



METHODOLOGY OF AN ANTI-CORRUPTION COMPLIANCE PROGRESS REPORT

Anti-Corruption Compliance Progress Report is a communication method on implementing the principles of the Anti-Corruption Declaration (the Declaration) in their business practices and their performance by the Business Integrity Club Participants.

Anti-Corruption Compliance Progress Report is non-financial report, which emphasizes the Goal 16 of the UN SDGs, aimed at reducing all forms of corruption and bribery and building effective, accountable and inclusive institutions at all levels.

Anti-Corruption Compliance Progress Report aims to:

- Promote transparency among the Club Participants through regular disclosures on Anti-Corruption Compliance Progress and the system of Corporate Governance;
- Contribute to the continuous improvement of governance and control systems of the Club Participants;
- Support the increase of the attractiveness of the Club Participants among international partners and constructive investors;
- Promote the raising of public awareness of compliance and integrity, and create preconditions for spreading a compliant culture in the business community of Armenia.

The main principles of the development of the Anti-Corruption Compliance Progress Report are:

Integrity.

In order to assess the compliance of the Club Participant with the Declaration principles or to make valid and reasonable judgments about it, the information presented in the Report must be complete and accurate, as well as reflect the Club Participant's specific actions and their results aimed at anti-corruption compliance and integrity.

Essentiality.

Anti-Corruption Compliance Progress Report should cover such topics and indicators that significantly reflect the ability of the Club Participant to adhere to the Declaration and its own corporate policies.

Equability.

Anti-Corruption Compliance Progress Report should contain the description of both positive and problematic aspects of the implementation of the Declaration principles, presenting the company's possible approaches of overcoming the problems.





Comparability.

The information presented in the Anti-Corruption Compliance Progress Report should enable to analyze the compliance performance of the Club Participants for different years, to assess its progress, as well as to make comparisons with the performance of comparable companies.

Modernity.

Anti-Corruption Compliance Progress Report should be prepared on a regular basis every year and disclosed on time. The information presented in Report should reflect the progress of the Club Participant in the implementation of the principles of the Declaration during the reporting period.

Reliability.

The information presented in the Anti-Corruption Compliance Progress Report should be based on facts.

Simplicity.

Anti-Corruption Compliance Progress Report should be developed in a simple and accessible language and format, as well as be accessible to the beneficiaries of the Club Participants.

Context of the sustainable development.

The information presented in the Anti-Corruption Compliance Progress Report should not only reflect the Club Participant progress in following the principles of the Declaration, but also its contribution to the improvement and development of the country's business environment.

The main components and indicators of the Anti-Corruption Compliance Progress Report

1st Component. Senior management statement

The Senior Management Statement is a description of the organization's commitment to the Club participation and continued adherence to the Declaration principles. In the Declaration, it is necessary to clearly state the main reasons and/or expectations for joining the Club and following the Declaration. The Declaration should contain brief information about the main, including joint events and their results undertaken during the implementation of the principles of the Declaration in previous years. The statement should also represent the Club Participant's involvement in the Club's activities. The statement is signed by the director of the company or the chairman of the board of directors.

2nd Component. The main indicators of the Anti-Corruption Compliance Progress Report





2.1. Anti-Corruption Corporate Policies and Procedures

Indicator Explanation

Organizations implement their commitment to zero tolerance for corruption and integrity through corporate policies and procedures.

Policy is guiding principles or rules aimed at achieving the long-term goals of an organization.

Procedures answer the question of how to implement the policy and outline specific steps.

Policies and Procedures help organizations identify and manage inherent risks, mitigate negative impacts using appropriate response measures.

Organizations should ensure that their participants, members, shareholders, employees, partners and other stakeholders have access to their corporate Anti-Corruption policies and make efforts to increase their awareness of these policies.

The main Anti-Corruption policies are:

- *Corporate Codes of Conduct,*
- *Policies of conflicts of interest settlement,*
- *Gifts and business hospitality,*
- *Hot line and alerts,*
- *Investigations,*
- *Due study of business partners,*
- *Charity, CSR and other policies..*

Information disclosed in the Anti-Corruption Compliance Progress Report

2.1.1. Anti-Corruption Corporate Policies and Procedures

Policies and procedures adopted by the Club Participant during the reporting period	Policies and procedures reviewed by the Club Participant during the reporting period	Policies and procedures to be adopted by the Club Participant for the next two years

It's recommended that the Club Participant refer to the relevant corporate policies and procedures.

2.2. Training and communication

Indicator Explanation





20
YEARS

The training improve the organization's operating environment, corporate culture, and also develop anti-corruption capabilities.

In this context the term of “training” involves:

- *All types of professional training,*
- *Provision of paid study vacation to employees by the organization,*
- *Internal and external training,*
- *Thematic courses.*

The development of anti-corruption compliance and integrity training practices is a key means of preventing corruption incidents, uncovering illegal behaviour, and effective anti-corruption initiatives.

Anti-corruption compliance training are held at least once a year, and changes of corporate policies, rules and procedures are followed by relevant training. For employees in the most risky areas, training can be organized more frequently. Thematic coachings and training can also be conducted for them.

In order to provide the effectiveness of training they are evaluated by the participants. In addition, the training process is properly documented, participant attendance is registered, and after each training session participant testing is conducted to verify perception of the material.

The organization implements proper and secure communication procedures with employees (e.g. internal newsletters, e-mail communication, open door policy, direct communication with management).

Information disclosed in the Anti-Corruption Compliance Progress Report

2.2.1. Introductory or orientation training on corporate values, principles, codes of conduct, corporate policies and procedures (this applies to the new employees).

2.2.2 Information disclosed in the Anti-Corruption Compliance Progress Report on general training

	Theme of training	Duration of training	Organizer of training (internal, external)
Top Management (Board Members, Executive Body,			



Internal Auditor)			
Middle Management			
Employees			
Supply Chain partners			

2.2.3. Thematic training on Anti-Corruption Compliance and Integrity

	Theme of training	Duration of training	Organizer of training (internal, external)
Top Management (Board Members, Executive Body, Internal Auditor)			
Middle Management			
Employees			
Supply Chain partners			

2.2.4. Organizational aspects of internal training

Training evaluation by the participant indicating the average rating	
Participants registration indicating the number of participants	

Participants testing	
Increase in awareness, %	

2.2.5. Means of Communication

Internal newsletter	
Working discussions	
Management messages	
Electronic messages	
Open door policy	
Etc.	

2.2.6. Applying incentive and accountability measures to employees/partners

2.3. Anti-Corruption compliance monitoring

Indicator Explanation

Anti-corruption compliance monitoring is necessary for:

- *Evaluating the effectiveness of the organization's efforts and actions;*
- *Reviewing of the corporate policies and procedures;*
- *Identifying the training topics and their target beneficiaries and developing programs;*
- *Improving the organization's management and control system.*

Monitoring is implemented on a regular basis.

No organization is protected from corruption risks. The corruption manifestations are bribery, facilitation payments, fraud, extortion, money laundering, offering or receiving gifts, loans, gratuities or other benefits. This encourages dishonest and illegal behaviour and undermine trust.

The total number and the nature of corruption incidents are the evidence of the effectiveness of an organization's anti-corruption culture and capabilities.

2.3.1. Anti-Corruption Compliance Monitoring Tools



	Holding frequency	Key disclosures	Inclusion in the agenda of the Board or equivalent governing body
Analysis of anti-corruption compliance by the Club Secretariat			
Risk management, including third-party analysis			
Compliance analysis			
Employee evaluation results			
Internal audit			
Analysis of reporting results			
External independent certification			

2.3.2. The total number and nature of corruption incidents identified on the Club Participant

	Total number of incidents	Nature of incident (s)	Not subject to disclosure
Approved in the current year, but related to previous years			
Approved in the current year and relevant to this			



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YEARS

year			
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2.3.3. Reporting and investigation of corruption incidents identified on the Club Participant

	The reporting of incidents	The investigation of incidents	Incidents investigation results
External			
Internal			

The deadline and methods of submission of the Anti-Corruption Compliance Progress Report

The Club Participants submit the Anti-Corruption Compliance Progress Report in the period from March 1 to June 30 of each calendar year.

The Participants who have submitted the Anti-Corruption Compliance Progress Report during the specified period will be marked as “active” participants on the Club website.

The Participants who have not submitted the Anti-Corruption Compliance Progress Report within the specified period will be marked as “non-communicating” participants on the Club website.

The Anti-Corruption Compliance Progress Report is published both on the website of the Club Participant or on social networks, as well as on the website of the Business Integrity Club.

