

## RECOMMENDATIONS ON ETHICAL CONSIDERATIONS

Ayb is a group of organizations united around a common mission to support social development projects. The efficiency of Ayb activities depends on the efficient cooperation among its members. The recommendations for the code of ethics aim to reduce the possibility of conflicts among the members of organizations constituting Ayb. The recommendations comprise three sections: a) description of a set of situations involving higher risks of ethical conflicts, b) a list of recommendations for Ayb representatives on how to avoid conflict situations; notification procedures in the event of a breach of the recommendations, and c) a list of recommendations on the amendment of Ayb procedures to ensure a timely response to breaches of Ayb ethics.

### DEFINITIONS

Ayb is a group of organizations coordinated by the Ayb Educational Foundation and constituting Ayb Educational Foundation, Ayb School and Dilijan Central School (hereinafter referred to as Ayb). The list of the organizations may change in compliance with the decision by the Board of Trustees of the Ayb Educational Foundation or appropriate decisions by the boards of trustees of other participant foundations (or potential participants) of the group.

Ayb representatives are members of the governing bodies under the organizations constituting Ayb, family members of the governing bodies of Ayb organizations, and organizations supervised by the members of the governing bodies of Ayb organizations.

Ayb organizations are Ayb and those directly affiliated with Ayb.

Ayb issues are issues and representations directly, indirectly or implicitly associated with Ayb representatives and organizations.

Public communication is communication with Ayb representatives with non-Ayb representatives and/or verbal or written statements discussing and/or implying Ayb issues.

Ayb coordinating body is the elected body of Ayb that coordinates the activity of Ayb organizations. As of the date of this document creation, the Board of Trustees of the Ayb Educational Foundation represents the coordinating body.

### SITUATIONS INVOLVING HIGHER RISKS OF ETHICAL CONFLICTS

1. Public communication involving negative or critical evaluations with regard to Ayb organizations and/or Ayb representatives
2. Public communication involving participation of mass media representatives

3. Public communication involving participation of public figures, including government or state representatives and political figures
4. Public communication in social platforms, including electronic ones
5. Provision of Ayb organizations with commercial services by Ayb representatives
6. Financial and material transactions involving Ayb organizations, except for transactions of non-reimbursable donations by Ayb representatives
7. Employment and promotion of Ayb representatives within Ayb organizations
8. Educational enrollment of Ayb representatives at Ayb organizations
9. Inquiry for non-public information from Ayb organizations by Ayb representatives
10. Issuance of recommendations and instructions to Ayb organizations by their representatives, not envisaged by cooperation procedures of Ayb representatives and organizations
11. Transferring exclusive commercial and other services to Ayb representatives, receiving regular commercial services from Ayb organizations for exclusively reduced prices by Ayb representatives
12. Unjustified delays in providing (or withholding) information critical to Ayb, including information on possible breaches of recommendations on ethics

Obtaining, by Ayb representatives and families of Ayb members, of commercial and other services provided via a public offer bid is not a situation with higher risks of ethical conflicts per se.

The recommendations on ethics shall by no means restrict the services and rights available to Ayb representatives within Ayb organizations, in relation to those available to the clients of Ayb organizations that are not associated with Ayb.

The development of a situation with higher risks of ethical conflicts is not a breach of Ayb ethics per se.

### **RECOMMENDATIONS FOR AYB REPRESENTATIVES**

1. During public communication, Ayb representatives are recommended not to make representations on behalf of Ayb organizations and/or individual Ayb representatives, unless explicit permission is obtained within the scope of the set procedures and regardless of the content of the representation. The announcement shall be deemed equivalent, by default, to its explicit representation. If, during public communication, ambiguity emerges as to on whose behalf the representations are made, it is recommended that the Ayb representative clarify the situation, where possible.
2. During public communication, Ayb representatives are recommended not to share negative or critical evaluations with regard to Ayb organizations and/or individual Ayb representatives, except for situations where such evaluation is critical to obtain appropriate assistance for Ayb organizations from the parties directly involved in the public communication.
3. During public communication, Ayb representatives are recommended not to share personal opinions which may foreseeably encumber the implementation of programs and functions by Ayb organizations and representatives.
4. During public communication involving participation of mass media representatives and/or public figures, including government or state representatives and political figures, Ayb

representatives are recommended to additionally make sure that the fact of public communication or its elements cannot be used by Ayb organizations and/or representatives as approval, promotion or evaluation of public figures, political positions, platforms, as well as state and social programs and individual initiatives, if the action has not been explicitly and preliminarily approved by relevant Ayb organizations and/or representatives within the scope of the set procedures.

5. During public communication in social platforms, Ayb representatives are recommended to observe the same rules as during communication with mass media representatives and/or public figures.
6. For electronic communication in any form, Ayb representatives are recommended to:
  - a. rely on presumption of goodwill and loyalty of Ayb organizations and/or individual Ayb representatives towards Ayb's goals;
  - b. refrain from negative emotional undertones;
  - c. stick to concise, formal and unambiguous communication style;
  - d. stick to the principle of maximal advantage in communication, i.e. ensure that the interlocuters receive maximal amounts of the necessary information with minimal possible efforts exerted.
7. Ayb representatives are recommended to protect and not to disclose information qualified as non-public by Ayb organizations.
8. In the event of provision of Ayb organizations with commercial services/goods by Ayb representatives, it is recommended that the latter associated with provision of services inform the Board of Trustees of the recipient Ayb organization of the fact of the services/goods provision and their nature, as well as ensure those are provided in compliance with an open and unbiased bidding, whereas in justified cases of impossibility to hold the bid, ensure that the rates of return typical of the industry are not exceeded.
9. In the event of financial and/or material transactions involving Ayb organizations not associated with provision of commercial services, with the exception for non-reimbursable donations by Ayb representatives, it is recommended that the latter inform the Board of Trustees of Ayb organization of the fact and nature of transaction.
10. Employment and promotion of Ayb representatives within Ayb organizations shall be held on an open and unbiased competitive basis, while in the event of practical impossibility to ensure the competition, the compensation of the candidate shall not exceed that at market value. Ayb representatives are recommended to maintain the implementation of the described procedure by all means.
11. Educational enrollment of Ayb representatives at Ayb organizations shall be held on an open and unbiased competitive basis, in close compliance with the procedures of the respective educational organization. Ayb representatives are recommended to maintain the implementation of the described enrollment procedure by all means.
12. Ayb representatives are recommended not to inquire about non-public information from employees of Ayb organizations, as well as issue recommendations and instructions beyond the scope of the set procedures.

13. It is recommended that, while accepting services from Ayb organizations associated with them, Ayb representatives refrain from accepting the services at prices lower than those offered to other Ayb representatives. It is recommended that, while accepting services from Ayb organizations associated with them, Ayb representatives refrain from accepting the ones unavailable for other Ayb representatives. It is also not recommended to accept services at prices lower than those offered to other Ayb representatives.
14. It is recommended that Ayb representatives be guided by common sense in identifying situations with higher risks for ethical conflicts described in this document, as well as to avoid, to the extent possible, the breach of the listed recommendations. In the event of a possible breach, it is recommended that Ayb representatives notify the Board of Trustees of Ayb organizations as soon as such opportunity arises.
15. Ayb representatives are recommended to exert reasonable efforts to ensure that Ayb representatives associated with them observe the relevant recommendations on ethics for Ayb representatives described in the document.

The breach of recommendations on ethics by an Ayb representative does not qualify as a breach of Ayb ethics per se. Only the Board of Trustees of the organization and/or the Ayb coordinating body<sup>1</sup>, as needed, shall qualify the breach of recommendations on ethics as a breach of ethics, in compliance with set procedures.

#### **RECOMMENDATIONS FOR AYB COORDINATING BODY**

1. Approve the recommendations on ethics listed in the document up to this paragraph as Ayb Code of Ethics.
2. Provide formal description for Ayb organization as one that aims to support social development projects, is guided by ethical principles of Ayb and requires implementation of recommendations under Ayb Code of Ethics by its representatives.
3. Certify the compliance of all organizations historically associated with Ayb to the definition of Ayb organization. In case of absence of the required certification, remove the organizations from the list of Ayb organizations, sending relevant notifications on inadmissibility of the further use of Ayb brand by organizations that did not pass the certification.
4. Conduct re-certification of Ayb organizations every five years.
  - e. Check the availability of procedures on observing the Code of Ethics.
5. Create a certification procedure for organizations claiming the right to be certified as Ayb organizations.
6. Create an Ayb Ethics Committee.
7. Appoint an Ethics Coordinator and notify all Ayb representatives on means of communication with the former. In the event of impossibility of communication with the Ethics Coordinator, the latter's functions should be delegated to the Director of the Ayb Foundation.
8. Mandate the Ethics Coordinator to promptly confirm the receipt of information on the possible breach of ethics and inform Ayb Coordinating Body of the receipt of such information.

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<sup>1</sup> Board of Trustees of the Ayb Educational Foundation.

9. Entrust the Ethics Committee with the following responsibilities:
  - a. Oversee the situations with higher risks of ethical conflicts;
  - b. Oversee the implementation of the recommendations on ethics;
  - c. Notify Ayb Coordinating Body of potential breaches of recommendations on ethics;
  - d. Make suggestions on the amendment of recommendations on ethics;
  - e. Develop procedures for the arbitration tribunal on ethical issues for Ayb organizations;
  - f. Perform the arbitrator's functions for ethical issues in the event of requests from Ayb organizations.
10. Include the following obligations in the procedures of Ayb Coordinating Body:
  - a. Examination of the potential breaches of recommendations on ethics no later than within 30 days from the moment of the receipt of such notification from the Ethics Committee;
  - b. Qualification of such potential breaches presented by the Ethics Committee as:
    - i. absence of breach;
    - ii. a breach of ethics not leading to dismissal from Ayb;
    - iii. a breach of ethics potentially leading to dismissal from Ayb;
  - c. If the breach is qualified as potentially leading to a dismissal from Ayb, Ayb Coordinating Body shall initiate the representative's dismissal procedure from Ayb organizations no later than within 30 days from the moment of approval of such a measure.
11. Create a decertification procedure for Ayb organization.
12. Create a procedure for removal of Ayb representative.
13. It is recommended that Ayb Coordinating Body determine and publish the list of documents and their content that are deemed non-public for Ayb organizations. The latter have the right to made addenda to the list independently of Ayb. It is recommended to include the following in the list:
  - a. data on the employees' compensation;
  - b. potentially commercial and/or patentable data and technologies;
  - c. personal data.
14. Data already available for public cannot be deemed non-public.
15. It is recommended that Ayb Coordinating Body:
  - a. determine the list of people having the right to make statements on behalf of Ayb and the validity terms of such rights;
  - b. include the head of Ayb Coordinating Body in the list and determine the validity terms of such rights equal to the latter's terms of office;
  - c. determine the right of individuals to represent Ayb at specific public events by the vote of Ayb Coordinating Body and limit the validity term of such right of Ayb representation to the effective terms of the event, but not exceeding 30 days;
  - d. determine the right of individuals to represent Ayb on specific issues by the vote of Ayb Coordinating Body and limit the validity term of such right to the effective terms of the topicality of the specific issue, but not exceeding the terms of office of the current composition of Ayb Coordinating Body;
  - e. refrain from providing anyone with the rights of Ayb representation unlimited in terms or scope of issues;

- f. refrain from providing anyone with the rights of Ayb representation without voting by Ayb Coordinating Body.
- g. Annul all existing rights of Ayb representation and approve the renewal of each specific right of Ayb representation via new voting, during the election of the new composition of Ayb Coordinating Body.