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Cascade Capital Holdings

UN Global Compact Communication on Progress 2008-2009

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CEO's Statement

I reaffirm Cascade Capital Holdings' and affiliated companies' commitment to Global Compact's Ten Principles. These Principles and the related issues are and will continue to be at the core of our business culture and philosophy. We are committed to doing business in an ethical and environmentally-friendly manner, striving to promote corporate citizenship and offering unique, tailored products and services that address today's complex development issues in Armenia. We have made Corporate Social Responsibility one of our priorities and believe that businesses can play a pivotal role in Armenia's sustainable socioeconomic development. We strive to be a driving force behind this development, with enhanced and lasting positive impact on all of our stakeholders. Educating and empowering individuals and capacity building are crucial components of sustainable development. We are convinced that raising awareness about and successful implementation of Global Compact's Ten Principles will make the globe a better, safer and fairer place for us and generations to come. Today's economic, financial and environmental issues graphically illustrate the challenges of the 21st century, and we need to work harder than before to succeed.

Yours sincerely,

Jonathan Stark
Chief Executive Officer
Cascade Capital Holdings



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Company Profiles

Cascade Capital Holdings (CCH) was established in 2004 by the Cafesjian Family Foundation to facilitate and support investments into Armenia, by creating and managing a group of companies that offer commercial financial services and operate to western standards of trust, transparency, corporate governance and customer service. The Cascade Capital group has grown to a holding company with 5 operating subsidiaries: Cascade Bank, Cascade Credit, Cascade Consultants, Cascade Insurance, and Cascade Investments, together employing over 230 local staff.

Our mission is to provide financial intermediation strengthening economic livelihoods.
Our vision is to become the first choice financial provider in Armenia.
Our defining competitive advantage is dedication to customer service.

Our focus in 2009 will be expansion; outside Yerevan to achieve national coverage, while reaching out to the global Armenian community to encourage sustainable investment into the Homeland.



[Cascade Bank](#) was created in May 2005 when Cascade Capital purchased 100% of an existing Bank in Armenia.

Cascade Bank offers innovative, flexible, affordable credit to the broader population and acts as a force for reducing average market lending rates, while ensuring long term growth and sustainability. The Bank maintains high liquidity and conservative leverage. We continue to offer SME loans, principally based on an existing EBRD line of credit. We launched a drive to increase the deposit base in October. The Bank opened its first Yerevan branches in 2008. Further expansion is planned.



[Cascade Credit](#) offers rural business loans, including renewable energy, agricultural, SME and consumer loans, and rural leasing. Our principal directions are as the leading lender for renewable energy development in Armenia, partnered with European Bank for Reconstruction and Development (EBRD) and the World Bank; and a pilot rural lending program with Children of Armenia Fund (COAF), focused on sustainable development through integration of invested development and business resources to maximize revenue earning capacities of rural communities. Impact analysis indicates our rural borrowers' disposable income rises by an average 40% after joining the program.



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We believe that after our clients, staff are our greatest asset.

[Cascade Consultants](#) was launched in March 2008 in response to customer demand for western oriented human resources services, tailored to the needs of the individual client.

We offer a comprehensive range of stand alone or packaged turnkey HR services including HR administration, personnel file processing, HR audits and development of HR policies and procedures, and complex HR reengineering.



[Cascade Investments](#) offers a broad range of private and corporate wealth management programs to international standards. We have introduced Asset and Fund management and created a strong portfolio of investment opportunities, including access to Western markets. We have significant funds under management and act as a securities underwriter.

Cascade Investments is our principal portal to attract inward, sustainable and profitable investment from the global Armenian community.



[Cascade Insurance](#) was formed in 2005 with 35% of equity held by the European Bank for Reconstruction and Development. Cascade Insurance is one of the top 3 leading insurers within Armenia by revenue and the leading Personal Lines insurer. We offer a comprehensive product range to international standards, specialising in complex package solutions, supported by proven, quality reinsurance partners.



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Ten Principles of the United Nations Global Compact

• **Global Compact Principle 1:**
Businesses should support and respect the protection of internationally proclaimed human rights

We believe staff is our greatest internal asset and that better working conditions result in improved overall group results.

Cascade has invested heavily in promoting a positive business culture, professional development and sophisticated recruitment, compensation, reward and motivation packages. Each staff member has an individually tailored annual program.

This includes a full package of comprehensive procedures and policies, including motivation schemes, recruitment, training guidelines, corporate culture development, remuneration and benefit, annual leave, disciplinary procedures, performance appraisals, individual development and succession planning and job evaluation principles.

Our commitment to best practice resulted in the launch of Cascade Consultants, focused on HR consultancy, as a direct result of customer demand to adopt similar innovative modern employment practices.

• **Global Compact Principle 2:**
and make sure that they are not complicit in human rights abuses

We will neither tolerate nor condone any form of human rights abuses.

Health protection and safety are priorities at work and subject to regular review.

Our Security team holds regular staff training on job safety. Safety and health protection procedures are defined by external and internal regulations. Health protection and safety cards (passports) are maintained for each Employee. CCH holds annual discussions on Employee health protection and safety.

All permanent staff benefit from medical insurance protection and a contributory savings or pension scheme.

We actively encourage our customers to adopt similar practices.

• **Global Compact Principle 3:**
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Staff are free to execute their right to collective bargaining, joining associations, trade unions and other representative organizations.

CCH promotes and pays for professional education.

Management, within a horizontal structure, encourage staff to voice their concerns and rewards initiatives that improve performance or the working environment.



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• **Global Compact Principle 4:**
the elimination of all forms of forced and compulsory labour;

We do not tolerate or condone any form of forced or compulsory labour, either within CCH or our prospective customers.

Overtime work is not encouraged. However, subject to reasonable advance notice, staff may be asked to work extra time at their normal rate. Nightwork, between 22:00 and 06:00 is compensated at 1.5 times their hourly rate. Staff working on a weekend rota are compensated by equal time off during the week.

• **Global Compact Principle 5:**
the effective abolition of child labour;

We do not tolerate or condone any form of forced or compulsory labour, either within CCH or our prospective customers. One benefit of our rural intervention is to raise family incomes to a level where children are not required to work as unpaid labor, but are freed to achieve an education. We have impacted hundreds of households; statistically 38% of supported family dependents are children.

• **Global Compact Principle 6:**
and the elimination of discrimination in respect of employment and occupation;

CCH is an equal opportunity employer. In compliance with the RA Labor Code, the Company does not discriminate against race, sex, religion, national or ethnic origin, age, or disability in its administration, policies, programs or activities. Our employee handbook and Human Resources Policies and Procedures are in accordance with Armenian laws and regulations and the Universal Declaration of Human Rights. 99% of our employees are Armenian of which 48% and 30% of our executive management team are female.

• **Global Compact Principle 7:**
Businesses should support a precautionary approach to environmental challenges

The Rio Declaration firmly established the link between environmental issues and development by stating that: "...in order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it." The nature of our business operation does not directly impact the environment. However, partnered with World Bank and EBRD across a range of initiatives, we are at the forefront of environmental impact assessment for prospective clients.

• **Global Compact Principle 8:**
undertake initiatives to promote greater environmental responsibility

Internally we encourage responsible and efficient use of resources. We are exploring alternative energy and efficiency options for our various sites, while outcomes, cost savings and environmental impact are yet to be assessed and measured.



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• ***Global Compact Principle 9:
and encourage the development and diffusion of environmentally friendly technologies***

The Cascade group is currently the largest lender to the sustainable energy sector in Armenia. We will complete a first phase USD15m project focused on the construction and commissioning of small hydro plants. We are currently negotiating an extension of the project and funding with our project partners, World Bank and EBRD. This Program has strategic importance for Armenia's sustainable and environmentally-friendly socio-economic development and energy independence, while generating hundreds of green jobs in the most vulnerable rural communities of Armenia. Twenty-two small hydro power plants have been included in the Program so far with over 40 MW capacity, boosting green energy production.

The Cafesjian Family Foundation, parent to the Cascade group, funds extensive environmentally friendly sustainable energy initiatives within Armenia in addition to our lending programs. Combining this expertise and commitment keeps Cascade at the forefront of environmentally friendly development in Armenia.

• ***Global Compact Principle 10:
Businesses should work against all forms of corruption, including extortion and bribery***

Fair dealing is a core value. Cascade has a zero tolerance policy towards internal or external corrupt practice, influence, leverage, the giving or receipt of facilitation fees or bribes. Our moral position is clearly stated to all incoming employees. Our internal auditing and monitoring procedures analyze all business units for corruption and malpractice. We have dismissed and will dismiss any staff member abusing their position of trust within the organization for personal gain at the shareholder's or clients' expense. We conduct regular customer satisfaction surveys to identify issues of concern, measure progress and further improve service quality.