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EUROPEAN UNION FOR ARMENIA

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**Corporate Social
Responsibility:
Business and Human Rights**





Corporate social responsibility is defined as a business factor concerning economic, social and environmental issues related to a company. Its goal is to find such solutions to those issues that would be favorable for the company, society and the state. Those solutions are also directly related to labor rights and conditions and are insomuch essential in the context of this document.

This document is based on “Corporate Social Responsibility: A Guide for Armenian Companies” by OSCE and Business Support Center¹ and the concluding document² of the workshop “Corporate responsibility in transitional justice and beyond, and the role of human rights defenders” conducted at the initiative of Helsinki Citizens’ Assembly-Vanadzor in 2019.

Sometimes, a company’s charity is perceived as a manifestation of corporate social responsibility. Yet, it should be noted that charity is a one-time or regular aid, which only results in the company’s good reputation. Charity does not have a long-term strategic meaning and is carried out based on availability of relevant resources.

Corporate social responsibility is first of all aimed at ensuring a company’s sustainability and comprises two components:

1. Reduction and, if possible, elimination of environmental and social-economic issues generated by the company’s activities. This implies reduction of the negative impact of the company’s activities on the environment and daily functioning of the population.

¹ CORPORATE SOCIAL RESPONSIBILITY Guide for Armenian companies <https://www.osce.org/files/f/documents/6/7/261381.pdf>

² Recommendations on including activities aimed at corporate accountability in the transitional justice agenda <https://hcav.am/pastatught-ancumayin/>

2. Development of solutions to issues that are not generated by the company, but are related to its activities and have an impact on them.

Corporate social responsibility assumes long-term consistent activities, during the planning of which, interests of both the company and all the related parties are taken into account. An example of a manifestation of a company's corporate social responsibility is the provision of an inclusive and physically accessible environment, which helps not only to make their services accessible to persons with mobility problems, but also to engage them as employees. This approach boosts the company's rating, expands the market and human resources, and even becomes a standard for other companies that might not attach importance to accessibility in a different situation or out of the force of habit.

When addressing corporate social responsibility, the first thing to remember is the companies in the field of information and telecommunication technologies. When doing business in Armenia, these companies bring the social responsibility component, which is an inherent part of their corporate culture and not only supports sustainable development of the business, but also dictates a business conduct.

In the light of the Government's policy aimed at attracting local and foreign investors, it should be noted that including human rights and environmental protection in business activities is as important a component of transformation of economic relations, as the development of other incentives for businesses and activities of investors. Therefore, it is important to raise issues of responsible investments and corporate accountability stemming from the UN Guiding Principles on Business and Human Rights and EU-Armenia Comprehensive and Enhanced Partnership

Agreement. The UN guiding principles rest on three pillars and remind about

- the State duty to protect human rights (including against abuses by third parties);
- the corporate responsibility to respect human rights,
- existence of effective remedy mechanisms.

Comprehensive corporate social responsibility assumes development of a strategy by a company or an organization, which would include reassessment and engagement of internal and external factors and procedures.

Depending on the size and nature of activities of companies or organizations, conditions they take into account differ. This document addresses only two components that have an essential impact from the viewpoint of the general public and imply state intervention and effective coordination.

Environment and environmental protection

The current catastrophic situation in the field of environmental protection in essence reflects the dominance of private interests over the social-economic-health situation of the population, for which various corruption schemes have been developed and applied. Below are essential issues of this field:

- Legality of mining industry regulations,
- Protection of rights of residents of affected communities,
- Impact of development and rebuilding programs exploiting public areas,
- Interaction of overriding public interest and private interest,

- Public participation in decision-making and protection of whistleblowers and activists,
- Compliance with environmental norms during capital construction,
- Full awareness of climate change consequences and prevention of negative consequences.

Below are the main issues recorded in terms of environmental protection:

- Serving private interests, the RA environmental laws have been subordinated or amended, thus being made compliant with mild and non-binding international and corporate standards, instead of serving environmental and public interests. The latest negative development in this regard was the provision of the opportunity for unhindered exploitation of Amulsar³.
- Lack and formality of healthcare, economic research/studies did not give an opportunity to assess the impact of each program (for example, mining industry programs) on the community by giving, at the same time, the current social-economic-healthcare picture of the community prior to implementation of such programs.
- Under the overriding public interest, property and health rights of citizens were violated to serve the interests of big businesses.
- Accountability methods for environmental abuses are not ineffective and were used selectively, thus contributing to a general impunity and vulnerability of public/nature.
- In order to silence human rights activists, pressures on them have reached the level of physical violence, perjury and defamation on social media, as well as persecutions on grounds of false denunciation.

³ Amulsar will be exploited. Lydian Armenia has obtained all the necessary permits. <https://hy.armradio.am/archives/475141>

- The main cause of the flood in Lori and Tavush regions in 2024 was that during road construction the roads had been widened through narrowing the Debed river bed instead of removing roadside rocks, which was done to make savings. As a result, in the conditions of heavy precipitation and temporary breakdown of hydroelectric power plants, the flood swept away the newly-constructed roads, thus causing great damages to residents and infrastructure.

Below are recommended activities aimed at solving these issues and preventing further violations:

- Fill the research gap, involve all agencies (healthcare, environmental protection, etc.) in the decision-making process and ensure equality of opinions expressed by those agencies. When initiating any activity implying any impact on the community residents or environment, conduct a study and mapping of opportunities and needs with participation of all affected settlements, identify crucial issues, refrain from formalistic or partial hearings.
- Adopt and implement a strategy and action plan of environmental protection and management of the use of natural resources,
- Improve the whistleblowing mechanism by establishing safe platforms for activists and human rights defenders to voice problems, and creating additional protection mechanisms.
- Use phased liability for violations starting from a significant fine up to criminal prosecution.

Social justice

Fair distribution of resources, rights and opportunities in a society is the key issue in terms

of ensuring social justice. Below are the essential issues in this context:

Elimination of discrimination, especially against women as the bigger, yet most discriminated group in terms of having resources.

- Implementation of tax policy and tax reforms not at the expense of citizens with average or low salaries.
- Mechanisms of disclosing tax avoidance schemes.
- Combating corruption, providing mechanisms to ensure transparency.

Below are the main issues recorded in regard to social justice:

Over the past decades, an economic system promoting inequality was formed, which is subject to radical revision.

- One of the primary causes of social polarization is illegal formation of capital and property, convergence of state authorities and business. Legal procedures envisaged to overcome this should also stem from the political agenda of social justice and its advocacy.
- A complex ineffective tax system is in place, whose crucial point is the incorrect application of progressive taxation, as well as mistrust between the State Revenue Committee and tax payers, as a result of which the State Revenue Committee is guided by the presumption that citizens are not diligent tax-payers, while citizens are not sure that the sole expectation of the Committee is implementation of their legal obligations.
- Socially indigent classes do not have any structures directly representing their interests.

The following activities are recommended to solve these issues and prevent further violations:

- Specify and reflect social justice principles in the RA Government's program and agenda.
- Establish a transparent, fair and measurable system for salaries and bonuses in the public sector.
- Contribute to self-organization and participation of citizens through civil initiatives and trade unions.
- Establish legislative grounds for social housing construction, carry out social housing construction in communities, and implement a comprehensive social housing program.
- Increase protection of loan borrowers' rights and legislatively enshrine effective mechanisms for curbing loan interest rates.
- Oblige banks and credit organizations to mention real interest rates to be paid in contracts.
- Improve legislative grounds for the activity of agricultural cooperatives.
- Provide state support for the establishment of agricultural associations and agricultural product consumption and distribution networks.
- Ensure equity in the education system by amending the education funding formula in favor of underfunded regional schools.
- Provide equal conditions for business activities for everyone at the state level, eliminate abuse of a dominant position.
- Adopt a comprehensive law prohibiting conflict of interests by differentiating business from

politics and being free from the temptation to participate in corruption schemes.

- Ensure full investigation into cases of discrimination and human rights protection through the Equality Council envisaged under the draft law on Ensuring Legal Equality or a different authority.
- Adopt additional provisions of the Revised Social Charter and ratify tools enabling individual and collective complaints.
- During tax system reforms, ensure prioritization of interests of persons with low and average income.
- Alongside tax reforms, establish a fair judicial-legal system.

Article 88 of EU-Armenia Comprehensive and Enhanced Partnership Agreement is essential in terms of ensuring corporate social responsibility and accountability. The Article specifies, “The Parties shall promote corporate social responsibility and accountability and encourage responsible business practices, such as those promoted by the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the ILO tripartite declaration of principles concerning multinational enterprises and social policy, and ISO 26000”.

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Who to apply when your labor rights have been violated?

Health and labor

Inspection body:

Hotline: 81-07

Electronic application link:

www.employeeprotect.am/am/repor

Helsinki Citizens'

Assembly-Vanadzor

Free legal consultation: 077 342268

Electronic application link:

www.facebook.com/DecentWorkNow

www.arhmiutyun.am/contact

Human rights defender

Hotline: 116

Regional offices

www.ombuds.am/am/site/ApplyTeamAdress

Ministry of Labor and

Social affairs

Hotline: 114

Electronic application link

www.e-request.am/hy

