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Bhutan Telecom Limited

BUSINESS CODE OF CONDUCT

FINAL VERSION 1.0

Bhutan Telecom Limited continuing policy and commitment is that our business be conducted in accordance with the highest moral, legal and ethical standards. Our reputation for integrity is one of our most important assets, and each employee, officer and management must contribute to the care and preservation of that asset.

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Revision:

Version Number	Summary of Changes:	Date	Endorsed by
1.0	First Release	December 26, 2018	142 nd Board Meeting.



1 Principles of Conduct and Business Integrity

Bhutan Telecom Limited continuing policy and commitment is that our business be conducted in accordance with the highest moral, legal and ethical standards. Our reputation for integrity is one of our most important assets, and each employee, officer and management must contribute to the care and preservation of that asset.

This reputation for integrity is the cornerstone of the public's faith and trust in us, it is what provides us an opportunity to serve our customers. A single individual's misconduct can do much to damage a hard earned reputation. No code of business conduct or set of principles, however, can effectively substitute for the thoughtful behavior of an ethical director, officer or employee. Our Code of Ethics and Principles of Business Integrity have been prepared to assist us in guiding conduct in order to enhance the reputation of our company. It is mandatory that each management, officer and employee of the company abides by the following key principles:

- Treat everyone — employees, customers/clients and business partners — with dignity, integrity and respect;
- Behave honestly and fairly;
- Strive for mutual respect and trust in relationships;
- Use good judgment and high ethical standards in all business dealings;
- Abide by applicable laws, rules and regulations;
- Ensure a safe and healthy work environment; and
- Promptly address any actual or potential violation of the Code.

Without the commitment of all of our employees to guide their professional and personal conduct according to the Code, the Code is merely words. Each of us must accept personal responsibility to read the Code, understand what it means and apply the principles set forth in light of its intent. It is vitally important to everyone that you share your knowledge and concerns through the procedures outlined below.

1.1 Our Commitment

To the employees, customers, shareholder and stakeholders, BTL will be pioneers of customer service, operational and innovation excellence in pursuit of becoming company of choice. BTL, considering integrity of operator as the integral part of successful business operations, signed the corporate integrity pledge with Anti-Corruption Commission of Bhutan on 27th December 2017. BT has promised to operate with good governance and high ethical behavior. BTL believe in teamwork and practice high standard of business transactions and conduct business with honesty and transparency. BTL also believe and commit to highest possible service standards with continuous improvement to meet customer expectations and to meet the shareholders mandates for economic and social development of the nation by extending this expectation to suppliers and partners.

1.2 To our Customers

BTL commit to unconventional teleology excellence and invest in advanced & robust telecom equipment to provide innovative, quality and reliable ICT services, keeping Bhutan connected at all times.

1.3 To our employees

BTL embrace a diverse workforce and inclusive culture. The health, safety, professional development, work-life balance and equitable, respectful treatment of our employees are among our highest priorities.

1.4 To our shareholders

BTL strive to produce sustained strong performance and shareholder value to be leading ICT service provider in the Country.

1.5 To our environment

BTL encourage the preservation of natural resources and strive to minimize the environmental impact of our operations and products.

1.6 Tone from the Top

The Board of Bhutan Telecom would focus on the principles that enable BTL to pursue our Mission in a responsible way, recognizing that we work in a highly-regulated, in a challenging and competitive market. These principles are the building blocks for our Policies and Procedures and guide our actions. They provide a common framework for how we interact with our colleagues, conduct business with our partners and suppliers, and serve our customers. In implementing the general principles of business integrity, Bhutan Telecom Limited shall:

- a) Practice Good Governance holistically and carry out our obligations with integrity, honesty and responsibility.
- b) Abide by the general laws and regulations of Bhutan, and in particular, laws and regulations regarding corruption.
- c) Avoid working with businesses, which are suspected to be involved in unlawful activities, in particular fraud, corruption, and use of illegal workers, exploitation and pollution of environment.
- d) Adhere to the Companies Act of Bhutan, Income Tax Act of Kingdom of Bhutan, BICMA Act and others

2 Risk Assessment of Posts or Activities vulnerable to corruptions

Bhutan Telecom Limited like any other business organization is vulnerable to many forms of risks. It is exposed to operational risk, financial risk, compliance risk; strategic risk and data risks. The company practices risk profiling as mandated by the shareholder (DHI) and risk registers along with the mitigation measures are maintained.

Besides, the above risks, BTL is also vulnerable to different forms of corruption risks such as bribery, kickbacks, money laundering, embezzlement; abuse of power, favoritism, and nepotism. It is also exposed to making false claims, misuse of company assets, trading in influence, possession of



unexplained wealth and others. The company will carry out corruption risk assessment annually and profile the risk based on the magnitude (significance), likelihood and institute measures to mitigate high corruption risks to promote justice and harmony in the company.

3 Conflict of Interest

Bhutan Telecom Limited has developed the Conflict of Interest document and is implemented during the business operations. It's mandatory for board of directors and employees to declare any conflict of interest between their personal interests and professional duties as soon as conflict becomes apparent for consideration and appropriate action by the management. Employee must declare their conflicts to their immediate supervisor or the head of HR. Top management and board of directors must declare conflict of interests to the chairman of the Board. For details, refer Gift Rule, AD, CoI, OIP documents.

4 Prohibition of Bribery

Bhutan Telecom limited prohibits bribery in all business transaction that are carried out directly or through third parties, including but not limited to our agents, representatives, consultants, suppliers, contractors or any other intermediary under our effective control.

5 Prevalent Forms of Bribery

5.1 Gifts, Hospitality and Expense

Bhutan Telecom Limited does not allow the giving of lavish gifts, hospitality, travel, entertainment or other items to win or retain business. Likewise, our personnel of all levels must not accept such items, or any other means by which external parties may seek improper effect on the outcome of a business decision or secure an improper advantage. The gifts rules will be strictly complied.

5.2 Facilitation Payments

Bhutan Telecom Limited does not allow the use of facilitation payments to expedite the processing of routine actions by other parties with relation to operations, in accordance with ACAB 2011. In the event that we are asked to make such a payment by any public official, we will refuse to do so and report the incident to the Anti-Corruption Commission.

5.3 Political Contributions

Bhutan Telecom does not allow direct or indirect contributions to political parties, organizations or individuals engaged with politics, as a subterfuge for bribery to obtain any advantage in business transactions. All payments to political parties shall be recorded and will be made to party's official bank account. BT commit to be transparent should we make political contributions.

5.4 Charitable Contributions and Sponsorships

Bhutan Telecom Limited does not allow the use of charitable contributions and sponsorships as a subterfuge for bribery to obtain advantage in business transactions. All charitable contributions and sponsorships shall be made ethically and transparently.

6 Lobbying

Closely related to making political donations, lobbying occurs where parties representing a specific company or interest approach people in the Government and request that their concerns and

expectations be included in the formation of Government policy and decisions. Lobbying is legal in many countries, and indeed forms a natural part of the democratic process, but as with political donations this should be done openly and transparently and without use of incentives to create obligation or exert undue influence.

Bhutan Telecom Limited will only lobby political parties or politicians openly and transparently, in representing the legitimate interests of itself and its stakeholders. Lobbying will not be done using methods intended to create obligation or exert undue influence. The Management and the Board will ensure that such activities carried out will serve the interest of the larger public and stakeholder's interest.

7 Accuracy in Representation

Bhutan Telecom Ltd. will be truthful and accurate regarding our capabilities, goods and services when quoting or bidding for work. We will ensure that our invoices accurately represent the goods and services delivered, and the items are to the required specification.

8 Warranties

Bhutan Telecom Ltd provides warranties as per the company's policies. Goods found defective during the warranty period shall be repaired or replaced where ever applicable.

9 Financial Controls

Bhutan Telecom Ltd manages our finances in a legal and compliant manner, in line with Bhutan Accounting Standards and other measures that best suits the company. This includes our commitment to:

- a) Develop and maintain a system of financial controls comprising accurate and transparent reporting mechanisms.
- b) Properly and fairly document all financial transactions in appropriate records to ensure that they cannot be used for the purpose of engaging inappropriate activities.
- c) Ensure that there are no 'off the books' transactions conducted, and that all financial dealings are recorded accurately and completely.
- d) Ensure that accurate and complete records are submitted to the tax authorities, and all due taxes are paid in a timely manner.
- e) Subject the system of controls to regular audits, both internal and external.
- f) The procurement process will be guided by the Procurement Manual of BTL

10 Communications and Training

For an effective program, it is essential that the company's directors, employees, agents, suppliers and other parties it works with know and understand its position regarding the areas covered by its tailored code. Communication to its major stakeholders both internally and externally should be done on a regular basis to ensure that all parties understand what to expect of the company and how to act in accordance with the tailored code. Periodic training may be required for its own staff who have identified to be in positions prone to corruption during the risk assessment.



Bhutan Telecom will develop and maintain an effective communication of our Programme for strengthening integrity. We will include our personnel of all levels, and external parties such as suppliers, customers, agents, business partners and other relevant entities we interact with. We will provide effective training on the requirements of our Code of Business Conduct for key staff at all levels of our operation and with our agents, contractors and suppliers where appropriate.

11 Human Resource

Corruption is a matter of human behavior. Embedding the requirements of the tailored code in the HR practices of the company is where the main effectiveness of the Programme is established. The company should consider its HR practices, identify where integrity can be identified and supported, and build the right policies and procedures to ensure that integrity is rewarded and corruption is heavily penalized. Creating a good working environment also increases productivity, aids recruitment and helps ensure that the company retains good quality staff.

Bhutan Telecom will:

- a) Reflect our Programme in our human resource practices, so that integrity is encouraged and corrupt behavior in any form is not tolerated.
- b) Make compliance with our Programme mandatory for all directors and employees and apply appropriate sanctions for violation of the Programme.
- c) Make clear that no employee will be subjected to demotion, penalty, or any other negative consequence for refusing to pay bribes, even if the refusal may result in the business incurring a loss.
- d) Safeguard the welfare of our employees, by providing a satisfactory working environment, fair treatment and due assistance for career development.
- e) Ensure that appropriate checks on the integrity of the candidate for recruitment, promotion or posting are maintained.
- f) Use our performance review process to evaluate employees and reward them on what they achieve and how they achieve them.

12 National Wellbeing

As the economy of the Bhutan develops, the business sector will play an increasingly important role in maintaining the Gross National Happiness Index. Each company will have its part to play in enhancing the state of national well-being. The company should therefore include a statement regarding its way of doing business to support this objective in its tailored code.

Bhutan Telecom Limited will:

- a) Use local resources, workers and subcontractors wherever possible.
- b) The availability of business will be made transparent and will be announced through various Medias to ensure that everyone gets an equal opportunity to participate.
- c) Safeguard the environment, avoid unnecessary wastage and prevent pollution arising from our activities wherever possible.
- d) Cooperate with the national law enforcement authorities on matters relating to the investigation and prosecution of offences under the national laws of Bhutan.

13 Enquiry and Reporting Channels

It is often the case that the lower and middle ranking staffs of the company know of potentially destructive practices, which are occurring long before the senior management find out about it. If these behaviors go unchecked, the company may suffer severely due to leakages, loss of moral, or even damage resulting from a public disclosure, investigation and prosecution. It is therefore vitally important that the company establishes and maintains confidential reporting channels so that employees can flag items of concern without putting their position with their colleagues and superiors in jeopardy. Such reporting channels may be by telephone, online form, email, letter or some other means. The management should ensure that such reports are kept highly confidential, with an established procedure for the review, investigation, reporting and action, and a whistleblower protection policy is in place and enforced.

Bhutan Telecom will develop and maintain accessible, secure and confidential channels for all staffs and external parties to raise concerns, seek advice, or report violations (“whistle-blowing”) without risk of reprisal.

We will encourage our staff to report through these channels or other confidential means if they know of instances of behavior affecting the company, which is inconsistent with this Code or is in some way unlawful, improper or unethical.

All reports made on reasonable grounds and in good faith will be investigated, with appropriate remedial action taken in a timely manner. The identity of the whistleblower will be protected and we will ensure no prejudice is caused and the career is protected of the person making the report.

14 Monitoring and Review

In order to keep the Programme up-to-date and robust, the company should conduct regular reviews and identify improvements to be made.

- a) BTL will remain dynamic in its business conduct and will consider changing its business practices periodically to remain, ethical, responsible and innovative to support GNH.
- b) The management will monitor and review the Business Code of Conduct annually and implement improvements as required to maintain the strength of the system, taking into account relevant developments in national, international and industry laws and standards.

15 Non-disclosure of confidential information.

In order to maintain confidentiality of the confidential and proprietary information of the company, employees should take all necessary precautions against disclosure of such information to third parties and due approval should be taken in disclosing such information to any third parties.

The confidential and proprietary information of the company will consist of but will not be necessarily limited to:

- Technical information: methods, process, systems, financial, techniques, inventions, machines, computer programs,
- Business information: Customer list, pricing data, sources of supply, financial data and marketing, or merchandising systems or plan.

- HR information...
- Meetings information of Board and Management,
- Legal information.

16 Disciplinary Sanctions and Accountability

No programme will be effective without the use of disciplinary sanctions, which can be applied in the event of an incident having proved to occur. As part of the tailored code, the company should therefore make clear to all parties the measures it is prepared to take against its personnel of all levels found to have violated the code, whether intentionally or not. The sanctions should be sufficiently varied to allow for minor infringements to be dealt with humanely, but in the case of major misconduct, for the person to be subject to the severe penalties necessary to ensure the problem is dealt with thoroughly and to prevent reoccurrence.

Bhutan Telecom will establish suitable procedures to ensure the enforcement of the Code.

Disciplinary actions for violations of the Code and other forms of illegal or unethical behavior include:

- i. Withhold annual increments
- ii. Termination of employment;
- iii. Compulsory retirement;
- iv. Suspension;
- v. Withholding of promotion for minimum one (1) year
- vi. Withhold HRD events for minimum one year (1) year
- vii. Demotions;
- viii. Re-assignment of duties;
- ix. A reprimand; or
- x. Legal action in Court of Law.

Bhutan Telecom empowers and holds responsible the Senior Management to ensure the respective business operations under their control are conducted in line with the Code