



# Grant Thornton

An instinct for growth™

## Corporate Social Responsibility Report

*(Communication on Progress)*

Grant Thornton Armenia



2015, Armenia



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

## STATEMENT OF CONTINUED SUPPORT

Yerevan, Armenia

February, 2015

At Grant Thornton we believe that socially responsible behavior is to be preached and practiced on all levels: personal, social and corporate. As a professional services firm we feel responsible for making a contribution to development of our professional, our market, economy and country, at large.

With this in mind, we have joined the United Nations Global Compact in 2006, committing to the principles of the Compact and adhering to them on policy and practice levels. The values and principles of the Global Compact are reflected in all aspects of our internal and external activity.

The management of the firm 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,

A handwritten signature in blue ink, appearing to read "Gagik Gyulbudaghyan", enclosed within a blue oval shape.

*Gagik Gyulbudaghyan*  
Managing Partner

Grant Thornton CJSC  
Member of Grant Thornton International Ltd  
Audit, Tax, Advisory

## Communication on Progress Grant Thornton



# 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**

Best people are the one of the cornerstones at Grant Thornton and the firm implements a strategy aimed at recruitment and retention of best talent on the market. It's the people of Grant Thornton that make the firm the leading audit and advisory company in Armenia. 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 activity.

## Equality

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, color, 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 58% 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 Labor Code of the Republic of Armenia by 4 additional days. This beneficial term of employment is fixed under the Employment Contract provisions.



## 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 50 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 over 20 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**

### Employment

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 programs 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 20 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).





---

## Personnel 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.

## Benefit package

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 5 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 10,000 privately held businesses in over 30 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 EQCM 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.

### 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.

## CSR projects at a glance

International Business Report	<p>The Grant Thornton International Business Report (IBR) is the world's leading mid-market business survey, interviewing approximately 2,500 senior executives every quarter in listed and privately-held companies all over the world. Launched in 1992 in nine European countries, the report now surveys more than 10,000 businesses leaders in over 30 economies on an annual basis, providing insights on the economic and commercial issues affecting companies globally.</p> <p>Grant Thornton makes a donation of US\$2 to UNICEF UK for every completed interview.</p> <p>Grant Thornton donated USD30,950 to UNICEF UK as part of its ongoing association through the International Business Report (IBR). This takes the total donation made through the project over the past eight years to over US\$360,000.</p>
Investing in the profession	<p>Grant Thornton believes that it is part of the community and primarily part of the community of people in the audit and accountancy profession. Alongside with the organization, participation and sponsorship of educational activities for the staff of the firm, within the past year Grant Thornton has supported the Association of Auditors and Accountants of Armenia for covering parts of costs associated with the membership of the International Federation of Accountants.</p> <p>Within the reporting period, 45 persons of the company have been involved in professional education courses, the firm has sponsored participation of staff in 19 professional trainings / workshops, and 35 students underwent internships in the firm.</p>
Sharing the knowledge	<p>Grant Thornton's wealth and largest asset are the professionals that deliver solutions and distinctive service to clients, and drive the growth of the firm. The knowledge and expertise of the people of Grant Thornton are readily shared with colleagues, clients, students and organizations. Grant Thornton partners and managers dedicate time to fill the gap between conventional educational and practical knowledge, well realizing that graduates from universities rarely get to experience private sector practice.</p> <p>Throughout the year, a number of trainings, master classes and presentations have been held by the firm's key people, among which:</p> <ul style="list-style-type: none"> <li>- "Growth and development strategy" workshop for Moscow State University of Economics, Statistics and Information</li> <li>- "The disadvantages of eliminating of mandatory financial audit for large taxpayers and also the advantages of alternative tax audit" presentation for the Union of Manufacturers and Businessmen of Armenia</li> <li>- "Grant Thornton in Armenia and career growth" presentation for MBA students of the American University of Armenia</li> <li>- "Tax reforms" workshop for the Association of internal auditors of Armenia</li> </ul>

## CSR projects at a glance

Sports sponsorships	<p>Grant Thornton CJSC promotes healthy lifestyle and sponsors several sports activities with participation of staff members, such as soccer championships and marathons. The proceeds from marathons are directed to charity cause.</p> <p>The firm also sponsors professional cross-country skier Sergey Mikaelyan and supports his participation in international championships.</p>
Charity	<p>Since 2009, as part of its commitment to shift to more environmentally friendly practices, the firm has stopped printing of greeting cards and has shifted to utilization of electronic greeting cards. The firm has also initiated several discussions with other businesses to Armenia to promote the practice and encourage them to join in the action to reduce paper consumption. The firm donates the funds that would be spent on production of greetings cards to Armenia All-Armenian Fund, which supports vulnerable communities of Armenia and Nagorno-Karabakh.</p> <p>Within the reporting period, the firm has also supported a number of benevolent organizations and NGOs of Armenia for certain projects, including:</p> <ul style="list-style-type: none"><li>• "Jinishian" Memorial Foundation</li><li>• "Orran" benevolent non-governmental organization</li><li>• "Pyunik" Armenian Association for the disabled charity organization</li></ul>



## Grant Thornton Armenia

T +374 10 26 09 64

E [gta@am.gt.com](mailto:gta@am.gt.com)

W [www.grantthornton.am](http://www.grantthornton.am)

