

## COMMUNICATION ON PROGRESS

Year: 2014

### STATEMENT

*As a member of the Global Compact, we believe that our business policies incorporate the ten principles. Our board fully supports our actions in working towards sustainability goals – in particular those contained in the UN Global Compact – and endorse the future priorities and specific targets we set out in our report. Through our support of the United Nations Global Compact, we also aim to move the agenda forward on performance related to human rights, labour rights, the environment and the fight against bribery and corruption. Here we summarized the progress we have made against these principles and we will continue to follow them up in future.*

#### **Global Compact Principle 1:**

##### ***Businesses should support and respect the protection of internationally proclaimed human rights;***

Employment decisions at Ameria are based on merit, qualifications, and abilities. It is Ameria's policy to provide equal employment opportunity to all employees and applicants for employment without regard to race, color, religion, sex, national origin, age, handicap, disability, sexual orientation, marital status, family responsibilities in accordance with applicable local law. This policy applies to all terms and condition of employment, including, but not limited to, hiring, placement, promotion, termination, layoff, recall, transfer, leave of absence, compensation, and training.

~~Full-time~~ Staff earns annual leave of 24 working days. Accumulated earned and unused leave as of the date of termination is paid at the base salary rate then in effect. ~~Ameria grants sick leave to full-time staff members who are unable to work due to illness or injury.~~ The medical insurance is also provided to all staff. Ameria grants absence opportunity up to 24 hour during a year to all staff and enables to use it in case of necessity on personal reasons.

No employee is penalized or retaliated against for requesting time off for public vote. Time off to vote is not considered annual leave.

The duration of the paid maternity leave is 140 days (70 days prior to and 70 days following child delivery). Ameria recognizes that the skills and knowledge of its staff are critical to the success of the company. The Training and Educational Assistance program encourages personal development through a variety of opportunities so that staff can maintain and improve job-related skills or enhance their ability to grow professionally within Ameria. All staff members are eligible to participate in the program. Job specific and job related training opportunities are available after the staff member has passed the probation period. Based on the recommendation of the supervisor, staff members are eligible to receive financial assistance for job specific and/or job related trainings.

*(Ameria CJSC Employment Policies and Procedures Manual)*

To determine the potential of the younger generation, the company actively cooperates with the best universities in Armenia. In the scope of that cooperation, the most active and committed senior students get the opportunity of doing an internship at the company. The best of them have the opportunity to get further employment in the company with the purpose of continuing the tradition of corporate culture and business development potential of the young leaders of the future. For those who has already graduated the university but has not professional experience yet, Ameria has developed a program, Generation A, which aims at enhancing the development of young professionals. The program is based on coaching, providing practical insight and sharing day-to-day expertise in finance and banking.

Individual development and revealing of talent is one of the priorities of human resource management policy. We continue to cooperate with outstanding business schools including the Moscow School of Management "Skolkovo", Kets de Vries Institute (KDVI), INSEAD, etc. as part of Executive Education project for middle and senior managers.



We have employed a team of highly qualified professionals with over 90% of employees having higher education, in most cases financial and economic degrees, of which over 15% have a PhD and other international qualifications.

**Global Compact Principle 2:**

***and make sure that they are not complicit in human rights abuses.***

Ameria is committed to providing staff with a reasonably safe work environment that complies with occupational safety laws. Staff concerns in this area are promptly brought to the attention of the Management.

Ameria office is a non-smoking environment. Ameria strives to provide a healthy work environment that encourages staff to effectively and efficiently use their skills and promotes personal development. Continuous professional development of all staff members is extremely important to the career success of the individual as well as to the Company. To attract and retain above-average staff, Ameria endeavors to pay competitive salaries taking into consideration market rates and merit of employees. For this purpose Ameria takes part in salary surveys conducted by independent consulting companies. To this end Ameria periodically reviews its wage scales to ensure that they are kept in line with current trends.

Ameria reviews its pay ranges and pays bonuses annually based on individual performance evaluation. Employees also access low-interest rate mortgage, consumer, and car loans, travelers insurance.

*(Ameria CJSC Employment Policies And Procedures Manual)*

**Global Compact Principle 3:**

***Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;***

Ameria encourages full time staff to pursue and maintain professional affiliations and to attend meetings of professional societies and associations.

We adhere to a healthy lifestyle and strongly promote the participation of our employees in various championships, health club, and etc. We actively track the market trends to sustain the leading role and competitiveness of our benefit package, thus updating as necessary and improving the conditions. With the purpose of staying in line with and being aware of the market indicators on wages, bonus payment systems and other material stimulants, we participate in various studies conducted by international financial institutions and organizations / World Bank, EBRD, etc./ at least twice a year.

*(Ameria CJSC Employment Policies And Procedures Manual)*

**Global Compact Principle 4:**

***The elimination of all forms of forced and compulsory labor;***

Ameria expressly prohibits any form of retaliatory action against any staff member for filing a bona fide complaint or for assisting in a complaint inquiry.

In hire of employees or performance of works, no direct or indirect restriction and no granting of direct or indirect privileges on the basis of person's sex, race, origin, belief is permitted.

Candidates are usually recruited using international search and selection methods deemed appropriate to the needs of Ameria and the position's location. Ameria usually posts all open positions internally. Staff who believe they are qualified are urged to apply; all internal candidates are interviewed. However, in its discretion, Ameria may choose to use a different recruitment method or forgo an external search entirely.

The employee hire is conducted in compliance with the applicable provisions of the labor legislation of the Republic of Armenia. Ameria's staff is appointed by the Managing Director through the execution of the employment contract. Inaccurate non-payment of wages and excessive overtime hours are common violations. We regularly review timecard, payroll and records and verify their accuracy through worker interviews. When violations are discovered, we typically require back-payment of wages as appropriate.

Labor code defines work hours. The overtime procedure has a provision for employees to sign if he/she agrees to render more than 8 hours duty. The overtime is paid. The hiring and firing policy of the group is based on the Armenian labor code. There is a system for hiring people, evaluating them, training and rewarding them on their achievements. The system applies to everyone ensuring that there are no discriminations at all.



The automated process of personnel evaluation is carried out using a valuation of Key Performance Indicators - KPIs, as well as the evaluation system "360 degrees" in order to identify the strengths and weaknesses and create an individual development plan for each employee. We do performance evaluations twice a year based on which we revise salaries and distribute bonuses for each employee annually.

*(Ameria CJSC Employment Policies And Procedures Manual)*

**Global Compact Principle 5:**

***The effective abolition of child labour;***

Child labor is not used at all.

Mechanisms for age verification in recruitment procedures are used. Ameria ensures that adult workers are given secure employment and decent wages and working conditions so that they do not need to send their children to work.

**Global Compact Principle 6:**

***And the elimination of discrimination in respect of employment and occupation***

We also value the knowledge and experience in international markets, global vision and strategic thinking of our employees. The company as a whole, work representatives of different cultures and nationalities, which is very important in terms of exchange of experience and the development of a versatile mind. We give great importance to corporate culture, traditions, values and relationships. For us it is important that each team member is aware of and understands their involvement in the process of achieving the global objectives, the ability to make a difference - both in the scale of the company and the country, and to themselves.

The demographic structure of the team is as follows: 61% female and 39% male employees; the mean age is 32 years and personnel flow is rather low - 11%, taking into account the active growth rate of the company. Any staff with questions or concerns about any type of discrimination in the workplace is encouraged to bring these issues to the attention of their immediate manager, HR manager or the Managing Director. Staff can raise concerns and make reports without fear of reprisal.

It is Ameria's policy that all staff should be able to enjoy a work environment free from all forms of harassment. In support of this policy, Ameria expressly prohibits any form of employee harassment by another employee, supervisor, or a third party for any reason including race, color, religion, national origin, sex, age, marital status, sexual orientation, disability or any other status protected by applicable law. Improper interference with the ability of Ameria's staff to perform their expected job duties will not be tolerated.

Specifically, Ameria prohibits:

1. unwelcome sexual advances,
2. requests for sexual favors,
3. verbal, physical, and visual harassment.

If an employee experiences any job-related harassment, has a related complaint, or believes he or she has been treated in an unlawful discriminatory manner, that employee should promptly report the matter to the Head of Security, Head of HR, Managing Director or member of Senior Management. Staff is encouraged to report harassment early on, before it becomes severe or pervasive.

*(Ameria CJSC Employment Policies And Procedures Manual)*

**Global Compact Principle 7:**

***Businesses should support a precautionary approach to environmental challenges;***

Within the framework of "Enhancement of Environmental Management for Strengthening the Information and Monitoring System for Global Environmental Management in Armenia" project Ameria is contracted by UNDP Armenia Office for assessment of current situation of environmental information and monitoring system, including the legal base, information flows, technical and expert capacities.

Assessment and analysis of possible solutions for introduction of unified environmental monitoring system was also conducted in the framework of this project. A package of recommendations were elaborated and provided by the Consultant, aimed at establishment of such system, unification of environmental information indicators and effective



and efficient management of the system. Moreover, Ameria implements a number of projects during the year and in each project we put special attention at the environmental issues and where possible promote environmental protection.

Ameria CJSC has put the accent on being a Green Team, and during 2014 has ordered mugs for the staff in order to refuse the usage of plastic cups. Also, we have initiated a paper saving policy in order to print less paper as within the company as well as amongst our partners.

**Global Compact Principle 8:**

***undertake initiatives to promote greater environmental responsibility;***

Ameria Group finances projects in the field of energy and each project is accompanied with thorough environmental impact assessment. We would like to stress that no project is financed with negative environmental impact assessment. Moreover with the support of the Netherlands Development Finance Company (FMO), and DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH, we successfully completed the introduction and implementation of an Environmental and Social Management System (ESMS). It is one of the first banks in the region to have developed and implemented an ESMS. As a result of this, FMO and DEG grant Ameriabank a certificate of appreciation, as well as a reduction in the interest rate of the facility signed between FMO, DEG and Ameriabank in December 2009.

By implementing the ESMS, Ameriabank commits to comply with local and international environmental and social regulations and worldwide best practices applicable to its operations and business services.

April 2010, Ameriabank started exploring the principles of environmental and social risk management: the development of an internal ESMS policy, procedures and tools, training of staff and the realization of a pilot running of the System. By July 2010, Ameriabank had adopted and integrated environmental and social risk management in all ongoing corporate lending/finance operations. Ameriabank was supported by the International consultant FI Konsult s.r.o (Czech Republic) and FMO's Capacity Development (CD) Program.

The purpose of the bank's Environmental and Social Risk Management Policy is to create a framework and culture for understanding and managing our direct and indirect environmental and social impacts, risks and opportunities.

**Global Compact Principle 9:**

***and encourage the development and diffusion of environmentally friendly technologies.***

Ameria CJSC develops business projects in different sectors of economy and pays special attention on the issues of environment protection. In those projects we promote usage of environmentally friendly technologies, e.g. support in establishment of state of the art hog farm in Armenia, where most recent technologies are used. An element of these technological solutions is establishment of biomass processing facilities within the farm. This will ensure availability of own electricity and heat resources for the whole farm through application of renewable energy technologies.

**Global Compact Principle 10:**

***Businesses should work against all forms of corruption, including extortion and bribery.***

By our company's orientation, it is clearly disseminated that no employee is allowed to deal with any corruption practice. Staff may not accept gifts or favors from any customer, supplier, applicant, client, or competitor. It is unlawful to accept anything of value in exchange for a promise to influence company's decision in the selection of an assignment, contract, vendor, or other collaborator. Ameria may accept gifts only if presented to the entire organization as a culturally-appropriate memento or token of appreciation and even then only so long as the value does not exceed USD \$20 (*Ameria CJSC Employment Policies And Procedures Manual*).