

# CORPORATE GOVERNANCE

## Minimize transaction and agency costs

To take advantage of technological progress and scale economies, modern corporations take the form of large organizations requiring heavy capital investment. The amount of capital required often can be raised only by pooling the savings of a multitude of investors, who must rely on others to manage their investments and run the enterprise. The institutions that support and underlie that reliance by investors constitute the system of corporate governance. Corporate governance to be one of our most important managerial tasks.

**VGM Partners** offers a complete package of corporate governance consulting which will become one of the major advantages of your company.

## Our Services

### ▪ Corporate Governance Audit

**VGM Partners** experts offer concrete recommendations on the basis of complex diagnostics revealing corporate management risks.

**Technology of Corporate Governance Audit includes following stages:**

- Data accessing about an initial condition of corporate management on the basis of the detailed questionnaire, which basic components are structure of the share capital and rights of shareholders, work of authorities and the control, disclosing of the company's activity information.
- Interview with administrative members and principal shareholders of the company for the specification of strategy opportunities, interests, alternatives, and the understanding of their interrelation with corporate management
- Examination of internal documents adjusting attitudes connected with corporate governance
- Analysis of the received data and preparation of recommendations for the turn up of corporate governance systems.

**Work will bring following solutions:**

- Elaboration and revision of internal documents of the company on the basis of its strategy and interests of shareholders;
- Carrying out of the interactive seminar based on prepared recommendations, for members of the administrative board of the company;
- Carrying out of the educational seminar based on prepared recommendations for the corporate secretary, the employees who are responsible for communications with shareholders;

- Elaboration of recommendations on realization of effective information policy, formation and maintenance of attractive image, maintenance of effective interaction with target groups;
- Preparation of the company's annual reports including their various versions - for the preparation for general meeting of shareholders, public versions for spreading among potential investors, partners and other interested groups.

**VGM Partners** audit methodology allows getting a realistic picture of corporate governance in a company and identifying potential problems investors may face.

**Following categories of persons can be deeply interested in Corporate Governance Audit service:**

- shareholders;
- management;
- members of Board of directors;
- financial intermediaries and advisers.

### ▪ Governance System

Corporate governance represents the legal and operational procedures to balance relationships between the corporation and its constituencies, including the shareholders, the board and its committees, executive officers, employees, and customers.

We come to evaluate your company's corporate governance practices, help you to elaborate your company's overall corporate governance main standards based on the company experience & formed values and find ways to improve them.

**VGM Partners** key principles of the corporate governance installation methodology are:

- Preparation and organization of company shareholders meetings;
- Preparation and holding of the company board of directors sessions;
- Presentation of the suggestion on the company corporate governance procedures and support to the implementation of adopted decisions;
- Elaboration of the company corporate social responsibility strategy;
- Organization of the monitoring committee activities;
- Limitation of the company corporate governance system documentation protection procedures;
- Training of the specialist for the position of the company corporate manager.

### ▪ **Corporate Social Responsibility**

*A strong reputation can enhance your business in good times and protect it during a crisis.*

Societies are interested and have the certain expectations connected with quality of business, as they become aware of value of their own resources and are ready to participate in development of a society.

With strong conviction of our specialists the interest in being socially responsible is also caused by the following interconnected advantages: increase of efficiency of activity and investment appeal, and also purchase and strengthening of good reputation.

Taking into account the necessity and importance of Corporate Social Responsibility and realizing that nowadays it coming also to Armenia, **VGM Partners** suggest consulting services' package for corporate social program management, which includes:

### **Definition of company social policy primary importance**

- Classification of target beneficiaries conditioned by the company activity and studying of possible social programs' field;
- Elaboration of the company mission;
- Elaboration of the company behavioral principles.

### **Clarification of company structure conditioned by the implementation of social programs**

- Elaboration of special subdivision in company, which duties are decided by the elaboration of social programs, by coordination of these programs' realization and by ensuring the clarity of their processes and results;
- Effective distribution of mentioned functions between working subdivisions of the company.

### **Training of employees in sphere of social responsibility**

- Training of experience of social responsibility;
- Training of the company socially responsible behavioral principles;
- Training for the implementation of the social program.

### **Elaboration of the company social programs and support to their implementation**

- Basing of special program's economical and social components;
- Ensuring of program legal components.
- Program monitoring and situational corrections.

### **Ensuring of company social programs' clarity**

- Presentation of special programs;
- Servicing of company website's special tab;
- Ensuring of informational support to mass media will be released to the Supplier against the machines shipping documents and will be sold in the credit market (forfeiting) to obtain the contract amount. This operation of financing and forfeiting has a financial cost for the Supplier which will be added to the total contract amount.

