

Corporate social responsibility

Communication on progress

Grant Thornton Armenia

May 2021



STATEMENT OF CONTINUED SUPPORT

Yerevan, Armenia

May 2021

Grant Thornton Armenia joined the Global Compact with a true commitment to the ideology and principles of the Compact.

At Grant Thornton, we believe that sustainability is possible only when individuals, teams, organizations and states collectively unite efforts in the right direction. And as citizens and as organizations, we bear full responsibility over not only how we act, behave and treat others, but collectively over how we act, behave and treat our community, our country and the world at large.

As part of the United Nations Global Compact since 2006, we have committed to the principles of the Compact and adhere 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.

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
Chairman of the Board

Welcome to the 2021 edition of our “Communication on progress” report, capturing our commitment to the 10 principles of the UN Global Compact and demonstrating how we bring them to life in our everyday life!

At Grant Thornton, in Armenia and across the world, we remain true to the values of our global organization and work together for the greater good of our people, our clients and our communities.



2020 impact

Year 2020 had an unprecedented impact over the regular activity of organizations across the world. In Armenia, the disruption caused by the Covid-19 pandemic in the first half of the year, was deepened by the war in Nagorno-Karabakh in the second half.

In the light of the above, Grant Thornton, like numerous other organizations in Armenia, performed limited activities, being in the lockdown between March 2020 to January 2021. *Hence, this report is prepared with consideration of the limitations adherent to the external environment.*



**The 10
Principles of
the UN Global
Compact**

Business should support and respect the protection of internationally proclaimed human rights.

Business should ensure that they are not complicit in human rights abuses.

Human
rights



Equality

Grant Thornton Armenia exercises equal treatment to 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 behavioral competencies to the requirements of the job position. The assessment methodology and logic is communicated to the employees prior the exercise.

Gender balance

Grant Thornton does not discriminate on the basis of gender distinction among its employees. Promotion of male and female employees is carried out on equal basis. More than 52% of senior and managerial positions in the company are occupied by women.

Equal treatment

Everyone has the right to equal pay for equal work, everyone who works has the right to just and favorable remuneration. 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 business days of paid vacation, which exceeds the minimum set out by the Labor Code of the Republic of Armenia by 4 additional days, as per the Employment Contract provisions.



Education

Employee's right to education is respected and continuous professional and educational development is encouraged on all levels. Per the Human Resources Policies and Procedures Manual, employees in certain positions are required to fulfill annually at least 40 hours of continuous professional education. In the reporting period, 48 employees of the company were 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.

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.

A man with short dark hair and glasses, wearing a light blue button-down shirt, is looking down at a tablet computer he is holding. He is in a professional setting, possibly a meeting, with another person partially visible to his left. The background is slightly blurred, showing what appears to be a whiteboard or office wall.

**Labour
standards**

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.

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.

Employment

Grant Thornton Armenia 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.

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 firm has deployed a new system, MyPerformance, which combines self-assessment and line manager's assessment. The new program includes evaluation by objectives and behavioral competencies, as well as measures the impact an employee has in achieving organizational and team goals. The new approach focuses on ongoing feedback and coaching conversations between the employee and manager.

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 and 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. A second round of face-to-face interviews is then organized.
- 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.
- sponsoring participation of employees in service line conferences, technical trainings and workshops. Throughout the reporting period the company covered expenses for qualification exams, professional trainings and publications of more than 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. 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 Chamber of Auditors and Expert Accountants of Armenia,
 - the Association of Chartered Certified Accountants (ACCA, UK),
 - the Project Management Institute (PMI, USA)
 - the Chartered Institute of Marketing (CIM, UK).



Labour standards

Benefit package

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.

- mobile telephones and 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;
- additional 4 days of paid vacation per annum;
- reimbursement of expenses incurred in obtaining professional qualifications, and 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;
- 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.

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.

Environment



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 10 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. Overall printed matter is reduced to the possible minimum, and employees are encouraged to use electronic copies of documents.

In 2021 Grant Thornton established partnership with the “ISSD” Innovative Solutions for Sustainable Development of Communities” NGO. This organization works towards ensuring sustainable development in Armenia through implementation of innovative projects in waste management, agriculture, education, business and promotion of circular economy and women empowerment. Grant Thornton Armenia became part of the “Recycle it!” initiative, which is aimed at waste sorting and recycling in Armenia, promoting new business opportunities in the waste management industry, increasing public awareness of recycling and reuse, and promoting environmental education.



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

Anti-corruption



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 - 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 11 partners in the company. Each partner 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.

Accountability and Transparency - global

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.

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