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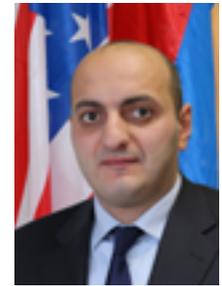
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Dear Readers,

This is my pleasure to share with you Winter 2017-2018 AmCham Magazine devoted to the Corporate Social Responsibility. CSR and social impact projects are being pushed worldwide on the agenda of companies irrespective of industries. The driving force is to meet the growing expectations and requirements of shareholders towards companies' accountability and responsible actions and practices. I believe this volume will be captivating both to CSR enthusiasts and activists, as well as public-sector regulators and private-sector leaders.

In this issue, we are excited to share with you numerous articles from our partners and members who talk about their projects, achievements, and concerns in CSR domain. We had the privilege to interview the RA Minister of Nature

Protection, Mr. Artsvik Minasyan, who talks about key environmental challenges; reforms and projects in progress; as well as provides his view on injecting the CSR culture in Armenia.

In this issue, you will also learn about the difference between CSR and charity as well as limitations to the business case approach; will have a practical guide on how to develop a CSR strategy guided by the UN Sustainable Development Goals; and will read about the integrated reporting that will become a corporate reporting norm in the near future.

I believe, you will also enjoy reading our "Road to Success" section, where we interviewed long-standing AmCham partners who share their success recipes, their companies' visions, as well as talk about CSR on practice.

Enjoy the reading!

**ARA HOVSEPYAN**

AmCham President

ContourGlobal Hydro Cascade CJSC
General Manager**Dear Readers,**

The year of 2017 was full of new initiatives and projects geared towards knowledge and best practice sharing among AmCham community and beyond. One of the initiatives targeted to the CSR enhancement in our country is AmCham's Responsible Business Network that was created in partnership with "CSR Armenia" NGO.

"CSR Armenia" NGO supported AmCham in setting the tone for the platform, which had several success stories. In the scope of the RBN, we held a set of events, including "speed-dating" among corporates and NGOs, on-site visits by the AmCham Board and member companies. All of the efforts not only raised the awareness and importance of CSR, but also helped NGOs to enhance their visibility among corporates and to share the breadth and depth of CSR projects being implemented or planned for execution. And, I would like to thank all AmCham members that took an active role in it.

On 17 November 2017, AmCham held its Annual General Meeting, and the new elected Board is committed to

continue this effort. As a leading business community with prominent and advanced companies, AmCham Armenia will continue actively advocating for CSR culture and social impact projects in Armenia and will lead by example, for which new projects are being devised on the RBN platform.

Besides the above-mentioned initiative, in 2018, AmCham Armenia is committed to play an active, valuable contributor role to the advancement of the Trade and Investment Framework Agreement signed between the U.S. and Armenian Governments. Also, AmCham will concentrate its efforts on the protection of Intellectual Property Rights as well as will launch the establishment of impartial and unbiased Arbitration Court under the AmCham umbrella. Another AmCham goal for 2018 is to expand its cooperation with other AmChams in the region and Europe. Many exciting projects to be executed in 2018, and we look forward to working with key stakeholders to make those a success.

Is there a way to navigate tax and legal risks safely?

EY's Tax & Law experts in Armenia can provide high-quality advice and help resolve the most complicated business issues.
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The better the question. The better the answer.
The better the world works.



Building a better
working world

MEET OUR NEW GOLD MEMBER



Limitless Hedge Fund

Limitless Returns LLC was established in June of 2017 and has aspirations of becoming the largest alternative asset manager in Armenia. The founder and CEO of the company, Mr. Artyom Zakaryan, is an experienced portfolio manager, who's been involved in wealth management industry for more than fifteen years. Artyom Zakaryan is a CFA charterholder since 2011 and has professionally and successfully managed client funds for many years.

Limitless Returns LLC has registered the first hedge fund in Armenia – Limitless Hedge Fund. Fund clients are primarily high net worth individuals, who wish to diversify their assets away from country and local currency risk. The Fund invests in highly-liquid securities and derivatives trading on US-based exchanges, such as NYSE, NASDAQ, COMEX, NYMEX, CBOE, etc. There is a significant tax advantage for individual investors as profits generated within the fund are not subject to income tax. Armenian securities market is in the development stage and currently lacks truly qualified portfolio managers for non-AMD denominated assets. Individuals, whose savings are primarily in foreign currency have no choice but to keep their funds either in low-yielding bank deposits, or similarly low-yielding US dollar-denominated corporate bonds. Limitless Returns LLC via its Limitless Hedge Fund aims to provide these investors with a true alternative to invest their hard-earned money with a portfolio manager who has a track record of success, has written more than 200 research articles and boasts more than 3200 followers on the largest global financial research platform – Seeking Alpha.



Since 1999, the AVERS CJSC engaged in import, distribution and sale of cigarettes. The first contract was signed in 1999 with the company Gallaher Ukraine Gallaher Group on the import of cigarettes-Sobranie Black Russian and Sobranie Pinks.

After, the agreements were signed with the Greek KARELIA TOBACCO COMPANY and German REEMTSMA CIGARETTENFABRIKEN GmbH (IMPERIAL TOBACCO GROUP).

Later, the company imported most of the production of 9 companies (Reemtsma CigarettenFabriken GmbH, Karelia Tobacco, Gallaher Group, Altadis, Scandinavian Tobacco, Imperial Tobacco, Papastratos, Concord Tobacco, ETI) and became one of the biggest and successful distributor companies with the coverage of 5000 point of sales direct delivery.

As a result of expansion, marketing group was established, the members of which were engaged in market research and advertising. AVERS CJSC has increased coverage and opened offices in cities of Gyumri and Vanadzor. The number of employees has increased and reached 180.

In 2005, the company started cigar business and became a distributor and official representative of such global companies as Oettinger Group, Altadis USA, Scandinavian Tobacco, and Habanos. Davidoff cigar shop was opened that provided all the products imported by AVERS CJSC - cigarettes, cigars, as well as exclusive and collectibles accessories.

Company AVERS CJSC is one of the largest taxpayer in the RA.

World globalization banded together several companies, such as company Reemtsma Cigarettenfabriken GmbH, Altadis and Imperial Tobacco merged into Imperial Tobacco Group, later Imperial Brands.

At the moment, AVERS CJSC is an exclusive distributor of Imperial Brands, Karelia Tobacco, and Donskoy Tobacco Companies in the RA.



DOMINO Production is a full-service production company with expertise in creative intelligence and a focus on delivering exceptional service to the local and international markets. Leveraging amazing talents and the best technologies, DOMINO Production provides its local and international partners with outstanding visual content. The company manages all aspects of production cycle starting from creative and original idea development and planning, through the production process and post-production.

DOMINO Production's main activities are visual content development and its appropriate production with the full aspects of video production, design and show/concerts' organization and management. It is an innovative creative studio specialized in 3D/2D animation, cartoon animation, VFX, motion graphics, broadcast design, as well as TV shows and any kind of commercials.

One of the most favorite and, at the same time, the most challenging works for DOMINO Production is producing digitally immersive visuals for any kind of international shows with the provision of 3D mapping, projection, and stage design. The company has an experience of working in Germany, Italy, Argentine, Brazil, Uruguay, Lebanon, Dubai, and Saudi Arabia. DOMINO Production's full portfolio can be found on the company's website – www.dominoproduction.am and on official social media pages. DOMINO Production also authors and provides marketing services with brand analysis and delivers real business value through marketing strategies, full brand identity development and makeover.

DOMINO Production brings together driven professionals who set high standards and deliver globally competitive services. Having an open-minded team that provides out-of-box solutions, in 2017, DOMINO Production launched a brand-new format networking place in Armenia – BÜRO. Located in the heart of Yerevan on 7/1 Nalbandyan street, BÜRO is a universal platform with full office amenities that converts into a business lounge zone in the evenings. This custom-built venue made in an industrial style is great to get your work done, hold business meetings, conferences, and any kind of workshops.

In the evenings, the creative space is full of entertainment events, including music nights, movie screenings, and even exhibitions. BÜRO is friendly toward its visitors and members and offers a menu of unique dishes and beverages for every taste.

BÜRO's drives loyal to its slogan – Work'n'Roll and creates the inspiring atmosphere to work and roll.



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Enterprise Rent-A-Car is an ongoing American success story. Established in 1957, Enterprise is the largest rental car company in the United States and one of the fastest growing brands in the world of car rental with more than 9900 locations in more than 90 countries.

With a strong emphasis on customer needs (customer satisfaction), Enterprise provides high-level transportation services both to the business consumers and to leisure travelers. The brand expanded to Armenia and Georgia in 2017 bringing the global expertise and professionalism to the service of its customers in the region.

Enterprise Rent-A-Car in Armenia provides the following services:

- Car rental services
- Corporate rentals and leasing
- Fleet management
- Transfer services within Armenia and Georgia
- Full range of transportation services for events
- Chauffeur drive services
- Van and bus rentals.

Whether you need a budget car for your trip, a premium class car for an important business week, or an SUV to feel safe on the road, Enterprise Rent-A-Car has got the car you need! Easy to book system, high class customer service, and reasonable pricing make us stand out in the market.

Enterprise is also recognized as a great brand for corporate rentals and partnerships owning significant market share of corporate customers in the US and Europe. Enterprise Armenia offers a great value solution to corporate customers to outsource for their short and long-term transportation needs and concentrate on their core business.

Today, Enterprise continues to drive success through a simple, yet powerful set of beliefs to become a leader in car rental, as well as in sustainability and innovation.



EER was founded in 2005 having identified a need for a personalized, professional relocation, immigration and corporate formation company that not only delivered a service, but created a bespoke service tailored to the relocation, immigration, and incorporation needs of our corporate and individual clients.

EER is one of the fastest growing relocation, immigration and company incorporation companies in the Middle East with branches in the UAE, Oman, Kuwait, Qatar, Bahrain, Iran, and Armenia. The company team has carried the EER ethos forward and truly believe that the dedicated approach has contributed to their success, and EER team look forward to welcoming families and companies as they continue to "open doors to your future."

EER has grown from strength to strength since inception, and EER team believe that the success is based on their strong team of committed, passionate, and experienced consultants, all of whom are expats themselves and therefore understand the needs and concerns of relocating to a new city. EER ensures the smoothest possible transition within a quality driven cost effective framework.

Offering a complete package, EER team will guide the clients, step-by-step through the relocation and immigration process, which includes applying for residence visas, finding homes, schools, and navigating the administration involved with a move to a new city.



Factumsoft is a U.S. registered software development company with a subsidiary in Armenia. The company delivers integrated Enterprise Resource Planning (ERP) solutions for mid to large size businesses. Factumsoft's proprietary ERP platform, amassing a rich library of software building blocks, addresses a larger scope of business automation requirements across diverse industries. The company clientele is primarily comprised of North American companies from a wide spectrum of industries that include

Manufacturing, Distribution, Banking and Financial Services, Healthcare, Construction, Legal Services, and Insurance.

Factumsoft has a credible team of highly experienced sales and marketing specialists, business analysts, and software engineers effectively delivering the entire ERP implementation cycle from business analysis and prototyping to data migration and user training.

As a strong advocate of agile principles, Factumsoft implements software solutions incrementally, allowing its clients to ensure faster deployment, better prioritization, higher return on investment and risk mitigation for ERP implementation process.



Any exceptional wine has as its heart—the grapes from which it was crafted, and as its soul, the love and care it received from all who cultivate it into being, respecting and showcasing the best of its nature.

The ArmAs Estate and the wines birthed from its idyllic terroir certainly stand as a testament to this truth.

Golden Grape ArmAs was founded in 2007 by Armenak Aslanian, who repatriated to his motherland for the realization of goals that involve the intertwined aspects of family, heritage, culture, and progress with personal values and responsibilities he maintains as a father, an entrepreneur, and as an Armenian. The 180 hectare ArmAs Estate is a stunning display of agricultural achievement, and represents the assimilation of tradition with development and progress, set against the backdrop of the inspiring Mount Ararat. Located in the Aragatsotn Province, just 40km North West of the city center, the estate is completely surrounded by a 17km brick wall, humbly named the Great Wall of ArmAs. Within these walls rest 110 hectares of established native varietal vineyards, 40 hectares of orchards, a world class winery and distillery, a boutique hotel and a grand tasting room, with a lake, farm, greenhouse, and dormitory currently under construction.

The ArmAs Cellar & Distillery is among the best in the world, housing the latest state of the art enological equipment, as well as traditional French and Kharabagh oak barrels. Winemaker Emilio Del Medico of Friuli,

Italy has been guiding the cellar team since it opened its doors in 2012. To date, ArmAs Wines have received 34 wine competition awards, including medals from all of the most prestigious international wine competitions in the world – Decanter in London, Mundus Vini in Germany, and Concours Mondial Des Brussels, organized in China, as well as medals from Lithuania, Russia, Japan, and, of course, Armenia.

The most impressive and memorable impression of the achievements and potential of ArmAs and the Renaissance of Armenian Wines, however, continues to be the stunning ArmAs Estate. Thousands of guests visit the estate for special events throughout the year and world-class wine tours and tutorials, often guided by the CEO of the company, Victoria Aslanian.

The ArmAs Estate continues to be a place where the aspects of joyful and meaningful living come together – history, culture, celebrations, and achievements. Visit this gem in Armenia to experience it yourself.



GPartners – “Stay here, go further”

GPartners is the leading business law boutique in the Armenian market. The Firm offers an unrivalled range of practical dispute resolution experience within all industries and fields of business.

GPartners’ team act for domestic and foreign investors as well as international organisations on contentious and advisory matters.

The firm represents clients, regardless of nationality or applicable law, in any and all matters arising from commercial disputes, such as early dispute assessment, arbitration, litigation, mediation, and other alternative dispute resolution.

GPartners’ strength lies in combining dispute resolution knowledge with commercial awareness.



HelpSystems LLC is an international IT company, which has a mission to provide IT management software and services that expertly solve business problems with elegant solutions. The company develops powerful, easy-to-use software for cybersecurity, IT operations management and monitoring, business intelligence, and document management. HelpSystems has over twenty-five years of specific experience in the areas of systems and network management, business intelligence, security and compliance for IBM I, Unix, Linux, and Windows environments. The company is recognized as the biggest independent IBM I software vendor in the world.

HelpSystems aligns IT and business goals to help organizations find a better way to automate, secure, and inform. Through its reliable software, expert services, and outstanding support, the company delivers specific solutions

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to help businesses in addressing their problems and challenges of today's fast-moving world. Every day, more than 10,000 customers around the globe in virtually every industry trust HelpSystems to continually deliver products and services driven by continual improvement, excellence, and innovation. Headquartered in Eden Prairie, Minnesota, HelpSystems has more than 20 offices located throughout North America, Europe, and Australia, where 550 employees are dedicated to helping customers and delivering quality products.

In 2016, HelpSystems International intended to expand the number of its worldwide offices with another one through the acquisition of promising Armenian IT company "Sourcio," which was then renamed into HS International LLC (HelpSystems Armenia). The former staff of Sourcio joined the HelpSystems developers team and focused on advancing the company's leading products. Considering the huge progress made by talented Armenian engineers, HelpSystems is interested in investing in Armenia and increasing the number of Armenian office staff while maintaining the high-energy and employee-friendly working culture.

Besides being an active player in IT sphere, HelpSystems gives a high importance to the community well-being initiatives and volunteering activities. Employees from all the HelpSystems offices around the world are devoted to the realization of commitments set within the framework of company's Corporate Social Responsibility strategy. Despite of a short period of presence in the country, the HelpSystems Armenia has already managed to make a significant contribution to increase the life quality of Armenian society.



Hydroenergetica LLC was established in 1995 as a private consulting engineering company. The company provides engineering services in hydraulic assessment, design, construction, operation, and maintenance. The company is specialized mainly in investigation

of dams and reservoirs, objects of civil construction, and small hydro power plants (SHPP). The company is involved in all issues related with designing of new and ensuring the safety of operating structures, as well as soil mechanic and foundations.

To accomplish these tasks successfully, the company recruited specialists with an extensive experience in investigation, design, construction, and operation of hydraulic and civil engineering. Most of the specialists have 30-year experience in this area. Some of them are awarded with Master in Science, as well as PhD.

While performing its activities, the company uses modern analytical methods based on mathematical modelling of processes. These models are based on software developed both by the company itself and by leading international firms.

Hydroenergetica's clients include governments, national regulatory bodies, a wide range of public and private companies, investors, banks, and other organizations involved in small hydropower, irrigation, and water resource management.

Major areas of activities are:

- Investigation of technical state of hydraulic and civil structures, SHPPs
- Design and construction of hydraulic and civil structures, SHPPs
- Design and operation of monitoring system facilities, production and installation of monitoring systems
- Investigation of soil foundation and basement of structures, geotechnical engineering and soil mechanics
- Investigation on planning and utilization of water resources
- Environmental and social assessment of planned activities
- Construction.

Hydroenergetica cooperates with known companies such as: Jacobs Engineering Group Inc (UK), Lahmeyer International (Germany), Hydroplus (France), SISGEO (Italy), Norsk Energi (Norway), ARUP (UK), etc.

The company received an ISO 9001:2008 Certificate in 2010.



HyeLandz Eco Village Resort was founded by Arthur and Caroline Zakarian to promote ecotourism in Armenia after they came to settle in Armenia from the USA more than 10 years ago.

HyeLandz Eco Village Resort is for everyone who loves nature and animals. It is situated in the small village of Geghadir on Yerevan-Garni highway 15 km southeast of Yerevan and only 25 minutes drive from the city. The famous Garni Temple, Geghard Monastery, Garni Gorge, Azat River, Khosrov Forest State Reserve, Havuts Tar Monastery, and Charents' Arch are within close proximity of the village.

HyeLandz Eco Village Resort represents a unique choice of stylish village dwellings from Armenian tufa stone houses to charming log cabins and modern units.

HyeLandz Eco Village Resort offers all the comforts for adults and children to enjoy their stay with fully equipped rooms and recreational facilities, a state-of-the-art conference room, catering for groups of more than 50 participants, a bar, a restaurant, a large events hall, and splendid gardens with fruit trees, vegetables and greens. At the resort you can see a great variety of domestic animals such as ducks, geese, chickens, goats, birds, dogs, cats, donkeys, horses, etc.

At HyeLandz, guests can watch or take part in the process of lavash baking in the tonir house and butter churning in Armenian khnotsi.

A variety of home made vodka, liqueur, and cognac is available for consumption and stored in the resort's cellar.

There are also beehives in the resort area and guests can take part in honey extraction process on honey extraction days.

HyeLandz organizes familiarization tours around the resort and sightseeing of nearby places of interest.

As the main objective of ecotourism is to build environmental and cultural awareness and respect, HyeLandz management has installed solar powered systems in the resort area to create ecologically clean environment and use all resources more efficiently for a greener Armenia.



Ibis Yerevan Center has opened its doors in the very heart of the city, on Northern Avenue. The hotel is located in the walking distance from all tourist attractions of the capital. Ibis Yerevan offers 255 rooms (18 sqm, ibis international standard), 7 conference and meeting rooms, and foyer spread over 800 sqm. Ibis Yerevan Center offers its guests to enjoy breakfast, lunch, and dinner in the Ibis Kitchen restaurant with terrace (up to 200 people capacity). Light snacks and drinks are available at a modern lobby bar, which is open 24/7. Certain units include a seating area to relax after a busy day.

The modern rooms are air-conditioned, have a flat-screen TV, and a private bathroom. Ibis Yerevan Center is the first hotel operated by AccorHotels in Armenia. AccorHotels is the world leader in economy and midscale hotels and has over 3,800 hotels in 90 countries. Ibis family has around 1800 hotels throughout 61 countries.

KNYAZYAN[®] & PARTNERS

Knyazyan & Partners is one of the leading Intellectual Property (IP) law firms in Armenia, which provides all types of legal services in the field of IP, from trademarks and copyright to patents and trade secrets. Knyazyan & Partners is led by the managing partner, Sarkis E. Knyazyan, who also chairs the Board of Trustees of the Intellectual Property Rights Center of Armenia (IPRC Armenia), is a Member of the Anticounterfeiting Committee of the International Trademark Association (INTA). He has clerked for the United States District Court, Northern District of Illinois, Chicago, IL. Later, served as an IPR Adviser to the RA Ministry of Economic Development and Investments (formerly, the RA Ministry of Economy), and the RA Ministry of Justice; worked as an IP consultant for the European Union's and the Council of Europe's project on "Strengthening the Independence, Professionalism, and Accountability of the Justice System in Armenia," where he was entrusted to work on amendment of the

IP Chapter of the Armenian Civil Code. He has been teaching at the American University of Armenia since 2006 and at the School of Litigators of the Armenian Bar Association - since 2013; taught at French University in Armenia, as well as at Russian - Armenian (Slavonic) University. Mr. Knyazyan received his Master's Degree (LL.M) in Intellectual Property from the University of New Hampshire, School of Law (formerly Franklin Pierce Law), as well as completed the Haifa University's WIPO sponsored program on European Patent Law in Israel, and the Licensing Academy Program on IP and Technology Transfer at UC Davis in the United States. The clients of Knyazyan & Partners include, but are not limited to, domestic and foreign major and mid-size corporations, emerging companies, start-ups, R&D centers, IT & High-Tech companies, fashion design studios, food and drug manufacturers, cafes, restaurants, publishers, producers of alcoholic beverages, licensors of internationally famous and well-known brands, collecting societies, as well as scientists, inventors, engineers, designers, authors, performers, and producers. Knyazyan & Partners has strong international network of IP lawyers, which allows to represent the interests of local clients on all continents.



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NOVA Hotel is a team of hospitality experts, whose mission is to provide excellent services and facilities to Yerevan visitors. NOVA delivers the comfort of being at home to their guests by helping them explore our homeland.

As a leading Boutique Hotel, NOVA Hotel has had tremendous success since 2016 when it was founded. Within only a year and a half, NOVA Hotel has gained and retained loyal customers due to the personal interactions our guests have with hotel staff. Additionally, NOVA has received a rating of 9.3 Superb in one of the world's leading online booking platforms, Booking.com. Likewise, it is rated as the second best on TripAdvisor amongst other hotels in Yerevan. In fact, what sets NOVA apart from the others is its exceptional customer service and its friendly staff.

It is located in the heart of Yerevan, just minutes away from all popular major attractions and restaurants. The hotel features cozy and spacious rooms, each with state of the art bathrooms and amenities, which are best suited for leisure and business travelers. Furthermore, NOVA provides guests with healthy breakfast options each morning, transportation services upon request, as well as in-house tour guides who plan and organize day tours in the comfort of the hotel lobby.

NOVA Hotel continues to strive to be an innovative boutique hotel in Yerevan, Armenia.

The hotel has excelled in the hospitality industry through consistent staff trainings, seamless recruitment of hiring new members to the team, and having a hands-on management team. NOVA has implemented internationally accepted standards to abide by, which have been great with establishing long-term loyal relationships with guests.

"Our purpose is to have our guests leave Armenia with the sense of utmost satisfaction and fascination by the nature, culture, food, and people of Armenia," NOVA Hotel General Manager, Liana Tadevosyan states.



Opera Suite Hotel is situated in the heart of Yerevan, one of the most historic and modern cities in the world. This luxury hotel showcases refined taste and creates a valuable experience of comfort and relaxation for travelers. Due to its ideal location, convenience of 106 suits, wide range of facilities and high-quality service, it has distinguished itself as one of the best hotels in Yerevan.

With 106 lavish suites Opera Suite offers comfort and signature of Italian style. The well-appointed smoking and non-smoking suites are in sizes of 32 sq. m. - 95 sq. m. It has dining and kitchen facilities, more space and furniture in comparison with standard hotel rooms. The hotel is divided into Deluxe Suite, Suite, Executive Suite, and Royal Suite, which have an exclusive ambiance of luxury and elegance.

Discover the wide range of hotel facilities and services, which will make your stay as comfortable as possible. Get energized through the hotel's well-equipped fitness center, savour your time spent in Giardino Terrace Cafe, Lobby Bar or Forty Four Sky Bar, and make a good use of the 24-hour availability of the multilingual staff.



Optomed Canada Diagnostic Eye Centre is a branch of Optomed Canada, the head office of which is located in Toronto, Canada.

Optomed Canada provides full service primary eye care and also advanced diagnostic services, as required. The centre's standard eye examination workup includes visual acuity testing and full refraction services for your spectacle needs, as well as intraocular pressure measurement (Goldmann tonometry), pachymetry (corneal thickness measurement), examination of the anterior and posterior segments of the eye (biomicroscopy and ophthalmoscopy).

In addition, Optomed Canada offers more specialized tests such as corneal topography, A/B ultrasound of the eyeball,

visual field examination (autoperimetry), fundus photography and optical coherence tomography of the retina and the optic nerve by advanced Zeiss OCT equipment.

Besides the above mentioned services, Optomed Canada has also launched its optical department for the dispensing of prescription eyeglasses and contact lenses. We guarantee the highest quality in optical lenses and frames. The centre's lenses are manufactured in Canadian laboratories that meet all international standards

Optomed Canada offers contact lenses for people with farsightedness (hyperopia) and nearsightedness (myopia), multifocal lenses, as well as for those with astigmatism and keratoconus. The wide variety of contact lenses includes both-soft and gas-permeable lenses of famous brands.

Optomed Canada is the only one in Armenia that provides special night-wear lenses called orthokeratology lenses for myopia correction.



"Humanity owes the child the best it has to give"

(Eglantyne Jebb, Founder of Save the Children Fund).

2018 will mark the 25th anniversary of Save the Children's operations in Armenia. Much has been done within this quarter of centennial, figures suggest: more than **900** projects delivered in over **500** communities with almost **500 thousand** children benefitting.

Save the Children aims high: its members dream of Armenia, where children are safe and protected, happy and sanguine about their future. The organization works to promote a society where a child of any national or social background, gender, of different abilities enjoys his/her rights, is heard and respected.

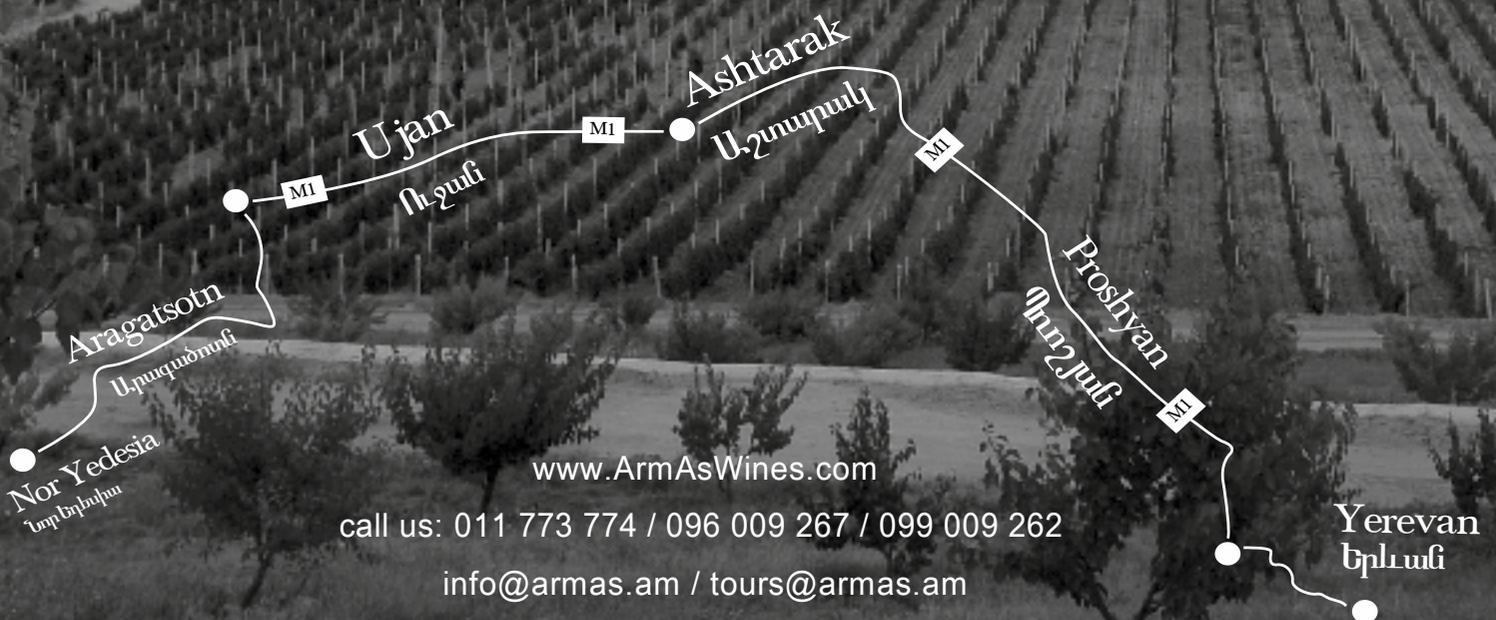
Giving the floor to them: "We advocate for improved legal frameworks; we contribute to making national policies child-focused; we promote "child best interest;" we watch implementation of child rights; we partner to multiply our impact; we seek novel relations to diversify our resource; we raise awareness to create positive behaviours; we endeavor to make the voice of children audible."

The expertise of Save the Children



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International Armenia Representative Office is focused in Child Rights and Child Protection, Inclusive Education and Youth matters. Specifically:

In Education and Youth: Save the Children promotes access to Early Childhood Development (ECD) services and preschool education for children based on innovative and cost-efficient model. The organization also proposes opportunities for vocational education for young people with disabilities.

In Child Protection: Family strengthening and alternative care are one of the cornerstones for the organization and its contribution in development of the Government adopted Concept on Foster Care is acknowledged. Important amendments in Family Code, Criminal Code, Administrative Code and other legal acts are pending Government approval.

In Child Rights: Investment in children, child participation and monitoring of children's rights are among Save the Children's priorities. Due to the organization's efforts, the new constitution of Armenia specifically provides the concept of "best interest of a child." Save the Children has also promoted protection of personal data of children at the national level.



Schneider Electric is the global specialist in energy management and automation. With revenues of ~€25 billion in FY2016, the company's 144,000+ employees serve customers in over 100 countries, helping them to manage their energy and process in ways that are safe, reliable, efficient, and sustainable. From the simplest of switches to complex operational systems, our technology, software, and services improve the way our customers manage and automate their operations. Schneider Electric's connected technologies reshape industries, transform cities, and enrich lives. At Schneider Electric, it is called "Life Is On."

Armenian Representative Office of Schneider Electric Joint-Stock Company is founded in Armenia and registered in the State Registry of Armenia on 31 January 2017 by Schneider Electric Joint-Stock Company under the status of a separate division. Major form of activity of the RepOffice is to represent the

interests of its Founder in the Republic of Armenia and protect them, share competences of Schneider Electric, and develop local market demand. In this regard, Schneider Electric-Tashir-ENA Competence Center was opened in National Polytechnic University of Armenia on 5 June 2017. Schneider Electric offers integrated solutions across multiple market segments, including leadership positions in Utilities and Infrastructure, Industries and Machine Manufacturers, Non-residential Building, Data Centers & Networks and in Residential.



THE ALEXANDER
YEREVAN
THE
LUXURY
COLLECTION

The Alexander, a Luxury Collection Hotel, Yerevan is the first international luxury hotel in Armenia. The Hotel is located at the crossroad of Abovyan and Pushkin streets, one block southwest of Charles Aznavour Square.

The original façade of Villa Gabriel, one of the ancient architectural landmarks of the city, has become a part of newly build hotel in Yerevan, where the old meets new to create an exceptional traveller's experience. The new-build property will feature 114 guest rooms, including 10 opulent suites, and 430 sq. m. Event & Meeting space, two restaurants, two bars, the cigar lounge, and the 700 sq. m. recreation area. The luxurious, cutting-edge Presidential guestroom, The Alexander Suite will be the most elegant one in town.

The unparalleled wellness facilities include an indoor pool, spa, fitness center, and beauty salon. Central location of the Hotel predestines Gabriel's Lobby Bar & Lounge and Pastry Shop as preferred meeting point for the Yerevanians.

The food creation of French Chef Martial will be showcased at Atelier 1797 Penthouse Bar & Grill located on the 12th floor of the Hotel, where you may experience the panoramic view on the legendary mountain Ararat. Opening soon: beginning of 2018.



Unicorn Trade Closed Joint-Stock Company was founded in 2004. Since its inception, the company engaged in the wholesale trade of cigarettes. The company is the only official partner of Japan Tobacco International in Armenia.

The main goal of Unicorn Trade is to improve cooperation with its partners and clients. The company uses a variety of technologies such as logistics, supply, digital and other technologies to further improve its performance.

In order to organize a high level of sales, the company is working to improve its staff's knowledges and skills.

Unicorn Trade company regularly organizes seminars, trainings, and exchange of experiences.



The Urban Foundation for Sustainable Development (UFSD) is a non-for-profit organization. UFSD is the spin-off of the Urban Institute (Washington D.C.) team that successfully implemented a multi-million USAID-funded Earthquake Zone Recovery Project in 1999-2005, which housed around 7,000 earthquake displaced households. The UFSD was legally registered in April of 2004 with the aim of utilizing the team's expertise and experience in a number of areas and issues.

Vision: Decent Life in Healthy Environment.

Mission: Promote the sustainable and harmonic development of Armenian communities through fostering local democracy, improving quality of life, and developing regional collaboration.

Activity Directions:

1. Democratization and transition and human rights
2. Integrated Community Development
3. Regional Cooperation
4. Institutional Development.

By the means of around 70 projects implemented in the aforementioned directions, UFSD promotes integrated

community development through community mobilization, participatory processes, improvement of urban economy, ecology, and environmental education. The projects support cooperation and integration processes in the region, contribute to the establishment and development of democratic institutions, further promotion of local democracy, protection of human rights, especially with active participation of youth.

UFSD has good knowledge and extensive experience of work in Armenia's communities, experience of collaboration with national, regional,

and international partners and donors. UFSD has a large network of grass-root and local NGOs from different regions of Armenia, which adds a valuable dimension to its mission allowing to extend the outcomes of its activity far beyond the office in downtown Yerevan.

UFSD is the first organization in Armenia that:

- implemented housing provision through Housing Certificate mechanism and, through TA, handed the model over to the Armenian Government;
- introduced source separation of solid waste (plastic bottles)

in the communities from 2009 onwards;

- brought in technology for production of environmentally friendly construction materials due to recycling of plastic waste;
- developed and published a Participatory Management Toolkit for local government practitioners, which was put into practice;
- introduced a model of apartment building stabilization through attracting loans by condominiums.

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1 February 2017
Meeting with the U.S. Ambassador to Armenia



10 April 2017
"Responsible Business Network" Speed-Dating



22 April 2017
"Be My Guest" at CIS Armenia



26 April 2017
"World Intellectual Property Day" IPR Forum



24 May 2017
Tourism Forum



1 June 2017
"Be My Guest" at Radisson Blu Hotel, Yerevan



20 September 2017
Breakfast Meeting with U.S. Congresswoman



17 November 2017
AmCham Annual General Meeting



29 June 2017
"Be My Guest" at DoubleTree by Hilton Hotel Yerevan City Centre



21 June 2017
Meeting with the
Chairman of the RA SPC



20 September 2017
Breakfast Meeting with
U.S. Congresswoman



17 November 2017
AmCham Annual General Meeting



5 September 2017
General Managers Breakfast Meeting



8 September 2017
"Be My Guest" at the American
University of Armenia



13 September 2017
Unlocking Export Potential to
the U.S.: Generalized System of
Preferences



5-6 July 2017
AmCham Board On-Site Visit to Lydian Armenia and ContourGlobal Hydro Cascade CJSC



BSC BUSINESS SUPPORT CENTER PUBLISHED A BOOK “YOUR OWN BUSINESS IN ARMENIA”

On 28 November 2017, BSC presented its new publication “Your Own Business in Armenia” authored by the founder of BSC, Samvel Gevorgyan.

The book is a guideline for current and future entrepreneurs that covers a full cycle starting from the development of a business idea and business model generation to the legal environment of business and regulations.

The uniqueness of the book “Your Own Business in Armenia” is that it includes practical case studies of real businesses in Armenia; it provides more than 200 cases and stories of Armenian companies from such areas as IT, tourism, manufacturing, services, etc. This makes the essence of the book more substantial and practical.

The book “Your Own Business in Armenia” consists of 560 pages; 21+1 Chapters that are divided into 4 main parts:

1. PLAN YOUR BUSINESS
2. ORGANIZE YOUR BUSINESS
3. MANAGE YOUR BUSINESS
4. DEVELOP YOUR BUSINESS.

The book is also useful for international agencies, NGOs, and government agencies that support SME development in Armenia.

Worth mentioning that the publication is already the 4th edition of the book (previously, the book was called “How to Start your own Business in Armenia”). “Your Own Business in Armenia” is available in all the bookstores of Yerevan, as well in regions of Armenia. More information about the book can be found on its office web-page: www.books.bsc.am.



BYBLOS BANK ARMENIA INVESTS IN EDUCATION AND YOUTH FOR A SUSTAINABLE FUTURE

Education and growth go hand in hand, be it personal growth or a lasting economic change. As a major driver for economic development, education opens many doors to sustainability and success. The golden rules, which Byblos Bank Armenia recommends for success, include perseverance, enthusiasm, and knowledge to pave the way for a long-term impact. Throughout its operation in Armenia and abroad, Byblos Bank has focused on areas where a long-term investment is needed to achieve sustainable results.

The most valuable return on investment is contribution to the growth of youth. To have its input, Byblos Bank Armenia has partnered with one of the top international universities in Armenia, the American University of Armenia. Starting from 2017 academic year, the bank grants scholarships to AUA graduate students to make higher education more accessible to students who most need financial support. The cooperation with AUA is more than just a financial support. In addition to helping more students complete graduate degrees, the initiative provides a platform for personal and professional growth. It helps the students reveal their potential, gain self-assurance to succeed in the job market, and become capable of meeting the challenges and opportunities of the future.

Another important initiative to foster the higher education in Armenia is the student loan project that Byblos Bank Armenia has launched in partnership with AUA. The bank offers affordable student loans for AUA graduate students at 5% per annum fixed interest rate, loan tenor with Grace period (only interest amount will be paid) for whole tuition period+6 months and up to additional 30 months, covering up to 80% of the annual tuition fee. Like the scholarship project, this initiative aims to contribute to financial sustainability of students to have access to higher education programs.

**Turn your dream
education into reality**



Graduate
Student Loan

5%
FIXED RATE



LOAN TENOR = GRACE PERIOD* + 30 MONTHS

*GRACE PERIOD (ONLY INTEREST AMOUNT TO BE PAID) = TUITION PERIOD + 6 MONTHS

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CIS ARMENIA
International School



2017-2018 ACADEMIC YEAR AT CIS ARMENIA

On 1 September 2017, CIS Armenia International School welcomed its bright and talented students for the second academic year (2017-2018). In the short period of one year, the school administration, along with international and local academia members, managed to encounter significant growth in the number of students, to complete all the planned renovation work within the premises, and to open admissions for the secondary school. Currently, the school admits students from 3-13 years of age, with 3-4 year-olds attending an Early Years programme and 5 year-olds starting Year 1—all taught by qualified international teachers and in accordance to the British National Curriculum, the accreditation of which was granted by Cambridge Assessment International Education.

At CIS Armenia, students receive both theoretical and practical knowledge, mainly through numerous school trips, an annual "London Trip," and first-hand experience sharing from the professional academia members.

Moreover, the graduates of CIS Armenia International School are awarded with A and AS level certificates, which are the "Gold Standards" among the International Qualifications. Ultimately, the qualifications, which can be obtained by our senior students can open doors to universities over the world. These qualifications are universally recognised and welcomed.

For more information on the school, please visit www.cisarmeria.com.



"ABAKUS" CENTER: START A PROFITABLE BUSINESS NOW – CHOOSE YOUR OWN FRANCHISING PLAN

Mental arithmetic is a quick oral calculation technique, which allows for the harmonious development of children's and adults' intellect. It is a modern way of developing creative, cognitive, and intellectual abilities that contribute to the disclosure of children's potential. It is known that the study of the new stimulates the work of the brain. The more we train our brains, the more neural connections between the right and left hemispheres work. So, what previously seemed difficult or even impossible becomes simple and understandable.

According to scientific research, the most intensive development of the brain occurs in children aged 4-12 years. Skills acquired at this age are quickly and easily absorbed and preserved for many years. That is why they can have a significant impact on your child's successful future.

At the initial stages of mental arithmetic, abacus is used. In the future, children make calculations in the mind, creating a mental image of the abacus. Classes are held once a week for 2 academic hours, along with every day 15-minute homework practice.

The studies in various countries around the world unanimously concluded that mental arithmetic trainings influence children's intelligence. For instance, in 2007, a group of UK universities conducted a study among 3185 children aged 7 to 11 years and discovered that as a result of systematic studies, children have significantly improved their performance not only in mathematics, but also in other disciplines (Lynn R. and Irving P.).

At CIS Armenia, the "Abakus" Mental Arithmetic Center has successfully been operating for two years now. Realizing the importance of such centers in Armenia and the need for economic development and job creation, the school's management encourages interested individuals and companies to apply for a franchising plan of a choice. More information on the program, along with available franchising options can be obtained by contacting the school at info@cisarmenia.com or by calling (+374 55) 795 577.





ONE CARPENTER, ONE CONSTRUCTION WORKER, AND ONE FABULOUS SMART CENTER

Seyran Papinyan and Hovik Sargsyan from Debet have been working at the COAFSMART Center construction site since November, 2015. Both have children and grandchildren.

"We are so happy to have this center by our village," construction worker Seyran says. "It will contribute to the development of not only Debet, but other nearby villages, too. It will be especially good for our children. My son, Aren is 16, and he is totally into programming and robotics. I think, he will find a suitable activity for himself in the Center."

But it's not just the kids that will benefit from the COAFSMART Center. Seyran thinks that job opportunities that the center construction provides are equally important.

"There are a number of workers from Debet and other villages. If it weren't for COAF, most of them would definitely leave for Russia for a job search," Seyran says.

"I think we have at least 50% of emigration drop in Debet," Hovik joins in laughingly. "Nobody will think of leaving the village, if there are enough jobs."

Hovik is a carpenter. "But I not only construct frameworks and structures-I can do virtually anything... I am a good worker, but even good workers may have trouble finding jobs in rural areas," Hovik says. "So, it's wonderful COAF has provided us with a chance to work here."

Hovik has 2 grandchildren-Mary is 8, and Narek is 6. "Mary is waiting impatiently for the SMART Center launch so that she can get enrolled in the extra-curricular activities offered by COAF," Hovik says. "She is fond of music and singing. Also, I've heard there will be an English club and a first-aid training course at the center. That's awesome! It would be nice to have a sports grounds, as well. Villagers are usually good at sports, but they have nowhere to practice."

Seyran and Hovik hope that new work opportunities will arise for them, when the SMART Center construction is over. "COAF has helped us a lot. If there are jobs for adults and fascinating after-school activities for the kids, nobody will even think of departing from here."



CONCERN DIALOG
Law firm

HIGHLIGHTS OF 2017

Concern Dialog law firm confirms its quality and positioning among the top law firms by its hard work and the variety of successful cases. 2017 is a successful year in terms of new affiliations, rankings, and cases.

- **Concern Dialog became a member of the NextLaw Global Referral Network**, which operates under the rule of "Dentons" company. With over 400 member firms and 21,000+ lawyers across 170+ countries-and growing-this allows Concern Dialog to provide our clients with top talent around the world. Consequently, the presence of Concern Dialog firm among its members is another proof of the company's high level of service and professionalism.
- **TagLaw was named "elite" by Chambers and Partners Company.** TagLaw is a worldwide alliance of more than 155 independent law firms, providing a full range of legal services to clients all over the world. Founded in 1998, TAGLaw has quickly risen through the ranks and today, with more than 9,000 lawyers located in 380 offices in over 90 countries, is one of the world's largest legal alliances. Concern Dialog is a member of the alliance since 2009.
- **The firm and two partners (Mr. Sedrak Asatryan and Dr. Aram Orbelyan) received ranking in the European and Global guides of Chambers and Partners.** The editors of the guide highlighted the spectacular characteristics of the firm. They pointed



out accessibility, punctuality, customer-oriented attitude, and pragmatic approach as outstanding characteristics that are very typical to Concern Dialog law firm.

- **The Legal 500 Europe, Middle East, and Africa 2017's publication ranked Concern Dialog** tier two for Armenian market. As the guide indicates "Clients of Concern Dialog law firm highlight its "cooperation, culture, and professional attitude." The firm has particular expertise in telecoms and is strong at debt collection, capital markets, and labour law."



BRANDING GYUMRI, THE CITY OF ARTS AND CRAFTS

Branding can have a positive impact on the economic, social, and cultural development of a city. A place with a remarkable brand is more likely to become a destination for tourists, investors, students, as well as a more fulfilling place for the residents of the city. As a comprehensive communications agency, the creative mastermind behind many famous brands in Armenia, Deem Communications initiated a special workshop on City Branding and Development in May, 2017. The event was held in Gyumri within the 4th Annual PR Summit Armenia and was led by Cristina Garrido, Senior Consultant from Anteverti, Spain and Raffi Niziblian, Creative Director of Deem Communications. The Spanish expert presented the benefits and challenges of building Smart Cities, urban environments that embrace innovation and intelligence to create sustainable communities. The presentation was followed by valuable insights by Raffi Niziblian, who presented the case of Dresden as a city of revival following the mass bombing of the World War II and shared DEEM's vision on the role of city branding in the development of Gyumri. The session also incorporated roundtables on architecture, literature and language, business,

history, and the culture of Gyumri to better understand and feel the city of arts and crafts. The workshop also brought together international communications experts from the USA, Russia, and Lebanon, representatives of Gyumri City Hall, CSOs and active youth from Gyumri and Yerevan to mark the start of DEEM's major CSR project, a city branding project for Gyumri. The partners and supporters of the workshop were Gyumri Technology Center and the EU-funded Support to SME Development in Armenia (SMEDA) project.

The brand of Gyumri discovered its color, shape and message at the end of last year. Strategic approach was developed to bring the brand to life. On December 9, the brand was presented to the public. The project, implemented in cooperation with Gyumri City Hall, aims to foster the economic strength of Gyumri to turn it into a viable market for all by tapping into its rich culture and traditional industries as well as innovative sectors such as IT.

Research on the city's historical and cultural heritage, economic and business environment, and other spheres makes the base of the brand's development. More than 2000 people from Armenia and abroad were involved in the process of the brand's development by participating in online and face-to-face surveys, seminars, and discussions. A working group of experts involved in Gyumri's development project, representatives of cultural, economic, and business sectors, as well as international companies and NGOs provided consulting and expert opinion.





SETTING NEW STANDARDS

EcoVille Solar collaborates with world-leading companies that manufacture photovoltaic solar panels, solar inverters, and solar water heaters that are famous for their high quality, efficiency, and reliability.

On 14 April 2017, EcoVille Solar became the official representative of world-leading Austrian solar inverter manufacturer Fronius International in Armenia.

- Fronius International-the best solar inverters manufactured in Austria, №1 solar inverters in 2017 according to CER (Clear Energy Reviews). The history of Fronius begins in 1945.

On 1 June 2017, EcoVille Solar got exclusive conditions from world-leading American photovoltaic solar panel manufacturer SunPower: 25-year warranty for photovoltaic solar panels.

- SunPower-premium class and high-efficiency solar panels manufactured in USA, №1 high-efficiency solar panels in 2017 (22.5%) according to Energy Sage. The history of SunPower begins in 1970.



ENTERPRISE, NATIONAL AND ALAMO EXPANDING INTO THE COUNTRIES OF ARMENIA AND GEORGIA: FRANCHISE PARTNERSHIP WITH TRAVELCAR BRINGS ALL THREE CAR RENTAL BRANDS TO THE CAUCASUS REGION

Enterprise Holdings Inc.-the world's largest car rental company-announced its entrance into Armenia and Georgia with new franchise partner, TravelCar.

"Enterprise and TravelCar are well aligned in that they are both committed to the highest standards of customer service," said Arsen Sukiasyan, General Manager and Co-Founder of TravelCar. "Both organizations are driven by an entrepreneurial spirit, and we look forward to continuing that same tradition of excellence as we grow throughout Armenia and Georgia."

The franchise partnership with TravelCar is a part of Enterprise's wider strategy to build a robust network of transportation services that deliver value, choice, and outstanding customer service to business and leisure travelers around the globe.

"Our growth in Europe and the Middle East is a reflection of the global reputation and strength of our brands," said Peter A. Smith, Vice President of Global Franchising at Enterprise Holdings. "This partnership in Armenia and Georgia is the latest example of our efforts to ensure our loyal leisure and corporate customers can enjoy the high quality customer service they have come to expect from Enterprise, National and Alamo, no matter where they are traveling in the world."

During the last five years, Enterprise Holdings has rapidly expanded the presence of its three car rental brands in Europe and the Middle East. In the beginning of 2012, Enterprise operated in just three European countries-the UK, Ireland, and Germany. Today, it is available in more than 40 countries

throughout Europe and the Middle East.

Enterprise Holdings currently operates in more than 85 countries and territories worldwide.

Now and after, the company's customers are welcome to use its car rental, operational leasing, and chauffeur services also in Armenia and Georgia. Enterprise works 24/7 to make sure their customers are getting the right service with the right prices.



NEW TRANSFER PRICING PRACTICE IN EY ARMENIA

In April 2016, a new Transfer Pricing practice has been launched in Armenia by EY, a leading assurance, tax, transaction and advisory services provider on Armenian and global markets.

As of now, it has a team of 6 full-time employees focused on specific transfer pricing matters.

All TP professionals of EY Armenia have obtained an on-job experience when working on transfer pricing projects of EY in other CIS countries, such as Russia, Belarus, and Georgia. Since forming the local transfer pricing practice in Yerevan 18 months ago, the team has been involved in multiple projects for clients from different sectors, such as diversified industrial products, consumer products, technology, oil and gas, etc. The team is engaged in preparing economic analyses and transfer pricing documentation for multinational enterprises functioning in CIS.

The year 2018 is going to be very important for multinational companies operating in Armenia. On 4 October 2016, Armenian Parliament has adopted a new Tax Code introducing new transfer pricing regulations to come into force from 1 January 2018. Taking into consideration that the transfer pricing matters are new to the Armenian market, on 13 October 2017, EY has organized a seminar for the Armenian businesses aimed at clarifying key changes to be introduced by the new transfer pricing regulations. The seminar enabled an open dialog between the business, the Tax Services of Armenia, and EY Partners having significant transfer pricing experience from other markets.

Already having an established team with a solid transfer pricing experience, EY Armenia, supported with more than 70 transfer pricing professionals across the CIS and a strength of the global transfer pricing network, will be serving clients in the Armenian market by assisting them in planning, documenting, and defending their transfer pricing policies.

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services EY delivers help build trust and confidence in the capital markets and in economies all over the world. EY works together with companies across the CIS and assists them in realizing their business goals.

In Armenian market EY has about 10 years of experience with its major activities in assurance, tax, and advisory services.



ARMENIAN START-UP CREATES BUSINESS AUTOMATION SOFTWARE WITH GLOBAL DEMAND

The Armenian start-up, Factumsoft, signed a contract with a major Canadian consulting company, Norvex Systems, to replace the legacy Enterprise Resource Planning (ERP) software for some of their most notable clients. Factumsoft's ERP platform will provide the needed flexibility and customizability to better manage the complex construction business processes.

Factumsoft provides solutions based on its highly-configurable web-based ERP platform. The platform contains a rich library of industry standard elements and serves as the backbone for delivering uniquely-tailored integrated ERP solutions. The Factumsoft ERP platform and iterative implementation approach offers an alternative to custom development, which saves time, money and mitigates the risks related to custom development.

The global ERP Market is about \$34B and is growing at 7% rate. Among its biggest players are SAP, Oracle, and Microsoft Dynamics, which typically cater to large enterprises. This is why ERP solutions were traditionally perceived as something only the corporate giants could afford, while smaller business remained with no other alternative than to buy off-the-shelf, small-scale products for their automation endeavors. However, today, midmarket businesses increasingly feel the need for a robust yet flexible and lightweight ERP solutions to grow, transform, and meet their strategic goals. Factumsoft is called to close this gap between organizational needs and the best ERP functionalities.

"You don't have to be a billion-dollar company to have your own integrated ERP software," said CEO of Factumsoft, Arman Margaryan. Michael Saydam, CIO of Norvex Systems, noted that this partnership is an exceptional opportunity to put such a notable Armenian start-up on the global ERP map.

Factumsoft is a U.S. registered software development company with a subsidiary in Armenia. The company clientele is primarily comprised of North American mid-sized companies from wide spectrum of industries that include Manufacturing, Distribution, Banking and Financial Services, Healthcare, Construction, Legal Services, and Insurance.

Norvex Systems has been in the consulting business for over two decades. Their scope of activities includes strategic management and application consulting, process engineering and transformations, business analysis, etc. One of their main areas of expertise is ERP and CRM implementations for construction companies.



RESTORING LIVING CONDITIONS IN ARMENIA

Habitat for Humanity Armenia is establishing a Habitat Restore Resource Hub to link families of low- or middle-income the opportunity to have access to low cost improvements to their home. This will be accomplished with the development of a retail establishment that will become a Housing Center for



those looking to restore, repair, or improve their homes. The resource hub or "Restore" is a home improvement store and donation center that sells new and gently used furniture, new appliances, home accessories, building materials and more to the public at much less than the retail price. The Restore will use the proceeds generated to help build strength, stability, self-reliance, and shelter for the local community. Habitat for Humanity developed the Restore business model with more than 880 stores operated by affiliates in the United States. The Restore aims to keep operating costs as low as possible, allowing Habitat for Humanity Armenia to maximize the value going directly to Armenian families in the community and across the country.

One of the best ways to strengthen the economy is through the use of volunteer labor. Young volunteers donating their hours to manage and operate a do-it-yourself retail store can improve the volunteers' leadership and management skills while providing a venue for low- and middle-income families to buy low-cost household goods and building materials. The Restore's inclusion of a Housing Support Services will welcome and train anyone interested in learning practical and technical tips on construction and home refurbishments. Along with enhancing construction skills, the volunteers will also learn the newest techniques for the implementation of energy efficiency upgrades.

Instead of allowing the materials to move to a solid waste landfill, Habitat Armenia's Restore Resource Hub will procure



these items and market them for re-use for low- and middle-income families.

The Housing Center will create employment, develop skills for our youth, create a market for inexpensive household items and construction materials, and improve the environment through technical trainings on energy efficiency installations. Habitat for Humanity Armenia’s Restore project will provide excellent value to the population at large. It will create employment, help in skills development of our youth, make products available well below cost to the more vulnerable segments of our society, as well as help to improve our environment.

.....



THE ENTREPRENEURSHIP EDUCATION IS NOW AVAILABLE TO ALL STUDENTS OF PUBLIC SCHOOLS OF ARMENIA

Thanks to efforts of Junior Achievement of Armenia (JAA) and long-term founding and support of HSBC Bank, as of 2017-2018 academic year, the public schools of Armenia offer an Entrepreneurship course for students in second and third grades. A teacher’s guide has been created and over 1400 teachers have been trained to teach the new subject. Selected tenth and eleventh graders in 215 schools will also continue their studies in Entrepreneurship. The programme is officially endorsed by the RA Ministry of Education and Science and included in the school curriculum. After this year’s trial, the programme will be expanded to all schools.

The Entrepreneurship course provides benefits to students from all socio-economic backgrounds by helping them develop entrepreneurial knowledge and practical skills in financial literacy to succeed in the competitive job market. This course also inspires students to be creative and innovative, improves

their critical-thinking and collaboration skills to meet the challenges and opportunities of the future.

This joint initiative builds on the success of the “JA Company Programme,” project for students and teachers of the vulnerable communities in the Republic of Armenia, implemented by JAA. HSBC has financially supported this project to help students understand the role of businesses in our society and have their input into the development of their communities. As part of the project students learn to form a business enterprise and implement a project to address problems of their communities. In 2016-2017 academic year, they brought to life over 156 community projects ranging from building a bus stop and renovating a school hall to creating a museum and procuring benches for a church.

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**IAB INTERNATIONAL
ACADEMY OF
BUSINESS**

A SUCCESSFUL ECONOMIC DEVELOPMENT STRATEGY MUST FOCUS ON IMPROVING THE SKILLS OF THE AREA’S WORKFORCE

IAB International Academy of Business in partnership with the British Embassy Yerevan organized the 1st Annual Management and Leadership Forum on the 10th of October, 2017.

The forum was one of the featured events within the framework of a project marking the 25th anniversary of the establishment of diplomatic relations between the United Kingdom of Great Britain and Northern Ireland and the Republic of Armenia.

The aim of the Annual Management and Leadership forum in Armenia is to increase the awareness of the value of leadership and management within the large and small businesses, government and social communities.

The launch of CMI level 5 and level 7 qualifications in Armenia

with IAB is a unique opportunity to become an internationally recognized and qualified professional in Management and Leadership, as well as to gain Chartered Manager's status.

IAB International Academy of Business is the only organization suggesting CMI qualification in Armenia and the region. These qualifications are designed for middle, senior, and top managers, to localize western benchmark management practices and strengthen the links with British professional educational body.

Chartered Management qualification will help to gain professional recognition to improve management skills and career earnings, as well as to raise your confidence and competence.

Remaining true to its vision, IAB continues supporting the economic development of Armenia by preparing internationally certified professionals. By increasing the number of qualified managers, IAB is also increasing the attractiveness for foreign investments in Armenia.

Throughout 2018, CMI qualification courses will be conducted in April, July, and November.



ИНГО АРМЕНИЯ *Ingo Armenia*

INGO ARMENIA INSURANCE COMPANY IS CELEBRATING ITS 20-YEAR ANNIVERSARY

Twenty years ago, in 1997, the "Efes" joint-stock company was established in Yerevan. It was the date of birth of one of the most customer-centric companies in Armenia.

In November 2003, "Ingosstrakh" (Russia) acquired 75% of shares by that time already recognized leader of the Armenian insurance market. On 10 December 2004, the company was renamed into "INGO ARMENIA" CJSC and in 2006 became the full member of the international insurance group "INGO" - an unprecedented and unique phenomenon for the Armenian insurance market. Thanks to the company's activity, the world's largest insurance companies, such as Zurich Re (1998) reinsurance group, Munich Re (1998) reinsurance company, SCOR (1999), Chubb, FM Global, Polish Re (1999), and other major players of the global insurance market entered the Armenian insurance market.

With many of them INGO ARMENIA has framework agreements on servicing their global clients and providing insurance protection to their customers in Armenia.

Employees are the greatest asset of INGO ARMENIA. Working in a challenging and rewarding environment, they pursue individual development at all stages of their career. INGO ARMENIA employees are graduates of University of Cambridge, Nottingham University, alumni and members of Chartered Insurance Institute (CII), certified accountants (ACCA), financial (CFA) and project managers (PMP).

Quality of service and customer convenience are always at the center of attention of the company staff. The evidence of it is the largest representative network with 47 representative offices and branches in Yerevan and all other cities of Armenia.

At the end of 2016, INGO ARMENIA announced the launch of digital development strategy that includes online policy purchase platforms, personal cabinets, paperless processes, and distant claim management. Compulsory MTPL and travel insurance policies can now be acquired just in few clicks. The company pays special attention to cybersecurity of customers. In 2017, it received the certificate of Information security management system ISO27001: 2013.

By the first half of 2017, the company collected premiums for 4,361,605,000 AMD, which is 18% higher than the previous year, reflecting the company's dynamic growth. More than 195,000 individuals and 2,000 enterprises (300 of which are among the largest in Armenia) use the company's services.

INGO ARMENIA was recognized as the best company among more than 15 members of INGO Group, which once again demonstrates the success of its undertaken customer-centric strategy.





KNYAZYAN® & PARTNERS

INTERNATIONAL INTELLECTUAL PROPERTY CONFERENCE HELD IN ARMENIA

The Intellectual Property Rights Center of Armenia (IPRC), in cooperation with, sponsorship and support of Knyazyan & Partners IP law firm, held an International Conference on IP. The conference was attended by more than sixty IP lawyers, patent attorneys, and experts from eight countries (Armenia, Russia, Ukraine, Moldova, Belarus, Kazakhstan, Latvia, and Georgia). Participants discussed current issues in the field of intellectual property law and shared their knowledge and experience related to their national legislation and practices. Participants also discussed and shared their opinion on IP trends in the region and internationally. The conference was followed by a two-day cultural program. More than 40 foreign participants of the conference had the chance to enjoy the most visited sightseeings of Armenia and taste delicious Armenian food and wine. As a result of high international interest and very positive feedback, Knyazyan & Partners decided to further support IPRC Armenia by organizing similar conferences on yearly basis and to expand the geography of foreign attendees. Knyazyan & Partners will also support the upcoming IP event, one of the biggest and most successful joint projects of Knyazyan & Partner and IPRC - the 7th Annual IP Moot Court Competition.

IPRC Armenia was established by Knyazyan & Partners in 2011, as its corporate social responsibility with the mission to promote, support, and facilitate Armenia's shift to a knowledge-based economy for the benefit of the Armenia's economy and its society as a whole, through the implementation of its goals and objectives in the field of intellectual property rights.



NASDAQ OMX® | ARMENIA

NASDAQ OMX ARMENIA INTRODUCES ON-LINE RETAIL SYSTEM FOR GOVERNMENT BONDS ALLOCATION AND BUYBACK

On 25 April 2017, NASDAQ OMX Armenia launched an on-line system for government bonds allocation and buyback, which enables individuals to purchase government bonds on-line, directly from the Government, without visiting any service point. The system has been implemented in cooperation with Treasury direct system of the RA Ministry of Finance.

Individuals will be able to invest not only in treasury saving bonds and short-terms bills, but also in medium and long-term government bonds via registering by ID card on www.gp.minfin.am free of charge. Interest from the investments will not be subject to income tax.

Service points of the Treasury direct will be still operating, where the investor can find services provided by onlines system, as well as register in the online system, in case the investor doesn't have an ID card.



GOVERNMENT BONDS AUCTIONS TO BE ORGANISED AT NASDAQ OMX ARMENIA

Starting from 25 April 2017, allocation and buyback auctions of Armenian Government treasury bonds were transferred from Central Bank to "NASDAQ OMX Armenia" OJSC platform.

Hereinafter, the Armenian Government bond auctions (GBA) will be handled via state-of-the-art and best-of-breed Genium INET electronic trading system, developed by NASDAQ and featured with the latest technological solutions. Genium INET is a multifunctional trading system and is used not only by the NASDAQ Group's American and European exchanges, but also in other large financial centers, such as Tokyo, Hong Kong, Singapore.

New automated trading system has facilitated arrangement of GBA. The software has simplified order input features and transaction speed in microseconds. Besides, it allows T+1 settlement, which is an additional liquidity management opportunity for trade participants.

NASDAQ OMX ARMENIA HOSTED INTERNATIONAL FINTECH CONFERENCE

On 15 June 2017, NASDAQ OMX Armenia held an international conference on "FinTech in the Stock Exchange industry" in Yerevan, Armenia. 23 companies from 8 countries were present at the conference, including representatives from various stock exchanges, the Central Bank of Armenia, European Bank for Reconstruction and Development, Percival-leading CSD system provider, Funderbeam-Crowdfunding Company, etc.

A panel discussion devoted to financial technologies and recent development trends of the market was held at the first part of the conference. During the Workshop, following the panel discussion, Exchanges and FinTech companies introduced Technology Solutions of their respective companies and established mutual business relations and shared their experience.



CAFÉ NOVA NOW OPEN AT NOVA HOTEL YEREVAN

Located on the ground floor of NOVA Hotel in downtown Yerevan, the fully functional Café NOVA is now open to serve guests as a unique spot fit for breakfast, business lunch meetings, family dinners, and a comfortable freelance work space to combine with a cup of espresso. High-speed Wi-Fi is available, and the space is strictly non-smoking, one of the few in the city.

NOVA is specifically designed to provide a homey feel with a modest library available for free use, as well as contemporary design and most friendly staff. Guests are welcome to take a break, relax, enjoy the excellent service, and to have a bite to eat. You will find simple and delicious meals from the Italian cuisine in a cozy trattoria-style atmosphere. A nice selection of artisanal pizza, pasta, and salads is available throughout the day, all freshly made by their experienced Chef from select seasonal products.

Buffet-style breakfast features a wide selection of carefully picked items to meet all palates and appetites. Take a plate and help yourself to some freshly baked breads, cereals, vegetables, a selection of hot dishes, cold snacks, omelets, and fresh dairy products. Seasonal fresh fruits and berries, warm croissants, Armenian-style jams, preserves, honey, nuts, and dried fruits along with gluten-free options will cover the dessert. You'll have no chance to leave hungry. Top it off with a cup of freshly brewed coffee or a cup of tea from a wide selection at hand.

The restaurant is open daily from 7:30 AM to 11:00 PM.



"PUB 37" RECEIVES THE FIRST PLACE PRIZE

In September 2017, "PUB 37" gastropub received the first place prize for winning in the Gastrofest contest organized by Menu.am. The idea of the contest was that 8 restaurants from the same field (in this case beer houses) had to offer a set of dishes and beer for a set price and the restaurant that had the most sales during the period of the contest would win. During two weeks, "PUB 37" had the greatest sales of the offered gastroset, which proved that the customers really liked the offered dishes. The gastroset consisted of 1 liter of draught beer, a variety of grilled Viennese sausages, fried chicken wings, "37" lavash chips, and other beer snacks.

"PUB 37" AT YEREVAN FOOD FEST

Irish stout Guinness and grilled steaks were the bestsellers of "PUB 37" during the Yerevan Food Fest organized by "Hartak." The event took place at English Park starting from 13:00 until late night with over 25 restaurants participating. During the food fest, "PUB 37" offered both draught beer and the food for a special price with an additional surprise. When buying anything from the pub's menu, the customer received a chance to play the "Beer Pong" and get a FREE beer.

The event was successful both for the organizers, and for the participants. It was very exciting to see that many visitors including tourists during the Food Fest tasted so many delicious foods that Armenian restaurants offered.

It is the second year in a row "PUB 37" participates in Hartak Food Fest. The management confirms that it will definitely participate in the future as well, because besides the benefits of exposing the gastropub to new potential customers, the Yerevan Food Fest was a tie for participating restaurants to get acquainted and learn from each other and the food market from another perspective, and finally spend a wonderful time.





RADISSON BLU ANNOUNCES APPOINTMENT OF NEW GM

During the month of July 2017 Radisson Blu Hotel, Yerevan welcomed their new General Manager Mr. Atis Zaharans-a passionate and experienced hotelier.

Atis brings along 20 years of experience in hospitality industry. He started by joining Radisson Hotel chain in Latvia, and his passionate dedication to the hospitality business led him to work in Eastern Europe, Central Asia, and Middle East. Atis expanded his professional career by working for many years in the Marriott Hotel network as well. He has joined back Carlson Rezidor Hotel Group from Renaissance Minsk Hotel in Belarus as a General Manager.

As a formidable manager, Atis pays great importance to the efforts taken by his personnel, given that the key to the successful management of the hotel is the happy employee, who takes a great care of the guest.

"I always pay a lot of attention to personal communication with guests," he states, "I personally like to exchange a few words with guests living in the hotel, event organizers, or locals visiting the restaurant. Communication with the team is also the key to success. Therefore, every day, I take the opportunity to take morning and evening walk around the hotel and talk with my colleagues, be it technician, waiter, or sales manager. Since I believe that you cannot manage the hotel from the office."

Atis Zaharans has certainly been a productive addition to the Radisson Blu Hotel, Yerevan team and is a main driving force towards better accomplishments.



SUCCESSFUL MOTHERS-STRONG FAMILY

The key to a strong and sustainable family is the love and the atmosphere of mutual understanding. Yet, when affected by external factors, this atmosphere can be shattered and even breakdown creating a chain of obstacles that the family members can hardly overcome without a helping hand. SOS Children's Villages Armenia, following its mission to ensure a loving home for every child, supports such families to address the emerged problems that bear high risks for child abandonment. Such activities of the organization are implemented within the frame of Family Strengthening programmes.

In 2014, SOS Children's Villages Armenia launched a new project aimed to support those families, which apart from the other factors are also facing unemployment and are economically unstable hardly making both ends meet. Originally, this project called "Employment and Economic Sustainability" was financed by the Government of Germany jointly with the SOS Children's Villages Germany and later on, considering the extremely positive impact that it had on the

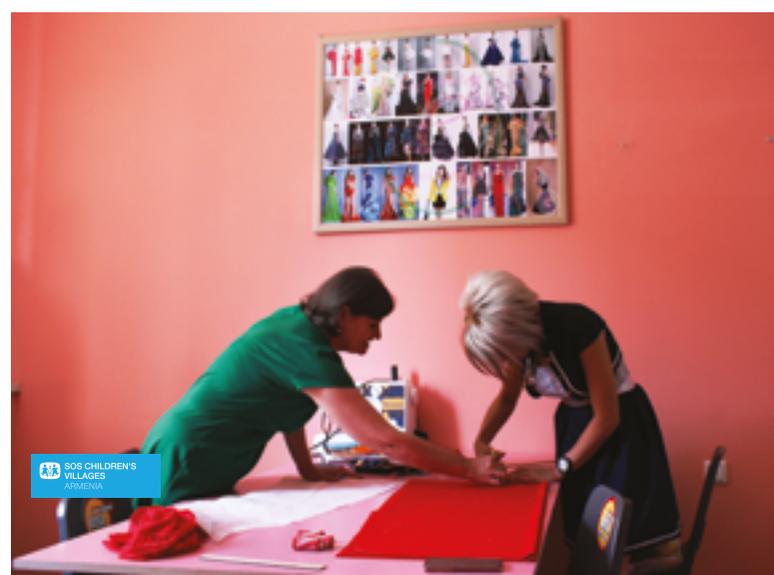
lives of the targeted families, it was taken over by the SOS Children's Villages France. In the frames of the project, more than 400 unemployed people in Yerevan are given a chance to improve their professional skills and/or obtain new ones and are provided with professional tools and equipment to be fully competitive in the labor market.

In the scope of the project, the participants are provided with the following services:

- professional orientation consultancies
- vocational trainings
- working tools
- development of job-hunting skills
- support to start a mini-business
- job fairs
- social group works
- individual work (psychosocial empowerment).

In addition to the above activities, when the adult members of those families are attending various vocational courses, the family is supported with basic food packages, clothing, educational and health care expenses.

The majority of the participants of the project are mothers, who do not have any profession. Siranush was among them. She grew-up at an orphanage. She got married to a man with disabilities and gave birth to a child, who inherited the same disabilities. Because of his husband's health condition, the family was facing economic difficulties, which led to negative atmosphere at home. Siranush understood that she should do something to avoid the worst thing that could happen to her family. She decided to obtain a profession and start working in order to support his husband. In the scope of the project, she has become a successful hairdresser and gave birth to her second healthy child.





**World Vision
Armenia**



WORLD VISION UNITES PARTNERS AROUND PREVENTING CHILD VIOLENCE IN ARMENIA

In Armenia, several surveys reveal an alarming statistics regarding violent methods of upbringing in the country. World Vision Armenia's baseline survey (2015) regarding the child protection situation in Armenia reveals that 39.7% of parents apply physical abuse against their children as a form of punishment.

The numbers are also mostly repeated in the Demographic and Health Survey of Armenia, which says "seven out of ten children of 1-14 years of age have been exposed to a psychological or corporal punishment during 30 days preceding the survey. Psychological aggression is more prevalent than physical. More than two third of children has been exposed to psychological aggression, and 38 percent – to any form of corporal punishment."

The numbers actually reflect prevailing public norms and behaviors in Armenia, where parents, more often with positive intention, practice corporal punishment to see their children behave well, be obedient, do well at school, etc. This belief may be best illustrated through an old song, well-known among Armenians, that says "Who hasn't been spanked by his mother, was raised as an orphan."

The issue is now on the agenda of major child protection organizations in Armenia that were united by World Vision within "Share love not violence" five-year public campaign, launched in Yerevan on 28 September 2017. World Vision initiated the partnership within its global "It takes a world to end violence against children" campaign. The initiative group of the campaign involves World Vision, UN Children's Fund Armenia, Save the Children Armenia, SOS Children's Villages, Children of Armenia Fund, Civil Society Institute, Child Protection Network, Family and Community NGO, Children's Support Center of Fund for Armenian Relief, and Staff of Human Rights Defender in Armenia.

The NGO-led campaign seeks massive partnership from state agencies and the Police, as well as engagement from donor community in the country, including businesses to have child protection as a priority in their social corporate responsibility agenda.

"In Armenia, the most important step to succeed with our campaign is to achieve the acceptance of the problem by the general population and the politicians," – says Zhirayr Edilyan, World Vision Armenia National Director.



CHANGE IN A CHILD'S LIFE

Being a child-focused organization, World Vision works with the most vulnerable children and their families. World Vision identifies the problems and needs of the most vulnerable children and help them/their families overcome those difficulties, according to a development plan, specifically designed for each family.

World Vision Armenia recently launched "Yeritsuk" local sponsorship program, which aims at improving the well-being of the most vulnerable children with the help of funds from individual and corporate donors.

Individual donors can join "Yeritsuk" local sponsorship program. There are two types of local sponsorship:

- The most vulnerable child sponsorship; you can contribute to the family development and bring positive changes to the child's life with your small monthly donation. The programme aims at supporting the most vulnerable families to overcome the poverty. Families are selected according to vulnerability criteria, and monitoring is carried out in order to evaluate the progress.
- Let's show our care for children and communities; through this type of sponsorship you can help a child attend development programs to gain enough knowledge and skills. Child development models are developed and tested by well-recognized international organizations and adapted to the Armenian reality.

265 AMD a day will change the child's and the community life. Spread hope and joy and encourage children with your love.

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ARTSVIK MINASYAN

THE RA MINISTER
OF NATURE PROTECTION

INTERVIEW WITH THE RA MINISTER OF NATURE PROTECTION, MR. ARTSVIK MINASYAN

Q: "In your opinion, what are the key environmental problems in Armenia you believe need immediate action?"

A: As in any transitional economy and Armenia is not an exception, there are several key issues:

1. excessive use of natural resources,
2. significant pollution, and
3. underestimated value of ecoservices.

All those three issues need to be resolved in a balanced manner. The excessive use of natural resources relates to renewable resources, such as water, forests, flora and fauna. When the use of resources exceeds its natural replenishment rate, it creates problems for the next generations and future sustainable development. The excessive use always leads to emissions and waste generation, that nature is not capable to absorb or clean. A good example is the use of non-renewable resource, subsoil, as a result of which we have wastes, tailings dams that do not fit into the nature's capacity and create dangerous situations. We do have emissions to the air and to the water basins that are problematic from the population health and future development perspective. And, finally, if we consider the nature as a service providing system-from natural goods through ecoservices -unfortunately, the value of that system is underestimated. Meanwhile, the international experience shows that the countries, which were able to balance those interests, have a sustainable environment and a much better investment climate. Those countries have investors' trust and long-term expectations.

Q: "What are the solutions that the RA Ministry of Nature Protection sees in tackling those issues?"

A: First of all, we need to have clear standards both quantitative and qualitative. In particular, quantitative standard for renewable resources is that the use of resources should not exceed the capacity of nature to replenish.

For example, the deforestation should not exceed the level of forest's replenishment capacity either by nature or artificial forestation. In case of water, it should not be used more than it can be generated as a water supply. The bright example is the Ararat Valley underground water basin, which is used in the excess of its replenishment capacity and brings issues, such as development of emergency situations on that territory or in agriculture. Thus, the quantitative standard is of utmost importance.

The qualitative standards-are principles and characteristics based on which the decision should be made regarding the use of this or that natural resources. If during the use of natural resources, chemicals or technologies that bring to inefficient use of natural resources or its emission leads to more harm and creates additional accumulation of metals, then, that usage should be banned.

By the way, let me add that as a result of discussions at the RA National Security Council, the RA President signed the Natural Resource Management Concept, which aims to bring to life those standards.

Another solution is to enhance the security system, in particular in regards to the tailings dam. Currently, there is a need to put additional efforts to enhance security and the quality standards in regards to the tailing dam's spillways and its substances, as we have water flowing through ground and surface waters to other locations. It is crucial to have cleaning stations that allow the usage of resources at an appropriate level.

Another important issue is the ability

to have multiple usage of resources. For example, in Ararat Valley water basin, we currently have 800 million m³ of water for fishery. It is economically unacceptable to use it purely for fishery purposes and have the water to flow away from the country.

First of all, we need to consider the value of the water as drinking rather than for fishery purposes. Secondly, even if being used for the fishery purposes, then a secondary usage of that water should be devised, in particular, for irrigation purposes. As a result of close cooperation with international organizations, the Ministry had a pilot project. The project results are that in Ararat Valley in Hayanist, fish pond waters were used for irrigation purposes, and laboratory results proved that the usage of secondary water meets the European standard for irrigation purposes and agriculture in general. Moreover, agricultural products grown on that territory with high-water concentration, such as watermelon and melon, did not have any flavor.

We also have a big project in discussions for the underground water basin of Ararat Valley, where the underground water will be used for the secondary purposes, but not more than the restoration capacity. Currently, the restoration capacity is defined at 1.1 billion, but de-facto it is almost 1.7 billion, and we need to decrease it by secondary usage approach to have savings on that territory.

For the development of the policy for natural resource usage, it is crucial to have a clear resource pricing. For those resources that have exclusive ownership by the state, such as water and subsoil, there is a need to match the natural resource utilization payments with the volume and targeted usage of those.

In early 90s, the legislation defined the ratio, which is not in line with the current trends. In particular, we have types of natural resources that have extremely low price compared to the impact of its usage on the environment

or the future developments. The same is with the water: today, we provide surface water for the irrigation to the farmers at 0 dram. The price is derived from the transmission by the system or subsystem. Thus, the irrigation water becomes very expensive for the farmer; while the state gets 0 dram for that. Thus, we have a serious problem in water usage pricing. There might be a need to set up a higher price, and then, pay back as a subsidy to the agriculture.

The existing system is inefficient for accurate resource allocation either. As a result, we have different indicators for the waste from irrigation system that range from 45% to 70%. The same issue is with the drinking water, which is much higher. We hope that "Veolia Jur" with its modern technologies can provide maximum accessible and quality water supply.

Q: "What are the key legislative challenges in the system and what reforms do you plan to execute?"

A: We have already planned several reforms and, if realized, we will have a progress. The most important one is the creation of the united environmental management system. Often, we have split government systems. For example, we need accurate baseline data to make decisions for resource allocations, such as for energy, irrigation, drinking water. Unfortunately, there is a gap here. Hydro meteorological center should provide the baseline data; however, given the technological capacity, equipment, or even the goals of that service (that are different from the goals I had mentioned above), the system is broken. Or if we want to monitor the changes in the environment, we cannot take a single resource and make comparison and analysis.

Another important direction is the strong expertise system in the environmental impact analysis, which, unfortunately, we don't have at a full scale. And it is one of the reasons that we observe different positions and opinions on issues and internal conflicts. Moreover, some NGOs that really do care about the environment are actively engaged in the process, while others with a different agenda-try to take an advantage of the situation.

If we are lucky to establish an expertise system that is in line with international standards, the society will have trust to the experts' conclusions. So, if the impact on the environment is in risk tolerance range, then we should go after that opportunity. However,

given that we don't have a complete and efficient expertise system, there are doubts and reservations that we deal with on daily basis.

The absence of integrated environmental permit system that creates corruption risks is also a significant issue. By the establishment of the permit system we will ease the burden on business community and will have a transparent and efficient system. For example, if a person would like to get a permit for hunting a specific animal, he will apply to one-stop shop. Currently, a project for this effort is in progress. And just as a remark, the lion share of our projects, if not more than 90%, will be executed through grants. Given the global developments on this front, there are a lot of resources available that we can tap into.

The establishment of the integrated state management system is on our agenda as well, that covers even the name and clear-cut functions and roles for the Ministry. There is no single country, where the Ministry has only environment name attached to it. Usually, "environment" comes in with "nature protection." As for the functions it has:

1. Natural resource calculation and registration
2. Natural resource usage planning
3. Monitoring of the natural resource usage
4. Environment impact analysis
5. Supervision, such as for national and reserve parks, preservation of landscapes, etc.
6. Ecoeducation and ecoculture that facilitate the corporate social responsibility.

We raised these issues with all the stakeholders and hope to get their support on it.

Q: "How would you assess the capacity and capabilities of NGOs operating in Armenia?"

A: I should state that we have several strong NGOs that keep fingers on pulse and flag their concerns, which in its turn, helps the Government to act accordingly. However, next to that strong group, we also have NGOs that lack both the knowledge, and technological means. Thus, we need to enhance the NGO sector. We give high importance both to the eco-education, and the engagement of NGO sector in decision-making processes.

We made some progress here by establishing civil, technological, scientific, donor-organization councils that bring in NGOs. For each council meeting,

information is available and open. We want to enhance the institute of public hearings, which will embrace the society in decision-making process for legislative reforms and execution. In addition, we want to engage the society into public monitoring domain, particularly, in regards to the subsoil usage. Several weeks ago, we presented to the Government draft amendments to the Law on subsoil usage, by which we will require the companies to make monitoring results public. This change will give the opportunity to the society to monitor and raise concerns, where needed, and to the government-to be quick in response actions.

Q: "How do you see the role of the government in advancing Corporate Social Responsibility in our country?"

A: I believe, the role of the Government in the establishment of CSR culture is crucial, especially for the companies that are fully or partially state-owned. The Government should lead by example. As you know, several years ago, the Government adopted CSR Code with defined requirements. Unfortunately, not all state bodies adhere to the Code, and we should be persistent in its enforcement. Advocacy campaign should be organized for those companies and personalities that acknowledge the importance of CSR and execute it not only on the social front, but also on the environmental front. A company that works in subsoil utilization should adopt responsible mining concept, which also includes CSR in the establishment phase. We do have exemplary mining companies, but next to them, we also do have companies that have not adopted responsible mining concept and continue abusing rights at the expense of the society. The Government with its supervision role should restrain their desire for excessive usage of natural resources and excessive profits.

Q: "Dear Mr. Minasyan, thanks so much for this interesting and candid discussion. Your last words/wishes to AmCham readers?"

A: I would like to wish good luck to AmCham Magazine readers and ensure them that Armenia develops and everybody's contribution to it really matters starting from his/her social behavior and ending by actions. To remind the law of nature: the nature knows the best; nothing is lost in the nature; everything has a price. Let's live by nature laws.



NAZARETH SEFERIAN
Co-Founder and Board Member
CSR Armenia NGO



What is Corporate Social Responsibility, or the broader concept of sustainability? The biggest obstacle in Armenia at the moment is that it is often confused with philanthropy, with some CEOs thinking: “Yes, let’s support this charity, because it will make a good story for the media, and then, we can say that we are active in CSR.” CSR or sustainability is not the same as philanthropy, and later in this article, we will look at the harm caused when they are confused.

In the simplest of terms, CSR is about preventing or solving problems that are shared by the business and society or the environment. These problems are sometimes directly caused by the company itself, such as pollution, and it seems logical that the company is the responsible party when it comes to preventing them from happening or resolving them, if they do occur. On other occasions, the problem already exists in society and has an impact on the business growth or long-term existence. Water scarcity, for example, is a threat to the viability of companies that sell bottled water and various beverages, as well as a whole range of other products. Naturally, society suffers due to water scarcity as well. Contributing to the solution of this problem is a win-win for both the private sector and the community and is an excellent example of CSR.

Studies and business cases from around the world have shown

USING THE SDGs AS A GUIDE TO BUSINESS RESPONSIBILITY

Corporate Social Responsibility (CSR) has gained traction in many business communities in the world, while other countries are still in the early stages of properly understanding and applying this concept. In Armenia, when we reach the tipping point in our private sector of shifting toward looking at CSR strategically, then we will have the power to unleash tremendous positive change in the country.

that companies that have strong sustainability policies benefit from a range of positives, such as being more attractive employers, lower employee turnover, lower business risks in a range of areas, customers with higher loyalty and more. Any company that applies CSR correctly to its practices will begin to see these benefits in the short-to middle-term. And, once again, the process of developing a CSR strategy begins with a focus on problems.

Looking For Problems

Fortunately, or unfortunately, there is no dearth of problems on our planet, whether on the local scale or globally. The good news is that there are hidden opportunities for new business and development in many of the problems that exist today.

A good framework that helps governments, non-profits as well as businesses approach problems in a systematic way is the Sustainable Development Goals (SDG). Proposed in 2015 by the United Nations, the SDGs consist of a set of 17 specific goals in the world, covering some of the biggest social and environmental issues of our time, aiming to leave us with a better planet in 2030.

Companies around the world are looking at these 17 goals and focusing on the ones that are most relevant to them. By then working hand-in-hand with civil society organizations and governments, they are creating win-win situations that lead to business opportunities for themselves while benefiting the communities in which they work.

Solutions That Benefit Everyone

Goal 1 pursues a world with no poverty. What role could commercial enterprises play in achieving this lofty target? Vodafone has developed a

new line of business that is helping millions of poor people make more money while also making a profit for the corporation. M-Pesa is a mobile financial solution that had more than 31 million active customers in early 2017, and most of them were people in low income brackets in African and South Asian countries. These are customers who are not served by traditional banking systems because of their low earning power. M-Pesa allows them to store their money electronically, which means carrying less cash in often crime-ridden neighborhoods. Individuals and small business owners like shopkeepers can make electronic payments to their suppliers or for utility bills. Users can also send each other money, allowing laborers working in another town, often hundreds of kilometers away from their families, to send their earnings back home, without having to make the trip themselves or pay exorbitant transfer fees. M-Pesa empowers people with low earnings to have many of the services a traditional bank would provide, allowing them to enjoy the same level of security and convenience that many middle-class families take for granted today. Along with the benefits to society, Vodafone enjoys a healthy return on M-Pesa, with the company reporting 529 transactions per second in December 2016.

Pearson, one of the largest publishing companies in the world, has recognized the important of Goal 4, a quality education for all. Education is an important part of its business. Due to a war in their country that has lasted over 6 years, over 2.1 million Syrian children are not at school, and an additional 400,000 are at risk of dropping out. Pearson has partnered with Save the

Children in 2015 to launch a program called "Every Child Learning." The partnership focuses on researching and developing new solutions for delivering education in emergencies, such as tailored programs for children in refugee camps. The company recognizes that conflict will, unfortunately, continue to be a part of our lives globally for the foreseeable future. "Every Child Learning" will help Pearson develop new solutions that can tap a market that has not yet been served by the company or its competitors. With international organizations, relief funds, and governments willing to pay for education in refugee camps, it is very likely that this will be a lucrative sector in the near future, and Pearson will be best placed to tap into it first. But the benefits for children affected by conflicts as well as governments are immense as well. This is another example of a win-win situation that demonstrates how CSR goes beyond simple charity.

Goal 6 focuses on clean water and sanitation. A drought from 2011 to 2017 in California has painfully demonstrated to several businesses there how susceptible they are to natural disasters that have the power to devastate their business viability. Several corporations—such as Nestle, General Mills, MillerCoors, and others—have joined the California Water Action Collaborative, which also includes environmental organizations, such as WWF and the Alliance for Water Stewardship. The Collaborative helps companies and organizations coordinate their water conservation efforts and make use of each other's data and experience. As a result, companies bottling water for sale or selling beer are able to have a more secure source of fresh water for many more years to come, making their business more sustainable. At the same time, there is also more water for the residents and farmers of California.

A social business co-founded by Groupe Danone tackles Goals 2 (Zero Hunger) and 8 (Decent Work and Economic Growth) at the same time. The spin-off company called Grameen Danone, a joint venture between the world's biggest yogurt manufacturer and Muhammad Yunus' Grameen Bank, set up a small factory in Bangladesh in 2006, producing a product called Shakti Doi. Targeting malnutrition in Bangladeshi children, this is a yogurt that is fortified with enough vitamin A, iron, zinc, and iodine to meet 30% of a

child's daily needs. The company also uses a distribution system that employs small farmers and village vendors, who sell the product village-to-village and sometimes door-to-door. The company itself is designed to not make a large profit or pay shareholder dividends in order to keep the price of the product low and affordable to Bangladeshi consumers with very low incomes. But Groupe Danone's commercial activities have benefited greatly from its existence. First, it managed to enter the huge South Asian market and learn more about selling to people with limited disposable income. It also developed new technologies in food fortification. Danone also developed new solutions that can keep milk fresh using enzymes without refrigeration. That provides them with the possibility to do business in many Asian and African markets where reliable electricity is still a problem. By helping the Bangladeshis overcome their problems of malnutrition and lack of employment, Groupe Danone developed a whole range of exciting possibilities for commercial expansion in the near future.

Goal 12 targets responsible consumption and production. A very interesting business that is helping achieve this goal and revolutionizing the sustainable apparel industry is Tom Cridland. The company focuses on the problem that 85% of clothing ends up in landfills in a very short period of time and fashion is now the second-most polluting industry after petroleum. Tom Cridland has launched the 30 Year Collection, which features a product line that recognizes a simple fact – some of the basic items in our wardrobe never go out of style. Simple beige slacks or sweatshirts in a single color will be something a customer will keep wearing for many years. In an attempt to change our short "buy, wear, discard" cycles, Tom Cridland's 30 Year Collection of wardrobe basics are guaranteed to last for three decades. The quality of the product is guaranteed and customers are willing to buy at a premium (around \$90 for a sweatshirt, for example) because they expect it to last them a very long time. The company sells the products with a free "repair or replace" guarantee, trying to encourage consumer culture of buying less. Is this good for business? Tom Cridland is a small company and enjoyed revenues of over \$1 million just two years after their launch.

Going Beyond Charity

Naturally, any business that wants to make a contribution to the SDGs can also simply find a relevant charity and make a donation. That takes less effort and can make for good public relations. Perhaps the charity can even give the company a volunteering opportunity for its employees, which will boost staff motivation and help increase the "feel good" effect of this philanthropic action. Many good organizations in Armenia and around the world are developing powerful projects to tackle the problems summarized in the SDGs.

But the examples above clearly demonstrate how a philanthropic approach means a missed opportunity for greater commercial success. Looking at the problems from a holistic point of view and recognizing the role that the business can play in preventing, mitigating or resolving the problems is a much more sustainable and mutually beneficial approach for any company. Very often, the best solutions will involve partnership with non-profits, but one that is based on mutual engagement and innovative solutions, rather than a simple donation and media story.

The number of such success stories is constantly growing around the world, and businesses must seek to actively study the problems that are relevant to them, in order to then develop solutions that could be of commercial benefit. With the rise of social entrepreneurship in Armenia as well as the development of platforms such as the Responsible Business Network by the American Chamber of Commerce and CSR Armenia, the probability of meaningful engagement by the for-profit sector in achieving the SDGs is increasing.

The key thing to remember is that if you are serious about Corporate Social Responsibility, these are the kinds of problems that you will have to tackle on a regular basis, and each of them has a hidden business opportunity to uncover or a business risk to mitigate. The future is bright for responsible businesses in Armenia, as it is for any sustainable company around the world, because the problems we face locally and globally today mean that the principle "survival of the fittest" is no longer only about the financial bottom line, but also about the social and environmental side of things.



ARTUR HARUTYUNYAN

Co-Founder and Board Member
Armenian Institute of Directors,
Managing Director
AN Audit CJSC



Recently, quite often we come across the Integrated Reporting (IR) term/concept.

Integrated Reporting (IR) is a relatively new concept and as such not well-known to many. This article intends to introduce to the reader the concept of IR and to discuss its applicability and potential benefits. The article is based on the materials published by International Integrated Reporting Council (www.integratedreporting.org) and International Federation of Accountants (www.ifac.org)

So, what does IR mean? It is a new form and rather a new level of corporate reporting. As we know, the traditional form of corporate reporting represents financial statements which provide past (historic) information about the entity's financial position and performance that are expected to be useful for the users in assessing the entity's ability to generate future cash flows.

It is currently widely recognized that such financial statements, even though prepared in accordance with IFRSs, have inherent limitations and do not meet the information needs determined by the current level of development of, and challenges faced by the society. Particularly, they do not refer to the personnel, social, environmental, and sustainable development issues.

INTEGRATED REPORTING

They also do not reflect customer and supplier relationships, human capital, and brand and reputation, which are of key importance for value creation.

In response to the above mentioned corporate reporting "gaps," many organizations realizing their role in the society as a corporate citizen, voluntarily undertake certain responsibilities, introduce environmental standards (ISO 14000), prepare and publish environmental and social reports.

As a result, such organizations prepare a number of reports or communications that are often isolated from each other, and do not take into consideration internal organic links and communication channels.

It is expected that, over time, IR will become the corporate reporting norm and no longer will an organization produce numerous, disconnected and static communications.

However, IR is much more than simply a reporting. It is a process based on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation.

An integrated report is a concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long-term. It demonstrates the linkages between an organization's strategy, governance and financial performance and the social, environmental and economic context within which it operates.

So, in order to be able to prepare IR it is necessary to get a good understanding of all of that, and such an understanding is a part of integrated thinking. Integrated thinking is described in the IR Framework as "the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects."

IR is seen by the International Integrated Reporting Council (IIRC) as the basis for a fundamental change in the way in which entities are managed and report to stakeholders.

The aim of IR, as stated in the IIR Framework, is to support integrated thinking and decision making.

The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time. However, an integrated report brings benefits not only to the providers of financial capital, but to all stakeholders interested in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators, and policy-makers.

The Value Creation Process

As IR is about value creation, it is necessary to have a closer look to the value creation process.

The value creation process is depicted in the figure below which is taken from the IIR Framework (see on the next page).¹

As we can see from the figure, for IR purposes, apart from financial capital, five additional types of, so called, sustainable capitals are considered, from where we derive the goods and services we need to improve the quality of our lives. These other capitals (sometimes collectively referred to as "multiple capitals") are:

Manufactured Capital: tangible goods such as tools, machines, and buildings and infrastructure that organizations own, lease, or have access to be used in the provision of goods or services.

Intellectual Capital: knowledge, intellectual property, systems, and processes that an organization has at its disposal that provide it with a competitive advantage and positively affect its future earning potential e.g. gaining new customers, creating new products.

Human Capital: skills, experience, health, and motivation that employees and management in an organization possess that provide the foundation for future development and growth. Enhancing human capital through education and training is central to a flourishing economy.

Social and Relationship Capital: An organization's brands and reputation, including its relationships with the community in which it operates (such as schools, trade unions, voluntary organizations), its customers, and business partners and others in its value chain, like various government agencies.

Natural Capital: An organization's access to environmental resources that it can use to provide a return and/ or that it affects through its activities or the goods and services it creates. The value that nature provides, the natural assets that society has are therefore not only the basis of production but of life itself. It includes resources of a renewable and non-renewable materials e.g. land, water, energy and those factors and processes that absorb, neutralize, or recycle wastes-e.g. climate regulation, climate change, CO2 emissions.

Different Types of Capital, on the one hand, are used in the business model as inputs (resources) and, on the other hand, they are affected by the outputs derived through business activities.

The External Environment, including economic conditions, technological change, societal issues and environmental challenges, sets the context within which the organization operates.

The Mission and Vision encompass the whole organization, identifying its purpose and intention in clear, concise terms.

Those charged with **governance** are responsible for creating an appropriate oversight structure to support the ability of the organization to create value.

At the core of the organization is its **business model**, which draws on various capitals as **inputs** and, through its business activities, converts

them to **outputs** (products, services, byproducts and waste).

The organization's activities and its outputs lead to **outcomes** in terms of effects on the capitals. The capacity of the business model to adapt to changes (e.g., in the availability, quality and affordability of inputs) can affect the organization's longer term viability.

Business activities include the planning, design, and manufacture of products or the deployment of specialized skills and knowledge in the provision of services. Encouraging a culture of innovation is often a key business activity in terms of generating new products and services that anticipate customer demand, introducing efficiencies and better use of technology, substituting inputs to minimize adverse social or environmental effects, and finding alternative uses for outputs.

Outcomes are the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs.

Continuous monitoring and analysis of the external environment in the context of the organization's mission and vision identifies **risks and opportunities** relevant to the organization, its strategy, and its business model.

The organization's **strategy** identifies how it intends to mitigate or manage risks and maximize

opportunities. It sets out strategic objectives and strategies to achieve them, which are implemented through **resource allocation** plans.

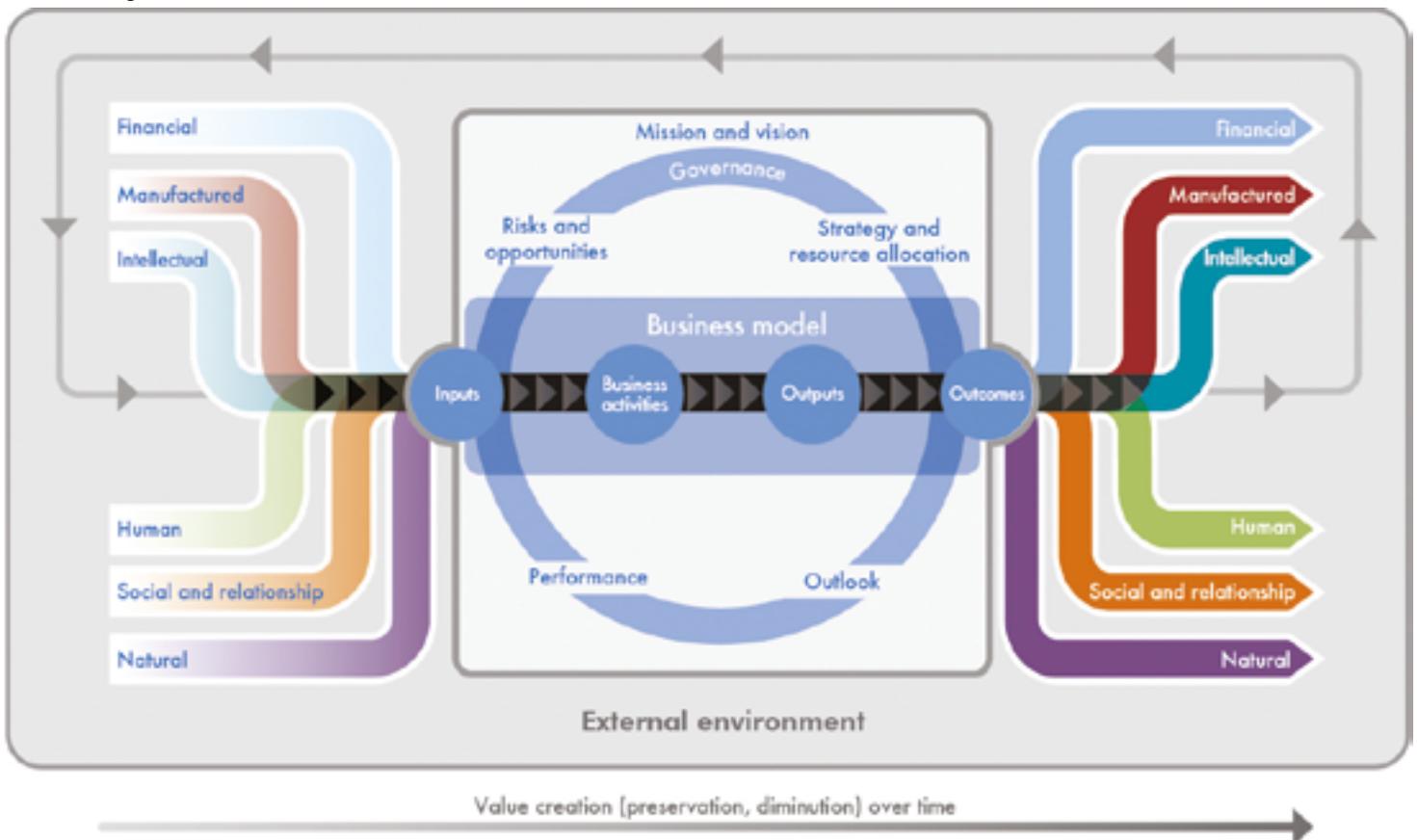
The organization needs information about its **performance**, which involves setting up measurement and monitoring systems to provide information for decision making.

The value creation process is not static; regular review of each component and its interactions with other components, and a focus on the organization's **outlook**, lead to revision and refinement with the purpose to improve all the components.

In creating value for itself, an entity creates, and may sometimes destroy, value for others. Value is almost always co-created. Like two sides of a transaction, neither party will close the deal unless it perceives there is value in it for itself. For example, excessive usage of water by fish-farmers in Ararat valley may lead to not only the lack of water for fishery, but also for the general life activity in the region.

The International Integrated Reporting Council (IIRC) published the International IR Framework in December 2013. In addition to fundamental concepts, IR Framework establishes also Guiding Principles and Content Elements that govern the overall content of an IR, and explains the fundamental concepts that underpin them. The volume and nature of this article does not allow to consider

1



those in details, so short descriptions are provided below.

The following Guiding Principles underpin the preparation and presentation of an integrated report, informing the content of the report and how information is presented:

A Strategic focus and future orientation: An integrated report should provide insight into the organization's strategy, and how it relates to the organization's ability to create value in short, medium and long term, and to its use of and effects on the capitals.

B Connectivity of information: An integrated report should show a holistic picture of the combination, interrelatedness, and dependencies between the factors that affect the organization's ability to create value over time.

C Stakeholder relationships: An integrated report should provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account, and responds to their legitimate needs and interests.

D Materiality: An integrated report should disclose information about matters that substantively affect the organization's ability to create value over short, medium, and long-term.

E Conciseness: An integrated report should be concise.

F Reliability and completeness: An integrated report should include all material matters, both positive and negative, in a balanced way and without material error.

G Consistency and comparability: The information in an integrated report should be presented: (a) on a basis that is consistent over time; and (b) in a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time.

An integrated report includes the following eight Content Elements:

1) **Organizational overview and external environment:** What the business does and the circumstances under which it is operating.

2) **Governance:** How the governance structure supports the business's ability to create value in short, medium, and long term.

3) **Business model:** The business model, including an identification of its key elements, which may include a simple diagram showing business input, activities, outputs, and outcomes.

4) **Risks and opportunities:** The specific risks and opportunities that could affect the business's ability to create value over short, medium, and long term, and how it is dealing with them.

5) **Strategy and resource allocation:** The direction in which the business is heading and how it plans to get there.

6) **Performance:** The business's journey in achieving its strategic objectives for the period and what the outcomes are in terms of the effects on the various capitals.

7) **Outlook:** The challenges and uncertainties that the business has encountered in pursuing its strategy, and the implications for the business model and future performance.

8) **Basis of preparation and presentation:** How the business determines which matters are to be included in the integrated report and how such matters are quantified or evaluated.

The Content Elements are fundamentally linked to each other and are not mutually exclusive. In preparing an integrated report they should not be treated as an end in itself, rather they intend to help better to present the value creation process.

As shows a research conducted by ACCA (Insights into Integrated Reporting: Challenges and Best Practice Responses), many reports included good discussions in relation to each IR content element, but over half fail to link the content elements to value creation.

Organizations often struggle to identify what their stakeholders perceive as "value." Further, many seasoned preparers are still on a quest to find the most effective way of articulating how non-financial value is created or destroyed-qualitatively or quantitatively.

Given the complex nature of IR, from a first glance, one can think, that IR is solely for big companies. However, it is not the case. Through integrated thinking, IR can help an

SME build a better, more concrete understanding of the factors that determine its ability to create value over short, medium, and long term. It enhances an SME's business planning and development by taking a fully connected, holistic view, including its use of, and effect on, all capitals or resources that are important to its business model and future. IR is an effective way to help an SME better understand and manage how it creates value, as well as report on that value creation. More integrated information and thinking should lead the organization to make better decisions about the key areas that affect its ability to create value that can then be communicated through an integrated report, which demonstrates a compelling business case to providers of finance, and others interested in the business.

IR also provides a significant opportunity to establish, or enhance processes and systems for identifying, measuring, and analyzing essential data in various capitals. Important areas driving value creation can then be built into setting objectives and targets, managing opportunities and risk, undertaking project and investment appraisals, and aligning performance to objectives with relevant performance measures.

IR is applicable and can be of benefit for organizations of different size, different nature (including not-for-profit and public sector), different stage of development and their stakeholders, including providers of financial capital, such as shareholders, venture capitalists, crowdfunding, banks, grant donors, etc.

Finally, while concluding this article, I thought that the Armenian Institute of Directors can be a suitable body/ structure to initiate the translation of the International Integrated Reporting Framework into Armenian. Also, I wonder to see who will be the integrated reporting pioneer among Armenian organizations.

AMCHAM ANNUAL GENERAL MEETING 2017

On 17 November 2017, American Chamber of Commerce in Armenia held its consecutive Annual General Meeting at Opera Suite Hotel. The meeting was chaired by the AmCham President, Mr Ara Hovsepyan. Among the presented and discussed issues were the achievements, development prospects of the organization, and its financial reports.

Prior to the start of elections, the nominated candidates for the AmCham Board delivered short speeches on how they could contribute to the promotion of AmCham goals. The General Meeting reelected Mr. Ara Hovsepyan, the General Manager of ContourGlobal Hydro Cascade CJSC, in the office of AmCham President. Ms. Elina Markaryan, Public Affairs and Communication Director of Coca-Cola Hellenic Bottling Company Armenia, and Mr. Aharon Levonyan, the Chief Financial Officer of Seraphim Industries, were elected to serve as the First and Second Vice Presidents, respectively. The General Meeting elected the new Directors as follows: Mr. Hayk Aloyan of Lydian Armenia CJSC, Ms. Irina Dumanyan of Mentor Graphics a Siemens Business, Mr. Paul Edgar of HSBC Bank Armenia, Mr. Karen Garaseferyan of Japan Tobacco International (JTI Armenia), Mr. Tigran Gasparyan of KPMG Armenia CJSC, Mr. Ashot Ghazaryan of the American University of Armenia, Mr. Gagik Gyulbudaghyan of Grant Thornton CJSC, Mr. Arthur Hovanesian of Synergy International Systems Inc., and Mr. David Sargsyan of Ameria Group of Companies/Ameriabank CJSC.

In 2018, AmCham will continue its efforts towards the protection of Intellectual Property Rights and the promotion of best business practices in Armenia, in particular Corporate Social Responsibility projects in the scope of AmCham's Responsible Business Network. AmCham will also launch the establishment of impartial and unbiased Arbitration Court under the AmCham umbrella. Another AmCham goal for 2018 is to expand its cooperation with other AmChams in the region and Europe.



**ARTAK ORDYAN**Marketing Manager
World Vision Armenia

The CSR initiatives of for-profit organizations, grievously, have modified from their focus on social and environmental issues towards market opportunities and business approach to those problems. Through engagement in those practices, companies aim on external outcomes such as improved reputation and name recognition, customer loyalty, competitive advantage over other organizations, collaboration with influential external partners, etc. All these non-economic outcomes can be considered as mediators for targeted improved financial objectives for companies.

It is common to group three main approaches to CSR. First is the social values approach based on the altruism and corporate self-limitation. Second is driven by corporate citizenship concept and approaches companies as responsible citizens of the society. Here comes the concept of the moral responsibility of organizations, as if companies are independent actors who can be held responsible for their actions, or those actions should be reduced and assigned to natural persons within the firms. The third type, which will be reviewed in this article, is the business-case approach, wherein corporates carry out CSR activities with a sole aim of increasing the economic profits.

The business case approach assumes that socially responsible actions indirectly and in longer term benefit companies with improved non-financial indicators, such as better reputation, customer loyalty, employee satisfaction,

LIMITATIONS OF BUSINESS CASE APPROACH TO CSR

risk reduction. In this case companies implement CSR initiatives merely for improving own economic indicators as above mentioned nontangible assets will consequently bring to better economic outcomes, as the optimistic message of self-conscious interest argument is "in longer term, firms that do good will do well." It would be "juicy" to refer here Milton Friedman, the author of shareholder theory, who argues that companies have one responsibility, which is to increase the profit of the equity providers (Friedman, 1970), which sounds close to the core of the business case approach to CSR. As an illustration of business case behind CSR actions, there are five areas that the companies can benefit as a result of socially responsible initiatives: 1. Reputation, 2. Staff motivation, retention, and enrolment, 3. Cost efficiency, 4. Increased sales and 5. Reduction of risks related to CSR requirements.

However, the business approach to the CSR has its limitations as well. Namely,

a) It unavoidably results in opportunism, meaning that firms will prioritize the CSR projects that have highest return on investments, whilst the initiatives with harsher social issues, though lower ROI/SROI, will remain uncared-for. We christen this approach as "cherry-picking from social problems for the business purposes." As a result, this attitude steps out of the CSR framework and becomes just a matter of rationality, since companies would be unwise not to carry out initiatives that positively influence their economic situation.

b) CSR is not being institutionalized in the companies. A research amongst 40 multinational companies operating in the Netherlands shows that the main challenge for including CSR in the companies' agenda is HR practices that do not align with the concept of CSR. Particularly, solid majority of respondents gave high importance to the HR instruments (training, performance evaluation, promotion) to support the CSR, which, unfortunately was not the reality: employees are recruited, promoted, capacitated based on financial and operational indicators, other than CSR. Business attitude does not allow to embed the CSR into the

core of the business or project, as CSR is treated as a source of income and business as usual (even the Netherlands, one of the countries that leads the way on sustainable business).

c) It drives out the inherent stimulus for CSR. In case of business attitude to the CSR there is a risk of losing "believers," employees that organize and carry out socially responsible initiatives with internal motives and based on their values, rather than for pursuing external goals. With business approach these intrinsically motivated people lose the faith in their initiatives, as those actions lead to external tangible results for their peers and company in general. They might lose the interest and become less creative, committed, and productive as a result of evidencing extrinsic sources of motivation according to the self-determination theory.

While companies are increasingly addressing the need for greater corporate social responsibility, the corporate engagement and sustainable contribution in solving societal issues has a scattershot character. Sustainability is most likely to be achieved if the business contribution to the partnership comes from its core business. The concepts of Creating Shared Value, True Pricing and Strategic Options of Partnerships for CSR give us food for thought that more social and economic profits can be gained by better connecting companies' success with societal environment. This, in turn, will open up many ways to serve the social needs, gain efficiency, create differentiation, and expand markets. However, this will not be possible simply by doing more of what was already done: new and innovative approaches are needed. Cross-sector partnerships-among government, business, and civil society-are one of the primary modalities through which it is hoped that such innovation will be created and delivered. Companies play an increasingly prominent 'direct' role in development field and can no longer be confined to funding and services only. Corporations can together with other actors make changes in their spheres of influence, as well as influencing governments, and make an enormous difference in the lives of those who are most vulnerable in our world.



SONA TADEVOSYAN

Media/SM Coordinator
Deem Communications



Today the benefits of branding locations (urban or rural) are increasingly recognized around the globe. According to a global survey on city branding by City Nation Place platform the main trends of 2017 appeared to be the growing use of digital marketing as the main tool of attracting budgets and growing interest in citizen engagement, market, and academic research. The survey also pointed to place brand practitioners focusing on attracting investments and boosting the image of business hubs, besides attracting tourism.¹

A strong brand identity helps transform a place into a destination, where people want to visit, explore, work, do business, and make investments. It is what makes cities attractive and marketable. Today, we live in an ultra-connected world where cities vie for attention in tourism and business. Thus, city branding becomes increasingly important. Cities with distinct brand identities have a better chance to stand out and achieve their economic, social, and cultural objectives, win bids for major events, and attract large flows of tourists.

City branding is not only about creating a logo. It's about touching the city's history, culture, people, economy, and many other intricate details to create a visual identity that would best reflect its "personality." City branding is also about creating a distinct visual story that captures the hearts and minds of locals and visitors: it strengthens the community's sense of connectedness with the place. It's specifically about helping the residents feel the pulse of their city, its spirit, and

INSIGHTS INTO BUILDING VISUAL STORIES: STEPS AND TIPS

ambiance. Importantly, city branding requires a careful approach that merges creativity and strategy to generate one comprehensive visual identity, which makes a lasting impact on people's perceptions.

It takes time for brands to become identifiable and have their impact on the social and economic life of the city. The world-famous slogan "I ♥ NY" was created in 1976 to promote tourism and boost the image of the Big Apple as it was facing economic hardships in the 1970s. The three-letter slogan proved powerful enough to help attract 1.6 million tourists in the summer of 1977 and have a lasting impact on the economy of the city.² The city-branding campaign of Amsterdam, the city of freedom, launched in 2004 to promote the Dutch city among the locals and foreigners. Both slogans create an emotional connection with locals and foreign visitors and motivate others to visit the famous cities someday. Both city branding campaigns set a clear vision of what the cities were at that point and what they aspired to become in the future. City branding experts recommend treating problems as opportunities to produce a new value and drive growth. In this aspect, creativity becomes increasingly essential for utilizing the untapped potential and making most of the smart shrinkage to spur economic and population growth. Our creative team shares insights into the main stages of city branding, based on our experience and knowledge.

1. Defining the scope of the project. This stage envisages identifying and planning of all aspects of the project tier by tier: mapping the stakeholders and developing a systematic approach to target each of them, building synergies, identifying the objectives and result areas of the project based on a shared vision. The ultimate brand should speak in the unified voice of all stakeholders and serve the needs of the major target groups: tourists, businesses, residents, etc.

2. Delving deep into the identity of the city. This stage is about research and analysis of the unique features and

values of the city by exploring its cultural, social, economic, and other sectors. This can be done through roundtables with stakeholders, interviews with renowned residents of the city, surveys, study of literature and historical documents as well as human stories to gain deeper insights into the identity of the city.

3. Building the brand identity based on the city analysis. This stage is about connecting the dots. It incorporates the output of the research into a coherent and distinct visual identity that reflects the key values of the city and its people.

4. Developing and implementing a brand strategy. City brands often set expectations that should be met through efficient positioning and implementation of the brand. To meet the visitors' expectations and create an emotional connection cities should create brand experiences. To bring the brand to life, a comprehensive brand strategy needs to be developed and implemented over the years. This includes synergies and investment of financial and human capital to revitalize the city.

These steps of city branding are applied while branding cities and places across the world. They also describe the stages of the branding project for Gyumri, the second largest city of Armenia, famous for its rich cultural and outstanding historical heritage, strategic location, incredibly witty people and a lot more.

With much history under its belt, from Kumayri, to Aleksandrapol, to Gyumri, the city now boasts the oldest beer brewery in Armenia, the only gallery of women artists in Armenia, a historic 360* fortress, splendid architectural gems with distinct Alexandrapol Belle Époque style made of black tufa as well as a recently evolving tech industry with emerging startups.

Now the city has a proposed brand along with its implementation strategy for the years 2018-2019, which considers methodology applied to shrinking cities, zoning and redefining of public spaces, revitalization models for abandoned or semi-abandoned districts to include concepts of smart cities as well as community economic development formulas. In order for the strategy to work, the involvement of all stakeholders will be required.

1. <http://placebrandobserver.com/place-branding-trends-priorities-opportunities-2017/>

2. Godfrey J., 1984, pp. 148



SUSAN CATALINA
GENERAL MANAGER
ARMENIA MARRIOTT HOTEL YEREVAN



INTERVIEW WITH CATALINA SUSAN, GENERAL MANAGER OF ARMENIA MARRIOTT HOTEL YEREVAN

***“Take care of your people
and they will take care of
your customers.”***
-J. Willard Marriott

EDITOR'S NOTE

Ms. Catalina Susan has 17 years of successful professional experience under her belt with the Marriott International Hotel chain. She has been quickly moving up the career ladder and held various leadership positions. From her recent assignments: she served as the Chief Financial Officer of JW Marriott Bucharest Grand Hotel, Romania, a luxury hotel dubbed as “city within a city,” and Warsaw Marriott Hotel, Poland, which occupies the highest building in the city rising 42 stories in total.

Prior to her move to Armenia, Ms. Susan was the General Manager of Courtyard by Marriott Budapest City Center. In summer 2017, Ms. Susan joined Armenia Marriott Hotel Yerevan family and is bringing further improvements to the hotel operations in our country.

COMPANY BRIEF

In late 90s, Diaspora Armenian investors culminated a five-year restoration plan of “Armenia Hotel” with the total investment of USD 42 million -the largest American investment those days-to bring the hotel to the international standards. In 2004, Armenia Marriott Hotel Yerevan was officially put on the map of international accommodation evolving an aged Soviet-style hotel into a modern facility that sparked a new era for Yerevan hotels’ culture.

Marriott International Hotel and Resort chain has 30 brands and more than 6,000 hotels worldwide that have the breadth and depth of offering different experiences to its customers. Armenia Marriott Hotel Yerevan is one of the founders and the Gold Member of AmCham Armenia.

Q: “What is the most appealing factor for you to be in the hospitality industry?”

A: People, permanent interaction with own associates and guests, trying to anticipate their needs. In Marriott, we call our employees as “associates” as we are a team working together in this business, they are our partners.

Q: “Over the last several years, we have been observing a significant number of hotels being opened in Yerevan, and several are coming up. How do you see Armenia Marriott Hotel Yerevan be ahead of that competition?”

A: Armenia Marriott Hotel Yerevan remains a landmark building and most famous hotel in Yerevan. We will be different than competitors with quality of service, products offered to guests, and with our renovated products (new meeting room facilities, new fitness area with latest generation of equipment from Technogym, outdoor pool). We started already total redo of the rooms with different design, modern, new style which is very well perceived by our guests.

Q: “On the scale of 1 to 5, where 1 is unsatisfactory and 5 is excellent, what would be your grade for hospitality sector workforce performance in Armenia and why?”

A: I would say it is 4 as they need still some trainings, but Armenians, by their nature, are very friendly and with high level of hospitality, which is a big asset for Armenia.

Q: “What would be the burning issue of the hospitality sector that Marriott would like to bring to the attention of RA Government officials?”

A: Promotion of the country. Armenia is not very well-known abroad and needs to be promoted in order to bring tourists. It is a beautiful country with such a rich history, but outside of the borders towards Western Europe, it

is not known. In addition, there are not convenient flights from different airlines, which will be affordable for more people to visit Armenia. Infrastructure outside of Yerevan to historical areas needs a lot of improvement as well. I know that this is a big investment, but will be paid off through tourists and investors who will come here.

Q: “What are the three critical actions that you believe will place Armenia on the map of a world-class touristic destination?”

A: Affordable flights and bigger variety of airlines; the promotion of Armenia outside of the country; and infrastructure in the country areas where are important historical attractions are.

Q: “Armenia Marriott Hotel Yerevan has made several design shifts in facilities and introduced a long-desired pool. Any further changes/upcoming plans to enhance the experience of a guest at the hotel?”

A: At the end of November, we have started total redo of the 6th, 7th floor rooms and Executive Lounge with an extension in order to have higher number of seats. Taking into consideration that we are the only hotel on the market with Executive Lounge, it needs to look very well, with completely new style. The food served will be changed there as well.

Q: “Marriott has long-standing, institutionalized reward program for its customers. Would you like to share any news on that front?”

A: As you are aware last year in September, Marriott acquired Starwood chain, and now the two loyalty programs, Marriott Rewards and Starwood Preferred Guest, are merged. So points can be redeemed and cumulated for the stays in all our brands. Our loyal customers are very important for us and we value their presence in our hotels.

Q: “Marriott with the integrity and ethical behavior carved in its operations-works to address a set of UN Sustainable Development Goals. What are the most successful projects that create a shared value in Armenia?”

A: Implementation in Yerevan the initiative of Marriott with SOS Children’s Villages Armenia, “You Eat, We Give,” Vanazor orphanage; and Fuller building house with donations in products and money.

Q: “With the world digitalization and services facilitated by mobile devices, do you think a front desk will be a thing of the past?”

A: Marriott is looking for this direction as well. Some of the hotels are testing the new technology, which allows not only to do mobile check-in, but also to get the code and open your door with the mobile device. This doesn’t mean that technology will replace front desk clerks, some of the guests will need to pass by the reception to do normal check-in. In the first phase, it will be applicable for members of the two loyalty programs.

Q: “Is there any rule that you follow to have in balance your work and personal life?”

A: It is a rule, but sometimes is not easy to obtain this balance. It depends from a person to person. For me, work and career are on the front line, compared to my personal life. I like to have everything properly set at work, to give support to my team, and to make sure that our guests are satisfied with quality of service and products we offer.



AREVSHAT MELIKSETYAN
CEO
INGO ARMENIA INSURANCE CJSC



INTERVIEW WITH AREVSHAT MELIKSETYAN, CEO OF INGO ARMENIA INSURANCE CJSC

“A customer is the most important visitor on our premises. He is not an outsider in our business. He is part of it.”

-Mahatma Gandhi

EDITOR'S NOTE

Mr. Arevshat Meliksetyan stands at the roots of INGO ARMENIA Insurance CJSC. He had a fascinating journey within the company by starting as an insurance expert in 2001; becoming Head of Property and Cargo Insurance Department in 2002-2007; serving as the First Deputy Executive Director in 2007-2016; and currently holding the Chief Executive Officer position in INGO ARMENIA. Recently, Mr. Meliksetyan has graduated from Cambridge Judge Business School with Executive MBA degree. He also holds MBA degree from AUA, Ph.D. and Master's degree from the Armenian State University of Economics.

COMPANY BRIEF

In 1997, “EFES” Insurance Company was established. In 2003, Ingosstrakh acquired 75% of the shares, and the company was renamed to INGO ARMENIA Insurance CJSC. In 2017, INGO ARMENIA celebrated 20 years of its presence in the country. It has a special place in the insurance market and is one of the industry leaders. The company provides high-quality insurance services to both retail and corporate clients with close to 2000 companies and 195,000 individuals; has more than 2000 agents; and employs close to 300 people.

Q: “Being with the company for more than 15 years, what do you value the most in INGO ARMENIA as an employer?”

A: I joined the company while being still a student at the Institute of National Economy, and there were only five of us in the company. Studying insurance at the institute and simultaneously working for the company, made me fall in love with this work. It absorbed me all, it was very exciting, and soon I realized that I had connected this work with all my life. I was one of the first to join the team of ambitious and talented colleagues and soon the company began to develop its own corporate culture, inspired by its co-founder, Levon Altunyan, and supported by a desire for professional excellence. Many more talented people would join us with 16 years to come. Since then the goal was to create a high reputation company where one can prosper, learn, and express himself. Today, we have a team of attuned people with initial desire to succeed and as an employer, I mostly value this outstanding ability to grow and make changes.

Q: “In your opinion, what are the most valuable skills you possess that helped you to climb the career ladder?”

A: Desire to help people was the basis of my path as one can not climb the career ladder alone.

Q: “In 2017, INGO ARMENIA celebrated 20-year anniversary. Congratulations! What were the “win themes” for the company through all these years?”

A: Thank you, we feel the pride for the achievement of staying on and atop of the market for 20 year. INGO ARMENIA despite the growth kept the boutique company approaches with customer-centric solutions for the clients. I strongly believe that focusing on our client needs and developing our processes around are the winning strategy for us. Only in this way, I am sure, our company will dynamically and harmoniously conquer the summit behind the summit. We strive to be a locomotive for the development of insurance market, bringing international practices and innovations. The whole staff lives and works imbued with this idea. Thus, we are changing our country for the better and disseminate our corporate culture in young generation.

Q: “Do you think the technology will completely reshape the competition in the insurance industry? How is INGO ARMENIA embracing the digitalization?”

A: Nowadays, technology is decomposing factor in almost all the spheres.

Innovations in insurance businesses can include improvement of insurers' ability to analyze big data at their disposal, which leads to better customer understanding, higher win-rates, and more informed underwriting. As a result, we get insurers improved processes, increased efficiencies and reduced costs, as well as new ways to measure, control and price risk, and engage with customers.

To thrive in a modern world, it is substantial to be consistent to the technological innovations. In November 2016, INGO ARMENIA announced the launch of digital development strategy. Online policy purchase platforms, personal cabinets, paperless processes and distant claim management are a few of the initiatives. Just as a small example, in medical insurance the company switched to electronic submission of documents: basically, our clients can apply for medical claim reimbursement by just sending documents online and, thus, avoiding the need of personal presence in the office.

Q: “INGO ARMENIA has been recently certified by ISO in IT Security Techniques. When do you think the cyber insurance will emerge in Armenia as a service offering?”

A: This is a very up-to-date question. Cyber insurance, which is to cover the liability of the business, protects from internet-based risks, and risks related to information technology. In today's digitized world, INGO ARMENIA implements new Cyber Insurance products, that are of utmost importance. We have a cyber insurance policy with number companies, and, nevertheless, cyber insurance is still at its development stage in Armenia. The demand is higher among the banks since they are responsible before the depositors. However, the development of this type of insurance is inevitable, and I think Armenia will shortly become more active part of cyber protection society.

Q: “Being a fresh graduate of Executive MBA from Cambridge Judge Business School, what innovation and novelty do you plan to bring to INGO ARMENIA?”

A: In the era of rapid changes and disruptive innovations, fast decision-making has an important value in business successful development. Innovation is not always about new technology, but more about bringing new ideas and responding to an existing but still not tangible demand. In a rapidly changing business and technology environment, all decisions are aimed at satisfying customers' needs and are mostly based upon speed and flexibility.

Q: “Do you see a potential for insurers for the regional expansion beyond Armenia?”

A: In addition to regionally oriented strategy, INGO ARMENIA is closely watching the development of the neighboring countries. The company already cooperates with Georgian and Iranian insurance markets, but potential expansion is depending on a number of factors.

Another important milestone is harmonization of financial service with EEU by 2019. This might create interesting opportunities for us in the southern regions of Russian Federation, which are closer to us both geographically, and culturally.

Q: “When do you think Armenia will be ready for life insurance? What legislative initiatives and tax concessions are required to make this happen?”

A: Insurance is always a matter of trust, and Armenia today is ready for life insurance. INGO ARMENIA has in place international projects and life reinsurance agreements that will make the process of life-insurance implementation fast and smooth. Certain changes are, of course, necessary in terms of regulations, and the Central Bank of Armenia demonstrates its flexibility and support in this question.

Q: “INGO ARMENIA has injected CSR into its operations. What is the project that you are most proud of?”

A: Since its foundation, INGO ARMENIA has been driven by the idea of investing in secure future of Armenia.

One of the recent projects we had was contribution to the army within the framework of “Nation-Army” project. Armenian army is the guarantee of our stability, and we decided to have our investment in it. Our employees, among which are many who have served in the army, were very proud to have their part in this important project.

Q: “What was the most unique thing for INGO ARMENIA to insure?”

A: We have always had a special love for art insurance and pave the path for its development in Armenia. Insuring art is a borderline between pure finance and pure art, always unique and non-repetitive. Recently, we have insured transportation of a work of art called “Fish flying from the water” from Yerevan to Lebanon. Unfortunately, its water-related glass was broken. After full compensation the remnants of this work of art passed to us and currently decorates our office to the delight of our employees.



ARMEN BALDRYAN

CEO
UNICOMP CJSC,
PRESIDENT
UEICT

INTERVIEW WITH ARMEN BALDRYAN, CEO OF UNICOMP CJSC AND PRESIDENT OF UEICT

“We simply do not have the right to fall behind the rest of the world in the 21st century.”

-Armen Baldryan

UNICOMP



EDITOR'S NOTE

Mr. Armen Baldryan has more than 35 years of experience in ICT as a successful professional, businessman and an evangelist of promotion of advanced ICT solutions and services in the Armenian market.

Being a socially responsible citizen he is actively engaged in social and economic initiatives for the development of Armenia. He is the president of International Microelectronics Olympiad of Armenia, member of Public Council, ITDSC, board member of UMBA and other councils and unions. Since 2015, Mr. Baldryan serves as the President of the Union of Employers of Information and Communication Technologies.

As an acknowledgement of his merits, Mr. Baldryan was awarded with Anania Shirakatsi Medal by the RA President Serzh Sargsyan for the “prominent activity, inventions and discoveries in the field of economy, engineering, science and technics,” Mercury Prize for “considerable achievements in the field of information technology” and Fridtjof Nansen Gold Medal.

COMPANY BRIEF

Unicomp is one of the leading IT companies in Armenia. Over the years the company has proved its expertise and reputation and rightfully holds a firm place in today's IT sector as a leading system integrator and IT solutions provider that designs, builds, and supports ICT solutions in Armenia.

Being a partner to a number of leading companies and having deep industry experience, Unicomp offers a wide range of complex solutions, such as system development and integration, trainings and practical study, information security solutions, managed services, data processing centers, server and data storage systems, data backup and recovery systems, IP telephony and IP video systems, networking, technical support services and many more.

Unicomp also pays significant attention to corporate social responsibility programs. For over 20 years the company has been committed to contributing to the community – actively engaging in community events, participating in important technological, economic, educational events and undertaking social initiatives.

Q: "UNICOMP has been operating in Armenia for more than 20 years by providing a wide range of products and services in IT sphere. What was the major challenge that UNICOMP has overcome?"

A: I believe, it is a global issue. In general, ICT sector is changing so rapidly, that even your company's plans have to change once or twice a year. New goals, new challenges, new programs are emerging. The main challenge is that the company should be flexibly and quickly adapt to these continuous changes. The company and the head of the company personally must be ready to accept that challenge. It is desirable that your company be at least half step ahead of others in order not to face various problems. Of course, it is difficult at the global level to be half step ahead, but at least in those markets where your company operates, I think, you should do your best.

Q: "Globally, a shift is being observed – from Personal Computers to mobile devices. Do you anticipate a decline in PC industry any soon?"

A: Very interesting question! I think, in the modern world, no one cares what device or equipment you use: it can be a PC or a mobile, or any other device, that emerge at a skyrocket speed. It is more important what solutions you offer, what advantages/benefits you give to the technology/device user. The main thing here is the infrastructure, the content, the applications you create, as PC and hardware industries have sufficiently developed over the recent years. I think we are facing a revolutionary phase, where everything develops at a very high pace.

Q: "How do you assess the preparedness of the private sector in Armenia on the cyber-security front?"

A: I think we have big problems in regards to cyber-security. The most significant is that many even do not recognize the importance of cyber-security. Both the Government and the private sector should conduct a very competent policy in that regard. Our Government is ahead on digitalization agenda compared to the private sector; whereas, other countries have the opposite picture. Recently, even some large companies in our country have had big issues with cyber-security. As a result, more attention has been drawn to it.

It is also important that cyber-security is being discussed at the state level, which may result into obligations towards the private sector. Apart from these commitments, however, I think the state should encourage the use of ICT in the private sector to increase GDP through increased productivity.

Unfortunately, I would like to note that

Armenia is behind on cyber-security front, despite its advanced positions in various areas of ICT compared to neighboring and other countries.

Q: "Given Armenia's achievements in global IT sphere, how do you assess Armenia's potential in "Internet of Things" market that is projected to grow significantly by 2020?"

A: There are several sectors in the ICT that are interconnected. Cyber-Security, Smart City, Digital Economy are intertwined with the notion of "Internet of Things." This is "a window of opportunity" for Armenia to grab one of those new directions. It is encouraging that today many Armenian companies work in that lane. I think Armenia can play another very important role here. Recently, technologies have begun to compare with "humankind." Armenia is the country where, I think, technologies will naturally have a "human face."

Q: "In 2015, upon the initiative of a number of ICT companies, Union of Employers of ICT was established. What is the strategic goal of the union and what are its key directions?"

A: We observed insufficient protection of employers' rights and interests. Either the employer or the union of employers must defend their rights and interests. There are also some specific issues in ICT. First of all, it is the shortage of personnel and specialists in our country. One of the priorities of our union is to raise the quality of IT specialists in Armenia. Raising the quality of education, the establishment of a technological university in Armenia, based on public-private partnership model, a sharp increase in school education will improve the quality of the specialists. Without knowledge of natural sciences, a knowledge-based economy and any ICT sector cannot exist at all. It is very important for ICT companies to collaborate together to solve that issue.

The second problem is in professional orientation, because of the significant influence from parents, as well as educational and informational gaps. There is a misperception that IT is only programming, specially – coding. According to field experts, programming as a profession will significantly change, as in a few years machines will cover the coding part. IT professionals also need to adapt and change, and that is the challenge for our universities and employers.

For the past three years, to tackle the problems mentioned, our company, in partnership with Viva-Cell and SYNOPSIS, has initiated the implementation of ICT courses in school curriculum. We have chosen schools where, as a result, ICT became a mandatory subject. Initially, we planned to

have only one such class per school, now we already have two or three classes.

Q: "Several years ago, the RA Government initiated "the digitalization" of Armenian economy. In your opinion, what are three priorities that still need to be tackled and what role can the private sector play there?"

A: Digitalization is a rather complicated process. It's hard to keep the balance and have the state, the private sector, and the society walking towards one direction. Recently, by the decree of the RA Prime Minister "Digital Armenia" foundation was established. The development of Foundation's concept will commence shortly. It is very important to have the private sector actively engaged. Currently, the Government is open for negotiations, discussions, and cooperation. It is clear that the private sector has its own issues to solve; however, it has a huge knowledge pool that it can bring to the table. A number of Armenian ICT companies operates on the global market. It is very important those companies that serve such huge international markets, spearhead private sector engagement in this digitalization initiative. Unfortunately, private sector's engagement in Government's initiatives is not sufficient, and Union's goal here is to further strengthen the connection between the Government and the private sector.

In that sense, Armenia has its uniqueness – being a small country, the "distance" between the Government and the private sector is short.

Q: "Give us three reasons, why a big US tech company should open an office in Armenia?"

A: Armenia has many advantages to attract large companies. Armenia is not only a country with great intellectual potential, but there are other factors that make Armenia attractive for business:

1. Flexibility and adaptability. Being a country in a challenging geopolitical situation, we became flexible and resilient. We can adapt to any culture, any business environment, and rapid changes.

2. Armenia has an amicable environment for business. Let me reiterate myself, I give a great importance to the human factor. Armenia can become a country with "human" technologies.

3. It may sound as a nonsense; however, despite being a country in conflict with a neighboring state, Armenia's third advantage is its security. Armenia is a secure place.

And at the end, I would like to highlight that the Government and the society are open for new challenges.



FINCA TURNS ITS VALUES INTO ACTIONS



Responsible microfinance is the cornerstone of FINCA UCO's operations. Growth and success have come as the product of the hard work and persistence for FINCA, however they have not distracted the company from its moral goals and ethical standards of social responsibility.

Company's pledge to Corporate Social Responsibility (CSR) is embedded in its essential operational policies. Namely, FINCA does not provide loans or any financial services to individuals and companies that are in any way harmful for the society or the environment

through dealing with hazardous substances, weapons, tobacco, illegal pharmaceuticals, pesticides/herbicides, ozone depleting substances and other similar activities. Moreover, as a company offering responsible financial services FINCA studies each loan application very carefully and suggests to the client the best solutions for particularly his or her case, which would also let the client avoid risks of over-indebtedness. Therefore, FINCA initiates awareness raising campaigns aimed at financial education of the customers. An example is "Borrow

Wisely" campaign carried out in partnership with Microfinance Center.

FINCA does its best to turn the core values- warmth, trust and responsibility from mere words to actions. So FINCA is the first and only organization in the Armenian financial market that offers a free-of-charge borrower debt insurance to its borrowers for the loans up to 350,000 AMD. This unique service is specially designed to protect the borrowers' family members from any kind of unforeseen circumstances. In case the borrower happens to be in an accident, the loan outstanding amount will not be transferred to borrower's family.

Moreover, FINCA purposefully, earnestly and, above all, constantly engages in different CSR activities and programs involving clients and communities, as well as the environment.

FINCA's engagement with the community has started from redesigning the branch entries so that they become more accessible for the people with reduced mobility. In 2015 FINCA participated in an event organized by charitable organization "Orran." The next year FINCA had its contribution to the renovation and repairing works of Veteran's Home in Goris. And of course, FINCA has always





paid close attention to the preservation of the environment. In addition to park clean-up projects, FINCA has used the money generated from paper recycling to plant trees in Kotayk region utilizing the "tree-paper-tree" concept.

FINCA has always drawn special attention to our future-the children. Therefore, one can confidently say that they are FINCA's main focus during each CSR project. Already for eight years, FINCA has been successfully implementing "Carefree Childhood" campaign by bringing joy and care to children of boarding schools, special schools, orphanages, as well as ordinary schools all over the country. In the scope of the project, each year FINCA comes up with new and interesting initiatives, which brighten up the kids' days, who live in different corners of Armenia, and adds another bright memory to their childhood. Each year, FINCA celebrates September 1st, the Knowledge and Schooling Day together with those schoolchildren.

In 2013, due to FINCA's efforts a lot of children entered newly renovated and beautiful classrooms on their very first day of school.

In 2014, more than 2000 schoolchildren from over 100 schools of

Armenia felt a jubilation when they got as a gift lovely bags, with FINCA colors and logo specially, designed for them. On September 1st pupils of secondary schools, special schools, boarding schools and orphanages were already wearing FINCA's bags, while FINCA's red balloons were making the day brighter and happier.

In 2015, the surprise, offered by FINCA, was even more astonishing. About 2500 FINCA raincoats colored the beginning of the school year for schoolchildren from over 100 schools of Armenia. From that day on, the raincoats symbolizing FINCA would ensure bright mood for children even in rainy and nasty weather.

2016 year was unique, because FINCA had the opportunity of celebrating two events with first-grade pupils: their first year at school and the 25th anniversary of the Independence Day. In the scope of the initiative, FINCA employees from all branches visited 152 schools of different communities in Armenia and cheered up the day of 3600 first-grade pupils with FINCA backpacks.

The headline of the campaign in 2017 was the financial literacy of children. In the scope of it, FINCA has distributed specially designed "Financial Literacy

Textbooks" to 5,000 schoolchildren all over the country. The books were aimed at teaching kids the basic financial and monetary concepts in simple words, problems and puzzles, as well as at guiding them to better management of their pocket money by developing their mathematical and logical skills.

In the scope of its "Carefree Childhood" project, FINCA has always been attentive to kids from boarding schools and orphanages, to children with hearing disabilities who need care and warmth. These children are looking forward to FINCA's visit every year being sure that FINCA will again turn their day into a special event.

"Any corporation should be involved in the process of formation and development of their home country. Children are the future of any country and society, hence, FINCA, as a socially responsible organization, strives to convey its warmth and care to children making its modest contribution to ensuring a carefree childhood for them," noted FINCA CEO Hrachya Tokhmakhyan.



LYDIAN ARMENIA: CORPORATE SOCIAL RESPONSIBILITY AT THE AMULSAR PROJECT

The Challenge

The idea of Corporate Social Responsibility (CSR) that is, business bearing a responsibility to society and a broader set of stakeholders beyond its shareholders, gained currency in the 1960s. Since then, attention to CSR has been growing in both academic, and practitioner communities around the world.

CSR reflects the commitments of any business and other organizations, whether in the private or the public sector, towards the society in which they operate.

Lydian Armenia, a subsidiary of Lydian International, operating in Armenia since 2006, has introduced a new approach to CSR in the mining sector of Armenia. Lydian believes that Social Responsibility is the first and foremost responsible conduct of core business. Lydian implements its Amulsar Gold project in full compliance with international best practices in the environmental and social management, stakeholder engagement, transparency and ethical conduct of business. Mining is one of those industries, where social impact on the nearby communities (both positive and potentially adverse) is very vivid. Thus, the trend in modern mining is increasingly focused on putting responsibility on mining companies to ensure a long-term positive impact on the communities around the mine, after project close-out.

Amulsar will be Armenia's the largest gold mine and the largest foreign investment of USD 370 million. Lydian is committed to ensure that project stakeholders benefit from the project. From the very start of the exploration at Amulsar, Lydian launched community investment and development activities. In the first few years, the

projects were implemented with more philanthropical and based-on-needs approach: what is good for the community. This included rural infrastructure improvements, such as renovation of schools and kindergartens, roads, water, and gas supply. Since 2012, the company has given a more structured approach to these programs putting emphasis on sustainable socio-economic development projects for the communities. In 2012, Lydian developed Social Strategy which is being updated every 3 years now: the most recent "Community Investment Strategy" has been tailored for the construction period (2016-2017). The strategies were finalized based on community needs assessments, socio-economic surveys, and wider stakeholder feedback. The approach Company adopted, is based on business case and promotion: what is good for the community, what is good for the Company. In other words, Lydian supports mutually beneficial activities both for communities, and to the Company irrespective of whether it is risk mitigation, best practice and lender requirement, or being in line with Lydian core business needs.

The Solution

The company has committed to create so-called "shared vision or values" with the communities. In November 2017, "Shared Vision" survey was conducted in Amulsar project affected communities, to seek feedback from 140 community members on their "dream community." This includes jointly identifying, prioritizing, and developing initiatives that will lead to economic development opportunities, where the positive social impact of

the mine, such as employment and financial income, bring far more benefits; while, negative impacts, such as loss of traditional livelihoods, are mitigated and alternative livelihoods are created. To date, the Company in partnership with the communities has set several directions to facilitate the development. These include:

1. Rural Infrastructure upgrade
2. Health Infrastructure, awareness, and capacity building
3. Economic opportunities: development of horticulture and livestock, through technological know-how, the establishment of local businesses and structures (NGOs, cooperatives)
4. Educational opportunities for children and youth.

Lydian shares modern approach to the CSR, where social development projects should be closely tied to the core business with the aim to create opportunities for the communities to benefit from a large project next door. This includes creating businesses and services that will work closely with the project and aim to go beyond the project realm. In the future, these businesses can develop into larger enterprises that can survive and expand further and beyond the mine.

"We firmly believe that social responsibility can't be a charity and philanthropy. We are a mining company, we can't substitute the state, we have our business goals and objectives, and social responsibility of the Company should be aimed at making sure that communities benefit from the same business objectives that we as a company have," Nara Ghazaryan, Social Development Manager of Lydian Armenia says.

Nara Ghazaryan emphasizes the importance of development of sustainable businesses that both serve the needs of the project, and become a sound foundation for the development of the community by providing jobs and local procurement opportunities. All social development projects are either helping the communities to set alternative livelihoods and strengthen traditional ones, such as agriculture and animal husbandry, introducing new technologies, or create new businesses that will serve the Amulsar project needs and grow into self-sustaining businesses after the mine closure. Lydian is also making efforts to support activities that demonstrate that mining and agriculture are compatible.





Before And After Lydian

Since the start of exploration at Amulsar, Lydian has invested over USD 3 million into various social development projects in Amulsar surrounding communities of Gndevaz, Saravan, Gorayk, Jermuk, and Kechut. In the recent years, Lydian has paid over USD 1 million annually to local community budgets in the form of local land rent payments. This is the community land Lydian rents for the Amulsar project infrastructure. This amount is re-invested by the community into infrastructure repair, such as roads, water and gas supply, and other community needs.

"Amulsar project is not in production yet, but the social impact is already very visible. The influx of cash is both from land rent payments, as well as from direct employment. At this point, over 400 people from local communities work at Amulsar construction. However, we need to ensure that there is a lasting effect from these investments, and thus, we help the communities to create sustainable business models. Since July 2016, we have supported and set up 54 small businesses that will both be used by Lydian, and grow into businesses to last beyond the life of the mine," Nara Ghazaryan of Lydian says.

Success Stories

Lydian works closely with professional NGOs to train and educate local people on issues like sustainable agriculture and how to start a business, social enterprise of a cooperative. Local capacity building is a key component in all development initiatives supported by Lydian. Specialized NGOs have assisted the communities to enhance new agricultural technologies. Lydian has supported communities to set up 30 greenhouses and about 20 high yielding fields with the introduction of new land management practices and technologies, as well as new crops never grown in this region before, such as broccoli and other.

Small businesses set up with the help of Lydian are: a) traditional livelihoods, such as honey production, bakery, cheese production; b) goods and services related to mine and other industries, such as carpool service, making gloves, signs, etc.; and c) tourism development initiatives and services. Three years ago, Lydian helped to

set up a fruit drier in Gndevaz. In 2017, it has operated at full capacity on its own. A new sun-drying facility was set up this year with the financial support of one of Lydian's main shareholder companies, Resource Capital Funds. Please note, that throughout all these activities, the project participants are required to comply with health and safety standards that Lydian sets.

Lydian is particularly proud of the development of small and medium enterprises that emerged thanks to Amulsar project and are not part of any specific community investment projects. One such case is the local sewing shop that started with one local villager sewing geological sample bags for Lydian back in 2012. Today, it has become a self-sustaining and flourishing business with 8 employees that make uniforms and other necessary goods for Amulsar project and serves local hotels in Jermuk.

"This is what we call multiplier effect or value chain, - Nara Ghazaryan explains, - we want to see all the small businesses we supported grow into a solid foundation for a sustainable economic growth of this region. Lydian will not always be here, Amulsar project will once be over, and when it is over we want to see a flourishing and economically strong community that is better off on all counts, than before we came. That is the fundament of Corporate Social Responsibility for us."

Last But Not Least

In Lydian, there is a firm belief that education is a key component of Corporate Social Responsibility. It is not only about the economic good, but also the culture the Company brings to the region. Lydian has covered tuition fees for 12 students from the communities who studied geology and mine engineering. The best graduates were offered jobs at the Amulsar project. Lydian also has supported

a number of educational, art, culture, and sports initiatives for the children in the villages, including summer camps, sports and engineering labs, and other activities that bring a new and healthy lifestyle to the new generation. A community project on waste collection has successfully turned into a social enterprise, where Lydian, with the support of an NGO, taught children in the community schools of Jermuk to collect plastic waste and create handicrafts from it. The kids could sell their handicrafts at several fairs and make money. This effort and initiative was registered as Jermuk Handcraft NGO.

An important component is health and healthy lifestyle education. "People often smoke several packs of cigarettes a day in these communities. They burn tires at home, they drink unhealthy soft drinks, and then try to find a connection between their health issues and the mine. While we know that Amulsar project is being built according to the best environmental standards and will be managed with no adverse impact on the community health, we know that there are a lot of concerns. Thus, we want people understand that their health may be impacted by their lifestyle, and not by the mine. Health awareness and education is a priority for us," Nara Ghazaryan says.

Lydian believes that a good corporate citizen should be helpful in all aspects of the community life, bringing fundamental positive change in livelihoods, social and economic situation, and the culture. But at the same time, the overarching goal is to build and operate a successful modern mining project and that is anchor of all corporate social responsibility activities. The key is to help the communities to change and sustain that change, without creating a dependency on the company. Leaving behind a healthy, well-off, self-sustaining, and happy community is the ultimate goal.





INNOVATIVE IRRIGATION SYSTEM OF HAYANIST BRINGS WATER BACK TO THE IDLE LAND



Over 40 ha land in Hayanist community, left idle for almost 20 years, is finally cultivated again. Decreasing groundwater reserves and the uncontrolled use of the artesian water by fish farms over the recent years, have left some 30 communities in Ararat and Armavir provinces without reliable access to drinking or irrigation water. Hayanist, a village located in Ararat valley, was very recently among these communities. Now things have started to change, thanks to a joint water project implemented with the efforts of the United States Agency for International Development, Coca-Cola Hellenic Bottling Company Armenia, and the Global Environment Facility's Small Grants Programme in Armenia (implemented by UNDP).

Hayanist is the first village in Armenia to practice an unconventional method of irrigation by reusing the water from a nearby fishery to meet the community's irrigation needs. The project has helped address a longtime irrigation issue by building a new pumping station at the water discharge point of the fishery, while conducting a quality analysis to ensure the water meets necessary quality standards for the irrigation. The project has also installed a new, more

efficient irrigation pipe network, as well as provided community training on sustainable farming practices.

This is not the first time Coca-Cola Hellenic Bottling Company Armenia addresses responsible use of water resources – "Water is life, and an indispensable precondition for the sustainable development of agriculture. Giving back to the community and contributing to its socio-economic development is an important part of our corporate culture. We are proud to be a part of such an essential initiative. This project not only restores the irrigation water supply to the inhabitants of Hayanist, allowing them to cultivate their land and provide for their families, but clearly demonstrates the positive impact on the efficiency of water saving, which can be achieved through integration of innovative solutions and new approaches," emphasized Christoph Speck, General Manager of Coca-Cola Hellenic Bottling Company Armenia.

This pilot project has already born the first fruits. Apricot and peach garden of Hakob Kondjaryan, which was barren for 8 years due to the lack of water, has already produced more than 1500Kg of apricots and peaches. The harvest, though modest, promises a rapid recovery for the once idle garden. The owner is happy and more hopeful for his future in Hayanist. "Before this project was implemented and the problem of the irrigation water was solved, I was seriously considering leaving the village. I had lost all hope that one day the irrigation water problem would be solved in Hayanist. Today, fortunately, such thoughts no longer weigh on my mind."

The rest of the land is used for growing crops and vegetables. Fields of sweet melons, golden corn, tomatoes, and okra now spread on the site of once fruitless land.

The Company does not intend to stop there; more projects on water stewardship are under way, among which-the collaboration with the USAID aimed at increasing water productivity, efficiency, and quality, mainly through citizen participation and behavioural change.



Apart from water stewardship, energy conservation, climate protection, as well as packaging and recycling are in the center of the Company's attention. In this respect, Coca-Cola Hellenic Armenia is an industry leader. In 2017, Coca-Cola Hellenic Company was recognized as Global beverage industry leader in the Dow Jones Sustainability Indices (DJSI) maintaining its leading position for the fourth consecutive year.





The rapid change of the world is evident for everyone. Technology, economic holdings, and management systems are among the phenomenon that adopt these swift changes. As a result, our children are forced to live in an utterly different world, where their competitiveness is defined through characteristics like critical problem solving, creativity, and flexibility of character and mind.

In order to catch up with the world's continuous shifting, in 2016, CIS Armenia launched an innovative program of Mental Arithmetic under the "Abakus" brand. In this short period of time, "Abakus" has already managed to hold Mental Arithmetic Olympics with 100 participants, the winners of which were then sent to participate in the "Genius Kid" European Olympics in Moscow. The results of our work were depicted by the third position in the "Genius Kid" contest, where our participant had the shortest timeframe of practicing the actual technique.

So why is mental arithmetic so important? There are three ways of counting known to humanity: counting with fingers, audio-motor count, and visual count. The latter, visual count, is the quickest and the most effective form of counting, which allows for the activation of students' brain work, improvement of oral speech, memory, critical listening, and attention. Practicing mental arithmetic

TRAIN YOUR BRAIN WITH MENTAL ARITHMETIC



allows for the harmonious development of children's and adults' intellect. It is a modern way of developing creative, cognitive and intellectual abilities that contributes to the disclosure of children's potential. It is known that the study of the new stimulates the work of the brain. The more we train our brains, the more neural connections between the right and left hemispheres work. And then what previously seemed difficult or even impossible becomes simple and understandable.

Numerous studies have been conducted in order to identify the true value of mental arithmetic. As a result, the conducted research unanimously concluded that mental arithmetic trainings influence children's intelligence. For instance, in

2007, a group of UK universities conducted a study among 3185 children aged 7 to 11 years and discovered that due to systematic studies, children have significantly improved their performance not only in mathematics, but also in other disciplines (Lynn R. and Irving P.).

Moreover, according to scientific research, the most intensive development of the brain occurs in children aged 4-12 years. Skills acquired at this age are quickly and easily absorbed and preserved for many years. That is why they can have a significant impact on your child's successful future. At the initial stages of mental arithmetic, abacus is used. In the future, children make calculations in the mind, creating a mental image of the abacus. Classes are held once a week for 3 academic hours, along with every day 15-minute homework practice.

At CIS Armenia, the "Abakus" mental arithmetic center has successfully been operating for two years now. As an additional program, demanded by our parent community, starting February 2018, the "Abakus" center will launch a new adult program of brain development called "Brain Fitness." Additionally, there are two mental arithmetic Olympics planned for this year, with a local one taking place late February, while the Eurasian contest "Genius Kid" is scheduled 8-11 March to take place in Warsaw, Poland.

For further information on the program or registration process, please, contact the "Abakus" center at abakuscenterarmenia@gmail.com or by calling (+374 55) 795 577.





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Corporate Social Responsibility as one of the essential values of the company is being followed throughout the history of Zeppelin Group. The corporate culture of

Zeppelin is based on the values, which were highly appreciated by the founder of the company, Ferdinand Graf Zeppelin. This system of values creates the basis for responsible interaction of Zeppelin with its colleagues, customers, suppliers, and community. For Zeppelin as a corporate group, the understanding of "business" and "social responsibility" are inseparable. Zeppelin Armenia finds very crucial the role of social responsibility and tries to fulfill it them to the fullest extent.

2017 was also not an exception and it marked two charity events. On May 20, Zeppelin Armenia participated in a charity football game organized by Orran BNGO. The collected amount was directed for organizing summer leisure of Orran kids. The aim was to engage children in academic and cultural activities that became possible by the efforts of the participating companies, such as Zeppelin Armenia.

This year, Zeppelin Armenia New Year post cards were prepared by the SOS Children's Villages Armenia kids. The donation will be aimed at covering SOS Children's Villages needs. Owing to the fact that every child has the right to the quality care, Zeppelin Armenia has taken a decision to start this initiative and have its own role in solving social needs.

Zeppelin Armenia do hope that the wave of acting socially responsible will engage more and more companies that will result in the creation of culture of responsibility.

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In 2014, Children of Armenia Fund (COAF) has launched **COAFSMART Initiative** to use access to technology and state-of-the-art knowhow to achieve equal and equitable development opportunities for rural adults and youth and to establish alternatives to standard academic learning and school programs by prioritizing the following:

- Skills to think and act creatively, out of the box, critically and independently;
- Linking SMART provided skills for employment opportunities;
- Motivation for change in the communities by raising awareness on/demonstrating opportunities in agriculture, technology, local economic development vital to the region;
- Personal development that emphasizes above values, qualities and skills, and leads to formation of a SMART generation, which is responsible, competitive, and proactive.

COAFSMART INITIATIVE INFORMATION



The two pillars of this initiative are the **learning environment and the content** provided. The environment is ensured through such infrastructure as the COAF Smart Rooms, COAF Smart Safe Rooms, and COAFSMART Center.

COAFSMART CENTER IN DEBET, LORI, IS THE FLAGMAN OF THE INITIATIVE.

Operations of COAFSMART Center will start in winter 2018. All programs at the COAFSMART Center are organically combined into an interactive and enriching curriculum that believes in the power of non-traditional forms of education, including project-based and action-based learning, life-long learning and others. SMART-offered skills, competences, and learning outcomes target all age categories from as young as 3-year-olds to elderly people.

Technology is the underlying tool that penetrates all the offerings of the COAFSMART Center. It is inte-

grated throughout different programs offered.

Capacity: The daily capacity of the COAFSMART Center is maximum 500 people, 100 of which will be involved in the mentioned courses with some regularity during the day. All those children will receive ICT literacy courses with some regularly, while 40-60 children will be enrolled in 2- 3 targeted courses.

2018 Program Offerings: In the initial first six months of its operations, the COAFSMART Center will combine different approaches ranging from orientation visits, introductory sessions showcasing the proposed programs to starting a number of COAFSMART Center specific programs, including: Early Childhood Development, Technology and Robotics, Health Education, English, Dance and Music, and other.

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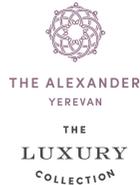


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