

## Rewards and Disciplinary Actions

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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 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, or
- 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, during working hours and in the workplace, the Employee is engaged in activities that are not related to his/her job duties and responsibilities, such as reading non work-related books or other materials, visiting web pages that are not directly related to his/her work
- If the Employee uses the Employer's property inappropriately; or
- If the Employee commits any other violation under the Labor Code, the PPM or employment contract, which does not create stricter responsibility

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 is or could be damaged
- If the Employee is late for two (2) or more hours including being late for the beginning of the working day and returning from lunch
- If the Employee does not immediately inform the supervisor about any danger that threatens the Employer's property
- If the Employee performs actions towards colleagues that violate their legal rights
- If the Employee abuses his/her formal position and accepts unlawful benefits for himself/herself 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; or
- If the Employee violates the RA Labor Code, the PPM or employment contract, and his/her disciplinary action has not expired.

Severe reprimand as a means of disciplinary action may also be applied for violations occurring for the second and succeeding times during a year, as well as in cases of not permitting to a work if the Employer does not want to terminate the employment 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 any of the following actions, even only once:

- if the Employee is under the effect of alcohol, drugs or psychotropic substances during working hours at or outside the workplace, when the Employee is required to perform his/her employment duties

- if the Employee is absent from work during the whole working day (shift) without any reasonable excuse

- if the Employee refuses or avoids the mandatory medical examination

- if the Employee fails to perform his/her duties for more than 10 consecutive working days (shifts) or for more than 20 working days (shift) in the last three months as a result of not being allowed to work under provision 1, point 1 of Article 108 of the RA Labor Code

- if the Employer loses confidence in the Employee because of the following reasons:

- when performing educational and training functions he/she has committed an act incompatible with continuing the given work;
- he/she has revealed state, business, commercial or technical secrets or has informed about them to a competitor organization;
- he/she has not observed (breached) the requirements of legal acts, rules of organization and implementation of work, instructions on ensuring the safety and health of employees, which has resulted or could result in serious consequences endangering the life and health of persons, creating a real threat to the life and health of persons, or causing damage to their life and health.
- illegally (without consent or notification) has used the Employer's or other employees' computer equipment or information systems (repositories of private information, such as login, password, etc.) thereby accessing another's working or personal data, illegally using, recording, destroying, transforming, blocking, duplicating, distributing, or performing activities that involve intervention via digital technologies, including virus or software applications which disrupt or could disrupt the normal operation of the Employer.

The employment contract termination as a disciplinary action can also 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 (is considered as expired) under disciplinary action if during one year his/her disciplinary action has expired, or the Employer removed the disciplinary action in reward of good performance.

When considering to impose disciplinary action, the nature of the violation, the degree of its severity, the present and past behavior of the Employee and other circumstances are considered.

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

In case of detecting any violation under this PPM or receiving relevant information from other employees, the person directly supervising the performance of the Employees (including the immediate supervisor) shall report in writing about each case to the HRM department so the latter may duly inform the President or authorized Vice President about the violation.

Upon the request of the President or authorized Vice President, the immediate supervisor of the employee who has committed the alleged violation or other authorized employee requests a written explanation from the employee 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 within the established deadline.

The Employer may deliver a notice on imposing a disciplinary action against an Employee by hand, postal services or electronic email.

Where the Employee refuses or avoids receiving a notice related to the disciplinary procedure or decree on imposing a disciplinary action, as well as where the postal envelope sent to his/her address is returned, the Employer may send the said order to the Employee's email account, which provides an appropriate communication trail.

A disciplinary action can be imposed by the President or authorized Vice President, within one month after the date when the breach was disclosed but not later than six months from the disciplinary violation.

#### *Grounds and Procedure for Employment Termination*

The employment contract with an Employee can be terminated only in the cases prescribed in the RA Labor Code and in accordance with the procedure(s) prescribed in the RA Labor Code. In case of the Employee's failure to fulfill or improper fulfillment of his/her duties, the Employer can terminate the Employee's employment contract on the basis of violation of disciplinary rules, as set forth in the PPM and prescribed in the provisions 8-10 of point 1 of Article 113 of the RA Labor Code.

In cases when employment termination is initiated by the Employer, the bases and timeline for notifying the Employee about it are regulated by the RA Labor Code.

The Employer processes the Employee's employment termination payment and disburses it to the Employee within three days from the date of termination.

For every employment termination case, even if the Employee disagrees and intends to appeal it, he/she must hand over the materials and documents under his/her possession to the person designated by the Employer. If there is a need for stocktaking, the Employee must be in attendance. If the Employee does not wish to participate, he/she will bear the risk of any unfavorable consequences that may arise. The Employee should be notified about the inventory checking day and time at least one day in advance via telephone call (including SMS) or by written communication.