Thornton CJSC
Member of Grant Thornton International Ltd
Auditors and Chartered Accountants, Management, Tax and Legal Consultants



Grant Thornton

An instinct for growth™

Table of contents

1. Grant Thornton International

2. Grant Thornton Armenia

3. Human Rights

4. Labor Standards

5. Environment

6. Anti-corruption

Grant Thornton International

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. These firms help dynamic organisations unlock their potential for growth by providing meaningful, actionable advice through a broad range of services. Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to solve complex issues for privately owned, publicly listed and public sector clients.

Clients of member and correspondent firms can access the knowledge and experience of more than 2,600 partners in over 100 countries and receive the same distinctive, high quality and personalised service wherever they choose to do business. Grant Thornton International strives to speak out on issues that matter to business and which are in the wider public interest and to be a bold and positive leader in its chosen markets and within the global accounting profession.

Grant Thornton International member firms are not part of one international partnership or otherwise legal partners with each other, nor is any one firm responsible for the services or activities of any other, but they do share a commitment to common standards and methodologies and provide the same high quality service to their clients around the world wherever they choose to do business.

Founded over 30 years ago by senior partners from US firm Alexander Grant and UK firm Thornton Baker, Grant Thornton International organisation believes in openness and transparency and demonstrates commitment to operating in the public interest and maintaining the trust and knowledge which clients and financial regulators need, want and deserve.

Member firms within Grant Thornton International are leaders in creating and sustaining transparency about their operations, and possess an extensive experience in the spheres of business and management consulting, financial audit and accounting, economic and financial analysis, tax, legal and policy advice. They are well placed due to the depth of the international structure, the strength of the brand and the high standards of quality in the network.



Grant Thornton International member firms offer clients a wide range of trusted services to help develop their businesses including assurance services (audit and compliance), advisory services (business risk, corporate finance, forensic and investigation services, project finance, recovery and reorganization, valuations), tax services (taxation compliance and consulting), services through the International Business Centres.

Grant Thornton International has designed policies and procedures to promote a culture that places quality at the heart of performing successful client engagements. Consequently Grant Thornton International member firms have developed an unsurpassed reputation for objectivity, professionalism and excellence with their clients.

Grant Thornton Armenia

Grant Thornton CJSC was founded in the early 1990s, bringing to the market the philosophy shared by all Grant Thornton firms - partner led and personalized services, conformity with high professional standards and dedication to the needs of the public sector and growth oriented businesses.

Supported by the depth of the international structure, the strength of the brand and the high standards of quality in the network, we deliver services which meet the high expectations of our clients.

What we do

We provide audit, in-depth professional consulting services and specialist advice to enterprises, national and commercial banks, financial institutions, governmental, local and international organisations.

Through our membership in Grant Thornton International, we have access to a network of member firms and Grant Thornton International IBCs worldwide, combining the knowledge and experiences of individual marketplaces with technologies, methodologies and specialist resources available to implement specific assignments in the region, as well as to provide coordinated worldwide services to our clients.

Our Clients benefit from both International and local professionals, who offer their in-depth knowledge of management, industry and business consulting, local legislation and international law, international and local accounting principles, corporate finance and taxation.



Grant Thornton is a multi-professional firm of over 140 international and local public accountants and auditors, advisers in finance, business and management, as well as tax and legal advisers.

What we do





Grant Thornton

An instinct for growth™

Grant Thornton and the United Nations Global Compact



Human Rights

- **Business should support and respect the protection of internationally proclaimed human rights**
- **Business should ensure that they are not complicit in human rights abuses**

Our people

In Grant Thornton the main driver of success of the firm is our people. The people of Grant Thornton are the greatest asset of our firm, one that makes Grant Thornton the leading audit and advisory company in Armenia, ensures high quality service provisions and earns the respected reputation of the organization. At Grant Thornton each person is a value which is cherished by the organization. The rights of our people are duly respected and our commitment to protection of internationally proclaimed human rights is applied in practice in our daily activity.

Equal for all

The company ensures that no discrimination is applied towards the employees throughout the entire chain from recruitment, assessment of performance to termination of employment. No distinction of race, colour, gender, language, religion, political or other opinion, national or social origin, property, birth or other status, is made when employing, further retaining or terminating employment of persons in the company (Article 2 of the Universal Declaration of Human Rights). Assessment of human resource is made only on the basis of relevance of education, professional qualifications and personal skills to the requirements of the job position. The assessment methodology and logic is communicated to the employees prior the exercise.

Gender balance

Grant Thornton CJSC does not discriminate on the basis of gender distinction among its employees. Promotion of male and female employees is carried out on equal basis. Approximately 47% of senior and managerial positions in the company are occupied by women.

Equal treatment

At Grant Thornton CJSC it is ensured that everyone, without any discrimination, has the right to equal pay for equal work, everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection. The Human Resources Policies and Procedures Manual, the main regulation of the firm for HR matters, illustrates the firm's organizational structure, as well as the policy on remuneration, which is equal for equal positions and equal amount of work. Along with the rights of employees to work in equal and favorable conditions, the firm also respects the right to rest and leisure. Each employee is entitled to 24 days of paid vacation, which exceeds the minimum set out by the Labour Code of the Republic of Armenia by 4 additional days. This beneficial term of employment is fixed under the Employment Contract provisions.



Right to Education

Grant Thornton CJSC respects the employee's right to education and encourages them to continue professional and educational development. According to the Human Resources Policies and Procedures Manual, employees in certain positions are required to fulfill annually at least 40 hours of continuous professional education. Over 65% of the employees of the company are enrolled in special professional education courses, the expenses for which are covered by the company.

Grant Thornton signifies the potential of youth and as a socially responsible employer is committed to encourage youth and their professional development. The company has a stable cooperation history with educational institutions in Armenia and within this cooperation a number of young students every year are provided with the opportunity to gain tangible work experience and practice.

Grant Thornton regularly hosts student interns, seeking to fulfill course requirements and acquire practical skills. On average each internship lasts 4-10 weeks. Throughout the past year around 30 internships were hosted by the firm. The company provides them with respective technical resources, allocates specialists to provide support and training to interns. Upon completion of the internship those students, whose performance has been assessed as highly satisfactory, often are offered with employment opportunities.

As part of its commitment to support education, Grant Thornton initiates and publicizes research material and information related to the sphere of financial services. This information is made accessible to students and other interested individuals on the website of the company, as well as is disseminated to the target media for public outreach.

Labor Standards

- **Business should uphold the freedom of association and the effective recognition of the right to collective bargaining**
- **Business should support the elimination of all forms of forced and compulsory labor**
- **Business should support the effective abolition of child labor**
- **Business should support the elimination of discrimination in respect of employment and occupation**

Working at Grant Thornton

Throughout the past years, Grant Thornton has documented a stable growth, both in terms of the market size and the number of staff. Moreover, most of the key professionals have been with the company since its establishment and this fact speaks for the great respect that there is for the people. The firm continuously invests in improvement of working conditions and ensures that labor standards are met at all levels of its activity. The personnel of the company is provided with up to date equipment and convenient working conditions. The office of the company is equipped with consideration of necessary safety and technical parameters and fully complies with commonly accepted standards. Grant Thornton operations also cover other countries and the company ensures that teams travelling on foreign missions are provided with sufficient working conditions regardless of their location or duration of the mission.

Policies and procedures

The internal policies of Grant Thornton are in full consistency with the firm's commitment to corporate social responsibility. They are set out in the Human Resources Policies and Procedures Manual, which is updated on regular basis to accommodate the human resource needs of the firm. The policies and procedures of Grant Thornton are in line with the labor legislation of the Republic of Armenia.

Equal employer

Grant Thornton does not discriminate on the basis of race, age, sex, origin, marital status, religious or political conviction, and other characteristics. The company follows the policy of equal opportunity in employment and aims to create an environment free of direct or indirect discrimination and harassment. The recruitment and termination of employment are carried out in complete accordance with the Labor Code of the Republic of Armenia. The minimum age of employees is 18 years. Equal opportunities are provided to everyone when hiring for a new position or a vacant one. No gender or age based discrimination is applied.

Recruitment

When recruiting within Grant Thornton, the following procedures are followed:

- Public announcement of a new or vacant position is made based on which interested applicants submit their applications;
- Initial screening of applications is carried out to ensure that candidates meet minimum requirements set forth in the respective job specification, and to ensure diversity in the pool of candidates;
- Short-listed applicants are required to complete a test developed especially for the specificities of the job, based on which it is possible to assess their knowledge and skills outlined in the job specification. Written test of the professional aspect of a foreign language (usually English) is mandatory.
- When hired, a probation period of up to 3 months is assigned to the newly recruited employees, during which they undergo training in the areas of specific programmes and topics required for their work.

Education

Grant Thornton is committed to:

- encouraging and sustaining professional development of its employees and their training aimed at acquiring job-related knowledge, skills and abilities.
- supporting the employees on their path of professional development, through both formal and on-job training, as well as assisting them in attaining professional qualification.
- creation of multicultural and diverse working environment, and hence encourages cross-border internships and secondments. In this area the company cooperates with Grant Thornton International, international student and professional associations. The company closely cooperates with AIESEC, an organization which runs international internship programs.

- sponsoring participation of staff members in service line conferences, technical trainings and workshops. Throughout the reporting period the company covered expenses for qualification exams, professional trainings and publications of about 46 staff members. The company also organizes series of internal professional developments programs developed to meet the needs of individual staff members as they progress in the firm. These include professional trainings for personnel that advance to positions of consultants, lawyers, auditors, in-charge auditors, and managers and induction program for newly hired employees. All of these trainings supplement the professional qualification trainings (MBA certification programs or Association of Chartered Certified Accountants), the accountant qualification and auditor license trainings (Ministry of Finance of the Republic of Armenia).

The organizational structure within the company ensures a direct reporting flow to managers and partners and the concerns of the employees always reach their addressees. The issues that arise throughout the working process immediately receive their response due to the smooth reporting chain. Teams of employees, depending on the department they work in, are lead by a manager, who in his/her turn reports to a respective partner coordinating the respective area of activity.

Grant Thornton strongly encourages professional personnel to attain membership of an appropriate professional body. For the personnel of the company such professional bodies include, but are not limited to:

- the Association of Accountants and Auditors of Armenia (AAAA),
- the Association of Chartered Certified Accountants (ACCA, UK),
- the Chartered Institute of Marketing (CIM, UK).

Human resource evaluation

Grant Thornton, guided by the Human Resources Policies and Procedures Manual, fully adheres to its commitment to provide equal opportunities for all. For this purpose annually all employees within the company undergo an appraisal. The appraisal is carried out based on the Management Information Systems (MIS) software that has been developed by the company in 2006, customized to its needs and since then, among other aspect, ensures the transparency of the staff appraisal process. The Staff Appraisal section of the MIS is designed with the purpose of conducting Performance Appraisals in an electronic mode, through accessing personal appraisal pages for each staff member. It provides appraisal reports for individual staff members in brief or extended format, as well as a cumulative appraisal score sheet for the entire staff.

The objectives of the company's staff evaluation exercise are based on the principles of assuring fair, participatory, transparent and merit based acknowledgement of the performance and professional progress made by each of the partners and staff members within the company for a given period of time, usually equal to 12 consecutive months.

Compensation and benefits

As a positioned leader in the industry nationwide, Grant Thornton follows the strategy of ensuring market top average of the industry compensation for all staff members. Compensation scheme is developed based on factors indicating proper levels of motivation, loyalty and aspiration for continuous professional growth. The company also offers other benefits to employees, which aim to provide tools, conditions and mechanisms for staff to perform assigned duties, create vigorous social atmosphere, enforce corporate culture, as well as stimulate professional and academic growth of all staff members.

Among other benefits provided by Grant Thornton list the following:

- mobile telephones and connection SIM cards for all professional staff members, except assistants;
- transportation by company vehicles for staff members travelling on company business on daily basis and/or reimbursement of travel expenses incurred;
- paid vacation of 24 business days per annum;
- reimbursement of expenses incurred in obtaining professional qualifications including costs of books and study materials, but excluding tuition;
- reimbursement of fees related to membership in professional associations, obtaining and maintaining licenses and certifications;
- reimbursement of costs incurred in connection with attendance of professional conferences, seminars, training programs;
- organization and financing of social and recreational events for staff members and members of their immediate families;
- provision of health insurance to the employees and members of their immediate family. The company covers up to 70% of insurance expenses, depending on the income level of the employee.
- provision of appropriate accommodation and sufficient per diems to cover their living and transportation expenses for all employees travelling on international missions.

Environment

- **Business should support a precautionary approach to environmental challenges**
- **Business should undertake initiatives to promote greater environmental responsibility**
- **Business should encourage the development and diffusion of environmentally friendly technologies**

Within Grant Thornton all necessary steps are taken to ensure maximal decrease of utilization of environmental resources and diffusion of environmentally friendly technologies. On annual basis the company updates its technological base to ensure that equipment with lower electricity spending is used. Among these updates are the introduction and intensive use of double-sided printers, which allow a significant decrease in the usage of paper.

For the past 4 years already, Grant Thornton CJSC has stopped printing of hard copy Christmas / New Year cards for the purposes of reducing paper consumption. Only electronic greeting cards are used by the firm.

For already six years Grant Thornton facilitates the conduct of the International Business Report (IBR) survey in Armenia. The IBR of Grant Thornton International is an annual survey of the views of senior executives in privately held businesses of over 12,000 privately held businesses in 40 economies providing territory, regional and global trend data on the economic and commercial issues affecting a sector often described as the 'engine' of the world's economy. Environment is among the sectors of interest within the IBR, and a section in the questionnaire is dedicated to environment. Through the survey Grant Thornton strives to raise issues that are of concern in the contemporary world and summarizes the responses in series of press releases and sector reports. These publications are widely publicized through Grant Thornton International and the member firms around the world, including Armenia.

Anti-corruption

- **Business should work against corruption in all its forms, including extortion and bribery**

Partnering Against Corruption Initiative

Grant Thornton International is a signatory of the Partnering Against Corruption Initiative (PACI) of the World Economic Forum. PACI is business driven global initiative with commitment from the top. The PACI's mission is to develop multi-industry principles and practices that will result in a competitive level playing field, based on integrity, fairness and ethical conduct. The PACI places the private sector in a unique position to guide governments' and international organizations' strategies and policies on anti-corruption and has built strong relationships with the key players and institutions from the global anti-corruption landscape.

The PACI Principles for Countering Bribery, create a common language on corruption and bribery valid for all industries firmly believing that corruption can not be countered without leadership and commitment from the top. The PACI is based on CEO commitment to zero-tolerance towards bribery and commitment to implement a practical and effective anti-corruption program within the company - or for companies that already have a program in place to benchmark the existing program against the PACI Principles.

Ethical standards and anti-corruption in Grant Thornton

The Ethics and Quality Control Manual (EQCM), published by Grant Thornton International, and updated on regular basis, incorporates the organization's policy on ethical standards within the profession and standards against which quality is to be ensured. Among many of the issues targeted by the EQCM, the issue of maintaining independence is of primary importance. Specifically, the ECQM states that:

- Personnel and the member firm should not engage in any business, occupation or activity that impairs or might impair integrity or objectivity where professional standards require us to maintain independence.
- Persons of certain positions, such as partners, managers of members of the assurance team, are restricted from having any interest in an entity which is restricted globally.
- Employees are restricted from accepting any gifts or hospitality from a client of the firm unless the value is clearly insignificant. Gifts and hospitality with a value of less than USD 100 will be assumed to be insignificant.

Accountability and Transparency (International)

Grant Thornton CJSC, as a member of Grant Thornton International, reports to the organization on its activity. Besides that, regularly Grant Thornton International carries out review on member firm compliance with the set requirements and standards. This procedure ensures that each member firm abides the requirements of membership and, upon breach of the standards, immediate measures are taken. Transparency of the global organization and its member firms is of unquestionable importance in this profession. Earning and retention of credibility of public and clients is again of utmost importance. With this in mind, Transparency Report is issued by Grant Thornton International each year. The report is publicly available through the websites of the global organization and its member firms and is disseminated among stakeholders. In its several chapters, such as “Quality control systems”, “Independence practices”, “Quality people” and others, the report introduces the annual accomplishments and areas of interest or concern for the organization.

Accountability and Transparency (Local)

Grant Thornton annually reports to the Ministry of Finance of the Republic of Armenia. By means of this reporting, the company once again ensures that all internal procedures and its activity are transparent and fair.

Internal transparency and accountability is ensured by the existence of seven partners in the company. Each of the partners is fully accountable to others, providing sound basis for transparent and fair activity.

As part of its strategy to maintain transparency and accountability to the public, the company closely cooperates with media. Grant Thornton always speaks out on matters that are important from the perspective of its sphere and to the wide society in general. Annually, the company organizes press conferences, issues several dozen press releases and remains fully transparent and open to the public.



Contact us

Grant Thornton Armenia

T +374 10 26 09 64

E gta@am.gt.com

W www.grantthornton.am

