



IS APPROVED BY

THE BUSINESS INTEGRITY CLUB
Participants

February 3, 2023

RULES OF GOVERNANCE OF THE BUSINESS INTEGRITY CLUB

YEREVAN, 2023

SECTION 1. GENERAL PROVISIONS

Rule 1-1. The subject of regulation, entry into force and basic concepts

- (a) The rules regulate the basic principles of governance of the Business Integrity Club (hereinafter referred to as the Club), the type of governance, the powers of governing bodies and the primary duties and rights of their participants.
- (b) The entry into force of the Rules is confirmed by the Club participants. Amendments and additions to it, as well as repealing it, are approved by a simple majority of votes of the Club participants present at the meeting. Each participant of the Club has one voice. A meeting is authorized (has a quorum) if more than 50 percent of the Club participants take part in it.

SECTION 2. GOVERNANCE OF THE CLUB AND FORMATION OF THE ADVISORY BOARD

Rule 2-1. Strategic governance of the Club

- (a) The strategic governance of the Club is carried out by the Advisory Board.
- (b) The Advisory Board:
 - (1) determines the priority directions of the Club's activities,
 - (2) approves the Club's annual plan and budget (annual cost estimate) and sets their performance targets;
 - (3) approves the Club's annual reports,
 - (4) supports the activities of the Club Secretariat to implement the Club's strategy, annual plans and ensure performance target indicators,
 - (5) engages local and foreign partners,
 - (6) approves the documents governing the Club's activities, including the Code of Conduct, participation fees, compliance, accountability, attendance and other policies.

Rule 2-2. Current governance of the Club

- (a) The current governance of the Club is carried out by the Secretariat.
- (b) The Secretariat:
 - 1) organizes the events of the Club according to the annual plan and budget,
 - 2) organizes the meetings of the Advisory Board of the Club,
 - 3) submits for the approval of the Advisory Board:
 - The project of the Club's prospective development program.
 - The draft annual programs and budget of the Club (annual cost estimate) and their implementation.
 - The draft policies and internal rules of the Club.
 - 4) performs other competencies provided by these Rules.

Rule 2-3. Formation and governance of the Advisory Board

- (a) The Advisory Board member can be any physical person advocating the culture of integrity in the business sector, including a representative of the Club participant.
- (b) The Advisory Board members are elected from among the Club participants by a simple majority of the votes of those present at the relevant competent meeting.
- (c) The Secretariat is involved in the Advisory Board without selection.
- (d) The Advisory Board shall consist of at least 5 elected members.
- (e) Recommendations regarding the candidates for members of the Advisory Board can be submitted by the Club participants, as well as by the Advisory Board (except in the case of the formation of the board for the first time).
- (f) Any member of the Advisory Board may withdraw from membership by notifying the Advisory Board in writing at least 1 (one) month in advance.
- (g) The Advisory Board is headed by the Chair, who is elected from among the members of the Advisory Board by the majority of their total number of votes. The Advisory Board has the right to re-elect the Chair or elect a new chair at any time.
- (h) The Chair of the Advisory Board:
 - 1) guides the activities of the Advisory Board and ensures that it works as a single team,
 - 2) approves the agenda of the Advisory Board meeting, form, date, month, time, place of the meeting,
 - 3) defines the list of materials and information related to the issues on the agenda of the Advisory Board and ensures their provision to the Advisory Board members,
 - 4) performs the functions of the chair of the Advisory Board meeting,
 - 5) allocates sufficient time for organizing comprehensive discussions of issues and making balanced decisions at the Advisory Board meetings,
 - 6) initiates the formation of the Advisory Board's activity procedures, annual work plans, and ensures their implementation.

SECTION 3. ACTIVITIES OF THE ADVISORY BOARD

Rule 3-1. The main principles of the Advisory Board activities

- (a) In organizing its activities, the Advisory Board is guided by the following principles:
 - 1) To plan the activities of the Advisory Board,
 - 2) To ensure the transparency, accountability and consistency of one's own activities,
 - 3) To encourage open and free communication and problem-raising practices.

Rule 3-2. The order of activities of the Advisory Board

- (a) The Advisory Board carries out its activities through meetings.

- (b) Meetings of the Advisory Board are convened according to the annual work plan of the Advisory Board and as needed. The annual work plan of the Advisory Board is formed on an annual basis and approved at the first annual meeting of the Advisory Board. The performance of the previous year's work plan is approved by the Advisory Board until March 1 of the current year.
- (c) Meetings outside the working plan of the Advisory Board are convened by the Chair of the Advisory Board on his/her own initiative, at the request of at least 30% of the members, the Secretariat, and the Club participants.
- (d) The meeting of the Advisory Board is authorized if more than half of the members participate in the meeting.
- (e) The Advisory Board has the right to invite third parties to participate in the meeting.
- (f) The Chair of the Advisory Board is obliged to convene a meeting of the board within 7 working days after the date of submission of the properly formulated request.
- (g) The decision to hold the meeting of the Advisory Board is adopted by the Chair. With that decision the following information is confirmed:
 - the agenda of the meeting,
 - the method of conducting the meeting,
 - the exhaustive list of information and materials provided to the Advisory Board members,
 - date, place, and time of convening the meeting.
- (h) The notification of the meeting of the Advisory Board is sent by the Secretariat through e-mail to the Board members not later than on the 7th day after the day of convening the meeting. The notification should contain information on the date and place of the meeting and its agenda. The materials and information to be discussed at the meeting are also attached to the letter.
- (i) The meetings of the Advisory Board can be held and decisions on the issues included in its agenda can be made with the direct participation of the members, remotely or by polling: through ballots and online.
- (j) The meeting of the Advisory Board is held remotely only if the Advisory Board members who are present at the place of the meeting of the Advisory Board and those who are not present have the opportunity to communicate with each other remotely.
- (ja) The meetings of the Advisory Board are recorded by the Secretariat. Protocols are drawn up within 5 days from the end of the meeting.
- (jb) The protocol is signed by all the members of the Advisory Board participating in the meeting.
- (jc) Protocols of the meetings of the Advisory Board are kept at the location of the Secretariat.

SECTION 4. RIGHTS AND DUTIES OF THE ADVISORY BOARD MEMBERS

Rule 4-1. Rights of the Advisory Board members

- (a) The Advisory Board members have the right to:
- 1) receive the notifications of the meetings of the Advisory Board within the terms stipulated in the Rules,
 - 2) receive the necessary information from the Secretariat to fulfill their duties,
 - 3) invite third parties to the meeting directly related to the issue on the agenda of the meeting.

Rule 4-2. The members of the Advisory Board are obliged to:

- 1) act honestly, conscientiously and fairly in the best interests of the Club, show activity and diligence, refrain from illegal actions,
- 2) support the long-term success of the Club,
- 3) participate in the meetings of the Advisory Board, spend sufficient time and energy to perform their duties properly.