

## Rewards and Disciplinary Actions

Effective as of: 03.04.2014

American University of Armenia

Policy for Publication

Policy Number: HUMR20140009

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The Employer can apply the following rewards for exceptional performance:

- 1) expressing gratitude
- 2) providing a one-time bonus payment not exceeding 50% of the monthly salary at a time; maximum annual bonus payments cannot exceed the monthly salary
- 3) presenting souvenirs
- 4) removing disciplinary action
- 5) increasing salary

The Employer can impose the following disciplinary actions on the Employees who fail to perform their professional duties as set forth in the RA Labor Code and in the PPM:

- 1) reprimand
- 2) severe reprimand
- 3) termination of the employment contract

1) Reprimands as a means of disciplinary action may be imposed in the following cases:

- If the Employee is late for more than 10 minutes including being late for the beginning of the working day and returning from break (lunch time)
- If the Employee fails to maintain the environment of general tolerance in the workplace or creates conflict or dispute
- If the Employee during the working hours is engaged in activities at the workplace which are not related to the job duties including reading fiction books, visiting webpages which are not connected with work
- If the Employee uses the Employer's property inappropriately

2) Severe reprimand as a means of disciplinary action can be imposed in the following cases:

- If the Employee treats the Employer's property inappropriately as a result of which the Employer's property could be or was damaged
- If the Employee is late for 2 hours and more including being late for the beginning of the working day and returning from lunch
- If the Employee does not immediately inform the supervisor about the danger threatening the Employer's property
- If the Employee performs actions towards colleagues that violate their legal rights
- If the Employee abuses his formal position to receive illegal benefits for him or others, or because of other personal motives
- If the Employee violates the equal rights of men and women or for implementing sexual harassment towards the other employees, subordinates, or beneficiaries

Severe reprimand can be imposed as a disciplinary action also for violations stated in the point 5.9.3 occurring for the second and succeeding time during a year, as well as in cases stated in the point 5.9.5 in case the Employer does not want to terminate the contract with the Employee.

3) The termination of the employment contract as a disciplinary action can be imposed by the Employer if the Employee commits the following actions even once:

- if the Employee is under the effect of alcohol, drugs or psychotropic substances during working hours
- if the Employee is absent from work during the whole working day without any reasonable excuse
- if the Employee refuses or avoids passing the mandatory medical examination
- if the Employer loses confidence with the Employee because of the following reasons:
  - while performing monetary or commodity services, the Employee's actions have caused material loss to the Employer
  - the Employee has revealed state, business, commercial or technical secrets or has informed about them to a competitor organization

The employment contract termination as a disciplinary action can be imposed on those Employees who have been subject to “reprimand” or “severe reprimand” at least twice during the last year and those disciplinary actions have not been removed yet.

The Employee is considered not to be under disciplinary action if during one year he has not been a subject to a new disciplinary action, or the disciplinary action has been removed as a reward.

When considering to impose disciplinary action, the nature of the violation, the degree of its seriousness, the present and past behavior of the Employee and other circumstances should be taken into account.

#### *Steps to Follow while Imposing Disciplinary Actions*

1. The respective supervisor at AUA, has direct responsibility for reporting in writing to the HR Management department any case when a disciplinary action is deemed appropriate based on the employee's performance and/or conduct.

2. The immediate supervisor of the Employee may request a written explanation concerning the characteristics of the employment violation.

A disciplinary action can be imposed without the Employee's written explanation if the Employee fails to submit it by the time the supervisor has defined.

3. Before imposing disciplinary action the General Director or his designee will request that the Employee's immediate supervisor submit references for the Employee. In determining the appropriate disciplinary action, the AUA will take into account the severity of the breach, the work record of the employee, any previous occurrences of similar incidents and the likelihood for improvement resulting from the disciplinary action.

A disciplinary action can be imposed within one month from the date of the employment violation but not later than within six months.

4. Disciplinary action at AUA can be imposed taking into consideration all available information, in the manner prescribed by RA Law. The Employee will be familiarized with the written order on the specific disciplinary action and will be provided with a copy of the order. The original copy of the order signed by the Employee is sent to the AUA HR department for placement in the employee's personnel file.

It is essential that the events and circumstances necessitating the implementation of any disciplinary action as well as actions taken during the course of the disciplinary process/procedure be properly documented. Warning memoranda, letters, notices, orders and other pertinent data are to be placed in the personal file of the employee.

If the desired change in conduct or performance as outlined in the documentation is achieved, then a disciplinary action may be cancelled.

5. An Employee can appeal a disciplinary action. An employee wishing to appeal a disciplinary action should file a grievance with the designee within ten working days of notification of the action. The grievance shall state the problem at issue, the rights believed to be violated, the reasons for believing so, and the relief to which the employee claims to be entitled. The statement shall contain factual or other data that the employee believes to be pertinent to appeal. The designee will discuss the appeal with the AUA General Director who is eligible to revise the imposed disciplinary action.

The Employee may turn to the court if he cannot reach a mutually acceptable solution with the Administration.